

18 January 2013

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

Dear Sir/Madam,

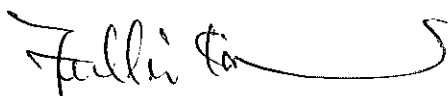
Re: Proposal of Hong Kong Exchanges and Clearing Limited (“HKEx”) to Introduce After-hours Futures Trading

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.

From the investors’ point of view, it is good to put in place T + 1 session as by then, an investor will have an option, not an obligation, to manage his/her risk in reaction to any financial or political events happening when the stock and futures markets of Hong Kong are closed. From our point of view as a broker, we support on HKEx’s proposal to introduce after-hours futures trading as it will help expanding our brokerage business. After-hours futures trading will allow brokers to manage clients’ risks and positions as well.

We believe that HKEx’s proposed price limit +/-5% for after-hours futures trading 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 after-hours futures trading. To our knowledge, major overseas derivatives markets, such as CME, SGX, ASX and OSE are not imposing price limit lower than +/-5%.

Yours faithfully,
For and on behalf of
Shenyin Wanguo Futures (H.K.) Limited.


Freddie Kwan