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## **FINAL NOTICE**

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To: Sigma Broking Limited

Reference  
Number: 485362

Address: 20<sup>th</sup> Floor  
125 Old Broad St  
London  
EC2N 1AR

Date: 29 July 2025

### **1. ACTION**

- 1.1 For the reasons given in this Final Notice, the Authority hereby imposes on Sigma Broking Limited ("Sigma") a financial penalty of £1,087,300 pursuant to section 206 of the Act.
- 1.2 Sigma agreed to resolve this matter and qualified for a 30% (stage 1) discount under the Authority's executive settlement procedures. Were it not for this discount, the Authority would have imposed a financial penalty of £1,553,300 on Sigma.

### **2. SUMMARY OF REASONS**

- 2.1. The Authority has taken this action because between 1 December 2018 and 1 December 2023 (the "Relevant Period"), Sigma breached Article 26 of MiFIR and Principle 3 of the Authority's

Principles for Businesses as close to all of the transaction reports submitted by Sigma during the Relevant Period were incomplete and/or inaccurate.

- 2.2. The Authority is a data led regulator. Transaction reporting data sets are an important information source that enable the Authority to conduct effective surveillance and oversight, meet its statutory objective to maintain market integrity, and deliver on prioritised commitments in the Strategy 2025 to 2030 to fight financial crime. In order to be able to monitor and detect market abuse effectively, the Authority needs to receive complete and accurate information in a timely manner regarding the types of instruments traded, when and how they are traded and by whom.
- 2.3. Sigma is a UK MiFID investment firm (as defined in the Authority's Handbook) offering futures and options brokering and execution services to institutional customers.
- 2.4. During the Relevant Period, transaction reports submitted by Sigma to the Authority were either incomplete or inaccurate or both. The deficiencies impacted 924,584 transactions, close to 100% of reportable transactions undertaken by all of its trading desks during the Relevant Period.
- 2.5. These reporting failures resulted from the reporting system initially having been set up incorrectly and these set up errors not having been corrected throughout the Relevant Period.
- 2.6. In December 2023, as part of a remediation project to resolve the firm's transaction reporting processes, Sigma undertook an exercise to implement immediate fixes to enable it to report accurately. As of 5 February 2025, Sigma has corrected and resubmitted the incomplete and inaccurate transaction reports.
- 2.7. The deficiencies in reporting meant that Sigma breached its obligation to report transactions under Article 26 of MiFIR and failed to comply with Principle 3 of the Authority's Principles for Businesses, which requires firms to take reasonable care to organise and control their affairs responsibly and effectively. The Authority considers Sigma's failure to submit complete or accurate transaction reports by all of its trading desks during five years to be particularly serious.

- 2.8. Accordingly, the Authority hereby imposes on Sigma a financial penalty of £1,087,300 pursuant to section 206 of the Act.

### **3. DEFINITIONS**

- 3.1. The definitions below are used in this Notice:

“the Act” means the Financial Services and Markets Act 2000

“the Authority” means the Financial Conduct Authority

“the Authority’s Handbook” means the Authority’s Handbook of rules and guidance

“back reporting” means where errors or omissions are identified in transaction reports, the investment firm or trading venue reporting the transaction must cancel the report, correct the information, and submit a corrected report, under Article 26(7) of MiFIR

“DEPP” means the Decision Procedure and Penalties Manual, which forms part of the Authority’s Handbook

“MiFID II” means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as implemented in the UK

“MiFIR” means the UK version of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. “Article 26 of MiFIR” means the obligation to report transactions

“Principle” means one of the Authority’s Principles for Businesses

“Relevant Period” means the period between 1 December 2018 to 1 December 2023

“Sigma” means Sigma Broking Limited

“the Tribunal” means the Upper Tribunal (Tax and Chancery Chamber)

