Report

On Suspicious Transaction and Order Reports (STORs)
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1 Executive Summary

Reasons for publication

Suspicious Transactions and Order Reports (STOR) are a key information tool in market abuse investigations. This report aims at providing the market with a clear overview over the use of STORs across different jurisdictions and how this has evolved over time.

Contents

Section 2 introduces the report and provides some background information on this exercise. That section also aims at describing in detail the data methodology applied as, while the report focuses on the years 2021 and 2022, a number of statistics presented in the report include data for previous years.

Section 3 illustrates the findings gathered through the ad-hoc data collection from NCAs. In particular, the different sub-sections describe the total number of STORs and other notifications received by NCAs, the breakdown of these notifications per reporting entity, instrument and alleged type of violation as well as the number of investment firms submitting the reports. That section also covers the number of STORs and other notifications provided to and received from other competent authorities, both within and outside the EEA.

Conclusions

Despite some small discrepancies observed across 2021 and 2022, ESMA notes that the figures are rather consistent and no major changes can be detected across the two-year period. The number of notifications received from NCAs is rather stable and other indicators such as the type of reporting entities, the type of instrument as well as the type of violation the notifications cover, point towards very similar results. However, it is worth noting that when comparing these figures with those of years before 2019, the Brexit effect cannot be disregarded given the magnitude of STORs received by the UK FCA until 2018. To that effect, ESMA tried, where possible, to include statistics both with and without the UK in order to provide a comprehensive view.
2 Introduction

2.1 Background information

Article 16 of MAR

1. Market operators and investment firms that operate a trading venue shall establish and maintain effective arrangements, systems and procedures aimed at preventing and detecting insider dealing, market manipulation and attempted insider dealing and market manipulation, in accordance with Articles 31 and 54 of Directive 2014/65/EU.

A person referred to in the first subparagraph shall report orders and transactions, including any cancellation or modification thereof, that could constitute insider dealing, market manipulation or attempted insider dealing or market manipulation to the competent authority of the trading venue without delay.

2. Any person professionally arranging or executing transactions shall establish and maintain effective arrangements, systems and procedures to detect and report suspicious orders and transactions. Where such a person has a reasonable suspicion that an order or transaction in any financial instrument, whether placed or executed on or outside a trading venue, could constitute insider dealing, market manipulation or attempted insider dealing or market manipulation, the person shall notify the competent authority as referred to in paragraph 3 without delay.

3. (...) persons professionally arranging or executing transactions shall be subject to the rules of notification of the Member State in which they are registered or have their head office, or, in the case of a branch, the Member State where the branch is situated. The notification shall be addressed to the competent authority of that Member State.

4. The competent authorities as referred to in paragraph 3 receiving the notification of suspicious orders and transactions shall transmit such information immediately to the competent authorities of the trading venues concerned.

1. MAR requires persons professionally arranging or executing transactions, market operators and investment firms that operate a trading venue (hereinafter Reporting Persons) to report without delay orders and transactions, including any cancellation or modification thereof, that could constitute insider dealing, market manipulation or attempted insider dealing or market manipulation to the National Competent Authority (NCA) of the trading venue.
2. In addition, Delegated Regulation 2016/957 further specifies the appropriate arrangements, systems and procedures to prevent and detect market abuse as well as notification templates to be used for reporting suspicious practices.

3. STORs are a key element of NCAs’ toolkits to detect and investigate suspect market abuse. Some fundamental information is available to and detectable by Reporting Persons. As such, it is important for NCAs to effectively supervise the STOR reporting obligations to ensure that Reporting Persons are fully engaged and comply with the statutory requirements. This helps to ensure that NCAs receive useful information to fulfil their mandate to seek to preserve market integrity and enhance market confidence.

4. Given the significance of STORs, ESMA considers it beneficial to produce an annual report providing an overview of how STORs are used across different jurisdictions and showing how STOR reporting has evolved over the last few years.

5. For the purpose of this report, ESMA notes that, in accordance with Article 16(1) and (2) of MAR, the term STOR covers notifications provided by Regulated Markets (RM), MTFs/OTFs, investment firms as well as persons professionally arranging or executing transactions other than investment firms. Furthermore, the report provides data on notifications submitted from other parties (trading venues, investment firms, etc) which however were not considered by NCAs as STORs as per Article 16 of MAR.

2.2 Data methodology

6. The report focusses mainly on the years 2021 and 2022. However, in order to provide a comprehensive overview on the collection and use of STORs, ESMA has included, where possible, statistics related to the years 2010-2020. Only for 2018, the data used were those gathered in the context of the peer review report.

