

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.

<p>(1) Do you support Approach 1, Approach 2, Approach 3 or suspending the CAS as a whole? Please state. Approach 3</p>
<p>(2) If Approach 1 is adopted,</p> <p>(i) Do you prefer the price limit to be set at 5%, 10% or other percentages? [Redacted]</p> <p>(ii) How much lead time would your firm require for its implementation? [Redacted]</p>
<p>(3) If Approach 2 is adopted,</p> <p>(i) Do you prefer the price limit to be set at 10 spreads, 24 spreads or other spreads? [Redacted]</p> <p>(ii) How much lead time would your firm require for its implementation? [Redacted]</p>
<p>(4) If Approach 3 is adopted,</p> <p>(i) Do you prefer the outstanding orders priced outside the pre-set range to be cancelled instead of carrying forward to the CAS? No</p>

(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?

In such case, use the previous closing price or the nominal as the reference day high and day low.

(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?

10 spreads

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

1 month

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

1 month

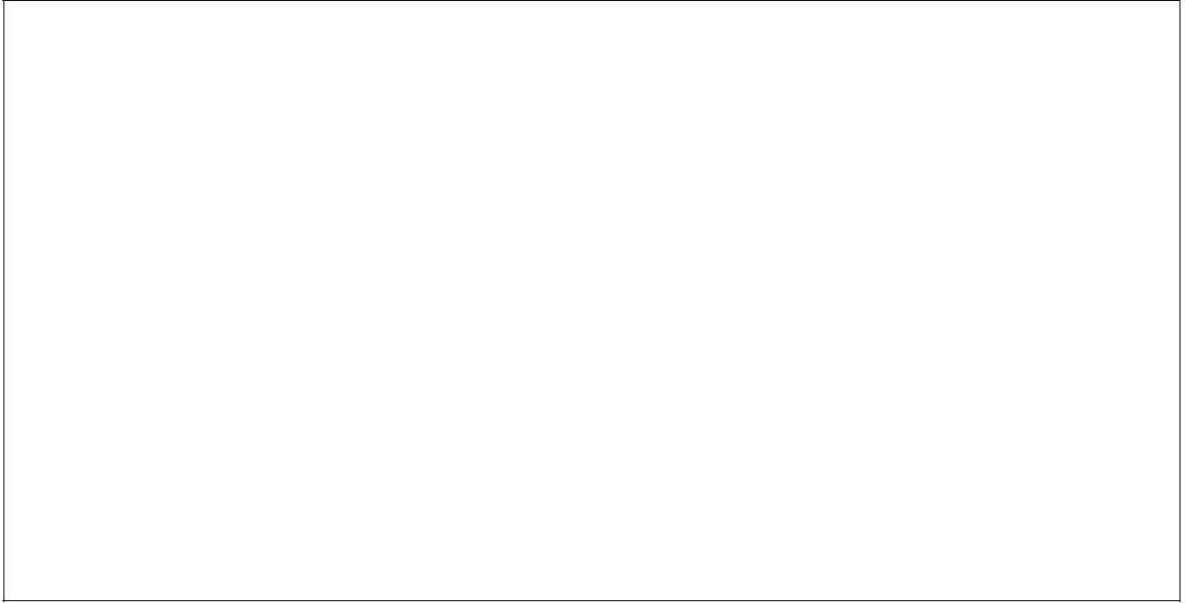
(6) Do you have other proposed measures to reduce price volatility during the CAS or other comments or suggestions regarding the CAS? Please state.

Ways to reduce price volatility:

1. Extend the time for order entry, c.f. 30-min pre-market opening
The CAS is too short in time so that other market buyers and sellers may miss the chance to place their orders when prices are beneficial to them.
2. The large price volatility is caused by at-auction limit orders of which the bid order prices are too low or the ask order prices are too high, widening price range of the closing price (the closing price must be within the overlapped region of the bid prices and ask prices). There can be restriction placed on at-auction limit order to limit the maximum bid price and the minimum ask price. This reduce the price range of the closing price, and thus the price volatility.

Other concern:

The price restriction may not be applicable to derivatives securities like warrants and CBBC which should have a higher price volatility allowed.



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