

[20700001]



“ The contract is definitely important to the exchange . ” says Robert Gilmore , executive director of the Securities and Futures Commission .

[20700016]

Two years ago , the futures exchange was the emy of other would-be futures centers .

[20700017]

After only 17 months , its main contract , based on the Hang Seng index , had grown to be the second-largest stock-index-futures contract in the world .

[20700018]

{ A futures contract is an agreement to buy or sell a commodity or financial instrument at a set price on a specified date . }

[20700019]

In the case of stock-index and interest-rate futures , the instruments are given an underlying cash value and are settled in cash . }

[20700020]

But in the week following the 1987 stock crash , the exchange verged on collapse , and the stock and futures markets in Hong Kong were closed for four days .

[20700021]

Only a government-sponsored bailout kept the crisis from swallowing the exchange .

[20700022]

Trading in Hang Seng index futures remains crippled by the experience .

[20700023]

Volume for the entire month of September totaled only 21,687 contracts , compared with a daily average of 27,000 in the month before the 1987 crash .

[20700024]

Despite the thin trading , and after two painful years of restructuring , the futures market has shown itself to be resilient in two recent tests .

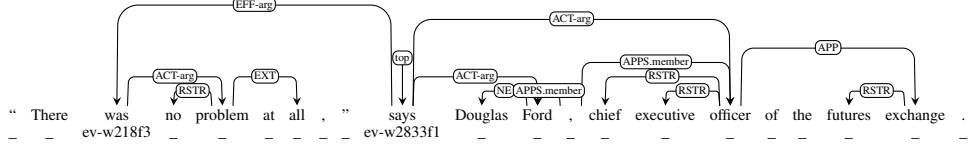
[20700025]

While Asian markets struggled to cope with the uncertainty caused by the Oct. 13 plunge in New York stock prices , futures trading in Hong Kong was relatively heavy and went smoothly .

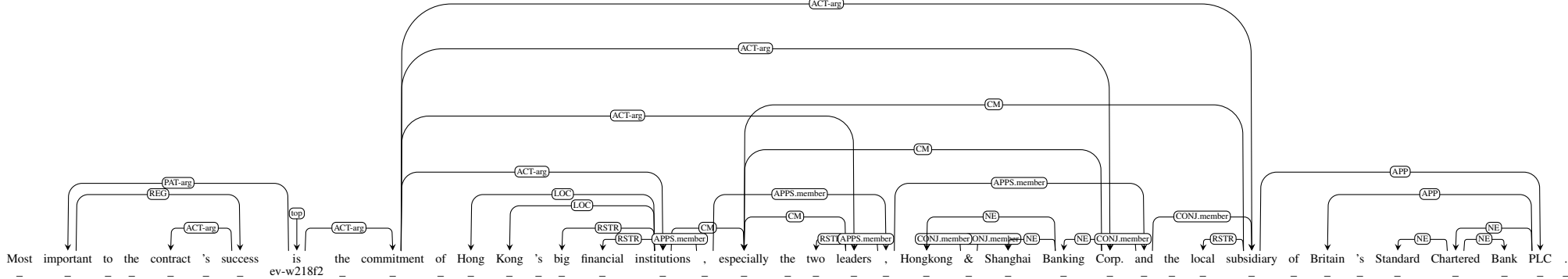
[20700026]

That was also the case in the days following the June 4 massacre in Beijing , which caused a sharp drop in Hong Kong stock prices .

