

A 1LoD report



# The Surveillance LEADERS' NETWORK

FORECAST 2025

December Meeting, Dubai

## Market Abuse Surveillance in the Middle East: From Growth to Maturity

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## Key takeaways

01

**Regional markets are large, fast-growing and no longer comparable to mature European markets,** requiring surveillance frameworks that are adapted to local liquidity, asset class mix (equities-heavy), participant profiles and market maturity rather than imported wholesale from Europe or the US.

02

**Effective market abuse surveillance depends on a risk-based, locally calibrated approach,** where alerts, thresholds and coverage are tailored to liquidity bands, investor types and trading behaviours to avoid overwhelming teams with low-value alerts while remaining defensible to regulators.

03

**Regulatory expectations in the region are rising and shifting towards earlier escalation and stronger governance,** with greater tolerance for escalating suspicions rather than only “bullet-proof” cases, supported by clearer reporting standards, faster escalation timelines and closer dialogue with regulators.

04

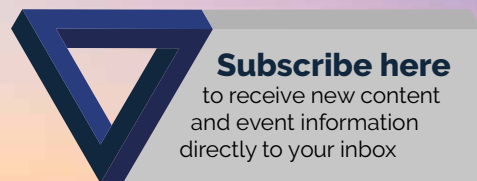
**Technology optimisation, including AI and advanced analytics, is essential but must be incremental and explainable,** with a focus on reducing false positives, identifying unusual behaviour and enabling pattern-based analysis, while ensuring data quality, governance and regulatory confidence.

05

**Market integrity and growth are mutually reinforcing, not competing objectives,** as weak surveillance and perceived unfairness deter institutional participation, whereas clear standards, participant education and consistent enforcement strengthen confidence, liquidity and long-term market development.

# Market Abuse Surveillance in the Middle East: From Growth to Maturity





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The inaugural Surveillance Leaders Network in Dubai in December 2025, brought together senior surveillance, compliance and market infrastructure practitioners to explore how market abuse surveillance is evolving in the Middle East and how institutions should position themselves for the future. From the outset, the discussion made clear that the region is no longer peripheral to global capital markets. Instead, it is characterised by rapid growth, rising institutional participation and increasing regulatory expectations, all of which fundamentally reshape how surveillance frameworks must be designed and operated.

## Growth Has Redefined Market Expectations

Participants agreed that the scale and speed of growth in regional markets mean they can no longer be viewed as emerging or lightly regulated environments. Several exchanges in the region now rank among the largest globally by market capitalisation, while trading volumes and IPO activity continue to rise. With this growth comes heightened scrutiny from regulators and global investors alike. “Many people still arrive in the region thinking they can apply what they know from Europe or London without adjusting their mindset. These markets are large now, they are growing quickly, and expectations around fairness and transparency have to grow with them,” said one attendee.

The network strongly challenged the assumption that stricter surveillance could deter participation. Instead, attendees argue that weak oversight posed a far greater threat to market development, particularly as institutional investors became more selective about where they deploy capital. “There was always a concern that if you enforce behaviour too strongly you damage liquidity, but in reality the opposite happens. If the market feels unfair or opaque, serious investors simply stop trading there,” said an attendee.

Market integrity, participants suggested, was not a constraint on growth but a prerequisite for it. Once markets reached a certain size, informal practices and inconsistent enforcement began to undermine confidence and erode credibility. One attendee remarked, “When you reach this level of scale, behaviour starts to matter much more. You cannot rely on informal norms anymore because the consequences of misconduct are bigger and more visible.”

## The Importance of Local Calibration

A central theme of the debate was the need to abandon one-size-fits-all surveillance models. Participants consistently stressed that importing alert libraries and thresholds from Europe or the US without adjustment leads to inefficiency, excessive false positives and reduced effectiveness. “If you try to run the same surveillance rules everywhere, you just overwhelm people. You end up with thousands of alerts that do not reflect the real risks in that specific market,” a participant said.

Attendees argued that effective surveillance begins with a robust risk assessment that prioritises the most relevant threats rather than attempting to cover everything at once. This risk-based approach allows teams to focus resources where they matter most while remaining defensible to regulators. “Regulators are not expecting perfection. They want to see that you understand your risks, you have prioritised them properly, and you can explain why certain things are in scope and others are not,” stated an attendee.





## Regional Behaviours and Market Culture

Beyond systems and controls, the discussions highlighted the importance of behaviour and culture in shaping market integrity. Several participants recounted instances where traders assumed that weaker historical enforcement meant certain practices were tolerated. As one attendee said, “we still see people saying they did not realise something was an issue. That tells you there is a perception problem, where traders think nobody is really watching.”

