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18th January, 2013

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

BY FAX & EMAIL

Dear Sir/Madam,

Re: Proposal of Hong Kong Exchange and Clearing Ltd (“HKEx”) to Introduce After-hours Futures Trading

We are honoured to submit our views collected from our clients to the Legislative Council Panel on Financial Affairs (the “Panel”) before the Panel’s meeting on 28th January, 2013 regarding HKEx’s proposal on after-hours futures trading (the “Meeting”).

Our retail clients, together with our group companies, accounted for approximately 2.9% of the total number of HKEx futures contracts traded in 2012. It is noteworthy to hear the voices from the genuine participants in the futures market. Therefore, we conducted a survey on after-hours futures trading for our clients this month, and received over 730 replies. Around 77% of the responded clients express their support on the captioned proposal. Among them, 73% will take part in after-hours futures trading once it is launched. So, there is overwhelming demand from our retail clients for trading futures outside business hours.

Regarding the price limit of $\pm 5\%$ imposed on the contract prices in the after-hours futures trading, we asked our clients in the survey whether the price limit was too high or too low. 79% of the respondents deemed $\pm 5\%$ or larger price limit suitable. In our opinion, the size of price limit does not influence the volatility of the futures market. For instance, there is no price limit set for all HKEx index futures contracts, but the futures market is not excessively volatile. As real-time futures prices are instantaneously displayed to all our clients, they are able to make informed investment decisions when the market is transparent and efficient. In light of the second largest futures exchange CME Group, which has implemented percentage-based price limit system since 1998, setting the price limit as $\pm 5\%$ for its overnight hours futures trading, the 5% range should be a conclusive value acceptable by the exchange and futures traders, and hence is a sensible starting point for the new futures trading session in Hong Kong.

Lastly, our group has decided to recruit more staffs in order to provide the service of after-hours futures trading to our clients. Other futures brokers should be doing the same to prepare for the commencement of the additional trading session. As a result, the new recruitments are beneficial to the employment rate of the financial services sector.

It is our wish to attend the Meeting to make oral presentation to the Panel.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Mak Kwong Fai', written over a horizontal line.

Mak Kwong Fai, Louis
CEO
I-Access Group