



The 2026 Trade Surveillance Report

AI/ML Surveillance Programs,
Structural Constraints,
& Mixed Reviews



Contents

INTRODUCTION

2

PART ONE

AI/ML Adoption: A Split Landscape

4

PART TWO

Data Challenges & Sourcing Postures

7

PART THREE

Tokenized Assets & 24/7 Digital Markets

10

PART FOUR

Evolving Regulatory Pressures

13

PART FIVE

Conclusion

15

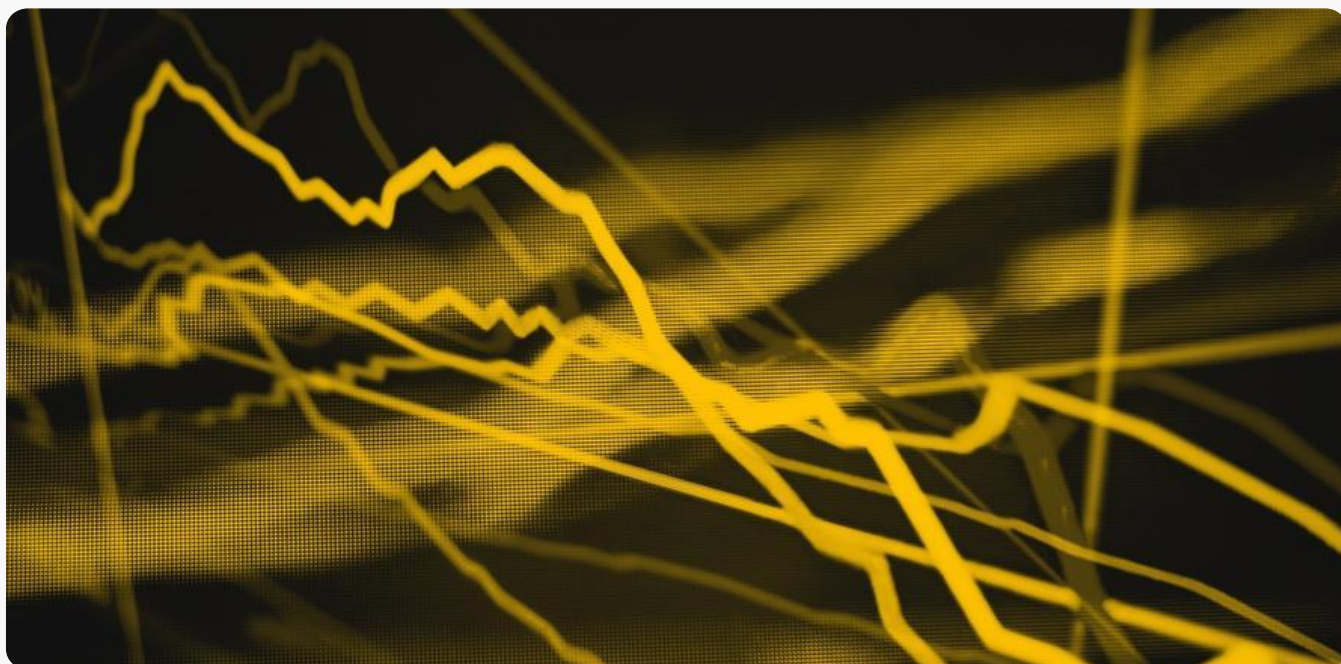
Introduction

The **2026 Trade Surveillance Report** asked surveillance and compliance professionals how they are approaching AI, data, digital assets, and regulation. Up to 241 people took part; bases vary by question and are shown on each chart.

The data highlights varied perspectives with roughly a third of firms (33.1%) using **AI/ML broadly in production**, while 29.9% are not using it at all. **Reducing false positives** was the least-cited benefit delivered so far. An additional critical weakness emerged with just over half of those asked rating their **confidence in explaining an AI/ML alert to a regulator** at 1 or 2 out of 5.

Beyond AI, **data completeness** and **order-lifecycle reconstruction** lead the data hurdles, coverage of **tokenized assets** trends incomplete, and **cross-border obligations** are expected to take the largest share of surveillance effort over the next 12 months.

In summary, the findings describe a market divided on AI, with data foundations as the most widely shared challenge.

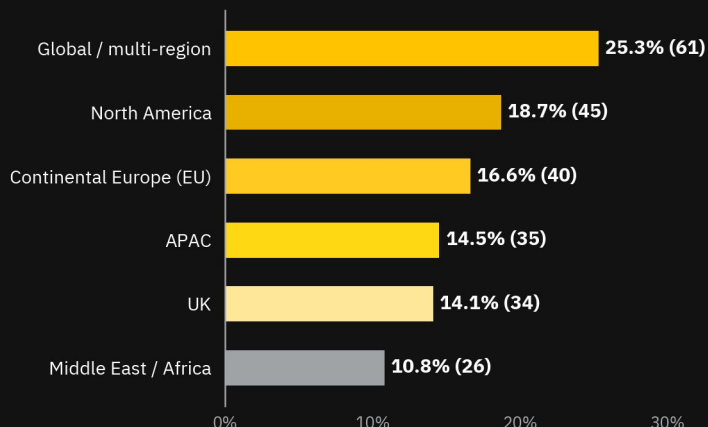


Participants

Organization Type: The participants represent a broad cross-section of the industry, with **global/Tier-1 sell-side banks** constituting the largest single participant category (19.9%), followed by digital-asset/crypto venues (12.2%). Other common entities (between 8 and 10%) included broker-dealers, exchanges, and buy-side asset managers. The least represented were hedge funds (6.7%), and sell-side banks (4.2%).

