

LEGISLATIVE COUNCIL BRIEF

COMMODITIES TRADING ORDINANCE (Cap. 250)

COMMODITIES TRADING (TRADING LIMITS AND POSITION LIMITS) (AMENDMENT) RULES 2001

INTRODUCTION

1. The Securities and Futures Commission (“the Commission”) approved the Commodities Trading (Trading Limits And Position Limits) (Amendment) Rules 2001 (“the Amendment Rules”) on 4 December 2000. The text of the Amendment Rules is included in the Annex.

BACKGROUND AND ARGUMENT

2. The Commission has, in the past, made trading and position limits in relation to futures and options contracts under section 59 of the Commodities Trading Ordinance (Cap. 250), which parallel the limits set by the Hong Kong Futures Exchange Limited (“the HKFE”) in its Regulations.
3. The Commission recently set similar limits in relation to two new stock futures contracts. The changes are set out in the Annex.
4. The trading and position limits are necessary to facilitate market surveillance.

THE AMENDMENT RULES

5. The Amendment Rules amend the Schedule to the Commodities Trading (Trading Limits and Position Limits) Rules by adding two new stock futures contracts, namely, Bank of East Asia Ltd. stock futures contract and Legend Holdings Ltd. stock futures contract.

PUBLIC CONSULTATION

6. No public consultation was considered necessary, as the amendments are straightforward and technical in nature.

FINANCIAL AND STAFFING IMPLICATIONS

7. There are no financial or staffing implications for the Government.

COMMENCEMENT DATE

8. The Amendment Rules will come into effect on 14 March 2001.

PUBLICITY

9. The Amendment Rules will be published in the Gazette on 2 February 2001.

ENQUIRIES

10. For any enquiries on this brief, please contact Mr. Stanley Ng at 2283 6133 in the Supervision of Markets Division of the Commission or Mr. Guan Tan at 2840 9292 in the Legal Services Division of the Commission.

The Securities and Futures Commission
1 February 2001

**COMMODITIES TRADING (TRADING LIMITS AND
POSITION LIMITS) (AMENDMENT) RULES 2001**

(Made by the Securities and Futures Commission under
section 59 of the Commodities Trading Ordinance (Cap. 250))

1. Commencement

These Rules shall come into operation on 14 March 2001.

2. Schedule amended

The Schedule to the Commodities Trading (Trading Limits and Position Limits) Rules (Cap. 250 sub. leg.) is amended by adding -

"40.	Bank of East Asia Ltd. stock futures contract	2000 open contracts for any one contract month	200 open contracts for any one contract month.
41.	Legend Holdings Ltd. stock futures contract	1000 open contracts for any one contract month	200 open contracts for any one contract month."

Andrew Len Tao SHENG
Chairman,
Securities and Futures Commission

9 January 2001

Explanatory Note

Under section 59 of the Commodities Trading Ordinance (Cap. 250), the Securities and Futures Commission may establish and fix limits on the amount of trading which may be done, or positions which may be held, by any person under futures or options contracts in respect of a specified commodity on the Hong Kong Futures Exchange.

2. These Rules amend the Schedule to the Commodities Trading (Trading Limits and Position Limits) Rules (Cap. 250 sub. Leg.) by the addition of two new stock futures contracts.