

THE
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ASSOCIATION
OF
BANKS

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Corporate Communications Department
Hong Kong Exchanges and Clearing Limited
12th Floor, One International Finance Centre
1 Harbour View Street
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Hong Kong

Dear Sirs

Consultation Paper on Ex-entitlement Trading and Shareholder Approval

We write to provide our views on the above consultation paper issued by the Hong Kong Exchanges and Clearing Limited in December 2010.

Under the current system, the seller of the relevant securities may suffer financially if the relevant shareholder approval cannot be subsequently obtained and may make various queries with the intermediaries they deal with. Whilst in usual cases intermediaries do not have to compensate customers for the relevant loss, they would have to incur much manpower in handling such queries. As such, we agree that shares should be traded ex-entitlement (for conditional entitlements) only after shareholder approval.

We hope you would find the above comments useful.