

## Part C Consultation Questions – Closing Auction Session

18. Do you support the introduction of the new CAS model in the Hong Kong securities market?

Yes

No

Please give reasons for your view.

1) For ETFs we currently managed, the auction session will help to improve ETF liquidity especially for clients looking to trade at market close. Based on our observation, movement for ETF price is usually less volatile compared with individual stocks thus +/-5% limits is sufficient for ETF trading.

2) Though we haven't have H-shares ETFs at the moment, we think CAS will enable H-shares ETF managers to rebalance at market close price thus reducing tracking errors caused by regular rebalancing.

19. Do you agree that the new CAS model should only be applied to the major index constituent stocks (i.e. Hang Seng Composite LargeCap Index and Hang Seng Composite MidCap Index constituents as well as other Stock Connect Securities for Southbound trading)?

Yes

No

Please give reasons for your view.

Though we haven't have H-shares ETFs at the moment, we think CAS will enable H-shares ETF managers to rebalance at market close price thus reducing tracking errors caused by regular rebalancing.

20. Do you agree that the new CAS model should be applied to ETF? If yes, which type of ETF should be applied?

Yes

(i) Apply to all ETFs

(ii) Only apply to ETFs with Hong Kong stocks as underlying

No

Please give reasons for your view.

For ETFs we currently managed ( ), the auction session will help to improve ETF liquidity especially for clients looking to trade at market close.

21. Do you agree that at a later stage, the new CAS model should be expanded to other equity securities and funds as proposed? If so, when should the CAS be rolled out to these securities and funds?

Yes, roll out time should be: \_\_\_\_\_

No

Please give reasons for your view.

22. Do you agree that that the new CAS model should exclude structured products, equity warrants and debt securities?

Yes

No

Please give reasons for your view.

23. Do you support introducing a price limit during the CAS?

Yes

No

Please give reasons for your view.