

Research & Planning

Secondary Market Survey 2004

May 2005



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



CONTENTS

	Page
EXECUTIVE SUMMARY	1
1. INTRODUCTION	2
2. TARGET RESPONDENTS AND METHODOLOGY	2
2.1 Target respondents	2
2.2 Methodology	2
2.3 Limitations	3
2.4 Response rate	4
3. DEMOGRAPHICS OF RESPONDENTS	5
4. GENERAL MARKET CONDITIONS	7
4.1 Confidence in the market	7
4.2 Attractiveness of the Main Board	8
4.3 Attractiveness of GEM	9
4.4 Attractiveness of the derivatives market	10
5. TRADING, CLEARING AND SETTLEMENT	10
5.1 Efficiency and reliability of trading and clearing systems	10
5.2 Market liquidity	12
5.3 Market depth and price efficiency in the stock market	13
5.4 Trading aspects in the stock options market	15
5.5 Transaction costs	16
5.6 Efficiency of transaction processes	17
5.7 Exchange's overall risk management	19
6. MARKET REGULATION	20
6.1 Regulation and corporate governance of listed companies	20
6.2 Regulation of market activities and investor protection	21
6.3 Regulation of brokers	23
6.4 Overall regulation — local vs overseas	24
7. MARKET AND ISSUER INFORMATION	25
7.1 Issuer information	25
7.2 Market information	26
8. THE EXCHANGE'S PRODUCTS AND SERVICES	28
8.1 The Exchange's products	28
8.2 The Exchange's clearing and settlement services	29
8.3 The Exchange's fees	30
8.4 The Exchange's technical support	31
8.5 The Exchange's other services	33



9. OTHER MARKET SERVICES.....	35
9.1 Broker services	35
9.2 Other intermediaries' services	36
10. MAINLAND CHINA DIMENSION.....	38
11. DEVELOPMENT PROSPECTS	39



EXECUTIVE SUMMARY

Hong Kong Exchanges and Clearing Limited (HKEx) conducted the Secondary Market Survey (SMS) 2004 on both its stock and derivatives markets. The previous survey was conducted in 1999 on the stock (and stock options) market. The objectives of SMS2004 were to collect and assess the views of two major types of secondary market users — Exchange Participants and local fund managers — and identify areas for possible improvement. The responded sample consisted of 270 Stock Exchange Participants (SEPs), 90 Futures Exchange Participants (FEPs), 32 Stock Options Exchange Participants (SOEPs) and 13 fund managers — a total of 405 respondents, representing an overall response rate of 64% out of the target population of 630.

The survey revealed overall positive views on the following:

- Confidence in the HKEx stock market and derivatives market.
- The fairness and orderliness of the markets.
- The efficiency and reliability of the HKEx's stock and derivatives market systems.
- The attractiveness of the Main Board to invest in and to list on, and its liquidity.
- The effectiveness of the overall regulation of Main Board companies, and their corporate governance.
- Market transparency in terms of trading data and Main Board companies' information disclosure.
- The effectiveness of stock and derivatives broker regulation, and their business conduct.
- The protection of securities and derivatives investors.
- The efficiency of the trading, clearing and settlement processes.
- Services provided by market intermediaries.
- Development prospects in the Mainland China dimension.

Areas for improvement revealed include:

- The market depth and liquidity of the Growth Enterprise Market (GEM).
- The liquidity of the stock options market.
- The corporate governance and information disclosure of GEM companies.
- The corporate governance and information disclosure of Mainland companies.



1. INTRODUCTION

Hong Kong Exchanges and Clearing Limited (HKEx) conducted the Secondary Market Survey (SMS) 2004 in August to September 2004. This is the third survey in its series. The previous two surveys were conducted in 1996 and 1999 on the stock market by the Stock Exchange of Hong Kong, which is now a wholly-owned subsidiary of HKEx. The SMS2004 addressed the Exchange's derivatives market for the first time.

The objectives of the SMS2004 were (1) to collect and assess the views of two major types of secondary market users — Exchange Participants and local fund managers — on the stock and derivatives market environments in Hong Kong; and (2) to identify areas for possible improvement.

For the purpose of the survey, the “*Exchange*” refers to HKEx or its subsidiaries (the Stock Exchange of Hong Kong and the Hong Kong Futures Exchange), whichever is appropriate; the “*secondary market*” refers to HKEx's stock and derivatives markets for the trading of securities and derivatives respectively; the “*stock market*” refers to the Main Board and GEM markets; and the “*derivatives market*” refers to the HKEx futures and options (including stock options) market.

2. TARGET RESPONDENTS AND METHODOLOGY

2.1 Target respondents

The secondary market user groups covered in the survey are trading Exchange Participants and fund management companies operating in Hong Kong. The three types of Exchange Participants — Stock Exchange Participants (SEPs), Futures Exchange Participant (FEPs) and Stock Options Exchange Participants (SOEPs) — and members of the Hong Kong Investment Funds Association (HKIFA) were included in the target population. The target population consisted of a total of 630 target respondents — 434 SEPs, 110 FEPs, 42 SOEPs and 44 fund managers (FMs).

2.2 Methodology

The survey was conducted by way of four separate sub-surveys in form of mailed questionnaires to the four types of target respondents¹. This was to cater for the different business and market interests of the different types of target respondents. The four questionnaires covered common core market issues with related questions tailored for each respondent type.

The survey fieldwork was conducted in August to September 2004 with survey questionnaires mailed to the target respondents to be completed and returned on a voluntary basis.

Apart from a few basic demographic questions, the respondents were asked to express their views or degree of satisfaction on statements on a seven-point rating scale ranging

¹ All SOEPs were, in fact, also SEPs. These EPs have different executives responsible respectively for the cash market and stock options market businesses. They were sent the SEP- and SOEP-questionnaires to be filled in by the appropriate persons for the respective business.



from the most negative to the most positive. The statements covered the following areas in the secondary market (some areas may not apply to all respondent types):

- (1) General market conditions
- (2) Trading, clearing and settlement
- (3) Market regulation
- (4) Market (and issuer) information
- (5) The Exchange's products and services
- (6) Other market services
- (7) Mainland China dimension
- (8) Development prospects

For analysis purpose, SEPs and FEPs in the target population were each further divided into two groups² those contributing the top two-thirds of market turnover² (cash market for SEPs and derivatives (excluding stock options) market for FEPs) were considered to be large-sized EPs and the rest small-sized EPs. There were 28 large-sized SEPs, 22 large-sized FEPs, 406 small-sized SEPs and 88 small-sized FEPs in the target population. In this report, results are presented for the overall responded sample and by respondent type. Significant differences (in statistical terms) found in the mean scores (on the 7-point rating scale) among different respondent types and broker size groups are highlighted in the results.

Results on the above eight areas are presented in sections 4 to 11.

2.3 Limitations

The survey is subject to the following limitations that should be taken into consideration when interpreting the findings:

- (1) The survey did not cover all market users, for example retail or overseas institutional investors. Therefore, the survey findings only reflect the views of the four target respondent types and not all types of secondary market users.
- (2) When interpreting the overall responses to a particular statement, different types of respondents have different areas of concern which may sometimes conflict. The overall result may be dominated by the views of a dominating respondent type in number, in particular, the small-sized SEPs. To avoid a misleading effect, analysis results by respondent type are provided.
- (3) In some areas, there are conflicting responsibilities and duties between HKEx and the respondents. Such conflict may be reflected in the opinion the respondents gave.
- (4) The response rate of fund managers was relatively low in comparison with those of other respondent types. Their responses may be less representative of the total

² The period for calculating the market turnover distribution for SEPs was from October 2003 to September 2004 and that for FEPs was from July 2003 to June 2004. The periods were chosen for administrative convenience in the light of HKEx's two other transaction surveys (Cash Market Transaction Survey 2003/04 and Derivatives Market Transaction Survey 2003/04).

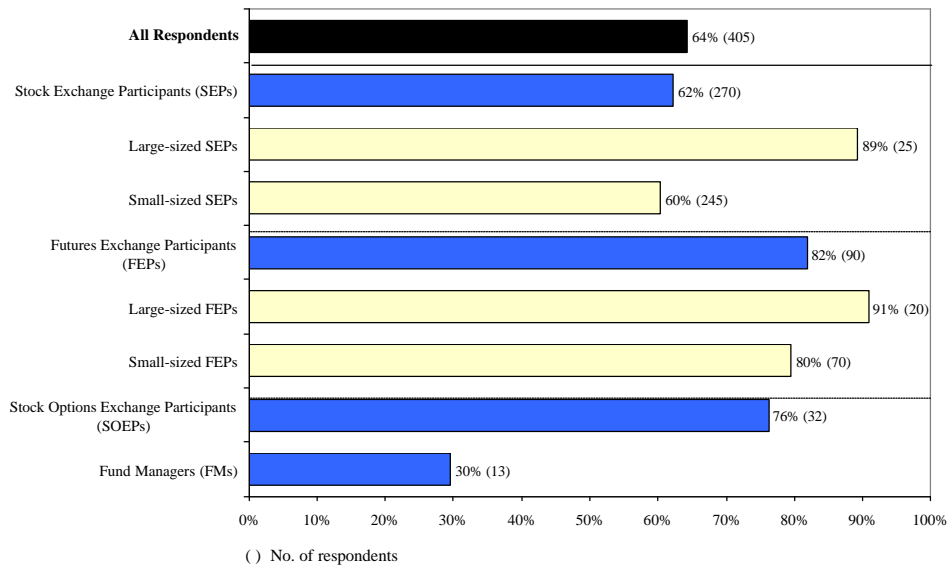


fund manager population. In particular, only a few responding fund managers had experience in the HKEx derivatives market. Caution must be taken when comparing their views with those of other respondent types and with the past survey results.

2.4 Response rate

The overall response rate was 64% which is almost the same as those of the past two surveys. However, the response rate of fund managers was relatively low at 30%. For large-sized SEPs and FEPs, the response rates were 89% and 91% respectively. For small-sized SEPs and FEPs, the rates were 60% and 80% respectively.

Figure 1. Response rate by respondent type





3. DEMOGRAPHICS OF RESPONDENTS

In the survey, the respondents were asked about whether they had traded the various HKEx cash and derivatives products, overseas products and the investment services they provided to their clients. The results are presented in Figures 2 to 4.

Figure 2. Trading experience in the past 12 months by respondent type

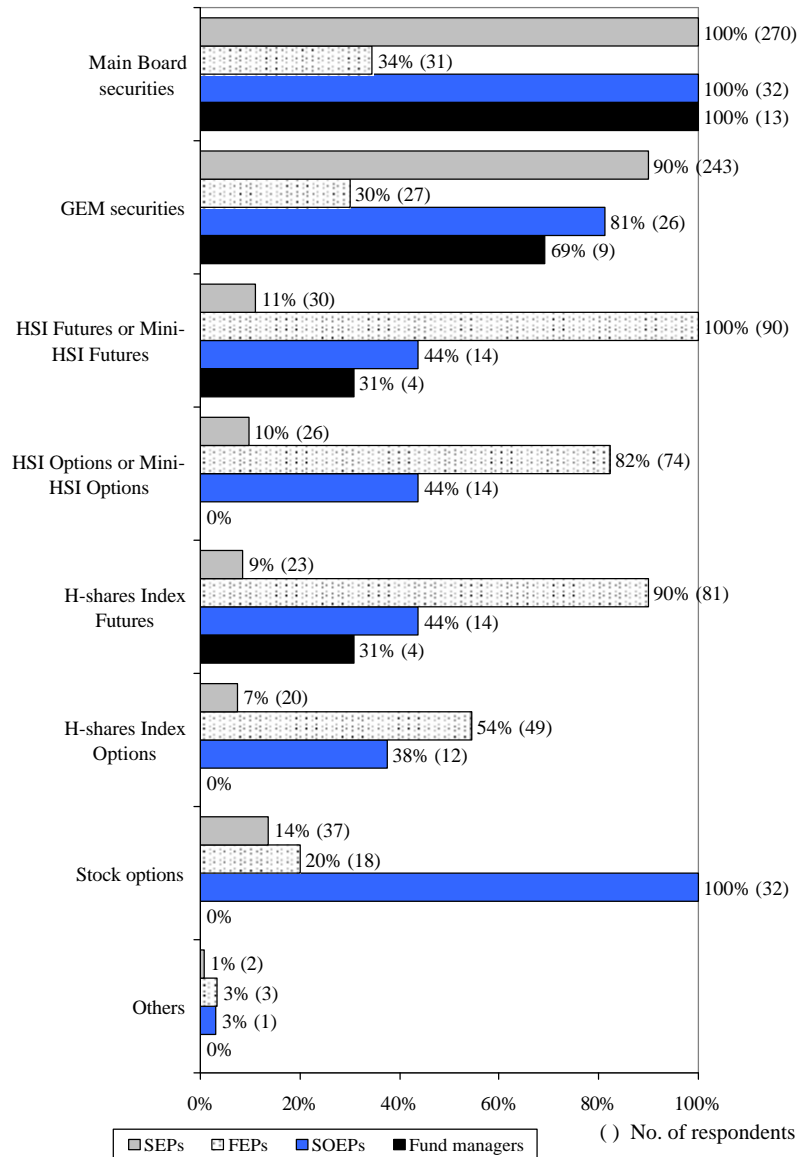




Figure 3. Overseas trading experience in the past 12 months by respondent type

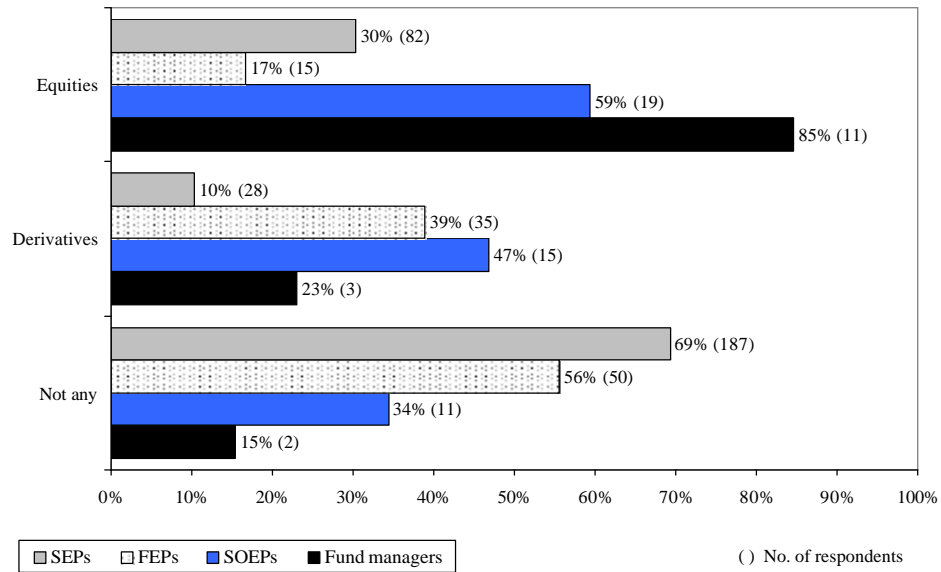
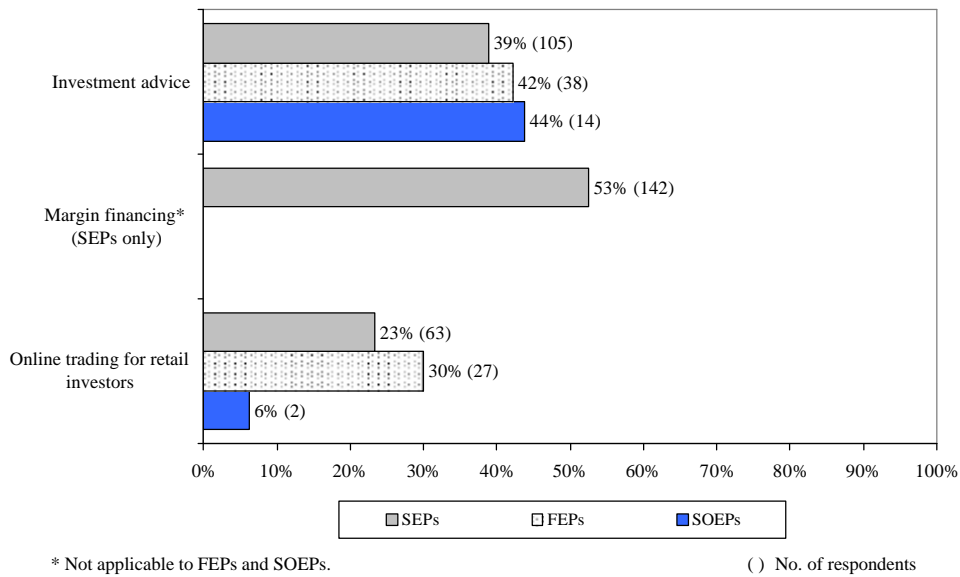


Figure 4. Type of services offered to their clients by EP type





For all quantitative analyses in sections 4 - 11, respondents giving a score of 4 are considered to take a neutral position; respondents giving a score of 1-3 (5-7) are considered to take the lower (higher) end positions; respondents giving 0, representing don't know, are excluded from calculating the mean score. For each question, an overall score for all respondent types is presented in the corresponding tables. However, the responses to sub-questions targeting different market segments should be viewed individually.

Note that since the size of the responded sample of fund managers is very small (13), caution is needed in interpreting the results on their views.

4. GENERAL MARKET CONDITIONS

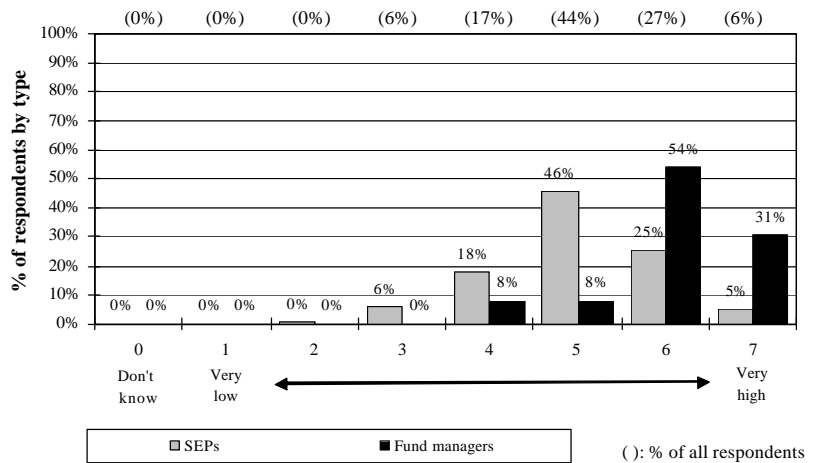
4.1 Confidence in the market

Q1.1(1) Your confidence in the Hong Kong stock market as a whole is

		Mean score
SEPs	(270)	5.05 [^]
Large SEPs	(25)	5.28
Small SEPs	(245)	5.02
Fund Managers	(13)	6.08 [^]
Overall	(283)	5.10

[^] Significantly different at 0.1% level.

() No. of respondents giving a rating (i.e. excluding "Don't know")



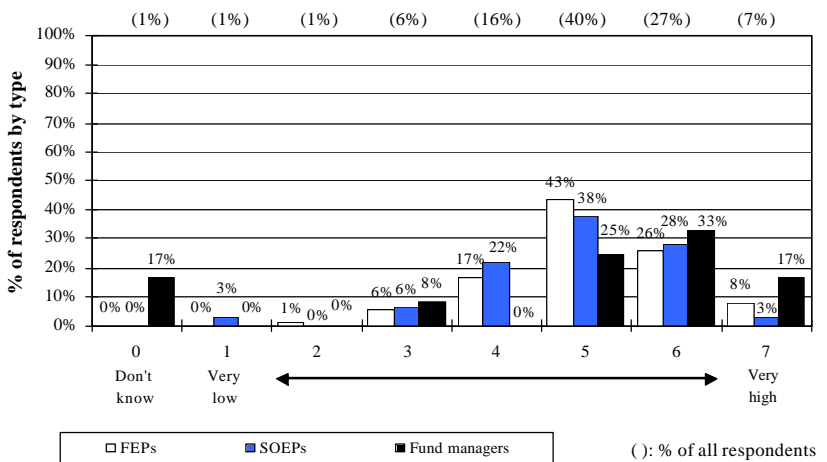
Q1.1(2) FEP: Your confidence in the HK derivatives market (excluding stock options) as a whole is

SOEP: Your confidence in the HK stock options market as a whole is

FM: Your confidence in the HK derivatives market as a whole is

		Mean score
FEPs	90	5.10
Large FEPs	(20)	5.45
Small FEPs	(70)	5.00
SOEPs	(32)	4.88
Fund Managers	(10)	5.60
Overall	(132)	5.08

() No. of respondents giving a rating (i.e. excluding "Don't know")

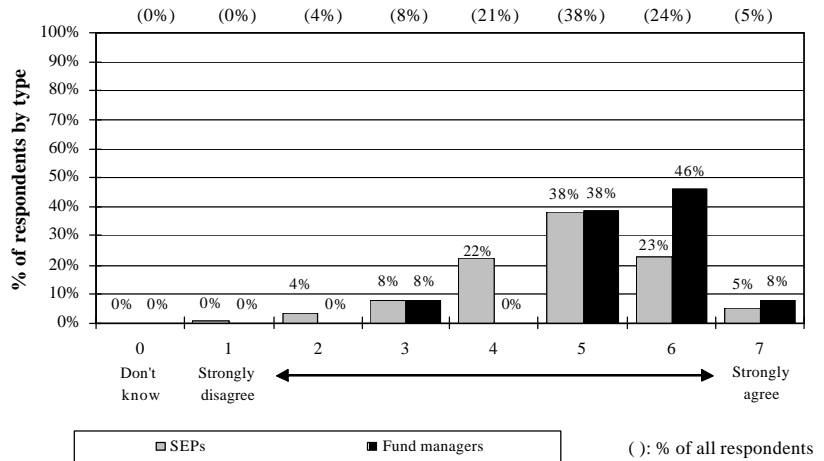




Q1.2(1) You that the Hong Kong stock market is a *fair and orderly* market.

