

Wednesday April 7, 2010 12:52 PM ET



Preparing today can help you retire tomorrow. [Start here](#)



Ameriprise Financial Services, Inc. Member FINRA

HOME **INVESTING** SPENDING PERSONAL FINANCE TOOLS PORTFOLIO SELECT SMALL BIZ

Login | Register | Help

Bonds | Economy | ETFs | Market Update | Mutual Funds | Short Term Investing | Stocks

DOW JONES NEWSWIRE

A A A

# UPDATE: Group Says EU Stock Trading Vulnerable To Market Abuse



(Updates with further comment and information from group.)

By Adam Bradbery  
OF DOW JONES NEWSWIRES

LONDON -(Dow Jones)- European Union regulations designed to introduce more competition in stock trading have created a fragmented marketplace highly vulnerable to market abuse, a new group of four financial markets consultancy companies said Tuesday.

The Alliance of Independent Advisors to Financial Markets, or Avenues, said investors could be losing up to EUR1 billion a year as companies exploit the markets unfairly by front-running trades or posting bids and offers designed simply to skew prices.

Regulations governing market abuse need to be overhauled and supervisors need to force all trading venues to submit a standard set of data to supervisors, according to representatives of Avenues who are due to discuss the issue Friday with Maria Velentza, the head of the securities market unit at the European Commission, the EU's executive body.

"Markets are structured on a balance of fear and greed, and now the balance has gone the wrong way...there is no fear that anyone is going to be detected for abusing the market," said Brian Taylor, managing director of BTA Consulting. Avenues is made up of representatives of BTA Consulting, Bryok Systems Ltd., Capstan Consulting and Golden Advisors.

The EU's market abuse directive was introduced in 2005 to usher in a pan-European set of standards governing the way national regulators clamp down on market abuse. It was brought in at a time when stock trading in the region was transacted largely on exchanges that are responsible for identifying abuse on their systems under the directive.

However, the introduction of the region's Markets in Financial Instruments Directive, or Mifid, at the end of 2007 encouraged the creation of alternative trading platforms that aren't governed by as stringent a set of rules as that laid out by the market abuse directive.

The result is a situation in which only a limited portion of stock trading is adequately monitored for market abuse, according to Avenues.

The group said a study it undertook of trading in shares of Vodafone Group PLC (VOD, VOD.LN), the U.K. telecommunications company that has a primary listing on the London Stock Exchange, found that only 33% of trades went through the LSE, with 50% being transacted on dark pools, a type of alternative trading system, and 18% on other nonexchange platforms.

"Mifid...has probably taken innovation too far," said Taylor. "It's introduced such a level of competition and fragmentation that we've gone away from the original point at the beginning, which is a fair and orderly market."

-By Adam Bradbery, Dow Jones Newswires; 44 20 7842 9305; adam.bradbery@dowjones.com

(END) Dow Jones Newswires

More

Subscribe to SmartMoney Magazine **SAVE 87% >>**

Index	Price	Chg.	% Chg.
DJIA	10928.13	▼ -41.86	-0.38%
Nasdaq	2435.86	▼ -0.95	-0.04%
S&P 500	1185.84	▼ -3.59	-0.30%
Russell 2000	700.46	▼ -1.02	-0.15%
10 Yr Bond	3.92	▼ -0.04	-1.01%
DJ Total Market Index	12359.46	▼ -37.25	-0.30%
S&P 400	810.40	▼ -3.77	-0.46%
Nasdaq 100	1982.52	▲ 0.57	0.03%
DJ Transportation	4396.10	▼ -35.32	-0.80%

Top 5 Players | [View Your Bracket](#)

Rank	Player	Points
1.	okobojiguy	77
1.	Lira517	77
3.	ayakogp	69
4.	Seawolf51	67
5.	Leftymd	65

## 401(k)



SMARTMONEY MAGAZINE  
**Who's Running Your 401(k): Overworked Overseers**

Most people overseeing retirement plans have no expertise or training.

