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## Market Abuse Systems and Controls

*Of particular interest to: Firms arranging or executing transactions in financial instruments*

### In brief

The FCA issued a final notice and imposed a financial penalty of £12.6 million on Citigroup Global Markets Limited (CGML) for failing to implement the MAR trade surveillance requirements relating to the detection of market abuse.

### Summary

Article 16 of the Market Abuse Regulation (MAR) covers the prevention and detection of market abuse. Specifically, Article 16(2) of MAR requires firms that arrange or execute transactions in financial instruments to establish and maintain effective arrangements, systems and procedures to detect and report suspicious orders and transactions.

CGML breached Principle 2 ('A firm must conduct its business with due skill, care and diligence') and Article 16(2) of MAR. Although most of MAR – including Article 16(2) – took effect from 3 July 2016 CGML's initial gap analysis was not completed until October 2017 which meant that CGML could not prioritise market abuse risks affecting its business. The firm did not begin preparing an Article 16(2) risk assessment until December 2017 and failed to define the scope of the MAR implementation objective in its 2016 EMEA Compliance Plan. As a result, Citigroup could not effectively monitor its trading activities for certain types of insider dealing and market manipulation.

In light of the above firms may wish to revisit their market abuse controls to ensure they have appropriate arrangements, systems and procedures for trade surveillance in place in accordance with Article 16(2) of MAR.

### Useful Links

[MAR](#)

[FCA Final Notice: Citigroup Global Markets Limited](#)

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