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 25 June 2013 with Susquehanna International Securities Limited, a regulated financial service provider, (the "Firm") in relation to breaches of Regulations 112 and 33(1)(a) of the European Communities (Markets in Financial Instruments) Regulations 2007 (the "MiFID Regulations").

The five identified breaches of the MiFID Regulations can be summarised as follows:

- In breach of Regulation 112, between 3 November 2008 and 19 December 2012, the Firm failed to report by close of business on the following working day or reported incorrectly, a total of 91,034 transactions in financial instruments admitted to trading on a regulated market and/or Multilateral Trading Facility operated by a market operator.
- In breach of Regulation 33(1)(a), between 30 December 2010 and 19 December 2012, the Firm failed to establish adequate policies and procedures sufficient to ensure compliance with the MiFID Regulations.

The Central Bank reprimanded the Firm and required it to pay a monetary penalty of €78,000.

One of these five breaches was specifically brought to the attention of the Central Bank by the Firm, and all the transaction reports relating to all of the breaches were submitted to the Central Bank upon discovery by the Firm. The Firm explained that three of the breaches occurred due to different technical issues and one of the breaches occurred due to human error.

These identified failures gave rise to the concerns of the Central Bank about the sufficiency of the policies and procedures being relied upon within the Firm to ensure compliance with the Firm's obligations under the MiFID Regulations.

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

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

- This is the second occasion on which a monetary penalty has been imposed on the Firm for breaches of sections 112 and 33(1)(a) of the MiFID Regulations, the previous settlement agreement being in December 2011.
- The breaches in this case occurred during a period of heightened awareness as a result of four previous Central Bank settlements with firms (since 2010) in relation to transaction reporting failures and repeated public statements by the Central Bank reinforcing the need for accurate and timely transaction reporting as well as appropriate policies and procedures.
- The breaches were unintentional and once discovered the Firm submitted the transaction reports correctly and took appropriate action to rectify the causes of the breaches.
- The Firm fully co-operated with the investigation and settled early in the Administrative Sanctions Procedure.

The Central Bank confirms that the matter is now closed.

END

The Central Bank of Ireland entered into a Settlement Agreement on 25 June 2013 with Susquehanna International Securities Limited, 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 Central Bank also issued a general comment from Director of Enforcement, Derville Rowland:

"This is the fifth settlement conducted by the Central Bank since 2010 with a firm for transaction reporting failures. Particularly in light of the public statements made and enforcement actions taken by the Central Bank, firms should be fully aware of the importance of compliance with obligations regarding accurate and timely transaction reporting, which is essential to enable the Central Bank to fulfil its statutory obligations to monitor markets to detect market abuse and financial crime. This area has been repeatedly identified by the Central Bank as an enforcement priority throughout 2012 and 2013.

The Central Bank fully expects firms to have appropriate policies and procedures to ensure that they provide accurate and timely transaction reports, but where errors do occur, the Central Bank expects that these matters are immediately brought to its attention.

Such compliance is also essential for the Central Bank to fulfil its obligations under Regulation 112(4) to report transactions onwards to the relevant competent authorities in the EEA. Thus, misreporting of transactions in such instruments has a wider impact within the EEA and hinders the market monitoring obligations of other regulators. The Central Bank regards with utmost seriousness any action or omission which interferes with its ability to perform its reporting obligations under the MiFID Regulations. Therefore, firms should be aware that the Central Bank will continue, where appropriate, to take enforcement actions against firms that fall short of the required standards in this area. In this regard, the Central Bank's Transaction Reporting and Monitoring Unit has significantly enhanced the scope and depth of its surveillance operations since the introduction of MiFID".