7. The data gathered by ESMA cover:

- number of STORs received from investment firms, trading venues, persons professionally arranging or executing transactions other than investment firms and other parties;

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1 Commission Delegated Regulation (EU) 2016/957 of 9 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the appropriate arrangements, systems and procedures as well as notification templates to be used for preventing, detecting and reporting abusive practices or suspicious orders or transactions.

- number of other notifications\(^3\) received;
- breakdown of notifications per source (RM, MTF, OTF, investment firms, persons professionally arranging or executing transactions other than investment firms) and per instrument type (shares, derivatives, bonds, combination of instruments, structured products and ETPs);
- breakdown of notifications per type of violation (insider trading, market manipulation, both, and other violations\(^4\)).
- number of different investment firms submitting a STOR.
- number of STORs (and other notifications) provided to other NCAs and third-country CAs.
- number of STORs (and other notifications) received from other NCAs and third-country CAs.

8. ESMA would like to emphasize that the data until 2018 include the UK whereas the latest figures do not. However, where possible, in order to maintain a high-level of comparability between the statistics for the years before 2018, ESMA has tried to present some of the figures both with and without UK data.

9. Lastly, while STORs represent the great majority of the total notifications received, it should be noted that, unless specified otherwise, the analysis in sections 3.1, 3.2, 3.3, 3.4, 3.5 includes all notifications (including those that were not considered by NCAs as STORs submitted under Article 16 of MAR).

### 3 Survey

#### 3.1 Total number of STORs and other notifications

10. ESMA received responses from 30 NCAs, therefore covering the entire spectrum of EEA Countries.

11. The data gathered show that the total number of notifications, including STORs and other notifications, received in 2021 was 7,434 (6,125 STORs and 1,309 other notifications).\(^3\)

\(^3\) This includes general complaints, market observations, notifications from persons other than those referred to in Article 16 of MAR and any other general input lacking the necessary attributes to be classified as STOR under MAR.

\(^4\) This includes any other violations that do not fall under the market abuse categories foreseen in MAR, e.g. money laundering, but that may be connected with market abuse activity.
while in 2022 the notifications received were 6,846 (5,833 STORs and 1,013 other notifications). It should be noted that this only includes notifications received by NCAs from Reporting Persons in their jurisdictions while those transmitted from other authorities are analysed separately in section 3.8.

12. The country that received most of these notifications in 2021 was Germany (3,228), accounting for more than 43% of the total. A similar trend was also observed in 2022 where Germany received 2,756 notifications (40% of the total). Both in 2021 and 2022, France received the majority of notification after Germany (929 and 878, accounting for 12% and 13% of the total, respectively), followed by the Netherlands and Sweden in 2021 (5%) and Hungary in 2022 (6%).

13. The full picture on the number of notifications received by NCAs, which appears rather stable over the observed two-year period, is presented in detail in Figure 1 below.

**FIGURE 1 – TOTAL NUMBER OF NOTIFICATIONS RECEIVED BY NCAS IN 2021 AND 2022 – PER COUNTRY**
Sources: ESMA, NCAs
14. When looking at STORs only, NCAs received 6,125 and 5,833 STORs in 2021 and 2022, respectively. The trend is in line with the one on total notifications as Germany received the largest majority of STORs (42% and 40% of the total in 2021 and 2022) followed by France (around 15% in both years), Sweden (6% in 2021 and 5% in 2022), Italy and the Netherlands (5% each for both years). A more detailed overview is presented in Figure 2 below.

**Figure 2 - Total number of STORs received by NCAs in 2021 and 2022 – per country**
15. When comparing the number of STORs received in 2021 and 2022 with those received in previous years and in particular before 2019, it emerges that a significant number of those were received by the UK, and therefore, as shown in Figure 3 below, the total number of STORs has significantly decreased after 2018 on an aggregate basis. To that end, it is worth considering that in 2017 and 2018, the UK accounted respectively for 50% and 43% of the total number of the STORs received and thus this sharp decrease appears mainly due to the impact of Brexit.

16. For comparative purposes, a snapshot on the aggregated number of STORs excluding the UK is also presented in Figure 4 below where the picture is slightly different.

