

Chapter 2

Recognition requirements

2.1 Introduction

- 2.1.1** **G** (1) This chapter contains the *recognition requirements* for *UK RIEs* (other than *RAPs*) and sets out *guidance* on those requirements.
- (2) This chapter also contains “**Notes**” with informative text in relation to *MiFID/MiFIR requirements* applicable directly to *UK RIEs* operating *trading venues*.
- (3) This chapter directs *UK RIEs* to certain *recognition requirements* and *guidance* on those requirements found in other parts of the *Handbook*.

2.1.1A **G** *Guidance* on the *RAP recognition requirements* which apply to *RAPs* is set out in **■ REC 2A** (Recognised Auction Platforms). *Guidance* on the *recognition requirements* for *ROIEs* is set out in **■ REC 6** (Overseas Investment Exchanges).

2.1.2 **G** These *recognition requirements* must be satisfied by applicants for *UK RIE* status before recognition is granted and by all *UK RIEs* at all times while they are recognised. In addition the *MiFID implementing requirements* must be satisfied by applicants for *UK RIE* status before recognition is granted and by all *UK RIEs* at all times while they are recognised. The same standards apply both on initial recognition and throughout the period *recognised body* status is held. The term *UK RIE* in the *guidance* should be taken, therefore, to refer also to an applicant when appropriate.

- 2.1.3** **G** (1) The paragraphs in the Schedule to the *Recognition Requirements Regulations* are grouped in this sourcebook in sections which give *guidance* on the same subject for *UK RIEs*.
- (2) The table in **■ REC 2.1.4 G** indicates in which section each of those paragraphs (and the associated *guidance*) can be found.

2.1.4 **G** **Location of recognition requirements and guidance**

| Recognition Requirements Regulations | Subject | Section in REC 2/ other parts of the Handbook |
|--------------------------------------|---|---|
| Regulation 6 | Method of satisfying recognition requirements | 2.2 |

| Recognition Requirements Regulations | Subject | Section in REC 2/ other parts of the Handbook |
|--|---|---|
| Part I of the Schedule | UK RIE recognition requirements | |
| Paragraph 1 | Financial resources | 2.3 |
| Paragraph 2 | Suitability | 2.4 |
| Paragraphs 2A and 2B | Management Body | 2.4A |
| Paragraphs 3, 3A, 3B, 3C, 3D, 3E, 3G and 3H | Systems and controls, market making agreements, halting trading, direct electronic access, co-location services, fee structures, algorithmic trading, tick size regimes, synchronisation of business clocks | 2.5 |
| Paragraphs 4(1), 4(2)(aa) and 4C | General safeguards for investors and publication of data regarding execution of transactions | 2.6 |
| Paragraph 4(2)(a) | Access to facilities | 2.7 |
| Paragraph 4(2)(c) | Availability of relevant information | 2.12 |
| Paragraph 4(2)(d) | Settlement | 2.8 |
| Paragraph 4(2)(e) | Transaction recording | 2.9 |
| Paragraph 4(2)(ea) | Conflicts | 2.5 |
| Paragraph 4(2)(f) and 4(2)(fa) | Financial crime and market abuse | 2.10 |
| Paragraph 4(2)(g) | Custody | 2.11 |
| Paragraph 4(3) | Definition of relevant information | 2.12 |
| Paragraph 6 | Promotion and maintenance of standards | 2.13 |
| Paragraph 7 | Rules and consultation | 2.14 |
| Paragraphs 7A and 9ZB (regulated markets only) | Admission of financial instruments to trading | 2.12 |
| Paragraphs 7B, 7C and 9ZC (regulated markets only) | Access to facilities | 2.7 |
| Paragraphs 7BA & 7BB | Position management and position reporting re commodity derivatives | 2.7A |
| Paragraph 7D | Settlement and clearing facilitation services | 2.8 |
| Paragraphs 7E and 7F | Suspension and removal of financial instruments from trading | 2.6 |

| Recognition Requirements Regulations | Subject | Section in REC 2/ other parts of the Handbook |
|---|---|---|
| Paragraph 8 | Discipline | 2.15 |
| Paragraph 9 | Complaints | 2.16 |
| Paragraphs 9A, 9B, 9C, 9D, 9E, 9F, 9G, 9H and 9ZD | Operation of a multilateral trading facility or an organised trading facility | 2.16A/ MAR 5 and MAR 5A |
| Paragraph 9ZA (regulated markets only) | Order execution | 2.6 |
| Paragraph 9K | Provision of data reporting services | 2.16B/ MAR 9 |
| Part II of the Schedule | UK RIE default rules in respect of market contracts | 2.17 |

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