

Davis Polk

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August 24, 2015

Re: Hong Kong Futures Exchange – Notification of Intent to Engage in Familiarization Activities

Mr. Stephen Luparello
Director, Division of Trading and Markets
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Mr. Luparello:

We are U.S. counsel to the Hong Kong Futures Exchange Limited (“**HKFE**”). Reference is made to the letter issued by the staff of the Securities and Exchange Commission (the “**Commission**”), Division of Trading and Markets (the “**Staff**”), dated July 1, 2013, providing class no-action relief (the “**Class Relief Letter**”), subject to the conditions stated therein, to a Foreign Options Market and its associated clearing organization and their corporate parents, along with their respective officers, directors and employees, as well as the Representatives and members of the Foreign Options Market, with respect to limited activities to familiarize certain registered broker-dealers and large financial institutions in the United States with the Foreign Options Market and certain options traded thereon. Terms used herein but not defined have the meanings set forth in the Class Relief Letter.

On behalf of HKFE, we submit this letter to notify you that HKFE, its officers, directors, employees, Representatives and/or participants, intend to engage in familiarization activities in reliance on the Class Relief Letter with respect to HKFE as the Foreign Options Market, and the Eligible Options described herein.

I. Background

HKFE is a non-U.S. derivatives market that is an organized exchange operated and regulated outside the United States, and is one of the major derivatives markets in Asia. HKFE is deemed to have been recognized as an exchange company under Section 19(2) of the Securities and Futures Ordinance of Hong Kong to operate a futures market on which futures and options on stock indices are traded. Both HKFE and its wholly-owned clearing house subsidiary, the HKFE Clearing Corporation Limited (“**HKCC**”) (collectively the “**Parties**”), are subject to regulatory oversight by the Hong Kong Securities and Futures Commission. The Staff previously granted

HKFE an individual Foreign Market Letter in connection with its familiarization activities with respect to options on the Hang Seng Index traded on HKFE.¹

II. Eligible Options

For purposes of this notification, Eligible Options include options on the Hang Seng Index traded on HKFE as mentioned above and the following options:

- (i) Hang Seng China Enterprises Index (HSCEI) Options (also known as H-shares Index Options) whose underlying index is the Hang Seng China Enterprises Index,²
- (ii) Mini-Hang Seng Index (HSI) Options whose underlying index is the Hang Seng Index,³ and
- (iii) other index options based upon indices of equity securities listed on The Stock Exchange of Hong Kong Limited, as HKFE may from time to time introduce for trading on HKFE and notify its participants for this purpose.

Eligible Options are traded on HKFE and cleared through HKCC, which becomes the counterparty to every trade registered and cleared through it. The Eligible Options are not fungible or interchangeable with options traded on any market other than HKFE and, accordingly, positions in Eligible Options registered with HKCC by a clearing participant of HKCC can only be closed out on HKFE.

III. Class Relief Letter Conditions and Representations

As required in order to rely on the Class Relief Letter, HKFE has instructed us to make the following representations and acknowledgements on its behalf:

1. HKFE will provide the Staff, promptly upon request, a list of the specific equity and index options covered by this request for relief, and identify primary listing market for each underlying equity security and index component.
2. HKFE has taken steps to comply with, and assure continued compliance with, each of the representations and conditions contained in the Class Relief Letter.
3. HKFE acknowledges that the relief provided by the Class Relief Letter is only available to the Parties to the extent that the Parties are in compliance with each of the representations and conditions contained in the Class Relief Letter.

¹ Letter from Robert Colby, Deputy Director, Division of Market Regulation, to Philip McBride Johnson, Skadden, Arps Slate, Meagher & Flom (Sept. 26, 1995); see also Class Relief Letter at n.1.

² The Hang Seng China Enterprises Index (HSCEI) Options, launched in August 1994, is a free float capitalization-weighted index of 40 stocks, comprised of H-Shares listed on The Stock Exchange of Hong Kong Limited (the "SEHK"). It tracks the performance of Mainland China enterprises with the largest and most liquid H-Share listings in Hong Kong.

³ The Hang Seng Index launched in November 1969, is a free float capitalization-weighted index of 50 stocks, comprised of the largest and most liquid stocks listed on the SEHK. It tracks the performance of the Hong Kong stock market.

4. HKFE will comply with each of the representations and conditions contained in the Class Relief Letter, including the restriction on securities of U.S. issuers.

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If you have any questions or concerns regarding the foregoing, please do not hesitate to contact the undersigned at (202) 962-7075.

Sincerely,



Annette L. Nazareth

cc: Hong Kong Futures Exchange Limited