

April 22, 2016



**HOSTING SERVICES ECOSYSTEM
FORUM - 2016**

HKEX
香港交易所

Richard Leung
Managing Director & Co-Head
Information Technology Division

DISCLAIMER

The information contained in this presentation is for general informational purposes only and does not constitute an offer, solicitation, invitation or recommendation to subscribe for or purchase any securities or other products or to provide any investment advice of any kind. This presentation is not directed at, and is not intended for distribution to or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject Hong Kong Exchanges and Clearing Limited (“HKEX”) to any registration requirement within such jurisdiction or country.

This presentation contains forward-looking statements which are based on the current expectations, estimates, projections, beliefs and assumptions of HKEX about the businesses and the markets in which it and its subsidiaries operate or aspires to operate in. These forward-looking statements are not guarantees of future performance and are subject to market risk, uncertainties and factors beyond the control of HKEX. Therefore, actual outcomes and returns may differ materially from the assumptions made and the statements contained in this presentation. The implementation of these initiatives is subject to a number of external factors, including government policy, regulatory approval, the behaviour of market participants, competitive developments and, where relevant, the identification of and successful entry into agreements with potential business partners. As such, there is no guarantee that the initiatives described herein will be implemented, or that they will be implemented in the form and timeframe described herein.

Although the information contained in this presentation is obtained or compiled from sources believed to be reliable, HKEX does not guarantee the accuracy, validity, timeliness or completeness of the information or data for any particular purpose, and shall not accept any responsibility for, or be liable for, errors, omissions or other inaccuracies in the information or for the consequences thereof. The information set out in this presentation is provided on an “as is” and “as available” basis and may be amended or changed. It is not a substitute for professional advice which takes account of your specific circumstances and nothing in this document constitutes legal advice. HKEX shall not be responsible or liable for any loss or damage, directly or indirectly, arising from the use of or reliance upon any information provided in this presentation.





Leading Hong Kong's Next Transformation

Connectedness

Enhancing access & connectivity

Competitiveness

Staying ahead and enhancing competitiveness

Community

Seizing opportunities together

The Need for Change

Hong Kong is part of a global and competitive financial system, and technology drives financial markets. For Hong Kong to retain and strengthen its position as a leading financial centre, HKEX is committed to investing in the future through technology to remain competitive.



Why does Hong Kong need the HKEX Orion Technology Initiatives?

Facing the challenges of tomorrow

The Hong Kong market enjoyed spectacular growth in the decade from 2000 – 2010 based largely on the capital raising needs of Mainland China. This happened by virtue of time and location, and with minimal investment by HKEX in IT platforms.

The world is now a different place and Hong Kong needs to adapt to maintain its unique value position in greater China and the global financial market:

- Financial markets are global, and Hong Kong must be globally competitive.
- Mainland China is changing from being a net importer of capital to a net exporter and the RMB is making rapid advances towards becoming a reserve currency. Hong Kong must strive to remain at the forefront of this evolution.
- Hong Kong can no longer rely on equities only for its growth. Diversification into other global asset classes such as commodities can build a more sustainable future.

