



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 Shanghai International Energy Exchange Co., Ltd. (**INE**) to provide automated trading services (**ATS**) in Hong Kong via the New Generation of Exchange Systems (**NGES**) subject to the following conditions—

1. INE 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 INE 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 INE's Hong Kong participants, INE must provide the Commission with information relating to trades conducted by that participant via the NGES. 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. INE 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. INE'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 NGES (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 INE's Hong Kong participants;



- 3.4. criteria for admitting persons as Hong Kong participants of INE, or for revoking such participants; and
 - 3.5. markets and products that may be traded via the NGES by INE's Hong Kong participants.
 4. INE must put in place appropriate business continuity plans and disaster recovery programs for INE's activities in Hong Kong subject to this ATS authorization and notify the Commission of any material change to the plans or programs.
 5. INE must provide the Commission with the following **monthly** statistics:
 - 5.1. the volume of trades conducted during that month through the NGES, by each of INE'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 NGES; 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 NGES.
- Such statistics must be provided within two weeks after the end of the relevant month 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. INE must provide **monthly** reports of the identity and location of its participants in Hong Kong 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.
 7. INE 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: 15 March 2018