**Figure 3 - Aggregated number of STORs received by NCAs (2010-2022) – including the UK**

**Figure 4 – Aggregated number of STORs received by NCAs (2010-2022) – excluding the UK**
3.2 Total notifications per source

17. The ESMA survey also aimed at collecting information on the breakdown of notifications per source. More precisely, in line with Article 16(1) and (2) of MAR, the different options provided in the template were: i) RMs; ii) MTFs and OTFs; iii) investment firms; iv) persons professionally arranging or executing transactions other than investment firms (PPET); and v) other parties. Also in this case, ESMA notes that the figures do not include those received from other Competent Authorities (CAs) (both in the EEA and outside the EEA) which are analysed separately in sections 3.8 and 3.9.

18. The majority of notifications received in 2021 originated from investment firms (73%), followed by other parties (18%), RMs (5%) and MTFs/OTFs (5%). The trend was rather similar in 2022, where investment firms submitted more than 74% of the total notifications. Further details are provided in Figure 5 and Figure 6 below.

**Figure 5 – Total notifications per source in 2021**
**Figure 6 – Total Notifications per Source in 2022**

Sources: ESMA, NCAs
19. The picture is fully aligned with previous years, in particular with 2019 and 2020 where the percentage of notifications originating from investment firms was 73% and 74% of the total, respectively. When looking at the same statistics for 2017 and 2018, it can be noted that also in those years investment firms submitted the majority of STORs, although there has been a slight decrease in relative terms (82% in 2017 and 83% in 2018).

20. It should however be noted that those datasets are slightly different as ESMA and NCAs decided to amend the categorisation of market participants submitting STORs in order to include persons arranging and executing transactions as well as OTFs, for which ESMA did not gather data before 2021. Therefore, the 2017-2020 data are presented separately in Figure 7 below.

**Figure 7 – Total Notifications per Source (2017-2020)**

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5 The data gathered do not allow to produce the same statistic for the years previous to 2017.
3.3 Total number of notifications received from investment firms only

21. NCAs were also invited to provide information on the number of notifications submitted in 2021 and 2022 from investment firms only. In line with what was observed in the section on the overall number of notifications, Germany is the country that received most of these reports from investment firms (31% of the total in 2021 and 30% in 2022) followed by France (12% in both years) and Italy (4% in both years).

22. No major changes were observed across those two years and the most noticeable differences in relative terms were registered in Hungary (+1%) and Germany (-1.5%) while for all other jurisdictions the delta was rather negligible.

23. In this context, Figure 8 below provides an overview of the number of notifications received in 2021 and 2022 from investment firms per jurisdiction.

Figure 8 - Notifications received from investment firms in 2021 and 2022, per jurisdiction
24. ESMA considers it useful to also provide an overview of the total number of notifications received from investment firms in previous years (2012-2020). This is shown in Figure 9 below where UK data is included until 2018 and the drop after that year clearly shows what the Brexit effect has been.

**Figure 9- Aggregated number of notifications received from investment firms, 2012-2022 (UK included until 2018)**

3.4 Breakdown of notifications per instrument type

25. In the data collection exercise, ESMA also looked at the breakdown of notifications received per type of instrument. Both in 2021 and 2022, the great majority of those concerned shares (87% in both years), followed by bonds (around 7% in both years), as shown in Figure 10 below.
26. Most of the notifications concerning shares were submitted by investment firms, that submitted the majority of notifications for almost all instruments in the scope of the data collection. This is presented in Figure 11 below.

**Figure 10 – Breakdown of Notifications per Instrument Type in 2021 and 2022**

**Figure 11 – Notifications per Instrument Type and per Originating Party, 2021 and 2022**
27. When analysing the historical trend of notifications received per type of instrument, it can be noted that the 2021 and 2022 data seem to be aligned with those gathered in previous years. More in detail, shares have always been the instrument for which most of the STORs were sent (the percentage ranged between 67% and 93% over the observation period) followed by derivatives and bonds, depending on the different years.

28. More details are provided in Figure 12 below, which include UK data until 2018.

**Figure 12 - STORs per instrument type, 2010-2022**

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6 It can be of interest noting that unlike other years, in 2017 a very large number of STORs were sent for derivatives which accounted for more than 25% of the total.

7 ESMA could not extract data on the number of STORs per instrument type excluding the UK but considers that a relevant portion relates to notifications received by the UK FCA.
3.5 Breakdown of notifications per type of violation

29. A similar analysis to the one presented in section 3.4 was also carried out in relation to the type of alleged violation the notification referred to. The options provided in the survey were: i) insider trading; ii) market manipulation; iii) both (insider trading and market manipulation); iv) other.

30. In this context, the 2021-2022 data show that the majority of notifications covered cases of alleged market manipulation, which accounted for 52% of the total both in 2021 and 2022, while insider trading accounted for a lower share in the reference years (45% in 2021 and 44% in 2022) in line with 2019 and 2020 data.

