



7 December 2012

Conditions for Authorization to Provide Automated Trading Services (“ATS”) under Part III of the Securities and Futures Ordinance (the “SFO”) in respect of CME Globex System

Pursuant to section 95(2) of the SFO, the Commission hereby authorizes New York Mercantile Exchange, Inc. (“NYMEX”) for providing ATS in Hong Kong through the CME Globex System with effect from 7 December 2012. The authorization will be subject to annual renewal thereafter and with the following conditions.

NYMEX shall undertake to:

1. Ensure that NYMEX admits as participants only corporations licensed by the Commission under Part V of the SFO unless the Commission agrees otherwise and NYMEX has proactively notified the Commission of the registration status of prospective participants in Hong Kong;
2. Upon prior written notice, provide the Commission with information relating to transactions (authorized by the Commission under section 95(2) of the SFO) conducted via the CME Globex (“GLOBEX”) system by NYMEX participants 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 NYMEX participants in Hong Kong. Such information disclosure can be facilitated by (i) the Multilateral Memorandum of Understanding of the International Organization of Securities Commissions (“IOSCO MMOU”) for the purposes of cross-border cooperation, exchange of information and investigatory assistance, to which the regulatory authorities of Hong Kong and the United States are signatories; as well as (ii) the two Memoranda of Understanding between both regulatory authorities signed on 5 October 1995 (namely the “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”);
3. Notify the Commission on any material changes to the matters set out in paragraphs 52 and 62 of the Guidelines for the Regulation of ATS (dated March 2003) and particularly to the matters specified below, prior to the changes taking effect –
 - 3.1. Company structure;
 - 3.2. The GLOBEX system (including changes in hardware, software, and other technology);
 - 3.3. Contractual documentation, if there are direct or indirect changes to the contractual responsibilities for participants of NYMEX in Hong Kong;



- 3.4. Criteria for approval or disapproval of participants of NYMEX in Hong Kong; and
- 3.5. Markets and products to be traded through the GLOBEX system by participants of NYMEX in Hong Kong;
4. Put in place appropriate business continuity plans and disaster recovery programmes for NYMEX's operation in Hong Kong and notify the Commission of any material changes to the plans or programmes;
5. Provide the Commission with the following monthly statistics:
 - 5.1. The volume of trades (by each participant of NYMEX) conducted on the markets over the GLOBEX system resulting from orders originating from Hong Kong; and
 - 5.2. The aggregate volume of trades conducted on the markets over the GLOBEX 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; and
6. Notify the Commission of the identity and location of NYMEX participants in Hong Kong (by providing a monthly status report within two weeks after the end of each month).

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.