



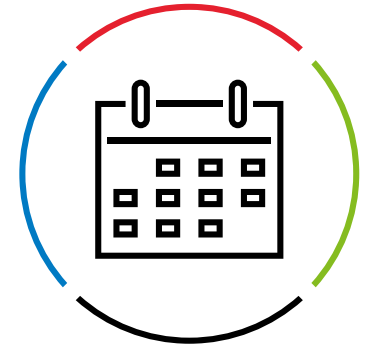
Solution primer

OneSumX Regulatory Reporting for Investment Firms

The regulatory reporting requirements for Class 2 and Class 3 investment firms¹ in the UK and Europe changed in June 2021. Prior to this, the European Banking Authority (EBA) published the Investment Firm Directive (IFD) and Investment Firm Regulation (IFR) which applies to all MiFID authorized and supervised firms. The updated regime more accurately reflects risks posed to investment firms than the Capital Requirement Directive (CRD) and Capital Requirements Regulation (CRR) designed for credit institutions had previously done. As a principle proponent for the updated regime, which forms part of the UK's HM Treasury Prudential standards in the Financial Services Bill, the UK has adopted the IFD and IFR despite Brexit.

1. Article 12(1) of REGULATION (EU) 2019/2033 – the Investment Firm Regulation – provides criteria to define “Small and non-interconnected investment firms” which are commonly referred to as “Class 3” firms if the criteria are met or otherwise “Class 2” if the criteria are not met.

OneSumX Regulatory Reporting for Investment Firms



Investment Services Regulation – a new regime for investment firms

The updated regime has seen regulatory reporting changes made to own funds, capital requirements and liquidity, when it introduced K-factor measures and proportional criteria to distinguish between non-systemic firms (Class 2) and small and non-interconnected investment firms (Class 3). The biggest change was the use of K-factors in capital requirements to measure Risk-to-Customer, Risk-to-Market and Risk-to-Firm.

As a result, all Class 2 and Class 3 firms experienced a change to their capital and liquidity reporting requirements, such as source data changes for Risk-to-Customer metrics, including reporting the average daily value of client orders over the last 9 months, for both, cash and derivative trades.

Optimize the data collection process

Wolters Kluwer experts have analyzed the IFR and EBA Data Point Model v3.0.0 in detail enabling us to expertly advise our clients on data requirements to achieve compliance, and with this optimizing financial and time resources that would otherwise be spent on business analysis.

Automate the regulatory reporting process

OneSumX Regulatory Reporting for Investment Firms enables firms to fast track to data harvesting by simply implementing the necessary data points into our structured data model. This allows our customers to leverage our solution's calculators and reporting capabilities to deliver fully automated regulatory reporting.



Calculations

Ensuring sufficient eligible capital

OneSumX Regulatory Reporting for Investment Firms determines if a firm's available own capital is eligible to be used for prudential purposes by comparing the capital's attributes to the requirements specified in Articles 9 and 10 of IFR. The solution can assess how much capital the firm needs, by implementing the Risk-to-Customer, Risk-to-Firm and Risk-to-Market calculations specified in Articles 11-42.

These include:

Risk-to-Customer

- K-AUM (Assets Under Management)
- K-CMH (Client Money Held)
- K-ASA (Assets Safeguarded and Administered)
- K-COH (Client Orders Handled)

Risk-to-Market

- K-NPR (Net Position Risk)

Risk-to-Firm

- K-TCD (Trading Counter-party Default)
- K-DTF (Daily Trading Flow)
- K-CON (Concentration Risk)

OneSumX Regulatory Reporting for Investment Firms can also derive

an organization's initial capital and permanent capital requirements based on their MiFID permissions.

Ensuring sufficient eligible liquidity

OneSumX Regulatory Reporting for Investment Firms has the capability to determine if the properties of the assets in a firm's "Liquid Asset Buffer" are eligible in accordance with Articles 43-45 of IFR, and can assess if the minimum requirements defined in Article 43(1) are met based on this).

