

Research & Corporate Development

RETAIL INVESTOR SURVEY 2011

April 2012



Hong Kong Exchanges and Clearing Limited
香港交易及結算所有限公司

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1. EXECUTIVE SUMMARY

The Retail Investor Survey has been conducted periodically since 1989. The survey findings provide information on trends and characteristics of retail participation in the HKEx markets. The previous survey was conducted in 2009. The latest survey, Retail Investor Survey 2011, was conducted from 14 November to 23 December 2011. The terms “Dec 2011” or “2011” are used in contexts, tables and charts for ease of reference.

Retail participation

The 2011 survey found that 35.8% of the Hong Kong adult population (or 2,154,000 individuals) were *retail investors* in stocks (ie securities market products) and/or derivatives (ie futures and options) traded on HKEx, compared to 35.1% in 2009. Retail investors in the HKEx securities market reached a record high in number terms in 2011 — 2,147,000 individuals were *stock investors*, or 35.7% of the adult population, compared to 35.0% in 2009. *Stockowners* reached their highest level, both in number (2,035,000) and in percentage (33.8%) of the adult population. Retail participation in the HKEx derivatives market remained low — 2.0% of the adult population were *derivatives investors* (122,000 individuals), compared to 1.3% in 2009. The large majority of them (94%) invested also in stocks.

In respect of *product investment*, almost all stock investors (99%) invested in equities and a significant proportion (21%) in Exchange Traded Funds (ETFs). Fewer of them invested in warrants (7.1%) or Callable Bull/Bear Contracts (CBBCs) (5.9%), collectively 9.7% in warrants and/or CBBCs, and in derivatives (5.3%). As a proportion of the Hong Kong adult population, 7.5% invested in ETFs and 3.5% in warrants/CBBCs.

Investor profile

The *typical Hong Kong retail stock investor* was 47 years old, with matriculation or above education, a monthly personal income of about HK\$16,250 and a monthly household income of about HK\$35,000. Compared with the typical Hong Kong retail stock investor, the *typical Hong Kong retail derivatives investor* was younger (40 years old), more educated (tertiary or above), and with a higher monthly personal income (HK\$22,500) and a higher monthly household income (HK\$45,000). More of the derivatives investors were employed in the finance industry and in professional and business services than stock investors.

The *typical warrant/CBBC investor* was similarly young (42 years old) as the typical derivatives investor, with a similar monthly personal income (HK\$22,500) and even a higher monthly household income (HK\$55,000). They comprised a larger proportion of younger individuals, individuals employed in the finance industry, and individuals of higher work status than investors in equities or ETFs.

The *typical ETF investor* was of a similar age as the *typical equity investor* (48 vs 47), but was more educated (tertiary or above vs matriculation or above) and with a higher personal income (HK\$22,500 vs HK\$16,250) and monthly household income (HK\$45,000 vs HK\$35,000).

Stockholding and trading pattern

Including those who did not hold any stocks (ie HKEx cash market products) at the time of interview, stock investors held a median value of HK\$130,000 in *stockholdings* (up 30% from HK\$100,000 in 2009, compared to a 2% drop in the total market capitalisation of the HKEx stock market). The majority of their stockholdings were *listed company shares* and the majority of them (73%) held only listed company shares and not other cash market products. The number of listed company shares in their stock portfolio was not big — a median of four and only 12% of them held more than 10. The median value of their listed company shareholding was HK\$100,000.

Comparatively, *ETF investors* and *CBBC investors* tended to hold a larger stock portfolio (a median of HK\$300,000 and HK\$200,000 respectively). ETF investors also tended to have more listed company shares in their portfolio — a median of 6 (25% held more than 10) and to have a relatively larger listed company shareholding value (a median of HK\$180,000). On the other hand, a comparatively high proportion (17%) of CBBC investors did not hold any listed company shares at the time of interview but they tended to trade a lot (see below).

Among stock investors, 18% did not trade in the 12 months preceding the interview (but were holding stocks at the time of interview), up from 15% in 2009. These *non-trading stock investors* were relatively small investors — they tended to have a much lower stockholding value (a median of HK\$65,000) and shareholding value (a median of HK\$55,000) and a large majority of them (87%) held only listed company shares in their portfolio. Including these non-trading investors, *stock investors* in median terms traded stocks less frequently in 2011 but with a slightly larger deal size than in 2009 — the median *number of stock transactions* was 6 (down from 10 in 2009) and the median *average value per stock transaction* was HK\$40,000 (up from HK\$35,000 in 2009). The median *implied total stock transaction value per stock trader* in the 12-month period in 2011 was HK\$400,000 (compared to HK\$468,000 in 2009). Broadly speaking, the higher the value of stocks held by a stock investor, the more frequently he/she tended to trade and the larger his/her deal size.

Most stock traders *traded mainly through banks* — 77%, up from 74% in 2009; 74% traded solely through banks, up from 70% in 2009. Stock investors *traded mainly through broker firms* (22%) comprised a larger proportion of males, a larger proportion of individuals employed in finance industry, and individuals with a higher monthly personal income than those trading mainly through banks. They also had a larger proportion (18% vs 11%) holding a large number of stocks (more than 10) and a larger proportion (50% vs 45%) having a high trading frequency (more than 10 transactions in the year) than those trading mainly through banks.

The proportion of stock traders trading online further increased in 2011 — 69%, up from 67% in 2009. *Online stock traders* tended to be younger, with higher education level and work status, to trade stocks more frequently and to trade mainly through banks (more so than *non-online stock traders*).

Among *stock investors investing in different products*, warrant/CBBC investors (who invested in warrants and/or CBBCs) tended to trade more frequently *in the securities market* (a median of 75 transactions) than, though with a similar average deal size to, equity investors. CBBC investors, in particular, were the most frequent stock traders (a median of 166 transactions) and warrant investors came second (a median of 74 transactions). ETF investors also tended to trade more frequently than equity investors but they tended to have a larger deal size. The majority of warrant investors (53%) did not invest in CBBCs while the majority of CBBC investors (56%) invested also in warrants. CBBC investors tended to trade more frequently *in warrants/CBBCs* than warrant investors (a median of 48 transactions vs 10 transactions) but with a similar deal size. As a group, warrant/CBBC investors had a median number of warrant/CBBC transactions of 10 and a median average per warrant/CBBC transaction of HK\$20,000 (compared to HK\$40,000 per stock transaction). They had a higher usage of broker firms (36%) than equity or ETF investors (22% and 20% respectively) and more use of online trading (86%) than equity or ETF investors (69% and 76% respectively).

Among all stock investors, only 5% invested also in derivatives. These *stock-and-derivatives investors* tended to trade stocks more frequently than those invested only in stocks (ie stock-only investors) (50 vs 6 transactions in the year). They tended to have a higher usage of broker firms (46%) than stock-only investors (16%) and more use of online trading (77%) than stock-only investors (68%).

Derivatives trading

All *derivatives investors*, by nature of derivatives trading, had traded derivatives during the 12-month period in 2011. Compared with 2009, they had a higher median number of derivatives transactions (12 vs 10), a similar average contract volume per derivatives transaction (2 contracts) and a higher median implied total contract volume per investor in the year (40 vs 25). The majority of derivatives investors traded mainly through broker firms (64%, up from 52% in 2009). 59% of them traded solely through broker firms while 34% traded solely through banks. 67% of them were online derivatives traders, compared to 69% in 2009.

Perceptions of the HKEx markets

Stock investors had generally positive *perceptions* of most aspects of *the Hong Kong stock market* assessed in the survey. They were most positive about “trading information available in the Hong Kong stock market”. Derivatives investors were generally positive about the various aspects of *the HKEx derivatives markets*. They were most positive about “effective regulation of derivatives brokers”. Retail investors as a whole were also generally positive about the attribute “*HKEx gives priority to public interest*”.

Note: Caution is needed in interpreting the findings on certain investor types (mainly derivatives investors and CBBC investors) because of their small sample sizes.

2. INTRODUCTION

The Retail Investor Survey (RIS) has been conducted periodically since 1989.¹ As in prior years, the 2011 survey (RIS2011) was conducted by a market research company on behalf of HKEx. The survey fieldwork was carried out from 14 November to 23 December 2011.

The objectives of RIS2011 are to assess:

- the incidence of retail participation in the HKEx securities and derivatives markets and the socio-economic profiles of various types of retail investors and non-investors;
- retail investors' portfolio holding (total holding value of securities market products and number and value of listed company shareholdings);
- retail investors' trading pattern and incidence of online trading;
- retail investors' trading channels; and
- retail investors' perception of the various aspects of the HKEx stock and derivatives markets.

It should be noted that the findings on certain investor types, mainly derivatives investors and CBBC investors, are subject to relatively large error due to the small size of the samples of the respective investor types in the survey. Therefore, caution is needed in interpreting the findings on these types of investor.

(See Glossary for definition of the different types of investor.)

¹ Before 2000, it was conducted by the Stock Exchange of Hong Kong (SEHK), now a wholly-owned subsidiary of HKEx.

3. RETAIL PARTICIPATION

3.1 Types of investor²

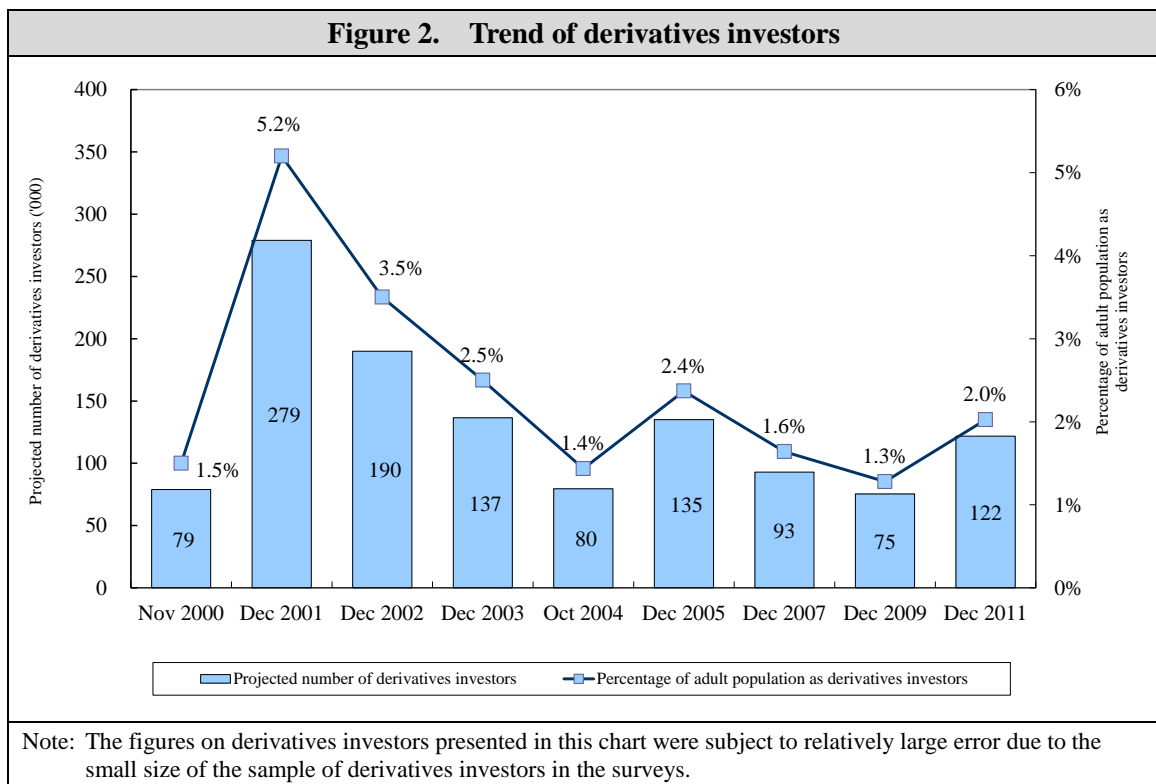
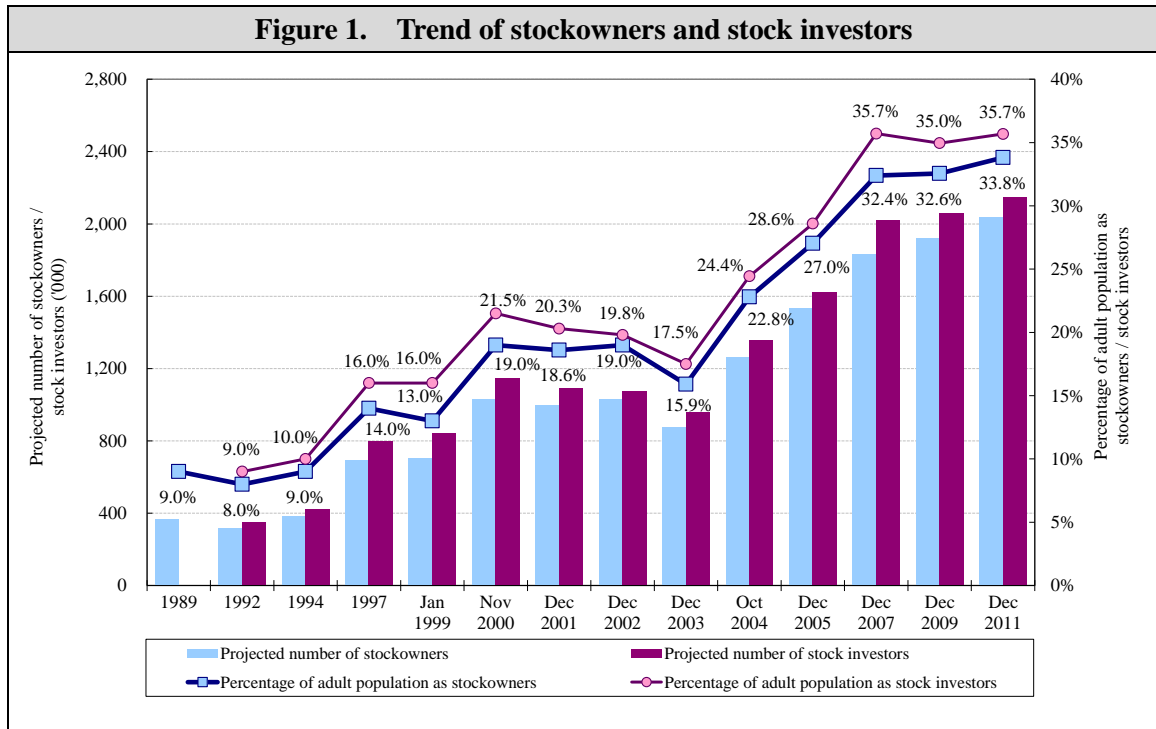
- In December 2011, 35.8% of the Hong Kong adult population (or 2,154,000 individuals) were retail investors in stocks (ie securities market products) and/or derivatives (ie futures and options) traded on HKEx.
- In terms of number, stock investors reached 2,147,000 individuals in December 2011, the highest level since the survey started in 1989, representing 35.7% of the adult population in 2011, compared to 35.0% in 2009. Among them, 82% (1,760,000 or 29.3% of the adult population) were stock traders.
- Stockowners reached the highest level in 2011, both in number (2,035,000) and in percentage (33.8%) of the adult population.
- Retail participation in the HKEx derivatives (ie futures and options) market remained low — only 2.0% of the adult population (or 122,000 individuals) were derivatives investors.
- Retail participation in the Mainland China stock markets and other overseas stock markets remained low in 2011 (2%-3%). Retail participation in overseas derivatives markets was also low (less than 1%).

	Projected number of individuals ('000)	Percentage of Hong Kong adult population
<i>Retail investors</i>	2,154	35.8%
Stock investors	2,147	35.7%
Stockowners	2,035	33.8%
Stock traders	1,760	29.3%
Derivatives investors	122	2.0%
<i>Non-investors</i>	3,863	64.2%
Total	6,017	100.0%

	Percentage of Hong Kong adult population	
	Dec 2009	Dec 2011
Stocks or derivatives traded on HKEx	35.1%	35.8%
Stocks traded on Mainland China markets	2.8%	2.0%
Stocks traded on overseas markets other than Mainland China	3.1%	2.5%
Derivative products traded on overseas markets (including Mainland China)	0.5%	0.5%

* Held at the time of interview or had traded in the 12 months preceding the interview.

² See Glossary for definitions.



3.2 Types of stock investor and derivatives investor

- The great majority of stock investors (94.7%) invested only in stocks³ (stock-only investors) and 5.3% invested also in derivatives (stock-and-derivatives investors).

³ Refer to all cash market products on HKEx.

- Almost all stock investors invested in equities (99.0%), and 72.4% invested only in equities and not warrants, Callable Bull/Bear Contracts (CBBCs) or Exchange Traded Funds (ETFs).
- 7.1% of stock investors invested in warrants (down from 10.2% in 2009) while 5.9% of stock investors invested in CBBCs (down from 7.0% in 2009). Collectively 9.7% of stock investors invested in warrants and/or CBBCs, down from 12.1% in 2009. Among warrant investors, 47% invested also in CBBCs (similar to the 50% in 2009). Conversely, 56% of CBBC investors invested also in warrants, much lower than the 73% in 2009.
- 20.9% of stock investors invested in ETFs in 2011, down from 24.4% in 2009. Among ETF investors, 95.5% also invested in equities; conversely, 20.2% of equity investors also invested in ETFs.
- The proportion of stock investors who did not trade during the 12-month period was 18.0% in 2011, up from 15.1% in 2009.
- Among derivatives investors, the proportion invested only in derivatives but not stocks decreased from 13.5% in 2009 to 5.8% in 2011.

Table 3. Types of stock investor (2004 – 2011)					
	As percentage of stock investors (%)				
	Oct 2004	Dec 2005	Dec 2007	Dec 2009	Dec 2011
<i>By stocks/derivatives invested</i>					
Stock-only investors	94.6	92.5	95.5	96.8	94.7
Stock-and-derivatives investors	5.4	7.5	4.5	3.2	5.3
<i>By cash market product invested</i>					
Equity investors	–	–	97.9	98.1	99.0
Equity-only stock investors	–	–	63.4	67.5	72.4
Warrant/CBBC investors	–	–	–	12.1	9.7
Warrant investors	–	–	19.9	10.2	7.1
Warrant-only stock investors	–	–	0.7	0.1	...
CBBC investors	–	–	–	7.0	5.9
CBBC-only stock investors	–	–	–	0.2	...
ETF investors	–	–	21.9	24.4	20.9
ETF-only stock investors	–	–	1.3	1.5	1.0
<i>By trading status</i>					
Stock traders	71.9	82.5	85.7	84.9	82.0
Non-trading stock investors	28.1	17.5	14.3	15.1	18.0
“...”: Nil “–”: Not available.					

Table 4. Types of derivatives investor (2004 – 2011)					
	As percentage of derivatives investors (%)				
	Oct 2004	Dec 2005	Dec 2007	Dec 2009	Dec 2011
Derivatives-only investors	7.4	10.3	3.0	13.5	5.8
Stock-and-derivatives investors	92.6	89.7	97.0	86.5	94.2
Note: Reflecting the nature of derivatives trading, all derivatives investors had derivatives transactions during the past 12 months at the time of the interview, i.e. all are derivatives traders.					

4. INVESTOR PROFILE

4.1 Profile of stock investors

- The typical Hong Kong *retail stock investor* was 47 years old, with matriculation or above education, a monthly personal income of about HK\$16,250 and a monthly household income of about HK\$35,000.
- In comparison to the Hong Kong adult population and non-investors, stock investors comprised a larger proportion of males, individuals who received tertiary or above education, individuals employed in the finance industry and individuals of higher work status, higher monthly personal income and monthly household income.

4.2 Profile of equity, warrant, CBBC and ETF investors^{4,5}

- The typical *equity investor* was 47 years old, with matriculation or above education, a monthly personal income of about HK\$16,250 and a monthly household income of about HK\$35,000.
- The typical *warrant investor* was 43 years old, with tertiary or above education, a monthly personal income of about HK\$22,500 and a monthly household income of about HK\$55,000. Compared with equity investors and ETF investors, warrant investors comprised a larger proportion of males (66%), younger individuals, individuals of higher work status and individuals employed in the finance industry.
- The typical *CBBC investor* was 40 years old, with tertiary or above education, a monthly personal income of about HK\$22,500 and a monthly household income of about HK\$55,000. Compared with equity investors and ETF investors, CBBC investors comprised a larger proportion of males (61%), younger individuals, individuals employed in the finance industry, and individuals of higher work status.
- When warrant investors and CBBC investors were viewed as a group (given the similar investment style of the products), a typical *warrant/CBBC investor* was 42 years old, with tertiary or above education, a monthly personal income of about HK\$22,500 and a monthly household income of about HK\$55,000. Compared with equity investors and ETF investors, warrant/CBBC investors comprised a larger proportion of males (65%), younger individuals, individuals employed in the finance industry, and individuals of higher work status.
- The typical *ETF investor* was 48 years old, with tertiary or above education, a monthly personal income of about HK\$22,500 and a monthly household income of about HK\$45,000. Compared with investors in equities, warrants and CBBCs, ETF investors comprised a larger proportion of older people (47% aged 50 or above).

⁴ See survey limitations in Appendix 1. Note that the different categories of stock investors as identified by the product they invested in were not mutually exclusive from one another. That is, each investor type may at the same time be any of the other three types of investor.

⁵ All findings on the characteristics of CBBC investors in this section and the subsequent sections are subject to relatively large error due to the small sample of CBBC investors. Therefore, caution is needed in interpreting the findings on CBBC investors.

4.3 Profile of derivatives investors⁶

- The typical Hong Kong *retail derivatives investor* was 40 years old, with tertiary or above education, a monthly personal income of about HK\$22,500 and a monthly household income of about HK\$45,000.
- Compared with the Hong Kong adult population and with stock investors and non-investors, derivatives investors comprised a larger proportion of males (64%), younger individuals (47% aged below 40), individuals employed in the finance industry and in professional and business services, and individuals of higher monthly personal and household income.

⁶ All findings on the characteristics of derivatives investors (and their sub-types) in this section and the subsequent sections are subject to relatively large error due to the small sample of derivatives investors. Therefore, caution is needed in interpreting the findings on derivatives investors.

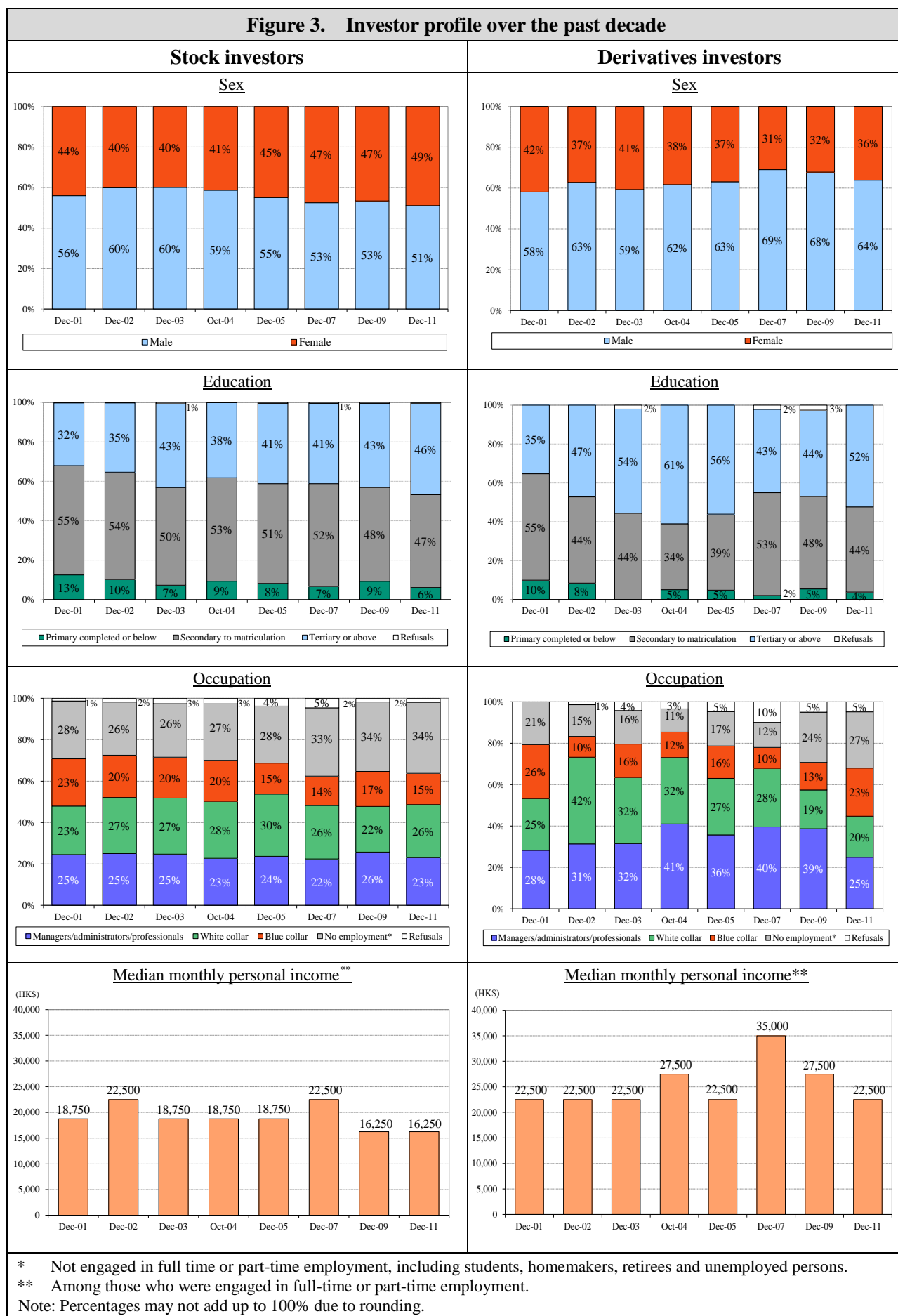
Table 5. Profile of different investor types (2011)

	Adult population	Stock investors	Stock traders	Derivatives investors	Non-investors
Sex					
Male	45.8%	51.1%	52.2%	63.9%	42.8%
Female	54.2%	48.9%	47.8%	36.1%	57.2%
Age					
18 – 19	3.0%	0.9%	0.9%	2.1%	4.2%
20 – 29	16.1%	13.1%	12.4%	19.3%	17.9%
30 – 39	18.5%	20.3%	21.1%	26.1%	17.6%
40 – 49	21.0%	23.2%	22.2%	28.1%	19.8%
50 – 59	19.3%	26.3%	27.6%	13.1%	15.4%
60 or over	22.1%	16.3%	15.7%	11.4%	25.2%
Median	46	47	47	40	45
Education level					
No schooling / kindergarten	4.5%	0.5%	0.3%	...	6.7%
Primary	14.0%	5.6%	4.8%	3.8%	18.7%
Lower secondary	14.5%	12.0%	12.5%	5.2%	15.8%
Upper secondary	27.6%	25.4%	24.8%	19.4%	28.8%
Matriculation	8.0%	9.7%	10.2%	19.3%	7.0%
Tertiary or above	30.9%	46.4%	46.9%	52.4%	22.3%
Refusals	0.6%	0.4%	0.5%	...	0.7%
Occupation					
Managers / administrators / professionals	11.8%	23.1%	23.8%	24.9%	5.6%
White collar	22.3%	25.6%	25.3%	19.8%	20.5%
Blue collar	19.1%	15.1%	14.8%	23.3%	21.4%
Homemakers	17.5%	15.6%	16.2%	11.0%	18.4%
Retirees	17.6%	14.4%	14.1%	8.8%	19.4%
Students	6.1%	1.7%	1.3%	2.1%	8.5%
Unemployed persons	4.1%	2.6%	2.6%	5.2%	4.9%
Refusals	1.5%	1.9%	1.8%	4.8%	1.2%
Industry of employed persons*					
Manufacturing	7.5%	7.6%	7.5%	4.8%	7.4%
Construction	9.2%	6.6%	6.3%	2.3%	11.2%
Wholesale, retail, import/export trades, restaurants and hotels	24.5%	21.0%	20.6%	26.0%	27.0%
Transport, storage, courier and communication	12.9%	12.6%	11.7%	14.3%	13.1%
Financing and insurance	9.9%	14.9%	14.9%	23.5%	6.1%
Professional and business services	9.0%	8.6%	7.9%	15.4%	9.4%
Social and personal services	19.4%	20.1%	21.5%	4.7%	19.0%
Others	5.8%	6.5%	7.4%	4.6%	5.2%
Refusals	1.8%	2.0%	2.2%	4.4%	1.6%
Median monthly personal income (HK\$)*	11,250	16,250	18,750	22,500	8,500
Median monthly household income (HK\$)	22,500	35,000	35,000	45,000	18,750
"...": Nil * Among those who were engaged in full-time or part-time employment. Note: Percentages may not add up to 100% due to rounding.					

