



**4th Round Table
on Capital Market Reform in Asia
9-10 April 2002, Tokyo**

Securities and Futures Market Reform

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Hong Kong Exchanges and Clearing Limited**



Reasons for Reform



- ◆ **Globalisation of the international financial markets**
- ◆ **Advancements in information technology**
- ◆ **Increasing sophistication of investors and investment products**



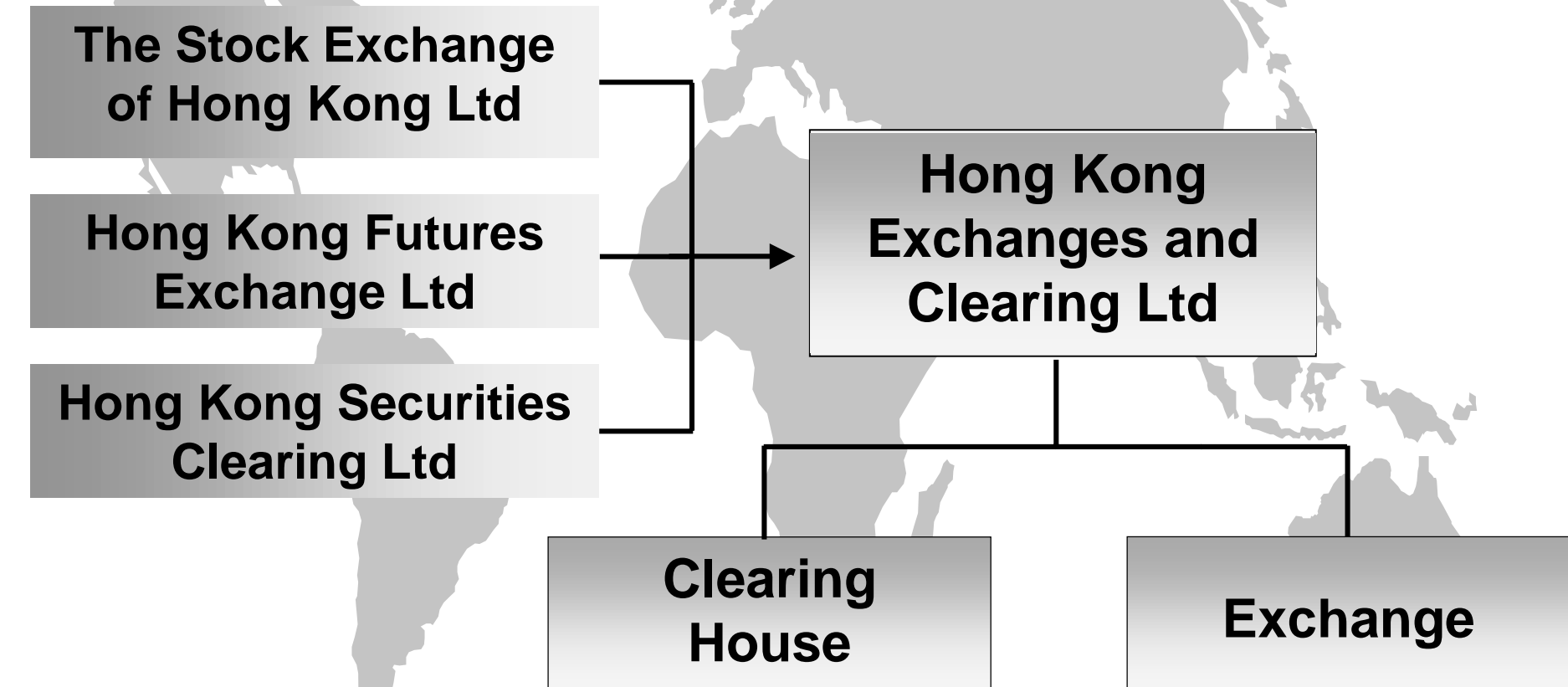
Merger of Securities and Derivatives Markets

- ◆ **At exchange level**
- ◆ **At clearing settlement level**
- ◆ **Cross-border consolidation?**

