

**LEGAL CUTOVER (RECOGNISED INVESTMENT EXCHANGES AND  
RECOGNISED AUCTION PLATFORMS) INSTRUMENT 2013**

**WHEREAS:**

- A. The Authority has, in accordance with Article 5 of the Designation Order, appointed persons to exercise functions referred to in Article 5(1) of the Designation Order, which include the function of the Financial Conduct Authority of designating or modifying a Relevant Instrument and the functions of making rules and issuing guidance.
- B. By virtue of Article 5(3)(a) of the Designation Order the persons appointed may discharge the relevant functions as if they were the governing body of the Financial Conduct Authority.
- C. By virtue of Article 7(1) of the Designation Order this Instrument shall be treated as if it had been made by the Financial Conduct Authority acting through its governing body.
- D. Article 2(1)(c) of the Early Commencement Order commenced certain of the Financial Conduct Authority's rule making and other powers for the purposes specified in Part 3 of the Schedule to that Order.

**Interpretation**

- 1. In this Instrument (including the Recitals):
  - (1) "Designation Order" means the Financial Services Act 2012 (Transitional Provisions) (Rules and Miscellaneous Provisions) Order 2013 (SI 2013/161);
  - (2) "Early Commencement Order" means the Financial Services Act 2012 (Commencement No. 1) Order 2013 (SI 2013/113);
  - (3) "the 2000 Act" means the Financial Services and Markets Act 2000;
  - (4) "the 2012 Act" means the Financial Services Act 2012;
  - (5) "the Authority" means the Financial Services Authority;
  - (6) "Financial Conduct Authority" means the body corporate referred to in section 1A of the 2000 Act as amended by section 6 of the 2012 Act;
  - (7) "Handbook" means the Authority's Handbook of Rules and Guidance (and including for this purpose the Handbook Guides and Regulatory Guides published by the Authority alongside the Handbook of Rules and Guidance) in each case as published on the Authority's Handbook website at 11h59 pm on 27 February 2013;
  - (8) "Relevant Instrument" has the meaning in section 119(6)(b) of the 2012 Act;
  - (9) "FSA Instrument" means an instrument published by the Authority, by which the Authority made, issued, gave, imposed or amended a Relevant Instrument; and
  - (10) "FCA Relevant Instrument" means a Relevant Instrument designated by the Financial Conduct Authority under paragraph 2.

**Designation of rules etc. by the Financial Conduct Authority**

- 2. In accordance with Article 3(1) of the Designation Order, the Financial Conduct Authority designates the rules, guidance, requirements, codes, schemes, statements or directions, set out in each FSA Instrument (or part of such instrument) by which the

Authority made, issued, gave, imposed or amended each part or provision of the Handbook, identified as:

- (1) “Designated” in Column 2 of Annex A to this Instrument; and
  - (2) “FCA” in Column 3 of Annex A to this Instrument.
3. As required by Article 3(1)(c) and (d) of the Designation Order, the Financial Conduct Authority specifies that:
- (1) the FCA Relevant Instruments were made, issued, given or imposed by the Authority under the provisions set out in the relevant FSA Instrument;
  - (2) the FCA Relevant Instruments collectively were made, issued, given or imposed by the Authority under the provisions set out in column 1 of Parts 1 to 10 of Schedule A to this Instrument; and
  - (3) the FCA Relevant instruments collectively are treated as made, issued, given or imposed by the Financial Conduct Authority under the corresponding provisions set out in column 2 of Parts 1 to 10 of Schedule A to this Instrument.
4. In accordance with Article 2(2)(a) of the Designation Order, each FCA Relevant Instrument is treated as having been made, issued, given or imposed by the Financial Conduct Authority.

#### **Modification of rules etc. by the Financial Conduct Authority**

5. In accordance with Article 3(1) of the Designation Order, the Financial Conduct Authority makes modifications to the FCA Relevant Instrument (or part of that instrument) as specified in Annex B to this Instrument.

#### **Rules etc. made, given or amended by the Financial Conduct Authority**

6. In accordance with Article 2(1)(c) of the Early Commencement Order and in the exercise of the powers and related provisions specified in paragraph 9, the Financial Conduct Authority makes, amends, issues, gives or imposes:
- (1) each provision in Annex B to this Instrument that meets all of the conditions in paragraph 7;
  - (2) any amendment that is not a modification made in accordance with paragraph 5 specified in a provision in Annex B to this Instrument that meets all of the conditions in paragraph 8.
7. The conditions referred to in paragraph 6(1) are that a provision is:
- (1) identified as “Made” in Column 2 of Annex A to this Instrument, and
  - (2) identified as “FCA” or in Column 3 of Annex A to this Instrument.
8. The conditions referred to in paragraph 6(2) are that a provisions is:
- (1) identified as “Designated” in column 2 of Annex A to this Instrument, and
  - (2) identified as “FCA” in column 3 of Annex A to this instrument.
9. The Financial Conduct Authority makes, amends, issues, gives or imposes the provisions in paragraph 6 in exercise of the following powers and related provisions of the 2000 Act, as amended by the 2012 Act:
- (1) section 137T (General supplementary powers);
  - (2) section 139A (Power of the FCA to give guidance); and

(3) section 293 (Notification requirements).

10. The rule-making powers in paragraph 9 are specified for the purpose of section 138G (Rule-making instruments) of the 2000 Act, as amended by the 2012 Act.

**Commencement: Financial Conduct Authority**

11. As required by Article 3(1) of the Designation Order, the Financial Conduct Authority specifies that the designation (in paragraph 2) and the modification (in paragraph 5) comes into effect on 1 April 2013.

12. The Financial Conduct Authority directs that the provisions of paragraph 6 come into effect on 1 April 2013.

13. The Financial Conduct Authority directs that the provisions specified in paragraph 6 of this Instrument come into force immediately after the coming into force of the designations in paragraph 2 and the modifications in paragraph 5.

**Amendments to the Handbook**

14. The Recognised Investment Exchanges and Recognised Clearing Houses sourcebook (REC) of the FCA's Handbook of rules and guidance is amended in accordance with Annex B to this Instrument.

**Citation**

15. This Instrument may be cited as the Legal Cutover (Recognised Investment Exchanges and Recognised Auction Platforms) Instrument 2013.

**By order of the persons appointed under Article 5 of the Designation Order to discharge specified functions of the Financial Conduct Authority as if they were its governing body**

19 March 2013

## Annex A

**Designation of the Recognised Investment Exchanges and Recognised Auction  
Platforms sourcebook (REC)**

In addition to identifying provisions which are Designated or Made by this Instrument, Column 2 also identifies, for convenience and without operative effect, those provisions of the Handbook that will no longer have effect after “legal cutover”.

(1)	(2)	(3)
<b>Handbook Provision</b>	<b>Made, designated or no longer in force after legal cutover</b>	<b>Relevant regulator</b>
REC 1.1.1	Designated	FCA
REC 1.1.1A	Designated	FCA
REC 1.1.2	Designated	FCA
REC 1.1.3	Designated	FCA
REC 1.2.1	Designated	FCA
REC 1.2.2	Designated	FCA
REC 1.2.3	Designated	FCA
REC 2.1.1	Designated	FCA
REC 2.1.1A	Designated	FCA
REC 2.1.2	Designated	FCA
REC 2.1.3	Designated	FCA
REC 2.1.4	Designated	FCA
REC 2.1.5	Designated	FCA
REC 2.2.1	Designated	FCA
REC 2.2.2	Designated	FCA
REC 2.2.3	Designated	FCA
REC 2.2.4	Designated	FCA

REC 2.2.5	Designated	FCA
REC 2.2.6	Designated	FCA
REC 2.2.7	Designated	FCA
REC 2.3.1	Designated	FCA
REC 2.3.2	No longer in force after legal cutover	
REC 2.3.3	Designated	FCA
REC 2.3.4	Designated	FCA
REC 2.3.5	Designated	FCA
REC 2.3.6	Designated	FCA
REC 2.3.7	Designated	FCA
REC 2.3.8	No longer in force after legal cutover	
REC 2.3.9	Designated	FCA
REC 2.3.10	Designated	FCA
REC 2.3.11	Designated	FCA
REC 2.3.12	Designated	FCA
REC 2.3.13	Designated	FCA
REC 2.3.14	Designated	FCA
REC 2.3.15	Designated	FCA
REC 2.3.16	Designated	FCA
REC 2.3.17	Designated	FCA
REC 2.3.18	Designated	FCA
REC 2.3.19	Designated	FCA
REC 2.3.20	Designated	FCA
REC 2.3.21	Designated	FCA
REC 2.3.22	Designated	FCA

REC 2.4.1	Designated	FCA
REC 2.4.2	No longer in force after legal cutover	
REC 2.4.3	Designated	FCA
REC 2.4.4	Designated	FCA
REC 2.4.5	Designated	FCA
REC 2.4.6	Designated	FCA
REC 2.5.1	Designated	FCA
REC 2.5.1A	Designated	FCA
REC 2.5.2	No longer in force after legal cutover	
REC 2.5.3	Designated	FCA
REC 2.5.4	Designated	FCA
REC 2.5.5	Designated	FCA
REC 2.5.6	Designated	FCA
REC 2.5.7	No longer in force after legal cutover	
REC 2.5.8	Designated	FCA
REC 2.5.9	Designated	FCA
REC 2.5.10	Designated	FCA
REC 2.5.11	Designated	FCA
REC 2.5.12	Designated	FCA
REC 2.5.13	Designated	FCA
REC 2.5.14	Designated	FCA
REC 2.5.15	Designated	FCA
REC 2.5.16	Designated	FCA
REC 2.5.17	Designated	FCA

REC 2.5.18	Designated	FCA
REC 2.5.19	Designated	FCA
REC 2.5.20	Designated	FCA
REC 2.5A.1	Designated	FCA
REC 2.5A.2	Designated	FCA
REC 2.5A.3	Designated	FCA
REC 2.5A.4	Designated	FCA
REC 2.5A.5	Designated	FCA
REC 2.5A.6	Designated	FCA
REC 2.5A.7	Designated	FCA
REC 2.6.1	Designated	FCA
REC 2.6.2	Designated	FCA
REC 2.6.3	Designated	FCA
REC 2.6.4	Designated	FCA
REC 2.6.5	Designated	FCA
REC 2.6.6	Designated	FCA
REC 2.6.7	Designated	FCA
REC 2.6.8	Designated	FCA
REC 2.6.9	Designated	FCA
REC 2.6.10	Designated	FCA
REC 2.6.11	Designated	FCA
REC 2.6.12	Designated	FCA
REC 2.6.13	Designated	FCA
REC 2.6.14	Designated	FCA
REC 2.6.15	Designated	FCA
REC 2.6.16	Designated	FCA

REC 2.6.17	Designated	FCA
REC 2.6.18	Designated	FCA
REC 2.6.19	Designated	FCA
REC 2.6.20	Designated	FCA
REC 2.6.21	Designated	FCA
REC 2.6.22	Designated	FCA
REC 2.6.23	Designated	FCA
REC 2.6.24	Designated	FCA
REC 2.6.25	No longer in force after legal cutover	
REC 2.6.26	Designated	FCA
REC 2.6.27	Designated	FCA
REC 2.6.28	Designated	FCA
REC 2.6.29	Designated	FCA
REC 2.6.30	Designated	FCA
REC 2.6.31	Designated	FCA
REC 2.6.32	Designated	FCA
REC 2.6.33	Designated	FCA
REC 2.6.34	Designated	FCA
REC 2.7.1	Designated	FCA
REC 2.7.1A	Designated	FCA
REC 2.7.1B	Designated	FCA
REC 2.7.2	No longer in force after legal cutover	
REC 2.7.2A	No longer in force after legal cutover	
REC 2.7.3	Designated	FCA



REC 2.7.3A	Designated	FCA
REC 2.7.4	Designated	FCA
REC 2.8.1	Designated	FCA
REC 2.8.1A	Designated	FCA
REC 2.8.2	No longer in force after legal cutover	
REC 2.8.3	Designated	FCA
REC 2.8.4	Designated	FCA
REC 2.9.1	Designated	FCA
REC 2.9.2	No longer in force after legal cutover	
REC 2.9.3	Designated	FCA
REC 2.9.4	No longer in force after legal cutover	
REC 2.10.1	Designated	FCA
REC 2.10.2	No longer in force after legal cutover	
REC 2.10.3	Designated	FCA
REC 2.10.4	Designated	FCA
REC 2.11.1	Designated	FCA
REC 2.11.2	No longer in force after legal cutover	
REC 2.11.3	Designated	FCA
REC 2.11.4	Designated	FCA
REC 2.12.1	Designated	FCA
REC 2.12.2	Designated	FCA
REC 2.12.2A	Designated	FCA
REC 2.12.2B	Designated	FCA

REC 2.12.2C	Designated	FCA
REC 2.12.2D	Designated	FCA
REC 2.12.2E	Designated	FCA
REC 2.12.3	No longer in force after legal cutover	
REC 2.12.4	No longer in force after legal cutover	
REC 2.12.5	No longer in force after legal cutover	
REC 2.12.6	No longer in force after legal cutover	
REC 2.12.7	No longer in force after legal cutover	
REC 2.12.8	No longer in force after legal cutover	
REC 2.12.9	No longer in force after legal cutover	
REC 2.12.10	No longer in force after legal cutover	
REC 2.12.11	Designated	FCA
REC 2.12.12	Designated	FCA
REC 2.12.13	No longer in force after legal cutover	
REC 2.12.14	Designated	FCA
REC 2.13.1	Designated	FCA
REC 2.13.2	No longer in force after legal cutover	
REC 2.13.3	Designated	FCA
REC 2.13.4	Designated	FCA
REC 2.13.5	Designated	FCA
REC 2.13.6	Designated	FCA

REC 2.14.1	Designated	FCA
REC 2.14.2	No longer in force after legal cutover	
REC 2.14.3	Designated	FCA
REC 2.14.4	Designated	FCA
REC 2.14.5	Designated	FCA
REC 2.14.6	Designated	FCA
REC 2.15.1	Designated	FCA
REC 2.15.2	No longer in force after legal cutover	
REC 2.15.3	Designated	FCA
REC 2.15.4	Designated	FCA
REC 2.15.5	Designated	FCA
REC 2.15.6	Designated	FCA
REC 2.16.1	Designated	FCA
REC 2.16.2	No longer in force after legal cutover	
REC 2.16.3	Designated	FCA
REC 2.16.4	Designated	FCA
REC 2.16A.1	Designated	FCA
REC 2.16A.2	Designated	FCA
REC 2.17.1	Designated	FCA
REC 2.17.1A	Designated	FCA
REC 2.17.2	Designated	FCA
REC 2.17.3	No longer in force after legal cutover	
REC 2.17.4	No longer in force after legal cutover	

REC 2.17.5	No longer in force after legal cutover	
REC 2.17.6	Designated	FCA
REC 2A.1.1	Designated	FCA
REC 2A.1.2	Designated	FCA
REC 2A.1.3	Designated	FCA
REC 2A.2.1	Designated	FCA
REC 2A.2.2	Designated	FCA
REC 2A.3.1	Designated	FCA
REC 2A.3.2	Designated	FCA
REC 2A.4.1	Designated	FCA
REC 2A.4.2	Designated	FCA
REC 2A.4.3	Designated	FCA
REC 2A.4.4	Designated	FCA
REC 2A.4.5	Designated	FCA
REC 2A.4.6	Designated	FCA
REC 2A.4.7	Designated	FCA
REC 2A.4.8	Designated	FCA
REC 2A.4.9	Designated	FCA
REC 2A.4.10	Designated	FCA
REC 2A.4.11	Designated	FCA
REC 2A.4.12	Designated	FCA
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REC 3.1.3	Designated	FCA
REC 3.1.3A	Designated	FCA

REC 3.1.4	Designated	FCA
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REC 3.4.2A	Designated	FCA
REC 3.4.2B	Designated	FCA
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REC 3.4.4	No longer in force after legal cutover	
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REC 3.4.5	Designated	FCA

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REC 3.14.2A	Designated	FCA
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REC 3.14A.4	Designated	FCA
REC 3.14A.5	Designated	FCA
REC 3.14A.6	Designated	FCA
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REC 3.15.2A	Designated	FCA

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REC 3.18.4	Designated	FCA
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REC 3.24.2	Designated	FCA
REC 3.25.1	Designated	FCA



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REC 3.26.7	Designated	FCA
REC 3.26.8	Designated	FCA
REC 3.26.9	Designated	FCA
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REC 4.1.5	Designated	FCA
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REC 4.2.2	Designated	FCA
REC 4.2.3	Designated	FCA
REC 4.2.4	Designated	FCA
REC 4.2A.1	Designated	FCA
REC 4.2A.2	Designated	FCA
REC 4.2A.3	Designated	FCA
REC 4.2B.1	Designated	FCA
REC 4.2B.2	Designated	FCA
REC 4.2B.3	Designated	FCA
REC 4.2B.4	Designated	FCA
REC 4.2C.1	Designated	FCA

REC 4.2C.2	Designated	FCA
REC 4.2C.3	Designated	FCA
REC 4.2C.4	Designated	FCA
REC 4.2C.5	Designated	FCA
REC 4.2C.6	Designated	FCA
REC 4.2C.7	Designated	FCA
REC 4.2C.8	Designated	FCA
REC 4.2C.9	Designated	FCA
REC 4.2D.1	Designated	FCA
REC 4.2D.2	Designated	FCA
REC 4.2D.3	Designated	FCA
REC 4.2D.4	Designated	FCA
REC 4.2D.5	Designated	FCA
REC 4.2D.6	Designated	FCA
REC 4.2E.1	Designated	FCA
REC 4.2F.1	Made	FCA
REC 4.2G.1	Made	FCA
REC 4.3.1	Designated	FCA
REC 4.3.2	Designated	FCA
REC 4.3.3	Designated	FCA
REC 4.4.1	Designated	FCA
REC 4.4.2	Designated	FCA
REC 4.4.3	Designated	FCA
REC 4.4.4	Designated	FCA
REC 4.4.5	Designated	FCA
REC 4.4.6	Designated	FCA

REC 4.5.1	Designated	FCA
REC 4.5.2	Designated	FCA
REC 4.5.3	Designated	FCA
REC 4.5.4	Designated	FCA
REC 4.5.5	Designated	FCA
REC 4.5.6	Designated	FCA
REC 4.5.7	Designated	FCA
REC 4.5.8	Designated	FCA
REC 4.5.9	Designated	FCA
REC 4.5.10	Designated	FCA
REC 4.5.11	Designated	FCA
REC 4.6.1	Designated	FCA
REC 4.6.2	No longer in force after legal cutover	
REC 4.6.3	Designated	FCA
REC 4.6.4	Designated	FCA
REC 4.6A.1	Made	
REC 4.7.1	Designated	FCA
REC 4.7.2	Designated	FCA
REC 4.7.3	Designated	FCA
REC 4.7.4	Designated	FCA
REC 4.7.5	Designated	FCA
REC 4.8.1	Designated	FCA
REC 4.8.2	Designated	FCA
REC 4.8.3	Designated	FCA
REC 4.8.4	Designated	FCA

REC 4.8.5	Designated	FCA
REC 4.8.6	Designated	FCA
REC 4.8.7	No longer in force after legal cutover	
REC 4.8.8	No longer in force after legal cutover	
REC 4.8.9	Designated	FCA
REC 4.8.10	Made	FCA
REC 4.9.1	Made	FCA
REC 4.9.2	Made	FCA
REC 5.1.1	Designated	FCA
REC 5.1.1A	Designated	FCA
REC 5.1.2	Designated	FCA
REC 5.1.3	No longer in force after legal cutover	
REC 5.1.4	No longer in force after legal cutover	
REC 5.1.5	No longer in force after legal cutover	
REC 5.1.6	No longer in force after legal cutover	
REC 5.1.7	No longer in force after legal cutover	
REC 5.2.1	Designated	FCA
REC 5.2.1A	Designated	FCA
REC 5.2.2	Designated	FCA
REC 5.2.3	Designated	FCA
REC 5.2.3A	Designated	FCA
REC 5.2.4	Designated	FCA

REC 5.2.5	Designated	FCA
REC 5.2.5A	Designated	FCA
REC 5.2.6	Designated	FCA
REC 5.2.6A	Designated	FCA
REC 5.2.7	Designated	FCA
REC 5.2.8	Designated	FCA
REC 5.2.9	No longer in force after legal cutover	
REC 5.2.10	No longer in force after legal cutover	
REC 5.2.11	No longer in force after legal cutover	
REC 5.2.12	Designated	FCA
REC 5.2.13	No longer in force after legal cutover	
REC 5.2.14	Designated	FCA
REC 6.1.1	Designated	FCA
REC 6.1.2	Designated	FCA
REC 6.2.1	Designated	FCA
REC 6.2.2	Designated	FCA
REC 6.2.3	Designated	FCA
REC 6.2.4	Designated	FCA
REC 6.2.5	Designated	FCA
REC 6.2.6	Designated	FCA
REC 6.3.1	Designated	FCA
REC 6.3.2	Designated	FCA
REC 6.3.3	Designated	FCA
REC 6.4.1	No longer in force after	

	legal cutover	
REC 6.4.2	No longer in force after legal cutover	
REC 6.5.1	Designated	FCA
REC 6.5.2	Designated	FCA
REC 6.5.3	No longer in force after legal cutover	
REC 6.6.1	Designated	FCA
REC 6.6.2	Designated	FCA
REC 6.6.3	Designated	FCA
REC 6.6.4	Designated	FCA
REC 6.6.5	Designated	FCA
REC 6.6.6	Designated	FCA
REC 6.7.1	Designated	FCA
REC 6.7.2	Designated	FCA
REC 6.7.3	Designated	FCA
REC 6.7.4	Designated	FCA
REC 6.7.5	Designated	FCA
REC 6.7.6	Designated	FCA
REC 6.7.7	Designated	FCA
REC 6.7.8	Designated	FCA
REC 6.7.9	Designated	FCA
REC 6.7.10	Designated	FCA
REC 6.7.11	Designated	FCA
REC 6.7.12	Designated	FCA
REC 6.7.13	Designated	FCA
REC 6.8.1	Designated	FCA

REC 6.8.2	Designated	FCA
REC 6A.1.1	Designated	FCA
REC 6A.1.2	Designated	FCA
REC 6A.1.3	Designated	FCA
REC 6A.1.4	Designated	FCA
REC 6A.2.1	Designated	FCA
REC 6A.2.2	Designated	FCA
REC 6A.2.3	Designated	FCA
REC 6A.2.4	Designated	FCA
REC 6A.2.5	Designated	FCA
REC 6A.2.6	Designated	FCA
REC 6A.2.7	Designated	FCA
REC TP 1.1	Designated	FCA
REC TP 1.2	No longer in force after legal cutover	
REC Sch 1.1	Designated	FCA
REC Sch 2.1	Designated	FCA
REC Sch 2.2	Designated	FCA
REC Sch 3.1	No longer in force after legal cutover	
REC Sch 3.2	No longer in force after legal cutover	
REC Sch 4.1	No longer in force after legal cutover	
REC Sch 4.2	No longer in force after legal cutover	
REC Sch 5.1	Designated	FCA
REC Sch 6.1	Designated	FCA

## Annex B

## Amendments to the Recognised Investment Exchanges and Recognised Clearing Houses sourcebook (REC)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

### Recognised Investment Exchanges and ~~Recognised Clearing Houses~~

#### 1 Introduction

##### 1.1 Application

[Note: ESMA has also issued guidelines under article 16(3) of the ESMA Regulation covering various topics relating to automated trading and direct electronic access. See [http://www.fsa.gov.uk/static/pubs/other/esma\\_guidelines.pdf](http://www.fsa.gov.uk/static/pubs/other/esma_guidelines.pdf) [web address tbc]

1.1.1 G The *rules and guidance* in this sourcebook apply to *recognised bodies* and to applicants for recognition as ~~*recognised bodies*~~ RIEs under Part XVIII of the Act (Recognised Investment Exchanges and Clearing Houses) and ~~(*for as RAPs*)~~ under the *RAP regulations*.

...

1.1.2 G (1) ~~*Recognised bodies*~~ UK RIEs are *exempt persons* under section 285 of the *Act* (Exemption for recognised investment exchanges and clearing houses).

(2) ~~*UK recognised bodies*~~ UK RIEs ~~other than *RAPs*~~ must satisfy *recognition requirements* prescribed by the Treasury (in certain cases with the approval of the Secretary of State) in the *Recognition Requirements Regulations*. UK RIEs must also satisfy the *MiFID implementing requirements* in the *MiFID Regulation*. *RAPs* must satisfy the *recognition requirements* prescribed by the Treasury in the *RAP regulations*, under the *auction regulation* and must also be UK RIEs and so are subject to requirements under the *MiFID Regulation*. ~~*Overseas recognised bodies*~~ ROIEs must satisfy *recognition requirements* laid down in section 292 of the *Act* (Overseas investment exchanges and overseas clearing houses).

(3) ~~*Recognised bodies*~~ UK RIEs must also comply with notification requirements in, and with *notification rules* made under, sections 293 (Notification requirements) and 295 (Notification: overseas investment exchanges and clearing houses) of the *Act*.

1.1.3 G ...  
[FCA]



- (3) *Guidance* on the ~~FSA's~~ FCA's approach to the supervision of *recognised bodies* is given in *REC* 4.

...

- (5) The *recognition requirements, notification rules, and guidance* for ~~overseas recognised bodies~~ ROIEs and *guidance* for applicants (and potential applicants) for ~~overseas recognised body~~ ROIE status are set out in *REC* 6.

...

## 1.2 Purpose, status and quotations

...

