

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:

Yes, we are very supportive of after-hours futures trading proposal, we believe that after-hours trading will enable market participants to react to after-hours events and market movements. The extension of trading hours also makes it easier for international investors to access HKEX futures market during non-Asia time zone.

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 do foresee once the after-hours trading started, there will be more European time zone investors / counterparts will go into the market and this will develop into an attractive liquid market for trading. As such we do believe that our trading needs will be increased and hence might need to have a larger position limit.

b) the proposed clearing arrangements?

We might need to amend our technical configurations, but no major problem in accommodating to the proposed clearing arrangement.

- c) the proposed risk management arrangements?

Our risk management system can monitor real-time trading positions / delta risks, we are only require to ensure our systems are running during the after-market hours, no issues foreseen on risk management perspective.

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

We might need to amend our technical configurations, but no major problem in accommodating to the proposed arrangement.

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

We would like HKEx to consider whether they would allow block trade to be conducted during after-hours period.

In addition, we want to know if there will be quote function and market making during the after-hour period and whether existing liquidity providers / market maker will be required to perform existing obligation during the after-hours trading.