

9 November 2004

Conditions for Authorization for Offering to Provide Automated Trading Services (ATS) under Part III of the Securities and Futures Ordinance (SFO)

Pursuant to section 95(2) of the SFO, the Commission hereby authorises London Stock Exchange plc ("LSE") for offering to provide ATS in Hong Kong with effect from 9 November 2004. The authorization will be subject to annual renewal thereafter and with the following conditions.

LSE shall undertake to:

1. Notify the Commission with information on any material changes to the relevant matters set out in paragraphs 52 and 62 of the ATS Guidelines, prior to the changes taking effect;
2. Upon prior written notice, provide the Commission with information relating to the marketing activities to provide ATS in Hong Kong to assist the Commission in its conduct of inquiries or investigations into activities originating from Hong Kong. Such information disclosure can be facilitated by the Memorandum of Understanding between the regulatory authorities of Hong Kong and United Kingdom ("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;
3. Provide annual audited financial statements of LSE to the Commission within four months from the financial year end date; and
4. Notify the Commission if there are any changes in LSE's business plans/operations, in particular when LSE contemplates installing trading terminals that would enable it to offer ATS to Hong Kong users. Depending on LSE's operations and business activity at the time, the Commission may impose additional requirements as necessary.

The Commission may, by notice in writing, amend or 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. If it is so considered, you will be given a reasonable opportunity to be heard before a decision is made.