Table 6. Profile of different investor types by selected cash market products (2011)

	Equity investors	Warrant investors	CBBC investors	Warrant/ CBBC investors	ETF investors
Sex					
Male	51.2%	65.6%	61.0%	65.2%	48.9%
Female	48.8%	34.4%	39.0%	34.8%	51.1%
Age					
18 – 19	0.8%	...	...	...	1.1%
20 – 29	12.9%	7.8%	9.3%	9.1%	8.3%
30 – 39	20.3%	33.1%	38.7%	33.8%	18.0%
40 – 49	23.2%	22.5%	17.3%	20.2%	25.3%
50 – 59	26.6%	24.9%	25.9%	26.0%	35.8%
60 or over	16.3%	11.8%	8.8%	10.8%	11.5%
Median	47	43	40	42	48
Education level					
No schooling / kindergarten	0.5%	...	...	...	...
Primary	5.5%	2.9%	1.6%	3.1%	4.2%
Lower secondary	12.1%	5.7%	6.6%	6.0%	11.5%
Upper secondary	25.5%	24.6%	27.6%	27.2%	21.0%
Matriculation	9.7%	11.3%	13.6%	10.4%	9.3%
Tertiary or above	46.2%	55.6%	50.6%	53.4%	53.5%
Refusals	0.4%	...	...	...	0.5%
Occupation					
Managers / administrators / professionals	23.0%	35.3%	40.0%	37.5%	28.3%
White collar	25.8%	22.5%	13.2%	20.5%	22.9%
Blue collar	15.1%	12.4%	16.2%	13.0%	15.2%
Homemakers	15.6%	14.1%	13.9%	13.4%	13.5%
Retirees	14.5%	13.0%	11.8%	12.5%	12.1%
Students	1.6%	...	...	...	1.1%
Unemployed persons	2.6%	2.7%	4.8%	3.0%	3.7%
Refusals	1.8%	...	...	...	3.3%
Industry of employed persons*					
Manufacturing	7.7%	7.7%	4.7%	5.6%	6.1%
Construction	6.5%	1.9%	9.6%	5.7%	5.9%
Wholesale, retail, import/export trades, restaurants and hotels	20.9%	34.3%	28.8%	29.0%	21.3%
Transport, storage, courier and communication	12.6%	17.7%	7.3%	14.3%	14.8%
Financing and insurance	14.9%	20.0%	29.5%	24.7%	13.8%
Professional and business services	8.7%	8.3%	9.9%	8.8%	11.1%
Social and personal services	20.1%	5.9%	4.8%	5.7%	19.3%
Others	6.5%	4.1%	3.1%	4.8%	3.2%
Refusals	2.0%	...	2.3%	1.4%	4.4%
Median monthly personal income (HK\$)*	16,250	22,500	22,500	22,500	22,500
Median monthly household income (HK\$)	35,000	55,000	55,000	55,000	45,000
“...”: Nil * Among those who were engaged in full-time or part-time employment.					
Note: Percentages may not add up to 100% due to rounding.					

Figure 3. Investor profile over the past decade

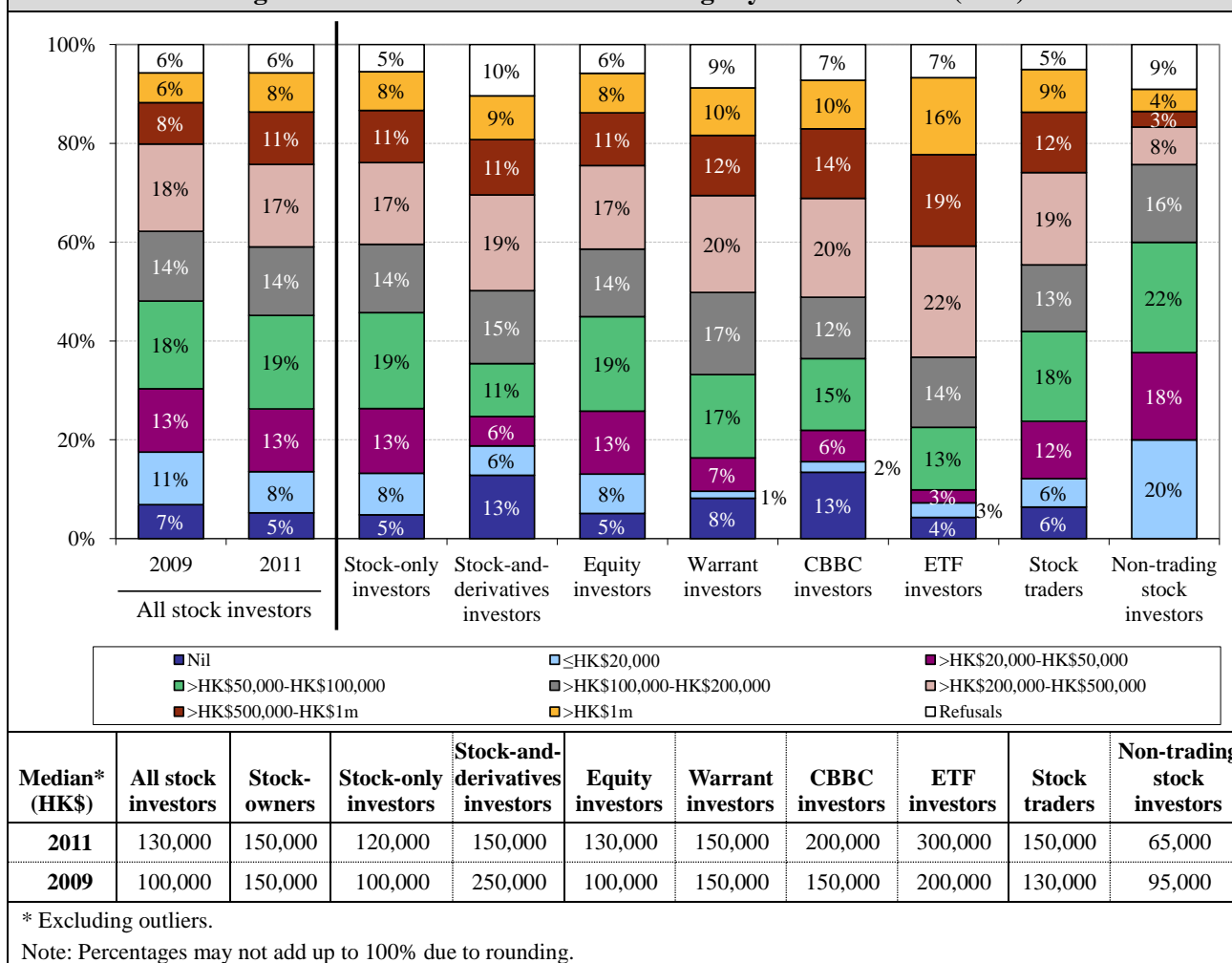


5. STOCKHOLDING AND TRADING PATTERN

5.1 Stockholding⁷ value of stock investors

- The median market value of stockholdings among all stock investors (including non-stockowners) was HK\$130,000 (up from HK\$100,000 in 2009) and that among all stockowners was HK\$150,000 (the same as in 2009).
- Compared to stock-only investors, a larger proportion of stock-and-derivatives investors did not hold any stocks (13% vs 5% for stock-only investors). Even so, they as a group had a slightly larger median stockholding value than stock-only investors (HK\$150,000 vs HK\$120,000).
- ETF investors tended to have a relatively larger stockholding value (a median of HK\$300,000) than CBBC investors (HK\$200,000), warrant investors (HK\$150,000) and equity investors (HK\$130,000).
- Compared with stock traders, non-trading stock investors (stock investors who did not trade during the 12-month period) tended to have a much smaller stockholding value — a median of HK\$65,000 vs HK\$150,000.

Figure 4. Market value of stockholdings by stock investors (2011)



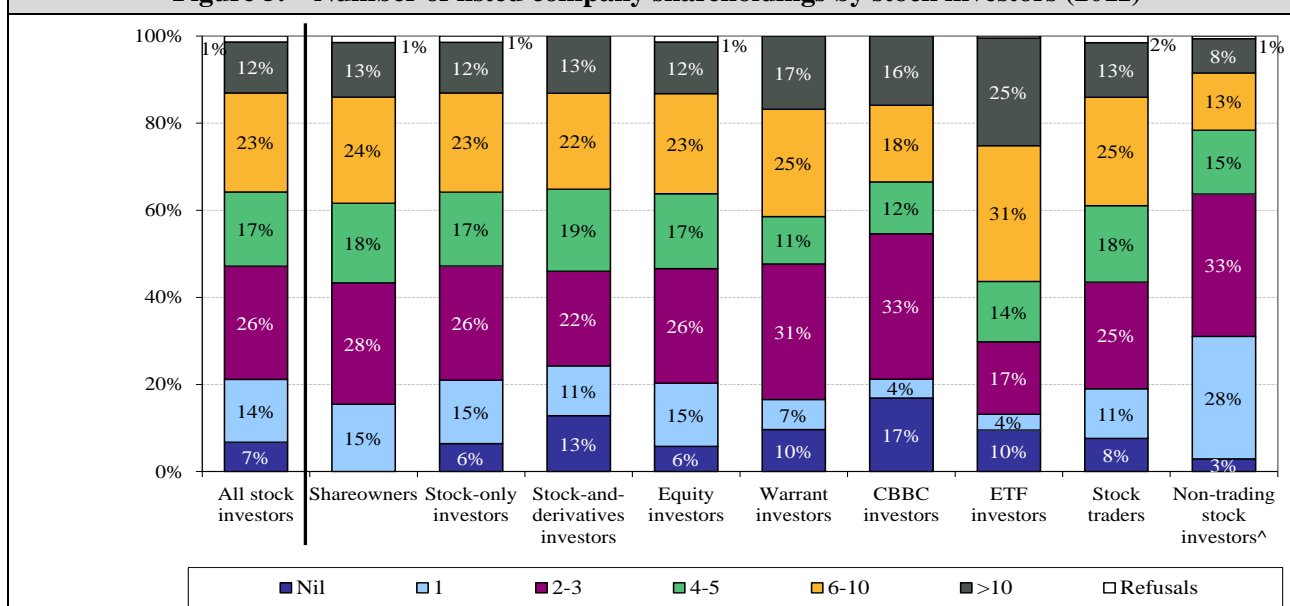
⁷ Stockholding refers to the holding of all HKEx cash market products at the time of the interview.

5.2 Listed company shareholdings⁸ of stock investors

5.2.1 Number of listed company shareholdings

- The median number of listed company shareholdings among all stock investors (including non-shareowners) and that among all shareowners were both 4. 35% of stock investors held more than 5 listed company stocks and only 12% held more than 10.
- The pattern of listed company shareholdings of stock-and-derivatives investors did not differ much from that of stock-only investors (both had a median number of 4), except that a larger proportion of them did not hold any listed company shares at the time of interview (13% vs 6%).
- ETF investors tended to have a larger number of listed company shareholdings than equity investors, warrant investors and CBBC investors (a median of 6 for ETF investors vs 3 to 4 for the others, and 56% of ETF investors held more than 5 listed company stocks vs 34%-42% for the others).
- A relatively high proportion (17%) of CBBC investors did not hold any listed company shares at the time of interview, compared to 10% of warrant investors and ETF investors, 6% of equity investors and 7% of stock investors as a whole.
- Stock traders tended to have a larger number of listed company shareholdings than non-trading stock investors (a median of 4 vs 2, and 38% of stock traders held more than 5 listed company stocks vs 21% for non-trading stock investors).

Figure 5. Number of listed company shareholdings by stock investors (2011)



Median*	All stock investors	Share-owners	Stock-only investors	Stock-and-derivatives investors	Equity investors	Warrant investors	CBBC investors	ETF investors	Stock traders	Non-trading stock investors [^]
2011	4	4	4	4	4	3	3	6	4	2
2009	3	4	3	4	3	4	3	4	3	3

* Excluding outliers.

[^] Non-trading stock investors who did not hold any listed company shares might be holding other products like warrants or ETFs.

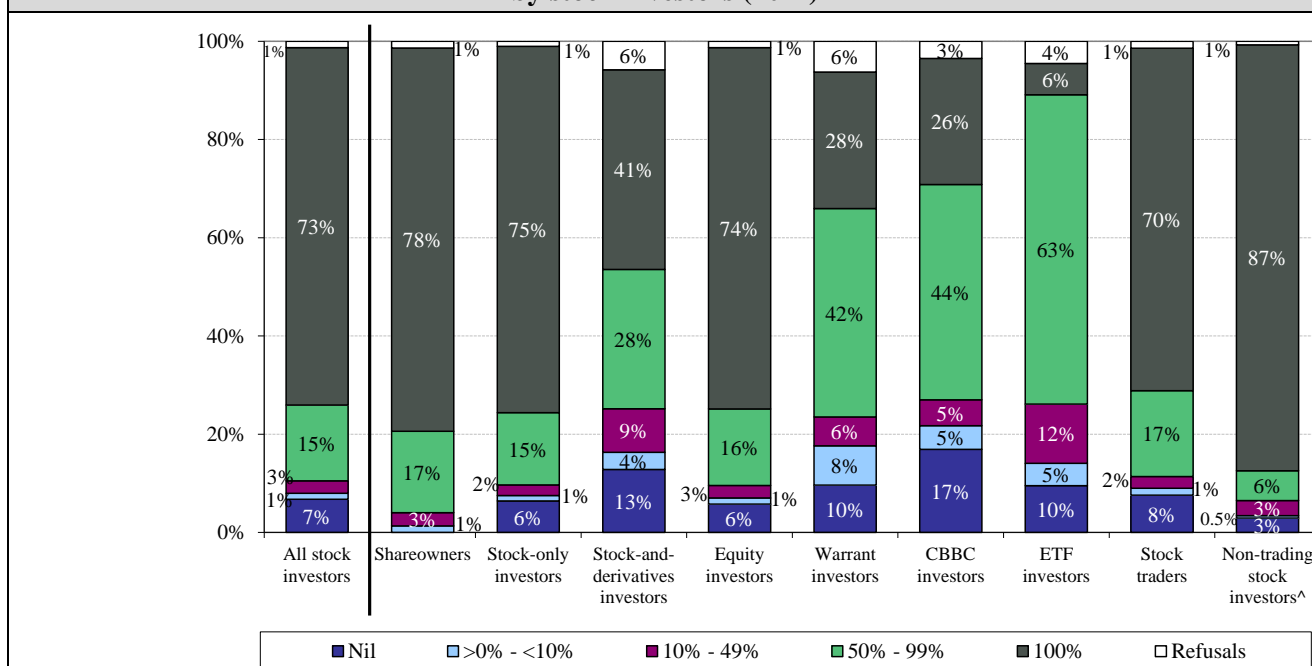
Note: Percentages may not add up to 100% due to rounding.

⁸ Listed company shareholding refers to the holding, at the time of the interview, of listed company shares traded on HKEx.

5.2.2 Market value of listed company shareholdings of stock investors

- About 73% of stock investors, 74% of equity investors and 78% of shareowners had a stock portfolio⁹ comprising listed company shares only and without other cash market products. A much smaller proportion of warrant investors (28%) and CBBC investors (26%) had listed company shares only. In median terms, the stock portfolios of stock investors as a whole in value terms comprised 100% listed company shares while the corresponding figures for warrant investors and CBBC investors were both 80%.
- The median market value of listed company shareholdings among all stock investors (including non-shareowners) was HK\$100,000, and that among shareowners was HK\$120,000. The findings were the same as in 2009.
- Compared to stock-only investors, stock-and-derivatives investors tended to have a larger listed company shareholding value (a median of HK\$150,000 vs HK\$100,000). A much smaller proportion of them held only listed company shares but not other cash market products in their stock portfolio (41% vs 75% for stock-only investors).
- ETF investors tended to have a relatively larger shareholding value (a median of HK\$180,000) than other investor types (HK\$100,000 – HK\$125,000).
- Stock investors who did not trade in the 12 months preceding the interview tended to have a much lower shareholding value (a median of HK\$55,000, the same as in 2009). A large proportion (87%) of them held only listed company shares in their stock portfolio.

Figure 6. Listed company shareholding as a percentage of market value of stockholding by stock investors (2011)

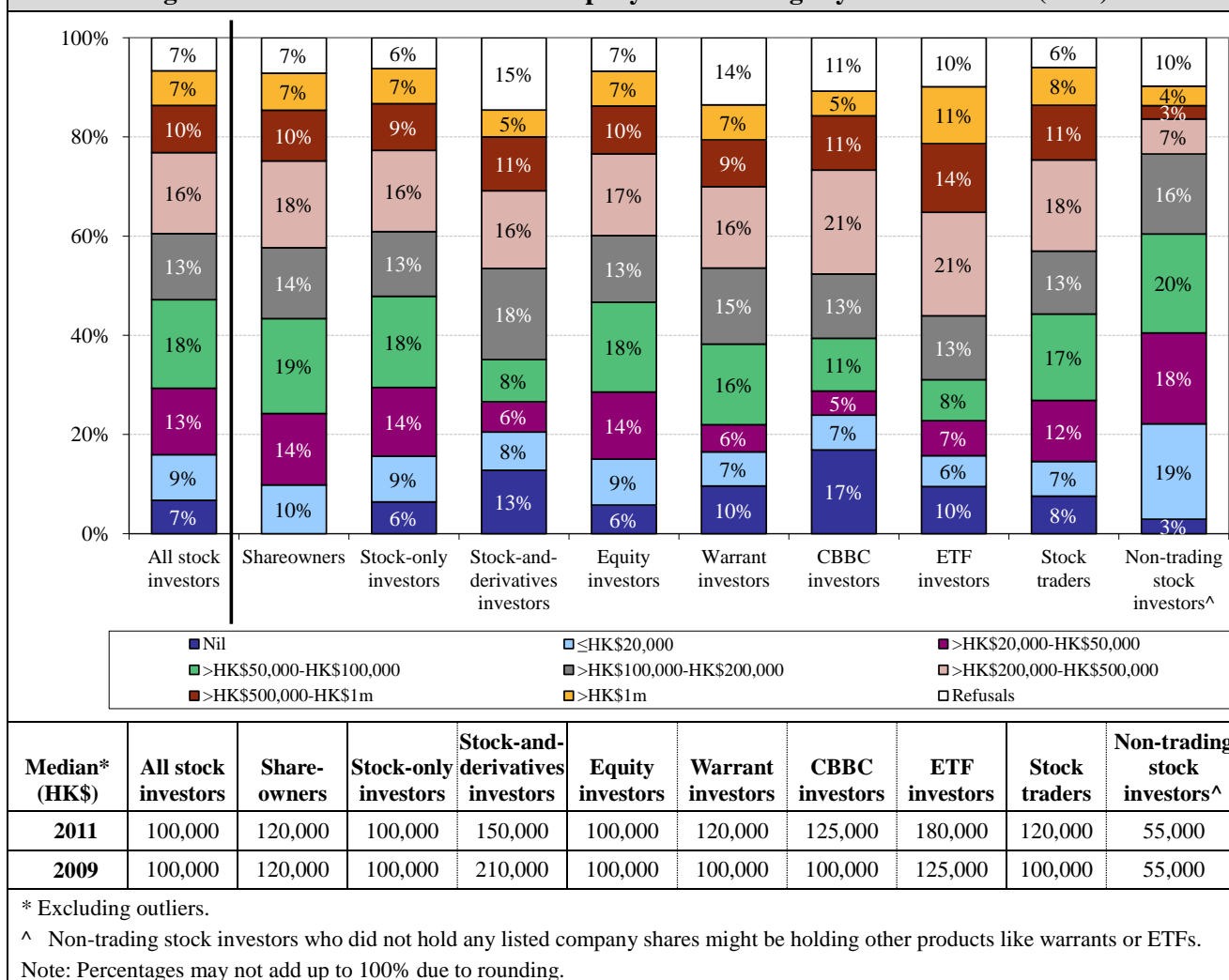


Median (%)	All stock investors	Share-owners	Stock-only investors	Stock-and-derivatives investors	Equity investors	Warrant investors	CBBC investors	ETF investors	Stock traders	Non-trading stock investors [^]
2011	100%	100%	100%	90%	100%	80%	80%	70%	100%	100%
2009	100%	100%	100%	100%	100%	90%	90%	80%	100%	100%

[^] Non-trading stock investors who did not hold any listed company shares might be holding other products like warrants or ETFs.
Note: Percentages may not add up to 100% due to rounding.

⁹ Stock portfolio refers to the portfolio of stockholding, ie the holding of all HKEx cash market products.

Figure 7. Market value of listed company shareholdings by stock investors (2011)



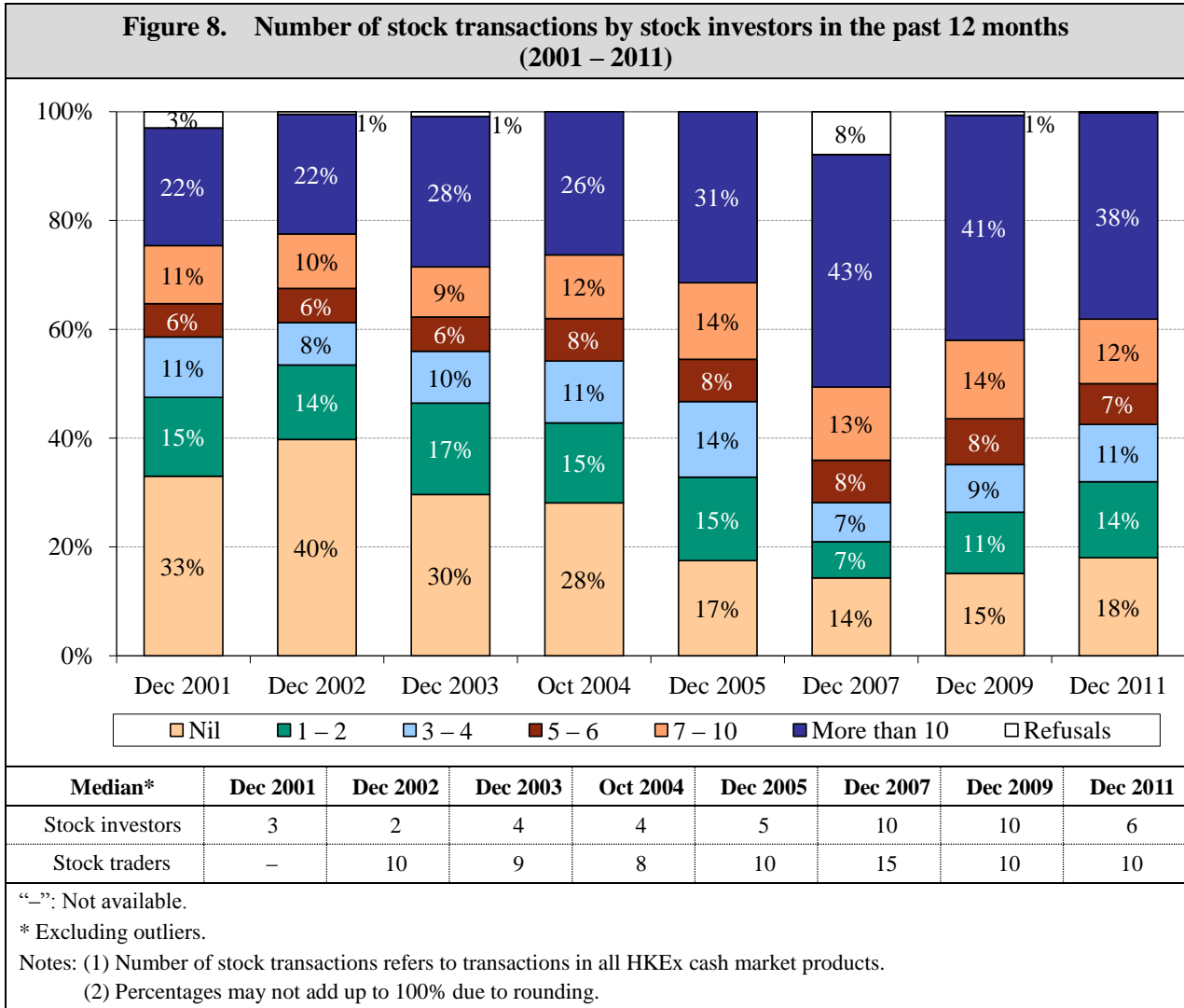
5.3 Trading pattern of stock investors

5.3.1 Pattern in the HKEx overall stock market

- **Stock investors** tended to trade less frequently in 2011 but with a slightly larger average value per stock transaction than in 2009:
 - The proportion of stock investors who did not trade at all in the 12-month period was 18% in 2011, up from 15% in 2009.
 - The median number of stock transactions (buying and selling were counted as two transactions) for all stock investors was 6, down from 10 in 2009. Excluding non-trading stock investors, the median number of stock transactions for all stock traders was 10, the same as in 2009.
 - The median average value per stock transaction was HK\$40,000 in 2011, up from HK\$35,000 in 2009.
 - The median implied total stock transaction value¹⁰ per stock trader in 2011 was HK\$400,000, compared to HK\$468,000 in 2009.
- Compared with stock-only investors, **stock-and-derivatives investors**:
 - Tended to trade stocks much more frequently (a median of 50 transactions in the 12-month period vs 6 transactions for stock-only investors);
 - Tended to have a similar average value per stock transaction (a median of HK\$40,000);
 - Tended to have a much higher implied total stock transaction value during the 12-month period (HK\$3 million vs HK\$0.4 million); and
 - In aggregate contributed an estimated 17% of total retail stock trading, compared to 83% by stock-only investors.
- Compared with equity investors, **warrant/CBBC investors** (who invested in warrants or CBBCs or both):
 - Tended to trade stocks more frequently (a median of 75 transactions in the 12-month period), even more so for CBBC investors alone (166 transactions) (vs 6 transactions for equity investors);
 - Tended to have a similar average value per stock transaction (a median of HK\$40,000);
 - Tended to have a much larger implied total stock transaction value during the 12-month period (a median of HK\$3.5 million), even more so for CBBC investors alone (HK\$5.2 million) (vs HK\$0.4 million for equity investors); and
 - In aggregate, they contributed an estimated 42% of total retail stock trading.
- Compared with equity investors, **ETF investors**:
 - Tended to trade stocks more frequently (a median of 12 transactions in the 12-month period vs 6 transactions for equity investors);
 - Tended to have a relatively higher average value per stock transaction (a median of HK\$50,000 vs HK\$40,000) and a larger implied total stock transaction value during the 12-month period (a median of HK\$1 million vs HK\$0.4 million); and
 - In aggregate, they contributed an estimated 36% of total retail stock trading.