1.2.2 G ...  
[FCA]

- (2) Where the *guidance* states that the ~~FSA~~ FCA may have regard to any factor in assessing or determining whether a *recognised body requirement* is satisfied, it means that the ~~FSA~~ FCA will take that factor into account so far as it is relevant.
- (3) In determining whether a *recognised body* satisfies the *recognised body requirements*, the ~~FSA~~ FCA will have regard to any relevant factor, including, but not limited to, the factors specifically discussed in the *guidance*.

Quotations

1.2.3 G ...  
[FCA]

- (4) As these quotations contain provisions which impose obligations, they are printed in bold type. The use of bold type is not intended to indicate that these quotations are *rules* made by the ~~FSA~~ FCA.
- (5) None of the editorial changes made by the ~~FSA~~ FCA in these quotations can supersede or alter the meaning of the provision concerned.

## 2 Recognition Requirements

### 2.1 Introduction

2.1.1 G This chapter contains the *recognition requirements* for ~~UK recognised bodies~~ UK RIEs (other than *RAPs*) and sets out *guidance* on those requirements. Except for *REC* 2.5A, references to *recognised body* or *UK recognised bodies*

[FCA]

in the rest of this chapter shall be read as referring to UK RIEs. This chapter also contains the *MiFID implementing requirements* for UK RIEs.

2.1.1A G Guidance on the *RAP recognition requirements* which apply to *RAPs* is set out in *REC 2A* (Recognised Auction Platforms). *Guidance* on the *recognition requirements* for ~~overseas recognised bodies~~ *ROIEs* is set out in *REC 6* (Overseas Investment Exchanges and ~~Overseas Clearing Houses~~).

2.1.2 G These *recognition requirements* must be satisfied by applicants for ~~recognised body~~ *UK RIE* status before recognition is granted and by all ~~UK recognised bodies~~ *UK RIEs* at all times while they are recognised. In addition the *MiFID implementing requirements* must be satisfied by applicants for *UK RIE* status before recognition is granted and by all *UK RIEs* at all times while they are recognised. The same standards apply both on initial recognition and throughout the period *recognised body* status is held. The ~~terms term~~ *UK RIE* or ~~UK RCH~~ in the *guidance* should be taken, therefore, to refer also to an applicant when appropriate.

2.1.3 G (1) The paragraphs in the Schedule to the *Recognition Requirements Regulations* are grouped in this sourcebook in sections which give *guidance* on the same subject for ~~both UK RIEs and UK RCHs~~.

(2) ...

2.1.4 G Location of recognition requirements and guidance

Recognition Requirements Regulations	Subject	Section in REC 2
...	...	...
Part III of the Schedule	UK RCH recognition requirements	-
Paragraph 16	Financial resources	2.3
Paragraph 17	Suitability	2.4
Paragraph 18	Systems and controls	2.5
Paragraph 19(1)	General safeguards for investors	2.6
Paragraph 19(2)(a)	Access to facilities	2.7
Paragraph 19(2)(b)	Clearing services	2.8
Paragraph 19(2)(c)	Transactions recording	2.9
Paragraph 19(2)(d)	Financial crime and market abuse	2.10

Paragraph 19(2)(e)	Custody	2.11
Paragraph 20	Promotion and maintenance of standards	2.13
Paragraph 21	Rules	2.14
Paragraph 22	Discipline	2.15
Paragraph 23	Complaints	2.16
Part IV of the Schedule	UK RCH default rules in respect of market contracts	2.17

...

## 2.2 Method of satisfying the recognition requirements

### 2.2.1 UK Recognition Requirements Regulations, Regulation 6

[FCA]

**(1) In considering whether a [UK recognised body] or applicant satisfies recognition requirements applying to it under these [Recognition Requirements Regulations], the [FSA FCA] may take into account all relevant circumstances including the constitution of the person concerned and its regulatory provisions and practices within the meaning of section 302(1) 300E of the Act.**

...

Relevant circumstances

### 2.2.2 G The FSA FCA will usually expect:

[FCA]

...

Outsourcing

### 2.2.3 G It is the UK recognised body's responsibility to demonstrate to the FSA FCA that a person who performs a function on behalf of the UK recognised body is fit and proper and able and willing to perform that function. The recognition requirement referred to in Regulation 6(3) applies to the UK recognised body and not to any person who performs any function on its behalf. In this context, for a person to be "fit and proper" does not necessarily imply that he is an authorised person, or qualified to be so, or that the required standard is

[FCA]

the same as that required either for *authorised persons* or *recognised bodies*.

...

2.2.6 G In determining whether the *UK recognised body* meets the *recognition requirement* in Regulation 6(3), the ~~FSA~~ FCA may have regard to whether that body has ensured that the *person* who performs that function on its behalf:

[FCA]

...

2.2.7 G In determining whether a *UK recognised body* continues to satisfy the *recognition requirements* where it has made arrangements for any function to be performed on its behalf by any *person*, the ~~FSA~~ FCA may have regard, in addition to any of the matters described in the appropriate section of this chapter, to the arrangements made to exercise control over the performance of the function, including:

[FCA]

...

## 2.3 Financial resources

2.3.1 UK Schedule to the Recognition Requirements Regulations, Paragraph 1

[FCA]

**(1) The [UK RIE] must have financial resources sufficient for the proper performance of its [relevant functions] as a [UK RIE].**

**(2) In considering whether this requirement is satisfied, the [FSA FCA] must (without prejudice to the generality of regulation 6(1)) take into account all the circumstances, including the [UK RIE's] connection with any person, and any activity carried on by the [UK RIE], whether or not it is an exempt activity.**

2.3.2 UK ~~Schedule to the Recognition Requirements Regulations, Paragraph 16~~

~~**(1) The [UK RCH] must have financial resources sufficient for the proper performance of its [relevant functions] as a [UK RCH].**~~

~~**(2) In considering whether this requirement is satisfied, the [FSA] may (without prejudice to the generality of regulation 6(1)) take into account all the circumstances, including the [UK RCH's] connection with any person, and any activity carried on by the [UK RCH], whether or not it is an exempt activity. [deleted]**~~

2.3.3 G In determining whether a *UK recognised body* has financial resources sufficient for the proper performance of its *relevant functions*, the ~~FSA~~ FCA may have regard to:

[FCA]

...

(2) if the *UK recognised body* ~~acts as a central counterparty or otherwise~~ guarantees the performance of transactions in *specified investments*,

the counterparty and market risks to which it is exposed in that capacity;

...

- (7) ~~in relation to a UK RIE~~, the nature and extent of the transactions concluded on the *UK RIE*.

#### Accounting information and standards

- 2.3.4 [FCA] G The ~~FSA~~ FCA will usually rely on a *UK recognised body's* published and internal *management accounts* and financial projections, provided that those accounts and projections are prepared in accordance with *UK*, *US* or international accounting standards.

#### Counterparty and market risks: principles

- 2.3.5 [FCA] G In assessing whether a *UK recognised body* has sufficient financial resources in relation to counterparty and market risks, the ~~FSA~~ FCA may have regard to:

...

#### Operational and other risks: principles

- 2.3.6 [FCA] G In assessing whether a *UK recognised body* has sufficient financial resources in relation to operational and other risks, the ~~FSA~~ FCA may have regard to the extent to which, after allowing for the financial resources necessary to cover counterparty and market risks, the *UK recognised body's* financial resources are sufficient and sufficiently liquid:

...

#### Operational and other risks: components of calculation

- 2.3.7 [FCA] G In considering whether a *UK recognised body* has sufficient financial resources in relation to operational and other risks, the ~~FSA~~ FCA will normally have regard to two components: eligible financial resources and net capital.

#### ~~Operational and other risk: UK RCHs—the standard approach~~

- 2.3.8 G (1) ~~The FSA considers that a UK RCH which at any time holds:~~
- ~~(a) eligible financial resources not less than the amount calculated under the standard approach; and~~
  - ~~(b) net capital not less than the amount of eligible financial resources calculated under (a);~~

~~will, at that time, have sufficient financial resources to meet the recognition requirement in respect of operational and other risks~~

~~unless there are special circumstances indicating otherwise. [deleted]~~

- (2) ~~The FSA would normally regard the amount calculated under REC 2.3.8G(1) to be a minimum amount of financial resources below which a UK RCH would be failing the recognition requirements. The FSA would normally expect a UK RCH to hold, in addition to this minimum amount, an amount constituting an operational risk buffer calculated in accordance with REC 2.3.22G. [deleted]~~

Operational and other risks: UK RIEs – the standard and risk-based approach

- 2.3.9 [FCA] G (1) The ~~FSA~~ FCA considers that a UK RIE which at any time holds:  
...
- (2) The ~~FSA~~ FCA would normally regard the amount calculated under REC 2.3.9G(1)(a)(i) to be a minimum amount of financial resources below which a UK RIE would be failing the *recognition requirements*. The ~~FSA~~ FCA would expect a UK RIE to hold, in addition to this minimum amount, an amount constituting an operational risk buffer calculated in accordance with REC 2.3.22G.

Operational and other risks: individual guidance

- 2.3.10 [FCA] G The ~~FSA~~ FCA would expect to provide a UK recognised body with individual *guidance* on the amount of eligible financial resources which it considers would be sufficient for the UK recognised body to hold in respect of operational and other risks in order to satisfy the *recognition requirements*. In formulating its individual *guidance*, the ~~FSA~~ FCA will ordinarily apply the approach described in ~~REC 2.3.8G, for UK RCHs, and REC 2.3.9G, for UK RIEs.~~

...

Operational and other risks: net capital

- 2.3.12 [FCA] G For the purposes of REC 2.3, “net capital” should be in the form of equity. For this purpose, the ~~FSA~~ FCA considers that the common stock, retained earnings, disclosed reserves and other instruments classified as common equity tier one capital or additional tier one capital constitute equity. The ~~FSA~~ FCA considers that, when calculating its net capital, a UK recognised body:
- (1) should deduct holdings of its own securities, or those of any undertaking in the same *group* as the UK recognised body, together with any amount owed to the UK recognised body by an undertaking in its *group* under any loan or credit arrangement and any exposure arising under any guarantee, charge or contingent liability given in favour of such an undertaking or a creditor of such undertaking; and

...

Operational and other risks: eligible financial resources calculated under the

standard approach

2.3.13 G ...  
[FCA]

- (2) Under the standard approach, the *FSA FCA* assumes liquid financial assets are needed to cover the costs that would be incurred during an orderly wind-down of the *UK recognised body's exempt activities*, while continuing to satisfy all the *recognition requirements* and complying with any other obligations under the *Act* (including the obligations to pay periodic fees to the *FSA FCA*).
- (3) For the purposes of the standard approach, the *FSA FCA* would normally expect the calculation of operating costs to be based on the *UK recognised body's* most recent audited annual accounts, with six months of operating costs being equal to one half of the sum of all operating costs reflected in the audited annual accounts of the *UK recognised body* in the course of performing its functions during the year to which the accounts relate. In calculating the gross annual operating costs, the *FSA FCA* would consider it reasonable to exclude non-cash costs (costs that do not involve an outflow of funds).
- (4) The *FSA FCA* considers it to be reasonable for a *UK recognised body* to adjust its operating expenditure calculation if, during the period since its last audited accounts were prepared, its level of operating expenditure has changed materially as documented by the current annual budget or forecast adopted by the *UK recognised body's governing body*.
- (5) The *FSA FCA* considers that it is reasonable for a *UK recognised body* to adjust its operating expenditure to take account of arrangements between two or more undertakings in the same *group*, which are all subject to prudential regulation in the *United Kingdom* under which specified costs are shared or recharged among those undertakings and those costs would otherwise be double-counted in the calculation of their financial resources requirement.

...

Operational and other risks: the risk-based assessment (UK RIEs only)

2.3.15 G For the purposes of calculating the risk-based approach, the *FSA FCA* would normally expect the *UK RIE* to provide the *FSA FCA* with an annual financial risk assessment that identifies the risks to its business. As a financial risk assessment is likely to form an integral part of the *UK RIE's* management process and decision-making culture, the *FSA FCA* would normally expect it to be approved by the *UK RIE's governing body*.  
[FCA]

2.3.16 G The *FSA FCA* would normally expect to use the financial risk assessment prepared by the *UK RIE* in the course of preparing individual *guidance* on the amount of financial resources that it considers is sufficient for a *UK RIE* to  
[FCA]

hold in order to satisfy the *recognition requirements*. The financial risk assessment would provide the basis for calculating the amount of eligible financial resources that should be held by the *UK RIE* under the risk-based approach.

- 2.3.17 G The financial risk assessment should be based on a methodology which provides a reasonable estimate of the potential business losses which a *UK RIE* might incur in stressed but plausible market conditions. The ~~FSA~~ FCA would expect a *UK RIE* to carry out a financial risk assessment at least once in every twelve-month period, or more frequently if there are material changes in the nature, scale or complexity of the *UK RIE's* operations or its business plans that suggest such financial risk assessment no longer provides a reasonable estimate of its potential business losses. The ~~FSA~~ FCA considers that it would be reasonable for a financial risk assessment to proceed in the following way:

...

In designing its stress and scenario testing plan, the ~~FSA~~ FCA considers that it would be reasonable for a *UK RIE* to be guided by any risk-scoring methodology that it deploys for general risk-management purposes that might have application in evaluating the probability and impact of its risks.

~~The FSA would not expect a UK RIE which undertakes central counterparty clearing activities to include within its range of stress events the potential default of a participant or other entity (such as another central counterparty which is not a participant).~~

- (3) Step 3: the *UK RIE* would assess the eligible financial resources that it would need to hold to cover such potential business losses. Such eligible financial resources would enable the *UK RIE* to absorb any financial shocks attributable to such business risks were they to arise.

In carrying out this assessment, the ~~FSA~~ FCA considers that it would be reasonable for a *UK RIE* to take account of any action which its senior management might plan on taking in response to a given stress event. For example, if the risk appetite of a *UK RIE* is such that it would not pursue recovery from a given stress event (and would instead initiate an orderly wind-down), the assessment of eligible financial resources needed in such circumstances might reasonably be limited to the costs of orderly wind-down from the point in time at which that decision would be likely to be made.

Where a *UK RIE* expects to be making a loss during the period covered by the financial risk assessment as a result of its anticipated business performance in normal market conditions, the business losses which are relevant to the calculation of the risk-based approach are those additional losses which the *UK RIE* would expect to incur in stressed but plausible market conditions.



- (4) Step 4: the *UK RIE* would make an assessment of the cost of orderly closure. The ~~FSA~~ FCA considers that an orderly closure should normally include an assessment of the impact of closure on the users of the markets operated by that *UK RIE*. For the purpose of this assessment, the ~~FSA~~ FCA considers that it would be reasonable for a *UK RIE* to adopt the amount needed under the standard approach as its cost of orderly closure or to use its own method of calculation based on a scenario plan which comprehensively documents the costs that a *UK RIE* in its position might incur in order to fully implement an orderly wind-down.

...

2.3.18 G The ~~FSA~~ FCA would normally expect a financial risk assessment to include a description of the methodology applied by the *UK RIE* to arrive at the proposal made in accordance with *REC 2.3.17G(5)*.  
[FCA]

2.3.19 G Where a *UK RIE* is a member of a *group*, the ~~FSA~~ FCA would normally expect the annual risk assessment to be accompanied by a consolidated balance sheet:  
[FCA]

...

2.3.20 G The ~~FSA~~ FCA would expect to consider the financial risk assessment, any proposal with respect to an operational risk buffer and, if applicable, the consolidated balance sheet, in formulating its *guidance* on the amount of eligible financial resources it considers to be sufficient for the *UK RIE* to hold in order to meet the *recognition requirements*. In formulating its guidance, the ~~FSA~~ FCA would, where relevant, consider whether or not the financial risk assessment makes adequate provision for the following risks:  
[FCA]

...

#### Operational and other risks: purpose of the risk buffer

2.3.21 G The ~~FSA~~ FCA would normally consider a *UK recognised body* to be failing the *recognition requirements* if it held financial resources less than the amount calculated under ~~*REC 2.3.8G* (in respect of *UK RCHs*) and *REC 2.3.9G(1)(a)(i)* (in respect of *UK RIEs*)~~. The ~~FSA~~ FCA therefore expects a *UK recognised body* to hold an operational risk buffer of a sufficient amount in excess of this minimum, to ensure that it is at all times able to comply with its regulatory obligations.  
[FCA]

#### Operational and other risks: calculation of the operational risk buffer – UK recognised bodies

2.3.22 G (1) ~~The *FSA* would normally expect a *UK RCH* to hold, in addition to the minimum amount determined under *REC 2.3.8G*, an operational risk buffer equal to 50% of the amount calculated under *REC 2.3.8G(1)*. [deleted]~~  
[FCA]

- (2) The ~~FSA~~ FCA would normally expect a *UK RIE* to hold, in addition to the minimum amount determined under *REC 2.3.9G(1)(a)(i)*, an operational risk buffer consistent with a risk-based approach.
- (a) Where the amount of eligible financial resources calculated by a *UK RIE* under *REC 2.3.17G(5)* (the risk-based approach) is greater than the amount of eligible financial resources calculated under *REC 2.3.13G* (the standard approach), and the difference is of an amount sufficient to serve the purposes of the operational risk buffer, then the ~~FSA~~ FCA considers that there would be no need for a *UK RIE* to hold any further amount as an operational risk buffer.
- (b) Where the amount of eligible financial resources calculated by a *UK RIE* under *REC 2.3.17G(5)* (the risk-based approach) is not sufficient to provide an effective operational risk buffer over and above the amount calculated under *REC 2.3.13G* (the standard approach), then the ~~FSA~~ FCA would expect the *UK RIE* to include within its annual risk assessment a proposal to hold additional financial resources sufficient to constitute an operational risk buffer.
- (3) As the operational risk buffer is an amount in excess of the minimum financial resources sufficient to meet the *recognition requirements*, the ~~FSA~~ FCA would normally not regard a *UK recognised body* that draws upon or temporarily depletes the operational risk buffer to have failed or be failing a *recognition requirement* in respect of its financial resources. However, the ~~FSA~~ FCA would expect to be notified as soon as reasonably practicable if the *UK recognised body* draws upon, or intends to draw upon, its operational risk buffer.

## 2.4 Suitability

2.4.1 UK Schedule to the Recognition Requirement Regulations, Paragraph 2

[FCA]

...
<b>(2) In considering whether this requirement is satisfied, the <del>[FSA]</del> <u>FCA</u> may (without prejudice to the generality of regulation 6(1)) take into account all the circumstances, including the <del>[UK RIE's]</del> connection with any person.</b>
...

2.4.2 UK ~~Schedule to the Recognition Requirements Regulations, Paragraph 17~~

<del>(1) The <del>[UK RCH]</del> must be a fit and proper person to perform the <del>[relevant functions]</del> of a <del>[UK RCH]</del>.</del>
---

~~(2) In considering whether this requirement is satisfied, the [FSA] may (without prejudice to the generality of regulation 6(1)) take into account all the circumstances including the [UK RCH's] connection with any person.~~

[deleted]

2.4.3 G In determining whether a *UK recognised body* is a fit and proper *person*, the [FCA] ~~FSA~~ FCA may have regard to any relevant factor including, but not limited to:

2.4.4 G In determining whether a *UK recognised body* is a fit and proper *person*, the [FCA] ~~FSA~~ FCA may have regard to its connections with:

...

2.4.5 G In assessing whether its connection with any *person* could affect whether a *UK recognised body* is a fit and proper *person*, the [FCA] ~~FSA~~ FCA may have regard to:

...

2.4.6 G In assessing whether the *persons* who effectively direct the business and operations of the *UK RIE* are of sufficiently good repute and sufficiently experienced to ensure the sound and prudent management and operation of the financial markets operated by it, the [FCA] ~~FSA~~ FCA may have regard to the repute and experience of the *UK RIE's key individuals*.

## 2.5 Systems and controls and conflicts

...

2.5.2 UK ~~Schedule to the Recognition Requirements Regulations, paragraph 18~~

(1)	<del>The [UK RCH] must ensure that the systems and controls used in the performance of its [relevant functions] are adequate, and appropriate for the scale and nature of its business.</del>	
(2)	<del>This requirement applies in particular to systems and controls concerning-</del>	
	(a)	<del>the transmission of information;</del>
	(b)	<del>the assessment and management of risks to the performance of the [UK RCH's relevant functions];</del>
	(c)	<del>the operation of the arrangements mentioned in paragraph 19(2)(b); and</del>
	(d)	<del>(where relevant) the safeguarding and administration of assets</del>

		belonging to users of the [UK RCH's] facilities.
--	--	--

[deleted]

- 2.5.3 [FCA] G In assessing whether the systems and controls used by a *UK recognised body* in the performance of its *relevant functions* are adequate and appropriate for the scale and nature of its business, the ~~FSA~~ FCA may have regard to the *UK recognised body's*:

...

- 2.5.4 [FCA] G The following paragraphs set out other matters to which the ~~FSA~~ FCA may have regard in assessing the systems and controls used for the transmission of information, risk management, the effecting and monitoring of transactions, the operation of settlement arrangements (the matters covered in ~~paragraphs paragraph~~ paragraph 4(2)(d) and ~~19(2)(b)~~ of the Schedule to the Recognition Requirements Regulations) and the safeguarding and administration of assets.

#### Information transmission

- 2.5.5 [FCA] G In assessing a *UK recognised body's* systems and controls for the transmission of information, the ~~FSA~~ FCA may also have regard to the extent to which these systems and controls ensure that information is transmitted promptly and accurately:

...

#### Risk management

- 2.5.6 [FCA] G In assessing a *UK recognised body's* systems and controls for assessing and managing risk, the ~~FSA~~ FCA may also have regard to the extent to which these systems and controls enable the *UK recognised body* to:

...

- 2.5.7 G ~~Where the *UK recognised body* assumes significant counterparty risk (for example, by acting as a central counterparty), the ~~FSA~~ may also have regard to:~~
- ~~(1) the position of the risk management department within the *UK recognised body*, including its access to the *governing body* and its relationship with the commercial or marketing departments of the *UK recognised body*;~~
  - ~~(2) the frequency with which all exposures and risks incurred by the *UK recognised body* are monitored against risk or exposure limits or other appropriate control parameters;~~
  - ~~(3) the frequency with which risk or exposure limits (or other control parameters) are reviewed;~~
  - ~~(4) the reliability of the arrangements for monitoring and assessing intra-~~

~~day movements in exposures and risks;~~

- ~~(5) the robustness of the arrangements for calculating, collecting and holding margin payments and the allocation of losses; and~~
- ~~(6) the arrangements for stress testing of the adequacy of the UK recognised body's financial resources to cover its exposures which may arise, for example, with substantial movements in market values or counterparty defaults. [deleted]~~

Effecting and monitoring of transactions and operation of settlement arrangements

2.5.8 [FCA] G In assessing a *UK RIE's* systems and controls for the effecting and monitoring of transactions, and ~~the systems and controls used by a UK recognised body~~ for the operation of settlement arrangements, the ~~FSA FCA~~ may have regard to the totality of the arrangements and processes through which a the UK RIE's transactions is are effected, cleared, and settled, including:

- (1) a *UK RIE's* arrangements under which orders are received and matched, ~~and~~ its arrangements for trade and transaction reporting, and (if relevant) its arrangements with another person under which any rights or liabilities arising from transactions are discharged including arrangements for transmission to a settlement system or *clearing house*;
- (2) ~~a UK recognised body's (if relevant), a UK RIE's~~ arrangements under which clearing and settlement instructions arising from instructions relating to a transaction to be cleared by another person by means of a clearing facilitation service are entered into its systems ~~to the point at which any rights or liabilities arising from that transaction are discharged by the relevant other person and transmitted to the other person~~; and
- (3) the arrangements made by the ~~UK recognised body UK RIE~~ for monitoring and reviewing the operation of these systems and controls.

Safeguarding and administration of assets

2.5.9 [FCA] G In assessing a *UK recognised body's* systems and controls for the safeguarding and administration of assets belonging to users of its *facilities*, the ~~FSA FCA~~ may have regard to the totality of the arrangements and processes by which the *UK recognised body*:

...

Management of conflicts of interest

...

2.5.11 [FCA] G The ~~FSA FCA~~ recognises that a ~~UK RCH UK RIE~~ has legitimate interests of its own and that its general business policy may properly be influenced by other *persons* (such as its owners). Such a connection does not necessarily

imply the existence of a conflict of interest nor is it necessary to exclude individuals closely connected with other *persons* (for example, those responsible for the stewardship of the owner's interests) from all decision-making processes in a *UK recognised body*. However, there may be decisions, primarily regulatory decisions, from which it may be appropriate to exclude an individual in certain circumstances where an interest, position or connection of his conflicts with the interest of the *recognised body*.

- 2.5.12 [FCA] G *REC 2.5.13G to REC 2.5.16G* set out the factors to which the ~~FSA~~ FCA may have regard in assessing a *UK recognised body's* systems and controls for managing conflicts of interest.
- 2.5.13 [FCA] G The ~~FSA~~ FCA may have regard to the arrangements a *UK recognised body* makes to structure itself and to allocate responsibility for decisions so that it can continue to take proper regulatory decisions notwithstanding any conflicts of interest, including:  
...
- 2.5.14 [FCA] G The ~~FSA~~ FCA may also have regard to the systems and controls intended to ensure that confidential information is only used for proper purposes. Where relevant, *recognised bodies* will have to comply with section 348 (Restrictions on disclosure of confidential information by the ~~FSA~~ FCA etc.) and regulations made under section 349 (Exemptions from section 348) of the *Act*.
- 2.5.15 [FCA] G The ~~FSA~~ FCA may also have regard to the contracts of employment, staff rules, letters of appointment for members of the *governing body*, members of relevant committees and other *key individuals* and other guidance given to individuals on handling conflicts of interest. Guidance to individuals may need to cover:  
...
- 2.5.16 [FCA] G The ~~FSA~~ FCA may also have regard to the arrangements made:  
...

