

Status: Point in time view as at 01/10/1991.

Changes to legislation: Financial Services Act 1986 (Repealed), SCHEDULE 4 is up to date with all changes known to be in force on or before 24 May 2023. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

SCHEDULES

SCHEDULE 4

Sections 36 and 37.

REQUIREMENTS FOR RECOGNITION OF INVESTMENT EXCHANGE

Modifications etc. (not altering text)

C1 Sch. 4 modified (1.3.1994) by S.I. 1994/188, reg. 4(a)

Financial resources

- 1 The exchange must have financial resources sufficient for the proper performance of its functions.

Safeguards for investors

- 2 (1) The rules and practices of the exchange must ensure that business conducted by means of its facilities is conducted in an orderly manner and so as to afford proper protection to investors.
- (2) The exchange must—
- (a) limit dealings on the exchange to investments in which there is a proper market; and
 - (b) where relevant, require issuers of investments dealt in on the exchange to comply with such obligations as will, so far as possible, afford to persons dealing in the investments proper information for determining their current value.
- (3) In the case of securities to which Part IV of this Act applies compliance by The Stock Exchange with the provisions of that Part shall be treated as compliance by it with sub-paragraph (2) above.
- (4) The exchange must either have its own arrangements for ensuring the performance of transactions effected on the exchange or ensure their performance by means of services provided under clearing arrangements made by it with a recognised clearing house.
- (5) The exchange must either itself have or secure the provision on its behalf of satisfactory arrangements for recording the transactions effected on the exchange.
- (6) Sub-paragraphs (2), (4) and (5) above are without prejudice to the generality of sub-paragraph (1) above.

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Monitoring and enforcement

- 3 (1) The exchange must have adequate arrangements and resources for the effective monitoring and enforcement of compliance with its rules and any clearing arrangements made by it.
- (2) The arrangements for monitoring may make provision for that function to be performed on behalf of the exchange (and without affecting its responsibility) by any other body or person who is able and willing to perform it.

Investigation of complaints

- 4 The exchange must have effective arrangements for the investigation of complaints in respect of business transacted by means of its facilities.

Promotion and maintenance of standards

- 5 The exchange must be able and willing to promote and maintain high standards of integrity and fair dealing in the carrying on of investment business and to co-operate, by the sharing of information and otherwise, with the Secretary of State and any other authority, body or person having responsibility for the supervision or regulation of investment business or other financial services.

[^{F1} Supplementary]

Textual Amendments

F1 Sch. 4 para. 6 inserted (*retrospectively*) by Companies Act 1989 (c. 40, SIF 27), s. 205(1)(2)

- 6 (1) The provisions of this Schedule relate to an exchange only so far as it provides facilities for the carrying on of investment business; and nothing in this Schedule shall be construed as requiring an exchange to limit dealings on the exchange to dealings in investments.
- (2) The references in this Schedule, and elsewhere in this Act, to ensuring the performance of transactions on an exchange are to providing satisfactory procedures (including default procedures) for the settlement of transactions on the exchange.

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