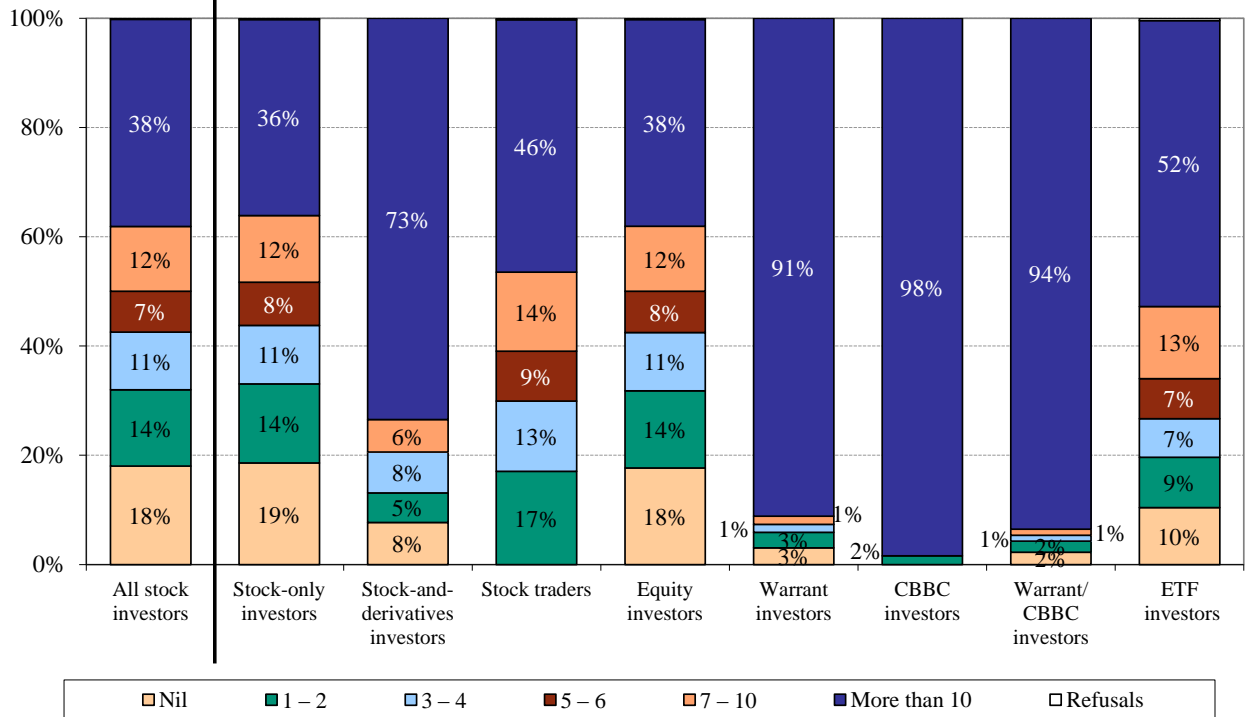
¹⁰ The implied total stock transaction value during the 12-month period for a respondent was deduced from the respondent's average value per transaction and his/her frequency of trading in stocks during the 12-month period. The figure counts both buying and selling transactions and is subject to estimation error.

- Stock traders who traded more frequently tended to have a larger deal size and a larger implied total transaction value in the 12-month period. Among stock traders, 46% were high-frequency stock traders (with more than 10 transactions in the 12-month period)¹¹ who contributed in aggregate an estimated 92% of all retail stock trading, compared to 96% in 2009.



¹¹ The classification of stock traders into low-, medium- and high-frequency of trading is judgmental. The current classification follows that used in past surveys for comparison purpose.

Figure 9. Number of stock transactions in the past 12 months by stock investor type (2011)



	All stock investors	Stock-only investors	Stock-and-derivatives investors	Stock traders	Equity investors	Warrant investors	CBBC investors	Warrant/CBBC investors	ETF investors
Median* (incl. non-trading investors)	6	6	50	–	6	74	166	75	12
Median* (excl. non-trading investors)	10	10	60	10	10	75	166	80	15

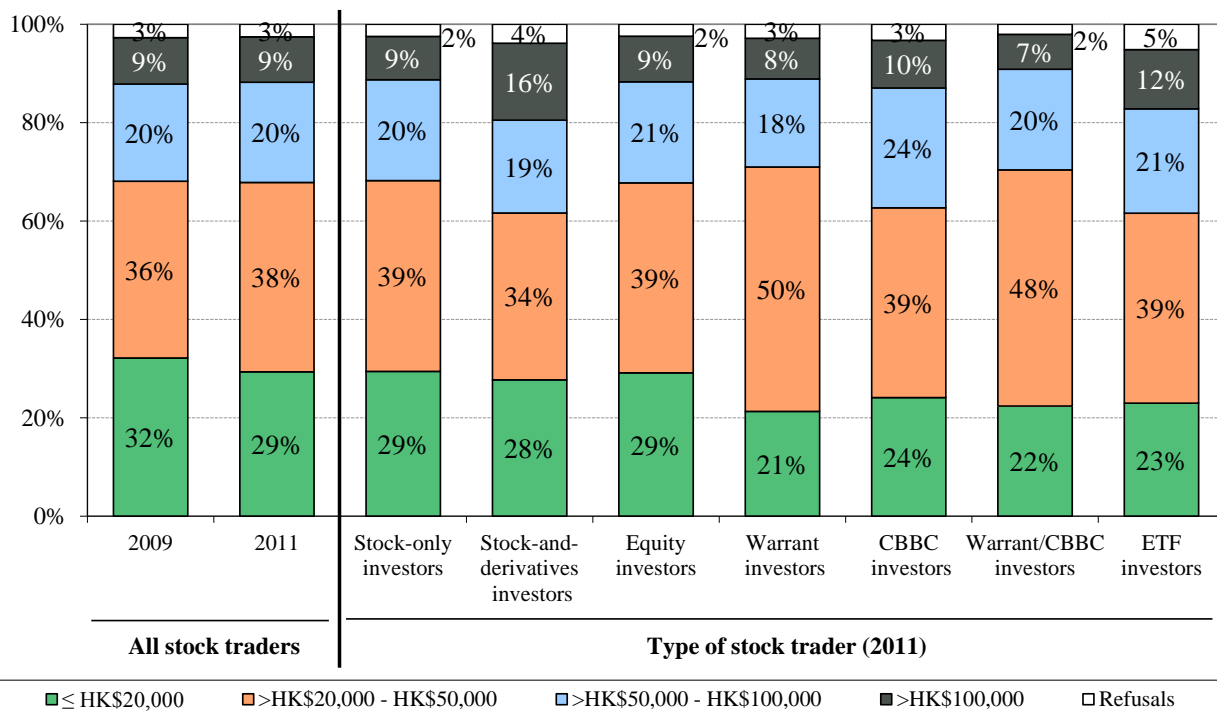
“–”: Not applicable

* Excluding outliers.

Notes: (1) Number of stock transactions refers to transactions in all HKEx cash market products.

(2) Percentages may not add up to 100% due to rounding.

Figure 10. Average value per stock transaction in the past 12 months of stock traders by type (2009 and 2011)



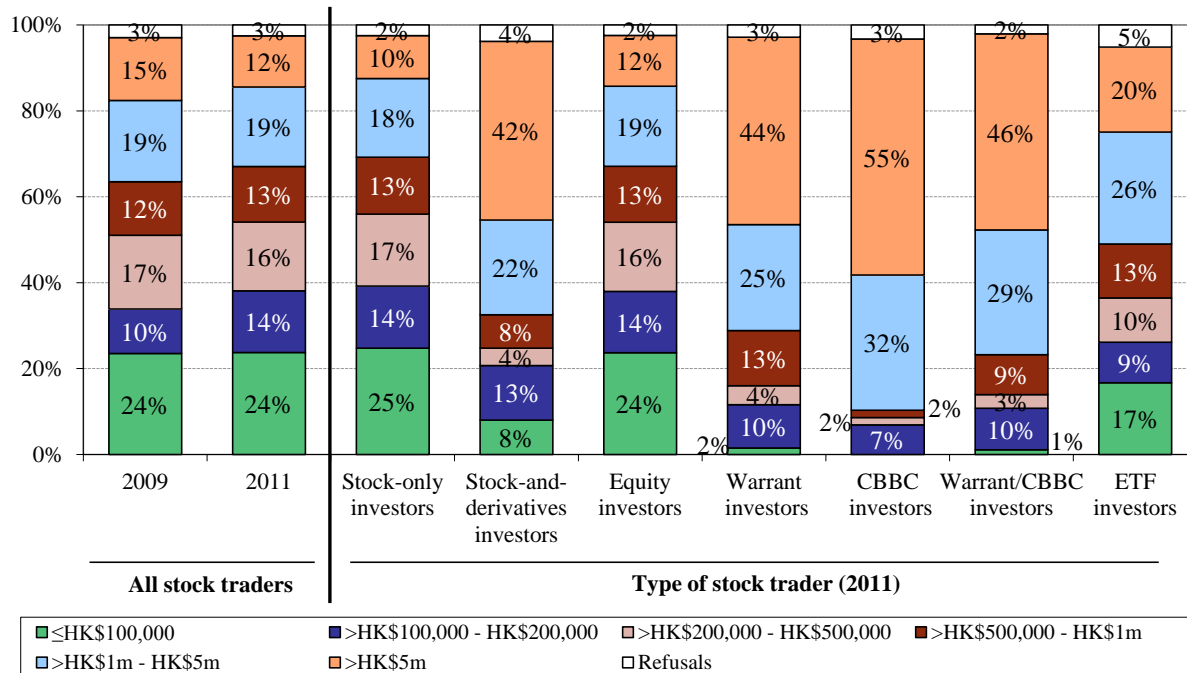
	All stock traders		Type of stock trader (2011)						
	2009	2011	Stock-only investors	Stock-and-derivatives investors	Equity investors	Warrant investors	CBBC investors	Warrant/CBBC investors	ETF investors
Median* (HK\$)	35,000	40,000	40,000	40,000	40,000	40,000	36,000	40,000	50,000

* Excluding outliers.

Notes: (1) The average value per stock transaction refers to transactions in all HKEx cash market products.

(2) Percentages may not add up to 100% due to rounding.

Figure 11. Implied total stock transaction value in the past 12 months of stock traders by type (2009 and 2011)



	All stock traders		Type of stock trader (2011)						
	2009	2011	Stock-only investors	Stock-and-derivatives investors	Equity investors	Warrant investors	CBBC investors	Warrant CBBC investors	ETF investors
Median*(HK\$)	468,000	400,000	360,000	3,000,000	400,000	3,060,000	5,180,000	3,500,000	1,000,000
Aggregate % share of total[#]	100%	100%	83%	17%	99%	30%	31%	42%	36%

* Excluding outliers.

The aggregate percentage share of the total transaction value by stock traders who are equity-, warrant-, CBBC- and ETF-investors do not add up to 100% because the investor types are not mutually exclusive to each other.

Notes: (1) Stock transaction value refers to transactions in all HKEx cash market products.

(2) Percentages may not add up to 100% due to rounding.

Table 7. Trading pattern of stock traders by trading frequency (2011)				
	All stock traders	By trading frequency		
		Low (1 – 4 times)	Medium (5 – 10 times)	High (>10 times)
<i>In the 12-month period preceding the interview</i>				
Number as % of all stock traders[#]	100.0%	29.9%	23.6%	46.2%
Average value per stock transaction				
≤ HK\$20,000	29.3%	34.2%	33.5%	24.3%
> HK\$100,000	9.2%	9.2%	8.6%	9.6%
Median* (HK\$'000)	40	33	30	50
Implied total stock transaction value				
≤ HK\$100,000	23.8%	58.6%	22.7%	1.9%
> HK\$1,000,000	30.4%	3.1%	6.1%	60.7%
Median* (HK\$'000)	400	80	250	1,680
Aggregate implied total stock transaction value				
As % of total by all stock traders	100.0%	2.8%	5.3%	91.9%
* Excluding outliers.				
[#] The percentage of low-, medium- and high-frequency stock traders did not add up to 100% due to refusal of some respondents to answer the question.				

5.3.2 Pattern in the HKEx equity/ETF market

The 2011 survey asked separately for the first time about the securities transactions of investors in equities/ETFs¹² and that in warrants/CBBCs. For the trading activity in equities/ETFs:

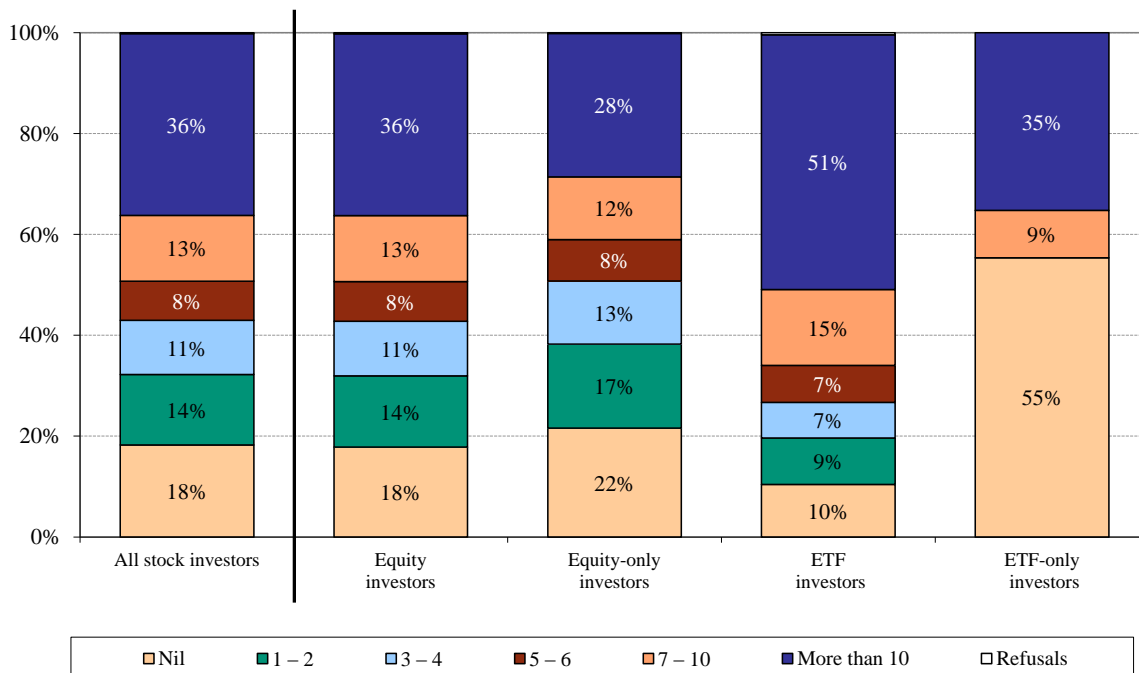
- For *stock investors as a whole* (99% of them invested in equities and 21% in ETFs):
 - 18% of stock investors did not trade equities/ETFs at all in the 12-month period in 2011.
 - The median number of equity/ETF transactions was 6 in 2011. Excluding non-trading stock investors, the median number of equity/ETF transactions was 10;
 - The median average value per equity/ETF transaction was HK\$40,000;
 - The median implied total equity/ETF transaction value per stock trader in the 12-month period was HK\$400,000.
 - These findings were similar to those for stock transactions by stock investors.
- Compared with equity investors, *ETF investors*:
 - Tended to trade equities/ETFs more frequently (a median of 12 transactions in the 12-month period vs 6 transactions for equity investors);
 - Tended to have a relatively higher average value per equity/ETF transaction (a median of HK\$50,000 vs HK\$40,000) and a larger implied total equity/ETF transaction value during the 12-month period (a median of HK\$1 million vs HK\$0.4 million); and
 - In aggregate contributed an estimated 37% of total retail equity/ETF trading.

¹² The survey asked about trading activity in securities other than warrants/CBBCs, which would comprise equities, ETFs and debt securities. Since trading of debt securities on the HKEx securities market contributed negligible share of the market total (0.01% in 2011), the responses were considered reflecting the pattern of equity/ETF transactions.

- Compared with equity investors as a whole, **equity-only investors** (constituting 72% of stock investors):
 - Tended to trade equities/ETFs less frequently (a median of 4 transactions in the 12-month period vs 6 transactions for equity investors) with a larger proportion not traded at all (22% vs 18%);
 - Tended to have a similar average value per equity/ETF transaction (a median of HK\$40,000 for both) and a smaller implied total equity/ETF transaction value during the 12-month period (a median of HK\$250,000 vs HK\$400,000); and
 - In aggregate contributed an estimated 49% of total retail equity/ETF trading.
- For **ETF-only investors** (constituting only 1% of stock investors):
 - The trading pattern was very diverse — 55% did not trade in the period while 35% traded more than 10 transactions.

Note: Due to the small sample size, the findings on the trading pattern of ETF-only investors are subject to large error and are indicative only.

Figure 12. Number of equity/ETF transactions in the past 12 months by stock investor type (2011)

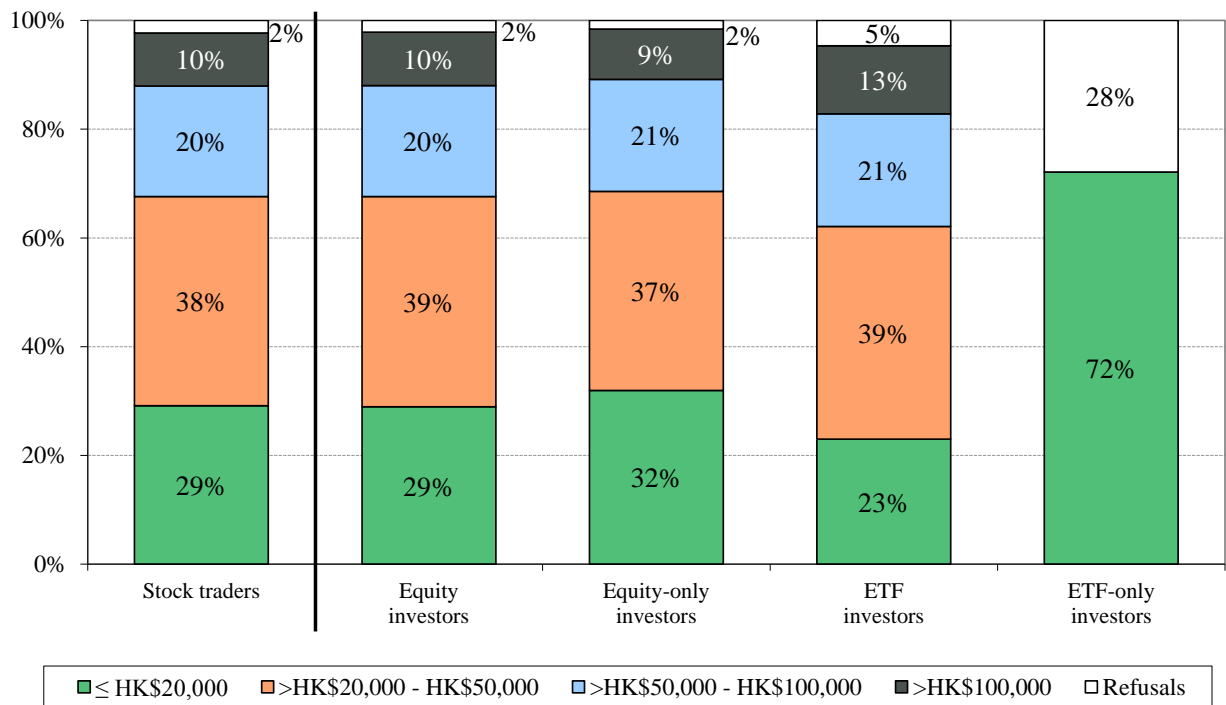


	All stock investors	Equity investors	Equity-only investors	ETF investors	ETF-only investors
Median* (incl. non-trading investors)	6	6	4	12	0
Median* (excl. non-trading investors)	10	10	8	15	12

* Excluding outliers.

Note: Percentages may not add up to 100% due to rounding.

Figure 13. Average value per equity/ETF transaction in the past 12 months of stock traders by type (2011)



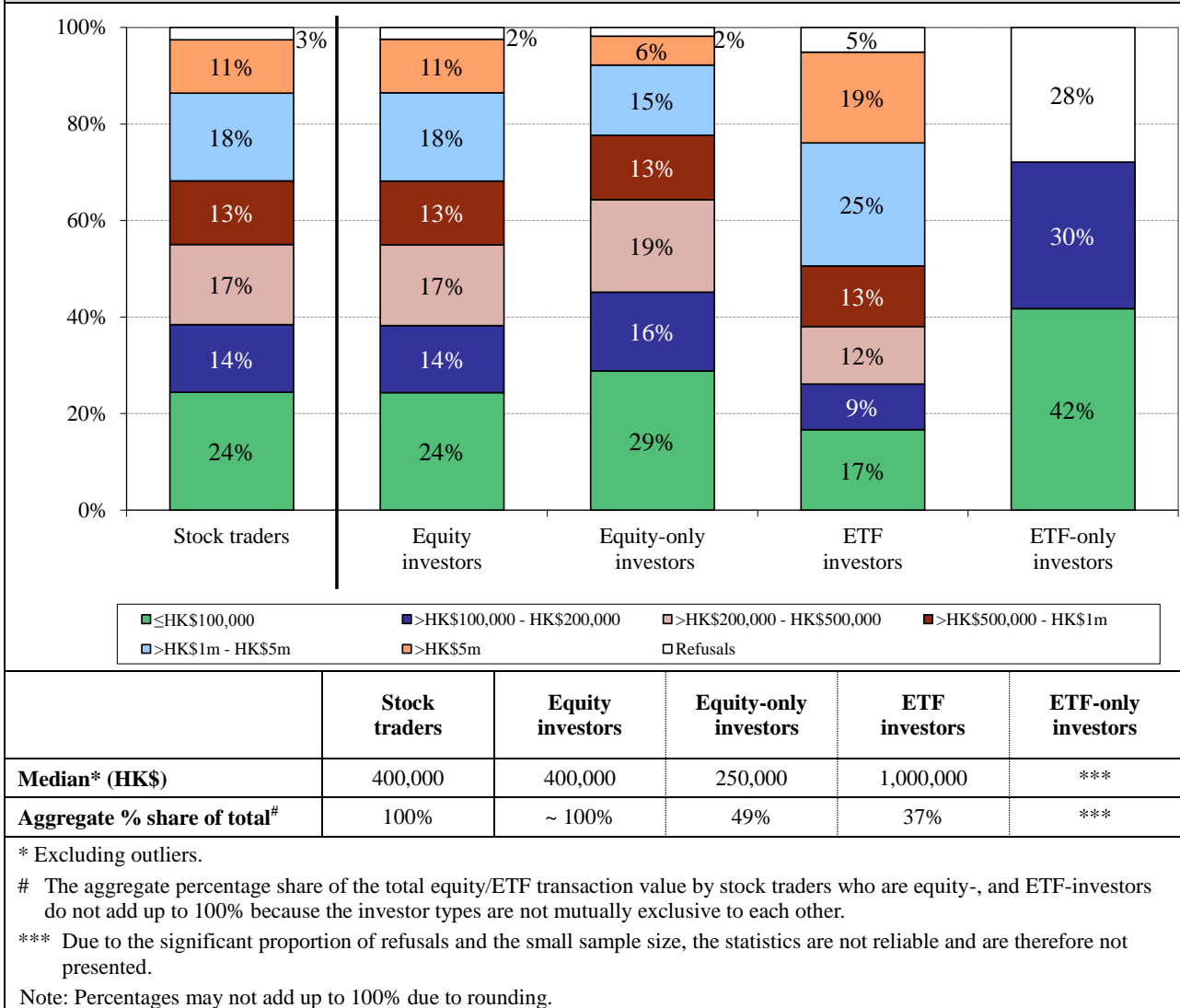
	Stock traders	Equity investors	Equity-only investors	ETF investors	ETF-only investors
Median* (HK\$)	40,000	40,000	40,000	50,000	***

* Excluding outliers.

*** Due to the significant proportion of refusals and the small sample size, the statistics are not reliable and are therefore not presented.

Note: Percentages may not add up to 100% due to rounding.

Figure 14. Implied total equity/ETF transaction value in the past 12 months of stock traders by type (2011)

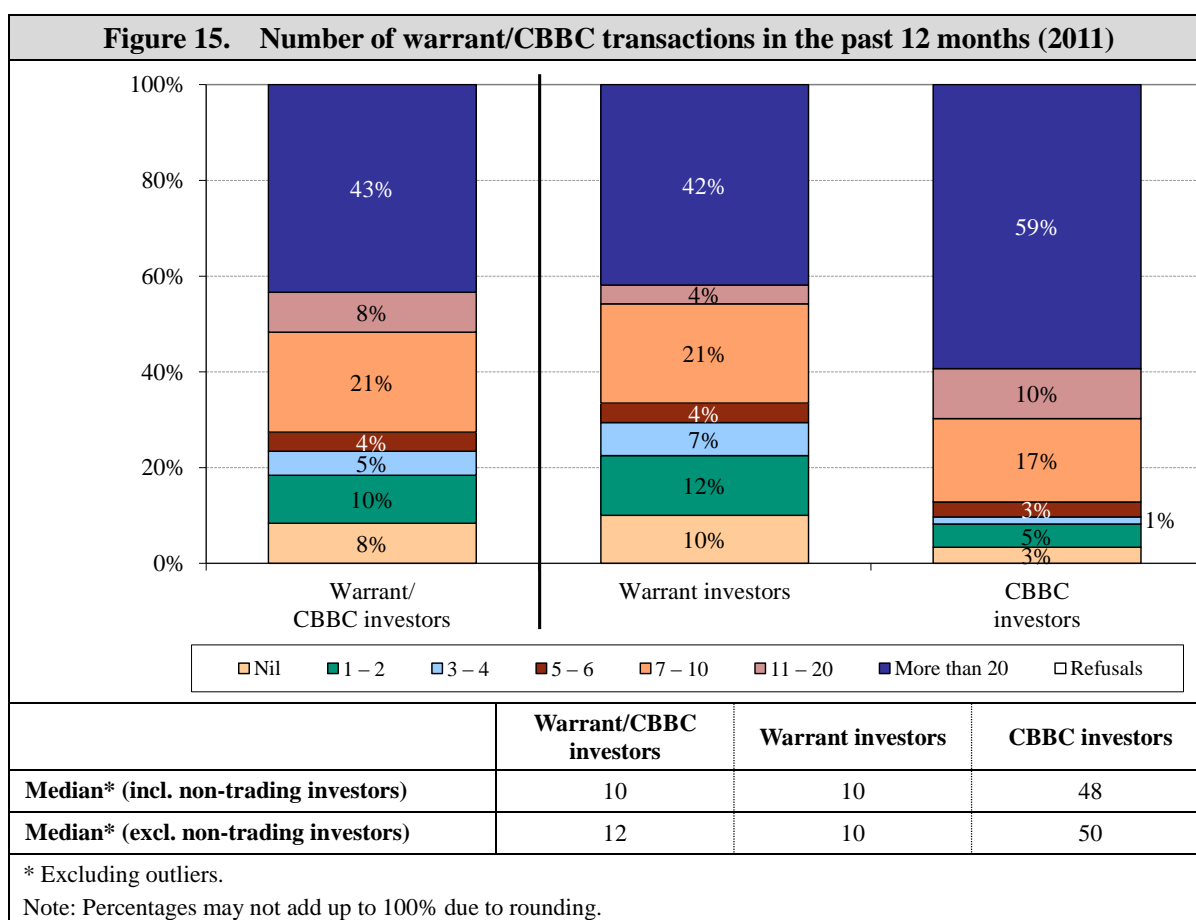


5.3.3 Pattern in the HKEx warrant/CBBC market

For the trading activity of stock investors in warrants/CBBCs:

- The majority of warrant investors (53%) did not invest in CBBCs while the majority of CBBC investors (56%) invested also in warrants.
- 8% of warrant/CBBC investors did not trade warrants/CBBCs at all in the 12-month period in 2011.
- The median number of warrant/CBBC transactions among all warrant/CBBC investors was 10 in 2011. The median average value per warrant/CBBC transaction was HK\$20,000, compared to HK\$40,000 for equity/ETF transactions.
- The median implied total warrant/CBBC transaction value per investor in the 12-month period was HK\$400,000, the same as for equity/ETF transactions.

- Compared with warrant investors, *CBBC investors*:
 - Tended to trade warrants/CBBCs much more frequently in the 12-month period (a median of 48 transactions; 59% had more than 20 transactions vs 42%);
 - Tended to have a similar average value per transaction (a median of HK\$20,000);
 - Tended to have a much higher implied total warrant/CBBC transaction value¹³ during the 12-month period (a median of HK\$960,000 vs HK\$400,000); and
 - In aggregate, they contributed an estimated 83% of total retail trading in warrants/CBBCs.



¹³ The implied total warrant/CBBC transaction value during the 12-month period for a respondent was deduced from the respondent's average value per transaction and his/her frequency of trading in warrants/CBBC during the 12-month period. The figure counts both buying and selling transactions and is subject to estimation error.