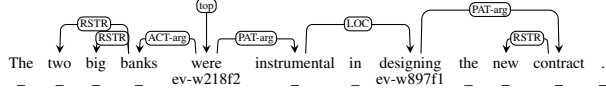
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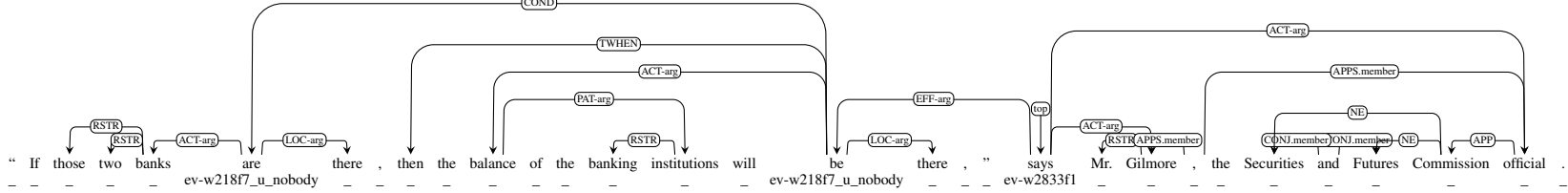
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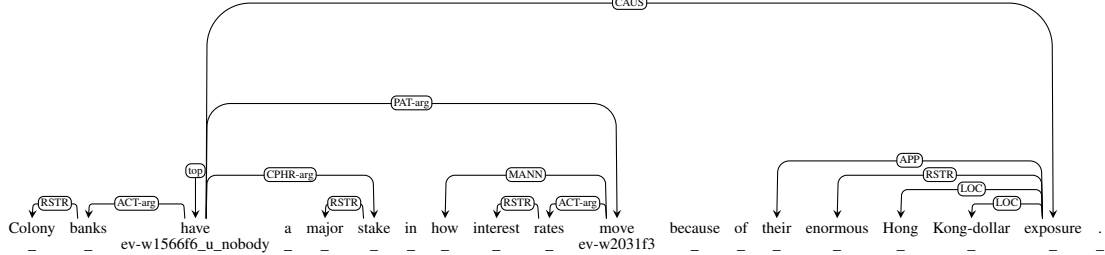
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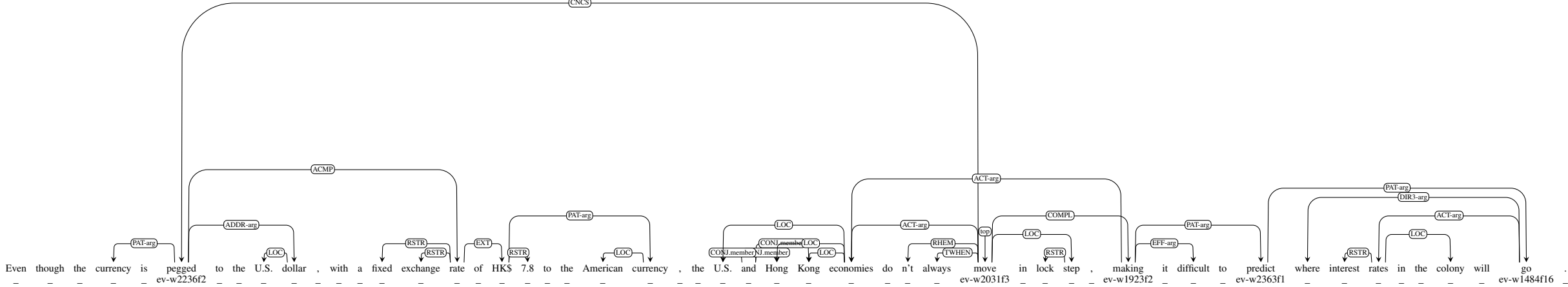
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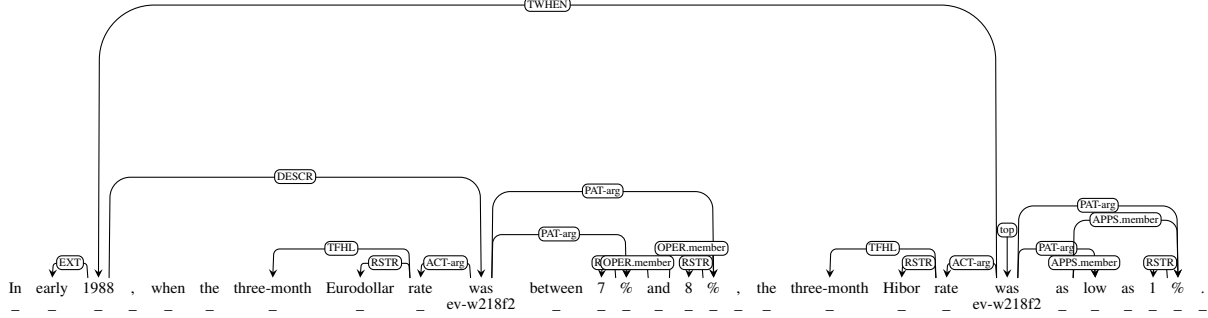
