

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, similar to the one published in July 2023¹, aims at providing the market with a clear overview over the use of STORs in different jurisdictions across the EU and how this has evolved over time.

Contents

The structure of the report mirrors the one of last year. 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. While the report focusses on the year 2023, a number of statistics presented in the report include data and comparisons with previous years.

Section 3 illustrates the findings gathered through the ad-hoc data collection from National Competent Authorities (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

The report focuses mainly on 2023. In this context, ESMA notes that the figures are rather consistent, and no major changes can be detected when compared with the previous years. The number of notifications received from NCAs has only slightly increased and other indicators such as the type of reporting entities, the type of instrument as well as the types of violation despite some minor discrepancies, point towards very similar results. As highlighted also in the context of the last report, it is worth noting that when comparing figures from the last few years 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 included, where possible, also 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

¹ https://www.esma.europa.eu/sites/default/files/2023-07/ESMA74-1103241886-880_ESMA_Report_on_STORs_2023.pdf

modification thereof, that could constitute insider dealing, market manipulation or attempted insider dealing or market manipulation to the NCA of the trading venue.

2. In addition, Delegated Regulation 2016/957² 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 this tool is used across different jurisdictions and showing how STOR reporting has evolved over the last few years. The first iteration of this report was published in July 2023³.
5. For the purpose of the following section, 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 (PPAETs) 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. While last year's report focussed on a two-year period (2021-2022), this report looks mainly at data for 2023. The data structure however remains the same as ESMA has included, where possible, statistics related to previous years (2010-2022) in order to provide a comprehensive overview on the collection and use of STORs. It should be noted that for 2018, the data used were those gathered in the context of the STOR peer review report⁴.

² 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.

³ https://www.esma.europa.eu/sites/default/files/2023-07/ESMA74-1103241886-880_ESMA_Report_on_STORs_2023.pdf

⁴ https://www.esma.europa.eu/sites/default/files/library/esma42-111-4916_-_stor_peer_review_report.pdf

7. In line with last year, the data gathered by ESMA cover:

- the number of STORs received from investment firms, trading venues, PPAETs other than investment firms and other parties;
- the number of other notifications⁵ received;
- a breakdown of notifications per source (RMs, MTFs, OTFs, investment firms, PPAETs other than investment firms) and per instrument type (shares, derivatives, bonds, combination of instruments and other instruments);
- a breakdown of notifications per type of violation (insider trading, market manipulation, both, and other violations⁶);
- the number of different investment firms submitting a STOR;
- the number of STORs (and other notifications) provided to other NCAs and third-country CAs;
- the 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 later figures do not. However, where possible, in order to maintain a high level of comparability between the statistics for the years before 2018 and in line with last year, 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

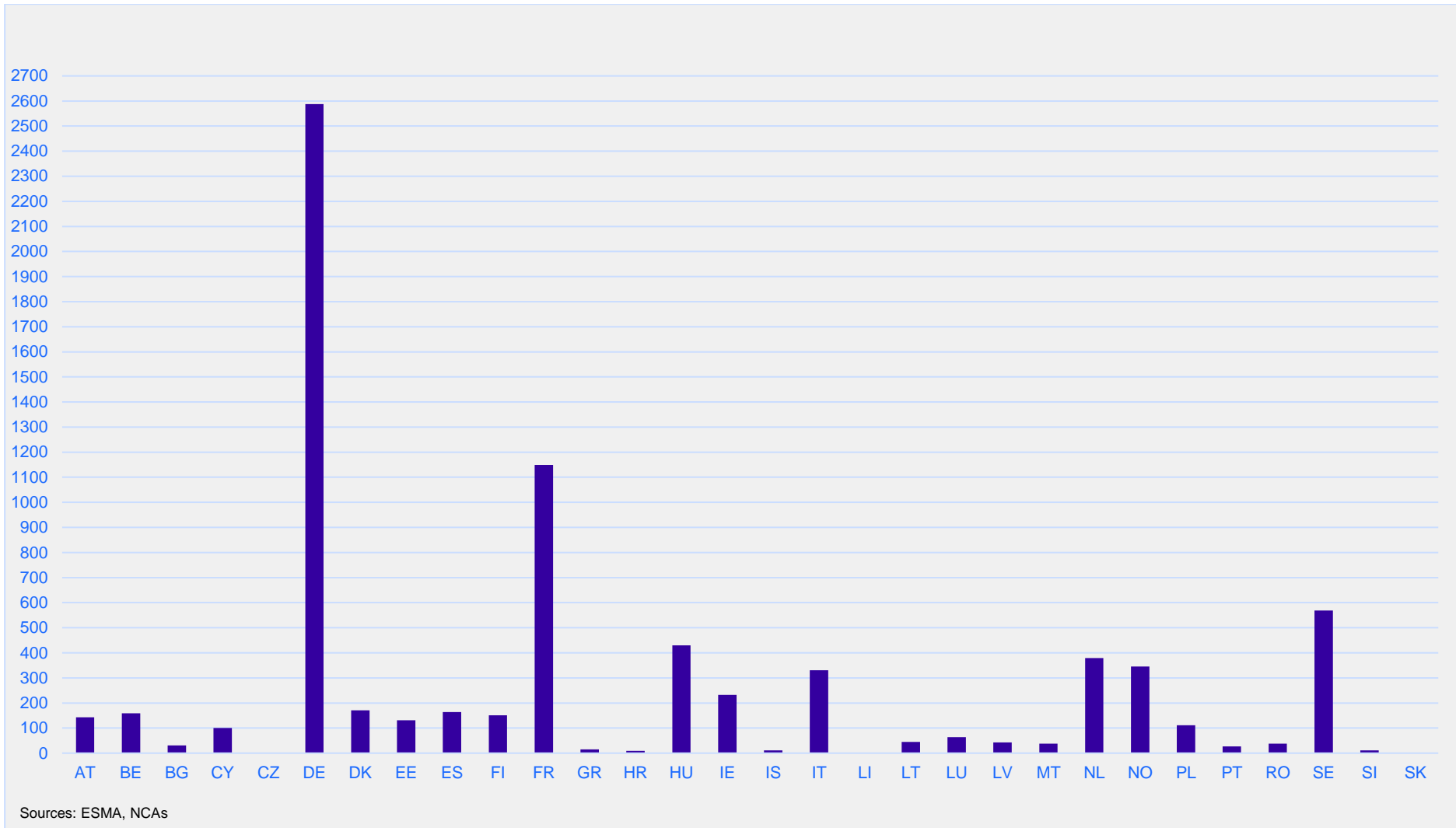
⁵ This includes general complaints, market observations, notifications from persons other than those referred to in Article 16 of MAR and any other general input lacking the necessary attributes to be classified as STOR under MAR.

⁶ 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.

European Economic Area (EEA) Countries.

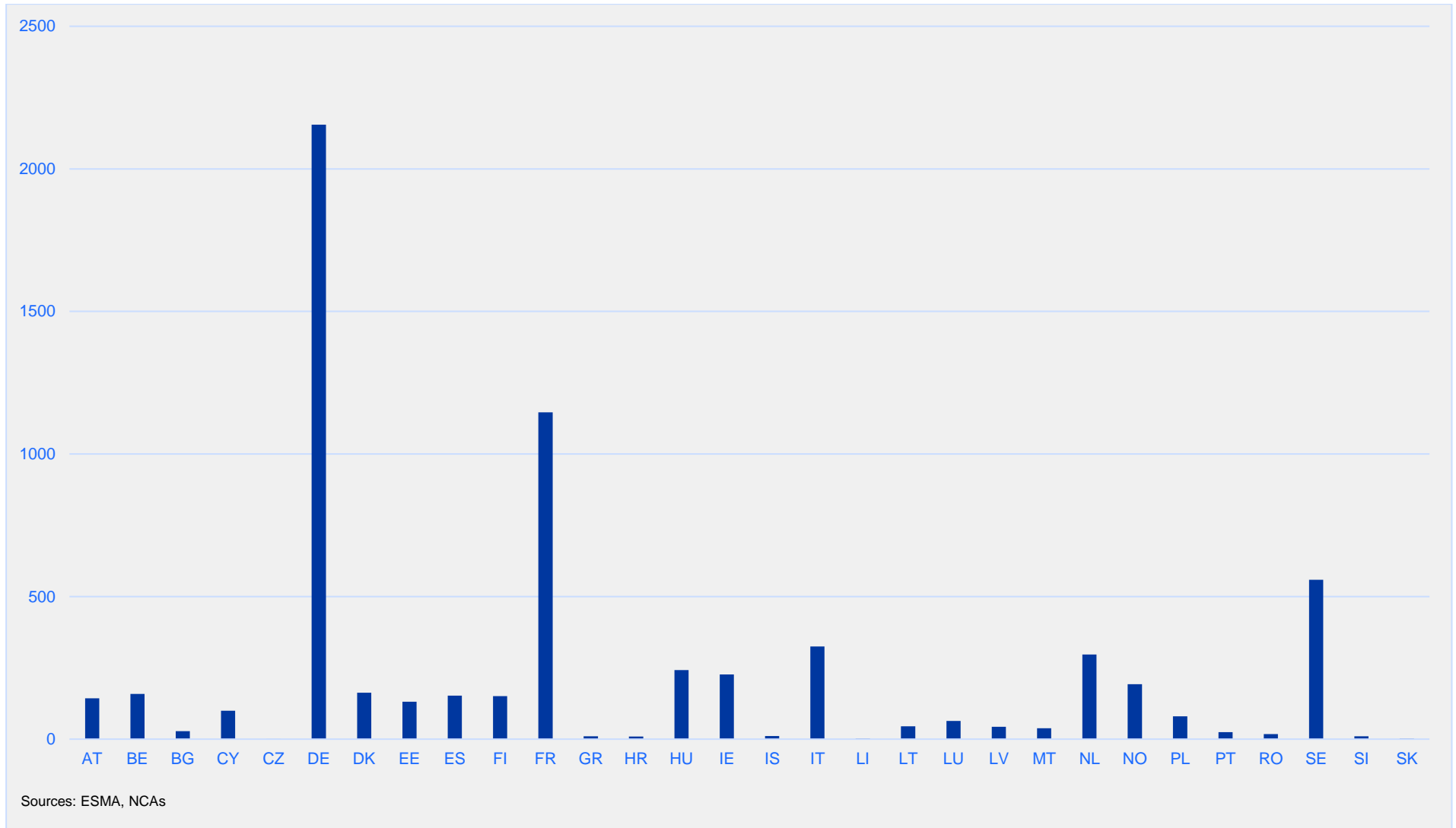
11. The data gathered show that the total number of notifications received in 2023 was 7,491 (6,530 STORs and 961 other notifications). It should be noted that this only includes notifications received by NCAs from Reporting Persons in their jurisdictions while those transmitted from other authorities are analysed separately in section 3.8.
12. The Member State that received most of these notifications in 2023 was Germany (2,588), accounting for 35% of the total. After Germany, France received 1,149 notifications, accounting for 15% of the total, followed by Sweden (8%), Hungary (6%), the Netherlands and Norway (5% each).
13. This appears consistent with previous years where Germany and France also received the majority of notifications. The full picture on the number of notifications received by NCAs is presented in detail in Figure 1 below.

