

**CONSULTATION PAPER ON
EXTENSION OF TRADING HOURS
OF STOCK AND FUTURES MARKETS**

September 2001



Hong Kong Exchanges and Clearing Limited

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EXECUTIVE SUMMARY

Hong Kong Exchanges and Clearing Limited (HKEx) operates the stock market for the trading of securities, including stock options, and the futures market for the trading of futures and options in Hong Kong through its wholly owned subsidiaries, The Stock Exchange of Hong Kong Limited and Hong Kong Futures Exchange Limited.

HKEx plans to improve the securities and derivatives market environment and customer services, in order to be more competitive and better meet the needs of the investing community. As globalization of the securities markets and the global trend towards extending trading hours will increase market competition, HKEx believes there is a need to re-examine the trading hours of the stock and Hong Kong stock-related futures markets, so as to strengthen the position of Hong Kong as a major international leading financial centre.

The stock and Hong Kong stock-related futures markets in Hong Kong provide the shortest trading hours of the major international exchanges. A number of proposals for the extension of trading hours, aimed at increasing competitiveness, attracting more investors and boosting market turnover are discussed in this paper. These proposals, which may be implemented simultaneously, are as follows:

- Extending the morning session from 12:30 to 14:30 and doing away with the lunch break;
- Extending the close of the afternoon session from 16:00 to 18:00 for the stock market and from 16:15 to 18:15 for the Hong Kong stock-related futures market; and
- Introducing an evening trading session from 20:00 to 23:00.

Since the operations of all market participants, including Exchange Participants, information vendors and index compilers, have long been geared to the current trading hours, any extension of trading hours will have implications for them. This paper also sets out some key considerations, which cover issues relating to system changes, staff resources, settlement and risk management for each of the proposals.

In addition, Exchange Participants, market practitioners and members of the public should be aware that even if the proposals were approved, they would still require lead time for implementation. HKEx will take into account market readiness in determining the timing of implementation of the approved proposals.

HKEx now invites Exchange Participants, market practitioners and members of the public to express their views and comment on the proposals to extend the trading hours of the stock and Hong Kong stock-related futures markets as discussed in this paper. Once HKEx has received responses to this paper, it will assess whether the market will benefit from the proposed extension of trading hours.

A. INTRODUCTION

1. HKEx operates the stock market for the trading of securities, including stock options, and the futures market for the trading of futures and options in Hong Kong through its wholly owned subsidiaries, The Stock Exchange of Hong Kong Limited and Hong Kong Futures Exchange Limited.
2. *The purpose of this consultation paper is to seek comments from Exchange Participants, market practitioners and members of the public on proposals to extend the trading hours of the stock and Hong Kong stock-related futures markets, in order to maintain the competitiveness of Hong Kong's markets and better meet the needs of the investing community.*
3. With the rapid globalization of the market and the growth of online trading, extension of trading hours is becoming more common with major stock and derivatives exchanges (please see Appendix I).
4. Major US stock exchanges, the New York Stock Exchange, the National Association of Securities Dealers Automated Quotations (Nasdaq) and the American Stock Exchange, are all expected to extend trading hours this year. In particular, Nasdaq plans to build an international network offering 24-hour trading by 2003. The New York Stock Exchange also plans to form strategic alliances with nine major stock exchanges around the world to build a Global Equity Market. There is almost 24-hour trading on US derivatives exchanges.
5. The European stock and derivatives exchanges are also getting ready to extend their trading sessions in order to overlap with the U.S. markets. The Milan Stock Exchange has extended its trading hours to 21:30 and the Eurex derivatives exchange has extended its hours to 20:00, placing themselves among Europe's vanguard in the race towards an eventual 24-hour trading day. Both exchanges have further plans to extend their trading hours to match the close of the U.S. markets.
6. Closer to home, several Asian stock and derivatives exchanges are taking steps to extend the trading day. Starting from this year, the Taiwan Stock Exchange and the Taiwan Futures Exchange have extended their trading hours by 1 hour 45 minutes. Since 22 May 2000, the Korea Stock Exchange has cancelled the 1-hour lunch break, and plans to extend its trading hours by one hour to close at 16:00 local time. The Tokyo Stock Exchange is planning to introduce an evening trading session from 20:30 to 23:30 local time to cope with increasing stock trading by individual investors through the Internet. The Shanghai and Shenzhen Stock Exchanges are also considering introducing evening trading sessions.

