Regulatory agencies have set clear mandates for financial institutions under their watch to intensify compliance initiatives and ensure that a culture of compliance prevails throughout the organization. A rigorous approach to monitoring and surveillance of trading activity that generates meaningful alerts, enables efficient investigation and analysis, and streamlines the ongoing management and reporting of relevant information is key to a firm’s ability to meet more stringent regulatory expectations and achieve an operating environment that protects the firm’s reputation and customers. The proven capabilities of the Oracle Financial Services Trading Compliance solution for monitoring proprietary, employee, and institutional customer trading can serve as a cornerstone of a Financial Crime and Compliance Management strategy that also extends to Broker Compliance, Anti-Money Laundering, and Fraud.

Monitor Trading In Line with Regulatory and Customer Expectations

Securities fraud and market abuse —often committed through manipulation of market or customer trades and accounts—is an ever-present problem for the global financial services industry. Rogue traders, bad employees, and changing economic conditions, can all drive individual and organizational behaviors that range from questionable and manipulative to fraudulent and criminal. Regulator demands continue to exert pressure around trading compliance issues such as market manipulation, insider dealing, and fair dealing with customers.

Oracle Financial Services Trading Compliance applies sophisticated pattern recognition techniques to monitor trading and market-making activities regarding regulatory compliance and quality of execution. The solution provides trade-by-trade visibility into interactions between traders and other market participants to identify potentially problematic practices or inferior order handling.

The Oracle Financial Services Energy and Commodity Trading Compliance application applies sophisticated pattern recognition techniques to monitor trading and market-making activities regarding regulatory compliance and quality of execution. The solution provides trade-by-trade visibility into interactions between traders and other market participants to identify potentially problematic practices or inferior order handling.

Oracle Financial Services Trading Compliance allows you to achieve:

- **A Proactive View of All Trading Activities.** By allowing you to discern intentional
from unintentional trading behaviors and detect trader and customer behaviors, Oracle Financial Services Trading Compliance gives you greater insight into your trading activities like the ability to identify trade-by-trade detail at the exact time an event occurs and its resulting impact.

- **Improved Regulator Relationships.** Oracle Financial Services Trading Compliance covers numerous asset classes, market segments, jurisdictions, time zones, and market structures through the use of industry-proven scenarios to identify key account activity behaviors. Leveraging multiple detection cycles (for example, intra-day, daily, extended), you can readily respond to regulator inquiries by indicating that a potential problem has been identified and corrected.

- **Compliance Process Efficiencies.** Using market-driven approaches for identifying hundreds of behaviors of interest, compliance personnel can shift from time-consuming and manual methods of data gathering and hunting for anomalies, to focusing on the most urgent and threatening issues that are automatically identified through rigorous alerting algorithms and methodologies. Additionally, Oracle Financial Services Trading Compliance provides compliance analysts with market and reference data that enables the rapid disposition and routing of alerts, efficient management of subsequent investigations, and a simple escalation process where further case management is required.

- **Reduced Cost of Compliance.** Oracle Financial Services Trading Compliance is offered as part of a broad, integrated compliance platform that helps firms:
  - Achieve a holistic view of their traders, employees, and customers
  - Overcome the inadequacies of silo-driven approach to compliance
  - Reduce total cost of ownership by consolidating onto a single platform
  - Reduce time by implementing an application immediately ready for use

### Key Features and Functionality

Detection of complex behaviors through “scenarios” that apply sophisticated data mining tools and algorithms has been the hallmark of the Oracle Financial Services since 1996. In addition to a comprehensive offering of scenarios that remain widely recognized as the most elegant of detection techniques, Oracle Financial Services Trading Compliance offers the following key capabilities:

- **Flexibility and Configurability** – Throughout the application, from the user interface to the underlying alert generation approach, users can readily tailor the application to meet any specific needs of the firm or an individual user.

- **Oracle Business Intelligence (OBI) Reporting, Analytics, and Dashboards** – Oracle Financial Services Trading Compliance offers a range of behavior identification approaches ranging from the simple to the complex. Oracle Business Intelligence complements scenario detection with a robust set of tools for analytics and reporting.

- **Expedited Implementation Processes** – Quality data will always be the driver of quality alerts. Oracle Financial Services provides multiple approaches to data acquisition that can get you up and running faster than ever.

- **Extended Scenario Library** – With over 200 unique patterns for detecting unusual trading activity, Oracle Financial Services Trading Compliance meets requirements of financial institutions of all sizes in every global market.

- **Highly Configurable Scenarios** – Compliance is not a one-size-fits-all business. Oracle Financial Services’ pre-built scenarios are easily configured with parameters that allow institutions to match their individual compliance philosophy, risk tolerance, and personnel resource availability with the appropriate level of monitoring and analysis.

- **Threshold Analyzer** – Regulators routinely drill compliance personnel on the
selected settings for their monitoring efforts. Threshold Analyzer looks at historic alerts to help firms hone in on the ideal settings and demonstrate quantitatively to regulators the rationale for the firm’s decisions.