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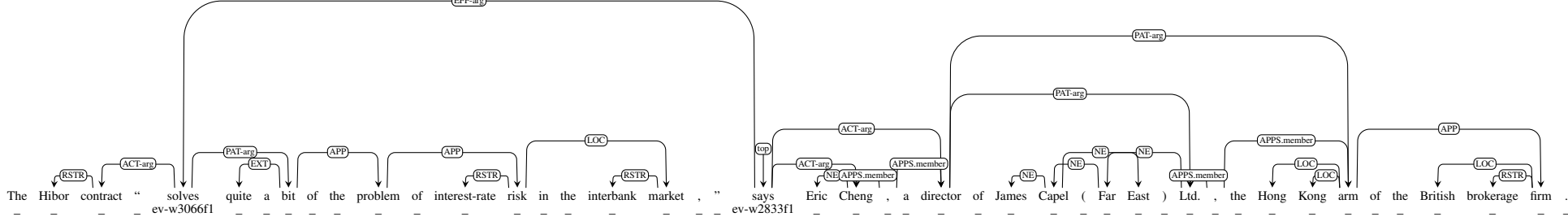
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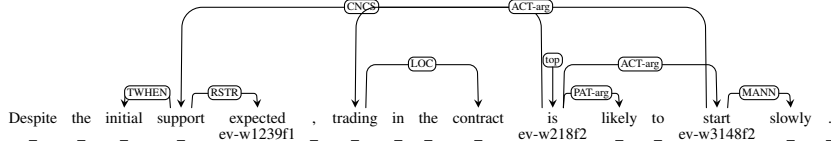
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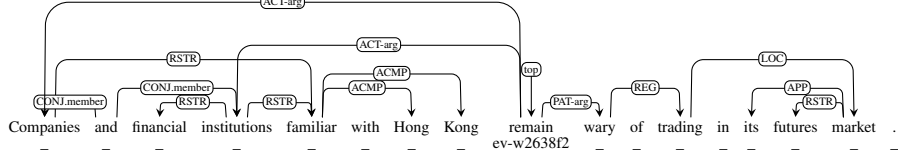
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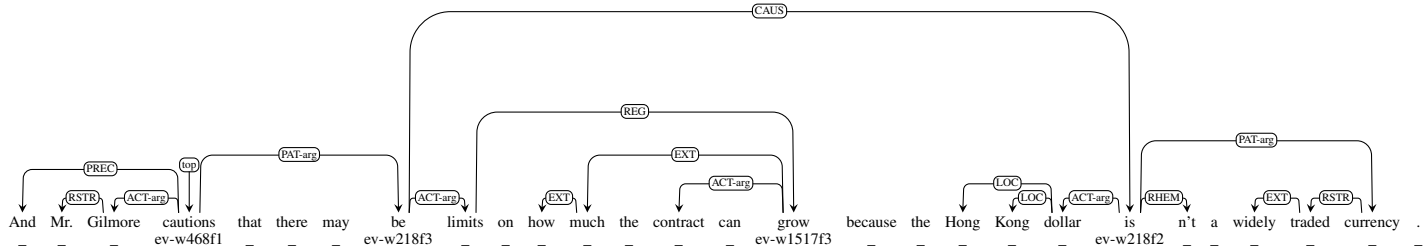
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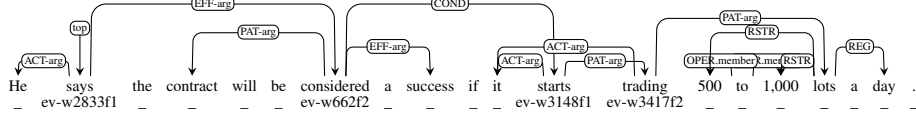