B. FACTORS LEADING TO CONSIDERATION OF EXTENSION OF TRADING HOURS

7. While the global trend for stock and derivatives exchanges is towards extending trading hours, the stock and Hong Kong stock-related futures markets in Hong Kong provide the shortest trading sessions among major international exchanges, as indicated in Appendix II. The Hong Kong stock market operates for four hours, and the Hong Kong stock-related futures market for four and a half hours a day, contrasting sharply with the 11 consecutive hours of trading a day in major European stock exchanges and the almost 24-hour trading in the leading futures markets in the U.S. (the Chicago Board of Trade) and in Europe (Eurex). Trading hours of the stock and Hong Kong stock-related futures markets in Hong Kong are considerably shorter, even compared with other Asian markets, such as Tokyo and Singapore. There is a need for Hong Kong to re-examine the trading hours for its stock and Hong Kong stock-related futures markets, in order to maintain its competitiveness and to strengthen its position as the leading financial centre in Asia.
8. In addition, the information technology revolution has provided investors with new execution choices. Of special note is the development of alternative trading systems known as Electronic Communication Networks (ECN) and the increased opportunities for trading in the after-hours market. While offering after-hour stock and derivatives trading to investors, ECN could eventually create a continuous 24-hour trading day and drain significant trading volume from the traditional exchanges. This is not a mere theoretical threat to HKEx as under the Securities and Futures Bill, a person who is licensed by the Securities and Futures Commission (SFC) to provide Automated Trading Services (ATS) will be able to make or accept offers to sell or purchase securities or futures contracts electronically.
9. With the third generation of the Automatic Order Matching and Execution System (AMS/3) and the Hong Kong Futures Automatic Trading System (HKATS) each being capable of offering near round-the-clock trading in stock and futures, HKEx should consider embracing the global trend and adopting a long-term strategy of offering opportunities for round-the-clock trading in order to add value to the Hong Kong market.
10. All of HKEx's potential alliance partners have longer trading hours than HKEx. If HKEx were to enter into some form of alliance with overseas exchanges, all partners could share the same trading platforms while their participants could trade in the products of their partners. In order to maintain the competitiveness of Hong Kong's markets, there is a need to bring HKEx's trading capability, including number of trading hours, into line with its potential partners.

C. PROPOSALS FOR EXTENSION OF TRADING HOURS

11. To extend the trading hours of the stock and Hong Kong stock-related futures markets, HKEx is considering the following options which may be implemented simultaneously.
 - Extending the morning session from 12:30 to 14:30 and doing away with the lunch break;
 - Extending the close of the afternoon session from 16:00 to 18:00 for the stock market and from 16:15 to 18:15 for the Hong Kong stock-related futures market; and
 - Introducing an evening trading session from 20:00 to 23:00.
12. Moving forward the market opening time may not be necessary at this stage since most of the advanced markets, mainly in Europe and the USA, are closed during the early morning in Hong Kong. Since the U.S. stock market closes at 05:00 Hong Kong time in winter and 04:00 Hong Kong time in summer, Hong Kong trading hours will not overlap the U.S. trading hours even by advancing the opening time of the stock and Hong Kong stock-related markets to 09:00. In addition, significant economic events that could influence the stock and Hong Kong stock-related futures markets do not usually occur after the close of the U.S. stock market. Opening the morning session of the stock and Hong Kong stock-related futures markets earlier, say at 09:00, may not benefit the market. Also, by not advancing the opening time, the window for listed companies to prepare company announcements or apply for trading suspension before the market opens will be maintained.
13. If all of the proposals are implemented simultaneously, the trading hours for the stock and Hong Kong stock-related futures markets will be as follows:

Stock Market

10:00 – 18:00

20:00 – 23:00

Hong Kong Stock-related Futures Market

09:45 – 18:15

20:00 – 23:00

The proposed trading hours for the Hong Kong stock-related futures market shall apply to Hang Seng Index (HSI) futures and options, mini-HSI futures and MSCI China Free Index futures. The proposed trading hours for the stock market shall apply to the Hong Kong stock futures and stock options.

