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特許秘書

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10 October 2012

Corporate Communications Department
Hong Kong Exchanges and Clearing Limited
12th Floor, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Dear Sirs,

Re: Consultation Paper on Trading Halts

The Hong Kong Institute of Chartered Secretaries (HKICS) is at the forefront of promoting the interests of the Chartered Secretary profession (with over 5,600 members and 3,200 students), the role of company secretaries and good corporate governance.

In relation to the Consultation Paper on trading Halts issued by The Exchange, we have actively promoted this topic for some time for market discussions, as referred to under paragraph 80 of the Consultation Paper, based on views from our members including company secretaries of top echelons of listed issuers.

We agree to the implementation of the trading halt regime as detailed under the Consultation Paper subject to minor suggestions, and at the same time, to allow selected companies, including the five companies dually listed on LSE along with other companies wishing to do so, the additional option to adopt the UK model. We could then review their experiences and determine whether to promote the UK model in Hong Kong, which must be backed by investor education prior to implementation.

We have no objection to your disclosing our Institute's submission in whole or in part to members of the public. Please feel free to contact

Yours sincerely,

The Hong Kong Institute of Chartered Secretaries
(Incorporated with limited liability)

香港特許秘書公會
(以有限責任形式成立)



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 should implement the trading halt, and at the same time, allow selected companies, including the five companies dually listed on LSE along with other companies wishing to do so, the additional option to adopt the UK model. We could then review their experiences and determine whether to promote the UK model in Hong Kong, which must be backed by investor education prior to implementation.

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 at HKICS have been advocating this position for some time. This was noted under paragraph 80-of the Consultation Paper. We see the need for listed issuers to have the option to publish PSI announcements during trading hours subject to a short trading halt.

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.

We have no objection to two trading days being the maximum period for a trading halt, but it would be more natural, if this was to the end of the trading day of the trading halt being implemented.

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.

The option should be upon the listed issuers to determine when to publish results announcements, including during trading hours, subject to a short trading halt, or no trading halt for the listed issuers adopting the UK model.

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 option should be upon the listed issuers to determine when to publish non-PSI announcements, including during trading hours, subject to a short trading halt, or no trading halt for the dually listed and issuers adopting the UK model.

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.

Please see response to Question 1. The current waivers are conditional. There should be formalized rules implemented to allow the dually listed issuers and other issuers wishing to adopt the UK model to do this.

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

However, for the dually listed issuers and those wishing to adopt the UK model this question is not relevant if they are permitted to do so.

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

However, for the dually listed issuers and those wishing to adopt the UK model this question is not relevant if they are permitted to do so.

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.

However, for the dually listed issuers and those wishing to adopt the UK model this question is not relevant if they are permitted to do so.

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.

However, for the dually listed issuers and those wishing to adopt the UK model this question is not relevant if they are permitted to do so.

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.

However, for the dually listed issuers and those wishing to adopt the UK model this question is not relevant if they are permitted to do so.

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.

However, for the dually listed issuers and those wishing to adopt the UK model this question is not relevant if they are permitted to do so.

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.

However, for the dually listed issuers and those wishing to adopt the UK model this question is not relevant if they are permitted to do so.

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.

However, for the dually listed issuers and those wishing to adopt the UK model this question is not relevant if they are permitted to do so.

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.

However, for the dually listed issuers and those wishing to adopt the UK model this question is not relevant if they are permitted to do so.

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.

However, for the dually listed issuers and those wishing to adopt the UK model this question is not relevant if they are permitted to do so.

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.

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 would follow market consensus in relation to the timing for the implementation of the trading halts.

- End -