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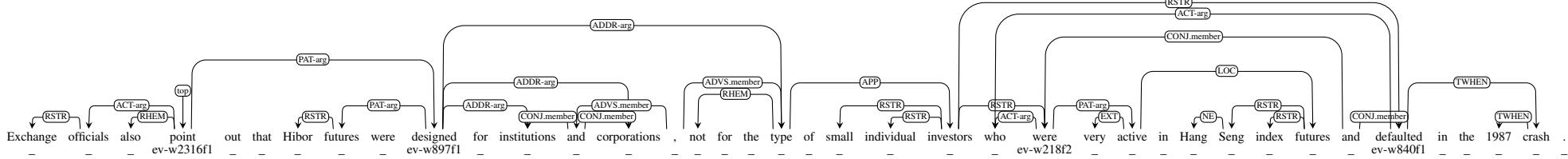
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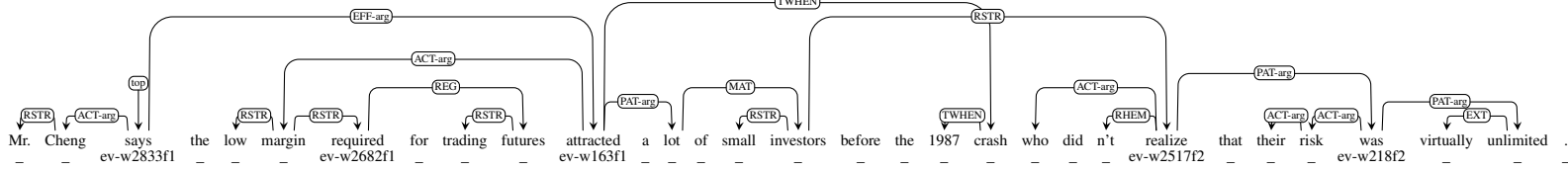
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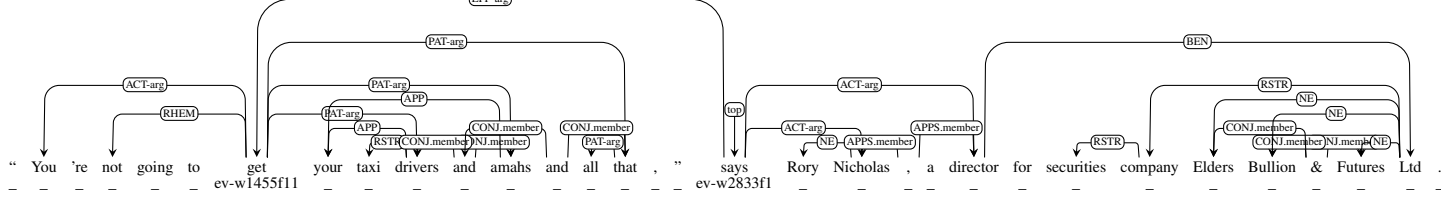
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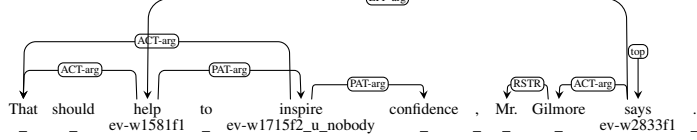
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