

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:

For the reasons that follow, [REDACTED] is strongly in favour of the proposal to introduce after-hours futures trading.

Benefits to HKEx participants including [REDACTED]

Like many participants, [REDACTED] is part of a global trading firm that trades on all major exchanges across the world, 24 hours each day. After-hours futures trading will benefit firms such as [REDACTED]

Primarily, after-hours futures trading will provide further opportunity for [REDACTED] to hedge or adjust positions to minimize the risk arising from any large fluctuation in other markets. This is an opportunity that is increasingly valuable as international market become increasingly inter-connected.

In addition, for the reasons below, after-hours futures trading will benefit the Hong Kong market. This will in turn benefit all participants on the Hong Kong market through greater certainty and market liquidity.

Benefit to Hong Kong market and other markets

In [REDACTED] view, after-hours futures trading will benefit the Hong Kong market in a number of ways.

First, by allowing firms such as [redacted] to better manage market risk in the manner described above, after-hours futures trading will allow liquidity providers such as [redacted] to provide tighter Bid-Ask spreads in displayed quotes.

Secondly, by allowing Hong Kong markets to respond to European or American markets, instead of waiting for large corrections on market open, overnight volatility in the futures will be reduced. This will further lead to more confident investing in the market for underlying securities as investors will have a greater capacity to hedge positions in response to those overnight movements in foreign markets.

Thirdly, just as after-hours futures trading will help mitigate market volatility in Hong Kong, it can also be expected to help mitigate market volatility in other global markets.

Fourthly, after-hours futures trading will help maintain the position of the HKEx in the face of increasing competition from new trading venues in Asia Pacific, a number of which offer extended trading hours.

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.

b) the proposed clearing arrangements?

No.

c) the proposed risk management arrangements?

No.

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

No.

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

No.