MEMORANDUM OF UNDERSTANDING

BETWEEN THE

SECURITIES AND FUTURES COMMISSION

AND THE

FINANCIAL CONDUCT AUTHORITY

1 INTRODUCTION

The Securities and Futures Commission of Hong Kong ("**SFC**") and the

[redacted]

United Kingdom Financial Conduct Authority ("**FCA**") have reached this Memorandum of Understanding ("**MOU**") to express their willingness to

[redacted]

"**Integrated Areas**" mean those areas of operations, functions and activities that are shared or integrated across HKEx and LME set out in paragraph 6(a)(i).

"**Laws and Requirements**" means any law, regulation or requirement applicable in Hong Kong and/or in the United Kingdom and where the context permits includes:

(a) relevant European legislation that has not yet been transposed into UK domestic law; and

(b) any rule, direction, requirement, guidance or policy made or given by or to be taken into account by an Authority

"**Local Market**" means the market operating under the to its knowledge in the course of the performance of any of its functions, to a [redacted] of the SFC and that is subject to adequate secrecy provisions, if the SFC is of the opinion that it is desirable or expedient to do so in the interest of the investing public or in the public interest or the disclosure will enable or assist the recipient of the information to perform its functions and it is not contrary to the interest of the investing public or to the public interest to disclose such information.

(b) Financial Conduct Authority

[redacted]

SFO. As a recognized exchange controller, it has a duty under section 63(1) of the SFO to ensure that risks associated with its [redacted] section 63(2) of the SFO, in discharging this statutory duty, it has to act in the interest of the public, having particular regard to the interest of the investing public; and ensure that the interest of the public prevails where this conflicts with its own interest.

(ii) On 29 November 2012, the United Kingdom Financial Services Authority gave notice under section 301G(3) of the FSMA of its approval of HKEx's acquisition of control over LME. The acquisition of LME was completed on 6 December 2012. Upon [redacted]

5. **GENERAL PRINCIPLES**

(a) This MOU sets forth a statement of the intent of the Authorities to establish a framework for cooperation, including the effective exchange of information between them, in relation to the supervision of HKEx and LME, and for consultation about the regulatory implications arising from the integration and operations of HKEx and LME, including the potential impact of activities carried out by one entity on the other, in a manner consistent with, and permitted by, the respective Laws and Requirements that govern the Authorities. The Authorities contemplate that cooperation will be primarily achieved through [redacted] depth information sharing where appropriate. The provisions of this MOU are intended to support such informal and oral communication as well as to facilitate the written exchange of non-public information where necessary.

(i) The IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information, to which the Authorities are signatories;

(ii) The Memorandum of Understanding signed on 28th October 1992 between The Treasury and Securities & Investments Board of the United Kingdom and the SFC; and

(iii) Any arrangements under other Memoranda applicable to the Authorities.

(d) The Authorities will, within the framework of this MOU, provide each other with the fullest cooperation permissible under the law. However, following consultation, cooperation may be denied:

(i) Where the cooperation would require an Authority to act in a manner that would violate the law in its jurisdiction;

(ii) Where a request for assistance is not made in accordance with the terms of this MOU;

(iii) Where the provision of assistance would be so burdensome as to disrupt the proper performance of the Requested Authority's functions;

[redacted]

(e) In fulfilling the terms of the MOU, the Authorities:

[redacted]

6. **SCOPE OF SUPERVISORY COOPERATION**

(a) Regular Meetings

[redacted]

The Authorities recognize the importance of close communication concerning HKEx and LME, and endeavour to discuss at staff level at a minimum every six months regarding:

(i) Regulatory implications arising from the sharing and/or integration of the operations, functions and activities of HKEx

[redacted]

(b) Information Sharing

The Authorities intend to provide one another, without prior request, where practicable in advance or as soon as possible after it occurs, with any information considered likely to be of assistance to the other [redacted] development in one or more of the Integrated Areas generates or is likely to generate significant:

(i) Effects on the operations, functions or activities of the entity in the other jurisdiction;

[redacted]

jurisdiction;

(iii) Changes in the financial condition of the entity in the other [redacted]

7. CROSS-BORDER ON-SITE VISITS

(a) The Authorities intend to facilitate access to HKEx and LME where necessary to support the supervisory activities of the other Authority with regard to the Local Market, such as meetings with HKEx and [redacted]

(b) The Authorities should discuss and reach understanding on the terms regarding Cross-Border On-Site Visits, taking into full account each other's jurisdiction, legal framework and statutory obligations in particular in determining the respective roles and responsibilities of the Authorities.