FIGURE 1 – TOTAL NUMBER OF NOTIFICATIONS RECEIVED BY NCAs IN 2023 – PER COUNTRY



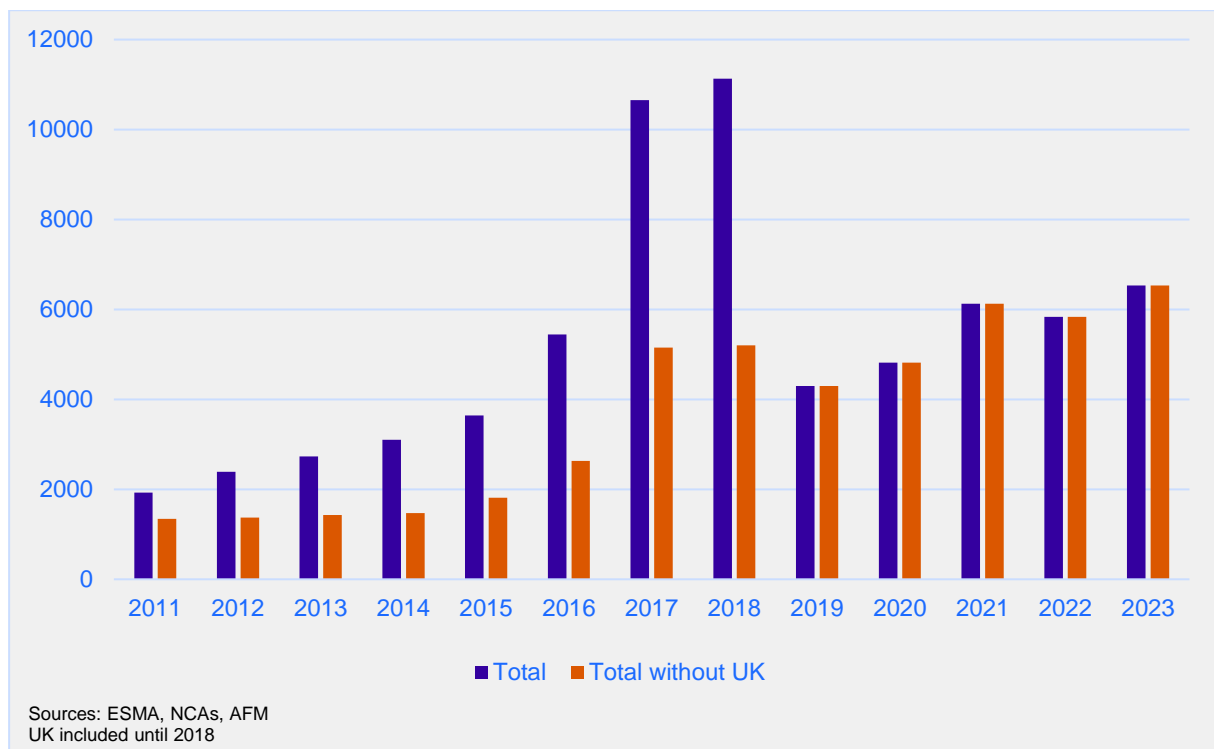
14. When looking at STORs only, NCAs received 6,530 STORs in 2023, a rise by 12% compared to 2022. The trend is in line with the one on total notifications where Germany received the majority of STORs (33%) followed by France (18%), Sweden (9%), the Netherlands and Italy (5% each). A more detailed overview is presented in Figure 2 below.

FIGURE 2 - TOTAL NUMBER OF STORs RECEIVED BY NCAs IN 2023 – PER COUNTRY



15. When comparing the number of STORs received in 2023 with those received in previous years, namely before 2019, it emerges that a significant number of them were received by the UK. In line with last year, ESMA deems it useful to show (see Figure 3 below) that the total number of STORs has significantly decreased after 2018 as, on an aggregate basis, the UK accounted respectively for 50% and 43% of the total number of the STORs received in 2017 and 2018. Therefore, this sharp decrease is mainly due to the impact of Brexit.

FIGURE 3 - AGGREGATED NUMBER OF STORs RECEIVED BY NCAs (2010-2023) – WITH AND WITHOUT THE UK



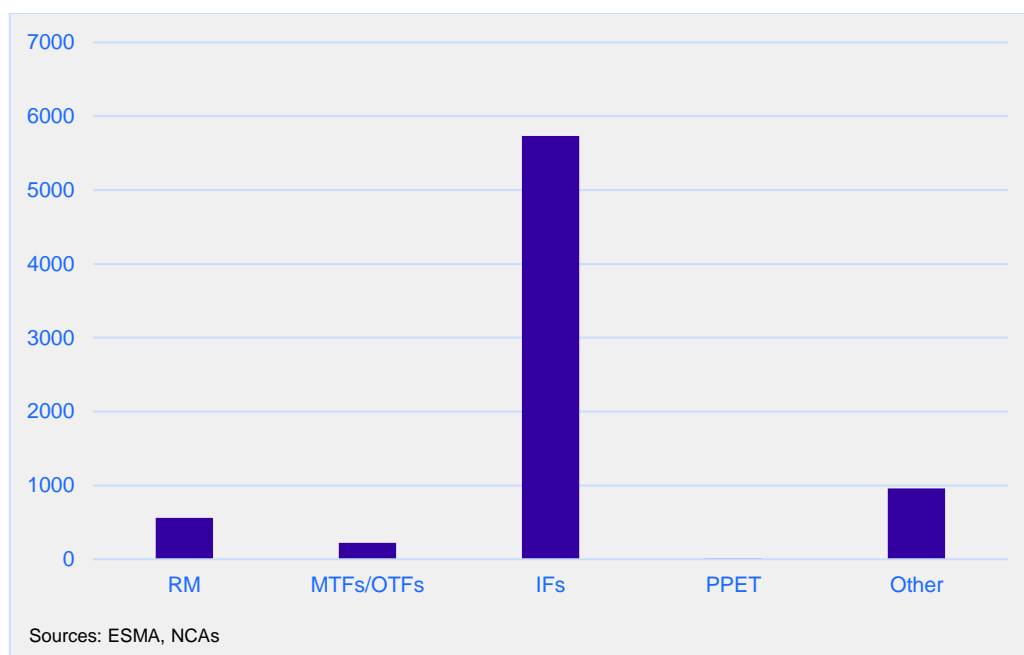
3.2 Total notifications per source

16. 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) PPAETs other than investment firms; 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.

17. In 2023, the majority of notifications originated from investment firms (77%), followed by other parties (13%), RMs (7%) and MTFs/OTFs (3%). Further details are provided in Figure 4 below.

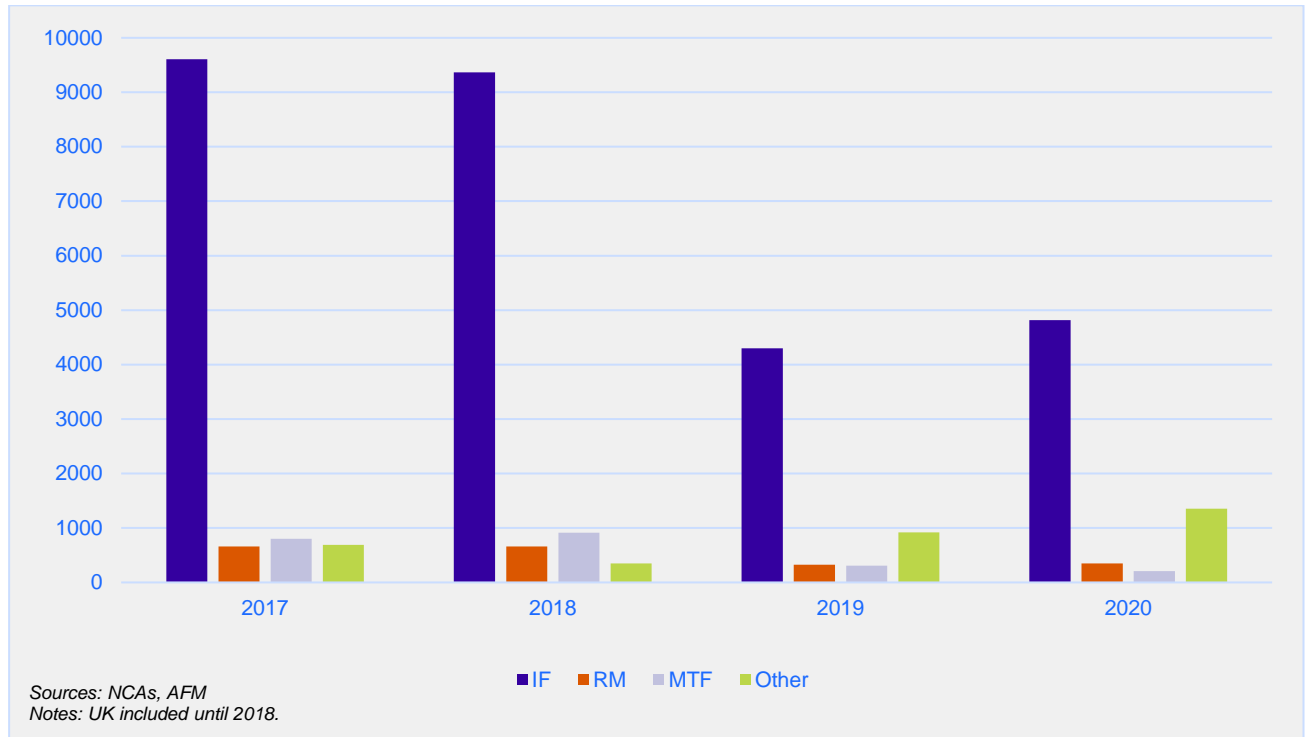
FIGURE 4 – TOTAL NOTIFICATIONS PER SOURCE IN 2023



