

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

To whom it may concern,

Re: Consultation Paper on the Introduction of a Closing Auction Session

Our comment and concern on the consultation Paper are as follows:

1. We support the proposal on a Closing Auction Session so to improve and enhance the overall competitiveness of the market.
2. We are positive that all outstanding orders will be automatically carried forward to the Order Input Period of the closing auction session. However, we are in the opinion that there should be a break i.e. a 2-minute-break, between continuous trading session to the order input period, i.e. order input period starts at 16:02. We think that a short break in between can clearly identify a transition to the closing auction session so that no confusion made because of the inconsistency of the clock time maintained in market participants' PC.
3. For us, there should not be a lot of work required for systems in order to cater for the closing auction session.
4. We do not have comment on random closing approach. We do not consider it is an area of our concern.
5. In our opinion, not only the HSI constituents should be included in the initial stage, but also all other index linked, commodity linked and derivative linked stocks should be included in the introduction of a closing auction session.
6. In order not to make the Hong Kong market more vulnerable to market manipulation at the close of trading, we suggest to implement a raising limit and a dropping limit system in the next stage based on different stocks type, i.e. a different raising or dropping limit for blue chip stocks and illiquid stocks.

Should there be any further queries, please feel free to contact myself at [REDACTED].

Thank you very much for your attention.

Yours Sincerely,

Horace Kwan
Director