14. The trading hours for HIBOR futures and Rolling Forex are different from those of Hong Kong stock-related futures. The trading hours for these two products may be revised according to market needs. New derivatives products will be launched from time to time and their trading hours may not necessarily be the same as those of the existing products.

D. POINTS TO BE CONSIDERED FOR EACH PROPOSAL FOR EXTENSION OF TRADING HOURS

15. The following paragraphs set out some key considerations for assessing each of the proposals to extend the trading hours.

Extending the Morning Session

16. As indicated in Appendix II, there is no lunch break in any major European or U.S. exchanges. In Asia, stock and derivatives exchanges in Korea, Australia and India do not have a lunch break. To be more competitive and to strengthen the position of Hong Kong as the leading financial centre in Asia, HKEx is considering cancelling the lunch break for the stock and Hong Kong stock-related futures markets.
17. During the time when the stock and Hong Kong stock-related futures markets are closed for lunch, significant external events may occur as several Asian stock markets are open for trading. These external events may cause the two markets to move sharply up or down when they are reopened for the afternoon session. The latest incident was on 21 March 2001 when the Tokyo stock market rose substantially during Hong Kong's lunch break which stimulated activities on the stock market with the Hang Seng Index rising by 114.7 index points at the start of the afternoon session. Had the stock and Hong Kong stock-related futures markets remained open during lunch time, the rise of the Hong Kong market would have been more gradual, and allowed investors to re-balance their portfolios in a more orderly manner.
18. Cancellation of the lunch break would also accommodate trading by retail investors who cannot trade during normal office hours. Since investors can input their orders to AMS/3 and HKATS through mobile phones and the Internet, it is expected that only minimal human assistance may be required.
19. Currently, two Exchange Traded Funds (iShares) are trading during lunch time and the market is getting familiar with the practice; it may be beneficial to apply this arrangement to the trading of stocks and Hong Kong stock-related futures generally.
20. Exchange Participants can arrange for their staff to work on shifts and no significant marginal cost is expected to be incurred. However, small brokerage firms may not be able to devote sufficient resources to the extended trading sessions and may be concerned about a possible reduction of their market shares.

21. Under existing requirements, announcements on price sensitive information, principally results announcements, are sometimes made during the lunch break, so that the market may have sufficient time to disseminate and digest the news before it re-opens in the afternoon. By allowing trading throughout the lunch break, this window for information dissemination will no longer exist. A new policy on the dissemination of price sensitive information has to be considered. In fact, the need for such a new policy is apparent since the Exchange has announced its intention to have all announcements of issuers published on HKEx's website instead of in the newspapers by the second quarter of 2002. HKEx will consult the market about its new policies on the dissemination of price sensitive information.
22. There will be no major impact on the settlement of stock and futures transactions.

Extending the Afternoon Session

23. In the past, many back office operations were done manually after market close. Nowadays, most of these operations are either semi-automated or fully automated and extending the afternoon session may not necessarily result in much overtime work for market participants.
24. Under existing trading hours, some international brokerage firms and fund managers are forced to place orders for Hong Kong listed stocks in the London stock market, where the stocks are traded, after the Hong Kong stock market closes. But with the extension of trading hours, Hong Kong trading hours will overlap with early trading in the London stock and futures markets by two hours in winter and three hours in summer. It may be possible for HKEx to recapture some of the transactions in Hong Kong listed stocks which are traded in London, and to provide overseas investors opportunities to make risk management hedges on their stock portfolios through HKEx. A total of 47 listed companies, which account for approximately 80 per cent of Hong Kong's total market capitalisation were listed on the London Stock Exchange or traded in SEAQ International as at 30 April 2001.
25. The clearing companies, Hong Kong Securities Clearing Company Limited (HKSCC), HKFE Clearing Corporation Limited (HKCC) and The SEHK Options Clearing House Limited (SEOCH), will conduct mandatory intra-day marking-to-market and collect the marks and margins before the close of banking services. In addition, the clearing companies will consider collecting a buffer margin in advance to minimise the risk exposure due to market movements after the intra-day marking-to-market. The margin level will be set by reference to market volatility.

