Recognised Investment Exchanges

Chapter 3

		3.1 Application and purpose
3.1.1	R	 Application (1) The notification rules in this chapter, which are made under section 293 of the Act (Notification requirements), apply to all UK recognised bodies. (2) The rules relating to the form and method of notification in ■ REC 3.2 also apply to overseas recognised bodies.
3.1.2	G	The notification rules for overseas recognised bodies are set out in \blacksquare REC 6. The guidance set out at \blacksquare REC 3.3 in relation to the waiving and modification of notification rules also applies to the notification rules in this chapter and to the notification rules in \blacksquare REC 6.
3.1.3	G	The <i>notification rules</i> in this chapter are in addition to the requirements on <i>UK RIEs</i> to give notice or information to the <i>FCA</i> and if applicable, the Bank of England under sub-sections 293(5) and (6) of the <i>Act</i> .
3.1.3A	G	The notification rules in this chapter which apply to a <i>RAP</i> are without prejudice to <i>notification rules</i> which apply to a <i>UK RIE</i> which operates the <i>RAP</i> . However, a <i>UK RIE</i> which operates a <i>RAP</i> may make a single notification where a notification is required both in its capacity as a <i>UK RIE</i> and a <i>RAP</i> .
3.1.4	G	Purpose The <i>notification rules</i> in this chapter are made by the <i>FCA</i> 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 <i>Act</i> .

			3.2	Form and method of notification
3.2.1	R	Where a any <i>noti</i> otherwis circumst	<i>ification rule</i> , i se) orally or in ances, but, wh	On ody is required to give any notice or information under it may do so (unless that <i>rule</i> expressly provides a writing, whichever is the more appropriate in the here it gives notice or information orally, it must r information in writing promptly.
3.2.2	R	Unless o requirec (1) c	l from a <i>recog</i> given to, or ad usual superviso	ed in the <i>notification rule</i> , a written notification <i>unised body</i> under any <i>notification rule</i> must be: Idressed for the attention of, the <i>recognised body</i> 's bry contact at the <i>FCA</i> ; we <i>FCA</i> by one of the methods in E REC 3.2.3 R.
3.2.3	R		Leaving the a time-stamp Electronic ma pervisory con tion of receip Hand deliver at the FCA Fax to a fax contact at th notification	address in REC 3.2.4 R notification at the address in REC 3.2.4 R and obtaining ped receipt ail to an address for the <i>recognised body's</i> usual su- ntact at the <i>FCA</i> and obtaining an electronic confirma-
3.2.4	R	The Fina 12 Ende	ress for a writ ancial Conduct avour Square E20 1JN	ten notification to the FCA is: Authority

		Timely notification
3.2.5	R	If a notification rule requires notification within a specified period:
		(1) the <i>recognised body</i> must give the notification so as to be received by the <i>FCA</i> no later than the end of that period; and
		(2) if the end of that period falls on a <i>day</i> which is not a <i>business day</i> , the notification must be given so as to be received by the <i>FCA</i> no later than the first <i>business day</i> 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) do not apply to notifications required under the <i>notification rules</i> in this chapter and in REC 6 because of the specific <i>rules</i> in this section.

3.3 **Waivers** Statutory power 3.3.1 G Under section 294 of the Act (Modification or waiver of rules), the FCA may, on the application or with the consent of a recognised body (including an ROIE), 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. 3.3.2 G A waiver given under section 294 of the Act may be made subject to conditions. G 3.3.3 Under section 294(4) of the Act, before the FCA may give a waiver of notification rules, it must be satisfied that: (1) compliance by the recognised body with those notification rules, or with those *rules* as unmodified, would be unduly burdensome or would not achieve the purpose for which those *rules* were made; and (2) the *waiver* would not result in undue risk to *persons* whose interests those *rules* are designed to protect. Applications 3.3.4 G Where a recognised body wishes to make an application to the FCA for a waiver of a notification rule, it should in the first instance inform its usual supervisory contact at the 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 FCA may make under section 294(2) of the Act. Each application should set out at least: (1) full particulars of the *waiver* which is requested; (2) the reason why the recognised body believes that the criteria set out in section 294(4) (and described in ■ REC 3.3.3 G) would be met, if this waiver were granted; and (3) where the recognised body believes that these criteria would be met if the FCA gave a waiver under section 294 subject to any condition, particulars of the kind of condition contemplated.

3.3.6	G	The FCA may request further information from the applicant, before deciding whether to give a <i>waiver</i> under section 294 of the Act.
3.3.7	G	Waivers Any <i>waiver</i> given by the <i>FCA</i> under section 294 of the <i>Act</i> will be made in writing, stating:
		 the name of the <i>recognised body</i> in respect of which the <i>waiver</i> is made;
		(2) the <i>notification rules</i> which are to be waived or modified in respect of that body;
		(3) where relevant, the manner in which any <i>rule</i> is to be modified;
		(4) any condition or time limit to which the <i>waiver</i> is subject; and
		(5) the date from which the <i>waiver</i> is to take effect.
3.3.8	G	Where the FCA considers that it will not give the <i>waiver</i> which has been applied for, the FCA will give reasons to the applicant for its decision. The 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	G	Where the FCA wishes to give a <i>waiver</i> under section 294 of the Act with the consent of a <i>recognised body</i> (rather than on the application of a <i>recognised body</i>), the FCA will correspond or discuss this with that body in order to agree an appropriate <i>waiver</i> .
		Reviews of waivers
3.3.10	G	The FCA will periodically review any <i>waiver</i> it has given. The FCA has the right to revoke a <i>waiver</i> 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 <i>recognised body</i> or in any fact on the basis of which the <i>waiver</i> was given.

		3.4 Members of the management body and internal organisation
3.4.1	G	Purpose The purpose of REC 3.4 is to enable the FCA to monitor the changes a UK recognised body makes in the arrangements for carrying out its relevant functions.
3.4.2	R	[deleted]
3.4.2A	R	Where, in relation to a <i>UK RIE</i> a proposal has been made to appoint or elect a <i>person</i> as a <i>member of the management body</i> , that <i>UK RIE</i> 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 3.4.4A R to the <i>FCA</i> . [Note: article 45(8) of <i>MiFID</i>]
3.4.2B	R	Where, in relation to a <i>UK RIE</i> a <i>person</i> has resigned as, or has ceased to be, a <i>member of the management body</i> , that <i>UK RIE</i> must immediately give notice of that event, and give the information specified for the purposes of this <i>rule</i> in \blacksquare REC 3.4.4AR to the <i>FCA</i> . [Note: article 45(8) of <i>MiFID</i>]
3.4.3	G	 Members of the management body include the persons who, under the operational or managerial arrangements of the UK recognised body, are appointed to manage the departments responsible for carrying out its relevant functions, whether or not they are members of its governing body. A person appointed to carry out specific tasks, such as to conduct a particular investigation into a specific set of facts, would not usually be a member of the management body. A member of the management body need not be an employee of a UK recognised body. For example, an employee of an undertaking in the same group or a self-employed contractor of a UK recognised body might be a member of the management body, depending on
		 (3) A department of a <i>UK recognised body</i> should be regarded as responsible for carrying out a <i>relevant function</i> if it is responsible for any activities which form a significant part of a <i>relevant</i>

function or which make a significant contribution to the performance of a relevant function.