18. The picture is fully aligned with previous years and in particular with 2022, 2021, 2020 and 2019, where the percentage of notifications originating from investment firms ranged between 72% and 74% of the total. When looking at the same statistics for 2017 and 2018⁷, it can be noted that also in those years investment firms submitted the majority of STORs, although the percentage was slightly higher (82% in 2017 and 83% in 2018).
19. As explained last year, it should be noted that such a backward analysis is however limited considering that those datasets are slightly different as ESMA and NCAs decided to amend the categorisation of market participants submitting STORs in order to include PPAETs as well as OTFs, for which ESMA did not gather data before 2021. Therefore, Figure 5 below only include data for the 2017-2020 period for comparative purposes.

⁷ The data gathered do not allow to produce the same statistic for the years previous to 2017.

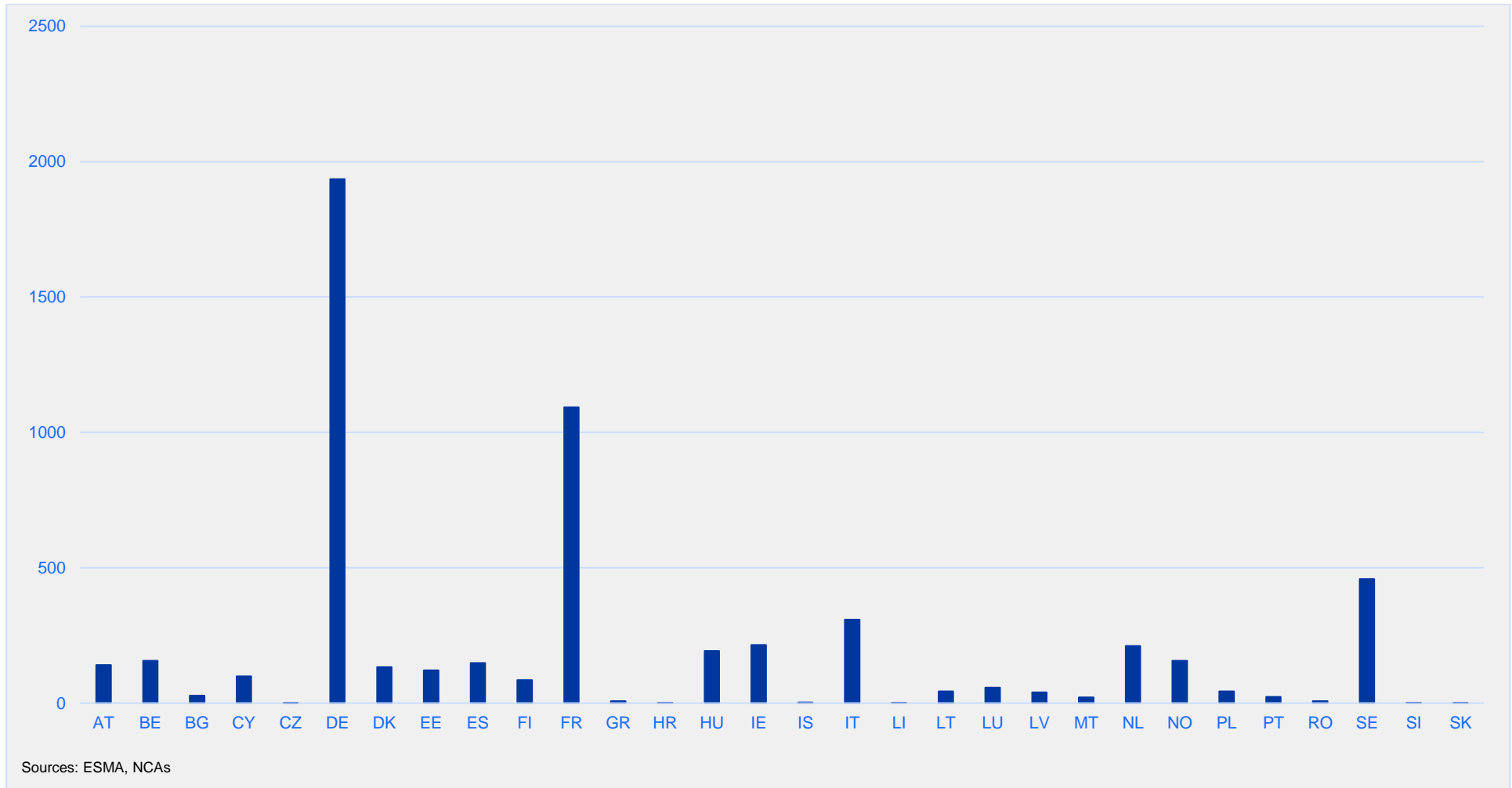
FIGURE 5 – TOTAL NOTIFICATIONS PER SOURCE (2017-2020)



3.3 Total number of notifications received from investment firms only

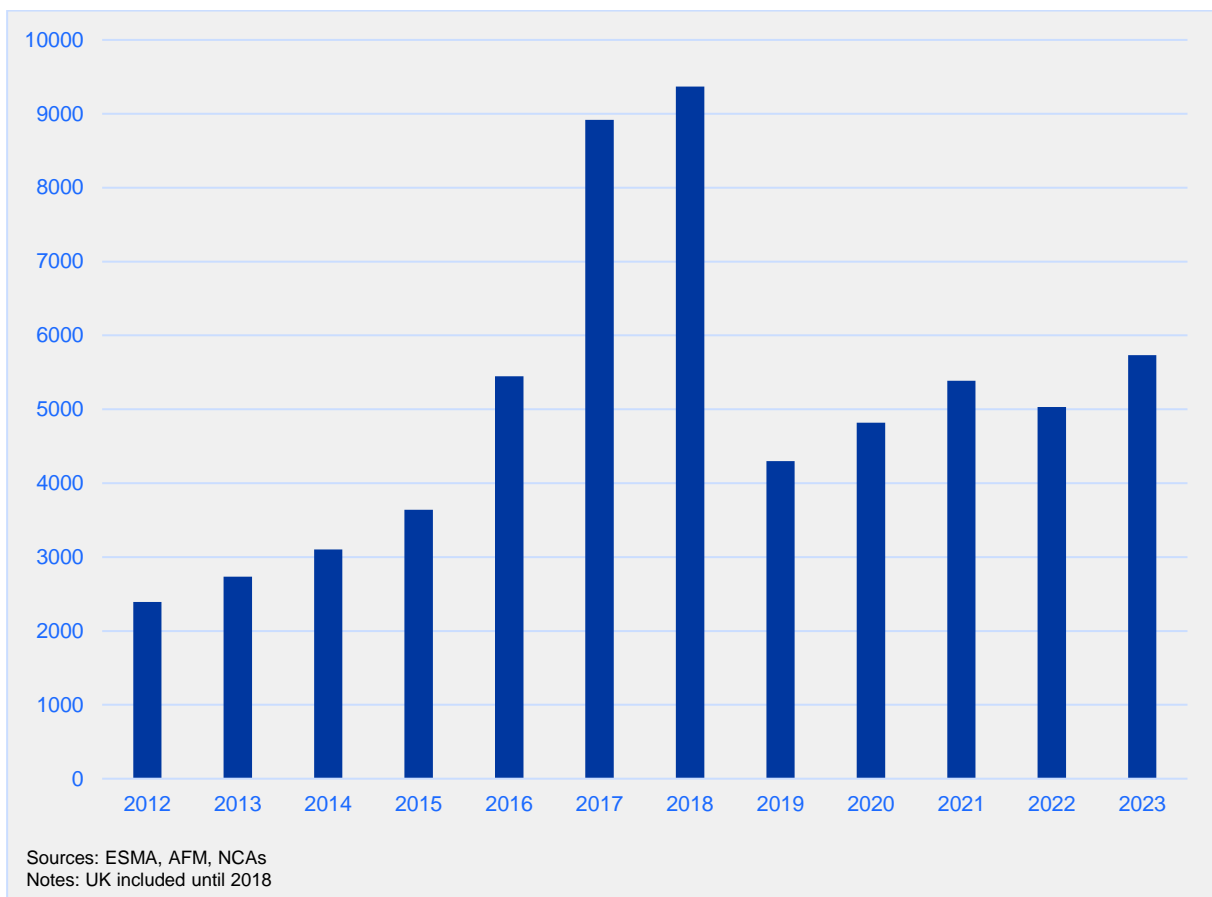
20. Considering their relevance in the overall computation, NCAs were also invited to provide information on the number of notifications submitted in 2023 from investment firms only. In line with what was observed in the section on the overall number of notifications, Germany is the country that received most of these reports from investment firms in 2023 (26% of the total) followed by France (15%) and Sweden (6%).
21. When compared to 2022, the most noticeable differences in relative terms were registered in Sweden (+3%), France (+3%) and Germany (-3%) while for all other jurisdictions the delta was rather negligible.
22. Figure 6 below provides an overview of the number of notifications received in 2023 from investment firms per jurisdiction.

