

## 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.

*The CAS is widely adopted in many major markets, and we believe the original intention of the CAS is beneficial to the market provided market players are self-discipline.*

*Based on the market activities in the CAS after its launched in HK, there were various suspicious trading activities which caused the market price to deviate substantially (in some cases over 50%) from its last traded price. Those events cannot be classified as single incidents as it happens several times and not limited to a small group of stocks.*

*Unless HK regulators are able to introduce effective regulatory measures to control the above-mentioned suspected market manipulation activities, we believe that the current CAS must be suspended immediately.*

- (2) If Approach 1 is adopted,

- (i) Do you prefer the price limit to be set at 5%, 10% or other percentages?  
N/A

- (ii) How much lead time would your firm require for its implementation?  
N/A

- (3) If Approach 2 is adopted,

- (i) Do you prefer the price limit to be set at 10 spreads, 24 spreads or other spreads?  
N/A

- (ii) How much lead time would your firm require for its implementation?  
N/A

- (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?  
N/A

(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?

*N/A*

(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?

*N/A*

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

*N/A*

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

*As soon as possible.*

*We will hope HKEx can suspend the CAS within one week's notice.*

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

*Another observation from the current CAS period is:*

*1) Market players are prompting orders (may or may not be genuine orders) into the AMS which caused the Hang Seng Index to fluctuate substantially, thereby creating misleading indication to the Derivative Market.*

*These false market information provided rooms for some market players to take advantages, and we believe this must be stopped as well.*

*2) We believe that the CAS period (even if it continues to be adopted) should not be any longer than 5 minutes since most of the trades are done through systems nowadays.*

*In addition, we believe that the closing time of the Derivative Markets should also be shortened to less than 5 minutes after Cash Market is closed.*

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