# Surveillance Rule

## Layering

### Version 1

## Definition.

Multiple security trade orders are placed at pricing intervals to build the impression of pricing pressure. Genuine traders will then adjust their prices in anticipation of prices changing due to the insincere orders. Once this adjustment has taken place a trade is executed in the other direction.

## Red Deer Rule Implementation.

Required data.

Orders from the corporate trading system.

Price data from the exchange.

Rule parameters.

Time window to aggregate cancelled orders that form a tier within in seconds.

Time threshold between cancelled orders in one direction and executed trades in other direction in seconds.

Rule.

If multiple orders are placed within a given time frame separated by pricing tiers and then cancelled then evaluate rule.

If multiple orders are placed within a given time frame separated by pricing tiers, cancelled then followed by a trade in the opposite direction to the cancelled orders then evaluate rule with high confidence.

If layering alerts have been raised in the last 15 days evaluate rule with high confidence.

## Future editions.