**Figure 13 - Notifications per type of violation in 2021 and 2022**
31. Figure 14 below provides an overview of the distribution of the violations over the two-years period with details about the reporting entity.

**Figure 14 - STORs per type of violation and per originating party in 2021 and 2022**
32. As shown in Figure 15 below, a slightly different pattern can be observed when looking at 2010-2018 data. Indeed, most of notifications were sent for alleged cases of insider dealing which ranged, over these years, between 51% and 69% of the total reports received. Notifications related to market manipulation were sent in a lower number of instances, i.e. between 29% and 46% over the observation period.

33. The remaining reports were split between those concerning both market manipulation and insider trading and other types of violations (not specified in the template) as shown in Figure 15 below, which includes UK data until 2018.

**Figure 15 – notifications per type of violation, 2010-2022**

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\(^a\) Also in this case, ESMA could not extract data on the number of notifications before 2018 excluding the UK but considers that a relevant portion relates to notifications received by the UK FCA.
3.6 Investment firms submitting a STOR

34. ESMA considers that another relevant information related to the use of STORs is the number of investment firms submitting the STOR. To that end, ESMA looked at the 2021 and 2022 data, where it emerged that 643 and 608 investment firms, respectively, have submitted at least one STOR over the observation period.

35. The jurisdiction where most investment firms submitted a STOR in 2021 was Germany (205), followed by France (137), Italy (50), Belgium (34), Austria (29) and Spain (25). Similarly, in 2022, the jurisdiction where most investment firms submitted a STOR was Germany (167), followed by France (119), Italy (53), Belgium (37), Spain (30) and Austria (28). More details are provided in Figure 16 below.

**Figure 16 – Number of investment firms submitting STORs in 2021 and 2022**
Sources: ESMA, NCAs
36. In line with the previous sections, ESMA has observed how the number of investment firms submitting a STOR has evolved over the years. In doing so, ESMA has produced statistics with (see Figure 17) and without (see Figure 18) the UK for the years 2010-2022.9

37. The trend, as also confirmed by Figure 17 and Figure 18, appears to fluctuate over the years, without though any major differences from one year to another.

**Figure 17** – Aggregated number of different investment firms submitting STORs (including the UK), 2010-2022

**Figure 18** – Aggregated number of different investment firms submitting STORs (excluding the UK), 2010-2022

3.7 STORs provided to other CAs

38. Article 16(4) of MAR foresees that NCAs receiving a STOR should also transmit such information immediately to the CAs of the trading venues concerned.

39. Against this background and considering the importance of the detection of cross-border market abuse cases, an important element to complete the analysis is to have a closer look at the number of STORs provided to (or received from – see section 3.8) other NCAs and third-country CAs.

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9 It should be noted that data for 2018 the statistics presented below are not available as this information was not included in the peer review questionnaire.
40. More in detail, the NCAs who responded to the survey reported that the great majority of STORs were provided to other NCAs (1,497 in 2021 and 1,617 in 2022) and that the number of STORs sent to third-country CAs decreased from one year to another (268 in 2021 vs 187 in 2022). A more detailed picture is presented in Figure 19 below.

41. When focussing only on those STORs provided to NCAs, it can be noted that BaFin is the authority that sent most STORs to other NCAs in 2021 (44% of the total), followed by the AMF (12%), CBI (11%) and the AFM (11%). Similarly, also in 2022 BaFin submitted most of the notifications to other NCAs (48% of the total), followed by the AMF (14%), CBI (12%) and the AFM (7%). The trend is very much aligned with the 2019 and 2020 figures.

42. Regarding the 268 STORs provided to third-country CAs in 2021, according to the data collection the majority of them were sent by BaFin (28% of the total) and the AMF (26%). The picture is rather similar for 2022 where the AMF and BaFin provided the great majority of STORs to third-country CAs (27% and 18% respectively).

**Figure 19 – Number of STORs provided to other NCAs and third-country CAs in 2021 and 2022**

**Figure 20 - STORs provided to other NCAs and third-country CAs in 2021, per jurisdiction**
Sources: ESMA, NCAs
FIGURE 21- STORs PROVIDED TO OTHER NCAS AND THIRD-COUNTRY CAs IN 2022, PER JURISDICTION

43. When looking at the data for previous years\textsuperscript{10}, it can be seen that the impact of the UK was quite significant on the aggregate number of STORs provided to other NCAs and third-country CAs. In light of this, data both with and without the UK are presented in Figure 22 below.

