interests in price movements may conflict with those of their clients, opening the way for possible misconduct.

For example, when transacting for clients as agents in opaque markets, they may hide and retain any price differences behind obscure fees and charges. The SFC reprimanded Societe Generale in July 2012 for failing to disclose that it retained the difference between the actual transacted price and what it charged clients for over 3,000 secondary market transactions in over-the-counter (OTC) bonds, options and structured notes. As part of the resolution of this case[2], Societe Generale, without admitting liability, agreed to reimburse affected customers with interest. It has since taken steps to overhaul its systems and procedures to be fully compliant.

The opacity of OTC trading makes it relatively easy t

power[7] to query the listing applications, which were subsequently withdrawn. In cases where vote rigging was suspected, we invoked our power to order suspension of trading in the shares[8]. In 2017, around 40 cases involved the actual or potential use of these powers, compared to only two or three such cases in prior years.

We also put sponsors in the spotlight. We identify sponsors with a history of

Innovation and technology can help the industry improve performance but it can also amplify the risks in capital markets. Quant funds have long employed algorithms to execute large orders to achieve particular statistical benchmarks, such as Value Weighted Average Price. Algorithmic programmes now use a vast number of hidden layers to process large