

17th January 2013

Clerk to Panel on Financial Affairs
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Sirs,

Re: Proposal of Hong Kong Exchanges and Clearing Limited ("HKEx") to Introduce After-hours Futures Trading ("AHFT")

As the legislative Council Panel on Financial Affairs will have a meeting on 28th January 2013 to discuss HKEx's proposal on AHFT, we would like to submit our view for the Panel's consideration.

We support on HKEx's proposal to introduce AHFT as it will help expanding our brokerage business. There are client demands for investment opportunity and management of risk exposures during night time in response to events or news in the European or US time zones. We have been operating 24-hours dealing desk to support clients' trading of overseas futures products for 10 years and we have adequate risk management measures and funding arrangements in managing risk exposures of our clients. We believe AHFT can help us bring more trading business to Hong Kong which will benefit the Hong Kong futures brokerage industry as a whole. On the other hand, it allows brokers to manage clients' risks and positions as well.

Major overseas derivatives markets, such as the exchanges in the CME Group, Singapore Exchange, ASX Group and Osaka Securities Exchange have been offering after hours futures trading for many years. From our experiences, there are no liquidity or financial stability issues.

We also believe that HKEx's proposed price limit +/-5% for AHFT is an appropriate measure for guarding against potential excessive price movement. We note that some market participants suggest reducing the price limit from +/-5% to +/-2.5%. Our viewpoint is that reducing the price limit to +/-2.5% will affect hedging efficiency for our clients and will defeat the purpose of offering AHFT. To our knowledge, the major overseas derivatives markets are not imposing price limit lower than +/-5%.



We understand that some brokers may have difficulties in running business in AHFT session because of the increase in operating cost. However, there are other 24-hours based brokers like us, who can offer execution and clearing service for the after-hours trades to the brokers who are not opening for business during AHFT.

We will attend the meeting to make oral presentation to the Panel. The duly completed reply slip is attached for your handling.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Wan Kai Leung Paul" in a cursive style.

Wan Kai Leung Paul