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GDPR and MiFID II

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GDPR Overview

Relevant GDPR points for discussion are as follows:

1. Storage of the data - Is the data secure?
2. Access and control over the data - Where is it stored and can it be accessed?
3. Ownership of the data - Who owns the data and who is responsible for the data?
4. Usage of data – What is the data used for?
5. It is now an implied opt **out** rather than implied opt **in** policy

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GDPR Overview

Examples of recent financial penalties issued by the ICO

Business	Fine	Reason
Money Supermarket.com	£80,000.00	Incorrect use of data (implied opt out)
Carphone Warehouse	£400,000.00	Failing to secure data
Cab Guru	£45,000.00	Incorrect use of data
Wainwrights Estate Agents	£800.00	Failure to provide access to data
Newsagent (Sole Trader)	£700.00	Incorrect use of CCTV data
Linda Reeves	£1,000.00	failure to secure access to data

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GDPR – Relevant to Telecoms

1. The storage of the data
    - The data must be secured but does NOT explicitly require encryption
    - Carphone Warehouse
2. Access and control over the data
    - Is it searchable / secure / erasable as required
    - Linda Reeves
3. Ownership of the data
    - The data controller is responsible for the data however the subject owns the data
    - Wainwrights Estate Agents
4. Usage of the data
    - The data controller is responsible for the correct usage of data
    - Cab Guru

GDPR – Relevant to Telecoms

Implied opt out (used to be implied opt in) (Moneysupermarket.com)

Other examples:

1. A business recording calls - Restaurant "Can I take your name and number". If call recorded you are then storing personal data
   - Consumer must consent to the call recording if it has the potential to contain personal data
2. A business website – "Tick this box if you do not wish to receive emails on our promotions" – No longer acceptable
   - Consumer must opt in to receiving marketing as it is implied opt out

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DO NOT STORE DATA!

MiFID II Overview

- On the **3rd January 2018** the Financial Conduct Authority launched the Markets in Financial Instruments Directive (MiFID II)
- Firms in the financial sector are now held to new regulations on any conversations or electronic communication relating/leading to trading activity
- While MIFID II only relates to companies involved in trading, it is likely that the FCA will adopt these standards across the board in future
- Financial penalties of a minimum £30,000 and maximum up to £5million Euros or 10% of global turnover

MiFID II – Relevant to Telecoms

Please note MiFID II legislation covers ALL communication however the following slides are specific to telephone communication

- All calls relating to a financial trade must be recorded (includes internal calls)
- Calls must be retained for 5-7 years
- Access to call recordings must be restricted, monitored, auditable and the data must be **encrypted**
- Calls must be searchable by date/time, extension and outbound CLI
- It is recommended that personal mobile devices are not authorised for business use and therefore fall outside the scope of MiFID II

