|  |
| --- |
| **QUESTIONNAIRE ON PROPOSAL FOR ENHANCEMENT OF PRE-OPENING SESSION AND VOLATILITY CONTROL MECHANISM IN THE SECURITIES MARKET** |

We invite interested parties to respond to the Consultation Paper on Proposal for Enhancement of Pre-opening Session and Volatility Control Mechanism in the Securities Market, downloadable from the HKEX website at:

<http://www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Present/August-2019-Consultation-Paper-on-Market-Microstructure-Enhancements/Consultation-Paper/cp201908.pdf>

This Questionnaire contains:

* Privacy Policy Statement
* Part A: General Information of the Respondent;
* Part B: Consultation Questions – Pre-Opening Session Enhancement (Q1-Q7);
* Part C: Consultation Questions – Volatility Control Enhancement (Q8-Q15); and
* Part D: Consultation Questions – Implementation Approach and Timeline (Q16-Q17) ;

All responses should be made in writing by completing and returning to HKEX of Parts A, B, C and D of this Questionnaire no later than **27 September 2019** by one of the following methods:

|  |  |
| --- | --- |
| By mail or  hand delivery to: | Hong Kong Exchanges and Clearing Limited  8/F., Two Exchange Square  8 Connaught Place  Central  Hong Kong  **Re: Consultation Paper on Proposal for Enhancement of Pre-Opening Session and Volatility Control in the Securities Market** |
| By fax to: | (852) 2524-0149 |
| By e-mail to: | [response@hkex.com.hk](mailto:response@hkex.com.hk)  Please mark in the subject line:  **“Re: Consultation Paper on Proposal for Enhancement of Pre-Opening Session and Volatility Control Mechanism in the Securities Market”** |

Our submission enquiry number is (852) 2840-3844.

The names of persons who submit comments together with the whole or part of their submissions may be disclosed to members of the public. If you do not wish your name to be published please indicate so in Part A.

**Privacy Policy Statement**

Hong Kong Exchanges and Clearing Limited, and from time to time, its subsidiaries (together the "**Group**") (and each being "**HKEX**", "**we**", "**us**" or "**member of the Group**" for the purposes of this Privacy Policy Statement as appropriate) recognise their responsibilities in relation to the collection, holding, processing, use and/or transfer of personal data under the Personal Data (Privacy) Ordinance (Cap. 486) ("PDPO"). Personal data will be collected only for lawful and relevant purposes and all practicable steps will be taken to ensure that personal data held by us is accurate. We will use your personal data which we may from time to time collect in accordance with this Privacy Policy Statement.   
  
We regularly review this Privacy Policy Statement and may from time to time revise it or add specific instructions, policies and terms. Where any changes to this Privacy Policy Statement are material, we will notify you using the contact details you have provided us with and, where required by the PDPO, give you the opportunity to opt out of these changes by means notified to you at that time. Otherwise, in relation to personal data supplied to us through the HKEX website or otherwise, continued use by you of the HKEX website or your continued relationship with us shall be deemed to be your acceptance of and consent to this Privacy Policy Statement, as amended from time to time.

If you have any questions about this Privacy Policy Statement or how we use your personal data, please contact us through one of the communication channels set out in the "Contact Us" section below.

We will take all practicable steps to ensure the security of the personal data and to avoid unauthorised or accidental access, erasure or other use. This includes physical, technical and procedural security methods, where appropriate, to ensure that the personal data may only be accessed by authorised personnel.

Please note that if you do not provide us with your personal data (or relevant personal data relating to persons appointed by you to act on your behalf) we may not be able to provide the information, products or services you have asked for or process your requests, applications, subscriptions or registrations, and may not be able to perform or discharge the Regulatory Functions (defined below).

**Purpose**

From time to time we may collect your personal data including but not limited to your name, mailing address, telephone number, email address, date of birth and login name for the following purposes:

1. to process your applications, subscriptions and registration for our products and services;
2. to perform or discharge the functions of HKEX and any company of which HKEX is the recognised exchange controller (as defined in the Securities and Futures Ordinance (Cap. 571)) ("Regulatory Functions");
3. to provide you with our products and services and administer your account in relation to such products and services;
4. to conduct research and statistical analysis;
5. to process your application for employment or engagement within HKEX to assess your suitability as a candidate for such position and to conduct reference checks with your previous employers; and
6. other purposes directly relating to any of the above.

**Direct marketing**

Where you have given your consent and have not subsequently opted out, we may also use your name, mailing address, telephone number and email address to send promotional materials to you and conduct direct marketing activities in relation to HKEX financial services and information services, and financial services and information services offered by other members of the Group.

If you do not wish to receive any promotional and direct marketing materials from us or do not wish to receive particular types of promotional and direct marketing materials or do not wish to receive such materials through any particular means of communication, please contact us through one of the communication channels set out in the "Contact Us" section below. To ensure that your request can be processed quickly please provide your full name, email address, log in name and details of the product and/or service you have subscribed.

