

Surveillance as a Strategic Advantage: From Checkboxes to Differentiation

By: Andrew Sorgan

Introduction

For years, surveillance has been treated as a defensive necessity—an operational function focused on monitoring trading, communications, and conduct to meet regulatory obligations. But as markets evolve, regulators intensify scrutiny, and technology reshapes operations, forward-looking firms are reframing surveillance as more than compliance. When executed strategically, surveillance becomes a competitive differentiator, driving efficiency, strengthening trust, and providing actionable business intelligence.

From Reactive to Proactive Risk Management

Traditionally, surveillance teams reactively review alerts, often dealing with high false positives and backlog. Surveillance teams only respond to alerts generated by their surveillance tools (trade surveillance, e-communications, voice) most of which are not integrated. Surveillance is often seen as a cost center and not a source of insight into the business - only focused on remediation and demonstrating compliance.

Proactive surveillance shifts from alert-chasing to risk sensing—using integrated data, context, and analytics to identify issues before they escalate.

- **Horizontal Visibility:** Link trade events to communications to detect intent (e.g., a pattern of trading behavior contextualized by off-platform messages or coded language).
- **Behavioral and Network Analytics:** Move beyond simple rule breaches to detect anomalous behavior, social graph patterns, and collusive activity across desks, entities, and instruments.
- **Scenario-based Testing:** Use risk typologies and emerging market behaviors to simulate threats, refine coverage, and prioritize controls.
- **Early-warning Indicators:** Develop composite risk scores combining alert density, case conversion, exception trends, and conduct signals to trigger proactive reviews or targeted training.
- **Closed-loop Learning:** Feed outcomes (true/false positives, enforcement results, supervisory feedback) back into models, tuning thresholds, and typologies over time.

Proactive programs materially reduce remediation costs and cycle times, elevate the quality of investigations, improve signal-to-noise, and give senior leaders a predictive view of conduct risk. They also strengthen the firm's culture by aligning front office, compliance, risk, and audit around shared insights and metrics.

Leveraging Technology for Efficiency & Insight

Firms should move more towards integrated surveillance by linking monitoring of trades, communications (including electronic communications), and voice communications to break these silos to create a holistic picture of conduct risk. This can be accomplished by building an interface/module creating linkages to monitor risks across platforms. For example, spotting a suspicious trade that is linked to an email or chat. The use of AI & Machine Learning will not only reduce false positives, but it can detect unusual behavior patterns and not just rule breaches. Predictive monitoring identifies emerging risks before they become systemic. The development of dashboards capturing all the distinct types of surveillance conducted at a firm can provide senior management with insights into conduct exposure, help tailor training, and improve overall enterprise risk management.

Building Trust with Regulators and Clients

Robust surveillance programs demonstrate to regulators that firms are ahead of the curve. Beyond regulatory optics, clients and investors increasingly view strong conduct and culture frameworks as integral to fiduciary responsibility. Surveillance becomes part of a broader trust narrative—protecting clients, safeguarding markets, and reinforcing the firm's reputation while further building client trust. Regulators have been encouraging firms to move away from traditional check boxes, alert-chasing surveillance to integrated, intelligence-led surveillance.

Surveillance as a Value Driver

Broker-dealers, investment advisers, and asset managers are moving beyond 'check the box' surveillance. They are embedding surveillance as a strategic advantage by:



Investing in Scalable, Cloud-native Platforms: Standardized data models, reusable integrations, and elastic compute to support global coverage and faster onboarding of new channels/products.



Applying Behavioral Analytics to Anticipate Misconduct: Detecting intent and patterns—front-running, spoofing, layering, wash trading, off-channel communications—before they trigger incidents.



Integration with Enterprise Risk Management (ERM): Feeding conduct insights into risk appetite, stress testing, capital planning, and issues management for a consistent risk narrative.



Operationalizing Insight for the Business: Providing front-office supervisors with targeted signals, peer benchmarks, and coaching prompts that improve conduct and reduce supervisory burden.



Improved Visibility to Leadership: Strategic dashboards for senior management and the Board that highlight emerging themes and control effectiveness.

How We Can Help

We help financial institutions transform surveillance from a compliance obligation into a strategic capability. Our services include:

- **Program Design & Assessment:** Evaluate current-state programs, identify gaps, and design target operating models aligned with regulatory expectations and business objectives.
- **Technology Enablement:** Integrate trade, e comms, and voice surveillance; deploy AI/ML models for detection and triage; and implement dashboards for leadership insights.
- **Optimization & Managed Services:** Tune thresholds, reduce false positives, and provide surge support or ongoing managed services for alert review, QA, and continuous improvement.

With deep regulatory expertise and proven delivery experience, we help firms achieve integrated, intelligence-led surveillance that is efficient, explainable, and future-ready.

Conclusion

Surveillance is no longer about avoiding fines—it is about shaping culture, driving operational excellence, and reinforcing trust with clients and stakeholders. Firms that elevate surveillance into a strategic capability will not only stay compliant but also create long-term value, differentiating themselves in an increasingly competitive and transparent marketplace. Surveillance is not just about monitoring the past. If done correctly, it anticipates patterns and potential issues leading to better detection and prevention.

About the Author

Andrew Surgan is a Managing Director at Trelant. Andrew has over 30 years of experience in regulatory compliance including 23 years in the broker dealer and investment banking industry. He has been a Chief Compliance Officer for several firms including U.S.-based and global broker dealers.

Prior to joining Trelant, Andrew was a Managing Director at Grant Thornton based in New York City for eight years, leading the regulatory compliance practice focused on broker dealer, investment advisor, and asset management clients. There, he advised U.S. and global clients on the enhancement of compliance programs, compliance risk assessments, regulatory mapping, regulatory remediation, and internal audit support to streamline compliance while meeting regulatory requirements and expectations. Previously, he was a Chief Compliance Officer at several bank/broker dealers including roles as Anti-Money Laundering Compliance Officer and Senior Counsel. His experience also includes senior compliance roles with global financial services firms such as Mitsubishi UFJ Financial Group, RBC Capital Markets, and Citigroup.

Andrew earned a JD from Brooklyn Law School, an MBA in Finance from Baruch College, and a BA from Hunter College. He has held the Series 7 and 24 licenses and Canadian Chief Compliance Officer license (all inactive).

About Huron Financial Services

Together, Huron and Trelant combine deep financial services expertise and technology with digital, data, advisory, managed services, and staffing solutions to support client needs across functions—including banking, M&A, capital markets, wealth management, risk, finance, compliance, legal, technology, and audit—helping organizations transform, optimize, and modernize their programs while driving efficiency and effectiveness.

About Huron

Huron is a global professional services firm that collaborates with clients to put possible into practice by creating sound strategies, optimizing operations, accelerating digital transformation, and empowering businesses and their people to own their future. By embracing diverse perspectives, encouraging new ideas, and challenging the status quo, we create sustainable results for the organizations we serve.

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