

# Market Share of Overseas Investors in HKEx Securities Market Rises to Highest Level in the Past Decade

By Research & Planning Department

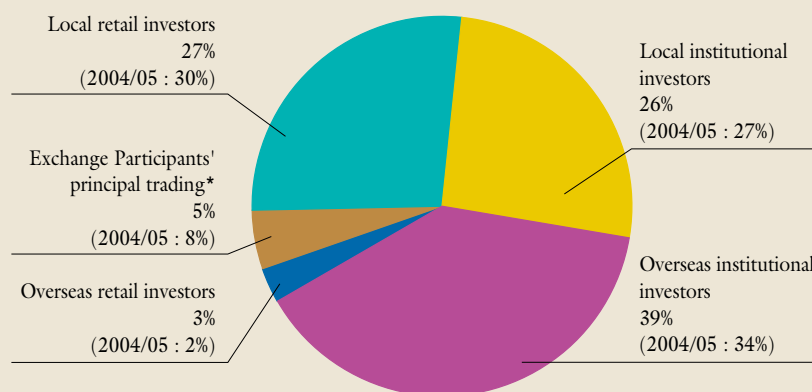
The HKEx Cash Market Transaction Survey 2005/06 found that local investors remained the major contributors to HKEx securities market turnover in the 12 months to September last year, while the contribution from overseas investors (mainly institutions) was the highest in the past decade.

## Distribution of Market Trading Value by Investor Type

Local investors contributed 53 per cent of total market turnover during the 12-month period from October 2005 to September 2006, down from 56 per cent in 2004/05. The contribution of overseas investors, mainly institutional investors, was about 42 per cent, up from 36 per cent in 2004/05. Among the various investor types, overseas institutional investors were the largest contributors.

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### Distribution of cash market trading value by investor type (Oct 2005 – Sep 2006)



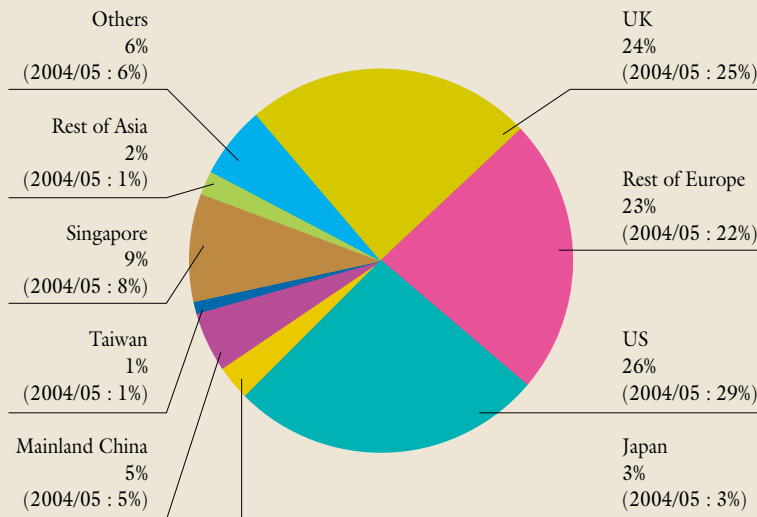
\* Principal trading is trading on the firm's own account.  
Note: Numbers may not add up to 100 per cent due to rounding.

## Distribution of Overseas Investor Trading Value by Origin

US investors were the major contributor to overseas investor trading (26 per cent) in 2005/06 and the aggregate contribution from Asia (excluding Hong Kong) rose to about 20 per cent.

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### Distribution of overseas investor trading value in cash market by origin (Oct 2005 – Sep 2006)



