

From: Eddie_WM_Yue@hkma.gov.hk
Sent: Monday, September 27, 2004 10:15
To: Feedback
Subject: Consultation Paper on Reduction of Minimum Spreads

Dear Gerry,

Thank you for the letters dated 6 August 2004 addressed to me and Mr Joseph Yam asking for our views on the above consultation paper. It appears that the proposal does not have implications on the policy areas under the HKMA. On the cost and benefit of the proposal, we believe that it would be best to leave to the market to judge. We however notice one small anomaly on page 13 of the paper: after phase 2, the minimum spread for a \$2 stock (at 0.005) will become lower than that for a \$0.50 stock (at 0.01), and this seems a bit odd.

Regards,

Eddie Yue

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