



Status Report on New Product and Market Development Initiatives
(As at 13 September 2001)

The following initiatives are subject to market support and regulatory approval so they may not be implemented.

Cash Market

Initiative	Status on 15 June	Status on 13 September
Link with other exchanges under the Global Equity Market partnership talks	<p>HKEx and nine other exchanges have been discussing the feasibility of providing links for the cross trading of securities listed on the participating exchanges.</p> <p>HKEx is also in talks with the New York Stock Exchange on a possible earlier bilateral link within the Global Equity Market.</p>	In progress.
Development of the Exchange Traded Fund (ETF) market	<ul style="list-style-type: none"> • HKEx plans to list more locally developed ETF; • HKEx plans to list and trade more regional ETF; • HKEx plans to list and trade fixed-income ETF. 	In progress.
Equity Linked Notes	HKEx is exploring the introduction of Equity Linked Notes on the Exchange market.	In progress.
Further development of the bond market	HKEx is exploring the further development of its bond market.	In progress.
Trading of regional securities and related products	HKEx is exploring the trading of regional securities and related products.	In progress.
New e-Submission System for listed companies	Not included in status report.	There was a full-scale trial in late August and the system is expected to be introduced before year-end.

Derivatives Market

Initiative	Status on 15 June	Status on 1 September
International Stock Futures and Options	HKEx is exploring the introduction of International Stock Futures and Options.	HKEx plans to introduce derivatives contracts on individual stocks selected from markets in Asia and the US. The launch is scheduled for October, subject to the approval of the Securities and Futures Commission (SFC).
Dow Jones Industrial Average Index Futures and Options	HKEx is exploring the introduction of Dow Jones Industrial Average Futures and Options.	HKEx plans to introduce Dow Jones Industrial Average (DJIA) Futures and Options for trading during Asian market hours. The launch of DJIA Futures and Options is scheduled for the fourth quarter of this year, subject to the approval of the SFC.
Block Trading Facility	HKEx is working on rule changes to enable block trading by derivatives market participants.	HKEx intends to introduce a block trading facility for derivatives market participants, which would extend its services to OTC or over-the-counter market users. HKEx is reviewing its rules and procedures in relation to block trading and will seek regulatory approval in the near future. The introduction of the block trading facility is tentatively planned for the fourth quarter of this year.
Derivatives based on Hong Kong Exchange Fund Notes	HKEx is exploring the introduction of derivatives based on Hong Kong Exchange Fund Notes.	HKEx is consulting the market regulator on the introduction of a physically delivered futures contract on 3-year Hong Kong Exchange Fund Notes. It would be HKEx's first bond futures contract. The launch is tentatively planned for the fourth quarter of this year.
Integration of Derivatives Clearing	HKEx is seeking to integrate its derivatives market infrastructure.	Derivatives trading was integrated on 6 August. HKEx plans to integrate derivatives clearing on the new Derivatives Clearing and Settlement System, or DCASS, which is scheduled to be introduced in mid-2002.

HKEx plans to announce further details of these initiatives as they progress.

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