

HKMEX surrenders its ATS authorization

18 May 2013

Hong Kong Mercantile Exchange Limited (HKMEX) has notified the Securities and Futures Commission (SFC) that it has decided to surrender its authorization to provide automated trading services (ATS) after it considered that the trading revenues have not been sufficient to support its operating expenses (Note 1).

An authorized ATS provider must have financial resources sufficient for the proper performance of its functions and obligations. In the circumstances, the SFC has issued a formal notice of withdrawal of HKMEX's ATS authorization (Note 2).

The withdrawal takes immediate effect and prohibits HKMEX from continuing to provide ATS.

According to HKMEX's market exit plan, positions remaining open as at the close of trading on 16 May 2013 will be financially settled at the settlement price determined by HKMEX and its designated clearinghouse. To ensure that this proceeds in an orderly manner, HKMEX is required to contact its members as soon as practicable.

The SFC will maintain close contact with HKMEX to ensure that the final settlement process is conducted in an orderly manner.

End

Notes:

1. On 26 April 2011, pursuant to section 95(2) of the Securities and Futures Ordinance (SFO), the SFC authorized HKMEX to provide ATS for the purposes of operating a commodities futures market in Hong Kong.
2. The formal notice of withdrawal was issued pursuant to section 98(1) of the SFO.

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