



Launch of HKEx Asia Commodities New Products

22 April 2014



1

Review of HKEx Strategy and How Asia Commodities New Products Fit into It

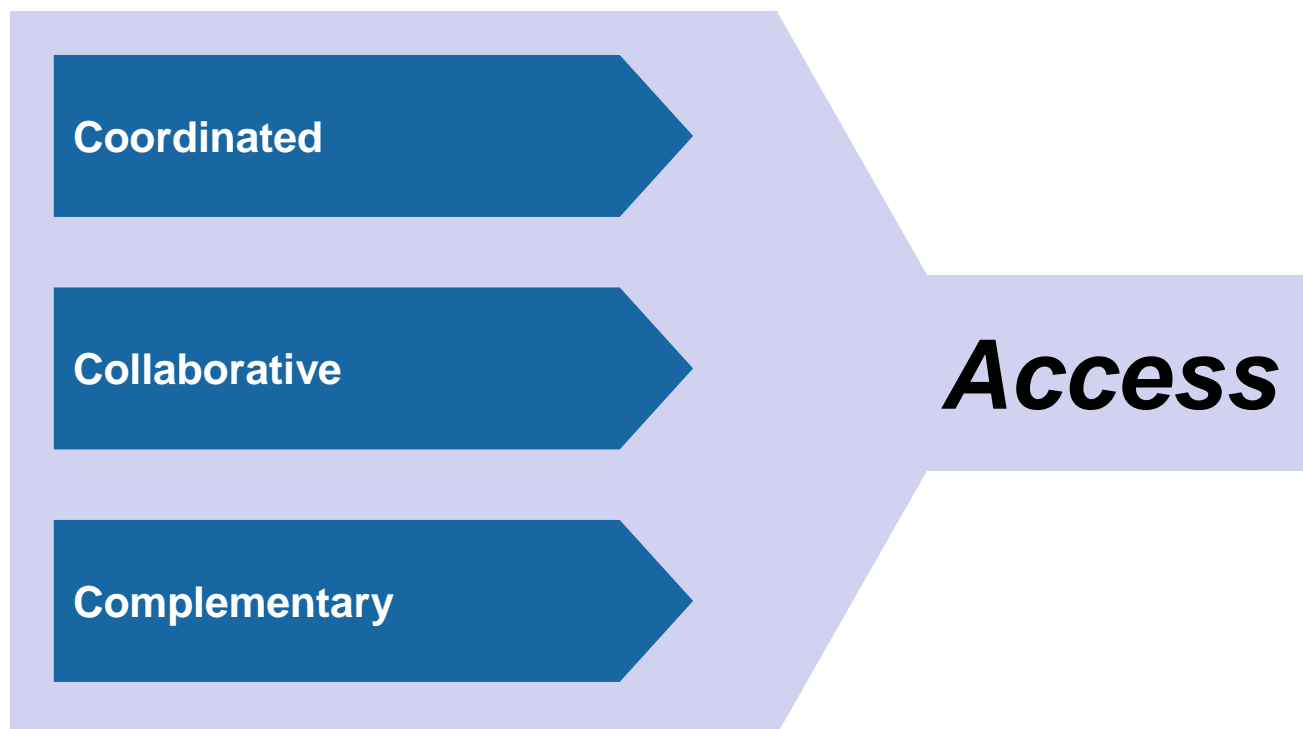
Charles Li
Chief Executive, HKEx Group

2

Overview of HKEx Asia Commodities New Products

Rebecca Brosnan
Managing Director, Head of Asia Commodities

Be the international exchange of choice for our Chinese clients and the China exchange of choice for our international clients



2010: The Start...

- Trading Hours
- Kick-off OTC Clear

2011: RMB Capability

- RMB Trading Support Facility
- “Dual Tranche, Dual Counter” Model
- Major international listings

