

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:

As the proposal stated, global financial market is now closely linked and market participants, especially, global asset management players such as alternative investment (Global macro trade) do need to execute trading global products with seamless timing. Also, even non-financial sector would have financial exposure as result of global commodities trading activities and needs to hedge their position.

Financial future is one of most important and useful tools for those players for risk management purpose as well as leveraged return purpose. As you see that other major financial market is now offering extended time frame to market participants, HKEx shall not be exceptional case in order to facilitate global stock exchange status as Asian # 1 financial centre.

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?

The proposed after-hours futures trading shall be appreciated so much but 11:15 pm might not be enough for hedging major market event risk such as New York market closing time when market volatility always increase before closing time.

If further extension of after-hour trading time is too much for HKEx operation point of views, other alternative method may be a relay from HKEx to other markets in order to cover 24hours like Nikkei 225 Future with Singapore and Chicago.

b) the proposed clearing arrangements?

No specific comment

c) the proposed risk management arrangements?

Suppose that HKSE intends to provide global and seamless trading platform and enable market participant to control market exposure against various event risk, no intra-day variation adjustment seems to leave counter party risk to the participant in case that 24 hours trading platform is provided by HKEx as I indicated at above 2-a)

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

No Specific comment

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

As I stated that this proposal is no question about enhancing HKEx status as one of global stock exchange to support global financial player such as bulge bracket where I used to belong.

On the other hand, in Hong Kong, there is more than three hundred small brokerage houses whose clients are mostly individual, but they have little capacity to support 24 hours trading platform to their clients while even retail clients become showing more and more interests global trading. (Especially, retail investors tend to start night time trade after his/her working-hour.)

To mitigate the new proposal impact to small brokerage firms, counter party risk control and customer service support for extended time shall be considered at small brokerage house level without having client's estrangement