## **4. FACTS AND MATTERS**

### **Background**

- 4.1. The implementation of MiFID across all European Economic Area member states on 1 November 2007 (effective from 5 November 2007 for transaction reporting) introduced changes to the list of products for which transactions had to be reported to the Authority and standardised the list of information that had to be included in the transaction reports. These rules were then replaced with the MiFID II and MiFIR transaction reporting regime from 3 January 2018, which was subsequently onshored into UK legislation post-Brexit.
- 4.2. Sigma has been authorised by the Authority since 5 August 2008 as a brokerage firm, providing its customers with a range of services including access to worldwide exchanges through its trading platform. Sigma became an approved Category 1 Member of the London Metal Exchange in January 2022.
- 4.3. As a UK MiFID investment firm (as defined in the Authority's Handbook), Sigma is required under Article 26 of MiFIR to submit transaction reports to the Authority for all reportable transactions it executes in financial instruments.
- 4.4. Each transaction report should include, amongst other elements, information about the buyer and seller along with details of any client allocation. Without this information, the Authority is provided with an incomplete picture of each individual client's trading activity. Therefore, failure to report this information materially impacts the Authority's ability to carry out effective surveillance and oversight in order to detect, investigate, and prevent market abuse and reduce financial crime.
- 4.5. Sigma has been subject to transaction reporting requirements under MiFID II and MiFIR since January 2018 and was therefore aware of the requirement to submit transaction reports under Article 26 of MiFIR.
- 4.6. In October 2022, the Authority fined Sigma £531,600 for failing to accurately report client allocations connected to other areas of its business during the period 1 December 2014 to 12 August 2016. That ought to have prompted Sigma to ensure that it was complying with the requirements of Article 26 of MiFIR, and to submit complete and accurate transaction reports in a timely fashion.

## **Transaction reporting**

- 4.7. On 17 May 2023, the Authority's Markets Reporting Team contacted Sigma about a discrepancy it had identified in the reporting of buyer and seller information.
- 4.8. The Authority prompted Sigma for a response on 13 June 2023. On 20 June 2023, Sigma responded to the Authority to confirm that it had reviewed the data, identified issues with the content of several fields submitted as part of its transaction reporting, and initiated a broader review with the assistance of a third party.
- 4.9. From July 2023 to December 2023, Sigma engaged with the Authority to provide monthly updates regarding identification and remediation of transaction reporting matters.
- 4.10. On 15 January 2024, Sigma notified the Authority that it may have failed to submit some 984,000 complete and accurate transaction reports. That included inaccurate reporting via the reversal of buyer and seller information and underreporting of client allocation.
- 4.11. It then took Sigma a further year, to 5 February 2025, to finalise back reporting of the affected trades and to accurately quantify the number of errors and omissions during the Relevant Period as 924,584. Sigma provided the Authority with progress updates over that period.

## **Third party review**

- 4.12. In March 2023, which was prior to the Authority's engagement with Sigma on 17 May 2023, Sigma initiated an independent third party review of the completeness and accuracy of its transaction reports after becoming an approved Category 1 Member of the London Metal Exchange in January 2022.
- 4.13. By August 2023, the third party review identified accuracy and completeness issues with Sigma's existing transaction reporting processes.
- 4.14. The transaction reporting failures resulted from incorrect setup and weaknesses in reporting logic during MiFiD II implementation.
- 4.15. In December 2023, as part of a remediation project to resolve the firm's transaction reporting processes, Sigma undertook an exercise to implement immediate fixes to enable it to report accurately.

## **5. FAILINGS**

- 5.1. The regulatory provisions relevant to this Notice are referred to in Annex A.
- 5.2. Between 1 December 2018 and 1 December 2023, Sigma failed to report complete and accurate details on close to all of its transactions in financial instruments to the Authority and as a result contravened Article 26 of MiFIR. During the same period Sigma also breached Principle 3 as its systems and controls responsible for transaction reporting were inadequate.

## **6. SANCTION**

### **Financial penalty**

- 6.1. The Authority's policy for imposing a financial penalty is set out in Chapter 6 of DEPP. In respect of conduct occurring on or after 6 March 2010, the Authority applies a five-step framework to determine the appropriate level of financial penalty. DEPP 6.5A sets out the details of the five-step framework that applies in respect of financial penalties imposed on firms.

### **Step 1: disgorgement**

- 6.2. Pursuant to DEPP 6.5A.1G, at Step 1 the Authority seeks to deprive a firm of the financial benefit derived directly from the breach where it is practicable to quantify this.
- 6.3. The Authority has not identified any financial benefit that Sigma derived directly from its breach.
- 6.4. Step 1 is therefore £0.

### **Step 2: the seriousness of the breach**

- 6.5. Pursuant to DEPP 6.5A.2G, at Step 2 the Authority determines a figure that reflects the seriousness of the breach. In this case, the Authority does not consider that revenue is an appropriate indicator of the harm or potential harm caused by Sigma's breach. Instead, the Authority considers that the number of incomplete and inaccurate transaction reports is indicative of the harm, or potential harm, caused by the breach.

