

19 December 2005

**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 TradeWeb Europe Limited (TEL) for providing ATS through its electronic trading system in Hong Kong with effect from 30 August 2004. The authorization will be subject to annual renewal thereafter and with the following conditions.

TEL shall undertake to:

1. Notify the Commission with information on any material changes to the matters set out in paragraph 52 of the Guidelines for the Regulation of ATS and particularly to the matters specified below, prior to the changes taking effect –
 - 1.1. Company structure;
 - 1.2. TEL's system (including changes in hardware, software and other technology);
 - 1.3. Markets and products to be traded through TEL's system from users in Hong Kong;
 - 1.4. Contractual documentation, if there are direct or indirect changes to the contractual responsibilities for users of the TEL system in Hong Kong;
 - 1.5. Criteria for approval or disapproval of users of the TEL system in Hong Kong;
2. Keep full records of ATS operations, including audit trails of ATS activity, as follows and provide the Commission with such records upon request:
 - 2.1. Business correspondence, account files and customer identification documents for a period of 7 years after the customer's account is closed;
 - 2.2. Records of transactions effected over the system offered by TEL for 5 years;
 - 2.3. Records other than the above for 3 years; and
 - 2.4. During the life of the enterprise, Articles of Incorporation, Memorandum and Articles of Association, minute books, and relevant constitutional documents of TEL;
3. Notify the Commission of the identity and location of users of the TEL system in Hong Kong (by providing a monthly status report);
4. Put in place appropriate business continuity plans and disaster recovery programmes for TEL's operations in Hong Kong and notify the Commission of any material changes to the plans/programmes;
5. Notify the Commission of any incident of material service breakdown or disruption of its operation that affects users in Hong Kong;

6. Provide the Commission with bi-annual statistics (including a nil return if there is no trading in the relevant period) of monthly volume of trades conducted on the markets TEL operates resulting from orders made in Hong Kong and the aggregate monthly volume of trades conducted on the markets TEL operates, within two weeks after the end of June and December;
7. Notify the Commission if there are any changes in the regulatory requirements imposed on TEL's operation in the United Kingdom by the Financial Services Authority, in particular changes in the capital adequacy requirements;
8. Notify the Commission if there are any changes in TEL's business plans/operations. Depending on the business activity, the Commission may impose additional requirements as necessary;
9. Upon prior written notice from the Commission –
 - 9.1. provide the Commission with information; or
 - 9.2. grant access to the Commission or its authorized staff or agents and facilitate and provide reasonable assistance to enable inspection by such authorized staff or agents of any of TEL's books, records or operationsrelating to transactions authorized by the Commission under section 95(2) of the SFO to be traded through TEL's system 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 users in Hong Kong of the TEL system;
10. Provide information on any material complaints related to TEL's operations, against TEL or any of its officers or agents, as defendants in any civil or criminal proceeding, or in any administrative or disciplinary proceeding by any governmental agency or self-regulatory organization and a copy of any decision, order or sanction made with respect to any such proceedings to the Commission;
11. Provide annual audited financial statements of TEL to the Commission within four months from the financial year end date; and
12. Ensure that the TEL system is only provided to/used by "professional investors" in Hong Kong (including those defined in items (a) to (i) (excluding item (j)) in Schedule 1 of the SFO) unless otherwise approved by the Commission, and not to the public 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, you will be given a reasonable opportunity to be heard before a decision is made.