



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 Dalian Commodity Exchange (**DCE**) to provide automated trading services (**ATS**) in Hong Kong via the Dalian Commodity Exchange Trading System subject to the following conditions—

1. DCE may only provide ATS in Hong Kong to those of its participants that are corporations licensed by the Commission under Part V of the SFO (unless the Commission agrees in writing otherwise). Additionally, each such participant in Hong Kong (**Hong Kong Participant**) must not be admitted as a participant unless DCE has first proactively notified the Commission of its intention to admit such Participant.
2. For the purposes of any inquiry or investigation by the Commission into the conduct of any of DCE's Hong Kong Participants, DCE must provide the Commission with information relating to trades conducted by that Participant via the Dalian Commodity Exchange Trading System. Such information disclosure can also 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 Commission and China Securities Regulatory Commission are signatories; as well as (ii) the Memorandum of Understanding on supervisory and enforcement cooperation on matters concerning futures between the regulators signed on 28 December 2017.
3. DCE 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. DCE'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 Dalian Commodity Exchange Trading 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 DCE's Hong Kong Participants;

- 3.4. criteria for admitting persons as Hong Kong Participants of DCE, or for revoking such Participantship; and
 - 3.5. markets and products that may be traded via the Dalian Commodity Exchange Trading System by DCE's Hong Kong Participants.
4. DCE must put in place appropriate business continuity plans and disaster recovery programs for DCE's activities in Hong Kong subject to this ATS authorization and notify the Commission of any material change to the plans or programs.
 5. DCE 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 Dalian Commodity Exchange Trading System, by each of DCE's Hong Kong Participants, with a breakdown in respect of each product or product class (as agreed by the Commission in writing) traded by that Participant via the Dalian Commodity Exchange Trading 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 Dalian Commodity Exchange Trading System.
- Such statistics must be provided within two weeks after the end of the relevant 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. DCE must provide **monthly** reports of the identity and location of its Hong Kong Participants as at the end of the relevant month. Such report 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. DCE 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 September 2023