

Ref:
Hong Kong Exchanges & Clearing Ltd
12/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

BY FAX (28685223) AND BY HAND

7 May 2007

Dear Sir/Madam,

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

We write to give comments on the captioned Consultation Paper on the Introduction of a Closing Auction Session.

Our Bank is supportive of the initiative and sees this as a step to bringing Hong Kong stock market in line with the practice of other key overseas counterparts. However, for better retail investor protection, we have the following comments:-

Item #26 on P.7 on "Trading Mechanism of the Closing Auction Session -There should be a blocking period of 10 – 15 minutes after close of the Continuous Trading Session at 4:00 pm.

This is to allow sufficient time for order confirmation updated by HKEx. Investors can then make informed decision based on that confirmation at closing auction session.

2. **Item #26 on P.7 on "Trading Mechanism of the Closing Auction Session: - The proposed duration of 7 minutes closing auction session may not be sufficient for investors to make trading decision. We suggest extending the duration to 15 – 20 minutes to align with that of the pre-market opening session.**
3. **Item #37 on P.8 on "Other Trading Arrangement in the Closing Auction Session" - The proposed maximum cap of 9 times of closing price appears too high. A lower cap is recommended to reduce trading volatility and potential market manipulation**

To support the closing auction session at a reasonable service level, the Bank's system will require significant enhancement. A development lead time of 9 to 12 months after final confirmation of the closing session trading mechanism by HKEx is required. It is appreciated that HKEx would provide sufficient development time before launch of such initiative.

We hope that HKEx would find the above comments helpful and we would be happy to provide further comments upon requested. Please contact my colleague Josephine Lam [REDACTED] or the undersigned if there is any need.

Yours faithfully,


Bruno Lee
Head of Wealth Management
Personal Financial Services Asia Pacific