



## 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 MarketAxess Singapore Pte Limited (**MASL**) to provide automated trading services (**ATS**) in Hong Kong via the MarketAxess system, Bond Connect<sup>1</sup> and CIBM Direct (collectively, **Services**). The authorization is subject to the following conditions:-

1. MASL may only provide ATS in Hong Kong to its participants who are:-
  - 1.1 persons falling under paragraphs (a) to (i) of the definition of "professional investor" in section 1 of Part 1 of Schedule 1 to the SFO; or
  - 1.2 persons within the meaning of sections 3(a) and (c) respectively of the Securities and Futures (Professional Investor) Rules.

Additionally each such participant (**Hong Kong Participant**) must not be admitted as a participant unless MASL has first proactively notified the Commission of its intention to admit the participant.

2. For the purposes of any inquiry or investigation by the Commission into the conduct of any MASL's Hong Kong Participants, MASL must provide the Commission with information relating to trades conducted by that participant via the Services. 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 Singapore are signatories; and (ii) The Memorandum of Understanding between the Commission and the Monetary Authority of Singapore, signed on 16 January 1997.
3. MASL must inform the Commission of any material change to the matters set out in paragraphs 55 of the Guidelines for the Regulation of ATS issued by the Commission, and particularly to the matters specified below -
  - 3.1. MASL's company structure, any substantial shareholders, and where a substantial shareholder is a corporation, the directors and substantial shareholders of that corporation;
  - 3.2. the Services (including changes in hardware, software, and other technology);
  - 3.3. contractual documentation, if these result, or may result, in direct or indirect changes to the contractual obligations of MASL's Hong Kong Participants;
  - 3.4. criteria for admitting persons as Hong Kong Participants of MASL, or for revoking such participation;
  - 3.5. bond types that may be traded via the Services by MASL's Hong Kong Participants;
  - 3.6. regulatory requirements imposed on MASL's operation by the Monetary Authority of Singapore, in particular changes in the capital adequacy requirements; and
  - 3.7. the arrangements in the facilitation of trading of bonds under the Services.

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<sup>1</sup> Bond Connect is a mutual market access programme between Hong Kong and Mainland China for bonds trading under which investors in each jurisdiction can trade bonds in the other's market via a connection between their respective financial infrastructure institutions.

Any notification of change pursuant to this Condition must be given prior to the change taking effect or (if it is not reasonably practicable to give prior notification) as soon as practicable after the change takes effect.

4. MASL must inform the Commission any incident of material service breakdown or disruption of the Services operations that affect Hong Kong Participants.
5. MASL must put in place appropriate business continuity plans and disaster recovery programs for MASL's provision of ATS in Hong Kong via the Services, and notify the Commission of any material change to the plans or programs.
6. MASL must provide the Commission with information of any material complaints by Hong Kong Participants related to the operations of the Services, against MASL or any of its officers or agents, as defendants in any civil or criminal proceeding, or in any administrative or disciplinary proceeding by any governmental agency or self-regulatory organization and a copy of any decision, order or sanction made with respect to any such proceedings.
7. MASL must provide the Commission with the following **monthly** statistics on a quarterly basis:-  
In respect of trading via the Services:-
  - 7.1. The total volume of all trades (in terms of their aggregate notional amount) conducted during that calendar month via the Services, with a breakdown in respect of each bond or bond type (as agreed by the Commission in writing); and
  - 7.2. The total volume of all trades (in terms of their aggregate notional amount) conducted during that calendar month via the Services by each MASL's Hong Kong Participant, with a breakdown in respect of each bond or bond type (as agreed by the Commission in writing).Such statistics must be provided within two weeks after the end of the relevant calendar quarter 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. MASL must provide **monthly** reports of the identity and location of its Hong Kong Participants 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. MASL 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: 5 November 2021