

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:

Generally a good idea to have longer trading hours. Alignment of trading hours with other major Asian markets (such as Mainland markets) is also a plus to Hong Kong as an international financial hub in the region.

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:

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:

Generally a good idea to have longer trading hours. Alignment of trading hours with other major Asian markets (such as Mainland markets) is also a plus to Hong Kong as an international financial hub in the region.

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:

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)

We favour Option 2, which allows sufficient time to manage announcements, client meetings and analyst presentations.

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?

From Cash Equities perspective, there would not really be any practical difficulties in

implementing as many other markets are already open in the region. However, from listing operational perspective, it would need approximately 3-month lead time for procedural changes and multi-jurisdictional coordination.

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).

If Change (A) is adopted, we recommend the morning auction sessions to be shortened to 0.25 hours so that it would ease the pressure on our logistical preparation for the announcement.

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).

If Change (B) is adopted, we recommend the afternoon auction session to be shortened to 0.25 hours so that it would ease the pressure on our logistical preparation for the announcement.

Section III: Other issues

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

Although we are generally positive for having longer trading hours, we would like HKEx to note our following concerns:

1. From the listing operational perspective, having a shorter lunchtime window for announcements would make it more difficult for international companies with multiple primary listings for our London colleagues given the time zone differences. Moreover, shorter Hong Kong lunchtime window would increase the risk of unintended trading suspension in Hong Kong due to shortened announcement preparation lead time and thus require higher level of multi-jurisdictional coordination. As an international company with multiple listings, we would prefer as much flexibility as possible for making announcements without having to trigger trading suspension. Maybe it is worth reviewing of the criteria / conditions of a trading suspension and duration (short the better) as a means to claw back some of the lost flexibility.
2. From the cash equity business perspective, the equity market would normally be looking for a lead from the European markets (from orders placed by Asian investors based there and also the European Bourses). This lead tends to start to be seen at around 2:30pm – 3:00pm Hong Kong time. Furthermore, market participants in Hong Kong already work longer hours than their United Kingdom or United States counterparts. The current extra time at lunch in Hong Kong allows people to meet clients, have analyst presentations organized, etc. Stock exchange is a relationship business and the longer lunchtime would allow it to be done more effectively.
3. If other local players are keen on keeping the 2 hours lunch break, HKEx may consider starting half an hour earlier in the morning session (i.e. from 9:30am to 12:00noon) and closing half an hour later in the afternoon session (i.e. from 2:00pm to 4:30pm). That would result in a 5-hour trading day, 25% longer than the present 4 hours. As such, HKEx trading hours will overlap more with other Asian exchanges, notably those in North and South Asia. Investors will therefore have new opportunities to trade HKEx-listed international securities while the underlying markets are open. In addition, investors will be able to respond timely to news flow on the stocks and changing market conditions, thereby increasing their ability to hedge and manage price risk. As for the “overlapping with the mainland”, the current 4 hours of trading per day in mainland securities seems a bit too short when compared to international standards and to the increasing importance of the Chinese market to the rest of the world. So, if the mainland decided to extend its trading hours to 4:00pm (from 3:00pm currently), we would have the perfect solution: longer trading hours in HK and the mainland as well as longer combined trading hours between our two exchanges PLUS all the brokers and local investors could continue doing business over lunchtime.

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