

S.C.M.P.

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## 100-member exchange likely

Hongkong Commodity Exchange Ltd, now being set up, is likely to have an initial membership of 100, reliable sources said yesterday.

Capitalised at \$25 million, the company is authorised to issue a maximum of 250 shares.

Each full member of the company is required to be a shareholder, and can acquire up to four of the 250 shares of the company. Each share costs \$100,000.

Although the exchange company would like to see its members capitalised at \$2 million or above, its policy will be flexible as some members could be subsidiaries of very powerful companies locally or overseas, the sources indicated.

They said the company will

take into consideration the applicant's technical competence and ability to draw clients in addition to their financial clout.

Full members of the exchange must be local residents or locally registered companies.

Affiliated membership can be granted to people in related trades and overseas residents. Affiliated members will have to pay an admission fee of \$5,000 and will not conduct actual trading on the exchange floor.

Full members can qualify as commodity traders, on payment of a fee of \$1,000 or some other sum deemed appropriate by the company. Their representatives will have to pass a test of competence

before allowed to trade on the exchange floors.

Yesterday, a spokesman for the Office of the Commissioner for Securities reminded those who want to register as commodity dealers under Part IV of the Commodities Trading Ordinance 1976 to send in their applications as soon as possible.

Part IV of the ordinance, which will come into operation on January 1, also deals with commodity trading advisers and representatives.

Under the ordinance, it will be an offence for a person to carry on the business of a commodity dealer, commodity trading adviser or a representative from January 1, if he is not registered.

One of the conditions for

registration is that the applicant, or the corporation or firm to which he is accredited, must be a shareholder of the Hongkong Commodity Exchange or a member, or wholly owned by such a member, of an overseas exchange listed in the second schedule to the Commodities Trading Ordinance 1976.

Also, a commodity dealer who is not a shareholder of the Hongkong exchange company has to deposit with the commissioner \$100,000 on registration.

Applicants are requested to submit completed forms as soon as possible to allow time for the Office of the Commissioner for Commodities Trading to process the applications.