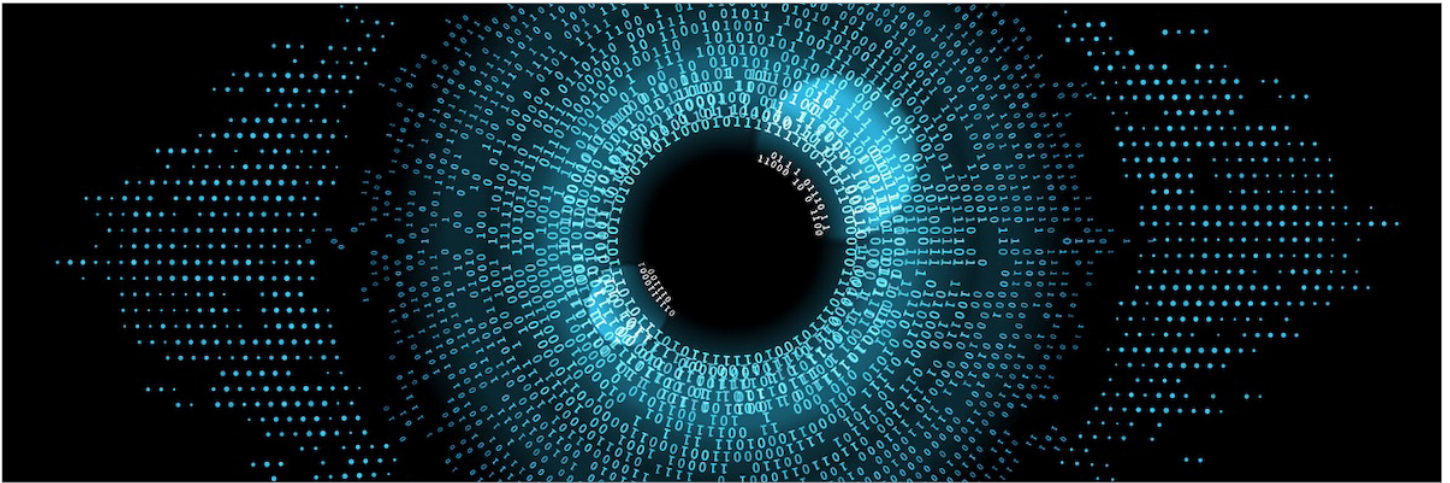# NAVIGATING TODAY'S COMPLIANCE CHALLENGES AND THE FUTURE OF TRADE SURVEILLANCE

By: Jay Biondo, Head of Surveillance

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One of the most significant developments in trade surveillance over the past decade has been the growing demand for consolidated, multi-asset capabilities.

Historically, many surveillance systems were limited to specific asset classes, such as equities or futures. However, as firms across the market have increased the complexity and scope of their trading operations, the need for comprehensive, cross-asset surveillance has grown.

TT Trade Surveillance, our global, multi-asset compliance tool, is a full-scale alternative to legacy products. We've expanded our coverage across asset classes, built out user-configurable models and enhanced our data capabilities to support firms operating globally.

The Changing Regulatory Landscape

A further challenge we see for firms is the need to keep up to date with multiple and ever-changing regulatory frameworks with different requirements and approaches. For example, the U.S. adopts a principles-based approach, while in Europe, the EU and UK take a more prescriptive approach with detailed definitions of prohibited behaviors and a broad scope of rules.

These different regulatory approaches create challenges for compliance teams, who must ensure their surveillance systems can detect and alert on a wide range of manipulative activities across regions and jurisdictions.

The process is becoming more pressing as regulators are taking increasingly strong actions against firms that have gaps in their trade reporting and trade capture, a trend that is likely to accelerate

Data: The Single Source of Truth

At the heart of meeting this challenge is data management, and a cornerstone of our enhanced surveillance solution is the new Data Warehouse. Designed to centralize trading data from multiple sources, the TT platform normalizes and aggregates information, simplifying compliance and reconciliation.

No one wants to manage multiple systems that require different data feeds. Our data warehouse allows firms to send us data from any source, whether it's exchange drop copies, TT FIX drop copy or direct file uploads from EMS/OMS feeds. We normalize it, store it and make it easily accessible for surveillance teams.

The result is a single source of truth that enhances data integrity, reduces complexity and ensures complete regulatory oversight.

Having that single source of data is key to the TT offering. I'm a big advocate of exchange drop copies as that single source of truth –

that is the only way to make sure a firm is really capturing everything the exchange is handling.

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Machine Learning: The TT Difference

We have seen that regulators are also increasingly scrutinizing manipulation that spans multiple products and markets, and AI-powered surveillance models are proving essential as traders employ increasingly sophisticated cross-market strategies.

Artificial intelligence and machine learning have become industry buzzwords, but TT was an early adopter in the trade surveillance space. We have a huge advantage in that we were a first-mover in this area, and today we have it down to a science.

For example, TT is still the only vendor using machine learning in the way we do for pattern detection in spoofing. Our patent-pending technology allows firms to analyze behavior across products and markets in ways that weren't possible before.

While some firms use feedback loops in which compliance officers rate alerts, we think that there is a risk that this approach introduces human bias. Machine learning should remain as objective as possible.

What's Next?

Looking ahead, there are two major trends shaping the future of trade surveillance. First is the need for cross-product, cross-market manipulation detection. Most of the firms we work with today are global in nature, and regulators are moving beyond simple trade-by-trade analysis and focusing on how traders influence one market to benefit another.

Through a combination of our out-of-the-box and configurable models, we offer the ability to cover every jurisdiction.

The second trend is deeper data integration. Compliance teams need real-time trade data linked with communications, whether that is voice, email or chat, providing full context for each transaction.

For many traders today, negotiations often happen on chat and voice platforms. Compliance teams need a way to capture and integrate that data in real time. Our goal is to provide firms with an end-to-end surveillance system that simplifies compliance, reduces costs and improves detection capabilities.

At TT, we are not just keeping up with regulatory changes – we're helping firms see around corners and take a proactive approach to compliance.