2012: Acquisition of the LME

- Acquisition of the LME
- Risk Management Reform Measures
- CESC JV

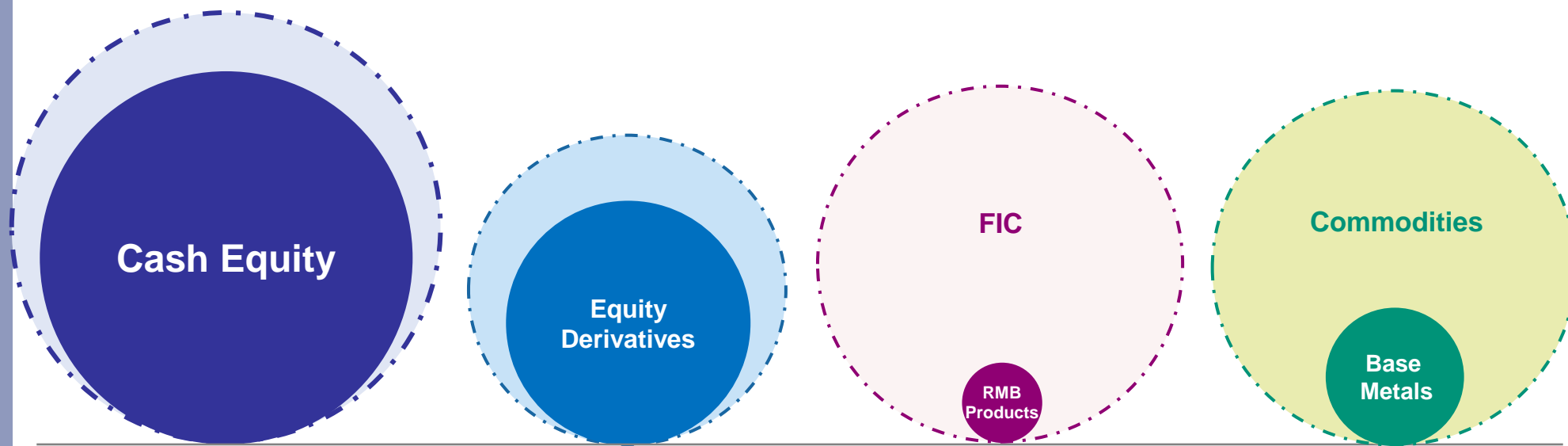
2013: Mutual Market Access ...

- Discussion of Mutual Market Access
- Launch OTC Clear
- After Hours Futures Trading
- Stock Options Revamp

2014: ...Across All Asset Classes

- Shanghai-Hong Kong Stock Connect
- Asia Commodities

Growth Drivers Across Asset Classes



- Continued organic growth – limited upside
- Structural upside – mutual market access

- Further product expansion
- Significant upside depends on mutual market access

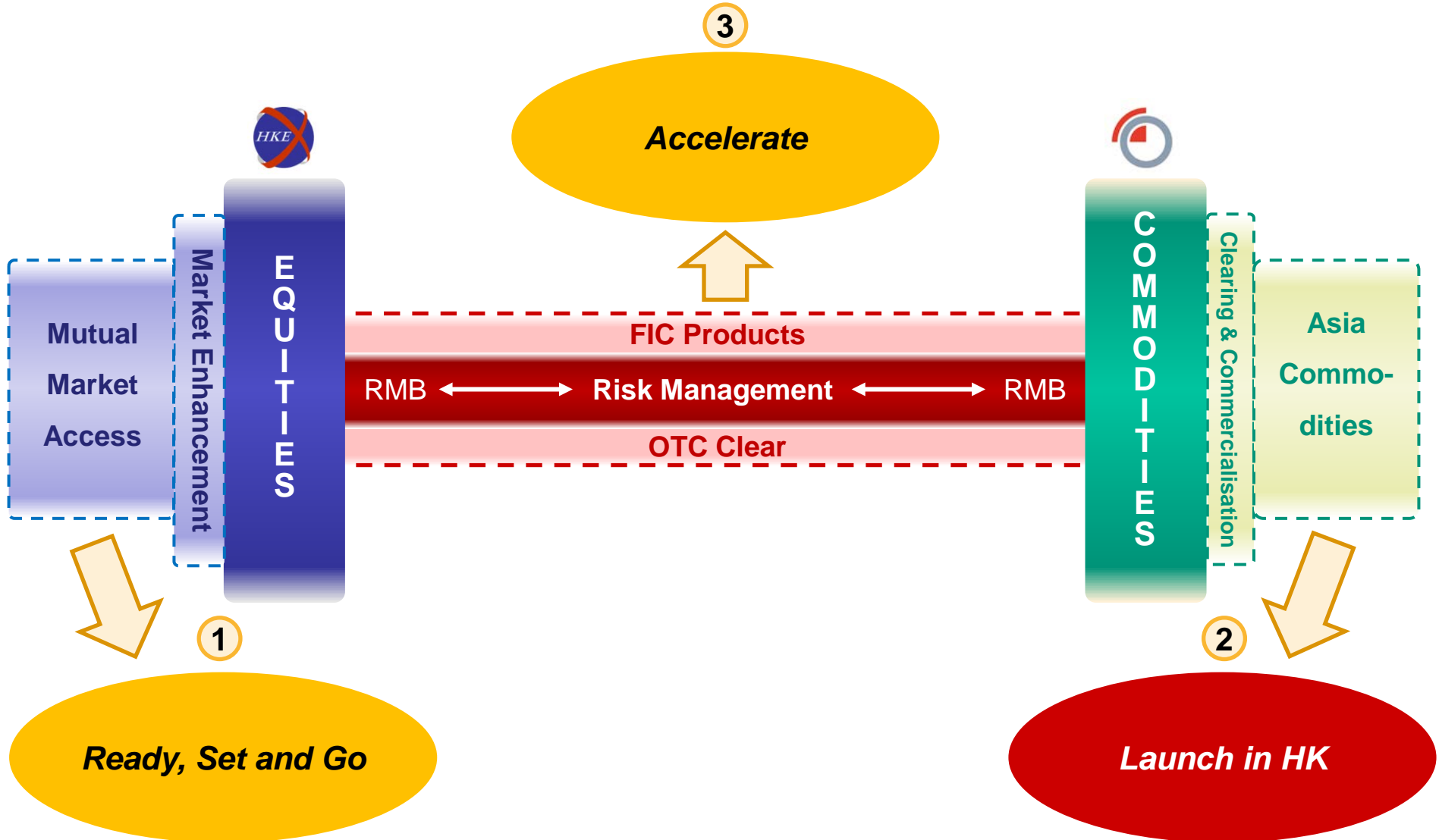
- Beginning of a long march
- Cooperation with China is critical to success