- 6.6. The Authority has attributed a value of £2.00 for each of Sigma's inaccurate or incomplete transaction reports. The Authority considers that this reflects the serious nature of failing to report transactions in accordance with Article 26 of MiFIR, along with failing to comply with transaction reporting obligations in light of previous publications against firms, which includes previous action taken against Sigma in October 2022.
- 6.7. During the Relevant Period, Sigma failed to completely and accurately report a total of 924,584 transactions and therefore the Authority has determined the appropriate starting point for Step 2 to be £1,849,168.
- 6.8. The Authority has determined the seriousness of Sigma's breaches to be Level 4 for the purposes of Step 2, having taken into account:
- (1) DEPP 6.5A.2G (6) to (7) which provide factors the Authority will generally take into account which reflect the impact and nature of the breach, in deciding which level of penalty best indicates the seriousness of the breach;
  - (2) DEPP 6.5A.2G (11) which lists factors likely to be considered 'level 4 or 5 factors'; and
  - (3) DEPP 6.5A.2G (12) which lists factors likely to be considered 'level 1, 2 or 3 factors'.
- 6.9. The Authority considers the following 'level 1, 2 or 3 factors' to be relevant:
- (1) No profits were made or losses avoided as a result of the breach, either directly or indirectly.
  - (2) The breach was not committed deliberately or recklessly.
- 6.10. The Authority considers the following 'level 4 or 5 factors' to be relevant:
- (1) Sigma's continued failure to submit complete and accurate transaction reports over a five-year period created a significant risk of delays to the Authority's decision making in connection with market abuse enquiries; and

- (2) During the Relevant Period, Sigma's failure to submit complete or accurate transaction reports, across all of its trading desks, was a result of serious and systemic weaknesses in Sigma's transaction reporting controls which had to be remedied.

6.11. In accordance with DEPP 6.5A.2G(13), the Authority has applied the following percentages to the seriousness factors considered above:

Level 1 – 0%

Level 2 – 10%

Level 3 – 20%

Level 4 – 30%

Level 5 – 40%

6.12. Taking all of those above-mentioned factors into account, the Authority considers that a seriousness level of 4 is appropriate and so the Step 2 figure is 30% of £1,849,168.

6.13. Step 2 is therefore £554,750.

### **Step 3: mitigating and aggravating factors**

6.14. Pursuant to DEPP 6.5A.3G, at Step 3 the Authority may increase or decrease the amount of the financial penalty arrived at after Step 2, but not including any amount to be disgorged as set out in Step 1, to take into account factors which aggravate or mitigate the breach.

6.15. The Authority considers the following factors aggravate the breach:

- (1) Over the years, the Authority has given substantial and ongoing guidance to the industry regarding transaction reporting requirements through its transaction reporting webpage, the Market Watch newsletter, the Transaction Reporting User Pack (under MiFID), the ESMA Transaction Reporting Guidelines and Q&A, the Transaction Reporting Forum and ad hoc industry events.

- (2) Sigma was fined £531,600 in October 2022 for similar failings to accurately report client allocations connected to other areas of its business. The firm was effectively reminded, during the



Relevant Period, of requirements to submit complete and accurate transaction reports and regularly reconcile records.

- (3) Sigma failed to quickly, effectively and completely bring the breaches to the Authority's attention. Sigma initiated an independent third party review in March 2023 to assess the completeness and accuracy of the firm's transaction reports. However, that followed the firm becoming an approved Category 1 Member of the London Metal Exchange in January 2022 rather than being in direct response to matters connected to the fine in October 2022. Sigma did not inform the Authority of the existence, and on-going nature, of the third party engagement until 20 June 2023, after it had been contacted by the Authority on 17 May 2023.
- (4) During the Relevant Period the Authority published Final Notices, and imposed financial penalties, in respect of two firms for transaction reporting failures.

6.16. Having taken into account these aggravating factors, the Authority considers that the Step 2 figure should be increased by 40%.

6.17. Step 3 is therefore £776,650.

#### **Step 4: adjustment for deterrence**

6.18. Pursuant to DEPP 6.5A.4G, if the Authority considers the figure arrived at after Step 3 is insufficient to deter the firm who committed the breach, or others, from committing further or similar breaches, then the Authority may increase the penalty.

6.19. The Authority does not consider the Step 3 figure of £776,650 sufficient to deter Sigma and others and considers that a multiplier of 2 should be applied at Step 4.

6.20. Step 4 is therefore £1,553,300.

#### **Step 5: settlement discount**

6.21. Pursuant to DEPP 6.5A.5G, if the Authority and the firm on whom a penalty is to be imposed agree the amount of the financial penalty and other terms, DEPP 6.7 provides that the amount of the financial penalty which might otherwise have been payable will be reduced to reflect the stage at which the Authority and the firm reached

agreement. The settlement discount does not apply to the disgorgement of any benefit calculated at Step 1.

