

Business Review

LISTING

New Listing Decision-Making Structure

On 3 February 2006, HKEx announced rule amendments to the composition and structure of the Listing Committees. Effective February 2006, the composition of the Listing Nominating Committee (“LNC”), which nominates candidates for appointment to the Listing Committees, was changed to improve its independence. The three HKEx representatives on the LNC are now all non-executive Directors, instead of two non-executive Directors and the chief executive of SEHK. The new composition of the Listing Committees, of at least 28 members with a minimum of eight investor representatives, and the extension of the maximum service term to six years, became effective in May 2006.

Establishment of Mainland China Affairs Team

Since the establishment of the Mainland China Affairs Team in February 2006, five training seminars and workshops for Mainland enterprises have been organised with speakers from other regulatory organisations such as the ICAC and the SFC during the year.

Regulation of Sponsors and Compliance Advisers

Amendments to the Listing Rules to coincide with the SFC’s revised licensing and monitoring regimes for sponsors and compliance advisers took effect from 1 January 2007. The SFC, as the statutory regulator, is responsible for the assessment of eligibility, the on-going supervision and the discipline of sponsors and compliance advisers, while HKEx, as the market operator, continues to be responsible for the implementation and administration of the Listing Rules, including the requirement on the independence of sponsors and the development and promulgation of practice notes setting out the Exchange’s expectations of due diligence in respect of initial listing applications.

Abolition of Requirement for Main Board Issuers to Publish Paid Announcements in Newspapers

On 7 July 2006, HKEx published the Exposure Conclusion – Abolition of Requirement for Main Board Issuers to Publish Paid Announcements in Newspapers and Related Matters. Before the implementation of the proposal, a six-month transitional period will start in the middle of 2007, during which, Main Board issuers will have to publish notifications of their announcements in newspapers. Main Board issuers will also need to post the full version on the HKEx website and their own websites. There will be a one-year transitional period for Main Board issuers to establish their own websites. An issuer without its own website during this period must publish the full announcement in newspapers as well as on the HKEx website.

As an associated measure, issuers are no longer required to file with the Stock Exchange the Short-form Preliminary Results Announcements (Summary Forms) effective 1 December 2006.

To support the new information dissemination regime, the Listing Division has revamped its internal operating procedures involving the release of trading information, the suspension and resumption of the trading of securities, the timing for submission of announcements for publication on the HKEx website and the reduction in the categories of announcements requiring pre-vetting.

New measures have been taken to familiarise issuers and market practitioners with the new issuer information dissemination model, including briefing sessions, an interactive e-learning programme on the new requirements and operational procedures, and an additional hotline for queries.

Review of GEM

On 12 July 2006, HKEx published a summary of the 16 responses to the discussion paper that was issued in early 2006 to facilitate public discussion on GEM. HKEx has since been exploring a number of proposals with the SFC for further market consultation later in 2007.

Amendments to Main Board Listing Rules in respect of Structured Products

In order to implement the recommendations set out in “Hong Kong’s Derivative Warrants Market – the Way Forward, Results of the Consultation on the SFC’s Six-Point Plan” published by the SFC, the Main Board Listing Rules were amended with effect from 30 September 2006. The amendments facilitate the launch of identical issues of structured products to promote competition in the market for the benefit of investors, and impose a ban on commission rebates. The impact of the rule amendments will be reviewed after six months of operation.

Listing of Overseas Issuers

During the fourth quarter of 2006, the Listing Committees approved Australia and Canada (British Columbia) as acceptable jurisdictions of incorporation for the purpose of eligibility for listing as prescribed by the Listing Rules. The number of pre-approved jurisdictions of incorporation is now raised to six. The other four pre-approved jurisdictions of incorporation are Hong Kong, the People’s Republic of China, Bermuda and the Cayman Islands.

The Listing Rules, however, do contemplate listing by issuers that are incorporated outside the recognised jurisdictions, on a case-by-case basis with the focus on whether the standards of shareholder protection offered by the applicant’s place of incorporation are at least equivalent to those provided in Hong Kong. Over the past years, companies incorporated in Australia, Canada (Ontario), Jersey, Singapore and the UK have been listed.

In this connection, HKEx and the SFC published a joint policy statement setting out the approach to facilitate a greater range of overseas companies to list in Hong Kong on 7 March 2007. The statement set out HKEx’s expectations as a schedule of shareholder protection measures that overseas applicants should address in seeking a listing in Hong Kong.

IPO Processing

During 2006, a total of 120 listing applications were vetted, of which 88 were new applications and 32 applications were brought forward from 2005. A total of 81 first comment letters were issued to new listing applicants. The average time between receipt of an application and the issuance of the first comment letter and the median both were 20 calendar days (2005: 22 calendar days), and 95 per cent of the listing applicants received the first comment letter within 31 calendar days (2005: 30 calendar days).

In 2006, a total of 75 applications were brought to the Listing Committees (or their delegates) for decisions, of which 56 cases (75 per cent) (2005: 60 per cent) were reviewed by the respective Listing Committees within 120 calendar days, whilst 9 cases (12 per cent) (2005: 18 per cent) were reviewed in more than 180 calendar days.

Sixty-three requests for guidance from listing applicants or their advisers seeking clarifications of the Listing Rules relevant to new listing applications were responded to in 2006. Written responses were made within 60 calendar days, 90 per cent of which were within 25 calendar days.

To demonstrate HKEx's commitment to promote a healthy capital market through an effective and flexible regulatory environment, a number of performance measures have been established to assess HKEx's effectiveness in meeting this commitment. These measures include the time taken to respond to requests for guidance and the time taken to deliver a first comment letter to new listing applicants. HKEx will include a report on these measures in its Report on Initial Public Offering Applications, Delisting Proceedings and Suspensions to be published in July 2007 and January 2008.

IPO Transactions

	2002	2003	2004	2005	2006
Number of New Listing Applications Accepted	205	101	130	111	88
Number of Applicants Listed on Main Board	60	46	49	57	56*
Number of Applicants Listed on GEM	57	27	21	10	6
Number of New Listing Applications Rejected	1	7	15	5	7
Number of Applications in Process at Year-end	121	51	44	32#	29
Number of Applicants with Approval Granted but Not Yet Listed at Year-end	9	8	7	6	6

* Including two delisted GEM companies but excluding investment vehicles listed under Chapter 20 of the Main Board Listing Rules

Re-classified

Number of Listed Companies (as at year-end)

	2002	2003	2004	2005	2006
Main Board	812	852	892	934	975*
GEM	166	185	204	201	198*
Total	978	1,037	1,096	1,135	1,173

* 15 companies delisted from Main Board and nine companies delisted from GEM (two of which were subsequently listed on Main Board) in 2006

Main Board – Number of Listed Companies by Classification (as at year-end)

	2002	2003	2004	2005	2006
Finance	71	75	79	80	82
Utilities	13	14	15	18	18
Properties	98	98	100	102	105
Consolidated Enterprises	257	269	293	300	308
Industrials	354	378	388	416	440
Hotels	14	13	12	12	15
Miscellaneous	5	5	5	6	7
Total	812	852	892	934	975

Compliance and Monitoring

HKEx continues to target its monitoring resources in areas perceived to pose the greatest risks to the maintenance of a fair, orderly and informed market, for instance, disclosure of price sensitive information and corporate governance issues.