Region of Responsibility:

A quarter of respondents (25.3%) manage **global or multi-region** surveillance operations, followed by North America (18.7%) and Continental Europe (16.6%).

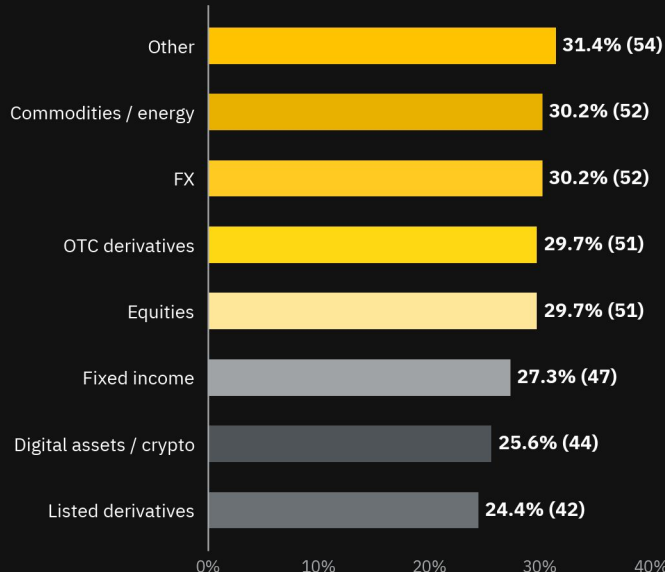


Base: n=241

Professional Roles: The poll was completed by leaders with varied perspectives, with roughly one third of respondents holding senior compliance leadership roles, such as Head of Surveillance or Chief Compliance Officer. This group was followed by 14% in surveillance technology, engineering, 14% in analytics, data, and modeling, and about 12% leads in market abuse and conduct surveillance.

Asset Classes Surveilled:

Respondents could select multiple asset classes, and coverage is broad: **commodities/energy, FX, OTC derivatives** and **equities** were each selected by around 30%, and 31.4% chose “Other.”



Base: n=172 · Multiple answers allowed



AI & ML Adoption: A Split Landscape

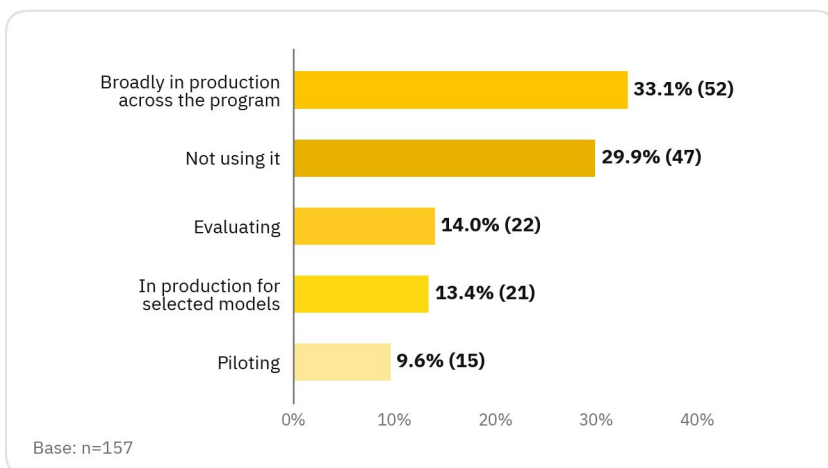
A third of firms are in broad production, but confidence in explaining models to regulators remains low.



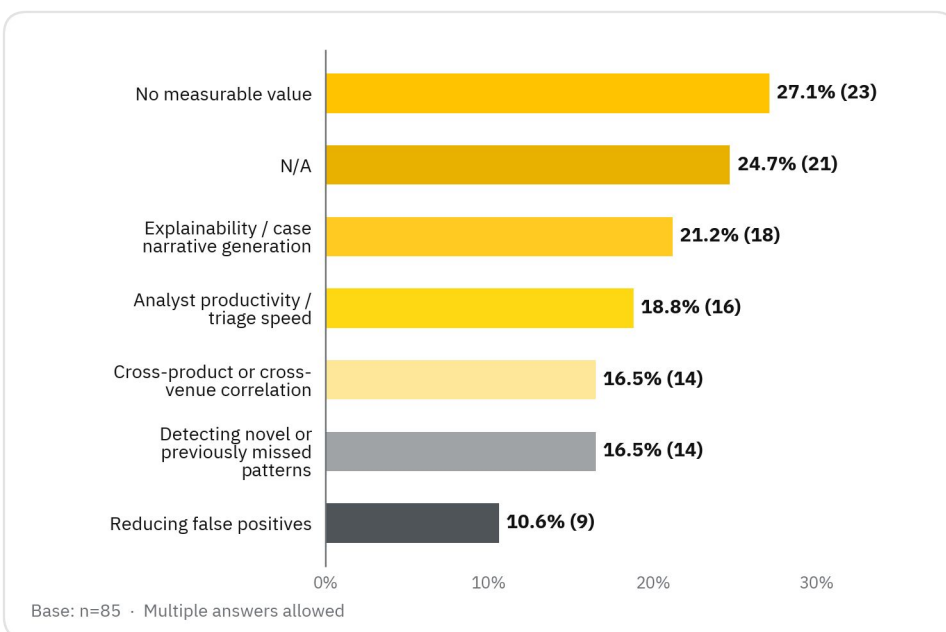
1. AI & Machine Learning Adoption: A Split Landscape

The data shows that the industry is mixed between active implementation, complete inaction, and various stages of evaluation: nearly half of respondents (46.5%) have AI/ML in production, while 29.9% are not using it at all.