#### Internal and external audit

- 2.5.17 [FCA] G A *UK recognised body's* arrangements for internal and external audit will be an important part of its systems and controls. In assessing the adequacy of these arrangements, the ~~FSA~~ FCA may have regard to:  
...

#### Information technology systems

- 2.5.18 G Information technology is likely to be a major component of the systems and controls used by any *UK recognised body*. In assessing the adequacy of the

- [FCA] information technology used by a *UK recognised body* to perform or support its *relevant functions*, the ~~FSA~~ FCA may have regard to:
- ...
- 2.5.19 [FCA] G The ~~FSA~~ FCA may also have regard to the arrangements for maintaining, recording and enforcing technical and operational standards and specifications for information technology systems, including:
- ...
- 2.5.20 [FCA] G The ~~FSA~~ FCA may have regard to the arrangements made to keep clear and complete audit trails of all uses of information technology systems and to reconcile (where appropriate) the audit trails with equivalent information held by system users and other interested parties.

## 2.5A Guidance on Public Interest Disclosure Act: Whistleblowing

...

Purpose

...

- 2.5A.3 [FCA] G The *guidance* in this section concerns the effect of PIDA in the context of the relationship between *UK recognised bodies* and the ~~FSA~~ FCA. It is not comprehensive guidance on PIDA itself.

...

Internal procedures

- 2.5A.6 [FCA] G (1) *UK recognised bodies* are encouraged to consider adopting appropriate internal procedures which will encourage their workers with concerns to blow the whistle internally about matters which are relevant to the functions of the ~~FSA~~ FCA.

...

Link to fitness and propriety

- 2.5A.7 [FCA] G In determining whether a *UK recognised body* is a fit and proper *person*, the ~~FSA~~ FCA may have regard to any relevant factor including, but not limited to, how the *UK recognised body* and *key individuals* have complied with any relevant law (see *REC 2.4.3G(9)*).

## 2.6 General safeguards for investors, provision of pre and post-trade information about share trading and suspension and removal of financial instruments from

**trading**

...

2.6.3 UK Schedule to the Recognition Requirements Regulations, Paragraph 4A

[FCA]

...	
(2)	If [a <i>UK RIE</i> ] decides to give <i>investment firms</i> and <i>credit institutions</i> required to publish their quotes in <i>shares</i> -
	...
	(b) by the [ <del>FSA</del> <u>FCA</u> ],
	...
(3)	The [ <del>FSA</del> <u>FCA</u> ] may waive the requirements of sub-paragraph (1) in the circumstances specified-
	...

2.6.4 UK Schedule to the Recognition Requirements Regulations, Paragraph 4B

[FCA]

...	
(2)	If [a <i>UK RIE</i> ] decides to give <i>investment firms</i> and <i>credit institutions</i> required to make public details of their transactions in <i>shares</i> -
	...
	(b) by the [ <del>FSA</del> <u>FCA</u> ],
	...
(3)	The [ <del>FSA</del> <u>FCA</u> ] may permit [ <i>UK RIEs</i> ] to defer the publication required by sub-paragraph (1) in the circumstances specified, and subject to the requirements contained-
	...
(4)	If the [ <del>FSA</del> <u>FCA</u> ] permits [ <i>UK RIEs</i> ] to defer the publication required by sub-paragraph (1), those [ <i>UK RIEs</i> ] must ensure that the existence of and the terms of the permission are disclosed to users and members of their <i>facilities</i> and to investors.

...

2.6.10 EU Article 18 of the MiFID Regulation

[FCA]

<b>Waivers based on market model and type of order or transaction</b>
---



(1)	Waivers in accordance with Article 29(2) and 44(2) of [ <i>MiFID</i> ] [(see <i>REC 2.6.3UK</i> )] may be granted by the [ <del>FSA</del> <i>FCA</i> ] for systems operated by an <i>MTF</i> or a <i>regulated market</i> , if those systems satisfy one of the following criteria:
	...

...

2.6.25 EU ~~Schedule to the Recognition Requirements Regulations, Paragraph 19(1)~~

The [~~UK RCH~~] must ensure that its facilities are such as to afford proper protection to investors. ~~[deleted]~~

2.6.26 G In determining whether:  
[FCA]

- (1) business conducted by means of a *UK RIE's facilities* is conducted so; ~~of~~
- (2) ~~a UK RCH's facilities are such; [deleted]~~

as to afford proper protection to investors, the ~~FSA~~ *FCA* may, in addition to the matters dealt with in *REC 2.7* to *REC 2.12*, have regard to all the arrangements made by the *UK recognised body* concerning the operation of its *facilities*.

2.6.27 G The ~~FSA~~ *FCA* may also have regard to the extent to which the *UK recognised body's* rules, procedures and the arrangements for monitoring and overseeing the use of its *facilities*:  
[FCA]

...

Orderly markets

2.6.28 G In determining whether a *UK RIE* is ensuring that business conducted by means of its *facilities* is conducted in an orderly manner (and so as to afford proper protection to investors), the ~~FSA~~ *FCA* may have regard to the extent to which the *UK RIE's* rules and procedures:  
[FCA]

...

2.6.29 G In determining whether a *UK RIE* is ensuring that business conducted by means of its *facilities* is conducted in an orderly manner (and so as to afford proper protection to investors), the ~~FSA~~ *FCA* may have regard to whether the *UK RIE's* arrangements and practices:  
[FCA]

...

- (4) if they include arrangements to support or encourage liquidity:

...

- (d) alleviate dealing or other identified costs associated with trading on the *UK RIE*'s markets and do not subsidise a market position of a user of its *facilities* ~~or subsidise any margin payments (or the provision of collateral) which such a user would have to make.~~

- 2.6.30 [FCA] G (1) The ~~FSA~~ FCA accepts that block trading, upstairs trading and other types of specialist transactions (such as the "exchange of futures for physicals" in certain commodity markets) can have a legitimate commercial rationale consistent with the orderly conduct of business and proper protection for investors. They may therefore be permitted under the rules of a *UK RIE*, subject to any necessary safeguards, where appropriate.

...

#### Waiver of pre-trade transparency requirements and deferral of post-trade transparency requirements

- 2.6.31 [FCA] G The ~~FSA~~ FCA has exercised its power referred to in *REC 2.6.3UK(3)* to waive the pre-trade transparency requirements referred to in *REC 2.6.3UK(1)*. The waivers granted are those based on market model (see *REC 2.6.10EU1*), type of order (see *REC 2.6.10EU2*) and *transactions* which are large in scale (see *REC 2.6.13EU*). These waivers apply to all *regulated markets* and *MTFs* operated by *UK RIEs*.
- 2.6.32 [FCA] G The ~~FSA~~ FCA has exercised its power referred to in *REC 2.6.4UK(3)* to permit the deferral of the post-trade transparency requirements referred to in *REC 2.6.4UK(1)*. This permission is with respect to large *transactions* (see *REC 2.6.17EU*). This permission applies to all *regulated markets* and *MTFs* operated by *UK RIEs*.

#### Arrangements for making information public

- 2.6.33 [FCA] G The ~~FSA~~ FCA considers that for the purposes of ensuring that published information is reliable, monitored continuously for errors, and corrected as soon as errors are detected (see *REC 2.6.24EU(a)*), a verification process should be established which does not need to be external from the organisation of the publishing entity, but which should be an independent cross-check of the accuracy of the information generated by the trading process. This process should have the capability to at least identify price and volume anomalies, be systematic and conducted in real-time. The chosen process should be reasonable and proportionate in relation to the business.
- 2.6.34 [FCA] G (1) In respect of arrangements facilitating the consolidation of data as required in *REC 2.6.24EU(b)*, the ~~FSA~~ FCA considers information as being made public in accordance with *REC 2.6.24EU(b)*, if it:

...

- (2) The ~~FSA~~ FCA considers that an arrangement fulfils the 'machine-readable' criteria where the data:  
...
- (3) The ~~FSA~~ FCA considers that publication on a non-machine-readable website would not meet the *MiFID* requirements.
- (4) The ~~FSA~~ FCA considers that information that is made public in accordance with *REC 2.6.24EU* should conform to a consistent and structured format based on industry standards. *Regulated markets* or *market operators* operating an *MTF* can choose the structure that they use.

**2.7 Access to facilities**

...

2.7.1A UK Schedule to the Recognition Requirements Regulations, Paragraph 7B  
[FCA]

...	
(5)	The [UK RIE] must make arrangements regularly to provide the [ <del>FSA</del> <u>FCA</u> ] with a list of users or members of its <i>facilities</i> .
...	

...

2.7.2 UK Schedule to the Recognition Requirements Regulations, Paragraph 19(2)(a)

<del>Without prejudice to the generality of sub-paragraph [19(1)], the [UK RCH] must ensure that-</del>	
<del>access to the [UK RCH's ] <i>facilities</i> is subject to criteria designed to protect the orderly functioning of those <i>facilities</i> and the interests of investors; [deleted]</del>	

2.7.2A UK Schedule to the Recognition Requirements Regulations, Paragraph 21A

(1)	<del>The [UK RCH] must make transparent and non-discriminatory rules, based on objective criteria, governing access to central counterparty, clearing or settlement <i>facilities</i> provided by it.</del>
(2)	<del>The rules under sub-paragraph (1) must enable an <i>investment firm</i> or a <i>credit institution</i> authorised by the <i>competent authority</i> of another <i>EEA State</i> (including a <i>branch</i> established in the <i>United Kingdom</i> of such a firm or institution) to have access to those <i>facilities</i> on the same terms as a <i>UK firm</i> for the purposes of finalising or arranging the finalisation of transactions in <i>financial instruments</i>.</del>

(3)	The <del>[UK RCH]</del> may refuse access to those <i>facilities</i> on legitimate commercial grounds. <del>[deleted]</del>
-----	---

2.7.3 [FCA] G In assessing whether access to a *UK recognised body's facilities* is subject to criteria designed to protect the orderly functioning of the market, or of those *facilities*, and the interests of investors, the ~~FSA~~ FCA may have regard to whether:

...

...

Electronic access

2.7.4 [FCA] G The ~~FSA~~ FCA may have regard to the arrangements made to permit electronic access to the *UK recognised body's facilities* and to prevent and resolve problems likely to arise from the use of electronic systems to provide indirect access to its *facilities* by *persons* other than its *members*, including:

...

## 2.8 Settlement and clearing facilitation services

...

2.8.2 UK ~~Schedule to the Recognition Requirements Regulations, Paragraph 19(2)(b)~~

<del>Without prejudice to the generality of sub-paragraph [19(1)], the [UK RCH] must ensure that—</del>
<del>its clearing services involve satisfactory arrangements for securing the timely discharge (whether by performance, compromise or otherwise) of the rights and liabilities of the parties to transactions in respect of which it provides such services, (being rights and liabilities in relation to those transactions); [deleted]</del>

2.8.3 [FCA] G In determining whether there are satisfactory arrangements for securing the timely discharge of the rights and liabilities of the parties to transactions, the ~~FSA~~ FCA may have regard to the *UK recognised body's*:

(1) rules and practices relating to clearing and settlement including its arrangements with another person for the provision of clearing and settlement services;

...

(3) where relevant, arrangements for making deliveries and payments and, where relevant, for collecting margin and holding collateral, in all relevant jurisdictions;

...

...

**2.9 Transaction recording**

...

2.9.2 UK ~~Schedule to the Recognition Requirements Regulations, Paragraph 19(2)(c)~~

~~Without prejudice to the generality of sub-paragraph [19(1)], the [UK RCH] must ensure that~~

~~satisfactory arrangements are made for recording transactions which are cleared or to be cleared by means of its facilities; [deleted]~~

2.9.3 [FCA] G In determining whether a *UK recognised body* has satisfactory arrangements for recording the transactions effected on its facilities, or cleared or to be cleared by another person by means of, its facilities, the ~~FSA~~ FCA may have regard to:

...

(2) the type of information recorded and the extent to which the record includes details for each transaction of:

...

(c) if the *UK recognised body's* rules make provision for transactions or clearing facilitation services to be effected, ~~cleared or to be cleared~~ in more than one type of *facility*, or under more than one part of its rules, the type of *facility* in which, or the part of its rules under which, the transaction or clearing facilitation service was effected, ~~cleared or to be cleared~~; and

...

2.9.4 G ~~Where transactions are effected on an *UK RIE* and cleared through an *UK RCH*, the *UK recognised bodies* concerned may agree which information is to be recorded by each *UK recognised body* and need not duplicate each other's records. [deleted]~~

**2.10 Financial crime and market abuse**

...

2.10.2 UK ~~Schedule to the Recognition Requirements Regulations, Paragraph 19(2)(d)~~

~~Without prejudice to the generality of sub-paragraph [19(1)], the [UK RCH] must ensure that~~

~~appropriate measures are adopted to reduce the extent to which the [UK RCH's] facilities can be used for a purpose connected with market abuse or financial crime, and to facilitate their detection and monitor their incidence; [deleted]~~

2.10.3 G In determining whether a *UK recognised body's* measures are appropriate to  
 [FCA] reduce the extent to which its *facilities* can be used for a purpose connected with *market abuse* or *financial crime*, to facilitate their detection and to monitor their incidence, the ~~FSA~~ FCA may have regard to:

- (1) whether the rules of the *UK recognised body* enable it to disclose any information to the ~~FSA~~ FCA, or other appropriate bodies involved in the detection, prevention or pursuit of *market abuse* or *financial crime* in the *United Kingdom* or overseas; and

...

...

## 2.11 Custody

...

2.11.2 UK ~~Schedule to the Recognition Requirements Regulations, Paragraph 19(2)(e)~~

~~Without prejudice to the generality of sub-paragraph [19(1)], the [UK RCH] must ensure that~~

~~where the [UK RCH's] facilities include making provision for the safeguarding and administration of assets belonging to users of those facilities, satisfactory arrangements are made for that purpose. [deleted]~~

2.11.3 G In determining whether a *UK recognised body* has made satisfactory  
 [FCA] arrangements for the safeguarding and administration of assets belonging to the users of its *facilities*, the ~~FSA~~ FCA may have regard to:

...

...

## 2.12 Availability of relevant information and admission of financial instruments to trading (UK RIEs only)

...

Proper information

2.12.11 G In determining whether appropriate arrangements have been made to make  
[FCA] *relevant information* available to *persons* engaged in *dealing in specified investments admitted to trading* on the *UK RIE*, the ~~FSA~~ FCA may have regard to:

...

Own means of dissemination

...

Rules concerning the admission of financial instruments to trading on a multilateral trading facility

2.12.14 G In determining whether a *UK RIE* has clear and transparent rules concerning  
[FCA] the admission of *financial instruments* to trading on any *multilateral trading facility* operated by it, the ~~FSA~~ FCA considers that it is reasonable that the rules be based on criteria designed to promote fair and orderly trading (see *REC 2.6.2 UK*). In determining whether the rules are based on such criteria, the ~~FSA~~ FCA may have regard to:

...

## 2.13 Promotion and maintenance of standards

2.13.1 UK Schedule to the Recognition Requirements Regulations, Paragraph 6

[FCA]

...
<b>(2) The [UK RIE] must be able and willing to cooperate by the sharing of information or otherwise, with the [FSA FCA], with any other authority, body or person having responsibility in the United Kingdom for the supervision or regulation of any regulated activity or other financial service, or with an overseas regulator within the meaning of section 195 of the Act.</b>

2.13.2 UK ~~Schedule to the Recognition Requirements Regulations, Paragraph 20~~

<del>(1) The [UK RCH] must be able and willing to promote and maintain high standards of integrity and fair dealing in the carrying on of regulated activities by persons in the course of using the facilities provided by the [UK RCH].</del>
<del>(2) The [UK RCH] must be able and willing to promote and maintain high standards of integrity and fair dealing in the carrying on of regulated activities by persons in the course of using the facilities provided by the [UK RCH]. [deleted]</del>

2.13.3 G In determining whether a *UK recognised body* is able and willing to promote  
[FCA] and maintain high standards of integrity and fair dealing in the carrying on of *regulated activities*, the ~~FSA~~ FCA may have regard to the extent to which the

*UK recognised body* seeks to promote and encourage, through its rules, practices and procedures, conduct in *regulated activities* which is consistent with the *Code of Market Conduct* (see *MAR 1*) and with any other codes of conduct, rules or principles relating to behaviour in *regulated activities* which users of the *UK financial system* would normally expect to apply to the *regulated activity* and the conduct in question.

2.13.4 G In assessing the ability of a *UK recognised body* to cooperate with the ~~FSA~~ FCA and other appropriate bodies, the ~~FSA~~ FCA may have regard to the extent to which the constitution and rules of the *UK recognised body* and its agreements with its *members* enable it to obtain information from *members* and to disclose otherwise confidential information to the ~~FSA~~ FCA and other appropriate bodies.

2.13.5 G In assessing the willingness of a *UK recognised body* to cooperate with the ~~FSA~~ FCA and other appropriate bodies, the ~~FSA~~ FCA may have regard to:

- (1) the extent to which the *UK recognised body* is willing to provide information about it and its activities to assist the ~~FSA~~ FCA in the exercise of its functions;
- (2) the extent to which the *UK recognised body* is open with the ~~FSA~~ FCA or other appropriate bodies in regulatory matters;
- (3) how diligently the *UK recognised body* investigates or pursues enquiries from the ~~FSA~~ FCA or other appropriate bodies; and

...

...

## 2.14 Rules and consultation

...

2.14.2 UK Schedule to the Recognition Requirements Regulations, Paragraph 21

(1) The [ <i>UK RCH</i> ] must ensure that appropriate procedures are adopted for it to make rules, for keeping its rules under review and for amending them.
---

(2) The procedures must include procedures for consulting users of the [ <i>UK RCH's</i> ] facilities in appropriate cases.
---

(3) The [ <i>UK RCH</i> ] must consult users of its facilities on any arrangements it proposes to make for dealing with penalty income in accordance with paragraph 22(3) ... (or on any changes it proposes to make to those arrangements): [deleted]
--

2.14.3 G In determining whether a *UK recognised body* has appropriate procedures for



[FCA] it to make rules, for keeping its rules under review and for amending them, the ~~FSA~~ FCA may have regard to:

...

2.14.4 G (1) In determining whether a *UK recognised body's* procedures include procedures for consulting users of its *facilities* in appropriate cases, [FCA] the ~~FSA~~ FCA may have regard to whether those procedures include provision for consulting users of those *facilities* before changes are made to any rules relating to its *regulatory functions*.

(2) In the ~~FSA's~~ FCA's view, a *UK recognised body's* procedures may not need to contain provision for consulting users of its *facilities* before making minor changes to any rules of an administrative or commercial character.

2.14.5 G (1) In determining whether a *UK recognised body's* procedures for consulting *members* and other users of its *facilities* are appropriate, [FCA] the ~~FSA~~ FCA may have regard to the range of persons to be consulted by the *UK recognised body* under those procedures.

(2) In the ~~FSA's~~ FCA's view, consultation with a smaller range of persons may be appropriate where limited, technical changes to a *UK recognised body's* rules are proposed.

(3) In the ~~FSA's~~ FCA's view, a *UK recognised body's* procedures may include provision to restrict consultation where it is essential to make a change to the rules without delay in order to ensure continued compliance with the *recognition requirements* or other obligations under the *Act*.

2.14.6 G In determining whether a *UK recognised body's* procedures for consulting [FCA] *members* and other users of its *facilities* are appropriate, the ~~FSA~~ FCA may have regard to the extent to which the procedures include:

...

## 2.15 Discipline

...

2.15.2 UK ~~Schedule to the Recognition Requirements Regulations, Paragraph 22~~

~~(1) The [UK RCH] must have effective arrangements for monitoring and enforcing compliance with its rules.~~

~~(2) The arrangements must include procedures for—  
(a) investigating complaints made to the [UK RCH] about the conduct of persons in the course of using the [UK RCH's] facilities; and  
(b) the fair, independent and impartial resolution of appeals against~~

decisions of the <del>[UK RCH]</del> .
<p><del>(3) Where the arrangements include provision for requiring the payment of financial penalties, they must include arrangements for ensuring that any amount so paid is applied only in one or more of the following ways—</del></p> <p><del>(a) towards meeting expenses incurred by the [UK RCH] in the course of the investigation of the breach in respect of which the penalty is paid, or in the course of any appeal against the decision of the [ UK RCH] in relation to that breach;</del></p> <p><del>(b) for the benefit of users of the [UK RCH's] facilities;</del></p> <p><del>(c) for charitable purposes. [deleted]</del></p>

2.15.3 G In determining whether a *UK recognised body* has effective arrangements for  
[FCA] monitoring and enforcing compliance with its rules ~~(and, in the case of a UK RIE, including its settlement arrangements)~~, the ~~FSA~~ FCA may have regard to:

...

2.15.4 G In assessing whether the procedures made by a *UK recognised body* to  
[FCA] investigate complaints about the users of its *facilities* are satisfactory, the ~~FSA~~ FCA may have regard to:

...

2.15.5 G In assessing whether the arrangements include procedures for the fair,  
[FCA] independent and impartial resolution of appeals against decisions of a *UK recognised body*, the ~~FSA~~ FCA may have regard to at least the following factors:

...

2.15.6 G In assessing whether a *UK recognised body's* arrangements include  
[FCA] appropriate provision for ensuring the application of any financial penalties in ways described in the *recognition requirement*, the ~~FSA~~ FCA may have regard to:

...

but the ~~FSA~~ FCA does not consider that it is necessary for *UK recognised bodies* to follow any specific policy in order to meet this *recognition requirement*.

## 2.16 Complaints

...

2.16.2 UK ~~Schedule to the Recognition Requirements Regulations, Paragraph 23~~

(1)	The <del>[UK RCH]</del> must have effective arrangements for the
-----	--

		<del>investigation and resolution of complaints arising in connection with the performance of, or failure to perform, any of its <i>regulatory functions</i>.</del>
(2)		<del>But sub-paragraph (1) does not extend to—</del>
-	(a)	<del>complaints about the content of rules made by the [UK RCH], or</del>
-	(b)	<del>complaints about a decision against which the complainant has the right to appeal under procedures of the kind mentioned in paragraph 22(2)(b).</del>
(3)		<del>The arrangements must include arrangements for a complaint to be fairly and impartially investigated by a <i>person</i> independent of the [UK RCH], and for him to report on the result of his investigation to the [UK RCH] and to the complainant.</del>
(4)		<del>The arrangements must confer on the <i>person</i> mentioned in sub-paragraph (3) the power to recommend, if he thinks it appropriate, that the [UK RCH]—</del>
-	(a)	<del>makes a compensatory payment to the complainant,</del>
-	(b)	<del>remedies the matter complained of,</del>
-		<del>or takes both of those steps.</del>
(5)		<del>Sub-paragraph (3) is not to be taken as preventing the [UK RCH] from making arrangements for the initial investigation of a complaint to be conducted by the [UK RCH]. [deleted]</del>

2.16.3 G In determining whether a *UK recognised body* has effective arrangements for the investigation and resolution of complaints arising in connection with the performance of, or failure to perform, any of its *regulatory functions*, the ~~FSA~~ FCA may have regard to the extent to which the *UK recognised body's* resources and procedures enable it to:

[FCA]

...

2.16.4 G In determining whether a *UK recognised body's* arrangements for the investigation of complaints include appropriate arrangements for the complaint to be fairly and impartially investigated by an independent *person* (a "*complaints investigator*"), the ~~FSA~~ FCA may have regard to:

[FCA]

...

## 2.16A Operation of a multilateral trading facility

...

2.16A.2 G In determining whether a *UK RIE* operating a *multilateral trading facility* [FCA] complies with those requirements of Chapter I of Title II of *MiFID* and the *MiFID implementing Directive* which are applicable to a *market operator* operating such a facility, the ~~FSA~~ *FCA* will have regard to the compliance of the *UK RIE* with equivalent *recognition requirements*.

**2.17 Recognition requirements relating to the default rules of ~~UK recognised bodies~~ UK RIEs**

...

2.17.2 UK Schedule to the Recognition Requirements Regulations, Part II

[FCA]

Paragraph 10 (Default rules in respect of market contracts)	
...	
Paragraph 15 (Margin)	
(1)	<del>Where the [UK RIE] provides clearing services, the [default rules] of the [UK RIE] must provide that in the event of a default, margin provided by the defaulter for his own account is not to be applied to meet a shortfall on a client account other than a client account of the defaulter.</del>
(2)	<del>This paragraph is without prejudice to the requirements of any rules relating to clients' money made by the [FSA] under sections 138 and 139 of the Act.</del>
-(3)	<del>For the purposes of this paragraph, "client account of the defaulter" means an account held by the [UK RIE] in the name of the defaulter in which relevant transactions effected by the defaulter have been recorded.</del>
(4)	<del>In sub-paragraph (3) "relevant transaction" has the same meaning as in regulation 16(1) of the Financial Markets and Insolvency Regulations 1991.</del>

REC 2.17.3UK to 2.17.5G are deleted in their entirety. The deleted provisions are not shown.

...

**2A.2 Method of satisfying the RAP recognition requirements**

2A.2.1 U Recognised Auction Platforms Regulations, regulation 13

[FCA]	K	(1) In considering whether [an <i>RAP</i> ] or applicant satisfies the [ <i>RAP recognition requirements</i> ], the [ <i>FSA FCA</i> ] may-  ...
		...

2A.2.2 [FCA] G The *FSA FCA* will request information from an *RAP* or *RAP* applicant in order to determine whether it meets the *RAP recognition requirements*.

