

HKEX 香港交易所
Entering the Mutual Market Era



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Mutual Market Era (2015 and beyond)



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Mutual Market Era

Our Journey



IPO ERA (1993~2009)



We connect China with the World

Why does China connect with us?

- Trust
- Same Time Zone
- Cultural Similarities
- First Mover

We connect China

Why does the world

- Rule of Law
- International
- Strong Capital
- Reliable Market

HONG KONG



Tsingtao Brewery listed in 1993



ICBC



PetroChina



中国建设银行
China Construction Bank



Build Your Dreams



雅居樂

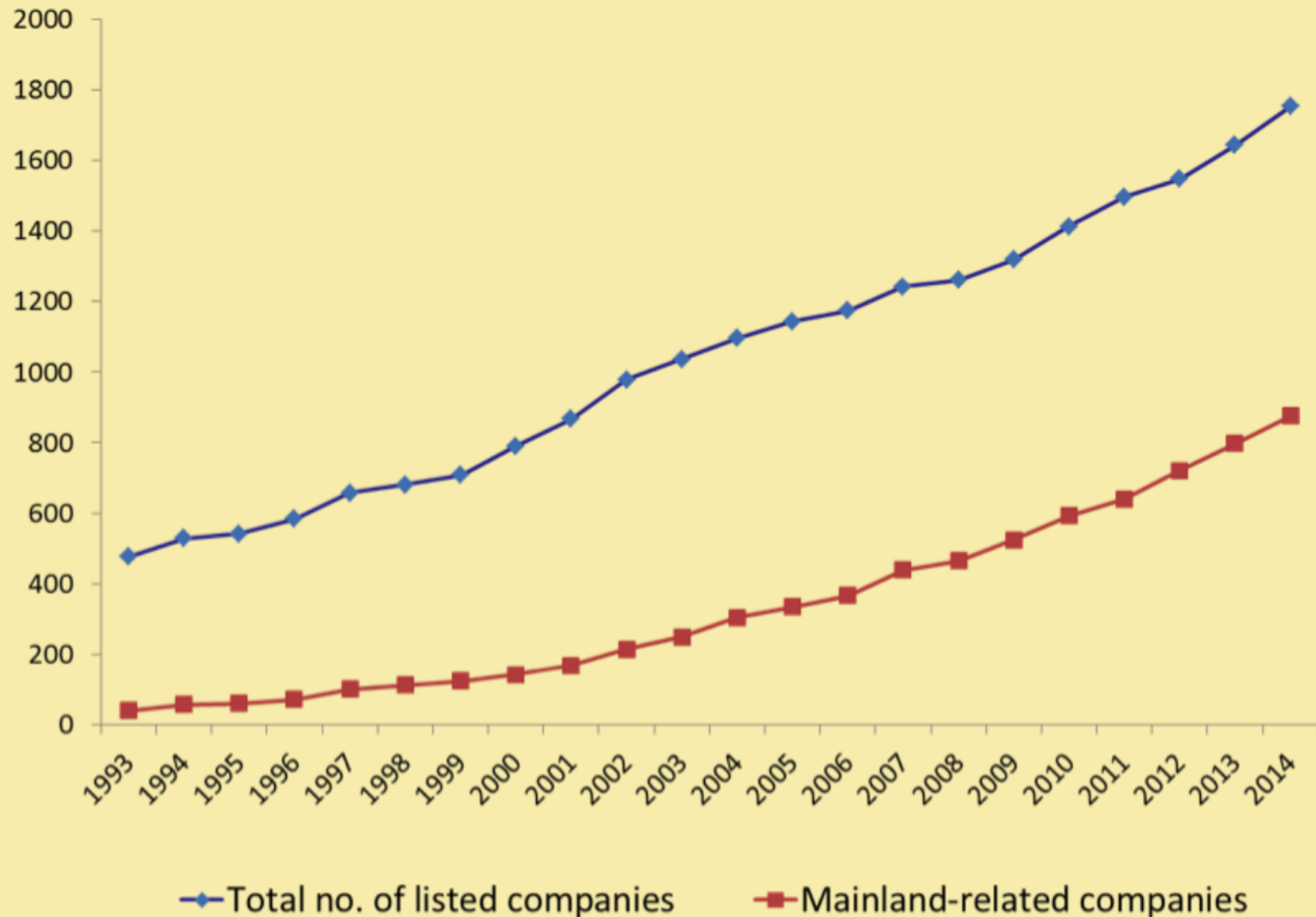


蒙牛



Market Impact (1993-2014)

Today, one out of two listed companies in HK is from mainland China.



