Case Study

Automating and Standardising regulatory compliance for a leading Stock Exchange

Problem Statement

India's leading stock exchange with approximately XXX listed companies wanted to redo its compliance platform to enable standardization, inter-operability and efficiency. The companies listed with the stock exchange shared volumes of compliance documents which were needed as per regulatory directive from SEBI.

The process of manually submitting and storing the documents was tedious and lengthy. Also the non-compliance was going unnoticed. As the scrutiny of documents was completely based on manual intervention, the credibility and validity of the submitted data was a serious problem, posing a challenge of non-adherence to the regulatory guidelines/rules.

To cater to these challenges, the stock exchange needed a comprehensive system which would be robust and efficient in collection, storage and processing of the information submitted by its customers. Also, they were obligated to file compliance information separately in a unique format and structure to the Ministry of Corporate Affairs (MCA) in XBRL format, which resulted in duplication of efforts for the companies. In order to improve its user experience, an electronic platform to follow an identical and standardized structure for compliance filing was required.

NSEIT was consulted with this requirement in mind since we have the expertise and understanding of developing and conceptualizing trading related solutions.
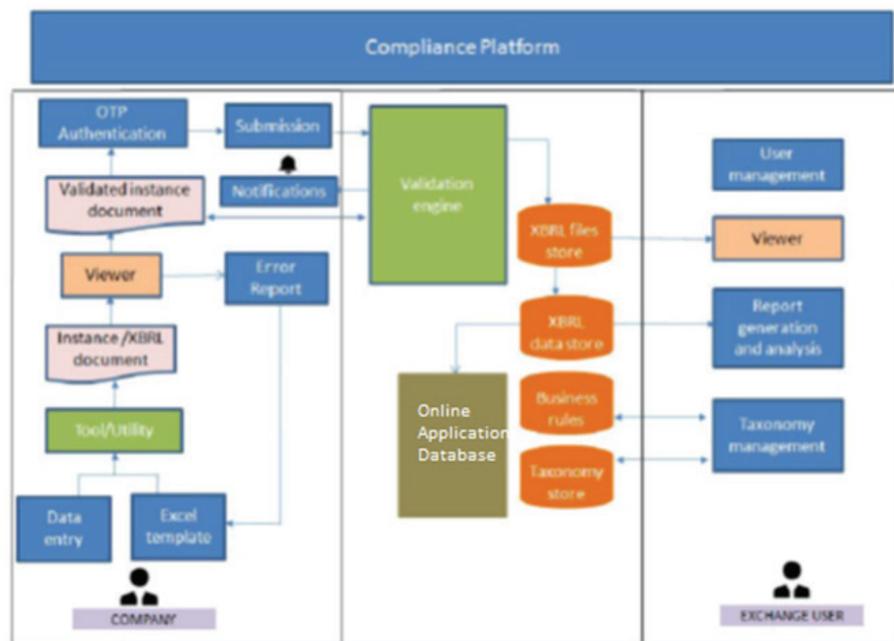
Proposed Solution

NSEIT proposed a comprehensive solution which would alleviate the operational issues faced by the stock exchange and also benefit its customers. One key component of the solution comprised of Taxonomy development for documents filed by the listed companies using the online application system, which was SEBI and Indian Accounting Standards compliant. Excel templates are provided with the taxonomy elements list and the XBRL properties. The solution has a utility for companies to build XBRL compliant documents with validation of document uploaded during submission.

Another crucial components proposed was a Web- based filing application or tool for filers to prepare, validate and submit XBRL documents to the stock exchange. The portal facilitated uploading of XBRL documents for approval and rejection from the stock exchange admin. The solution also had a utility for companies to build XBRL compliant documents with validation of document uploaded during submission. Additional tools like MIS reporting, user experience and its configurability were provided.

Some salient features of the filing platform are:

- User friendly filing system
- Built-in taxonomy viewer
- Validation rules
- Quality screening
- Data repository

Outcomes

Standardization: As a single source of regulatory compliance tool, the taxonomy helped standardize reporting across all the listed entities. Standardised information was easily recognised and understood by all stakeholders.

Automation: Filing platform enabled automatic generation of XBRL compliant documents after necessary validation checks on the data filed by the users. The integrated validation engine checked the filed data for calculation accuracy and reporting compliance. This eliminated the errors due to manual intervention ensuring reliability and accuracy, thus meeting the regulatory reporting criteria.

Tracking: The application stores audit logs of user activity and processes. Errors in business rules, database connection errors etc. are recorded and reported ensuring quality improvement of the application and process. Work-flow management: Role based access rights help maintain hierarchy and add a layer of security to the process of regulatory reporting.