### 2A.3 Guidance on *RAP* recognition requirements

2A.3.1 [FCA] G In assessing compliance with the *RAP recognition requirements*, the *FSA FCA* will have regard to relevant guidance in *REC 2* on the equivalent requirements set out in the *Recognition Requirement Regulations*. The *FSA FCA* may also take into account compliance by the *RAP* or *RAP* applicant with the *recognition requirements* (see *REC 2A.2.1UK*). The *FSA FCA* will not make a separate assessment of compliance with the *recognition requirements* during the course of examining an application to become an *RAP* or as part of its ongoing supervision of an *RAP*, unless there is a specific reason to do so.

2A.3.2 [FCA] G The *guidance* in relation to the *recognition requirements* in the sections of *REC 2* listed in Column A of the table below applies to an *RAP* in relation to the equivalent *RAP recognition requirements* listed in Column C and (if shown) with the modifications in Column B.

Table: Guidance on *RAP* recognition requirements

Column A <i>REC 2</i> guidance which applies to an <i>RAP</i>	Column B Modification to <i>REC 2</i> guidance for an <i>RAP</i>	Column C Relevant <i>RAP recognition requirement</i>
<i>REC 2.4.3G</i> to <i>REC 2.4.6G</i> (Suitability)	In addition to the matters set out in <i>REC 2.4.3G</i> to <i>REC 2.4.6G</i> , the <i>FSA FCA</i> will have regard to whether a <i>key individual</i> has been allocated responsibility for overseeing the <i>auction platform</i> of the <i>UK recognised body</i> .	Reg 15
...	...	...
<i>REC 2.7.3G</i> to <i>REC 2.7.4G</i> (Access to facilities)	The <i>FSA FCA</i> shall have regard to whether an <i>RAP</i> provides access to bid at auctions only to those <i>persons</i> eligible to bid under article 18 of the <i>auction regulation</i> .	Reg 17(2)(a) and 20

...	...	...
<i>REC 2.12.11G to REC 2.12.12G (Availability of relevant information)</i>	<p><i>REC 2.12.11G to REC 2.12.12G are replaced with the following for an RAP:</i></p> <p><i>REC 2.12.11G</i></p> <p>In determining whether appropriate arrangements have been made to make <i>relevant information</i> available to <i>persons engaged in dealing in emissions auction products</i> the <del>FSA</del> <u>FCA</u> may have regard to:</p> <p>...</p>	Reg 17(2)(c)
...	...	...

## 2A.4 Power and procedure for RAP penalties and censures

2A.4.1 G Under regulation 5A (Power to impose civil penalties) of the *RAP Regulations*, where the ~~FSA~~ FCA considers that an *RAP* has contravened any requirement in articles 19, 20(7), 21(1) or (2), or 54 of the *auction regulation*, the ~~FSA~~ FCA has the power to impose a civil penalty on that *RAP*.  
[FCA]

2A.4.2 G Where the ~~FSA~~ FCA is entitled to impose a penalty on an *RAP*, it may instead publish a statement censuring it.  
[FCA]

...

2A.4.4 G The power in regulation 5A of the *RAP Regulations* to impose a civil penalty or publish a statement adds to the ~~FSA's~~ FCA's other supervisory powers in relation to *RAPs* (see *REC 4*) and its power to impose penalties on an *RAP* under the *Money Laundering Regulations*. The ~~FSA~~ FCA will use this power under the *RAP Regulations* where it is appropriate to do so and with regard to the relevant factors listed in *DEPP 6.2.1 G*. In deciding between a civil penalty or a public statement, the ~~FSA~~ FCA will also have regard to the relevant factors listed in *DEPP 6.4*.  
[FCA]

2A.4.5 G The ~~FSA~~ FCA will notify the subject of the investigation that it has appointed officers to carry out an investigation under either or both the *RAP Regulations* or the *Money Laundering Regulations* and the reasons for the appointment, unless notification is likely to prejudice the investigation or otherwise result in it being frustrated. The ~~FSA~~ FCA expects to carry out a scoping visit early on in the enforcement process in most cases.  
[FCA]

2A.4.6 G Where the ~~FSA~~ FCA uses the power to impose a penalty, it will be for an

- [FCA] amount that is effective, proportionate and dissuasive and with regard to relevant factors listed in *DEPP* 6.5 to *DEPP* 6.5D in determining the appropriate level of financial penalty.
- 2A.4.7 G The ~~FSA~~ FCA will also have regard to whether the person followed any of the ~~FSA's~~ FCA's guidance and will not take action under regulation 5A where [FCA] there are reasonable grounds for it to be satisfied that the person took all reasonable steps and exercised all due diligence to ensure that the requirement was complied with.
- 2A.4.8 G When the ~~FSA~~ FCA proposes or decides to take action against an *RAP* in [FCA] exercise of its power in regulation 5A of the *RAP Regulations*, it must give the *RAP* a *warning notice* or a *decision notice* respectively. Those notices must state the amount of the penalty or set out the terms of the statement, as applicable. On receiving a *warning notice*, the *RAP* has a right to make representations on the ~~FSA's~~ FCA's proposed decision.
- 2A.4.9 G Where the ~~FSA~~ FCA is proposing or deciding to publish a statement censuring [FCA] an *RAP* or impose a penalty on the *RAP* under regulation 5A of the *RAP Regulations*, the ~~FSA's~~ FCA's decision maker will be the *RDC*. This is to ensure that the ~~FSA's~~ FCA's power to censure or impose a penalty on an *RAP* has the same layer of separation in the decision making process, and is exercised consistently with, similar penalty and censure powers of the ~~FSA~~ FCA under other legislation. The *RDC* will make its decisions following the procedure set out in *DEPP* 3.2 or, where appropriate, *DEPP* 3.3. An *RAP* that receives a *decision notice* under regulation 5A of the *RAP Regulations* may refer the matter to the *Tribunal*.
- 2A.4.10 G Sections 393 and 394 of the *Act* apply to notices referred to in this section. [FCA] See *DEPP* 2.4 (Third party rights and access to ~~FSA~~ FCA material).
- 2A.4.11 G As with cases under the *Act*, the ~~FSA~~ FCA may settle or mediate appropriate [FCA] cases to assist it to exercise its functions in the most efficient and economic way. The settlement discount scheme set out in *DEPP* 6.7 applies to penalties imposed under the *RAP Regulations*.
- 2A.4.12 G The ~~FSA~~ FCA will apply the approach to publicity that it has outlined in *EG* 6. [FCA]

### 3 Notification rules for UK recognised bodies

#### 3.1 Application and purpose

Application

...

- 3.1.3 G The *notification rules* in this chapter are in addition to the requirements on [FCA] ~~UK recognised bodies~~ UK RIEs to give notice or information to the ~~FSA~~

[FCA] FCA and if applicable, the Bank of England under sub-sections 293(5)–~~and (6) and (7)~~ of the *Act*.

...

Purpose

3.1.4 [FCA] G The *notification rules* in this chapter are made by the ~~FSA~~ FCA in order to ensure that it is provided with notice of events and information which it reasonably requires for the exercise of its functions under the *Act*.

**3.2 Form and method of notification**

...

Method of notification

3.2.2 [FCA] R Unless otherwise stated in the *notification rule*, a written notification required from a *recognised body* under any *notification rule* must be:

- (1) given to, or addressed for the attention of, the *recognised body's* usual supervisory contact at the ~~FSA~~ FCA;
- (2) delivered to the ~~FSA~~ FCA by one of the methods in *REC* 3.2.3R.

3.2.3 [FCA] R Methods of notification

Method of delivery	
...	
(3)	<b>Electronic mail to an address for the <i>recognised body's</i> usual supervisory contact at the <del>FSA</del> <u>FCA</u> and obtaining an electronic confirmation of receipt</b>
(4)	<b>Hand delivery to the <i>recognised body's</i> usual supervisory contact at the <del>FSA</del> <u>FCA</u></b>
(5)	<b>Fax to a fax number for the <i>recognised body's</i> usual supervisory contact at the <del>FSA</del> <u>FCA</u>, provided that the <del>FSA</del> <u>FCA</u> receives a copy of the notification by one of methods (1) – (4) in this table within five <i>business days</i> after the date of the faxed notification</b>

3.2.4 [FCA] R The address for a written notification to the ~~FSA~~ FCA is:  
 The Financial ~~Services~~ Conduct Authority  
 25 The North Colonnade  
 Canary Wharf  
 London E14 5HS



## Timely notification

- 3.2.5 R If a *notification rule* requires notification within a specified period:  
[FCA]
- (1) the *recognised body* must give the notification so as to be received by the ~~FSA~~ FCA no later than the end of that period; and
  - (2) if the end of that period falls on a *day* which is not a *business day*, the notification must be given so as to be received by the ~~FSA~~ FCA no later than the first *business day* after the end of that period.

## Service of Notice Regulations

- 3.2.6 G The Financial Services and Markets Act 2000 (Service of Notices) Regulations 2001 (SI 2001/1420) ~~contain provisions relating to the service of documents on the FSA. They do not apply to notifications required under the notification rules in this chapter and in REC 6 because of the specific rules in this section.~~  
[FCA]

**3.3 Waivers**

## Statutory power

- 3.3.1 G Under section 294 of the *Act* (Modification or waiver of rules), the ~~FSA~~ FCA may, on the application or with the consent of a *recognised body* (including an *ROIE overseas recognised body*), direct that any *notification rule* is not to apply to the body or is to apply with such modifications as may be specified in the *waiver*.  
[FCA]

...

- 3.3.3 G Under section 294(4) of the *Act*, before the ~~FSA~~ FCA may give a *waiver* of *notification rules*, it must be satisfied that:  
[FCA]

...

## Applications

- 3.3.4 G Where a *recognised body* wishes to make an application to the ~~FSA~~ FCA for a *waiver* of a *notification rule*, it should in the first instance inform its usual supervisory contact at the ~~FSA~~ FCA.  
[FCA]
- 3.3.5 G There is no application form, but applicants should make their application formally and in writing and in accordance with any direction the ~~FSA~~ FCA may make under section 294(2) of the *Act*. Each application should set out at least:  
[FCA]

...

- (3) where the *recognised body* believes that these criteria would be met if the ~~FSA~~ FCA gave a *waiver* under section 294 subject to any condition, particulars of the kind of condition contemplated.

- 3.3.6 [FCA] G The ~~FSA~~ FCA may request further information from the applicant, before deciding whether to give a *waiver* under section 294 of the *Act*.

#### Waivers

- 3.3.7 [FCA] G Any *waiver* given by the ~~FSA~~ FCA under section 294 of the *Act* will be made in writing, stating:

...

- 3.3.8 [FCA] G Where the ~~FSA~~ FCA considers that it will not give the *waiver* which has been applied for, the ~~FSA~~ FCA will give reasons to the applicant for its decision. The ~~FSA~~ FCA will endeavour, where practicable, to inform an applicant in advance where it seems that an application is likely to fail unless it is amended or expanded, so that the applicant will have the opportunity to make any necessary amendments or additions before the application is considered.

- 3.3.9 [FCA] G Where the ~~FSA~~ FCA wishes to give a *waiver* under section 294 of the *Act* with the consent of a *recognised body* (rather than on the application of a *recognised body*), the ~~FSA~~ FCA will correspond or discuss this with that body in order to agree an appropriate *waiver*.

#### Reviews of waivers

- 3.3.10 [FCA] G The ~~FSA~~ FCA will periodically review any *waiver* it has given. The ~~FSA~~ FCA has the right to revoke a *waiver* under section 294(6) of the *Act*. This right is likely to be exercised in the event of a material change in the circumstances of the *recognised body* or in any fact on the basis of which the *waiver* was given.

### 3.4 Key individuals and internal organisation

#### Purpose

- 3.4.1 [FCA] G The purpose of *REC 3.4* is to enable the ~~FSA~~ FCA to monitor changes in the arrangements a *UK recognised body* makes for the carrying out of its *relevant functions* or for overseeing the work of *key individuals* or departments responsible for its *relevant functions*.

#### Key individuals

- 3.4.2 R ~~Where, in relation to a *UK RCH*, a *person* has been appointed or elected, has resigned as, or has ceased to be, a *key individual*, that *UK RCH* must immediately give notice of that event, and give the information specified for the purposes of this rule in *REC 3.4.4R* to the *FSA*. [deleted]~~
- 3.4.2A R Where, in relation to a *UK RIE* a proposal has been made to appoint or  
[FCA] elect a *person* as a *key individual*, that *UK RIE* must at least 30 days before the date of the appointment or election give notice of that event, and give the information specified for the purposes of this rule in *REC 3.4.4AR* to the *FSA FCA*.  
[Note: Article 37(1), paragraph 1, second sentence of *MiFID*]
- ...
- 3.4.3 G ...  
[FCA]
- (4) The *FSA FCA* does not need to be notified where minor changes are made to the responsibilities of a *key individual*, but where a major change in responsibilities is made which amounts to a new appointment, the *FSA FCA* should be notified under ~~*REC 3.4.2R*~~ *REC 3.4.2AR*.
- 3.4.4 R The following information is specified for the purposes of ~~*REC 3.4.2R*~~:
- (1) ~~where a person has been appointed or elected as a *key individual*:~~
- (a) ~~that person's name;~~
- (b) ~~his date of birth;~~
- (c) ~~a description of the responsibilities which he will have in the post to which he has been appointed or elected, including a *UK RIE* which operates an *RAP* where the *person* has responsibilities both in the *UK RIE* and *RAP*, a description of the responsibilities he has in respect of each body; or~~
- (2) ~~where a *person* has resigned as or otherwise ceased to be a *key individual*, that *person*'s name. [deleted]~~
- 3.4.4A R The following information is specified for the purposes of *REC 3.4.2AR*:  
[FCA]
- ...
- (3) a description of the responsibilities which he will have in the post to which he is to be appointed or elected, including for a *UK RIE* which operates an *RAP* where the *person* has responsibilities both in the *UK RIE* and *RAP*, a description of the responsibilities he has

in respect of each body.

[**Note:** Article 37(1), paragraph 1, second sentence of *MiFID*]

#### Standing committees

- 3.4.5 [FCA] R Where the *governing body* of a *UK recognised body* delegates any of its functions (which relate to that *UK recognised body's relevant functions*) to a standing committee, or appoints a standing committee to manage or oversee the carrying out of any of that *UK recognised body's relevant functions*, that *UK recognised body* must immediately notify the ~~FSA~~ FCA of that event and give the ~~FSA~~ FCA the following information:

...

- 3.4.6 [FCA] R Where:

... .

the *UK recognised body* must immediately notify the ~~FSA~~ FCA of that event and give particulars of any change referred to in (1) to the ~~FSA~~ FCA.

...

### 3.5 Disciplinary action and events relating to key individuals

#### Disciplinary action

- 3.5.1 [FCA] R Where any *key individual* of a *UK recognised body*:

...

that body must immediately give the ~~FSA~~ FCA notice of that event, and give the information specified for the purposes of this *rule* in *REC 3.5.2R*.

...

- 3.5.3 [FCA] R Where a *UK recognised body* becomes aware that any of the following events has occurred in relation to a *key individual*, it must immediately give the ~~FSA~~ FCA notice of that event:

...

### 3.6 Constitution and governance

3.6.1 R Where a *UK recognised body* is to circulate any notice or other *document*  
[FCA] proposing any amendment to its memorandum or articles of association (or  
other similar agreement or *document* relating to its constitution) to:

...

that *UK recognised body* must give notice of that proposed amendment,  
and give the information specified for the purposes of this *rule* in *REC*  
3.6.2R to the ~~FSA~~ FCA, at the same time as that notice or *document* is  
circulated.

...

3.6.4 R Where a *UK recognised body* makes an amendment to its memorandum or  
[FCA] articles of association (or other similar agreement or *document* relating to  
its constitution), that *UK recognised body* must immediately give the ~~FSA~~  
FCA notice of that event, and give written particulars of that amendment  
and of the date on which it is to become or became effective.

...

3.6.6 R Where any change is made to an agreement which relates to the  
[FCA] constitution or governance of a *UK recognised body*:

...

that *UK recognised body* must give the ~~FSA~~ FCA notice of that event as  
soon as it is aware of it, and give written particulars of that change and of  
the date on which it is to become or became effective.

3.6.7 G The purpose of *REC* 3.6.6R is to ensure that the ~~FSA~~ FCA is informed of  
[FCA] changes to agreements which specify the arrangements by which a *UK*  
*recognised body* will be governed or by which important decisions will be  
taken within that body. It is not intended to cover any agreement by which  
someone is appointed to be a *key individual* or which covers the terms and  
conditions of service in such an appointment.

### 3.7 Auditors

3.7.1 R Where the auditors of a *UK recognised body* cease to act as such, that *UK*  
[FCA] *recognised body* must immediately give the ~~FSA~~ FCA notice of that event,  
and the following information:

...

3.7.2 R Where a *UK recognised body* appoints new auditors, that body must  
[FCA] immediately give the ~~FSA~~ FCA notice of that event, and the following  
information:

...

### 3.8 Financial and other information

3.8.1 R A *UK recognised body* must give the ~~FSA~~ FCA:  
[FCA]

...

3.8.2 R The time specified for the purpose of *REC* 3.8.1R is the latest of:  
[FCA]

(1) four months after the end of the financial year to which the *document* which is to be given to the ~~FSA~~ FCA relates; or

...

3.8.3 R Where an audit committee of a *UK recognised body* has prepared a report  
[FCA] in relation to any period or any matter relating to any *relevant function* of that *UK recognised body*, the *UK recognised body* must immediately give the ~~FSA~~ FCA a copy of that report.

3.8.4 R A *UK recognised body* must give the ~~FSA~~ FCA a copy of:  
[FCA]

...

3.8.5 G A *UK recognised body* is not required to provide quarterly and monthly  
[FCA] *management accounts* in respect of the same period, but *management accounts* (whether quarterly or monthly) should be submitted for all periods. A *UK recognised body* may choose whichever method is the more suitable for it, but where it intends to change from providing monthly to quarterly *management accounts* (or from quarterly to monthly *management accounts*), it should inform the ~~FSA~~ FCA of that fact.

3.8.6 R A *UK recognised body* must give the ~~FSA~~ FCA:  
[FCA]

...

3.8.7 R Where the *accounting reference date* of a *UK recognised body* is changed,  
[FCA] that body must immediately give notice of that event to the ~~FSA~~ FCA and inform it of the new *accounting reference date*.

### 3.9 Fees and incentive schemes

3.9.1 [FCA] G The purpose of *REC* 3.9.2R is to enable the ~~FSA~~ FCA to obtain information on changes to standard tariffs for matters such as *membership* and trading and of any scheme introduced by the *UK recognised body* for rebating or waiving fees or charges. A *UK recognised body* is not required to inform the ~~FSA~~ FCA of fees or charges for which the *UK recognised body* does not charge according to a standard tariff.

3.9.2 [FCA] R A *UK recognised body* must give the ~~FSA~~ FCA a summary of:

...

### 3.10 Complaints

3.10.1 [FCA] R Where a *UK recognised body's complaints investigator* has investigated a complaint arising in connection with the performance of, or failure to perform, any of its *regulatory functions*, and that *complaints investigator* has made a recommendation in respect of that complaint that the *UK recognised body* should:

...

the *UK recognised body* must immediately notify the ~~FSA~~ FCA of that event, and give the ~~FSA~~ FCA a copy of the *complaints investigator's* report and particulars of his recommendations as soon as that report or those recommendations are available to it.

### 3.11 Insolvency events

3.11.1 [FCA] R On:

...

that body must immediately give the ~~FSA~~ FCA notice of that event.

### 3.12 Legal proceedings

3.12.1 [FCA] R If any civil or criminal legal proceedings are instituted against a *UK recognised body*, it must, unless *REC* 3.12.2R applies, immediately give notice of that event and give the following information to the ~~FSA~~ FCA:

...

3.12.2 [FCA] R A *UK recognised body* is not required to give notice of civil legal proceedings or information about them to the ~~FSA~~ FCA under *REC*

3.12.1R, where:

...

### 3.13 Delegation of relevant functions

3.13.1 G (1) The purpose of *REC* 3.13 is to enable the ~~FSA~~ FCA to monitor any significant instances where *UK recognised bodies* outsource their functions to other *persons* (as permitted under Regulation 6 of the *Recognition Requirements Regulations* or, in relation to an *RAP*, under regulation 13 of the *RAP regulations*. See *REC* 2.2 and *REC* 2A.2).

[FCA]

(2) The ~~FSA~~ FCA does not need to be notified of every instance of outsourcing by a *UK recognised body*, but only where an activity or activities which form a significant part of a *relevant function* or which make a significant contribution to the performance of a *relevant function* are outsourced.

3.13.2 R Where a *UK recognised body* makes an offer or agrees to delegate any of its *relevant functions* to another *person*, it must immediately give the ~~FSA~~ FCA notice of that event, and:

[FCA]

(1) inform the ~~FSA~~ FCA of the reasons for that delegation or proposed delegation;

(2) inform the ~~FSA~~ FCA of the reasons why it is satisfied that it will continue to meet the *recognition requirements* or (for an *RAP*) *RAP recognition requirements* following that delegation;

(3) where it makes such an offer by issuing a written invitation to tender to another body or *person*, give the ~~FSA~~ FCA a copy of that invitation to tender; and

(4) where it makes such an agreement, give the ~~FSA~~ FCA a copy of that agreement.

3.13.3 R A *UK recognised body* must immediately give the ~~FSA~~ FCA notice, where it makes an offer or agrees to undertake any *relevant function* of another *UK recognised body*.

[FCA]

### 3.14 Products, services and normal hours of operation

Purpose

3.14.1 G The purpose of *REC* 3.14 is to ensure that the ~~FSA~~ FCA is informed of planned changes to the services a *UK recognised body* intends to provide and of the normal hours of operation of those services. Unplanned

[FCA]



suspensions of those services, unplanned changes in hours of operation and events causing a *UK recognised body* to be unable to provide those services should be notified to the ~~FSA~~ FCA under the *rules* in *REC 3.15*.

Products and services

- 3.14.2 [FCA] R Where a *UK RIE* proposes to *admit to trading* (or to cease to *admit to trading*) by means of its *facilities*:
- ...
- it must give the ~~FSA~~ FCA notice of that event, and the information specified for the purposes of this *rule* in *REC 3.14.6R* to the ~~FSA~~ FCA, at the same time as that proposal is first formally communicated to its *members* or shareholders (or any group or class of them).
- 3.14.2A [FCA] R When a *UK RIE* removes a *financial instrument* from trading on a *regulated market*, it must immediately give the ~~FSA~~ FCA notice of that event and relevant information including particulars of that *financial instrument* and the reasons for the action taken.  
[Note: Article 41(1), paragraph 2 of *MiFID*]
- 3.14.3 [FCA] R Where a *UK recognised body* proposes to provide (or cease to provide) ~~clearing services~~ clearing facilitation services in respect of:
- ...
- it must, ~~unless *REC 3.14.4R* applies,~~ give the ~~FSA~~ FCA notice of that event and the information specified for the purposes of this *rule* in *REC 3.14.6R*, at the same time as that proposal is first formally communicated to its *members* or shareholders (or any group or class of them).
- 3.14.4 R ~~A *UK RCH* is not required to give the *FSA* notice or information under *REC 3.14.3R* where it proposes to offer (or cease to offer) clearing services under an agreement with a *UK RIE* in respect of a specified investment for which that *UK RIE* is required to give the *FSA* notice under *REC 3.14.2R*, provided that the *UK RIE* has given the *FSA* the information specified in *REC 3.14.6R(3)*. [deleted]~~
- ...
- 3.14.7 [FCA] R Where:
- (1) a *UK RIE* proposes to amend the standard terms of any *derivative admitted to trading* by means of its *facilities*; or
  - (2) a ~~*UK recognised body*~~ *UK RIE* proposes to amend the standard terms relating to the provision of ~~clearing~~ for any *derivative* in respect of which it provides ~~clearing services~~ clearing facilitation

services;

it must give the ~~FSA~~ FCA notice of that event, and written particulars of those proposed amendments, at the same time as that proposal is first formally communicated to its *members* or shareholders (or any group or class of them).

- 3.14.8 R Where a *UK recognised body* proposes to make (or to cease to make) arrangements for the safeguarding and administration of assets belonging to any other *person* (other than an *undertaking* in the same *group*), that *recognised body* must give the ~~FSA~~ FCA notice of that event, and the information specified for the purposes of this *rule* in *REC* 3.14.9R, at the same time as that proposal is first formally communicated to its *members* or shareholders (or any group or class of them).

...

- 3.14.10 G The ~~FSA~~ FCA does not need to be notified of proposals to offer (or to withdraw offers of) safeguarding and administration services for individual assets of the same type. *Specified investments* (other than *securities*) falling within the same article in Part III of the *Regulated Activities Order* will normally be regarded as being of the same type. *Securities* falling within the same article in Part III of the *Regulated Activities Order* which may be given the same generic description (for example, *shares* admitted to the *UK official list*) will also normally be regarded as being of the same type.

## Hours of operation

- 3.14.11 R Where a *UK recognised body* proposes to change its normal hours of operation or (for *RAPs*) the timing, frequency or duration of its bidding windows, it must give the ~~FSA~~ FCA notice of that proposal, and particulars of, and the reasons for, the actions proposed, at the same time as the proposal is first formally communicated to its *members* or shareholders, or any group or class of them.

**3.14A Operation of a regulated market or MTF**

## Purpose

- 3.14A.1 G The purpose of *REC* 3.14A is to ensure that the ~~FSA~~ FCA is informed of planned changes to a *UK RIE* markets and their regulatory status as either a *regulated market* or *MTF*.

## Operation of a regulated market

- 3.14A.2 R Where a *UK RIE* proposes to operate a new *regulated market* or close an existing *regulated market* it must give the ~~FSA~~ FCA notice of that event and the information specified for the purposes of this *rule* in *REC* 3.14A.3R, at the same time as that proposal is first formally communicated

to its members or shareholders (or any group or class of them).

...

