

Rt Hon Nicky Morgan MP  
Treasury Select Committee  
House of Commons  
London  
SW1A 0AA

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New Nicky

Before the General Election, Andrew Tyrie wrote to me regarding the market impact of potential leaking of pre-released ONS statistics. I am writing to you now to outline the work that has been and continues to be done in this area.

Preventing, detecting and punishing market abuse is a key priority for the FCA, and critical to advancing our statutory objectives. The UK market abuse framework is governed by the Market Abuse Regulation (MAR), under which the FCA is the competent authority.

MAR places significant surveillance obligations, in respect of regulated markets, on firms and trading venues to report to us suspicious orders, transactions and attempted market abuse. We supervise this requirement directly through a dedicated team. This ensures that firms undertake appropriate surveillance and that we receive high quality data in relation to suspicious market activity. All of the reports we receive under this regime are assessed and analysed and where appropriate, subject to detailed investigation.

Firms are subject to transaction reporting requirements under which they provide to us on average over nineteen million transaction reports each day for markets we regulate, which does not currently include FX markets. We also supervise this regime directly, to ensure the accuracy and completeness of the reporting firms provide to us. We use this data set both to investigate potential instances of market abuse and to undertake our own surveillance. We have developed and continue to develop our in house technology to analyse such large amounts of data and trading patterns, to strengthen our ability to detect and pursue incidents of market abuse.

The ONS is not a market participant authorised by the FCA, and is not subject to similar requirements. However, insofar as ONS data may have the potential to constitute inside information in relation to securities within the scope of MAR, the ONS may be subject to obligations under MAR, in respect of the treatment of that information.

The FCA works with other public and regulatory authorities, including the ONS, to advise on the controls they should seek to put in place to try to ensure that inside information is properly controlled prior to its release to the market as a whole.

I can confirm that we have liaised closely with the ONS since allegations came to light around suspicious trading in advance of the release of ONS data, and will continue to do so as necessary. As of 1 July, the ONS no longer provides Government officials with early access to its data because it is concerned that current practice undermines public trust. That is of course the decision of the ONS, but we regard it as consistent with the ONS' obligations under MAR.

We take matters relating to market abuse very seriously. Should you have further questions about this or any of our work in this area, please do not hesitate to be in touch.

Yours Sincerely  


**Andrew Bailey**  
Chief Executive