Adoption Levels: 33.1% of respondents have AI broadly in production across their programs, and another 13.4% have it in production for selected models. However, 29.9% are still not using AI/ML at all, with the remainder either evaluating (14.0%) or piloting (9.6%).

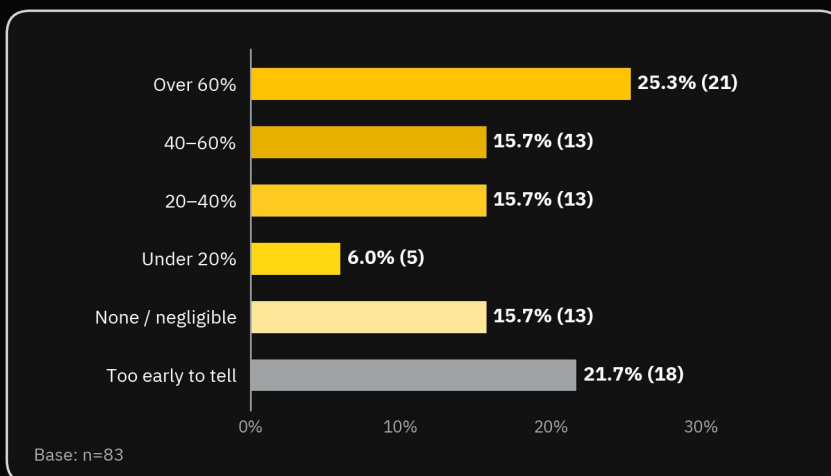


Realized Value: For those 85 respondents using AI, when asked about realized value (multiple answers allowed), 27.1% reported “**no measurable value**” so far and 24.7% answered “N/A.” Where value was reported, the most-cited benefits are explainability/case narrative generation (21.2%) and analyst productivity/triage speed (18.8%). Despite anticipated added value for **reducing false positives**, this was the **least-cited delivered benefit** (10.6%, 9 of 85).



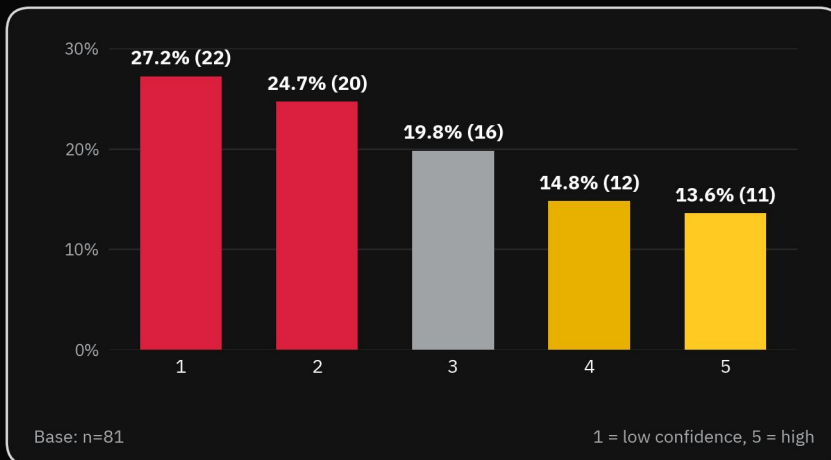
The False-Positive Debate:

Asked directly about the size of any reduction in false-positives (n=83), 62.7% total reported some reduction, including 25.3% who saw more than 60%. But a high percentage said it is too early to tell (21.7%) or worse that there was negligible or no reduction at all (15.7%).

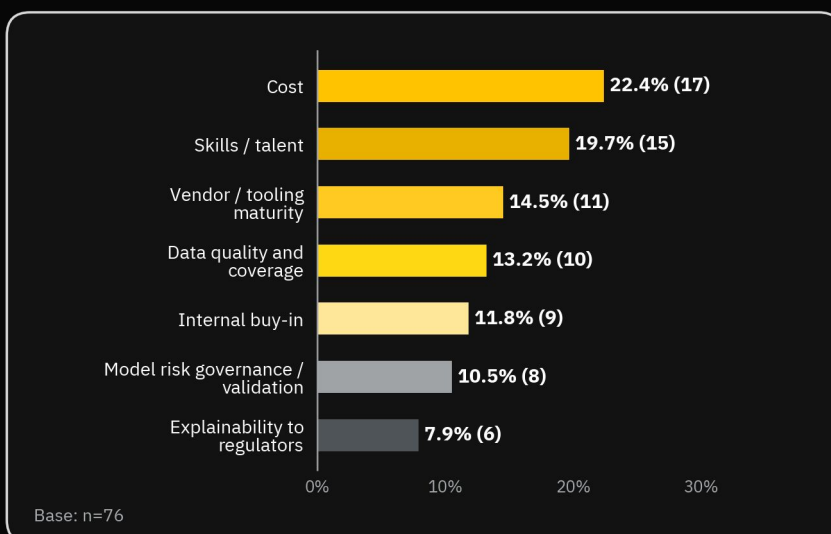


The Explainability Gap:

Asked how confident they are explaining to a regulator why an AI/ML model flagged a trader (on a scale of 1 to 5), **51.9% of the 81 respondents asked rated their confidence at 1 or 2**, a large weakness for auditability. Only **13.6%** rated it 5.



Scaling Barriers: When asked about which was the biggest barrier preventing compliance teams from scaling AI, respondents chose **Cost (22.4%)** and the shortage **Skills/Talent (19.7%)**. Explainability to regulators (7.9%) and governance / validation were the least-cited barriers.

