

21 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 the 28th January 2013 to discuss HKEx’s proposal on after-hours futures trading, we would like to submit our view for the Panel’s consideration.

Optiver supports the HKEx’s proposal to introduce after-hours futures trading. We believe it will help to maintain Hong Kong’s position as an important global financial center.

Investors need access to the financial market in Hong Kong in order to manage risk exposure during the night time in response to events or news in the European or US time zones. The vast majority of the large derivative exchanges such as CME and Eurex already offer market participants the possibility of after-hours Future trading.

As a global market maker in derivatives we have experienced that similar initiatives from other exchanges have led to an increase of volume, which is a good and important development for the market place such as Hong Kong.

Optiver is one of the largest market makers in Hong Kong and provides liquidity in derivatives and cash products. We see the after-hours future trading initiative as an opportunity to expand our business in Hong Kong and we will support HKEx by providing liquidity in the after-hours session.

Optiver believes that it is important that an exchange protects the market participants in case of an irregular and excessive price movement.

The price limit level can be disruptive if it is a) too wide and market participants lose trust and confidence in the market because of the large price movements and b) too tight and market participants will not be able to hedge risk exposure when it is most important.

Taking the above into account and looking at the price limit level of other exchanges we believe HKEx's proposed price limit +/-5% for after-hours futures trading is an appropriate measure for guarding against a potential excessive price movement. This will further ensure that the hedging efficiency for market participants and their clients is not impacted.

In particular we would like to make the point that a reduction of the price limit to +/- 2.5% as proposed by some market participants will defeat the purpose of offering after-hours futures trading.

As already mentioned major overseas derivatives markets, such as CME, SGX, ASX and OSE are not imposing price limit lower than +/-5%.

Yours faithfully,



Paul Hilgers
Director
Optiver Trading Hong Kong Limited