

Fraud Risk Management Controls for Mitigation of Rogue Trader Risks

A “rogue trader” is a trader who acts recklessly to the detriment of the clients and/or the institution that employs him/her. Rogue traders typically trade in high risk investments which can create huge losses but also large gains. Concerns around rogue trading have increased over the past few years as incidents arise which appear to be outside of the control of financial institutions. Similar to other operational risks, rogue trader risk may not be fully eliminated; however, it can be mitigated.

Below is a summary of key controls for mitigation of rogue trader risks.

