

Commission Delegated Regulation (EU) 2017/589 of 19 July 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the organisational requirements of investment firms engaged in algorithmic trading (Text with EEA relevance)

CHAPTER II

RESILIENCE OF TRADING SYSTEMS

SECTION 2

Post-deployment management

Article 9

Annual self-assessment and validation (Article 17(1) of Directive 2014/65/EU)

1 An investment firm shall annually perform a self-assessment and validation process and on the basis of that process issue a validation report. In the course of that process the investment firm shall review, evaluate and validate the following:

- a its algorithmic trading systems, trading algorithms and algorithmic trading strategies;
- b its governance, accountability and approval framework;
- c its business continuity arrangement;
- d its overall compliance with Article 17 of Directive 2014/65/EU, having regard to the nature, scale and complexity of its business.

The self-assessment shall also include at least an analysis of compliance with the criteria set out in Annex I to this Regulation.

2 The risk management function of the investment firm referred to in Article 23(2) of Commission Delegated Regulation (EU) 2017/565⁽¹⁾, shall draw up the validation report and, for that purpose, involve staff with the necessary technical knowledge. The risk management function shall inform the compliance function of any deficiencies identified in the validation report.

3 The validation report shall be audited by the firm's internal audit function, where such function exists, and be subject to approval by the investment firm's senior management.

4 An investment firm shall remedy any deficiencies identified in the validation report.

5 Where an investment firm has not established a risk management function referred to in Article 23(2) of Delegated Regulation (EU) 2017/565, the requirements set out in relation to the risk management function in this Regulation shall apply to any other function established by the investment firm in accordance with Article 23(2) of Delegated Regulation (EU) 2017/565.

*Status: This is the original version as it was originally adopted in the EU. This
legislation may since have been updated - see the latest available (revised) version*

- (1) Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (see page 1 of this Official Journal).