

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 was originally designed for a fair closing price, however during the past months the result was totally unacceptable to the market. HKEx should temporarily suspend the CAS until the Exchange can work out solid procedures to maintain a regulated market during the CAS.

- (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?

One week would be more than sufficient.

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

Any further changes should take into consideration both the derivative market and cash market, presently during the CAS price movements might not be supported by genuine Buy/Sell orders but in the same time will create misleading information to the derivative market. In case the CAS stays, should aim to shorten that 8 minutes with another market consultation, also should consider NOT to allow any actual trading activities in the derivative market during the CAS since that might mislead the genuine investors.

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