eBook

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Actimize

The Future of Surveillance

4 Holistic Trade Surveillance Must-Haves

Know more.
Risk less

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Is Your Firm at Risk?

For today's financial services firms, the pace of new regulations is unrelenting, with no slow-down in sight. Firms are under constant pressure to monitor more regulated employee activity across more channels and devices, to detect intent to commit market abuse, and to always get it right. The reality is - regulated employees engage in variety of risky behaviors and without the right surveillance technology these behaviors can slip through the cracks. If you're relying on outdated surveillance technology, you could be putting your firm's reputation and bottom line at risk.

If you answered 'yes' to any of the questions on the right, then read on. This eBook shares four innovative ways that **SURVEIL-X** can help your firm overcome these challenges, while confidently complying with regulations, and staying a step ahead of risk.

- Are high false positive rates eating up your firm's resources and driving up compliance costs?
- Are your compliance analysts struggling to connect the dots across multiple surveillance systems?
- Are they spending a lot of time working in different systems, reconstructing trades, and performing other manual tasks?
- Does your firm rely on different systems to manage its surveillance of eComms, voice and other types of communications?
- Are asset class and/or communication channel coverage gaps preventing you from complying with all regulations?
- Are you unable to monitor for cross-market or cross-product market manipulation?
- Are your surveillance systems limited to alerting on simple thresholds and single data sources (and not able to look across data sets)?
- Do difficult-to-correlate communications, trades and other data make it challenging to detect intent?
- Do your analysts lack case management tools to thoroughly reconstruct, visualize and investigate incidents?

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Welcome to The Future of Surveillance

The industry's first AI-powered, cloud-native, true holistic trade-related surveillance solution, **SURVEIL-X** can detect all forms of risky behavior to ensure compliance with key global regulations, including MIFID II, Dodd-Frank, Regulation Best Interest and others, while also protecting your firm from previously undetectable risks.

SURVEIL-X uniquely combines comprehensive coverage for trades and communications and AI-powered multi-dimensional analytics for detecting risky behaviors and anomalies, along with powerful, unified case management tools that enable automated trade reconstruction and story visualization.

