

Recognised Investment Exchanges

Chapter 4

Supervision

4.3 Risk assessments for UK recognised bodies

- 4.3.1** **G** Information is needed to support the *FCA's* risk based approach to the supervision of all regulated entities. Risk based supervision is intended to ensure that the allocation of supervisory resources and the supervisory process are compatible with the *regulatory objectives* and the *FCA's* general duties under the *Act*. The central element of the process of risk based supervision is a systematic assessment by the *FCA* (a risk assessment) of the main supervisory risks and concerns for each regulated entity.
- 4.3.2** **G** For each *UK recognised body*, the *FCA* will conduct a periodic risk assessment. This assessment will take into account relevant considerations including the special position of *recognised bodies* under the *Act*, the nature of the *UK recognised body's members*, the position of other users of its *facilities* and the business environment more generally.
- 4.3.3** **G** The risk assessment will guide the *FCA's* supervisory focus. It is important, therefore, that there is good dialogue between the *FCA* and the *recognised body*. The *FCA* expects to review its risk assessment with the staff of the *UK recognised body* to ensure factual accuracy and a shared understanding of the key issues, and may discuss the results of the risk assessment with *members of the management body* of the *UK recognised body*. If appropriate, the *FCA* may send a detailed letter to the body's *chief executive*, chairman or both with proposals for further action or work to address particular concerns or issues and seek their comments on the risk assessment.