

Insider Trading in Dealing Room: Risk-Control Matrix (Illustrative)

Risk	Description	Controls	Description	Testing methodology
R1	Unauthorized personnel can enter in dealing room to know order before dealer executes	C1	Access to dealing room is given to authorized personnel only. Access is controlled through access card reader installed at door.	<ul style="list-style-type: none"> Obtain list of authorized person and review whether mentioned persons are actually needed access. Reconcile list of authorized persons with list exported from system controlling access. Deviations have to be discussed and resolved with satisfaction of the auditor. Reconcile attendance logs of the access card system with list of authorized person.
			CCTV is installed inside dealing room.	<ul style="list-style-type: none"> Review CCTV recording on sample basis and ensures that there is no piggybacking or suspicious activities e.g. giving piece of paper to pass information outside. Also review maintenance, archival and review process of CCTV recordings.
R2	Order information is passed outside and within company through calls.	C2	All lines installed in dealing room are recorded including intercom.	<ul style="list-style-type: none"> Visit dealing room and note down number of lines installed. Verify list of numbers including extension connected with dealing room. Reconcile these records with call recording systems to ascertain all calls are recorded.
R3	Systems used by dealer has full access of internet	C3	Access to only specified websites is allowed on dealers' terminal.	<ul style="list-style-type: none"> Perform walkthrough during market hours on systems being used by dealer and try opening internet e.g. Gmail, Yahoo, Gmail through Google etc. Also review history of the website visited during market hours. Discuss with IT head regarding admin access on these systems to ascertain that it is independently controlled.
			Outside mails from workstations cannot be deleted by dealer.	<ul style="list-style-type: none"> Review mails sent by dealers during market hours and reconcile with trade executed vs. timing of mails and content where buy/sale of securities is conveyed in mail.

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R4	Persons originating orders leaks information to other before instructing dealers.	C4	Process is defined that dealer will execute orders received through system, mails or recorded lines only.	<ul style="list-style-type: none"> • Obtain log of executed orders and mode of execution (e.g. calls, mails). • Review whether any order executed with instruction otherwise than system, recorded calls or mails. • Obtain call records and hear out interaction of persons originating orders. • Review whether call recording system has identification against each number and contains time of call, integrity of interaction, archival and maintenance. • In case of information being passed out, review timing of calls and timing of instruction given to dealer for order execution. One may prefer select order with large value and cross connect call records to get adequate comfort.
R5	Dealer leaks information before execution of order.	C5	Dealer has to execute order within x amount of time based on price and volume discovery in market as per the process defined.	<ul style="list-style-type: none"> • Review process defined by the company and ascertain adherence to it. • Review calls recording in/out from dealer's room to ascertain that information are not passed outside. <p>Also check that cell phones are not allowed inside dealing room during market hours. One may review process and randomly try dialing one of the dealer's cell number to get comfort over the process.</p> <ul style="list-style-type: none"> • Mobile jammer inside dealing room is the best control preventing usage of it.
R6	Order details are passed out at cafeteria, wash room, personal visit at colleague desk outside dealing room.	C6	Basic facilities are provided to the personnel connected with real-time trade and not allowed to go outside that area.	<ul style="list-style-type: none"> • Review facility structure and its working condition. • One may like to ascertain whether that area is restricted with access card.