

# Market *Detect*

## Financial Trading Surveillance System

**Market *Detect*** is a trading surveillance system which helps financial institutions prevent market abuse, minimize trading risk, and ensure compliance. **Market *Detect*** automates time consuming manual processes thereby reducing costs and improving overall operational efficiency.

### Key Benefits:

- Significant costs savings with automation** – **Market *Detect*** reduces costs and improves the overall operational efficiency by automating time consuming manual processes;
- Reduced compliance costs** – **Market *Detect*** implements a system for alerting of exceptional cases requiring personal attention from compliance officers, reducing costs of expensive manual processing;
- Combats Internal Fraud** – deals and trading behaviour are checked on a real time basis, assuring that no illegal or unwanted transactions pass unnoticed;
- Safe trading for employees and clients** – users can trade safely, helping eliminate the possibility of legal consequences for insider trading;
- Reputation damage safeguards** – helps prevent employee insider trading and the resulting regulatory and legal consequences;
- Multiple Data Feeds** – **Market *Detect*** can capture various data feeds including trading data, client databases and telecommunications data;
- Regulatory compliance management** – facilitates companies achieving compliance with MiFID and Market Abuse Directive;
- Fully integrated system** – **Market *Detect*** is a fully integrated system with features including list checking, transaction monitoring, alert generation, case management and reporting.

### Market *Detect* trading surveillance system's key capabilities include:

- Transaction Monitoring:** Intelligent transaction monitoring based on behavioural profiling, peer group analysis and rules, uncovering only those alerts with the highest degree of risk, significantly minimizing the number of false positives;
- Investigation and Analysis:** Easy to use investigation environment for advanced drill down and link analysis uncovering suspicious networks and associations; includes profile investigation such as peer group comparison;
- Fully Featured Alert Engine:** Alerts of suspicious activity can be sent via email, sms, etc.;

**Case Management System:** Built-in case management system tracks, prioritizes and manages suspicious cases, automates reporting, and records an audit trail with complete case history and detailed log of all actions taken and reports filed;

**System Flexibility:** Flexible system for business or regulatory change makes it easy to adjust or add new risk areas and rules as needed.

Both legal requirements and internal company directives can be implemented in **Market Detect** and all security transactions are examined for infringements of those laws and directives. This provides a practical approach to implementing MiFID and adopting a central approach to the Conduct of Business. Suspicious transactions and questionable customers/employees are identified and tagged. Suspicious or non-compliant Transactions can be analyzed in detail by the compliance officer for online case processing and be followed through to case conclusion. In the process, all work steps are safely recorded in a secure environment.

**Market Detect** enables brokers to conduct their own internal surveillance, independent of any external monitoring by the exchange or regulators. This facilitates rapid and internal detection of problems, well before regulators pick them up. Internal detection and analysis of broker activity enables quiet detection of any internal abuse, secure management or restricted or watch lists, and easier compliance to legislative regulations or company internal policies. Broker reputation is a constant critical concern, as investors are driven towards market players with demonstrated long term integrity, as well as brokers who implement effective surveillance technology to protect their integrity.

Known scenarios/rules are delivered with the solution and can be modified and enlarged by compliance and/or internal audit.

**Market Detect** includes a number of processes which identify irregular market behaviour including:

- Market Manipulation
- Marking the Close
- Pre-arranged Trading
- Wash Sales
- False and/or Misleading Trading
- Domination and Control
- Insider Trading
- Front Running / Client Precedence
- Order Handling
- Short Selling
- On-market Buybacks
- Large Orders (Substantial Shareholding)
- “Greenshoe” (Market Stabilisation)
- Trading in securities on a Watch list or Restricted List

Any of these behaviours compromise the integrity of the market. Being made aware of them, in real time, improves the quality of your market:

- detects market manipulation and trading compliance / insider trading activities.
- flexible and powerful enterprise software solution provides efficient support for trading compliance.
- identifies high risk activities by monitoring all trades and analyzing transactions, accounts, customers, employees, etc.

The system functions by taking a direct feed of the trading data, telecommunications data etc, as illustrated in the schematic diagram below. The data is then passed through Market Detect's state-of-the-art detection engine which monitors trading activity. The user determines the behaviours they wish to be notified of and the system will trigger an "Alert" when the pattern is identified.