SURVEIL-X™
Holistic Surveillance

Comprehensive Coverage

AI-Powered Multi-Dimensional Analytics

Powerful Case Management

Trades & Communications

Behaviors & Anomalies

Trade Reconstruction & Story Visualization

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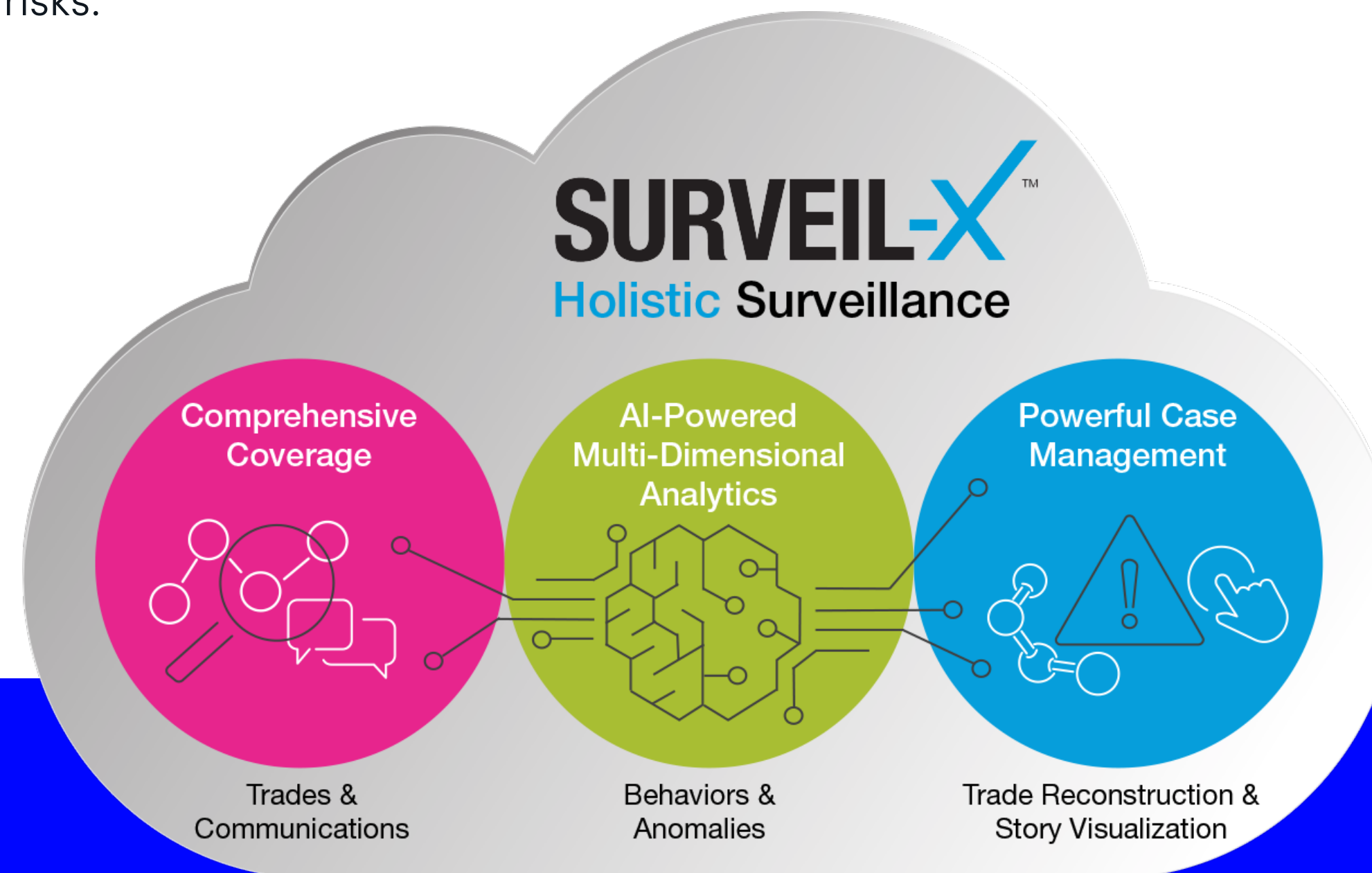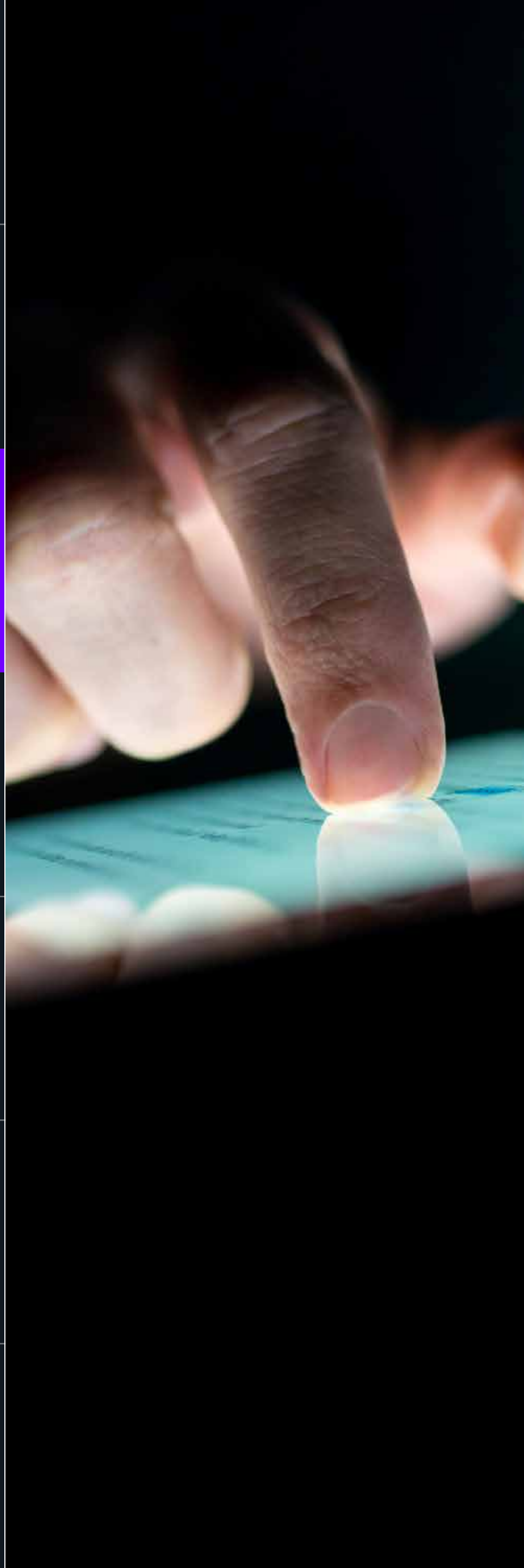
Comprehensive Coverage