- Already global leader in base metals
- Commercialise LME and roll-out LME Clear and Hong Kong commodities platform

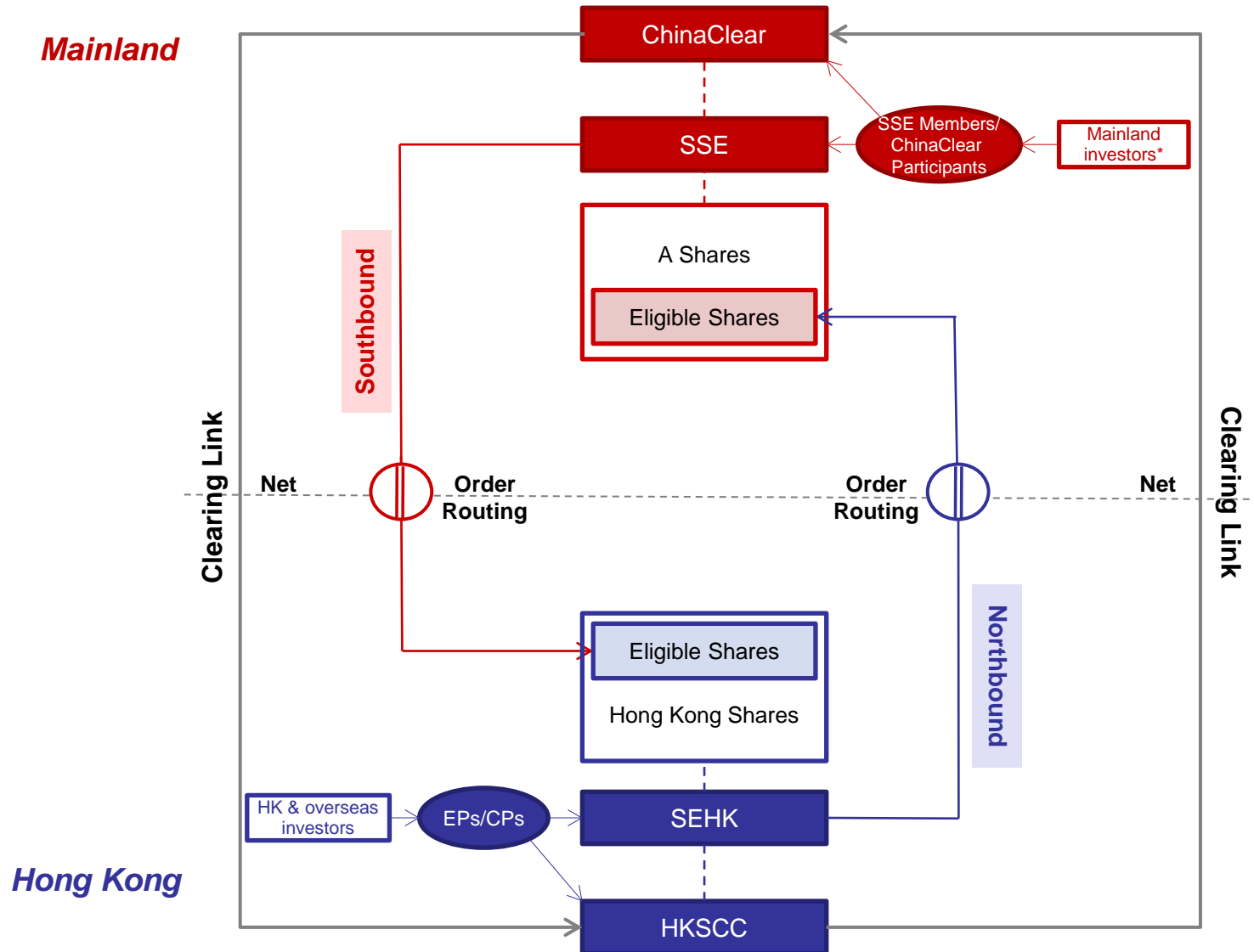
Mutual Market Access is the main transformative growth driver

