



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 London Stock Exchange plc (**LSE plc**) to provide automated trading services (**ATS**) in Hong Kong via the Millennium Exchange (**MiT**) trading system subject to the following conditions—

1. LSE plc may only provide ATS in Hong Kong to those of its members 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 members unless LSE plc has first proactively notified the Commission of its intention to admit them.
2. LSE plc must not provide ATS in Hong Kong in respect of products for which there is no provision of central counterparty service (i.e. products identified by LSE plc to its members as “NON CCP” or “NCCP”).
3. With a view to limiting the ability of LSE plc’s members in Hong Kong (**Hong Kong members**) to use the MiT trading system to conduct trades in breach of Part IV of the SFO, LSE plc must put in place such controls and safeguards as the Commission may from time to time agree in writing, taking into account the particular system design and structure of the MiT trading system, and how products may be offered and traded via that system.
4. For the purposes of any inquiry or investigation by the Commission into the conduct of any of LSE plc’s Hong Kong members, LSE plc must provide the Commission with information relating to trades conducted by that member via the MiT trading system. Such information disclosure can 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 regulatory authorities of Hong Kong and the United Kingdom are signatories; as well as (ii) the Memorandum of Understanding between the Treasury and Securities and



Investments Board (now the Financial Conduct Authority) and the Commission for the exchange of information and investigatory assistance, signed on 28 October 1992.

5. LSE plc must notify the Commission of any material change to the matters set out in paragraphs 52 and 62 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. LSE plc'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 MiT trading system (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 LSE plc's Hong Kong members; and

- 5.4. criteria for admitting persons as Hong Kong members of LSE plc, or for revoking such membership.

6. LSE plc must put in place appropriate business continuity plans and disaster recovery programmes for LSE plc's operation in Hong Kong and notify the Commission of any material change to the plans or programmes.

7. LSE plc must provide the Commission with the following **monthly** statistics:

- 7.1. the volume of trades conducted during that month through the MiT trading system, by each of LSE plc's Hong Kong members, with a breakdown in respect of each product or product class (as agreed by the Commission in writing) traded by that member through the MiT trading system; and



- 7.2. the aggregate volume of trades, in respect of each product or product class (as agreed by the Commission in writing), conducted during that month through the MiT trading system.

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 month.

8. LSE plc must provide **monthly** reports of the identity and location of its members 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.
9. LSE plc 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: 12 JUNE 2015