



## NOTICE OF AUTHORIZATION TO PROVIDE AUTOMATED TRADING SERVICES

### ISSUED TO SHANGHAI CLEARING HOUSE

〈銀行間市場清算所股份有限公司〉

### UNDER SECTION 95 OF THE SECURITIES AND FUTURES ORDINANCE

#### AUTHORIZATION

1. Pursuant to section 95(2) of the Securities and Futures Ordinance (Cap. 571) (SFO), the Securities and Futures Commission (SFC) hereby grants authorization to Shanghai Clearing House (SHCH) to provide automated trading services (ATS) in Hong Kong via the SHCH Clearing System (上海清算所清算系統) for the purposes of providing clearing and settlement services for clearing members admitted in Hong Kong under the CIBM Direct (CIBM直投模式). The authorization is subject to the following conditions:

#### CONDITIONS

##### *General*

2. In the provision of ATS, SHCH is required to conduct its business, operations, and affairs in a manner that is honest, fair and consistent with the principles, procedures, and standards outlined in the SFC's Guidelines on the Regulation of Automated Trading Services.

##### *Operations*

3. SHCH shall exclusively provide ATS for the purpose of providing clearing and settlement services to Hong Kong Clearing Members concerning specific product transactions executed on the China Foreign Exchange Trade System (National Interbank Funding Center) (CFETS) through the CIBM Direct (CIBM直投模式).
4. SHCH may only provide ATS in Hong Kong to those clearing members that: (i) are corporations licensed or registered by the SFC under Part V of the SFO; (ii) are authorized institutions under the Banking Ordinance (Cap 155); or (iii) have received prior written consent from the SFC (**Hong Kong Clearing Member**). Furthermore, unless explicitly agreed upon in writing by the SFC, no corporation may be admitted as a Hong Kong Clearing Member without SHCH first notifying the SFC of its intention to admit them.
5. In the event of any inquiry or investigation conducted by the SFC regarding the conduct of any Hong Kong Clearing Member associated with SHCH, the latter is obligated to provide the SFC with relevant information pertaining to transactions cleared by that Hong Kong Clearing Member under the CIBM Direct (CIBM直投模式). Such information disclosure may be facilitated by the Memorandum of Understanding established between the People's Bank of China, the SFC, and the Hong Kong Monetary Authority.



### *Reporting and Disclosure Requirements*

6. SHCH must promptly notify the SFC upon becoming aware of the following:
  - (1) any material changes to the information submitted in connection with its ATS application,
  - (2) any failures or defects that arise in relation to the provision of clearing and settlement services or facilities to Hong Kong Clearing Members under CIBM Direct, along with the remedial actions taken, and
  - (3) any breach, or potential breach, of any conditions associated with SHCH's authorization to provide ATS.
7. SHCH must submit monthly reports to the SFC concerning its business operations and any clearing and settlement services rendered to Hong Kong Clearing Members in Hong Kong under CIBM Direct. These reports should be provided within two weeks following the conclusion of the relevant month and must include any information that the SFC may specify from time to time. A nil return is mandatory if no trades were cleared and settled during the reporting period.
8. SHCH must disclose to the SFC, within the specified timeframe and manner, any information and documents pertaining to its business operations or to any clearing and settlement services provided to Hong Kong Clearing Members in Hong Kong, as reasonably requested by the SFC at any time.

### *Service*

9. Any notice or document issued or served by the SFC to SHCH in connection with this authorization shall be deemed duly served in any of the following manners:
  - (1) delivered by hand to, or sent by post to, SHCH's last known address as communicated to the SFC in writing, or
  - (2) sent via electronic mail transmission to its last known electronic mail address as communicated to the SFC in writing.

SECURITIES AND FUTURES COMMISSION  
DATED: 3 March 2025