

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: _____

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

i. Addition manpower costs (i.e. front and back office) to be incurred for T+1 Session

2. Not many Retail and Institutional investors ^(Investors) will trade in HSI futures, H-shares I futures and gold futures ^{during T+1 session}. Investors preferred other global future indexes as the ~~global~~ equities market open ~~skinner~~ at almost the same time as futures market (i.e. allow hedging activities in the same market).

2. Do you have any comments or concerns on:

a) the proposed trading arrangements?

"Disaster Recovery Plan" or
No arrangement or discussion in relation to "Business Continuity
Plans" during T+1 session if either participant or Exchange
systems break-down.

b) the proposed clearing arrangements?

Additional funds required for additional trading hours (ie. pressure
smaller
on participant liquidity and FRR).

c) the proposed risk management arrangements?

Margin call for T session will continue into T+1 session (even participants
do not wish to participate in T+1 session trading). High risks in relation
to operational and compliance risks, if investors failed to meet margin
calls due to banking facilities constraints (ie. opening hours for banking
activities)

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?

(i) Consultation period too short

(ii) Consultation details too complicated for retail investors to
understand.