



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 MarketAxess Europe Limited (**MEL**) to provide automated trading services (**ATS**) in Hong Kong via the MarketAxess system, Bond Connect¹ and CIBM Direct (collectively, **Services**). The authorization is subject to the following conditions:-

1. MEL may only provide ATS in Hong Kong to its participants who are:-
 - 1.1. persons falling under paragraphs (a) to (i) of the definition of “professional investor” in section 1 of Part 1 of Schedule 1 to the SFO; or
 - 1.2. persons within the meaning of sections 3(a) and (c) respectively of the Securities and Futures (Professional Investor) Rules.

Additionally each such participant in Hong Kong (**Hong Kong Participant**) must not be admitted as a participant unless MEL has first proactively notified the Commission of its intention to admit such participant.

2. MEL must inform the Commission of any material change to the matters set out in paragraphs 55 of the Guidelines for the Regulation of ATS issued by the Commission, and particularly to the matters specified below -
 - 2.1. MEL’s company structure, any substantial shareholders, and where a substantial shareholder is a corporation, the directors and substantial shareholders of that corporation;
 - 2.2. the Services (including changes in hardware, software, and other technology);
 - 2.3. contractual documentation, if these result, or may result, in direct or indirect changes to the contractual obligations of MEL’s Hong Kong Participants;
 - 2.4. criteria for admitting persons as Hong Kong Participants of MEL, or for revoking such participantship;
 - 2.5. bond types that may be traded via the Services by MEL’s Hong Kong Participants;
 - 2.6. regulatory requirements imposed on MEL’s operation by the Financial Conduct Authority, in particular changes in the capital adequacy requirements; and
 - 2.7. the arrangements in the facilitation of trading of bonds under the Services.

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.

3. MEL must inform the Commission any incident of material service breakdown or disruption of the Services operations that affect Hong Kong Participants.
4. MEL must put in place appropriate business continuity plans and disaster recovery programs for MEL’s provision of ATS in Hong Kong via the Services, and notify the Commission of any material change to the plans or programs.

¹ Bond Connect is a mutual market access programme between Hong Kong and Mainland China for bonds trading under which investors in each jurisdiction can trade bonds in the other’s market via a connection between their respective financial infrastructure institutions.

5. For the purposes of any inquiry or investigation by the Commission into the conduct of any MEL's Hong Kong Participants, MEL must provide the Commission with information relating to trades conducted by that participant via the Services. 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; and (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.
6. MEL must provide the Commission with information of any material complaints by Hong Kong Participants related to the operations of the Services, against MEL 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.
7. MEL must provide the Commission with the following **monthly** statistics on a quarterly basis:-
In respect of trading via the Services:-
 - 7.1. The total volume of all trades (in terms of their aggregate notional amount) conducted during that calendar month via the Services, with a breakdown in respect of each bond or bond type (as agreed by the Commission in writing); and
 - 7.2. The total volume of all trades (in terms of their aggregate notional amount) conducted during that calendar month via the Services by each MEL's Hong Kong Participant, with a breakdown in respect of each bond or bond type (as agreed by the Commission in writing).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. MEL 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. MEL 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: 5 November 2021
