

LEGISLATIVE COUNCIL BRIEF

COMMODITIES TRADING ORDINANCE (CAP. 250)

COMMODITIES TRADING (TRADING LIMITS AND POSITION LIMITS) (AMENDMENT) (NO. 4) RULES 2001

INTRODUCTION

1. The Securities and Futures Commission (“**the Commission**”) has made the Commodities Trading (Trading Limits and Position Limits) (Amendment) (No. 4) Rules 2001 (“**the Amendment Rules**”) at the Annex.

BACKGROUND AND ARGUMENT

2. Section 59 of the Commodities Trading Ordinance (Cap. 250) provides that the Commission may, by rule establish and fix trading and position limits in relation to futures contracts. The limits are prescribed in the Commodities Trading (Trading and Position Limits) Rules and also in the rules of the Hong Kong Futures Exchange Limited (“**the HKFE**”).
3. The Commission recently imposed trading and position limits in relation to 20 new stock futures contracts, 20 new options on stock futures contracts, one new index futures contract and one new index options contract. Trading in the new stock futures contracts and options on stock futures contracts commenced on 4 October 2001 while trading in the other two new contracts is tentatively scheduled to commence in February/ March 2002.
4. The trading and position limits are essential 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 20 new stock futures contracts, 20 new options on stock futures contracts, one new index futures contract and one new index options contract and introducing trading limits and position limits in respect thereof.

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 Amendment Rules shall come into operation on 25 January 2002.

PUBLICITY

9. The Amendment Rules will be published in the Gazette on 14 December 2001.

ENQUIRIES

10. For any enquiries on this brief, please contact Ms Thrity Mukadam, Senior Counsel of the Legal Services Division of the Commission at 2840-9209 or Mr Rico Leung, Consultant of the Supervision of Markets Division of the Commission, at 2840-9357.

The Securities and Futures Commission
13 December 2001

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COMMODITIES TRADING (TRADING LIMITS AND POSITION LIMITS) (AMENDMENT) (NO. 4) 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 25 January 2002.

2. Schedule amended

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

“67.	Cisco System Incorporated stock futures contract	50 000 open contracts for any one contract month	10 000 open contracts for any one contract month.
68.	IBM Corporation stock futures contract	50 000 open contracts for any one contract month	10 000 open contracts for any one contract month.
69.	Intel Corporation stock futures contract	50 000 open contracts for any one contract month	10 000 open contracts for any one contract month.
70.	Microsoft Corporation stock futures contract	50 000 open contracts for any one contract month	10 000 open contracts for any one contract month.
71.	Oracle Corporation stock futures contract	50 000 open contracts for any one contract month	10 000 open contracts for any one contract month.
72.	NTT DoCoMo Incorporated stock futures contract	50 000 open contracts for any one contract month	10 000 open contracts for any one contract month.
73.	Sony Corporation stock futures contract	50 000 open contracts for any one contract month	10 000 open contracts for any one contract month.

74.	Nippon Telegraph & Telephone Corporation stock futures contract	50 000 open contracts for any one contract month	10 000 open contracts for any one contract month.
75.	Fujitsu Limited stock futures contract	50 000 open contracts for any one contract month	10 000 open contracts for any one contract month.
76.	Toyota Motor Corporation stock futures contract	50 000 open contracts for any one contract month	10 000 open contracts for any one contract month.
77.	Korea Electric Power Corporation stock futures contract	5 000 open contracts for any one contract month	1 000 open contracts for any one contract month.
78.	Korea Telecom Corporation stock futures contract	5 000 open contracts for any one contract month	1 000 open contracts for any one contract month.
79.	Samsung Electronics Company Limited stock futures contract	5 000 open contracts for any one contract month	1 000 open contracts for any one contract month.
80.	SK Telecom Company Limited stock futures contract	5 000 open contracts for any one contract month	1 000 open contracts for any one contract month.
81.	Kookmin Bank stock futures contract	5 000 open contracts for any one contract month	1 000 open contracts for any one contract month.
82.	Mosel Vitelic Incorporated stock futures contract	5 000 open contracts for any one contract month	1 000 open contracts for any one contract month.
83.	Ritek Corporation stock futures contract	5 000 open contracts for any one contract month	1 000 open contracts for any one contract month.

