

**Submitted via Qualtrics**

**Company / Organisation view**

**Question 1:**

**It is proposed that only the Applicable Securities, i.e. equities, REITs and equity warrants, will undergo minimum spread reduction. Do you agree?**

Yes

**If not, please provide reasons:**

N/A

**Question 2:**

**Do you agree with the Exchange's proposal to keep the minimum spreads of price bands below \$0.5 and above \$50 unchanged?**

No, reasons as follows

**If not, please provide reasons:**

I agree with the reasoning for keeping the band unchanged above \$50. The incremental benefit to price improvement of reducing the spread is marginal vs. the potential detriment to liquidity.

However, below \$0.5 the negative impact on price of the wide spread outweighs the positive impact on liquidity. In fact a tighter spread and lower cost of trading may well help to improve participation and liquidity for stocks with very low share prices.

**Question 3:**

**Do you agree with the proposed selection of the price bands and/ or the proposed magnitude of reduction of minimum spreads for phase 1 (i.e. 50% to 60% reduction to stocks priced between \$10 and \$50 to achieve 4 to 10 bps for tick-to-price ratios)?**

Yes

**If not, please provide reasons:**

N/A

**Question 4:**

**Do you agree with the proposed selection of the price band and/ or the proposed magnitude of reduction of minimum spreads for phase 2 (i.e. 50% reduction to stocks priced between \$0.5 and \$10 to achieve 5 to 100 bps for tick-to-price ratios)?**

Yes

**If not, please provide reasons:**

N/A

**Question 5:**

**Continued use of a single spread table model with increasing minimum spreads along with price bands is proposed. Do you agree?**

Yes

**If not, please provide reasons:**

N/A

**Question 6:**

**Are you supportive of a multiple spread table model for the same type of securities?**

No. Potential challenges as below:

**If so, what eligibility criteria would you suggest?**

N/A

**If not, what challenges would you foresee in the implementation of a multiple spread table model? Please elaborate:**

A multiple spread table will become cumbersome to manage as liquidity in stocks may change given thematic trends and many other factors. Meanwhile consistency across stocks in the same share price band will be beneficial for the understanding of investors and for ease of maintenance.

A multiple spread table may also bring issues with trading systems and order management systems, and opens the door to associated problems.

**Question 7:**

**Do you agree to the inclusion of percentage-based requirement on top of the existing spread based requirements (i.e. either  $\pm 24$  spreads or 3.5% from the reference price, whichever is greater in percentage terms) in the quotation rules, including the relevant rules applicable in different trading sessions and transactions concluded on and outside of the Exchange's trading system?**

Yes

**If not, please provide reasons:**

N/A

**Question 8:**

**Are you aware of any infrastructure impact which may arise from the proposed minimum spread reduction, including but not limited to a 3 decimal place system set up for Exchange Traded Options trades?**

No

**Please elaborate and explain the potential impact, including the possible lead time required for the additional infrastructure changes, if any.**

N/A

**Question 9:**

**Do you agree with the proposed six-month lead time before effecting the new Spread Table for the Applicable Securities under phase 1?**

Yes

**If not, what would be a reasonable length and why?**

N/A

**Question 10:**

**If the Exchange decides to implement phase 2 proposed after the review of phase 1, how much lead time would you need?**

4 - 6 months

**Others, please specify and give reasons for your view:**

N/A

**Question 11:**

**Do you have any other comments regarding the proposed minimum spread reduction in the Hong Kong securities market?**

This is a very positive development to minimize trading costs to investors whilst maintaining (and perhaps enhancing) market liquidity.

*[Redacted]* would like to continue to work closely with HKEX to further advance/optimize the investor ecosystem and encourage activity in the Hong Kong capital markets.

Please feel free to reach out anytime to discuss this or any other issues on which we can collaborate.