- (4) The FCA does not need to be notified where minor changes are made to the responsibilities of a member of the management body, but where a major change in responsibilities is made which amounts to a new appointment, the FCA should be notified under REC 3.4.2A R.
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3.4.4	R	[deleted]
3.4.4A	R	 The following information is specified for the purposes of ■ REC 3.4.2A R: (1) that <i>person</i>'s name; (2) their date of birth; (3) where applicable, a description of the responsibilities which they will have in the post to which they are to be appointed or elected, including for a <i>UK RIE</i> which operates a <i>RAP</i> where the person has responsibilities both in the <i>UK RIE</i> and <i>RAP</i>, a description of the responsibilities in the post from which they resigned or otherwise ceased to act, including for a <i>UK RIE</i> and the <i>RAP</i> where the person had responsibilities both in the <i>UK RIE</i> and responsibilities in the post from which they resigned or otherwise ceased to act, including for a <i>UK RIE</i> which operates a <i>RAP</i> where the person had responsibilities both in the <i>UK RIE</i> and the <i>RAP</i>, a description of the responsibilities they had in respect of each body; and (5) the information necessary for the <i>FCA</i> to assess whether the <i>UK RIE</i> complies with ■ REC 2.4.1UK, ■ REC 2.4A.1UK and ■ REC 2.4A.2UK in relation to the member of the management body's appointment, election, resignation or otherwise ceasing to act.
3.4.5	R	 Standing committees Where the governing body of a UK recognised body delegates any of its functions (which relate to that UK recognised body'srelevant functions) to a standing committee, or appoints a standing committee to manage or oversee the carrying out of any of that UK recognised body'srelevant functions, that UK recognised body must immediately notify the FCA of that event and give the FCA the following information: (1) the names of the members of that standing committee; and (2) the terms of reference of that standing committee (including a description of any powers delegated to that committee and any conditions or limitations placed on the exercise of those powers).
3.4.6	R	Where: (1) there is any change in the composition or the terms of reference of

any standing committee referred to in REC 3.4.5 R; or

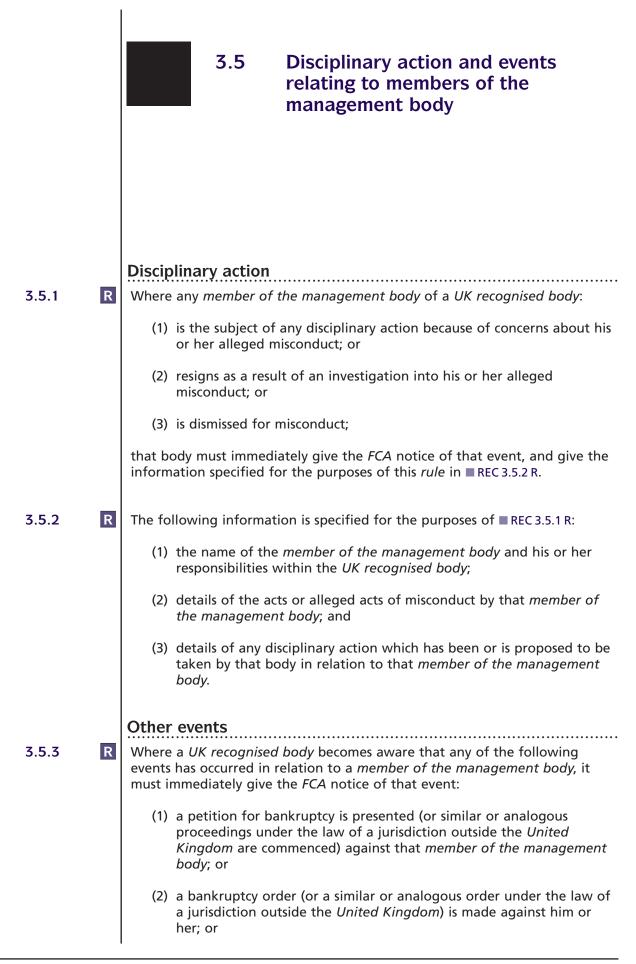
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(2) any such committee is dissolved;

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

- (1) Standing committees include permanent committees with executive, supervisory, policy-making or rule-making responsibilities. Committees appointed for particular tasks or committees established for purely consultative or advisory purposes would not usually be considered to be standing committees.
 - (2) Committees which include *persons* who are not members of the *governing body* can be standing committees.



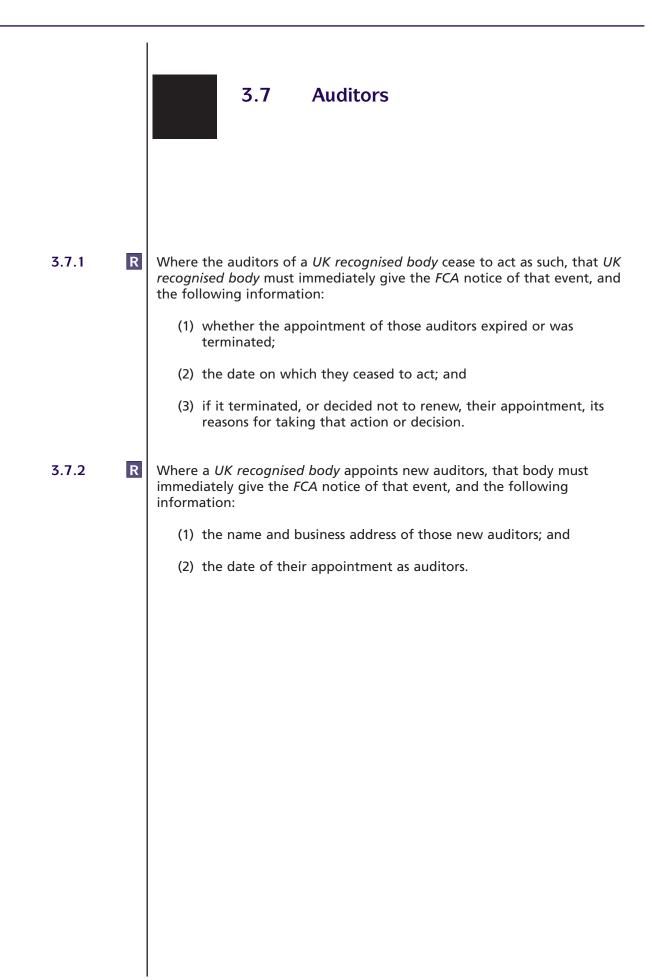
(3) he or she enters into a voluntary arrangement (or a similar or analogous arrangement under the law of a jurisdiction outside the *United Kingdom*) with his or her creditors.

		3.6 Constitution and governance
3.6.1	R	 Where a <i>UK recognised body</i> is to circulate any notice or other <i>document</i> proposing any amendment to its memorandum or articles of association (or other similar agreement or <i>document</i> relating to its constitution) to: (1) its shareholders (or any group or class of them); or (2) its <i>members</i> (or any group or class of them); or
		 (2) Its members (or any group or class of them); of (3) any other group or class of <i>persons</i> which has the power to make that amendment or whose consent or approval is required before it may be made; that <i>UK recognised body</i> must give notice of that proposed amendment, and give the information specified for the purposes of this <i>rule</i> in ■ REC 3.6.2 R to the <i>FCA</i>, at the same time as that notice or <i>document</i> is circulated.
3.6.2	R	 The following information is specified for the purposes of REC 3.6.1 R: (1) the proposed amendments referred to in REC 3.6.1 R; (2) the reasons for the proposal; and (3) a description of the group or class of <i>persons</i> to whom the proposal is to be circulated.
3.6.3	G	A UK recognised body which is incorporated as a company in the United Kingdom will, in many circumstances, be able to comply with REC 3.6.1 R by providing a copy of the notice of special resolution issued to its shareholders.
3.6.4	R	Where a <i>UK recognised body</i> makes an amendment to its memorandum or articles of association (or other similar agreement or <i>document</i> relating to its constitution), that <i>UK recognised body</i> must immediately give the <i>FCA</i> notice of that event, and give written particulars of that amendment and of the date on which it is to become or became effective.
3.6.5	G	A UK recognised body which is incorporated as a company in the United Kingdom will, in many circumstances, be able to comply with REC 3.6.4 R by providing a copy of the special resolution effecting the amendment.

- **3.6.6 R** Where any change is made to an agreement which relates to the constitution or governance of a *UK recognised body*:
 - (1) between that UK recognised body and another person; or
 - (2) between the owners of that UK recognised body; or
 - (3) between the owners of that UK recognised body and another person; or
 - (4) between other persons;

that *UK recognised body* must give the *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 3.6.6 R is to ensure that the *FCA* is informed of 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.