Figure 16. Average value per warrant/CBBC transaction in the past 12 months (2011)

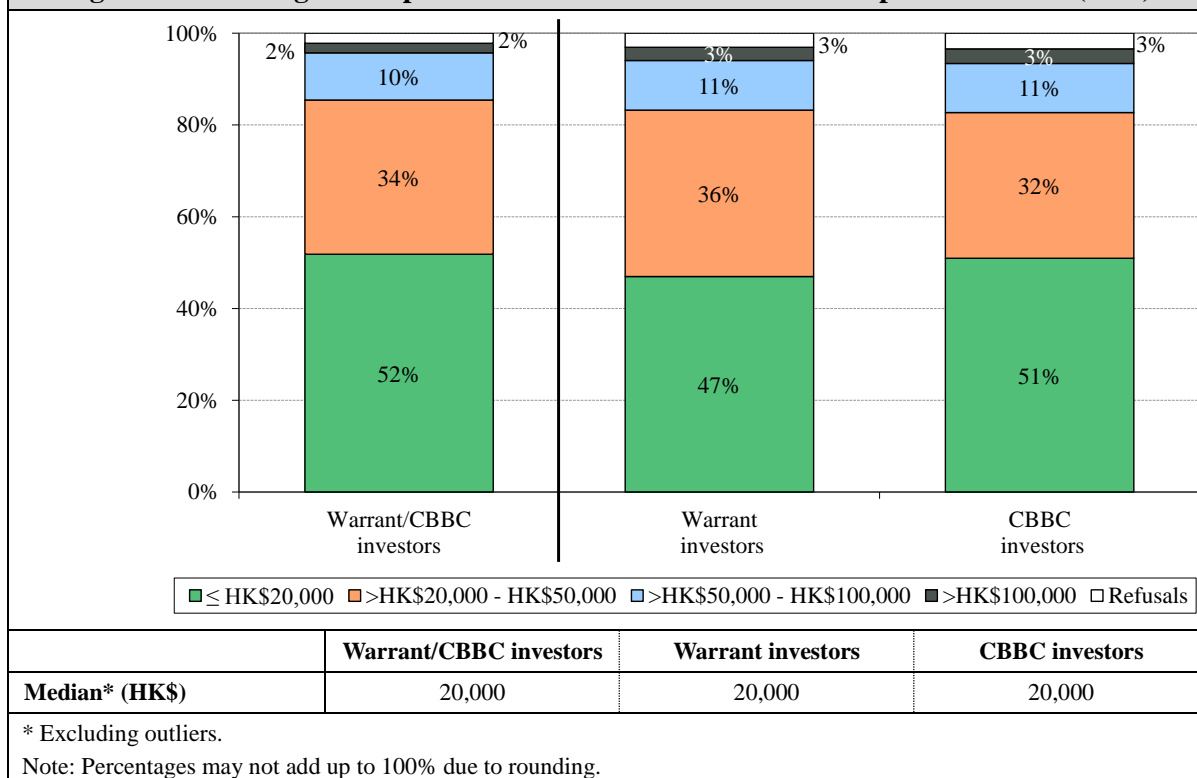
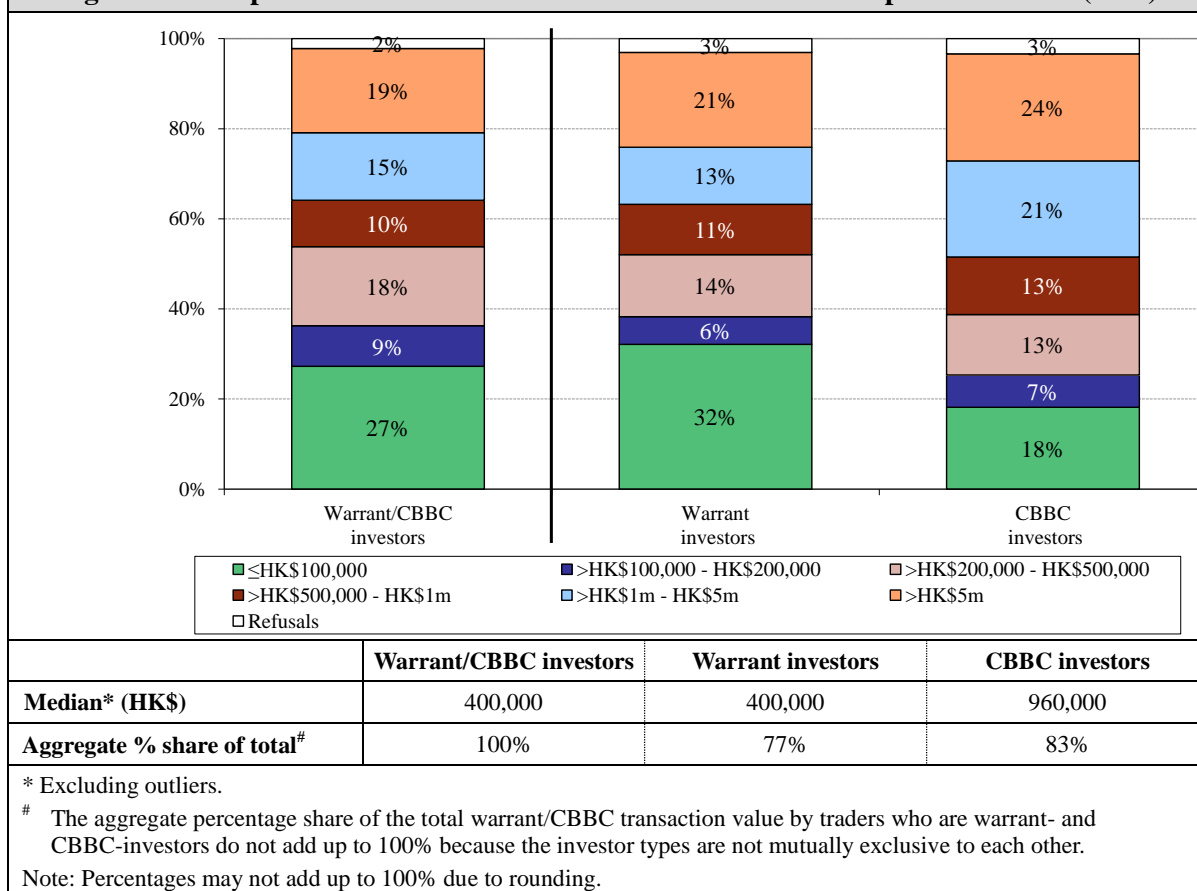


Figure 17. Implied total warrant/CBBC transaction value in the past 12 months (2011)



5.4 Relationship between stockholding value and trading pattern of stock investors

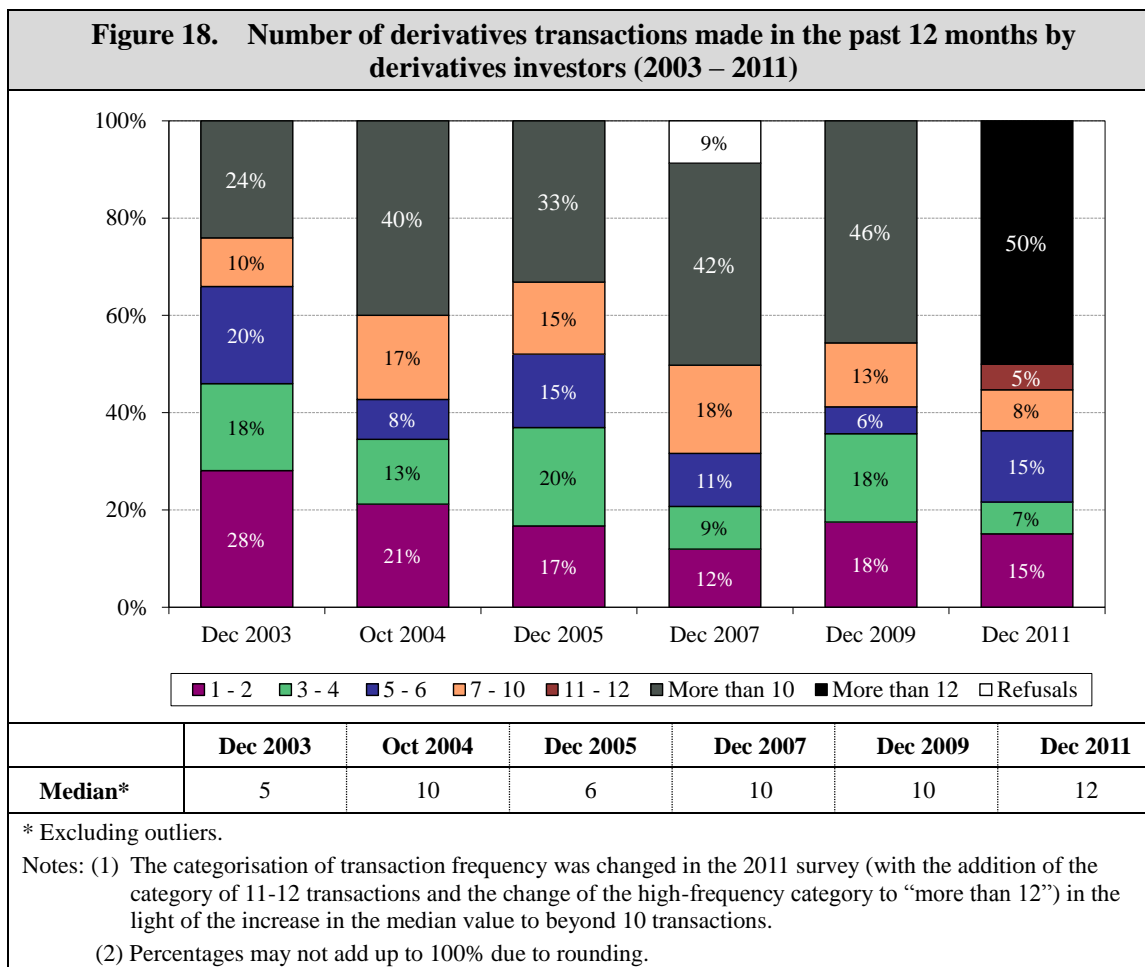
- Broadly speaking, the higher the value of stocks held by a stock investor, the more frequently he/she tended to trade and the larger his/her deal size. Such relationship was significant in statistical terms, although at a low degree for relationship with number of transactions (rank correlation coefficient of 0.31) and a medium degree for relationship with deal size (rank correlation coefficient of 0.52).

Table 8. Number of stock transactions in the past 12 months by market value of stockholdings (2011)					
Value of stockholdings (HK\$)	Number of stock transactions				
	All stock investors			Stock traders	
	Mean*	Median*	% of nil transactions	Mean*	Median*
Nil	65	14	–	65	14
≤20,000	11	1	43.4%	20	4
>20,000 – 50,000	13	3	25.1%	17	4
>50,000 – 100,000	27	4	21.2%	34	6
>100,000 – 200,000	31	6	20.5%	39	10
>200,000 – 500,000	35	10	8.2%	38	10
>500,000 – 1,000,000	48	20	5.4%	51	20
>1,000,000	62	20	10.2%	70	24
Refusals	42	10	28.3%	60	15
Overall	34	6	18.0%	41	10
Correlation coefficient[#]					
Pearson correlation	0.015			0.008	
Rank correlation	0.310			0.278	
<p>“–”: Not applicable since by definition, a stock investor must have had stock transactions if he/she was not holding stocks.</p> <p>* Excluding outliers.</p> <p>[#] The correlation coefficients reflect the direction and the strength of association between market value of stockholdings (including nil) and number of stock transactions (including nil). The Pearson correlation is a parametric measure of the strength of linear dependence between the two variables. The rank correlation is a non-parametric measure of statistical dependence between the two variables. The correlations are significant at the 0.1% level (2-tailed).</p> <p>Note: Stockholdings and stock transactions are in respect of all HKEx cash market products.</p>					

Value of stockholdings (HK\$)	Average value per stock transaction (HK\$)*		Implied total stock transaction value (HK\$)*		
	Mean	Median	Mean	Median	Aggregate % share
Nil	52,111	33,000	2,999,249	300,000	7.6%
≤20,000	14,417	10,000	610,665	30,000	1.4%
>20,000 – 50,000	24,724	20,000	692,520	110,000	3.3%
>50,000 – 100,000	37,742	30,000	1,390,465	200,000	10.2%
>100,000 – 200,000	41,041	40,000	2,681,274	300,000	14.6%
>200,000 – 500,000	67,122	50,000	2,678,413	600,000	20.1%
>500,000 – 1,000,000	79,807	50,000	3,477,315	1,200,000	17.2%
>1,000,000	138,476	100,000	6,338,848	2,700,000	20.5%
Refusals	47,251	40,000	3,582,959	520,000	5.1%
Overall	54,683	40,000	2,527,978	400,000	100.0%
Correlation coefficient[#]					
Pearson correlation	0.411		0.114		
Rank correlation	0.520		0.502		
* Excluding outliers.					
[#] The correlation coefficients reflect the direction and the strength of association between market value of stockholdings (including nil) and average value per stock transaction / implied total stock transaction value. The Pearson correlation is a parametric measure of the strength of linear dependence between the two variables. The rank correlation is a non-parametric measure of statistical dependence between the two variables. The correlations are significant at the 0.1% level (2-tailed).					
Notes: (1) Stockholdings and transactions are in respect of all HKEx cash market products.					
(2) Percentages may not add up to 100% due to rounding.					

5.5 Trading pattern of derivatives investors

- In 2011, the median number of derivatives transactions among derivatives investors¹⁴ was 12, up from 10 in 2009. The median average contract volume per derivatives transaction was 2, the same as in 2009.
- The median implied total contract volume¹⁵ per derivatives investor in the 12-month period was higher in 2011 than in 2009 (40 vs 25 contracts).¹⁶

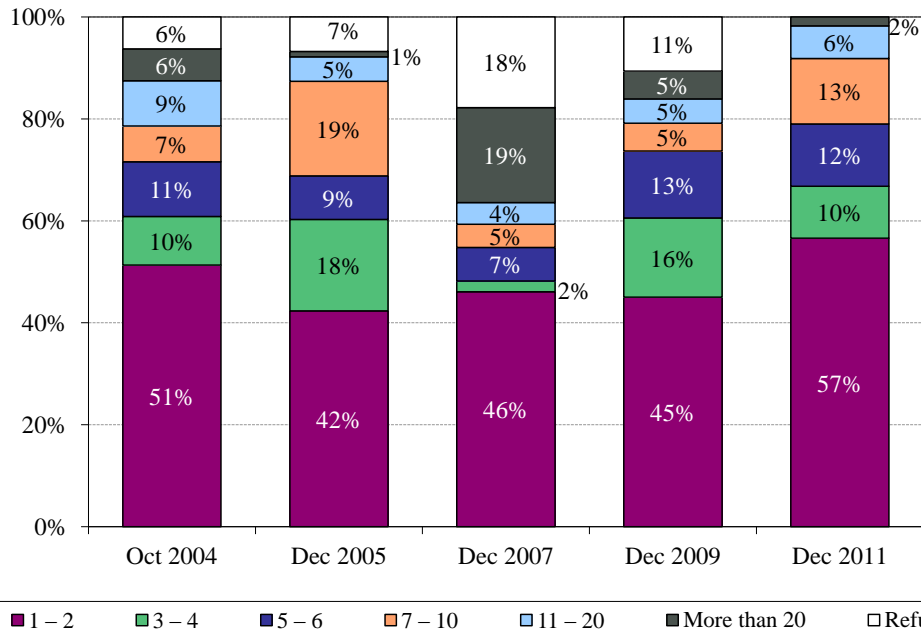


¹⁴ Reflecting the nature of derivatives trading, all derivatives investors had derivatives transactions during the 12-month period, ie all derivatives investors are derivatives traders.

¹⁵ The implied total contract volume during the 12-month period for a respondent was deduced from the respondent’s number of derivatives transactions and his/her average number of contracts per derivatives transaction. The figure counts both buying and selling transactions and is subject to estimation error.

¹⁶ It should be noted that in 2009 a certain proportion of derivatives investors did not provide answers to the question on average contract volume per transaction. This would affect the reliability of the results.

Figure 19. Average contract volume per transaction by derivatives investors in the past 12 months (2004 – 2011)

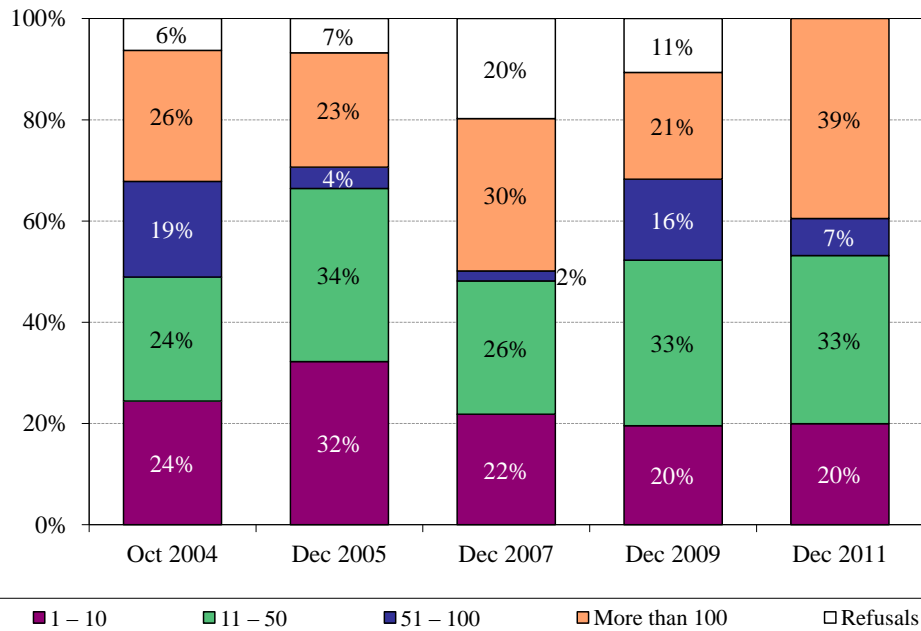


	Oct 2004	Dec 2005	Dec 2007	Dec 2009	Dec 2011
Median*	2	3	2	2	2

* Excluding outliers.

Note: Percentages may not add up to 100% due to rounding.

Figure 20. Implied total contract volume by derivatives investors in the past 12 months (2004 – 2011)



	Oct 2004	Dec 2005	Dec 2007	Dec 2009	Dec 2011
Median*	30	24	40	25	40

* Excluding outliers.

Note: Percentages may not add up to 100% due to rounding.

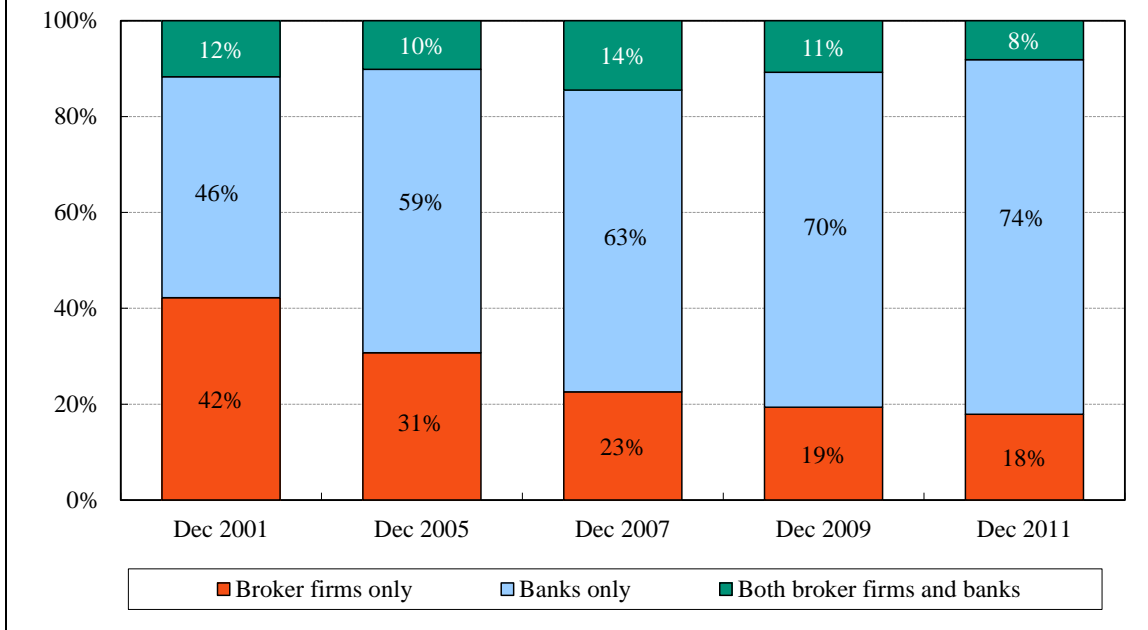
6. TRADING CHANNELS

6.1 Stock trading channels¹⁷

- **The majority of stock traders** (74%) traded through banks only, further up from 70% in 2009. Including stock traders who traded usually through banks, 77% of stock traders used banks as the main stock trading channel (74% in 2009).
- Use of stock trading channel by investor type:
 - **ETF investors** and **equity investors** had the lowest usage of broker firms for stock trading (20% and 22% respectively traded mainly through broker firms);
 - **Warrant investors** and **CBBC investors** had a higher usage of broker firms (36% and 32% respectively, in aggregate 36% for warrant/CBBC investors) than equity and ETF investors;
 - Compared with stock-and-derivatives investors, a much larger proportion of **stock-only investors** traded through banks only (76% vs 38%); conversely, a much larger proportion of stock-and-derivatives investors traded through broker firms only (46% vs 16%);
 - Compared with non-online stock traders, a larger proportion of **online stock traders** traded through banks only (80% vs 61%); conversely, a larger proportion of non-online stock traders traded through broker firms only (33% vs 11%).
- Compared with stock traders who traded mainly through banks, **those who traded mainly through broker firms** comprised a larger proportion of males (57% vs 51%), a larger proportion of individuals employed in finance industry (27% vs 11%) and with higher monthly personal income (a median of HK\$22,500 vs HK\$18,750).
- Compared with those who traded mainly through banks, **stock traders who traded mainly through broker firms** tended to have:
 - A similar stockholding value (a median of HK\$150,000), but having a higher proportion holding more than HK\$0.5 million value of stocks (26% vs 20%);
 - A relative larger number of listed company shareholdings (a median of 5 vs 4; 18% vs 11% holding more than 10);
 - A similar number of stock transactions in the 12-month period (a median of 10), but with a somewhat higher proportion trading more than 10 transactions (50% vs 45%);
 - A similar average value per stock transaction (a median of HK\$40,000);
 - A comparable implied total stock transaction value in the 12-month period (a median of HK\$440,000 vs HK\$400,000); and
 - In aggregate, they contributed an estimated 33% of total retail stock trading.

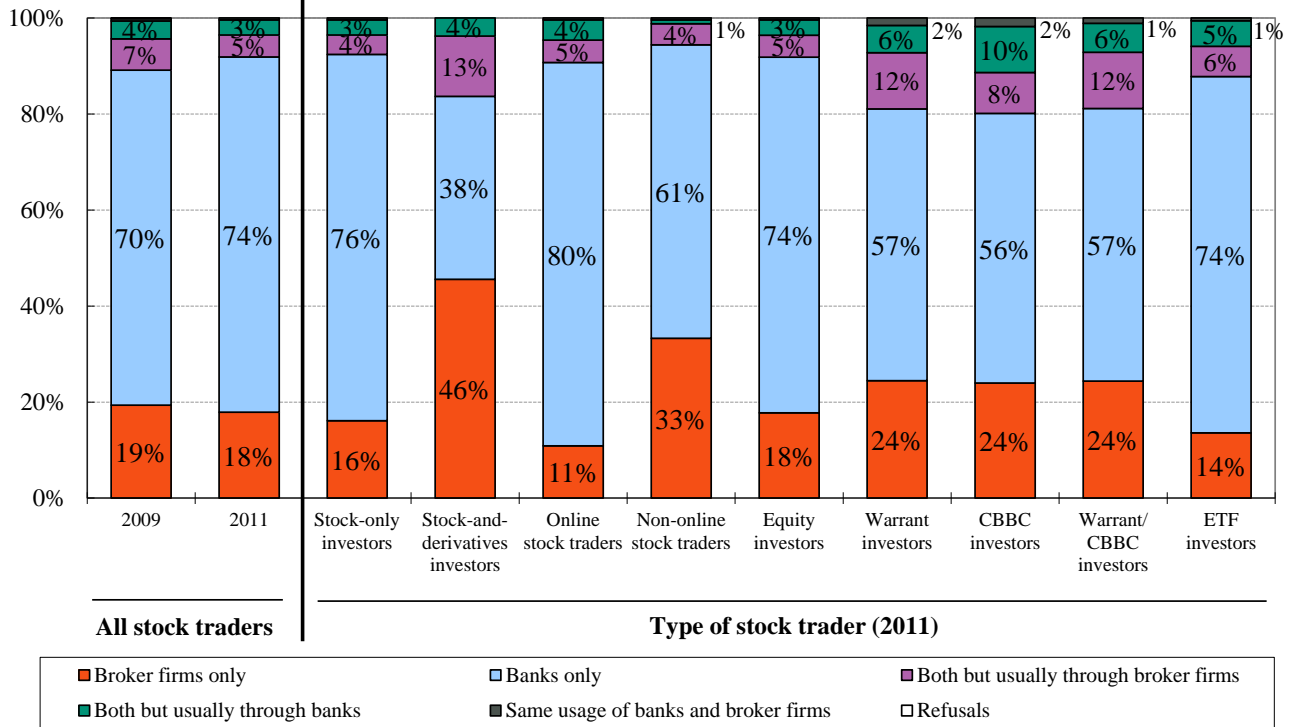
¹⁷ Both banks and broker firms offer securities trading service to retail investors. However, banks are not Exchange Participants in HKEx's securities markets. They have to channel orders received from investors to broker firms, which may or may not be related to the banks, for execution.

Figure 21. Stock trading channel of stock traders (2001 – 2011)



Note: Percentages may not add up to 100% due to rounding.

Figure 22. Stock trading channel by stock trader type (2009 and 2011)



Stock trading channels	All stock traders		Type of stock trader (2011)								
	2009	2011	Stock-only investors	Stock-and-derivatives investors	Online stock traders	Non-online stock traders	Equity investors	Warrant investors	CBBC investors	Warrant/CBBC investors	ETF investors
Mainly through banks	73.5%	77.2%	79.4%	41.9%	84.1%	61.9%	77.3%	62.3%	65.8%	62.8%	79.6%
- Banks only	69.8%	74.0%	76.3%	38.1%	79.9%	61.1%	74.1%	56.6%	56.2%	56.8%	74.2%
- Usually through banks	3.7%	3.2%	3.1%	3.8%	4.3%	0.8%	3.2%	5.7%	9.6%	6.0%	5.3%
Mainly through broker firms	25.9%	22.4%	20.2%	58.1%	15.5%	37.7%	22.4%	36.1%	32.5%	36.1%	19.9%
- Broker firms only	19.3%	17.9%	16.1%	45.6%	10.9%	33.3%	17.8%	24.4%	24.0%	24.4%	13.6%
- Usually through broker firms	6.5%	4.6%	4.0%	12.5%	4.6%	4.4%	4.6%	11.7%	8.5%	11.7%	6.3%
Same usage of banks and broker firms	0.5%	0.4%	0.4%	...	0.4%	0.4%	0.4%	1.5%	1.7%	1.1%	0.6%
Refusals	0.1%	...	...	...	...	...	...	...	...	...	...