		<u>Mean</u> <u>score</u>
SEPs	(270)	4.82
<i>Large SEPs</i>	(25)	5.08
<i>Small SEPs</i>	(245)	4.80
Fund Managers	(13)	5.46
Overall	(283)	4.85

() No. of respondents giving a rating (i.e. excluding "Don't know")



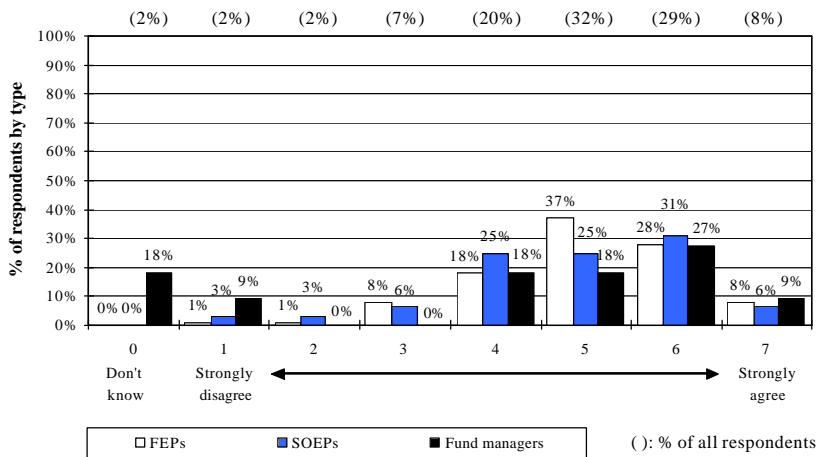
Q1.2(2) FEP: You that the HK derivatives market (excluding stock options) is a *fair and orderly* market.

SOEP: You that the HK stock options market is a *fair and orderly* market.

FM: You that the HK derivatives market is a *fair and orderly* market.

		<u>Mean</u> <u>score</u>
FEPs	(90)	5.02
<i>Large FEPs</i>	(20)	5.30
<i>Small FEPs</i>	(70)	4.94
SOEPs	(32)	4.84
Fund Managers	(9)	4.89
Overall	(131)	4.97

() No. of respondents giving a rating (i.e. excluding "Don't know")



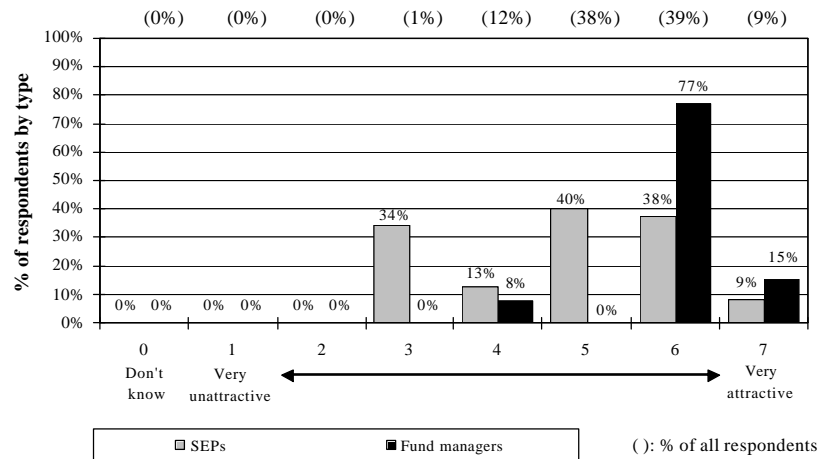
4.2 Attractiveness of the Main Board

Q1.3(1) For investors, *investing* in the Hong Kong Main Board is

		<u>Mean</u> <u>score</u>
SEPs	(269)	5.40 ^
<i>Large SEPs</i>	(25)	5.36
<i>Small SEPs</i>	(244)	5.40
Fund Managers	(13)	6.00 ^
Overall	(282)	5.43

^ Significantly different at 5% level.

() No. of respondents giving a rating (i.e. excluding "Don't know")

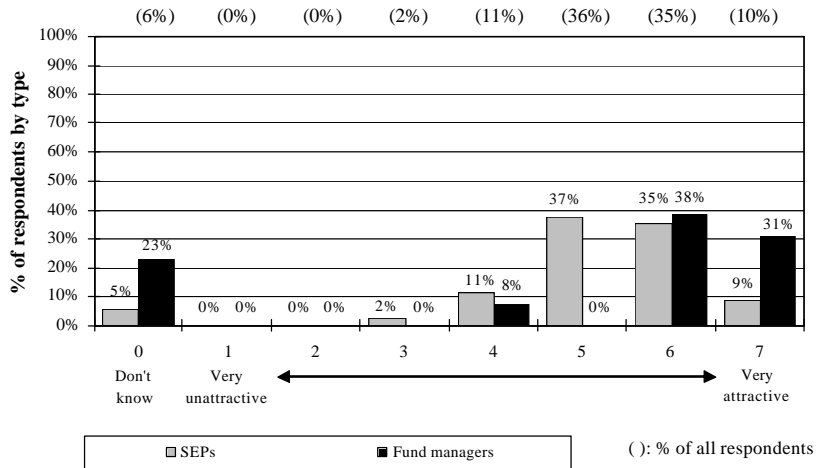




Q1.4(1) For issuers, listing on the Hong Kong Main Board is

		Mean score
SEPs	(251)	5.39 ^
Large SEPs	(25)	5.32
Small SEPs	(226)	5.39
Fund Managers	(10)	6.20 ^
Overall	(261)	5.42

^ Significantly different at 1% level.
 () No. of respondents giving a rating
 (i.e. excluding "Don't know")

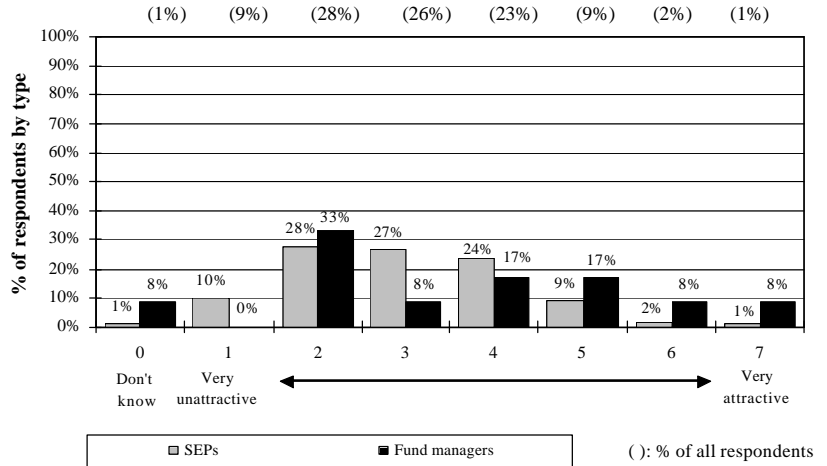


4.3 Attractiveness of GEM

Q1.3(2) For investors, investing in the Hong Kong GEM is

		Mean score
SEPs	(263)	3.02 ^
Large SEPs	(25)	3.56 *
Small SEPs	(238)	2.97 *
Fund Managers	(11)	3.82 ^
Overall	(274)	3.05

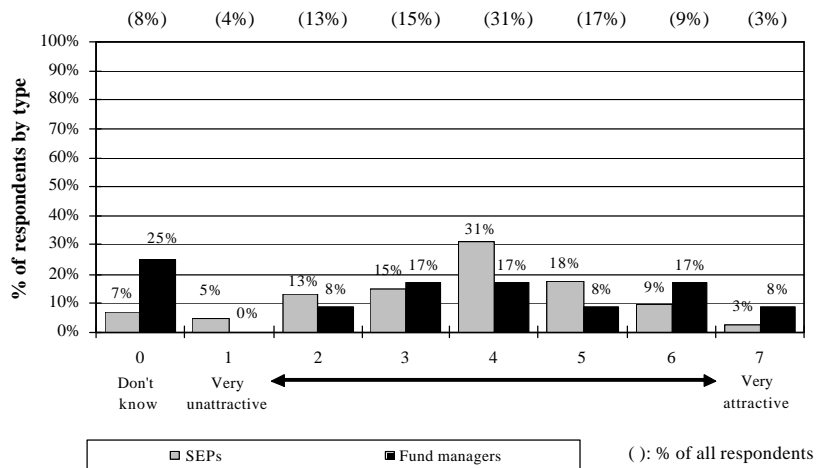
^ Significantly different at 5% level.
 * Significantly different at 5% level.
 () No. of respondents giving a rating
 (i.e. excluding "Don't know")



Q1.4(2) For issuers, listing on the Hong Kong GEM is

		Mean score
SEPs	(244)	3.89
Large SEPs	(24)	4.17
Small SEPs	(220)	3.85
Fund Managers	(9)	4.44
Overall	(253)	3.91

() No. of respondents giving a rating
 (i.e. excluding "Don't know")





4.4 Attractiveness of the derivatives market

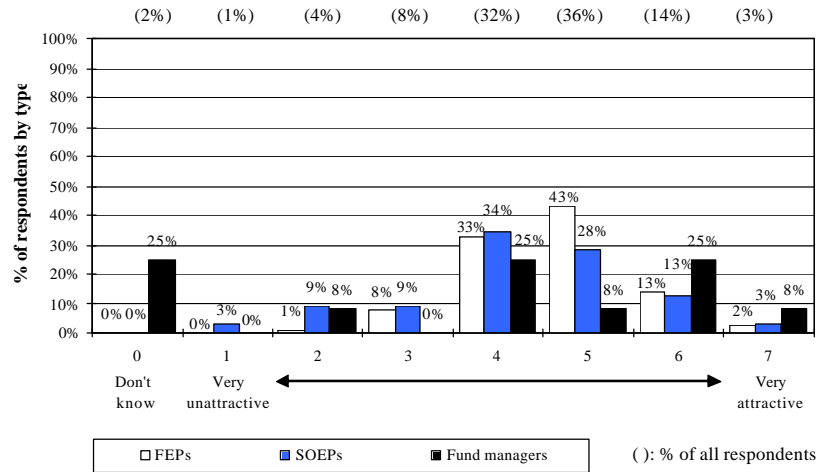
Q1.3(3) FEP: For investors, *trading* in the Hong Kong derivatives market (excluding stock options) is

SOEP: For investors, *trading* in the Hong Kong stock options market is

FM: For investors, *trading* in the Hong Kong derivatives market is

		Mean score
FEPs	(89)	4.66
Large FEPs	(20)	4.75
Small FEPs	(69)	4.64
SOEPs	(32)	4.25
Fund Managers	(9)	4.89
Overall	(130)	4.58

() No. of respondents giving a rating (i.e. excluding "Don't know")



5. TRADING, CLEARING AND SETTLEMENT

5.1 Efficiency and reliability of trading and clearing systems

Q2.1 SEP: In respect of *efficiency*, the Exchange's stock market trading system (AMS/3) is

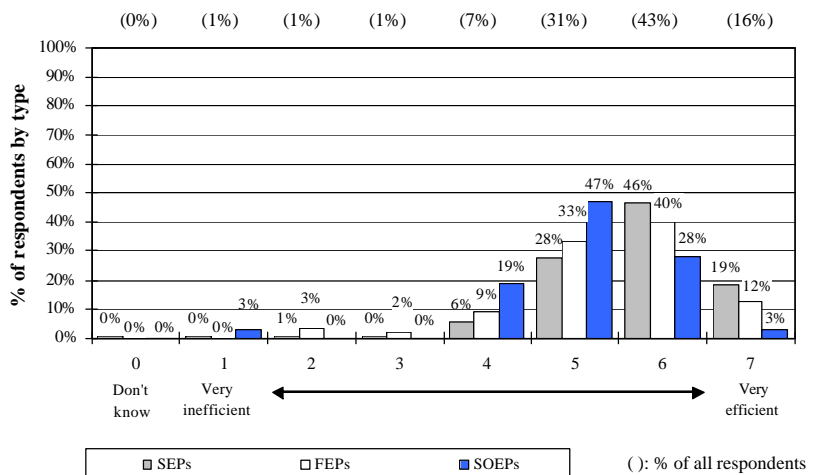
FEP: In respect of *efficiency*, the Exchange's derivatives market trading system (HKATS) is

SOEP: In respect of *efficiency*, the Exchange's derivatives market trading system (HKATS) is

		Mean score
SEPs	(269)	5.74 ^
Large SEPs	(25)	5.48
Small SEPs	(244)	5.76
FEPs	(90)	5.41 ^
Large FEPs	(20)	5.60
Small FEPs	(70)	5.36
SOEPs	(32)	5.03 ^
Overall	(391)	5.60

^ Significantly different at 0.1% level.

() No. of respondents giving a rating (i.e. excluding "Don't know")

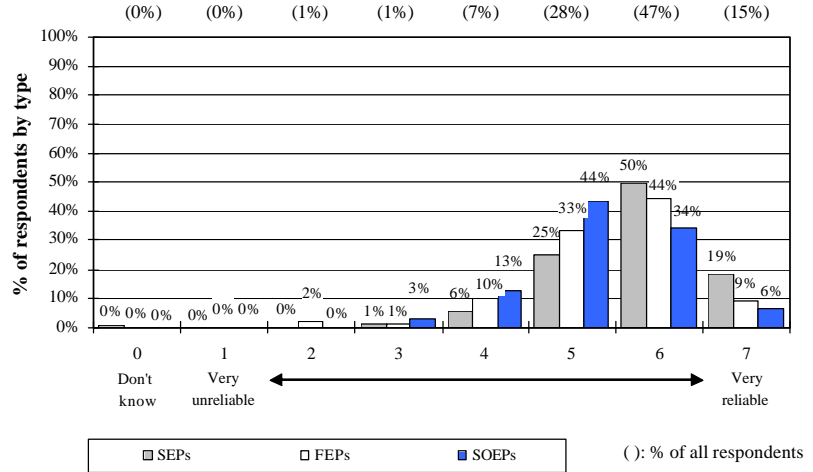




- Q.2.2 SEP:** In respect of *reliability*, the Exchange's stock market trading system (AMS/3) is
- FEP:** In respect of *reliability*, the Exchange's derivatives market trading system (HKATS) is
- SOEP:** In respect of *reliability*, the Exchange's derivatives market trading system (HKATS) is

		Mean score
SEPs	(269)	5.79 [^]
Large SEPs	(25)	5.56
Small SEPs	(244)	5.82
FEPs	(90)	5.43 [^]
Large FEPs	(20)	5.80
Small FEPs	(70)	5.33
SOEPs	(32)	5.28 [^]
Overall	(391)	5.67

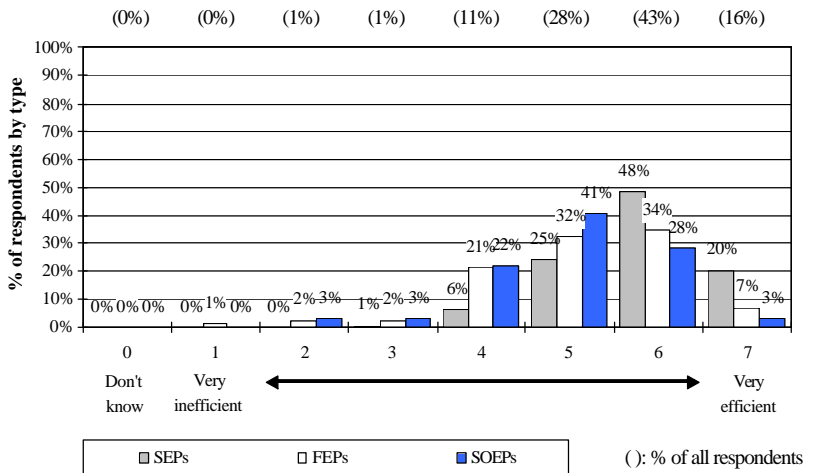
[^] Significantly different at 0.1% level.
 () No. of respondents giving a rating (i.e. excluding "Don't know")



- Q.2.3 SEP:** In respect of *efficiency*, the Exchange's stock market clearing and settlement system (CCASS) is
- FEP:** In respect of *efficiency*, the Exchange's derivatives market clearing and settlement system (DCASS) is
- SOEP:** In respect of *efficiency*, the Exchange's derivatives market clearing and settlement system (DCASS) is

		Mean score
SEPs	(269)	5.81 [^]
Large SEPs	(25)	5.48 [*]
Small SEPs	(244)	5.84 [*]
FEPs	(90)	5.11 [^]
Large FEPs	(20)	5.25
Small FEPs	(70)	5.07
SOEPs	(32)	4.97 [^]
Overall	(391)	5.58

[^] Significantly different at 0.1% level.
^{*} Significantly different at 5% level.
 () No. of respondents giving a rating (i.e. excluding "Don't know")





Q2.4 SEP: In respect of *reliability*, the Exchange's stock market clearing and settlement system (CCASS) is

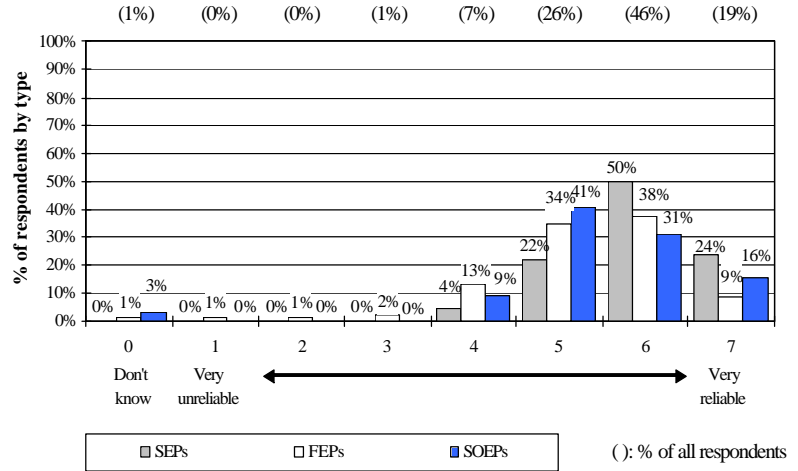
FEP: In respect of *reliability*, the Exchange's derivatives market clearing and settlement system (DCASS) is

SOEP: In respect of *reliability*, the Exchange's derivatives market clearing and settlement system (DCASS) is

		Mean score
SEPs	(268)	5.93 ^
Large SEPs	(25)	5.80
Small SEPs	(243)	5.94
FEPs	(89)	5.30 ^
Large FEPs	(20)	5.40
Small FEPs	(69)	5.28
SOEPs	(31)	5.55 ^
Overall	(388)	5.75

^ Significantly different at 0.1% level.

() No. of respondents giving a rating (i.e. excluding "Don't know")



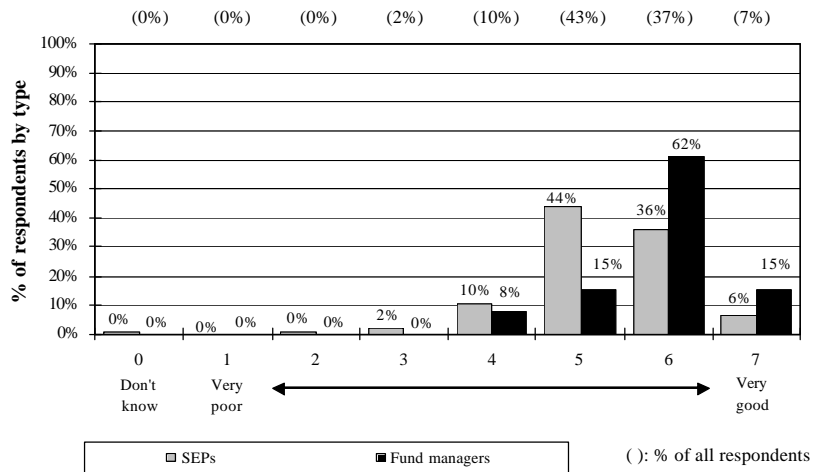
5.2 Market liquidity

Q2.5(1) Overall market liquidity of the Main Board is

		Mean Score
SEPs	(269)	5.33 ^
Large SEPs	(25)	5.24
Small SEPs	(244)	5.34
Fund Managers	(13)	5.85 ^
Overall	(282)	5.35

^ Significantly different at 5% level.