		3.8 Financial and other information
3.8.1	R	A UK recognised body must give the FCA:
		(1) a copy of its annual report and accounts; and
		(2) a copy of the consolidated annual report and accounts:
		 (a) of any group in which the UK recognised body is a subsidiary undertaking; or
		 (b) (if the UK recognised body is not a subsidiary undertaking in any group) of any group of which the UK recognised body is a parent undertaking;
		no later than the time specified for the purpose of this <i>rule</i> in \blacksquare REC 3.8.2 R.
3.8.2	R	The time specified for the purpose of \blacksquare REC 3.8.1 R is the latest of:
		(1) four months after the end of the financial year to which the <i>document</i> which is to be given to the <i>FCA</i> relates; or
		 (2) the time when the <i>documents</i> described in ■ REC 3.8.1 R (1) or ■ REC 3.8.1 R (2)(b) are sent to the <i>members</i> or shareholders of the UK recognised body; or
		(3) the time when the <i>document</i> described in ■ REC 3.8.1 R (2)(a) are sent to the shareholders in a <i>parent undertaking</i> of the <i>group</i> to which that <i>document</i> relates.
3.8.3	R	Where an audit committee of a <i>UK recognised body</i> has prepared a report in relation to any period or any matter relating to any <i>relevant function</i> of that <i>UK recognised body</i> , the <i>UK recognised body</i> must immediately give the <i>FCA</i> a copy of that report.
3.8.4	R	A UK recognised body must give the FCA a copy of:
		(1) its quarterly management accounts; or
		(2) its monthly management accounts;
		within one month of the end of the period to which they relate.

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3.8.5	G	A UK recognised body is not required to provide quarterly and monthly 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 ECA of that fact.
		it should inform the FCA of that fact.

- A UK recognised body must give the FCA:
 - (1) a statement of its anticipated income, expenditure and cashflow for each financial year; and
 - (2) an estimated balance sheet showing its position as it is anticipated at the end of each financial year;

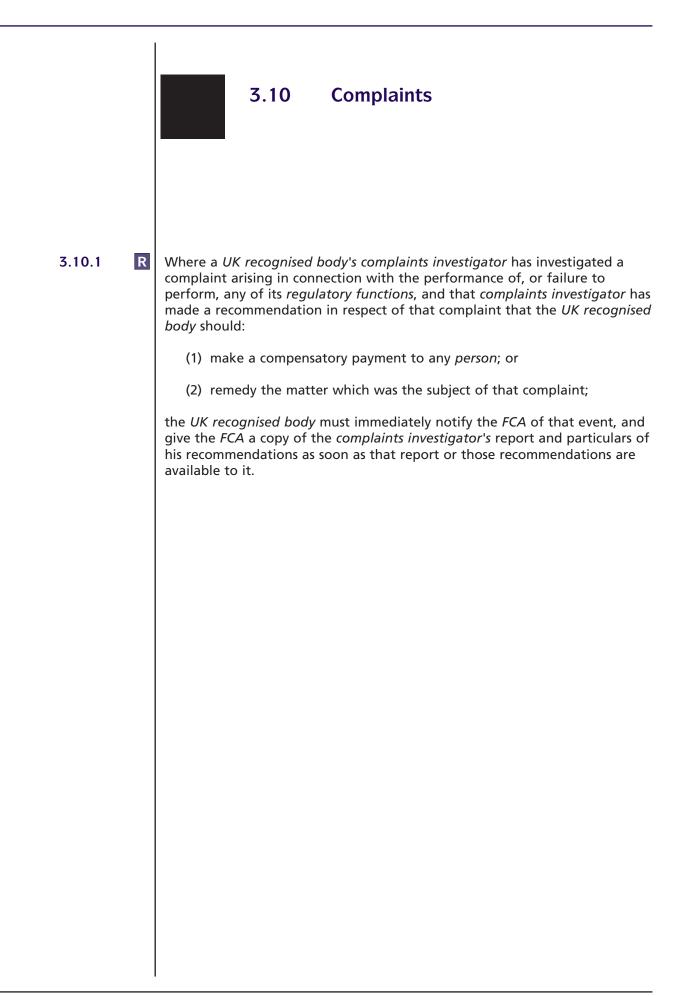
before the beginning of that financial year.

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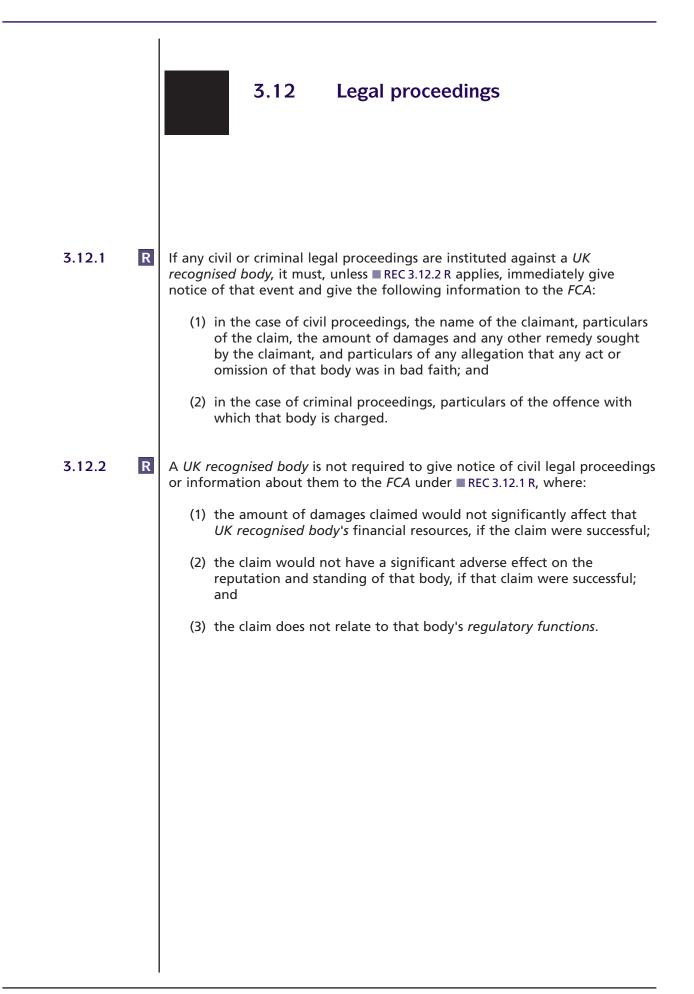
Where the accounting reference date of a UK recognised body is changed, that body must immediately give notice of that event to the FCA and inform it of the new accounting reference date.

		3.9 Fees and incentive schemes
3.9.1	G	The purpose of \blacksquare REC 3.9.2 R is to enable the <i>FCA</i> to obtain information on changes to standard tariffs for matters such as membership and trading and of any scheme introduced by the <i>UK recognised body</i> for rebating or waiving fees or charges. A <i>UK recognised body</i> is not required to inform the <i>FCA</i> of fees or charges for which the <i>UK recognised body</i> does not charge according to a standard tariff.
3.9.2	R	 A UK recognised body must give the FCA a summary of: (1) any proposal to change the fees or charges levied on its members (or any group or class of them), at the same time as the proposal is communicated to those members; and (2) any such change, no later than the date when it is published or notified to those members.
3.9.3	R	If the proposed change is to introduce, amend or renew a scheme for rebating or waiving fees or charges, the summary referred to in REC 3.9.2R(1) must be given in the form specified in REC 3 Annex 1R.



		3.11 Insolvency events
3.11.1	R	On:
		(1) the presentation of a petition for the winding up of a UK recognised body (or the commencement of any similar or analogous proceedings under the law of a jurisdiction outside the United Kingdom); or
		(2) the appointment of a receiver, administrator, liquidator, trustee or sequestrator of assets of that body (or of any similar or analogous appointment under the laws of a jurisdiction outside the <i>United Kingdom</i>); or
		(3) the making of a voluntary arrangement by that body with its creditors (or of any similar or analogous arrangement under the law of a jurisdiction outside the United Kingdom);
		that body must immediately give the FCA notice of that event.

