



JPX International Conference –

The Path to a Leading Global Vertically-Integrated Multi-Asset Class Exchange - A Brief Intro of HKEx Group Strategy

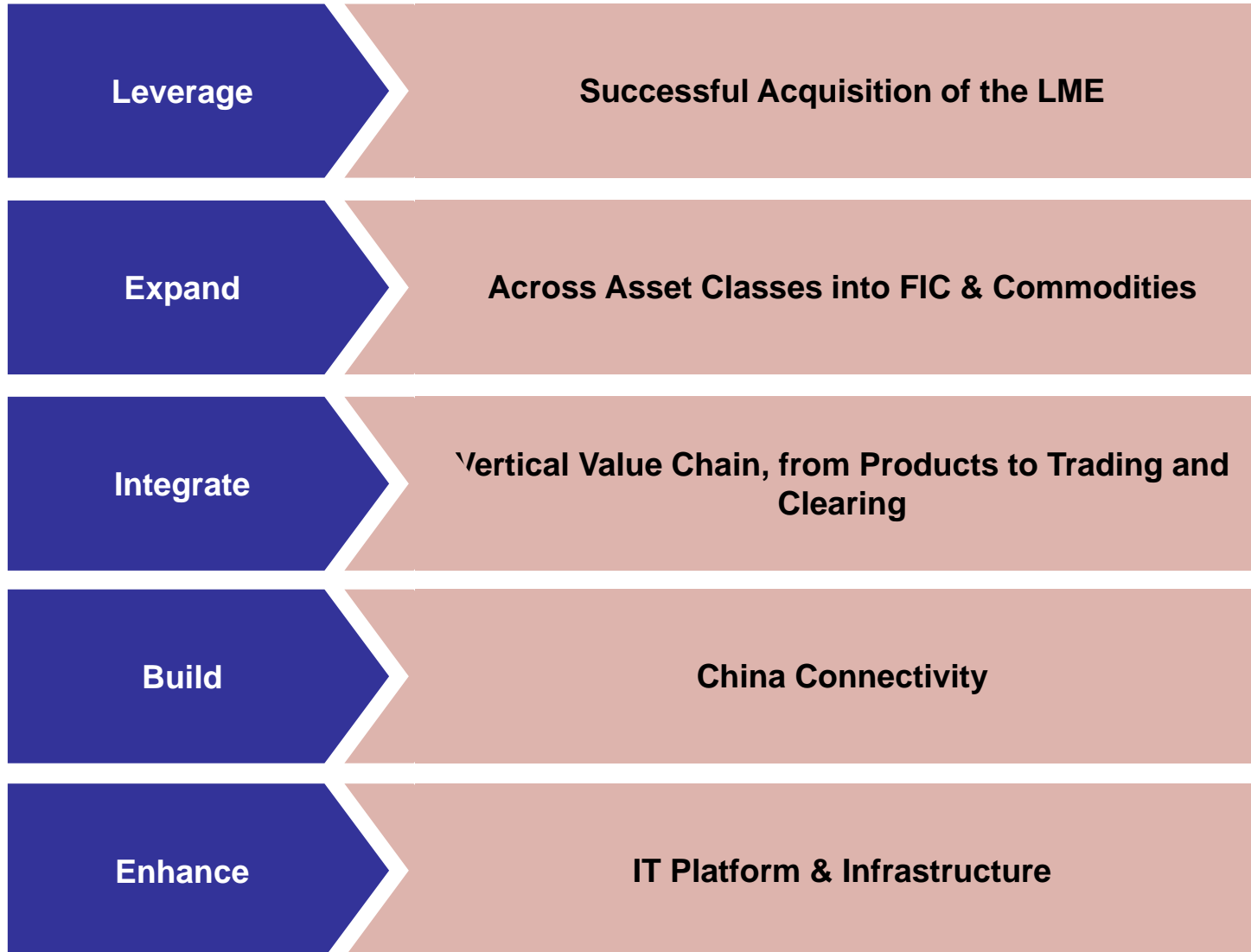
