



ms

10 DOWNING STREET

Prime Minister

Hong Kong

The Hong Kong market  
had a very bad day,  
ending 33% ↓.

The operation to support  
the Futures Market was  
rapidly exhausted. Negotiations  
to obtain more funds  
before the market opens  
tomorrow are in progress  
but as of now - 2 a.m. in  
Hong Kong - have not

readed any conclusion.  
If we're in no results,  
e the market opens  
without any safety net,  
the consequences could be  
very serious.

I will keep you  
informed of any developments  
during the evening.

CDD

26/x

PRIME MINISTER

HONG KONG

It now looks as though they have succeeded in putting together a MK II rescue plan for the Hong Kong Futures Exchange. This consists of another 2 billion Hong Kong dollars. Half will come from the Hong Kong exchange fund. The other half will be divided equally between Hong Kong & Shanghai Bank, Standard & Chartered and the Bank of China. The last-named have been pretty difficult and have still not finally confirmed their participation. The fund should be enough to support the Futures market through tomorrow if there is no further drastic fall in the index. But if the index declines steeply again it certainly will not suffice.

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*Amanda Ross*

pp (C.D. POWELL)

26 October 1987

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