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## Financial & markets regulation

### US equity surveillance system gets new security chief Operator

### Thesys aims to allay exchanges' cyber crime concerns over CAT project

Nicole Bullock in New York, 9:20AM

The long delayed surveillance system to monitor trading in the world's largest equity market is getting a security watchdog in an effort to address security concerns and push the plan forward. Thesys CAT, the company hired to build the ambitious market database, on Friday said it had hired Vas Rajan, an experienced industry executive as its chief information security officer.

The move comes in response to concerns among the main US exchanges — including the New York Stock Exchange, Nasdaq and Cboe Global Markets — that the project to collect the data for millions of orders and quotes on US equity and options markets in real time could be compromised by cyber Crime. The announcement came at the end of a volatile week of trading on Wall Street that sent the S&P 500 down 7 per cent and saw the unwinding of esoteric investments that many said had added to the tumult.

“This is exactly the kind of event that led up to the need for a CAT,” Mr. Beller told the Financial Times. “This underscores the need for a new system which will make it easier to figure out what is going on when things happen. We should all remember that we are building CAT for a reason and the reason is the markets have gotten complex and it is hard to figure out what is going on.”

The exchanges asked in November for the project's launch to be delayed for a year, citing digital security fears. They also requested that Thesys appoint a separate head of information security. The system, called the consolidated audit trail or CAT, was proposed after the 2010 flash crash when stocks gyrated rapidly and inexplicably, leaving market participants and regulators scratching their heads over what had caused the tumult. But it has been hit by persistent delays as well as criticism that it is more of a costly boondoggle than a vital mechanism for regulators to monitor the US equities market. Mike Beller, chief executive of Thesys Technologies, Thesys CAT's parent company, said the exchanges had been consulted ahead of Mr Rajan's appointment. “Security has been at the forefront of our design and strategy for the CAT system from the beginning, and one important key to success is ensuring there is a well-rounded leader to oversee all the security aspects of the CAT, both before it goes live, and once it is operational,” Mr. Beller said.

Mr. Rajan has worked in the industry for more than 20 years, most recently holding a similar role at CLS Bank, the member-owned Forex settlement service. Mr. Beller also said that the groups were working toward the timeline proposed by the exchanges to regulators in autumn last year, putting the launch of a first phase in about November of this year.

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