26. If there are significant market price movements, the clearing companies will have the right to conduct marking-to-market during the extended trading hours. Exchange Participants will be required to maintain sufficient cash or non-cash collateral in their margin accounts with the clearing companies to meet obligations resulting from marking-to-market. Currently, only participants in HKCC and SEOCH are allowed to keep excess cash collateral with the clearing companies. HKEx proposes to extend this arrangement to participants in HKSCC.
27. As in the case of HKCC Participants trading on the Rolling Forex market, Exchange Participants will have to assess and pay their marks and money obligations to the clearing houses in advance, taking into account the potential market volatility, their possible trading activities and positions during the extended trading hours. This will require them to have better business assessment and risk management capabilities, as well as collateral and finance arrangements. If an Exchange Participant does not have sufficient cash or non-cash collateral to meet a marking-to-market obligation, the clearing company will impose restrictions on the broker's trading and may enforce liquidation proceedings. Any shortfall will be collected on the following day.
28. Settlement of securities transactions is entirely electronic through CCASS, the central clearing and settlement system. Development of an upgraded clearing and settlement system, CCASS/3, is underway as part of HKEx's commitment to the application of advanced technology in its market systems. The system upgrade will include modularising its system architecture, introducing an open access layer and new functions for risk management and investor protection.
29. Trading information and preliminary clearing reports will be provided to Exchange Participants after the extended afternoon session so that their back offices can perform post-trading operations, including settlement, issuance of invoices and cheques and record keeping for the morning and afternoon sessions.

Introducing an Evening Trading Session

30. To make use of the new functionalities and the capacity of AMS/3 as well as HKATS, an evening trading session can be introduced focusing on online trading. This arrangement may attract investors who cannot conduct trading during normal office hours.
31. HKEx does not intend to open the trading floor during the evening trading session, so Exchange Participants will have to make use of their off-floor terminals, Multi-workstation System and Broker Supplied Systems for trading during this session.
32. The evening trading session will provide fund managers with an additional arena for price discovery of stocks that are dually traded in London and Hong Kong and may help HKEx to recapture trades on these stocks and related derivatives.

33. The U.S. Government normally disseminates economic data and statistics at 08:30 U.S. Eastern time (20:30 Hong Kong Time in summer or 21:30 Hong Kong Time in winter) and investors in Hong Kong will be able to take advantage of this.
34. If there are significant market price movements, the clearing companies will have the right to conduct marking-to-market during the evening trading session. Exchange Participants will be required to maintain sufficient cash or non-cash collateral in their margin accounts with the clearing companies to meet obligations resulting from marking-to-market. If an Exchange Participant is unable to meet a marking-to-market obligation, the clearing company will impose restriction on the broker's trading and may enforce liquidation proceedings. Any shortfall will be collected on the following day.
35. Transactions concluded in the evening trading session will be regarded as same-day trades (T Day) for the stock and Hong Kong stock-related futures markets. However, there are two settlement alternatives.
- (i) settlement of transactions concluded in the evening trading session will be effected in the same way as the transactions concluded during the morning and afternoon sessions of the same day:–
- to ensure that the transactions can be settled promptly, Exchange Participants may have to complete all back-office clearing and settlement procedures immediately after the evening trading session. This may tighten the operational schedule of Exchange Participants and require them to arrange additional resources.
- (ii) settlement of transactions concluded in the evening trading session will be effected in the same way as transactions concluded during the morning and afternoon sessions of the following business day. Securities transactions concluded in the evening session will be settled on the third business day (T+3) following the transactions, while margin and other money obligations of stock options and Hong Kong stock-related futures transactions concluded in the evening trading session will be collected on the second business day (T+2) following the transactions:–
- the prolonged settlement period may pose additional market risk for investors, Exchange Participants and HKEx.
 - Exchange Participants need to consider if the introduction of an evening trading session would require upgrades to their risk management and other systems.