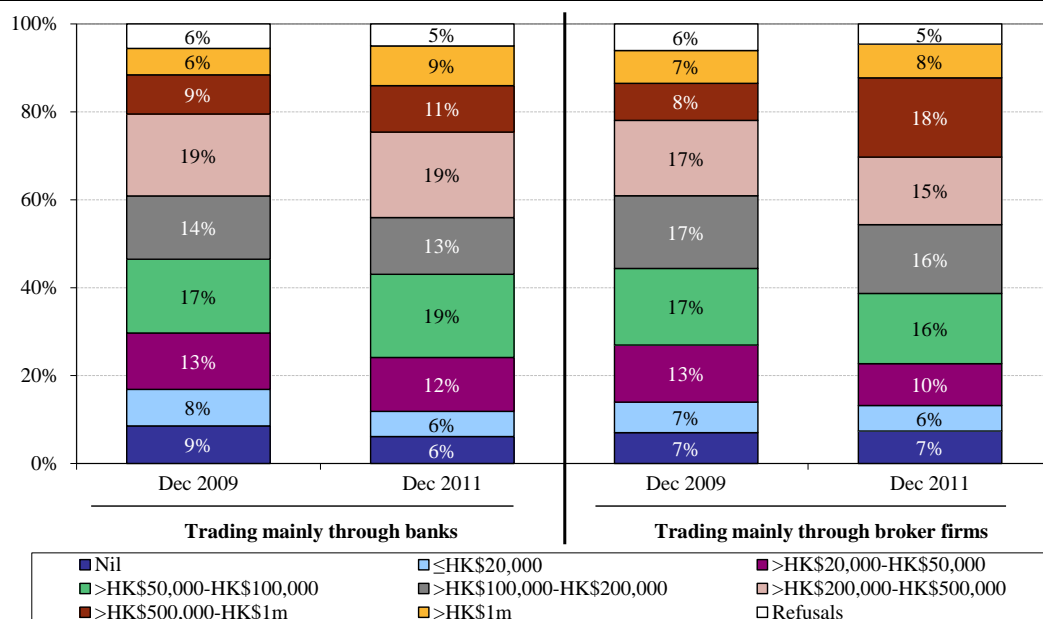
“...”: Nil

Note: Percentages may not add up to sub-totals or 100% due to rounding.

Table 10. Profile of stock traders by trading channel (2011)

	Trading mainly through banks	Trading mainly through broker firms
Sex		
Male	50.7%	57.2%
Female	49.3%	42.8%
Age		
18 – 19	0.9%	1.2%
20 – 29	13.4%	9.2%
30 – 39	21.1%	21.5%
40 – 49	22.3%	22.1%
50 – 59	27.3%	27.5%
60 or over	15.0%	18.5%
Median	47	47
Education level		
No schooling / kindergarten	0.4%	...
Primary	4.9%	4.4%
Lower secondary	13.7%	8.0%
Upper secondary	23.3%	29.8%
Matriculation	9.9%	11.5%
Tertiary or above	47.4%	45.1%
Refusals	0.3%	1.1%
Occupation		
Managers / administrators / professionals	24.3%	22.3%
White collar	25.2%	25.2%
Blue collar	13.6%	19.3%
Homemakers	17.3%	12.3%
Retirees	13.3%	16.9%
Students	1.2%	1.8%
Unemployed persons	2.8%	1.8%
Refusals	2.2%	0.5%
Industry of employed persons*		
Manufacturing	8.1%	5.6%
Construction	7.1%	3.8%
Wholesale, retail, import/export trades, restaurants and hotels	21.1%	19.3%
Transport, storage, courier and communication	11.0%	13.3%
Financing and insurance	11.4%	27.0%
Professional and business services	8.7%	5.4%
Social and personal services	23.0%	15.9%
Others	7.6%	6.8%
Refusals	2.0%	3.0%
Median monthly personal income (HK\$)*	18,750	22,500
Median monthly household income (HK\$)	35,000	35,000
"...": Nil * Among those who were engaged in full-time or part-time employment. Note: Percentages may not add up to 100% due to rounding.		

Figure 23. Market value of stockholdings by trading channel (stock traders only) (2009 and 2011)

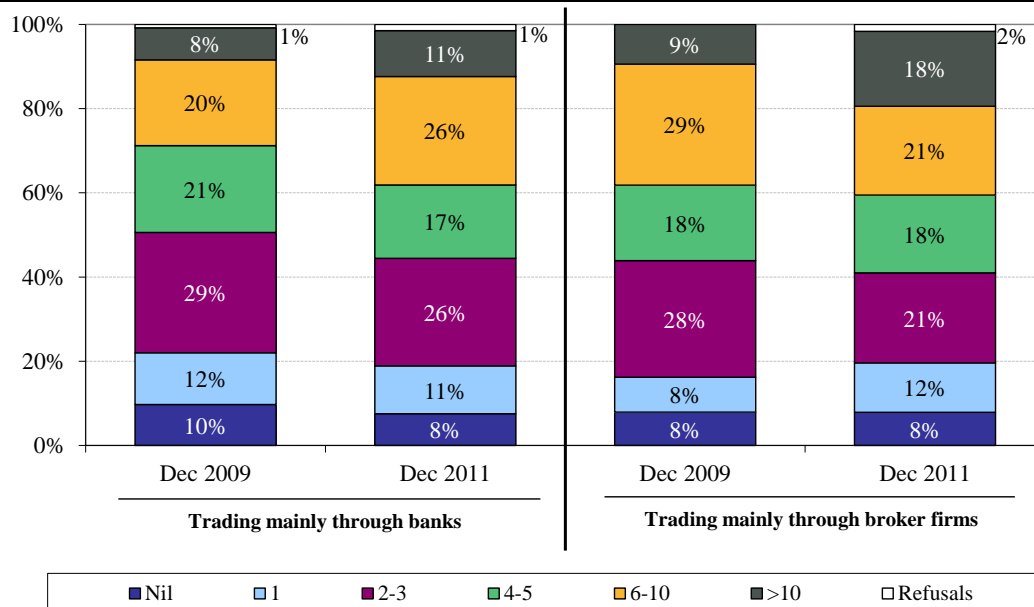


	Mainly through banks		Mainly through broker firms	
	2009	2011	2009	2011
Median* (HK\$)	115,000	150,000	130,000	150,000

* Excluding outliers.

Note: Percentages may not add up to 100% due to rounding.

Figure 24. Number of listed company shareholdings by trading channel (stock traders only) (2011)

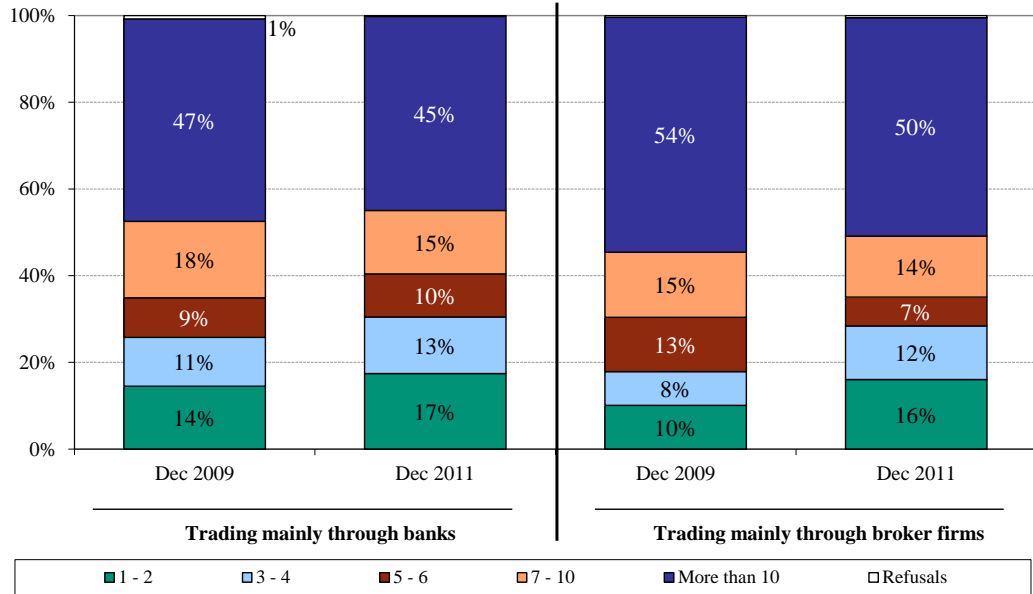


	Mainly through banks		Mainly through broker firms	
	2009	2011	2009	2011
Median*	3	4	4	5

* Excluding outliers.

Note: Percentages may not add up to 100% due to rounding.

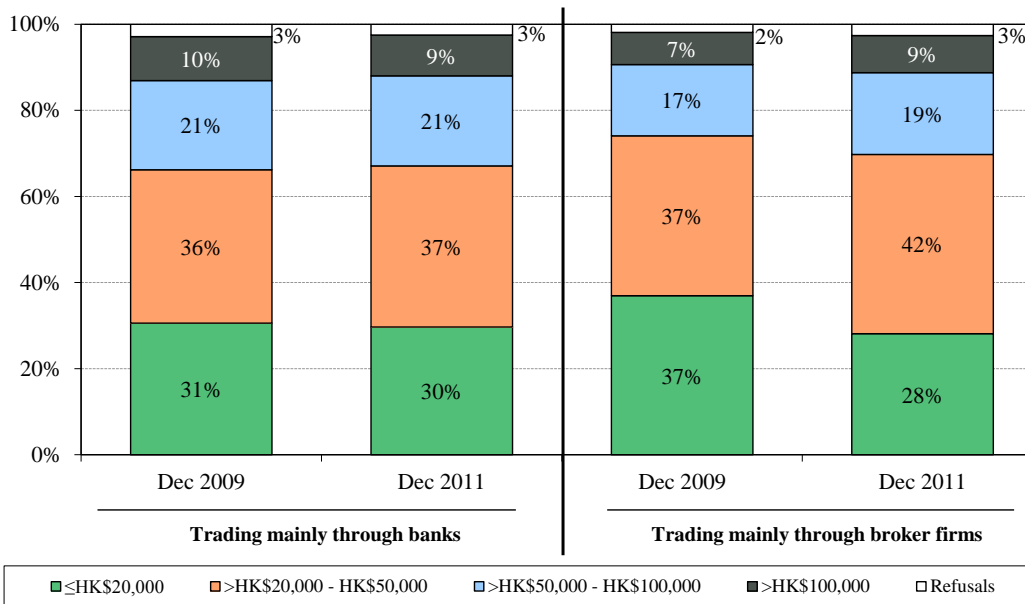
Figure 25. Number of stock transactions in the past 12 months by trading channel (stock traders only) (2009 and 2011)



	Mainly through banks		Mainly through broker firms	
	2009	2011	2009	2011
Median*	10	10	15	10

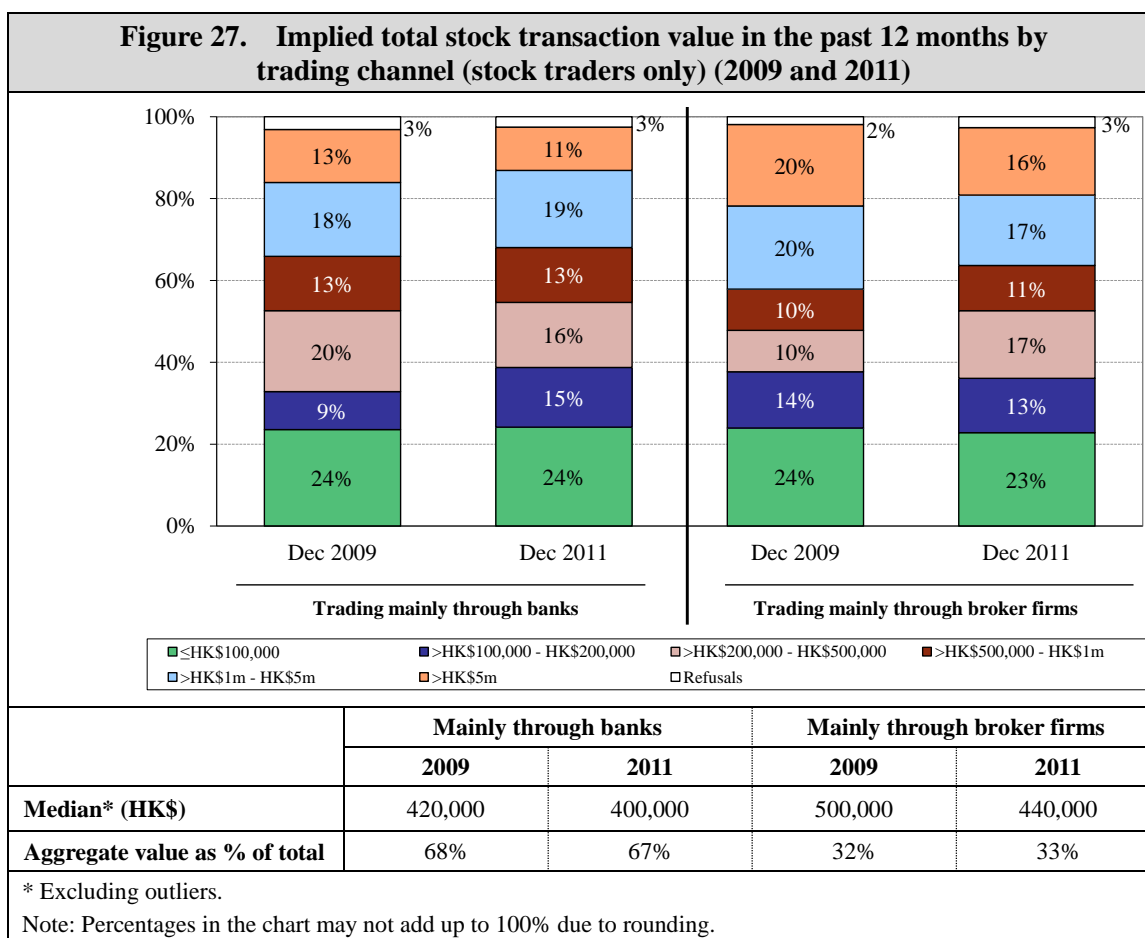
* Excluding outliers.
Note: Percentages may not add up to 100% due to rounding.

Figure 26. Average value per stock transaction in the past 12 months by trading channel (stock traders only) (2009 and 2011)



	Mainly through banks		Mainly through broker firms	
	2009	2011	2009	2011
Median* (HK\$)	40,000	40,000	30,000	40,000

* Excluding outliers.
Note: Percentages may not add up to 100% due to rounding.



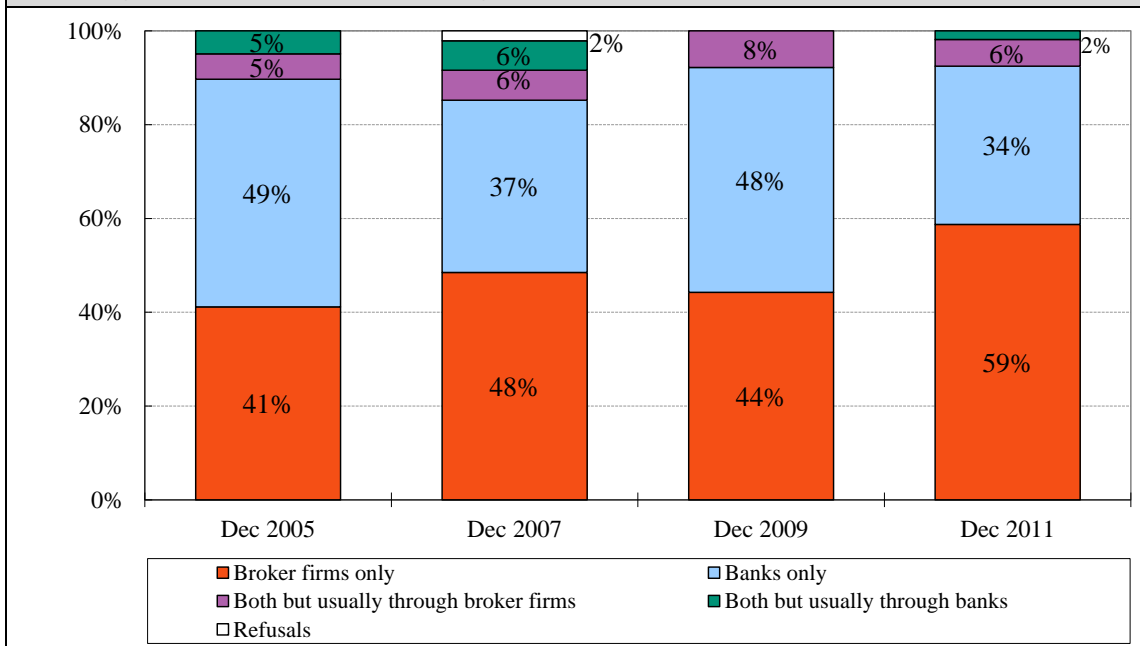
6.2 Derivatives trading channels¹⁸

- In 2011, the majority of derivatives investors (64%) used broker firms as the main derivatives trading channel (up from 52% in 2009). 59% of derivatives investors traded solely through broker firms (up from 44% in 2009) while 34% traded solely through banks in 2011 (down from 48% in 2009).
- Compared with those who traded mainly through banks, derivatives investors who traded mainly through broker firms tended to have a higher frequency of derivatives transactions in the 12-month period (a median of 24 transactions vs 3), a higher average contract volume per transaction (a median of 3 contracts vs 2; 13% had more than 10 transactions vs none for those trading mainly through banks) and a higher implied total contract volume per investor in the 12-month period (a median of 100 contracts vs 4).

Note: It should be noted that the findings on derivatives investors are subject to relatively large error due to the small size of the sample of derivatives investors in the survey. Due to the concern of reliability, certain analysis performed for stock investors by stock trading channel were not presented here for derivatives investors by derivatives trading channel. Caution is needed in interpreting the presented findings on derivatives investors.

¹⁸ Although banks do not directly offer derivatives trading service to retail investors, they may provide redirection service to their related broker firms (sister company in the same corporate group) on their websites or on inquiry. Investors who regard themselves trading derivatives through banks would include those using such service and those trading through broker firms with the same label as the related banks.

Figure 28. Derivatives trading channel of derivatives investors (2005 – 2011)

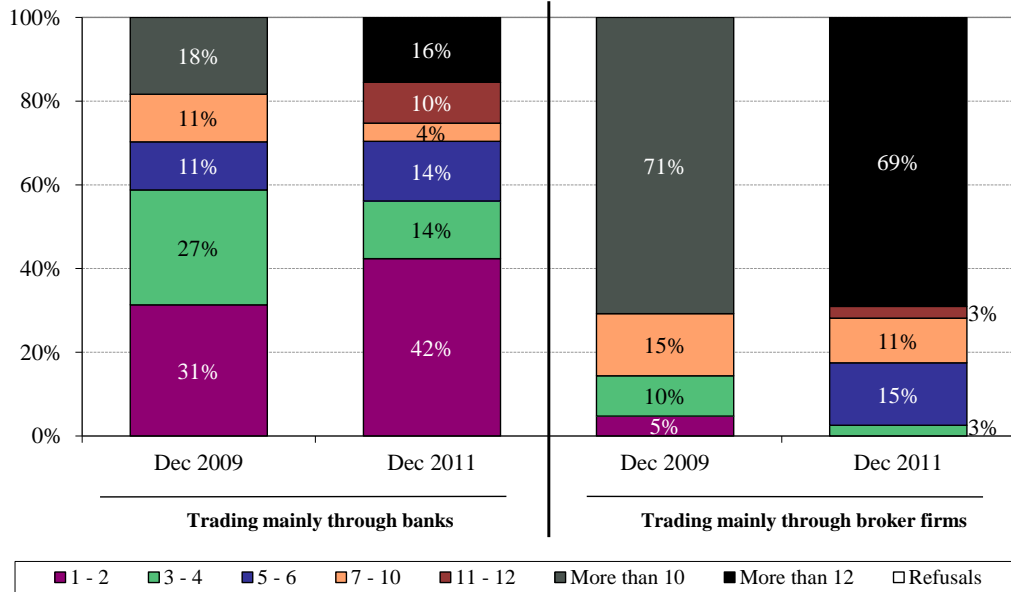


Derivatives trading channels	Dec 2005	Dec 2007	Dec 2009	Dec 2011
Mainly through banks	53.4%	43.0%	47.9%	35.6%
- Banks only	48.5%	36.7%	47.9%	33.7%
- Usually through banks	4.9%	6.3%	0.0%	1.8%
Mainly through broker firms	46.6%	54.9%	52.1%	64.4%
- Broker firms only	41.2%	48.5%	44.2%	58.7%
- Usually through broker firms	5.4%	6.4%	7.8%	5.7%
Refusals	0.0%	2.1%	0.0%	...

"...": Nil

Note: Percentages may not add up to sub-totals or 100% due to rounding.

Figure 29. Number of derivatives transactions in the past 12 months by trading channel (2009 and 2011)

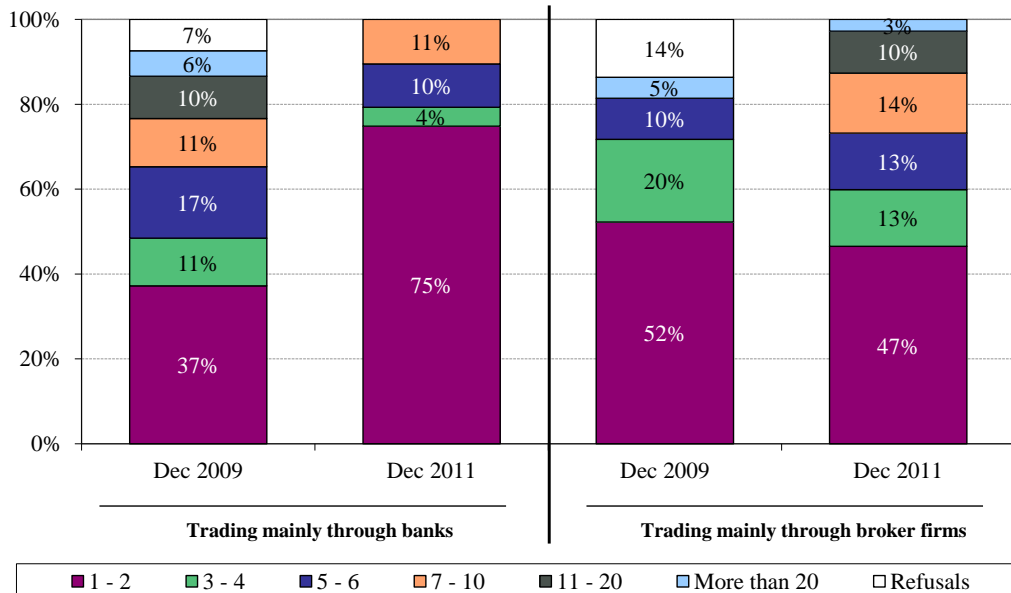


	Mainly through banks		Mainly through broker firms	
	2009	2011	2009	2011
Median*	4	3	24	24

* Excluding outliers.

Note: Percentages may not add up to 100% due to rounding.

Figure 30. Average contract volume per derivatives transaction in the past 12 months by trading channel (2009 and 2011)

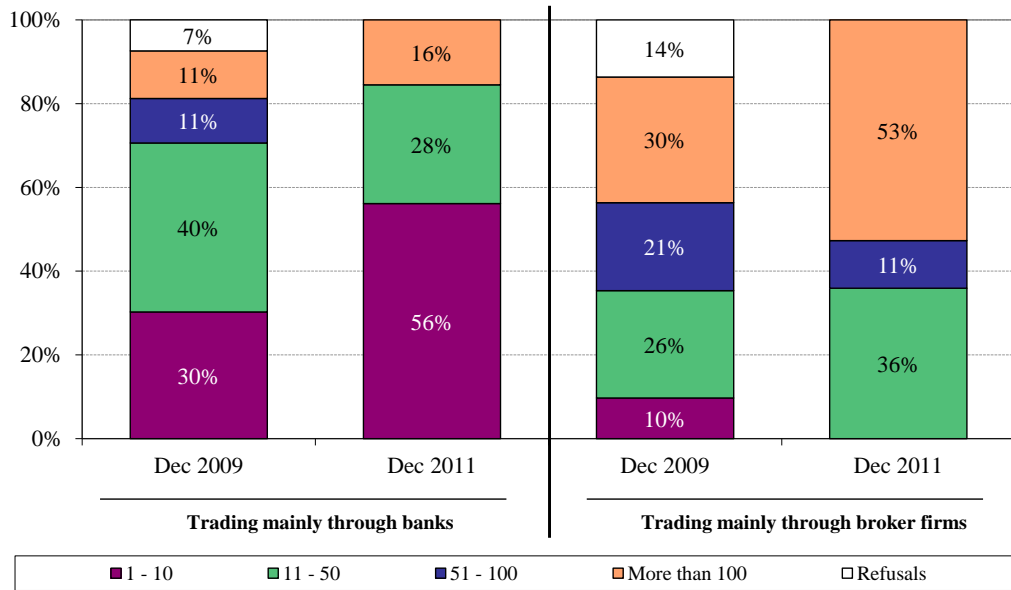


	Mainly through banks		Mainly through broker firms	
	2009	2011	2009	2011
Median*	3	2	2	3

* Excluding outliers.

Note: Percentage may not add up to 100% due to rounding.