Compliance and Monitoring Actions (as at year-end)

	2002*	2003	2004	2005	2006
Number of Announcements of Listed Companies Vetted	8,200	8,938	9,092	11,092	11,579
Number of Circulars of Listed Companies Vetted	1,600	1,773	1,919	2,409	2,488
Number of Share Price and Trading Volume Monitoring Actions Undertaken	5,800	8,305	6,116	6,200	7,716
Number of Clarification Announcements Published by Listed Companies in Response to Share Price and/or Trading Volume Movements in their Securities	1,600	3,801	3,383	3,172	3,556
Number of Complaints Handled	320	170	213	262	252
Number of Cases (including Complaint Cases) referred to the Listing Enforcement Department for Investigation	64	21	57	88	141

* Figures for 2002 were rounded

In 2006, further progress was made on shifting the regulatory focus from pre-vetting of disclosure materials of listed companies towards post-vetting, monitoring and enforcement. Following guidance from the Listing Committees, user forums with market practitioners and listed companies were conducted to gather market views on the proposed framework and administrative practice on vetting disclosure materials of listed companies. A “Guide on pre-vetting requirements for announcements” has been published on the HKEx and GEM websites to add clarity on the categories of announcements requiring pre-vetting and clearance under the Listing Rules. In 2006, out of the approximately 11,500 announcements vetted, more than 4,100 announcements or 36 per cent were post-vetted (2005: 3,500 announcements or 31 per cent). Furthermore, announcements issued pursuant to enquiries on unusual share price and volume movements in the trading of securities (2006: 3,500, 2005: 3,100) are now subject to post-vetting. With appropriate guidance from the Listing Committees, the scope of pre-vetting will be further reduced. During 2006, a total of more than 7,700 share price and trading volume monitoring actions were taken, and over 51,000 press articles on listed companies were reviewed.

A robust approach has been taken to handle companies in long suspension, which resulted in the resumption in trading of securities of 12 Main Board and four GEM long suspended companies (2005: three Main Board and one GEM listed companies), and the cancellation of listings of two Main Board and four GEM long suspended companies (2005: eight Main Board and seven GEM listed companies) in 2006. Two Main Board long suspended companies entered the third stage of delisting and seven GEM long suspended companies were notified of the Exchange's intention to cancel their listings (2005: five Main Board and four GEM listed companies).

Listing Enforcement

The Court of Final Appeal decision handed down in April 2006 concluded the judicial review brought by New World Development Company Limited and Others. Full legal representation of the parties in disciplinary hearings is not a matter of right but may be determined to be warranted on a case-by-case basis taking into account the facts, the issues and all relevant circumstances of a case.

During 2006, a number of investigations arising from serious breaches of the Listing Rules were completed leading to the imposition of public and private sanctions by the Listing Committees. In one case, the Listing Committee stated publicly that the retention of office by certain individuals was prejudicial to the investor interest. The relevant public criticisms, statements and censures can be found from the HKEx website.

In addition to disciplinary actions, HKEx also made recommendations to the Listing Committees in appropriate cases to direct correcting the ongoing breaches and improving corporate governance. Such directions covered, for example, the obligation to retain external assistance in the creation or revision of compliance structures. In some cases, the Listing Committees also required directors to undergo training to improve their knowledge of, and performance in, compliance matters, or required the listed issuers to take remedial action to rectify breaches of the rules.

Disciplinary Actions (as at year-end)

	2002	2003	2004	2005	2006
Number of Investigations	161	178	201	232	216*
Number of Public Censure	6	4	5	10	9
Number of Public Statements/Criticisms	1	8	14	8	11
Number of Private Reprimands	7	3	3	3	2
Number of Warning/Caution Letters	147	134	161	109	96

* Including cases investigated and concluded in 2006 and those initiated in 2006 but yet to be concluded

During 2006, 17 cases were referred to the Listing Enforcement Department originating from a complaint, which might give rise, after investigation, to disciplinary proceedings. Of the 216 cases investigated, 36 were discontinued with no further action taken.

Three review cases in respect of sponsors were concluded in 2006. The three sponsor firms were required to demonstrate to HKEx's satisfaction that they have retained competent staff and put in place appropriate and effective supervisory arrangements for conducting due diligence. In two of the cases, the relevant individuals of the sponsor firms undertook not to take up sponsorship work and GEM listing work for a period of time.

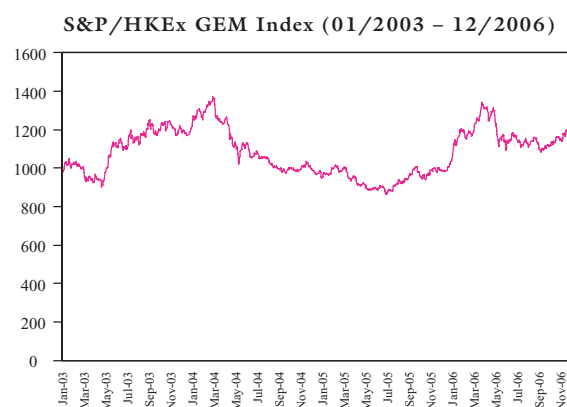
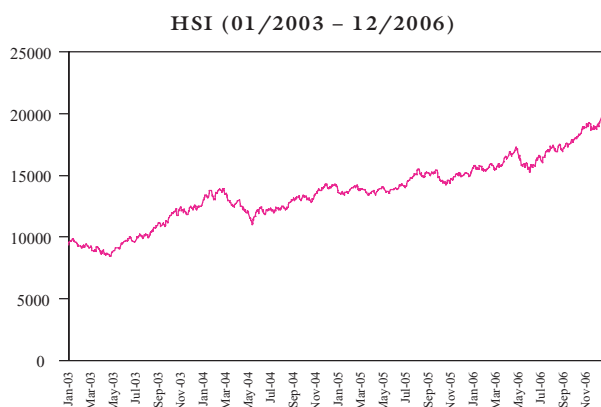
CASH MARKET

Market Performance

In 2006, 56 companies were newly listed on Main Board and six on GEM. Total capital raised, including post-listing funds, reached about \$524.5 billion. As at 31 December 2006, 975 and 198 companies were listed on Main Board and GEM respectively with a total market capitalisation of about \$13,338 billion. There were also 1,959 derivative warrants, 180 debt securities, five REITs, nine ETFs, 24 CBBs and other types of securities listed as at the end of 2006. The average daily turnover in 2006 was about \$33.9 billion, of which \$33.7 billion was on Main Board and about \$177 million on GEM.

Closing Indices (as at year-end)