(c) Generally, the Authorities will act in accordance with the following [redacted]

8. **REQUESTS FOR ASSISTANCE**

(a) A request for assistance pursuant to paragraph 6(e) above should be made in writing, and addressed to the Requested Authority's relevant contact person identified in Appendix A. A request for assistance may be sent by electronic mail in order to expedite its delivery.

(b) The Requesting Authority will specify the following in a request for assistance:

(i) The information sought;

(ii) The supervisory purpose for which the information is sought; and

(iii) The desired timing for receipt of the information.

(c) In urgent situations, requests for information may be made orally provided such communication is confirmed in writing in the manner prescribed by subparagraph (b) as promptly as possible following such request.

9 **EXECUTION OF REQUESTS FOR ASSISTANCE**

(a) Each request made under paragraph 8 above will be assessed by the Requested Authority to determine whether information can be provided under the terms of this MOU. In any case where the request cannot be accepted completely, the Requested Authority will consider whether part of the information or assistance requested may be provided or whether there may be any other relevant assistance or information [redacted] which might be provided.

10. CONFIDENTIALITY AND USE OF INFORMATION

(a) Any information provided under this MOU should be used by the recipient only for the purposes of performing its regulatory functions and should not be disclosed to any third party without the prior consent of the Authority that provided the information (the "**Providing** [redacted] safeguards as are necessary and appropriate to protect the confidentiality of such information.

(b) Except for disclosures in accordance with this MOU, each Authority intends to keep confidential to the extent required by law information shared under this MOU, requests made under this MOU, the contents of such requests, and any other matters arising from this MOU.

will maintain the confidentiality of the information and will not share the information with any other party without the prior consent of the Providing Authority.

(d) If either Authority becomes aware that information provided under this MOU may be subject to a legally enforceable demand for disclosure, it will, to the extent permitted by law, inform the other Authority of the situation. The Authorities will then discuss and determine the appropriate course of action.

11. DISCLOSURE TO OTHER DOMESTIC AUTHORITIES

[redacted]

(iii) The relevant Onward UK Receiving Authority undertakes to use the information only for the purposes of performing its regulatory functions and not to further disclose the information to any third party without the prior consent of the SFC.

(b) Notwithstanding paragraph 10 of this MoU, the SFC, as a Requesting Authority receiving information from the FCA as the Requested Authority, may share any such information that is non-public with the Hong Kong Monetary Authority ("**HKMA**") where this is necessary in order for the SFC or the HKMA to perform its regulatory functions, provided that:

(i) The SFC notifies the FCA about what non-public information it intends to share each time this occurs;

(ii) The HKMA is required to maintain a level of confidentiality in respect of the non-public information that is at least equivalent to that which the SFC is subject to (including, where relevant, restrictions or conditions imposed on it by the Requested Authority); and

(iii) The HKMA undertakes to use the information only for the purposes of performing its regulatory functions and not to further disclose the information to any third party without the prior consent of the FCA.

12. TERMINATION

(a) Subject to subparagraph (b), cooperation in accordance with this MOU will continue until the expiration of 30 days after either Authority gives written notice to the other Authority of its intention to discontinue the cooperation.

(b) A notice of termination given under subparagraph (a) does not affect the execution of any request for assistance that was made under this MOU before such notice was given

(c) In the event of termination of this MOU, information obtained under this MOU will continue to be treated in the manner as prescribed by paragraph 10 above.

13. ENTRY INTO EFFECT

This MOU will become effective on the date by which it has been signed by both the SEC and the FCA.

Dated 25th day of February 2014.

APPENDIX A

LIST OF CONTACT PERSONS

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