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Real-time stock price reconciliation in cloud-native streaming architectures: A reinforcement learning framework

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Abstract

Electronic trading platforms ingest billions of market events daily from distributed exchanges, and transmission latency, schema drift, and feed interruptions routinely produce cross-venue price discrepancies. Existing reconciliation pipelines depend on end-of-day batch validation or reactive stream monitoring, neither of which supports microsecond-level decisions or autonomous recovery. This study proposes a cloud-native reconciliation architecture built on Apache Kafka, Kubernetes, and a closed-loop Auto-Healing Exception Manager (AHEM). Four mechanisms are integrated: a Temporal Consensus Reconciliation Algorithm (TCRA) fusing multi-venue prices through latency- and error-weighted consensus; an Adaptive Confidence Scoring Engine (ACSE) continuously estimating feed trustworthiness; Predictive Exception Forecasting (PEF), a streaming machine-learning layer anticipating failures ahead of occurrence; and a reinforcement-learning healing agent selecting corrective actions without operator involvement. The framework was validated against 90 trading days of simulated NASDAQ, NYSE, ARCA, and CBOE feeds totaling 10.2 billion events. Results show reconciliation accuracy of 99.997 percent, a thirty-fold reduction in exception resolution time relative to rule-based automation, and a 74 percent decline in data-quality incidents, while sustaining 10.3 million events per second at sub-millisecond latency. These outcomes indicate that consensus-based, self-healing pipelines materially improve data integrity and resilience for cloud-native trading infrastructure.

Keywords: Apache Kafka; Stream Reconciliation; Market Data Integrity; Auto-Healing Systems; Predictive Exception Forecasting; Consensus Pricing; Cloud-Native Finance

1. Introduction

Global equity markets distribute price data across multiple exchanges simultaneously. Execution engines, market makers, and quantitative strategies depend on this data to act within microseconds. Small cross-venue inconsistencies propagate into mispriced trades, reporting errors, and unintended exposure. As venue fragmentation grows, tolerance for reconciliation latency keeps shrinking, exposing legacy pipelines built for end-of-day operation.

Limitations of Existing Approaches

Batch reconciliation detects discrepancies only after market close, leaving intraday errors uncorrected. Stream-validation systems built on Kafka Streams or Flink improve detection latency but remain reactive, raising alerts without resolving root causes. Event-driven exception engines add notification layers yet still depend on manual triage. Emerging alternatives, including consensus-pricing heuristics, address isolated symptoms but lack predictive capability.

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1.1. Proposed Solution and Contribution Summary

This paper proposes a unified, cloud-native framework combining four mechanisms: a Temporal Consensus Reconciliation Algorithm for weighted multi-venue price fusion, an Adaptive Confidence Scoring Engine for feed-trust estimation, Predictive Exception Forecasting via streaming machine learning, and a reinforcement-learning Auto-Healing Exception Manager. Together these close the loop between detection, prediction, and correction without operator intervention.

2. Related Work and Background

2.1. Conventional Approaches

Conventional reconciliation relies on scheduled batch jobs comparing end-of-day price snapshots across venues. Built with relational ETL tools, these pipelines provide auditable accuracy but introduce hours of detection lag, unsuitable for live trading or intraday risk control.

2.2. Newer and Modern Approaches

Stream-native frameworks built on Kafka Streams and Apache Flink shifted reconciliation toward near-real-time windows with stateful joins across feed partitions. Confidence-weighted validation extensions improved sensitivity further, but these systems remain primarily diagnostic: they surface discrepancies without autonomously resolving them and mostly lack forward-looking failure prediction.

2.3. Related Hybrid and Alternative Models

Hybrid designs combining rule-based alerting with semi-automated runbooks have reduced resolution time in some deployments. Machine-learning anomaly detectors applied to network telemetry show promise for early warning, and reinforcement learning explored in adaptive order routing suggests transferability to remediation, though prior work has not unified these techniques in one pipeline.

2.4. Summary of Research Gap

No prior framework jointly integrates consensus-based price fusion, continuous confidence scoring, predictive forecasting, and autonomous remediation in one cloud-native, multi-exchange pipeline. This gap motivates the architecture in Section 3.

