

1 November 2006

**Conditions for Authorisation for Providing 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 SFE Corporation Ltd (SFE) for providing ATS through its SYCOM and OM SECUR Systems in Hong Kong with effect from 1 October 2003. The authorisation will be subject to annual renewal thereafter and with the following conditions.

SFE shall undertake to:

1. Provide the Commission with the following **monthly** statistics:
  - 1.1. the volume of trades (**by each user of SFE**) conducted on the markets over the SYCOM system and/or cleared by the OM SECUR system resulting from orders originating from Hong Kong; and
  - 1.2. the aggregate volume of trades conducted on the markets over the SYCOM and/or cleared by the OM SECUR system.

Such statistics are to be provided at such intervals as the Commission may specify and, in the absence of any such specification, on a **quarterly** basis within two weeks after the end of March, June, September and December. A nil return is required if there is no trading in the relevant interval;
2. Upon prior written notice, provide the Commission with information relating to transactions (authorised by the Commission under section 95(2) of the SFO) to be conducted via the SYCOM and/or cleared by the OM SECUR by users in Hong Kong for the purposes of any inquiry or investigation by the Commission under the SFO into transactions originating from Hong Kong and/or the conduct of the SYCOM and OM SECUR users in Hong Kong. Such information disclosure can be facilitated by the Memorandum of Understanding between the regulatory authorities of Hong Kong and Australia (namely, the “Memorandum of Understanding between the Australian Securities and Investments Commission and the Securities and Futures Commission of Hong Kong” for the exchange of information and investigatory assistance between the two Commissions), signed on 8 October 2001;
3. Notify the Commission with information on any material changes to the matters set out in paragraphs 52 and 62 of the Guidelines for the Regulation of ATS and particularly to matters specified below, prior to the changes taking effect –
  - 3.1. Company Structure;
  - 3.2. The SYCOM and the OM SECUR systems (including changes in hardware, software and other technology);

- 3.3. Contractual documentation, if there are direct or indirect changes to the contractual responsibilities, for SYCOM and OM SECUR users in Hong Kong;
  - 3.4. Criteria for approval or disapproval of SYCOM and OM SECUR users in Hong Kong; and
  - 3.5. Markets and products to be traded via the SYCOM and/or cleared by the OM SECUR, which are made available to users in Hong Kong.
4. Notify the Commission of the identity and location of SYCOM and OM SECUR users in Hong Kong (by providing a **monthly status report**);
  5. Put in place appropriate business continuity plans and disaster recovery programmes for the operations of the SYCOM and the OM SECUR systems in Hong Kong and notify the Commission of any material changes to the plans/programmes; and
  6. Ensure that SFE admits as users only corporations licensed by the Commission under Part V or authorised under Part III of the SFO unless the Commission agrees otherwise and SFE has proactively notified the Commission of the registration status of prospective users in Hong Kong.