#### Operation of an MTF

- 3.14.A.4 [FCA] R Where a *UK RIE* proposes to operate a new *MTF* or close an existing *MTF* it must give the ~~FSA~~ FCA notice of that event and the information specified for the purposes of this *rule* in *REC* 3.14A.5R, at the same time as that proposal is first formally communicated to its *members* or shareholders (or any group or class of them).

...

### 3.15 Suspension of services and inability to operate facilities

#### Purpose

- 3.15.1 [FCA] G (1) The purpose of *REC* 3.15.2R to *REC* 3.15.5G is to enable the ~~FSA~~ FCA to obtain information where a *UK recognised body* decides to suspend the provision of its services in relation to particular *investments* or (for an *RAP*) decides to cancel an auction. Planned changes to the provision of services should be notified to the ~~FSA~~ FCA under *REC* 3.14.
- (2) *REC* 3.15.6R to *REC* 3.15.7R provide for notification to the ~~FSA~~ FCA where a *UK recognised body* is unable to operate or provide its *facilities* for reasons outside its control or where it decides to extend its hours of operation in an emergency.
- (3) *REC* 3.15.8R to *REC* 3.15.9G provide for notification to the ~~FSA~~ FCA where an *RAP* has to cancel an auction in specified circumstances.

#### Suspension

- 3.15.2 [FCA] R Where, for any reason, an *RIE*:

...

it must immediately give the ~~FSA~~ FCA notice of that event, particulars of that *derivative*, type of *security* or type of *option* in relation to a *security*, as the case may be, and the reasons for the action taken.

- 3.15.2A [FCA] R When a *UK RIE* suspends trading on a *regulated market* in any *financial instrument*, it must immediately give the ~~FSA~~ FCA notice of that event and relevant information including particulars of that *financial instrument* and the reasons for the action taken.

[Note: Article 41(1), paragraph 2 of *MiFID*]

3.15.3 R Where a *UK recognised body* suspends providing ~~clearing services~~  
[FCA] clearing facilitation services generally in respect of any *derivative* (other than an *option* in relation to a *security*), type of *security* or type of *option* in relation to a *security*, it must immediately give the ~~FSA~~ FCA notice of that event, particulars of that *derivative*, type of *security* or type of *option* in relation to a *security*, as the case may be, and the reasons for the action taken.

3.15.4 R Where a *UK recognised body* suspends any arrangements it makes for the  
[FCA] safeguarding and administration of any type of asset belonging to any other *person* (other than an *undertaking* in the same *group*), that *UK recognised body* must immediately give the ~~FSA~~ FCA notice of that event, particulars of that type of asset and the reasons for the action taken.

...

#### Inability to operate facilities

3.15.6 R Where, because of the occurrence of any event or circumstances, a *UK*  
[FCA] *recognised body* is unable to operate any of its *facilities* within its normal hours of operation, it must immediately give the ~~FSA~~ FCA notice of that inability and inform the ~~FSA~~ FCA:

...

#### Extension of hours of operation

3.15.7 R Where, because of the occurrence of any event or circumstances, a UK  
[FCA] *recognised body* extends its hours of operation, it must immediately give the ~~FSA~~ FCA notice of that event, and inform the ~~FSA~~ FCA:

...

#### Recognised auction platforms – cancellation of auctions

3.15.8 R Where an *RAP* has to cancel an auction in the circumstances set out in  
[FCA] articles 7(5) or 7(6) of the *auction regulation*, it must immediately give the ~~FSA~~ FCA notice of that cancellation.

3.15.9 G Under article 7(7) of the *auction regulation*, an *RAP* is required to notify the  
[FCA] ~~FSA~~ FCA of:

...

### 3.16 Information technology systems

3.16.1 G The purpose of *REC 3.16* is to ensure that the ~~FSA~~ FCA receives a copy of  
the *UK recognised body's* plans and arrangements for ensuring business

[FCA] continuity if there are major problems with its computer systems. The ~~FSA~~ FCA does not need to be notified of minor revisions to, or updating of, the *documents* containing a *UK recognised body's* business continuity plan (for example, changes to contact names or telephone numbers).

3.16.2 R Where a *UK recognised body* changes any of its plans for action in the  
[FCA] event of a failure of any of its information technology systems resulting in disruption to the operation of its *facilities*, it must immediately give the ~~FSA~~ FCA notice of that event, and a copy of the new plan.

3.16.3 R Where any reserve information technology system of a *UK recognised*  
[FCA] *body* fails in such a way that, if the main information technology system of that body were also to fail, it would be unable to operate any of its *facilities* during its normal hours of operation, that body must immediately give the ~~FSA~~ FCA notice of that event, and inform the ~~FSA~~ FCA:

...

### 3.17 Inability to discharge regulatory functions

3.17.1 R Where, because of the occurrence of any event or circumstances, a *UK*  
[FCA] *recognised body* is unable to discharge any *regulatory function*, it must immediately give the ~~FSA~~ FCA notice of its inability to discharge that function, and inform the ~~FSA~~ FCA:

...

### 3.18 Membership

3.18.1 G (1) The purpose of *REC* 3.18 is to enable the ~~FSA~~ FCA to monitor  
[FCA] changes in the types of *member* admitted by *UK recognised bodies* and to ensure that the ~~FSA~~ FCA has notice of foreign jurisdictions in which the *members* of *UK recognised bodies* are based. *UK recognised bodies* may admit *persons* who are not *authorised persons* or *persons* who are not located in the *United Kingdom*, provided that the *recognition requirements* or (for *RAPs*) *RAP recognition requirements* continue to be met.

...

(3) The information required under *REC* 3.18 is relevant to the ~~FSA's~~ FCA's supervision of the *UK recognised body's* obligations in relation to the enforceability of compliance with the *UK recognised body's* rules. It is also relevant to the ~~FSA's~~ FCA's broader responsibilities concerning ~~market confidence and financial stability~~ integrity of the UK financial system and, in particular, its functions in relation to *market abuse* and *financial crime*. It may also be necessary in the case of *members* based outside the *United Kingdom*

to examine the implications for the enforceability of *default rules* or collateral and the settlement of transactions, and thus the ability of the *UK RIE* ~~or *UK RCH*~~ to continue to meet the *recognition requirements*... a single report from the *UK recognised body* covering both notifications would be acceptable to the ~~FSA~~ FCA.

3.18.2 R Where a *UK recognised body* admits a *member* who is not an *authorised*  
[FCA] *person* of a type of which, immediately before that time, that *UK recognised body* had not admitted to *membership*, it must immediately give the ~~FSA~~ FCA notice of that event, and:

...

(2) (in relation to a *UK RIE* ~~or a *UK RCH*~~) particulars of its reasons for considering that, in admitting that type of *person* to *membership*, it is able to continue to satisfy the *recognition requirement* in paragraph 4(2)(a) ~~or paragraph 19(2)(a)~~ of the Schedule to the *Recognition Requirements Regulations* which applies to it; and

...

3.18.3 R Where a *UK recognised body* admits for the first time a *member* whose  
[FCA] head or registered office is in a jurisdiction from which that *UK recognised body* has not previously admitted *members*, it must immediately give the ~~FSA~~ FCA notice of that event, and:

...

...

### 3.19 Investigations

3.19.1 R Where a *UK recognised body* becomes aware that a person has been  
[FCA] appointed by any *regulatory body* (other than the ~~FSA~~ FCA or a *UK recognised body*) to investigate:

(1) any business transacted by means of its *facilities*, ~~if it is an *RIE* or *RAP*~~; or

(2) any aspect of the ~~clearing services~~ *clearing facilitation services* which it provides;

it must immediately give the ~~FSA~~ FCA notice of that event.

3.19.2 G A *UK recognised body* need not give the ~~FSA~~ FCA notice of:

[FCA]

...

### 3.20 Disciplinary action relating to members

3.20.1 R Where a *UK recognised body* has taken any disciplinary action against any  
[FCA] *member* or any *employee* of a *member*, in respect of a breach of a rule  
relating to the carrying on by the *UK recognised body* of any of its  
*regulatory functions*, that body must immediately notify the ~~FSA~~ FCA of  
that event, and give:

...

3.20.2 R Where an appeal is lodged against any disciplinary action referred to in  
[FCA] *REC 3.20.1R*, the *UK recognised body* must immediately give the ~~FSA~~  
FCA notice of that event, and:

...

### 3.21 Criminal offences and civil prohibitions

3.21.1 R Where a *UK recognised body* has evidence tending to suggest that any  
[FCA] *person* has:

...

it must immediately give the ~~FSA~~ FCA notice of that event, and full details  
of that evidence in writing.

...

### 3.22 Restriction of, or instruction to close out, open positions

3.22.1 R Where a *UK RIE* decides to:

[FCA]

...

that *UK RIE* must immediately give the ~~FSA~~ FCA notice of that event, and  
the *member's* name, the nature and size of any position to be restricted or  
closed out and the reasons for the *UK RIE's* decision.

3.22.2 R Where an *RAP* proposes to impose a maximum bid size or take other  
[FCA] remedial measures to mitigate risks of *market abuse*, *financial crime* or  
anti-competitive behaviour in accordance with article 57 of the *auction  
regulation*, the *RAP* must give the ~~FSA~~ FCA notice of that event and details  
of the remedial measures proposed.

### 3.23 Default

- 3.23.1 G Where a ~~UK recognised body~~ UK RIE decides to put a *member* into default, it must immediately give notice of that event, and give the following information to the ~~FSA~~ FCA, at the same time as that decision is communicated to that *member* or to any other *member* (or group or class of them) of that body:

[FCA]

...

- (3) the names of any other exchange, *clearing house* or *auction platform* on which, to the best of that ~~UK recognised body's~~ UK RIE's knowledge, that *member* clears business or transacts for, or in respect of, its *clients*;

~~and as soon as practicable afterwards, give the FSA a summary of the member's open positions, margin liability, and cash and collateral balances in respect of that member's accounts (including client accounts).~~

### 3.24 Transfers of ownership

- 3.24.1 R When a *UK RIE* becomes aware of a transfer of ownership of the *UK RIE* which gives rise to a change in the *persons* who are in a position to exercise significant influence over the management of the *UK RIE* or (in the case of a *UK RIE* that is also an *RAP*) over the management of the *RAP*, whether directly or indirectly, it must immediately notify the ~~FSA~~ FCA of that event, and:

[FCA]

...

- 3.24.2 G The ~~FSA~~ FCA may regard a person who falls within any of the cases in section 301(B)(2) of the *Act* as being in a position to exercise significant influence.

[FCA]

### 3.25 Significant breaches of rules and disorderly trading conditions

- 3.25.1 R A *UK RIE* and an *RAP* must immediately notify the ~~FSA~~ FCA of:

[FCA]

...

### 3.26 Proposals to make regulatory provision

Statutory power



- 3.26.1 [FCA] G Under section 300B(1) of the *Act* (Duty to notify proposal to make regulatory provision), a *UK RIE* ~~or *UK RCH*~~ that proposes to make any regulatory provision must give written notice of the proposal to the ~~*FSA*~~ *FCA* without delay.
- 3.26.2 [FCA] G Under section 300B(2) of the *Act*, the ~~*FSA*~~ *FCA* may, by rules under section 293 (Notification requirements):

...

- 3.26.3 [FCA] G Under section 300B(3) of the *Act*, the ~~*FSA*~~ *FCA* may also by rules under section 293:

...

- (2) require the *UK recognised body* to provide such information relating to the proposal as may be specified in the rules or as the ~~*FSA*~~ *FCA* may reasonably require.

Disapplication of duty to notify proposal to make regulatory provision

- 3.26.4 [FCA] R The duty in section 300B(1) of the *Act* does not apply to any of the following:

...

- (2) (a) ...
- (b) the specification or any amendment of standard terms relating to the provision of ~~clearing services~~ clearing facilitation services for any *derivative*; or

...

...

Notice to the ~~*FSA*~~ *FCA*

- 3.26.5 [FCA] R A notice under section 300B(1) of the *Act* of a proposal to make a *regulatory provision* must be in writing and state expressly that it is a notice for the purpose of that section. To be effective, a notice must:

...

- (2) either be accompanied by sufficient supporting information to enable the ~~*FSA*~~ *FCA* to assess the purpose and effect of the proposed *regulatory provision* or refer to such information in circumstances where such information has already been provided to the ~~*FSA*~~ *FCA*.

- 3.26.6 [FCA] G In determining whether a *UK RIE* or ~~*UK RCH*~~ has provided sufficient supporting information, the ~~*FSA*~~ *FCA* may have regard to the extent to which the information includes: ...
- ...
- 3.26.7 [FCA] R A *UK RIE* or ~~*UK RCH*~~ must provide such additional information in connection with a notice under section 300B(1) of the *Act* as the ~~*FSA*~~ *FCA* may reasonably require.
- 3.26.8 [FCA] G Where a *UK RIE* or ~~*UK RCH*~~ wishes to give notice to the ~~*FSA*~~ *FCA* for the purposes of section 300B(1) of the *Act*, it should in the first instance inform its usual supervisory contact at the ~~*FSA*~~ *FCA*.
- 3.26.9 [FCA] G The ~~*FSA*~~ *FCA* expects that an advanced draft of any consultation document a *UK RIE* or ~~*UK RCH*~~ intends to publish in connection with a proposed *regulatory provision* could provide some or all of the information described in *REC 3.26.5R*.

## 4 Supervision

### 4.1 Application and purpose

#### Application

- 4.1.1 [FCA] G *REC 4.2 to REC 4.2E, REC 4.3, and 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 [FCA] G This chapter sets out the ~~*FSA's*~~ *FCA's* approach to the supervision of *recognised bodies* and contains *guidance* on:

...

- (2) the ~~*FSA's*~~ *FCA's* approach to the exercise of its powers under:
- (a) (for ~~*RIEs and RCHs*~~) section 296 of the *Act* (~~*FSA's*~~ 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 and RCHs*~~) 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 ~~*FSA*~~ *FCA* decides to refuse an application for

recognition as a *recognised body* (REC 4.8); and

- (3) the ~~FSA's~~ 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 or UK RCHs~~ in relation to action under their *default rules* (REC 4.5).

4.1.3 G The ~~FSA's~~ FCA's general approach to supervision is intended to ensure  
[FCA] that:

- (1) the ~~FSA~~ FCA has sufficient assurance that *recognised bodies* continue at all times to satisfy the *recognised body requirements*; and
- (2) the ~~FSA's~~ 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  
[FCA] *recognised bodies*, the ~~FSA~~ 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 ~~FSA's~~ FCA's general duties).

...

## 4.2 The supervisory relationship with UK recognised bodies

4.2.1 G The ~~FSA~~ FCA expects to have an open, cooperative and constructive  
[FCA] relationship with *UK recognised bodies* to enable it to have a broad picture of the *UK recognised body's* activities and its ability to meet the *recognised body requirements*. This broad picture is intended to complement the information which the ~~FSA~~ FCA will obtain under section 293 of the *Act* (Notification requirements) or under *notification rules* made under that section (see REC 3). The ~~FSA~~ FCA will usually arrange meetings between the Markets Division and *key individuals* of the *UK recognised body* for this purpose. The frequency and nature of these meetings may vary in accordance with the risk profile of the *UK recognised body*.

...

4.2.3 G The ~~FSA~~ FCA expects a *UK recognised body* to take its own steps to assure  
[FCA] itself that it will continue to satisfy the *recognised body requirements* when considering any changes to its business or operations.

4.2.4 G However, the ~~FSA~~ FCA also expects that *UK recognised bodies* will keep it  
[FCA] informed of all significant developments and of progress with their plans and operational initiatives, and will provide it with appropriate assurance that the *recognised body requirements* will continue to be satisfied.

#### 4.2A Publication of information by UK RIEs and RAPs

- 4.2A.1 [FCA] G Under subsections 292A(1) and (2) of the *Act*, a *UK RIE* must as soon as practicable after a *recognition order* is made in respect of it publish such particulars of the ownership of the *UK RIE*, including the identity and scale of interests of the *persons* who are in a position to exercise significant influence over the management of the *UK RIE* or (where the *UK RIE* is also an *RAP*) the *RAP*, whether directly or indirectly, as the ~~FSA~~ FCA may reasonably require.
- 4.2A.2 [FCA] G Under subsections 292A(3) and (4) of the *Act*, a *UK RIE* must as soon as practicable after becoming aware of a transfer of ownership of the *UK RIE* which gives rise to a change of *persons* who are in a position to exercise significant influence over the management of the *UK RIE* or (where the *UK RIE* is also an *RAP*) the *RAP*, whether directly or indirectly, publish such particulars of any such transfer as the ~~FSA~~ FCA may reasonably require.
- 4.2A.3 [FCA] G Under subsection 292A(5) of the *Act*, a *UK RIE* must publish such particulars of any decision it makes to suspend or remove a *financial instrument* from trading on a *regulated market* operated by it as the ~~FSA~~ FCA may reasonably require.

#### 4.2B Exercise of passport rights by a UK RIE

- 4.2B.1 [FCA] G Under section 312C of the *Act*, if a *UK RIE* wishes to make arrangements in an *EEA State* other than the *UK* to facilitate access to or use of a *regulated market*, *multilateral trading facility* or *auction platform* operated by it, it must give the ~~FSA~~ FCA written notice of its intention to do so. The notice must:
- ...
- 4.2B.2 [FCA] G The ~~FSA~~ FCA must, within one month of receiving the *UK RIE*'s notice, send a copy of it to the *Host State regulator*.
- 4.2B.3 [FCA] G The *UK RIE* may not make the arrangements until the ~~FSA~~ FCA has sent a copy of the notice to the *Host State regulator*.
- 4.2B.4 [FCA] G The requirements that a *UK RIE* must give the ~~FSA~~ FCA written notice and the *UK RIE* may not make the arrangements until the ~~FSA~~ FCA has sent a copy of it to the *Host State regulator* do not apply to arrangements made by a *UK RIE* on or before 31 October 2007.

#### 4.2C Control over a UK RIE

- 4.2C.1 [FCA] G Section 301A(1) of chapter 1A of Part XVIII of the *Act* places an obligation on a *person* who decides to acquire or increase control (see sections 301D and 301E of the *Act*) over a *UK RIE* to notify the ~~FSA~~ FCA, before making the acquisition. Furthermore, those *persons* are required to obtain the ~~FSA's~~ FCA's approval before acquiring control or increasing the level of control held.
- 4.2C.2 [FCA] G The ~~FSA~~ FCA will approve an acquisition or an increase in control if it is satisfied that the acquisition by the *person* seeking approval does not pose a threat to the sound and prudent management of any financial market operated by the *UK RIE* (see section 301F(4) of the *Act*). The reference to any financial market is to be read as including a reference to any *auction platform* as a result of the *RAP regulations*.
- 4.2C.3 [FCA] G If a proposed acquirer has complied with the obligation to notify, the procedure the ~~FSA~~ FCA will follow if it approves or does not approve of that *person* acquiring or increasing control is set out in sections 301F and 301G of the *Act*.
- ...
- 4.2C.6 [FCA] G The ~~FSA's~~ FCA's internal arrangements provide for any decisions to refuse to approve an acquisition or object to an existing control to be taken at an appropriately senior level.
- 4.2C.7 [FCA] G If the ~~FSA~~ FCA refuses to approve an acquisition or objects to an existing control, the *person* concerned may refer the matter to the *Tribunal* (see *EG* 2.39).
- 4.2C.8 [FCA] G The powers the ~~FSA~~ FCA can exercise in the event that a *person* acquires or continues to exercise control notwithstanding the ~~FSA's~~ FCA's refusal to approve the acquisition of control or the ~~FSA's~~ FCA's objection to the exercise of control are set out in sections 301J and 301K of the *Act*.

...

#### **4.2D Suspension and removal of financial instruments from trading**

- 4.2D.1 [FCA] G (1) Under section 313A of the *Act*, the ~~FSA~~ FCA may for the purpose of protecting:
- ...
- (2) If the ~~FSA~~ FCA exercises this power, the *UK RIE* concerned may refer the matter to the *Tribunal*.
- 4.2D.2 [FCA] G The procedure the ~~FSA~~ FCA will follow if it exercises its power to require a *UK RIE* to suspend or remove a *financial instrument* from trading is set out in sections 313B to 313BE of the *Act*. The ~~FSA's~~ FCA's internal

arrangements provide for decisions to exercise this power to be taken at an appropriately senior level. If the ~~FSA~~ FCA exercises this power, the *UK RIE* concerned and the issuer (if any) of the relevant *financial instrument* may refer the matter to the *Tribunal*(see *EG 2.39*).

- 4.2D.3 G Under section 313C(1) of the *Act*, if the ~~FSA~~ FCA exercises its power to  
[FCA] require a *UK RIE* to suspend or remove a *financial instrument* from trading, it must as soon as reasonably practicable:

...

- 4.2D.4 G Under section 313C(2) of the *Act*, if the ~~FSA~~ FCA receives notice from a  
[FCA] *UK RIE* that the *UK RIE* has suspended or removed a *financial instrument* from trading on a *regulated market* operated by it, the ~~FSA~~ FCA must inform the competent authorities of all other *EEA States* of the action taken by the *UK RIE*.

- 4.2D.5 G Under sections 313C(3) and (4) of the *Act*, if the ~~FSA~~ FCA receives notice  
[FCA] from the competent authority of another *EEA State* that that authority, pursuant to Article 41.2 of *MiFID* has required the suspension of a *financial instrument* from trading, the ~~FSA~~ FCA must require each *UK RIE* to suspend the instrument from trading on any *regulated market* or *multilateral trading facility* operated by the *UK RIE*.

- 4.2D.6 G Under sections 313C(3) and (5) of the *Act*, if the ~~FSA~~ FCA receives notice  
[FCA] from the competent authority of another *EEA State* that that authority, pursuant to Article 41.2 of *MiFID* has required the removal of a *financial instrument* from trading, the ~~FSA~~ FCA must require each *UK RIE* to remove the instrument from trading on any *regulated market* or *multilateral trading facility* operated by the *UK RIE*.

#### 4.2E **Information: compliance of ~~UK RIEs~~ UK recognised bodies with the ~~MiFID Regulation and Auction Regulation~~ EU requirements**

- 4.2E.1 G Under section 293A of the *Act*, the ~~FSA~~ FCA may require a ~~UK RIE~~ UK  
[FCA] *recognised body* to give such information as it reasonably requires in order to satisfy itself that the ~~UK RIE~~ UK *recognised body* is complying with ~~the MiFID Regulation~~, and (if the *UK RIE* operates an *RAP*) ~~the *auction regulation*~~. any qualifying EU provision that is specified, or of a description specified, for the purposes of section 293A of the *Act* by the Treasury.

After REC 4.2E insert the following new sections. The text is not underlined.

#### 4.2F **Information gathering power on FCA's own initiative**

- 4.2F.1 G (1) While the *FCA* will seek to obtain information from an *RIE* in the  
context of an open, cooperative and constructive relationship with

- [FCA] the *RIE*, where it appears to the *FCA* that obtaining information in that context will not achieve the necessary results, the *FCA* or (as the case may be) its officers may, under section 165(7) of the *Act*, by notice in writing, require any of the following persons to provide or produce specified information or information of a specified description, at a specified place and before the end of a reasonable period, in such form and with such verifications or authentications as it may reasonably require:
- (a) the *RIE*; or
  - (b) a person who is connected with the *RIE*.
- (2) Under section 165(11) of the *Act*, a person is connected with a *recognised body* if he is or has at any relevant time been:
- (a) a member of the *RIE's* group; or
  - (b) a controller of the *RIE*; or
  - (c) any other member of a partnership of which the *RIE* is a member; or
  - (d) a person mentioned in Part I of Schedule 15 of the *Act* (reading references in that Part to the 'authorised person' as references to the *RIE*).

#### 4.2G Reports by skilled persons

- 4.2G.1 G (1) Where the *FCA* exercises its power conferred by section 166(1) of the *Act* (Reports by skilled persons), *SUP 5.5.1R*, *SUP 5.5.5R* and *SUP 5.5.9R* (to the extent they relate to the *FCA's* powers under section 166 of the *Act*) apply to a *RIE* in the same way as they apply to a *firm*.
- [FCA] (2) The guidance in *SUP 5* which relates to the *FCA's* power in section 166 of the *Act* also applies to a *RIE* in the same way as it applies to a *firm*.

Amend the following as shown.

#### 4.3 Risk assessment for UK recognised bodies

- 4.3.1 G Information is needed to support the ~~*FSA's*~~ *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 ~~*FSA's*~~ *FCA's* general duties under the *Act*. The central element of the process of risk
- [FCA]

based supervision is a systematic assessment by the ~~FSA~~ FCA (a risk assessment) of the main supervisory risks and concerns for each regulated entity.

- 4.3.2 [FCA] G For each *UK recognised body*, the ~~FSA~~ 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 [FCA] G The risk assessment will guide the ~~FSA's~~ FCA's supervisory focus. It is important, therefore, that there is good dialogue between the ~~FSA~~ FCA and the *recognised body*. The ~~FSA~~ 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 *key individuals* of the *UK recognised body*. If appropriate, the ~~FSA~~ 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.

#### 4.4 Complaints

...