36. As for listed companies, the discussion in paragraph 21 relating to the release of price sensitive information also applies to the evening trading session.
37. It is anticipated that trading volume may be thin during the introduction of the evening trading session. In the long run, however, it will be attractive to local and overseas investors, especially those who trade through the Internet, and will eventually boost trading volume.
38. Prior to the introduction of an evening trading session, HKEx will co-ordinate an industry-wide effort to educate investors about the differences between day and evening trading, including, for example, the likelihood of less liquidity in an evening trading session.
39. *HKEx invites comments on whether the existing trading hours of the stock and Hong Kong stock-related futures markets should be extended and which of the above proposals should be implemented (Questions 1 and 2 of the Consultative Comments in Appendix III).*
40. *HKEx also invites comments on whether the settlement period of the transactions concluded in the evening trading session should be the same as for transactions concluded during the morning and afternoon trading sessions (Question 3 of the Consultative Comments in Appendix III).*

E. GENERAL EFFECT ON VARIOUS PARTIES RESULTING FROM EXTENSION OF TRADING HOURS

Market Participants

41. Market participants in the stock and Hong Kong stock-related futures markets, including Exchange Participants, information vendors and index compilers, will have to consider extending their business hours and arranging additional resources in order to maintain competitiveness. As the introduction of an evening trading session is expected to encourage online trading, market participants who wish to take advantage of the extended trading hours will need to adopt appropriate technology to maintain their competitiveness in online trading. Despite the current market sentiment, the financial implications of extending trading hours will vary among market participants. It is anticipated that each market participant will need to conduct its own cost and benefit analysis.

Investors

42. With the introduction of AMS/3 for stock trading and HKATS for futures trading, an extended morning session and a new evening trading session can be introduced to accommodate online trading. It is expected that online trading may attract more retail investors placing orders via mobile phones and the Internet during lunch time and the evening trading session. In addition, extension of trading hours will give investors greater opportunities to hedge and rebalance their stock portfolios promptly in response to the economic and market information released during the extended hours instead of waiting for the next trading session the following business day.

Listed Issuers

43. Under current practice, authorised representatives of listed companies will be contacted whenever there are abnormal share price and volume movements during trading hours. This may result in listed companies issuing announcements or their shares being suspended from trading if necessary. The authorised representatives of listed companies will need to be available for contact without delay during the extended trading hours. The Listing Rules of The Stock Exchange of Hong Kong Limited state that the authorized representatives of a listed company shall act at all times as the company's principal channel of communication.

F. DETERMINATION OF FINAL SETTLEMENT PRICE FOR HONG KONG STOCK INDEX DERIVATIVES

44. The determination of Hong Kong stock index derivatives' final settlement prices is currently based on an average of the corresponding cash prices taken at 5-minute intervals during the last trading day from 10:00 to 12:30 and 14:30 to 16:00. If the proposals to extend trading hours through the lunch break and beyond 16:00 to 18:00 are adopted, the same methodology in determining the final settlement price shall be adopted and will be based on the cash prices taken at 5-minute intervals from 10:00 to 18:00. In the medium term, the Exchange intends to re-design the methodology for determining the final settlement price to improve arbitrage activities.

