

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.
Generally speaking, [REDACTED] considers that the current CAS trading mechanism is working appropriately and is an improvement over the previous closing mechanism. In case any enhancement is required, [REDACTED] would support Approach 3.
- (2) If Approach 1 is adopted,
- (i) Do you prefer the price limit to be set at 5%, 10% or other percentages?
Not Applicable
- (ii) How much lead time would your firm require for its implementation?
Not Applicable
- (3) If Approach 2 is adopted,
- (i) Do you prefer the price limit to be set at 10 spreads, 24 spreads or other spreads?
Not Applicable
- (ii) How much lead time would your firm require for its implementation?
Not Applicable
- (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. We prefer the outstanding orders to be carried forward to the CAS.

- (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?

We prefer not imposing a price control limit under these circumstances.

- (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?

We prefer 10 spreads above the day high and below the day low prices.

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

We expect 3 – 6 months lead time subject to vendor delivery

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

We expect 3 – 6 months lead time subject to vendor delivery

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

██████ proposes that HKEx may consider to introduce a third type of order in CAS. The third type of order has the following features:

- At-auction limit order
- Only applies during the period from 4:08 pm to 4:10 pm
- Has the least priority comparing to (i) at-auction orders inputted from 4:00 pm to 4:10 pm and (2) at-auction limit orders inputted from 4:00 pm to 4:08 pm
- Cannot be cancelled once inputted
- Is not included in the IEP calculation, therefore no direct impact to the IEP

This order type will allow an investor who wants to participate in the final two minutes in CAS and does not want to expose his/her order in terms of price by inputting an at-auction order (currently, only at-auction orders are allowed to be inputted from 4:08 pm to 4:10 pm). This type of order can give price protection to the investor. Furthermore, due to the nature of this new type of order, investors may prefer to use this over the current at-auction order and this may reduce the overall size of at-auction orders and therefore the potential volatility of the IEP.

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