MiFID II – Spitfire Solution

Spitfire can deploy a phone system in a number of different environments

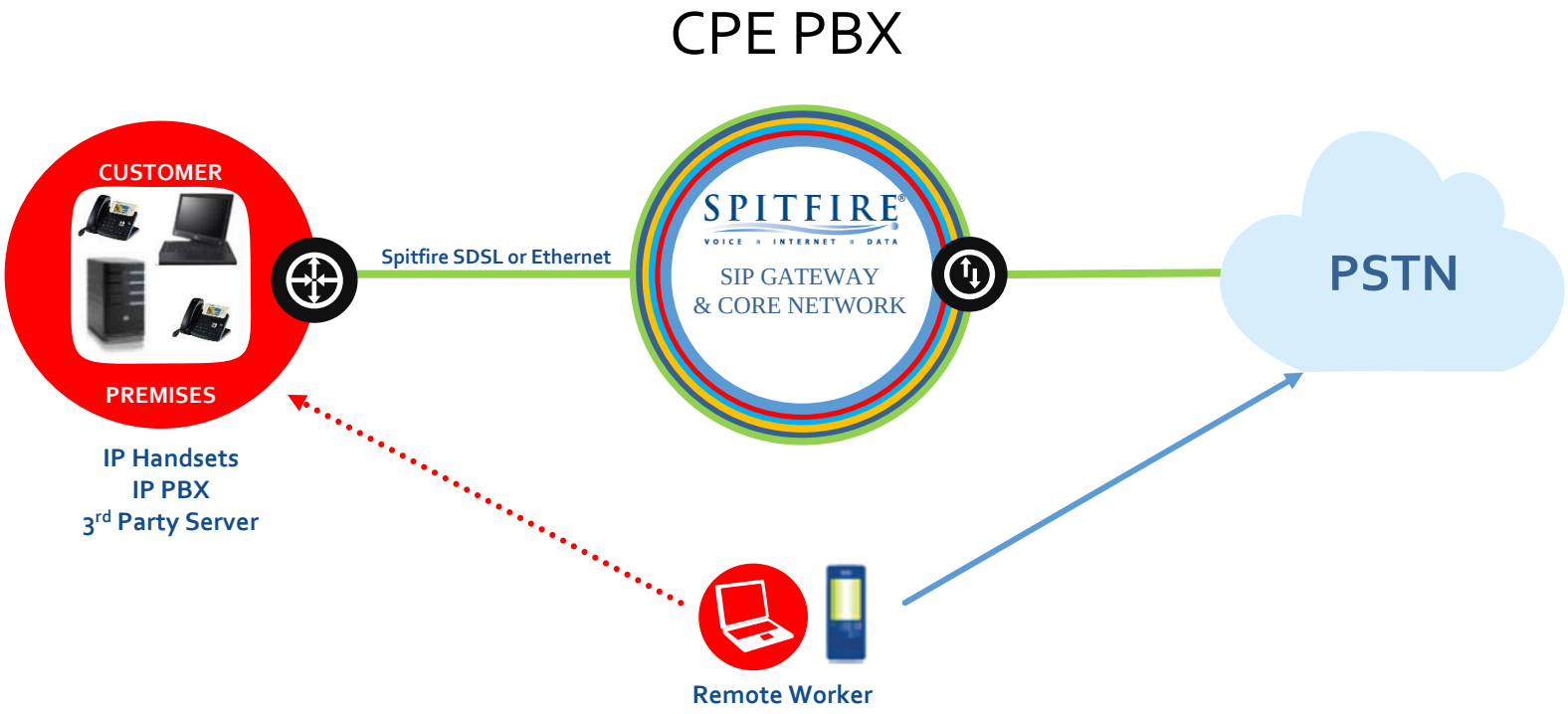
1. CPE: Dedicated phone system on customers site
2. Hosted: Dedicated phone system in hosted environment (MPLS)
3. Cloud: Phone system instance/license within a VM cloud environment

MiFID II – Spitfire Solution

1. CPE – Dedicated Phone System on Customer Site
   - PBX options – 3CX, Avaya, Panasonic
   - Spitfire deploy PBX with a 3rd party call recording solution (Retell or Oak).
   - Call recording data stored on 3rd party server
   - 3rd party solution requires additional server onsite

This solution would typically carry a high upfront cost to the customer and takes up more rack space. Not always suitable when only a select number of handsets need to be recorded

MiFID II – Spitfire Solution



MiFID II – Spitfire Solution

2. Hosted – Dedicated Phone System in Hosted Environment (MPLS)
   - PBX options – 3CX or Avaya
   - Spitfire again deploy this solution with a Retell or Oak (3rd party) within one of Spitfire's data nodes
   - Call recordings stored on 3rd party server

This solution would again typically carry a high upfront cost to the customer as well as a higher hosting cost due to the additional 3rd party equipment that needs to be hosted