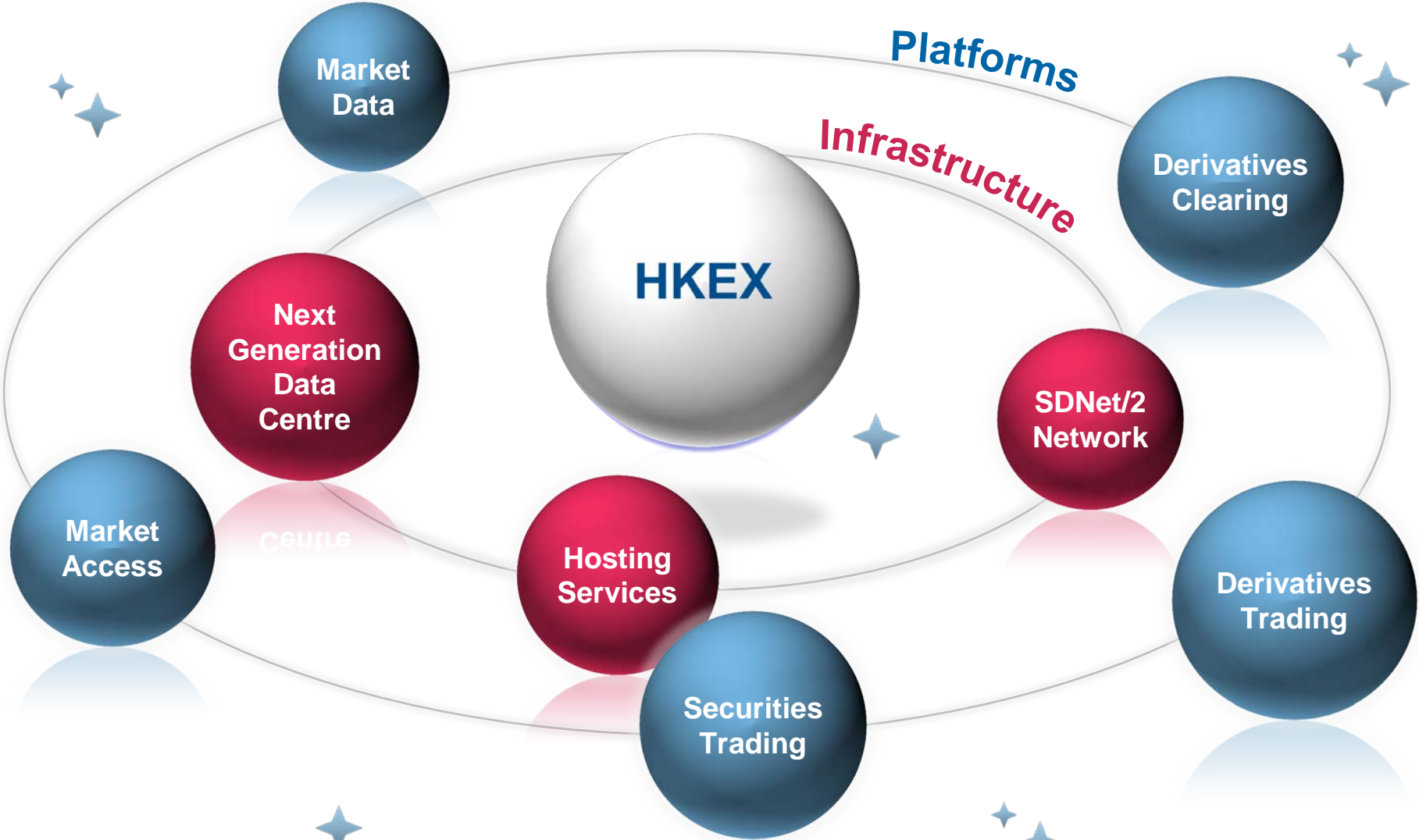
HKEX's Orion Technology Initiatives are a major capital investment aimed at positioning Hong Kong to capture these unique opportunities.

Building opportunities for participants

The HKEX Orion Technology Initiatives will support the next chapter of Hong Kong's development which will benefit all market participants.

- The initiatives progressively transform HKEX's trading infrastructure to bring efficiencies to participants.
- The initiatives recognize the diverse needs of the market and move away from the "one size fits all" model. Participants will be able to make choices in the services they subscribe to according to the needs of the business.
- The initiatives support the development of existing markets, and open up new markets and new business opportunities.

Essential Technology Investment



Infrastructure

Next
Generation
Data
Centre

- ✓ State-of-the-art
- ✓ Consolidation of legacy HKEX data centres

Hosting
Services

- ✓ Low latency access to HKEX platforms
- ✓ Tier-4 standard hosted ecosystem

SDNet/2
Network

- ✓ Higher bandwidth
- ✓ Competitive pricing



Platforms

Market
Data

- ✓ Suite of market data products
- ✓ Remote distribution (e.g. Mainland)

Market
Access

- ✓ Cost reduction
- ✓ Additional functionality

Securities
Trading

- ✓ Enhancements and revision of legacy functionality
- ✓ Lower latency and higher capacity

