

## Corporate & Financial Weekly Digest

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### FSA Publishes Annual Report

The UK Financial Services Authority (FSA) has published its Annual Report for 2010/11, outlining its performance against the priorities set out in its 2010/11 Business Plan and its statutory objectives. The Report highlights, among other matters:

- the results of the FSA's enforcement approach and its commitment to "credible deterrence," which has led to criminal convictions for insider dealing and substantial fines for market abuse;
- the FSA's new supervisory approach to protect retail customers, including its decision to act earlier to prevent perceived customer detriment;
- the FSA's more intensive approach to prudential supervision; and
- its work to promote global standards of prudential banking supervision.

The FSA considers that it achieved 90% of its milestones and that it is also coping well with the transition to the new UK regulatory bodies.

One particular focus is the FSA's "Market Cleanliness Study," which focuses on abnormal pre-announcement price movements (APPMs). After remaining stable for the past few years, the level of APPMs for the takeovers declined to 21.2% in 2010 from 30.6% in 2009. This is the lowest level since 2003. While this fall has taken place against the backdrop of increasing focus on market abuse by the FSA, the FSA acknowledges that the reason behind this decline cannot be determined with certainty. Nevertheless it welcomes this apparent improvement in market participants' behavior.

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