

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?

Yes

If not, please provide reasons:

N/A

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)?

No comment

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 comment

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:

N/A

Question 7:

Do you agree to the inclusion of percentage-based requirement on top of the existing spread based requirements (i.e. either ± 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?

No comment

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?

- The proposed changes will also impact the derivatives market, including obligations for market maker programs.
- This initiative presents a good opportunity to align Single Stock Futures (SSF) tick sizes with the cash market to consolidate liquidity, as the current SSF minimum spread is too small compared to their corresponding securities.
- The proposed spread reduction could negatively affect system capacity, potentially leading to higher costs and operational constraints.