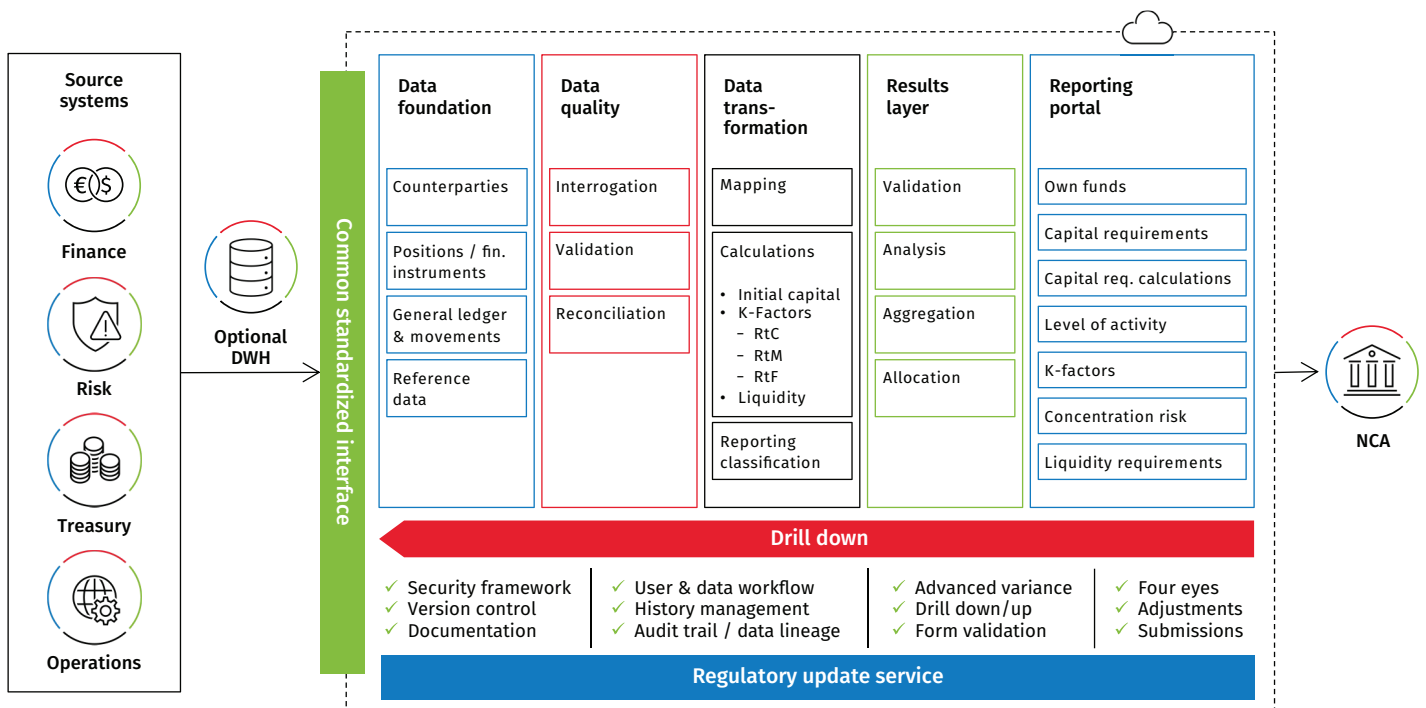
Reporting templates, auditability and delivery

Keeping up to date with regulatory reporting requirements

Since the change in reporting requirements for Class 2 and Class 3 investment firms, organizations need to report on the items specified in Article 54 of IFR, which includes level and composition of own funds, capital requirements, capital requirements calculations, Class 2 and Class 3 attributes, balance sheet and revenue breakdown, applicable K-factors, concentration risk and liquidity requirements. The final templates, confirmed as part of EBA DPM v3.0.0 are a standard feature in OneSumX Regulatory Reporting for Investment Firms.

Investment Firms need to comply with K-Factor requirements for Risk-to-Customer, Risk-to-Firm and Risk-to-Market.