Changing this mindset was viewed as a core objective of surveillance. Participants emphasised that enforcement alone was insufficient; clear guidance and proactive communication with market participants were equally important. “Surveillance is not just about catching bad behaviour. It is also about setting expectations and making sure people understand what is acceptable and what is not,” stated one participant.

Exchanges and regulators have agreed that they are increasingly using guidance notes, circulars and direct engagement to reinforce behavioural standards. This approach is seen as essential for developing a mature market culture that supports long-term growth. “If people understand the rules and see them applied consistently, behaviour changes over time. That is how you build a credible market,” said one attendee.



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## Evolving Regulatory Expectations

The discussions made clear that regulatory expectations across the region are rising and becoming more sophisticated. Participants noted a shift towards earlier escalation of suspicious activity, even where evidence is incomplete. “In the past, you only escalated when you were almost certain. Now, if something looks suspicious and raises enough questions, escalation is expected,” said one participant.

This shift has implications for governance and operating models. Firms are under increasing pressure to standardise reporting, clarify decision-making responsibilities and reduce escalation timelines. Said one attendee, “you cannot shorten timelines without proper governance. People need to know who decides, how decisions are made and what gets reported.”

While expectations are rising, regulators are also seen as more open to dialogue. Participants highlighted that transparent engagement and well-documented risk assessments are often more important than exhaustive coverage. “If you can show your methodology, your assumptions and your controls, regulators are willing to have that conversation. What they do not accept is a lack of structure,” said one attendee.

At the same time, speakers cautioned against assuming that regional regimes mirrored those in Europe or the US, particularly around insider trading and disclosure rules. “You cannot just copy and paste a European model and expect it to work here. The legal frameworks and definitions are different,” argued one participant.



## Technology as a Practical Enabler

Technology is widely viewed as essential to managing growing market complexity, but participants favoured adopting a pragmatic approach. Participants acknowledged that traditional rule-based systems struggled to keep pace with increasingly sophisticated trading strategies. "Traders are using more advanced tools, so surveillance cannot rely purely on static rules anymore," said one attendee. Rather than advocating wholesale replacement, participants focused on optimisation: tuning alerts, removing irrelevant scenarios and introducing analytics that identify unusual behaviour. "The aim is not to eliminate alerts entirely. It is to make sure analysts are spending their time on things that genuinely matter," said one participant.

AI and advanced analytics were discussed as enablers rather than solutions in themselves. Data quality, explainability and cost remained critical considerations. "AI is only as good as the data underneath it. If the data is poor, the output will not stand up to scrutiny," said one participant.

Several others noted that advanced analytics allowed teams to identify behavioural patterns over time, turning individual alerts into meaningful insights. "When you look at patterns instead of isolated alerts, even false positives start to tell you something useful," said one.

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## Accountability and Communications Surveillance

The discussion also addressed accountability in increasingly automated markets. Participants were clear that responsibility ultimately sits with institutions, regardless of whether behaviour is driven by humans or algorithms. An attendee remarked, "if an algorithm disrupts the market, the institution owns that risk. There is no distinction from a regulatory perspective."

Communications surveillance was identified as an emerging focus area, particularly as regulators seek to understand intent and coordination. "Communications are becoming central to market abuse investigations, and expectations in this area are only going to increase," said one participant.

Beyond compliance, participants emphasised the operational value of capturing communications data to preserve institutional knowledge and manage risk. "If you lose communication data, you lose insight into the client and the trading behaviour. That is a risk in itself," agreed one attendee.

## Surveillance as a Strategic Imperative

The discussion concluded with a strong consensus that market abuse surveillance is now a strategic function. In fast-growing markets, it plays a direct role in shaping investor confidence and long-term sustainability. "What matters most is that your approach is defensible. You understand your market, your risks and your business, and you can explain why you do what you do," stated an attendee.

As Middle Eastern markets continue their transition from growth to maturity, the quality of their surveillance frameworks will increasingly define their standing on the global stage. Those that invest in locally relevant, risk-based, and well-governed surveillance will not only meet regulatory expectations but help secure the future integrity of the markets.

This information was taken from the Surveillance Leaders' Network meeting in Dubai on 10 December 2025



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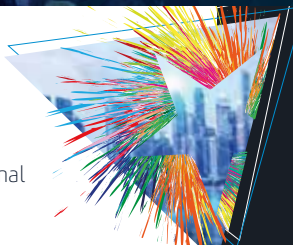
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