



21 June 2011

Conditions for Authorization for LIFFE Administration and Management (“LIFFE A&M”) to provide Automated Trading Service (“ATS”) in Hong Kong via the Universal Trading Platform under Part III of the Securities and Futures Ordinance (the “SFO”)

Pursuant to section 95(2) of the SFO, the Commission hereby authorizes LIFFE Administration and Management (“LIFFE A&M”) for providing ATS in Hong Kong through the Universal Trading Platform with effect from 21 June 2011. The authorization will be subject to annual renewal thereafter and with the following conditions.

LIFFE A&M shall undertake to:

1. Ensure that LIFFE A&M 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 LIFFE A&M has proactively notified the Commission of the registration status of prospective members in Hong Kong;
2. Upon prior written notice, provide the Commission with information relating to transactions (authorized by the Commission under section 95(2) of the SFO) conducted via the Universal Trading Platform by LIFFE A&M’s members 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 LIFFE A&M’s members in Hong Kong. Such information disclosure can be facilitated by the Memoranda of Understanding between the regulatory authorities of Hong Kong and United Kingdom (including the “Memorandum of Understanding between the Treasury and Securities and Investments Board (now the Financial Services Authority) and the Securities and Futures Commission” for the exchange of information and investigatory assistance between the authorities, signed on 28 October 1992; and the “IOSCO Multilateral Memorandum of Understanding”);
3. Notify the Commission on any material changes to the matters set out in paragraphs 52 and 62 of the Guidelines for the Regulation of ATS (dated 2003) and particularly to the matters specified below, prior to the changes taking effect –
 - 3.1. Company structure;
 - 3.2. The Universal Trading Platform (including changes in hardware, software, and other technology);
 - 3.3. Contractual documentation, if there are direct or indirect changes to the contractual responsibilities for members of LIFFE A&M in Hong Kong;
 - 3.4. Criteria for approval or disapproval of members of LIFFE A&M in Hong Kong; and



- 3.5. Markets and products to be traded through the Universal Trading Platform by members of LIFFE A&M in Hong Kong;
 4. Put in place appropriate business continuity plans and disaster recovery programmes for LIFFE A&M's operation in Hong Kong and notify the Commission of any material changes to the plans or programmes;
 5. Provide the Commission with the following **monthly** statistics:
 - 5.1. The volume of trades (**by each member of LIFFE A&M**) conducted on the markets over the Universal Trading Platform resulting from orders originating from Hong Kong; and
 - 5.2. The aggregate volume of trades conducted on the markets over the Universal Trading Platform;
- Such statistics are 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; and
6. Notify the Commission of the identity and location of members of LIFFE A&M in Hong Kong (by providing a **monthly** status report within two weeks after the end of each month).

The Commission may, by notice in writing, amend and revoke the above conditions or impose new conditions where it is satisfied that it is appropriate to do so, pursuant to section 97 of the SFO.