

## 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.

Hong Kong should follow the practices of the majority of markets to adopt a model with a halt in trading after the release of sensitive information ("PSI") during trading hours. It would be a step too big for Hong Kong to quickly jump to adopt the UK model whose investors are predominantly institutional investors. The relatively large retail investors in Hong Kong need time to get access and digest the PSI news, or then to obtain advice from their brokers. A trading halt is thus required.

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.

The proposal can enhance transparency and corporate governance of the listed issuers as it gives them another channel to publish PSI and at the same time minimises the periods within which the shareholders are not allowed to trade in their securities. For listed issuers who are also dually listed in another stock exchange (who has similar trading halt arrangements), this new regime can put its Hong Kong shareholders on equal footing with its overseas shareholders in terms of information access and trading opportunity.

But in order for this new trading halt regime to work better for the interest of the general investing public, they must be further educated and made aware of the adoption of such trading halt regime, how their interests will be affected (i.e. their orders placed before the trading halt will all be purged), and be encouraged to register for the service offered by HKEx under "Investment Service Centre" or with the listed issuer directly (if such service is also available) to receive the most up-to-date announcements of the listed issuers.

The listed issuers who have applied to the Listing Division of the Stock Exchange for a trading halt may wish to resume trading within the same trading session. However, it all depends on how fast can the Listing Division process such a request and what all the procedures involved as mentioned in para 90 of the consultation paper.

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.

As mentioned in paragraph 36 of the consultation paper, in 2011, around 60 percent of suspensions of trading applied lasted for two trading days or less. As mentioned in paragraph 52, In Australia and Singapore, the maximum period for which a trading halt may be granted is two trading days and three trading days respectively. We therefore believe that for Hong Kong, a trading halt of two trading days is appropriate.

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.

Currently, the listed issuers are required by the Listing Rules to publish their board meeting dates at least seven clear business days in advance. We do not see a need to change as the investing public has been accustomed to the scheduled release of periodical results announcements, rather than expecting a sudden release through a trading halt.

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.

There should usually be no urgency to publish non-PSI announcements and thus there should be no change to the existing arrangement. And investors may be confused as to the importance of a non-PSI announcement if it is allowed to be 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.

To cater for the specific circumstances of the London Stock Exchange, we agree that the existing arrangements for those dually listed issuers should be maintained.

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

30 minutes should be enough to allow the investing public to digest a PSI announcement which is not too complicated. For more complicated announcements, the listed issuers should be allowed to apply for a longer period of 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

If "on the quarter hour" means the halt can be lifted at :15, :30, :45 or :00, the listed issuer can resume trading quicker, rather than having to wait at :30 or :00 ("on the half hour"). So, "on the quarter hour" seems to be a better choice as it can allow the listed issuer to lift the halt quicker.

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.

Otherwise, a trading halt will become meaningless if the investing public is not given the chance to react to the PSI announcement by trading in the shares immediately afterwards.

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.

We agree with the views of the Exchange Participants as set out in para 64 of the consultation paper that a separate designated information page for dissemination of trading halt information is more user friendly. However, such information should also be searchable within the standard HKExnews page.

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.

Investors who have placed orders before the trading halt may decide otherwise when he is aware of the newly disseminated PSI. To cater for situations where he does not even have the chance to be aware of such PSI, all orders received before the trading halt should be purged.

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.

same reply to question no. 11 above.

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.

No specific 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.

No specific 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.

No specific views.

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.

No specific 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.

No specific 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

No specific views.