

15 November 2006

**Conditions for Authorization for Providing Automated Trading Services (“ATS”)
under Part III of the Securities and Futures Ordinance (the “SFO”)**

Pursuant to section 95(2) of the SFO, the Commission hereby authorises Chicago Mercantile Exchange (“CME”) for providing ATS through its GLOBEX system in Hong Kong with effect from 1 October 2003. The authorization will be subject to annual renewal thereafter and with the following conditions.

CME shall undertake to:

1. Provide the Commission with the following **monthly** statistics :
 - 1.1. the volume of trades (**by each member of CME**) conducted on the markets over the GLOBEX system resulting from orders originating from Hong Kong; and
 - 1.2. the aggregate volume of trades conducted on the markets over the GLOBEX system.

Such statistics to be provided at such intervals as the Commission may specify and, in the absence of any such specification, on a **quarterly** basis within two weeks after the end of March, June, September and December. A nil return is required if there is no trading in the relevant interval;
2. Upon prior written notice, provide the Commission with information relating to transactions (authorized by the Commission under section 95(2) of the SFO) to be conducted via the GLOBEX system by members of CME in Hong Kong for the purposes of any inquiry or investigation by the Commission under the SFO into transactions originating from Hong Kong and/or the conduct of the members of CME in Hong Kong. Such information disclosure can be facilitated by the two Memoranda of Understanding between the regulatory authorities of Hong Kong and the United States (namely, the “Memorandum of Understanding between the United States Commodity Futures Trading Commission and the Hong Kong Securities and Futures Commission Concerning Consultation and Cooperation in the Administration and Enforcement of Futures Laws” and the “Declaration on Cooperation and Supervision of Cross-Border Managed Futures Activity), both signed on 5 October 1995;
3. Notify the Commission with information on any material changes to the matters set out in paragraphs 52 and 62 of the Guidelines for the Regulation of ATS and particularly to the matters specified below, prior to the changes taking effect –
 - 3.1. Company Structure
 - 3.2. GLOBEX system (including changes in hardware, software and other technology);
 - 3.3. Markets and products to be traded via the GLOBEX system by members of CME in Hong Kong.

- 3.4. Contractual documentation, if there are direct or indirect changes to the contractual responsibilities, for members of CME in Hong Kong; and
- 3.5. Criteria for approval or disapproval of members of CME in Hong Kong.
4. Notify the Commission of the identity and location of members of CME in Hong Kong (by providing a **monthly** status report);
5. Put in place appropriate business continuity plans and disaster recovery programmes for the operations of the GLOBEX system in Hong Kong and notify the Commission of any material changes to the plans/programmes; and
6. Ensure that CME admits as members only corporations licensed by the Commission under Part V or authorized under Part III of the SFO unless the Commission agrees otherwise and CME has proactively notified the Commission of the registration status of prospective members in Hong Kong.