OneSumX Regulatory Reporting for Investment Firms



Leveraging powerful analytical tools

OneSumX Regulatory Reporting for Investment Firms renders templates and provides powerful analytical tools such as trend, variance, drill-down, drill-up, and drill-through features, enabling regulatory reporters to affirm the accuracy of the returns and explain movements to managers, executives and regulators. In the event of data quality issues, users can apply fully auditable, manual adjustments, subject to the four-eyes approval principles.

Ensuring accuracy of reports

All validation rules specified by the EBA have been implemented into OneSumX Regulatory Reporting for Investment Firms to ensure the integrity of any final submitted reports. In addition, the solution is equipped with easy-to-use features allowing users to validate the integrity and completeness of their data.

Limiting exposure to regulatory change

Our dedicated team of subject matter experts, business analysts and technical analysts actively monitor regulatory changes across the globe and provide updates within our Regulatory Update Service (RUS). OneSumX Regulatory Reporting for Investment Firms benefits from this within this subscription-based Regulatory Update Service (RUS). If regulators refine or update any calculations, classifications, reporting templates, validation rules or XBRL taxonomy, our solution will be updated in line with the regulatory deadlines at no extra cost. If a regulatory change requires a new data attribute, Wolters Kluwer will notify clients in advance to allow them to plan for the impending changes.

Scalability and performance

OneSumX Regulatory Reporting for Investment Firms is a modular solution which allows firms to mix and match tactical components as they work towards a strategic, automated regulatory reporting solution.

Our OneSumX Regulatory Reporting for Investment Firms solution features an intuitive design providing firms reliable access to their key risk indicators right from the start of their day. The solution also offers intra-day updates. OneSumX Regulatory Reporting for Investment Firms is a java-based application using in-memory processing to deliver both

power and scale without compromising on functionality ensuring full cost transparency and flexibility for our clients.

SaaS and On-Premise Deployment

Wolters Kluwer is an experienced provider of SaaS-based solutions delivering over 400 applications and servicing more than 10,000 users globally.

The SaaS version of OneSumX Regulatory Reporting for Investment Firms enables clients to focus on value-add activities while Wolters Kluwer undertakes platform management, application support and any additional maintenance.

Additional benefits of the SaaS deployment model include:

- Lower total cost of ownership
- Full cost transparency and predictability
- Scalability, allowing flexibility as the firm grows
- Best-in-class data security

For firms that are not ready to switch to a cloud-based regulatory reporting solution, Wolters Kluwer offers the on-premise version of OneSumX Regulatory Reporting for Investment Firms.

Wolters Kluwer also facilitates training for our clients' IT departments on the management of the solution and can even provide clients with experienced consultants to run the solution for them on their premises.

The Wolters Kluwer Finance, Risk and Regulatory Reporting (FRR) business division is a global market leader in the provision of integrated regulatory compliance and reporting solutions. It supports regulated financial institutions in meeting their obligations to external regulators and their own board of directors.

Wolters Kluwer FRR receives frequent independent recognition of its excellence and innovation, celebrating many years of 'best in class' award wins. Wolters Kluwer OneSumX was recently recognized as the Top 10 in the Chartis RiskTech Vendor report for 2025, Category Leader for Regulatory Reporting, Credit Risk, Liquidity Risk and ALM solutions.

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About Wolters Kluwer

Wolters Kluwer (EURONEXT: WKL) is a global leader in information, software solutions and services for professionals in healthcare; tax and accounting; financial and corporate compliance; legal and regulatory; corporate performance and ESG. We help our customers make critical decisions every day by providing expert solutions that combine deep domain knowledge with technology and services.

Wolters Kluwer reported 2023 annual revenues of €5.6 billion. The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 21,400 people worldwide. The company is headquartered in Alphen aan den Rijn, the Netherlands.

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Learn more about the OneSumX for Finance, Risk and Regulatory Reporting solutions. [Click here.](#)

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