

Chapter 15

Notifications to the FCA or PRA

Indications of Possible Suspicious Transactions

1. The following examples of indications are intended to be a starting point for consideration of whether a transaction is suspicious. They are neither conclusive nor comprehensive.
Possible Signals of Insider Dealing
2. A client opens an account and immediately gives an order to conduct a significant transaction or, in the case of a wholesale client, an unexpectedly large or unusual order, in a particular security - especially if the client is insistent that the order is carried out very urgently or must be conducted before a particular time specified by the client.
3. A transaction is significantly out of line with the client's previous investment behaviour (e.g. type of security; amount invested; size of order; time security held).
4. A client specifically requests immediate execution of an order regardless of the price at which the order would be executed (assuming more than a mere placing of 'at market' order by the client).
5. There is unusual trading in the shares of a company before the announcement of price sensitive information relating to the company.
6. An employee's own account transaction is timed just before clients' transactions and related orders in the same financial instrument.
Possible signals of Market Manipulation
7. An order will, because of its size in relation to the market in that security, clearly have a significant impact on the supply of or demand for or the price or value of the security, especially an order of this kind to be executed near to a reference point during the trading day - e.g. near the close.
8. A transaction appears to be seeking to modify the valuation of a position while not decreasing/increasing the size of that position.
9. A transaction appears to be seeking to bypass the trading safeguards of the market (e.g. as regards volume limits; bid/offer spread parameters; etc).