The ~~FSA's~~ FCA's arrangements

- 4.4.2 [FCA] G The *Act* does not provide a mechanism for appeals to the ~~FSA~~ FCA from decisions by *recognised bodies* in relation to complaints. However, the ~~FSA~~ FCA is required by section 299 of the *Act* (Complaints about recognised bodies) to have arrangements to investigate complaints (called *relevant complaints* in the *Act*) which it considers relevant to the question of whether a *recognised body* should remain recognised as such. This section describes aspects of the ~~FSA's~~ FCA's arrangements for investigating *relevant complaints*.
- 4.4.3 [FCA] G Where the ~~FSA~~ FCA receives a complaint about a *recognised body*, it will, in the first instance, seek to establish whether the complainant has approached the *recognised body*. Where this is not the case, the ~~FSA~~ FCA will ask the complainant to complain to the *recognised body*. Where the complainant is dissatisfied with the handling of the complaint, but has not exhausted the *recognised body's* own internal complaints procedures (in the case of a complaint against a *UK recognised body*, including by applying to that body's *complaints investigator*), the ~~FSA~~ FCA will encourage the complainant to do so.
- 4.4.4 [FCA] G The ~~FSA~~ FCA will not usually consider a complaint which has not, in the first instance, been made to the *recognised body* concerned, unless there is good reason for believing that it is a *relevant complaint* which merits early



consideration by the ~~FSA~~ FCA.

4.4.5 [FCA] G When it is considering a *relevant complaint*, the ~~FSA~~ FCA will make its own enquiries as appropriate with the *recognised body*, the complainant and other *persons*. It will usually ask the *recognised body* and the complainant to comment upon any preliminary or draft conclusions of its review and to confirm any matters of fact at that stage.

4.4.6 [FCA] G The ~~FSA~~ FCA will communicate the outcome of its review of a *relevant complaint* to the complainant and the *recognised body*, but will normally only discuss any action which it considers the *recognised body* should take with the *recognised body* itself.

**4.5 ~~FSA~~ FCA supervision of action by ~~UK recognised bodies~~ UK RIEs under their default rules**

4.5.1 [FCA] G ~~UK recognised bodies~~ UK RIEs which, under their *rules*, have *market contracts* are required to have *default rules* enabling them (among other things) to take action in relation to a *member* who appears to be unable to meet his obligations in respect of one or more unsettled *market contracts*. The detailed *recognition requirements* relating to the *default rules* are set out in *REC 2.17*.

...

4.5.3 [FCA] G The Companies Act 1989 also gives the ~~FSA~~ FCA powers to supervise the taking of action under *default rules*. Under section 166 of the Companies Act 1989 (Powers of the ~~FSA~~ appropriate regulator to give directions) (see *REC 4.5.4G*), the ~~FSA~~ FCA may direct a ~~UK recognised body~~ UK RIE to take, or not to take, action under its *default rules*. Before exercising these powers the ~~FSA~~ FCA must consult the ~~recognised body concerned~~ UK RIE. The ~~FSA~~ FCA may also exercise these powers if a *relevant office-holder* applies to it under section 167 of the Companies Act 1989 (Application to determine whether default proceedings to be taken) (see *REC 4.5.9G*).

4.5.4 [FCA] G The Companies Act 1989: section 166

The <u>FCA</u> may issue a "positive" direction (to take action) under section 166(2)(a) of the Companies Act 1989:	
	Where in any case a [ <u>UK RIE</u> ] <del>or</del> [ <u>UK RCH</u> ] has not taken action under its <i>default rules</i> - if it appears to [the <del>FSA</del> <u>FCA</u> ] that it could take action, [the <del>FSA</del> <u>FCA</u> ] may direct it to do so,
but under section 166(3)(a) of the Companies Act 1989:	
	Before giving such a direction the [ <del>FSA</del> <u>FCA</u> ] shall consult the [ <u>UK RIE</u> ] <del>or</del> [ <u>UK RCH</u> ] in question; and [the <del>FSA</del> <u>FCA</u> ] shall not

	<p>give a direction unless [the <del>FSA</del> <u>FCA</u>] is satisfied, in the light of that consultation that failure to take action would involve undue risk to investors or other participants in the market, <del>or that the direction is necessary having regard to the public interest in the financial stability of the United Kingdom, or that the direction is necessary to facilitate a proposed or possible use of a power under Part 1 of the Banking Act 2009 or in connection with a particular exercise of a power under that Part.</del></p>
<p>The <del>FSA</del> <u>FCA</u> may issue a "negative" direction (not to take action) under section 166(2)(b) of the Companies Act 1989:</p>	
	<p>Where in any case a [<del>UK RIE</del>] <del>or</del> [<del>UK RCH</del>] has not taken action under its <i>default rules</i> - if it appears to the [<del>FSA</del> <u>FCA</u>] that it is proposing to take or may take action, [the <del>FSA</del> <u>FCA</u>] may direct it not to do so.</p>
<p>but under section 166(3)(b) of the Companies Act 1989:</p>	
	<p>Before giving such a direction the [<del>FSA</del> <u>FCA</u>] shall consult the [<del>UK RIE</del>] <del>or</del> [<del>UK RCH</del>] in question; and the [<del>FSA</del> <u>FCA</u>] shall not give a direction unless [the <del>FSA</del> <u>FCA</u>] is satisfied, in the light of that consultation that the taking of action would be premature or otherwise undesirable in the interests of investors or other participants in the market, <del>or that the direction is necessary having regard to the public interest in the financial stability of the United Kingdom, or that the direction is necessary to facilitate a proposed or possible use of a power under Part 1 of the Banking Act 2009 or in connection with a particular exercise of a power under that Part.</del></p>

4.5.5 [FCA] G The ~~FSA's~~ view is that the exercise of these powers will only be justified in exceptional circumstances. The most likely case in which the ~~FSA~~ would consider exercising them is if there were a need to coordinate action by different ~~UK recognised bodies~~ because, for example: Other than in exceptional circumstances, the FCA will consult with the Bank of England before exercising these powers.

- (1) ~~the likelihood of a default may not be apparent to all UK recognised bodies; or~~
- (2) ~~there was a need to avoid premature default action by one UK recognised body;~~
- (3) ~~significantly different settlement prices had been fixed by different UK recognised bodies.~~

...

4.5.8 [FCA] G Under section 166(7) of the Companies Act 1989, where a ~~UK recognised body~~ UK RIE has taken action either of its own accord or in response to a direction, the ~~FSA~~ FCA may direct it to do or not to do specific things

subject to these being within the powers of the ~~UK recognised body concerned~~ UK RIE under its *default rules*. However, ~~the FSA cannot give such a direction unless it is satisfied that:~~

- (1) where the UK RIE is acting in accordance with a direction given by the FCA to take action under section 166(2)(a) of the Act on the basis that failure to take action would involve undue risk to investors or other participants in the market, the FCA will not direct it to do or not to do specific things which the UK RIE has power to do under its default rules, unless the FCA is satisfied that this will not impede or frustrate the proper and efficient conduct of the default proceedings; and
- (2) where the UK RIE has taken action under its default rules without being directed to do so, the FCA will not direct it to do or not to do specific things which the UK RIE has power to do under its default rules, unless the FCA is satisfied that:
  - (a) the direction will not impede or frustrate the proper and efficient conduct of the default proceedings; or
  - (b) the direction is necessary:
    - (i) having regard to the public interest in the stability of the UK financial system;
    - (ii) to facilitate a proposed or possible use of a power under Part 1 of the Banking Act 2009 (special resolution regime); or
    - (iii) in connection with a particular exercise of a power under Part 1 of the Banking Act 2009.

#### Section 167 of the Companies Act 1989

- 4.5.9 G Where, in relation to a *member* (or *designated non-member*) of a *UK RIE*  
[FCA] ~~or a member of a UK RCH:~~

...

has been made or passed and the ~~UK recognised body~~ UK RIE has not taken action under its default rules as a result of this event or of the matters giving rise to it, a *relevant office-holder* appointed in connection with the order, award or resolution may make an application to the ~~FSA~~ FCA under section 167 of the Companies Act 1989 (Application to determine whether default proceedings to be taken).

- 4.5.10 G The effect of an application under section 167 of the Companies Act 1989  
[FCA] is to require the *UK recognised body* concerned to take action under its *default rules* or to require the ~~FSA~~ FCA to take action under section 166 of the Companies Act 1989 (see *REC* 4.5.4G).

4.5.11 G The procedure is that the ~~FSA~~ FCA must notify the *UK recognised body* of  
[FCA] the application and, unless within three *business days* after receipt of that notice, the *UK recognised body*:

...

(2) notifies the ~~FSA~~ FCA that it proposes to take action forthwith; or

(3) is directed to take action by the ~~FSA~~ FCA under section 166(2)(a) of the Companies Act 1989;

...

#### 4.6 The section 296 power to give directions

4.6.1 G Under section 296 of the *Act* (~~FSA's~~ FCA's power to give directions) and  
[FCA] (for *RAPs*) under regulation 3 of the *RAP regulations*, the ~~FSA~~ FCA has the power to give directions to a *recognised body* to take specified steps in order to secure its compliance with the *recognised body requirements*. In the case of a *UK RIE* (including one which operates an *RAP*) those steps may include granting the ~~FSA~~ FCA access to the *UK RIE's* premises for the purposes of inspecting those premises or any documents on the premises and the suspension of the carrying on of any *regulated activity* by the *UK RIE* for the period specified in the direction.

4.6.2 G ~~The FSA must also give a direction to a RIE or RCH if it is directed to do so by the Treasury under section 308 of the Act (Directions by the Treasury). [deleted]~~

4.6.3 G The ~~FSA~~ FCA is likely to exercise its power under section 296 of the *Act* or regulation 3 of the *RAP regulations* if it considers that:

...

4.6.4 G Under section 298(7) of the *Act* (Directions and revocation: procedure),  
[FCA] and (for *RAPs*) regulation 5(7) of the *RAP regulations*, the ~~FSA~~ FCA need not follow the consultation procedure set out in the rest of section 298 (see *REC* 4.8) ~~or (for RAPs) regulation 5 of the RAP regulations~~; or may cut short that procedure, if it considers it ~~essential~~ reasonably necessary to do so. ~~For RAPs, the FCA need not follow the procedure set out in regulation 5 of the RAP regulations or may cut short the procedure, if it considers it essential to do so. The FSA is likely to consider it essential to cut short the procedure if, in the absence of immediate action, there would be:~~

(1) ~~a serious risk of substantial losses to investors, particularly retail clients; or~~

(2) ~~a serious threat to market confidence or to the stability of the UK~~

~~financial system; or~~

- (3) ~~a serious risk of money laundering or other serious financial crime.~~

After REC 4.6 insert the following new section. The text is not underlined.

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

- 4.6A.1 G (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.
- [FCA]
- (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](http://www.hm-treasury.gov.uk/d/condoc_fin_regulation_draft_secondary_leg.pdf).

2. The FCA has issued a draft statement of policy for consultation with respect to the giving of directions under section 192C. *See Chapter 5 and Appendix 7 of CP 12/34: [web address tbc]*

Amend the following provisions as shown.

#### 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  
[FCA] regulation 4 of the *RAP regulations*, the ~~FSA~~ FCA has the power to revoke a *recognition order* relating to a *recognised body*.

4.7.2 G The ~~FSA~~ FCA will revoke a *recognition order* if:

[FCA]

(1) ~~it is directed to so by the Treasury under section 308 of the Act (Directions by the Treasury); or [deleted]~~

(2) the *recognised body* has asked the ~~FSA~~ FCA to revoke the order.

4.7.2A G Where the ~~FSA~~ FCA makes a revocation order under section 297 of the *Act*  
[FCA] in relation to a *UK RIE* which is also an *RAP*, the ~~FSA~~ FCA will also revoke the *recognition order* relating to its status as an *RAP*.

4.7.3 G The ~~FSA~~ FCA will usually consider revoking a *recognition order* if:

[FCA]

...

(2) it would not be possible for the *recognised body* to comply with a direction under section 296 of the *Act* (~~FSA's~~ 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 ~~FSA~~ FCA to give a direction under section 296 or (for *RAPs*) regulation 3 of the *RAP regulations*; or

...

4.7.4 G The ~~FSA~~ FCA would be likely to consider the conditions in *REC* 4.7.3G (2)  
[FCA] or *REC* 4.7.3G(3) to be triggered in the following circumstances:

...

4.7.5 G In addition to the relevant factors set out in *REC* 4.7.4G, the ~~FSA~~ FCA will  
[FCA] usually consider that it would not be able to secure an ~~overseas-recognised body's~~ 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 ~~FSA~~ FCA that the ~~overseas-recognised body~~ 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*.

## 4.8 The section 298 procedure

4.8.1 G A decision to:

[FCA]

...

(2) make a direction under section 296 (~~FSA's~~ FCA's powers to give directions) or (for *RAPs*) regulation 3 of the *RAP regulations*; or

(3) ...

is a serious one and section 298 of the *Act* (Directions and revocation: procedure) and (for *RAPs*) regulation 5 of the *RAP regulations* set out a ~~procedure~~ procedures (see *REC* 4.8.9G) which the ~~FSA~~ FCA will follow, unless, in the case of a revocation of a *recognition order*, the *recognised body* concerned has given its consent (see section 297(1) or regulation 4(1) of the *RAP regulations*) or:

(a) in a case where the ~~FSA~~ FCA proposes to make a direction under section 296 ~~or (for *RAPs*) under regulation 3 of the *RAP regulations*~~, it considers it is essential reasonably necessary not to follow, or to cut short, the procedure (see ~~*REC* 4.6.4G and *REC* 4.8.7G~~); or

(b) (for *RAPs*) in a case where the *FCA* proposes to make a direction under regulation 3 of the *RAP regulations*, it considers it is essential not to follow, or to cut, short, the procedure.

4.8.2 G The ~~FSA's~~ FCA's internal arrangements provide for any of these decisions to be taken at an appropriately senior level.

[FCA]

4.8.3 G In considering whether it would be appropriate to exercise the powers under section 296 or section 297 of the *Act* or (for *RAPs*) regulation 3 or 4 of the *RAP regulations*, the ~~FSA~~ FCA will have regard to all relevant information and factors including:

[FCA]

...

4.8.4 G In considering whether or not to make a *recognition order*, the ~~FSA~~ FCA will have regard to all relevant information and factors, including its *guidance* to *recognised bodies* and applicants and the information provided by applicants. Details of the application processes and other *guidance* for applicants are set out in *REC* 5 and (for overseas applications) *REC* 6.

[FCA]

4.8.5 G The procedures laid down in section 298 of the *Act* and (for *RAPs*)

[FCA] regulation 5 of the *RAP regulations* are summarised, with the *FSA's FCA's* guidance about the actions it proposes to take in following these procedures, in the ~~table~~ tables at *REC 4.8.9G* and *REC 4.8.10G* respectively.

4.8.6 [FCA] G Before exercising its powers under section 296 or section 297 of the *Act* or (for *RAPs*) regulation 3 or 4 of the *RAP regulations*, the *FSA FCA* will usually discuss its intention, and the basis for this, with the *key individuals* or other appropriate representatives of the *recognised body*. It will usually discuss its intention not to make a *recognition order* with appropriate representatives of the applicant.

4.8.7 G ~~Under section 298(7) of the *Act* and (for *RAPs*) regulation 5(7) of the *RAP regulations*, the *FSA* need not follow the procedure in section 298 in relation to giving a direction under section 296 of the *Act* or (for *RAPs*) regulation 5 of the *RAP regulations* in relation to giving a direction under regulation 3, when it considers it essential not to do so. Guidance on the circumstances in which the *FSA* will usually act in this way is given in *REC 4.6.4G*. [deleted]~~

4.8.8 G ~~In relation to a *RIE* and *RCH*, under section 290(6) of the *Act*, the *FSA* need not follow the procedure in section 298 in relation to a refusal to make a *recognition order* if (under section 307) the Treasury has not given its approval for the *recognition order* to be made. Further guidance is given in *REC 5* and *REC 6* (for overseas applications). [deleted]~~

4.8.9 [FCA] G Key steps in the section 298 and (for *RAPs*) regulation 5 procedure

	The <i>FSA FCA</i> will:	<i>Guidance</i>
(1)	give written notice to the <i>recognised body RIE</i> (or applicant);	The notice will state why the <i>FSA FCA</i> intends to take the action it proposes to take, and include an invitation to make representations, and the <del>date by</del> <u>period within</u> which representations should be made ( <u>unless subsequently extended by the <i>FCA</i></u> ).
(2)	take such steps as it considers reasonably practicable to bring the notice to the attention of the <i>members of the recognised body</i> or of the applicant, as the case may be;	The <i>FSA</i> will also notify <del>persons</del> <i>persons</i> individually (as far as it considers it reasonably practicable to do so) if it considers that the action it proposes to take would affect them adversely in a way which would be different from its effect on
(3)	publish the notice so as to	



	bring it to the attention of other <i>persons</i> likely to be affected;	other <i>persons</i> of the same class.
(4) (2)	receive representations from the <i>recognised body RIE</i> or applicant concerned, <del>any member of the recognised body or applicant, and any other person who is likely to be affected by the action the FSA proposes to take;</del>	The <del>FSA</del> <u>FCA</u> will not usually consider oral representations without first receiving written representations from the <i>person concerned RIE</i> (or <u>applicant</u> ). It will normally only hear oral representations from the <del>recognised body RIE</del> (or applicant) <del>itself or of a person whom it has notified individually, on request.</del>
(5) (3)	write promptly to any <i>person the RIE</i> (or <u>applicant</u> ) who requests the opportunity to make oral representations if it decides not to hear that <i>person's</i> representations;	The <del>FSA</del> <u>FCA</u> will indicate why it will not hear oral representations and the <del>FSA</del> <u>FCA</u> will allow the <i>person concerned RIE</i> (or <u>applicant</u> ) further time to respond.
(6) (4)	have regard to representations made;	
(7) (5)	(when it has reached its decision) notify the <i>recognised body RIE</i> (or applicant) concerned in writing;	
(8)	(if it has decided to give a <del>direction, or revoke or refuse to make a recognition order</del> ) take such steps as it considers reasonably practicable to bring its decision to the attention of <i>members of the recognised body or applicant and to other persons likely to be affected.</i>	The <del>FSA</del> will usually give notice of its decision to the same <i>persons</i> and in the same manner as it gave notice of its intention to act.

4.8.10 G For RAPs, key steps in the regulation 5 procedure

[FCA]

	<u>The FCA will:</u>	<u>Guidance</u>
(1)	<u>give written notice to the RAP (or applicant);</u>	<u>The notice will state why the FCA intends to take the action it proposes to take, and include an invitation to make representations, and the date by which representations should be made.</u>
(2)	<u>take such steps as it considers reasonably practicable to bring the notice to the attention of the members of the RAP or of the applicant, as the case may be;</u>	<u>The FCA will also notify persons individually (as far as it considers it reasonably practicable to do so) if it considers that the action it proposes to take would affect them adversely in a way which would be different from its effect on other persons of the same class.</u>
(3)	<u>publish the notice so as to bring it to the attention of other persons likely to be affected;</u>	
(4)	<u>receive representations from the RAP or applicant concerned, any member of the RAP or applicant, and any other person who is likely to be affected by the action the FCA proposes to take;</u>	<u>The FCA will not usually consider oral representations without first receiving written representations from the person concerned. It will normally only hear oral representations from the RAP (or applicant) itself or of a person whom it has notified individually, on request.</u>
(5)	<u>write promptly to any person who requests the opportunity to make oral representations if it decides not to hear that person's representations;</u>	<u>The FCA will indicate why it will not hear oral representations and the FCA will allow the person concerned further time to respond.</u>
(6)	<u>have regard to representations made;</u>	

(7)	<u>(when it has reached its decision) notify the <i>RAP</i> (or applicant) concerned in writing;</u>	
(8)	<u>(if it has decided to give a direction, or revoke or refuse to make a <i>recognition order</i>) take such steps as it considers reasonably practicable to bring its decision to the attention of <i>members</i> of the <i>RAP</i> or applicant and to other <i>persons</i> likely to be affected.</u>	<u>The <i>FCA</i> will usually give notice of its decision to the same <i>persons</i> and in the same manner as it gave notice of its intention to act.</u>

After REC 4.8 insert the following new section. The text is not underlined.

#### 4.9 Disciplinary measures

4.9.1 G (1) Under sections 312E and 312F of the *Act*, if the *FCA* considers that  
[FCA] a *recognised body* has contravened a requirement imposed by the *FCA* under any provision of the *Act* that relates to a *RIE*, or under any provision of the *Act* whose contravention constitutes an offence the *FCA* has power to prosecute, or by a qualifying EU provision specified by the Treasury, it may:

- (a) publish a statement to that effect; or
- (b) impose on the body a financial penalty of such amount as it considers appropriate.

(2) The procedures and policies which the *FCA* will follow if it proposes to publish a statement under section 312E or to impose a penalty under section 312F, and if it decides to publish such statement or impose such penalty, are set out in *DEPP*.

(3) In exercising or deciding whether to exercise its power to impose a penalty under section 312F of the *Act*, the *FCA* will also have regard to any statement of policy published under this section and in force at a time when the contravention in question occurred.

[**Note:** The *FCA* has issued a statement of policy for consultation with respect to the exercise of its powers under section 312F of the *Act*.]

4.9.2 G (1) Under section 192K of the *Act*, if the *FCA* considers that a  
[FCA] qualifying parent undertaking of a *UK RIE* has contravened a requirement of a direction given by the *FCA* under section 192C of the *Act*, or a provision of rules made by the *FCA* under section

192J of the *Act*, it may:

- (a) impose a penalty of such amount as it considers appropriate on the qualifying parent undertaking of the *UK RIE*, or any person who was knowingly concerned in the contravention; or
  - (b) publish a statement censuring the person.
- (2) The procedures which the *FCA* will follow if it proposes to take action, and if it decides to take action against a person, under section 192K are set out in *DEPP*.
  - (3) In exercising or deciding whether to exercise its power under section 192K of the *Act*, the *FCA* will also have regard to any statement of policy published under this section and in force at a time when the contravention in question occurred.

[**Note:** The *FCA* has issued a statement of policy for consultation with respect to the exercise of its powers under section 192K of the *Act*.]

Amend the following as shown.

## **5 Applications for recognition (UK recognised bodies)**

### **5.1 Introduction and legal background**

- 5.1.1 [FCA] G A *body corporate* or an unincorporated association may apply to the ~~*FSA*~~ *FCA* for recognition as a *UK recognised body* under sections 287 (Application by an investment exchange) or 288 (Application by a clearing house) of the *Act*.
- 5.1.1A [FCA] G A *UK RIE* may apply to the ~~*FSA*~~ *FCA* for recognition as an *RAP* under regulation 2 of the *RAP regulations*.
- 5.1.2 [FCA] G This chapter sets out *guidance* for *UK* applicants and for *UK* entities which are considering making an application. *Guidance* for applicants and prospective applicants for ~~*overseas recognised body*~~ *ROIE* status is given in *REC 6*.

*REC 5.1.3G* to *5.1.7G* have been deleted in their entirety. The deleted text is not shown.

### **5.2 Application process**

- 5.2.1 G An applicant for *recognised body* status needs to demonstrate to the ~~*FSA*~~ *FCA* that it is able to meet the *recognised body requirements* before a

- [FCA] *recognition order* can be made. Once it has been recognised, a *recognised body* has to comply with the *recognised body requirements* at all times. (*Guidance on the recognised body requirements applicable to UK recognised bodies* (and applicants) is given in *REC 2* and *REC 2A*).
- 5.2.1A [FCA] G In addition, under section 290A of the *Act* (Refusal of recognition on ground of excessive regulatory provision), the ~~FSA~~ FCA must refuse to make a *recognition order* in relation to a body applying for recognition as a ~~UK RIE or UK RCH~~ if it appears to the ~~FSA~~ FCA that an existing or proposed *regulatory provision* of the applicant in connection with the applicant's business as an investment exchange or the provision by the applicant of ~~clearing services~~ clearing facilitation services imposes, or will impose, an excessive requirement (as defined in section 300A of the *Act*) on *persons* directly or indirectly affected by it.
- 5.2.2 [FCA] G (1) There is no standard application form. A prospective applicant should contact the Markets Division at the ~~FSA~~ FCA at an early stage for advice on the preparation, scheduling and practical aspects of its application.
- ...
- 5.2.3 [FCA] G An application should:
- (1) be made in accordance with any directions the ~~FSA~~ FCA may make under section 287 (Application by an investment exchange), ~~section 288 (Application by a clearing house)~~ of the *Act* or (for *RAPs*) regulation 2 of the *RAP regulations*;
  - (2) in the case of an application under ~~sections~~ section 287 ~~or 288~~ of the *Act*, be accompanied by the applicant's *regulatory provisions* and in the case of an application under section 287 of the *Act* information required pursuant to sub-sections 287(3)(c), (d) and (e) of the *Act* (see *REC 5.2.3AG*) (the material specifically prescribed in section 287 or section 288);
  - (3) be accompanied by the information, evidence and explanatory material (including supporting documentation) necessary to demonstrate to the ~~FSA~~ FCA that the *recognised body requirements* will be met; and
- ...
- ...
- 5.2.5 [FCA] G A prospective applicant who is an *authorised person* may wish to consult the ~~FSA~~ FCA about the extent to which information which it has already supplied in connection with its status as an *authorised person* can be used to support an application to become a *UK recognised body*.

