HK IFA
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Hong Kong Investment Funds Association
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Corporate Communications Department
Hong Kong Exchanges and Clearing Limited
12th Floor, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Dear Sir/Madam

Re: Consultation Paper on Proposed Changes to Trading Hours

On behalf of the Hong Kong Investment Funds Association, I would like to provide the views of our members with respect to the proposed changes to trading hours:

(1) Advance the continuous trading session ("CTS"):

Members generally agree with the proposal to advance the morning and afternoon CTS. They concur with the reasons cited in the consultation paper ("CP"), i.e. the initiative is conducive to "better price discovery", "enhanced compatibility with the Mainland" and "strengthened competitiveness". However, some members do express concerns, e.g. "business commitments – e.g. had to attend morning briefings" and "longer and earlier working hours".

As for the opening times of the afternoon CTS, some members believe that if changes are to be made, it would be preferable to make them in one go instead of doing it halfway now (i.e. go for option one, with 1-hour lunch break). However, others point out that a one-hour lunch break may be rather tight as it is quite common for IPO road shows, luncheon talks and other business functions to be held over lunches. Furthermore, as more firms are now located outside the core business district, time pressure is probably even greater.

On balance, we believe that ultimately, the macro considerations, in particular to align with the mainland market, should prevail over business or personal ones.

All in all, the impacts of advancing the CTS on fund managers probably would be minimal as long as the trading hours are not extended beyond the current 4pm close.

(2) Pre-market auction sessions:

Members agree with the proposal to keep the session open for 30 minutes.

(3) Other considerations:

Members point out that if the Singapore's SGX goes ahead with its October plans to list some Chinese ADRs that already have dual-listings on the HKEx, this could pose a threat, albeit small, to the volumes in those securities. This is because if enough liquidity builds up on that alternative venue, it would allow market-makers, facilitation traders, proprietary traders, etc. to hedge more efficiently, not just because Hong Kong will be closing at noon instead of matching SGX's 12:30pm mid-session close, but also because those ADRs instruments listed on SGX will not be subject to the same relatively expensive stamp duty that Hong Kong share trading incurs. This stamp duty differential will be a deterrent to HKEx trading volumes.