

PART B: DETAILED QUESTIONS FOR RESPONSE

Please indicate your preference by providing comments as appropriate. Where there is insufficient space, please attach additional pages as necessary.

- (1) Do you support Approach 1, Approach 2, Approach 3 or suspending the CAS as a whole? Please state.
In our opinion, we do not think Approach 1, Approach 2 nor Approach 3 will achieve a more open and fair closing price than the existing closing auction mechanism. Therefore, we do not see the benefit of changing from the present version. However, given the recent abnormal market activities during CAS, we incline to support suspending the CAS as a whole until the regulators introduce effective means to deter market manipulators.
- (2) If Approach 1 is adopted,
- (i) Do you prefer the price limit to be set at 5%, 10% or other percentages?
No comment
- (ii) How much lead time would your firm require for its implementation?
Any changes will require no less than one month of lead time.
- (3) If Approach 2 is adopted,
- (i) Do you prefer the price limit to be set at 10 spreads, 24 spreads or other spreads?
No comment
- (ii) How much lead time would your firm require for its implementation?
Any changes will require no less than one month of lead time.
- (4) If Approach 3 is adopted,
- (i) Do you prefer the outstanding orders priced outside the pre-set range to be cancelled instead of carrying forward to the CAS?
No comment

(ii) For securities without the day high and day low prices at 4 pm, do you prefer disallowing order input during the CAS for these securities or not imposing a price control limit at all?

No comment

(iii) Do you prefer the price control limit to be set at 0 spreads (i.e. simply using the day high and day low prices as limit), 10 spreads or other spreads above the day high and below the day low prices?

No comment

(iv) How much lead time would your firm require for its implementation?

Any changes will require no less than one month of lead time.

(5) If suspension of the CAS is adopted, how much lead time would your firm require for its implementation?

It will only incur minor changes in our system and the lead time is minimal.

(6) Do you have other proposed measures to reduce price volatility during the CAS or other comments or suggestions regarding the CAS? Please state.

No comment.

- End -