Figure 31. Implied total contract volume of derivatives investors in the past 12 months by trading channel (2009 and 2011)



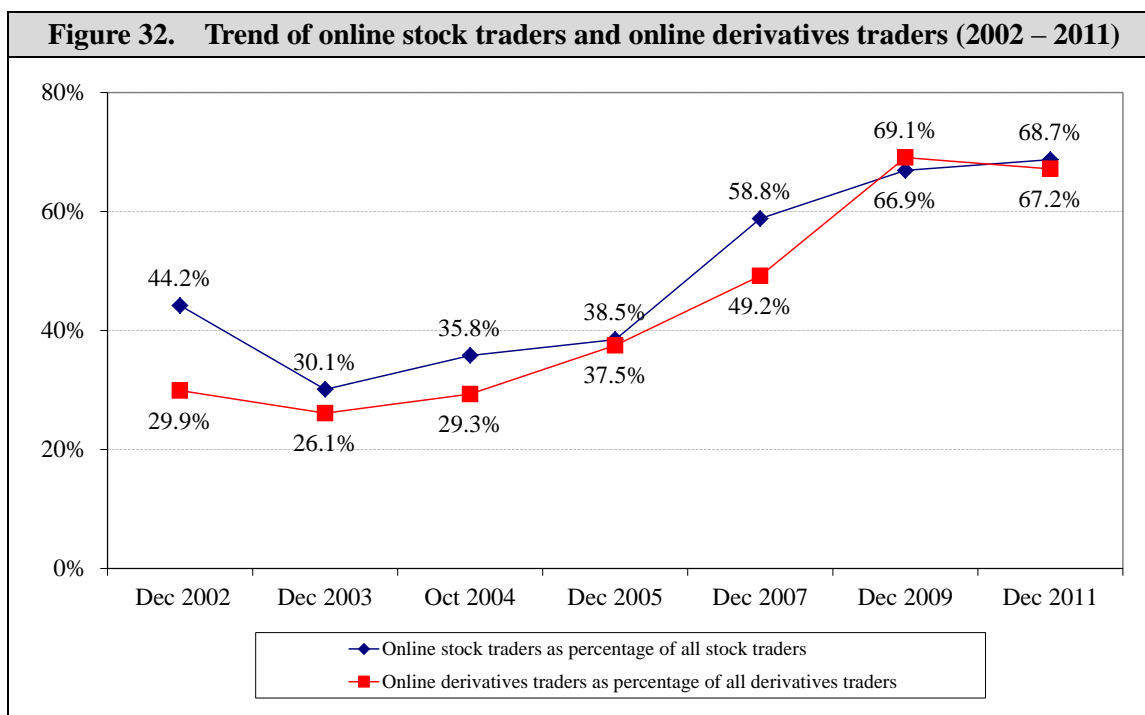
	Mainly through banks		Mainly through broker firms	
	2009	2011	2009	2011
Median*	20	4	60	100
Aggregate volume as % of total*	***	***	***	***

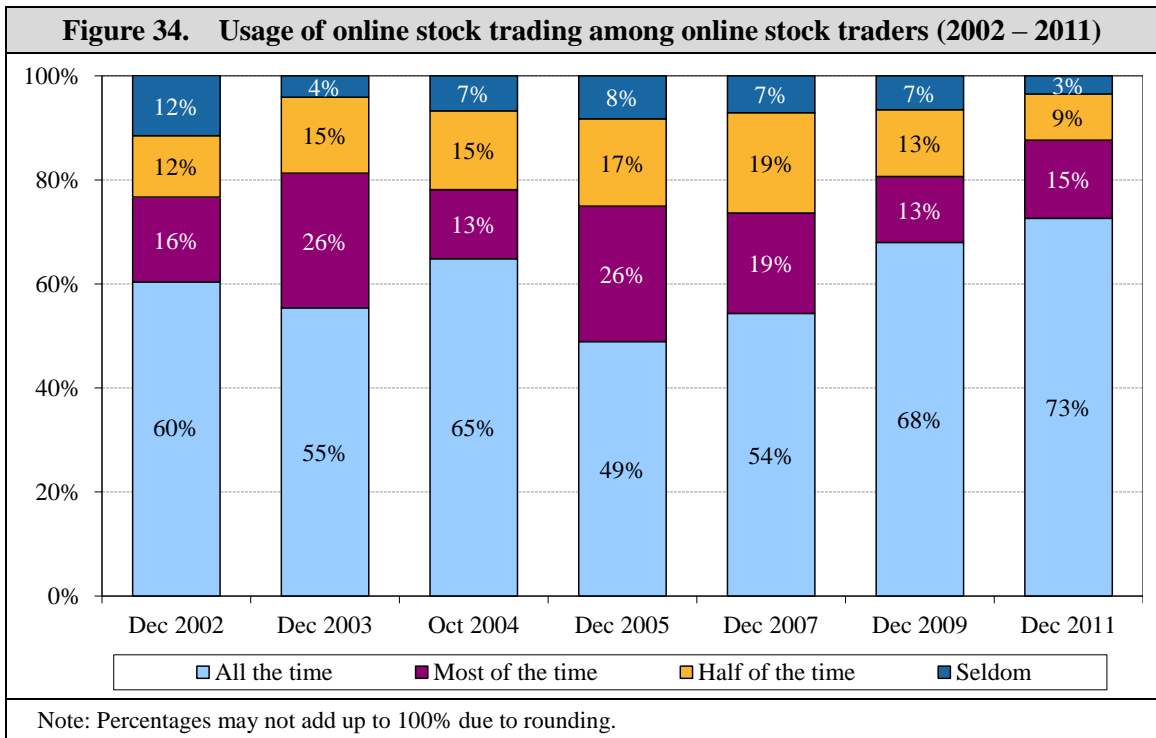
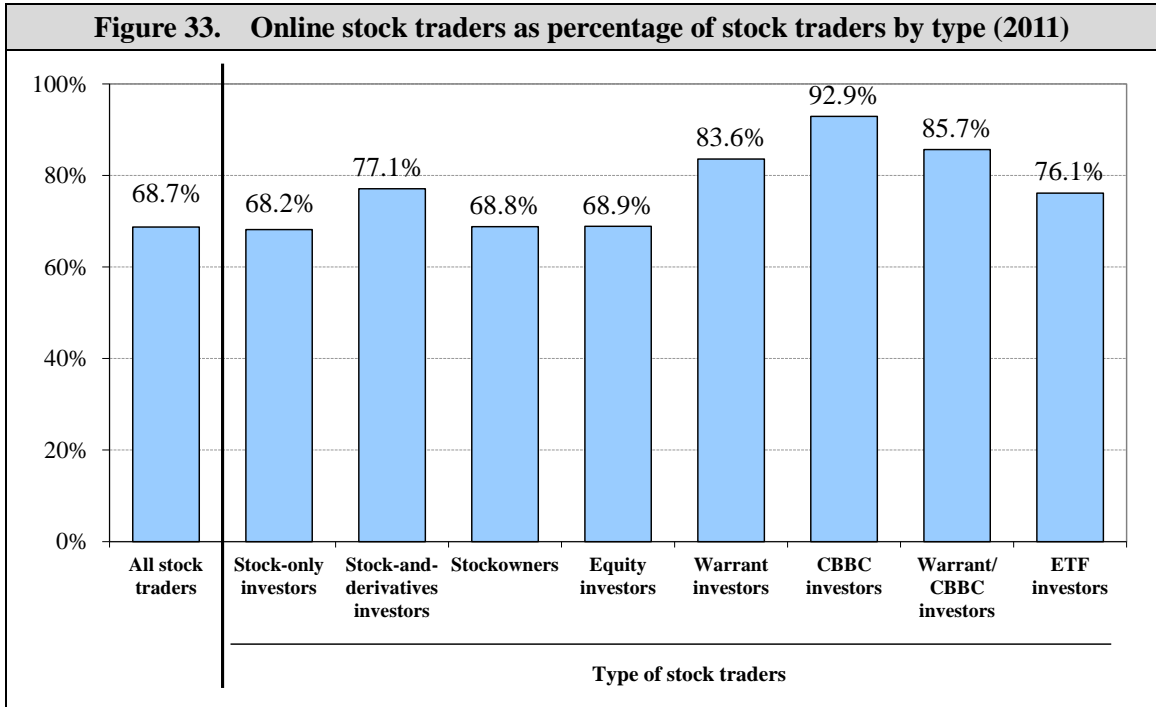
* Excluding outliers.
 *** Due to the significant proportion of refusals in 2009 and the small sample size in both years, the statistics are not reliable and are therefore not presented.
 Note: Percentages may not add up to 100% due to rounding.

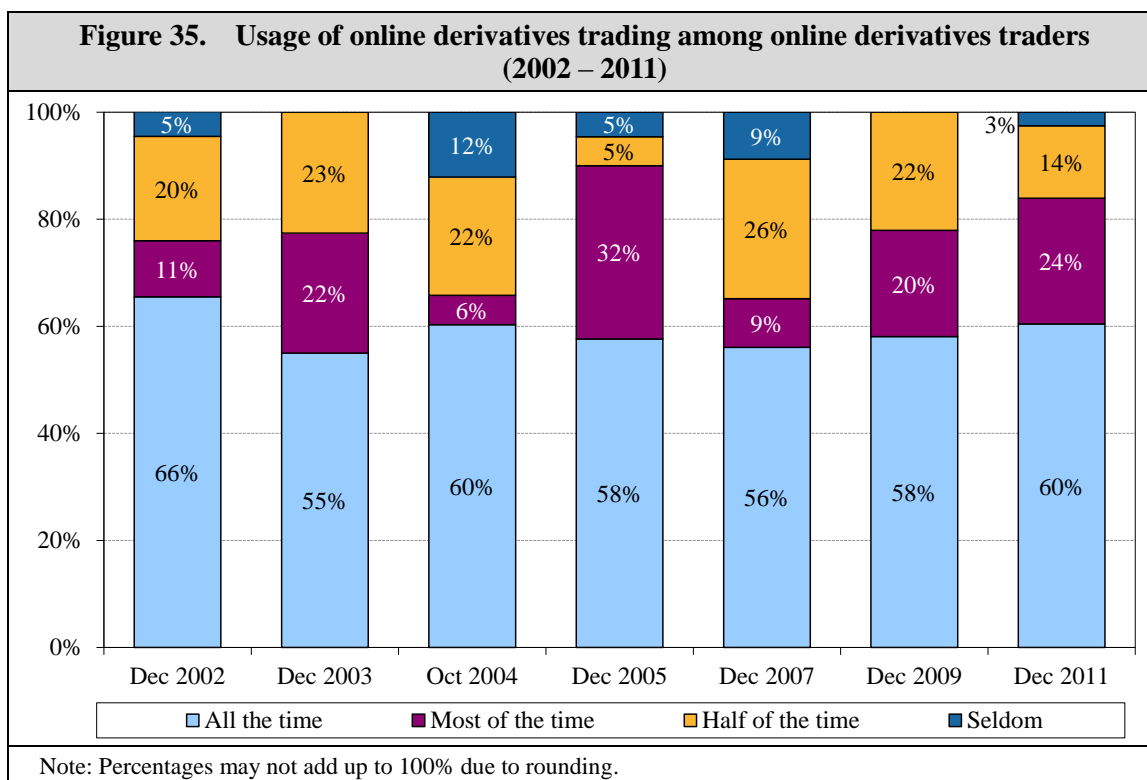
7. ONLINE TRADERS

7.1 Incidence and proportion of online stock traders and online derivatives traders

- The uptrend for online stock traders continued in 2011. Online stock traders accounted for 69% of all stock traders in 2011, the highest in record. Online derivatives traders accounted for 67% of all derivatives traders in 2011, compared to 69% in 2009.
- A larger proportion of CBBC investors (93%) and warrant investors (84%) were online stock traders (in aggregate 86% for warrant/CBBC investors) as compared to equity investors (69%) and ETF investors (76%). Stock-and-derivatives investors had a higher proportion (77%) being online stock traders than stock-only investors (68%).
- Among online stock traders, the proportion who traded online all the time continued to increase — 73% in 2011, up from 68% in 2009. The proportion who traded online all the time or most of the time increased from 81% in 2009 to 88% in 2011.
- Among online derivatives traders, 60% traded online all the time, compared to 58% in 2009. The proportion who traded online all the time or most of the time increased from 78% in 2009 to 84% in 2011.







7.2 Profile, trading channels and trading pattern of online stock traders and online derivatives traders

- A *typical online stock trader* was 42 years old, with tertiary or above education, a monthly personal income of about HK\$22,500 and a monthly household income of HK\$45,000.
- Compared with non-online stock traders, *online stock traders* tended to have:
 - More younger individuals and individuals of higher education level and higher work status;
 - A similar market value of stockholdings (a median of HK\$150,000) and a similar number of listed company shareholdings (a median of 4);
 - A larger proportion who traded mainly through banks (see Section 6.1 and Figure 22);
 - Traded more frequently in the 12-month period (a median of 10 transactions vs 6; 51% vs 36% had more than 10 transactions);
 - A similar average value per stock transaction (a median of HK\$40,000);
 - A higher implied total stock transaction value in the 12-month period (a median of HK\$480,000 vs HK\$280,000); and
 - As a whole, online stock traders contributed the majority of total stock trading value (83%).
- Compared with non-online derivatives traders, *online derivatives traders* tended to have:
 - Traded more frequently in the 12-month period (a median of 20 transactions vs 10; 58% vs 49% had more than 10 transactions);
 - A smaller average contract volume per derivatives transaction (a median of 2 contracts vs 3; 60% vs 49% had an average of 1-2 contracts per transaction) and a smaller implied total contract volume in the 12-month period (a median of 40 contracts vs 48).

Note: Caution is needed in interpreting the findings on derivatives investors due to the small sample size of the group and for the same reason inferred statistics on the profile and trading channel of online derivatives investors could not be produced.

Table 11. Profile of online and non-online stock traders (2011)

	Stock investors	Stock traders	Non-online stock traders	Online stock traders		
				Dec 07	Dec 09	Dec 11
Sex						
Male	51.1%	52.2%	44.1%	55.4%	52.8%	56.0%
Female	48.9%	47.8%	55.9%	44.7%	47.2%	44.0%
Age						
18 – 19	0.9%	0.9%	1.3%	1.2%	0.6%	0.8%
20 – 29	13.1%	12.4%	5.2%	20.2%	15.6%	15.6%
30 – 39	20.3%	21.1%	11.1%	27.9%	27.9%	25.7%
40 – 49	23.2%	22.2%	19.2%	31.5%	30.1%	23.6%
50 – 59	26.3%	27.6%	33.3%	13.9%	19.1%	25.1%
60 or over	16.3%	15.7%	29.9%	5.3%	6.7%	9.3%
Median	47	47	52	42	40	42
Education level						
No schooling / kindergarten	0.5%	0.3%	0.9%	0.2%	0.7%	...
Primary	5.6%	4.8%	12.0%	2.0%	3.9%	1.5%
Lower secondary	12.0%	12.5%	19.2%	9.2%	8.0%	9.5%
Upper secondary	25.4%	24.8%	27.7%	28.1%	26.8%	23.5%
Matriculation	9.7%	10.2%	9.7%	8.1%	8.5%	10.4%
Tertiary or above	46.4%	46.9%	29.6%	52.3%	51.5%	54.7%
Refusals	0.4%	0.5%	0.8%	0.2%	0.7%	0.4%
Occupation						
Managers / administrators / professionals	23.1%	23.8%	14.6%	28.8%	29.3%	27.9%
White collar	25.6%	25.3%	17.6%	30.8%	26.5%	28.8%
Blue collar	15.1%	14.8%	17.1%	13.2%	16.0%	13.8%
Homemakers	15.6%	16.2%	22.8%	10.6%	10.0%	13.2%
Retirees	14.4%	14.1%	21.5%	8.4%	10.0%	10.7%
Students	1.7%	1.3%	1.3%	2.3%	2.2%	1.4%
Unemployed persons	2.6%	2.6%	2.8%	1.7%	3.9%	2.5%
Refusals	1.9%	1.8%	2.3%	4.3%	2.2%	1.6%
Industry of employed persons*						
Manufacturing	7.6%	7.5%	9.6%	—	11.0%	6.8%
Construction	6.6%	6.3%	3.0%	—	8.0%	7.3%
Wholesale, retail, import/export trades, restaurants and hotels	21.0%	20.6%	25.6%	—	22.7%	19.0%
Transport, storage, courier and communication	12.6%	11.7%	8.3%	—	9.8%	12.8%
Financing and insurance	14.9%	14.9%	11.2%	—	14.5%	16.1%
Professional and business services	8.6%	7.9%	8.0%	—	9.8%	7.9%
Social and personal services	20.1%	21.5%	20.9%	—	16.5%	21.7%
Others	6.5%	7.4%	9.2%	—	6.1%	6.7%
Refusals	2.0%	2.2%	4.1%	—	1.6%	1.6%
Median monthly personal income (HK\$)*	16,250	18,750	13,750	22,500	16,250	22,500
Median monthly household income (HK\$)	35,000	35,000	35,000	35,000	35,000	45,000
* Among those who were engaged in full-time or part-time employment. “...”: Nil “—”: Not available Note: Percentages may not add up to 100% due to rounding.						

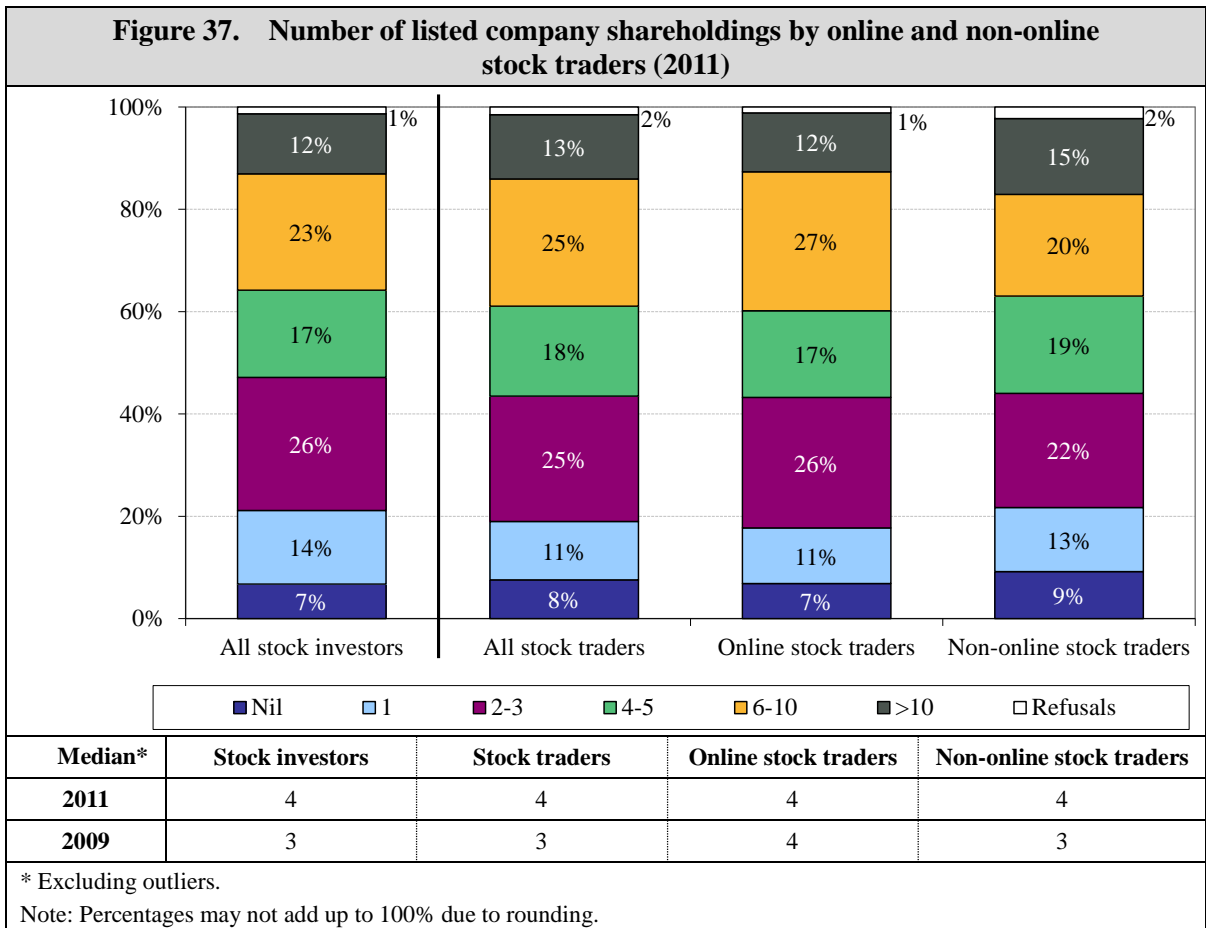
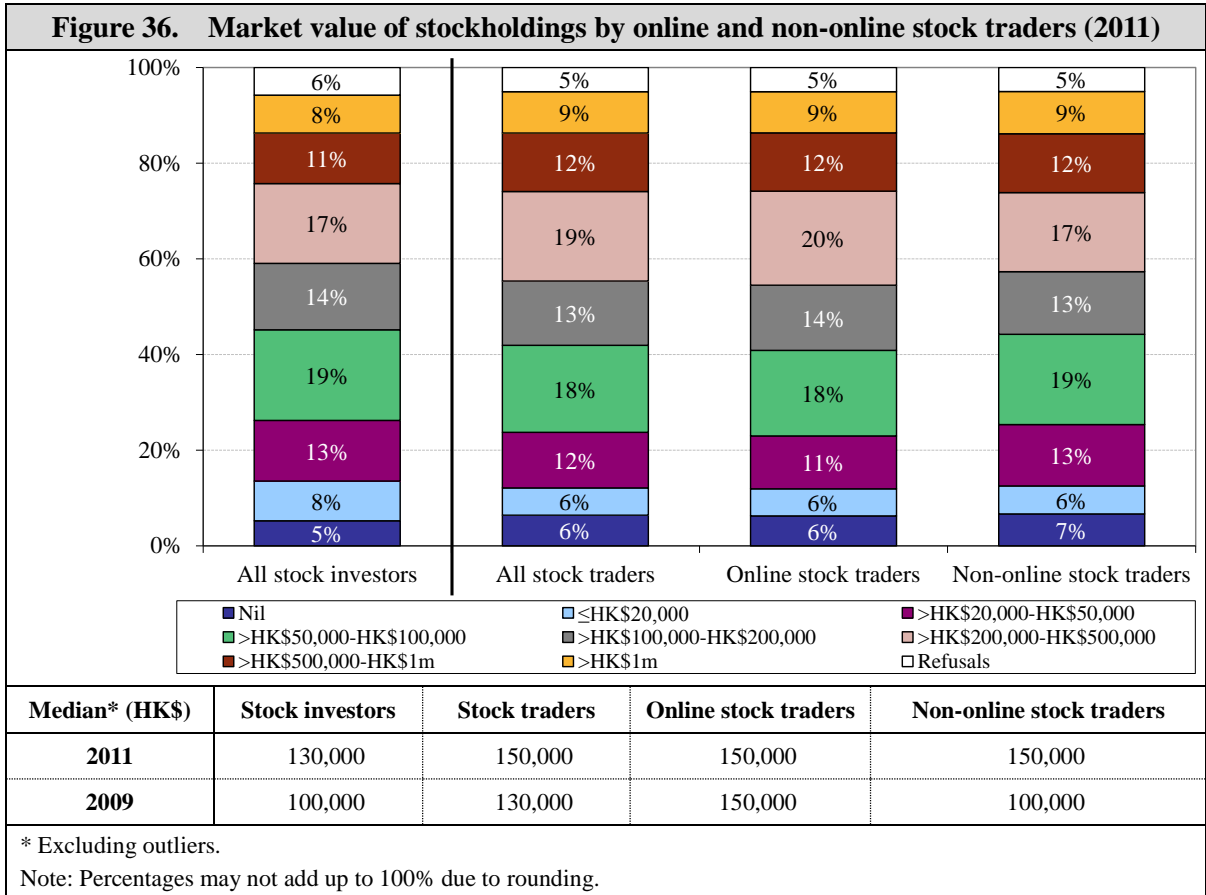


Figure 38. Number of stock transactions in the past 12 months by online stock traders (2002 – 2011)

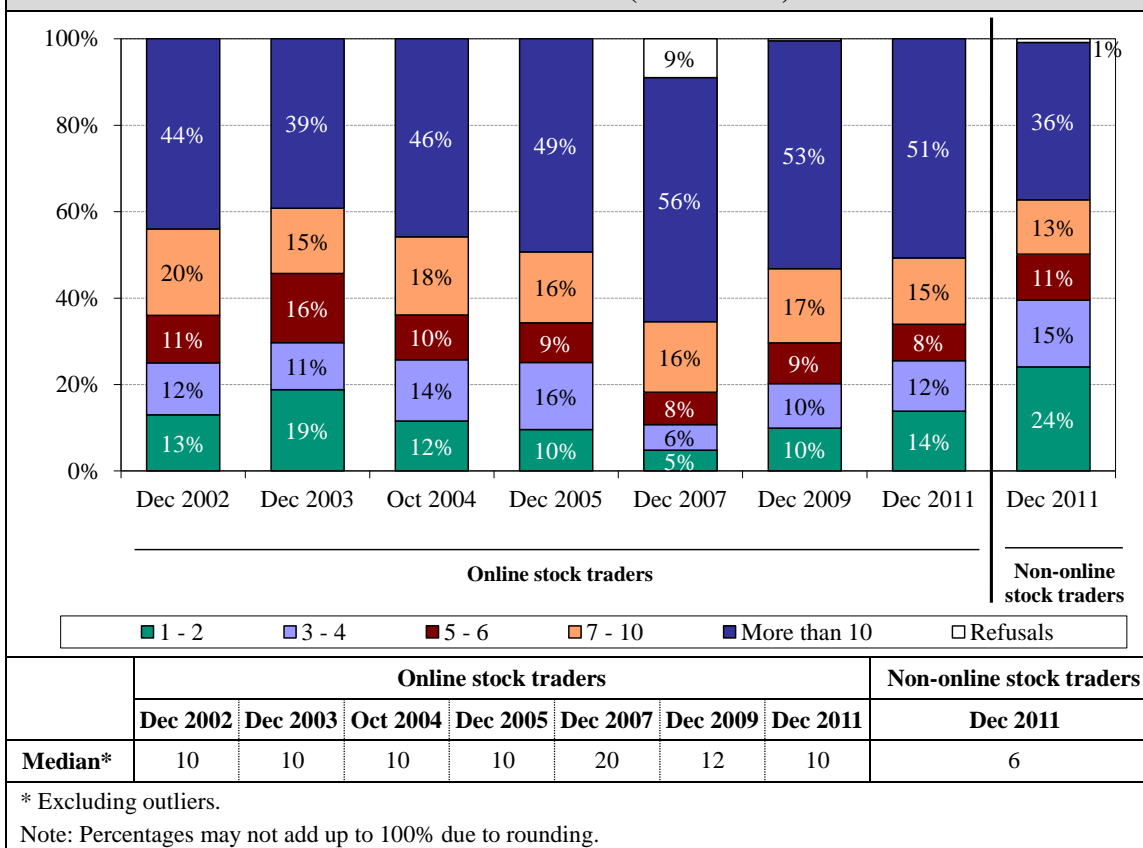


Figure 39. Average value per stock transaction in the past 12 months by online and non-online stock traders (2011)

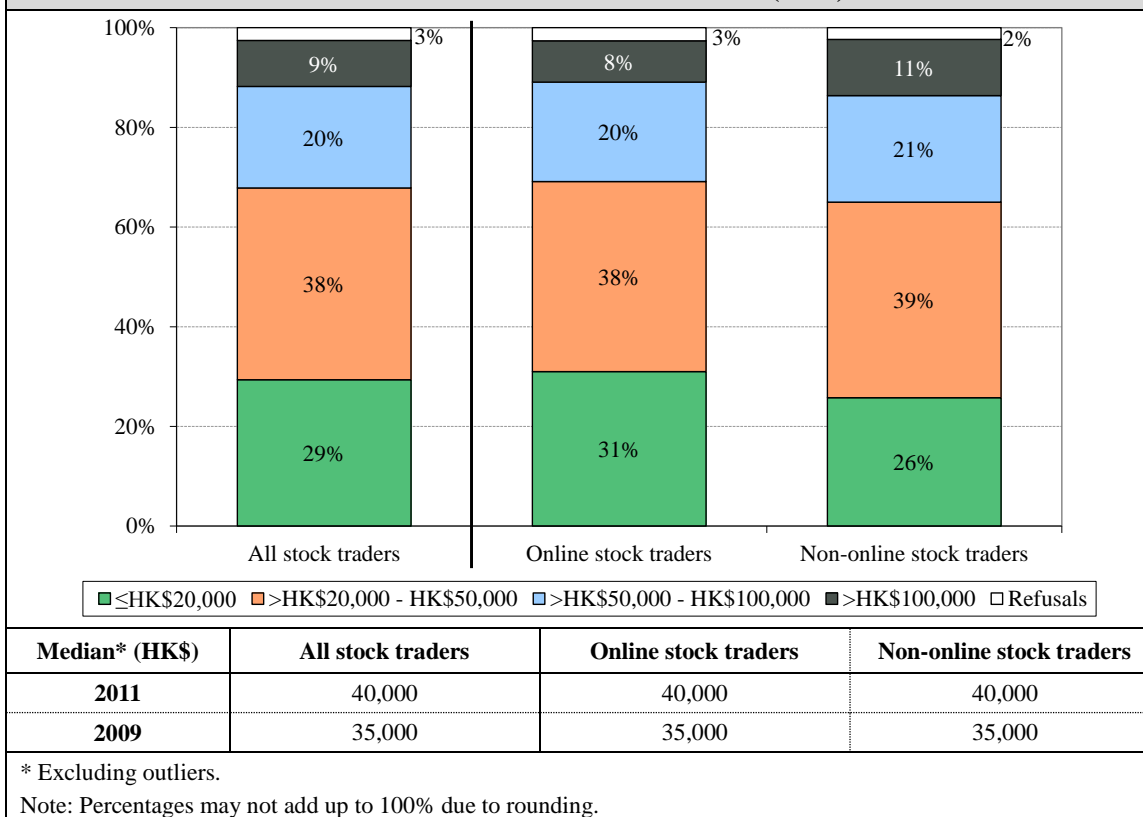
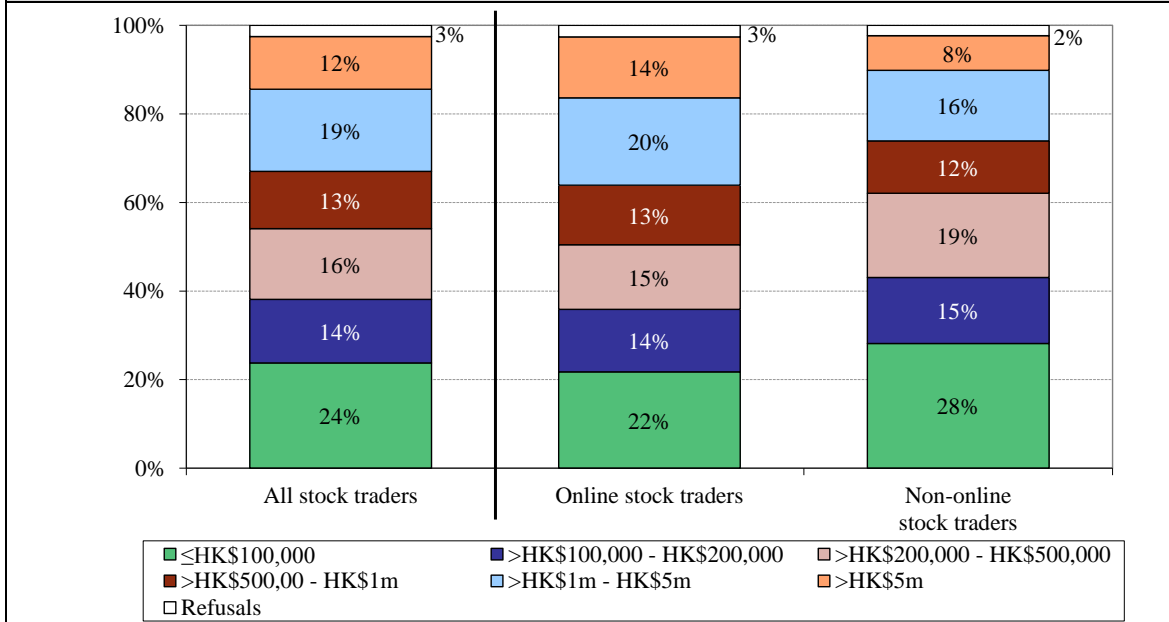


Figure 40. Implied total stock transaction value in the past 12 months by online and non-online stock traders (2011)

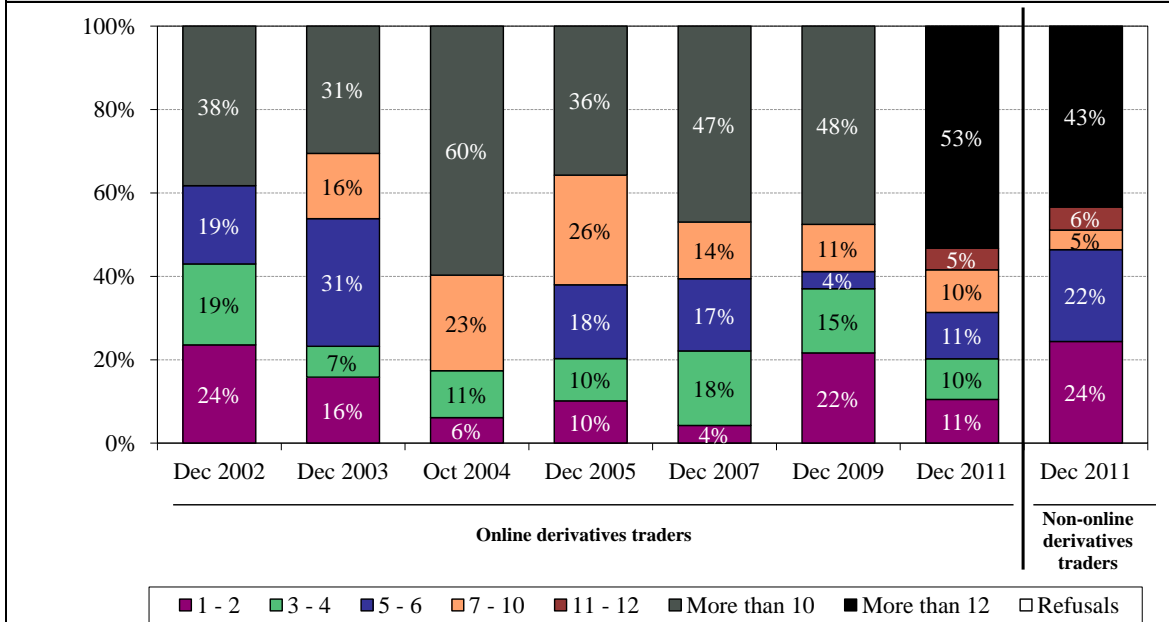


	All stock traders	Online stock traders	Non-online stock traders
Median* (HK\$)	400,000	480,000	280,000
Aggregate value as % of total*	100%	83%	17%

* Excluding outliers.

