

PART 2: QUESTIONS FOR RESPONSE

Please indicate your views by providing comments as appropriate. Where there is insufficient space, please use additional sheets of paper as necessary.

Section I: HKEx's Proposal

Change (A): Advance the morning continuous trading session (CTS) by 0.5 hours. The morning CTS of the securities and stock futures/options markets will open at 09:30 and close at 12:00; the index futures/options markets will open at 09:15 and close at 12:00 (i.e. our markets will open at the same time as the Mainland's in the morning).

Change (B): Advance the opening times of the afternoon CTS:

Option 1: the afternoon CTS of all markets will open at 13:00 resulting in a 1-hour lunch break from 12:00 to 13:00 (i.e. our markets will open at the same time as the Mainland's in the afternoon); or

Option 2: the afternoon CTS of all markets will open at 13:30 resulting in a 1.5-hour lunch break from 12:00 to 13:30 (i.e. our markets will open 0.5 hours later than the Mainland's in the afternoon).

1. Do you/your company support *Change (A) of the Proposal*, i.e. advance the morning CTS by 0.5 hours?

Yes, due to reason(s) stated below (multiple selection allowed):

- Better price discovery
- Enhanced compatibility with the Mainland
- Better service to investors
- Strengthened competitiveness
- Other reason(s), please specify:

No, due to reason(s) stated below (multiple selection allowed):

- System/operational issues
- Insufficient time to digest market news before market open
- Business commitments (e.g. morning briefings)
- Longer and earlier working hours
- Other reason(s), please specify:

Current auction market from 9:30-10:00 already run in parallel with opening of Markets in China, our auction market handles price discovery well which already serves our aim. Even with out any changes our market is open already for 4.5 hours on par with Japan.

2. Do you/your company support *Change (B) of the Proposal*, i.e. advance the opening times of the afternoon CTS?

Yes, due to reason(s) stated below (multiple selection allowed):

- Better price discovery
- Enhanced compatibility with the Mainland
- Better service to investors
- Strengthened competitiveness
- Other reason(s), please specify:

No, due to reason(s) stated below (multiple selection allowed):

- System/operational issues
- Insufficient time to digest market news before market open
- Business commitments (e.g. lunch meetings with clients)
- Change of lunch practice
- Other reason(s), please specify:

Propose that CTS remain same; start at 1430 but a lunch auction carried out when the markets in China opens ie at 1300, this would allow for price discovery and less impact to end user's lunch hours. If individuals want to continue change their order books they will opt to trade during the auction period.

3. Which of the *two options of Change (B) of the Proposal* would you prefer:

- Option 1: the afternoon CTS of all markets will *open at 13:00 resulting in a 1-hour lunch break from 12:00 to 13:00* (i.e. our markets will open at the same time as the Mainland's in the afternoon)
- Option 2: the afternoon CTS of all markets will *open at 13:30 resulting in a 1.5-hour lunch break from 12:00 to 13:30* (i.e. our markets will open 0.5 hours later than the Mainland's in the afternoon)

Remarks:

None of the above options. Would suggest Lunch Auction periods during the proposed advanced CTS period. End users may choose whether to have a longer Lunch or to attend Auction period.

4. (For respondents representing your company's view)
If Changes (A) and (B) in the Proposal are adopted, does your company need to prepare for implementation? How much *lead time* would be required?

18 months.

Section II: Auction Sessions

No change in the auction sessions except that they will move along with the CTS as follows:

- Morning auction sessions for securities market and index futures/options markets will become 09:00 to 09:30 and 08:45 to 09:15 respectively; and
- Afternoon auction session for index futures/options markets will become 12:30 to 13:00 (Option 1) or 13:00 to 13:30 (Option 2).

5. If *Change (A)* is adopted, should the *morning auction sessions* remain *0.5 hours*? If not, what is your/your company's suggestion? Please state reason(s). No comment

6. If *Change (B)* is adopted, should the *afternoon auction session* remain *0.5 hours* for Option 1 and Option 2? If not, what is your/your company's suggestion? Please state reason(s). No comment

Section III: Other issues

7. Are there any other issues regarding the Proposal to change trading hours that HKEX should consider?

Trading hours should actually be defined as Auction Period + CTS. With the proposed Option 1 we will result in 6 trading working hours. I am afraid that longer hours does not translate into more trading revenue for HKEX or Brokerage firms, there is certainly no correlation with turnover and trading hours. On Eves of Christmas and New Year where there is half day trade very often you find that turnover is close to those of the week, this is because there is a fixed issued number of shares in the market, the money for investing is more or less fixed, traders work more aggressively within the time to complete the orders. Nowadays with algorithm trading VWAP order just dices small parcels of orders throughout the day.

A long working lunch break actually is a very valuable asset for participants where they can conduct meaningful business face to face. Investors alike would not like to be worrying about positions whilst having lunch.

Listed companies usually carry out analyst briefings during the break, with a shorter break this would not be possible, many of these briefings will change to be smaller closed doors meeting which tend to have sensitive information leakage which is detrimental to the market.

Each market can have their own characteristics, already PRC companies have A/H shares listed although being the same they are traded at different prices, if we were able to trade A shares than I do see the need of tandem markets where there can be arbitrage but we are dealing with a different class of shares. I believe having Auction period when China market is open fully addresses price discovery function for PRC related securities. I do not support closing at 1500 to be in line with China.

HKEX should bear in mind the trading hours should be defined by end-users and not by trends or whims of other markets, HKEX have social responsibilities, wealfare of their staff, participant's staff and investors. If HKEX adopt any of the proposals it should be sent to a Pilot Programme stage and evaluated to see if any redress is needed.

Finally, I thank the board for considering the above points and I can be available to share more of my insights in detail.

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