



**COMPLIANCE NOTICE**  
**# 2011 – 3**  
**5 May 2011**

**Re: Disclosure Requirements to Clients and Written Authorization**

This notice serves to remind HKMEX Members to make necessary disclosures and, where applicable, obtain written authorizations under HKMEX Rules 5.1.1 (d) and (e).

**GENERAL DISCLOSURE**

Pursuant to HKMEX Rule 5.1.1 (d), Broking Members are required to disclose to their Clients that:

- HKMEX is an Automated Trading Services Provider;
- LCH.Clearnet is the HKMEX designated Clearing House;
- The Compensation Fund currently does not apply to HKMEX markets; and
- Client assets held outside Hong Kong may not be afforded the same protections conferred under the SFO.

**NON-SEGREGATED ACCOUNTS**

HKMEX Rule 5.1.1(e) requires that if a Broking Member maintains a non-segregated account for a Client, the Member is required to disclose in writing the risks associated with a non-segregated account, in particular, that client assets and money are not held separately and may be comingled with the assets and money of the Clearing Member. In addition, a written authorization to maintain a non-segregated account is required from the Client.

Broking Members should put in place appropriate arrangements to ensure the information set forth above is disclosed to their Clients and, where applicable, obtain the necessary written authorization from the Client to maintain a non-segregated account.

Should you have any questions pertaining to this notice, please contact the Compliance Department at 3900 9733 or via email at [compliance@hkmerc.com](mailto:compliance@hkmerc.com).