44. In this respect, ESMA notes that while the number of STORs provided to other NCAs and third-country CAs was above 3,000 in 2017 and 2018, when excluding the UK FCA, the trend observed over these 2 years appear in line with the data gathered by ESMA in relation to 2019, 2020, 2021 and 2022.

\textsuperscript{10} ESMA was not able to retrieve data for the years before 2017.
3.8 STORs received from other CAs

45. Similarly, ESMA analysed the number of STORs received from other NCAs and third-country CAs. In line with what was observed in section 3.7, the majority of STORs was received from other NCAs (1,193 in 2021 vs 1,539 in 2022) with a smaller portion from third-country CAs (694 in 2021 and 852 in 2022).

46. When focussing on STORs received from NCAs only, in 2021 BaFin was the NCA that received most of those STORs (21% of the total), followed closely by the AMF (20%), the AFM (17%) and CBI (10%). The picture was rather similar in 2022, where BaFin received 23% of those STORs, followed by the AMF (21%), the Swedish FSA (14%) and the AFM (11%).

47. The number of reports received from third-country CAs in 2021 and 2022 was relatively similar and those were mainly sent to BaFin (33% of the total in 2021 and 24% in 2022), the AMF (18% and 23%), the Swedish FSA (13% and 14%) and the AFM (7% and 11%).
Figure 24 - STORs received from other NCAs and third-country CAs in 2021, per jurisdiction

Sources: ESMA, NCAs
48. When looking at data for previous years and in particular for the 2017-2018 period, it appears that the impact of the UK is much more limited than what was observed in the previous section. Nonetheless, ESMA analysed the overall number of the aggregate number of STORs received from other NCAs and third-country CAs, both with and without the UK and this is presented in Figure 26 below.

**Figure 26 - Aggregated Number of STORs Received from Other NCAs and Third-Country CAs, With and Without the UK (2017-2022)**
3.9 Other notifications provided to and received from other CAs

49. Beyond the analysis of STORs provided to (and received from) other CAs, ESMA also gathered information on notifications, not classified as STORs, sent to and received from other authorities in 2021 and 2022. In particular, it can be noted that NCAs sent 26 notifications to other CAs (23 to other NCAs and 3 to third-country CAs) in 2021 and 16 (13 to other NCAs and 3 to third-country CAs) in 2022.

50. Regarding the notifications received from other authorities, the data show that NCAs received 39 (16 from NCAs and 23 from third-country CAs) and 33 (14 from NCAs and 19 from third-country CAs) notifications in 2021 and 2022, respectively.

4 Conclusions

51. The importance of STORs as a source of information in market abuse investigations is well known.

52. Therefore, ESMA agreed to produce this STOR report in order to better understand how this tool is used by the different NCAs as well as to monitor whether any pattern can be

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11 Data for previous years are not available as ESMA started gathering this information only in 2021.
observed over the last years.

53. Despite the challenges in putting together data from different data sources for the years preceding 2019, ESMA considers that this report provides a valuable snapshot of how STORs are used across the EEA and their evolution over time.

54. As already mentioned, ESMA notes that Brexit had a relevant impact on some of statistics presented in the report. To that end, and in order to keep a high level of comparability between the different years, ESMA has tried where possible to add statistics both including and excluding UK data for the years before 2019.

55. The main findings of this report, which focused mainly on 2021 and 2022 data, can be summarised as follows:

56. All 30 NCAs responded to the survey. The figures gathered by ESMA show that the number of notifications, which included mainly STORs plus other notifications, remained relatively stable despite an 8% decrease from 2021 to 2022 (7,434 vs 6,846). However, the number of those notifications have increased when compared with those received in 2019 and 2020 (5,849 and 6,732).

57. As for previous years, most of the notifications received originated from investment firms.

58. Both in 2021 and 2022, Germany is the country that received most notifications, followed by France. The situation is rather identical when considering STORs only.

59. Both in 2021 and 2022, the great majority of notifications concerned shares, followed by bonds and derivatives.

60. The majority of notifications covered cases of alleged market manipulation, which accounted for 52% of the total both in 2021 and 2022. The exact same percentage can be observed for 2019 and 2020, while the scenario is slightly different for previous years where in most cases notifications were sent for alleged insider dealing.

61. When NCAs forwarded the received STORs to another authority, the great majority of them were sent to other NCAs, and the number of STORs sent to third-country authorities remained rather stable over the 2021-2022 period. Similarly, NCAs received most of the notifications from other NCAs, and the portion of those received from third country CAs is rather consistent.