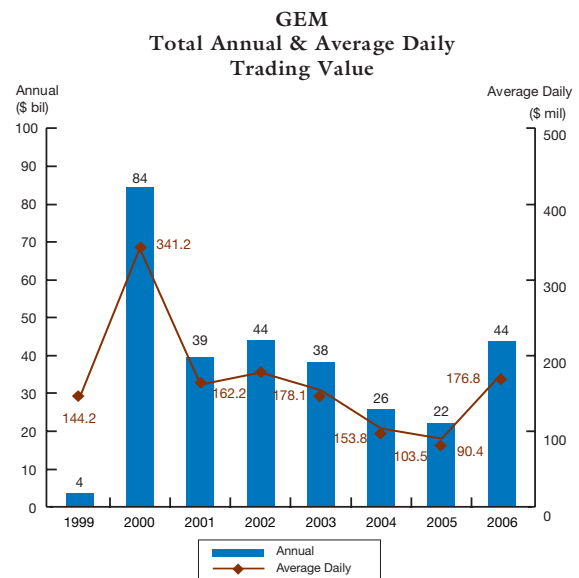
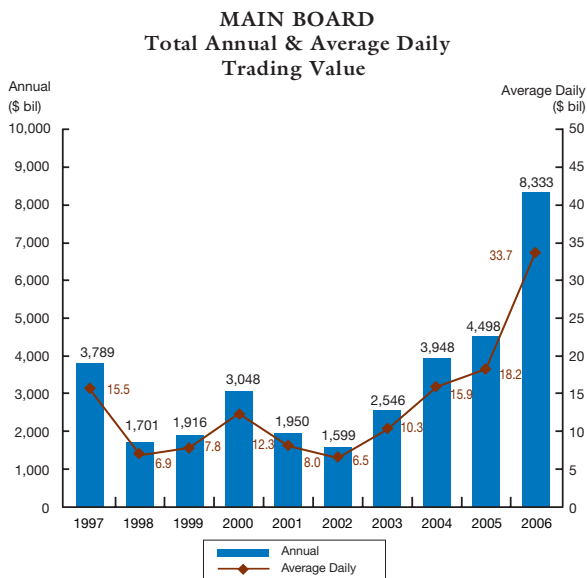
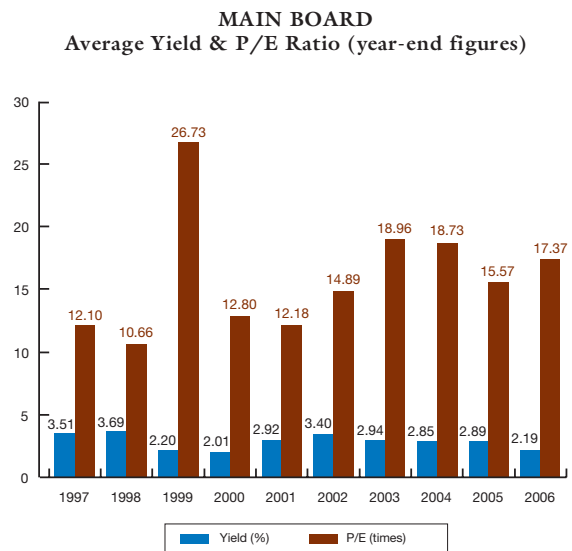
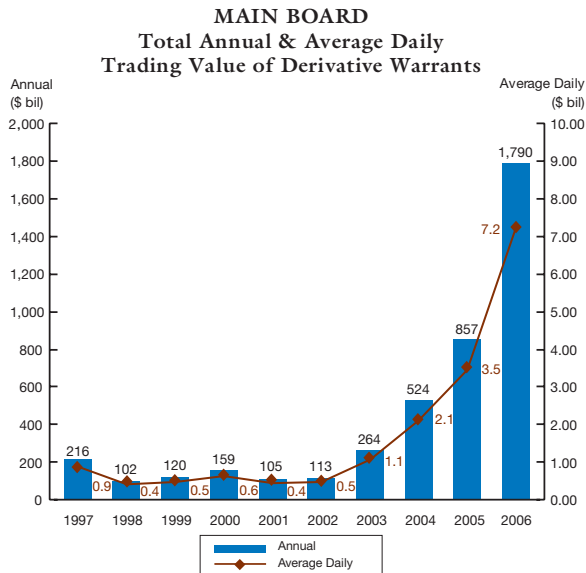
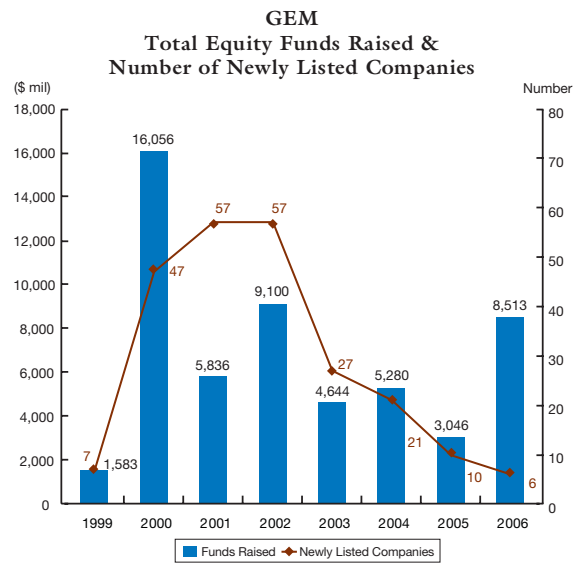
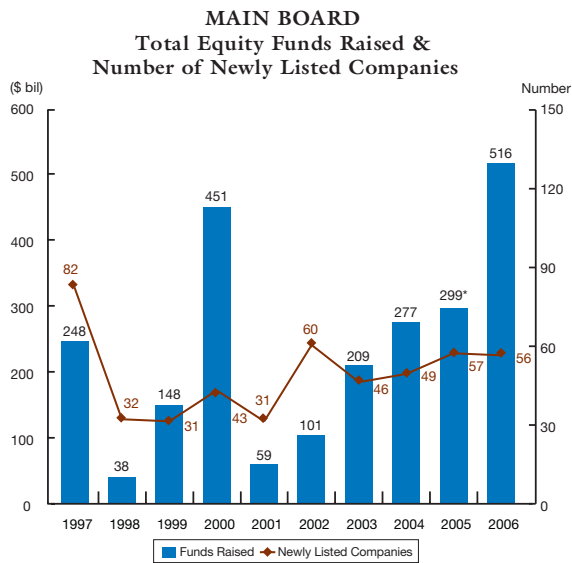
	2006	2005	Change
S&P/HKEx LargeCap Index	24378.76	17025.45	43%
HSI	19964.72	14876.43	34%
Hang Seng Composite Index	2802.68	1947.72	44%
Hang Seng China Enterprises Index	10340.36	5330.34	94%
Hang Seng China-affiliated Corporation Index	3330.06	1934.89	72%
S&P/HKEx GEM Index	1224.67	1007.28	22%

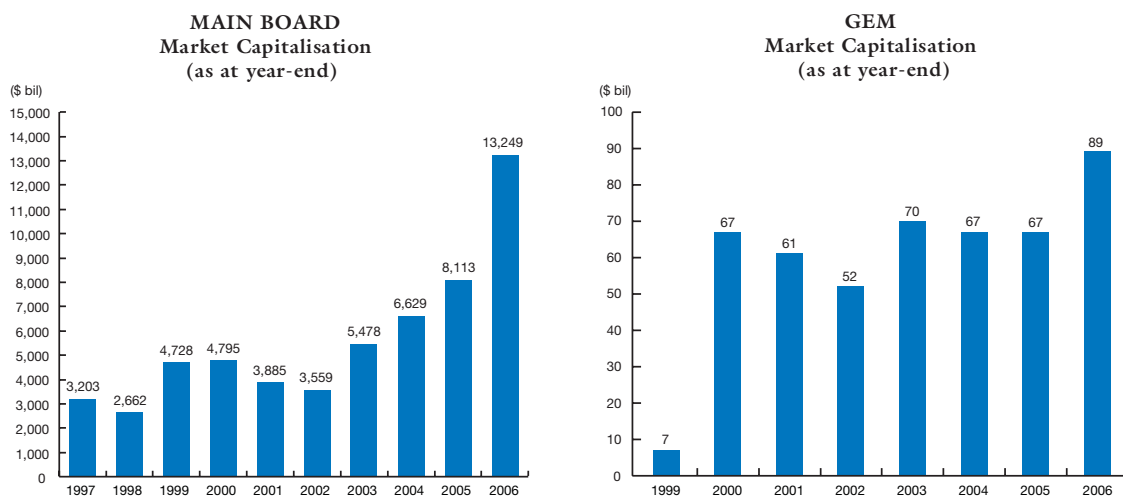


Market Performance of Main Board and GEM (as at year-end)

	Main Board			GEM		
	2006	2005	Change	2006	2005	Change
IPO Fund Raised (\$bil)	332	165	101%	2	1	100%
Market Capitalisation (\$bil)	13,249	8,113	63%	89	67	33%
Number of Listed Companies	975	934	4%	198	201	-1%
Number of Listed Securities	3,184	2,448	30%	199	201	-1%
Total Turnover for 2006 (\$bil)	8,333	4,498	85%	44	22	100%
Average Daily Turnover in 2006 (\$mil)	33,735	18,211	85%	177	90	97%

Note: Figures have been rounded





Main Board – New Listings

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Listed Companies	82	32	31	43	31	60	46	49	57	56
Preference Shares	2	0	0	0	0	0	0	0	0	1
Warrants										
Equity Warrants	101	31	51	46	31	27	10	14	12	12
Derivative Warrants	351	157	162	279	181	644	678	1,259	1,682	2,823
Total Warrants	452	188	213	325	212	671	688	1,273	1,694	2,835
CBBCs ⁽¹⁾	–	–	–	–	–	–	–	–	–	83
Equity Linked Instruments ⁽²⁾	–	–	–	–	–	25	16	46	0	0
Debt Securities	61	21	87	20	21	18	20	49	32	46
Unit Trusts and Mutual Funds	0	0	1	0	1	1	1	2	6	3

Notes: (1) Commenced trading on 12 June 2006

(2) Commenced trading on 5 August 2002

Market Development

Reduction of Minimum Spreads

In June 2006, the Board approved implementation of the Phase 2 reduction of minimum securities trading spreads in two stages, namely Phases 2A and 2B. Phase 2A covers securities priced between \$2 and \$20 while Phase 2B covers securities priced below \$2. The phased approach allows the market to gain experience under Phase 2A and to prepare for Phase 2B. After reviewing trading and market data for the first six months following the Phase 2A implementation in July 2006 and taking into account the market comments received, the Board on 14 February 2007 decided not to proceed with Phase 2B.