() No. of respondents giving a rating (i.e. excluding "Don't know")

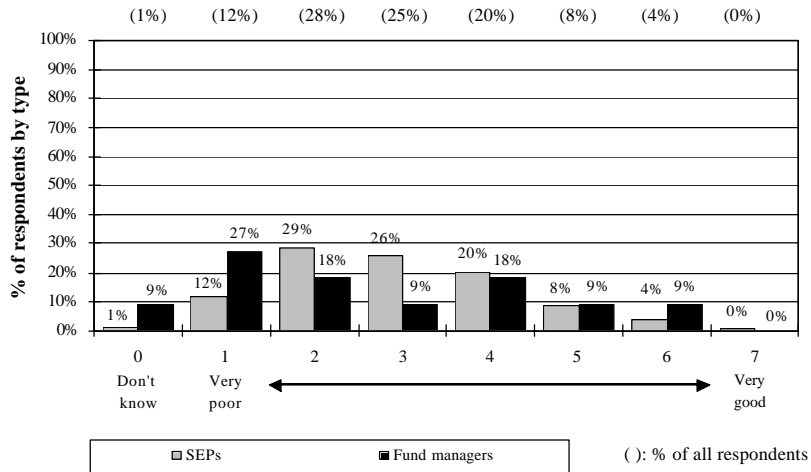




Q2.5(2) Overall market liquidity of GEM is

		<u>Mean score</u>
SEPs	(262)	2.98
Large SEPs	(24)	3.21
Small SEPs	(238)	2.95
Fund Managers	(10)	2.90
Overall	(272)	2.97

() No. of respondents giving a rating (i.e. excluding "Don't know")



Q2.5(3) FEP: Overall derivatives market (excluding stock options) liquidity is

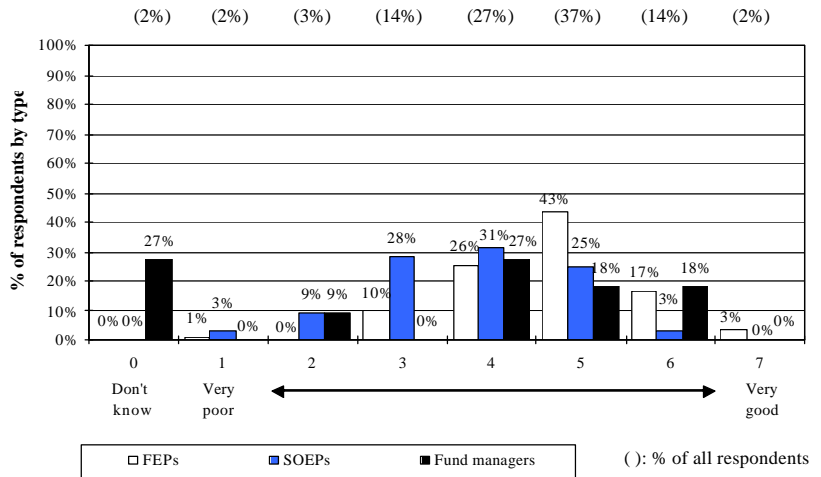
SOEP: Overall stock options market liquidity is

FM: Overall market liquidity on the Hong Kong derivatives market is

		<u>Mean score</u>
FEPs	(90)	4.73 ^
Large FEPs	(20)	4.55
Small FEPs	(70)	4.79
SOEPs	(32)	3.75 ^
Fund Managers	(8)	4.50 ^
Overall	(130)	4.48

^ Significantly different at 0.1% level.

() No. of respondents giving a rating (i.e. excluding "Don't know")

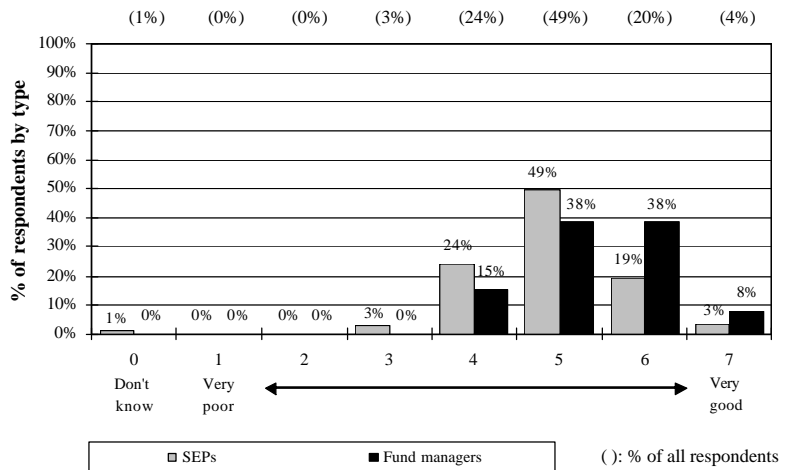


5.3 Market depth and price efficiency³ in the stock market

Q2.6(1) Overall stock market depth on the Main Board is

		<u>Mean score</u>
SEPs	(267)	4.96
Large SEPs	(25)	4.76
Small SEPs	(242)	4.98
Fund Managers	(13)	5.38
Overall	(280)	4.98

() No. of respondents giving a rating (i.e. excluding "Don't know")



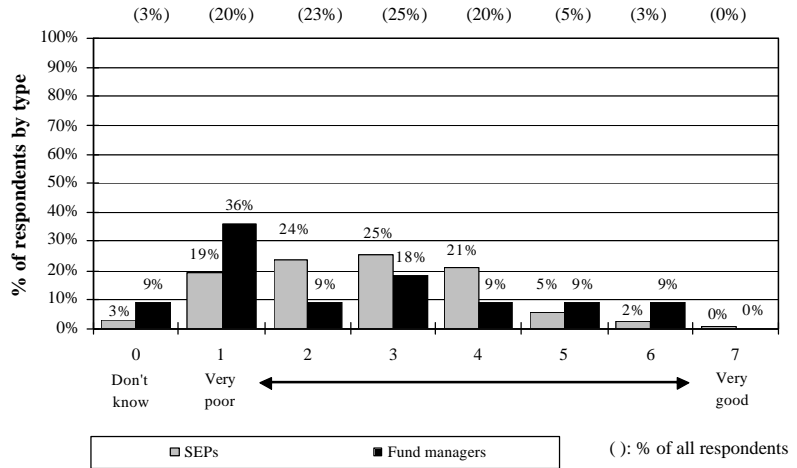
³ The ability of stock prices to reflect market and company information.



Q2.6(2) Overall stock market depth on GEM is

		<u>Mean</u> <u>score</u>
SEPs	(259)	2.76
Large SEPs	(24)	2.88
Small SEPs	(235)	2.75
Fund Managers	(10)	2.70
Overall	(269)	2.76

() No. of respondents giving a rating (i.e. excluding "Don't know")

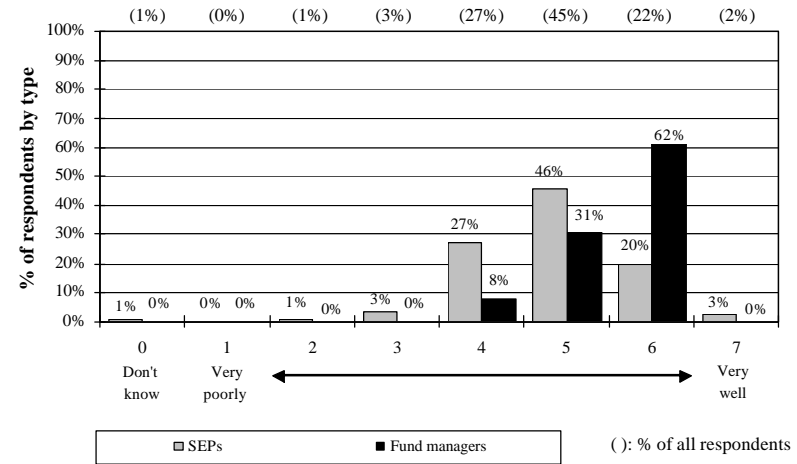


Q2.7(1) Stock prices reflect market and company information on the Main Board

		<u>Mean</u> <u>Score</u>
SEPs	(268)	4.88 ^
Large SEPs	(25)	4.92
Small SEPs	(243)	4.88
Fund Managers	(13)	5.54 ^
Overall	(281)	4.91

^ Significantly different at 1% level.

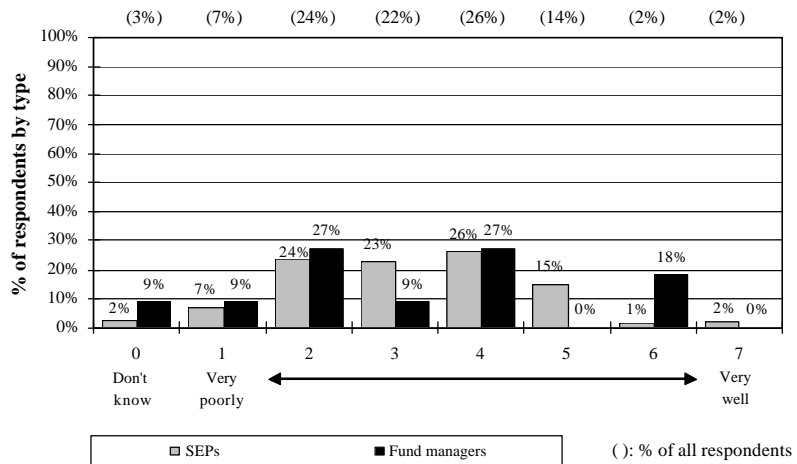
() No. of respondents giving a rating (i.e. excluding "Don't know")



Q2.7(2) Stock prices reflect market and company information on GEM

		<u>Mean</u> <u>score</u>
SEPs	(261)	3.30
Large SEPs	(24)	3.17
Small SEPs	(237)	3.32
Fund Managers	(10)	3.40
Overall	(271)	3.31

() No. of respondents giving a rating (i.e. excluding "Don't know")



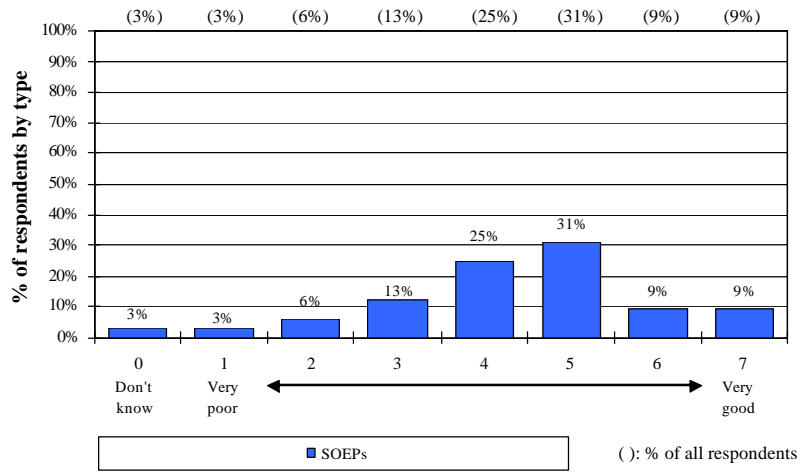


5.4 Trading aspects in the stock options market

Q2.8 The performance of stock options market makers in responding to quote requests is

		<u>Mean score</u>
SOEPs	(31)	4.45
Overall	(31)	4.45

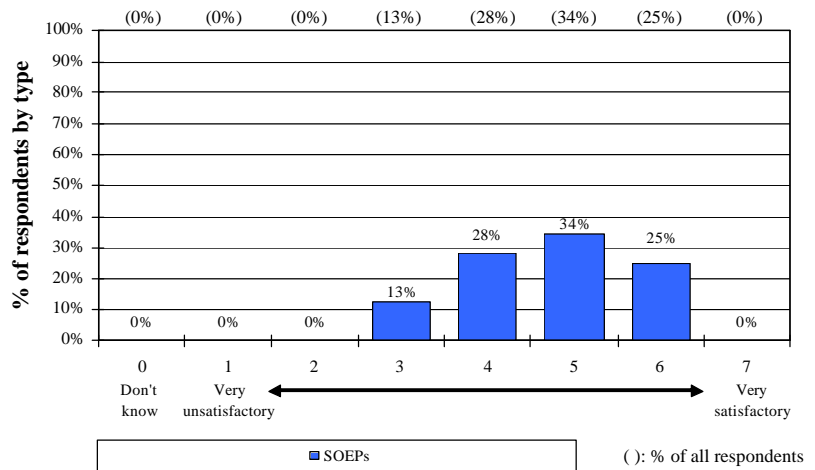
() No. of respondents giving a rating (i.e. excluding "Don't know")



Q2.9 The exercise and assignment mechanism in stock options market is

		<u>Mean score</u>
SOEPs	(32)	4.72
Overall	(32)	4.72

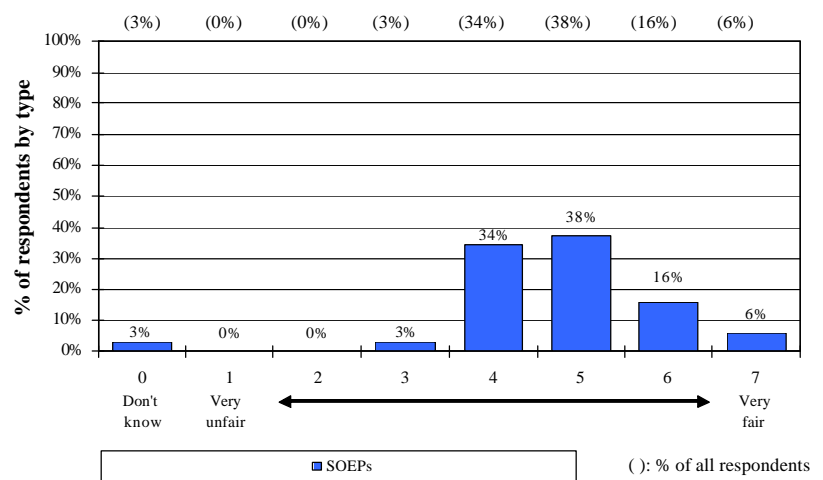
() No. of respondents giving a rating (i.e. excluding "Don't know")



Q2.10 The capital adjustment methodology in stock options market is

		<u>Mean score</u>
SOEPs	(31)	4.87
Overall	(31)	4.87

() No. of respondents giving a rating (i.e. excluding "Don't know")



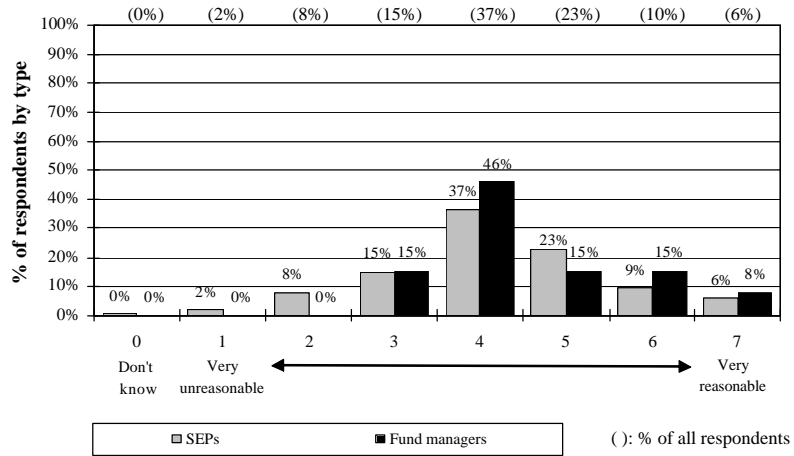


5.5 Transaction costs

Q2.11(1) Transaction costs for trading, clearing and settlement in the HK stock market are

		Mean score
SEPs	(269)	4.23
Large SEPs	(25)	4.12
Small SEPs	(244)	4.24
Fund Managers	(13)	4.54
Overall	(282)	4.24

() No. of respondents giving a rating (i.e. excluding "Don't know")



Q2.11(2) FEP: Transaction cost for trading, clearing and settlement in the HK derivatives market (excluding stock options) are

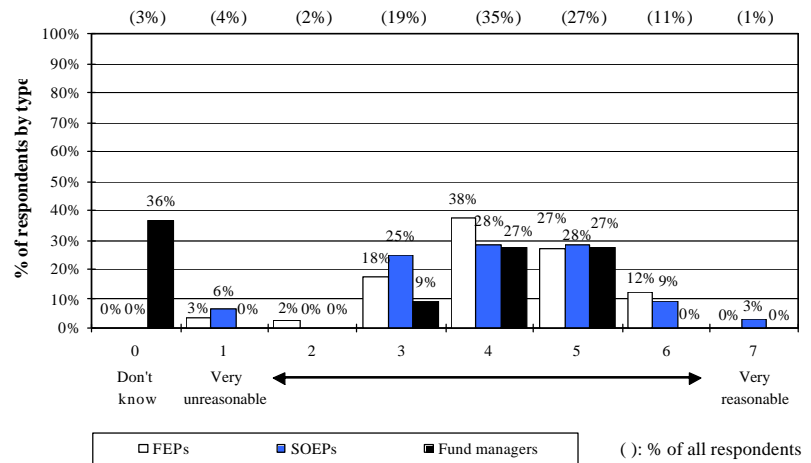
SOEP: Transaction cost for trading, clearing and settlement in the HK stock options market are

FM: Transaction cost for trading, clearing and settlement in the HK derivatives market are

		Mean score
FEPs	(90)	4.19
Large FEPs	(20)	3.65 #
Small FEPs	(70)	4.34 #
SOEPs	(32)	4.13
Fund Managers	(7)	4.29
Overall	(129)	4.18

Significantly different at 5% level.

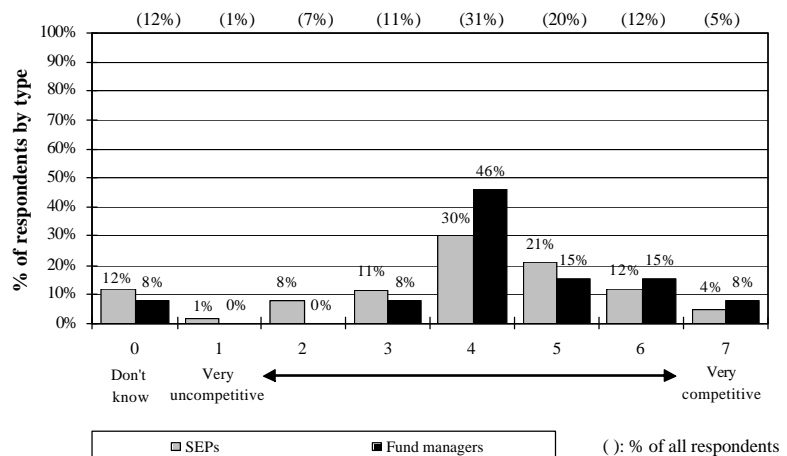
() No. of respondents giving a rating (i.e. excluding "Don't know")



Q2.12(1) In comparison with overseas markets, transaction costs for trading, clearing and settlement in the Hong Kong stock market are

		Mean score
SEPs	(238)	4.30
Large SEPs	(25)	4.04
Small SEPs	(213)	4.33
Fund Managers	(12)	4.67
Overall	(250)	4.32

() No. of respondents giving a rating (i.e. excluding "Don't know")





Q2.12(2) FEP: In comparison with overseas markets, transaction costs for trading, clearing and settlement in the Hong Kong derivatives market (excluding stock options) are

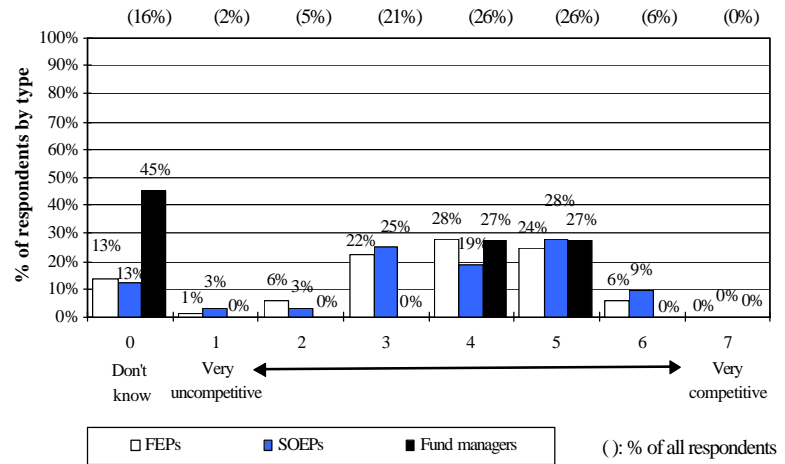
SOEP: In comparison with overseas markets, transaction costs for trading, clearing and settlement in the Hong Kong stock options market are

FM: In comparison with overseas markets, transaction costs for trading, clearing and settlement in the Hong Kong derivatives market are

		<u>Mean score</u>
FEPs	(78)	3.99
Large FEPs	(20)	3.35 #
Small FEPs	(58)	4.21 #
SOEPs	28	4.07
Fund Managers	(6)	4.50
Overall	(112)	4.04

Significantly different at 1% level.