Market Cap

2014



HK\$25 Trillion

Average Daily Equity Turnover

2014



HK\$69 Billion



We connect China with the World

Why does China connect with us?

- **Trust**
- **Same Time Zone**
- **Cultural Similarities**
- **First Mover**

We connect China with the World

Why does the world connect with us?

- **Rule of Law**
- **International Standards**
- **Strong Corporate Governance**
- **Reliable Market**





Mutual Market Era (2015 and beyond)



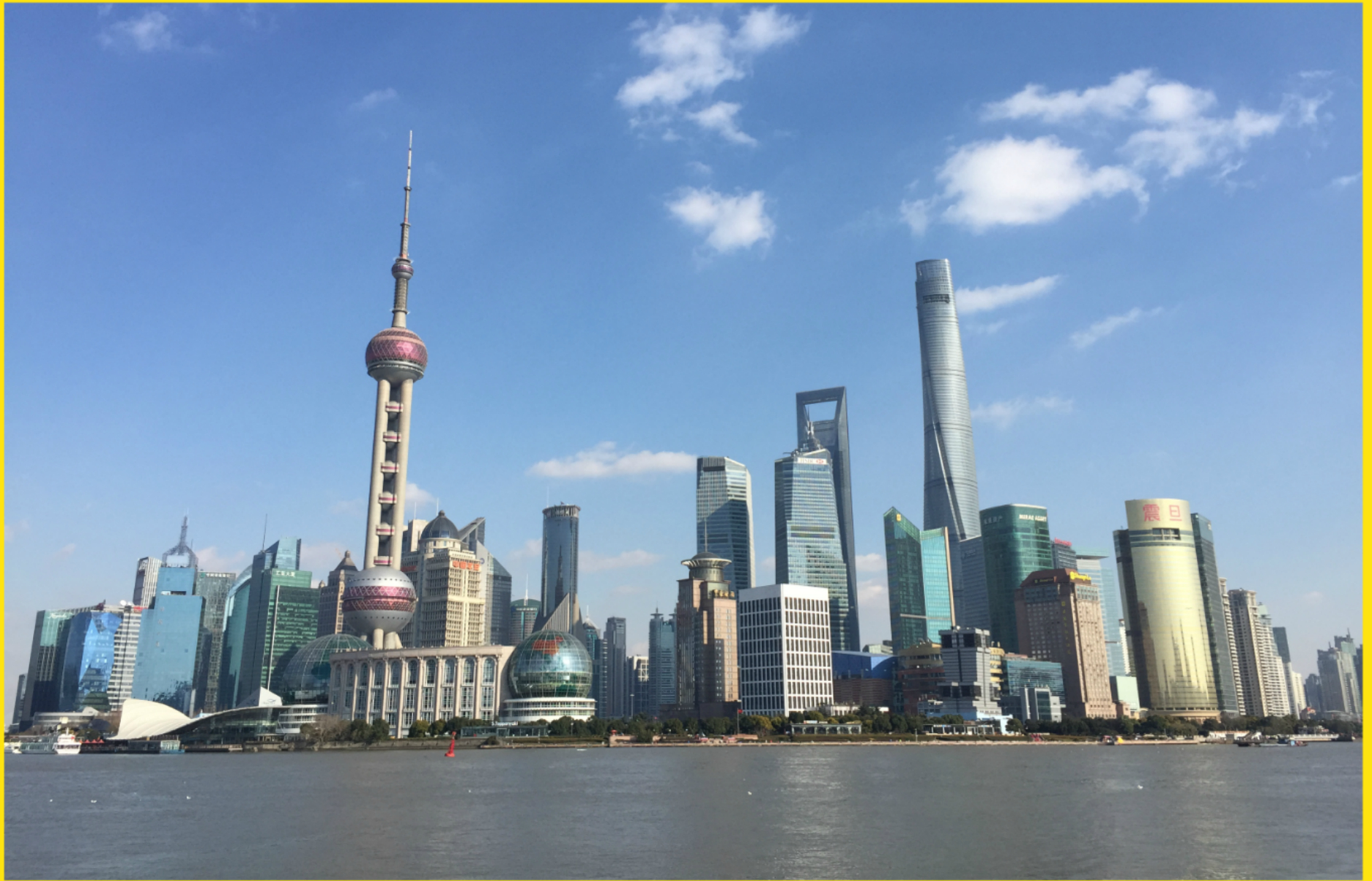
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Mutual Market Era

