

MAST

MARKET ABUSE
SURVEILLANCE TOOL

Asset Classes

Fixed
Income

The challenges of fixed income surveillance

Fixed income markets represent a unique challenge to trade surveillance teams. The correlation shared by different bonds and their derivatives enables traders to use different instruments to hedge risk. However, it also permits sophisticated cross-asset and cross-product market abuse.

Why our risk-based approach is the answer

MAST takes a fundamentally novel approach to surveilling fixed income trading. Rather than viewing them as individual trades, it interprets them as expressions of interest rate or credit risk. This risk-based approach mirrors the way fixed income traders view their trading themselves.

This enables MAST to understand how a trader positioned themselves along an underlying interest rate or credit curve and ultimately whether a trader intended to manipulate these curves. This enables you to distinguish between risk management and cross-asset abuse.

MAST represents data in line with how traders execute trades and manage risk. This trader-focused approach bridges the gap between surveillance monitoring and a trader's understanding of the market as they commit abuse.

Key benefits

MAST adopts a risk-based approach by understanding the overall risk exposure and then detecting manipulation and attempted manipulation.

French / Belgian Bonds

German / Belgian Bond Futures

Euro Yield Curve

Detect cross-asset abuse via a risk-based approach that understands the correlation between different bonds and derivatives.

Prioritise the most serious alerts with a USD Value score calculation that represents the severity of each alert.

Eliminate the need for manual rule calibration by using market data to automatically calibrate the parameters for each trigger.

MAST's analysis considers the impact that each trader has on the market with their trading. This enables it to detect intent to abuse or manipulate the market, ensuring you remain compliant with the regulatory mandate.

Product features

Intuitive interface: Representing fixed income instruments as expressions of interest rate or credit risk allows us to quickly convey a trader's position across their entire trading activity.

Actionable alerts: The alerts screen shows you all the trades, including the timeframe trades relevant to this specific transaction. MAST illustrates the contribution of each trade to the event in order to focus your attention on the most high-risk trade.

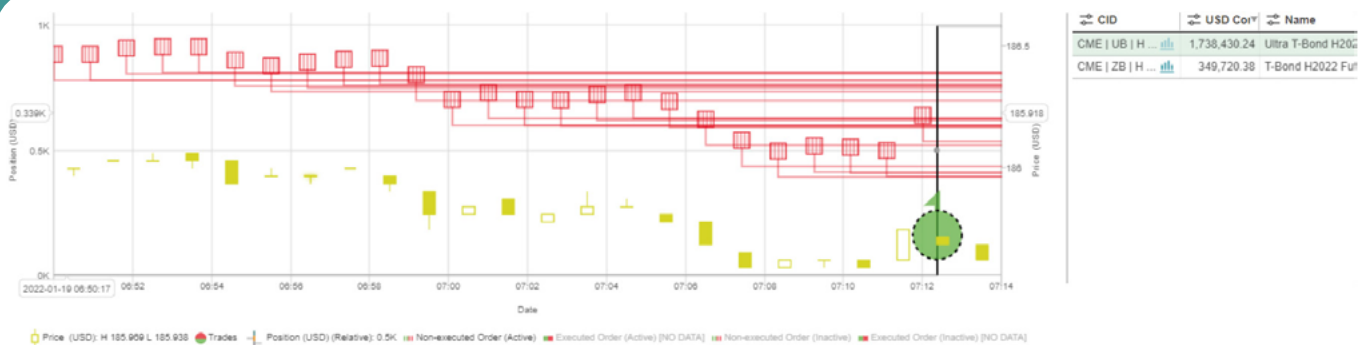
News feature: MAST examines how the curve correlates with the relevant news items from this specific issuer. You can do all of your investigation from trades to market data, to price to news in one interface.

MAST benchmarks the size and frequency of trades against the Day Time Value of each instrument. For alerts like Ramping, this means it can show the size of the market impact and how quickly the impact on the price dissipates.

Case study

Cross-asset Layering / Spoofing in Treasuries

Consider an instance of Layering/Spoofing involving correlated Treasuries. A trader places a series of visible sell orders in a mix of T-bond and Ultra T-bond futures, in an attempt to falsely understate demand for them. Whilst the orders are live, the trader executes a buy trade for 30Yr Treasuries.



MAST interprets these trades and orders as expressions of USD interest rate risk. It can then understand that the sell orders in the fixed income derivatives exert market impact on related securities, including the 30Yr bond. MAST thus flags the alert and calculates a USD Value score which takes into account both the market impact of the orders and the size of the trade in the opposite direction. This helps you prioritise the riskiest trades for investigation.

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Advance your surveillance function

**Improve your detection of market
abuse, reduce false positives and
prioritise high-risk alerts.**



Reach out to learn more.



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