

Recognised Investment Exchanges

Chapter 4

Supervision

4.6A The section 192C power to direct qualifying parent undertakings

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- (1) Under section 192C of the Act (Power to direct qualifying parent undertaking), the FCA has the power to give a direction to the qualifying parent undertaking of a UK RIE if the general condition is satisfied.
- (2) For the purposes of section 192C of the Act, a parent undertaking of a UK RIE is a 'qualifying parent undertaking' if:
 - (a) the parent undertaking is a body corporate which is incorporated in the United Kingdom, or has a place of business in the United Kingdom;
 - (b) the parent undertaking is not itself an *authorised person*, a RIE or a RCH; and
 - (c) the parent undertaking is a financial institution of a kind prescribed by the Treasury by order.
- (3) For the purposes of section 192C of the Act, the general condition is that the FCA considers that it is desirable to give the direction in order to advance one or more of its operational objectives.
- (4) In exercising or deciding whether to exercise its power under section 192(c) of the Act, the FCA will have regard to any statement of policy published under this section and for the time being in force.

[Note:1. Treasury has issued a draft order for consultation prescribing the types of financial institutions which are qualifying parent undertakings. See the *draft Financial Services and Markets Act 2000 (Prescribed Financial Institutions) Order 201**, as published in the Treasury consultation paper titled 'A new approach to financial regulation: draft secondary legislation': http://www.hm-treasury.gov.uk/d/condoc_fin_regulation_draft_secondary_leg.pdf .

2. The FCA has issued a statement of policy with respect to the giving of directions under section 192C. <http://www.fca.org.uk/news/firms/fca-statement-of-policy-on-the-use-of-the-power-to-direct-qualifying-parent-undertakings>]