PRESENTED BY



[More on DailyFinance >](#)

**Slimmed-Down GM Posted a \$4.3 Billion Loss in 2009**


**Food Fight: It's a Bidding War For Carl's Jr.-Hardee's**

**Discovery Defends Sarah Palin's TV Show as 'Not Political'**

MOST READ | MOST EMAILED | MOST COMMENTS

1. [Is California Real Estate Turning a C...](#)
2. [Why the Credit Bureaus Can't Get It R...](#)
3. [3 Stocks With \(Believable\) 5% Yields](#)




03-16-10 1503ET



**The New Retirement**  
A monthly feature that provides insight into how to reach your financial goals in retirement.

Presented by  
**Merrill Lynch**  
Wealth Management  
Bank of America Corporation

4. **3 Stocks With Low Price-to-Sales Rati...**
5. **Annuities for Retirement: The Best, a...**
6. **10 Things Online Dating Services Won'...**
7. **A Tempting Loan Offer to Be Wary Of**
8. **Is Commercial Real Estate Set to Rebo...**
9. **Annuities: Their Surprising Comeback**
10. **Tax Tips: Deduct Your Commuting Costs**

 [Tweet about this article](#)      Follow SmartMoney on [Facebook](#), [Twitter](#) & More:   

[Comments](#) | [Print This Article](#) | [Email](#) | [Email News Alerts](#) | [SHARE](#) | [RSS](#)



**ANSWERING TOUGH QUESTIONS IN TOUGH TIMES.**  
**Subscribe to SmartMoney Magazine >>**

Advertisements

The first rule of investing? Investors rule. Get the help and straightforward pricing investors deserve at Schwab.  
Offer employees Aflac and improve your benefits package at no direct cost.  
Ally Bank - competitive rates to help you save more. FDIC insured.  
Economy Survey Corp International Country Reports  
Help2retire Obstacles Merrill Lynch can help you pursue your retirement  
Please take a Survey from Safecount.  
Learn how AXA can help your retirement income keep pace with changing interest rates.  
MFS®. A broad range of funds for advisors and their clients. Since 1924.  
SmartMoney Magazine - A smart investment. Subscribe for only \$1 an issue.  
Trade Options, Stocks and Futures in One Account at optionsXpress

Sponsored Links

**Mutual Funds at Fidelity**

Build a portfolio with the variety of funds available from Fidelity.  
[www.fidelity.com](http://www.fidelity.com)

**Free 3 Credit Scores**

View your latest Credit Scores from all 3 bureaus in 60 seconds for \$0!  
[www.freescoreonline.com](http://www.freescoreonline.com)

**Morningstar's beat the S&P since 2001**

Morningstar Stock Investor Newsletter: Starter subscription is \$14.95 – 50% Off.  
[www.morningstar.com/stockinvesting](http://www.morningstar.com/stockinvesting)

**Term Life Insurance Quote**

Save up to 75% on Quality Term Life Coverage. Request Your Free Quote Today!  
[www.MatrixDirect.com](http://www.MatrixDirect.com)

**ETFs - the power of asset allocation**

Follow the Morningstar ETF Investor Portfolios. Starter subscription for \$44.95.  
[etf.morningstar.com/](http://etf.morningstar.com/)

**SmartMoney** [SmartMoney Mobile](#) | [Customer Service](#) | [Magazine Customer Service](#) | [Subscribe to SmartMoney Magazine](#) | [Your Profile](#) | [Careers](#) | [Contact Us](#)  
[Reprints](#) | [About Our Ads](#) | [Custom Publishing](#) | [License Our Content](#) | [Media Kit](#) | [Press Room](#) | [Events](#) | [Site Map](#) | [Labs](#) | 

**Aol Money & Finance.**

SMARTMONEY®, smSmallBiz™, SmartMoney.com™, and smSmallBiz.com™ are trademarks and service marks of Dow Jones & Company, Inc. The layout and "look and feel" of the smartmoney.com and smSmallbiz.com web sites are copyrighted materials of Dow Jones & Company, Inc. © 2010 Dow Jones & Company, Inc. All Rights Reserved. By accessing and using this page, you agree to our [Privacy Policy](#) and [Terms of Use](#). All quotes delayed by 15 minutes. Delayed quotes provided by Interactive Data Real-Time Services, Inc.. Historical prices and fundamental data provided by Morningstar, Inc. Mutual fund data provided by Lipper. Mutual Fund NAVs are as of previous day's close. Earnings estimates provided by Zacks Investment Research. Insider trading data provided by Thomson Reuters. Upgrades and downgrades provided by Briefing.com.

You Are Viewing: [SmartMoney.com](http://www.smartmoney.com) — Investing, Saving and Personal Finance.