

## 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

Do you agree with the proposal to introduce after-hours futures trading?

Yes, please state your views: \_\_\_\_\_

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

1. We are concerned that the introduction of after-hours trading will leave us no alternatives but to consider the cessation of our Futures business. We cannot foresee sufficient business volume to justify the increase in costs as a result of hiring new staff and maintaining an after hour trading office.
2. Investor's position will be subject to fluctuation and must be able to open or close positions during that time. It would be irresponsible for firms like us to maintain any clients account if we are unable to serve our clients during after hours trading.

3. We believe that other medium or small Futures Exchange Participants will be subject to the same dilemma. Your proposal to introduce after-hours trading may add income to the Exchange from possible increase in trading tariffs but will be sacrificing the livelihoods of local participants.
4. In addition, you will be affecting the trading patterns of local investors and therefore possibly have a negative impact on their quality of life. It is clear that your proposal would be for the self-interests of the Exchange but we are doubtful whether such move would be in the best interests of the investing public.
5. We would ask that you consider our concerns seriously and adopt a more humanistic and a less selfish approach for the overall good of the regional investing community.

1. Do you have any comments or concerns on:

a) the proposed trading arrangements?

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b) the proposed clearing arrangements?

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c) the proposed risk management arrangements?

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

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

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