

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, as we have global futures 24 hours trading and operation experience, we would like to share our view and experience for the Panel’s consideration.

We support on HKEx’s proposal to introduce after-hours futures trading as it will help expanding our brokerage business. As per our experience, major overseas derivatives markets, such as CME Group, ICE Group, LME, SGX, ASX, OSE and TOCOM all have been offering after hours futures trading or 24 hours trading for years without liquidity or financial stability issues. If Hong Kong cannot support long hours trading covering the European and the US time zones, Hong Kong will lose out in the global competition. We can easily find that the Hong Kong futures market can’t keep up with the world level now.

After-hours futures trading will allow brokers to manage clients’ risks and positions as well. We have been operating night desk to support clients’ trading of overseas futures products and we have adequate risk management measures and funding arrangements in managing risk exposures of our clients, for example real time margin call and forced liquidation mechanism, all client are able to meet these arrangement, because they care their position.

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. To our knowledge, major overseas derivatives markets, such as CME, SGX, ASX, OSE and TOCOM are not imposing price limit lower than +/-5%.

Given overseas exchange experience, after-hours futures trading must be a source of business growth. Over time, after-hours futures trading can attract European and US investors to participate in HKEx’s derivatives market both during and after their working hours.

Yours faithfully,

Jason Hsu,
Managing Director of Grand China Futures Limited

For and on behalf of
華業期貨有限公司
Grand China Futures Limited


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Authorized Signature(s)