

LEGISLATIVE COUNCIL BRIEF

COMMODITIES TRADING ORDINANCE

COMMODITIES TRADING (TRADING LIMITS AND POSITION LIMITS)(AMENDMENT)RULES 1998

INTRODUCTION

At its meeting on 24 September 1998, the Securities and Futures Commission made the Commodities Trading (Trading Limits and Position Limits)(Amendment) Rules 1998 (the “Amendment Rules”). (Annex 1).

BACKGROUND AND ARGUMENT

2. The Commission has made trading and position limits in relation to those futures and options contracts under the Commodities Trading Ordinance (Cap.250) which parallel the limits set by the HKFE in its Regulations.
3. The reporting requirements were amended in August 1996, 4 July 1997 and 19 August 1997. Such trading and position limits are necessary to facilitate market surveillance..
4. HKFE proposes to launch the commencement of trading of the new futures and options contracts whenever market conditions are favourable.

THE AMENDMENT RULES

5. The Amendment Rules amend the Schedule to the Rules with the addition of 12 new futures and options contracts and the amendment of two existing contracts.

PUBLIC CONSULTATION

6. Both the Commission and the HKFE support the introduction of the twelve futures and options contracts.

FINANCIAL AND STAFFING IMPLICATIONS

7. There are no financial and staffing implications for Government.

COMMENCEMENT DATE

8. The commencement date for the Amendment Rules will be 16 October 1998.

PUBLICITY

9. The Amendment Rules will be published in the Gazette on 16 October 1998. HKFE will make an announcement when the new futures and options contracts begin trading.

ENQUIRIES

10. For any enquiries on this brief, please contact Ms Alexandra Lo, Senior Counsel of the Legal Services Division at 2840 9252 or Mr George Tam, Senior Manager of the Supervision of Markets Division, at 2840 9223.

The Securities & Futures Commission
25 September 1998.