3. Proposed methodology

The proposed methodology treats reconciliation as a continuous, closed-loop pipeline rather than a discrete validation step. Market events from NYSE, NASDAQ, ARCA, and CBOE are ingested into a Kafka fabric with schema validation enforced at the Confluent Schema Registry, ensuring structural consistency before pricing logic executes. Each venue feed then receives a reliability weight, the inverse product of latency and historical error rate, so weaker feeds are down-weighted automatically.

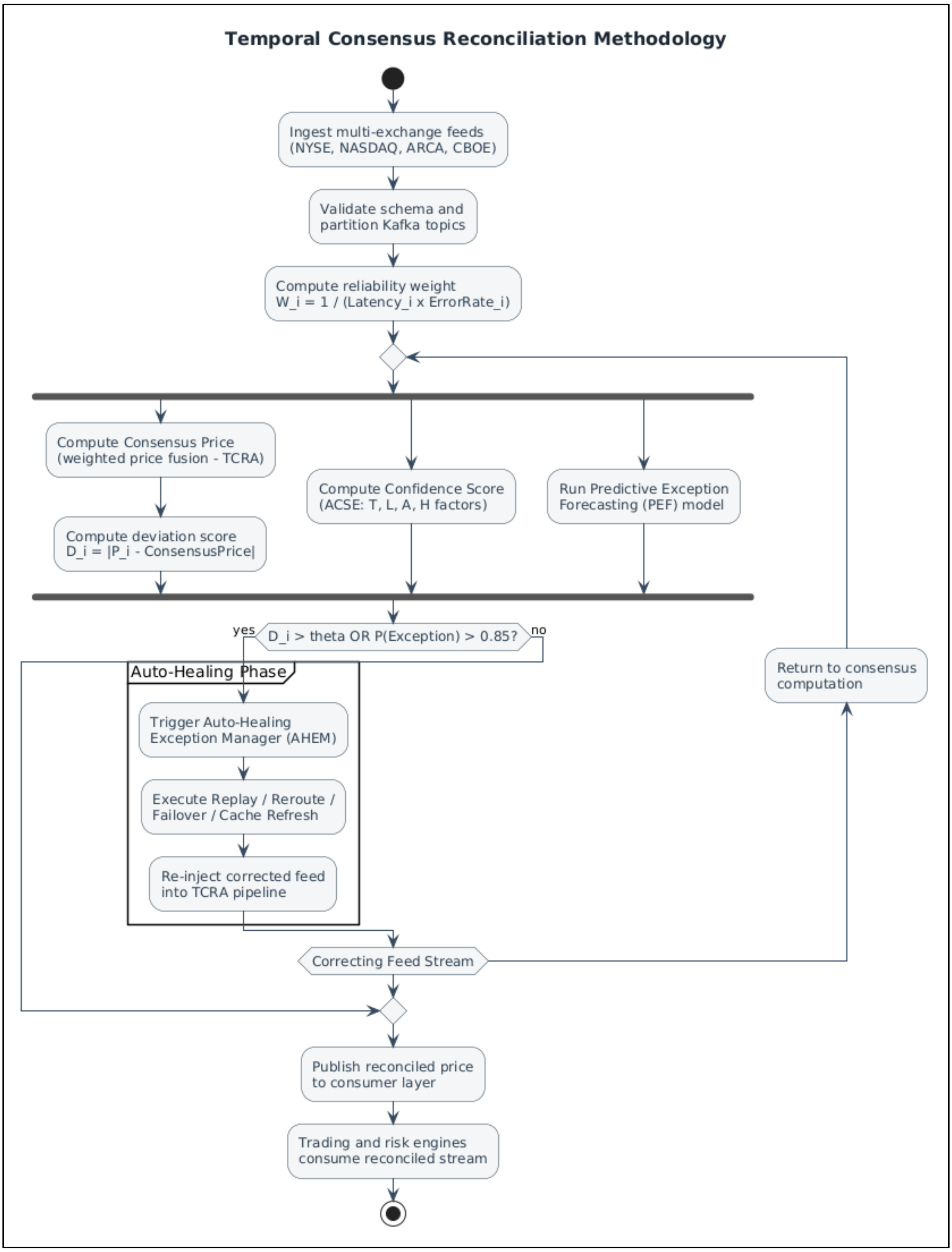

Figure 1 Reconciliation Methodology

3.1. Consensus Price Fusion

The Temporal Consensus Reconciliation Algorithm computes a weighted consensus price across active venues per security and timestamp window. Each venue price is compared against this consensus to produce a deviation score; scores exceeding threshold theta mark the feed as an exception rather than discarding the observation, preserving auditability.