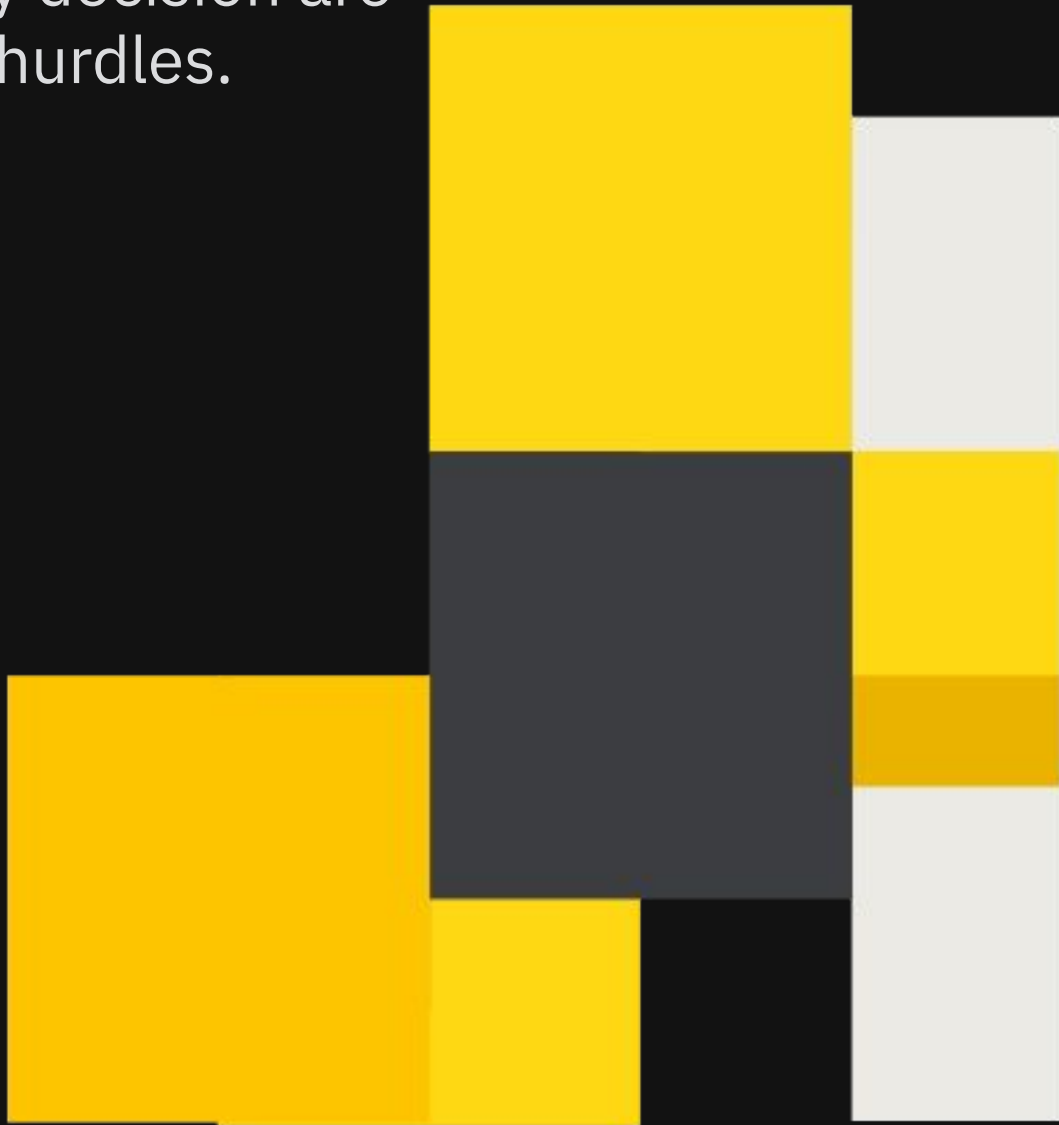




Data Challenges & Sourcing Postures

Data completeness, lifecycle reconstruction and the build-or-buy decision are the biggest hurdles.