Enhancements to Trading Infrastructure

In order to further improve EPs' trading efficiency and order input capacity in AMS/3, various proposals, including the increase in maximum number of outstanding orders per price queue, the removal of maximum outstanding orders per broker ID, the increase in maximum board lots per order and the review of order consideration limit, were reviewed in the fourth quarter of 2006. These enhancements are planned to be implemented in the first quarter of 2007.

Proposed Closing Auction Session

HKEx is considering the introduction of a closing auction session for the Cash Market which allows the input of orders into AMS/3 for a single price auction after the completion of the continuous trading session. The introduction of a closing auction session aims to improve the determination of securities closing prices, trading at market close and market liquidity, and to enhance the overall competitiveness of the Hong Kong securities market. A public consultation paper will be issued for market comments in March 2007.

EP Relationship and Customer Services

HKEx continued its efforts to strengthen communication with its Participants through various means, including individual EP visits, product briefings and seminars, Continuous Professional Training (“CPT”) courses, and a number of consultations and discussions. In addition, under the Participant Relationship Programme, EPs were invited to meet with HKEx’s senior management to exchange views and opinions on the latest market developments. More than 400 EP representatives have attended the meetings since the launch of the programme in 2002.

Tender Service for Sale and Purchase of Trading Rights

HKEx plans to open up its trading right regime by introducing a transparent and market-driven tendering approach. Under the proposal approved by the Board, a trading right application will be opened for tender by all existing trading right holders, and the lowest auctioned price will be chosen. If no tender is received, HKEx will issue a new non-transferable trading right to the applicant at \$500,000 each. Such tendering approach is expected to facilitate EPs to have a convenient and cost-effective way to dispose of their trading rights before they become non-transferable in March 2010. A press release on the tender arrangement was issued on 28 February 2007.

Number of EPs and Trading Right Holders (as at year-end)

	EPs and Trading Right Holders	No. of Trading Rights Held
Stock Exchange		
EPs*	469	872
<i>Trading</i>	425	818
<i>Non-trading</i>	44	54
Trading Right Holders	49	49
EPs and Trading Right Holders	518	921
Average No. of Trading Rights held by an EP/Trading Right Holder		1.78
Futures Exchange		
EPs*	135	164
<i>Trading</i>	135	164
<i>Non-trading</i>	0	0
Trading Right Holders	59	61
EPs and Trading Right Holders	194	225
Average No. of Trading Rights held by an EP/Trading Right Holder		1.16

* An EP is a corporation that may trade on or through the Stock Exchange or the Futures Exchange, and is licensed under the SFO to carry out securities/futures/options dealing activity

Product Development

CBBCs

Since the launch in June 2006, the market response to CBBCs has been encouraging with a total turnover of \$11.3 billion up to the end of the year. A total of 83 CBBCs were listed (including 48 which experienced Mandatory Call Events (“MCEs”) and 11 which reached normal expiry) up to the end of 2006. The 48 CBBCs which experienced MCEs comprised 34 Bear Contracts on the HSI and 14 Bear Contracts on the Hang Seng China Enterprises Index. The MCEs were carried out in an orderly manner.

The number of Hong Kong stocks eligible for CBBC issuance has been increased from five to 28. The list of eligible securities will continue to be reviewed and updated on a regular basis to meet market demand. HKEx believes that the expanded list will provide more investment choice to investors and issuers for trading in a well-regulated and transparent market. In addition, the offer of CBBCs on overseas indices and on commodities is being facilitated in 2007.

In addition to the publication of a CBBC leaflet and organisation of a number of CPT courses, a CBBC product corner was established on the HKEx website www.hkex.com.hk/cbbc for investor education purpose.

Derivative Warrants

In response to market demand, HKEx facilitated the launch of derivative warrants over the shares of ICBC on the same day that the shares were first listed. As a result, a total of 21 derivative warrants were listed on the listing day of ICBC with a turnover of \$1.26 billion.

HKEx will continue to facilitate the issuance of derivative warrants and other structured products on Mainland-related underlying assets in 2007, such as on the Renminbi, A-share Index, A-share ETF and A shares.

ETFs

Following the listing and trading of iShares SENSEX India ETF (“SENSEX India”) on the Exchange on 2 November 2006, the total number of listed ETFs increased to nine as at 31 December 2006 (2005: eight). The average daily turnover of SENSEX India from its launch to the end of 2006 was about \$5.6 million. The total turnover of all the ETFs in 2006 was \$58.3 billion (2005: \$20.8 billion), with an average daily turnover of \$236 million (2005: \$84 million). HKEx will continue to facilitate the launch of more ETFs.

DERIVATIVES MARKET

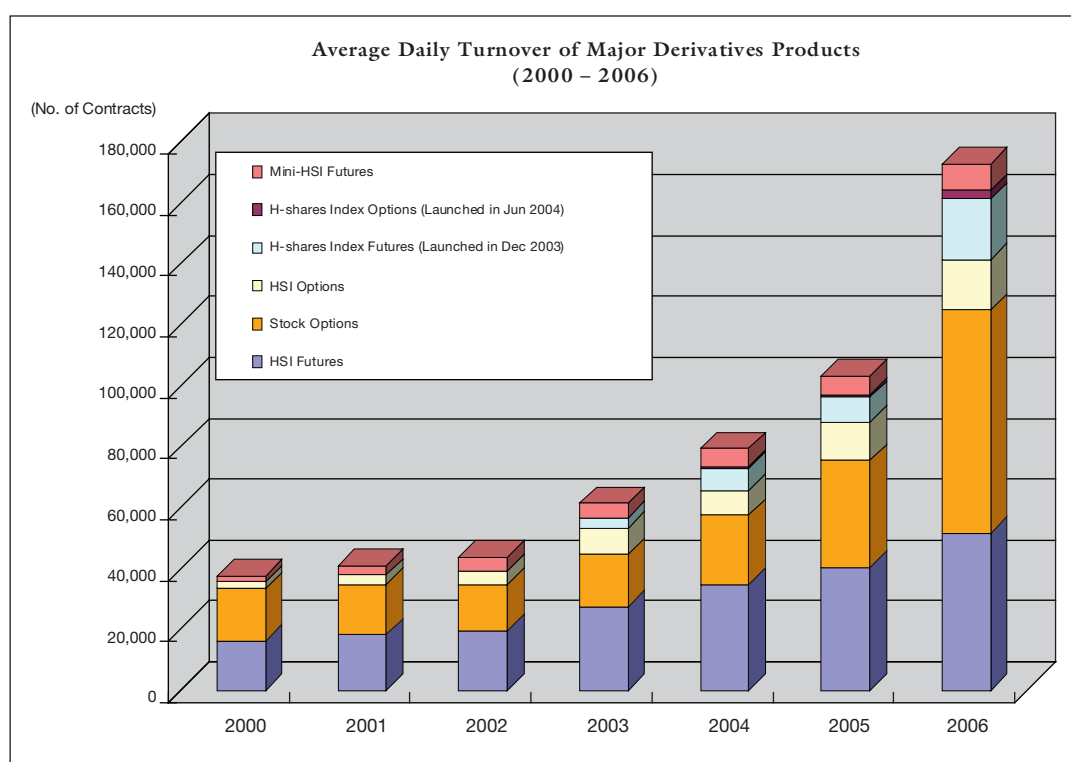
Market Performance

2006 was another record-setting year for the Derivatives Market with strong growth in all futures and options contracts. The total turnover increased 68 per cent to 42,905,915 contracts (2005: 25,523,007 contracts), and other new records were set in respect of daily volume and/or open interest of a majority of products. The details are shown in the following table.

