



立法會 LEGISLATIVE COUNCIL

胡經昌議員 Hon. Henry K. C. Wu

Ref : LC-04/355

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Mr. Gerald Greiner
Head, Exchange Division
Hong Kong Exchanges and Clearing Limited
12th Floor, One International Finance Centre
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Central
Hong Kong

*By fax and by post
(Fax # 2868 5223)*

Dear Mr. Greiner,

Re : Consultation Paper on Reduction of Minimum Spreads

It has come to my attention during recent visits to the many stockbrokerage firms that they have strong reservation on the proposed Reduction of Minimum Spreads and I have yet to learn from one who is in full support of such proposal.

In theory, it may appear that by Reducing the Minimum Spread would enhance market liquidity. However, if one takes into account the characteristic of the Hong Kong market where there are a lot of small investors who are also cash clients, the enhancement effect would NOT be as obvious.

Furthermore, such proposal would NOT appear to improve the market efficiency without further changes to hardware and software systems. If the proposed reduction is to be carried out, there are overwhelming concerns on the implications to current computer software being used by the firms, both in time, cost and technical issues.

From what I have learned, there is NO immediate need to reduce the minimum spread and that the Exchange should address to more important and more urgent matters.

If time permits and appropriate, I would follow-up with a more in-depth study with the industry and provide an analysis for submission.

Thank you very much for your kind attention.

Yours sincerely,

Henry K. C. Wu

HW/cyh

繁榮中求增長 穩定時尋理想