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

21 January 2013

Dear Sir/Madam,

Submission regarding the Proposal of Hong Kong Exchanges and Clearing Limited ("HKEx") to Introduce After-hours Futures Trading

IMC Asia Pacific Limited (IMC) is a member of the Stock Exchange of Hong Kong (SEHK) and the Hong Kong Futures Exchange (HKFE). We understand that the Legislative Council Panel on Financial Affairs is considering a proposal of HKEx to facilitate after-hours futures trading is inviting public views on this proposal. Accordingly I write to provide the views of IMC on this proposal.

IMC supports the HKEx's proposal to introduce after-hours futures trading. In our view, the proposal would bring HKEx into line with the other leading exchanges of the Asia Pacific region.

A key benefit of after-hours trading would be the facilitation of better market risk management in HK-based futures positions during the regular trading hours of European and US markets. As a market maker of various financial products on HKEx, the ability to manage this risk efficiently better allows IMC to provide tight bid-ask spreads in the related products for which it makes a market.

IMC understands that the proposal has caused concern among some Exchange Participants, for reasons including that reduced liquidity in after-hours trading may result in significant price fluctuations. In response, IMC would submit that the proposed price movement limits proposed by the HKEx represent a sound and appropriate measure to limit excessive price fluctuations. A further concern that has been expressed is that after-hours trading will impose further costs on Exchange Participants. On this point, IMC would submit that participation in the after-hours market is an optional avenue for Exchange Participants to mitigate market risk. IMC does not expect that Participants for

whom this is not a commercial priority will come under significant commercial pressure to participate in the after-hours market.

IMC would further submit that the proposal for after-hours futures trading will also facilitate the participation of HKEx in the developing move toward increased cross-exchange trading activity in the Asia Pacific region. As a key regional trading hub, it would be regrettable in IMC's view if Hong Kong was not positioned to take advantage of this developing trend.

Thank you for this opportunity to provide the views of IMC on this important proposal. While IMC does not intend to make oral submissions to the panel, please do not hesitate to contact me if IMC may provide any further information in relation to the views provided above.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Justin Cheng', with a stylized flourish at the end.

Justin Cheng
Managing Director