Derivatives
Trading

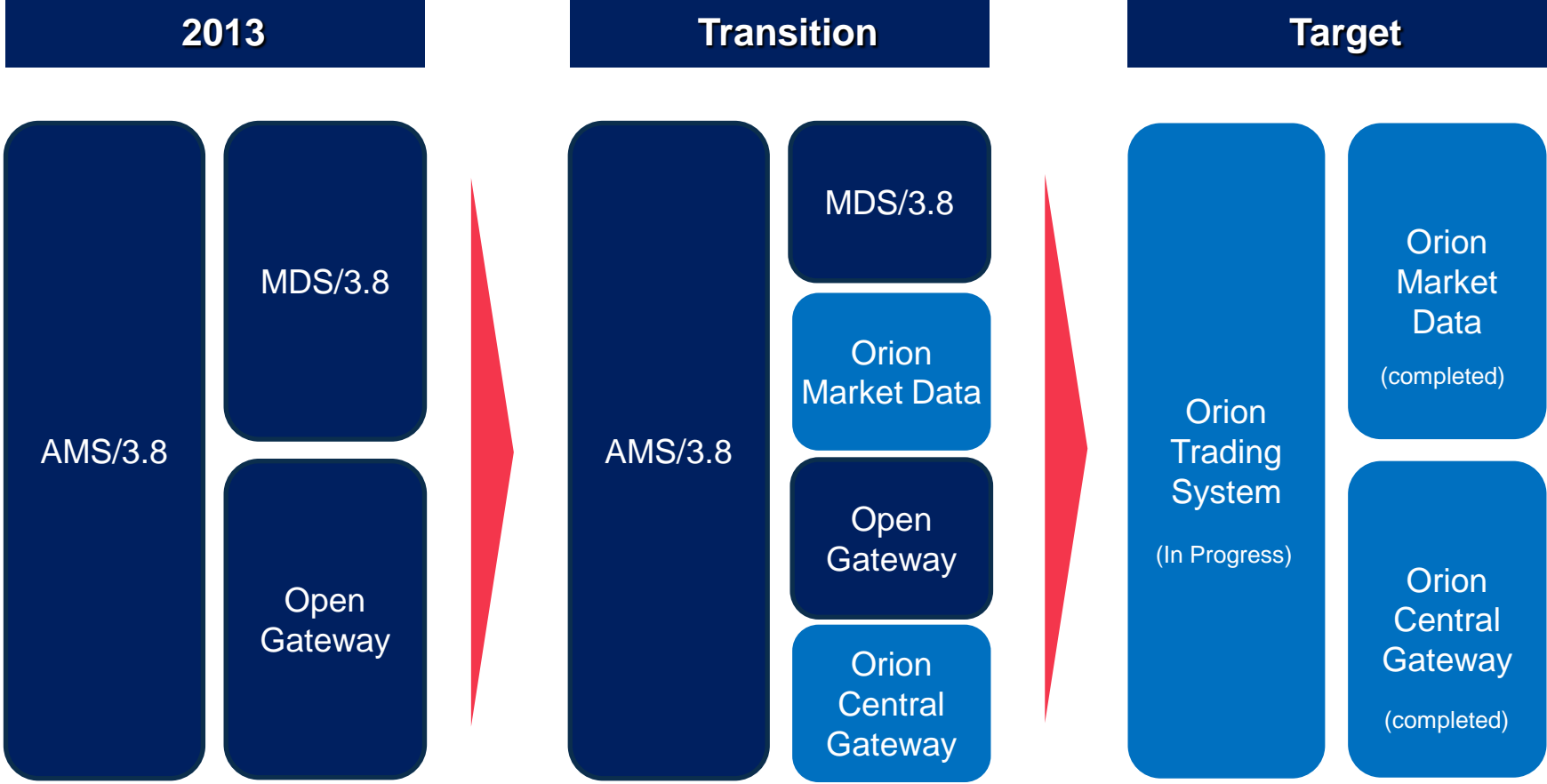
- ✓ Increased capacity to support options market expansion
- ✓ Industry leading low latency trading platform

Derivatives
Clearing

- ✓ Increased performance and throughput capacity
- ✓ Faster response time to daily operational processing



