

## **Chapter 29**

# **Commission Delegated Regulation (EU) 2017/589**

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 UK law corresponding to 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, 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 that Regulation, 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 that Regulation.