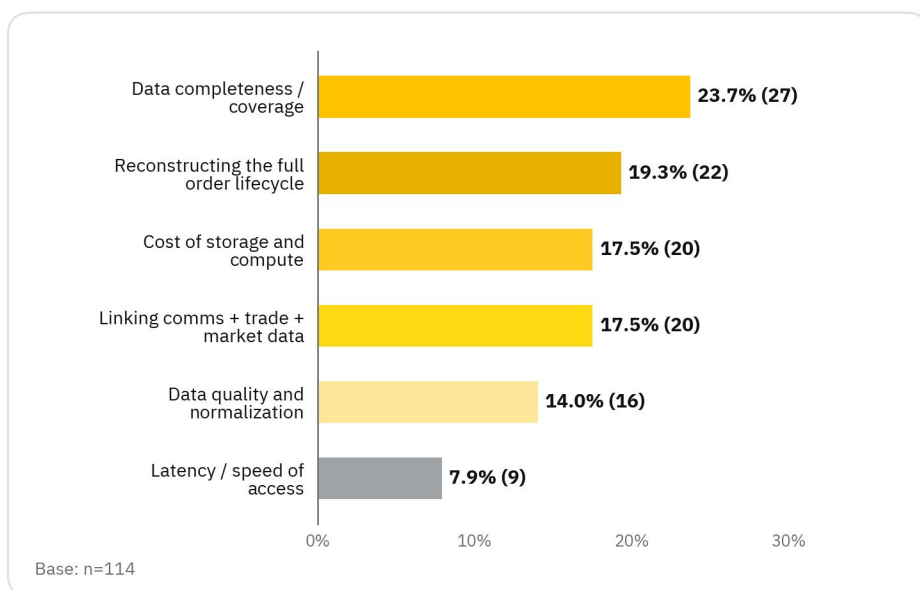
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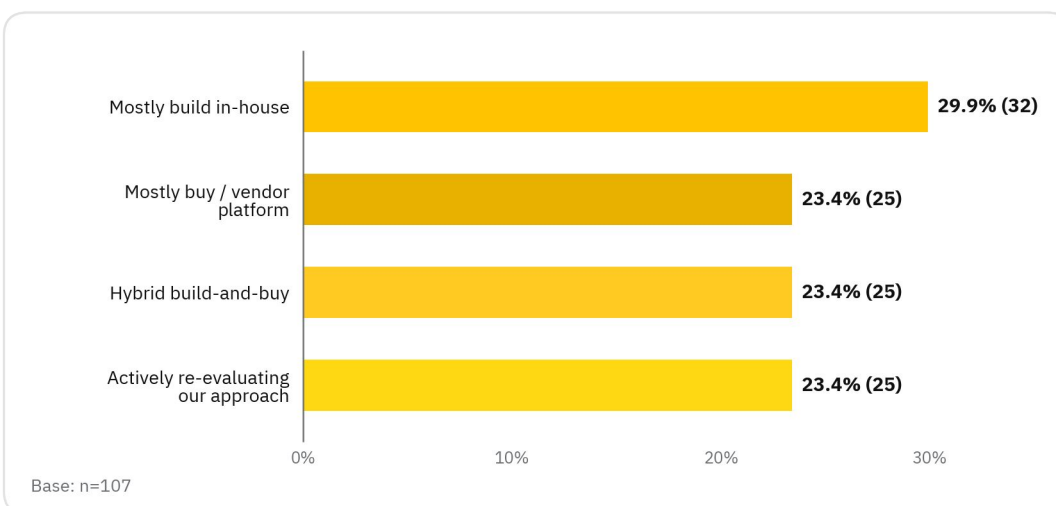
2. Data Challenges & Sourcing Postures

Data completeness, data coverage, and order-lifecycle reconstruction are the leading data hurdles. Firms remain divided on whether to build or buy surveillance analytics.

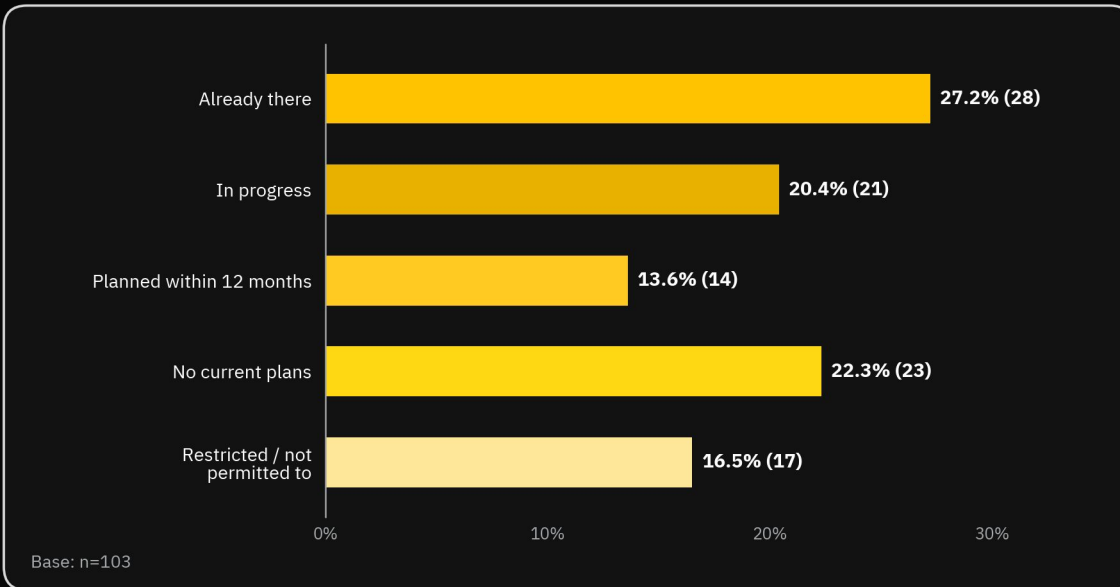
Top Data Hurdles: Data completeness/coverage (23.7%) and reconstructing the full order lifecycle (19.3%) are the two most painful data bottlenecks. These are followed closely by the cost of storage and compute (17.5%) and the difficulty of linking communications, trade, and market data (17.5%). Speed of access was the hurdle of least concern, chosen by only 7.9% of respondents.



The Sourcing Posture: No single approach dominates: 29.9% mostly build in-house, 23.4% mostly buy vendor platforms and 23.4% use a hybrid model, while a further 23.4% are actively re-evaluating their approach.



Cloud Migration Status: Most firms are in the cloud or heading there: **27.2% are already there**, **20.4% have migrations in progress**, and 13.6% plan to migrate within 12 months. 22.3% have no current plans, and 16.5% are restricted or not permitted to migrate workloads.





Tokenized Assets & 24/7 Digital Markets

Coverage of digital and tokenized assets is uneven, and responsibility for cross-asset abuse is unclear.

