

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 support Hong Kong market to adopt continuous trading without any halt or suspension whilst PSI is allowed to be announced at any time. We are of the view that for issuers with multiple listings (which are HKEx's target candidates to list in its effort to become a truly international financial centre), trading halts would deny Hong Kong investors' the opportunity to trade while the same securities are traded continuously in other markets. Trading halt would result in disadvantage to the Hong Kong shareholders.

Timely disclosure along with continuous trading is the most transparent, easiest to manage, and least disruption to the Hong Kong market and is consistent with the general international capital markets development trend.

Halt/suspension should reserve for the most extraordinary situations and should be triggered under the most limited circumstances.

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.

We support announcement during the trading hours but oppose any mandatory post-PSI-announcement trading halt. Please refer to our response to Q1.

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.

Pre-announcement trading halt can be imposed when PSI announcement obligation is triggered and the announcement is not ready. The time period of the halt/suspension can last until the announcement is published.

The announcement should be allowed to be published any time (during trading hours or otherwise).

We oppose any mandatory trading halt post PSI announcement. Please refer to our response to Q1.

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 are of the view that results announcement is a price sensitive announcement and therefore be treated in the same way as other PSI announcements. For companies with multiple listings, there is the added complication of issuing their results on multiply exchanges at a practical time for all markets. Allowing results announcements to be released during trading hours would aid companies with multiple listings to ensure their results are released at the optimal time for all market stakeholders.

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.

The announcement for non-PSI is not time critical as far as investor protection is concerned and is therefore better left to the listed issuers to determine when to publish, in accommodating the issuer's general internal and external communications strategy on a particular matter.

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.

We agree that the trading halt should not apply to issuers which are dually listed on the Hong Kong and London Stock Exchanges that have obtained waivers to publish price sensitive information announcements during trading hours without a trading halt. Please refer to our response to Q1.

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

We oppose any mandatory post-PSI-announcement trading halt, as highlighted in our response to Question 1 above. However, if a post-PSI-announcement trading halt is adopted, it should be kept to the minimum.

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

We oppose any mandatory post-PSI-announcement trading halt, as highlighted in our response to Question 1 above. However, if a post announcement trading halt is adopted, it should be kept to the minimum and allowed to be lifted as soon as possible.

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.

We support the continuous trading whilst announcing PSI and oppose any mandatory post-announcement trading halt, as highlighted in our response to Question 1 above. However, if a post announcement trading halt is adopted, it should be kept to the minimum and lifted as soon as possible. It should be the listed issuer's decision whether to continue to trade if the halt is lifted at a time close to the end of a trading session.

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 oppose any mandatory post-PSI-announcement trading halt, as highlighted in Question 1 above. Without prejudice to the above position, we support the proposed arrangement as set out in paragraph 64 but suggest that HKEx design its system to automatically upload the relevant information which has already been filed with HKEx by the issuer without any extra administrative burden on the issuer.

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 oppose any mandatory post-PSI-announcement trading halt, as highlighted in Question 1 above. Without prejudice to the above position, if a trading halt model is adopted, we believe orders placed prior to a trading halt should be purged by the HKEx as the order was placed without the knowledge of the PSI announced.

In consistency with our general position on this issue, imposing trading halt would cause disruption to the market – the treatment of the existing orders illustrates such disruption and possible confusion in the market place.

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.

Please refer to our response to Q11.

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 oppose any mandatory post-PSI-announcement trading halt, as highlighted in Question 1 above. Without prejudice to the above position, if the trading halt model is adopted, we express no strong views as to whether to impose a single price auction. If a single price auction is adopted, the length of the auction should be kept to the minimum to ensure maximum trading period. We note that this would be a non-issue under a continuous trading regime.

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.

Please refer to our response to Q13.

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.

Please refer to our response to Q13.

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 response to Q13.

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 response to Q13.

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

We opposed to any mandatory post-PSI-announcement trading halt, as highlighted in Question 1 above. Without prejudice to the above position, if a trading halt model is adopted, the logical implementation date would be 1 January 2013 which is the date for the effective date of Part XIVA of the Securities of Futures Ordinance.

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