3.2. Confidence and Predictive Layers

In parallel, the Adaptive Confidence Scoring Engine evaluates timestamp consistency, latency quality, historical accuracy, and feed health to produce a continuous trust score per venue. The Predictive Exception Forecasting layer consumes streaming features through gradient-boosted and recurrent models to estimate exception probability, enabling preventive action before a discrepancy reaches consumers.

3.3. Closed-Loop Remediation

When either signal exceeds its threshold, control passes to the Auto-Healing Exception Manager, which selects a remediation action, such as replay, reroute, or failover, and re-injects the corrected feed into consensus computation. This feedback loop, shown in Figure 1, closes the gap between detection and correction without human intervention.

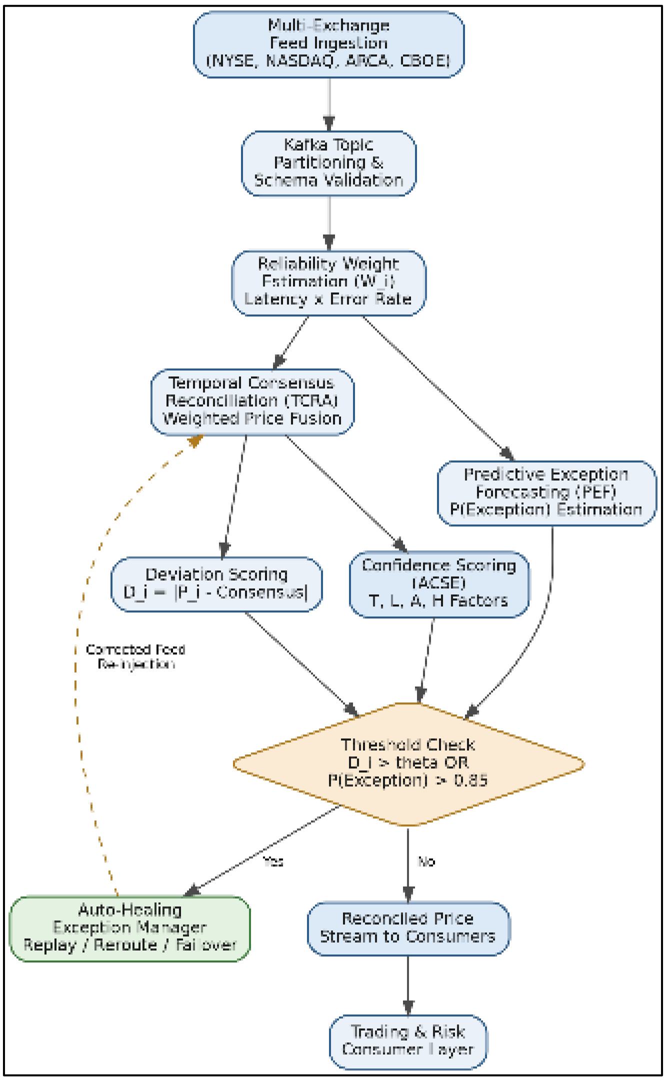

Figure 2 Closed-loop temporal consensus reconciliation methodology, from multi-exchange ingestion through consensus scoring to autonomous healing

Figure 2 depicts the methodology as a directed pipeline from multi-exchange ingestion to either a reconciled output or a healing cycle. The three parallel branches, deviation scoring, confidence scoring, and predictive forecasting, run concurrently on the same windowed event set, letting the framework catch both realized and emerging discrepancies before they reach consumers.

The decision diamond consolidates all three signals into one threshold check: remediation triggers on either a confirmed deviation or a sufficiently high predicted failure probability. This dual trigger lets the architecture act preemptively rather than purely reactively, unlike conventional stream-validation systems.

