

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.

The proposal to introduce a trading halt after the release of PSI during trading hours is a move in the right direction and we therefore support its introduction. A short trading halt followed by a price auction is a fair and effective way to achieve price determination.

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.

Please see our answer to Question 1.

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.

In substance, a trading halt that is still in effect by the start of the next trading session is tantamount to a suspension of trading. However, we appreciate the benefit of distinguishing between a trading halt and a suspension of trading. We have no particular view on the length of the specified period.

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.

Results announcements are within the control of a listed issuer and should therefore generally be released during the existing publication windows. However, for dual-listed companies – particularly those with a London-Hong Kong dual primary listing – it would be helpful to have this restriction relaxed to enable them to synchronise the release with 7:00 a.m. UK time, which is the normal time for releasing announcements in the UK. Depending on the time of year, 7:00 a.m. UK time is either 2:00 p.m. HK time (during the Summer) or 3:00 p.m. HK time (during the Winter).

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.

We agree with this arrangement in theory. However, in practice, certain investors may want to know the relevant information sooner e.g. concerning the appointment of a new director. The existing arrangement for non-PSI announcements could therefore be reviewed after a period of time following the introduction of trading halts for PSI announcements to see whether it makes sense to introduce the same arrangement for non-PSI announcements.

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.

The scope of the waiver granted to the dual-listed companies is well understood by them and it would be unreasonable to withdraw it now when the rationale for granting the waiver in the first instance still exists.

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

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 support the proposal of lifting trading halts at regular intervals. Lifting the halts on the quarter hour – i.e. every 15 minutes - will reduce the period required to resume trading.

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.

This is a sensible starting point, but the specified minimum trading period after a halt is lifted could be shortened in the future.

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.

The proposed notification arrangements would be helpful to investors and market participants and we therefore support this proposal.

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 support this proposal for the reasons stated in paragraph 67 of the Consultation Paper.

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.

We see no reason to change the existing system.

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 agree that this is a sensible way to achieve price determination after a trading halt is lifted.

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 see our response to question 13 above.

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 is logical to applying the single price auction in this case, as well as immediately after a trading halt is lifted.

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.

We have no particular view on the proposed duration of the mid-session auction.

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

The lead time should be driven by system readiness, which is a technical matter rather than a legal matter. However, if the market response to this proposal is varied, HKEx could consider introducing the proposal by way of a pilot scheme that would apply (for example) only to dual London-Hong Kong listed companies.

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