



Status Report on New Product and Market Development Initiatives
(19 December 2001)

The following initiatives are subject to market support and regulatory approval so they may not be implemented. HKEx will announce further details of these initiatives as they progress

Cash Market

Initiative	Status on 13 September	Status on 13 December
Link with other exchanges under the Global Equity Market partnership talks	HKEx and nine other exchanges continues to discuss the feasibility of providing links for the cross trading of securities listed on the participating exchanges. The discussion on a possible earlier bilateral link within the Global Equity Market with New York Stock Exchange is also in progress.	In progress.
Development of the Exchange Traded Fund (ETF) market	<ul style="list-style-type: none"> • HKEx has been working to explore the opportunities to list and trade more local and regional ETF; • HKEx plans to list and trade fixed-income ETF. 	Market making allowed for ETF listed without IPO to improve liquidity. A new ETF, China Tracker, was listed on 28 November.
Development and trading of Equity Linked Notes	HKEx continues to explore 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	A full-scale trial was completed in late August	Registration of users in progress
Review on the corporate governance requirements under Listing Rules	Not included in this report	HKEx is planning to consult the market in the first quarter of 2002.

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Cash Market (cont'd)

Initiative	Status on 13 September	Status on 13 December
Derivative warrants market making	Not included in this report	Amendments to Listing Rules was effective 10 December to require derivative warrants issuer to appoint a stock exchange participant as liquidity provider for newly issued derivative warrants.

Derivatives Market

Initiative	Status on 13 September	Status on 13 December
Dow Jones Industrial Average Index Futures and Options	HKEx planned 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 in the first quarter of 2002, subject to the regulatory approval.
Tick Rule Exemption	Not included in this report.	Amendments were made effective 3 December which aimed at reducing the risk of index arbitrageurs and market makers and further improve market liquidity.
Integration of Derivatives Clearing	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.	In progress

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