

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:

Trading hours in HK are too short, extending the trading hours will also allow European/US traders more convenient access

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?

As a global company we would like to pass certain support functions to European or US offices of our organisation, rather than have staff working until late at night or

employing additional resources in Hong Kong. E.g. DMA support functions like cancellation of orders due to a system outage could be handled by our experienced staff outside of Hong Kong, whilst we understand this is technically possible we would like to seek clarity on whether this function triggers a regulatory licensing requirement. In rival market places namely Singapore and Japan this function is allowed from offshore, we would see it as prohibitive if it the function triggered a licensing requirement requiring staff to take the HK regulatory exams when the persons we would authorise to perform this function would have the relevant industry experience to perform this function on multiple exchanges across the globe.

b) the proposed clearing arrangements?

We support the proposed arrangements to clear the trades on a T+1 basis

c) the proposed risk management arrangements?

No issues with the proposed risk management arrangement

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

No issues with this proposal

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