Charles Li

Chief Executive, HKEx Group

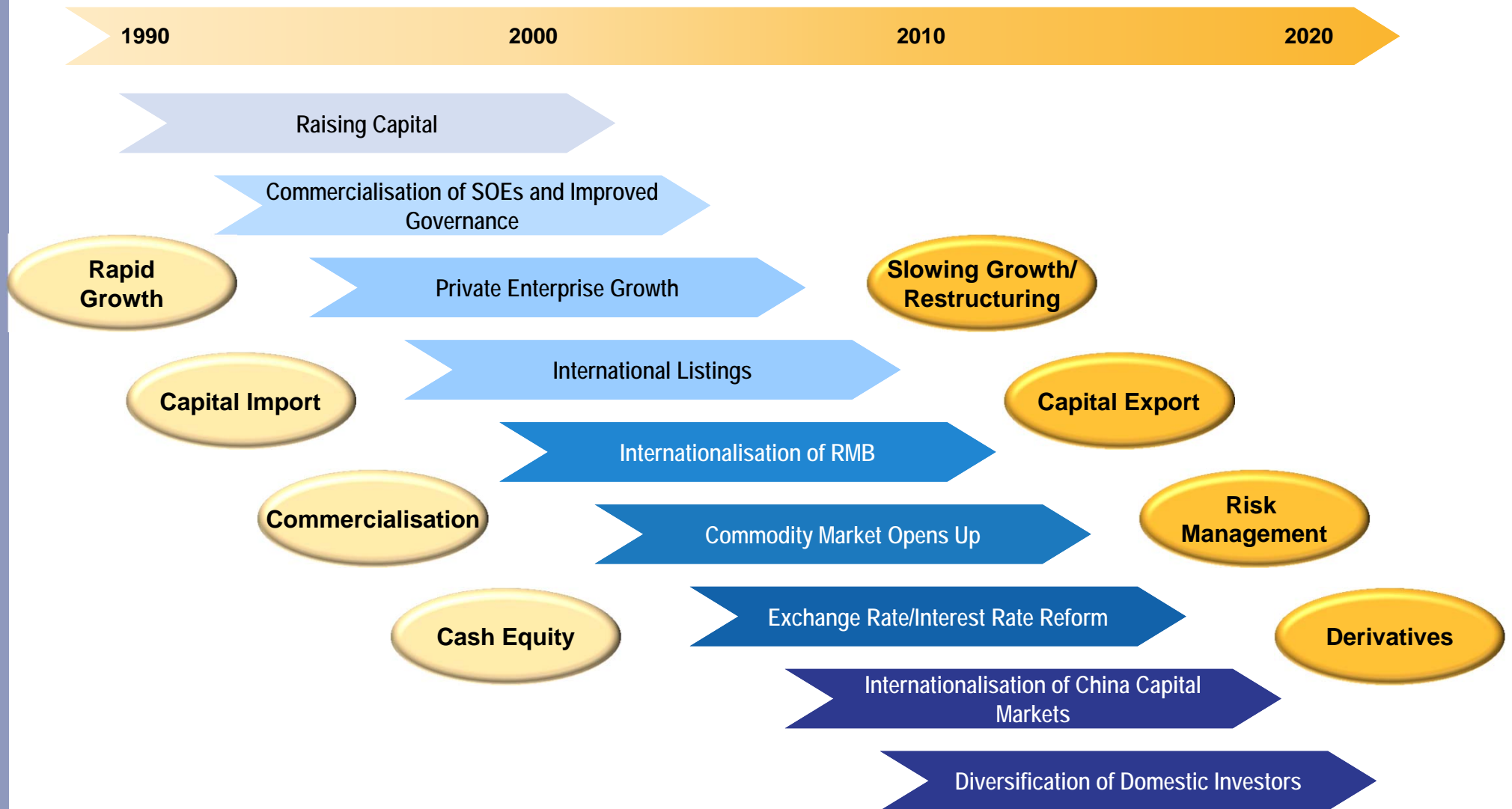
26 November 2013



Clear Strategic Focus

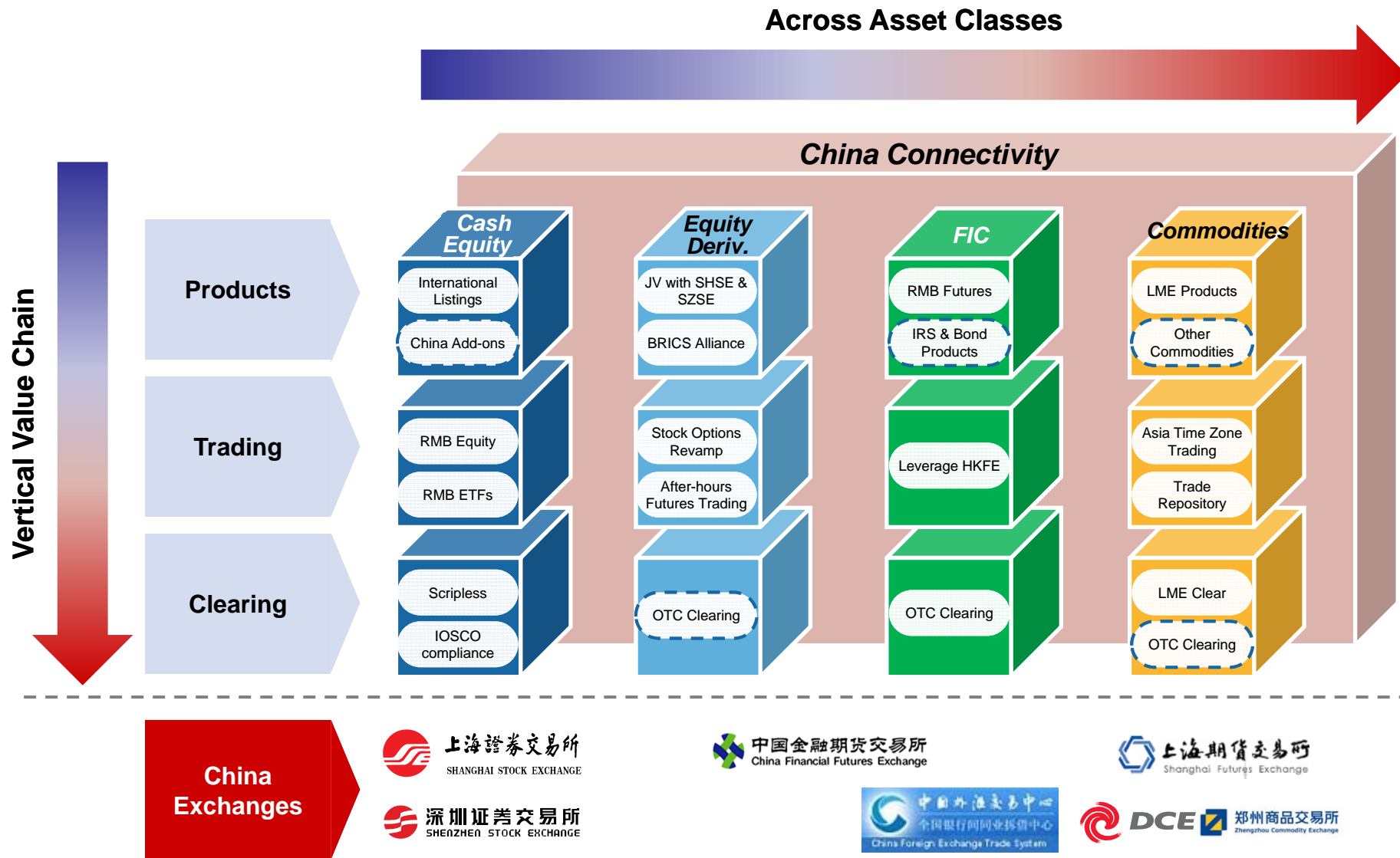


