

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: We support the proposal of HKEx to introduce after-hours futures trading which will allow Hong Kong Investors to hedge or adjust their positions in HKEx's futures market outside of regular trading hours in reaction to any financial news or events occurred during European or US time zones.

- 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?

No comments.

b) the proposed clearing arrangements?

The post trade activities during 11:15pm to 11:45pm should offer position management functions (e.g. position net down) to clearing participants ("CPs") so that the CPs can be more flexible in resources deployment and provides more time for CPs to net down its position.

c) the proposed risk management arrangements?

No comments.

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

We recommend to apply the official closing price at T+1 session for calculation of the mandatory variation adjustment and margin call for T+1 session instead of applying the Calculated Opening Price as variation adjustment margin call can be triggered at anytime during next regular trading section. Depending on when the HKEx will provide the span margin parameters to the CPs, CPs may find difficulties in calculating and collecting the margin call amount applicable to their clients before 11:00am (time when HKEx collects the margin call amount from the CPs) as time is needed for the CPs' systems to calculate the call amount for each of their clients.

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

No.