6.22. The Authority and Sigma reached a settlement agreement and so a 30% discount applies to the Step 4 figure.

6.23. Step 5 is therefore £1,087,300 (rounded down to the nearest £100).

### **Penalty**

6.24. The Authority hereby imposes a total financial penalty of £1,087,300.

## **7. PROCEDURAL MATTERS**

7.1. This Notice is given to Sigma under section 390 of the Act.

7.2. The following statutory rights are important.

### **Decision maker**

7.3. The decision which gave rise to the obligation to give this Notice was made by the Settlement Decision Makers.

### **Manner and time for payment**

7.4. The financial penalty must be paid in full by Sigma to the Authority no later than 11 August 2025.

### **If the financial penalty is not paid**

7.5. If all or any of the financial penalty is outstanding on 12 August 2025, the Authority may recover the outstanding amount as a debt owed by Sigma and due to the Authority.

### **Publicity**

7.6. Sections 391(4), 391(6) and 391(7) of the Act apply to the publication of information about the matter to which this notice relates. Under those provisions, the Authority must publish such information about the matter to which this notice relates as the Authority considers appropriate. The information may be published in such manner as the Authority considers appropriate. However, the Authority may not publish information if such publication would,

in the opinion of the Authority, be unfair to you or prejudicial to the interests of consumers or detrimental to the stability of the UK financial system.

- 7.7. The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

**Authority contacts**

- 7.8. For more information concerning this matter generally, contact Lauren Smith at the Authority (direct line: 020 7066 1292 /email: [mailto: lauren.smith@fca.org.uk](mailto:lauren.smith@fca.org.uk)).

Ross Murdoch

Head of Department

Financial Conduct Authority, Enforcement and Market Oversight Division

## **ANNEX A**

### **RELEVANT STATUTORY AND REGULATORY PROVISIONS**

#### The Financial Services and Markets Act 2000 ("the Act")

- 1.1 The Authority's statutory objectives, set out in section 1B of the Act, include the strategic objective of ensuring that the relevant markets function well and the operational objectives of protecting and enhancing the integrity of the UK financial system and securing an appropriate degree of protection for consumers.

#### Section 206 of the Act

- 1.2 Section 206(1) of the Act provides: *"If the Authority considers that an authorised person has contravened a requirement imposed on him by or under this Act... it may impose on him a penalty, in respect of the contravention, of such amount as it considers appropriate."*

#### MiFIR

- 1.3 The requirement to submit transaction reports is contained in Article 26 of MiFIR.

### **RELEVANT REGULATORY PROVISIONS**

#### **Principles for Businesses**

- 1.4 The Principles are general statements of the fundamental obligations of firms under the regulatory system and are set out in the Authority's Handbook. They derive their authority from the Authority's rule-making powers set out in the Act.
- 1.5 Principle 3 provides that a firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.

#### **Decision Procedure and Penalties Manual (DEPP)**

- 1.6 Chapter 6 of DEPP, which forms part of the Authority's Handbook, sets out the Authority's statement of policy with respect to the imposition and amount of financial penalties under the Act.

### **The Enforcement Guide**

- 1.7 The Enforcement Guide sets out the Authority's approach to exercising its main enforcement powers under the Act.

### **PUBLIC STATEMENTS**

- 1.8 Over the years, the Authority has given substantial and ongoing guidance to the industry regarding transaction reporting requirements through its transaction reporting webpage, the Market Watch newsletter, the Transaction Reporting User Pack (under MiFID), the ESMA Transaction Reporting Guidelines and Q&A, the Transaction Reporting Forum and ad hoc industry events.

- 1.9 The Authority's transaction reporting webpage can be accessed here:

<https://www.fca.org.uk/markets/transaction-reporting>

- 1.10 It includes access to relevant Market Watch newsletters, which can help regulated firms and other non-regulated market users to understand more about the subject matter as well as highlighting relevant practices to consider. Market Watch 81, which discusses recent observations from the Authority's supervision of the UK MiFID transaction reporting regime, can be accessed here:

<https://www.fca.org.uk/publications/newsletters/market-watch-81>

- 1.11 The Authority expects firms to note the findings and make necessary enhancements to their transaction reporting environment to comply with relevant requirements.

- 1.12 The Authority has sought feedback to improve the transaction reporting regime.