

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.

We agree that a trading halt after the release of PSI during trading hours will allow investors time to assess and evaluate the information. However, different customer segmentation e.g. retail vs institutional may require different time to assess and react to the PSI. At the same time, it is also important to maintain trading hours as normal as possible. To balance these different considerations, we prefer the trading halt to be kept short.

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.

In line with other markets, the proposal would allow the release of information to the investors in a more timely manner. Also, HKEx being a unique source of information can avoid potential market confusion.

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.

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.

We agree in that this is in line with international practices (see paragraph 55) and would minimise disruptions to trading.

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.

Agreed that those non-PSI announcements should only be made outside trading hours as it may cause confusion to the market if both PSI and non-PSI announcements are made during the trading hours. On the other hand, if only PSI announcement will be made during trading hours, investor would be more alerted to those announcements made during trading hours.

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.

It would be a disadvantage to local investors in particular those retail investors who are not readily accessible to other markets if trading was halt in HK but continue in other stock markets. We agree in that this will enhance protection of investors in Hong Kong by allowing trading in both markets.

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

It takes time to inform the affected clients that their orders are being cancelled during the trading halt. To avoid trading disputes, it is necessary for the HKEx to educate the investor that all outstanding orders will be cancelled during the trading halt.

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

For better administration and market awareness, it is better to keep the trading halts as short as possible and to lift the trading halts at regular intervals,

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.

Please refer to our reply to Question 8.

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.

Multiple channels can enhance the accessibility of the announcements by retail investors.

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.

We agree that all the existing orders of the securities entered before a trading halt or a suspension should be cancelled to avoid market disruption. To facilitate exchange participants to update the order status, it is better for the HKEx to reject our outstanding orders due to the trading halt so that our system can automatically updated our cancelled orders via straight through processing. Sufficient development leadtime is required before implementation.

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.

The proposals would help maintain a fair and orderly market and avoid any market disruptions.

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.

We have strong reservation to implement a single price auction during normal trading hours. It will create a great challenge to the broker's system as it will create auction counter for a particular stock while all the other stocks are trading normally. In addition, if the time for single price auction is too short, it is not fair to the retail investors as they may not have sufficient time to react. It may also create heavy traffic for the trading system especially to those heavily traded stocks.

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.

No. Please refer to our reply to Question 13.

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.

It should follow existing arrangement.

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.

Please refer to our reply to Question 13.

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.

Please refer to our reply to Question 13.

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

If trading halt without single price auction is adopted and the outstanding orders in AMS/3 will be cancelled during trading halt, we estimate that it would need at least a lead time of at least 6 to 12 months to make the necessary system changes.

However, if the single price auction is implemented, the system changes involved would be more complex and we expect not less than 18 months would be required for system enhancement.

- End -