



Quorum 15

18th January 2013

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

Expression of Support for Hong Kong Exchanges and Clearing Limited's Proposal to Introduce After-hours Futures Trading (AHFT) from Quorum 15's Hong Kong Members

Dear Sir/Madam,

This submission references the Legislative Council Panel on Financial Affairs' upcoming meeting to discuss the after-hours futures trading proposal by HKEx. As an interested industry representative group we would like to express our support for HKEx's proposal and provide details about our supporting position.

Quorum 15 is a neutral private organization with c. 130 members worldwide including most of the major banks and asset managers in Hong Kong. We facilitate the exchange of views between the industry's stakeholders (banks, investment management firms, regulators and strategic service providers), identifying industry-wide issues and striving for successful outcomes.

There is a strong consensus from the majority of our buy-side and sell-side members that there are currently market inefficiencies in Hong Kong that can be addressed with the implementation of AHFT. Both investors and market operators will benefit from improved risk management capabilities as they will be able to react to global market conditions as they evolve during the afterhours session. HKEx's proposed price limit +/- 5% for after-hours futures trading is appropriate for guarding against potential excessive price movement.

Furthermore, when considering global derivatives markets we have observed that not only is AHFT commonplace, this practice does not contribute to liquidity or financial stability issues as has been suggested by other market participants.

Quorum 15 appreciates the opportunity to provide a written response on this and other relevant industry matters and hopes that the Financial Affairs panel will consider our statement of support when deciding whether to proceed with AHFT.

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