Evolution of China's Growth Story

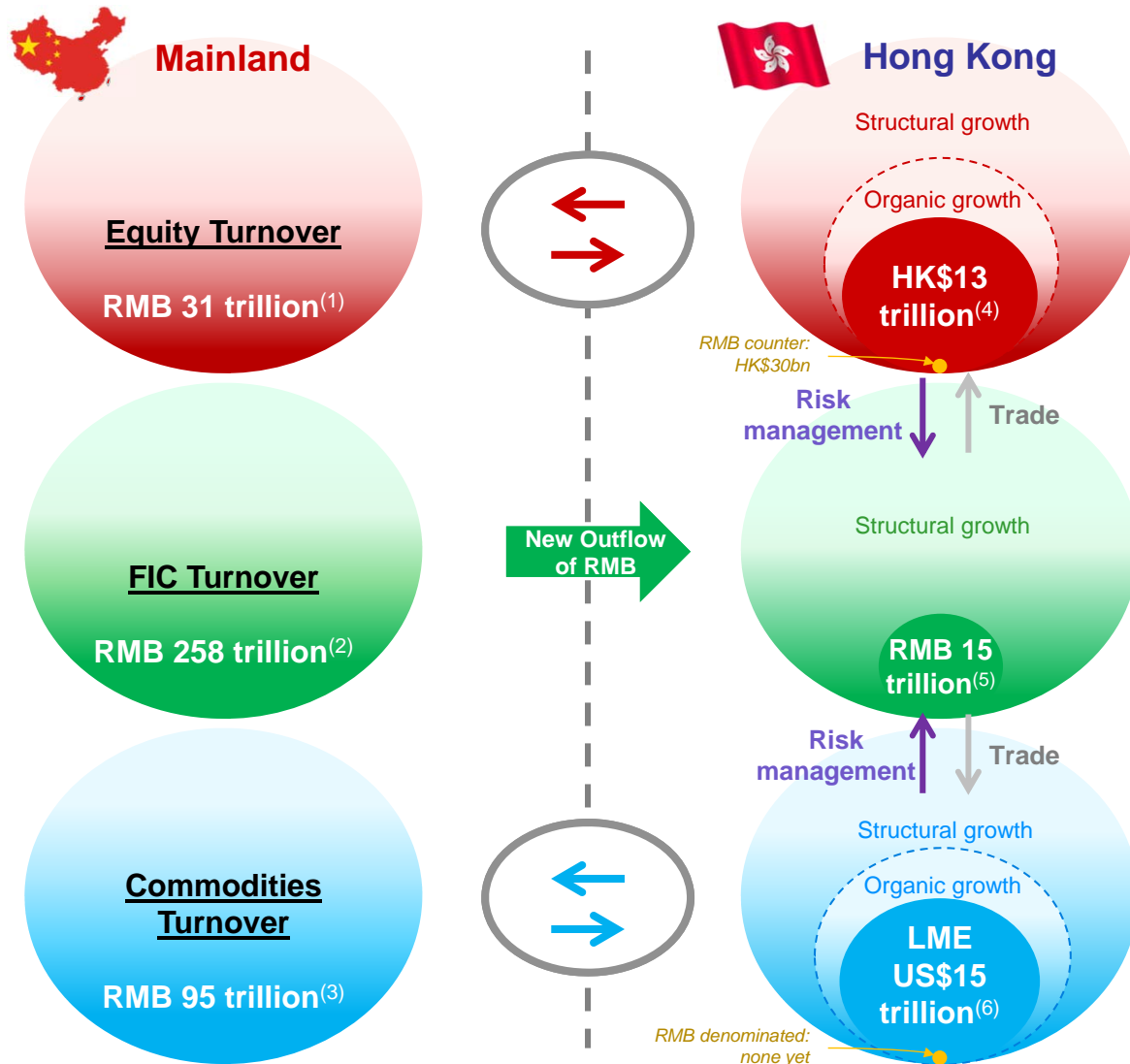


HKEx Group Business Strategy

Horizontal Asset Classes + Full Vertical Integration



Offshore Asset Class Growth Potential



GROWTH CATALYSTS:

Diversification need

- China's overseas equity investments are only 0.8% of GDP (Japan 10%; USA 30%)
- Expansion of QDII → QDII-2
- Mutual market access