() No. of respondents giving a rating (i.e. excluding "Don't know")

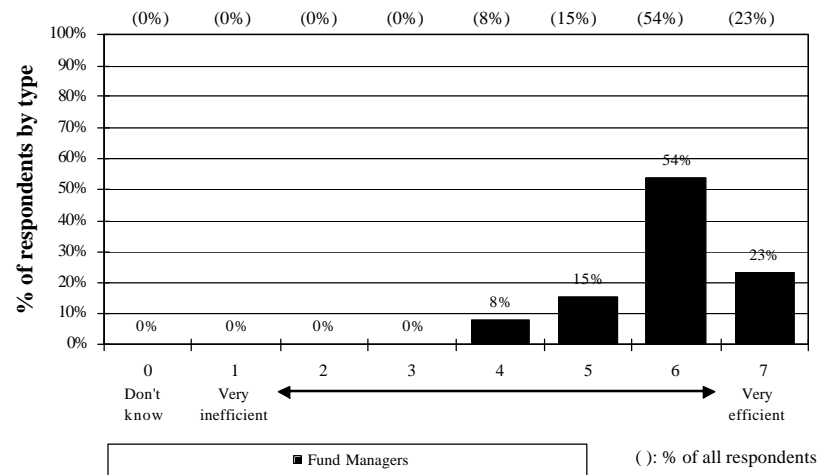


5.6 Efficiency of transaction processes

Q2.13(1) The trading process in the Hong Kong stock market is

		<u>Mean score</u>
Fund Managers	(13)	5.92
Overall	(13)	5.92

() No. of respondents giving a rating (i.e. excluding "Don't know")

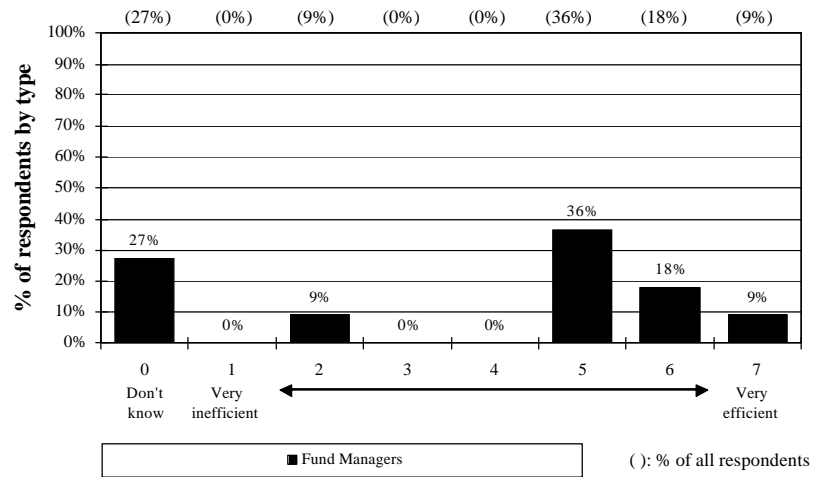




Q2.13(2) The trading process in the Hong Kong derivatives market is

		<u>Mean</u>
		<u>score</u>
Fund Managers	(8)	5.13
Overall	(8)	5.13

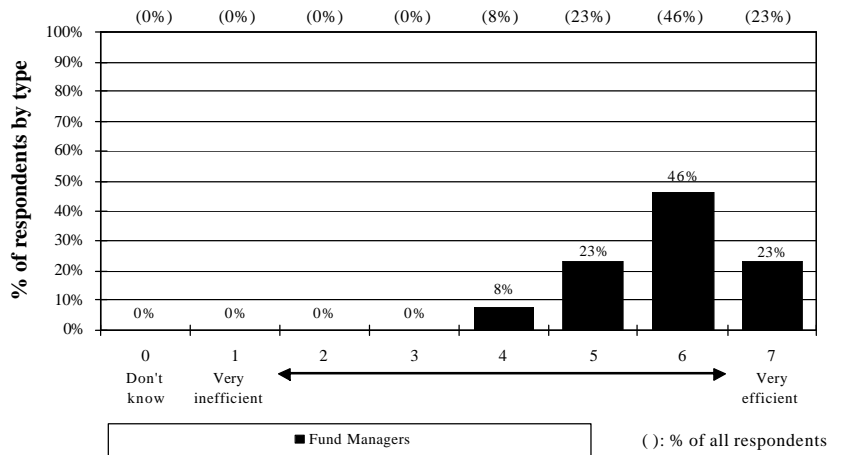
() No. of respondents giving a rating (i.e. excluding "Don't know")



Q2.14(1) The clearing and settlement process in the Hong Kong stock market is

		<u>Mean</u>
		<u>score</u>
Fund Managers	(13)	5.85
Overall	(13)	5.85

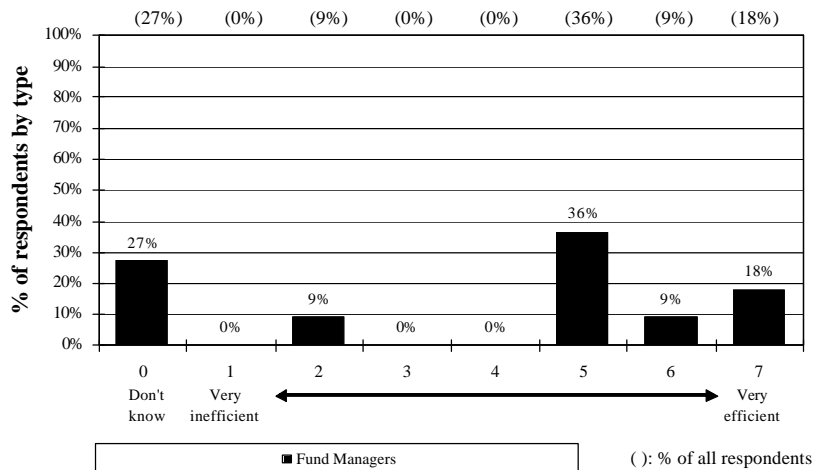
() No. of respondents giving a rating (i.e. excluding "Don't know")



Q2.14(2) The clearing and settlement process in the Hong Kong derivatives market is

		<u>Mean</u>
		<u>score</u>
Fund Managers	(8)	5.25
Overall	(8)	5.25

() No. of respondents giving a rating (i.e. excluding "Don't know")

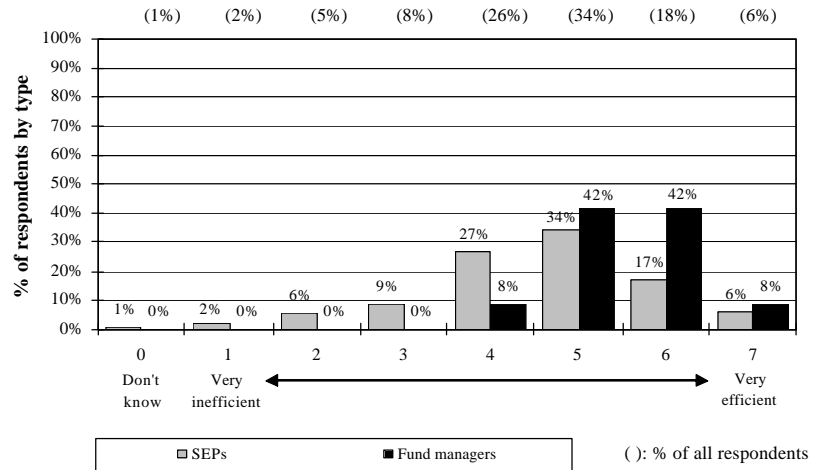




Q2.15 The share registration process in the Hong Kong stock market is

		<u>Mean score</u>
SEPs	(268)	4.60 ^
Large SEPs	(24)	4.58
Small SEPs	(244)	4.61
Fund Managers	(12)	5.50 ^
Overall	(280)	4.64

^ Significantly different at 5% level.
 () No. of respondents giving a rating (i.e. excluding "Don't know")

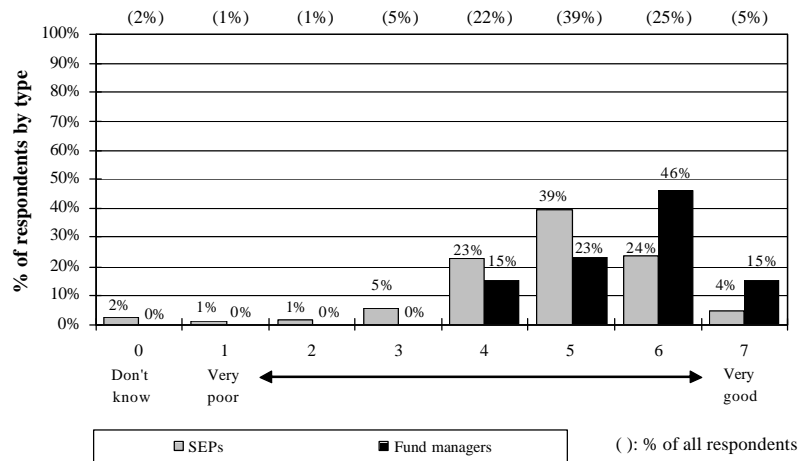


5.7 Exchange's overall risk management

Q2.16(1) The Exchange's overall risk management for the stock market is

		<u>Mean score</u>
SEPs	(263)	4.92 ^
Large SEPs	(25)	4.84
Small SEPs	(238)	4.93
Fund Managers	(13)	5.62 ^
Overall	(276)	4.95

^ Significantly different at 5% level.
 () No. of respondents giving a rating (i.e. excluding "Don't know")



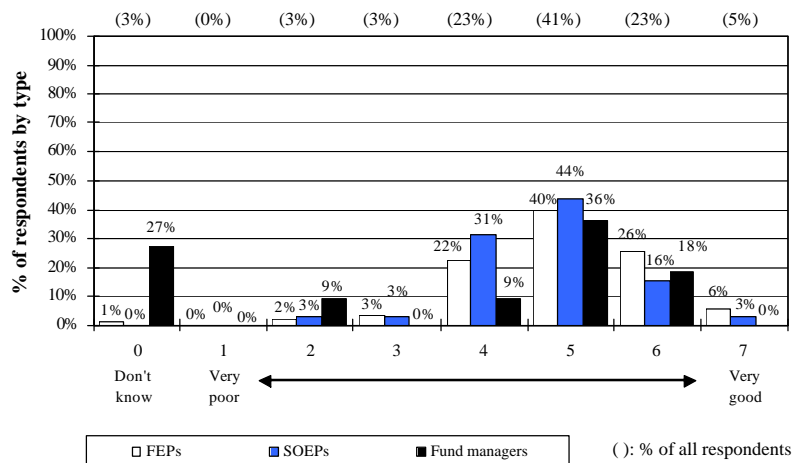
Q2.16(2) FEP: The Exchange's overall risk management for the derivatives market (excluding stock options) is

SOEP: The Exchange's overall risk management for the stock options market is

FM: The Exchange's overall risk management for the derivatives market is

		<u>Mean score</u>
FEPs	(89)	5.01
Large FEPs	(20)	4.75
Small FEPs	(69)	5.09
SOEPs	(32)	4.75
Fund Managers	(8)	4.75
Overall	(129)	4.93

() No. of respondents giving a rating (i.e. excluding "Don't know")





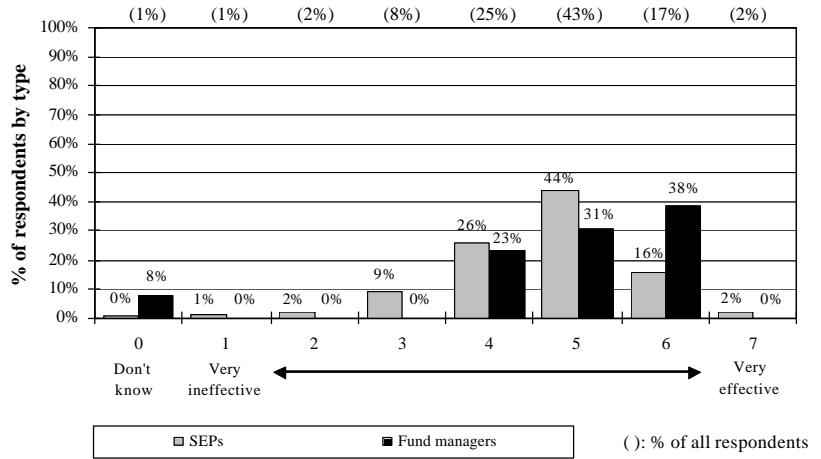
6. MARKET REGULATION

6.1 Regulation and corporate governance of listed companies

Q3.1(1) The overall regulation of listed companies on the Main board is

		<u>Mean score</u>
SEPs	(269)	4.67
Large SEPs	(25)	4.56
Small SEPs	(244)	4.68
Fund Managers	(12)	5.17
Overall	(281)	4.69

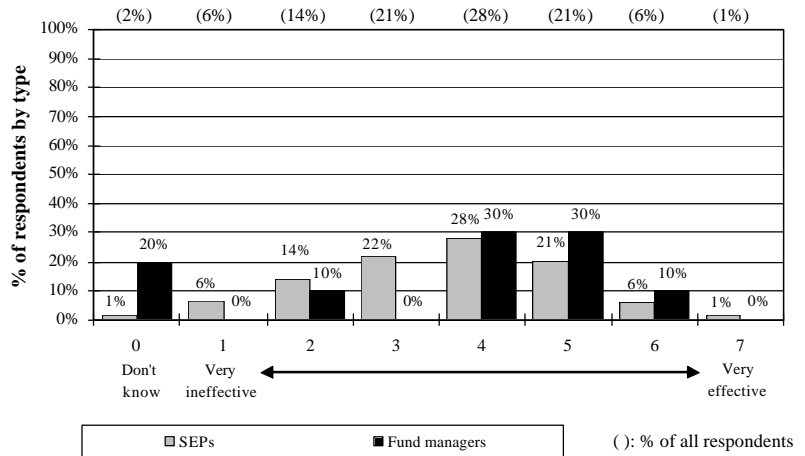
() No. of respondents giving a rating (i.e. excluding "Don't know")



Q3.1(2) The overall regulation of listed companies on GEM is

		<u>Mean score</u>
SEPs	(264)	3.68
Large SEPs	(23)	3.74
Small SEPs	(241)	3.67
Fund Managers	(8)	4.38
Overall	(272)	3.70

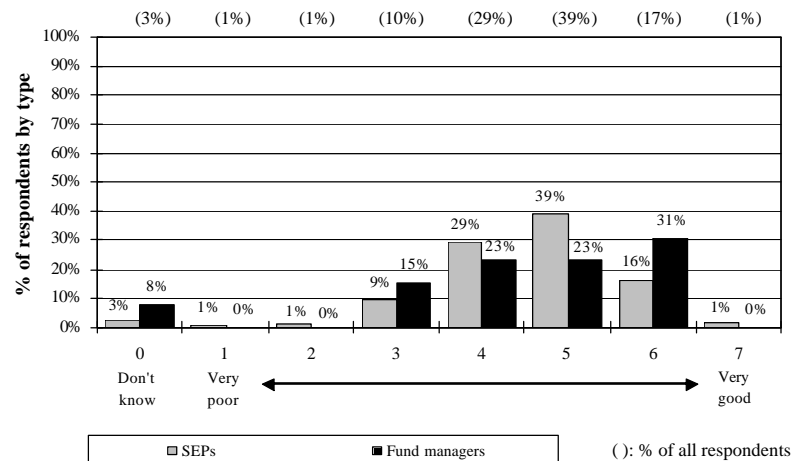
() No. of respondents giving a rating (i.e. excluding "Don't know")



Q3.2(1) The corporate governance of listed companies on the Main Board is

		<u>Mean score</u>
SEPs	(263)	4.64
Large SEPs	(24)	4.71
Small SEPs	(239)	4.64
Fund Managers	(12)	4.75
Overall	(275)	4.65

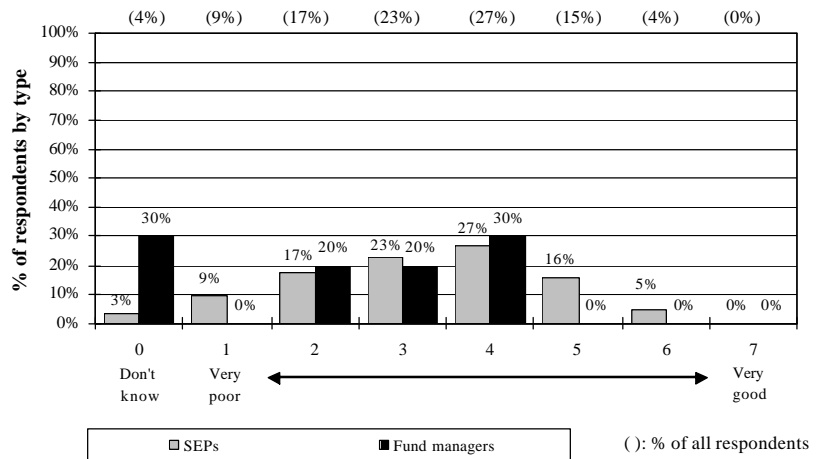
() No. of respondents giving a rating (i.e. excluding "Don't know")



Q3.2(2) The corporate governance of listed companies on GEM is

		<u>Mean score</u>
SEPs	(257)	3.37
Large SEPs	(22)	3.73
Small SEPs	(235)	3.34
Fund Managers	(7)	3.14
Overall	(264)	3.36

() No. of respondents giving a rating (i.e. excluding "Don't know")

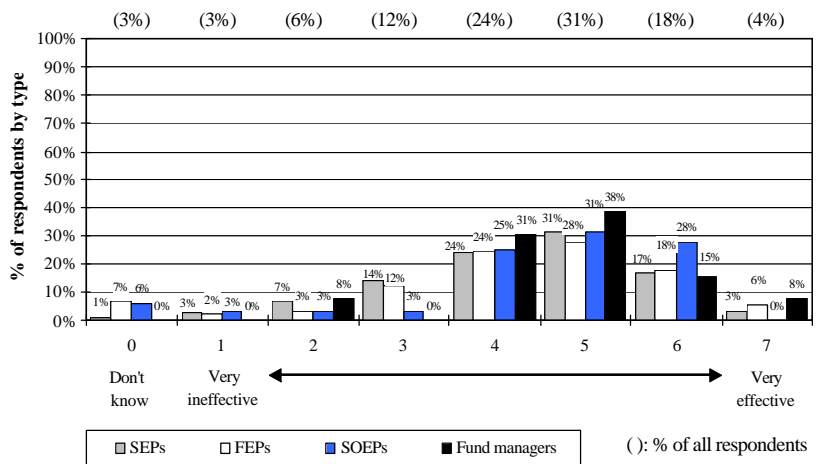


6.2 Regulation of market activities and investor protection

Q3.4 The regulation of insider trading in relation to stocks is

		<u>Mean score</u>
SEPs	(267)	4.40
Large SEPs	(25)	4.52
Small SEPs	(242)	4.38
FEPs	(84)	4.58
Large FEPs	(19)	4.89
Small FEPs	(65)	4.49
SOEPs	(30)	4.73
Fund Managers	(13)	4.77
Overall	(394)	4.47

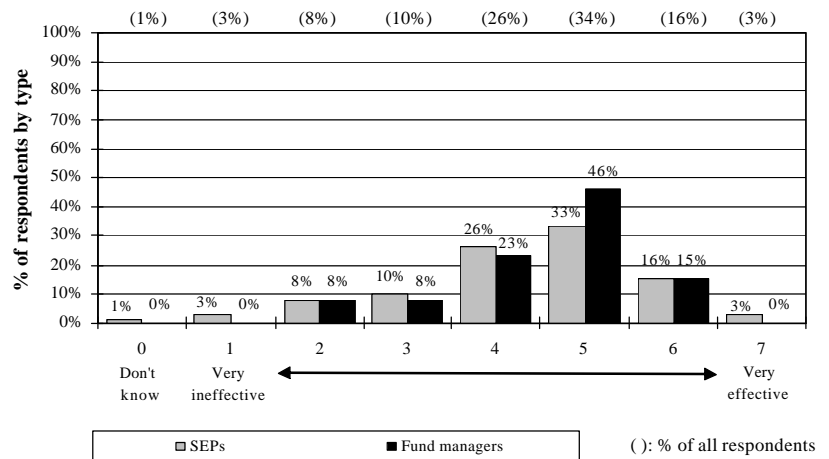
() No. of respondents giving a rating (i.e. excluding "Don't know")



