



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 Tokyo Commodity Exchange, Inc. (**TOCOM**) to provide automated trading services (**ATS**) in Hong Kong via the J-GATE system subject to the following conditions—

1. TOCOM 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 TOCOM has first proactively notified the Commission of its intention to admit them.
2. For the purposes of any inquiry or investigation by the Commission into the conduct of any of TOCOM's Hong Kong members, TOCOM must provide the Commission with information relating to trades conducted by that member via the J-GATE system. Such information disclosure can be facilitated by 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 Japan are signatories.
3. TOCOM 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 –
 - 3.1. TOCOM'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 J-GATE system (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 responsibilities of TOCOM's Hong Kong members;
 - 3.4. criteria for admitting persons as Hong Kong members of TOCOM, or for revoking such membership; and
 - 3.5. markets and products that may be traded via the J-GATE system by TOCOM's Hong Kong members.
4. TOCOM must put in place appropriate business continuity plans and disaster recovery programs for TOCOM's activities in Hong Kong subject to this ATS authorization and notify the Commission of any material change to the plans or programs.
5. TOCOM must provide the Commission with the following **monthly** statistics on a **quarterly** basis:
 - 5.1. the volume of trades conducted during that month through the J-GATE system, by each of TOCOM's Hong Kong members, with a breakdown in respect of each product or product class (as agreed by the Commission in writing) traded by that member via the J-GATE system; and



- 5.2. the aggregate volume of trades, in respect of each product or product class (as agreed by the Commission in writing), conducted during that month via the J-GATE system.

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 reporting period.

6. TOCOM 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.
7. TOCOM 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: 2 JUNE 2017