



New exchange advisory group says fragmentation invites more market abuse

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The fragmentation of exchange trading and data which has followed from MiFID has substantially increased the potential for market abuses to take place, according to a new exchanges advisory group which has been set up to look at the problem. Avenues, the Alliance of Independent Advisors to Financial Markets (see below for details), contends that the function of ensuring markets are fair — the surveillance of bids, offers and trades, which was primarily the responsibility of traditional stock exchanges — is now almost impossible to undertake comprehensively given the fragmentation of trading on competing exchanges and trading platforms such as MTFs (multilateral trading facilities), dark pools, systematic internalisers and Over The Counter trading. In 2005 the Market Abuse Directive (MAD) came into effect prohibiting insider trading and market manipulation across the EU. As well as insider trading, MAD identifies six other classes of market abuse. Similar prohibitions are in place

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