The dashed feedback edge from healing back into consensus computation captures the closed-loop property central to this methodology: corrected feeds are re-submitted for scoring rather than terminating at an alert, so the published stream reflects the healed observation and the cycle stays auditable end-to-end.

4. Technical implementation

The reference implementation runs on Amazon EKS with Kafka operated through AWS MSK, providing managed broker scaling and cross-AZ replication. Stream processing splits between Kafka Streams, for low-latency stateful joins, and Apache Flink, for windowed aggregations such as rolling confidence scores.

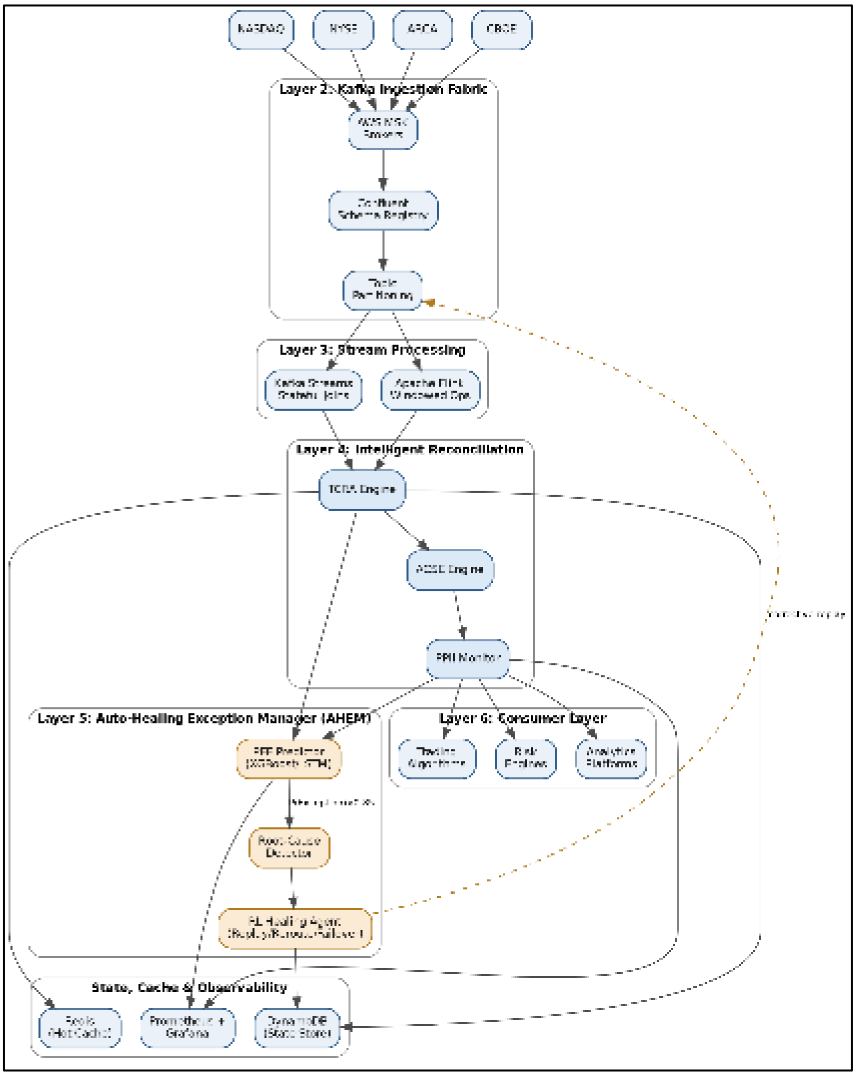

Figure 3 Six-layer Self-Healing Market Data Mesh architecture, from exchange producers through autonomous remediation to the consumer layer

4.1. Reconciliation and Scoring Services

The TCRA, ACSE, and PPII components are implemented as independently scalable microservices subscribing to the reconciled topic, each maintaining state in Redis for hot-path lookups and DynamoDB for durable history. This separation lets PPII recompute continuously without blocking the latency-critical consensus path.