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		3.13 Delegation of relevant functions
		Application
3.13.1-2	R	This section applies to a <i>UK RIE</i> where it is outsourcing its operational functions other than in relation to systems allowing or enabling <i>algorithmic trading</i> .
3.13.1-1	G	The notification requirements in <i>MiFID RTS 7</i> , specifying organisational requirements of <i>regulated markets</i> allowing <i>algorithmic trading</i> through their systems, apply to a <i>UK RIE</i> where those operational functions are to be outsourced.
3.13.1	G	 (1) The purpose of REC 3.13 is to enable the 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 a RAP, under regulation 13 of the RAP regulations. See REC 2.2 and REC 2A.2). (2) The 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 FCA notice of that event, and: (1) inform the FCA of the reasons for that delegation or proposed delegation; (2) inform the FCA of the reasons why it is satisfied that it will continue to meet the recognition requirements or (for a 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 FCA a copy of that invitation to tender, and (4) where it makes such an agreement, give the FCA a copy of that agreement.

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

		3.14 Products, services and normal hours of operation
3.14.1	G	Purpose The purpose of \blacksquare REC 3.14 is to ensure that the <i>FCA</i> is informed of planned changes to the services a <i>UK recognised body</i> intends to provide and of the normal hours of operation of those services. Unplanned suspensions of those services, unplanned changes in hours of operation and events causing a <i>UK recognised body</i> to be unable to provide those services should be notified to the <i>FCA</i> under the <i>rules</i> in \blacksquare REC 3.15.
3.14.2	R	 Products and services Where a UK RIE proposes to admit to trading (or to cease to admit to trading) by means of its facilities: a specified investment (other than a security or an option in relation to a security); or a type of security or a type of option in relation to a security; it must give the FCA notice of that event, and the information specified for the purposes of this rule in ■ REC 3.14.6 R to the 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	R	When a UK RIE removes a financial instrument from trading on a trading venue, it must immediately give the FCA notice of that event and relevant information including particulars of that financial instrument, any derivative that is also removed from trading that relates or is referenced to that financial instrument, and the reasons for the action taken. [Note: articles 32(2) and 52(2), paragraph 1 of MiFID. REC 2.6.6UK(4) requires that the FCA be notified when a trading suspension for a financial instrument is lifted or a financial instrument is re-admitted to trading. MiFID ITS 2 specifies a format for communication by the operator to the FCA.]
3.14.3	R	 Where a UK recognised body proposes to provide (or to cease to provide) clearing facilitation services in respect of: (1) a specified investment (other than a security or an option in relation to a security); or (2) a type of security or a type of option in relation to a security;

it must give the FCA notice of that event and the information specified for the purposes of this *rule* in **REC 3.14.6** R, 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 [deleted] G 3.14.5 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 UKofficial list) will normally be regarded as being of the same type. Options in relation to the same type of security will normally be regarded as being options of the same type. R 3.14.6 The following information is specified for the purposes of **REC 3.14.2** R and REC 3.14.3 R: (1) a description of the *specified investment* to which the proposal relates; (2) where that *specified investment* is a *derivative*, the proposed terms of that *derivative*; and (3) in the case of a UK RIE which is admitting that specified investment to trading, the name of any RCH which will provide clearing services in respect of that *specified investment* under an agreement with that UK RIE. 3.14.7 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 RIE proposes to amend the standard terms relating to any derivative in respect of which it provides clearing facilitation services; it must give the 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). R 3.14.8 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 FCA notice of that event, and the information specified for the purposes of this *rule* in **EC** 3.14.9 R, at the same time as that proposal is first formally communicated to its *members* or shareholders (or any group or class of them). 3.14.9 R The following information is specified for the purposes of **REC 3.14.8** R: (1) a description of the assets (or types of assets) to which the proposal relates; and

- (2) the date or dates on which arrangements referred to in REC 3.14.8 R will be made (or cease to be made).
- **3.14.10 G** The *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* 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

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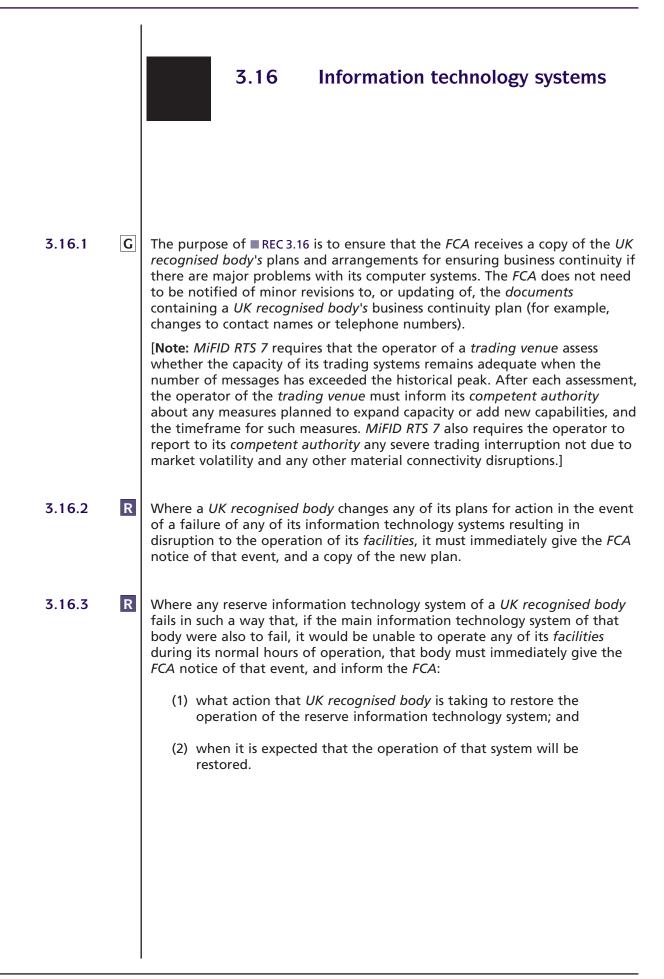
Where a *UK recognised body* proposes to change its normal hours of operation or (for *RAPs*) the timing, frequency or duration of its bidding windows, it must give the *FCA* notice of that proposal, and particulars of, and the reasons for, the actions proposed, at the same time as the proposal is first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