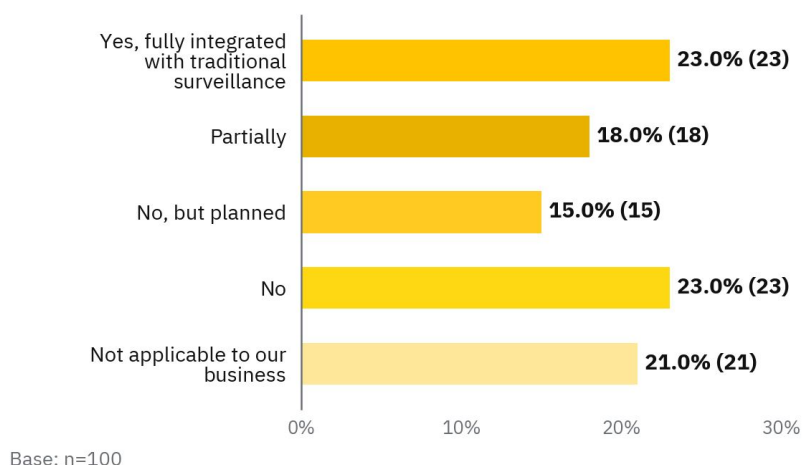
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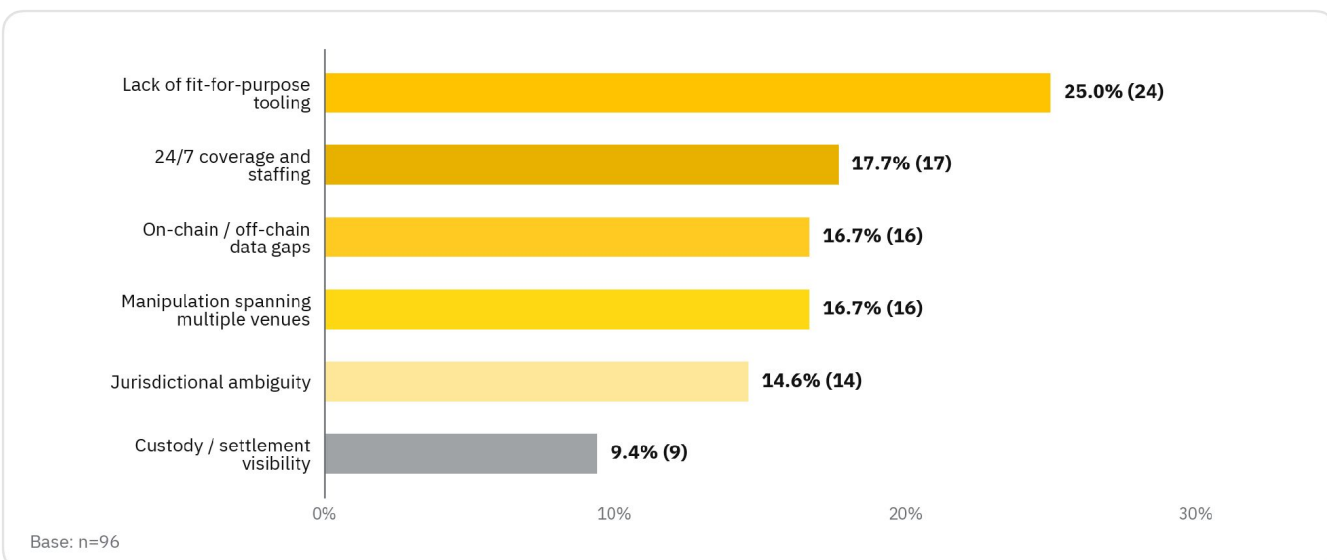
3. Tokenized Assets & 24/7 Digital Markets

Coverage of digital and tokenized assets is uneven, and a lack of fit-for-purpose tooling is the top concern in 24/7 markets.

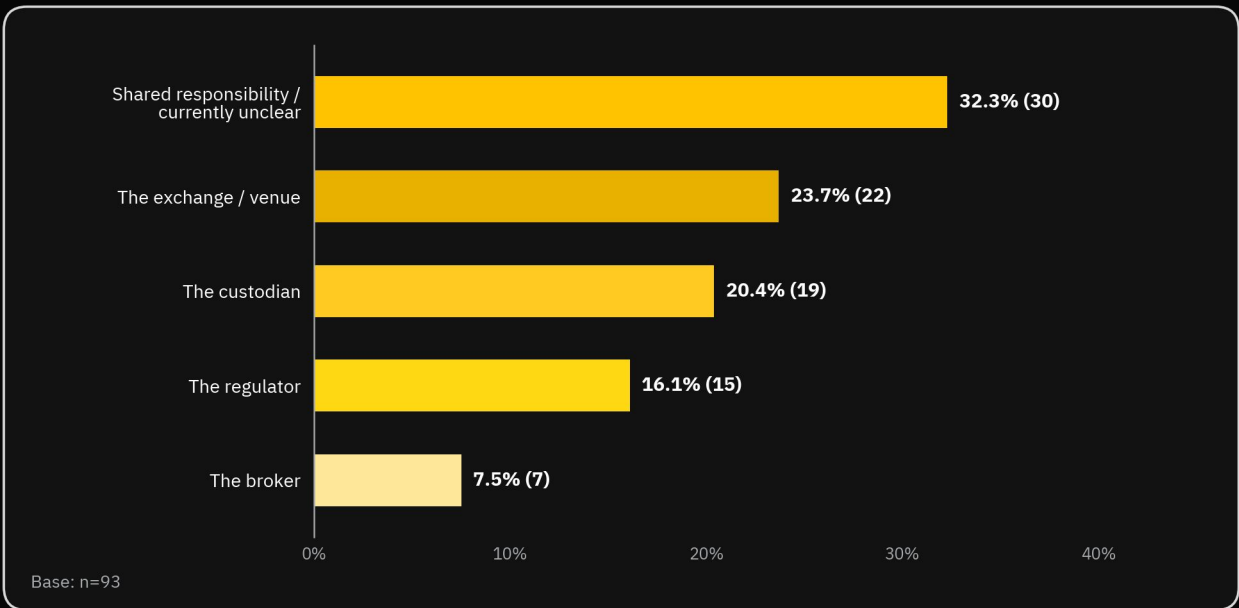
Coverage Levels: Only 23.0% of firms have digital/tokenized assets fully integrated with traditional surveillance, while 18.0% have partial coverage. A total 38.0% of respondents do not yet cover them and 15.0% planning to. 21.0% say they are not applicable to their business.