Record High Daily Volume and Open Interest Achieved in 2006

Products	Daily Volume		Open Interest	
	Date	Number of Contracts	Date	Number of Contracts
HSI Futures	26 Sept	191,025	28 Nov	190,316
HSI Options	28 Dec	38,856	27 Dec	368,175
Mini-HSI Futures	28 Nov	19,531	6 Nov	10,238
Mini-HSI Options	24 Nov	792	24 Nov	3,715
H-shares Index Futures	28 Nov	77,773	22 Dec	90,823
H-shares Index Options	14 July	14,204	27 Dec	134,024
FTSE/Xinhua China 25 Index Futures	–	–	29 May	488
FTSE/Xinhua China 25 Index Options	9 Jan	258	–	–
Stock Futures	28 Nov	2,011	28 Dec	6,320
Stock Options	28 Dec	348,390	27 Dec	3,284,461

The average daily turnover of stock options rose by 107 per cent from the previous year to 73,390 contracts (2005: 35,385 contracts). The average daily volume of HSI Futures also increased by 28 per cent to 51,491 contracts (2005: 40,205 contracts). There was also strong growth in H-shares Index products, with H-shares Index Futures average daily volume up by 146 per cent to 19,759 contracts (2005: 8,027 contracts).



Product Development

Launch of New Options and Futures Contracts

To meet market demand, options and futures on three listed H shares, namely Bank of China Limited (“BOC”), China Merchants Bank Co Ltd and ICBC, were introduced shortly after their listings in the second half of 2006. The total number of contracts traded in these three additional stock options and stock futures in 2006 reached 706,010. Additional stock options and futures contracts, especially those on popular underlying shares, can now be launched within a shorter time frame after the approval process was streamlined in October 2006.

Enhancements to Trading Infrastructure

The established liquidity pools for index options with shorter expiry laid a solid foundation for the extension of the spectrum of contract expirations in response to market need. HKEx introduced additional long-dated contract months up to 3.5 years and 2.5 years respectively for HSI Options and H-shares Index Options on 31 March 2006, providing alternatives for investors to manage long-term market exposure.

Introduction of Renminbi Futures

HKEx is planning to introduce Renminbi futures contracts in mid-2007 with the aim of providing a means for financial institutions, corporations and investors to manage the exchange rate exposure under the managed-float exchange rate regime in Mainland China. A consultation paper on the proposed product specifications and operation has been sent to various regulatory authorities both in Hong Kong and the Mainland to solicit their views.

Market Development

Relaxation of Position Limits

To keep pace with market growth and development, in particular to meet the increasing trading and hedging needs of EPs and their clients, a higher position limit for stock options was introduced on 10 February 2006. Discussion with the SFC on the relaxation of the position limits for index products, in particular H-shares futures and options, is in progress.

Enhancements to Market Making Services

MM obligations in the stock options market were revised effective 3 July 2006 to further improve efficiency of the marketplace. The revisions included a shorter response time, a longer quote holding period and an increase in the number of option classes provided with continuous quotes. The number of MMs providing continuous quotes and the number of option classes with continuous quote services in stock options were also increased. A new system throughput arrangement was implemented to facilitate the said continuous quote services, including that for additional stock futures contracts.

A new arrangement for market making services for HKFE products became effective on 1 February 2007, simplifying and improving the quality of market making services and allowing other qualified corporate entities to make markets through the EPs.

The trading fee discount scheme for MMs trading in other stock index futures and options products was refined by offering adequate, but not excessive, incentives for MMs in stock index futures and options markets. The revised scheme took effect from February 2007.

Broader Product Offering to US Investors

On 26 September 2006, the US Commodity Futures Trading Commission granted HKFE no-action relief in connection with the offer and sale of futures contracts based on the FTSE/Xinhua China 25 Index and the Hang Seng China Enterprises Index in the US, which enables a broader product offering to investors in the US.

Introduction of Standard Combination Order Books

In March 2006, HKEx introduced the Standard Combination Order Books Function for selected HSI Option strategies in the Derivatives Market. This facilitates order execution of straddle strategies for the near-the-money series. Additional options strategies, such as strangle strategies, were introduced to the HSI Options market in October 2006.

Education and Marketing

Education for EPs and Investors

In 2006, a total of 78 Derivatives Market training courses and seminars were conducted for staff of EPs and public investors. In the first half of 2006, HKEx provided sponsorship to 10 Options Trading EPs to conduct public investor seminars on stock options. In the second half of 2006, a stock futures promotion and education programme was conducted with 1,800 attendees. In addition, an 11-week programme to promote China-related futures and options was launched in November 2006 with HKEx participating as a co-sponsor along with 10 EPs.

The interactive “Options Reference Educator” on the HKEx website was re-designed in December 2006 to provide a more user-friendly platform for investors to learn about options.

Overseas and Mainland Marketing

In June 2006, HKEx participated as an exhibitor in FOW Derivatives & Securities World London 2006 to promote HKEx as an international marketplace for trading China-related futures and options.

The Closer Economic Partnership Arrangement III (CEPA III) has enabled qualified Mainland brokers to set up branches in Hong Kong. To promote the Hong Kong financial markets to Mainland brokers and to invite them to become EPs, HKEx organised a series of seminars in Beijing, Shanghai and Shenzhen in preparation for the further opening up of the Mainland market.

Derivatives Market Statistics (as at year-end)

	2006		2005	
	Volume (Contracts)	Year-end Open Interest (Contracts)	Volume (Contracts)	Year-end Open Interest (Contracts)
Futures				
HSI Futures	12,718,380	119,836	9,910,565	98,211
Mini-HSI Futures	2,140,242	5,974	1,501,342	3,081
H-shares Index Futures	4,880,470	59,345	1,978,673	35,125
FTSE/Xinhua China 25 Index Futures ⁽¹⁾	8,154	107	2,882	48
Stock Futures	102,010	4,260	13,069	1,750
1-Month HIBOR Futures	155	0	246	5
3-Month HIBOR Futures	13,888	1,532	24,935	1,472
3-Year Exchange Fund Note Futures	0	0	1,250	0
Total	19,863,299	191,054	13,433,386 ⁽²⁾	139,692
Options				
HSI Options	4,095,679	227,946	3,071,822	192,069
Mini-HSI Options	53,456	781	30,595	555
H-shares Index Options	758,247	74,903	257,425	32,599
FTSE/Xinhua China 25 Index Options ⁽¹⁾	7,881	358	7,386	431
Stock Options	18,127,353	2,533,807	8,722,393	1,021,913
Total	23,042,616	2,837,795	12,089,621	1,247,567
Total Futures and Options	42,905,915	3,028,849	25,523,007	1,387,259

Notes: (1) Trading commenced on 23 May 2005

(2) Including 424 Dow Jones Industrial Average Futures contracts that ceased trading on 21 March 2005

CLEARING

CCASS Fee Review

The scrip fee assessed on deemed book close dates was eliminated effective 1 January 2006. The waiver of the Short Message Service fee and dormant account fee for the IP account service was extended to 30 June 2007.

Improvements to CCASS Nominee Services

With effect from 3 January 2006, a series of improvements were made to nominee services which included the provision of a corporate action data download function, cancellation and re-input of authorised instructions, credit of scrip entitlement to Participants' stock accounts on a real-time basis and extension of service hours of various nominee functions.

As of 2 January 2007, non-IPs have been provided with an additional option to have certain CCASS payments effected intra-day through the Real Time Gross Settlement payment mechanism during the same business day. These CCASS payments include the return of overpaid cash prepayments in respect of securities being settled on a CNS basis and corporate action-related payments.

Five-Day Clearing Week

Pursuant to the effectiveness of the Five-Day Clearing Week implemented by the banking industry from 4 September 2006, HKSCC has re-scheduled certain securities settlement and nominee-related services previously provided on Saturdays via CCASS. The operation of DCASS remains unaffected, since no clearing and settlement services are provided by HKCC and SEOCH on Saturdays.