Today's prescriptive regulations and growing cross-channel actions and communications demand smarter, automated, all-in-one surveillance solutions that provide comprehensive coverage. But ensuring comprehensive coverage is more than what you monitor, it's how you go about it. Cover all the bases with **SURVEIL-X**.

The Old Way: Inadequate Coverage

1. Surveillance data silos
2. Hit or miss random sampling
3. Point solutions for equities & OTC
4. No coverage for complex market manipulation

The Future: Comprehensive Coverage with SURVEIL-X

1. Single platform for all trade surveillance
2. Monitoring of 100% of all communications
3. Single solution for equities & OTC
4. Cross-market & cross-product analytics built-in

Surveillance of All Communications vs. Random Monitoring

Even as the volume and variety of regulated communications grow, many firms still rely on random manual surveillance methods. According to one estimate, most firms only monitor two to five percent of their regulated employee e-communications, and even less for voice communications.

Unfortunately, this 'hit or miss approach could be putting your firm at greater financial and reputational risk. Let's face it – if you're only monitoring a small percentage of regulated employee communications, and not monitoring ever channel, you could be missing the big picture, and that big picture could be market manipulation, collusion or insider trading.

That's why **SURVEIL-X** monitors one-hundred percent of your regulated employees' communications (emails, instant messages, chats, social media threads, text messages, unified communications and voice) – leaving no stone unturned.

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Comprehensive Coverage

One-Stop Solution for Monitoring Both Equities and OTC vs. Point Solutions

Your firm is required by regulation (Dodd-Frank, MAR) to monitor transactions involving both Over-the-Counter (OTC) and equity traded instruments. But if you're relying on separate point solutions to meet these regulatory obligations, you're probably paying more and getting less.

In addition to being more expensive to deploy, point solutions also generate higher overhead, training and maintenance costs.

Even more importantly, relying on systems that don't 'talk to each other' makes it harder to identify certain types of illegal or risky behaviors (for example cross-product manipulation).

SURVEIL-X solves these problems without adding more tools and costs. Your firm gets one surveillance platform for OTC and equities, with proven, comprehensive coverage for even the most complex market manipulation scenarios.

Surveillance Data Silos Can Mask True Risk

Detecting true risk is rarely as simple as analyzing one isolated data source – you need to connect the dots across all of your data to understand what's happening and why.

Using simple detection rules or thresholds, applied to a single data source, may identify something suspicious about a single trade, email or voice conversation. But monitoring in this way can also mask true risks.

That's why **SURVEIL-X** goes beyond simple detection rules and thresholds to analyze and make sense of all connected actions across all of your data, generating a single alert when risk is detected.

