

**Conditions for Authorization 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 New York Mercantile Exchange (NYMEX) for providing ATS through its NYMEX ClearPortsm Trading and NYMEX ClearPortsm Clearing systems (NYMEX ClearPortsm systems) in Hong Kong with effect from 1 October 2003. The authorization will be subject to annual renewal thereafter and with the following conditions.

NYMEX shall undertake to:

1. Provide the Commission with bi-annual statistics (including a nil return if there is no trading and/or clearing in the relevant period) of the nature and volume of the trading and/or clearing activities via the NYMEX ClearPortsm systems from Hong Kong, within two weeks after the end of June and December periods;
2. On request, provide the Commission with information relating to transactions conducted via the NYMEX ClearPortsm systems in Hong Kong to assist the Commission in its conduct of inquiries or investigations into transactions originating from Hong Kong and/or the conduct of the users of the NYMEX ClearPortsm systems in Hong Kong. Such information disclosure can be facilitated by the two Memoranda of Understanding between the regulatory authorities of Hong Kong and the United States (“Memorandum of Understanding between the United States Commodity Futures Trading Commission and the Hong Kong Securities and Futures Commission Concerning Consultation and Cooperation in the Administration and Enforcement of Futures Laws” and the “Declaration on Cooperation and Supervision of Cross-Border Managed Futures Activity), both signed on October 5, 1995;
3. Notify the Commission with information on any material changes to the matters set out in paragraph 52 of the ATS Guidelines and particularly on the matters specified below, prior to the changes taking effect –
 - 3.1. NYMEX ClearPortsm systems (including changes in hardware and software requirements and other technology) and access to the systems;
 - 3.2. Contractual documentation, if there are direct or indirect implications on users of the NYMEX ClearPortsm systems in Hong Kong;
 - 3.3. Criteria for approval or disapproval of users of the NYMEX ClearPortsm systems in Hong Kong;
 - 3.4. Identity and location of users of the NYMEX ClearPortsm systems in Hong Kong (by providing a monthly status report); and
 - 3.5. Products traded and/or cleared by the NYMEX ClearPortsm systems, which are made available to users in Hong Kong (by including the Commission

on the appropriate “Notice to members” list, which is routinely distributed via e-mail.)

4. Limit the use of the NYMEX ClearPortsm systems in Hong Kong to licensed corporations with the Commission under Part V or authorized under Part III of the SFO unless the Commission agrees otherwise and proactively notify the Commission of the registration status of prospective users in Hong Kong.

The Commission may, by notice in writing, amend or revoke the above conditions or impose new conditions where it is satisfied that it is appropriate to do so, pursuant to section 97 of the SFO. If it is so considered, NYMEX will be given a reasonable opportunity to be heard before a decision is made.