Expanding IP Admission to CCASS

In March 2006, the National Council for Social Security Fund of the People's Republic of China ("NCSSF") was admitted to CCASS as a Corporate IP. Following the admission, the NCSSF can, as an IP, deposit into CCASS the state-owned shares that it has received under the State Council's Provisional Measures on Management over the Reduction of State Shares to Raise Social Security Funds. IP admission has also been extended to Macau residents and incorporated companies as of 5 June 2006.

Enhancements to SSA and IP Accounts

To meet the demand for higher shareholding transparency and better investor protection, HKSCC has scheduled to enhance the SSA with Statement Service in two phases. The first phase enhancements to provide, in addition to physical statements, access to the SSA via the Internet or through the CCASS Phone System, email and Short Message Service alerts of account movements, as well as Chinese statements were introduced on 2 January 2007. The second phase enhancements to provide electronic voting, relaxation of the restriction on the number of SSAs, and addition of affirmation and money settlement features to Account Transfer Instructions will be launched in the second quarter of 2007.

HKSCC will continue its feasibility study on further improving the SSA and IP Account services to promote their wider use by retail investors.

Risk Management Measures

Effective 3 January 2006, no less than 50 per cent of the total margin requirement of any Participant of HKCC and SEOCH shall be in the form of cash and denominated in the relevant currency so as to strengthen risk management measures on non-contract currency cash collateral.

In October 2006, HKEx resolved on a one-off increase of the set aside amount from the shareholders' funds for the purpose of strengthening the risk management regime of the clearing houses and supporting their roles as central counterparties from \$1.5 billion to \$3.1 billion. HKEx also resolved to discontinue the insurance and guarantee facilities totalling \$848 million upon their expiry on 31 December 2006 which will result in annual saving of approximately \$10 million for the Guarantee and Reserve Funds of the three clearing houses.

Effective 20 November 2006, the Capital Based Position Limit policy of SEOCH was aligned with that of HKCC.

To further improve the risk management capabilities of the clearing houses and better serve the markets, a review of risk management policies and arrangements in relation to the frequency of margin calls, price movement assumptions applicable to stress testing, margin offset claim arrangements and cross margining for the derivatives clearing houses was completed in 2006.

Status of Clearing Participants (as at year-end)

	2006	2005
Broker Participants	431	435
Clearing Agency Participants	1	1
Custodian Participants	37	37
Stock Pledgee Participants	6	7

CCASS Statistics (up to year-end)

	2006	2005
Average Daily Exchange Trades Handled by CCASS		
– Number of Trades	259,417	149,618
– Value of Trades	\$33.9 billion	\$18.3 billion
– Share Quantity Involved	38.4 billion	23.4 billion
Average Daily SIs Settled by CCASS		
– Number of SIs	36,259	25,354
– Value of SIs	\$87.1 billion	\$46.2 billion
– Share Quantity Involved	21.7 billion	14.1 billion
Average Daily Investor SIs (“ISIs”) Settled by CCASS		
– Number of ISIs	586	349
– Value of ISIs	\$220.2 million	\$100.0 million
– Share Quantity Involved	77.2 million	70.7 million
Average Daily Settlement Efficiency of CNS Stock Positions on Due Day (T+2)	99.72%	99.78%
Average Daily Settlement Efficiency of CNS Stock Positions on the Day following the Due Day (T+3)	99.97%	99.98%
Average Daily Buy-ins Executed on T+3		
– Number of Brokers Involved	12	8
– Number of Buy-ins	13	8
– Value of Buy-ins	\$6.6 million	\$2.7 million
Shares Deposited in the CCASS Depository		
– Number of Shares	1,657.6 billion	1,309.9 billion
– Percentage of the Total Issued Share Capital of the Admitted Securities	58.79%	55.55%
– Value of Shares	\$5,754.9 billion	\$3,026.9 billion
– Percentage of the Total Market Capitalisation of the Admitted Securities	40.23%	34.60%

Default of Participants

In respect of the failure of Tai Wah Securities Limited (in liquidation) to meet its obligations to HKSCC, recovery from the HKSCC Guarantee Fund will be made if the outstanding balance of about \$1.8 million cannot be fully settled upon completion of the liquidation process.

Following the High Court's approval of the petition by HKCC to wind up Yicko Futures Limited ("Yicko") as a result of its failure to meet its obligations to HKCC, a provisional liquidator was appointed in June 2006. HKCC filed a proof of debt of about \$7.8 million against the assets of Yicko in August 2006. Any deficiencies from the liquidation process will be recovered from the HKCC Reserve Fund.

HKSCC acted according to the restriction notice issued on Whole Win Securities Limited ("Whole Win") by the SFC in May 2006 and provided support to Whole Win's administrator in respect of the settlement under CCASS. All outstanding positions were settled in an orderly manner without loss to HKEx. In December 2006, the SFC varied the restriction notice based on the High Court sanction. The administrator was discharged according to a Restructuring Deed and HKSCC has since been processing instructions from the authorised persons so designated.

HKSCC declared Tiffit Securities (Hong Kong) Limited and Wing Yip Company Limited defaulters and closed out their unsettled positions in CCASS following the issuance of restriction notices on them by the SFC in July and August 2006 respectively. HKSCC did not suffer any loss in either default case.

BUSINESS DEVELOPMENT

During the year, HKEx continued its efforts to arrange promotional activities to attract companies to list in Hong Kong. It also organised training programmes on Hong Kong's regulatory framework and requirements to raise the corporate governance standards of the issuers.

Marketing Activities to Promote Hong Kong Listing

Marketing activities in the Mainland were further strengthened in 2006 to cover a broader part of the Mainland including Hefei, Xi'an, Urumqi, Taiyuan, Nanchang, Wuxi, Harbin, Wuhan, Hangzhou, Hohhot, Jinan, Shenyang, Huzhou, Zhengzhou, Kunming and Changsha, apart from the major cities of Beijing, Shanghai, Guangzhou and Shenzhen. Besides introducing the advantages of listing in Hong Kong and the basic requirements, substantial effort was put into the development of a closer working relationship with the Mainland financial and governmental authorities and organisations, including the CSRC and the State-owned Assets Supervision and Administration Commission.

Promotional efforts were not restricted to the Mainland, but also extended to Taiwan, Japan, South Korea, Malaysia, Thailand, Vietnam, Kazakhstan, the Russian Federation and Ireland. Promotional activities included the organisation of and participation in conferences, seminars and presentations, and meetings with government authorities, intermediaries and potential issuers. During the year, HKEx participated in the following major events:

Date	Place	Event/Joint Organiser(s)	Origin of Most Attendees	No. of Attendees
28 Mar	Hong Kong	河北省企業境外上市融資懇談會/ HKEx and Hebei Provincial Government	Mainland	70
12 May	Hong Kong	KCC Conference/HKEx, Korean Chamber of Commerce and PricewaterhouseCoopers	Korean	38
18 May	Hong Kong	Anhui Conference/HKEx and Anhui Provincial Government	Mainland	40
13 Jun	Hong Kong	HKEx Deloitte Conference/HKEx and Deloitte Touche Tohmatsu	Japanese	67
14 Jun	Nanchang	Seminar on Hong Kong Listing/HKEx and Nanchang Municipal Government	Mainland	220
17 July	Xi'an	Capital Market and Enterprises' Financing via Listing/ HKEx and Shaanxi SASAC	Mainland	80
11 Aug	Hong Kong	FHKI Seminar/HKEx and Federation of Hong Kong Industries	Hong Kong	60
15 Sept	Hunan	HKEx (Hunan) Conference/HKEx and 湖南省地方金融証券領導小組辦公室	Mainland	150
10 Oct	Hong Kong	HKEx Joint Chambers Seminar/HKEx and Chambers of Commerce of Australia, Belgium-Luxembourg, Britain, Canada, Denmark, France, Germany, Malaysia, Netherlands, Norway, Singapore, Sweden and Thailand	International	120
13 Dec	Hong Kong	HKEx Kazakhstan Conference/HKEx and Consulate General of Kazakhstan	Kazakhstan	113

Training Programmes on Listing Requirements

HKEx's training programmes covered the importance of full compliance with the Listing Rules, highlighting in particular the continuing obligations of a listed issuer and corporate governance practices in Hong Kong.

