Jonathan Galea Quoted in Law360 on Risks of AI Use at Financial Firms

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CahillNXT partner Jonathan Galea was quoted in the *Law360* article "AI Creates Heightened Risk of Market Abuse in Banks."

The article explores how weaknesses in banks' oversight of AI, recently identified by the Financial Conduct Authority, could develop into risks of market abuse. Jonathan points to the risk of an AI trading agent, for instance, learning by itself that placing and quickly canceling large orders moves prices in its favor, which could amount to market manipulation even though the agent was not programmed to place and cancel orders in that way.

For a research note built on false AI-generated information, Jonathan reflects that liability in these situations may depend on the safeguards a firm has in place. "The question would then be whether the bank ought to have known the note was false," he said, "which would depend largely on the checks it had in place for AI output."

Read the full *Law360* article here.

Jonathan previously explored the treatment of AI assistants at financial firms in the CahillNXT client alert "Prompt Attention: The Treatment of AI Assistants at Banks, Investment Firms and CASPs Under EU Laws."

Attorney

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