



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Settlement Agreement between the Central Bank of Ireland and Susquehanna International Securities Limited

The Central Bank of Ireland (“the Central Bank”) has entered into a Settlement Agreement with effect from 13 December 2011 with Susquehanna International Securities Limited (“the firm”), a regulated financial services provider, in relation to breaches of Regulations 112 and 33(1)(a) of the European Communities (Markets in Financial Instruments) Regulations 2007 (the “MiFID Regulations”).

Two breaches were identified. These are:

1. the firm failed to report 334,795 transactions in financial instruments, which were admitted to trading on a regulated market, to the Central Bank by close of business on the day following the execution of the transaction during the period 3 November 2008 to 29 December 2010; and
2. the firm failed to establish adequate policies and procedures sufficient to ensure compliance with Regulation 112 of the MiFID Regulations as set out in breach 1 above.

The Central Bank reprimanded the firm and required it to pay a monetary penalty of €60,000.

In the case of 332,083 unreported transactions, the firm explained that in determining whether or not to report the transactions they entirely relied upon

information provided by a third party, which incorrectly classified the transactions as non-reportable. In the case of 2,712 transactions, the firm incorrectly classified those transactions as non-reportable.

The Central Bank is satisfied that the failure to comply with the transaction reporting obligations as set out above is evidence that the firm's policies and procedures were not adequate to ensure full compliance with Regulation 112 of the MiFID Regulations.

The breaches were unintentional and once discovered the firm submitted all transaction reports correctly.

The penalties imposed in this case reflect the importance the Central Bank places on accurate and complete reporting of transactions in financial instruments under the MiFID Regulations.

In deciding the appropriate penalty to impose, the Central Bank has taken the following into account:

- the firm immediately notified the breaches to the Central Bank and took timely and appropriate action to rectify the breaches; and
- the cooperation of the firm during the investigation and in settling at an early stage in the Administrative Sanctions Procedure.

The Central Bank confirms that the matter is now closed.

- End -

The Central Bank of Ireland has entered into a Settlement Agreement on 13 December 2011 with Susquehanna International Securities Limited, a regulated financial services provider, in relation to breaches of the European Communities (Markets in Financial Instruments) Regulations 2007.

The Central Bank of Ireland also issued a general comment from Director of Enforcement, Peter Oakes:

“This is the third settlement with a firm for transaction reporting failures and the second this month. The importance of accurate and complete transaction reporting is something of which all relevant regulated entities should be aware.

As set out in my commentary on the settlement earlier this month, accurate transaction reporting is essential in order to enable the Central Bank to fulfil its role in effectively monitoring the market to detect market abuse and financial crime. It is also key to the Central Bank’s role of transmitting transaction reporting data to other relevant competent authorities within the EEA. In light of the importance of these functions, the Central Bank will continue, where appropriate, to take enforcement actions against regulated entities that fall short of the required standards in this area.

In my earlier commentary I also referred to the Central Bank’s enhanced auditing programme (backed up by newly introduced systems) which involves the routine inspection of the quality of reported data from firms and applies an internal grading and satisfaction system rating. The introduction of this new programme serves to underline the importance with which the Central Bank views transaction reporting. The Central Bank has also held a number of bilateral transaction reporting workshops with firms, to set out our expectations on transaction reporting matters as well as future enhancements to the reporting regime.”