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The UK Markets Regulator Warns About ‘Flying’ and ‘Printing’



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In [edition 76 of Market Watch](#), its newsletter on market conduct and transaction reporting issues, the UK’s Financial Conduct Authority ("FCA") has shared its observations and issued some warnings about the risk of harms involved in ‘flying’ and ‘printing’ on a variety of markets and platforms.

Flying is the practice of communicating to clients or market participants, using any means, that a firm has bids or offers that are not supported by, or sometimes even derived from, an order or instruction. Printing involves communicating that a trade has been executed at a specified price and/or size when the trade has not actually occurred. Both activities entail creating a false impression of liquidity and/or price, and clearly form a false or misleading basis on which to make investment decisions.

The FCA has warned about flying and printing in the past (see [Market Watch 57](#) published in November 2018), and the potential for market abuse when firms publish incorrect (and sometimes fictitious) volume and price data. [Market Watch 57](#) flagged the importance of appropriate oversight and systems and controls in preventing these abuses. [Market Watch 76](#) notes that the FCA is continuing to see possible flying and printing events across fixed income, commodities and currency markets, including via the entering of prices in lit markets to generate orders in dark markets. The FCA is concerned that management is failing to react appropriately to the risks involved, and therefore is not putting in place the right kind of surveillance to identify and report misconduct. The FCA wants to see adequate and robust policies, procedures and training, as well as surveillance systems that can spot relevant indicators like order cancellation rates and order to trade ratios all backed up by appropriate risk assessments and clear and consistent disciplinary procedures.

The fact that the FCA considers it necessary to reiterate past concerns about these practices, and its assertion that it will not hesitate to intervene to protect markets,

indicates that firms should re-examine their systems and controls in place to prevent and identify flying and printing.
