

LEGISLATIVE COUNCIL BRIEF

COMMODITIES TRADING ORDINANCE (CAP. 250)

COMMODITIES TRADING (TRADING LIMITS AND POSITION LIMITS) (AMENDMENT) (NO. 2) RULES 2001

INTRODUCTION

1. At its meeting on 15 January 2001, the Securities and Futures Commission (“the Commission”) made the Commodities Trading (Trading Limits and Position Limits) (Amendment) (No. 2) Rules 2001 (“the Amendment Rules”) at 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 made similar limits in relation to one new index futures contract and one new index options contract. The changes are set out in the Annex. Trading in the new contracts has not as yet commenced. The HKFE will make an announcement when such trading begins.
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 contracts, namely the MSCI China Free Index futures contract and the MSCI China Free Index options contract.

PUBLIC CONSULTATION

6. Public consultation is considered unnecessary 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 Commencement date for the Amendment Rules will be 30 March 2001.

PUBLICITY

9. The Amendment Rules will be gazetted on 9 February 2001.

ENQUIRIES

10. For any enquiries on this brief, please contact Ms. Thrity Mukadam, Counsel of the Commission Legal Services Division at 2840-9209 or Stanley Ng, Senior Manager of the Supervision of Markets Division of the Commission, at 2283-6133.

The Securities and Futures Commission
7 February 2001

**COMMODITIES TRADING (TRADING LIMITS AND
POSITION LIMITS) (AMENDMENT) (NO. 2) 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 30 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 –

“42.	MSCI China Free Index futures contract	10 000 open contracts for any one contract month	500 open contracts for any one contract month.
43.	MSCI China Free Index options contract	10 000 open contracts for any one contract month	500 open contracts for any one contract month.”.

Andrew Len Tao SHENG
Chairman,
Securities and Futures Commission

6 February 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. Such limits are established and fixed for the futures and options contracts specified in the Schedule to the Commodities Trading (Trading Limits and Position Limits) Rules (Cap. 250 sub. leg.). That Schedule is now amended by the addition of 1 new index futures contract and 1 new index options contract.