Q3.5(1) The regulation of market manipulation in the stock market is

		<u>Mean score</u>
SEPs	(267)	4.38
Large SEPs	(25)	4.60
Small SEPs	(242)	4.36
Fund Managers	(13)	4.54
Overall	(280)	4.39

() No. of respondents giving a rating (i.e. excluding "Don't know")





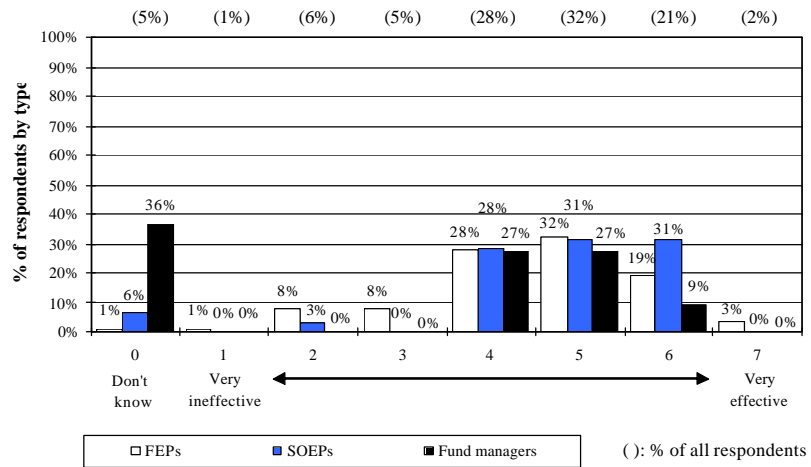
Q3.5(2) FEP: The regulation of market manipulation in the derivatives market (excluding stock options) is

SOEP: The regulation of market manipulation in the stock options market is

FM: The regulation of market manipulation in the derivatives market is

		Mean score
FEPs	(89)	4.54
Large FEPs	(20)	4.80
Small FEPs	(69)	4.46
SOEPs	(30)	4.93
Fund Managers	(7)	4.71
Overall	(126)	4.64

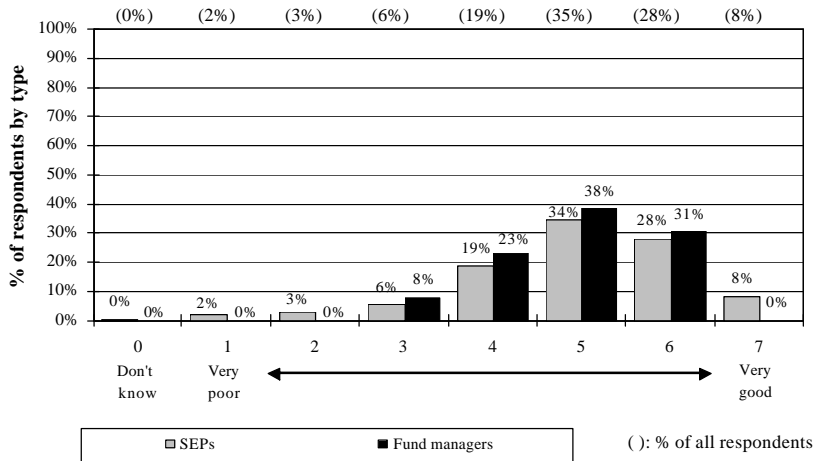
() No. of respondents giving a rating (i.e. excluding "Don't know")



Q3.7(1) The protection of stock investors is

		Mean score
SEPs	(269)	4.99
Large SEPs	(25)	4.88
Small SEPs	(244)	5.00
Fund Managers	(13)	4.92
Overall	(282)	4.98

() No. of respondents giving a rating (i.e. excluding "Don't know")



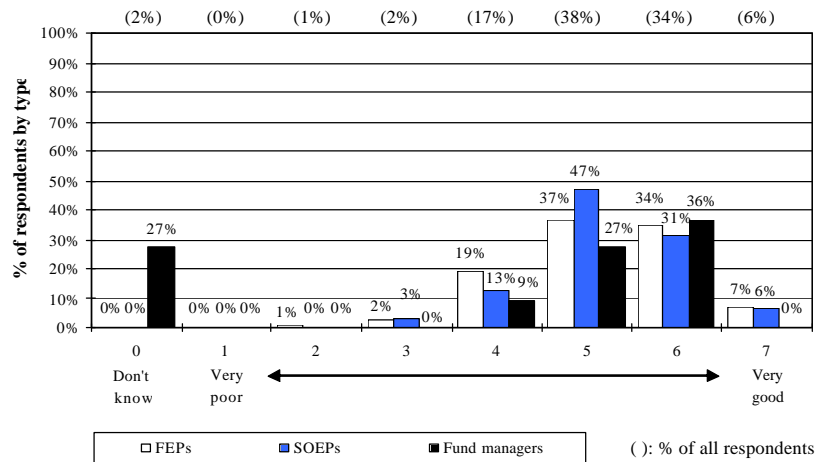
Q3.7(2) FEP: The protection of derivatives (excluding stock options) investors is

SOEP: The protection of stock options investors is

FM: The protection of derivatives investors is

		Mean score
FEPs	(90)	5.21
Large FEPs	(20)	5.40
Small FEPs	(70)	5.16
SOEPs	(32)	5.25
Fund Managers	(8)	5.38
Overall	(130)	5.23

() No. of respondents giving a rating (i.e. excluding "Don't know")



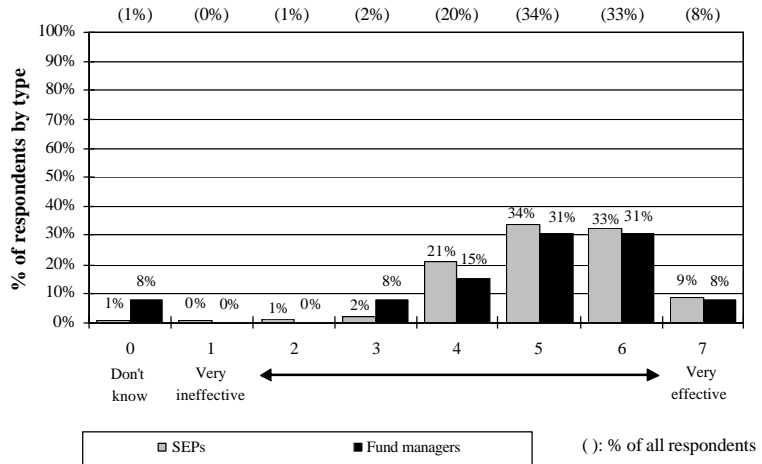


6.3 Regulation of brokers

Q3.3(1) The regulation of stock brokers is

		Mean Score
SEPs	(268)	5.20
Large SEPs	(25)	4.64 *
Small SEPs	(243)	5.26 *
Fund Managers	(12)	5.17
Overall	(280)	5.20

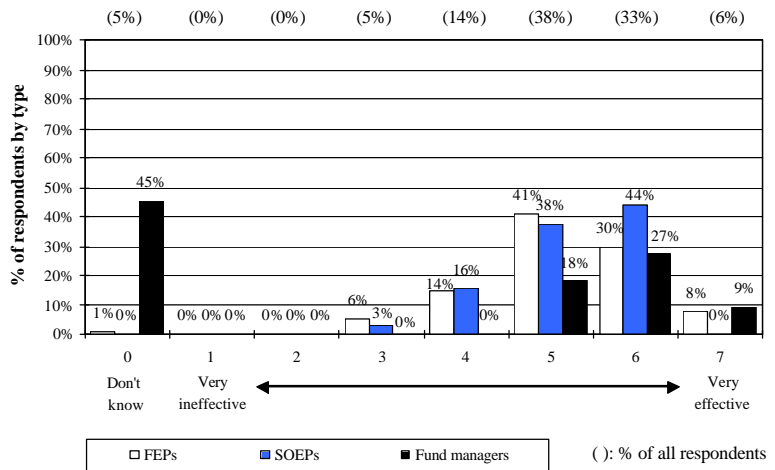
* Significantly different at 1% level.
() No. of respondents giving a rating
(i.e. excluding "Don't know")



Q3.3(2) FEP: The regulation of futures brokers is SOEP: The regulation of stock options brokers is FM: The regulation of futures brokers is

		Mean score
FEPs	(89)	5.20
Large FEPs	(20)	5.55
Small FEPs	(69)	5.10
SOEPs	(32)	5.22
Fund Managers	(6)	5.83
Overall	(127)	5.24

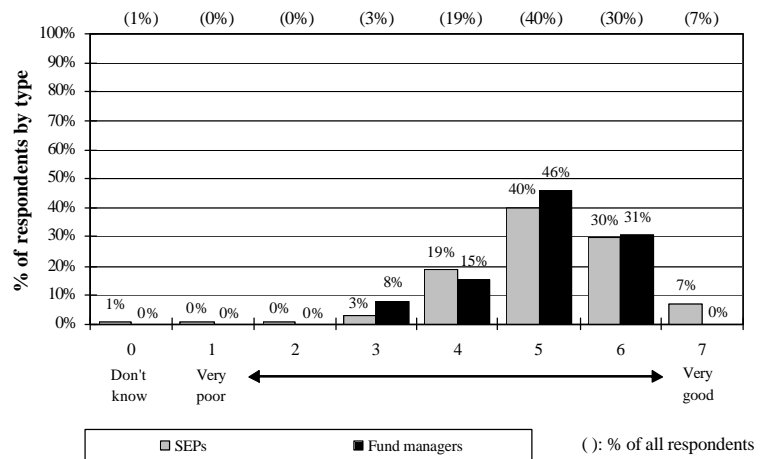
() No. of respondents giving a rating
(i.e. excluding "Don't know")



Q3.6(1) The business conduct of stock brokers is

		Mean score
SEPs	(268)	5.16
Large SEPs	(25)	4.84
Small SEPs	(243)	5.20
Fund Managers	(13)	5.00
Overall	(281)	5.16

() No. of respondents giving a rating
(i.e. excluding "Don't know")





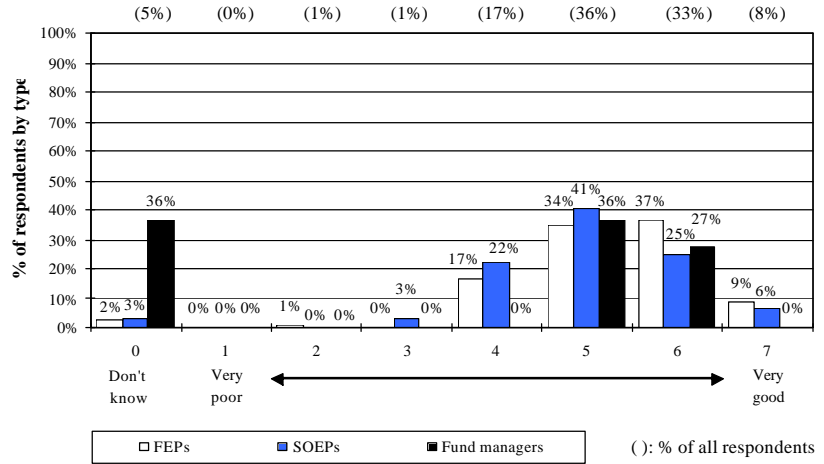
Q3.6(2) FEP: The *business conduct of futures brokers* is

SOEP: The *business conduct of stock options brokers* is

FM: The *business conduct of futures brokers* is

		<u>Mean</u> <u>score</u>
FEPs	(88)	5.35
<i>Large FEPs</i>	(20)	5.55
<i>Small FEPs</i>	(68)	5.29
SOEPs	(31)	5.10
Fund Managers	(7)	5.43
Overall	(126)	5.29

() No. of respondents giving a rating
(i.e. excluding "Don't know")

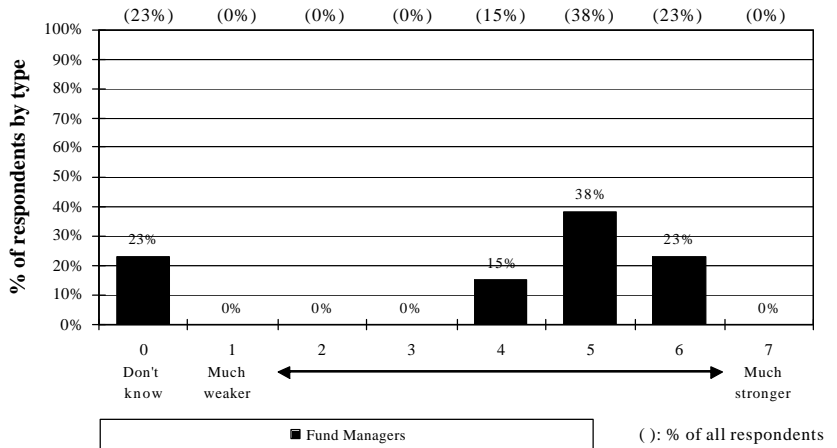


6.4 Overall regulation 3/4 local vs overseas

Q3.8(1) In comparison with overseas markets, overall regulation in HK of stock brokers is

		<u>Mean</u> <u>score</u>
Fund Managers	(10)	5.10
Overall	(10)	5.10

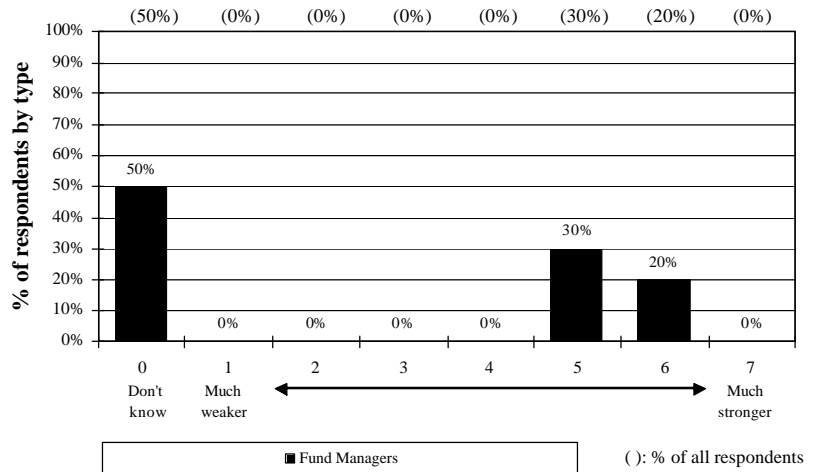
() No. of respondents giving a rating
(i.e. excluding "Don't know")



Q3.8(2) In comparison with overseas markets, overall regulation in HK of futures brokers is

		<u>Mean</u> <u>score</u>
Fund Managers	(5)	5.40
Overall	(5)	5.40

() No. of respondents giving a rating
(i.e. excluding "Don't know")

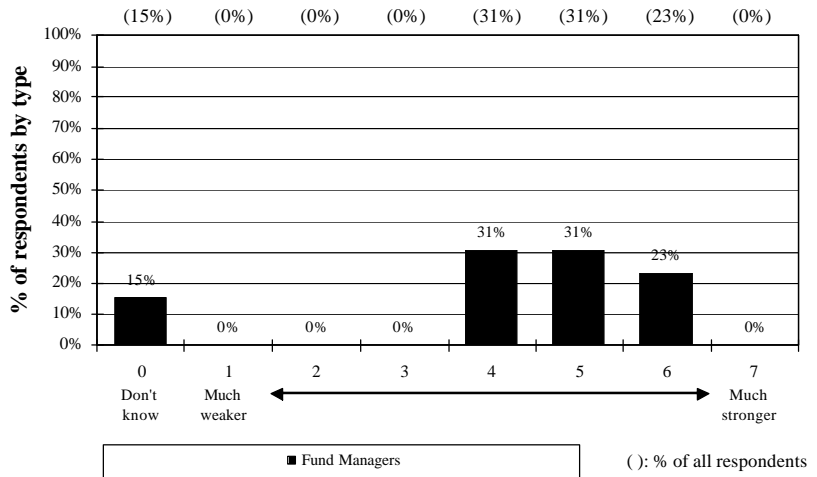




Q3.9 In comparison with overseas markets, overall listed company regulation in Hong Kong is

		<u>Mean</u> <u>Score</u>
Fund Managers	(11)	4.91
Overall	(11)	4.91

() No. of respondents giving a rating (i.e. excluding "Don't know")



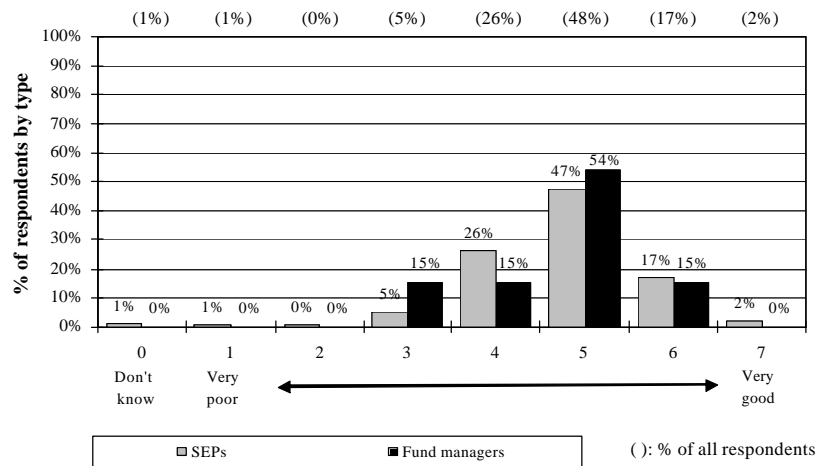
7. MARKET AND ISSUER INFORMATION

7.1 Issuer information

Q4.1(1) The content of information disclosure by listed companies on the Main board is

		<u>Mean</u> <u>score</u>
SEPs	(267)	4.81
Large SEPs	(24)	4.79
Small SEPs	(243)	4.81
Fund Managers	(13)	4.69
Overall	(280)	4.81

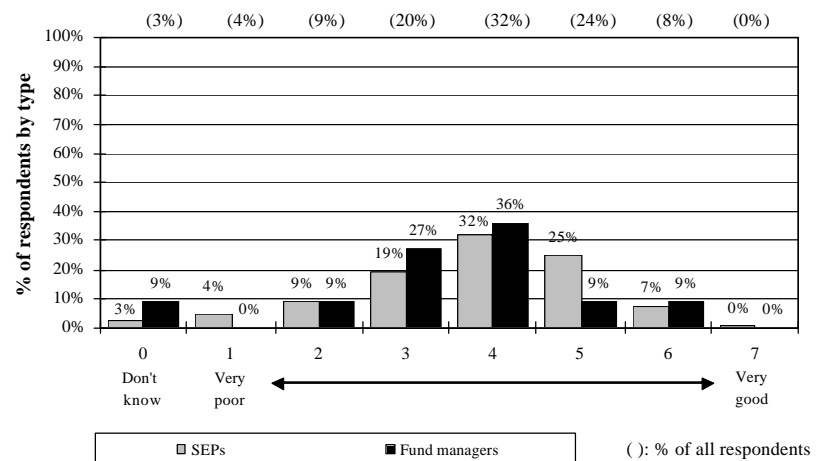
() No. of respondents giving a rating (i.e. excluding "Don't know")



Q4.1(2) The content of information disclosure by listed companies on GEM is

		<u>Mean</u> <u>score</u>
SEPs	(262)	3.90
Large SEPs	(24)	4.17
Small SEPs	(238)	3.87
Fund Managers	(10)	3.80
Overall	(272)	3.90

() No. of respondents giving a rating (i.e. excluding "Don't know")

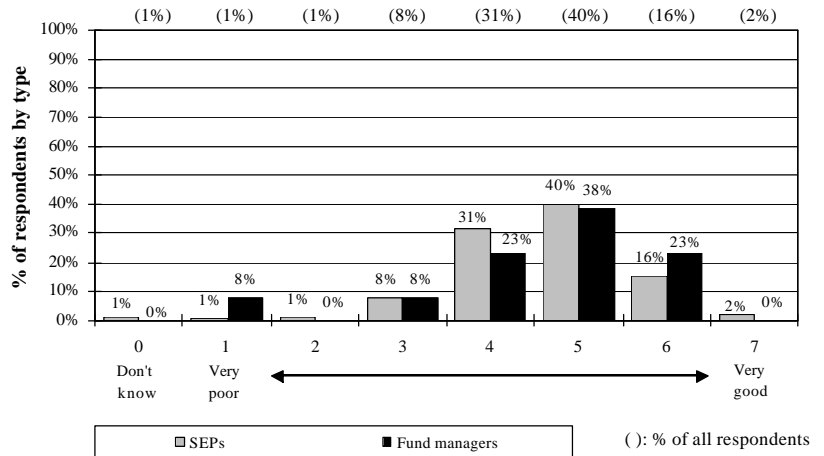




Q4.2(1) The timeliness of information disclosure by listed companies on the Main Board is