- **Automated Alert Correlation** – A compliance officer’s best friend, the Alert Correlation tool automatically searches across all Oracle Financial Services alerts to identify potentially undiscovered relationships.

- **Enterprise Case Management** – Designed to meet the specific needs of the financial crime and compliance management user community, the Oracle Financial Services Case Management component offers a separate case management workflow integrated with the alert workflow. Users can generate new cases or promote existing alerts to cases enabling a more holistic and enterprise approach to compliance risk management.

- **More Alert Perspectives** – Core scenarios generate alerts from multiple perspectives, or “focus types,” enabling alerts on individual traders, trading desks/benches/books, customer accounts, other firm employees, individual securities, orders, and/or executions.

- **Mature Data Model** – Experienced compliance personnel understand that a rich data set enables quality alerts and the efficient analysis of those alerts. Oracle Financial Services leverages a robust data model for compliance risk management that is essential for identifying the complex behaviors that most threaten the financial firm in the form of reputational and regulatory risk.

- **Comprehensive Instrument Coverage** – As regulatory inspection and global regulatory reform extends to more complex asset classes, Oracle Financial Services delivers. New scenarios target unique behaviors of interest in areas such as FX, Swaps, CDS, MBS/ABS, and other derivative products. When combined with existing scenarios for Equities, Fixed Income, and Mutual Funds, firms can re-purpose scenarios against other asset classes thru performance-engineered threshold settings and updated presentation layers designed expressly for the dramatic variations in trading different asset classes.

### Identify Potentially Problematic Behavior across Asset Classes

Oracle Financial Services Trading Compliance leverages a robust and comprehensive list of trading behavior detection scenarios to help you monitor internal activities and interactions with customers and other market participants to detect actions that can lead to non-compliance with regulation and loss of reputation in the market. A sample of the areas of coverage include:

- **Market Manipulation and Abuse** – Exchanges, market centers, regulatory bodies, and individual broker dealers are highly focused on potentially manipulative behaviors and establish policies and procedures to which market participants and trading personnel must adhere.

  Representative scenarios in this area include: Marking the Open/Close, Spoofing and Layering, Wash Trading and Parking, Orders Facilitated Outside Top of Book, Spoofing, Illegal Short Sales and others.

- **Insider Trading and Control Room** – A primary area of regulatory attention across global markets.

  Representative scenarios in this area include Trading Ahead of Material Events, Trading Against Restricted Lists, and others.

- **Front Running and Disadvantaging Customers** – Monitoring traders and other employees who may be positioned to take advantage of customer activity for firm or personnel gain remains an expanding area of interest for regulators. Failure to adequately monitor for behaviors such as front-running may lead to firm revenue loss through customer departures.

  Representative scenarios in this area include: Front Running Large Orders, Front
Running with Related Products, and others.

- **Off Market Pricing and Best Execution** – This class evaluates the quality of individual trades and executions. Coverage extends beyond equities to include fixed income products and other asset classes where market transparency is available. These scenarios examine execution timeliness and pricing by comparing trades with market events including Reported Sales and/or Market Quotes.

  Representative scenarios include: Off Market Fair Pricing, Excessive Markups/Markdowns, Price Disimprovement, Order Execution Untimeliness, and others.

**“Future-Proof” Your Compliance Investment**

Oracle Financial Services Energy and Commodity Trading Compliance operates within the Oracle Financial Services Financial Crime and Compliance family of solutions, the first comprehensive set of applications to meet the particular needs of the financial services community. This solution comprises Oracle Financial Services’ best-in-class risk and compliance behavior detection solutions for Anti-Money Laundering, Fraud, Know Your Customer, and Trading and Broker Compliance applications. It surrounds these point solutions to provide an end-to-end solution that leverages a robust data model and comprehensive dashboard capabilities to deliver a single transparent, holistic view of all Financial Crime and Compliance related activities across the enterprise.

Oracle Financial Services helps you to identify operational inefficiencies that increase noncompliance risks and overall compliance costs.

The unified Oracle Financial Services Financial Crime and Compliance family of applications helps you tackle today’s tactical risk and compliance problems while future-proofing compliance spending across regulatory mandates. By establishing a strategy to address risk and compliance initiatives, you can respond to changing business and regulatory conditions while leveraging existing business, functional, and technology components thereby improving the consistency and effectiveness of your data, increasing your business performance, improving your time to production and strengthening your competitive advantage: all while controlling your overall compliance costs.

**About Oracle Financial Services Analytical Applications**

Oracle Financial Services Analytical Applications bring financial institutions best-of-breed capabilities to proactively manage Financial Crime, Compliance, Risk, Treasury, Finance and the Front Office. The applications are built upon a commonly available analytical infrastructure consisting of a unified financial services data model, analytical computations, a Metadata driven “R” modeling platform, and the industry-leading Oracle Business Intelligence platform.

A single, unified data model and infrastructure provides one version of the analytical “truth” to business users throughout the entire enterprise. This enables financial services institutions to confidently manage performance, governance, risk and compliance. Shared data, metadata, computations and business rules enable institutions to meet emerging business and regulatory requirements with reduced expenses and the unified platform helps financial institutions to leverage existing investments.