During the year, HKEx co-organised three training programmes and delivered a total of eight training sessions in Hong Kong and the Mainland to senior executives of Hong Kong listed Mainland issuers and their group of companies.

INFORMATION SERVICES

Market Performance

Information income grew by approximately 21 per cent in 2006 to \$391 million in line with increased market activities.

As at the end of 2006, there were 75 real-time information vendor licences for Cash Market data (2005: 69) and 37 real-time information vendor licences for Derivatives Market data (2005: 35). These licensed information vendors together offered a total of 490 real-time market data services to the market (2005: 490).

Extension of Mainland Discount Programme

In 2006, the Mainland Discount Programme for real-time market data was well-received with an increase of about 50 per cent in the total number of Mainland subscribers from the previous year. Given its success, the programme has been extended to June 2008, allowing investors in the Mainland to continue to subscribe to HKEx market data at a discounted fee of \$80 per device per month.

Change to Delayed Market Data Policy

The review of the delayed market data policy was completed in the last quarter of 2006. The review recommended shortening the minimum delay for market data from 60 minutes and 30 minutes for the Cash and Derivatives Markets respectively to 15 minutes to enhance the reference value of delayed data to investors and which will take effect from 2 April 2007. A new standard licence fee of \$5,000 per month will be imposed on vendors supplying delayed data on the Cash Market and the stock options market which will come into effect on 1 January 2008. Waiver of the fee will be given to real-time market data vendors and, in respect of stock options market data, those holding a licence for the dissemination of HKFE market data.

Review of Requirements on Information Vendors

HKEx has arranged market rehearsals on automatic system failover for information vendors and other market participants. HKEx will further review its minimum requirements for information vendors to ensure that they have adequate recovery arrangements and resilience to minimise service disruptions to the market.

Enhancements to HKEx Website

Both the “Latest Listed Company Information” and “Listed Company Information Search” sections of the HKEx website were enhanced in September 2006 to improve user-friendliness.

To further enhance market transparency, HKEx has provided a new section called “Futures and Options Prices and Charts (Delayed)” under the Investment Service Centre of the HKEx website to provide delayed intra-day prices and turnover of all futures and options contracts traded on the Derivatives Market.

In 2006, the monthly average amount of issuer news released on the HKEx website increased by 16 per cent from 2005 to 7,810 while the monthly average number of Disclosure of Interests filings increased by 21 per cent to 3,162.

INFORMATION TECHNOLOGY

Production Systems Stability and Reliability

All major trading, clearing and settlement, and market data dissemination systems for the Cash and Derivatives Markets operated by HKEx continued to maintain 100 per cent operational system uptime during the year.

In view of the rapid increase in stock market turnover in late 2006 and early 2007, HKEx will continue its efforts to secure sufficient system capacity to handle rising business volumes. As a prudent and proactive measure, HKEx conducted in late January 2007 a market-wide rehearsal to verify that AMS/3 is capable of handling 1.5 million trades in a trading day within the benchmark response time of one second. The volume test also provided an opportunity for the EPs using the broker supplied system and all information vendors to verify the capacity and performance of their systems and trading facilities under high market activity.

System Capacity Planning and Upgrade

During 2006, capacity upgrade was completed for various major systems, including HKATS, DCASS and the PRS.

Effective 29 January 2007, the maximum number of outstanding orders per price queue in AMS/3 was increased to 20,000, for both pre-opening and continuous trading sessions, to facilitate higher order input efficiency, in particular during IPOs. Moreover, the market data broadcast rate of the Cash Market information dissemination system was increased to ensure that market participants are updated on the latest status of the central order book in a timely manner.

The CCASS/3 Mainframe system, installed in 1997, will be replaced and upgraded to the latest technology with increased capacity to cope with growing trading volume and eIPO activities.

The HKEx website capacity and its network infrastructure were substantially upgraded to handle the rapid increase in website visits and enquires from the investing public, particularly regarding the allotment result of large IPOs.

As e-Submission of documents for publication on the HKEx and the GEM websites by listed issuers will become mandatory, HKEx has been focusing on upgrading substantially the capacity of the e-Submission System (ESS), EPS and IIS to cater for the business requirements. Furthermore, a disaster recovery arrangement will be in place to ensure high availability of the services.

Obsolescent Technology Replacement and Upgrade

All trading devices, trading facilities and Local Area Network (LAN) cabling infrastructure were fully replaced and upgraded in conjunction with the Trading Hall renovation. The upgrade of AMS/3 OG and MWS hardware was completed in December 2006 to address hardware obsolescence and to prepare for future AMS/3 system capacity expansion. In early 2007, HKEx commenced the software upgrade of the OG and MWS.

The Derivatives Market's backbone network was upgraded to optical ethernet to capitalise on the latest technology with proven reliability for future capacity growth. The HKATS and DCASS Network Gateways installed at Participants' premises were also upgraded to the latest version of system software to secure continued vendor support with high system reliability.

The CCASS/3 Middle-tier system software upgrade is in progress and will be completed in early 2007 to achieve cost effectiveness and system maintainability.

System Consolidation and Operational Efficiency

The SDNet migration is aimed at delivering improved reliability and greater operational efficiency and cost effectiveness to both HKEx and Participants. The first three phases of the migration were successfully completed (Phase 1: HKATS/DCASS/PRS circuits migrated in October 2005; Phase 2: CCASS/3 circuits migrated in June 2006; and Phase 3: MDF circuits migrated in December 2006). The last phase of the AMS/3 circuits migration is in progress and will be completed in mid-2007.

The AMS/3 performance throughput improvement feasibility study was completed, and suitable technologies and application system improvements have been identified, which will enable further improvements to the AMS/3 capacity and processing efficiency if and when needed.

The Derivatives Market risk management satellite PC systems were mostly re-developed to improve operational efficiency.

TREASURY

The Group's funds available for investment comprise Corporate Funds, Margin Funds and Clearing House Funds, totalling \$25.6 billion on average in 2006 (2005 average: \$17.6 billion).

As compared with 2005, the overall size of funds available for investment as at 31 December 2006 increased by 56 per cent or \$10.8 billion to \$30.0 billion (2005: \$19.2 billion). Details of the asset allocation of the investments as at 31 December 2006 against those as at 31 December 2005 are set out below.

	Investment Fund Size \$ billion		Bonds		Cash or Bank Deposits		Global Equities	
	2006	2005	2006	2005	2006	2005	2006	2005
Corporate Funds	5.9	4.2	52%	56%	41%	37%	7%	7%
Margin Funds	21.8	13.6	51%	28%	49%	72%	0%	0%
Clearing House Funds	2.3	1.4	14%	17%	86%	83%	0%	0%
Total	30.0	19.2	48%	33%	51%	65%	1%	2%

Investments are kept sufficiently liquid to meet the Group's operating needs and liquidity requirements of the Clearing House Funds and Margin Funds. Excluding equities held under the Corporate Funds (\$0.4 billion as at 31 December 2006 and \$0.3 billion as at 31 December 2005), which have no maturity date, the maturity profiles of the remaining investments as at 31 December 2006 (\$29.6 billion) and 31 December 2005 (\$18.9 billion) were as follows:

	Investment Fund Size \$ billion		Overnight		>Overnight to 1 month		>1 month to 1 year		>1 year to 3 years		> 3 years	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Corporate Funds	5.5	3.9	24%	14%	16%	23%	30%	23%	20%	24%	10%	16%
Margin Funds	21.8	13.6	32%	56%	22%	19%	46%	17%	0%	8%	0%	0%
Clearing House Funds	2.3	1.4	86%	77%	0%	7%	14%	9%	0%	7%	0%	0%
Total	29.6	18.9	35%	49%	19%	19%	40%	18%	4%	11%	2%	3%

Credit exposure is well diversified. The bond portfolio held is of investment grade and, as at 31 December 2006, had a weighted average credit rating of Aa2 (2005: Aa2) and a weighted average maturity of 0.7 year (2005: 1.3 years). Deposits are placed only with the note-issuing banks in Hong Kong, investment grade licensed banks and restricted licence banks approved by the Board from time to time.