Risk management need

- Only 11% of China's trade is settled in RMB: massive structural growth expected
- Investment need for CNH liquidity pool
- CNH IR & FX daily fix: first crucial steps taken

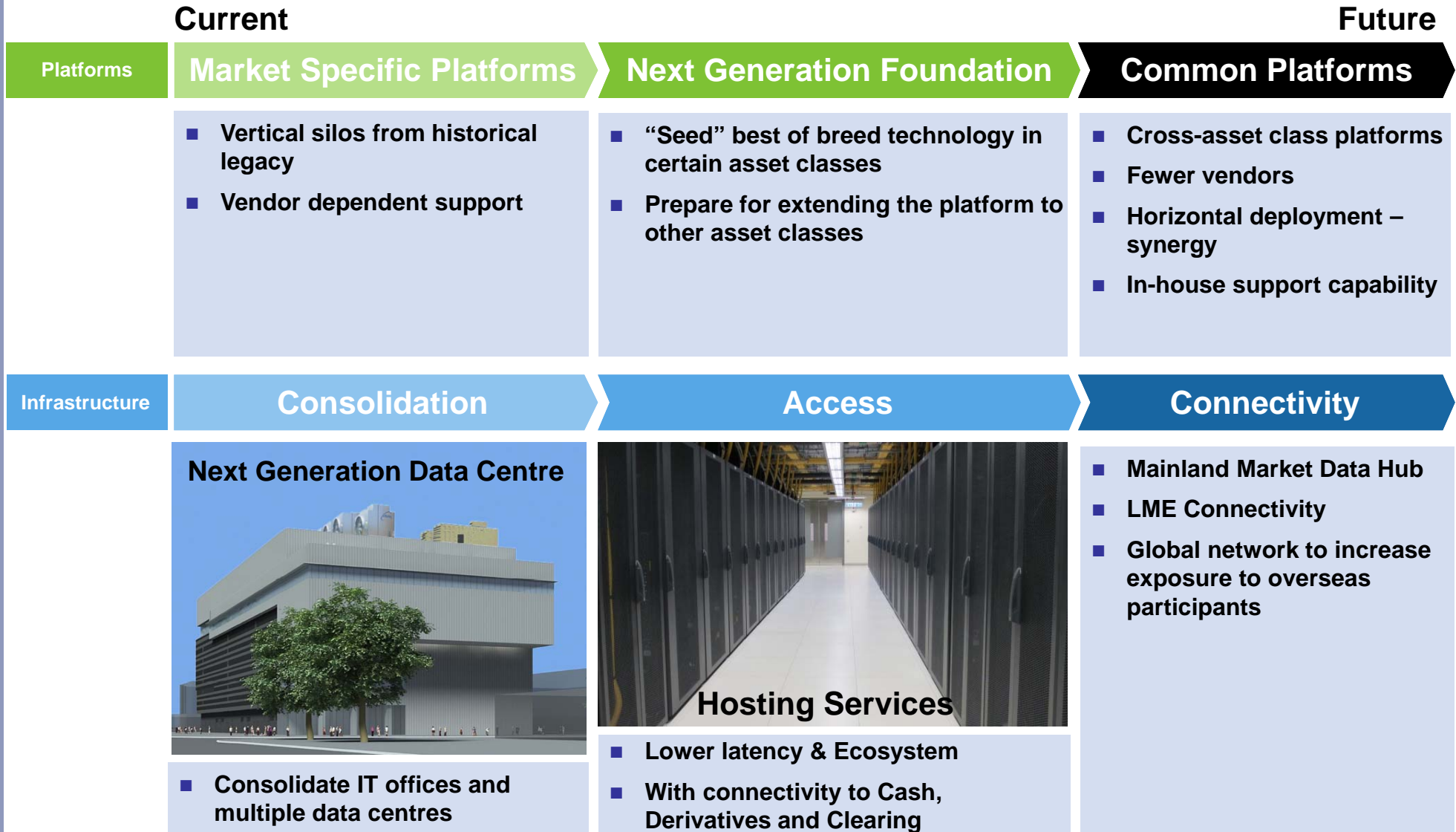
Physical market need

- China often largest producer and consumer
- Greater integration with global benchmarks
- Risk management = key volume component