G. CONCLUSION

45. The international securities and futures industries are moving towards extended trading hours, global trading and eventually 24-hour trading with the help of rapid technological advances.
46. Trading hours of the stock and Hong Kong stock-related futures markets in Hong Kong are the shortest in the world among advanced markets. To maintain its competitiveness and to strengthen the position of Hong Kong as the leading financial centre in Asia, HKEx needs to re-consider its trading hours. Otherwise, it risks losing a significant amount of business to its competitors, including other major exchanges as well as ECN. Extended trading hours will make the Hong Kong financial markets more attractive, especially in the context of increasing globalization.
47. In order to survive and compete in the securities and futures industries, brokerage firms in Hong Kong also need to adapt to the changing marketplace; and longer trading hours give investors the added benefit of increased flexibility in the timing of their trading.
48. HKEx aims to follow the global trend of longer trading hours in order to add value to the Hong Kong financial markets. With this in mind, it is considering the following proposals to extend trading hours:
 - Extending the morning session from 12:30 to 14:30 and doing away with the lunch break;
 - Extending the close of the afternoon session from 16:00 to 18:00 for the stock market and from 16:15 to 18:15 for the Hong Kong stock-related futures market; and
 - Introducing an evening trading session from 20:00 to 23:00.
49. HKEx does not intend to extend the afternoon session of the stock market beyond 18:00 and the Hong Kong stock-related futures market beyond 18:15 at this stage. A break between the afternoon session and the evening session serves as a demarcation for the market as well as Exchange Participants. With the break, Exchange Participants can perform the post-trading operations for the morning and afternoon sessions and listed companies can issue company announcements before the evening trading session commences. However, HKEx will continue to monitor the market environment and may consider extending the afternoon session further.

H. CONSULTATION PERIOD

50. HKEx invites Exchange Participants, market practitioners and members of the public to express their views and provide comments by completing the Consultation Comments attached in Appendix III to this consultation paper and return it by **8 October 2001** to:

Hong Kong Exchanges and Clearing Limited (Consultation Paper on Extension of Trading Hours of Stock and Futures Markets) 17/F, Worldwide House 19 Des Voeux Road Central Hong Kong
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Comments may also be sent by fax to (852) 2868-5223 or by email to feedback@hkex.com.hk. This consultation paper is also available on HKEx's website at <http://www.hkex.com.hk>.

Appendix I: Global Trend Towards Extension of Trading Hours – Stock and Derivatives Exchanges

ASIA AND AUSTRALIA

1. The Tokyo Stock Exchange is planning to introduce an evening trading session from 20:30 to 23:30 to cope with the increasing Internet stock trading by individual investors.
2. Since 12 March 2001, the Tokyo International Financial Futures Exchange has started trading 15 minutes earlier at 08:45 on every announcement days of Bank of Japan's TANKAN report and GDP figure.
3. Since 2 January 2001, the Taiwan Stock Exchange has extended its trading hours by 1 hour 45 minutes to run from 09:00 to 13:30.
4. Since 2 January 2001, the Taiwan Futures Exchange has extended its trading hours by 1 hour 45 minutes and now runs from 08:45 to 13:45.
5. Since 22 May 2000, the Korea Stock Exchange has abolished the 1-hour lunch break.
6. The Shanghai Stock Exchange and the Shenzhen Stock Exchange have recently announced that an evening trading session will be introduced.

EUROPE AND NORTH AMERICA

7. Beginning from 26 February 2001, the Stockholm Stock Exchange has extended its trading hours by two-and-a-half hours and now runs from 09:30 to 20:00. It will further extend its trading hours to 22:00 on 15 October 2001.
8. Since 2 June 2000, the German Stock Exchange has extended its trading hours by two-and-a-half hours to begin at 09:00 and close at 20:00.
9. Starting from 2 June 2000, Eurex has extended its trading hours for all German equity index derivatives by two-and-a-half hours and now runs from 08:50 to 20:00.
10. Since 3 April 2001, the Paris Stock Exchange has extended its trading hours by half-an-hour to close at 17:35.
11. Beginning from 1 July 2000, the Amsterdam Stock Exchange has extended its trading hours by half-an-hour and now runs from 09:00 to 17:00. Effective from 3 September 2001, its trading hours will be further extended by half-an-hour to close at 17:30.
12. The Italian Stock Exchange was the first European exchange to extend its trading hours to 20:30, by adding a late trading session from 18:00 to 20:30 on 15 May 2000.
13. The London Stock Exchange extended its trading session by half-an-hour to run from 08:00 to 16:30 in the autumn of 1999.

14. Starting from 11 April 2001, the Helsinki Exchanges has extended its trading hours by 3 hours and now runs from 10:00 to 21:00.
15. Since 15 October 2000, the Chicago Board of Trade has extended its trading hours in a/c/e (Alliance/CBOT/Eurex) platform for financial derivatives products by 2 hours to begin at 20:00 and to close at 16:00 the following day.

