



# Financial Services Act 1986

## 1986 CHAPTER 60

### PART I

#### REGULATION OF INVESTMENT BUSINESS

#### CHAPTER XIV

#### PREVENTION OF RESTRICTIVE PRACTICES

##### *Examination of rules and practices*

#### **119 Recognised self-regulating organisations, investment exchanges and clearing houses**

- (1) The Secretary of State shall not make a recognition order in respect of a self-regulating organisation, investment exchange or clearing house unless he is satisfied that—
  - (a) the rules and any guidance of which copies are furnished with the application for the order; and
  - (b) in the case of an investment exchange, any arrangements of which particulars are furnished with the application,do not have, and are not intended or likely to have, to any significant extent the effect of restricting, distorting or preventing competition or, if they have or are intended or likely to have that effect to any significant extent, that the effect is not greater than is necessary for the protection of investors.
- (2) The powers conferred by subsection (3) below shall be exercisable by the Secretary of State if at any time it appears to him that—
  - (a) any rules made or guidance issued by a recognised self regulating organisation, investment exchange or clearing house or any clearing arrangements made by a recognised clearing house;
  - (b) any practices of any such organisation, exchange or clearing house; or

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*Status: This is the original version (as it was originally enacted).*

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- (c) any practices of persons who are members of, or otherwise subject to the rules made by, any such organisation, exchange or clearing house, have, or are intended or likely to have, to a significant extent the effect of restricting, distorting or preventing competition and that that effect is greater than is necessary for the protection of investors.
- (3) The powers exercisable under this subsection are—
- (a) to revoke the recognition order of the organisation, exchange or clearing house;
  - (b) to direct it to take specified steps for the purpose of securing that the rules, guidance, arrangements or practices in question do not have the effect mentioned in subsection (2) above;
  - (c) to make alterations in the rules for that purpose ;
- and subsections (2) to (5), (7) and (9) of section 11 above shall have effect in relation to the revocation of a recognition order under this subsection as they have effect in relation to the revocation of such an order under subsection (1) of that section.
- (4) Subsection (3)(c) above does not apply to an overseas investment exchange or overseas clearing house.
- (5) The practices referred to in paragraph (b) of subsection (2) above are practices of the organisation, exchange or clearing house in its capacity as such, being, in the case of a clearing house, practices in respect of its clearing arrangements; and the practices referred to in paragraph (c) of that subsection are practices in relation to business in respect of which the persons in question are subject to the rules of the organisation, exchange or clearing house and which are required or contemplated by its rules or guidance or otherwise attributable to its conduct in its capacity as such.