

LEGISLATIVE COUNCIL BRIEF

COMMODITIES TRADING ORDINANCE

COMMODITIES TRADING (TRADING LIMITS AND POSITION LIMITS) (AMENDMENT) RULES 2000

INTRODUCTION

1. At its meeting on 18 September 2000, the Securities and Futures Commission (“the Commission”) made the Commodities Trading (Trading Limits and Position Limits) (Amendment) Rules 2000 (“the Amendment Rules”). (Annex 1)

BACKGROUND AND ARGUMENT

2. The Commission has, in the past, made trading and position limits in relation to futures and options contracts under 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 stock futures contract and one new stock index futures contract. It also made amendments in respect of one existing stock futures contract and deleted one other stock futures contract. The changes are set out in Annex 1. Trading of the new futures contracts and the new stock index futures contract commenced on 17 August 2000 and 9 October 2000 respectively.
4. The trading and position limits are necessary to facilitate market surveillance.

THE AMENDMENT RULES

5. The Amendment Rules amend the Schedule to the Rules by adding one new stock futures contract and one new stock index futures contract, amending one existing stock futures contract and deleting one existing stock futures contract.

PUBLIC CONSULTATION

6. Both the Commission and the HKFE support the amendments. 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 14 February 2001.

PUBLICITY

9. The Amendment Rules will be gazetted in the Government Gazette on 5 January 2001.

ENQUIRIES

10. For any enquiries on this brief, please contact Thrity Mukadam, Counsel of the Legal Services Division, at 2840-9209 or Veronica Chang, Manager of the Supervision of Markets Division, at 2840-9296.

The Securities and Futures Commission
2 January 2001

**COMMODITIES TRADING (TRADING LIMITS AND
POSITION LIMITS) (AMENDMENT) RULES 2000**

(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 February 2001.

2. Schedule amended

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

(a) by repealing item 2;

(b) by repealing item 25 and substituting —

“25.	China Mobile (Hong Kong) Ltd. stock futures contract	1 100 open contracts for any one contract month	200 open contracts for any one contract month.” ;
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(c) by repealing item 31 and substituting —

“31.	Hang Seng Index futures and options contracts, and Mini-Hang Seng Index futures contract	10 000 long or short position delta limit for all contract months combined, provided the position delta for the mini futures contract shall not at any time exceed 2 000 long or short for all contract months combined	250 open Hang Seng Index futures contracts for any one contract month, 250 open Hang Seng Index options contracts for any one series, and 1 250 open Mini-Hang Seng Index futures contracts for any one contract month.” ;
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(d) by adding —

“39.	Pacific Century CyberWorks Ltd. stock futures contract	1 100 open contracts for any one contract month	200 open contracts for any one contract month.” .
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Andrew Len Tao SHENG
Chairman,
Securities and Futures Commission

15 December 2000

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 repeal of 1 existing stock futures contract, the addition of 1 new stock futures contract and 1 new stock index futures contract, and the amendment of 1 existing stock futures contract.