		<u>Mean score</u>
SEPs	(267)	4.65
Large SEPs	(25)	4.80
Small SEPs	(242)	4.63
Fund Managers	(13)	4.54
Overall	(280)	4.64

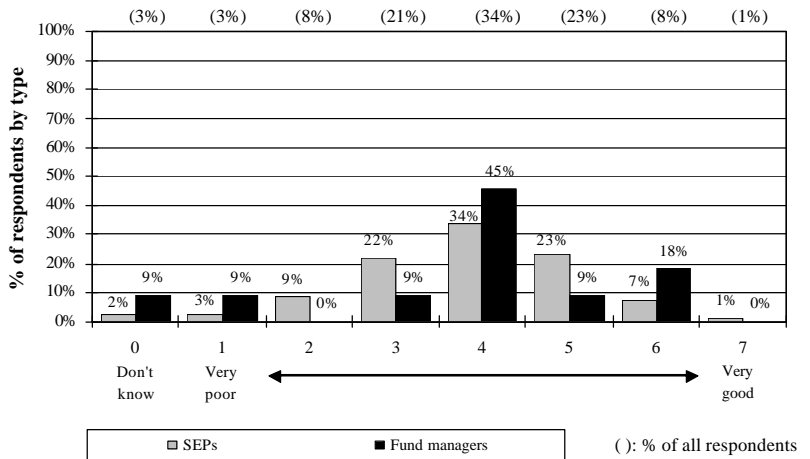
() No. of respondents giving a rating (i.e. excluding "Don't know")



Q4.2(2) The timeliness of information disclosure by listed companies on GEM is

		<u>Mean score</u>
SEPs	(262)	3.94
Large SEPs	(25)	4.16
Small SEPs	(237)	3.91
Fund Managers	(10)	4.10
Overall	(272)	3.94

() No. of respondents giving a rating (i.e. excluding "Don't know")



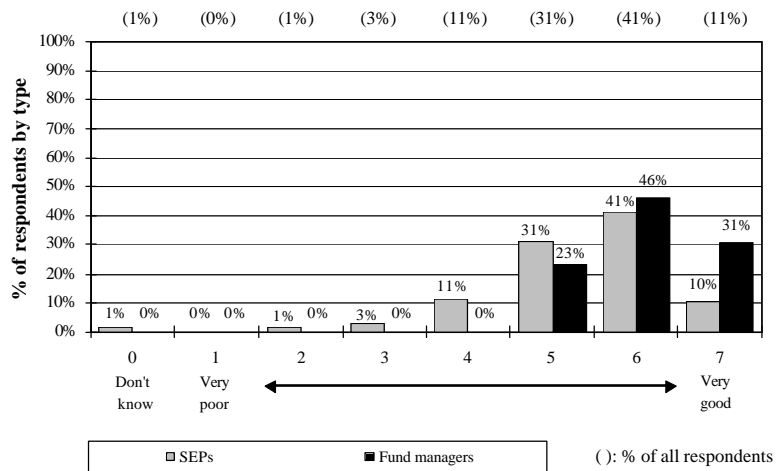
7.2 Market information

Q4.3(1) Real-time trading data available for the Hong Kong stock market is

		<u>Mean score</u>
SEPs	(265)	5.41 ^
Large SEPs	(24)	5.67
Small SEPs	(241)	5.39
Fund Managers	(13)	6.08 ^
Overall	(278)	5.44

^ Significantly different at 5% level.

() No. of respondents giving a rating (i.e. excluding "Don't know")





Q4.3(2) FEP: *Real-time trading data available for the Hong Kong derivatives market (excluding stock options) is*

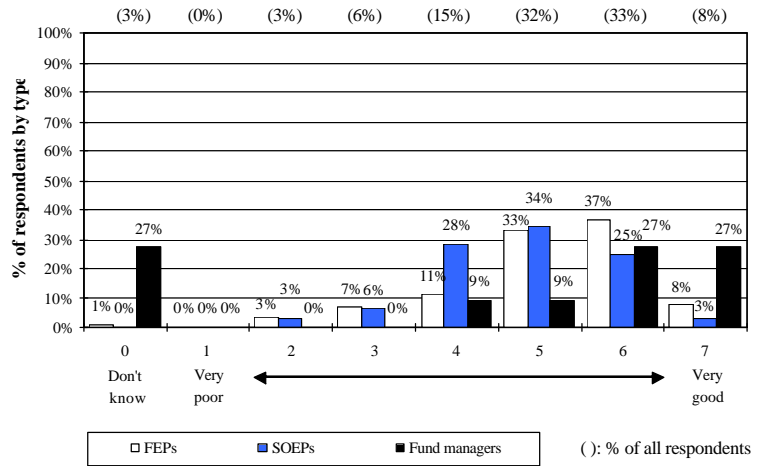
SOEP: *Real-time trading data available for the Hong Kong stock options market is*

FM: *Real-time trading data available for the Hong Kong derivatives market is*

		Mean Score
FEPs	(89)	5.18 [^]
Large FEPs	(19)	5.32
Small FEPs	(70)	5.14
SOEPs	(32)	4.81 [^]
Fund Managers	(8)	6.00 [^]
Overall	(129)	5.14

[^] Significantly different at 5% level.

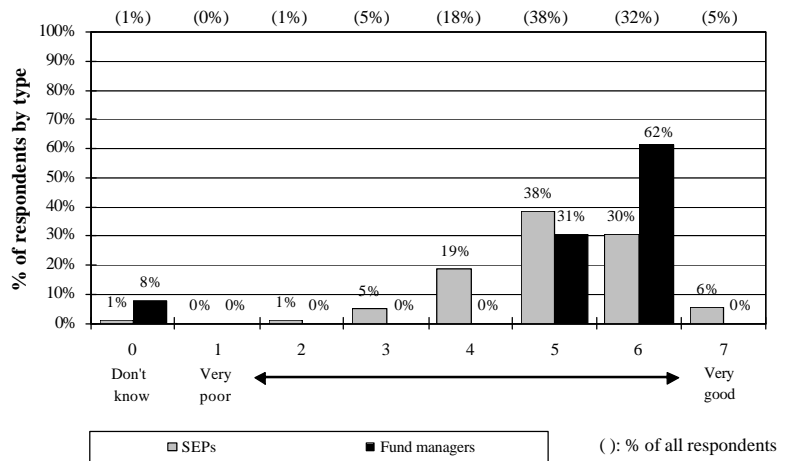
() No. of respondents giving a rating (i.e. excluding "Don't know")



Q4.4(1) Historical trading data available for the Hong Kong Main Board is

		Mean score
SEPs	(267)	5.10
Large SEPs	(25)	5.00
Small SEPs	(242)	5.11
Fund Managers	(12)	5.67
Overall	(279)	5.12

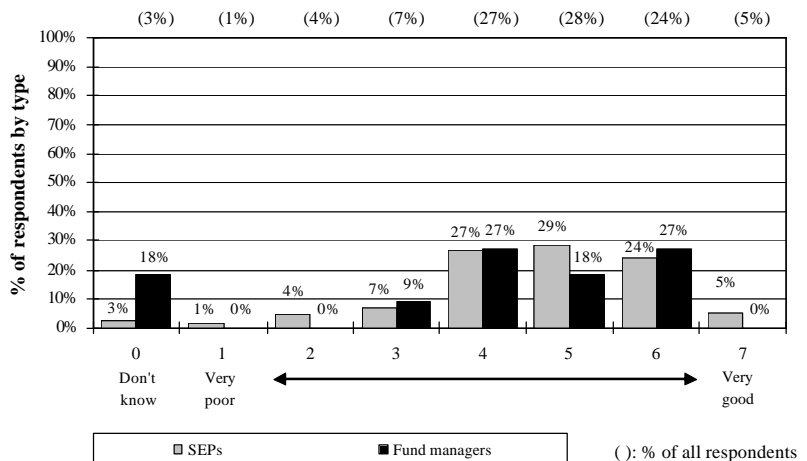
() No. of respondents giving a rating (i.e. excluding "Don't know")



Q4.4(2) Historical trading data available for the Hong Kong GEM is

		Mean score
SEPs	(260)	4.74
Large SEPs	(24)	4.96
Small SEPs	(236)	4.72
Fund Managers	(9)	4.78
Overall	(269)	4.74

() No. of respondents giving a rating (i.e. excluding "Don't know")





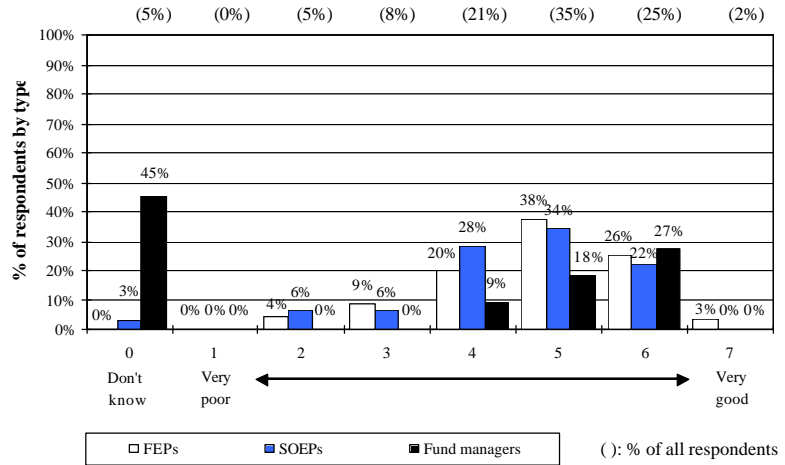
Q4.4(3) FEP: *Historical trading data available for the Hong Kong derivatives market (excluding stock options) is*

SOEP: *Historical trading data available for the Hong Kong stock options market is*

FM: *Historical trading data available for the Hong Kong derivatives market is*

		Mean score
FEPs	(90)	4.81
Large FEPs	(20)	4.85
Small FEPs	(70)	4.80
SOEPs	(31)	4.61
Fund Managers	(6)	5.33
Overall	(127)	4.79

() No. of respondents giving a rating (i.e. excluding "Don't know")



8. THE EXCHANGE'S PRODUCTS AND SERVICES

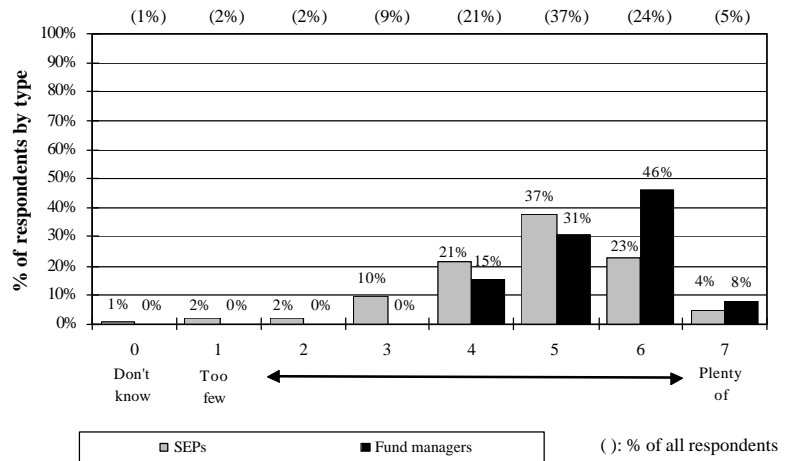
8.1 The Exchange's products

Q5.1(1) *In the Hong Kong stock market, there are good quality listed companies for investment.*

		Mean score
SEPs	(268)	4.78 ^
Large SEPs	(24)	4.88
Small SEPs	(244)	4.77
Fund Managers	(13)	5.46 ^
Overall	(281)	4.81

^ Significantly different at 5% level.

() No. of respondents giving a rating (i.e. excluding "Don't know")





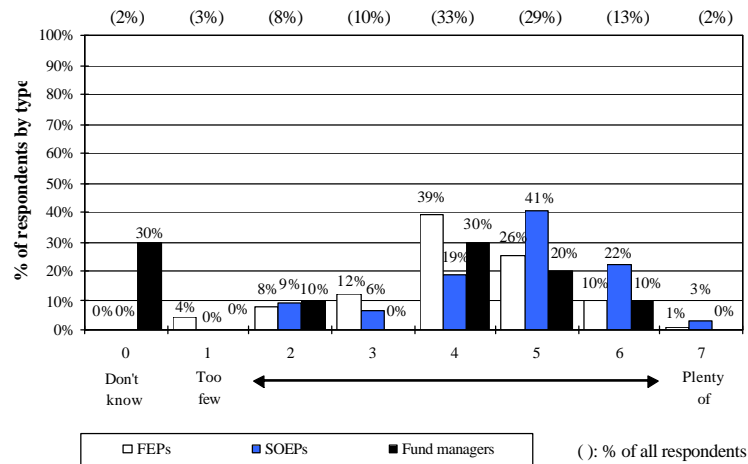
Q5.1(2) FEP: There are *good products* in the Exchange's derivatives market (excluding stock options).

SOEP: There are *good options classes* in the Exchange's stock options market.

FM: There are *good products* in the Exchange's derivatives market.

		Mean score
FEPs	(90)	4.08
Large FEPs	(20)	4.20
Small FEPs	(70)	4.04
SOEPs	(32)	4.69
Fund Managers	(7)	4.29
Overall	(129)	4.24

() No. of respondents giving a rating (i.e. excluding "Don't know")



8.2 The Exchange's clearing and settlement services

Q5.2 SEP: The *clearing and settlement service* provided by HK Securities Clearing Company is

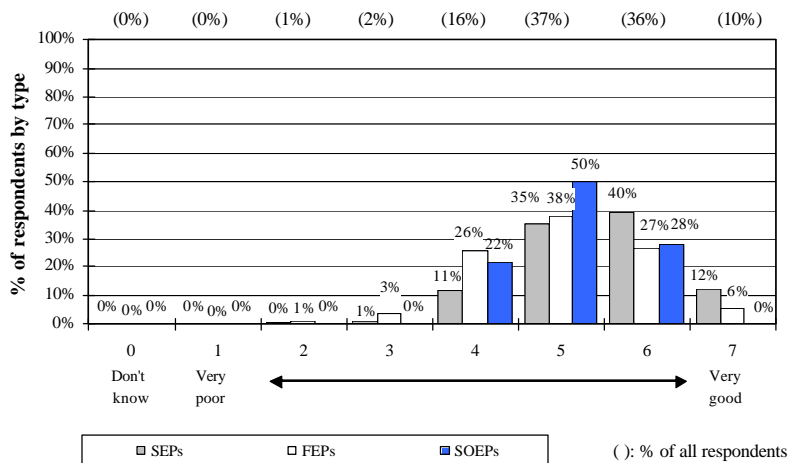
FEP: The *clearing and settlement service* provided by HKFE Clearing Corporation is

SOEP: The *clearing and settlement service* provided by SEHK Options Clearing House is

		Mean score
SEPs	(270)	5.49 ^
Large SEPs	(25)	5.32
Small SEPs	(245)	5.51
FEPs	(90)	5.02 ^
Large FEPs	(20)	5.30
Small FEPs	(70)	4.94
SOEPs	(32)	5.06 ^
Overall	(392)	5.35

^ Significantly different at 0.1% level.

() No. of respondents giving a rating (i.e. excluding "Don't know")

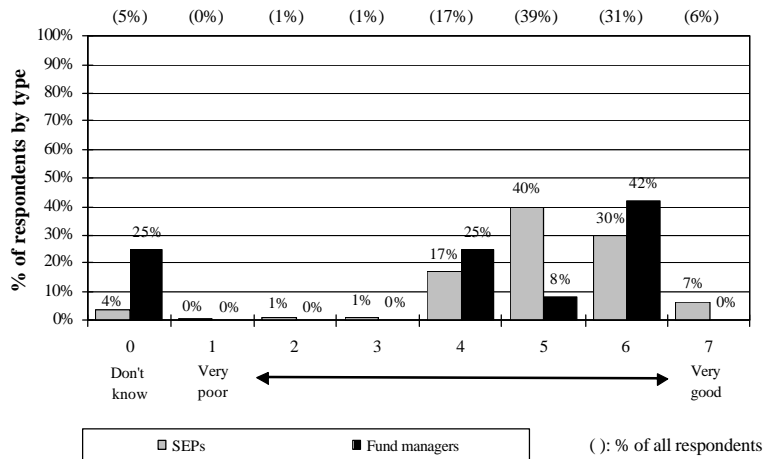




Q5.3 The nominee services provided by Hong Kong Securities Clearing Company are

		<u>Mean score</u>
SEPs	(260)	5.20
Large SEPs	(23)	5.04
Small SEPs	(237)	5.22
Fund Managers	(9)	5.22
Overall	(269)	5.20

() No. of respondents giving a rating (i.e. excluding "Don't know")



8.3 The Exchange's fees

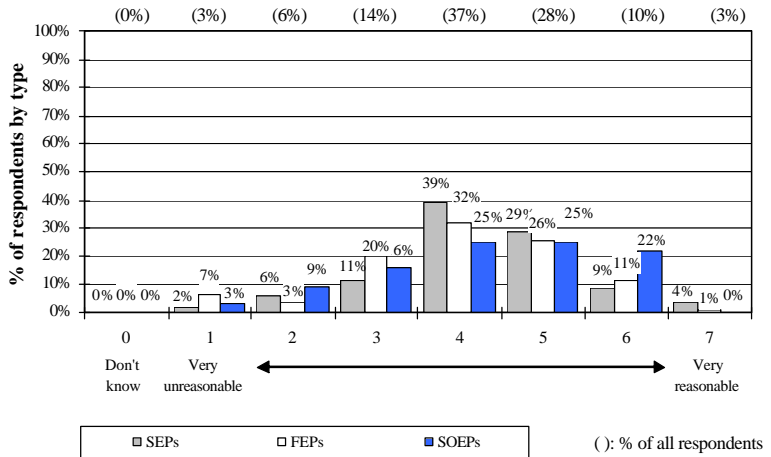
Q5.4 SEP: The Exchange's trading fees for the stock market are

FEP: The Exchange's trading fees for the derivatives market (excluding stock options) are

SOEP: The Exchange's trading fees for the stock options market are

		<u>Mean score</u>
SEPs	(269)	4.28
Large SEPs	(24)	4.38
Small SEPs	(245)	4.27
FEPs	(90)	4.04
Large FEPs	(20)	3.65
Small FEPs	(70)	4.16
SOEPs	(32)	4.25
Overall	(391)	4.23

() No. of respondents giving a rating (i.e. excluding "Don't know")

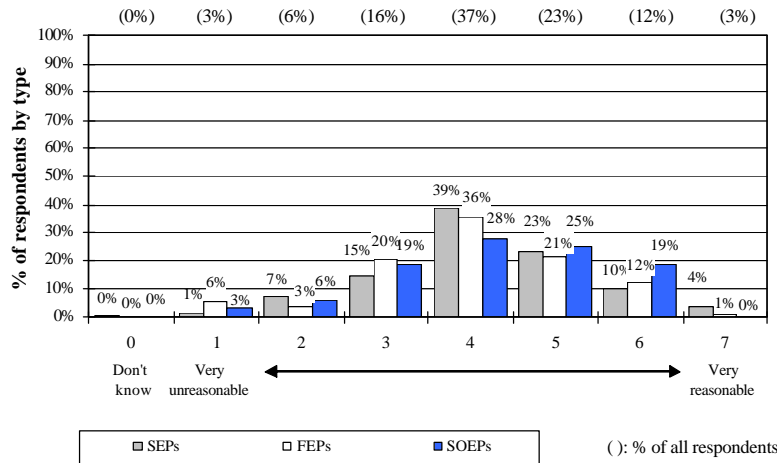




- Q5.5 SEP:** The Exchange's clearing and settlement fees for the stock market are
- FEP:** The Exchange's clearing and settlement fees for the derivatives market (excluding stock options) are
- SOEP:** The Exchange's clearing and settlement fees for the stock options market are

		Mean score
SEPs	(269)	4.22
Large SEPs	(24)	4.25
Small SEPs	(245)	4.22
FEPs	(89)	4.06
Large FEPs	(20)	3.60
Small FEPs	(69)	4.19
SOEPs	(32)	4.22
Overall	(390)	4.18

() No. of respondents giving a rating (i.e. excluding "Don't know")

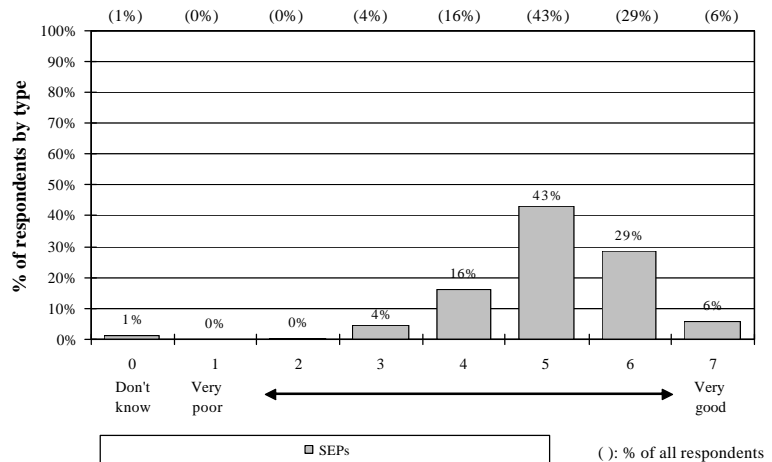


8.4 The Exchange's technical support

- Q5.6(1)** Within its scope of services for the stock market trading system (AMS/3), the *technical support* offered by the Exchange is

