

**MEMORANDUM
OF
UNDERSTANDING**

[REDACTED]

OF THE [REDACTED]

Recitals

- A. The Hong Kong Securities and Futures Commission (SFC) was established by section 3 of the repealed Securities and Futures Commission Ordinance and continues in existence under section 3 of the Securities and Futures Ordinance (SFO)). The SFC's regulatory objectives set out in section 4 of the SFO include maintaining and promoting the fairness, efficiency, competitiveness, transparency and orderliness of the securities and futures industry and reducing systemic risks in the securities and futures industry. In furtherance of its regulatory objectives, section 5 of the SFO sets out the functions of the SFC which include to supervise, monitor and regulate the

activities carried on by recognized exchange controllers, recognized exchange companies and recognized clearing houses, and the activities carried on by institutions

F The SFC and Bank of England have a particular interest in co-operation as regards financial-market infrastructure supervision and, specifically, UKFPM and EMF CI

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[REDACTED]

[REDACTED]

[REDACTED]

The Bank and the SFC acknowledge that a Cross-Border Regulated Entity which is principally regulated by one Authority may offer its services in, or be materially important to, the other jurisdiction. The SFC and the Bank express their willingness to cooperate with each other to facilitate the discharge of their respective regulatory responsibilities in the supervision and oversight of such Cross Border Regulated Entities. The SFC and the Bank believe such cooperation will also enable them to

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

xii. “*ESMA*” means the European Securities and Markets Authority.

authorities using the power afforded to ESMA (Article 16 ESMA Regulation 1095/2010) to which the competent authority must report to ESMA whether they comply or explain their non-compliance.

Authorities will make clear in requests for assistance which MoU the request is made under.

Requests for Assistance

[REDACTED]

provide assistance to the other, in a manner consistent with, and permitted by Applicable Laws and Requirements and its overall policy.

- 6 Requests for the provision of information or other assistance will be made in writing to the nominated contact points in Appendix 2 (including by email). In an Emergency Situation, requests for information may be made in any form, including orally, provided that such communication is confirmed in writing as promptly as possible following such notification.
- 7 To facilitate assistance, the Requesting Authority should specify in each request the information or other assistance requested, the purpose for which the information or assistance is sought and the desired time for receipt of the information or assistance. The Requested Authority may request further clarification prior to responding to the request.

- (a) pending regulatory changes that may have a significant impact on the operations, functions, activities or reputation of a Covered Person;
- (b) significant proposed changes to the ownership, risk management or service offerings of a Covered Person, whichever is applicable;
- (c) enforcement or regulatory actions or sanctions, including the revocation, suspension or modification of relevant authorization, designation, recognition, qualification or registration or exemption therefrom (as appropriate), concerning or related to a Covered Person;
- (d) Material changes in the Authorities' respective professional secrecy legislation; and
- (e) ~~Material regulatory changes relating to resolution measures that may have a~~

significant impact on the operations, functions or activities of a Covered Person.

1.1. ~~The determination of what constitutes "significant impact" "significant proposed~~

- (d) the Authority seeking to conduct an On-Site Visit will share the findings of the on-site examination in a timely manner with the Local Authority.

- 16 The Authorities intend to meet periodically and at least annually to update each other on their respective functions, regulatory supervision and oversight programmes and to discuss issues of common interest relating to the supervision and oversight of Covered Persons including: contingency planning and crisis management, the adequacy of existing co-operative arrangements, any systemic risk concerns, and the possible improvement of cooperation and coordination between the Authorities. Such meetings may be conducted by conference call or on a face-to-face basis, as judged appropriate by the Authorities.

Enforcement

17. The Authorities agree to provide each other with the fullest enforcement assistance. The Authorities recognise that there may be circumstances where they should coordinate their enforcement efforts and resources to effectively protect the integrity of the market, promote high standards of regulatory behaviour and deter future

misconduct.

18. Appendix 3 sets out in detail the procedures for handling requests concerning enforcement-related matters. For the avoidance of doubt, paragraphs 23 to 26 do not apply to information obtained pursuant to enforcement-related requests which cannot

information.

23. Notwithstanding paragraph 22, the Receiving Authority may share non-public information without the prior consent of the Providing Authority, with an Onward Receiving Authority where this is necessary for the Receiving Authority or the Onward Receiving Authority to perform its regulatory functions, provided that:

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Providing Authority about what non-public information it has shared as soon as possible after the event;

- (ii) The relevant Onward Receiving Authority is required to maintain a level of confidentiality in respect of the non-public information that is at least equivalent to that which the Receiving Authority is subject to (including, where relevant, restrictions or conditions imposed on it by the Providing Authority); and
 - (iii) The relevant Onward 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 Providing Authority.
24. The Onward Receiving Authorities listed in Appendix 1 may be updated by agreement of both parties.
25. Articles 83 and 84 of EMIR imposes an obligation of professional secrecy on the

[REDACTED]

Appendix 2 and each Authority may amend its list by written notice to the other

Commencement

- 29 This MoU will take effect when both Authorities have signed this document. It may be amended by agreement in writing.

Publication and review of MoU

30. The parties agree to this MoU being made publicly available.

31. The Authorities will keep the operation of this MoU under review and will consult

Onward Receiving Authorities for Information Sharing

[illegible]

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 217. **Figure 209**

largest contributions to the default fund of the CCP referred to in Article 42 on

Appendix 2

Contact Points

Bank of England

Yannick Cox
Head of Division – Supervision
Financial Market Infrastructure Directorate
Bank of England
20 Moorgate
London EC2R 6DA

The Securities and Futures Commission

Rico Leung
Senior Director, Supervision of Markets Division
Securities and Futures Commission
35/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

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1 If a request for assistance as described in this MoU relates to actual or possible enforcement action, the following details will be contained in the request:

- (a) a description of the conduct or suspected conduct which gives rise to the request;
- (b) details of the applicable law, regulation or requirement to the administration of which the request is relevant;
- (c) the link between the specified rule or law and the regulatory functions of the requesting Authority;
- (d) the relevance of the requested assistance to the specified rule or law; and
- (e) whether it is desired that, to the extent permitted by the laws applying to the

- whether the request would lead to the prosecution of, or the taking of disciplinary or other enforcement action against, a person who in the opinion of the Requested Authority has already been appropriately dealt with in relation to the alleged breach, in respect of the subject matter of the request, unless the Requesting Authority can demonstrate that the relief or sanctions sought in any proceedings initiated by the Requesting Authority would not be of the same nature or duplicative of any relief or sanctions obtained in the jurisdiction of the Requested Authority.

Requests to Sit in

- 3 If, following a request from the Requesting Authority, the Requested Authority conducts an interview of any person, the Requested Authority may permit a representative of the Requesting Authority to attend such an interview and to ask questions subject to the Applicable Laws and Requirements of the Requested Authority. Requests for such assistance should conform to any published guidance for the making of such requests issued by the Requested Authority.

Joint Investigations

- 4 The Authorities acknowledge that, subject to secrecy and confidentiality issues, an investigation, where it concerns suspected breaches of the law of both jurisdictions, may be conducted more effectively by the establishment of a joint investigation involving members from both Authorities.

The Authority, upon notification the Joint Investigation will advise the other Authorities of the

[illegible]

background to the request for a joint investigation, and will liaise with the other Authority to determine the likely objectives of the joint investigation, the expected resources required and the approximate duration of the proposed joint investigation. Each Authority will advise the other as soon as possible as to whether it will agree to