

## Part B Consultation Questions

Please indicate your preference by checking the appropriate boxes and provide reasons to support your views. Where there is insufficient space, please attach additional pages as necessary.

1. Do you agree that the Hong Kong market should not adopt a model without a halt in trading after the release of PSI during trading hours (i.e. the UK model as described in paragraph 48)?

Yes

No

Please give reasons for your views.

**Comments:**

*We would appreciate the Exchange specifying the events and activities that are considered PSI and subject to trading halts.*

2. Do you agree with our proposal to allow publication of PSI announcements on the HKExnews website during trading hours subject to a short trading halt?

Yes

No

Please give reasons for your views.

*Whilst the publication of PSI announcements may be an effective channel for retail investors to access issuers' news, it is highly impractical for Exchange Participants ("EPs") to keep track of PSI announcements on the HKExnews website on a real-time basis.*

*Apart from posting PSI announcements on the HKExnews website, we recommend the Exchange informs EPs of a trading halt through market data feed, which is more effective than having EPs be attentive to the HKExnews website during trading hours. Moreover, the Exchange should inform EPs of the type of PSI announcement (e.g. results announcements, major transactions, etc) after 5-10 minutes of the trading halt via market data feed. Similar to the current practice for suspensions, a status code should be set up for trading halt so EPs are aware of the reason behind orders that are cancelled back from the Exchange.*

3. Do you agree that the maximum period for which a trading halt may be granted is two trading days and the trading halt will be treated as suspension thereafter if the issuer fails to publish the PSI announcements by end of the following trading day after the trading halt is imposed?

Yes

No

Please give reasons for your views.

*Please refer to our responses to Q. 7 and 8 for details.*

4. Do you agree that results announcements should be published during the existing publication windows as far as possible?

Yes

No

Please give reasons for your views.

5. Do you agree that the existing arrangement for non-PSI announcements to be published outside trading hours should remain unchanged?

Yes

No

Please give reasons for your views.

6. Do you agree that the trading halt should not apply to dually listed issuers under the circumstances as described in paragraph 57 above?

Yes

No

Please give reasons for your views.

7. What is the minimum period for a trading halt after the publication of PSI announcement?

30 minutes

45 minutes

60 minutes

Other, please specify and give reasons

***Comments:***

***Subject to the feasibility of the proposal illustrated in our response to Q.8, the Exchange may alternatively consider imposing a fixed trading halt of 30 minutes for all securities after publication of PSI announcements. A fixed trading halt provides certainty, minimizes market confusion, and is less complex from a system implementation perspective (both by the Exchange and EPs). Securities should then either be suspended or resume trading after the fixed trading halt of 30 minutes.***

8. Do you agree that trading halts should be lifted at regular intervals?

on the quarter hour

on the half hour

Other, please specify and give reasons

*Whilst we agree that trading halts should be lifted at regular intervals, we suggest that the trading halts be lifted at the next available trading session given the short duration of each trading session, as well as for ease of administration. The trading halt will be treated as a suspension if the security does not resume trading at the start of the next trading session. For instance, if a security was subject to a trading halt at 1:30pm, the security should either resume trading or be suspended at the start of the morning session of the next trading day.*

9. Do you agree that at least 30 minutes of trading should be provided after lifting of a trading halt?

Yes

No

Please give reasons for your views.

10. Do you agree with the proposed notification arrangements for the trading halt and resumption information as set out in paragraph 64?

Yes

No

Please give reasons for your views.

*As explained in our response to Q.2, apart from the HKExnews website, the notification arrangements should be communicated to EPs via market data feed.*

*In any event, the Exchange should notify the public at least 10-15 minutes prior to the resumption of trading the security.*

11. Do you agree that all existing orders of the securities entered before a trading halt or a suspension be purged by the Exchange at time of the halt?

Yes

No

Please give reasons for your views.

*Yes, subject to the implementation of a single price auction session. Otherwise, EPs should be allowed to either cancel or leave the existing orders in the trading system during the trading halt.*

12. Do you agree that all existing orders of the Exchange's stock options / futures market practices should remain unchanged (i.e. all outstanding orders will be purged automatically by the system at the time of trading halt of the underlying stocks)?

Yes

No

Please give reasons for your views.

13. Do you agree with the implementation of a single price auction upon lifting of a trading halt?

Yes

No

Please give reasons for your views.

14. Do you agree with the implementation of a single price auction also applies for trading resumption at the commencement of afternoon trading session upon lifting of a trading halt following the release of a PSI announcement during the lunch publication window?

Yes

No

Please give reasons for your views.

15. Do you agree that if an issuer has not requested for any trading halt or suspension of its securities and is able to maintain the confidentiality of the PSI announcement before releasing it during the lunch publication window, in these circumstances the single price auction will apply to the issuer's securities?

Yes

No

Please give reasons for your views.

*The security should be subject to normal trading if a trading halt has not been requested.*

16. Do you agree that a single price auction will only apply to securities traded in the securities market upon lifting of a trading halt of the underlying?

Yes

No

Please give reasons for your views.

17. Do you agree with the proposed duration of the mid-session auction (i.e. 10 minutes)?

Yes

No

Please give reasons for your views.

18. How much lead time would be required after the relevant system specifications were available to prepare for the implementation of trading halts?

- Three months
- Six months
- Other, please specify and give reasons

*Given the significant system changes required for this proposal, it is recommended that the implementation of the trading halt be coordinated with upcoming major HKEx system upgrades, such that system testing and market rehearsals are appropriately managed and minimized where possible.*

- End -