The 24/7 Blind Spot: Respondents cited a **lack of fit-for-purpose tooling (25.0%)** as the biggest threat in 24/7 digital markets. Other major concerns include 24/7 staffing and coverage (17.7%), cross-venue manipulation (16.7%) and on-chain/off-chain data gaps (16.7%).



Who Detects Cross-Asset Manipulation? When market abuse spans both a tokenized asset and a traditional instrument, there is no consensus in the industry on where responsibility lies: 32.3% say responsibility is shared or it is currently unclear, 23.7% point to the exchange/trading venue, 20.4% to the custodian, 16.1% to the regulator and 7.5% to the broker.





Evolving Regulatory Pressures

Cross-border obligations are expected to take the largest share of surveillance effort over the next 12 months.

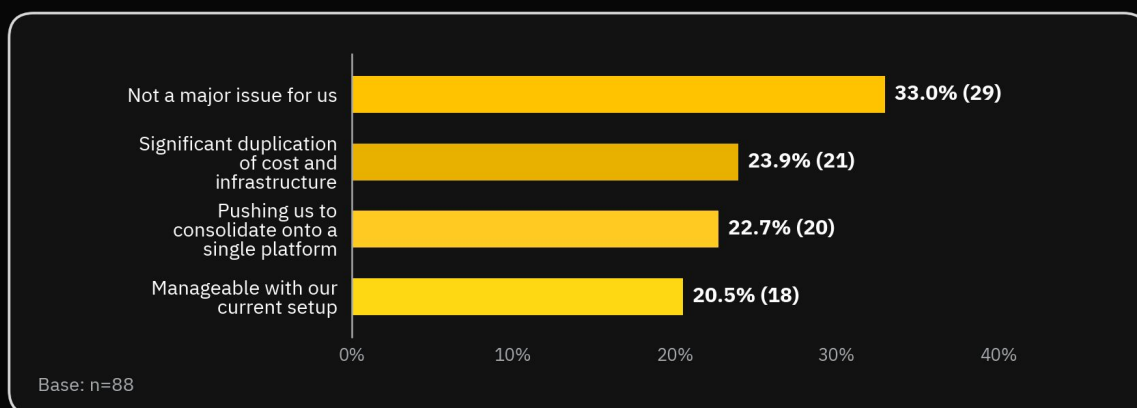
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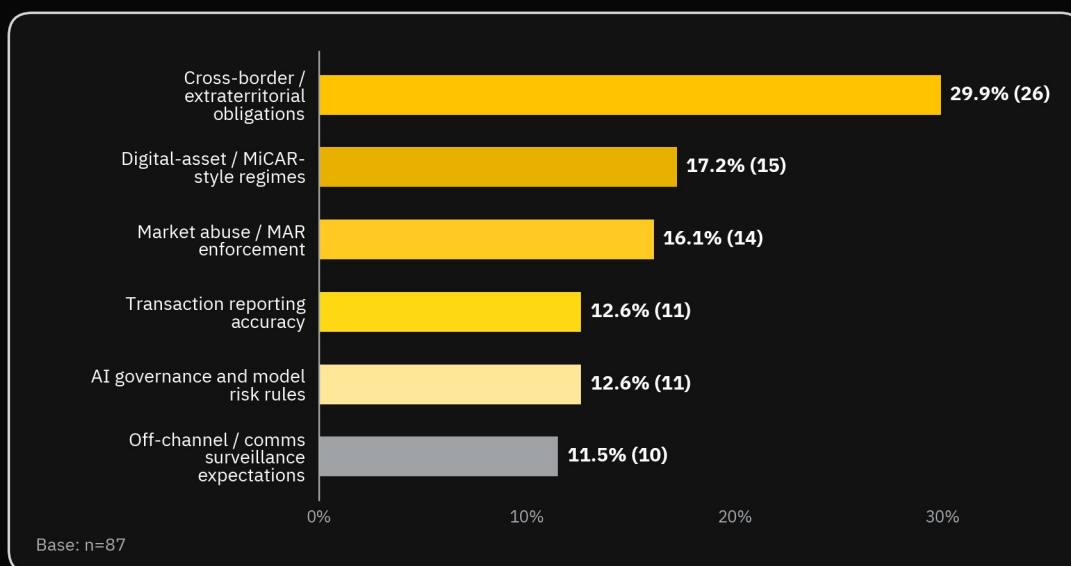
4. Evolving Regulatory Pressures

Cross-border obligations lead the 12-month outlook, while views on the impact of regulatory divergence are split.

Divergence Impact: Views on regulatory divergence (such as differences between MAR, SEC, MiCAR and CIRO rules) are split. 33.0% say it is not a major issue and 20.5% find it manageable with their current setup, while 23.9% report significant duplication of cost and infrastructure and 22.7% say it is pushing them to consolidate onto a single platform.



The 12-Month Burden: Over the next year, cross-border/extraterritorial obligations (29.9%) are expected to take the largest share of effort, followed by digital-asset / MiCAR-style regimes (17.2%) and market abuse/MAR enforcement (16.1%). Accuracy, rule definitions, and off-channel expectations round out the field.

