



Financial Services and Markets Act 2000

2000 CHAPTER 8

PART VIII

PENALTIES FOR MARKET ABUSE

Market abuse

[^{F1}118 Market abuse.

- (1) For the purposes of this Act, market abuse is behaviour (whether by one person alone or by two or more persons jointly or in concert) which—
 - (a) occurs in relation to—
 - (i) qualifying investments admitted to trading on a prescribed market,
 - (ii) qualifying investments in respect of which a request for admission to trading on such a market has been made, or
 - (iii) in the case of subsection (2) or (3) behaviour, investments which are related investments in relation to such qualifying investments, and
 - (b) falls within any one or more of the types of behaviour set out in subsections (2) to (8).
- (2) The first type of behaviour is where an insider deals, or attempts to deal, in a qualifying investment or related investment on the basis of inside information relating to the investment in question.
- (3) The second is where an insider discloses inside information to another person otherwise than in the proper course of the exercise of his employment, profession or duties.
- (4) The third is where the behaviour (not falling within subsection (2) or (3))—
 - (a) is based on information which is not generally available to those using the market but which, if available to a regular user of the market, would be, or would be likely to be, regarded by him as relevant when deciding the terms on which transactions in qualifying investments should be effected, and

Status: Point in time view as at 30/06/2008. This version of this provision has been superseded.

Changes to legislation: Financial Services and Markets Act 2000, Section 118 is up to date with all changes known to be in force on or before 13 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (b) is likely to be regarded by a regular user of the market as a failure on the part of the person concerned to observe the standard of behaviour reasonably expected of a person in his position in relation to the market.
- (5) The fourth is where the behaviour consists of effecting transactions or orders to trade (otherwise than for legitimate reasons and in conformity with accepted market practices on the relevant market) which—
- (a) give, or are likely to give, a false or misleading impression as to the supply of, or demand for, or as to the price of, one or more qualifying investments, or
- (b) secure the price of one or more such investments at an abnormal or artificial level.
- (6) The fifth is where the behaviour consists of effecting transactions or orders to trade which employ fictitious devices or any other form of deception or contrivance.
- (7) The sixth is where the behaviour consists of the dissemination of information by any means which gives, or is likely to give, a false or misleading impression as to a qualifying investment by a person who knew or could reasonably be expected to have known that the information was false or misleading.
- (8) The seventh is where the behaviour (not falling within subsection (5), (6) or (7))—
- (a) is likely to give a regular user of the market a false or misleading impression as to the supply of, demand for or price or value of, qualifying investments, or
- (b) would be, or would be likely to be, regarded by a regular user of the market as behaviour that would distort, or would be likely to distort, the market in such an investment,
- and the behaviour is likely to be regarded by a regular user of the market as a failure on the part of the person concerned to observe the standard of behaviour reasonably expected of a person in his position in relation to the market.
- (9) Subsections (4) and (8) and the definition of “regular user” in section 130A(3) cease to have effect on [F231 December 2009] and subsection (1)(b) is then to be read as no longer referring to those subsections.]

Textual Amendments

- F1** Ss. 118-118C substituted (1.7.2005) for s. 118 by [The Financial Services and Markets Act 2000 \(Market Abuse\) Regulations 2005 \(S.I. 2005/381\)](#), regs. 1(2), 5, **Sch. 2 para. 1**
- F2** Words in s. 118(9) substituted (30.6.2008) by [The Financial Services and Markets Act 2000 \(Market Abuse\) Regulations 2008 \(S.I. 2008/1439\)](#), **reg. 3(2)**

Status:

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