Note (1): SHSE and SZSE total trading volume in 2012
 (2): China FIC trading volume in 2012 (interbank bonds, etc.)
 (3): SHFE+DCE+ZCE volume (nominal value) in 2012

(4): HKEx cash market total trading volume in 2012
 (5): Estimated annualised current CNH FX and dim sum bond turnover in Hong Kong
 (6): LME trading volume (nominal value) in 2012

Platform & Infrastructure Strategy



Opportunities and Challenges of HKEx Group



Opportunities

Challenges

Connectivity and Positioning as Gateway

VS

Flexibility of Infrastructure and Platform

Market Innovation (e.g. Algo Trading)

VS

Microstructure and Risk Management

OTC Clearing

VS

Regulation Extraterritoriality

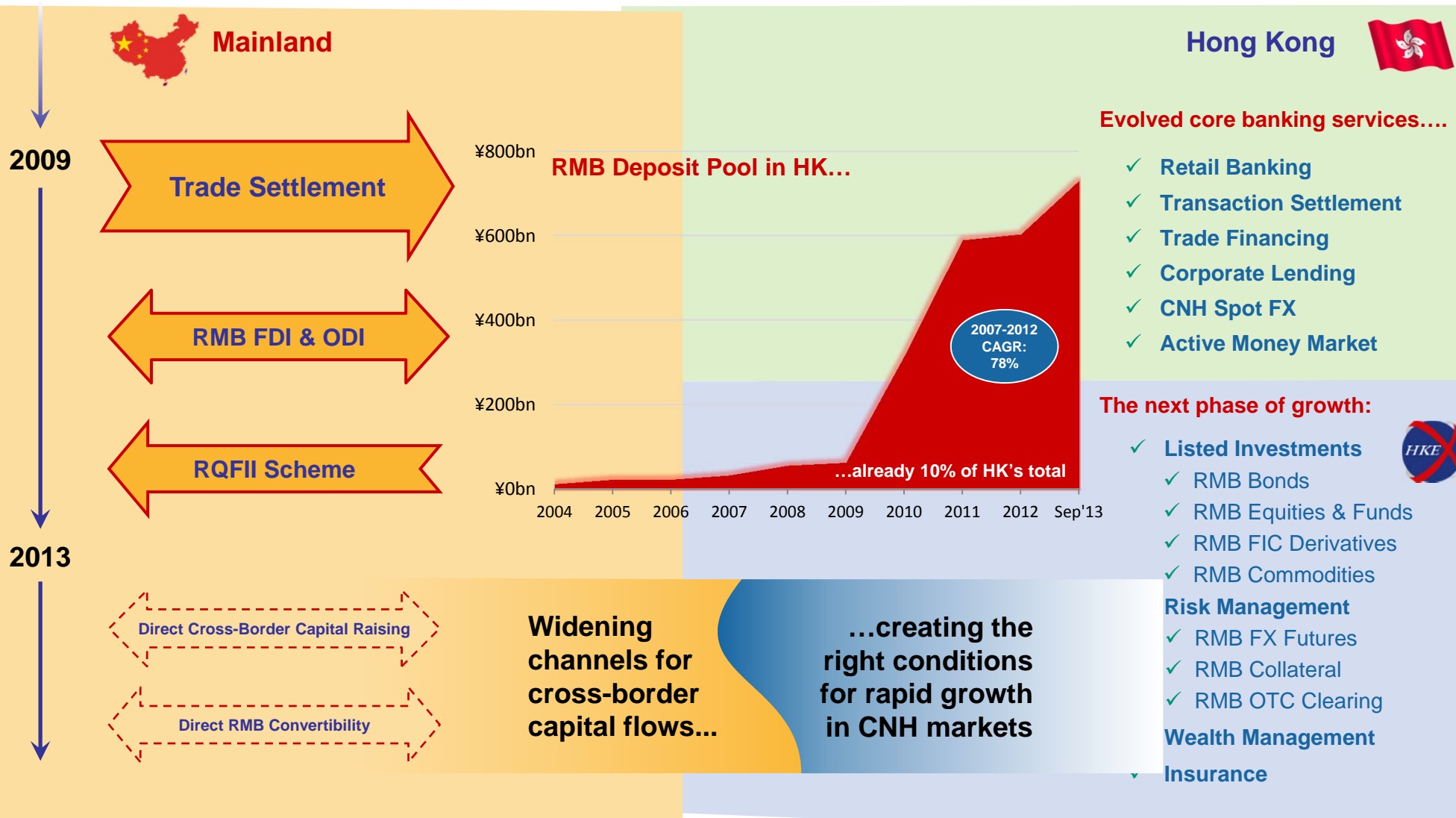
Global Exchange

VS

Global Competition

Appendix

CNH: Explosive Growth Ahead



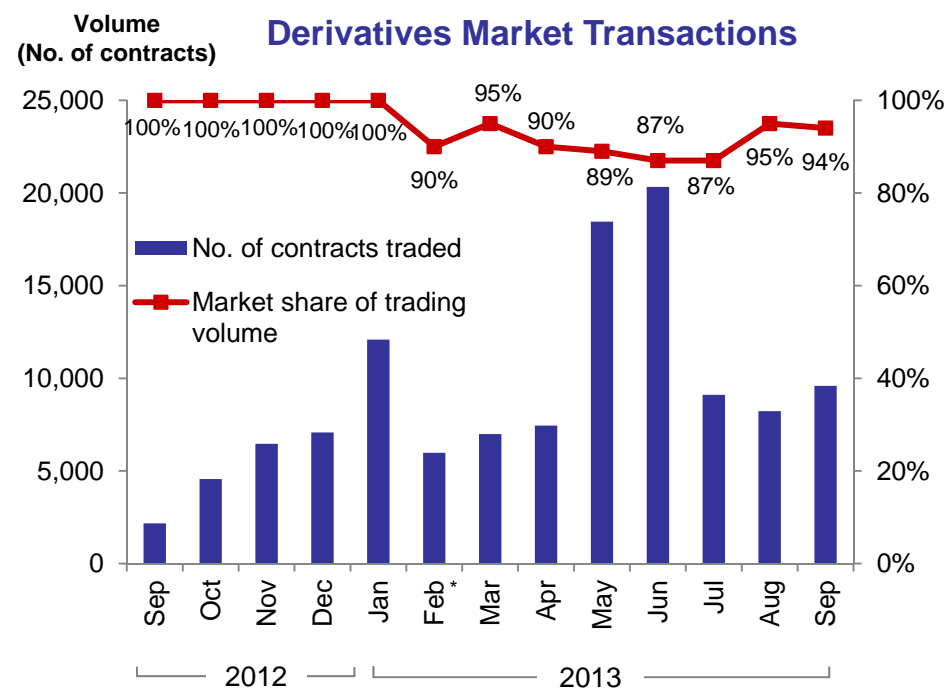
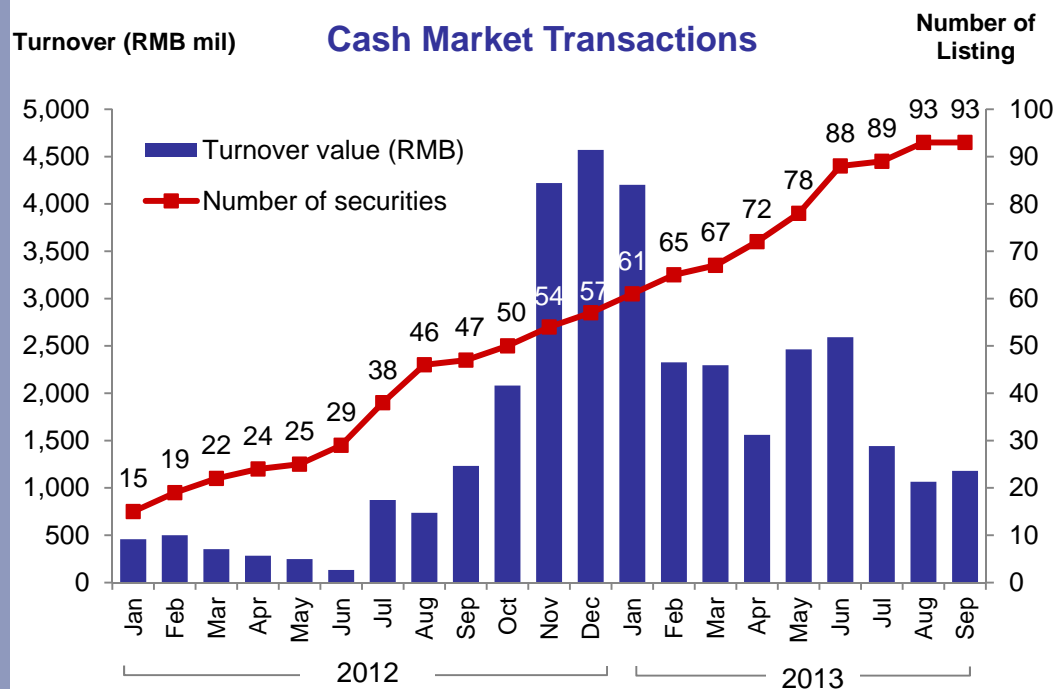
Liberalisation of CNH = Impetus for Growth of More Sophisticated Offshore Financial Markets