FIGURE 6 - NOTIFICATIONS RECEIVED FROM INVESTMENT FIRMS IN 2023, PER JURISDICTION



23. To provide more context, ESMA considers it useful to also provide an overview of the total number of notifications received from investment firms in previous years (2012-2022). This is shown in Figure 7 below where UK data is included until 2018 and the drop after that year clearly shows the Brexit effect.

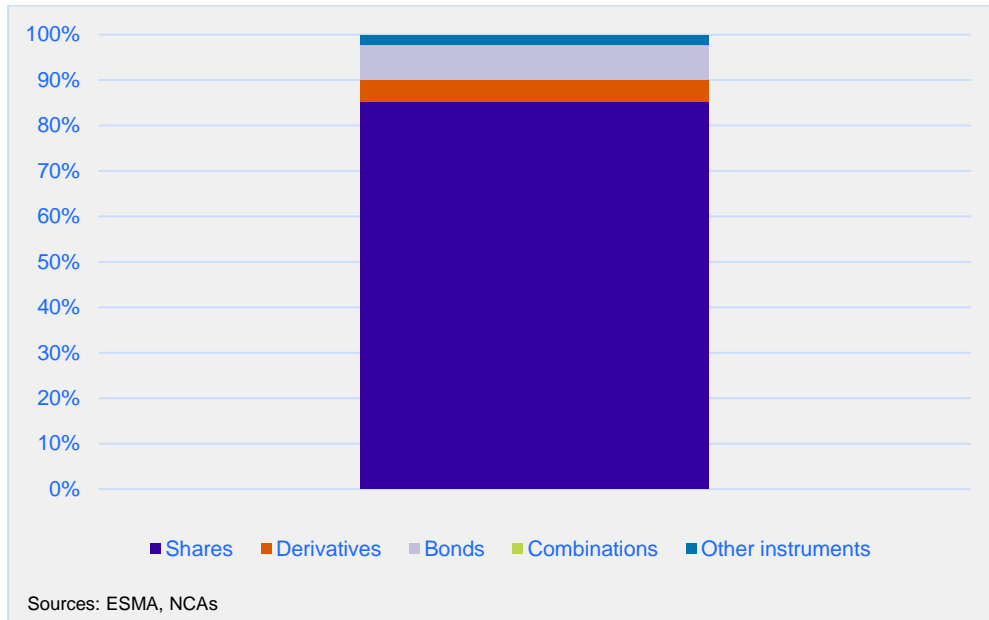
FIGURE 7- AGGREGATED NUMBER OF NOTIFICATIONS RECEIVED FROM INVESTMENT FIRMS, 2012-2023 (UK INCLUDED UNTIL 2018)



3.4 Breakdown of notifications per instrument type

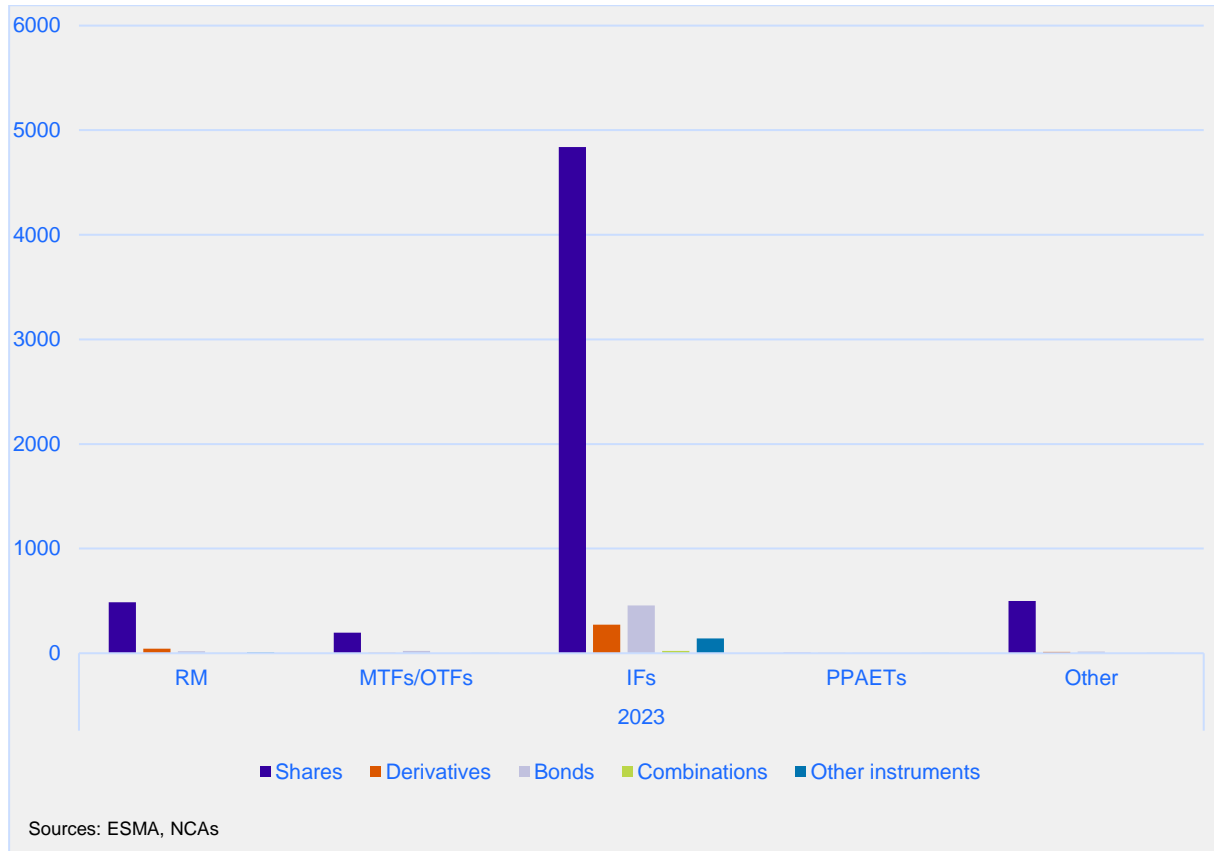
24. In the data collection exercise, ESMA also looked at the breakdown of notifications received per type of instrument. In 2023, the great majority of notifications concerned shares (85%), followed by bonds (7%), derivatives (5%), other instruments (2%) and combination of instruments (less than 1%), as shown in Figure 8 below.

FIGURE 8 – BREAKDOWN OF NOTIFICATIONS PER INSTRUMENT TYPE IN 2023



25. Most of the notifications concerning shares were submitted by investment firms, that submitted the great majority of notifications for almost all instruments in the scope of the data collection. This is presented in Figure 9 below.

FIGURE 9 – NOTIFICATIONS PER INSTRUMENT TYPE AND PER ORIGINATING PARTY, 2023



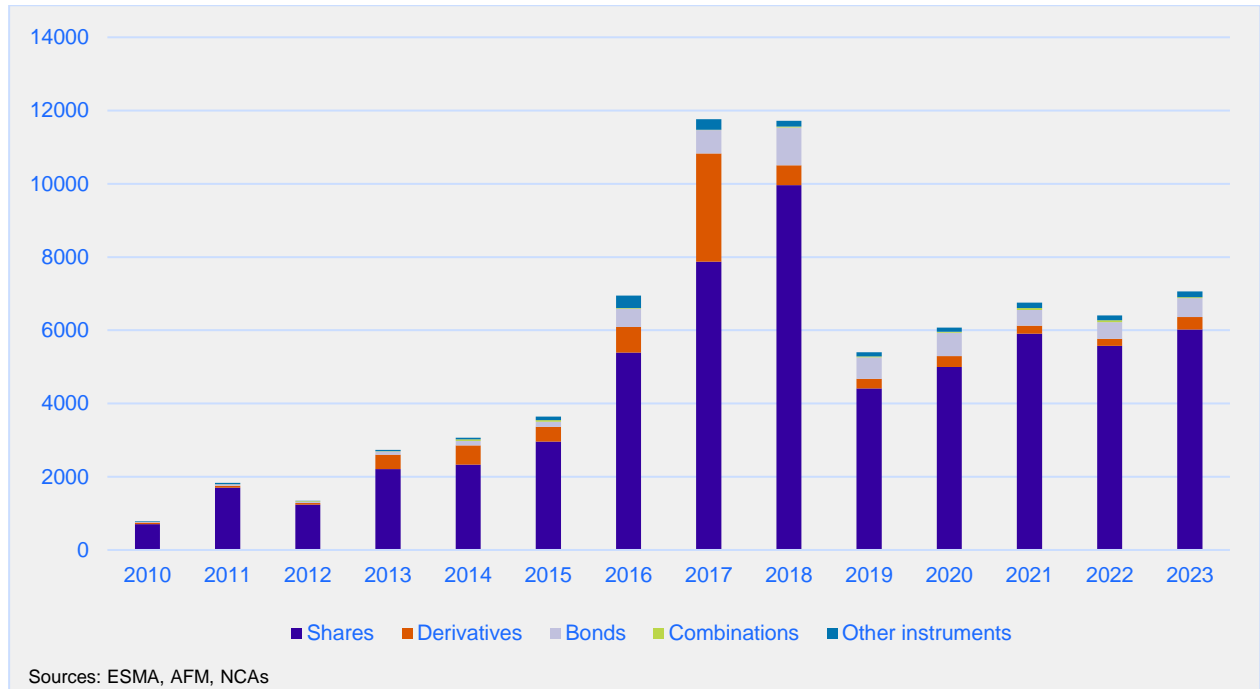
26. When analysing the historical trend of notifications received per type of instrument, it can be noted that the 2023 data is aligned with those gathered in previous years, and in particular with 2022 and 2021 (87% in each year). More in detail, shares have always been the instrument for which the great majority of STORs were sent (the percentage ranged between 67% and 93% over the observation period) followed by derivatives and bonds, depending on the year⁸.

