# Market abuse surveillance: A reminder for prop and client traders

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Patrick Spens, head of market monitoring, at the FCA recently spoke about the FCA's market surveillance tools and expectations, which serves as a reminder to firms to ensure that they have adequate systems and controls to detect market abuse and suspicious transactions, either through proprietary or client trading.

Turning to the FCA's Suspicious Transaction Report (STR) Regime, Mr Spens emphasised that STRs are a mandatory requirement under Article 6(9) of the Market Abuse Directive (in the UK through SUP 15.10) and require all members of the trading chain to report any suspicious or potentially abusive behaviour to the FCA. STRs should be submitted for all financial instruments such as qualifying investments on prescribed markets and related investments, for example, bonds, equities, contracts for difference, credit default swaps, warrants, options and futures.

Mr Spens reminded firms that the FCA will continue to build on and target individuals who threaten market confidence and stability and who fail to comply with their obligation to submit STRs. While failing to submit STRs can result in sanctions, firms are urged to focus on 'the quality of their reports [rather than] on being defensive'.

While surveillance visits primarily serve as an educational tool to help firms understand the FCA's requirements, Mr Spens made it clear that where failings are identified, such as market abuse, the FCA will (as we previously seen) take formal enforcement action.

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