

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*.