MARKET CONDUCT SOURCEBOOK (AMENDMENT NO 11) INSTRUMENT 2012

Powers exercise

A. The Financial Services Authority makes this instrument in the exercise of

(1) the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):

(a) section 119 (The code);
(b) section 121 (Codes: procedure);
(c) section 156 (General supplementary powers); and
(d) section 157(1) (Guidance); and

(2) the other powers and related provisions listed in Schedule 4 (Powers exercised) to the General Provisions of the Handbook.

B. The rule-making powers referred to above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force on 1 August 2012.

Amendments to the Handbook

D. The Market Conduct sourcebook (MAR) is amended in accordance with the Annex to this instrument.

Citation

E. This instrument may be cited as the Market Conduct Sourcebook (Amendment No 11) Instrument 2012.

By order of the Board
26 July 2012

Annex

Amendments to the Market Conduct sourcebook (MAR)

In this Annex, underlining indicates new text and striking through indicates deleted text.

1.4. Market abuse (improper disclosure)

…

Descriptions of behaviour that does not amount to market abuse (improper disclosure)

…

1.4.4 C …

<u>1.4.4A</u> <u>C</u> <u>Disclosure of *inside information* by a *broker* to a potential buyer regarding the fact that the seller of *qualifying investments* is a *person discharging managerial responsibilities* or the identity of the *person discharging managerial responsibilities* or the purpose of the sale by the *person discharging managerial responsibilities* where:</u>

… <u>(1)</u> <u>the disclosure is made only to the extent necessary, and solely in order to dispose of the investment;</u>

<u>(2)</u> <u>the illiquidity of the stock is such that the transaction could not otherwise be completed; and</u>

<u>(3)</u> <u>the transaction could not be otherwise completed without creating a disorderly market;</u>

<u>will not, of itself, amount to *market abuse (improper disclosure).*</u>

…

Examples of market abuse (improper disclosure)

1.4.6 G The following ~~is an example~~ <u>are examples</u> of *market abuse (improper disclosure)*~~:~~<u>.</u>

<u>(1)</u> X, a director at B PLC has lunch with a friend, Y, who has no connection with B PLC or its advisers. X tells Y that his company has received a takeover offer that is at a premium to the current share price at which it is trading.

<u>(2)</u> <u>A, a *person discharging managerial responsibilities* in B PLC, asks C, a *broker*, to sell some or all of A's shares in B PLC. C discloses to a potential buyer that A is a *person discharging managerial responsibilitie*s or discloses the identity of A, in circumstances where</u>

the fact that A is a *person discharging managerial responsibilities* or the identity of A, is *inside information*, other than in the circumstances set out in *MAR* 1.4.4AC.