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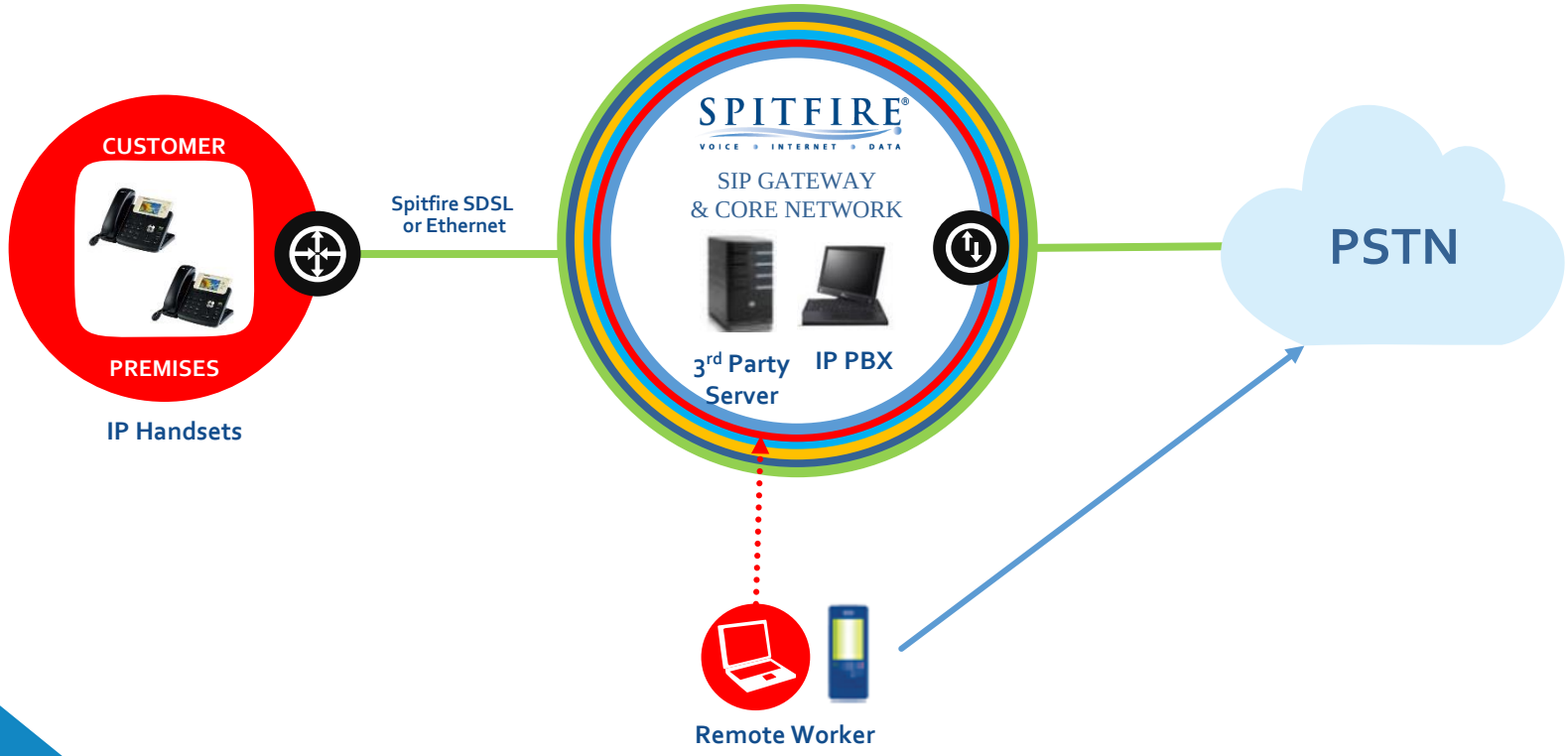
MiFID II – Spitfire Solution