- 5.2.5A [FCA] G A *UK RIE* applying for recognition as an *RAP* may wish to consult the ~~FSA~~ FCA about the extent to which information which it has already supplied in connection with its status as a *UK RIE* can be used to support an application to be recognised as an *RAP*.
- 5.2.6 [FCA] G Under section 289 of the *Act* (Applications: supplementary) or (for an *RAP* applicant) regulation 2 of the *RAP regulations*, the ~~FSA~~ FCA may require the applicant to provide additional information, and may require the applicant to verify any information in any manner. In view of their likely importance for any application, the ~~FSA~~ FCA will normally wish to arrange for its own inspection of an applicant's information technology systems.
- 5.2.6A [FCA] G In the case of an application to become a *UK RIE* or an *RAP*, under subsection 290(IB) of the *Act* and (for an *RAP* applicant) regulation 2(8) of the *RAP regulations*, the application must be determined by the ~~FSA~~ FCA before the end of the period of six *months* beginning with the date on which it receives the completed application.
- 5.2.7 [FCA] G At any time after making a formal application, the applicant may make amendments to its rules, guidance or any other part of its application submitted to the ~~FSA~~ FCA. ~~Any amendments or additional information (except in relation to an *RAP* applicant) are likely to be forwarded by the *FSA* to the Director General of Fair Trading and the Treasury under section 303 of the *Act* (Initial report by Director) (see *REC 5.1.5G*).~~
- 5.2.8 [FCA] G (1) The ~~FSA~~ FCA will keep the applicant informed of the progress of the application.
- (2) It may be necessary to ask the applicant to clarify or amplify some aspects of its proposals. The ~~FSA~~ FCA may wish to discuss various aspects of the application and may invite the applicant to attend one or more meetings for that purpose. When requested to do so, the ~~FSA~~ FCA will explain the nature of the information which it has asked an applicant to supply in connection with its application.
- 5.2.9 G (1) ~~While the *FSA* is considering an application under section 287 or 288 of the *Act*, the Office of Fair Trading will be reviewing the *regulatory provisions* so that the Director General of Fair Trading is able to make the report required by section 303 of the *Act*. [deleted]~~
- (2) ~~When the Director General of Fair Trading has issued his report, if the circumstances described in *REC 5.1.4 G* apply, the Competition Commission must normally make its own report under section 306 of the *Act*. [deleted]~~
- 5.2.10 G ~~In relation to an application under section 287 or 288 of the *Act*, where the *FSA* considers that an applicant satisfies the *recognition requirements* and in the case of an application to become a *UK RIE*, the *MiFID implementing requirements*, and that the Treasury has had an opportunity to consider any~~

reports from the Director General of Fair Trading and the Competition Commission, the *FSA* will then seek the Treasury's approval, under section 307 of the *Act* (Recognition orders: role of the Treasury), to the making of a *recognition order*. [deleted]

5.2.11 G Under section 307 of the *Act*, in relation to an application under section 287 or 288 of the *Act*, the Treasury will have to follow the advice of the Director General of Fair Trading or the Competition Commission as appropriate unless it considers that there are exceptional circumstances for not doing so. The Treasury will therefore ordinarily give its approval to the making of a *recognition order* if the applicant's *regulatory provisions* are not considered to have a significantly adverse effect on competition or, if they are considered to have that effect, the effect is justified. It will ordinarily refuse its approval if the applicant's *regulatory provisions* are considered to have any significantly adverse effect on competition and that effect is not considered to be justified. [deleted]

5.2.12 [FCA] G Where the *FSA FCA* considers that it is unlikely to make a *recognition order*, or (in the case of a *UK RIE* or *UK RCH*) to seek the Treasury's approval, it will discuss its concerns with the applicant as early as possible with a view to enabling the applicant to make changes to its rules or guidance, or other parts of the application (see *REC 5.2.7G*). If the *FSA FCA* decides that it will not make a *recognition order*, it will follow the procedure set out in section 298 of the *Act* (Directions and revocation: procedure) or (in the case of an *RAP*) regulation 5 of the *RAP regulations* and described in more detail in *REC 4.8*.

5.2.13 G In relation to an application under section 287 or 288 of the *Act*, the *FSA* will notify the applicant if the Treasury does not give its approval under section 307 of the *Act* (Recognition orders: role of the Treasury). Under section 290 (Recognition orders), the *FSA* does not have to follow the section 298 procedure (see *REC 4.8*) in this case and will not normally do so. The Treasury is required in those circumstances to follow a similar procedure under section 310 of the *Act* (Procedure on the exercise of certain powers by the Treasury). [deleted]

5.2.14 [FCA] G Information and supporting documentation (see *REC 5.2.4G*)

...	
(3)	Details of the <i>facilities</i> which the applicant plans to operate, including details of the trading platform or (for an <i>RAP</i> ) <i>auction platform</i> , settlement arrangements, <del>clearing services</del> <i>clearing facilitation services</i> and <i>custody</i> services which it plans to supply. An applicant for <i>RAP</i> status must provide details on the relationship between the <i>auction platform</i> and any secondary market in <i>emissions auction products</i> which it operates or plans to operate.
...	

(12)	Details of its arrangements for managing any counterparty risks, <del>including details of margining systems, guarantee funds and insurance arrangements.</del>
...	
(14)	Details of arrangements for complying with the <i>notification rules</i> and other requirements to supply information to the <del>FSA</del> <u>FCA</u> .
...	
(16)	A summary of the legal due diligence carried out in relation to ascertaining the enforceability of its rules (including <i>default rules</i> ) <del>and arrangements for margin against any of its members based outside the United Kingdom,</del> and the results and conclusions reached.
...	
(21)	Details of criteria, rules and arrangements for selecting <i>specified investments</i> to be admitted to trading on (or cleared by) an <del>RIE, or to be cleared by an RCH</del> and, where relevant, details of how information regarding <i>specified investments</i> will be disseminated to users of its <i>facilities</i> .
(22)	Details of arrangements for cooperating with the <del>FSA</del> <u>FCA</u> and other appropriate authorities, including draft memoranda of understanding or letters.
...	

## 6 Overseas Investment Exchanges ~~and Overseas Clearing Houses~~

### 6.1 Introduction and legal background

6.1.1 G The Act prohibits any *person* from carrying on, or purporting to carry on, regulated activities in the United Kingdom unless that *person* is an *authorised person* or an *exempt person*. If an *overseas investment exchange* ~~or overseas clearing house~~ wishes to undertake regulated activities in the United Kingdom, it will need to:

[FCA]

(1) obtain a *Part IV 4A permission* from the ~~FSA~~ FCA;

...

(4) obtain exempt persons status by being declared by the ~~FSA~~ FCA to be ~~(in the case of an overseas investment exchange) an ROIE or (in the case of an overseas clearing house) an ROCH.~~

6.1.2 G Having the status of an ~~overseas recognised body~~ ROIE facilitates the



[FCA] participation of *overseas investment exchanges* and ~~*overseas clearing houses*~~ in *UK markets*. In comparison with *authorisation*, it reduces the involvement which *UK* authorities need to have in the day-to-day affairs of an *overseas recognised body* because they are able to rely substantially on the supervisory and regulatory arrangements in the country where the applicant's head office is situated.

## 6.2 Applications

- 6.2.1 G (1) *Overseas investment exchanges* and ~~*overseas clearing houses*~~ which are considering whether to seek *authorisation* or *recognition* should first consider whether they will be carrying on *regulated activities* in the *United Kingdom*. *Overseas investment exchanges* and ~~*overseas clearing houses*~~ which do not carry on *regulated activities* in the *United Kingdom* need take no action.
- [FCA]
- (2) Prospective applicants should discuss *authorisation* and *recognition* with the ~~*FSA*~~ FCA before deciding whether to seek *authorisation* or *recognition*.
- 6.2.2 G A prospective applicant may wish to contact the Markets Division at the ~~*FSA*~~ FCA at an early stage for advice on the preparation, scheduling and practical aspects of an application to become an *overseas recognised body*.
- [FCA]
- 6.2.3 G Applicants for *authorised person* status should refer to the ~~*FSA*~~ FCA website "How do I get authorised":
- [FCA] ~~<http://www.fsa.gov.uk/Pages/Doing/how/index.shtml>~~  
<http://www.fca.org.uk/firms/about-authorisation> Applications for *recognition* as an *overseas recognised body* should be addressed to:  
 The Financial ~~*Services*~~ Conduct Authority (Markets Division)  
 25 The North Colonnade  
 Canary Wharf  
 London E14 5HS
- 6.2.4 G There is no standard application form for application for *recognition* as an ~~*overseas recognised body*~~ ROIE. An application should be made in accordance with any direction the ~~*FSA*~~ FCA may make under section 287 (Application by an investment exchange) or ~~section 288 (Application by a clearing house)~~ of the *Act* and should include:
- [FCA]
- (1) the information, evidence and explanatory material necessary to demonstrate to the ~~*FSA*~~ FCA that the *recognition requirements* (set out in *REC* 6.3) will be met;
- ...
- (7) information identifying the following (if not contained in the *documents* listed in (5) or (6) or the material referred to in (1)):

...

- (b) any type of *specified investment* dealt in on, or arranged to be cleared by through the applicant;

...

6.2.5 G The ~~FSA~~ FCA may require further information from the applicant and may need to have discussions with the appropriate authorities in the applicant's *home territory*. To allow sufficient time for applications to be processed and for the necessary contacts to be made with the appropriate *home territory* authorities, applications should be made not later than six months before the applicant wishes the *recognition order* to take effect. No guarantee can be given that a decision will be reached within this time, although the ~~FSA~~ FCA will endeavour to meet the applicant's reasonable timing requirements.

[FCA]

...

### 6.3 Recognition requirements

6.3.1 G Before making a recognition order, the ~~FSA~~ FCA will need to be satisfied that the *recognition requirements* in section 292(3) of the *Act* (Overseas investment exchanges ~~and clearing houses~~) have been met. These requirements are the only *recognition requirements* applicable to ~~overseas recognised bodies~~ ROIEs.

[FCA]

6.3.2 UK Sections 292(3) and 292(4) state:

[FCA]

<b>Section 292(3)</b>	
<b>The requirements are that-</b>	
(a)	<b>investors are afforded protection equivalent to that which they would be afforded if the body concerned were required to comply with <i>recognition requirements</i>, <u>other than such requirements which are expressed in regulations under section 286 not to apply for the purposes of this paragraph</u>;</b>
(b)	<b>there are adequate procedures for dealing with a <i>person</i> who is unable, or likely to become unable, to meet his obligations in respect of one or more <i>market contracts</i> connected with the [ROIE] <del>or [ROCH]</del>;</b>
(c)	<b>the applicant is able and willing to co-operate with the [<del>FSA</del> <u>FCA</u>] by the sharing of information and in other ways; and</b>
(d)	<b>adequate arrangements exist for co-operation between the [<del>FSA</del> <u>FCA</u>] and those responsible for the supervision of the applicant in the country or territory in which the applicant's head office is</b>

	situated.
<b>Section 292(4)</b>	
<b>In considering whether it is satisfied as to the requirements mentioned in subsections (3)(a) and (b), the [<del>FSA</del> <u>FCA</u>] is to have regard to-</b>	
...	

- 6.3.3 G The reference to *recognition requirements* in section 292(3)(a) of the *Act* is a  
[FCA] reference to the requirements applicable to *UK RIEs* or *UK RCHs* in the *Recognition Requirements Regulations*. These requirements are set out, together with *guidance*, in *REC 2*.

REC 6.4 has been deleted in its entirety. The deleted text is not shown.

## 6.5 ~~FSA~~ FCA decision on recognition

- 6.5.1 G If the ~~FSA~~ FCA considers that the requirements of the *Act* are satisfied, it may  
[FCA] make a *recognition order*, which will state the date on which it takes effect.
- 6.5.2 G Where the ~~FSA~~ FCA considers that it is unlikely to make a *recognition order*,  
[FCA] it will discuss its concerns with the applicant with a view to enabling the applicant to make changes to its rules or guidance, or other parts of the application. If the ~~FSA~~ FCA decides to refuse to make a *recognition order*, it will follow the procedure set out in section 298 of the *Act* (Directions and revocation: procedure) (which applies in consequence of section 290(5) of the *Act* (Recognition orders)) which is described in more detail in *REC 4.8*.
- 6.5.3 G ~~The FSA will notify the applicant if the Treasury fails to give its approval under section 307 of the Act (Recognition orders: role of the Treasury). Under section 290, the FSA is not required to follow the procedure under section 298 in this case and will not normally do so. [deleted]~~

## 6.6 Supervision

- 6.6.1 G An *overseas recognised body* ROIE is required to notify the ~~FSA~~ FCA of  
[FCA] certain events and give information to it on a regular basis and when certain specified events occur. Section 295 of the *Act* (Notification: overseas investment exchanges and overseas clearing houses) requires each *overseas recognised body* ROIE to provide the ~~FSA, the Treasury and the Director General of Fair Trading~~ FCA with a report (at least once a year) which contains:
- (1) a statement as to whether any events have occurred which are likely:

- (a) to affect the ~~FSA's~~ FCA's assessment of whether it is satisfied that the ~~overseas recognised body~~ ROIE continues to satisfy the *recognition requirements* set out in section 292(3) of the Act (Overseas investment exchanges and overseas clearing houses) (see *REC* 6.3); ~~and~~
- (b) ~~to have any effect on competition;~~
- (2) the information specified in the ~~FSA's~~ FCA's notification rules for ~~overseas recognised bodies~~ ROIEs (see *REC* 6.7).

6.6.2 [FCA] G The following events are examples of events likely to affect an assessment of whether an ~~overseas recognised body~~ ROIE is continuing to satisfy the *recognition requirements*, ~~or to have an effect on competition:~~

- (1) significant changes to any relevant law or regulation in its *home territory*, including laws or regulations:
  - (a) governing exchanges or, if relevant to an ROIE's satisfaction of the recognition requirements, clearing houses;
  - ...
  - (c) designed to protect the interests of *clients* of *members* of the ~~overseas recognised body~~ ROIE, or of a class of bodies which includes the ~~overseas recognised body~~ ROIE;
  - (d) which affect:
    - (i) the ability of the ~~overseas recognised body~~ ROIE to seek information (whether compulsorily or voluntarily) from its *members*, including information relating to the price and volume of transactions, the identity of parties to transactions, and the movement of funds associated with transactions;
    - (ii) ~~which affect~~ the ability of the ~~overseas recognised body~~ ROIE to pass such information, on request, to *UK* authorities;
  - ...
- (3) significant changes to the practices of the ~~overseas recognised body~~ ROIE applying to any *regulated activities* carried on by it in the *United Kingdom*;
- (4) any other event or series of events in relation to the body which:
  - (a) affects or may significantly affect cooperation between the ~~overseas recognised body~~ ROIE, or its supervisor in its *home territory*, and the ~~FSA~~ FCA; or...

...

6.6.3 G The period covered by a report submitted under section 295(1) of the Act starts  
[FCA] on the day after the period covered by its last report or, if there is no such report, after the making of the *recognition order* recognising the ~~overseas recognised body~~ ROIE as such, and ends on the date specified in the report or, if no date is specified, on the date of the report.

6.6.4 G If an ~~overseas recognised body~~ ROIE changes the period covered by its report,  
[FCA] it should ensure that the first day of the period covered by a report is the day immediately following the last day of the period covered by the previous report.

...

6.6.6 G Copies of the report should be sent to the ~~FSA, the Treasury and the Director~~  
[FCA] ~~General of Fair Trading~~ FCA within two months after the end of the period to which it relates.

## 6.7 Notification rules for overseas recognised bodies

### Application

6.7.1 R The *notification rules* in this chapter, which are made under sections 293  
[FCA] (Notification requirements) and 295 of the *Act* (Notification: overseas investment exchanges and overseas clearing houses), apply to all ~~overseas recognised bodies~~ ROIEs.

### Purpose

6.7.2 G The *notification rules* in this chapter are made by the ~~FSA~~ FCA in order to  
[FCA] ensure that it is provided with notice of events and information which it reasonably requires for the exercise of its functions under the *Act*.

### Reports under section 295

6.7.3 R Where an ~~overseas recognised body~~ ROIE includes in its report made under  
[FCA] section 295(1) of the *Act* (Notification: overseas investment exchanges and overseas clearing houses) a statement in compliance with section 295(2)(a) of the *Act* that an event has occurred in the period covered by that report which is likely to affect the ~~FSA's~~ FCA's assessment of whether it is satisfied as to the requirements set out in section 292(3) (Overseas investment exchanges and overseas clearing houses), it must include particulars of that event.

6.7.4 R An ~~overseas recognised body~~ ROIE must include in its report submitted in  
[FCA] compliance with section 295(1) of the *Act*:

...

## First report

- 6.7.5 R An ~~overseas recognised body~~ ROIE must include in the first report submitted under section 295(1) of the Act after the *recognition order* in relation to that ~~overseas recognised body~~ ROIE is made:

[FCA]

...

after the application for recognition was submitted to the ~~FSA~~ FCA but which were not included in the application or in any supplementary information submitted to the ~~FSA~~ FCA before the *recognition order* was made.

- 6.7.6 G *Guidance* on the period covered by an ~~overseas recognised body's~~ ROIE's report submitted in compliance with section 295(1) of the Act is given in *REC* 6.6.3G.

[FCA]

## Changes of address

- 6.7.7 R Where an ~~overseas recognised body~~ ROIE proposes to change:

[FCA]

...

it must give notice to the ~~FSA~~ FCA and inform it of the new address at least 14 days before the change is effected.

## Revocation or modification of home territory licence, permission or authorisation

- 6.7.8 R Where an ~~overseas recognised body~~ ROIE has notice that any licence, permission or authorisation which it requires to conduct any *regulated activity* in its *home territory* has been or is about to be:

[FCA]

...

- (2) modified in any way which would materially restrict the ~~overseas recognised body~~ ROIE in performing any regulated activity in its home territory or in the United Kingdom;

it must immediately notify the ~~FSA~~ FCA of that fact and must give the ~~FSA~~ FCA the information specified for the purposes of this *rule* in *REC* 6.7.9R, as soon as that information is known to it.

- 6.7.9 R The following information is specified for the purposes of *REC* 6.7.8R:

[FCA]

- (1) particulars of the licence, permission or authorisation which has been or is to be revoked or modified, including particulars of the ~~overseas recognised body's~~ ROIE's *regulated activities* to which it relates;
- (2) an explanation of how the revocation or modification restricts or will restrict the ~~overseas recognised body~~ ROIE in carrying on any

*regulated activity* in its *home territory* or in the *United Kingdom*;

...

...

Form and method of notification

- 6.7.12 R The *rules* relating to the form and method of notification in *REC 3.2* also apply to ~~*overseas recognised bodies*~~ *ROIEs*.  
[FCA]

Waivers

- 6.7.13 G ~~*Overseas recognised bodies*~~ *ROIEs* may apply to the ~~*FSA*~~ *FCA* for a waiver of any of the *notification rules*. The procedure is the same as that for applications from *UK recognised bodies*. *Guidance* on the procedure is given in *REC 3.3*.  
[FCA]

## 6.8 ~~Powers of direction and revocation of recognition orders~~ to supervise

- 6.8.1 G The ~~*FSA*~~ *FCA* has similar powers to supervise ~~*overseas recognised bodies*~~ *ROIEs* to those it has to supervise ~~*UK recognised bodies*~~ *UK RIEs*. It may (in addition to any other powers it might exercise):  
[FCA]

- (1) give directions to an ~~*overseas recognised body*~~ *ROIE* under section 296 of the *Act* (Authority's power to give directions) if it has failed, or is likely to fail, to satisfy the *recognition requirements* or if it has failed to comply with any other obligation imposed by or under the *Act*; or
- (2) revoke a *recognition order* under section 297 of the *Act* (Revoking recognition) if an ~~*overseas recognised body*~~ *ROIE* is failing, or has failed, to comply with the *recognition requirements* or any other obligation in or under the *Act*; or
- (3) require an *ROIE* or a person connected with the *ROIE*, under section 165 of the *Act*, to provide or produce specified information or information of a specified description, at a specified place and before the end of a reasonable period, in such form and with such verifications or authentications as it may reasonably require; or
- (4) require any of the following persons, under section 166 of the *Act*, to provide the *FCA* with a report on any matter, or appoint a skilled person to provide the *FCA* with information or produce documents with respect to any matter:
  - (a) the *ROIE*; or
  - (b) any other member of the *ROIE*'s group; or

- (c) a partnership of which the ROIE is a member; or
- (d) a person who has at any time been a person falling within (a), (b) or (c).

6.8.2 G The ~~FSA~~ FCA will follow the approach in *REC 4.6*, *REC 4.7* and *REC 4.8*,  
[FCA] *REC 4.2F* and *REC 4.2G* if it is considering exercising these powers in relation to an ~~overseas recognised body~~ ROIE.

## 6A EEA market operators in the United Kingdom

### 6A.1 Exercise of passport rights by EEA market operator

6A.1.1 G Under section 312A of the Act, an *EEA market operator* may make  
[FCA] arrangements in the *United Kingdom* to facilitate access to, or use of, a *regulated market* or *multilateral trading facility* operated by it if:

...

- (2) the *Home State regulator* has given the ~~FSA~~ FCA notice of the operator's intention.

...

### 6A.2 Removal of passport rights from EEA market operator

6A.2.1 G Under section 312B of the Act, the ~~FSA~~ FCA may prohibit an *EEA market*  
[FCA] *operator* from making or, as the case may be, continuing arrangements in the *United Kingdom*, to facilitate access to, or use of, a *regulated market*, or *multilateral trading facility*, operated by the operator if:

- (1) the ~~FSA~~ FCA has clear and demonstrable grounds for believing that the operator has contravened a relevant requirement; and
- (2) the ~~FSA~~ FCA has first complied with sections 312B(3) to (9) of the Act.

...

6A.2.3 G The procedure the ~~FSA~~ FCA will follow if it is to exercise this prohibition  
[FCA] power is set out in sections 313B(3) to (9) of the Act.

6A.2.4 G If the ~~FSA~~ FCA exercises this prohibition power it must at the earliest  
[FCA] opportunity notify the Commission and *ESMA* of the action taken in relation to the operator.

6A.2.5 G The operator's *exempt person* status ceases to apply if the ~~FSA~~ FCA exercises



[FCA] this prohibition power.

6A.2.6 G The operator's right to make arrangements in the *United Kingdom*, to facilitate access to, or use of, a *regulated market*, or *multilateral trading facility*, operated by the operator may be reinstated (together with its *exempt person* status) if the ~~FSA~~ FCA is satisfied that the contravention which led the ~~FSA~~ FCA to exercise its prohibition power has been remedied.

...

**TP 1 Transitional provisions**

**TP 1.1 Introduction**

[FCA]

...	
3	<del>GEN</del> also contains some technical transitional provisions that apply throughout the <i>Handbook</i> and <del>which are designed to ensure a smooth transition at commencement</del> . These include <del>transitional provisions relevant to record keeping and notification requirements</del>

REC TP 1.2 is deleted in its entirety. The deleted text is not shown.

...

**Sch 2 Notification requirements**

Sch 2.1 G

[FCA]

...
For completeness, summary details of the main notification requirements in the <i>Act</i> itself and the <i>Companies Act 1989</i> are also included in the table. The summary of these statutory provisions here should not be taken to imply that these are obligations imposed by the <del>FSA</del> <u>FCA</u> under its powers nor that the following summary supersedes or alters the meaning of these provisions.
<i>Guidance</i> on the statutory notification requirements for <del>overseas recognised bodies</del> <u>ROIEs</u> is given in REC 6.6.

Sch 2.2 G

[FCA]

Reference to legislation or Handbook	Matter to be notified	Contents of notification	Trigger event	Time allowed
<i>UK recognised bodies</i> <u>UK RIEs</u>				
The <i>Act</i> 293(5)	Changes to <i>rules</i> and	Details of change	Change to rule or guidance	Without delay

	<i>guidance</i>			
<i>UK RIEs and UK RCHs</i>				
The Act s300B(1)	Proposal to make <i>regulatory provision</i>	Details of proposal	Proposal to make <i>regulatory provision</i>	Without delay
Companies Act 1989 s157	Proposed changes to <i>default rules</i>	Details of proposed change	Proposal to change <i>default rules</i>	14 days in advance of change
<i>UK RIEs</i>				
The Act s293(6)(a)	Changes to arrangements for <del>clearing services</del> <i>clearing facilitation services in respect of on-exchange transactions</i>	Details of change	Change to arrangements	Without delay
The Act s293(6)(b)	Changes to criteria determining to whom it will provide <del>clearing services</del> <i>clearing facilitation services</i>	Details of change	Change to criteria	Without delay
<i>UK RCHs</i>				
The Act s293(7)(a)	Changes to <i>RIEs</i> for whom <del>clearing services</del> provided	Details of change	Change to <i>RIE</i>	Without delay
The Act s293(7)(b)	Changes to criteria determining to whom (other than <i>RIEs</i> ) it will provide <del>clearing services</del>	Details of change	Change to criteria	Without delay <sup>†</sup>
<i>RAPs</i>				
The Act s293(6)(a)	Changes to arrangements	Details of change	Change to arrangements	Without delay

	for clearing transactions effected on the auction platform			
...	...	...	...	...
<i>Overseas recognised bodies-ROIEs</i>				
The Act s295	Report to <del>FSA</del> <u>FCA</u>	Statement as to whether events have occurred which would affect the <del>FSA's</del> <u>FCA's</u> assessment of whether the <i>recognition requirements</i> are met <del>or</del> which might have an effect on competition	Not applicable	Once a year
<i>Notification rules for overseas recognised bodies ROIEs (see REC 6.7)</i>				
REC 6.7.3 R	Events which might affect the <del>FSA's</del> <u>FCA's</u> assessment of whether the <i>recognition requirements</i> are met	Particulars of event	Not applicable	Include in report under s295
...	...	...	...	...

REC Sch 3 and Sch 4 are deleted in their entirety. The deleted text is not shown.

...