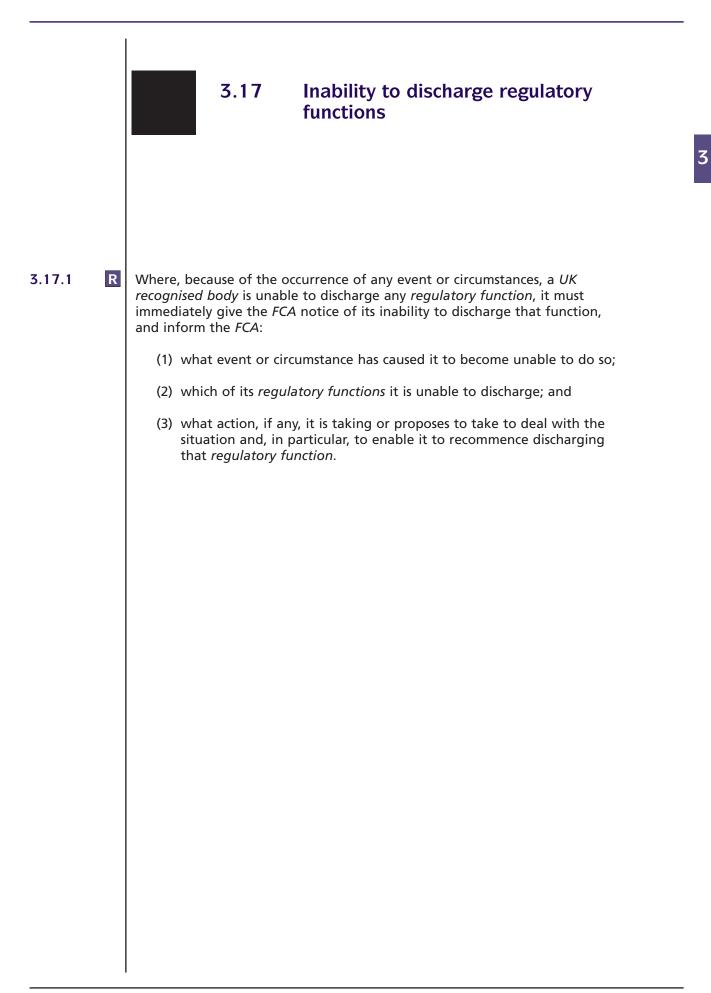
		3.14A Operation of a trading venue
3.14A.1	G	Purpose The purpose of E REC 3.14A is to ensure that the FCA is informed of planned changes to a UK RIE's markets and their regulatory status as either a regulated market, MTF or OTF.
3.14A.2	R	Operation of a regulated market Where a <i>UK RIE</i> proposes to operate a new <i>regulated market</i> or close an existing <i>regulated market</i> it must give the <i>FCA</i> notice of that event and the information specified for the purposes of this rule in REC 3.14A.3 R , at the same time as that proposal is first formally communicated to its members or shareholders (or any group or class of them).
3.14A.3	R	The following information is specified for the purposes of \blacksquare REC 3.14A.2 R:
		(1) where the UK RIE proposes to operate a new regulated market:
		(a) a description of the <i>regulated market</i> ; and
		(b) a description of the <i>specified investments</i> which will be admitted to trading on that <i>regulated market</i> .
		(2) where the UK RIE proposes to close a <i>regulated market</i> , the name of that <i>regulated market</i> .
		Operation of an MTF or OTF
3.14A.4	R	Where a UK RIE proposes to operate a new MTF or OTF or close an existing MTF or OTF it must give the FCA notice of that event and the information specified for the purposes of this rule in \blacksquare REC 3.14A.5 R, at the same time as that proposal is first formally communicated to its members or shareholders (or any group or class of them).

3.14A.5	R	The following information is specified for the purposes of REC 3.14A.4 R:
		(1) [Note: ■ REC 2.16A.1(2) requires the FCA to be provided with a detailed description of the operation of an MTF or OTF. The description must be provided in the form set out in MiFID ITS 19.]
		(2) Where the <i>UK RIE</i> proposes to close a <i>MTF</i> or <i>OTF</i> , the name of that <i>MTF</i> or <i>OTF</i> .
		Operation of a recognised auction platform
3.14A.6	G	If a UK RIE proposes to operate a RAP, it will need to make a separate application to be recognised as a RAP (see \blacksquare REC 5 (Applications))
3.14A.6A	G	In accordance with regulation 23(3) of the <i>UK auctioning regulations</i> , a <i>RAP</i> must submit a detailed exit strategy to the <i>FCA</i> within three <i>months</i> from the date of its appointment.
3.14A.6B	G	For the form and method of notifications ■ REC 3.2.2R applies.
		Pre- and post- trade transparency requirements for equity and non-equity instruments: form of waiver and deferral
3.14A.7A	D	A UK RIE operating a trading venue that proposes to take advantage of a waiver in accordance with articles 4 or 9 of $MiFIR$ (in relation to pre-trade transparency for equity or non-equity instruments) must make an application for it to the FCA using the form in \blacksquare MAR 5 Annex 1D.
		[Note: articles 4 and 9 of MiFIR, and MiFID RTS 1 and MiFID RTS 2]
3.14A.7B	G	[deleted]
3.14A.7C	D	A UK RIE operating a <i>trading venue</i> that proposes to take advantage of a deferral in accordance with articles 7 or 11 of <i>MiFIR</i> in relation to post-trade transparency for equity or non-equity instruments must apply for it in writing to the <i>FCA</i> .
		[Note: articles 7 and 11 of MiFIR, and MiFID RTS 1 and MiFID RTS 2]
3.14A.7D	G	A UK RIE should have regard to the urgency and significance of a matter and, if appropriate, should also notify its usual supervisory contact at the FCA by telephone or by other prompt means of communication, before submitting written notification. Oral notifications should be given directly to its usual supervisory contact at the FCA. An oral notification left with another person or left on a voicemail or other automatic messaging service is unlikely to have been given appropriately.

		3.15 Suspension of services and inability to operate facilities
3.15.1	G	 Purpose (1) The purpose of ■ REC 3.15.2 R to ■ REC 3.15.5 G is to enable the FCA to obtain information where a UK recognised body decides to suspend
		the provision of its services in relation to particular <i>investments</i> or (for a <i>RAP</i>) decides to cancel an auction. Planned changes to the provision of services should be notified to the <i>FCA</i> under \blacksquare REC 3.14.
		(2) ■ REC 3.15.6 R to ■ REC 3.15.7 R provide for notification to the 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 provides for notification to the FCA where a RAP has to cancel an auction in specified circumstances.
		[Note: ■ REC 2.5.1(8) also requires a <i>UK RIE</i> to report its parameters for halting trading to the <i>FCA</i>]
3.15.2	R	Suspension of services Where, for any reason, an <i>RIE</i> halts trading in a <i>financial instrument</i> on a <i>trading venue</i> which is material in terms of liquidity in that <i>financial instrument</i> , it must immediately give the <i>FCA</i> notice of that event, particulars of that <i>financial instrument</i> , and the reasons for the action taken.
		[Note: article 48(5) of <i>MiFID</i> and <i>MiFID RTS 12</i>]
3.15.2A	R	When a <i>UK RIE</i> suspends trading on a <i>trading venue</i> in any <i>financial instrument</i> , it must immediately give the <i>FCA</i> notice of that event and relevant information including particulars of that <i>financial instrument</i> and the reasons for the action taken.
		[Note: articles 32(2) and 52(2), paragraph 1 of <i>MiFID</i> . ■ REC 2.6.6UK(4) requires that the <i>FCA</i> be notified when a trading suspension for a <i>financial instrument</i> is lifted or a <i>financial instrument</i> is re-admitted to trading. <i>MiFID ITS 2</i> specifies a format for communication by the operator to the <i>FCA</i> .]
3.15.3	R	Where a UK recognised body suspends providing 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 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.