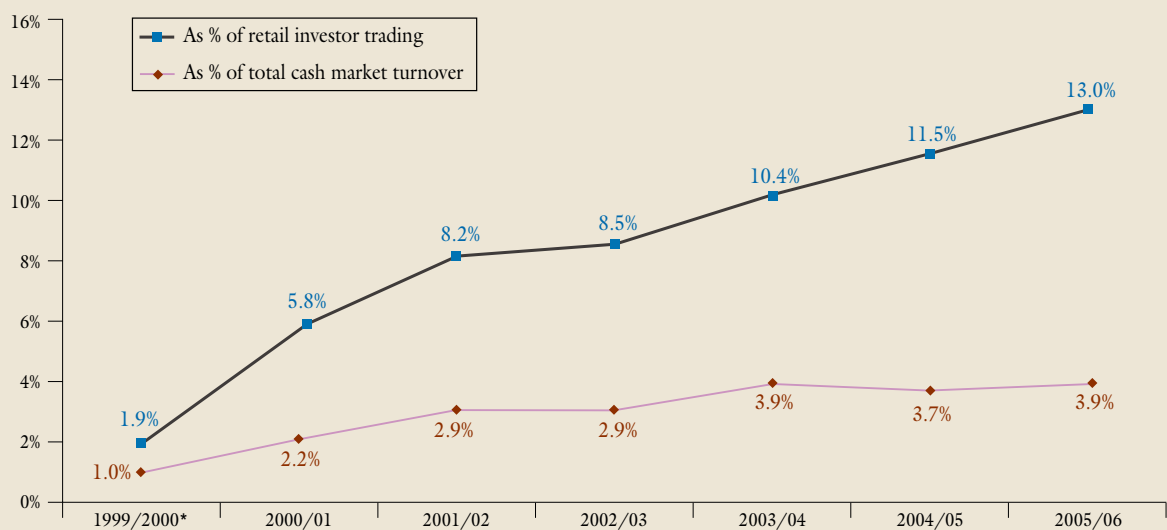
Note: Numbers may not add up to 100 per cent due to rounding.

## Retail Online Trading

Retail online trading, ie trading originating from orders entered directly by retail investors and channelled to brokers via electronic media such as the Internet, accounted for 13 per cent of total retail investor trading, or 4 per cent of total market turnover, in 2005/06.

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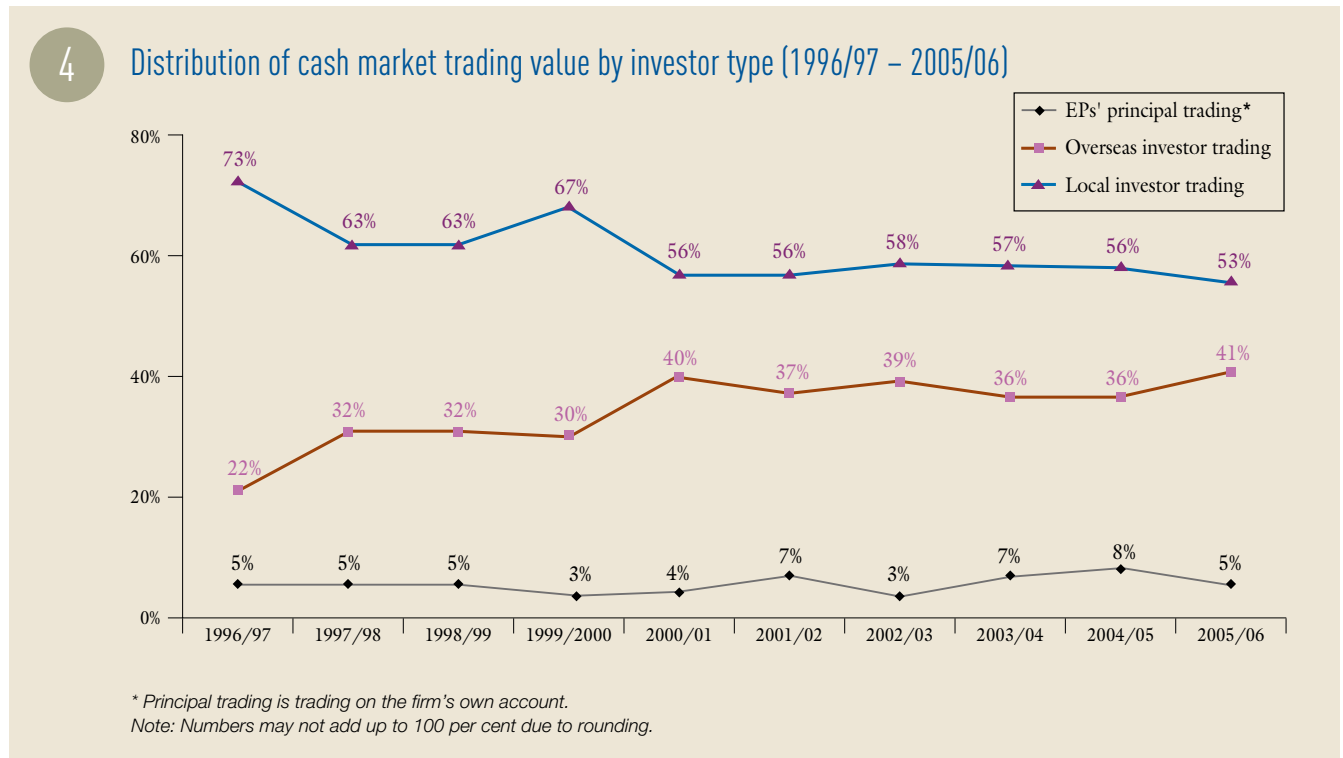
### Percentage share of online trading value in cash market (1999/2000 – 2005/06)