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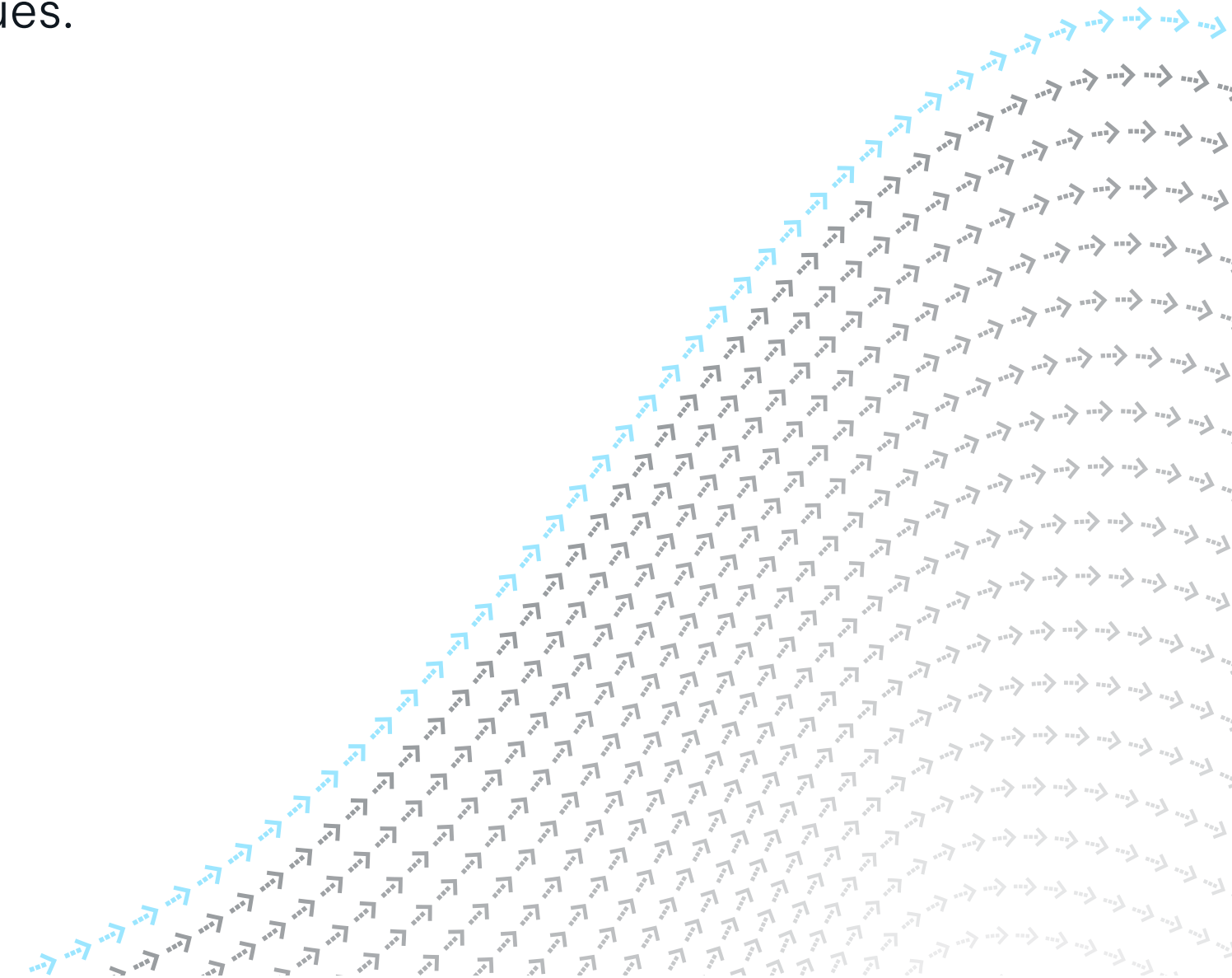# Comprehensive Coverage

In fact, **SURVEIL-X** can connect to, ingest and analyze data from 150+ real-time data sources, including traditional

market and trade information, behavioral data and all communication platforms. By analyzing surveillance data together in one platform, **SURVEIL-X** helps your compliance analysts cut through the clutter to identify true risks, and understand the intent behind regulated employee actions.

Coverage for Cross-Market and Cross-Product Manipulation

With cross-product and cross-market manipulation falling under greater regulatory scrutiny, surveillance solutions need to provide coverage for these risks as well.