Our Journey



Domestic Growth Era (2001~2010)





中国金融期货交易所
China Financial Futures Exchange

大连商品交易所
DALIAN COMMODITY EXCHANGE

上海證券交易所
SHANGHAI STOCK EXCHANGE

郑州商品交易所
Zhengzhou Commodity Exchange

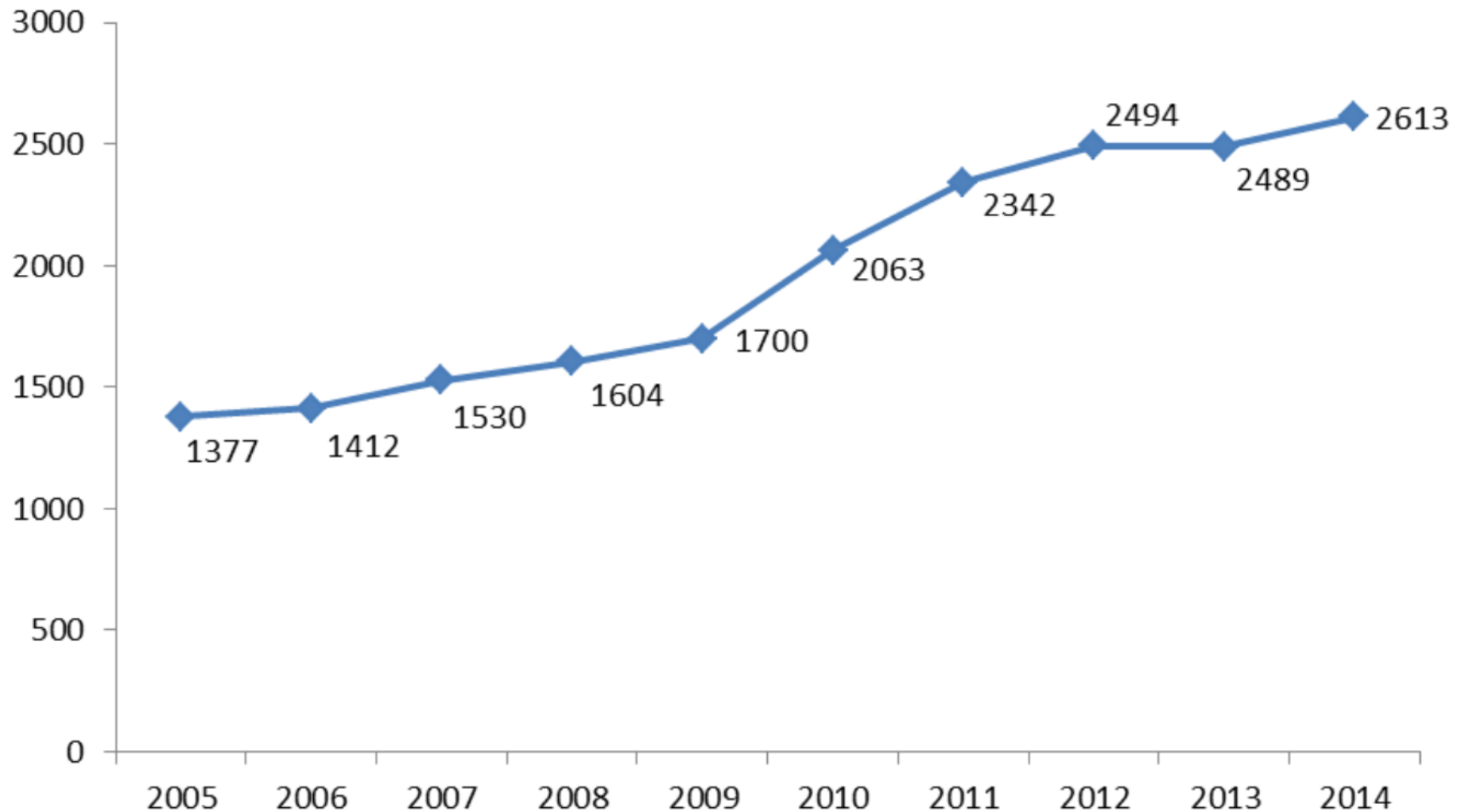


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SHANGHAI FUTURES EXCHANGE

深圳證券交易所
SHENZHEN STOCK EXCHANGE



Number of listed companies on SSE and SZSE (2005-2014)