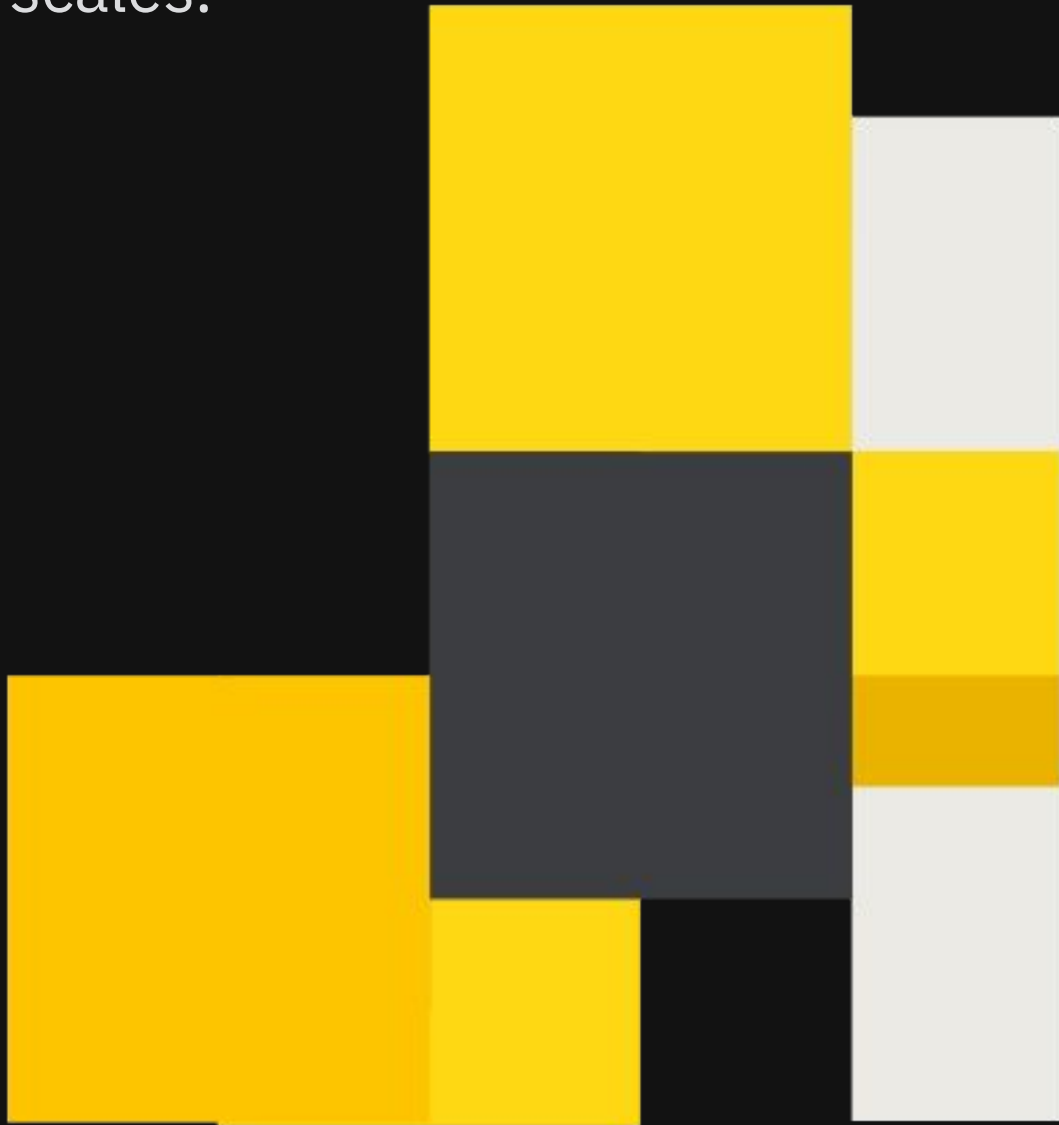




Conclusion

AI adoption is divided
and results are mixed.
The foundations
underneath will
decide who scales.

5



5. Conclusion

Taken together, these results describe **a market divided on AI rather than one moving in a single direction**. Nearly half of respondents (46.5%) now run AI/ML broadly or selectively in production, yet more than half of those users report low confidence explaining a model's flag to a regulator, and false-positive reduction outcomes remain extremely mixed. Nearly one third are not using AI at all.

The more widely shared challenges sit underneath AI. Data completeness, data coverage, and order-lifecycle reconstruction are the leading data hurdles, integration of tokenized assets is incomplete, and cross-border obligations are expected to take the largest share of effort over the next year. Firms that get these foundations right will be better placed to effectively use AI, scale their projects, and show regulators how it works.

OneTick Surveillance from KX is built for today's landscape. It embeds AI/ML natively in a surveillance architecture designed for explainability, so every alert carries a transparent, regulator-ready rationale, analysts and compliance teams work from a single shared case view instead of reconciling across siloed tools, and false-positive performance can be measured and evidenced rather than assumed. **[Request a demo of OneTick Surveillance from KX today](#)** to see how your team can scale AI-driven detection without sacrificing the explainability, collaboration and operational efficiency that regulators and analysts depend on.

About KX

KX is the data intelligence platform built for capital markets, delivering AI-ready market data by capturing every tick, trade, and market event in sequence the moment it happens. By combining structured market data with the unstructured context that explains it, KX enables firms to build AI systems that produce faster, more accurate, and more trustworthy decisions. For more than three decades, many of the world's leading financial institutions have relied on KX to power trading, risk management, market surveillance, and investment research. Today, KX continues to help customers build the next generation of capital markets AI with **OneTick Cloud**, **OneTick Surveillance**, and **KDB-X**.

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