Hong Kong - New Market Structure



A single organisation for market operations - HKEx





Benefits of the Merger and Listing

Internally

- ◆ **Streamlining of operations**
- ◆ **Pursuit of efficient trading and clearing systems**
- ◆ **Holistic development of products and services**
- ◆ **Cross-market surveillance and risk management**
- ◆ **Performance subject to market discipline**

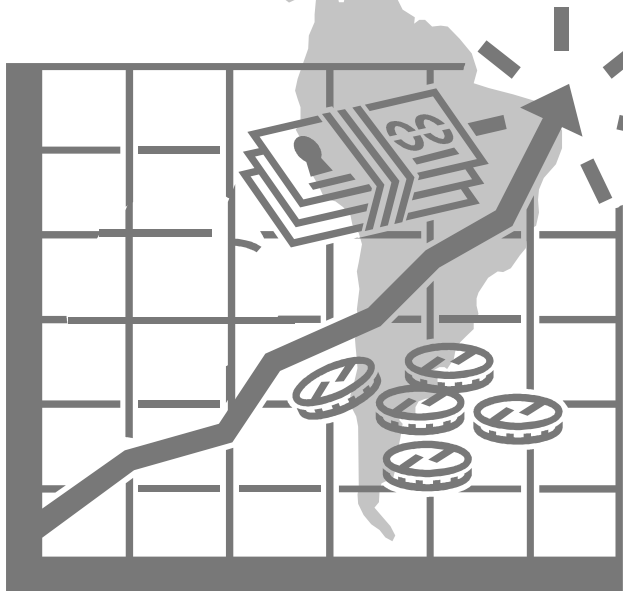




Benefits of the Merger and Listing

Externally

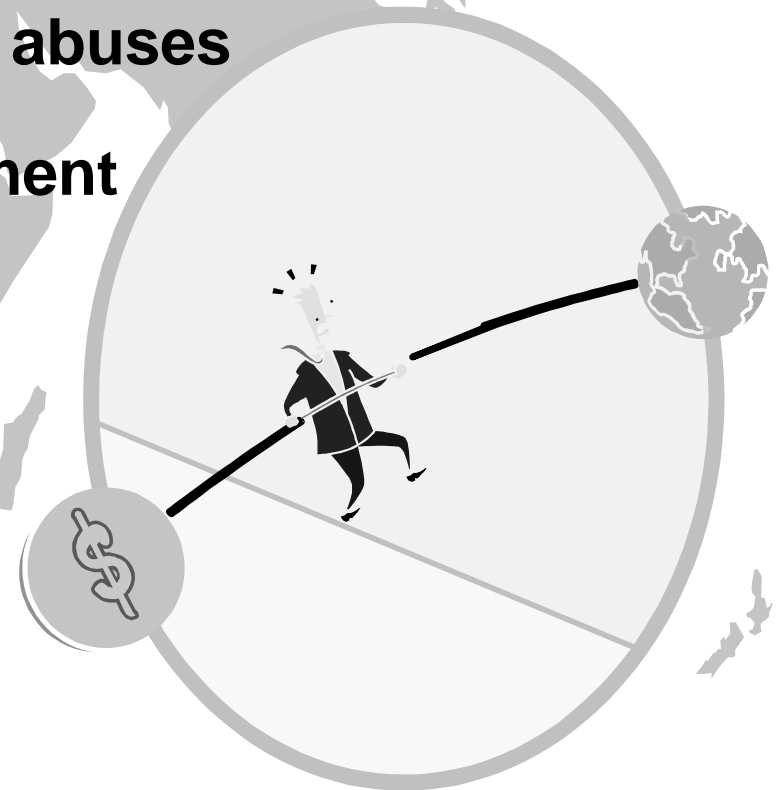
- ◆ Broaden access to exchange
- ◆ Facilitate exchange alliances
- ◆ Strengthen financial position
- ◆ Reinforce Hong Kong's position as a leading international capital raising centre