Securities Market Platform Migration

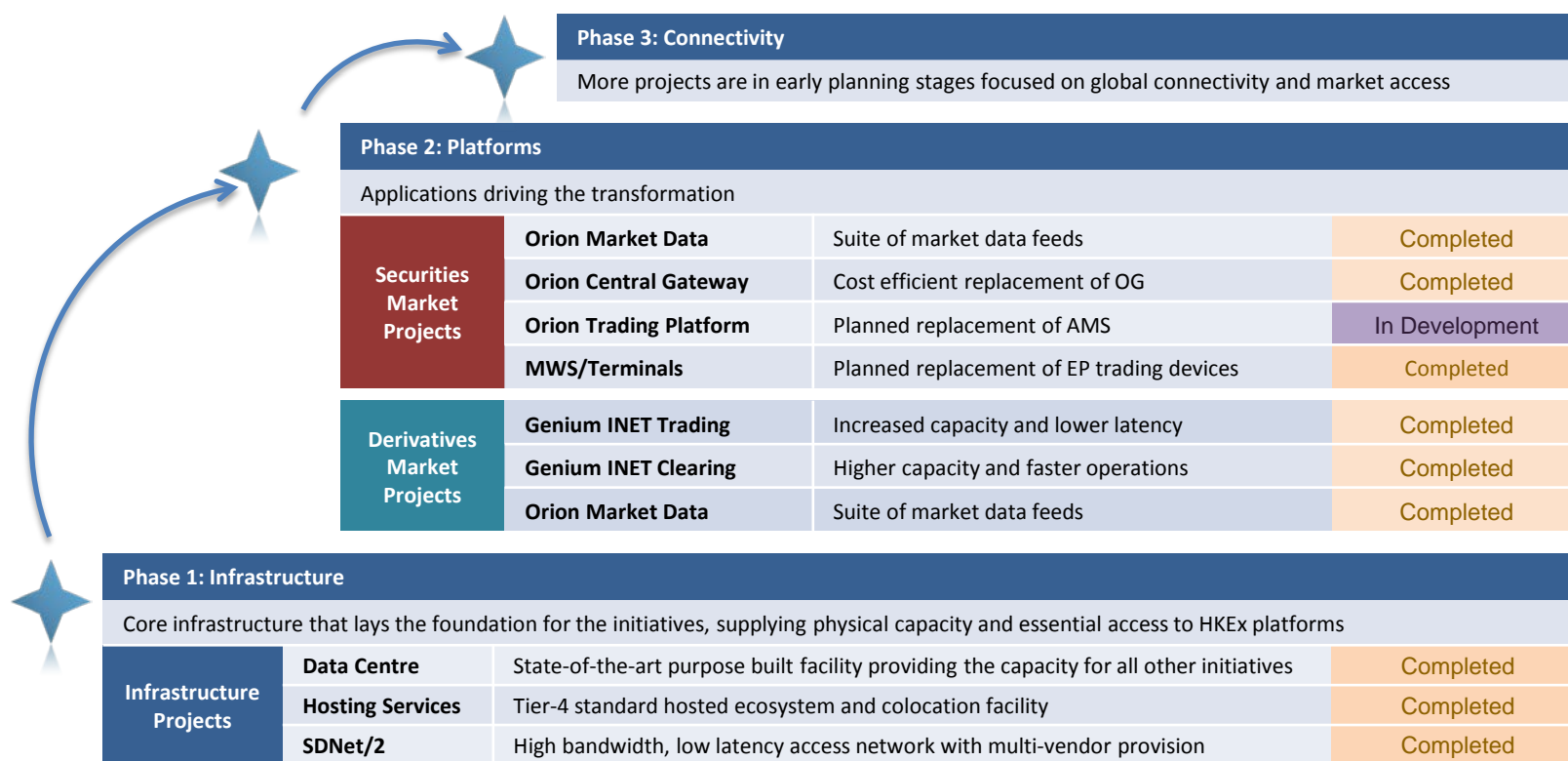


Minimizing participant impact

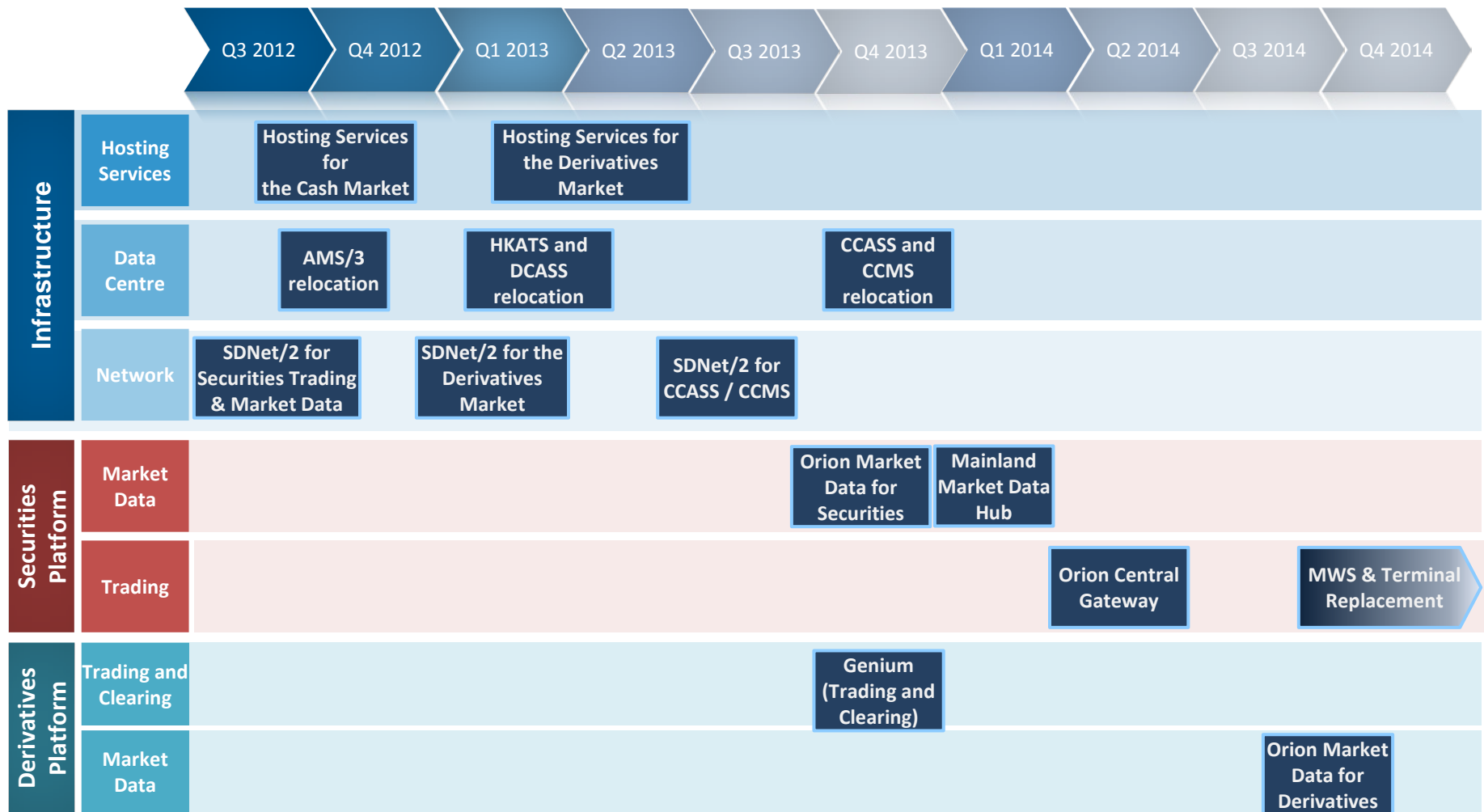


The Programme at a Glance

A Phased Transformation – HKEX’s Orion Technology Initiatives can be broken down into three overlapping phases, delivering incremental benefits through the transformation.



The Programme at a Glance



Orion Trading Platform project started in May 2015, targeted to be completed by Q4, 2017



Achievements from the Orion Technology Initiatives

The Orion Technology Initiatives have brought benefits to the entire market community, strengthening Hong Kong's competitiveness as a leading financial centre.

Infrastructure	Network	<ul style="list-style-type: none"> ✓ Higher bandwidth to support future market growth by SDNet/2 ✓ Introduction of multiple vendors for competitive pricing
	Data Centre	<ul style="list-style-type: none"> ✓ State-of-the-art purpose built facility, owned and operated by HKEX ✓ Consolidation of legacy HKEX data centres
	Hosting Services	<ul style="list-style-type: none"> ✓ Low latency access to HKEX platforms ✓ Tier-4 standard hosted ecosystem
Cash Platform	Market Access	<ul style="list-style-type: none"> ✓ Cost reduction through elimination of HKEX broker-side gateway footprint ✓ Additional functionality, including FIX support and drop copy
	Market Data	<ul style="list-style-type: none"> ✓ Ultra-low latency pricing information ✓ Suite of market data products to meet diverse customer needs
Derivative Platform	Trading System	<ul style="list-style-type: none"> ✓ Increased capacity to support expansion of market maker programme and stock options trading ✓ Industry leading low latency trading platform
	Clearing System	<ul style="list-style-type: none"> ✓ Significant increase in performance and throughput capacity to support market growth ✓ Faster response time to daily operational processing
	Market Data	<ul style="list-style-type: none"> ✓ Ultra-low latency pricing information ✓ Suite of market data products to meet diverse customer needs

HKEX thanks all participants for their work & effort going through this journey with us.