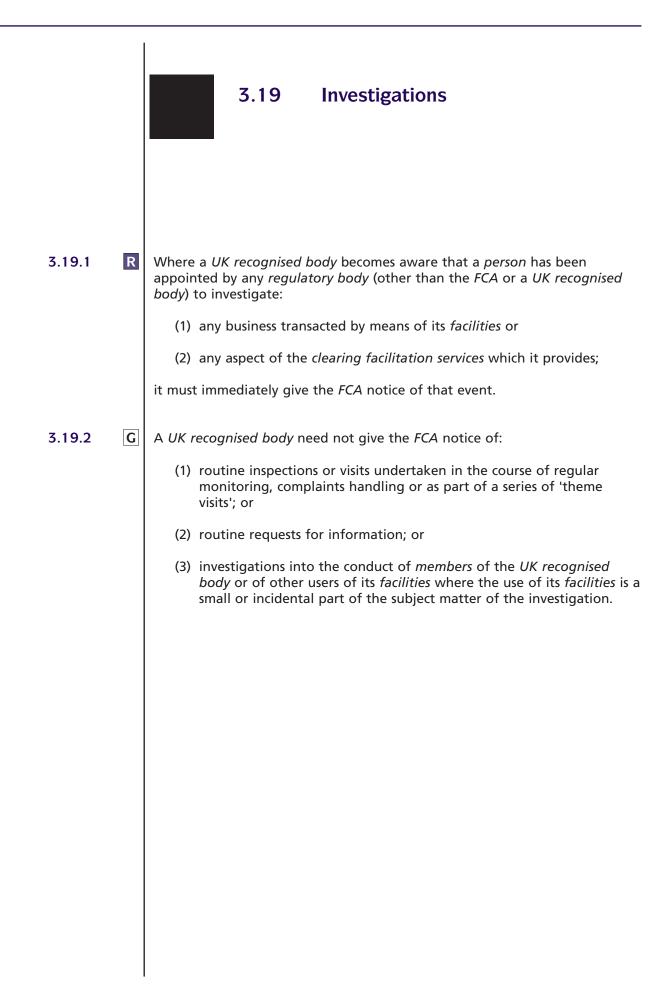
3.15.4	R	Where a <i>UK recognised body</i> suspends any arrangements it makes for the safeguarding and administration of any type of asset belonging to any other <i>person</i> (other than an <i>undertaking</i> in the same <i>group</i>), that <i>UK recognised body</i> must immediately give the <i>FCA</i> notice of that event, particulars of that type of asset and the reasons for the action taken.
3.15.5	G	Specified investments (other than securities or options in relation to securities) falling within the same article in Part III of the Regulated Activities Order will normally be regarded as being assets 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 normally be regarded as being of the same type. Options in relation to the same type of security will normally be regarded as being options of the same type.
		Inability to operate facilities
3.15.6	R	Where, because of the occurrence of any event or circumstances, a <i>UK</i> recognised body is unable to operate any of its facilities within its normal hours of operation, it must immediately give the <i>FCA</i> notice of that inability and inform the <i>FCA</i> :
		(1) which <i>facility</i> it is unable to operate;
		(2) what event or circumstance has caused it to become unable to operate that <i>facility</i> within those hours; and
		(3) what action, if any, it is taking or proposes to take to enable it to recommence operating that <i>facility</i> .
		Extension of hours of operation
3.15.7	R	Where, because of the occurrence of any event or circumstances, a <i>UK recognised body</i> extends its hours of operation, it must immediately give the <i>FCA</i> notice of that event, and inform the <i>FCA</i> :
		(1) what event or circumstance has caused it to do so;
		(2) the new hours of operation; and
		(3) the date on which it expects to revert to its normal hours of operation.
3.15.8	R	Recognised auction platforms - cancellation of auctions Where a <i>RAP</i> has to cancel an auction in the circumstances set out in regulation 11 of the <i>UK auctioning regulations</i> , it must immediately give the <i>FCA</i> notice of that cancellation.
3.15.9	G	[deleted]