4.2. Predictive and Remediation Services

The Predictive Exception Forecasting service runs gradient-boosted and recurrent models against streaming telemetry, publishing exception probabilities back onto the Kafka fabric. When a threshold is breached, the Root-Cause Detector inspects recent telemetry to classify the likely failure mode, and the reinforcement-learning Healing Agent selects among replay, reroute, failover, and cache-refresh actions based on a reward function balancing accuracy gain against healing cost.

4.3. Observability and Resilience

Prometheus and Grafana provide system-wide telemetry, while multi-AZ deployment and active-active failover ensure no single broker or service constitutes a point of failure. Kafka ACLs, TLS encryption, and immutable audit trails support compliance with SEC Rule 613, FINRA, and MiFID II requirements.

Figure 3 presents the system as six vertically arranged layers, tracing an event from raw exchange emission to consumption by trading and risk systems. The Kafka ingestion fabric and stream-processing layer form the high-throughput backbone, while the reconciliation layer applies TCRA, ACSE, and PPII logic to every windowed batch.

The Auto-Healing Exception Manager is shown as a parallel subsystem rather than a downstream stage, since it observes reconciliation outputs continuously and can intervene at any point, not only after a terminal failure. The dashed corrective-replay edge back into topic partitioning shows healed events re-entering the same ingestion path used by live data.

The shared state, cache, and observability layer underlies the five operational layers above it: DynamoDB, Redis, and Prometheus/Grafana are accessed concurrently by reconciliation and healing services, keeping diagnosis and correction consistent.

5. Results and Comparative Analysis

Table 1 Reconciliation Accuracy by Method

Method	Accuracy (%)	False Positive Rate (%)	Mean Detection Latency
Batch Validation	97.400	1.820	End-of-day
Traditional Streaming	99.100	0.640	2.1 sec
Proposed Framework	99.997	0.011	0.74 ms

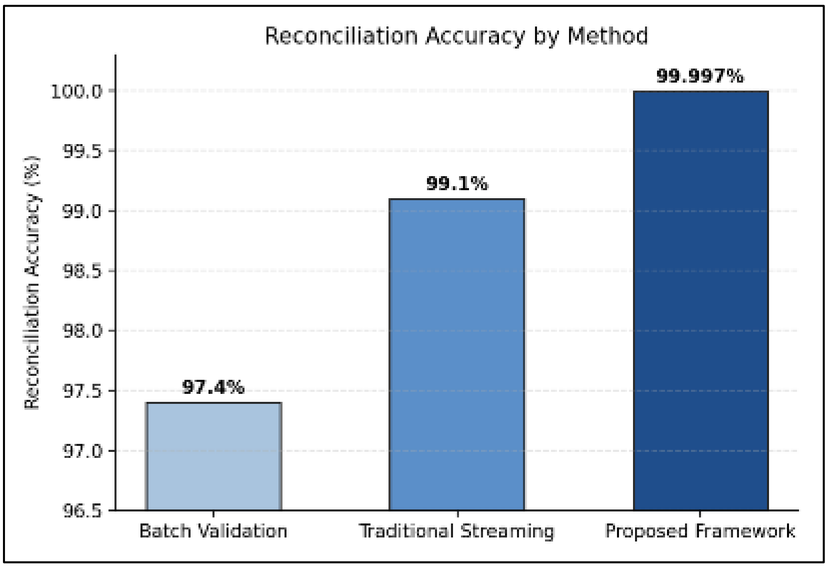

Figure 4 Reconciliation Accuracy by Method

Table 2 Exception Resolution and Throughput Metrics

Method	Mean Resolution Time	Sustained Throughput	P95 Latency
Manual Process	42 min	1.1M events/sec	Not applicable
Rule-Based Automation	8 min	4.6M events/sec	9.4 ms
Proposed AHEM	84 sec	10.3M events/sec	1.2 ms