27. More details are provided in Figure 10 below, which include UK data until 2018.⁹

FIGURE 10 - STORs PER INSTRUMENT TYPE, 2010-2023

⁸ 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.

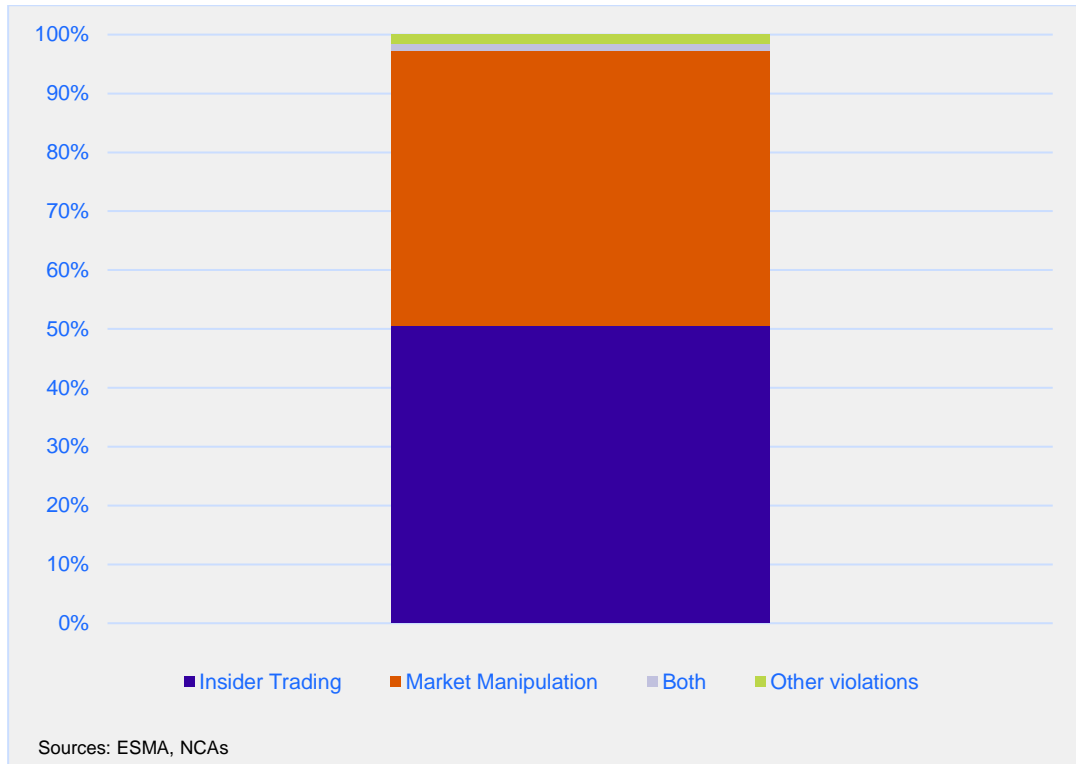
⁹ ESMA could not extract data on the number of STORs per instrument type excluding the UK but considers that a relevant portion relates to notifications received by the UK FCA.



3.5 Breakdown of notifications per type of violation

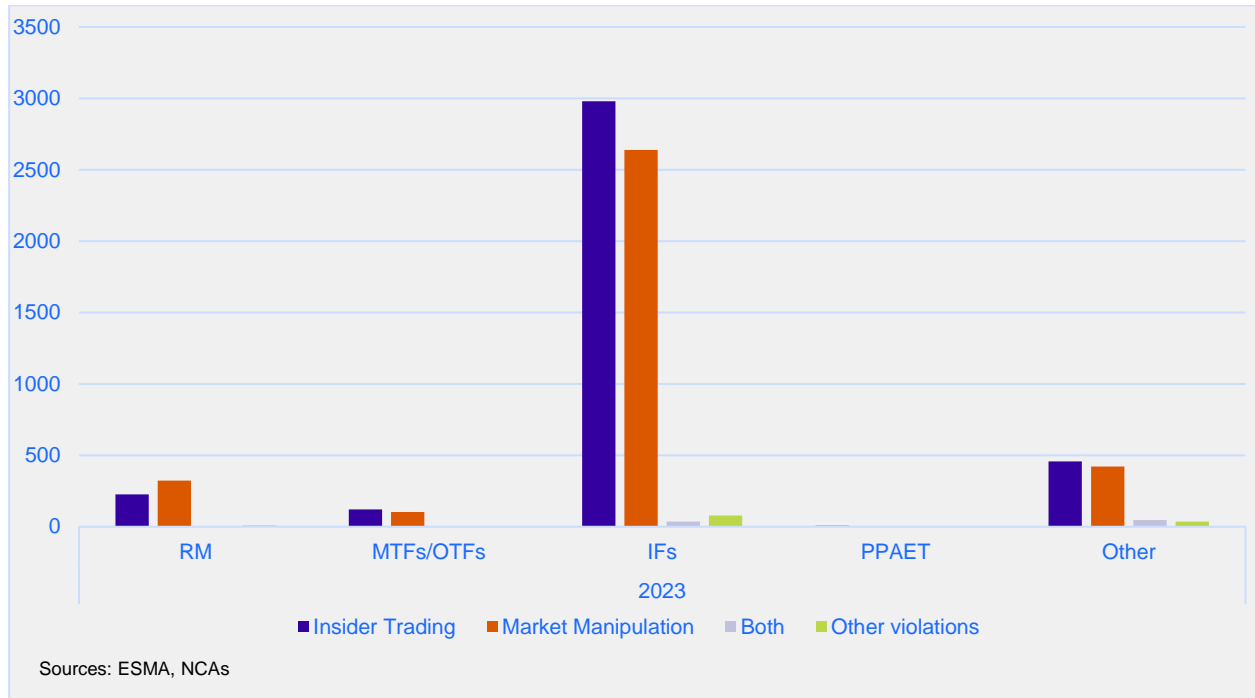
28. ESMA also gathered data from NCAs on the type of violation the notifications referred to. Based on this information, a similar analysis to the one presented in section 3.4 was also carried out in relation to the type of alleged violation: i) insider trading; ii) market manipulation; iii) both (insider trading and market manipulation); iv) other.
29. In this context, the 2023 data show that the slight majority of notifications covered cases of alleged insider trading, which accounted for 51% of the total, while market manipulation accounted for a lower share (47%), followed by cases involving other violations (around 2%) and cases making reference to both insider trading and market manipulation (around 1%).

FIGURE 11 - NOTIFICATIONS PER TYPE OF VIOLATION IN 2023



30. Figure 12 below provides an overview of the distribution of the violations in 2023 with details about the reporting entity.

FIGURE 12 - STORS PER TYPE OF VIOLATION AND PER ORIGINATING PARTY IN 2023



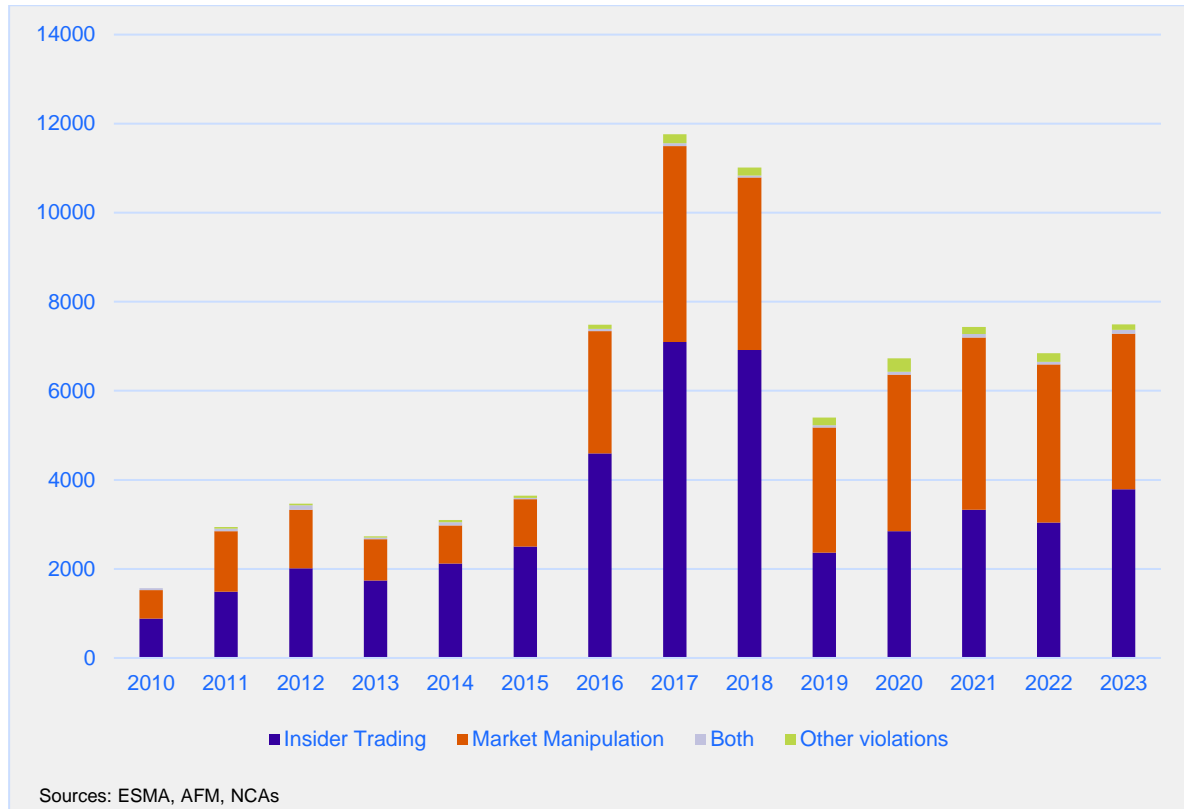
31. As shown in Figure 13 below, the picture appears rather heterogenous when looking back at the 2010-2022 period.