With **SURVEIL-X**'s cross-product and cross-market analytic models, firms can prevent sophisticated market manipulation (and associated lost revenue and reputational damage) by detecting manipulation involving related instruments (securities and derivatives), and any manipulation of instruments traded on different venues.

2

AI-Powered Multi-Dimensional Analytics

Rigid analytical frameworks are a thing of the past. Here's why **SURVEIL-X**'s AI-powered multi-dimensional analytics can take detection to a whole new level.

The Old Way: Rigid Analytical Frameworks

1. Analytics based on single actions, formulas and simple thresholds
2. Lexicon-based
3. Inflexible model development
4. Prescriptive detection methods

The Future: SURVEIL-X's AI-Powered Multi-Dimensional Analytics

1. Multi-dimensional analytics and situational approach
2. Natural Language Understanding (NLU) reduces false positives, uncovers true context of communications
3. Large library of OOTB models, ability to do self-development, model optimization services
4. Advanced anomaly detection

Multi-Dimensional vs. Single-Dimension Analytics

Most surveillance solutions generate alerts based on a single detected event, formula or simple threshold, using one data set. **SURVEIL-X** applies a fundamentally different 'situational' approach which ultimately enables far more accurate and comprehensive risk detection.

SURVEIL-X's AI-powered multi-dimensional analytics go far beyond looking at one-time events, calculations and thresholds to analyze and correlate all of your communications, trade and related data streams. This deeper analysis and correlation enables **SURVEIL-X** to identify true risks and understand the intent behind actions taken.

Through its multi-dimensional analytics **SURVEIL-X** uncovers connected activities and actions, and seamlessly pieces them together without manual intervention, delivering a single compliance alert and complete view of what happened.

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AI-Powered Multi-Dimensional Analytics

To understand the power of **SURVEIL-X**, consider this example. Let's say a client calls a broker to place a very large order, but instead of immediately placing that order he instead places a trade for himself, a practice commonly known as front-running. Single-dimension surveillance (that only analyzes communications or individual trades) would never catch this because there would be nothing suspicious about the individual call or transactions. But correlate all of these actions together in a timeline and a different picture emerges. That's the power of **SURVEIL-X**.

Lexicon-based Alerting: No Match for Natural Language Understanding

Is your firm struggling to meet compliance demands using outdated lexicon-based surveillance technology?

Although lexicon-based solutions have long outlived their life expectancy, many firms still continue to rely on them. Because lexicon-based solutions focus on finding words rather than understanding the true context of communications, they're highly imprecise and ineffective. Analysts waste a lot of time reviewing communications that would otherwise be weeded out by a more intelligent system. Additionally, primitive lexicon-based systems never 'learn' from their mistakes.

In contrast, **SURVEIL-X** leverages Natural Language Understanding to analyze, understand and reveal the true meaning of regulated employee conversations, accurately flagging risky communications across all channels and reducing false positives by up to 90 percent. **SURVEIL-X** can understand and analyze communications in 45 different languages, and automatically detect people, places, products, companies, trades, assets classes and conversation topics within eComms (and transcribed voice conversations), providing unique insight into what regulated employees said and did. Additionally, through Machine Learning and AI, **SURVEIL-X**'s analytics even get smarter over time, using analyst feedback to improve detection accuracy.
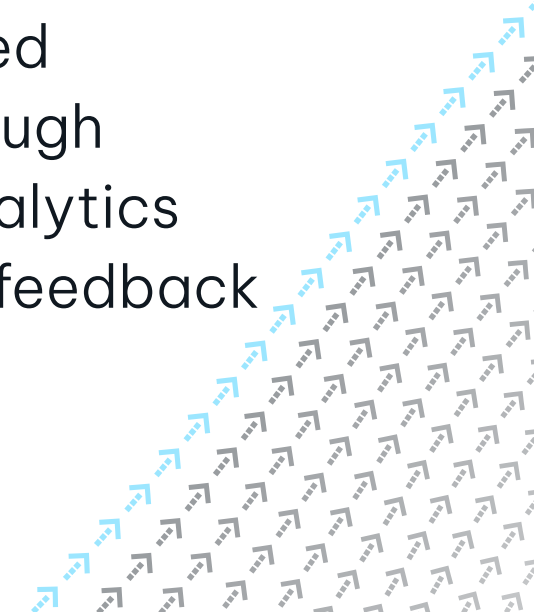
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AI-Powered Multi-Dimensional Analytics

