

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:

~~XXXXXXXXXX~~ believe the proposal is consistent with international practice. We are therefore supportive of this initiative.

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?

We anticipate that HKEx Futures Exchange Participants can leverage their overseas staff and infrastructures to perform trading, clearing and risk management functions and activities during T+1 Clearing Session. We would like to validate this with HKEx and to understand from HKEx's perspective what (if any) would be the limitations in terms of these cross border support.

b) the proposed clearing arrangements?

Please refer to our reply to question 2(a).

c) the proposed risk management arrangements?

Please refer to our reply to question 2(a).

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

Please refer to our reply to question 2(a).

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

A factor for the HKEx to consider is that based on our experience in other jurisdictions, overall trading volume may not increase substantially after the introduction of a T+1 clearing session. Therefore, a cost-benefit analysis considering the products to be traded, as well as the unique Hong Kong market environment and characteristics will be useful in formulating the final implementation details.