



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 Chi-X Australia Pty Ltd (**Chi-X Australia**) to provide automated trading services (**ATS**) in Hong Kong via the Chi-Tech Trading System (**CTS**) subject to the following conditions-

1. Chi-X Australia 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, such corporations must not be admitted as participants unless Chi-X Australia has first proactively notified the Commission of its intention to admit them.
2. With a view to limiting the ability of Chi-X Australia's participants in Hong Kong (**Hong Kong Participants**) to use the CTS to conduct trades in breach of Part IV of the SFO, Chi-X Australia must put in place such controls and safeguards as the Commission may from time to time agree in writing.
3. With a view to limiting the ability of Chi-X Australia's Hong Kong participants to use the CTS to conduct trades in breach of the Commission's code on dark pool trading, Chi-X Australia must put in place such controls and safeguards as the Commission may from time to time agree in writing.
4. For the purposes of any inquiry or investigation by the Commission into the conduct of any of Chi-X Australia's Hong Kong participants, Chi-X Australia must provide the Commission with information relating to trades conducted by that participant via the CTS. Such information disclosure can be facilitated by (i) the Enhanced Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information of the International Organization of Securities Commissions (EMMoU), to which the regulatory authorities of Hong Kong and Australia are signatories; and (ii) the "Memorandum of Understanding between the Australian Securities & Investment Commission and the Securities and Futures Commission" for the exchange of information and investigatory assistance between the authorities, signed on 8 October 2001.
5. Chi-X Australia 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 -
 - 5.1. Chi-X Australia's company structure, any substantial shareholders, and where a substantial shareholder is a corporation, the directors and substantial shareholders of that corporation;



- 5.2. the CTS (including changes in hardware, software, and other technology);
 - 5.3. contractual documentation, if these result, or may result, in direct or indirect changes to the contractual responsibilities of Chi-X Australia's Hong Kong Participants;
 - 5.4. criteria for admitting persons as Hong Kong Participants of Chi-X Australia, or for revoking such participantship; and
 - 5.5. product types that may be traded via the CTS by Chi-X Australia's Hong Kong Participants.
6. Chi-X Australia must put in appropriate business continuity plans and disaster recovery programs for Chi-X Australia's provision of ATS in Hong Kong and notify the Commission of any material change to the plans or programs.
 7. Chi-X Australia must provide the Commission with the following **monthly** statistics on a **quarterly** basis:-
 - 7.1. The volume of trades conducted during that month via the CTS, by each of Chi-X Australia's Hong Kong Participants, with a breakdown in respect of each product or product type (as agreed by the Commission in writing), traded by that Participant via the CTS; and
 - 7.2. The aggregate volume of trades, in respect of each product or product type (as agreed by the Commission in writing), conducted during that month via the CTS.
- 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 month.
8. Chi-X Australia must provide **monthly** reports of the identity and location of its Hong Kong Participants 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.
 9. Chi-X Australia 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: 31 AUGUST 2018