Existing RMB Products Listed on HKEx

A Wide Product Range



	Securities Products				Derivatives Products	
	RMB Bonds	RMB REIT	RMB ETF	RMB Equity	Derivative Warrants	RMB Currency Futures
Date of 1 st Listing	October 2010	April 2011	February 2012	October 2012	December 2012	September 2012
Total No. of Listings	73	1	10	1	8	1



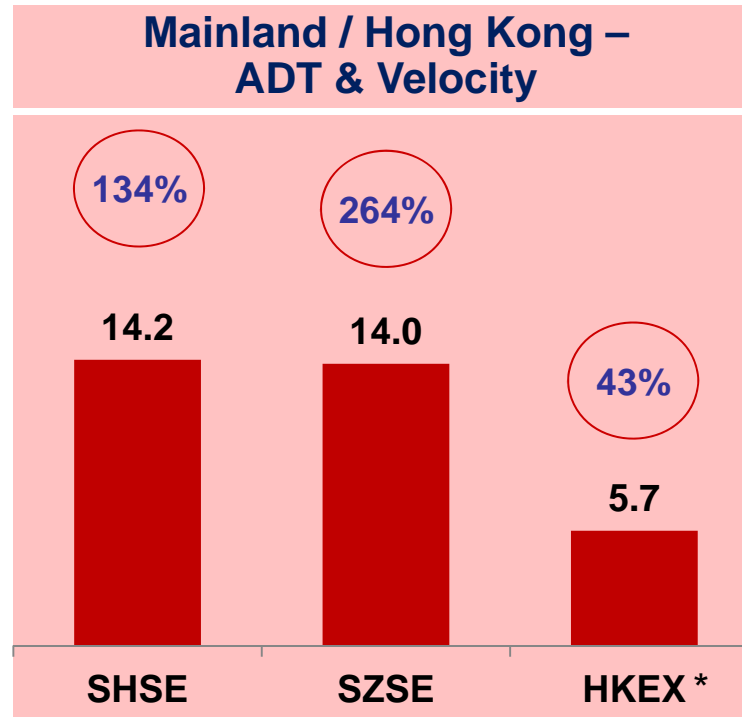
Source: CME & HKEx websites, as of 30 Sep 2013; * CME launched since 25 Feb 2013

Potential Impact of Cross-Border Flows



Velocity of Major Global Exchanges

U.S. / Europe	
Bovespa	73%
NASDAQ	168%
NYSE	81%
TMX	69%
LSE Group	51%



Asia	
ASX	63%
KRX	119%
SGX	51%
TSE	147%
TWSE	78%
NSE	46%

○ = LTM Velocity, ADT - US\$bn

* Excludes structured products (Derivative Warrant, CBBC)

HKEx has the potential to substantially increase velocity as China opens capital account