



Home Share Prices Share Chat Finance News Blogs

Share Price Search: Go!

Email:

- LSE.co.uk
- Home
- Share Prices
- Share Chat
- Finance News
- Sharecast News
- Regulatory News
- Blogs
- Shares Bookshop
- Finance Tools
- Members

Home :: Finance News :: Splintered Europe share market seen ripe for abuse ▶

Finance & Stock Market News

Splintered Europe share market seen ripe for abuse

Tue, 16th Mar 2010 17:54

[Request your free brochures on online trading](#)

LONDON, March 16 (Reuters) - The splintering of Europe's share markets into numerous trading venues has created a fertile field for market abuse and made it more difficult to detect, a group of consultants said.

The EU's Markets in [Financial](#) Instruments Directive (MiFID) in 2007 opened exchanges to competition from low-cost new rival platforms known as multilateral trading facilities (MTFs).

'Now there is so much market fragmentation and competition that we have got away from a fair market,' said Brian Taylor, a member of the new Alliance of Independent Advisors to Financial Markets, in a media briefing on Tuesday.

'Ultimately this will become a macro-economic issue if investors lose confidence and say they don't want to participate,' said Taylor, managing director of bta Consulting.

Bryok Consulting, bta, Golden Advisors and Capstan Consulting, which formed Avenues, have designed a system to comb through trade [information](#) to identify possible abuse.

Before MiFID, national exchanges accounted for the large majority of trading. All UK trades had to be done on the London Stock Exchange, which was required to run surveillance for market abuse, for example.

Now a stock such as Vodafone trades on 18 different venues including MTFs and dark pools. Large order buyers and sellers of large orders to avoid revealing pre-trade information, as well as a counterparty, the consultant group said, citing [data](#) from a sample week in February showed that this was only about a third of volume.

The new MTFs and trade reporting firms such as Markit BOAT are not obliged to monitor trading, regulators, the group said.

Furthermore under the EU's Market Abuse Directive (MAD), which predated MiFID by two years, cross-border surveillance has remained national, even while MiFID allows cross-border trading.

'Even if all the venues were doing surveillance, it would not be a perfect solution, because the eyes seeing it,' said Steve Leegood, of Bryok.

'We need a single environment for all data to be brought together and monitored,' he said.

Leegood cited data from the UK's [Financial Services](#) Authority (FSA) that it investigated several cases of market abuse in the past decade, with the large majority of those cases involving insider trading.

'The FSA pays little attention to other types of abuse which are more subtle and difficult to detect.'

One type is front-running, when the broker does a trade for himself ahead of filling an order for a client.

Ads by Google

Nationwide Stocktakers
 Stocktaking & Business
 Transfers
 Nationwide Stocktaking - All Trades
www.carrstocktakers.com

Latest Share Chat

AFC. I was thinking this was something..

CRND. I have seen m value half since I..

MEC. i would like it to reach £2...

BTC. Gents - Am I allowed to remove &#..

TW.. I would be joining you there for ..

SYNC. Market makers playing games again..

NTOG. with so large ratio of buy vs sel..

NVTA. Good timing I-HO as ahead of the ..

SDIC. pomander M point is that we d..

YTA. I got in at 54