Dedicated Hosted PBX



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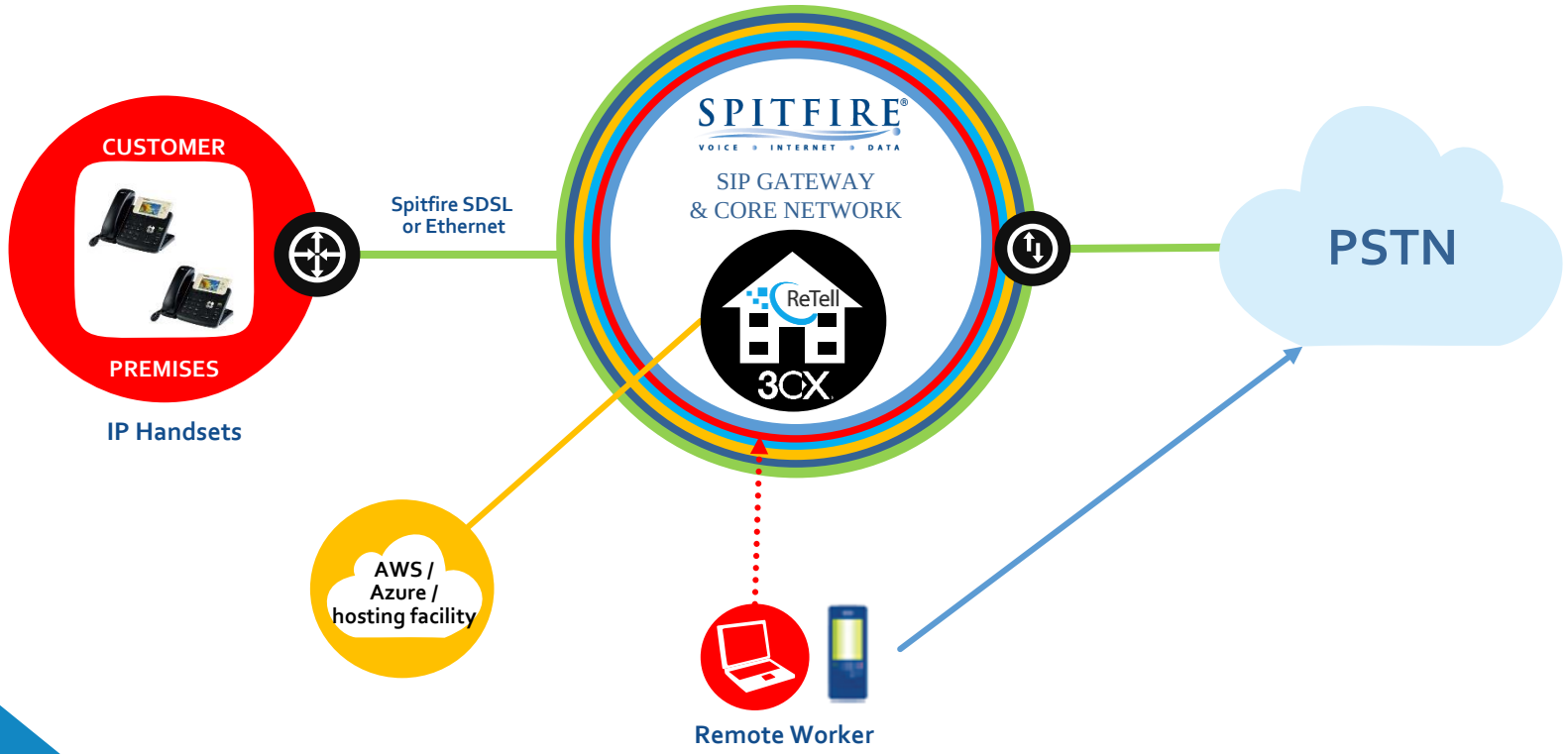
MiFID II – Spitfire Solution

3. Cloud - Phone system in a cloud VM environment
    - PBX options - 3CX Cloud only
    - 3rd party call recording with Retell. Retell call recording is natively installed in the 3CX Cloud VM environment
    - Calls captured and encrypted on Cloud platform and then transferred to storage of customer/partner choice (not Spitfire)
        - FTP Cloud storage e.g AWS
        - FTP on premise server

This solution is designed as a feature add on to the 3CX Cloud and has an OPEX pricing model. Minimal upfront cost. Far more cost effective to end user

MiFID II – Spitfire Solution

3CX Cloud



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Summary - GDPR

- Relates to storage and usage of personal data (not business data)
- Impact any business dealing with consumer data.
- Data is not required to be encrypted but must be secure, searchable, auditable, accessible and erasable where required
- Subject to considerable financial fines and damaging business reputation
- GDPR is implied opt out rather than opt in therefore action MUST be taken

Summary – MiFID II

- Impacts all financial firms with any communication that may lead to a financial trade
- Data must be encrypted to comply with MiFID II regulations as well as searchable, auditable, monitored etc
- Subject to considerable financial fines and damaging business reputation
- Spitfire can now deploy MiFID II compliant call recording in all phone system environments
- If you provide IT support for financial firms you must speak with Spitfire about ensuring their PBX is MiFID II compliant
- See this as a sales opportunity for you!