

Recognised Investment Exchanges

Chapter 4

Supervision

4.7 The section 297 power to revoke recognition

- 4.7.1** **G** Under section 297 of the *Act* (Revoking recognition) and (for *RAPs*) under regulation 4 of the *RAP regulations*, the *FCA* has the power to revoke a *recognition order* relating to a *recognised body*.
- 4.7.2** **G** The *FCA* will revoke a *recognition order* if:
- (1) [deleted]
 - (2) the *recognised body* has asked the *FCA* to revoke the order.
- 4.7.2A** **G** Where the *FCA* makes a revocation order under section 297 of the *Act* in relation to a *UK RIE* which is also a *RAP*, the *FCA* will also revoke the *recognition order* relating to its status as a *RAP*.
- 4.7.3** **G** The *FCA* will usually consider revoking a *recognition order* if:
- (1) the *recognised body* is failing or has failed to satisfy one or more of the *recognised body requirements* and that failure has or will have serious consequences; or
 - (2) it would not be possible for the *recognised body* to comply with a direction under section 296 of the *Act* (*FCA's* power to give directions) or (for *RAPs*) regulation 3 of the *RAP regulations*; or
 - (3) for some other reason, it would not be appropriate for the *FCA* to give a direction under section 296 or (for *RAPs*) regulation 3 of the *RAP regulations*; or
 - (4) in the case of a *UK RIE*, it has not carried on the business of an investment exchange during the 12 *months* beginning with the day on which the *recognition order* took effect in relation to it, or it has not carried on the business of an investment exchange at any time during the period of six *months* ending with the day the *recognition order* is revoked.
 - (5) in the case of a *RAP* in relation to its *RAP recognition order*, it has not carried on the business of an *auction platform* during the 12 *months* beginning with the day on which the *RAP recognition order* took effect in relation to it, or it has not carried on the business of an *auction platform* at any time during the period of six *months* ending with the day the *RAP recognition order* is revoked.

4.7.4

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The FCA would be likely to consider the conditions in ■ REC 4.7.3 G (2) or ■ REC 4.7.3 G (3) to be triggered in the following circumstances:

- (1) the *recognised body* appears not to have the resources or management to be able to organise its affairs so as to satisfy one or more of the *recognised body requirements*; or
- (2) the *recognised body* does not appear to be willing to satisfy one or more of the *recognised body requirements*; or
- (3) the *recognised body* is failing or has failed to comply with a direction made under section 296 of the Act or (for RAPs) regulation 3 of the *RAP regulations*; or
- (4) the *recognised body* has ceased to carry out *regulated activities* in the *United Kingdom*, or has so changed the nature of its business that it no longer satisfies one or more of the *recognised body requirements* in respect of the *regulated activities* for which *recognised body* status is relevant.

4.7.5

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In addition to the relevant factors set out in ■ REC 4.7.4 G, the FCA will usually consider that it would not be able to secure an ROIE's compliance with the *recognition requirements* or other obligations in or under the Act by means of a direction under section 296 of the Act, if it appears to the FCA that the ROIE is prevented by any change in the legal framework or supervisory arrangements to which it is subject in its *home territory* from complying with the *recognition requirements* or other obligations in or under the Act.