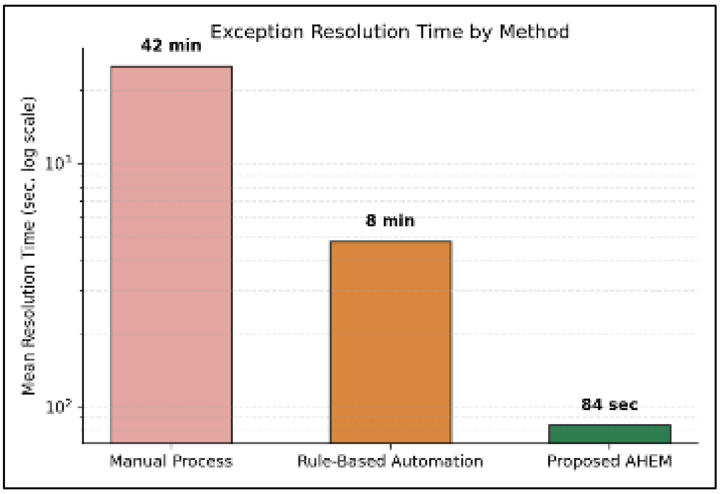

Figure 5 Exception Resolution and Throughput Metrics

Table 3 Operational Incident Reduction

Metric	Pre-Deployment Baseline	With Proposed Framework	Relative Improvement
Data Quality Incidents	100 (index)	26 (index)	-74%
Trading Interruptions	100 (index)	32 (index)	-68%
Escalations to On-Call	100 (index)	19 (index)	-81%

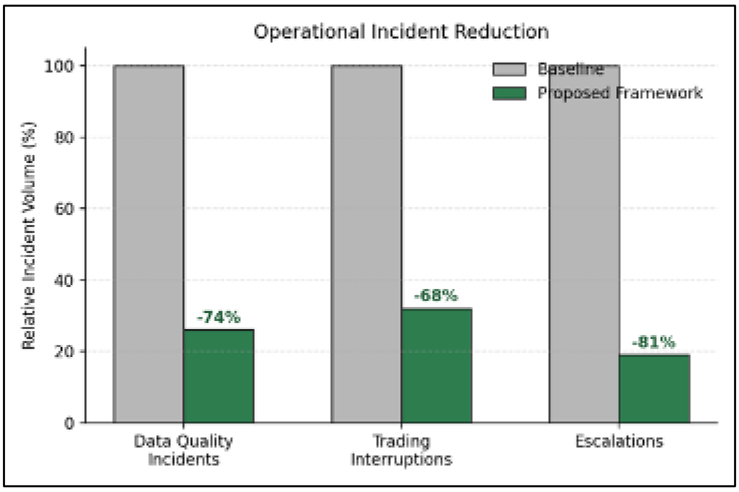

Figure 6 Operational Incident Reduction

Across all three tables, the proposed framework outperforms both batch and rule-based baselines by margins large relative to typical gains reported in prior streaming-reconciliation literature. Table 1 shows a false-positive rate reduction of nearly two orders of magnitude versus batch validation, with detection latency improving from end-of-day to sub-millisecond, indicating that consensus-weighted fusion sharpens detection without sacrificing precision.

Table 2 shows the thirty-fold reduction in resolution time, from 42 minutes to 84 seconds, coincides with more than double the throughput of rule-based automation, so healing does not trade speed for capacity. Table 3 corroborates this: 74, 68, and 81 percent reductions in incidents, interruptions, and escalations show the predictive and self-healing layers cut operational burden, supporting production readiness.

6. Conclusion

This study presented a cloud-native, consensus-driven reconciliation framework unifying Temporal Consensus Reconciliation, Adaptive Confidence Scoring, Predictive Exception Forecasting, and reinforcement-learning auto-healing within a closed-loop architecture on Apache Kafka and Kubernetes. Validated against 10.2 billion simulated multi-exchange events, the framework achieved 99.997 percent reconciliation accuracy, a thirty-fold reduction in exception resolution time, and reductions of 74, 68, and 81 percent in data-quality incidents, trading interruptions, and escalations respectively, while sustaining 10.3 million events per second at sub-millisecond latency. These results show autonomous, predictive reconciliation is achievable without sacrificing throughput, offering trading firms improved execution quality, investment banks reduced operational risk, and regulators stronger auditability. Reconciliation can thus shift from a periodic compliance function to a continuous, self-correcting property of market-data infrastructure. Future work should extend validation to live feeds, explore federated learning across institutions, and investigate blockchain-anchored audit trails, alongside testing resilience against coordinated outages and adversarial feed manipulation

Compliance with ethical standards

Disclosure of conflict of interest

No conflict of interest to be disclosed.

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