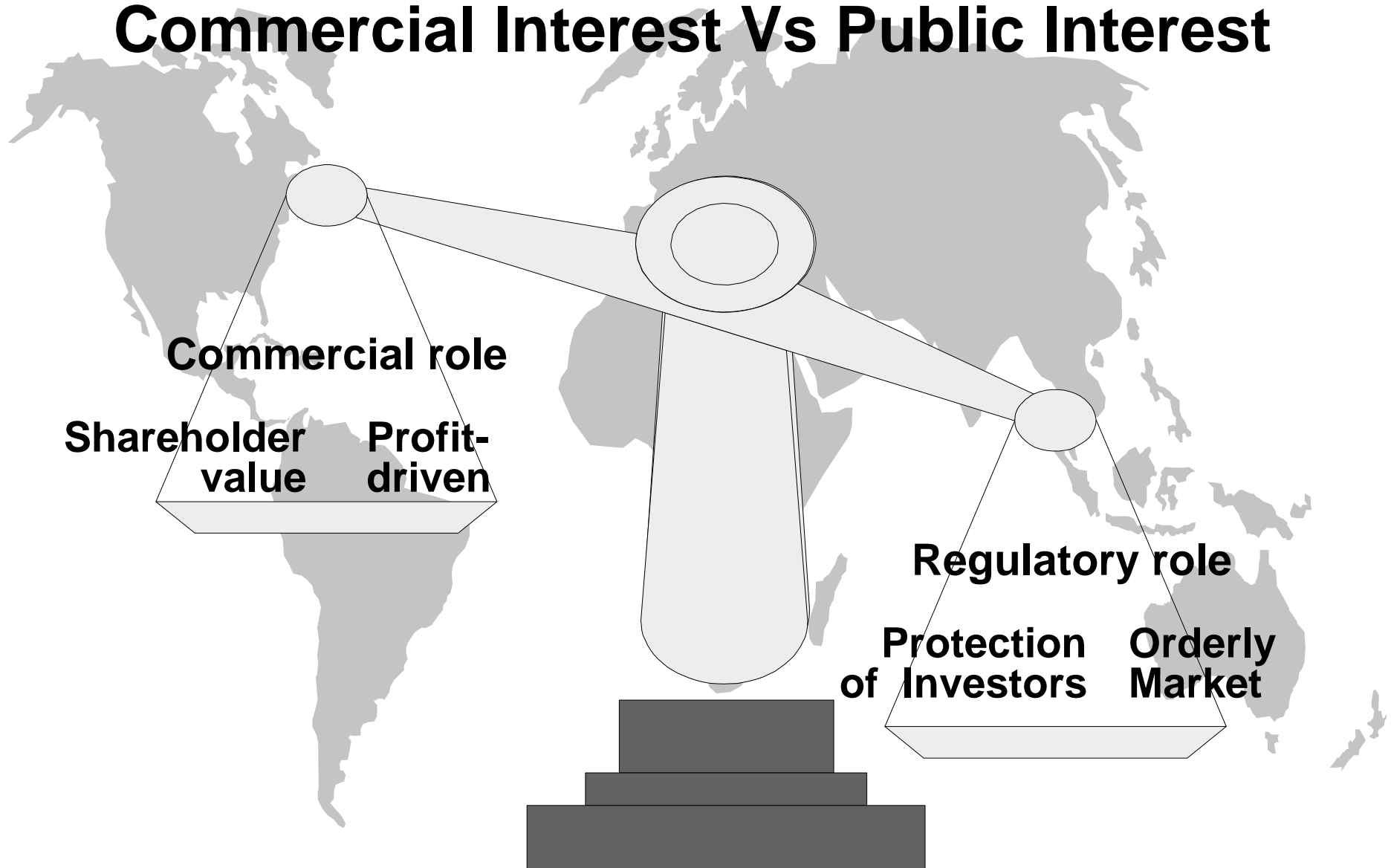
Checks and Balances

- ◆ **Effective self-regulation**
- ◆ **Prevention of monopolistic abuses**
- ◆ **Excellence in risk management**
- ◆ **Shareholding limit**





Commercial Interest Vs Public Interest



Commercial role

**Shareholder
value**

**Profit-
driven**

Regulatory role

**Protection
of Investors**

**Orderly
Market**



**THANK
YOU!**