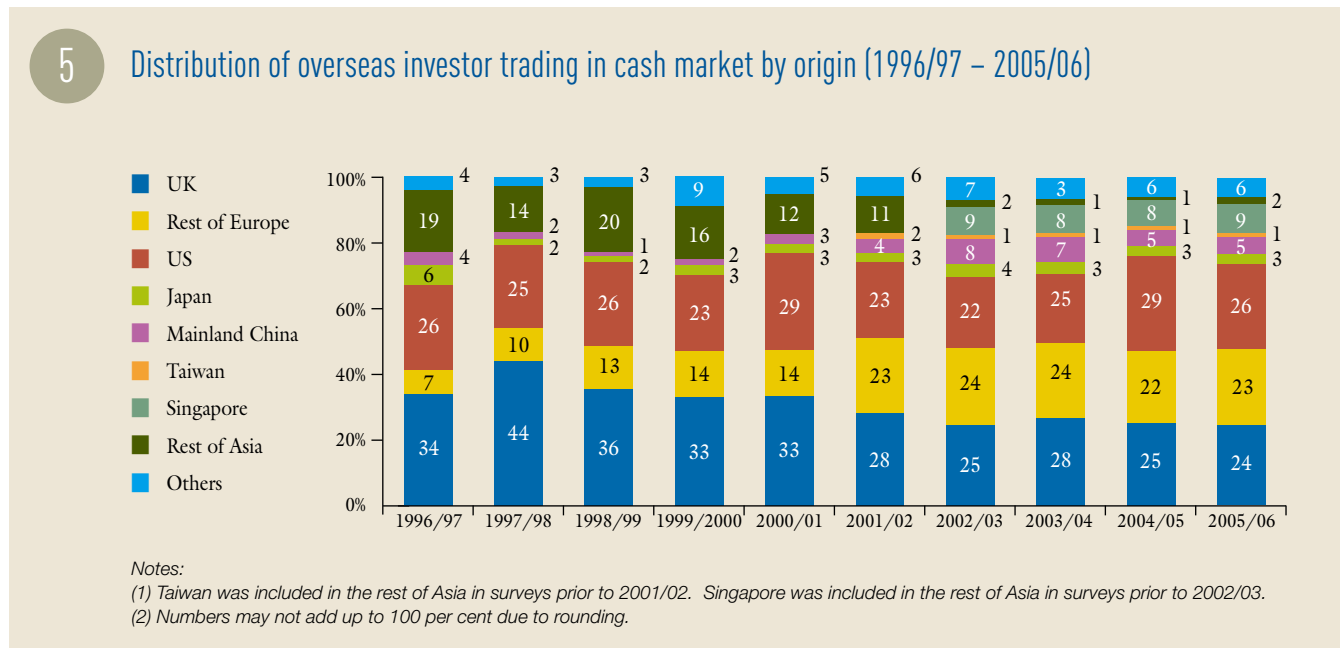
\* The term "Internet trading" instead of "online trading" was used in the 1999/2000 survey.

## Distribution of Market Trading Value Across Years

Local investors' contribution to trading value has been trending lower compared to the level in the 1990s and the contribution of overseas investors has been on the rise.



The UK and the US were the largest contributors to overseas investor trading in the past decade, both accounting for more than 20 per cent each year.



The full survey report is available on the HKEx website at: <http://www.hkex.com.hk/research/research.htm>.

Note: The survey's target respondents were EPs. Their responses stemmed from their own understanding of their clients. One of the limitations of the survey is that EPs might not know the true origins of all their client orders.