**Sch 6 Rules that can be waived**

Sch 6.1 [FCA] G

<p>The <i>notification rules</i> in REC 3 and REC 6 can be waived by the <del>FSA</del> <u>FCA</u> under section 294 of the Act (Modification or waiver of rules). (The statutory notification requirements, also summarised in Schedule 2 to REC, cannot be waived by the <del>FSA</del> <u>FCA</u>.)</p>
<p>The <i>fees rules</i> in REC 7 cannot be waived by the <del>FSA</del>.</p>



## Schedule A

### Part 1

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
<b>Provisions of the 2000 Act under which the Authority made rules</b>	<b>Corresponding provisions: Financial Conduct Authority</b>	<b>Corresponding provisions: Prudential Regulation Authority</b>
Section 59 (Approval for particular arrangements)	Section 59	Section 59
Section 72 (The competent authority)	Part VI	None
Section 73A (Part 6 Rules)	Section 73A	None
Section 74 (The official list)	Section 74	None
Section 75 (Applications for listing)	Section 75	None
Section 77 (Discontinuance and suspension of listing)	Section 77	None
Section 79 (Listing particulars and other documents)	Section 79	None
Section 80 (General duty of disclosure in listing particulars)	Section 80	None
Section 81 (Supplementary listing particulars)	Section 81	None
Section 84 (Matters which may be dealt with by prospectus rules)	Section 84	None
Section 85 (Prohibition of dealing etc in transferable securities without approved prospectus)	Section 85	None
Section 87 (Election to have prospectus)	Section 87	None
Section 87A (Criteria for approval of prospectus by competent authority)	Section 87A	None
Section 87B (Exemptions from disclosure)	Section 87B	None
Section 87G (Supplementary prospectus)	Section 87G	None
Section 88 (Sponsors)	Section 88	None
Section 89 (Public censure of	Sections 88A-88F	None

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
<b>Provisions of the 2000 Act under which the Authority made rules</b>	<b>Corresponding provisions: Financial Conduct Authority</b>	<b>Corresponding provisions: Prudential Regulation Authority</b>
sponsor)		
Section 89A (Transparency rules)	Section 89A	None
Section 89B (Provision of voteholder information)	Section 89B	None
Section 89C (Provision of information by issuers of transferable securities)	Section 89C	None
Section 89D (Notification of voting rights held by issuer)	Section 89D	None
Section 89E (Notification of proposed amendment of issuer's constitution)	Section 89E	None
Section 89F (Transparency rules: interpretation etc)	Section 89F	None
Section 89G (Transparency rules: other supplementary provisions)	Section 89G	None
Section 89O (Corporate governance rules)	Section 89O	None
Section 96 (Obligations of issuers of listed securities)	Section 96	None
Section 96A (Disclosure of information requirements)	Section 96A	None
Section 96C (Suspension of trading)	Section 96C	None
Section 99 (Fees)	Schedule 1ZA, Paragraph 23.	Schedule 1ZB, Paragraph 31.
Section 99(1) and (2) (Fees)	Schedule 1ZA, Paragraph 23.	Schedule 1ZB, Paragraph 31
Section 100 (Penalties)	Sections 312J and 312K, and schedule 1ZA, Part 2.	None
Section 101 (Part 6 rules: general provisions)	Sections 101 and 137T.	None.
Section 118(8) (Market abuse)	Section 118(8)	None
Section 136(2) (Funding of the legal assistance scheme)	Section 136(2)	None
Section 138 (General rule-making)	Section 137A	Section 137G

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
<b>Provisions of the 2000 Act under which the Authority made rules</b>	<b>Corresponding provisions: Financial Conduct Authority</b>	<b>Corresponding provisions: Prudential Regulation Authority</b>
power)		
Section 138(1) (General rule-making power)	Section 137A(1)	Section 137G(1)
Section 139 (Miscellaneous ancillary matters)	Section 137B	None
Section 139(4) (Miscellaneous ancillary matters)	Section 137B(3)	None
Section 139A (General rules about remuneration)	Sections 137H and 137I	Sections 137H and 137I
Section 140 (Restrictions on managers of certain collective investment schemes)	Section 137A(1)	Section 137G(1)
Section 141 (Insurance business rules)	Section 137A(1)	Section 137G(1)
Section 142(2) (Insurance business: regulations supplementing Authority's rules)	Section 137A(1)	Section 137G(1)
Section 144 (Price stabilising rules)	Section 137Q	None
Section 145 (Financial promotion rules)	Section 137R	None
Section 146 (Money laundering rules)	Section 137A(1)	None
Section 147 (Control of information rules)	Section 137P	Section 137P
Section 148(3) (Modification or waiver of rules)	Section 138A(3)	Section 138A(3)
Section 149 (Evidential provisions)	Section 138C	Section 138C
Section 150(2) (Actions for damages)	Section 138D(3)	Section 138D(1)
Section 156 (General supplementary powers)	Section 137T	Section 137T
Section 213 (The compensation scheme) (including as referred to in section 216(5) (Continuity of long-term insurance policies) and section 217(7) (Insurers in financial	Section 213	Section 213

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
<b>Provisions of the 2000 Act under which the Authority made rules</b>	<b>Corresponding provisions: Financial Conduct Authority</b>	<b>Corresponding provisions: Prudential Regulation Authority</b>
difficulties)		
Section 214 (General)	Section 214	Section 214
Section 215 (Rights of the scheme in relevant person's insolvency)	Section 215	Section 215
Section 216 (Continuity of long-term insurance policies)	Section 216	Section 216
Section 217 (Insurers in financial difficulties)	Section 217	Section 217
Section 218(2)(b) (Annual report)	Section 218(2)(b)	Section 218(2)(b)
Section 223 (Management expenses)	Section 223	Section 223
Section 223C (Payments in error)	Section 223C	Section 223C
Section 224F (Rules about relevant schemes)	Section 224F	Section 224F
Section 226 (Compulsory jurisdiction) (including as applied by regulation 125 of the Payment Services Regulations 2009 (SI 2009/209))	Section 226	None
Section 226A(7) (Consumer credit jurisdiction)	Section 226A(7)	None
Section 229 (Awards)	Section 229	None
Section 234 (Industry funding)	Section 234	None
Section 238(5) (Restrictions on promotion)	Section 238(5)	None
Section 239 (Single property schemes)	Section 239	None
Section 242 (Applications for authorisation of unit trust schemes)	Section 242	None
Section 247 (Trust scheme rules)	Section 247	None
Section 248 (Scheme particulars rules)	Section 248	None
Section 278 (Rules as to scheme particulars)	Section 278	None



<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
<b>Provisions of the 2000 Act under which the Authority made rules</b>	<b>Corresponding provisions: Financial Conduct Authority</b>	<b>Corresponding provisions: Prudential Regulation Authority</b>
Section 283(1) (Facilities and information in UK)	Section 283(1)	None
Section 293 (Notification requirements)	Section 293	Section 293
Section 293(1) (Notification requirements)	Section 293(1)	Section 293(1)
Section 295 (Notification: overseas investment exchanges and overseas clearing houses)	Section 295	Section 295
Section 300B (Duty to notify proposal to make regulatory provision)	Section 300B	Section 300B
Section 322 (Rules applicable to former underwriting members)	None	Section 322
Section 332(1) (Rules in relation to persons to whom the general prohibition does not apply)	Section 332(1)	None
Section 340 (Appointment)	Section 340	Section 340
Paragraph 17 (Fees) of Schedule 1 (The Financial Services Authority)	Schedule 1ZA, Paragraph 23.	Schedule 1ZB, Paragraph 31.
Paragraph 17(1) (Fees) of Schedule 1 (The Financial Services Authority)	Schedule 1ZA, Paragraph 23(1).	Schedule 1ZB, Paragraph 31(1).
Paragraph 12 of Part 2 (Funding) of Schedule 1A (Further provision about the Consumer Financial Education Body)	Paragraph 12 of Part 2 (Funding) of Schedule 1A (Further provision about the Consumer Financial Education Body)	None
Paragraph 12(1) (Funding of the relevant costs by authorised persons or payment service providers) of Part 2 of Schedule 1A (Further provision about the Consumer Financial Education Body)	Paragraph 12(1) (Funding of the relevant costs by authorised persons or payment service providers) of Part 2 of Schedule 1A (Further provision about the Consumer Financial Education Body)	None
Paragraphs 19 (Establishment) and 20 (Services) of Schedule 3 (EEA Passport Rights)	Paragraphs 19 (Establishment) and 20 (Services) of Schedule 3 (EEA Passport Rights)	Paragraphs 19 (Establishment) and 20 (Services) of Schedule 3 (EEA Passport Rights)
Schedule 7 (The Authority as Competent Authority for Part VI)	Part VI	None

Column 1	Column 2	Column 3
<b>Provisions of the 2000 Act under which the Authority made rules</b>	<b>Corresponding provisions: Financial Conduct Authority</b>	<b>Corresponding provisions: Prudential Regulation Authority</b>
Paragraphs 1 (General), 4 (Rules), and 7 (Fees) of Schedule 7 (The Authority as Competent Authority for Part VI)	Part VI and Schedule 1ZA Paragraph 23	None
Paragraphs 7(3) (Annual reports), 13 (Authority's procedural rules), 16B (Procedure for complaints etc) and 16D (Enforcement of money awards) of Schedule 17 (The Ombudsman Scheme)	Paragraphs 7(3) (Annual reports), 13 (Authority's procedural rules), 16B (Procedure for complaints etc) and 16D (Enforcement of money awards) of Schedule 17 (The Ombudsman Scheme)	None
Paragraph 13(4) (Authority's procedural rules) of Schedule 17 (The Ombudsman Scheme) to the Act	Paragraph 13(4) of Schedule 17	None

## Part 2

Column 1	Column 2	Column 3
<b>Provisions of other enactments under which the Authority made rules</b>	<b>Corresponding provisions: Financial Conduct Authority</b>	<b>Corresponding provisions: Prudential Regulation Authority</b>
Regulation 6(1) (FSA rules) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228)	Regulation 6(1) (FCA rules) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228).	None
Article 4(1) (Designation of pre-commencement provisions) of the Financial Services and Markets Act 2000 (Transitional Provisions and Savings) (Rules) Order 2001 (SI 2001/1534)	Section 137A(1)	Section 137G(1)
Article 15 (Record-keeping and reporting requirements relating to relevant complaints) of the Financial Services and Markets Act 2000 (Transitional Provisions) (Ombudsman and Complaints Scheme) Order 2001 (SI 2001/2326)	Article 15 (Record-keeping and reporting requirements relating to relevant complaints) of the Financial Services and Markets Act 2000 (Transitional Provisions) (Ombudsman and Complaints Scheme) Order 2001 (SI 2001/2326)	None
The Financial Services and Markets Act 2000 (Variation of Threshold Conditions) Order 2001 (SI 2001/2507)	None	The Financial Services and Markets Act 2000 (Variation of Threshold Conditions) Order 2001 (SI 2001/2507)
Articles 4 (Pending applications), 6 (Post-commencement applications), 9 (Article 9 defaults occurring before commencement), 9A (Contributions in relation to mesothelioma claims), 10 (Applications in respect of compulsory liability insurance), 12 (Applications under the new scheme) and 23 (Record-keeping and reporting requirements relating to pre-commencement) of the Financial Services and Markets Act 2000 (Transitional Provisions,	Articles 4 (Pending applications), 6 (Post-commencement applications), 9 (Article 9 defaults occurring before commencement), 9A (Contributions in relation to mesothelioma claims), 10 (Applications in respect of compulsory liability insurance), 12 (Applications under the new scheme) and 23 (Record-keeping and reporting requirements relating to pre-commencement) of the Financial Services and	Articles 4 (Pending applications), 6 (Post-commencement applications), 9 (Article 9 defaults occurring before commencement), 9A (Contributions in relation to mesothelioma claims), 10 (Applications in respect of compulsory liability insurance), 12 (Applications under the new scheme) and 23 (Record-keeping and reporting requirements relating to pre-commencement) of the Financial Services and

Column 1	Column 2	Column 3
<b>Provisions of other enactments under which the Authority made rules</b>	<b>Corresponding provisions: Financial Conduct Authority</b>	<b>Corresponding provisions: Prudential Regulation Authority</b>
Repeals and Savings) (Financial Services Compensation Scheme) Order 2001 (SI 2001/2967).	Markets Act 2000 (Transitional Provisions, Repeals and Savings) (Financial Services Compensation Scheme) Order 2001 (SI 2001/2967).	Markets Act 2000 (Transitional Provisions, Repeals and Savings) (Financial Services Compensation Scheme) Order 2001 (SI 2001/2967).
Articles 9 (Designation of existing provisions to take effect as rules) and 10 (Modifications of existing provisions) of the Financial Services and Markets Act 2000 (Consequential Amendments and Transitional Provisions) (Credit Unions) Order 2002 (SI 2002/1501)	Section 137A(1)	Section 137G(1)
Regulation 3 (Consumer contract requirements: modification of rule-making powers) of the Electronic Commerce Directive (Financial Services and Markets) Regulations 2002 (SI 2002/1775)	Regulation 3 (Consumer contract requirements: modification of rule-making powers) of the Electronic Commerce Directive (Financial Services and Markets) Regulations 2002 (SI 2002/1775)	None
Regulation 2 (Power of the Authority to make rules under section 138 of the Financial Services and Markets Act 2000) of the Financial Services and Markets Act 2000 (Fourth Motor Insurance Directive) Regulations 2002 (SI 2002/2706)	Regulation 2 (Power of the Authority to make rules under section 138 of the Financial Services and Markets Act 2000) of the Financial Services and Markets Act 2000 (Fourth Motor Insurance Directive) Regulations 2002 (SI 2002/2706).	None.
Article 9 (Record-keeping and reporting requirements relating to relevant transitional complaints) of the Financial Services and Markets Act 2000 (Transitional Provisions) (Complaints Relating to General Insurance and Mortgages) Order (SI 2004/454)	Article 9 (Record-keeping and reporting requirements relating to relevant transitional complaints) of the Financial Services and Markets Act 2000 (Transitional Provisions) (Complaints Relating to General Insurance and Mortgages) Order (SI 2004/454).	None
Regulation 2(3) (Application for permission) of the Capital Requirements Regulations 2006 (SI 2006/3221)	Regulation 2(3) (Application for permission) of the Capital Requirements Regulations 2006 (SI 2006/3221)	Regulation 2(3) (Application for permission) of the Capital Requirements Regulations 2006 (SI 2006/3221)
Regulation 82 (Reporting requirements) of the Payment Services Regulations 2009 (SI 2009/209)	Regulation 82 (Reporting requirements) of the Payment Services Regulations 2009 (SI 2009/209).	None

Column 1	Column 2	Column 3
<b>Provisions of other enactments under which the Authority made rules</b>	<b>Corresponding provisions: Financial Conduct Authority</b>	<b>Corresponding provisions: Prudential Regulation Authority</b>
Regulations 86 (Proposal to take disciplinary measures) and 93 (Guidance) of and paragraph 1 of Schedule 5 (Disciplinary powers) to the Payments Services Regulations 2009 (SI 2009/209)	Regulations 86 (Proposal to take disciplinary measures) and 93 (Guidance) of and paragraph 1 of Schedule 5 (Disciplinary powers) to the Payments Services Regulations 2009 (SI 2009/209).	None
Regulation 92 (Costs of supervision) of the Payment Services Regulations 2009 (SI 2009/209)	Regulation 92 (Costs of supervision) of the Payment Services Regulations 2009 (SI 2009/209).	None
Regulation 49 (Reporting requirements) of the Electronic Money Regulations 2011 (SI 2011/99).	Regulation 49 (Reporting requirements) of the Electronic Money Regulations 2011 (SI 2011/99).	None
Regulation 59 (Costs of supervision) of the Electronic Money Regulations 2011 (SI 2011/99).	Regulation 59 (Costs of supervision) of the Electronic Money Regulations 2011 (SI 2011/99).	None
Articles 3 (Further power for Authority to make rules concerning mesothelioma claims) and 4 (Modification of FSMA in relation to FSA rules for mesothelioma claims) of the Compensation Act 2006 (Contribution for Mesothelioma Claims) Regulations 2006 (SI 2006/3259)	None	Article 3 (Further power for PRA to make rules concerning mesothelioma claims) and 4 (Modification of FSMA in relation to FSA rules for mesothelioma claims) of the Compensation Act 2006 (Contribution for Mesothelioma Claims) Regulations 2006 (SI 2006/3259).
Regulations 8 (Applications for registration), 9 (Applications for admission to the register of issuers), 18 (Notification requirements), 20 (Material changes to the regulated covered bond), 24 (Requirements relating to the asset pool), 25 (Change of owner), 36 (financial penalties policy statement), 46 (Modifications of primary and secondary legislation) of, and paragraph 5 (fees) to the Schedule (Modifications to primary and secondary legislation) to, the Regulated Covered Bonds Regulations 2008 (SI 2008/346)	Regulations 8 (Applications for registration), 9 (Applications for admission to the register of issuers), 18 (Notification requirements), 20 (Material changes to the regulated covered bond), 24 (Requirements relating to the asset pool), 25 (Change of owner), 36 (financial penalties policy statement), 46 (Modifications of primary and secondary legislation) of, and paragraph 5 (fees) to the Schedule (Modifications to primary and secondary legislation) to, the Regulated Covered Bonds Regulations 2008 (SI 2008/346).	None



**Part 3**

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
<b>Provisions of the 2000 Act under which the Authority issued codes</b>	<b>Corresponding provisions: Financial Conduct Authority</b>	<b>Corresponding provisions: Prudential Regulation Authority</b>
Section 64(2) (Conduct: statements and codes)	Section 64(2)	Section 64(2)
Section 119 (The code)	Section 119	None
Section 120 (Provisions included in the Authority's code by reference to the City Code)	Section 120	None
Section 121 (Codes: procedure)	Section 121	None

## Part 4

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
<b>Provisions of the 2000 Act under which the Authority issued statements</b>	<b>Corresponding provisions: Financial Conduct Authority</b>	<b>Corresponding provisions: Prudential Regulation Authority</b>
Section 63C(1) (Statement of policy)	Section 63C(1)	Section 63C(1)
Section 64 (Conduct: statements and codes)	Section 64	Section 64
Section 64(1) (Conduct: statements and codes)	Section 64(1)	Section 64(1A)
Section 69 (Statement of policy) (including as applied by paragraph 1 of Schedule 5 to the Payment Services Regulations 2009 (SI 2009/209) and paragraph 1 of Schedule 3 to the Electronic Money Regulations 2011 (SI 2011/99).)	Section 69	Section 69
Section 69(1) (Statement of policy)	Section 69(1)	Section 69(1)
Section 93 (Statement of policy)	Section 93	None
Section 93(1) (Statement of policy)	Section 93(1)	None
Section 124 (Statement of policy)	Section 124	None
Section 124(1) (Statement of policy)	Section 124(1)	None
Section 131J(1) (Statement of policy)	Section 131J(1)	None
Section 165B(6) (Safeguards etc in relation to exercise of power under section 165A)	None	Section 165B(6)
Section 169(9) (Investigations etc in support of overseas regulator) (including as applied by paragraph 3 of Schedule 5 to the Payment Services Regulations 2009 (SI 2009/209) and paragraph 3 of Schedule 3 to the Electronic Money Regulations 2011 (SI 2011/99).)	Section 169(9)	Section 169(9)
Section 210 (Statements of policy) (including as applied by regulation 86(6) of the Payment Services Regulations 2009 (SI 2009/209) and regulation 53 (6) of the Electronic Money Regulations 2011 (SI 2011/99).)	Section 210	Section 210



Column 1	Column 2	Column 3
<b>Provisions of the 2000 Act under which the Authority issued statements</b>	<b>Corresponding provisions: Financial Conduct Authority</b>	<b>Corresponding provisions: Prudential Regulation Authority</b>
Section 210(1) (Statements of policy)	Section 210(1)	Section 210(1)
Section 395 (The Authority's procedures) (including as applied by paragraph 7 of Schedule 5 to the Payment Services Regulations 2009 (SI 2009/209) and paragraph 8 of Schedule 3 to the Electronic Money Regulations 2011 (SI 2011/99).)	Section 395	Section 395
Section 395(5) (The Authority's procedures)	Section 395(5)	Section 395(5)
Section 404(3) (Consumer redress schemes)	Section 404(3)	None
Section 404A (Rules under s404: supplementary)	Section 404A	None

## Part 5

Column 1	Column 2	Column 3
<b>Provisions of other enactments under which the Authority issued statements</b>	<b>Corresponding provisions: Financial Conduct Authority</b>	<b>Corresponding provisions: Prudential Regulation Authority</b>
Regulation 42 (Guidance) of the Regulated Covered Bonds Regulations 2008 (SI 2008/346)	Regulation 42 (Guidance) of the Regulated Covered Bonds Regulations 2008 (SI 2008/346).	None
Regulation 44 (Warning notices and decision notices) of the Regulated Covered Bonds Regulations 2008 (SI 2008/346)	Regulation 44 (Warning notices and decision notices) of the Regulated Covered Bonds Regulations 2008 (SI 2008/346).	None
Regulation 93 (Guidance) of the Payment Services Regulations 2009 (SI 2009/209)	Regulation 93 (Guidance) of the Payment Services Regulations 2009 (SI 2009/209).	None
Regulation 60 (Guidance) of the Electronic Money Regulations 2011 (SI 2011/99).	Regulation 60 (Guidance) of the Electronic Money Regulations 2011 (SI 2011/99).	None

## Part 6

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
<b>Provisions of the 2000 Act under which the Authority directed, required or specified:</b>	<b>Corresponding provisions: Financial Conduct Authority</b>	<b>Corresponding provisions: Prudential Regulation Authority</b>
Section 51 (Applications under this Part)	Section 55U	Section 55U
Section 60 (Applications for approval)	Section 60	Section 60
Section 148(3) (Modification or waiver of rules)	Section 138A(3)	Section 138A(3)
Section 182 (Notification)	Section 179	None
Section 218A (Authority's power to require information)	Section 218A	Section 218A
Section 242 (Applications for authorisation of unit trust schemes)	Section 242	None
Section 250 (Modification or waiver of rules)	Section 250	None
Sections 250(4) and (5) (Modification or waiver of rules)	Sections 250(4) and (5)	None
Section 270(6)(b) (Schemes authorised in designated countries or territories)	Section 270(6)(b)	None
Section 274 (Applications for recognition of individual schemes)	Section 274	None
Section 287 (Application by an investment exchange)	Section 287	None
Section 294 (Modification or waiver of rules)	Section 294	Section 294
Section 294(2) (Modification or waiver of rules)	Section 294(2)	Section 294(2)
Section 316 (Direction by Authority)	Section 316	Section 316
Section 317 (The core provisions)	Section 317	Section 317
Section 318 (Exercise of powers through Council)	Section 318	Section 318
Paragraph 5(4) (Notice to Authority) of Schedule 4 (Treaty Rights)	Paragraph 5(4) (Notice to UK Regulator) of Schedule 4 (Treaty Rights)	Paragraph 5(4) (Notice to UK Regulator) of Schedule 4 (Treaty Rights)



## Part 7

Column 1	Column 2	Column 3
<b>Provisions of the 2000 Act under which the Authority made complaints schemes</b>	<b>Corresponding provisions: Financial Conduct Authority</b>	<b>Corresponding provisions: Prudential Regulation Authority</b>
Regulations 7(3) and (4) (Modification or waiver of FSA rules) and 12 (Application for authorisation) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228)	Regulations 7(3) and (4) (Modification or waiver of FSA rules) and 12 (Application for authorisation) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228).	None
Regulation 49 (Reporting requirements) of the Electronic Money Regulations 2011 (SI 2011/99).	Regulation 49 (Reporting requirements) of the Electronic Money Regulations 2011 (SI 2011/99).	None

**Part 8**

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
<b>Provisions of the 2000 Act under which the Authority made complaints schemes</b>	<b>Corresponding provisions: Financial Conduct Authority</b>	<b>Corresponding provisions: Prudential Regulation Authority</b>
Paragraph 7 (Arrangements for the investigation of complaints) of Schedule 1 (The Financial Services Authority)	Part 6 of the Financial Services Act 2012	Part 6 of the Financial Services Act 2012

**Part 9**

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
<b>Provisions of the 2000 Act under which the Authority gave guidance</b>	<b>Corresponding provisions: Financial Conduct Authority</b>	<b>Corresponding provisions: Prudential Regulation Authority</b>
Section 157 (Guidance)	Section 139A	None
Section 157(1) (Guidance)	Section 139A(1)	None
Section 158A (Guidance on outsourcing by investment firms and credit institutions)	None	None

## Part 10

Column 1	Column 2	Column 3
<b>Provisions of other enactments under which the Authority gave guidance</b>	<b>Corresponding provisions: Financial Conduct Authority</b>	<b>Corresponding provisions: Prudential Regulation Authority</b>
Article 11(1) (Guidance) of the Financial Services and Markets Act 2000 (Transitional Provisions and Savings) (Rules) Order 2001 (SI 2001/1534)	Section 139A(1)	None
Article 14 (Guidance on continued provisions) of the Financial Services and Markets Act 2000 (Consequential Amendments and Transitional Provisions) (Credit Unions) Order 2002 (SI 2002/1501)	Article 14 (Guidance on continued provisions) of the Financial Services and Markets Act 2000 (Consequential Amendments and Transitional Provisions) (Credit Unions) Order 2002 (SI 2002/1501)	None
Articles 9D (Applications for certificates) and 9F (Revocation of certificate on request) of the Regulated Activities Order	Articles 9D (Applications for certificates) and 9F (Revocation of certificate on request) of the Regulated Activities Order	None
Articles 9G (Obtaining information from certified persons etc) and 9H (Rules prohibiting the issue of electronic money at a discount) of the Regulated Activities Order	Articles 9G (Obtaining information from certified persons etc) and 9H (Rules prohibiting the issue of electronic money at a discount) of the Regulated Activities Order	None
Section 123 of the Banking Act 2009	Section 123 of the Banking Act 2009	Section 123 of the Banking Act 2009
Regulation 14 (Guidance) of the Cross-Border Payments in Euro Regulations 2010 (SI 2010/89)	Regulation 15 of the Payments in Euro (Credit Transfers and Direct Debits) Regulations 2012 (SI 2012/3122)	None
Regulation 60 (Guidance) of the Electronic Money Regulations 2011 (SI 2011/99).	Regulation 60 (Guidance) of the Electronic Money Regulations 2011 (SI 2011/99).	None