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 in principle in that a trading halt after the release of PSI during trading hours will allow investors (particularly retail investors) time to assess and evaluate the information. Against this need, however, we consider that it is also important to maintain trading hours as normal as possible. This is particularly the case for dual listed companies whose Hong Kong investors can be disadvantaged if they are unable to trade during the trading halt following a PSI announcement while trading is uninterrupted in the other market. 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 and avoid the release of bulk information within a limited time frame.

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.

For the reasons given in our response to Question 1 above, we consider that the maximum duration of any trading halt should be kept short to no more than one trading day.

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. However, ultimately, it should be up to individual issuers to decide whether to make a particular announcement during trading hours (in which case subject to a trading halt) or outside the trading hours.

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 publication of relatively less important information outside trading hours would minimise the potential impact on the on-line systems of HKEx.

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 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

Please refer to our reply to Question 1.

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 lifting of trading halt at regular intervals for better market awareness and ease of administration.

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.

The proposal would enhance accessibility of the announcements.

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.

The proposals would help maintain a fair and orderly market and avoid any market chaos. In any case, investors can place new orders after evaluating the information.

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 chaos. In any case, investors can place new orders after evaluating the information.

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 reservation to implement a single price auction given its significant impact on market operations and the cost implications for participants. There would also be difficulties for investors, particularly retail investors, to digest the PSI and respond sufficiently quickly to participate in the single price auction subsequent to a trading halt.

If it is ultimately decided to proceed as proposed, the duration of the single price auction should be 20 minutes, and not 10 minutes as proposed, to align with the existing pre-opening arrangement. It is preferable to adopt standardised trading hours.

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.

A consistent practice should be adopted.

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 our members would need at least a lead time of at least 12 months to make and test the necessary system and procedural changes as well as conduct staff training and customer communication.

However, if the single price auction is implemented, the system changes involved would be more complex and a longer lead time would be required.

Furthermore, to smooth implementation, we suggest the following for the consideration of HKEx:

- ***conducting appropriate investor education to raise their awareness of the new trading arrangements and their implications (including automatic purging of existing orders of the securities entered before a trading halt, making it necessary for investors to input new orders should they decide to trade after digesting the information) prior to the launch of the new arrangements.***
- ***whether there is merit to disseminate PSI announcements through other channels (rather than solely through HKExnews website) to enhance accessibility for investors.***

- End -