

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: _____

*Depending on client demand
so may not join in until
there is client demand seen.*

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?

Yes refer attachment

b) the proposed clearing arrangements?

N/A

c) the proposed risk management arrangements?

Existing

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

N/A

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

The HKEX should consult the public besides the financial industries on the demand for such extended hours. Banks should also be tapped to watch the markets responses if necessary.

Subject:

FW: HKEx Circular - Consultation Paper on After-Hours Futures Trading

- 1) As we already have night dealer and staff that caters to end of day processing at 6 am, we again suggest that the HKFE T+1 trades conducted between 4.45 pm to 11.15 pm be included into the same T day for efficient processing.
- 2) So the market for the day closes at 11.15 pm and not at 4.15 pm thus prolonging the HKFE trade hours to match the morning sessions of the European markets.
- 3) Bank facilities would be available only till 5 pm and can be considered as 2nd session margin requirements while any further margining requirements at 11.15 pm would be met by next trading day by 5 pm.