Market Cap



RMB 37 Trillion

2014

Today, Mainland Stock Exchanges' Average Daily Turnover is much larger than Hong Kong's

RMB 303 Billion

HK\$69 Billion



2014 ADT of SSE & SZSE

2014 ADT of HKEx



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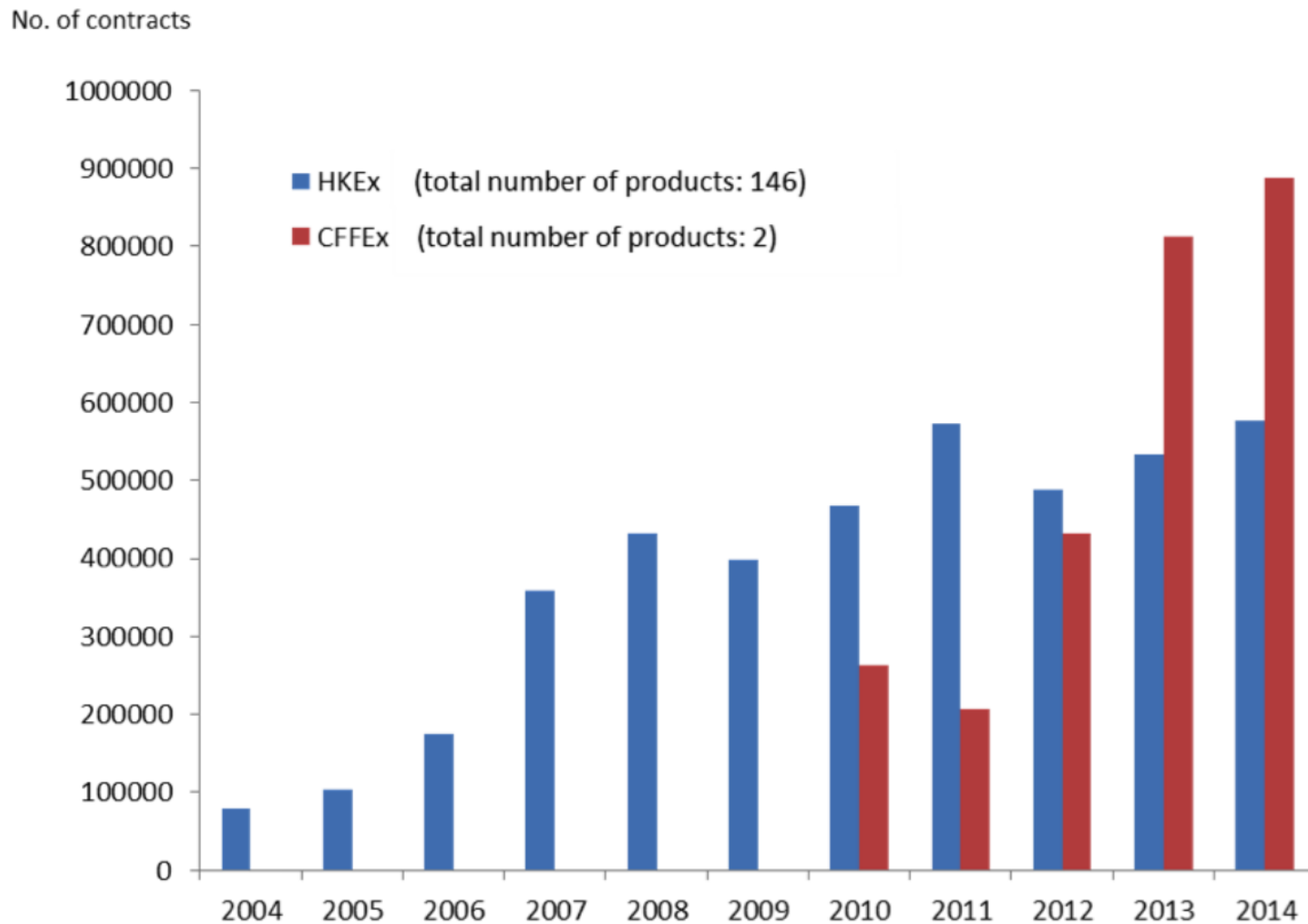


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Exchange Derivatives Trading Volume - HKEx vs CFFEx



Remarks: CSI 300 Index Futures and 5-year Treasury Bond Futures began trading on CFFEx in April 2010 and September 2013 respectively.

