

Signature (with Company Chop if the response represents company view)

Part B Consultation Questions

Please indicate your preference by checking the appropriate boxes and provide reasons to support your views. Where there is insufficient space, please attach additional pages as necessary.

1. Do you agree that the Hong Kong market should not adopt a model without a halt in trading after the release of PSI during trading hours (i.e. the UK model as described in paragraph 48)?

Yes

No

Please give reasons for your views.

We agree in principle in that a trading halt after the release of PSI during trading hours will allow investors (particularly retail investors) time to assess and evaluate the information.

2. Do you agree with our proposal to allow publication of PSI announcements on the HKExnews website during trading hours subject to a short trading halt?

Yes

No

Please give reasons for your views.

In line with other markets, the proposal would allow the release of information to the investors in a more timely manner and avoid the release of bulk information within a limited time frame.

3. Do you agree that the maximum period for which a trading halt may be granted is two trading days and the trading halt will be treated as suspension thereafter if the issuer fails to publish the PSI announcements by end of the following trading day after the trading halt is imposed?

Yes

No

Please give reasons for your views.

We suggest consideration for situations such as where foreign companies are listed or dual listed on HKEx and where a two day period, particularly given time zone and holiday differences, may result in less time for the companies announcing PSI's.

4. Do you agree that results announcements should be published during the existing publication windows as far as possible?

Yes

No

Please give reasons for your views.

We agree in that this is in line with international practices. We suggest that individual issuers should decide whether to make a particular announcement during trading hours (in which case subject to a trading halt) or outside the trading hours.

5. Do you agree that the existing arrangement for non-PSI announcements to be published outside trading hours should remain unchanged?

Yes

No

Please give reasons for your views.

If the objective is to provide more information to investors on a timelier basis it may be preferable to also provide non-PSI announcements during trading hours

6. Do you agree that the trading halt should not apply to dually listed issuers under the

circumstances as described in paragraph 57 above?

Yes

No

Please give reasons for your views.

We agree in that this will enhance protection of investors in Hong Kong by allowing trading in both markets.

7. What is the minimum period for a trading halt after the publication of PSI announcement?

30 minutes

45 minutes

60 minutes

Other, please specify and give reasons

Please refer to our reply to Question 1. Please consider that the proposal to cancel all open orders combined with a short minimum period for a trading halt may cause logistical issues for intermediaries and investors, in terms of contacting investors to ascertain new/revised instructions with regards to their cancelled or partially filled orders, the consequence of which may be a lack of certainty on behalf of investors:

a) Whether to instruct intermediaries to place orders into the single price auction

b) Which limit price to instruct for at-auction limit orders

c) Instructions for continuous trading for any unfilled at-auction limit orders

Please note further that logistical issues may be more pronounced for individual/retail investors.

8. Do you agree that trading halts should be lifted at regular intervals?

on the quarter hour

on the half hour

Other, please specify and give reasons

We support lifting of trading halt at regular defined intervals for better market awareness and ease of administration.

9. Do you agree that at least 30 minutes of trading should be provided after lifting of a trading halt?

Yes

No

Please give reasons for your views.

A minimum period of trading following lifting of a trading halt is required to allow investors to respond to the trading halt

10. Do you agree with the proposed notification arrangements for the trading halt and resumption information as set out in paragraph 64?

Yes

No

Please give reasons for your views.

The proposal would enhance accessibility of the announcements. We would question the accessibility for some investors (and in particular retail investors) to PSI announcements solely on the HKEXnews website and suggest HKEx could consider some other form of notification in addition to the website

11. Do you agree that all existing orders of the securities entered before a trading halt or a suspension be purged by the Exchange at time of the halt?

Yes

No

Please give reasons for your views.

Please consider that the proposal to cancel all open orders combined with a short minimum period for a trading halt may cause logistical issues for intermediaries in terms of ascertaining instructions from investors with regards to their cancelled orders. Please note further that logistical issues may be more pronounced for individual/retail investors.

12. Do you agree that all existing orders of the Exchange's stock options / futures market practices should remain unchanged (i.e. all outstanding orders will be purged automatically by the system at the time of trading halt of the underlying stocks)?

Yes

No

Please give reasons for your views.

Stock Options, Futures and Warrants need to be synchronised with the status of the underlying cash security.

We suggest consideration is given to Index products, for example ETF's, where one or more underlying components of the index product are halted and/or suspended, thus compromising price formation and correlation

13. Do you agree with the implementation of a single price auction upon lifting of a trading halt?

Yes

No

Please give reasons for your views.

We envisage that the implementation of a single price auction will represent significant change to market operations, cost for market participants and intermediaries and present challenges in terms of dissemination of information to investors.

We further envisage difficulties for investors in terms of their ability to respond sufficiently quickly to participate in the single price auction subsequent to a trading halt, this potentially being more difficult for individual/retail customers.

On this final point, if it is decided to proceed as proposed, the duration of the single price auction 10 minutes in total, and 7 minutes for order entry may be insufficient for investors to be contacted, consider their investment intentions, instruct their intermediaries accordingly, and for intermediaries to correctly place orders in the single price auction.

We could anticipate that this may be particularly challenging with regards to individual/retail customers and to orders received overnight from offshore investors.

14. Do you agree with the implementation of a single price auction also applies for trading resumption at the commencement of afternoon trading session upon lifting of a trading halt following the release of a PSI announcement during the lunch publication window?

Yes

No

Please give reasons for your views.

Please refer to our reply to Question 13.

15. Do you agree that if an issuer has not requested for any trading halt or suspension of its securities and is able to maintain the confidentiality of the PSI announcement before releasing it during the lunch publication window, in these circumstances the single price auction will apply to the issuer's securities?

Yes

No

Please give reasons for your views.

In general please refer to our reply to Question 13.

16. Do you agree that a single price auction will only apply to securities traded in the securities market upon lifting of a trading halt of the underlying?

Yes

No

Please give reasons for your views.

Please refer to our reply to Question 13.

17. Do you agree with the proposed duration of the mid-session auction (i.e. 10 minutes)?

Yes

No

Please give reasons for your views.

It may be difficult for investors to receive information regarding a trading halt, assess the implications of such to their investment objectives, and subsequently decide upon and instruct their intermediary (broker) with their instructions within the 7 minute window permitted by the mid-session auction.

18. How much lead time would be required after the relevant system specifications were available to prepare for the implementation of trading halts?

Three months

Six months

Other, please specify and give reasons

We anticipate significant time to prepare and test systems and procedures. We also anticipate significant time will be required for education and preparation measures for our investors, both institutional and individual/retail. Although difficult to quantify this accurately it would be reasonable to allow 12 months for preparation.

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