32. Until 2018 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, while notifications related to market manipulation were sent in a lower number of instances, i.e. between 29% and 46% over the observation period.

33. On the contrary, from 2019 to 2022, the majority of notifications were sent for market manipulation (around 52% each year) rather than insider trading (between 43% and 45% across the years). 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 13 below, which includes UK data until 2018¹⁰.

FIGURE 13 – NOTIFICATIONS PER TYPE OF VIOLATION, 2010-2023

¹⁰ 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.

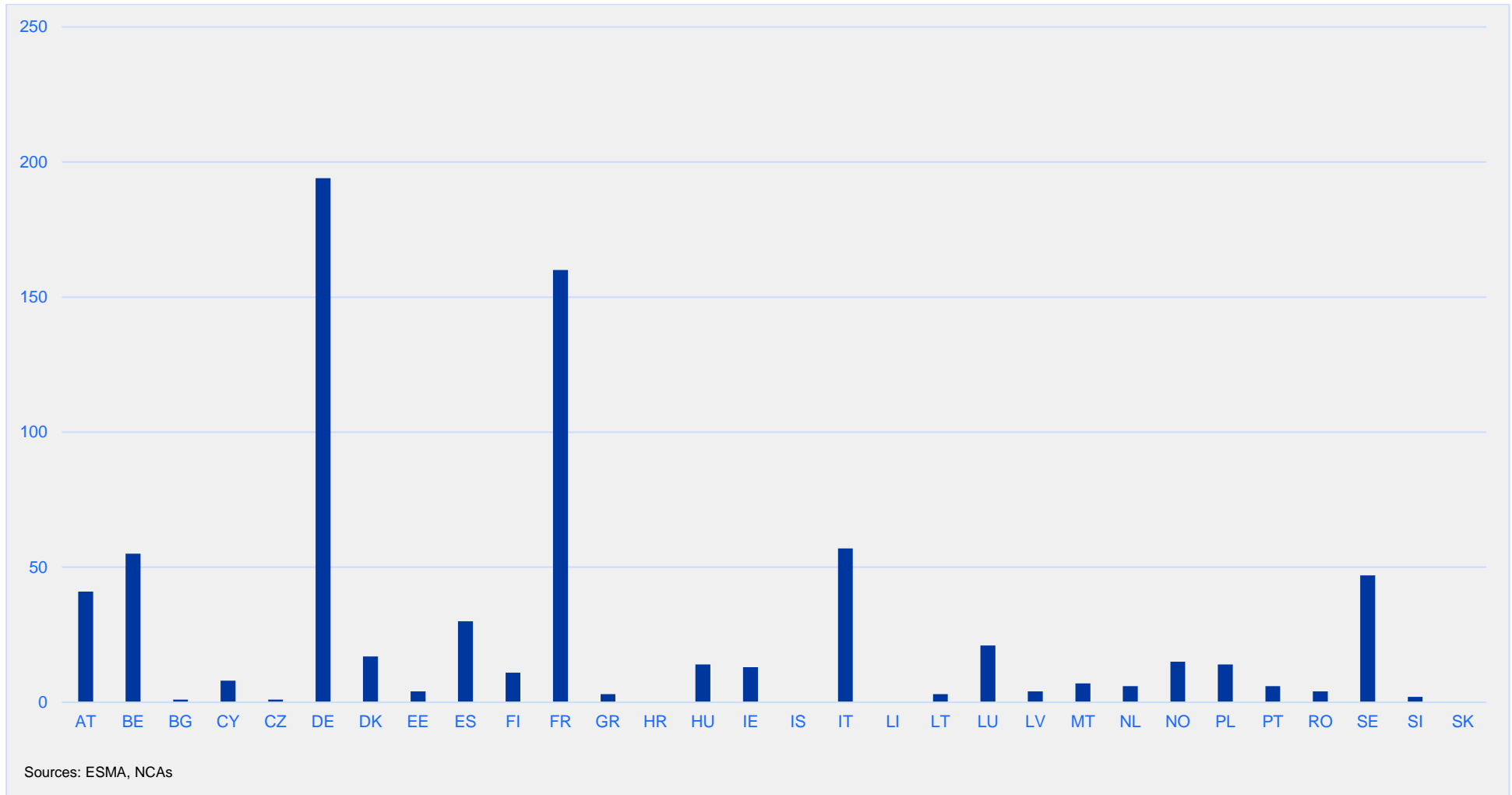


3.6 Investment firms submitting a STOR

34. In line with the information presented last year, ESMA considers it useful to provide insights on the number of investment firms submitting STORs. To that end, ESMA looked at the 2023 figures, where it emerged that 738 investment firms have submitted at least one STOR over the observation period, resulting in a slight increase compared to 2021(643) and 2022 (608).

35. The jurisdiction where most investment firms submitted a STOR in 2023 was Germany (194), followed by France (160), Italy (57), Belgium (55), Sweden (47), Austria (41) and Spain (30). More details are provided in Figure 14 below.

FIGURE 14 – NUMBER OF INVESTMENT FIRMS SUBMITTING STORs IN 2023



36. In line with the previous sections, ESMA has observed how the number of investment firms submitting a STOR has evolved over the years and produced statistics with (see Figure 15) and without (see Figure 16) the UK for the years 2010-2023¹¹.

37. Figure 15 and Figure 16 show that the trend, appears to fluctuate over the years, without though any major differences from one year to another.

FIGURE 15 – AGGREGATED NUMBER OF DIFFERENT INVESTMENT FIRMS SUBMITTING STORS (INCLUDING THE UK), 2010-2023

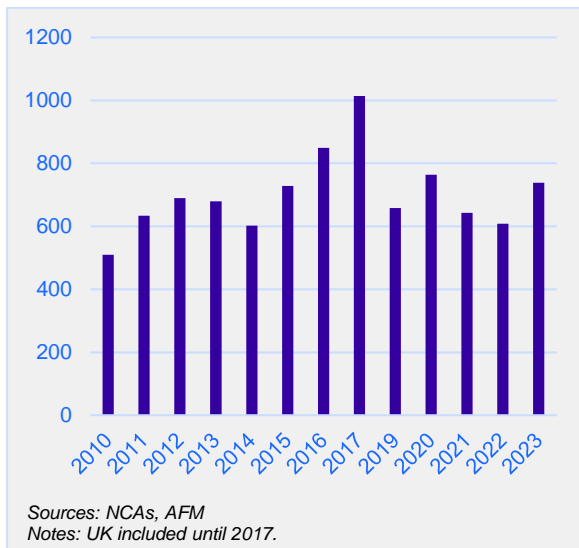
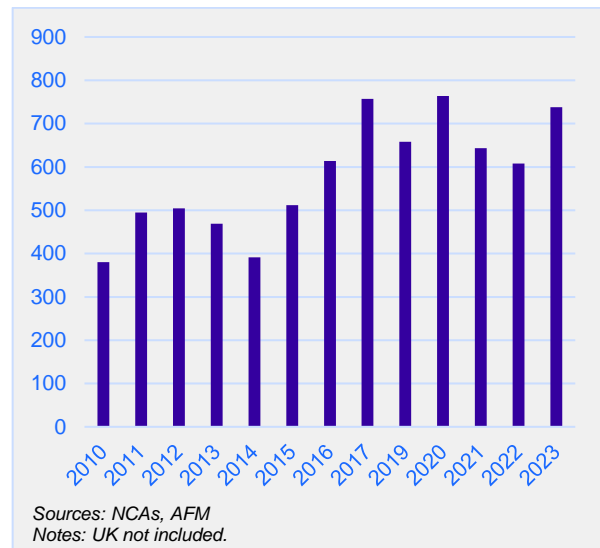


FIGURE 16 - AGGREGATED NUMBER OF DIFFERENT INVESTMENT FIRMS SUBMITTING STORS (EXCLUDING THE UK), 2010-2023



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.

40. More in detail, the NCAs responding to the survey reported that in 2023 the great majority of STORs provided to other CAs were sent to NCAs (1,858), with a lower

¹¹ 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.

number of STORs sent to third-country CAs (341). A more detailed picture is presented in Figure 17 below. That represents an increase compared to 2022 (and 2021) where the number of STOR sent to other NCAs was 1,617 (1,497) and those sent to other CAs 187 (268). This represents a 22% increase from 2022 to 2023, against an overall 12% increase from 2022 to 2023 in number of STORs received by NCAs.

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 2023 (42% of the total), followed by the AMF (15%) and CBI (11%). The trend is very much aligned with the last four years.
42. Regarding the 341 STORs provided to third-country CAs in 2023, according to the data collection the majority of them were sent by the AMF (30%), followed by the CySec (25%) and BaFin (12%).