China, the World's Largest Commodities Consumer





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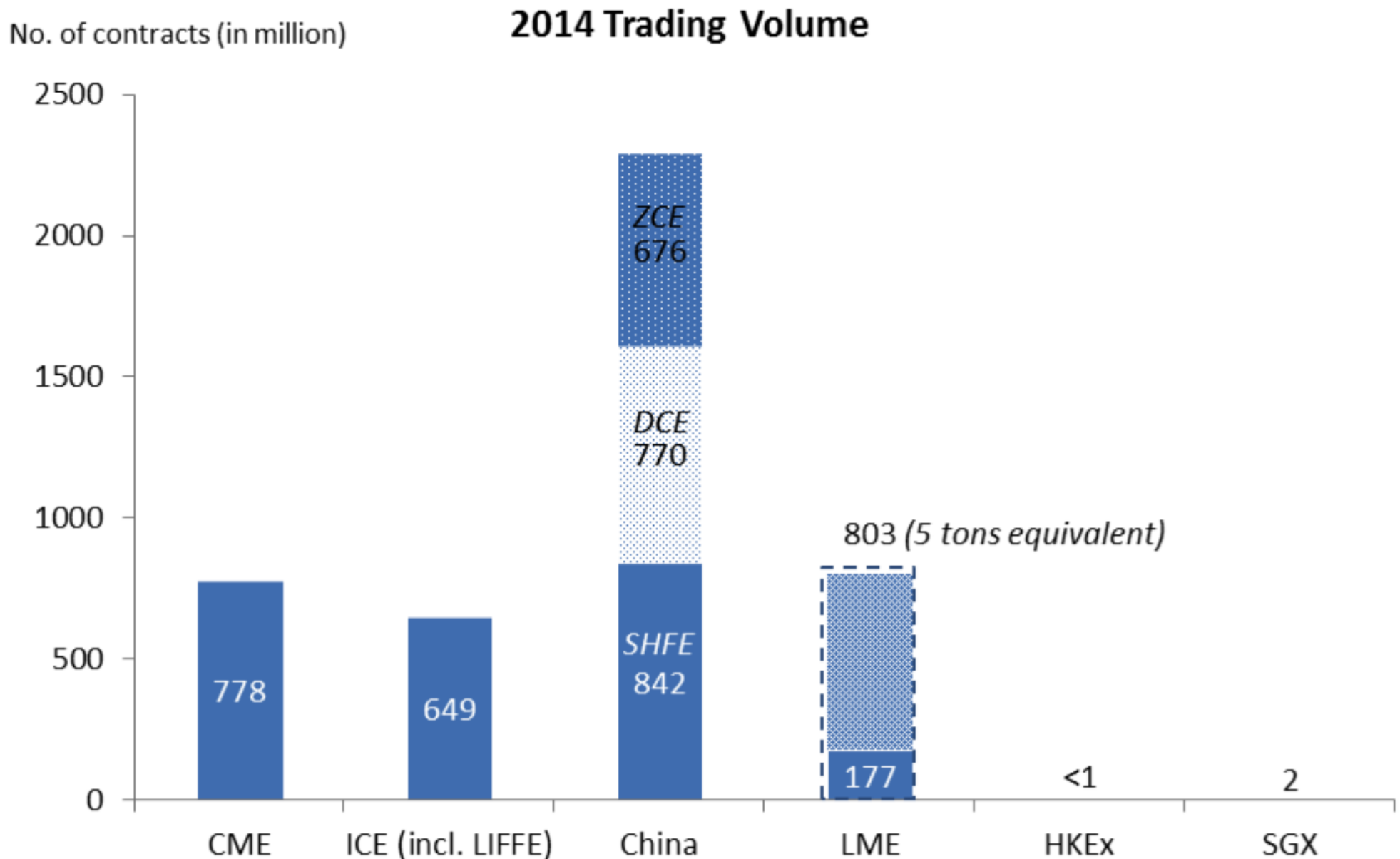


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Global Commodities Trading Landscape



As Mainland China market grew, the country began to liberalise its financial markets cautiously with QDII and QFII.



Our Journey



Opening Up Era (2010 - 2014)



Opening Up Era
(2010 - 2014)

Big Questions
Facing HK

Opening up, how?