Note: Percentages may not add up to 100% due to rounding.

Figure 41. Number of derivatives transactions in the past 12 months by online (2002 – 2011) and non-line (2011) derivatives traders

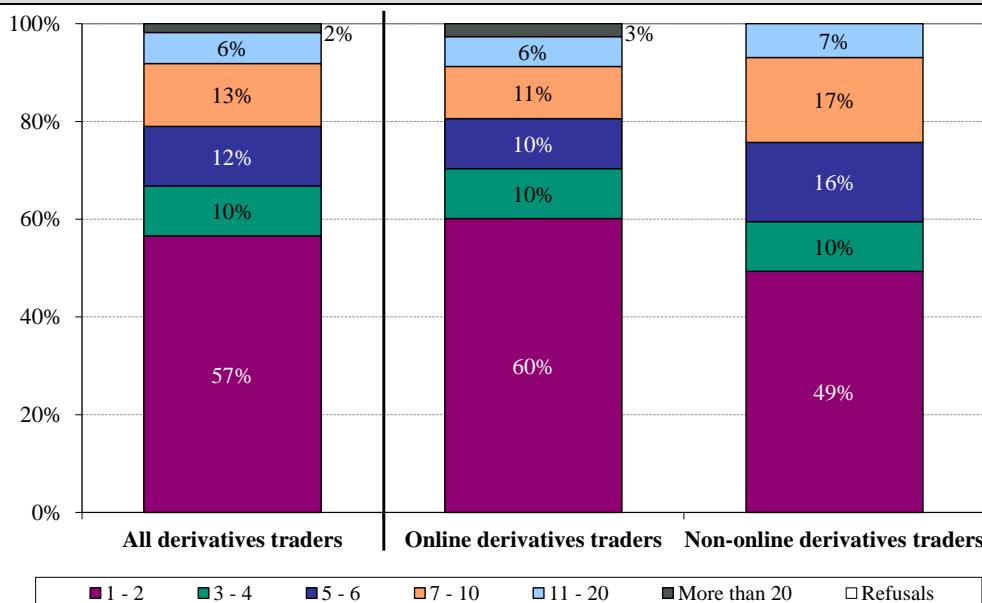


	Online derivatives traders							Non-online derivatives traders
	Dec 2002	Dec 2003	Oct 2004	Dec 2005	Dec 2007	Dec 2009	Dec 2011	Dec 2011
Median*	6	6	12	10	8	8	20	10

* Excluding outliers.

Note: Percentages may not add up to 100% due to rounding.

Figure 42. Average contract volume per derivatives transaction in the past 12 months by online and non-online derivatives traders (2011)

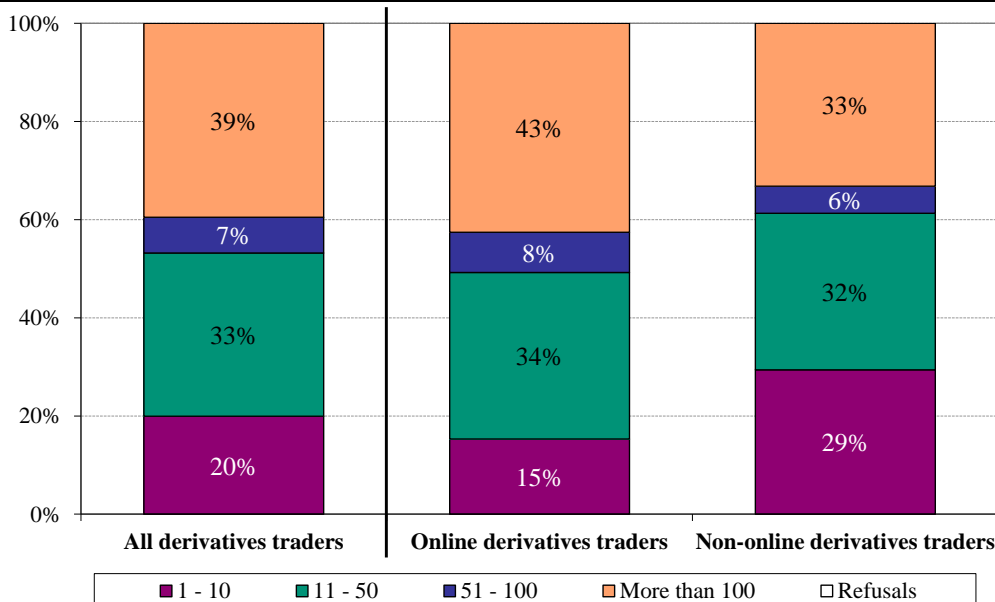


Median*	All derivatives traders	Online derivatives traders	Non-online derivatives traders
2011	2	2	3
2009	2	2	3

* Excluding outliers.

Note: Percentages may not add up to 100% due to rounding.

Figure 43. Implied total transaction value in the past 12 months by online and non-online derivatives traders (2011)



	All derivatives traders	Online derivatives traders	Non-online derivatives traders
Median*	40	40	48
Aggregate volume as % of total*	100%	***	***

* Excluding outliers.

*** Due to the small sample size, the statistics are not reliable and are therefore not presented.

Note: Percentages may not add up to 100% due to rounding.

8. PERCEPTIONS OF THE HKEx MARKETS

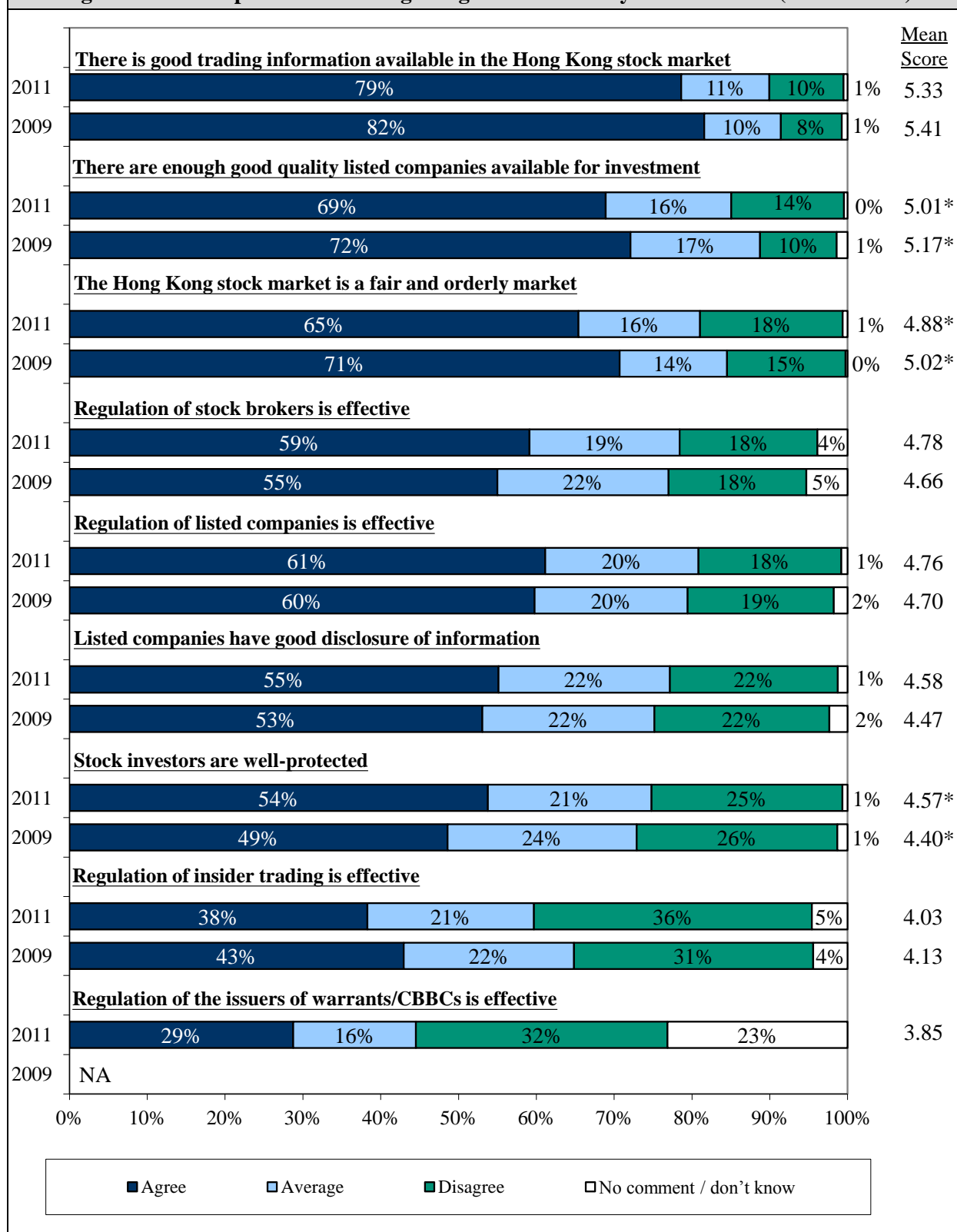
In the survey, respondents were asked to give their degree of agreements to statements about the HKEx markets on a 7-point scale (7 being strongly agree and 1 being strongly disagree). The mean score for each market aspect was then calculated to compare their relative ratings. For easy understanding from graphical presentation, the answers were grouped into agree (score 5 – 7), neutral (score 4) and disagree (1 – 3).

- **Stock investors' perceptions** of most aspects of the Hong Kong stock market assessed in the survey were generally positive (with a mean score above 4). Stock investors were most positive about “trading information available in the Hong Kong stock market” (mean score of 5.33). About the “effective regulation of warrant/CBBC issuers”, which was assessed in the survey for the first time, relatively more stock investors were negative than positive (mean score of 3.85, 23% of the respondents did not know or had no comment). Apart from this aspect, stock investors were the least positive about “effective regulation of insider trading” (mean score of 4.03).
- **Stock investors' perception in comparison with results in 2009** were:
 - Slightly more positive about “stock investors are well-protected” (a mean score of 4.57 in 2011 vs 4.40 in 2009; 54% agreed in 2011 vs 49% in 2009);
 - Slightly less positive about “good quality listed companies available for investment” (a mean score of 5.01 in 2011 vs 5.17 in 2009; 69% agreed in 2011 vs 72% in 2009) and “fair and orderly stock market” (a mean score of 4.88 in 2011 vs 5.02 in 2009; 65% agreed in 2011 vs 71% in 2009); and
 - Similar ratings for the other aspects (no statistically significant difference in mean scores).
- **Stock traders and non-trading stock investors** had similar views on the Hong Kong stock market. So were **frequent stock traders and non-frequent stock traders** on most of the attributes, except that frequent stock traders were more positive (with statistical significance) about “effective regulation of stock brokers” than non-frequent stock traders (a mean score of 4.92 vs 4.66).
- Compared with equity-only stock investors, **warrant/CBBC investors** were less positive (with statistical significance) about “the Hong Kong stock market is a fair and orderly market” (a mean score of 4.62 vs 4.95); and were more negative about “effective regulation of warrant/CBBC issuers” (a mean score of 3.63 vs 3.94, but without statistical significance).
- Compared with non-online stock traders, **online stock traders** were less positive (with statistical significance) about “the Hong Kong stock market is a fair and orderly market”, “effective regulation of stock brokers”, “effective regulation of listed companies”, “stock investors are well-protected” and “effective regulation of warrant/CBBC issuers”.
- **Stock investors who traded mainly through broker firms** held more positive views (with statistical significance) on “effective regulation of stock brokers” than those who traded mainly through banks (a mean score of 5.01 vs 4.71).

-
- **Derivatives investors** were generally positive about the various aspects of the HKEx derivatives market (mean scores above 4.6).
 - They were most positive about “effective regulation of derivatives brokers” (mean score of 4.89) and least positive about “derivatives investors are well-protected” (mean score of 4.61);
 - Those *who traded mainly through broker firms* held more positive views on “effective regulation of derivatives brokers” than those who traded mainly through banks (a mean score of 5.05 vs 4.60, but without statistical significance).
 - **Derivatives investors’ perception in comparison with results in 2009** were:
 - Slightly less positive about “good trading information available in the Hong Kong derivatives market” (a mean score of 4.67 in 2011 vs 5.33 in 2009; 67% agreed in 2011 vs 75% in 2009); and
 - Similar ratings for the other aspects (no statistically significant difference was found in mean scores).
 - **Retail investors’** perception of “HKEx gives priority to the public interest” was generally positive (mean score of 4.47) in 2011. No statistically significant difference was found from the 2009 results.

- Notes: (1) It should be noted that the findings on derivatives investors are subject to relatively large error due to the small size of the sample of derivatives investors in the survey. Therefore, caution is needed in interpreting the findings on derivatives investors.
- (2) The survey assesses retail investors’ perceptions of certain aspects of the securities and derivatives markets operated by HKEx. Areas of assessment include those which would largely be outside the responsibilities of HKEx, such as the regulation of brokers and the regulation of insider trading.

Figure 44. Perceptions of the Hong Kong stock market by *stock investors* (2009 & 2011)



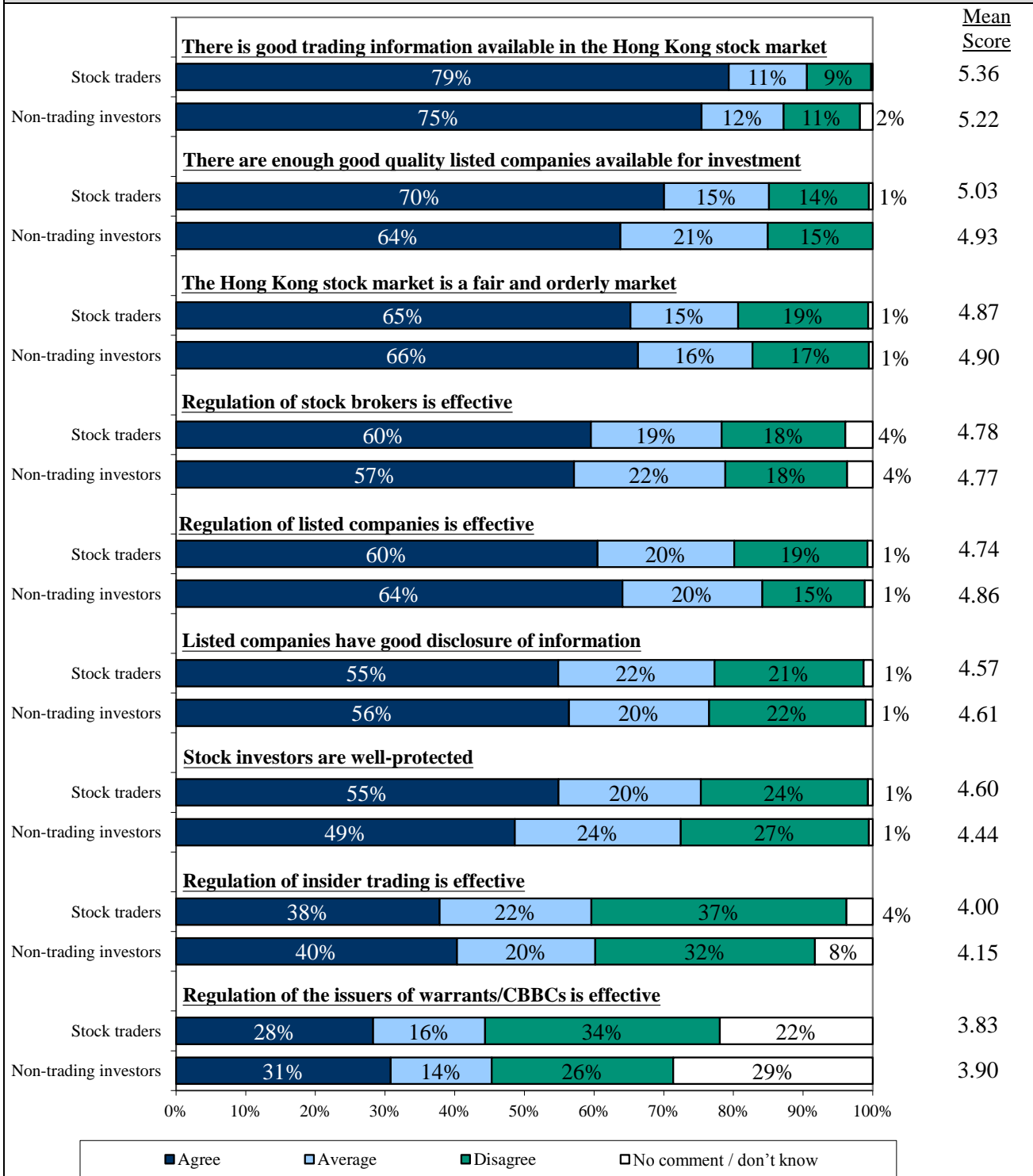
* There is statistically significant difference between the pair of mean scores on a particular issue for the two years' results at 5% level.

“NA”: Not assessed

Notes: (1) A 7-point rating scale ranging from “Strongly Disagree” (score 1) to “Strongly Agree” (score 7) was used in the survey questionnaire. The classification into Agree (score 5-7) – Average (score 4) – Disagree (score 1-3) was used for presentation for the purpose of easy understanding.

(2) Percentages may not add up to 100% due to rounding.

Figure 45. Comparison of perceptions of the Hong Kong stock market by stock traders and non-trading stock investors[#] (2011)



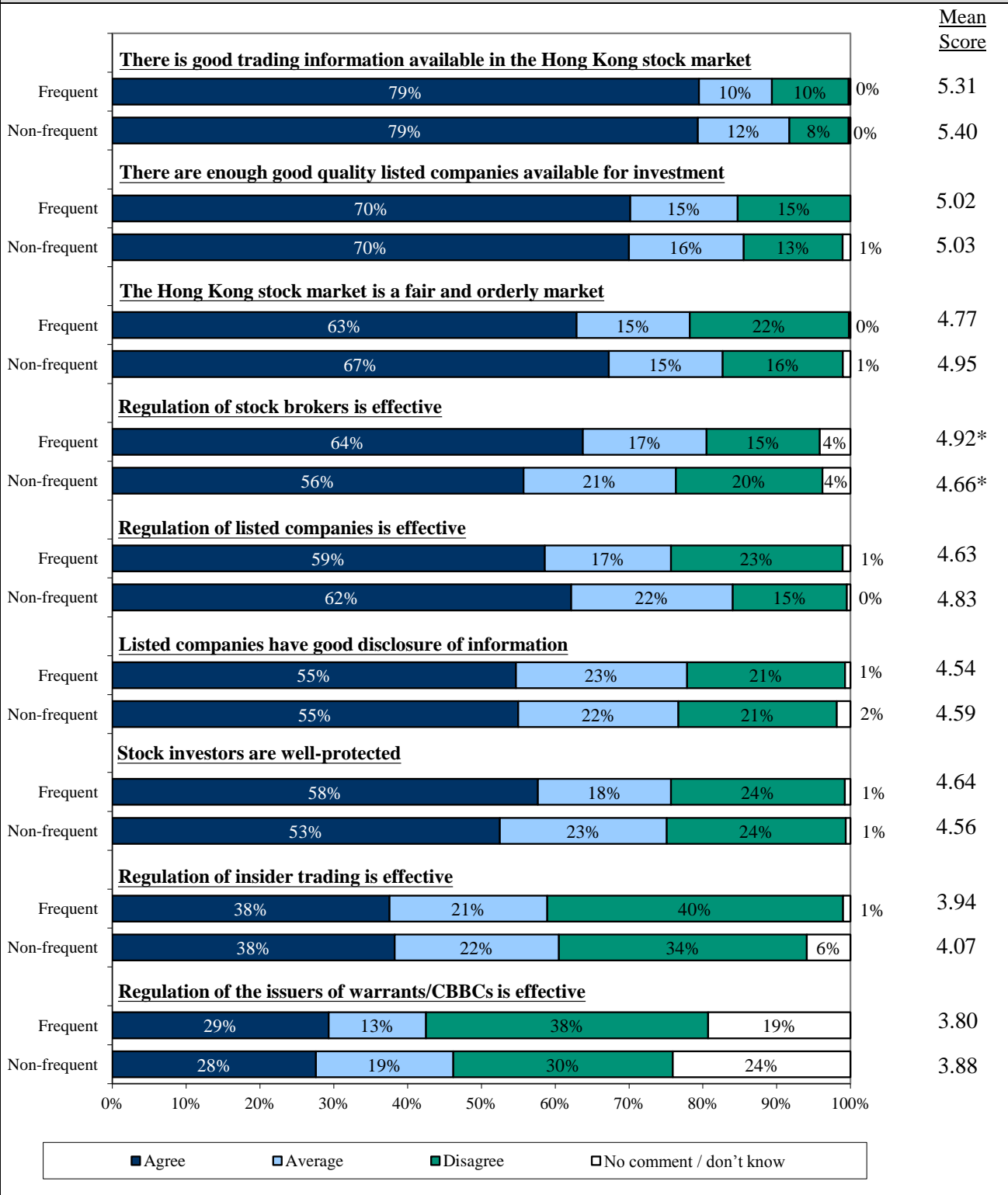
[#] Non-trading stock investors are stockowners who did not trade stocks in the 12-month period.

Notes: (1) A 7-point rating scale ranging from “Strongly Disagree” (score 1) to “Strongly Agree” (score 7) was used in the survey questionnaire. The classification into Agree (score 5-7) – Average (score 4) – Disagree (score 1-3) was used for presentation for the purpose of easy understanding.

(2) No statistically significantly difference was found between ratings of stock traders and non-trading stock investors on each of the issues.

(3) Percentages may not add up to 100% due to rounding.

Figure 46. Comparison of perceptions of the Hong Kong stock market by frequent stock traders and non-frequent stock traders[#] (2011)



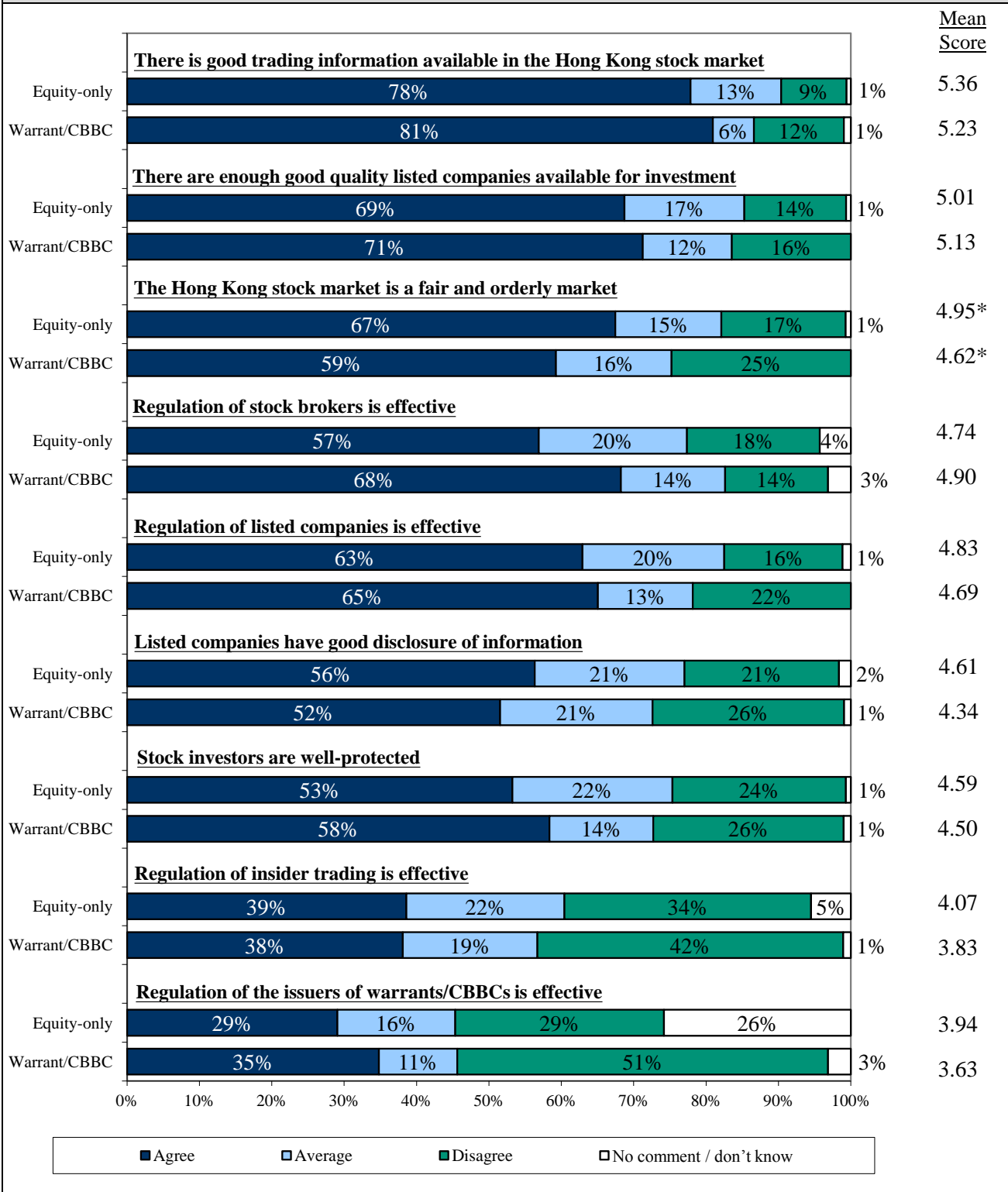
[#] Frequent stock traders are stock traders who traded more than 10 times in the 12-month period; non-frequent stock traders are stock traders who traded 1 to 10 times in the 12-month period.

