



## NOTICE OF AUTHORIZATION TO PROVIDE AUTOMATED TRADING SERVICES

Pursuant to section 95(2) of the Securities and Futures Ordinance (**SFO**), the Securities and Futures Commission (**Commission**) hereby authorizes Turquoise Global Holdings Limited (**Turquoise**) to provide automated trading services (**ATS**) in Hong Kong via the MillenniumIT (**MIT**) trading system subject to the following conditions–

1. Turquoise may only provide ATS in Hong Kong to those of its members that are corporations licensed by the Commission under Part V of the SFO (unless the Commission agrees in writing otherwise). Additionally, such corporations must not be admitted as members unless Turquoise has first proactively notified the Commission of its intention to admit them.
2. With a view to limiting the ability of Turquoise's members in Hong Kong (**Hong Kong members**) to use the MIT trading system to conduct trades in breach of Part IV of the SFO, Turquoise must put in place such controls and safeguards as the Commission may from time to time agree in writing, taking into account the particular system design and structure of the MIT trading system, and how products may be offered and traded via that system.
3. With a view to limiting the ability of Turquoise's Hong Kong members to use the Turquoise Plato™ Order Book in the MIT trading system to conduct trades in breach of the Commission's code on dark pool trading, Turquoise must put in place such controls and safeguards as the Commission may from time to time agree in writing.
4. For the purposes of any inquiry or investigation by the Commission into the conduct of any of Turquoise's Hong Kong members, Turquoise must provide the Commission with information relating to trades conducted by that member via the MIT trading system. Such information disclosure can be facilitated by: (i) the Multilateral Memorandum of Understanding of the International Organization of Securities Commissions for the purposes of cross-border cooperation, exchange of information and investigatory assistance, to which the regulatory authorities of Hong Kong and the United Kingdom are signatories; (ii) the Memorandum of Understanding between the Treasury and Securities and Investments Board



(now the Financial Conduct Authority) and the Commission for the exchange of information and investigatory assistance, signed on 28 October 1992; as well as (iii) the Memorandum of Understanding between the Financial Conduct Authority and the Commission regarding mutual assistance in the supervision and oversight of Regulated Entities in the jurisdiction of the Authorities, signed in July 2017.

5. Turquoise must notify the Commission of any material change to the matters set out in paragraph 55 of the Guidelines for the Regulation of ATS issued by the Commission, and particularly to the matters specified below, prior to the changes taking effect –
  - 5.1. Turquoise’s company structure, any substantial shareholders and, where a substantial shareholder is a corporation, the directors and substantial shareholders of that corporation;
  - 5.2. the MIT trading system (including changes in hardware, software, and other technology);
  - 5.3. contractual documentation, if these result, or may result, in direct or indirect changes to the contractual responsibilities of Turquoise’s Hong Kong members; and
  - 5.4. criteria for admitting persons as Hong Kong members of Turquoise, or for revoking such membership.
6. Turquoise must put in place appropriate business continuity plans and disaster recovery programmes for Turquoise’s operation in Hong Kong and notify the Commission of any material change to the plans or programmes.
7. Turquoise must provide the Commission with the following **monthly** statistics:
  - 7.1. the volume of trades conducted during that month through the MIT trading system, by each of Turquoise’s Hong Kong members, with a breakdown in respect of each product or product class (as agreed by the Commission in



writing), and each order book, traded by that member through the MIT trading system; and

- 7.2. the aggregate volume of trades, in respect of each product or product class (as agreed by the Commission in writing), and each order book, conducted during that month through the MIT trading system.

Such statistics must be provided within two weeks after the end of the relevant month or within such other period as the Commission may agree in writing. A nil return is required if no trade was conducted in the relevant month.

8. Turquoise must provide **monthly** reports of the identity and location of its members in Hong Kong as at the end of the relevant month, and such reports must be provided to the Commission within two weeks after the end of the relevant month or within such other period as the Commission may agree in writing.
9. Turquoise must provide its **annual** audited financial statements to the Commission within four months after the end of each financial year or within such other period as the Commission may agree in writing.

DATED: 22 FEBRUARY 2018