Risk management techniques, such as Value-at-Risk ("VaR") and portfolio stress testing, are used to identify, measure, monitor and control market risks. VaR measures the expected maximum loss over a given time interval (a holding period of 10 trading days is used by the Group) at a given confidence level (95 per cent confidence interval is adopted by the Group) based on historical data (one year is used by the Group). The overall risk, as measured by the VaR methodology, during 2006 and 2005 was as follows:

	Average VaR \$ million		Highest VaR \$ million		Lowest VaR \$ million	
	2006	2005	2006	2005	2006	2005
Corporate Funds	14.0	13.5	15.9	16.1	12.3	11.2
Margin Funds	7.8	14.4	9.4	17.9	4.1	9.8
Clearing House Funds	0.4	1.0	0.6	1.5	0.2	0.6

Details of the Group's investment income are set out in the Income section under the Financial Review and note 7 to the consolidated accounts of this Annual Report.

INVESTMENTS IN ASSOCIATES

Computershare Hong Kong Investor Services Limited ("CHIS")

As at 31 December 2006, the Group had a 30 per cent interest in CHIS. The cost of the investment in CHIS was \$52 million (2005: \$52 million) and the book value of the investment was \$68 million (2005: \$63 million).

ADP Wilco Processing Services Limited ("AWPS")

The Group acquired a 30 per cent interest in AWPS in May 2002 at a cost of \$1.8 million. In March 2006, the Group received liquidation proceeds amounting to \$1.3 million which were marginally higher than the book value of the investment. AWPS was officially dissolved in July 2006.

MAJOR ACHIEVEMENTS AND KEY INITIATIVES

Major Achievements (2004 – 2006)	
Listing	<ul style="list-style-type: none"> Amended rules relating to initial listing criteria and continuing listing obligations, structured products, and regulation of sponsors, compliance advisers and IFAs Published the Listing Committees Annual Report Amended rules relating to the CG Code and introduced rules on the CG Report Reorganised operating structure and streamlined internal procedures and processes Increased transparency through publication of listing decisions and Listing Rules interpretations Submitted views on proposals for statutory backing to certain listing requirements Established the Listing case database Published Discussion Paper on GEM Implemented the first phase of new structure for listing decision-making Established a Mainland China Affairs Team and initiated H-share training programme Set out future model for dissemination of regulatory information by Main Board issuers Supported the simultaneous listing of H shares and A shares
Cash Market	<ul style="list-style-type: none"> Reduced the minimum trading spreads for securities trading Increased the maximum number of outstanding orders per price queue in AMS/3 Enhanced the selection criteria of designated securities for short selling Exempted placing or fund-raising activities by EPs from prohibition of dealings in suspended securities Opened the renovated Exchange Trading Hall and new Exhibition Hall Implemented the Voluntary First Terminal Relinquishment Programme Reduced the monthly user fees for AMS/3 trading devices Reviewed throttle issuance and AMS/3 capacity upgrade, and alternatives to handle increases in the AMS/3 order flow during the peak period at market open Automated the updating of securities data and trading information to AMS/3 Disseminated odd lot market information to information vendors Improved the system software to reduce the time required for disseminating closing prices in the securities market Introduced REITs and more ETFs Enhanced market-making arrangements for ETFs Launched and developed the CBBC market Reviewed derivative warrant market and launched the web-based DWRC Improved the issuance of derivative warrants on mega-size IPO stocks
Derivatives Market	<ul style="list-style-type: none"> Introduced the H-shares Index Options Revised the contingency procedures for determination of final settlement prices Reviewed error trade parameters of stock index options Introduced the FTSE/Xinhua China 25 Index Futures and Options and additional classes for stock options and futures Enhanced the stock options market Introduced preventive measures to regulate excessive order-book activity entered into HKATS Uplifted the restriction on the number of Options Hedging Participants appointed by stock options MMs Participated in the FIA Asia Derivatives Conference and the Financial World Expo Introduced long-dated contract months for HSI Options and H-shares Index Options Reviewed the trading fee discount programme offered to MMs trading in other index products Streamlined the approval process for the introduction or discontinuation of stock options and futures Tightened obligations of stock options MMs Increased and reformed stock options position limits Introduced a new MM model for HKFE products Received no-action relief from the US Commodity Futures Trading Commission for futures contracts based on the FTSE/Xinhua China 25 Index and the Hang Seng China Enterprises Index Participated in the FOW Derivatives & Securities World Exhibition London
Clearing	<ul style="list-style-type: none"> Launched DCASS Introduced enhanced features for the IP Accounts with round-the-clock online access Aligned the HKSCC's arrangement with those of HKCC and SEOCH regarding bank guarantees Enhanced the CCASS SI functions Enhanced the CCASS eIPO service and CCASS money settlement arrangement Allowed Clearing Participants to appoint third parties as Settlement Agents Upgraded the Clearing Service Call Centre and Interactive Voice Recording System Implemented various fee reductions Improved the CCASS nominee services Aligned the list of approved foreign cash collateral types and synchronised the haircut rates applied to Exchange Fund Bills and Notes accepted as margin coverage by HKCC and SEOCH Harmonised the capital requirements for HKCC and SEOCH participants Imposed by HKCC and SEOCH the minimum margin coverage by contract currency cash collateral and a cap on the maximum margin covered by non-cash collateral Admitted the NCSF to CCASS as a Corporate IP Extended the CCASS IP Account Service to Macau individual investors and incorporated companies Managed broker defaults with no loss to clearing houses Rolled out five-day clearing week Aligned the Capital Based Position Limit policy of SEOCH with that of HKCC
Business Development	<ul style="list-style-type: none"> Strengthened Beijing Representative Office and stationed representatives in Shanghai and Guangzhou Organised and co-organised conferences, seminars and presentations in the Mainland, overseas and in Hong Kong to promote Hong Kong as the preferred listing venue Delivered and co-organised training programmes in the Mainland and Hong Kong on the Hong Kong regulatory framework and corporate governance matters Held meetings with potential listing applicants, mainly from the Mainland Visited the Mainland, countries in the Asia Pacific region and other overseas locations to promote listings in Hong Kong
Information Services	<ul style="list-style-type: none"> Provided the IIS Licensed the redistribution of Shenzhen real-time market data Enhanced the Stock Market Database and On-line Data Subscription System Introduced new service for redistribution of historical data products Streamlined processes relating to historical securities data Completed a review of delayed data policy Enhanced the various systems relating to issuer information dissemination to support the No Paid Advertisement initiative Enhanced the stock market information and statistics on the HKEx website Extended the Mainland Discount Programme for real-time market data
Information Technology	<ul style="list-style-type: none"> Upgraded the CCASS/3 Middle-tier application server Upgraded the system software of CCASS/3, HKATS and DCASS Upgraded the HKEx website capacity and network infrastructure and enhanced disaster recovery arrangement Migrated the HKATS, DCASS, PRS, CCASS/3 and MDF System networks to SDNet Migrated the AMS/3 ORS to an integrated technology platform Upgraded the capacity of AMS/3, HKATS, DCASS and PRS Replaced in 2005 all AMS/3 off-floor terminals installed since 1998 and upgraded corresponding security solution Consolidated the AMS/3 satellite systems and upgraded the AMS/3 OG and MWS hardware Upgraded the Local Area Network (LAN) cabling infrastructure and all the on-floor trading terminals and facilities for the renovated Trading Hall Studied a higher version of server technology to achieve better performance throughout for AMS/3 Upgraded the Derivatives Market's inter-site backbone network to Optical Ethernet technology Redeveloped most of the Derivatives Market risk management satellite PC systems Implemented Finance MIS and Participant Information System

