NICE·ACTIMIZE

Customer

A global leader in investment banking and trading, serving a large and diverse client base in dozens of countries around the world.

Global Investment Bank Cuts Trade Reconstruction Time from Hours to Minutes

Bank also achieved compliance with Dodd-Frank, MiFID II and FX Global Code of Conduct Regulations

Challenges

A leading global bank was ordered to pay tens of millions of dollars in fines stemming from surveillance deficiencies which had led to unsafe and unsound practices in the bank's foreign exchange (FX) trading business. According to the regulating authority, the bank had failed to adequately detect and address trader misconduct that had gone on for years.

While much of the bank's spot FX trading was transacted on electronic trading platforms, traders also interacted over the phone with FX sales personnel, and in some cases, with customers directly to execute orders. Lacking automated, systematic tools for communications monitoring, compliance managers had limited visibility into these voice conversations. Furthermore, the bank's FX traders also engaged in misconduct with traders from other banks using multibank chatrooms and other communication methods. To detect misconduct and reconstruct trades within 72 hours as required by Dodd-Frank, compliance personnel would have had to listen to all of the relevant voice recordings, and then manually piece these recordings together with trade records and other electronic communications — a time consuming and error prone task. The FX Global Code and MiFID II also require firms to reconstruct trades.

Solution

The bank turned to NICE Actimize's Communications Surveillance and Trade Reconstruction solutions to protect its business and meet its regulatory obligations. With these solutions an analyst can now reconstruct a trade in 10 minutes, before it took them 8 hours. They're also automatically notified of potential trader misconduct.

Cut trade reconstruction time by 98%	10 Billion+ Records Indexed & Managed

The automated trade reconstruction solution enables the bank to quickly and accurately reconstruct specific trades upon the request of the regulator. Additionally, trade reconstruction has become a standard tool in the bank's investigate tool box. The bank routinely reconstructs trades to proactively and comprehensively investigate trade surveillance alerts and communications identified as suspicious.

NICE Actimize's trade reconstruction solution dramatically simplifies trade reconstruction by normalizing, analyzing, indexing and correlating data across all underlying structured and unstructured data sources (including voice recordings which are converted to text). It saves analysts time and accelerates trade reconstruction by:

- Instantly identifying and aggregating all of the essential information needed to reconstruct a trade, from every linked data source by applying sophisticated analytics and machine-driven correlation;

- Retrieving all trade reconstruction elements (trading alerts, orders, trades, executions, voice trade conversations on fixed and mobile devices, emails, chat communications and more) in a single search, eliminating the need to search multiple systems;

- Escalating trade investigations using policy-driven workflows enabling analysts to share their findings, while also tracking who has accessed the data they shared.

Furthermore, using NICE Actimize's automated Communications Surveillance, the bank can now monitor one hundred percent of voice communications for all regulated users, along with emails, chats messages, skype and social media feeds, to identify potential misconduct risks.

The Communications Surveillance speech engine's natural language processing unlocks hidden content within unstructured voice communications by converting voice to text. A powerful analytics engine then uses sophisticated risk detection models to analyze these voice communications, along with other electronic communications (e.g. Exchange Email, Bloomberg Chat, Thomson Reuters, Skype for Business, AIM, Yahoo, Social Media Feeds, etc.) to detect probable misconduct scenarios including collusion, bragging, insider trading, and market manipulation. NICE Actimize's surveillance tools can monitor and analyze communications in seven different languages (English, French, Spanish, German, Portuguese, Japanese and Chinese), an essential capability for any global business.

Results

As a result of deploying NICE Actimize's Communications Surveillance and automated Trade Reconstruction solutions, the bank has been able to:

- Reduce trade reconstruction time by 98% from 8 hours to 10 minutes. Compliance officers can complete investigations 48 times faster than previously.

- Address deficiencies in its supervision program related to FX Trading and comply with the regulatory consent order which requires proactive monitoring of all communications for potential misconduct, using advanced technology and auditable automated supervision processes.

- Achieve full compliance with MiFID II, Dodd-Frank, FX Global Code and other regulations by: monitoring and reviewing all communications for all regulated employees, asset classes, communication channels and devices; providing evidence of the bank's ability to detect behaviors indicative of market abuse, or intent to commit market abuse; and responding to regulator requests for a trade reconstructions within the mandated 72 hours.

- Mitigate misconduct risk with 100% voice communications surveillance of all regulated employees.

- Enable supervision across all communication modalities (emails, chats messages, skype, social media feeds and voice) to detect a variety of manipulative or collusive behaviors.

- More proactively manage risk. By spending less time on the mechanics of producing trade reconstructions, compliance analysts can devote more time to carefully investigating issues and proactively managing risk, instead of just reacting to requests.

- Achieve centralized, global oversight through proactive supervision of thousands of regulated employees (involved in FX, FICC and Equities trading) across dozens of locations.