

SECTION 2: QUESTIONS FOR RESPONSE

Please indicate your views by providing comments as appropriate. Where there is insufficient space, please use additional sheets of paper as necessary.

HKEx's Proposal:

- HKEx is proposing an after-hours trading session for the futures market (T+1 Session). The opening time of the T+1 Session will be 30 minutes after the close of the regular trading session (T Session), i.e. 4:45 p.m. for Hang Seng Index futures and H-shares Index futures and 5:30 p.m. for gold futures. The T+1 Session will end at 11:15 p.m.
- All trades transacted in the T+1 Session will be registered as T+1 Trades and will be cleared and settled on the following trading day.
- At the initial stage, Hang Seng Index futures, H-shares Index futures and gold futures will be traded in the T+1 Session. Other derivatives products might be considered at a later stage.
- HKEx will manage the risk of after hours trading through appropriate regular, ad-hoc and/or real time monitoring during the T+1 Session and via a new mandatory variation adjustment and margin call following the market open of each T Session and payable by 11:00 a.m.

Questions

1. Do you agree with the proposal to introduce after-hours futures trading?

Yes, please state your views: _____

It is the global trend _____

No, please specify your concerns and impact to you or to the market:

2. Do you have any comments or concerns on:

a) the proposed trading arrangements?

The session should be for HIS, HHI and gold Futures only. No options, rolls or block crossing. This is because night desk cover a broad range of F&O across global indices. Fixed income and commodities should keep it simple.

b) the proposed clearing arrangements?

c) the proposed risk management arrangements?

d) the use of the Calculated Opening Price as the basis for the proposed mandatory variation adjustment and margin call?

3. Are there any other issues regarding the Proposal that HKEx should consider?

After hours trading desk coverage usually not in HK. Remote access is allowed and there will be new trading policy on after market?

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Questions

1. Do you agree with the proposal to introduce after-hours futures trading?

Yes, please state your views: __ Would expect limited benefit, we could offer some RBS product for longer trading in OTC / MarketDirect but so far little demand. Overall its a nice to have, sure LDN would participate in hedging but do not see a major PL driver here.

No, please specify your concerns and impact to you or to the market:

2. Do you have any comments or concerns on:

a) the proposed trading arrangements?

b) the proposed clearing arrangements?

We'd need a process in place to manage any intra-day calls triggered during the night session but that would be manageable.

c) the proposed risk management arrangements?

On the consultation pdf, point 34 may be an issue for us. Currently the risk management system used by the trading desk is dependent on the end of day file from R&N to calculate the positions available for trading the next day. Hence we may need to request for higher trading limits for HKFE in order to cater to this.

d) the use of the Calculated Opening Price as the basis for the proposed mandatory variation adjustment and margin call?

3. Are there any other issues regarding the Proposal that HKEx should consider?

Em
Tel