

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: ① positively promote HK's status as the intl finance centre. ② Enhance channels for investors to hedge their positions, motivate investors' participation to HK market. ③ More biz opportunity for local brokers.

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 further comment.

b) the proposed clearing arrangements?

Intra-day margin call should not be imposed during after-hours futures. Next open session to call ~~is~~ will be fine.

c) the proposed risk management arrangements?

Need extra house margin on ~~holders~~ held in clearing house?

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

To determine the price of VA & margin call is critical.

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

Will there be any give-up plan if the trading is thin during the first 3 months of after-hours futures trading?