Appendix II

Trading Hours of Major Stock and Derivatives Exchanges

G.M.T. HK Time	No. of Trading Hours	Lunch Break	16:00	17:00	18:00	19:00	20:00	21:00	22:00	23:00	00:00	01:00	02:00	03:00	04:00	05:00	06:00	07:00	08:00	09:00	10:00	11:00	12:00	13:00	14:00	15:00
ASIA AND AUSTRALIA																										
SINGAPORE																										
9:00-12:30 & 14:00-17:00	6.5	YES																								
8:45-12:35 & 14:00-17:15	7.1	YES																								
MALAYSIA																										
9:00-12:30 & 14:30-17:00	6	YES																								
8:45-12:45 & 14:30-17:15	6.8	YES																								
AUSTRALIA[#]																										
10:00-16:00	6	NO																								
9:50-16:30	6.7	NO																								
KOREA																										
9:00-15:00	6	NO																								
9:00-15:15	6.3	NO																								
INDIA																										
9:55-15:30	5.6	NO																								
9:55-15:30	5.6	NO																								
THAILAND																										
9:55-12:30 & 14:25-17:00	5.2	YES																								
No index futures																										
INDONESIA																										
9:30-12:00 & 13:30-16:00	5	YES																								
No index futures																										
TAIWAN																										
9:00-13:30	4.5	N/A																								
8:45-13:45	5	N/A																								
JAPAN																										
9:00-11:00 & 12:30-15:00	4.5	YES																								
9:00-11:00 & 12:30-15:10	4.7	YES																								
HONG KONG																										
10:00-12:30 & 14:30-16:00	4	YES																								
9:45-12:30 & 14:30-16:15	4.5	YES																								
CHINA																										
9:30-11:30 & 13:00-15:00	4	YES																								
No index futures																										

Stock Exchange

Derivatives Exchange

Winter time trading hour. For summer, the trading hour is 1 hour earlier.

Appendix II

Trading Hours of Major Stock and Derivatives Exchanges

G.M.T. HK Time	No. of Trading Hours	Lunch Break	16:00	17:00	18:00	19:00	20:00	21:00	22:00	23:00	00:00	01:00	02:00	03:00	04:00	05:00	06:00	07:00	08:00	09:00	10:00	11:00	12:00	13:00	14:00	15:00	
EUROPE AND NORTH AMERICA																											
GERMANY[#]	11	NO																									
9:00-20:00																											
8:50-20:00	11.2	NO																									
ITALY[#]	10.5	NO																									
9:30-17:30 & 18:00-20:30																											
9:15-17:30	8.3	NO																									
UK[#]	8.5	NO																									
8:00-16:30																											
8:00-17:30	9.5	NO																									
SWITZERLAND[#]	8.5	NO																									
9:00-17:30																											
8:30-17:50	9.5	NO																									
CANADA[#]	6.5	NO																									
9:30-16:00																											
9:15-16:15	7	NO																									
USA[#]	6.5	NO																									
9:30-16:00																											
9:30-16:15	6.8	NO																									

— Stock Exchange

- - - Derivatives Exchange

Winter time trading hour. For summer, the trading hour is 1 hour earlier.

Exchange Participants, market practitioners and members of the public are invited to complete and return this form by **8 October 2001** to:

Hong Kong Exchanges and Clearing Limited (Consultation Paper on Extension of Trading Hours of Stock and Futures Markets) 17/F, Worldwide House 19 Des Voeux Road Central Hong Kong
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This completed form may also be sent by fax to (852) 2868-5223 or by email to feedback@hkex.com.hk. Should you have any queries, for Stock Exchange Participants of The Stock Exchange of Hong Kong Limited, please contact Trading & Participant Services at (852) 2840-3626, and for Futures Exchange Participants of Hong Kong Futures Exchange, please contact Market Development, Training and Education Department at (852) 2211-6050, and for Clearing Participants of HKSCC, HKCC or SEOCH, please call the hotline at (852) 2979-7111.