



16 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.

Interactive Brokers Group (“IB”) has been in business for over 36 years and has operated in Hong Kong since 1995. IB conducts is broker/dealer and proprietary trading business on over 100 market destinations worldwide. IB has over US\$4.8 billion in equity capital and executes nearly 1,000,000 trades per day. IB supports the HKEx’s proposal to introduce after-hours futures trading as it will help satisfy client demand. Our group has successfully offered after hours trading on a number of exchanges including the CME, SGX, ASX, HKMEX and OSE for many years. Our clientele desire to hedge their exposure to overnight risk as well as ADR and currency exposure. They also are always seeking to find new trading opportunities.

IB already offers 24 hours global service to clients and has real time risk management systems in place to protect both the client and our firm. We believe after-hours futures trading will bring more trading business to Hong Kong which will benefit the Hong Kong futures brokerage industry as a whole. After-hours trading is already available in Hong Kong through the HK Mercantile Exchange, there is significant client demand and if HKEx wants to remain competitive on the global landscape, it needs to be cognizant of rival offerings.

From a risk perspective, we believe market forces and arbitrage potential will keep prices in line. In addition, the HKEx’s proposed price limit +/-5% for after-hours futures trading is an appropriate measure for guarding against potential excessive price movement.

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

Yours faithfully,

David Friedland
Managing Director, Asia Pacific