



## 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 Eurex Clearing AG (Eurex Clearing) to provide automated trading services (ATS) in Hong Kong via the **Eurex Clearing C7 System** for the purposes of facilitating the conduct of clearing and settlement of trades executed on Eurex Deutschland and Frankfurt Stock Exchange. The authorization is subject to annual renewal thereafter and the following conditions-

1. Eurex Clearing may only provide ATS in Hong Kong in respect of trades executed on or which are subject to the rules of Eurex Deutschland and Frankfurt Stock Exchange.
2. Eurex Clearing may only provide ATS in Hong Kong to those of its clearing members that are corporations licensed by the Commission under Part V of the SFO. Additionally, such corporations must not be admitted as clearing members unless Eurex Clearing has first proactively notified the Commission of its intention to admit them.
3. For the purposes of any inquiry or investigation by the Commission into the conduct of any Eurex Clearing's Hong Kong clearing members, Eurex Clearing must provide the Commission with information relating to transactions cleared by that member via the Eurex Clearing C7 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 Germany are signatories; and (ii) the Memorandum of Understanding between the Federal Financial Supervisory Authority (BaFin) and the Commission for the exchange of information and investigatory assistance between the authorities regarding the supervision and oversight of the central counterparties, signed in December 2020.
4. Eurex Clearing must notify the Commission of any material changes to the matters set out in paragraph 55 of the Guidelines for the Regulation of ATS (dated 1 September 2016) issued by the Commission, and particularly to the matters specified below, prior to the changes taking effect –
  - 4.1. Eurex Clearing's company structure, any substantial shareholders and, where a substantial shareholder is a corporation, the directors and substantial shareholders of that corporation;
  - 4.2. the Eurex Clearing C7 system (including changes in hardware, software, and other technology);
  - 4.3. contractual documentation, if these result, or may result, in direct or indirect changes to the contractual responsibilities of Eurex Clearing's Hong Kong clearing members;
  - 4.4. criteria for admitting persons as Hong Kong clearing members of Eurex Clearing, or for revoking such membership;



- 4.5. markets and products that may be cleared via the Eurex Clearing C7 system by Eurex Clearing's Hong Kong clearing members;
- 4.6. the clearing and settlement services made available by Eurex Clearing to its Hong Kong clearing members; and
- 4.7. clearing risk management framework, policies and procedures that have implications to Eurex Clearing's Hong Kong clearing members.

Any notification of change pursuant to this Condition must be given prior to the change taking effect or (if it is not reasonably practicable to give prior notification) as soon as practicable after the change takes effect.

5. Eurex Clearing must put in place appropriate business continuity plans and disaster recovery programs for Eurex Clearing's activities in Hong Kong subject to this ATS authorization and notify the Commission of any material changes to the plans or programs;
6. Eurex Clearing must provide the Commission with the following **monthly** statistics on a **quarterly basis**:
  - 6.1. the total volume of all trades (in number of contracts) cleared and settled during that month directly through the Eurex Clearing C7 system, by each of Eurex Clearing's Hong Kong clearing members, with a breakdown in respect of each product or product class (as agreed by the Commission in writing) cleared by that member via the Eurex Clearing C7 system;
  - 6.2. the open interest at month end, with a breakdown in respect of each product or product class (as agreed by the Commission in writing), of each Eurex Clearing's Hong Kong clearing member; and
  - 6.3. the margin and collateral balances, and the default fund contribution at month end of each Eurex Clearing's Hong Kong clearing member.

The above 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 cleared and settled in the relevant reporting period.

7. Eurex Clearing must provide **monthly** reports of the identity and location of its clearing 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.
8. Eurex Clearing 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: 7 September 2022