- International investors are invited in
- Domestic investors are allowed out
- RMB is internationalised

Internationalisation of Capital Markets
and Currency!



Big Questions Facing HK

**Do we want to help the Mainland
with these emerging new needs?**

**What is the risk / reward for HK
to facilitate the Mainland in these
new areas?**

**What is the risk / reward for NOT
facilitating the Mainland?**

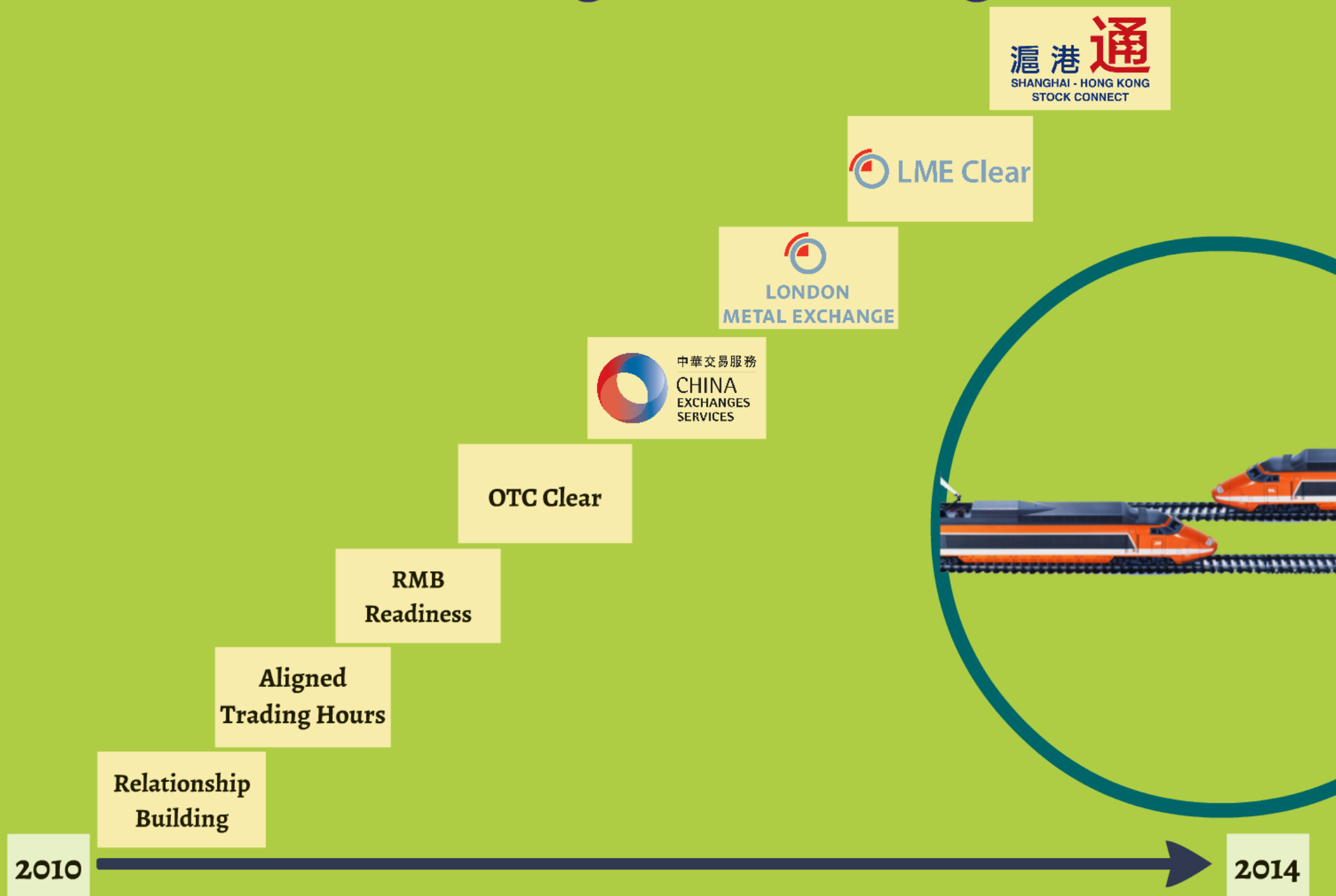
**Can we afford to stay with the
status quo?**

**If we believe we should get
involved, what value can we bring?**

Are we ready?

Yes!