Clearing is a key differentiating value proposition

Key Goals of 2014



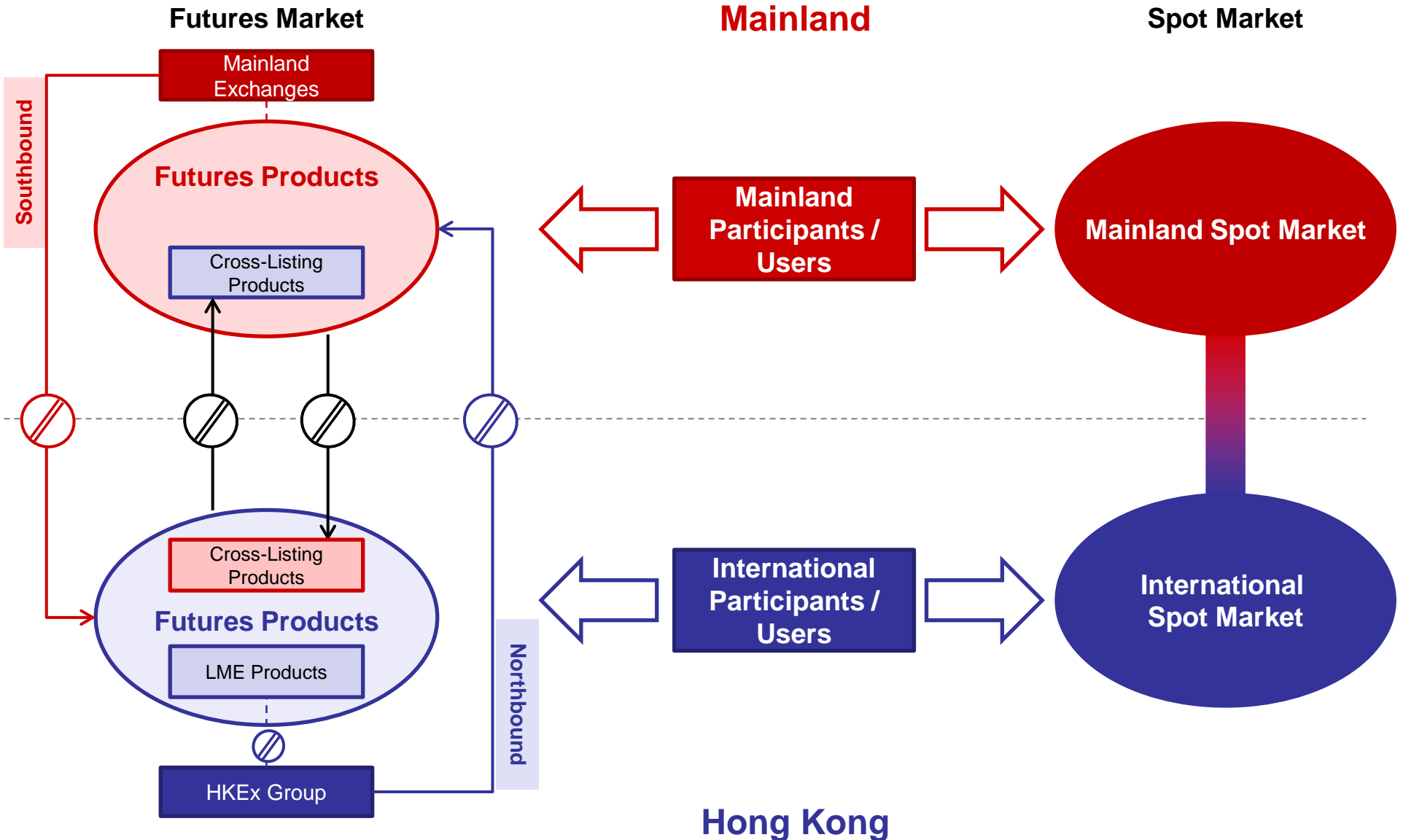
Mutual Market Access – Equities (Shanghai-Hong Kong Stock Connect)



