

Nomura International (Hong Kong) Limited

30/F Two International Finance Centre
8 Finance Street, Central, Hong Kong

Telephone (852) 2536 1111

Facsimile (852) 2536 1888

Website www.nomura.com

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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

We noted that 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 and would like to reiterate Nomura's views for the Panel's consideration.

Rising to International Standards

We support the Exchange's proposal to introduce after-hours futures trading as it would better align the trading hours of Hong Kong's futures market with the rest of the world where some derivatives products are already traded around the clock. It is urgent and necessary for HKEx to have in place trading conditions that match leading exchanges worldwide and cater to rising demand from global investors. This would help market participants such as ourselves to meet the trading needs of our clients and thereby support the growth of our trading and brokerage franchise.

Minimize Gap Risk

We noted that there is client demand for managing risk exposure during European and US trading hours to take into account events or news in those time zones. In the absence of Hong Kong futures trading, clients have been using S&P futures as a proxy. This is obviously far from a perfect hedge and the rollout of after-hours futures trading would allow investors to manage their risk exposure more efficiently and minimize their gap risk.

Business Growth at No Incremental Cost

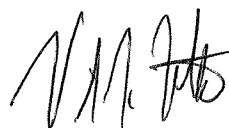
Nomura has fully operational night trading desks to support clients who trade the European and US markets as well as the evening trading sessions of other Asian exchanges. The addition of the Hong Kong market would not incur additional costs. We already have risk management measures and funding arrangements in place to handle client margin calls.

Last but not least, we are confident that after-hours futures trading would ultimately attract more business opportunities to the Hong Kong futures industry which will in turn benefit Hong Kong as an international financial centre and enhance its economic growth.

Hong Kong has been behind the curve for too long. Major futures exchanges such as CME, SGX, ASX and OSE have been offering after-hours futures trading for years. The ample levels of liquidity available in these markets has meant that we have never encountered any liquidity or excessive volatility issues whilst trading during the T+1 session. There is no reason why Hong Kong should be any different. Furthermore, as a precautionary measure, we believe that HKEx's proposed price limit of +/-5% effective during after-hours futures trading would address concerns about potential excessive price movement.

We trust you concur with our views and thank you for your attention.

Yours faithfully,



Vincent J. Turcotte
Managing Director
Futures and Options, Asia-Pacific
Nomura International (Hong Kong) Limited

H. Vincent Mak
Vice President
Futures and Options, Asia-Pacific
Nomura International (Hong Kong) Limited