84.	Taiwan Semiconductor Manufacturing Company Limited stock futures contract	5 000 open contracts for any one contract month	1 000 open contracts for any one contract month.
85.	United Micro Electronics Corporation stock futures contract	5 000 open contracts for any one contract month	1 000 open contracts for any one contract month.
86.	Winbond Electronics Corporation stock futures contract	5 000 open contracts for any one contract month	1 000 open contracts for any one contract month.
87.	Options on Cisco System Incorporated stock futures contract	50 000 open contracts for any one contract month	10 000 open contracts for any one contract month.
88.	Options on IBM Corporation stock futures contract	50 000 open contracts for any one contract month	10 000 open contracts for any one contract month.
89.	Options on Intel Corporation stock futures contract	50 000 open contracts for any one contract month	10 000 open contracts for any one contract month.
90.	Options on Microsoft Corporation stock futures contract	50 000 open contracts for any one contract month	10 000 open contracts for any one contract month.
91.	Options on Oracle Corporation stock futures contract	50 000 open contracts for any one contract month	10 000 open contracts for any one contract month.
92.	Options on NTT DoCoMo Incorporated stock futures contract	50 000 open contracts for any one contract month	10 000 open contracts for any one contract month.
93.	Options on Sony Corporation stock futures contract	50 000 open contracts for any one contract month	10 000 open contracts for any one contract month.

94.	Options on Nippon Telegraph & Telephone Corporation stock futures contract	50 000 open contracts for any one contract month	10 000 open contracts for any one contract month.
95.	Options on Fujitsu Limited stock futures contract	50 000 open contracts for any one contract month	10 000 open contracts for any one contract month.
96.	Options on Toyota Motor Corporation stock futures contract	50 000 open contracts for any one contract month	10 000 open contracts for any one contract month.
97.	Options on Korea Electric Power Corporation stock futures contract	5 000 open contracts for any one contract month	1 000 open contracts for any one contract month.
98.	Options on Korea Telecom Corporation stock futures contract	5 000 open contracts for any one contract month	1 000 open contracts for any one contract month.
99.	Options on Samsung Electronics Company Limited stock futures contract	5 000 open contracts for any one contract month	1 000 open contracts for any one contract month.
100.	Options on SK Telecom Company Limited stock futures contract	5 000 open contracts for any one contract month	1 000 open contracts for any one contract month.
101.	Options on Kookmin Bank stock futures contract	5 000 open contracts for any one contract month	1 000 open contracts for any one contract month.
102.	Options on Mosel Vitelic Incorporated stock futures contract	5 000 open contracts for any one contract month	1 000 open contracts for any one contract month.

103.	Options on Ritek Corporation stock futures contract	5 000 open contracts for any one contract month	1 000 open contracts for any one contract month.
104.	Options on Taiwan Semiconductor Manufacturing Company Limited stock futures contract	5 000 open contracts for any one contract month	1 000 open contracts for any one contract month.
105.	Options on United Micro Electronics Corporation stock futures contract	5 000 open contracts for any one contract month	1 000 open contracts for any one contract month.
106.	Options on Winbond Electronics Corporation stock futures contract	5 000 open contracts for any one contract month	1 000 open contracts for any one contract month.
107.	Dow Jones Industrial Average futures contract	20 000 open contracts for any one contract month	1 000 open contracts for any one contract month.
108.	Dow Jones Industrial Average options contract	20 000 open contracts for any one contract month	1 000 open contracts for any one contract month.”.

Andrew Len Tao SHENG
Chairman,
Securities and Futures Commission

December 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 adding 20 new international stock futures contracts, 20 new options on those newly added international stock futures contracts, one new Dow Jones Industrial Average futures contract and one new Dow Jones Industrial Average options contract.