		Mean score
SEPs	(267)	5.15
Large SEPs	(24)	5.00
Small SEPs	(243)	5.16
Overall	(267)	5.15

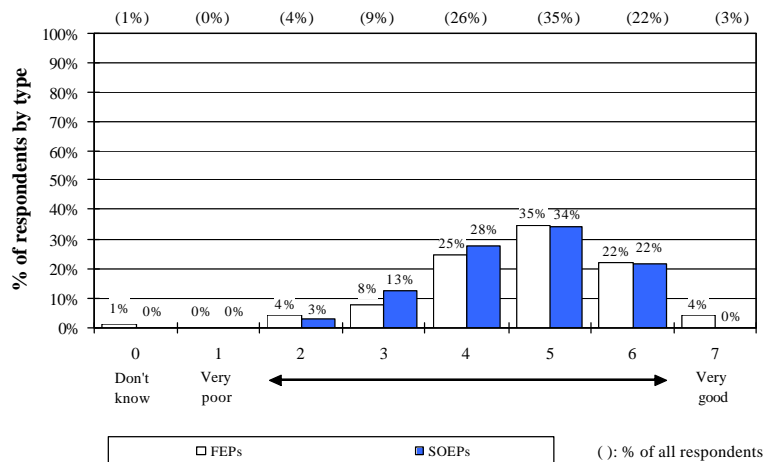
() No. of respondents giving a rating (i.e. excluding "Don't know")



- Q5.6(2)** Within its scope of services for the derivatives market trading system (HKATS), the *technical support* offered by the Exchange is

		Mean score
FEPs	(88)	4.77
Large FEPs	(20)	5.10
Small FEPs	(68)	4.68
SOEPs	(32)	4.59
Overall	(120)	4.73

() No. of respondents giving a rating (i.e. excluding "Don't know")

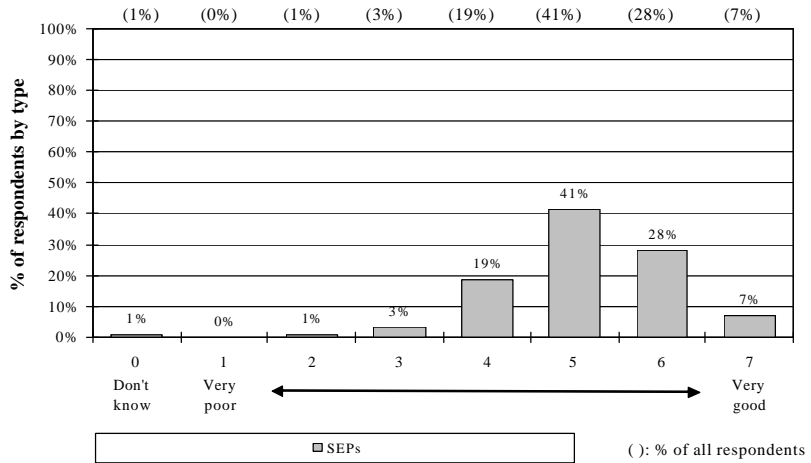




Q5.7(1) Within its scope of services for the stock market clearing and settlement system (CCASS), the *technical support* offered by the Exchange is

		Mean score
SEPs	(268)	5.15
Large SEPs	(24)	4.79
Small SEPs	(244)	5.18
Overall	(268)	5.15

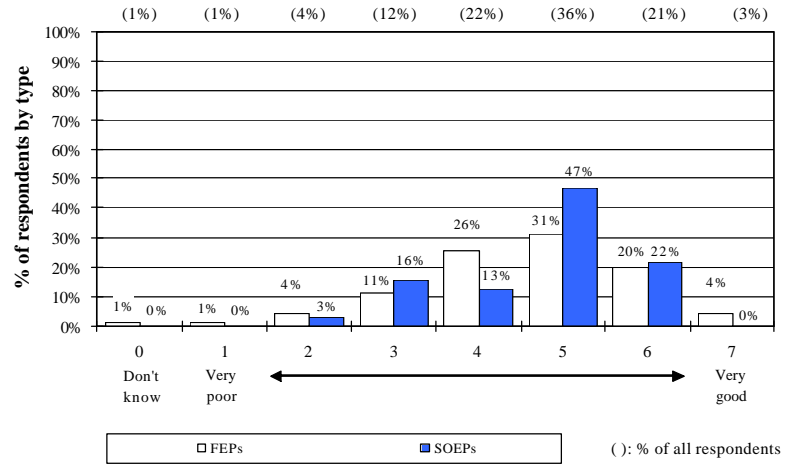
() No. of respondents giving a rating (i.e. excluding "Don't know")



Q5.7(2) Within its scope of services for the derivatives market clearing and settlement system (DCASS), the *technical support* offered by the Exchange is

		Mean score
FEPs	(88)	4.63
Large FEPs	(20)	4.85
Small FEPs	(68)	4.56
SOEPs	(32)	4.69
Overall	(120)	4.64

() No. of respondents giving a rating (i.e. excluding "Don't know")



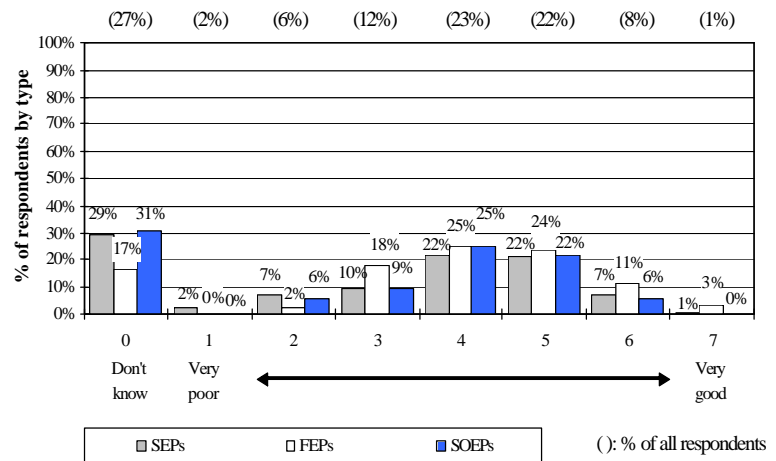
Q5.8 SEP: The assistance offered by the Exchange to brokers in developing *online stock trading* is

FEP: The assistance offered by the Exchange to brokers in developing *online derivatives trading (excluding stock options)* is

SOEP: The assistance offered by the Exchange to brokers in developing *online stock options trading* is

		Mean score
SEPs	(190)	4.11
Large SEPs	(18)	4.56
Small SEPs	(172)	4.06
FEPs	(74)	4.41
Large FEPs	(19)	4.47
Small FEPs	(55)	4.38
SOEPs	(22)	4.18
Overall	(286)	4.19

() No. of respondents giving a rating (i.e. excluding "Don't know")



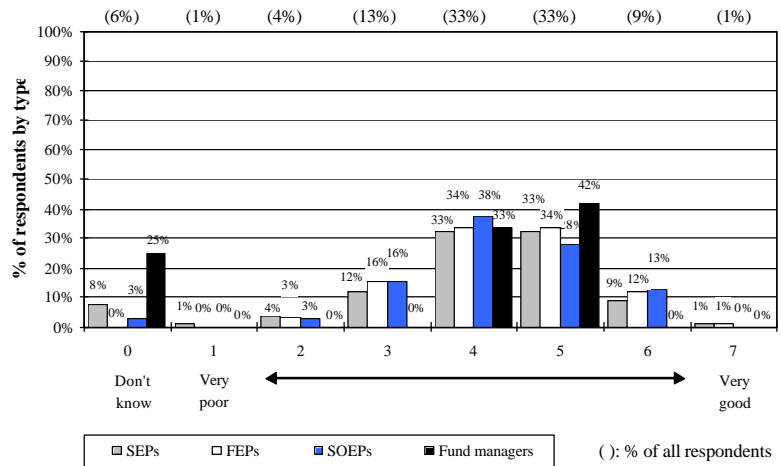


8.5 The Exchange's other services

Q5.9 The Exchange's consultation on market and product development is

		Mean score
SEPs	(249)	4.32
Large SEPs	(25)	4.60
Small SEPs	(224)	4.29
FEPs	(89)	4.39
Large FEPs	(20)	4.55
Small FEPs	(69)	4.35
SOEPs	(31)	4.32
Fund Managers	(9)	4.56
Overall	(378)	4.34

() No. of respondents giving a rating (i.e. excluding "Don't know")

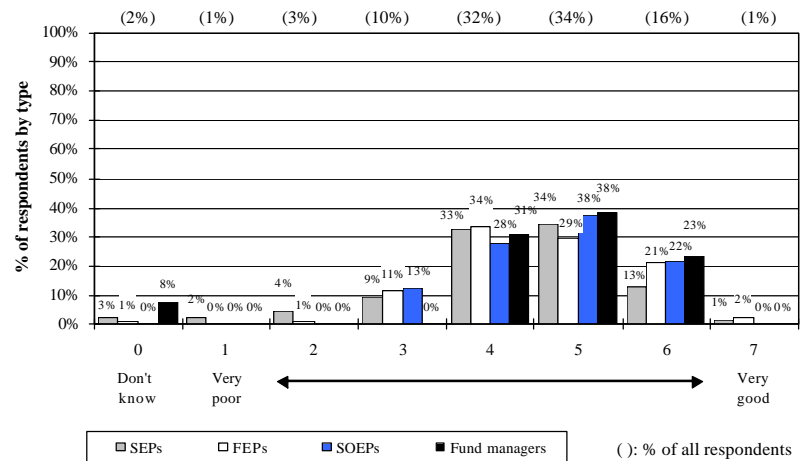


Q5.11 Channels for communication with the Exchange are

		Mean Score
SEPs	(263)	4.41
Large SEPs	(24)	4.88 *
Small SEPs	(239)	4.36 *
FEPs	(88)	4.66
Large FEPs	(20)	4.80
Small FEPs	(68)	4.62
SOEPs	(32)	4.69
Fund Managers	(12)	4.92
Overall	(395)	4.50

* Significantly different at 5% level.

() No. of respondents giving a rating (i.e. excluding "Don't know")

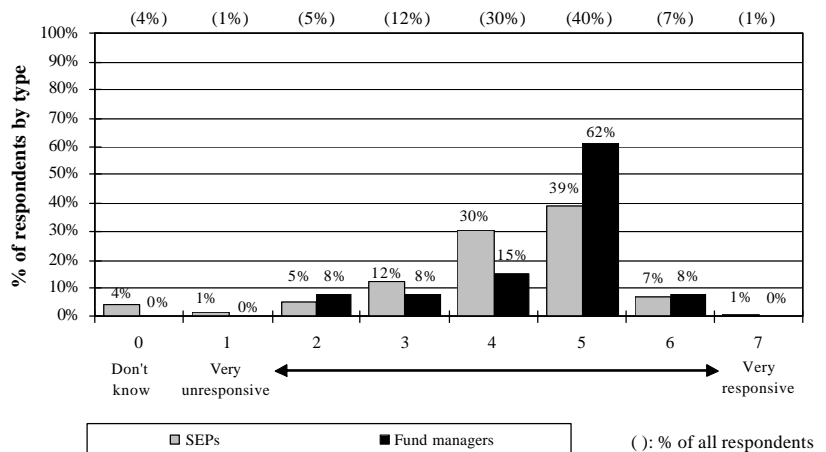


Q5.12(1) The Exchange is to changing market needs in developing the stock market.

		Mean score
SEPs	(256)	4.31
Large SEPs	(24)	4.83 *
Small SEPs	(232)	4.25 *
Fund Managers	(13)	4.54
Overall	(269)	4.32

* Significantly different at 1% level.

() No. of respondents giving a rating (i.e. excluding "Don't know")





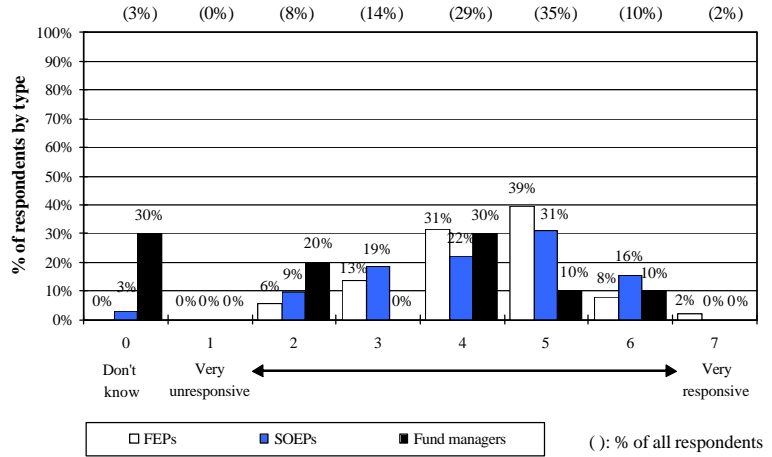
Q5.12(2) FEP: The Exchange is to *changing market needs* in developing the derivatives market (excluding stock options).

SOEP: The Exchange is to *changing market needs* in developing the stock options market.

FM: The Exchange is to *changing market needs* in developing the derivatives market.

	(No. of respondents)	Mean score
FEPs	(89)	4.37
Large FEPs	(20)	4.35
Small FEPs	(69)	4.38
SOEPs	(31)	4.26
Fund Managers	(7)	3.86
Overall	(127)	4.31

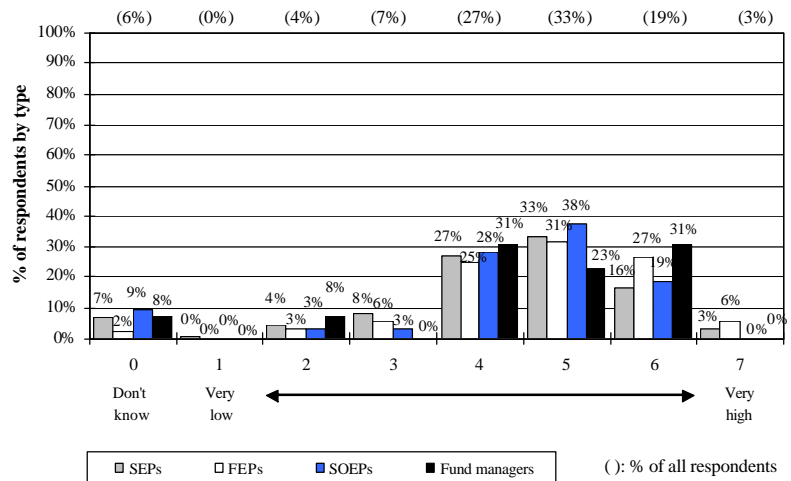
() No. of respondents giving a rating (i.e. excluding "Don't know")



Q5.10 The priority the Exchange gives to the *public interest* is

	(No. of respondents)	Mean score
SEPs	(250)	4.63
Large SEPs	(24)	4.96
Small SEPs	(226)	4.60
FEPs	(87)	4.92
Large FEPs	(20)	4.90
Small FEPs	(67)	4.93
SOEPs	(29)	4.72
Fund Managers	(12)	4.75
Overall	(378)	4.71

() No. of respondents giving a rating (i.e. excluding "Don't know")





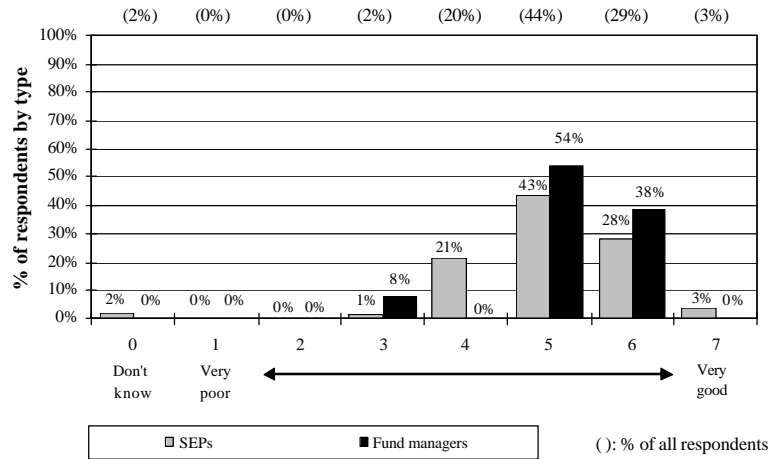
9. OTHER MARKET SERVICES

9.1 Broker services

Q6.1(1) In general, the *quality of service* of stock brokers is

		<u>Mean score</u>
SEPs	(263)	5.11
<i>Large SEPs</i>	(23)	4.96
<i>Small SEPs</i>	(240)	5.13
Fund Managers	(13)	5.23
Overall	(276)	5.12

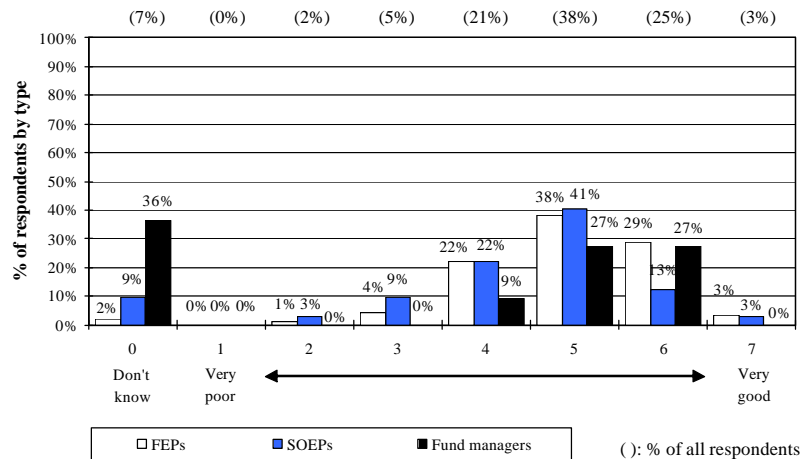
() No. of respondents giving a rating
(i.e. excluding "Don't know")



- Q6.1(2) **FEP:** In general, the *quality of service* of futures brokers is
- SOEP:** In general, the *quality of service* of stock options brokers is
- FM:** In general, the *quality of service* of futures brokers is

		<u>Mean score</u>
FEPs	(88)	5.01
<i>Large FEPs</i>	(18)	5.11
<i>Small FEPs</i>	(70)	4.99
SOEPs	(29)	4.66
Fund Managers	(7)	5.29
Overall	(124)	4.94

() No. of respondents giving a rating
(i.e. excluding "Don't know")

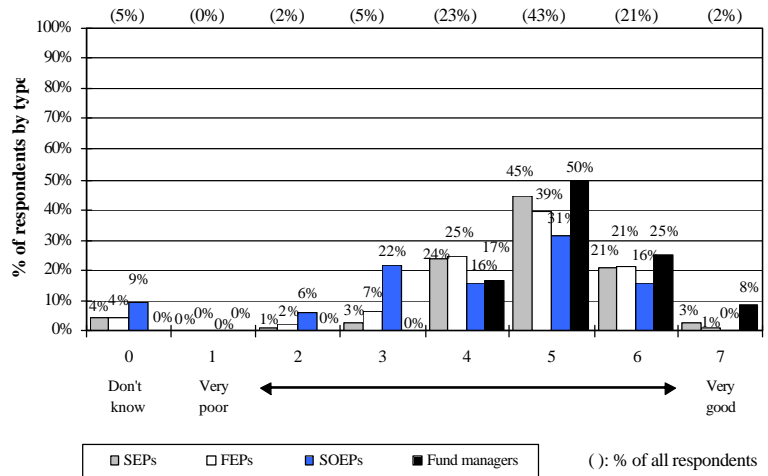


9.2 Other intermediaries' services

Q6.2 In general, the quality of service of information vendors is

		Mean score
SEPs	(255)	4.94 ^
Large SEPs	(24)	5.08
Small SEPs	(231)	4.93
FEPs	(85)	4.78 ^
Large FEPs	(17)	4.76
Small FEPs	(68)	4.78
SOEPs	(29)	4.31 ^
Fund Managers	(12)	5.25 ^
Overall	(381)	4.87