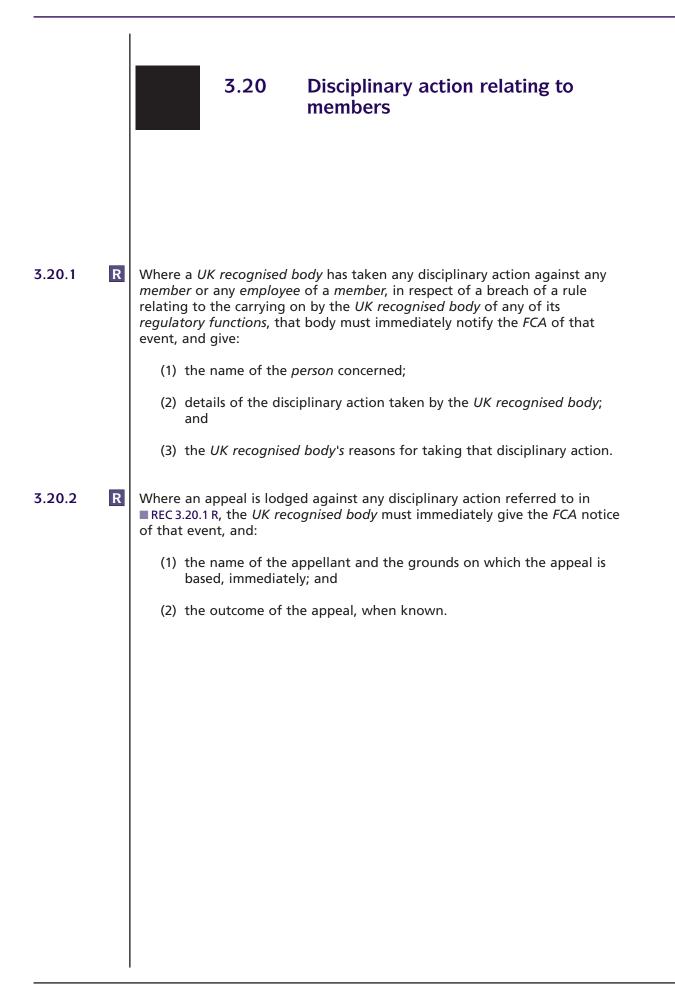


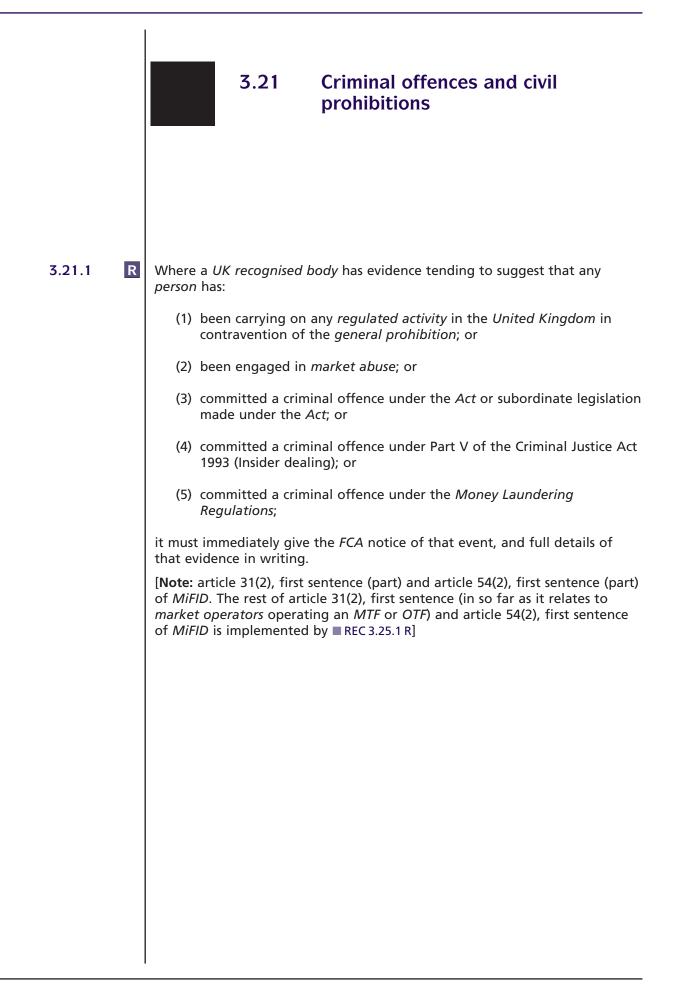


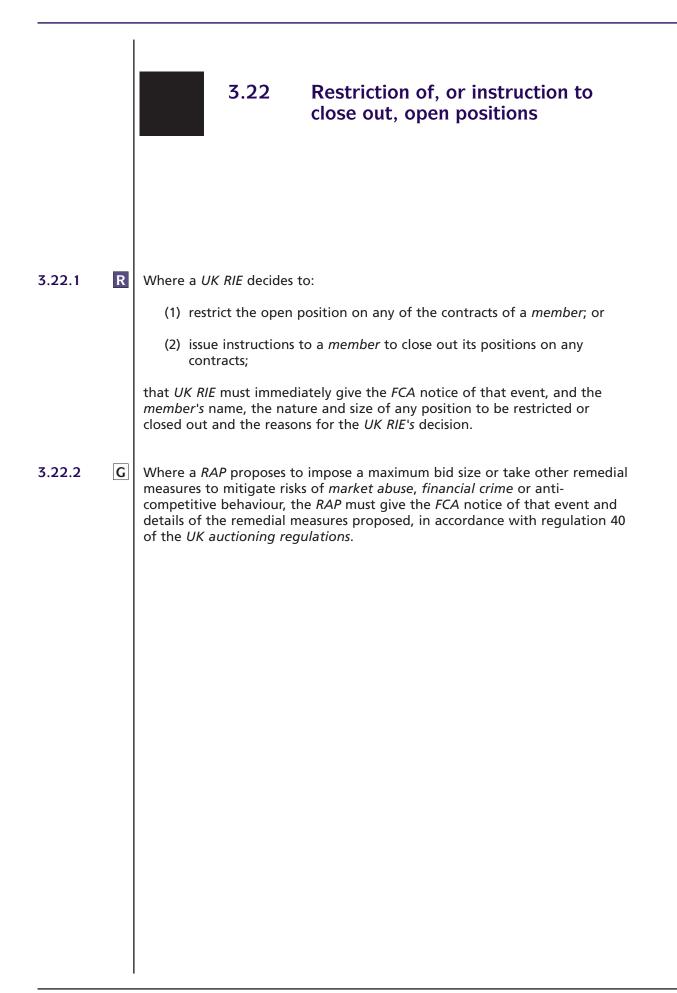
3.18 **Membership** G 3.18.1 (1) The purpose of REC 3.18 is to enable the FCA to monitor changes in the types of member admitted by UK recognised bodies and to ensure that the FCA has notice of foreign jurisdictions in which the members of UK recognised bodies are based. UK recognised bodies may admit 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. (2) REC 3.18.2 R focuses on the admission of persons who are not authorised persons (whether or not they are located in the United Kingdom) and on whether the specific recognition requirement or (for a RAP) RAP recognition requirement relating to access to facilities can still be met. ■ REC 3.18.3 R focuses on the admission of members from outside the UK and whether all relevant recognition requirements or (for a RAP) RAP recognition requirements can be met. In the case of investment firms and credit institutions, only UK entities will be eligible to bid on a RAP. (3) The information required under **REC 3.18** is relevant to the 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 FCA's broader responsibilities concerning 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 to continue to meet the recognition requirements. It follows that the admission of a *member* from outside the United Kingdom who is not an authorised person could require notification under both ■ REC 3.18.2 R and ■ REC 3.18.3 R, although a single report from the UK recognised body covering both notifications would be acceptable to the FCA. [Note: Paragraph 3A of the Schedule to the Recognition Requirements Regulations (REC 2.5.1UK) requires a UK RIE to inform the FCA about the content of a written agreement entered into with a member investment firm pursuing a market making strategy on a trading venue operated by the UK RIE1 3.18.2 R Where a UK recognised body admits a member who is not an authorised person of a type of which, immediately before that time, that UK recognised

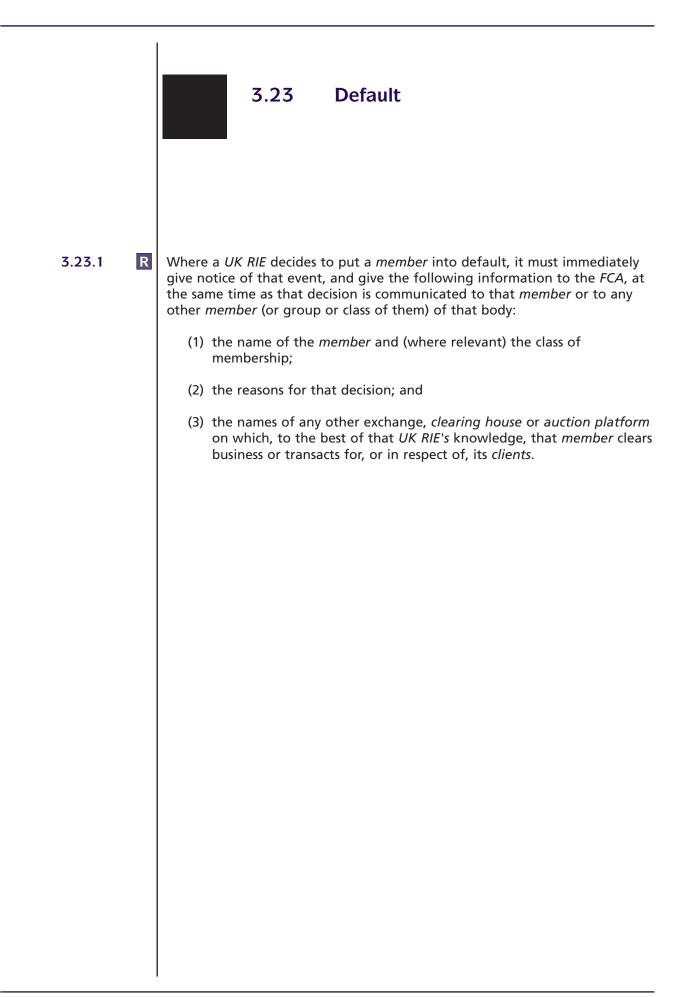
body had not admitted to membership, it must immediately give the FCA notice of that event, and: (1) a description of the type of *person* whom it is admitting to membership; and (2) (in relation to a UK RIE) particulars of its reasons for considering that, in admitting that type of *person* to membership, it is able to continue to satisfy the recognition requirement in paragraph 4(2)(a) of the Schedule to the Recognition Requirements Regulations which applies to it. (3) (in relation to a RAP) particulars of its reasons for considering that, in admitting that type of person to membership, it is able to continue to satisfy the RAP recognition requirement in regulation 20 of the RAP regulations (Access to auctions) which applies to it. 3.18.3 R Where a UK recognised body admits for the first time a member whose head or registered office is in a jurisdiction from which that UK recognised body has not previously admitted members, it must immediately give the FCA notice of that event, and: (1) the name of that jurisdiction; (2) the name of any regulatory authority in that jurisdiction which regulates that *member* in respect of activities relating to specified investments or (for a RAP) relating to emissions auction products; and (3) particulars of its reasons for considering that, in admitting a member from that jurisdiction to membership, it is able to continue to satisfy the recognition requirements or (for a RAP) the RAP recognition requirements which apply to it. 3.18.4 G A type of *member* means the description of any group of *members* to whom the same generic description could be applied. For example, the description of any group of *members* separately identified or defined in the rules might constitute a type of *member* for the purposes of this section.