FIGURE 17 – NUMBER OF STORs PROVIDED TO OTHER NCAs AND THIRD-COUNTRY CAs IN 2023

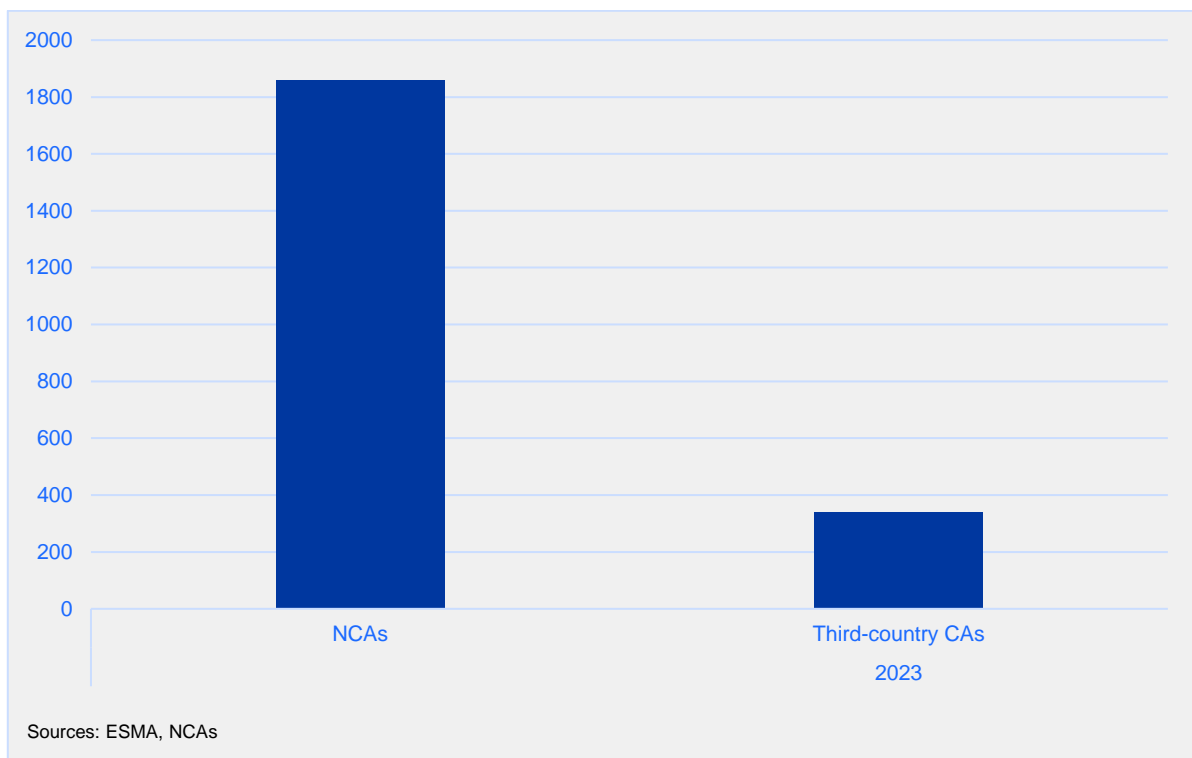
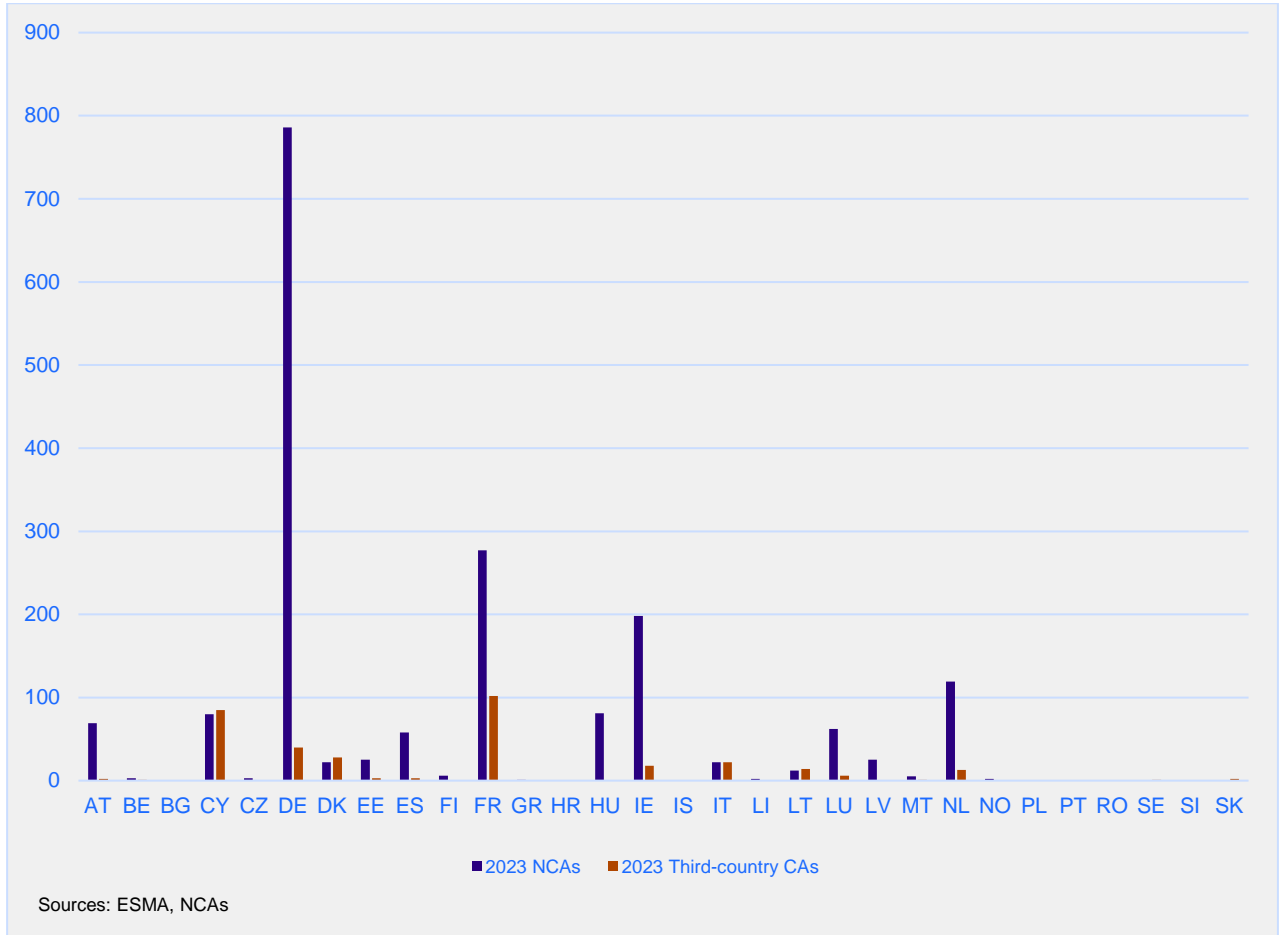


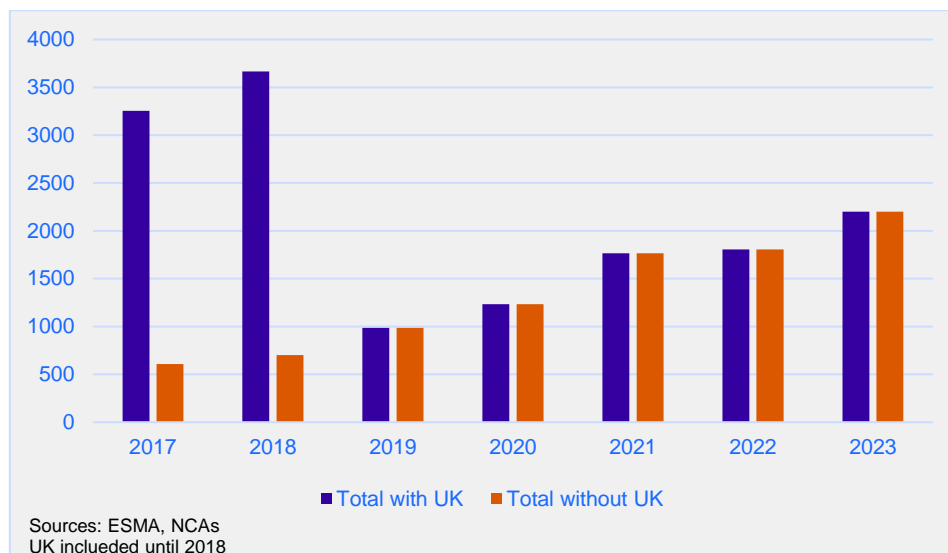
FIGURE 18 - STORs PROVIDED TO OTHER NCAs AND THIRD-COUNTRY CAs IN 2023



43. When looking at the data for previous years¹², 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, as done already for other indicators, data both with and without the UK are presented in Figure 19 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 two years appear in line with the data gathered by ESMA in relation to 2019, 2020, 2021, 2022 and 2023.

FIGURE 19 – AGGREGATED NUMBER OF STORs PROVIDED TO OTHER NCAs AND THIRD-COUNTRY CAs, WITH AND WITHOUT THE UK (2017-2023)



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, in 2023 the majority of STORs was received from other NCAs (1,806) while only a smaller portion from third-country CAs (639).

46. When focussing on STORs received from NCAs only, in 2023 BaFin was the NCA that received most of those STORs (21% of the total), followed closely by the AFM (18%), the AMF (17%) and the Swedish FSA (10%).

¹² ESMA was not able to retrieve data for the years before 2017.

47. The reports received from third-country CAs in 2023 were mainly sent to BaFin (33% of the total), the AMF (20%) and the AFM (16%).

