

Recognised Investment Exchanges

Chapter 4

Supervision

4.1 Application and purpose

Application

- 4.1.1 **G** ■ REC 4.2 to ■ REC 4.2E, ■ REC 4.3, ■ REC 4.5 and ■ REC 4.6A apply to *UK recognised bodies*. ■ REC 4.2F to ■ REC 4.2G ■ REC 4.4 and ■ REC 4.6 to ■ REC 4.8 apply to all *recognised bodies*. ■ REC 4.8 applies to applicants for recognition as a *recognised body*.

Purpose

- 4.1.2 **G** This chapter sets out the *FCA's* approach to the supervision of *recognised bodies* and contains *guidance* on:
- (1) the arrangements for investigating complaints about *recognised bodies* made under section 299 of the *Act* (Complaints about recognised bodies) (■ REC 4.4);
 - (2) the *FCA's* approach to the exercise of its powers under:
 - (a) (for *RIEs*) section 296 of the *Act* (Appropriate regulator's power to give directions) or (for *RAPs*) regulation 3 of the *RAP regulations* to give directions to *recognised bodies* (■ REC 4.6);
 - (b) (for *RIEs*) section 297 of the *Act* (Revoking recognition) or (for *RAPs*) regulation 4 of the *RAP regulations* to revoke *recognition orders* (■ REC 4.7);
 and the procedure to be followed in those cases and where the *FCA* decides to refuse an application for recognition as a *recognised body* (■ REC 4.8); and
 - (3) the *FCA's* approach to, and procedures for, the exercise of its powers under sections 166 and 167 of the *Companies Act 1989* to give directions to *UK RIEs* in relation to action under their *default rules* (■ REC 4.5).
- 4.1.3 **G** The *FCA's* general approach to supervision is intended to ensure that:
- (1) the *FCA* has sufficient assurance that *recognised bodies* continue at all times to satisfy the *recognised body requirements*; and
 - (2) the *FCA's* supervisory resources are allocated, and supervisory effort is applied, in ways which reflect the actual risks to the *regulatory objectives*.

4.1.4 **G** In applying these principles of risk based supervision to the supervision of *recognised bodies*, the FCA has had particular regard to the special position of *recognised bodies* under the Act as well as to its general duties set out in section 2 of the Act (The FCA's general duties).

4.1.5 **G** More information on the supervision of *UK recognised bodies* is given in ■ REC 4.2 and ■ REC 4.3. More information on the supervision of *overseas recognised bodies* is given in ■ REC 6.