*Note: Only eligible Mainland investors can participate in Southbound trading

Mutual Market Access – Commodities

What are the possibilities?



From Dream to Reality, Depends On...

Shared Dream

Shared Vision

Shared Interests

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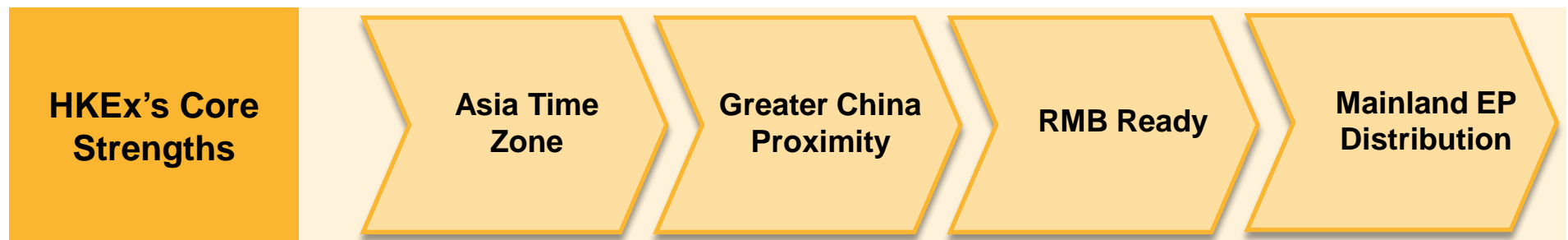
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2

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Building Blocks for Asia Commodities Products



In order to launch the new platform we had to leverage our core strengths

Rationale – Hong Kong Platform



	China	International
Distribution via HKFE	34 Mainland EPs	Global
Trading	On-screen	Block trade
Currency RMB/USD	Match physical trading	Free capital flow
Contract Size	Arbitrage w/ SHFE/ZCE	Attract retail
Time Zone	Asian trading hours	Overnight market

Why Metals and Coal?

	Aluminium	Copper	Zinc	Thermal Coal
Major Users	<ul style="list-style-type: none"> ➤ Construction ➤ Packaging ➤ Transportation ➤ Automotive 	<ul style="list-style-type: none"> ➤ Construction ➤ Electronics ➤ Automotive 	<ul style="list-style-type: none"> ➤ Construction ➤ Automotive ➤ Batteries 	<ul style="list-style-type: none"> ➤ Electricity
China % of World Consumption	➤ 45%	➤ 44%	➤ 44%	➤ 45%
YOY Growth in 2013	➤ 8%	➤ 11%	➤ 11%	➤ 5%

Asia Commodities New Products Outline



	London Aluminium Mini Futures	London Copper Mini Futures	London Zinc Mini Futures	API 8 Thermal Coal Futures
Contract Size	5 tonnes			200 tonnes
Trading and Settlement Currency	RMB			US dollar
Contract Months	Spot Month and the next eleven calendar months (monthly contracts)			Spot Month and the next twenty-three calendar months (monthly contracts)
Trading Hours	9:00am to 4:15pm (day trading session) and 5:00pm to 1:00am (after-hours trading session)			8:00am to 4:15pm (day trading session) and 5:00pm to 1:00am(after-hours trading session)
Trading Platform	HKATS			
Last Trading Day	Two business days before the third Wednesday of the spot month			The last Friday of the Contract Month
Final Settlement Price	Official Settlement Price determined and published by the LME on the Last Trading Day			The monthly average API 8 Index published in the <i>Argus/McCloskey's Coal Price Index Report</i> on the last Friday of the expiring Contract Month
Settlement Method	Cash-settled			
Holiday Schedule	Follow HKEx holiday schedule			

Who Will Trade These Products?

Chinese Retail Investors

Traditional Metals Brokers

Physical Players

Various liquidity provider programmes aim to incentivise different types of market players

Q & A

HKEx Group Website: www.hkexgroup.com
HKExnews Website: www.hkexnews.hk