



RECAP - Risk & Compliance Roundtable Discussion

12th July 2022

Compliance Assurance on the Trading Floor

Our July roundtable event centred on the topic of **Compliance Assurance on the Trading Floor**, bringing together more than 20 individual company compliance, IT and Surveillance heads to collectively share challenges, insights and regulations shaping trading floor compliance and review innovative methods in which these challenges have been addressed or may be addressed in the future.

We've put together a summary of the **key takeaways and topics** from the afternoon session in London.

Top 3 Takeaways

1. The 'Golden Source'

Organisations are looking for a '**single Golden Source**' of user/trader information across all platforms, and the agreement across the board was to encourage firms to "force a standard". It was interesting that there was mostly alignment that the '**Golden Source**' should be owned by Compliance rather than IT.

Many of our attendees manage an average of five telephony platforms in their respective organisations, and in some cases a single user may have access to in excess of 11+ applications. This can make broker attribution, as an example, very difficult, so there was consensus that automated user provisioning would be welcomed, as would the ability to check the right users are being recorded.

The requirement to have a single view of trade-related communications was also apparent through our discussions, with a necessity for up-to-date records of who was using '**what, when, where and how**'.

2. Retention Management

Throughout the day the importance of call and communication retention management remained an important challenge for attendees.

To comply, regardless of the original source of the communications, whether a smartphone, call recording system or cloud-based solution, financial firms must:

- Record communications from **all available mediums**
- Store recordings in a way that is **safe and secure**
- Allow for the information to be retrieved with ease in the event of a request from the **relevant authority**
- Provide a fully auditable **chain of custody**

Our roundtable highlighted both the challenges and importance behind the consideration of a robust in-house retention management policy and process, one that is designed to facilitate compliance and risk assurance company-wide.

3.Walk the Floor Testing & CDR Reconciliation

There was healthy debate amongst the group as to how much recording assurance is required to appease the regulators.

The manual task of '**Walk the floor**' testing was discussed as a challenge in the face of compliance, not only as a considerable cost, but in terms of efficiency, speed and more importantly the risks associated with managing a large number of recorded communications.

Whilst some experience of automated assurance existed in the group, it was apparent that limitations had resulted in mixed success, leaving organisations wanting more.

A debate around automation of testing lines and turrets and the opportunity for a real-time reporting view of this data came into play. Rather than testing systems in the morning, a process which would facilitate testing at multiple times throughout a given day, to capture downtime occurring from security patches or feature upgrades, seemed to satisfy this risk requirement at more of an advanced pace.

Additionally, the use of technology, that can add a unique identifier to calls, prior to their journey through PBX, turrets and voice recording may be a significant enabler to help solve the CDR conundrum that has plagued many of the testing solutions in the market.



Additional considerations

Identity Management or Broker Attribution

How can a user's identity be accurately validated within a call or communication to successfully attribute a recording to the correct person?

WhatsApp/WeChat Recording

Regulated user communications should always be captured but how can we ensure seamless and accurate recording across various channels and mediums?

Cloud Migration

The Cloud is a huge topic at the moment but how are other organisations like mine considering the Cloud and/or a transfer of their infrastructure to the Cloud?

Call/Communication Audio Formats

Organisations are becoming increasingly more cautious around the irrefutable validity of a recording file - any migration needs to ensure a historical chain of custody (where possible in the original file formats) So, what information is required to be held within the original call audio formats?

Are passwords becoming redundant?

With discussions around passwords being the weakest link in cybersecurity - though the conventional way of logging into systems - how would a move away from passwords affect the process of testing turrets and systems?

WORM Compliance during Cloud migrations

For organisations migrating to the Cloud, how can organisations satisfy WORM compliance, where required?

Concerns around Compliance Workload

Compliance teams are facing an ever increasing workload due to issues which may be low risk requiring action. Do other organisations have a chain of priority?



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We look forward to seeing you there!



contact@businesssystemsuk.com | Tel: 020 8326 8326 | www.bslgroup.com