HKEx Strategic Building Blocks

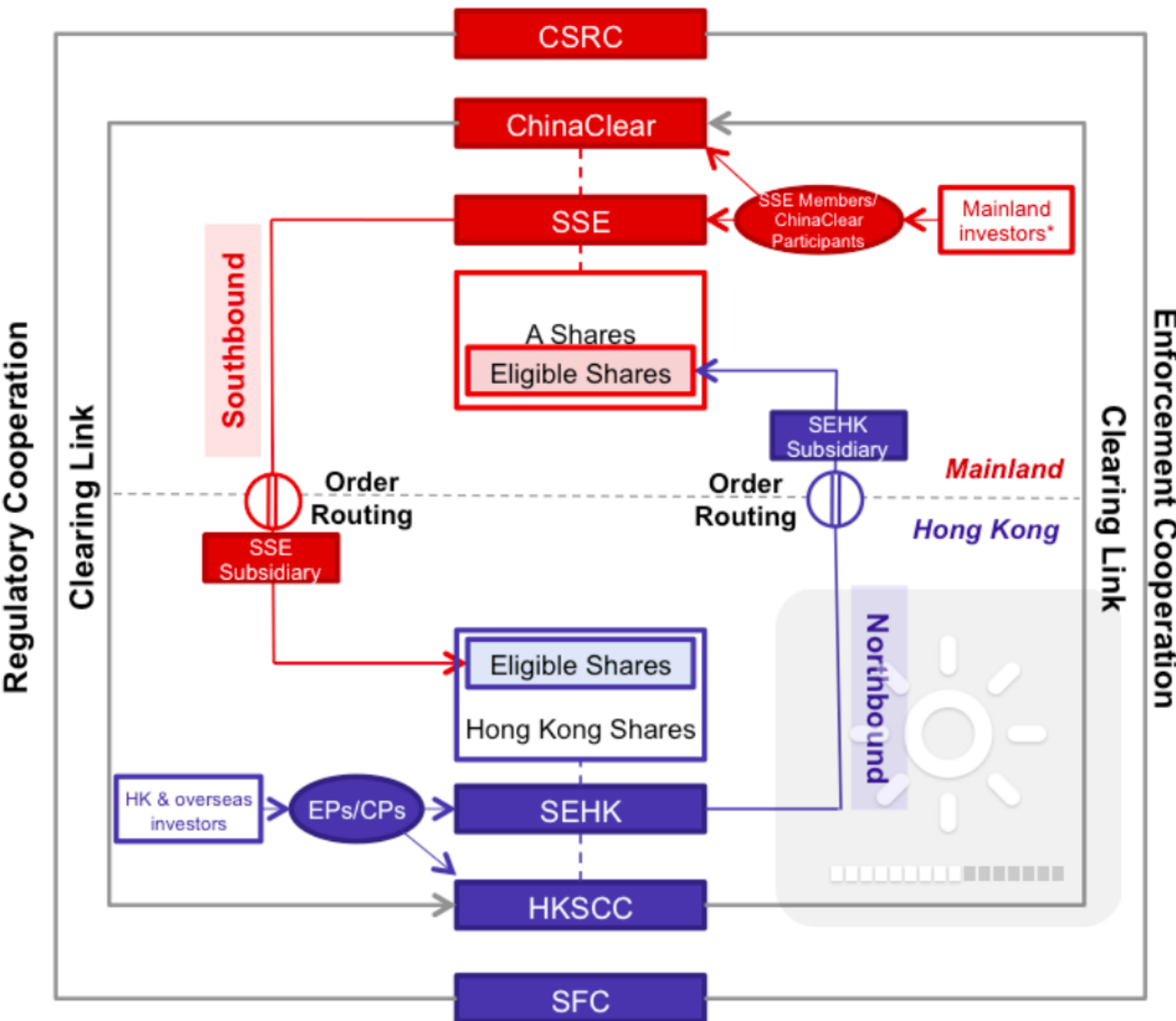




Mutual Market Era (2015 and beyond)



