

Corporate & Financial Weekly Digest

Posted at 1:16 PM on January 28, 2011 by [Edward Black](#)

FSA Fines City Index for Transaction Reporting Failures

On January 20, the UK Financial Services Authority (FSA) published a final notice announcing that it had fined City Index Limited £490,000 (approximately \$780,000) for failing to provide accurate transaction reports.

Between November 2007 and September 2009, City Index submitted inaccurate reports for about 2 million transactions (nearly 60% of its reportable transactions for that period). It failed to send any reports for around 55,000 reportable transactions and submitted incorrectly completed reports for a further 1.97 million transactions.

In addition, City Index was found to have breached FSA principles. It failed to put in place a mechanism for ensuring the accuracy and validity of its transaction reports, and failed to identify fundamental errors in its transaction reporting process upon the implementation of a new trading platform. These breaches occurred despite the FSA sending repeated reminders to firms of their obligations to provide accurate data and of the importance of compliance with the FSA rules on transaction reporting.

As it had agreed to settle at early stage, City Index qualified for a 30% discount from the original fine of £700,000 (approximately \$1.1 million). Further, the penalty took into account the fact that City Index had taken steps to address the concerns raised including the retention of independent consultants to conduct a formal review of its transaction reporting and starting a project to remedy the transaction reporting issues.

To read the final notice, click [here](#).

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