Large Library of OOTB Risk Detection Models

SURVEIL-X also features over 150 Out-of-the-Box (OOTB) risk detection models, developed in collaboration with the world's leading global financial services firms. Fine-tuned for financial markets, the models integrate terms and buzzwords reflective of how traders communicate, and can accurately detect a wide range of misconduct scenarios (including collusion, bragging, insider trading and market manipulation), reducing false positives by up to 70 percent. No other solution provides a broader array of detection models covering every regulation and asset class – from equities and fixed income, to foreign exchange, swaps, futures and options.

Prescriptive Detection Methods vs. Advanced Anomaly Detection

With traditional prescriptive detection methods that focus on known risks, regulated employees can easily fly below the radar or change their behavior to avert detection. The problem with this approach is that risk isn't static. On the contrary, it's a moving target. That's why **SURVEIL-X**'s advanced anomaly detection uses unsupervised machine learning to bring attention to previously undetectable suspicious behaviors.

It does this by analyzing data related to entities (individual traders, advisors, accounts, desks, etc.) across a wide range of attributes to establish profiles of normal behavior. **SURVEIL-X** then uses unsupervised machine learning libraries to detect what would be otherwise undetectable anomalies and outliers that signify risky behavioral patterns. It then presents these to a compliance analyst for review. With advanced anomaly detection, your firm can stay a step ahead of risk.

3

Powerful, Unified Case Management

Effective surveillance and powerful case management go hand-in-hand. With **SURVEIL-X**'s robust case management tools, your compliance analysts are able to get the big picture, and get more done in less time.

The Old Way: Ineffective Case Management

1. Siloed or no case management
2. Lack of visualization tools
3. Manual trade reconstruction
4. Manual workflows

The Future: Powerful Unified Case Management with SURVEIL-X

1. Unified platform and view of risk
2. Story visualization
3. Automated Trade Reconstruction
4. Intelligent automation and robotics

SURVEIL-X's Case Management Platform Provides a Unified View of Risk

If your compliance analysts are relying on separate case management tools for each surveillance platform they're having to work a lot harder and missing the big picture. With **SURVEIL-X**'s ActOne Case Manager built right in, analysts have one place to visualize and manage alerts and cases related to all types of financial crimes and regulatory compliance issues.

Story Visualization: A Picture's Worth a Thousand Words

To be able to act on information, you need to be able to put it into proper context and visualize the story behind it. With **SURVEIL-X** analysts are able to intuitively visualize all of the information they need to understand and evaluate risks, and quickly connect the dots, draw conclusions and make decisions. Analysts get insights into market events, trading patterns, and conversations, and can clearly see what was done and said and why, with links to related market data, news, communications, HR data, compensation information, and more.

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Powerful, Unified Case Management