Stock Connect Model



Regulatory Collaboration

“Home Market” Rules

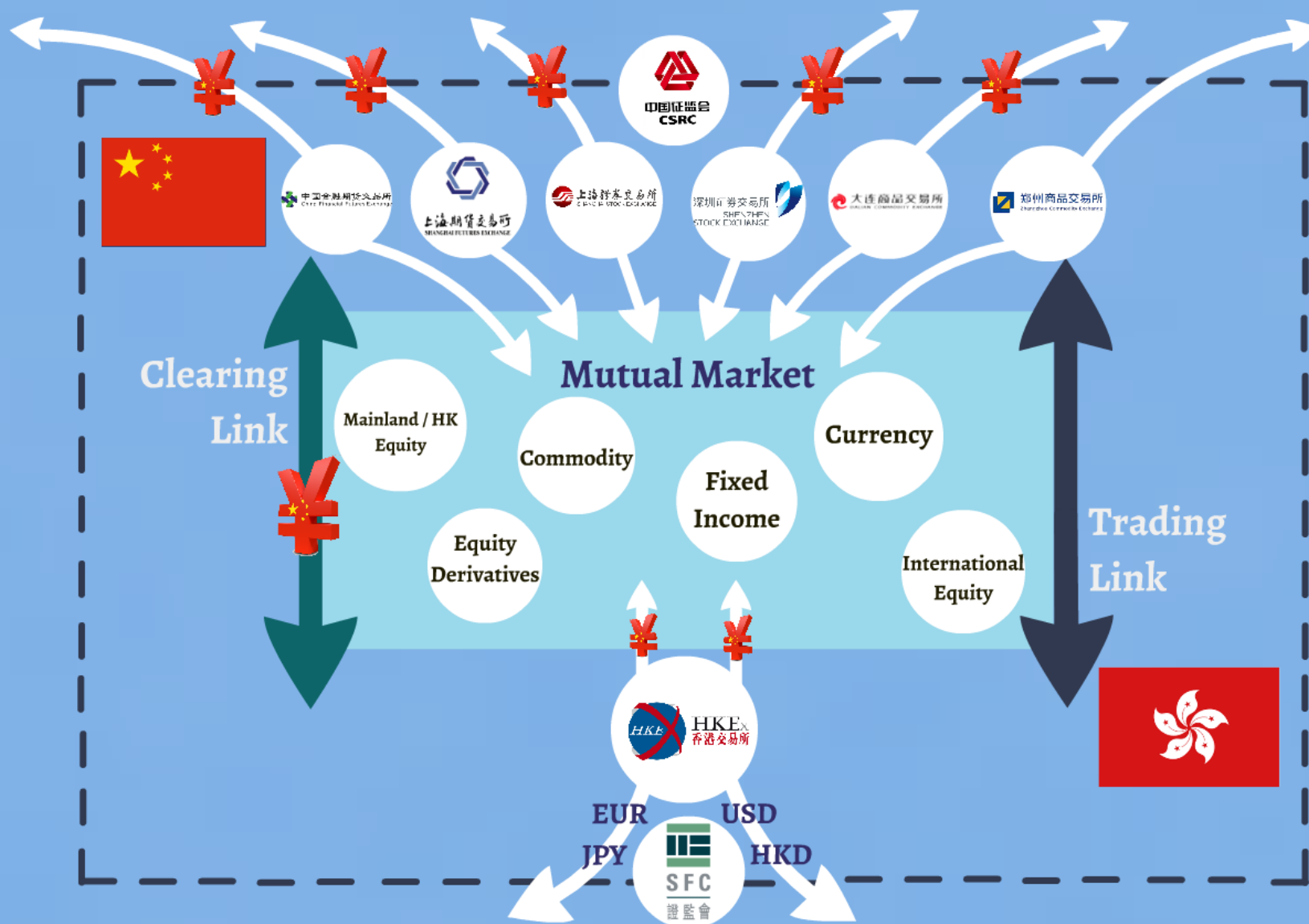
Single Matching Engine

Super Clearer Model

RMB

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

Scalable & Replicable



How do we keep succeeding

- Stay relevant to China
- Maintain our core values

How to stay relevant to China?

- Keep trust and confidence
- Build broad asset class capability
- Develop innovative solutions
- Be first mover

What are our core values?

- **Rule of Law**
- **International Standards**
- **Strong Corporate Governance**
- **Reliable Market**

**Making Hong Kong a truly leading
international financial centre!**



如何保持我們的成功優勢？

- 確保我們對內地發展保持重要
- 堅守我們的核心價值

如何令我們對內地發展保持重要

- 雙方維持互信
- 建立多元資產類別組合
- 提供創新方案解決問題
- 維持先行者優勢

我們的核心價值是甚麼？

- 法治制度
- 國際標準
- 良好企業管治
- 可靠的市場

引領香港成為一個
真正具領導地位的國際金融中心！





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