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17 January 2013

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

Dear Sir/Madam,

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

As the Legislative Council Panel on Financial Affairs will have a meeting on 28 January 2013 to discuss HKEx’s proposal on after-hours futures trading, we would like to submit our view for the Panel’s consideration.

We support HKEx’s proposal to introduce after-hours futures trading as it will help Hong Kong’s derivatives market and further support its development as a global finance center.

In addition, we believe introduction of after-hours trading in Hong Kong will help to strengthen the growing integration of exchanges in the region. The BSE is a member of the BRICS Exchange Alliance, along with HKEx, the Moscow Exchange, BMF Bovespa from Brazil and the JSE from South Africa. HKEx’s ability to trade outside of Hong Kong traditional trading hours will help to support the success of the BRICS Exchange Alliance, by increasing the overlap with home country trading hours of some of these other exchanges. For the Sensex Futures product in particular, which is now traded in Hong Kong, we expect HKEx staying open later in the evening will help grow trading volumes in Hong Kong and in India.

Major overseas derivatives markets, such as CME, SGX, ASX and OSE have been offering after hours futures trading for years. Their experience shows that there is considerable demand to use these markets in extended hours for risk management and to enhance access to foreign markets through local derivatives products traded on local exchanges.

Please accept these comments on HKEx’s proposal in a spirit of constructive support for the general development of derivatives markets in the region.

Yours faithfully,

James E. Shapiro
Senior Advisor