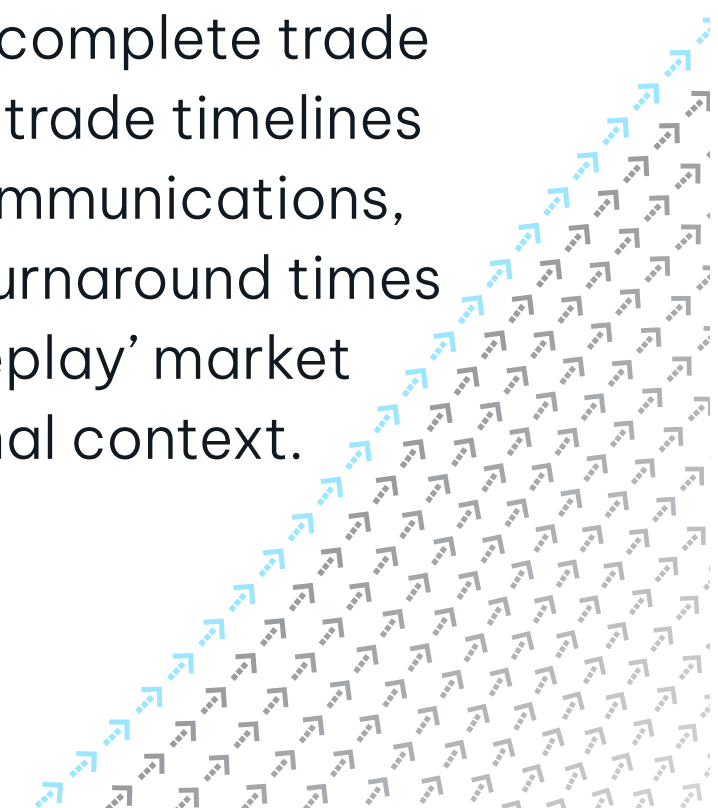## Why Reconstruct Trades Manually When SURVEIL-X Can Do It for You?

Piecing together trade data and communications from different systems is time consuming. With automated trade reconstruction (built into the case manager), **SURVEIL-X** can do it for you, and up to 50 times faster too.

SURVEIL-X's automated trade reconstruction uses patented correlation technology to analyze all linked data sources (trades, orders, voice recordings, eComms), recreating a complete trade life-cycle. Analysts can easily

build trade timelines and automatically pull in related communications, while meeting 72-hour mandated turnaround times for investigations. They can even 'replay' market activity around an alert for additional context. Why Reconstruct Trades Manually When **SURVEIL-X** Can Do It for You?

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Powerful, Unified Case Management

No Competition: Manual Workflows or Intelligent Automation?

Imagine having to manually keep track everything involved in your case? Having to remember where you left off and what to do next? Your analysts do it every day.

SURVEIL-X's ActOne Case Manager addresses this challenge by applying automation and intelligence to the compliance investigation process. Each time analysts log on, they're presented with alerts and reasons why conversations or trades were flagged.

As they move through investigations, robotics work in the background to automate repetitive, manual processes, and policy-driven workflows guide them through next steps to take.

Analysts can also escalate cases, upload documents and notes, and share detailed findings, all within the ActOne Case Manager. And every action is fully tracked and auditable.

