

# Market Abuse Insider Dealing Detection Employee Transactions

Bosch Software Innovations



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## Trust is Good, Transparency is Better: Creating Security for Employees and the Bank

More and more banks are creating complete, auditable documentation of employee trading in order to create security for the bank and its employees. This entails new tasks and new responsibilities, however – and it requires technological support. MAID is one module in our Compliance Suite, and it supports compliance officers in analyzing and investigating trades, in particular by employees for their own accounts.

## Documenting and Monitoring Employee Transactions

MAID can be used with respect to employee personal trading in order to ensure compliance with all internal rules and guidelines, for example, holding periods or

the maximum allowed number of trades per month. Third bank trades, meaning trades an employee makes through another bank, must be included as well. These trades can be manually entered in MAID.

When an employee is confronted with a potential conflict of interest based on his particular tasks, MAID includes this situation automatically in its monitoring function. And depending on the situation, the number of people involved can be expanded to include the analysts, traders or account managers with primary responsibility. When a rule is violated, the compliance officer investigates.

Watch lists and restricted lists can be created and administered within MAID. These lists are important, particularly for analysts.

## MAID - Employee Transactions

The screenshot shows the MAID interface with a 'General hit' window open. The hit details are as follows:

Partner No.	Name	Department	User name
P100417	Sutherland, Sumner	-	-
P100469	Hewett, Agnese	Controlling	hewett100469
P100405	Collette, Cort	Compliance	collette100405

  

Instrument type	Name	ISIN	Execution	B/S	Quantity	Rate	Amount (EUR)	Securities acco
Share	ING Groep	NL0000303600	05/29/2009 2:31:47 PM	S	7,300	26.5515	310,121.07	D188
Share	ING Groep	NL0000303600	05/28/2009 10:43:43	B	825	26.3078	34,726.36	D117

Rather than on paper as in the past, potential conflicts of interest are now documented electronically and monitored automatically.

To be on the safe side, an employee has the option of clarifying a transaction even before it has been made, using the pre-clearance query. Unobjectionable queries are automatically approved, while critical queries are reviewed by the compliance officer. The employee can then follow the status of his query at any time through the web client.

For insider scenarios like front running and parallel running, MAID has established certain rules that can be individually revised. Anomalies are displayed to the compliance officer in a hit list and must be clarified.

### Investigations Result in Clarity

System-supported monitoring follows transparent rules. An electronic form for investigation and documentation is generated automatically for every hit. Relevant supplemental information is also displayed. The investigation is in the hands of the compliance officer with responsibility for transaction monitoring. The investigation is recorded in the system and an auditable history established.

The compliance officer can redefine and revise rules as needed in order to comply with current regulations and internal guidelines.

### Ad Hoc Queries and Flexible Reporting

Ad hoc queries list trades that were settled in close chronological proximity to an ad hoc notice. If, in the judgment of the compliance officer, one of these transactions requires investigation, an electronic investigation form can be generated with one click, launching an investigation workflow.

Flexible reporting supplements standardized analyses by providing an option to make unique assessments of trades and holdings. This could be helpful, for example, if the compliance officer would like to know who traded in certain securities within a defined period of time, or who has the largest holdings of certain securities at a certain point in time.

### MAID – Employee Transactions in Brief ...

- ▶ Minimizes risks to reputations by monitoring employee trading for their own accounts against internal guidelines
- ▶ Managing watch lists and restricted lists
- ▶ Manual entry of third bank trades
- ▶ Includes a set of scenarios that can be customized
- ▶ Electronic investigation workflows with intelligent user guidance, saving valuable time
- ▶ Variety of assessment options created by combining individual reports

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