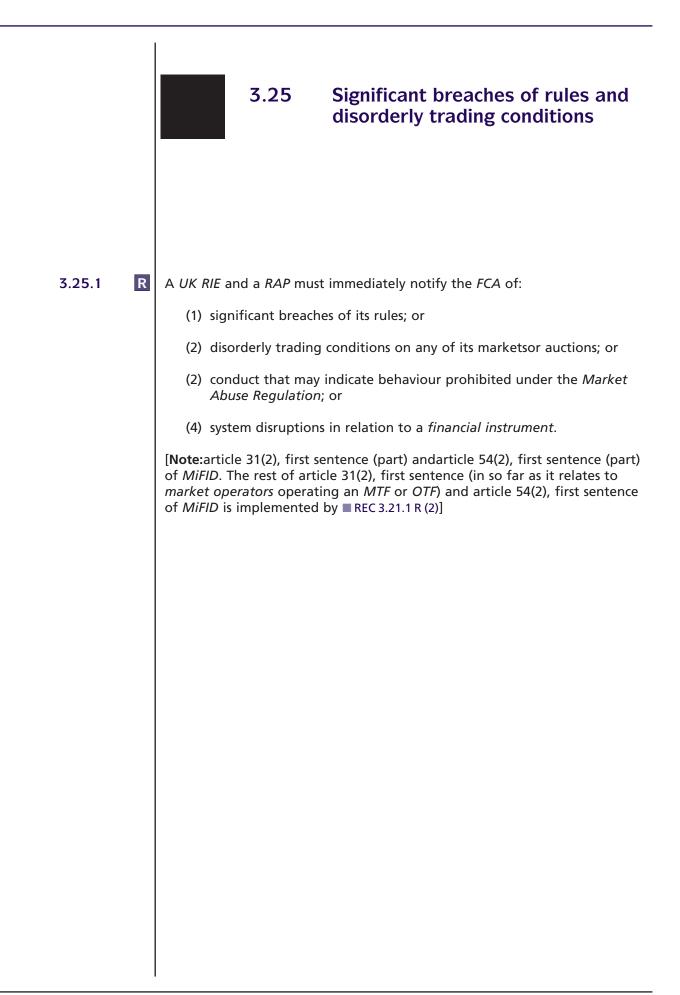


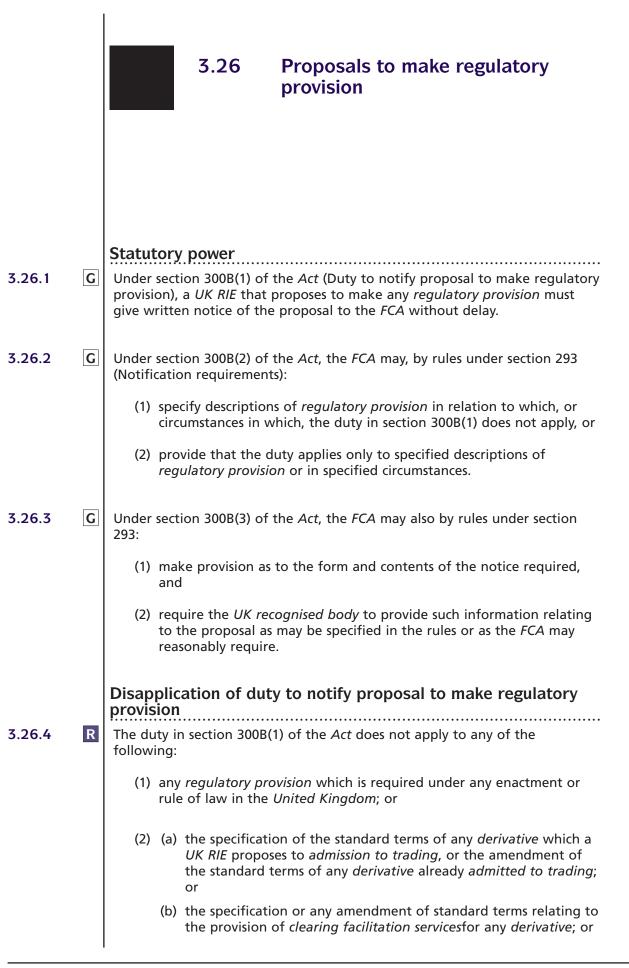






		3.24 Transfers of ownership
3.24.1	R	 When a UK RIE becomes aware of a transfer of ownership of the UK RIE which gives rise to a change in the <i>persons</i> who are in a position to exercise significant influence over the management of the UK RIE or (in the case of a UK RIE that is also a RAP) over the management of the RAP, whether directly or indirectly, it must immediately notify the FCA of that event, and: (1) give the name of the <i>person</i>(s) concerned; and (2) give details of the transfer.
3.24.2	G	The 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.





- (c) the specification or any amendment of operating procedures which are reasonably consequential on any regulatory provision falling within (a) or (b); or
- (3) any regulatory provision which is expressed to have effect for no longer than three months which is made by a UK recognised body in response to an emergency event (including, without limitation, a war, terrorist attack or labour strike); or
- (4) any regulatory provision which does not impose a requirement (including any obligation or burden) on persons affected (directly or indirectly) by it; or
- (5) any other regulatory provision which has not been excluded under (1), (2), (3) or (4) other than any such provision which (taken together with any other regulatory provision not otherwise the subject of a notice under section 300B(1) of the Act):
 - (a) materially increases disclosure, reporting or corporate governance requirements imposed on any person (whether directly or indirectly); or
 - (b) imposes a material limitation affecting any person (whether directly or indirectly including, without limitation, through an amendment to fees or charges) on the type or nature of *financial* instruments which may be listed or the subject of admission to trading on the facilities operated by the UK RIE proposing to make the regulatory provision; or
 - (c) materially limits access to, or use by, any person (whether directly or indirectly including, without limitation, through an amendment to fees or charges) of the *facilities* operated by the UK recognised body proposing to make the regulatory provision; or
 - (d) materially limits or restricts the ability of any *person* to supply services (including, without limitation, trading, clearing, settlement or information services) to persons who are users of the facilities operated by the UK RIE proposing to make the regulatory provision (whether directly or indirectly, including by the imposition of an obligation or burden on the supplier or on a user of the UK RIE); or
 - (e) materially adds to the circumstances in which any person (whether directly or indirectly) may be liable to penalties or other sanctions or have liability in damages.

Notice to the FCA

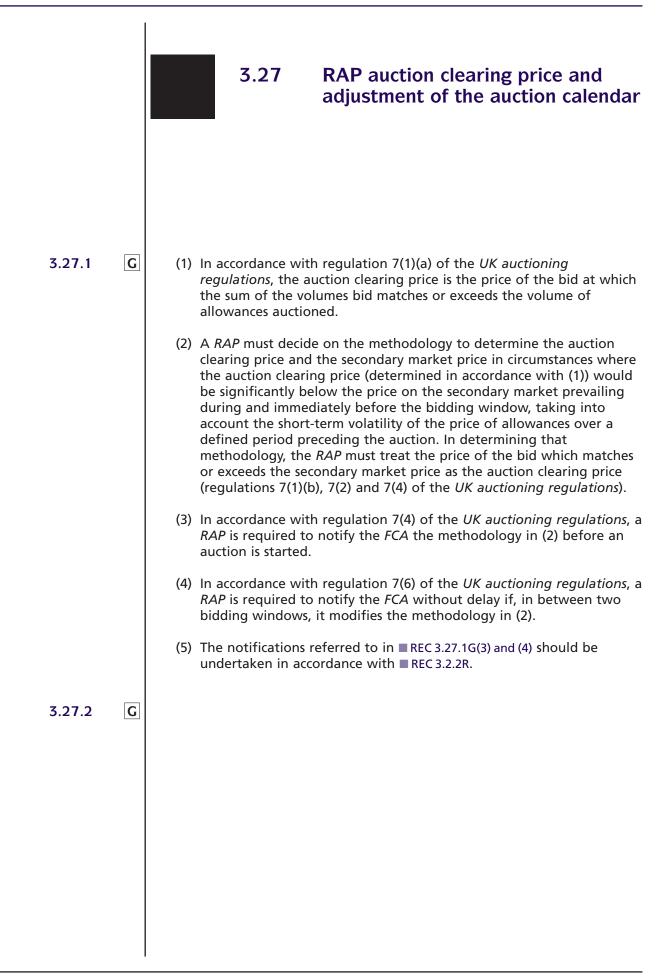
3.26.5

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:

- (1) contain full particulars of the proposal to make a regulatory provision which is the subject of that notice; and
- (2) either be accompanied by sufficient supporting information to enable the 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 FCA.

3.26.6	G	In determining whether a <i>UK RIE</i> has provided sufficient supporting information, the <i>FCA</i> may have regard to the extent to which the information includes:
		(1) clearly expressed reasons for the proposed regulatory provision; and
		(2) an appropriately detailed assessment of the likely costs and benefits of the proposed <i>regulatory provision</i> .
3.26.7	R	A <i>UK RIE</i> must provide such additional information in connection with a notice under section 300B(1) of the <i>Act</i> as the <i>FCA</i> may reasonably require.
3.26.8	G	Where a <i>UK RIE</i> wishes to give notice to the <i>FCA</i> for the purposes of section 300B(1) of the <i>Act</i> , it should in the first instance inform its usual supervisory contact at the <i>FCA</i> .
3.26.9	G	The FCA expects that an advanced draft of any consultation document a UK RIE intends to publish in connection with a proposed regulatory provision could provide some or all of the information described in \blacksquare REC 3.26.5 R.



Form for notifying incentive scheme proposals (REC 3.9.3R(1))

Annex 1 – Incentive Schemes (REC 3.9.3R) Rec_03_ann_01_20170901