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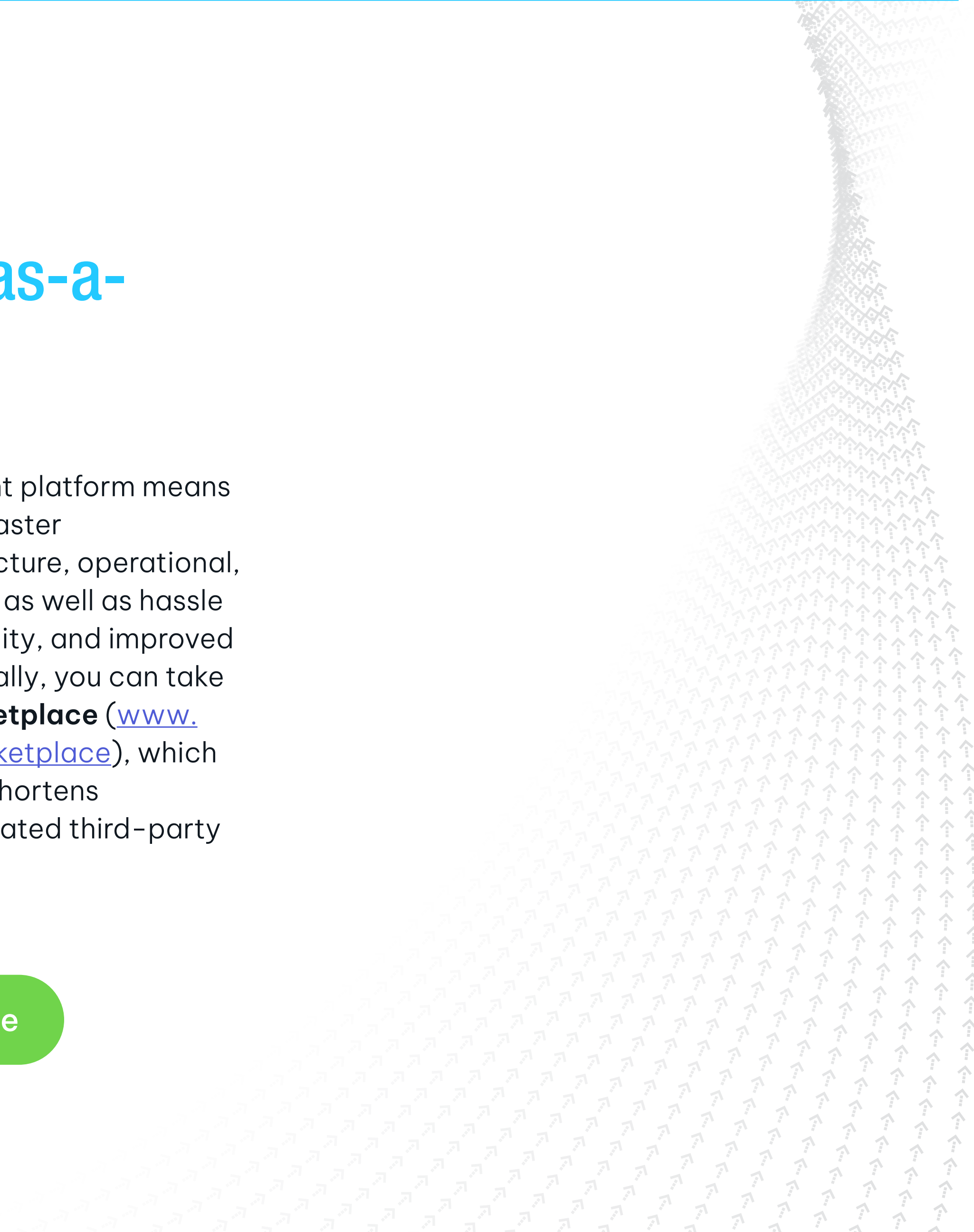
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Cloud Platform-as-a-Service

SURVEIL-X cloud-native X-Sight platform means your firm can also benefit from faster deployment, and lower infrastructure, operational, training and maintenance costs, as well as hassle free upgrades, seamless scalability, and improved resiliency and security. Additionally, you can take advantage of the **X-Sight Marketplace** (www. niceactimize.com /x-sight-marketplace), which lowers integration barriers and shortens time-to-use for dozens of integrated third-party solutions.

→ X-Sight Marketplace

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About NICE Actimize

NICE Actimize is the largest and broadest provider of financial crime, risk and compliance solutions for regional and global financial institutions, as well as government regulators. Consistently ranked as number one in the space, NICE Actimize experts apply innovative technology to protect institutions and safeguard consumers and investors assets by identifying financial crime, preventing fraud and providing regulatory compliance. The company provides real-time, cross-channel fraud prevention, anti-money laundering detection, and trading surveillance solutions that address such concerns as payment fraud, cybercrime, sanctions monitoring, market abuse, customer due diligence and insider trading.

www.niceactimize.com

About Financial Markets Compliance

NICE Actimize Financial Markets Compliance is a leading compliance solution provider, serving more than 90 percent of the largest investment banks globally. NICE Actimize compliance solutions assist customers in the capture of trade conversations and trades, analyzing them for potential risk, and correlating trade conversations with trades for trade reconstruction.

The company's compliance solutions make automated and intelligent holistic trade compliance programs possible and enable FSOs to more efficiently comply with regulatory requirements, including MiFID II, MAR, FX Code of Conduct, Dodd-Frank and future directives.

www.niceactimize.com/compliance

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