**Identity Card Number**

We may also collect your identity card number and process this as required under applicable law or regulation, as required by any regulator having authority over us and, subject to the PDPO, for the purpose of identifying you where it is reasonable for your identity card number to be used for this purpose.

**Transfers of personal data for direct marketing purposes**

Except to the extent you have already opted out we may transfer your name, mailing address, telephone number and email address to other members of the Group for the purpose of enabling those members of the Group to send promotional materials to you and conduct direct marketing activities in relation to their financial services and information services.

**Other transfers of personal data**

For one or more of the purposes specified above, your personal data may be:

1. transferred to other members of the Group and made available to appropriate persons in the Group, in Hong Kong or elsewhere and in this regard you consent to the transfer of your data outside of Hong Kong;
2. supplied to any agent, contractor or third party who provides administrative, telecommunications, computer, payment, debt collection, data processing or other services to HKEX and/or any of other member of the Group in Hong Kong or elsewhere; and
3. other parties as notified to you at the time of collection.

**How we use cookies**

If you access our information or services through the HKEX website, you should be aware that cookies are used. Cookies are data files stored on your browser. The HKEX website automatically installs and uses cookies on your browser when you access it. Two kinds of cookies are used on the HKEX website:

***Session Cookies:*** temporary cookies that only remain in your browser until the time you leave the HKEX website, which are used to obtain and store configuration information and administer the HKEX website, including carrying information from one page to another as you browse the site so as to, for example, avoid you having to re-enter information on each page that you visit. Session cookies are also used to compile anonymous statistics about the use of the HKEX website.  
  
***Persistent Cookies:*** cookies that remain in your browser for a longer period of time for the purpose of compiling anonymous statistics about the use of the HKEX website or to track and record user preferences.

The cookies used in connection with the HKEX website do not contain personal data. You may refuse to accept cookies on your browser by modifying the settings in your browser or internet security software. However, if you do so you may not be able to utilise or activate certain functions available on the HKEX website.

**Compliance with laws and regulations**

HKEX and other members of the Group may be required to retain, process and/or disclose your personal data in order to comply with applicable laws and regulations or in order to comply with a court order, subpoena or other legal process (whether in Hong Kong or elsewhere), or to comply with a request by a government authority, law enforcement agency or similar body (whether situated in Hong Kong or elsewhere) or to perform or discharge the Regulatory Functions. HKEX and other members of the Group may need to disclose your personal data in order to enforce any agreement with you, protect our rights, property or safety, or the rights, property or safety of our employees, or to perform or discharge the Regulatory Functions.

**Corporate reorganisation**

As we continue to develop our business, we may reorganise our group structure, undergo a change of control or business combination. In these circumstances it may be the case that your personal data is transferred to a third party who will continue to operate our business or a similar service under either this Privacy Policy Statement or a different privacy policy statement which will be notified to you. Such a third party may be located, and use of your personal data may be made, outside of Hong Kong in connection with such acquisition or reorganisation.

**Access and correction of personal data**

Under the PDPO, you have the right to ascertain whether we hold your personal data, to obtain a copy of the data, and to correct any data that is inaccurate. You may also request us to inform you of the type of personal data held by us. All data access requests shall be made using the form prescribed by the Privacy Commissioner for Personal Data ("**Privacy Commissioner**") which may be found on the official website of the Office of the Privacy Commissioner or via this link.

[https://www.pcpd.org.hk/english/publications/files/Dforme.pdf](https://www.pcpd.org.hk/english/publications/files/Dforme.pdf%20%20)

Requests for access and correction of personal data or for information regarding policies and practices and kinds of data held by us should be addressed in writing and sent by post to us (see the "Contact Us" section below).

A reasonable fee may be charged to offset our administrative and actual costs incurred in complying with your data access requests.

**Termination or cancellation**

Should your account or relationship with us be cancelled or terminated at any time, we shall cease processing your personal data as soon as reasonably practicable following such cancellation or termination, provided that we may keep copies of your data as is reasonably required for archival purposes, for use in relation to any actual or potential dispute, for the purpose of compliance with applicable laws and regulations and for the purpose of enforcing any agreement we have with you, for protecting our rights, property or safety, or the rights, property or safety of our employees, and for performing or discharging our functions, obligations and responsibilities.

**General**

If there is any inconsistency or conflict between the English and Chinese versions of this Privacy Policy Statement, the English version shall prevail.

**Contact us**

By Post:  
Personal Data Privacy Officer  
Hong Kong Exchanges and Clearing Limited  
8/F., Two Exchange Square  
8 Connaught Place  
Central, Hong Kong  
  
By Email:  
[DataPrivacy@HKEX.COM.HK](file:///C:\Users\KirstyChau\Desktop\MI%20HK\DataPrivacy@HKEX.COM.HK)

# Part A General Information of the Respondent

(1) Please state whether your response represents your personal or your company/ entity’s view by checking (🗹) the boxes below and filling in the information as appropriate:

Company/Entity view

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Company/Entity name\*: |  | | | | |
| Company/Entity type \*: | HKEX Participant:*-*  SEHK  HKFE  HKSCC  SEOCH  HKCC  Listed company  Fund, AUM (US$bil):  Professional body / Industry association  Banks / Financial Institutions | | | | |
|  | Investment Advisory  Others, please specify: | | |  | |
| Contact person\*: |  |  | | | |
| Title: |  | |  | | |
| Phone no.\*: |  | | Email address: | |  |
|  |  | |  | |  |

Personal view

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Respondent’s full name\*: | |  | |  | |
| Phone no.\*: |  | | Email address: | |  |
| Among the following, please select the one best describing your position\*:  Listed company staff  HKEX participant staff  Retail investor  Institutional investor  None of the above | | | | | |

**Important note: All fields marked with an asterisk (\*) are mandatory. HKEX may use the contact information above to verify the identity of the respondent. Responses without valid contact details may be treated as invalid.**

(2) Disclosure of identity

HKEX may publish the identity of the respondent together with Part B, C and D of this response to the members of public. Respondents who do not wish their identities to be published should check the box below:

I/We do not wish to disclose my/our identity to the members of the public.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature (with Company Chop if the response represents company/ entity view)

# Part B Consultation Questions – Pre-opening Session Enhancement

Please indicate your preference by checking the appropriate boxes and provide reasons to support your views. Please reply to the questions below on the proposed change discussed in the Consultation Paper downloadable from the HKEX website at:

<http://www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Present/August-2019-Consultation-Paper-on-Market-Microstructure-Enhancements/Consultation-Paper/cp201908.pdf>

Where there is insufficient space provided for your comments, please attach additional pages.

1. Do you support using the following **auction features** in POS, similar to CAS:
   * Randomised auction matching;
   * Allowing at-auction limit orders throughout the session;
   * Allowing short selling orders with a price not lower than the previous closing price; and
   * Enhanced market transparency.

Yes

No

Please give reasons for your view.

1. Do you agree that the enhanced POS model should **be applied to all equities and funds only** similar to CAS, with details as follows:
   * Including equities (including depositary receipts, investment companies, preference shares and stapled securities) and funds (ETFs and REITs)
   * Excluding debt securities, structured products, leveraged and inverse products, equity warrants and rights.

Yes

No

Please give reasons for your view.

1. Do you support applying a two-stage price limit during POS similar to CAS?

Yes

No

Please give reasons for your view.

1. Do you support setting the price limits to be initially ±15% from the previous closing price, and then to within the lowest ask and highest bid prices recorded at the end of order input period?

Yes

No

Please give reasons for your view.

1. Do you support the proposed time periods in the enhanced POS, or would you prefer the alternative model with the No-cancellation period shortened by 2 minutes such that auction matching may occur latest by 9:20am same as today?

Support the proposed time periods

Prefer the alternative model

Not support

Please give reasons for your view.

1. Do you support the proposal of **not** matching at-auction order at the previous closing price when an IEP cannot be formed in POS?

Yes

No

Please give reasons for your view.

1. Do you have any other comments on the POS enhancement proposal?

Yes

No

Please give reasons for your view.

# Part C Consultation Questions – Volatility Control Mechanism Enhancement

1. Do you support the proposed expansion of VCM stocks in the securities market to all HSCI constituent stocks to safeguard market from possible disorderliness in trading caused by advances in trading technology?

Yes

No

Please give reasons for your view.

1. If you prefer other expansion options, please indicate below:

Alternative Option 1: Expand to include constituents of Hang Seng LargeCap Index only

Alternative Option 2: Expand to further include all constituents of Hang Seng LargeCap and MidCap Indexes only

Alternative Option 3: Expand to all equities but with a higher triggering threshold for the non-HSCI stocks

|  |  |
| --- | --- |
| Others. Please specify： |  |

Please give reasons for your view.

1. Do you support the proposed trigger thresholds of 10%, 15%, and 20% for Hang Seng Composite LargeCap, MidCap and SmallCap stocks respectively?

Yes

No

Please give reasons for your view.

1. Do you support the proposal to allow multiple triggers in the same trading session?

Yes

No

Please give reasons for your view.

1. Do you have other suggested enhancements or any other comments for VCM in the securities market?

Yes

No

Please give reasons for your view.

1. If your answer to Q12 is “Yes”, would you support implementing the three enhancement features proposed first, as they can be implemented relatively quickly, before we move on to review or implement some other more complex features?

Yes

No

Please give reasons for your view.

1. On top of the proposed VCM enhancements, should we also consider a market-level volatility control (such as market-wide circuit breakers) for the Hong Kong market?

Yes

No

Please give reasons for your view.

1. If your answer to Q14 is “Yes”, what kind of model would be suitable and when should we consider it?

Please give reasons for your view.

# Part D Consultation Questions – Implementation Approach and Timeline

1. How much lead time would you need for the proposed POS enhancements?

Under 3 months;

4-6 months;

7-12 months

|  |  |
| --- | --- |
| Others. Please specify： |  |

Please give reasons for your view.

1. How much lead time would you need for the proposed VCM enhancements?

Under 3 months;

4-6 months;

|  |  |
| --- | --- |
| Others. Please specify： |  |

Please give reasons for your view.

- End -