



SCILA QUARTERLY NEWSLETTER

2022 Q3

SCILA USER GROUP

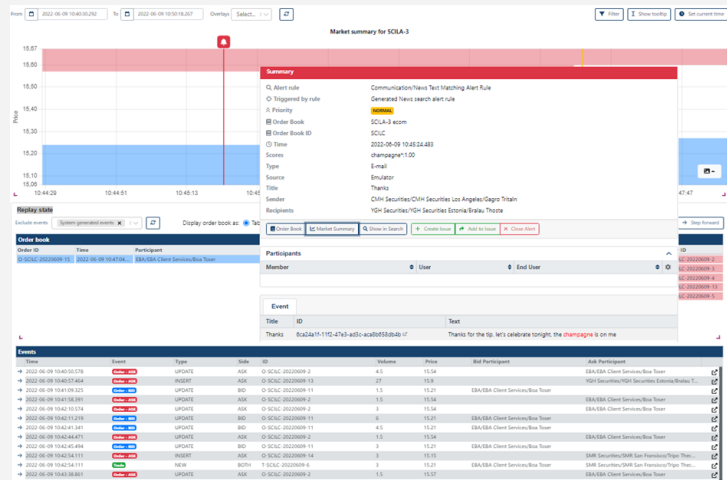
Scila hosted the annual Energy User Group meeting on 8th of September in Stockholm.

The Energy User Group is a great opportunity for our existing customers from both regulators, exchanges and market participants to come together, share ideas and ways of working, get updates from Scila and discuss any potential areas of improvements. Customers also get the chance to present to each other on various topics within the surveillance space, sharing experiences and knowledge. In these challenging market conditions, it is more important than ever to convene allowing market actors to exchange ideas and experiences.

It was a successful event with a full spec agenda including presentations from Scila representatives and user group attendees. The outcomes from the many excellent, in depth discussions is also a great way for Scila to continuously improve our products.

Scila are looking forward to the next user group meeting.





ENHANCED E-COMM AND VOICE CAPABILITIES

Several large banks have been fined, especially by the US regulator [\(see link\)](#), for unauthorized communication channels that are not monitored. Holistic surveillance has been a hot topic for years but the current regulatory push will increase the demand even more. Scila has extensive support for integrating e-comms such as voice, chat messages, emails with trading data in order to provide a holistic view. This includes functionality to replay, correlation with trading events and alert rules. AI-assisted analysis, transcription and translation capabilities are all part of the solution.

NEWS IN SCILA RISK

During the recent year a focus point for the Scila Risk team has been to increase the platform’s capabilities within the energy market. Full coverage for both physically and financially settled standard and non-standard energy products now comes out-of-the-box. The set of pricing algorithms has been expanded with algorithms tailored for the energy market and the curve construction framework has been extended to support curve calibration from energy market products. Users can drill down into the projected future delivery structure, down to hourly granularity and associated metrics, such as average price and profit-and-loss. The risk and position limits models have also been updated to fully support energy products and we have expanded our real-time initial margin capabilities to support the European Commodity Clearing (ECC) margin methodology.

[More about Scila Risk here.](#)





SCILA JOINS AIWM - SINGAPORE

AIWM is committed to best industry practices, strengthening the visibility and reputation of independent wealth managers. AIWM actively promotes dialogue and engagement between regulators and various stakeholders within the community. [Read Press Release](#). Scila Buy-Side, designed for asset managers, investment firms and other buy-side participants. The system comes with alerts for market abuse, insider trading but also alert rules especially for portfolios, such as Window Dressing, Portfolio Pumping, Portfolio Churning. The system also has Personal Account Dealing (PAD) functionality. [Read more about Scila Buy Side](#).

SCILA CROSS PRODUCT ALERT RULES

In energy and commodities trading, cross-product manipulation is a hot topic. For example, manipulating a benchmark which will have an effect on related futures and swaps. This is certainly applicable in other asset classes and there are already alert rules that monitor the derivatives and the underlying market. Scila has built a number of alert rules for customers trading both energy and commodities but also equities and derivatives to detect cross-product manipulation. The alert rules work slightly differently as different types of customers have different needs. However, the standard alert portfolio with over 100+ alert rules will be updated this year with additional alerts for cross-product alerts in a productified form.





TRADE SURVEILLANCE OF PHYSICAL COMMODITIES

A team at Scila has started an initiative looking at new approaches for physical commodities trade monitoring. Three approaches are being explored. The first approach is where large and uneconomical trades are identified. The rationale is these would be entered with the intention to manipulate a benchmark, where a gain in the financial market can be made. The second approach being developed is identifying abnormal trading patterns across a benchmark. For example, a new benchmark is suddenly traded or a dramatic increase in trading compared to history. The final approach is to identify physical trading where a beneficial financial position is held. In this approach, a direct link is being worked out between a physical trade and a financial position.



Surveillance | Risk | AML

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