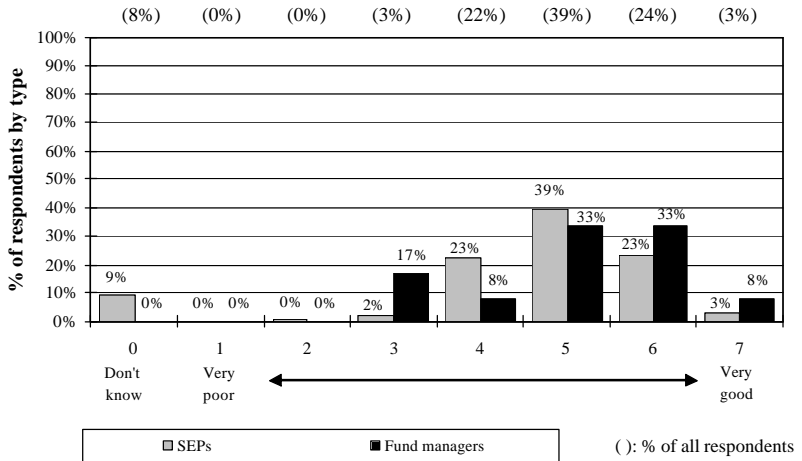
^ Significantly different at 1% level.
 () No. of respondents giving a rating
 (i.e. excluding "Don't know")



Q6.3 In general, the quality of service of custodians is

		Mean score
SEPs	(242)	5.01
Large SEPs	(23)	5.09
Small SEPs	(219)	5.00
Fund Managers	(12)	5.08
Overall	(254)	5.02

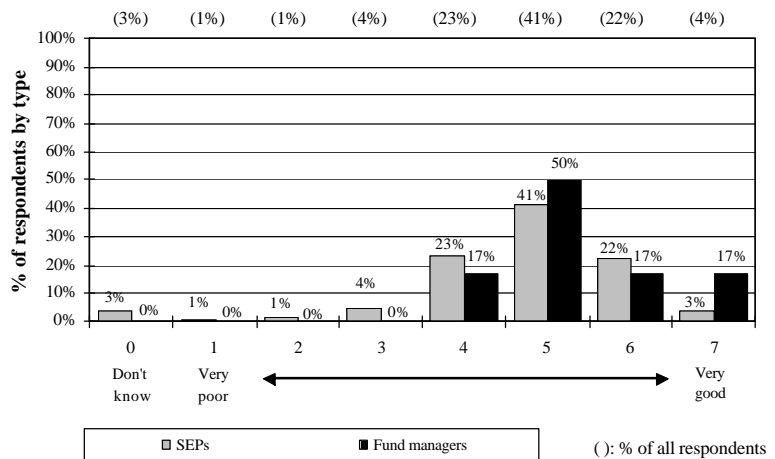
() No. of respondents giving a rating
 (i.e. excluding "Don't know")



Q6.4 In general, the quality of service of share registrars is

		Mean score
SEPs	(259)	4.89
Large SEPs	(24)	5.08
Small SEPs	(235)	4.87
Fund Managers	(12)	5.33
Overall	(271)	4.91

() No. of respondents giving a rating
 (i.e. excluding "Don't know")

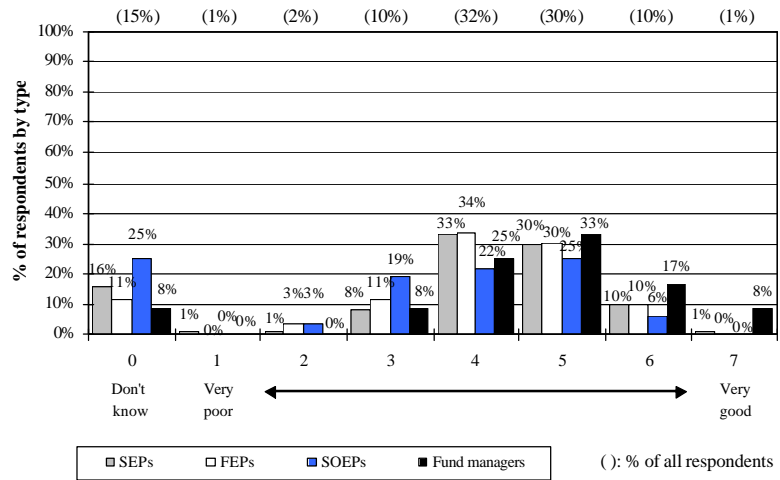




Q6.5 In general, the quality of service of investment advisers is

		Mean score
SEPs	(225)	4.47
Large SEPs	(20)	4.65
Small SEPs	(205)	4.45
FEPs	(79)	4.37
Large FEPs	(15)	4.67
Small FEPs	(64)	4.30
SOEPs	(24)	4.17
Fund Managers	(11)	4.91
Overall	(339)	4.44

() No. of respondents giving a rating (i.e. excluding "Don't know")



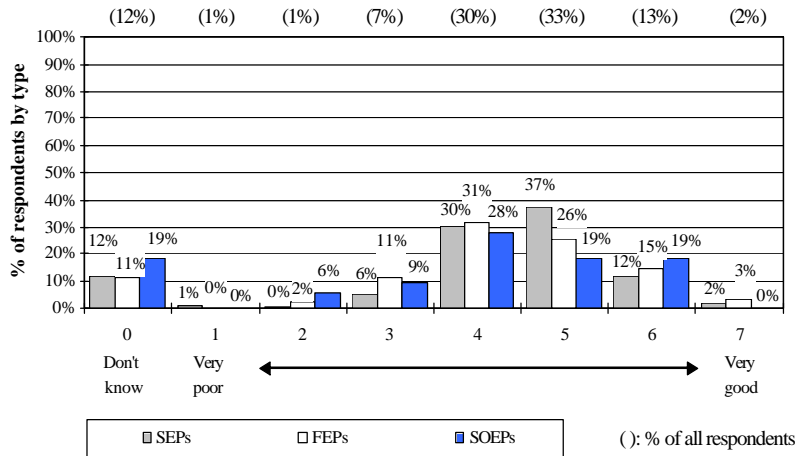
Q6.6 SEP: In general, the quality of service of vendors (in relation to vendor-supplied stock trading systems) is

FEP: In general, the quality of service of vendors (in relation to vendor-supplied derivatives (excluding stock options) trading systems) is

SOEP: In general, the quality of service of vendors (in relation to vendor-supplied stock options trading systems) is

		Mean score
SEPs	(236)	4.64
Large SEPs	(20)	4.65
Small SEPs	(216)	4.64
FEPs	(79)	4.56
Large FEPs	(16)	4.63
Small FEPs	(63)	4.54
SOEPs	(26)	4.42
Overall	(341)	4.60

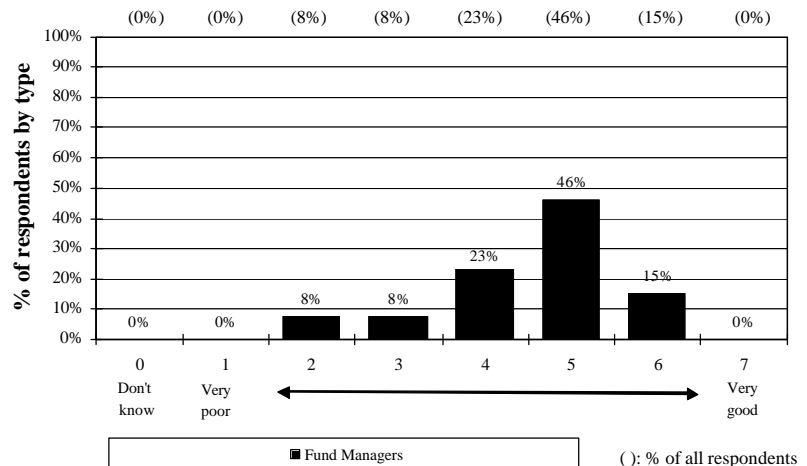
() No. of respondents giving a rating (i.e. excluding "Don't know")



Q6.7 The quality of analyst research on the Hong Kong stock market is

		Mean score
Fund Managers	(13)	4.54
Overall	(13)	4.54

() No. of respondents giving a rating (i.e. excluding "Don't know")





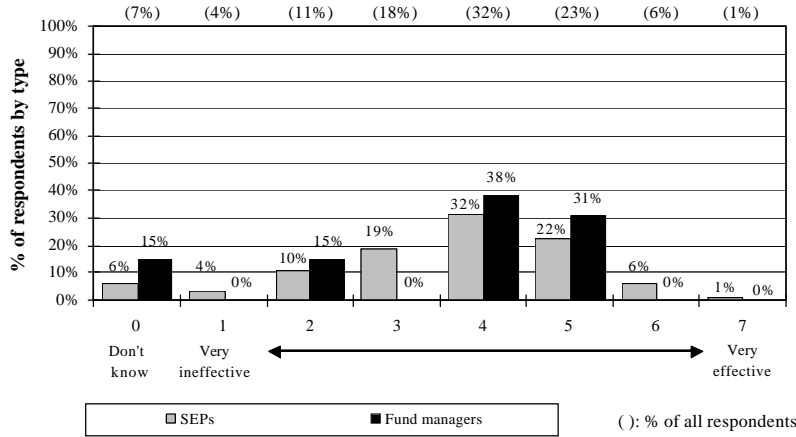
10. MAINLAND CHINA DIMENSION

“Mainland companies” refers to H shares, Red Chips and non-H share Mainland privately-owned enterprises listed on the Exchange.

Q7.1 The regulation of Mainland companies listed in Hong Kong is

		<u>Mean</u>
		<u>score</u>
SEPs	(252)	3.86
Large SEPs	(24)	4.21
Small SEPs	(228)	3.82
Fund Managers	(11)	4.00
Overall	(263)	3.87

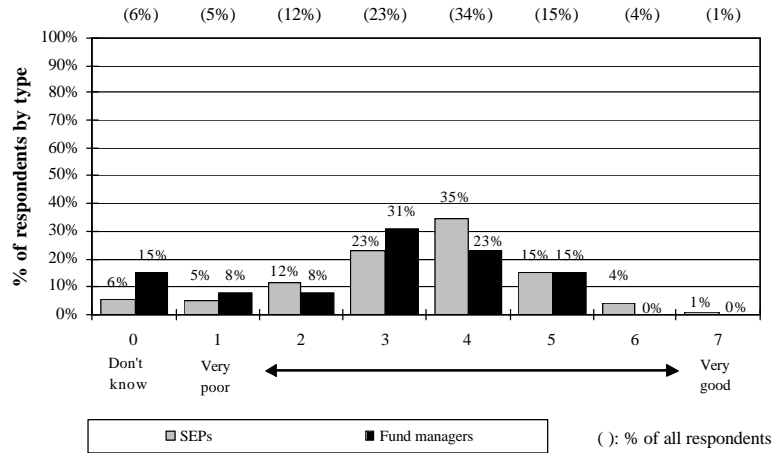
() No. of respondents giving a rating (i.e. excluding “Don’t know”)



Q7.2 The corporate governance of Mainland companies listed in Hong Kong is

		<u>Mean</u>
		<u>score</u>
SEPs	(254)	3.64
Large SEPs	(24)	3.96
Small SEPs	(230)	3.60
Fund Managers	(11)	3.36
Overall	(265)	3.63

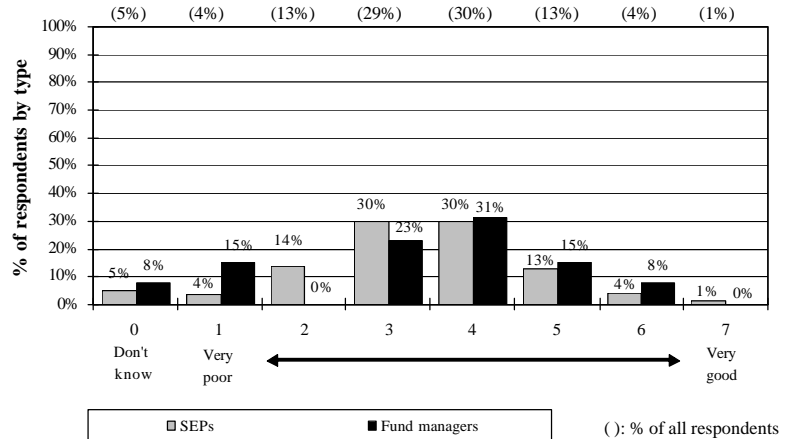
() No. of respondents giving a rating (i.e. excluding “Don’t know”)



Q7.3 The content of information disclosure by Mainland companies listed in Hong Kong is

		<u>Mean</u>
		<u>score</u>
SEPs	(256)	3.54
Large SEPs	(25)	3.76
Small SEPs	(231)	3.51
Fund Managers	(12)	3.58
Overall	(268)	3.54

() No. of respondents giving a rating (i.e. excluding “Don’t know”)

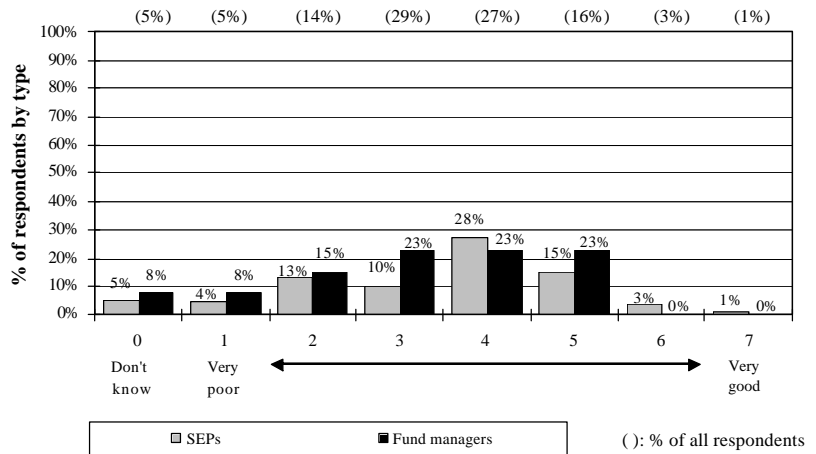




Q7.4 The timeliness of information disclosure by Mainland companies listed in Hong Kong is

		<u>Mean score</u>
SEPs	(254)	3.53
Large SEPs	(25)	3.80
Small SEPs	(229)	3.50
Fund Managers	(12)	3.42
Overall	(266)	3.53

() No. of respondents giving a rating (i.e. excluding "Don't know")



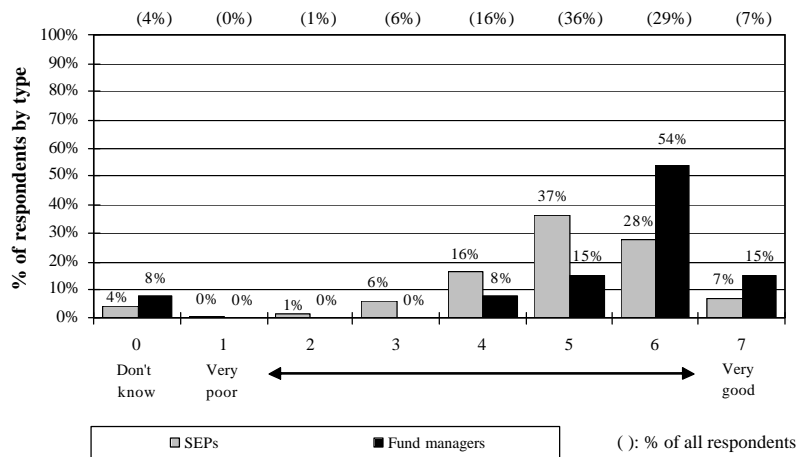
11. DEVELOPMENT PROSPECTS

Q8.1(1) The development prospects in the *China dimension* for the Hong Kong stock market are

		<u>Mean score</u>
SEPs	(257)	5.08 ^
Large SEPs	(24)	5.13
Small SEPs	(233)	5.07
Fund Managers	(12)	5.83 ^
Overall	(269)	5.11

^ Significantly different at 5% level.

() No. of respondents giving a rating (i.e. excluding "Don't know")



Q8.1(2) FEP: The development prospects in the *China dimension* for the HK derivatives market (excluding stock options) are

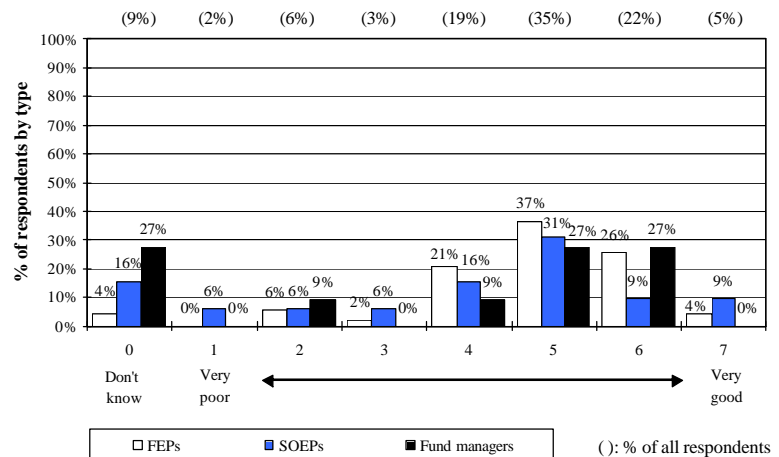
SOEP: The development prospects in the *China dimension* for the HK stock options market are

FM: The development prospects in the *China dimension* for the HK derivatives market are

		<u>Mean Score</u>
FEPs	(86)	4.92
Large FEPs	(18)	5.67 #
Small FEPs	(68)	4.72 #
SOEPs	(27)	4.48
Fund Managers	(8)	4.88
Overall	(121)	4.82

Significantly different at 1% level.

() No. of respondents giving a rating (i.e. excluding "Don't know")

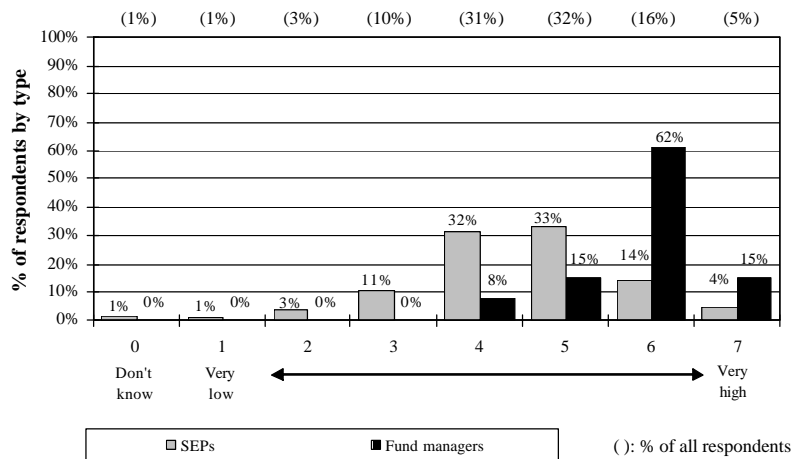




Q8.2(1) The business potential offered to your firm by the Hong Kong stock market is

		Mean score
SEPs	(265)	4.55 ^
Large SEPs	(25)	5.08 *
Small SEPs	(240)	4.49 *
Fund Managers	(13)	5.85 ^
Overall	(278)	4.61

^ Significantly different at 0.1% level.
 * Significantly different at 5% level.
 () No. of respondents giving a rating (i.e. excluding "Don't know")



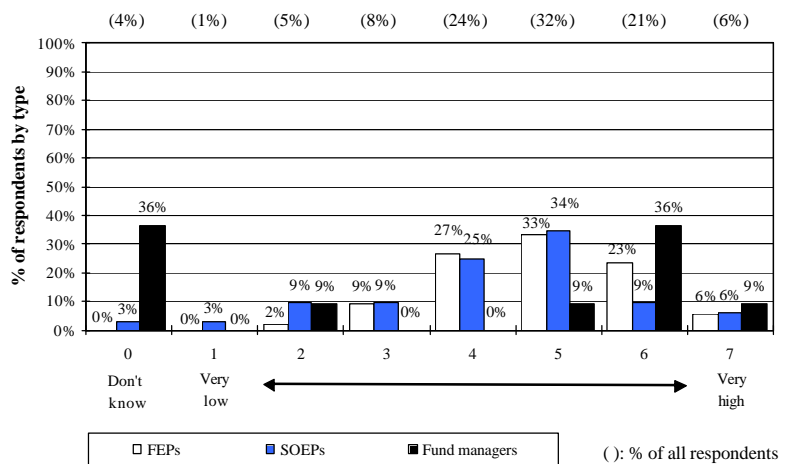
Q8.2(2) FEP: The business potential offered to your firm by the Hong Kong derivatives market (excluding stock options) is

SOEP: The business potential offered to your firm by the Hong Kong stock options market is

FM: The business potential offered to your firm by the Hong Kong derivatives market is

		Mean score
FEPs	(90)	4.83
Large FEPs	(20)	5.60 #
Small FEPs	(70)	4.61 #
SOEPs	(31)	4.35
Fund Managers	(7)	5.43
Overall	(128)	4.75

Significantly different at 0.1% level.
 () No. of respondents giving a rating (i.e. excluding "Don't know")



*** END ***