

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.

Suspending CAS as a whole.

- (2) If Approach 1 is adopted,

- (i) Do you prefer the price limit to be set at 5%, 10% or other percentages?
[REDACTED]

- (ii) How much lead time would your firm require for its implementation?
[REDACTED]

- (3) If Approach 2 is adopted,

- (i) Do you prefer the price limit to be set at 10 spreads, 24 spreads or other spreads?
[REDACTED]

- (ii) How much lead time would your firm require for its implementation?
[REDACTED]

- (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?
[REDACTED]

(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?

(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?

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

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

None.

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

The main problem of CAS stems from the fact that it causes unnecessary price movements after the cash market closes at 4pm, after which margin clients are unable to effectively remedy their portfolio in a timely manner. CAS also gives the opportunity to market makers to mark closing price which the regulators try to avoid in the first place. These problems are particularly prone to abuse for stocks which have a low liquidity or trading volume.

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