FIGURE 20 - NUMBER OF STORS RECEIVED FROM OTHER NCAs AND THIRD-COUNTRY CAs IN 2023

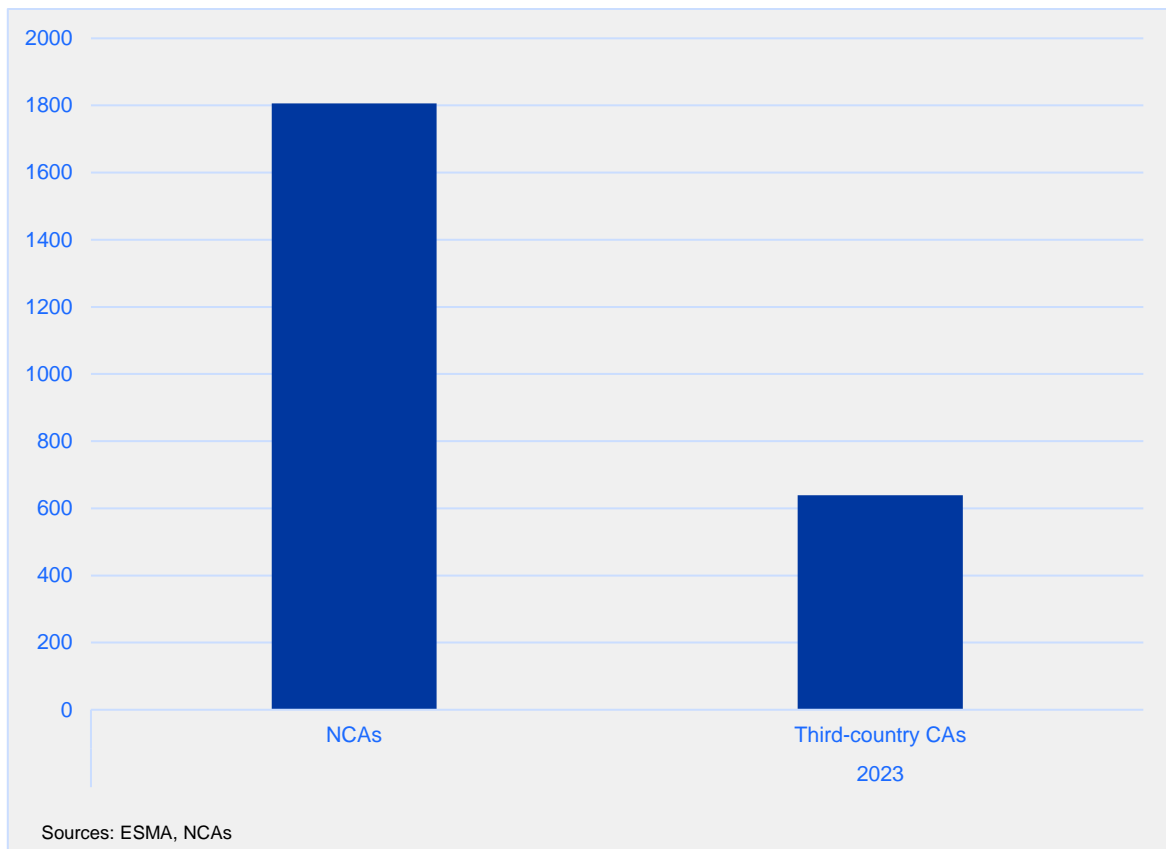
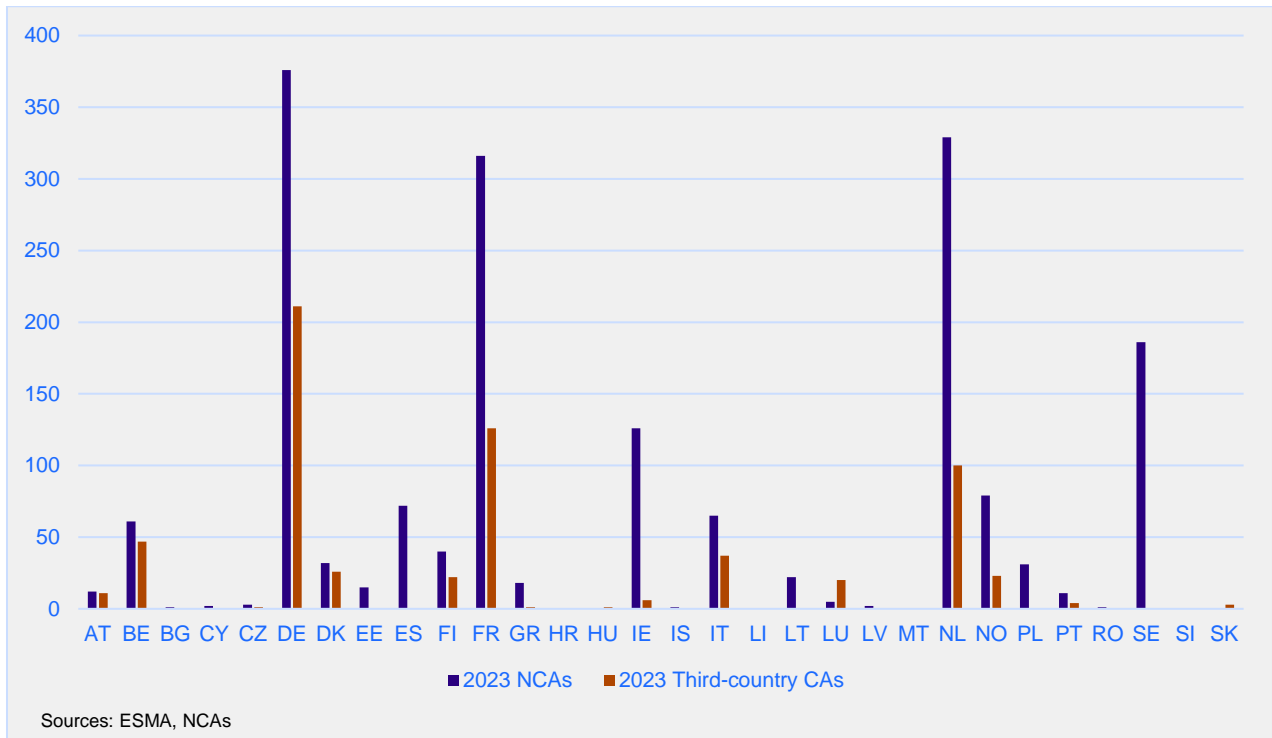
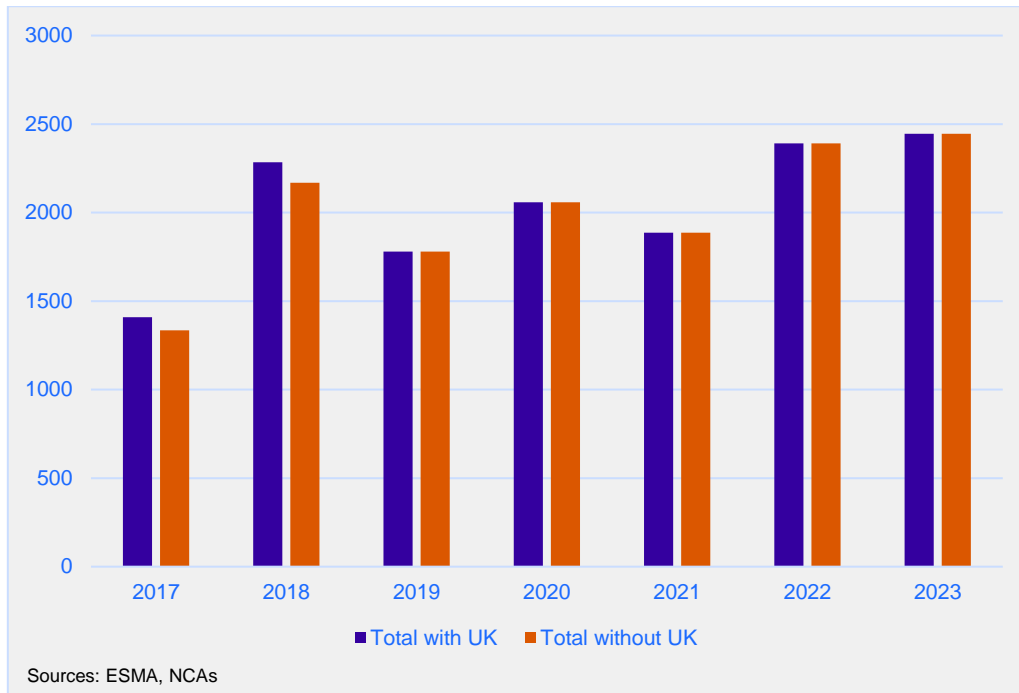


FIGURE 21 - STORS RECEIVED FROM OTHER NCAs AND THIRD-COUNTRY CAs IN 2023, PER JURISDICTION



48. As for the last report, 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. More in detail, 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 for these two years, and it can be concluded that the figures including the UK are only slightly higher than those where the UK is excluded. This is presented in Figure 22 below.

FIGURE 22 - AGGREGATED NUMBER OF STORs RECEIVED FROM OTHER NCAs AND THIRD-COUNTRY CAs, WITH AND WITHOUT THE UK (2017-2023)



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 2023. NCAs sent 14 notifications to other NCAs and two to third-country CAs (it was 13 and three in 2022, and 23 and three in 2021).¹³
50. Regarding the notifications received from other authorities, the data show that NCAs received 14 from other NCAs and 15 from third-country CAs (it was 14 and 19 in 2022, and 16 and 23 in 2021).

4 Conclusions

51. The importance of STORs as a source of information in market abuse investigations is well known.
52. Therefore, as follow up to the report published in July 2023, ESMA agreed to produce this second report in order to continue monitoring how this tool is used by the different NCAs and to assess whether any pattern can be observed.

¹³ Data for previous years are not available as ESMA started gathering this information only in 2021.

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. In addition, as this exercise is now carried out regularly, the use of a similar data methodology allows for a high degree of comparability across the relevant reporting periods, rendering the exercise even more meaningful.
54. As already mentioned, it is important to note that Brexit had a relevant impact on some statistics presented in this 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 focussed mainly on 2023 data, are summarised in the following paragraphs.
- All 30 EEA NCAs responded to the survey. The figures gathered by ESMA show that the number of notifications, including STORs plus other notifications increased by 9% increase from 2022 to 2023 (7,491 vs 6,846).
 - As in previous years, most of the notifications received originated from investment firms.
 - In 2023, Germany is the country that received most notifications, followed by France. The situation is rather similar when considering STORs only.
 - In 2023, the great majority of notifications concerned shares, followed by bonds and derivatives.
 - A slight majority of notifications covered cases of alleged insider trading which accounted for 51% of the total in 2023. This represents a slight change compared to previous years where in most cases reports were sent for cases of alleged market manipulation (52% across the last four years).
 - 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 has increased when compared with previous years. Similarly, NCAs received most of the notifications from other NCAs but at the same time the portion of those received from third-country CAs is rather consistent.