* There is statistically significant difference between the pair of mean scores on a particular issue for frequent stock traders and non-frequent stock traders at 5% level.

Notes: (1) A 7-point rating scale ranging from “Strongly Disagree” (score 1) to “Strongly Agree” (score 7) was used in the survey questionnaire. The classification into Agree (score 5-7) – Average (score 4) – Disagree (score 1-3) was used for presentation for the purpose of easy understanding.

(2) Percentages may not add up to 100% due to rounding.

Figure 47. Comparison of perceptions of the Hong Kong stock market by equity-only stock investors and warrant/CBBC investors (2011)

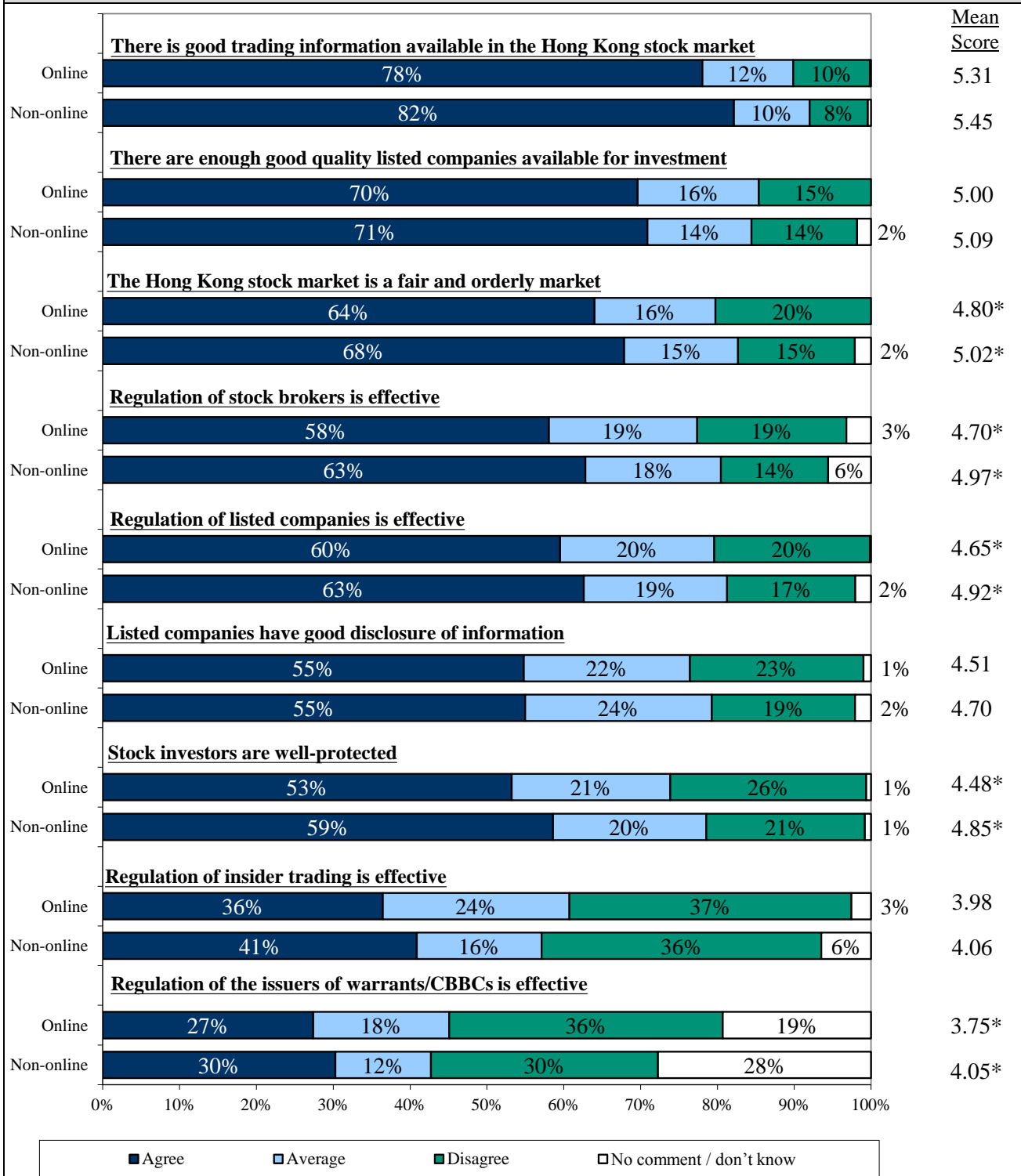


* There is statistically significant difference between the pair of mean scores on a particular issue for equity-only stock investors and warrant/CBBC investors at 5% level.

Notes: (1) A 7-point rating scale ranging from “Strongly Disagree” (score 1) to “Strongly Agree” (score 7) was used in the survey questionnaire. The classification into Agree (score 5-7) – Average (score 4) – Disagree (score 1-3) was used for presentation for the purpose of easy understanding.

(2) Percentages may not add up to 100% due to rounding.

Figure 48. Comparison of perceptions of the Hong Kong stock market by online stock traders and non-online stock traders (2011)



* There is statistically significant difference between the pair of mean scores on a particular issue for online stock traders and non-online stock traders at 5% level.

Notes: (1) A 7-point rating scale ranging from “Strongly Disagree” (score 1) to “Strongly Agree” (score 7) was used in the survey questionnaire. The classification into Agree (score 5-7) – Average (score 4) – Disagree (score 1-3) was used for presentation for the purpose of easy understanding.

(2) Percentages may not add up to 100% due to rounding.

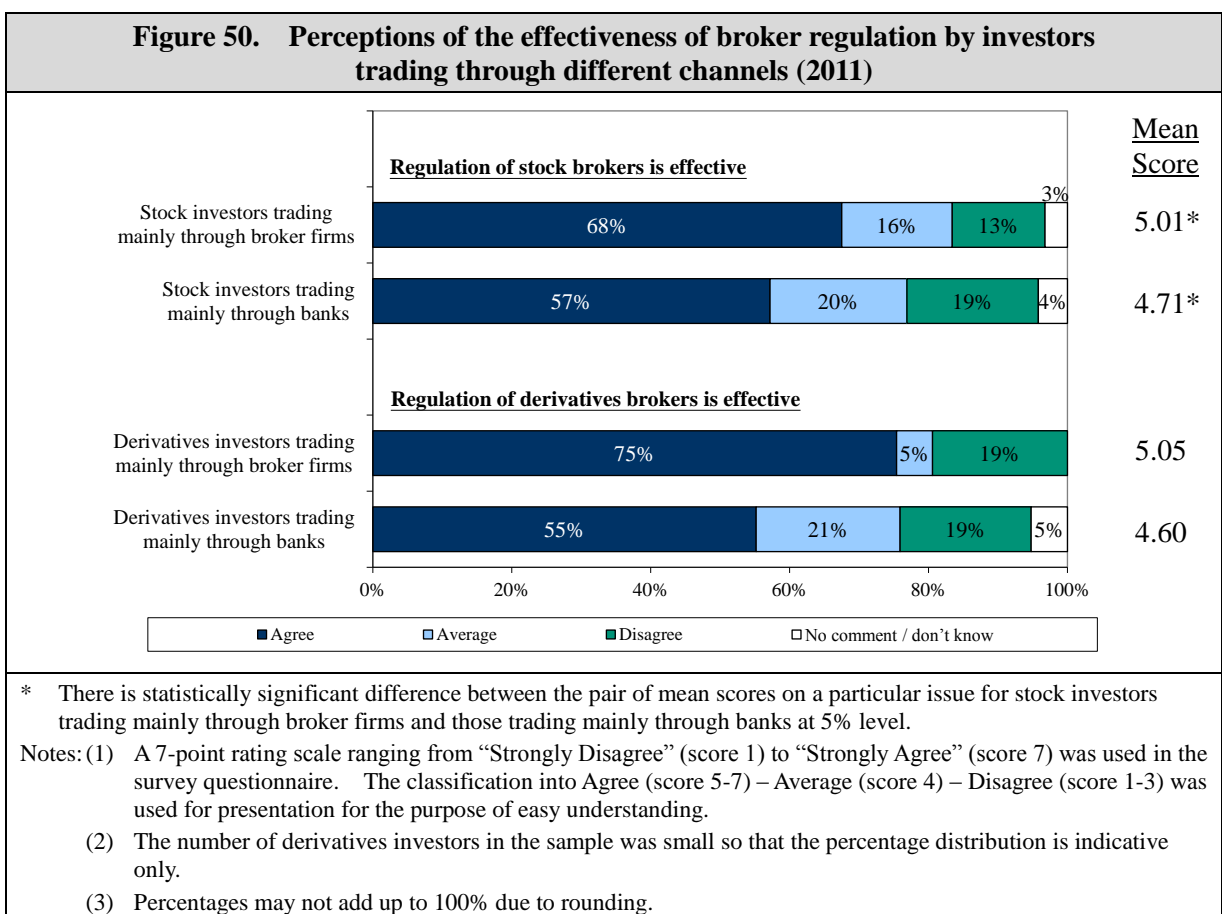
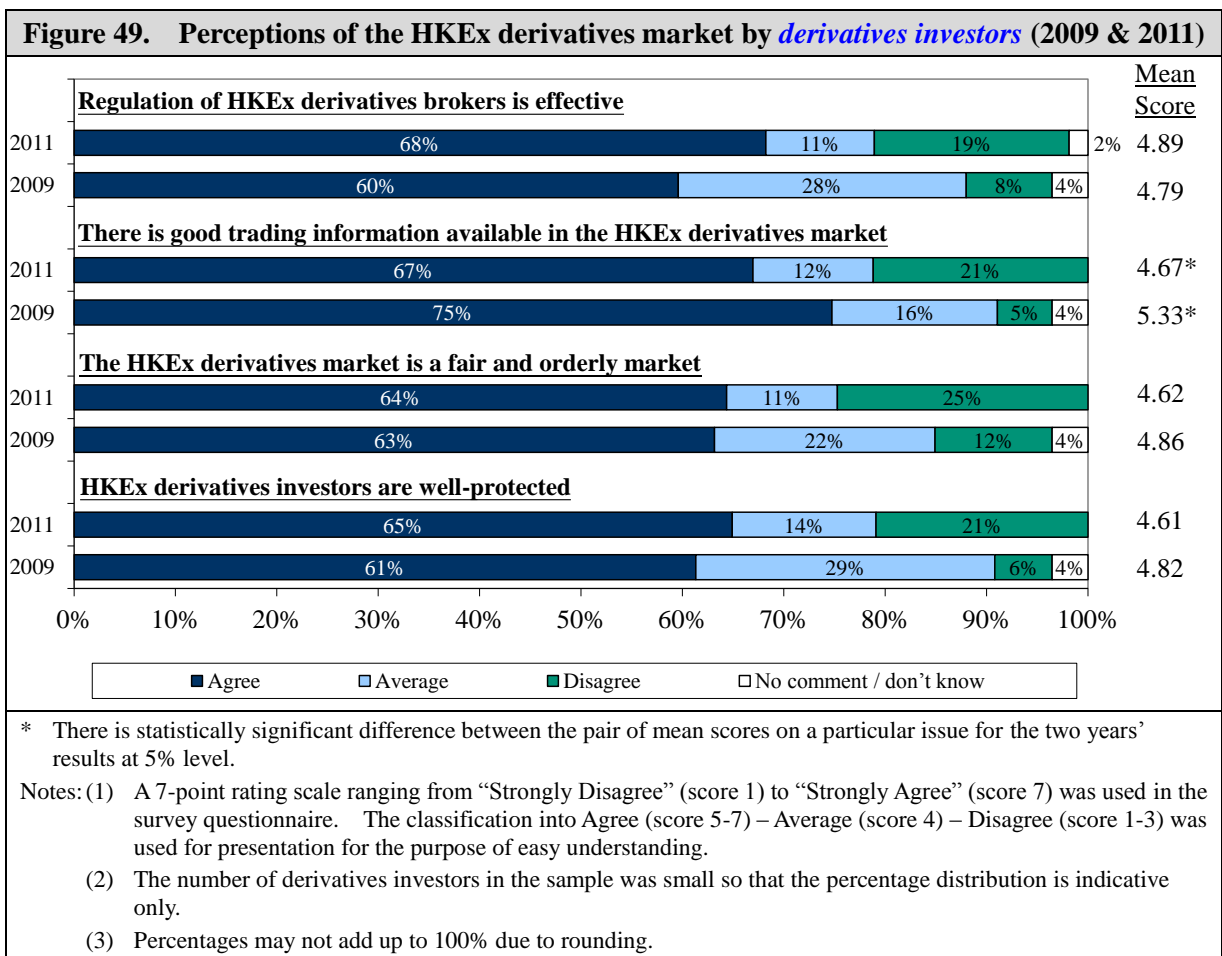
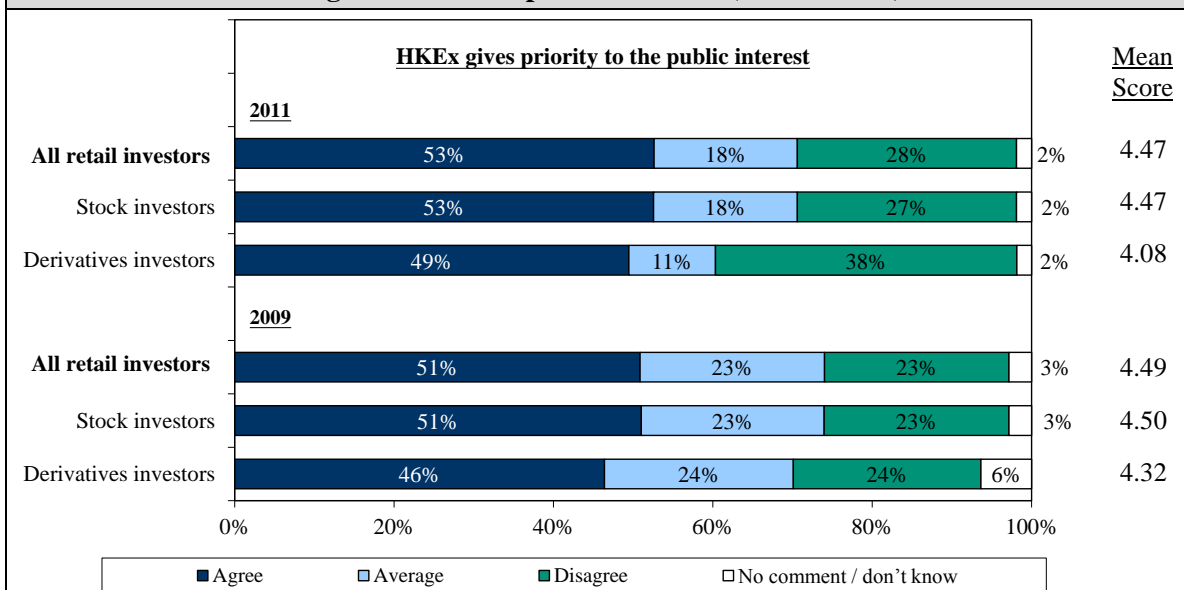


Figure 51. Perceptions of HKEx (2009 & 2011)



Notes: (1) A 7-point rating scale ranging from “Strongly Disagree” (score 1) to “Strongly Agree” (score 7) was used in the survey questionnaire. The classification into Agree (score 5-7) – Average (score 4) – Disagree (score 1-3) was used for presentation for the purpose of easy understanding.

(2) The number of derivatives investors in the sample was small so that the percentage distribution is indicative only.

(3) Percentages may not add up to 100% due to rounding.

GLOSSARY

CBBC investor	An individual who was holding CBBCs listed on HKEx at the time of interview OR had traded CBBCs in the 12 months preceding the interview.
CBBC-only investor	A stock investor who is a CBBC investor BUT NOT an equity investor, ETF investor or warrant investor.
Derivatives	Futures and options traded on HKEx.
Derivatives investor	An individual who was holding derivatives at the time of interview or had traded derivatives in the 12 months preceding the interview.
Derivatives-only investor	An individual who is a derivatives investor BUT NOT a stock investor.
Equity investor	An individual who was holding equities (ie shares of listed companies) listed or traded on HKEx at the time of interview OR had traded equities in the 12 months preceding the interview.
Equity-only investor	A stock investor who is an equity investor BUT NOT a CBBC investor, ETF investor or warrant investor.
ETF investor	An individual who was holding ETFs listed or traded on HKEx at the time of interview OR had traded ETFs in the 12 months preceding the interview.
ETF-only investor	A stock investor who is an ETF investor BUT NOT a CBBC investor, equity investor or warrant investor.
Non-investor	An individual who is neither a stock investor nor a derivatives investor.
Non-online derivatives trader¹⁹	A derivatives investor who is not an online derivatives trader.
Non-online stock trader	A stock trader who is not an online stock trader.
Non-trading stock investor	A stockowner who had not traded stocks in the 12 months preceding the interview.
Online derivatives trader¹⁹	A derivatives trader who had traded derivatives in the 12 months preceding the interview through electronic media such as the Internet, either always or sometimes.
Online stock trader	A stock trader who had traded stocks in the 12 months preceding the interview through electronic media such as the Internet, either always or sometimes.
Retail investor	An individual who is a stock investor AND/OR a derivatives investor.
Shareowner	A stock investor who was holding equities (ie shares of listed companies) listed or traded on HKEx at the time of the interview.
Stock investor	An individual who was holding stocks at the time of interview OR had traded stocks in the 12 months preceding the interview. (That is, the individual is a stockowner and/or a stock trader.)
Stock trader	An individual who had traded stocks in 12 months preceding the interview.
Stock-and-derivatives investor	An individual who is a stock investor AND a derivatives investor.
Stock-only investor	An individual who is a stock investor BUT NOT a derivatives investor.
Stockowner	An individual who was holding stocks at the time of the interview.

¹⁹ Reflecting the nature of derivatives trading, all derivatives investors had traded derivatives in the 12 months preceding the interview.

Stocks	Equities (ie shares of listed companies), warrants, CBBCs, ETFs, Real Estate Investment Trusts (REITs), bonds and other cash market products listed or traded on HKEx.
Warrant investor	An individual who was holding warrants listed on HKEx at the time of interview OR had traded warrants in the 12 months preceding the interview.
Warrant-only investor	A stock investor who is a warrant investor BUT NOT a CBBC investor, equity investor or ETF investor.
Warrant/CBBC investor	A stock investor who is either a warrant investor or a CBBC investor.

APPENDIX 1. SURVEY METHODOLOGY

(1) Methodology

- The survey fieldwork was conducted from 14 November to 23 December 2011. A random sampling process was adopted to select individuals aged 18 or above in the Hong Kong population. Selected individuals were interviewed through telephone in accordance with a structured questionnaire. The survey was conducted in two stages of random household sampling.
- The first stage was to find out the incidence of retail investors among the Hong Kong adult population. In this stage, 2,010 individuals were interviewed, of which 722 were stock investors and 44 were derivatives investors. The second stage was to interview an additional sample of stock investors to boost the sample size of stock investors to over 1,000, thereby providing more reliable analysis results on this investor type. In this stage, 282 additional retail investors were interviewed; among them, 281 were stock investors and 12 were derivatives investors.
- In total, 2,292 individuals were interviewed, of which 1,003 were stock investors and 56 were derivatives investors.

(2) Limitations

- Since the survey findings are projected figures/estimates concerning the whole Hong Kong adult population, they are subject to sampling error. For stock investors, the sample size is regarded as large enough to produce survey findings with acceptable levels of precision. For derivatives investors, due to the small sample size of this investor type, the findings are subject to bigger possible error and certain detailed analysis on this investor type could not be performed.
- In assessing the retail participation in a certain product type, the respondent's familiarity with the product type would affect the reliability of his/her response to the question which would then be subject to error due to the respondent's misinterpretation. For example, ETFs might be misinterpreted by the respondent as general unit trusts or mutual funds not traded on the exchange. A misclassification of investor type by product would affect subsequent findings on the characteristics of this type of investor. This type of error would be controlled to some extent by clarification by the interviewer at the time of the interview but would not be totally avoided in a survey of the general public.
- Some responses were perceptions or estimates of respondents that might deviate from the truth, such as value of stockholdings, percentage of stockholding value attributed by listed company shareholdings, frequency of trading and trading value or volume.
- Respondents might intentionally not tell the truth on sensitive questions such as income level. Certain questions on stockholding and trading behavior which were rather demanding on the respondent's memory may have relatively high rate of refusals. These would lower the reliability of the results.

(3) Comparability with past surveys

- The definition of “Hong Kong stocks” includes shares, warrants, Exchange Traded Funds (ETFs) since the 2001 survey, Real Estate Investment Trusts (REITs) since 2005, Callable Bull/Bear Contracts (CBBCs) since 2007 and bonds in 2011 (after the issuance of iBonds in the same year), which are products of the HKEx securities market. In prior surveys, it referred to shares, warrants and stock options (now being product on the HKEx derivatives market), these being SEHK’s products at that time. Nevertheless, the proportion of stock investors who invested exclusively in stock options but not shares was negligible. The incidence of retail stock investment should be comparable.
- The definition of “adults” in surveys before 1997 referred to individuals aged 21 or above. Since 1997, the definition was revised to individuals aged 18 or above.
- The incidence of retail participation in CBBCs was newly assessed in the 2009 survey. The number and the value of listed company shareholdings, last assessed in the 2001 survey, were assessed again since the 2009 survey.
- The trading activity of stock investors in equities/funds/bonds and in warrants/CBBCs was separately assessed in the 2011 survey. In the past surveys, the trading activity of stock investors in the HKEx securities market as a whole (ie in stocks as defined) was assessed. In the 2011 survey, the overall trading activity in stocks was computed from the combined result of that in equities/funds/bonds and that in warrants/CBBCs. In addition, investors’ perception of “effective regulation of warrant/CBBC issuers” was newly assessed in the 2011 survey.
- Minor amendments were made to the definition of online stock traders in surveys before 2002. In the 2000 survey, online traders were stock investors who had placed orders via Internet in the past 12 months preceding the interview. In 2001 survey, online traders were stock investors who had traded stocks through electronic media such as the Internet and mobile phone, either always or sometimes. Since 2002, this definition was confined to trading in the past 12 months preceding the interview. Such amendment of the definition is expected to have little material impact on the comparability of the findings.
- The sampling method used in previous surveys was Kish grid (ie random selection of eligible members within a household) and that since 2007 was random household sampling (ie the first eligible member answering the call). Such a change would have some impact on the comparability of the findings due to sampling error. Nevertheless, the survey method gives an acceptable sampling error for major statistics (see Appendix 3).
- For opinion questions, the rating scale was changed to a 7-point scale since 2007, where 7 means strongly agree and 1 means strongly disagree; while an ordinal scale of 5 categories from strongly agree to strongly disagree was used in previous surveys.

APPENDIX 2. RESPONDED SAMPLE BY INVESTOR TYPE

Responded type	Number in responded sample ²⁰
Retail investors	1,006
<u>Stock investors</u>	1,003
Stock-only investors	950
Stock-and-derivatives investors	53
Stockowners	951
Stock traders	823
Online stock traders	567
Equity investors	993
Equity-only investors	722
Warrant/CBBC investors	97
Warrant investors	71
CBBC investors	59
ETF investors	214
ETF-only investors	9
<u>Derivatives investors</u>	56
Derivatives-only investors	3
Stock-and-derivatives investors	53
Derivatives traders	56
Online derivatives traders	38
Non-investors	1,286
Total sample	2,292

²⁰ Since the survey adopts a two-stage sampling process and a weighting process on each respondent type for projection onto the overall population, the proportion of respondents for the respective investor types in the responded sample should not be directly regarded as their respective participation rates.

APPENDIX 3. PRECISION OF SURVEY FINDINGS

Investor type	Proportion	Relative error ²¹	95% confidence interval
<u>Among adult population</u>			
Retail investors	35.8%	2.8%	33.8% – 37.7%
Stock investors	35.7%	2.8%	33.7% – 37.6%
Stockowners	33.8%	2.9%	31.9% – 35.8%
Stock-only investors	33.8%	2.9%	31.8% – 35.7%
Stock-and-derivatives investors	1.9%	15.0%	1.3% – 2.5%
Stock traders	29.3%	3.2%	27.4% – 31.1%
Derivatives investors	2.0%	14.5%	1.4% – 2.6%
<u>Among stock investors</u>			
Equity investors	99.0%	0.3%	98.3% – 99.6%
Warrant investors	7.1%	11.5%	5.5% – 8.6%
CBBC investors	5.9%	12.6%	4.5% – 7.4%
ETF investors	20.9%	6.1%	18.4% – 23.4%
<u>Among stock traders</u>			
Online stock traders	68.7%	2.4%	65.6% – 71.9%
<u>Among derivatives investors</u>			
Online derivatives traders	67.2%	9.3%	54.9% – 79.5%

Investor type	Estimated population ('000)	Relative error ²¹	95% confidence interval ('000)
<i>Retail investors</i>	2,154	2.8%	2,036 – 2,272
<i>Stock investors</i>	2,147	2.8%	2,029 – 2,265
Stockowners	2,035	2.9%	1,918 – 2,151
Stock-only investors	2,032	2.9%	1,916 – 2,149
Stock-and-derivatives investors	115	15.0%	81 – 148
Equity investors	2,125	0.3%	2,111 – 2,138
Warrant investors	151	11.5%	117 – 185
CBBC investors	128	12.6%	96 – 159
ETF investors	449	6.1%	395 – 503
Stock traders	1,760	3.2%	1,648 – 1,872
Online stock traders	1,210	2.4%	1,154 – 1,265
<i>Derivatives investors</i>	122	14.5%	87 – 156
Online derivatives traders	82	9.3%	67 – 97

²¹ The relative errors were derived by assuming simple random sampling. The results would also be subject to non-sampling errors due to other factors such as null response and misinterpretation.

Table C. Relative errors of the projected number of stock traders by trading channel			
Type of trading channel	Estimated adult population ('000)	Relative error²²	95% confidence interval ('000)
<i>Mainly through banks</i>	<i>1,358</i>	<i>1.9%</i>	<i>1,308 – 1,409</i>
- banks only	1,303	2.1%	1,250 – 1,355
- usually through banks	56	19.2%	35 – 77
<i>Mainly through broker firms</i>	<i>395</i>	<i>6.5%</i>	<i>345 – 445</i>
- broker firms only	315	7.5%	269 – 361
- usually through broker firms	80	16.0%	55 – 105

Table D. Relative errors of the projected number of derivatives traders by trading channel			
Type of trading channel	Estimated adult population ('000)	Relative error²²	95% confidence interval ('000)
<i>Mainly through banks</i>	<i>43</i>	<i>18.0%</i>	<i>28 – 59</i>
- banks only	41	18.7%	26 – 56
- usually through banks	2	97.8%	0 – 7
<i>Mainly through broker firms</i>	<i>78</i>	<i>9.9%</i>	<i>63 – 94</i>
- broker firms only	72	11.2%	56 – 87
- usually through broker firms	7	54.4%	0 – 14

n.a.: not applicable

— END —

²² The relative errors were derived by assuming simple random sampling. The results would also be subject to non-sampling errors due to other factors such as null response and misinterpretation.