

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.

In principle we agree to having a trading halt upon the publication of a PSI announcement so as to allow time for investors to read and digest the information and make or revise their investment decisions. We therefore do not think the UK model should be adopted.

However, we would like to point out a potential anomaly involving A+H shares. From talking to Chamber members who are A+H shares companies, we learned that the mainland stock exchanges do not yet have the policy of trading halts. They have the suspension policy similar to ours. While A-share companies can request or be required to suspend trading of their shares during a trading session, resumption can only take place when the next trading session begins, and companies are still required to publish an announcement in relation to the suspension in one of the four designated newspapers. So, technically resumption would always only take place on the following trading day. As a consequence, if Hong Kong implements trading halts that allow resumption at mid-trading session, while the H shares can resume trading following the publication of an announcement, the A shares would not. This creates a trading gap that causes inequality. Besides, it is also not clear if the mainland exchanges would allow their listed companies to issue an announcement during trading hours (in light of their requirement of a print announcement on the next day), so a likely scenario would be A+H shares companies will choose to release the announcement in both markets at the same time, which is most likely after the market close, and request simultaneous resumption on the following trading day. This would defeat the purpose of the trading halts currently proposed as far as A+H shares companies are concerned. The HKEx should consider taking this matter up with its mainland counterparts. If the Exchange has already considered about this and has a view, the market should be informed.

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.

We agree that PSI announcements can be published on the HKExnews website during trading hours subject to a trading halt. This is in line with the legislation that PSI should be released as soon as practicable. The HKExnews website is a good place for publication of PSI announcements.

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.

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.

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.

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.

Regarding the waivers now granted to companies listed on the London Stock Exchange, we appreciate that it is to follow the rules of the principle listing place. However as pointed out in your consultation paper, the London stock market is characterised with a majority of institutional investors who will closely monitor the market and company announcements. But this is not the case in Hong Kong. To allow HK-London dual listing companies to announce PSI without a trading halt is to deprive Hong Kong investors, in particular the small retail ones, the chance to digest the news.

In fact, if the reason of granting the waivers is to have consistency in both markets, it is a non-issue because of the time difference between Hong Kong and London. Hong Kong is seven hours ahead of London in summer time and 8 hours in winter time. By the time London opens, Hong Kong is closed; when Hong Kong opens, it is still early morning in London, so there is technically no overlap of trading hours between the two markets. When a PSI announcement is published during the London trading hours (without a trading halt), Hong Kong investors would still be able to pick it up overnight. In the case where an announcement is made in London in the small hours when Hong Kong still opens, we do not see why a trading halt in Hong Kong cannot be done to let local investors to digest the news. Hence, we are not sure of the necessity of waiving the trading halt requirement for this group of companies.

We recommend that HKEx takes the opportunity of this consultation to review the trading halt arrangement for Hong Kong-London dual listed companies and evaluate the merit of removing the waivers and to make consistent the market practices for all companies listed here.

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

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

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.

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.

We agree that a separate information page be created on the HKExnews website to disseminate the required information related to trading halts so that securities brokers and investors can have a central location to check the latest information.

We would like to propose further that a “news alert” function be created. Such alerts will be flashed or “popped up” on the current screen that the viewers are viewing so that they know a trading halt commences or is lifted, or an announcement is being released. On seeing the alerts, the system users can direct themselves to the specific page to view the details. This ensures no trading halt notifications would be missed. It is not practical for brokers and investors to constantly check for updates on the “Trading halts” page on their own initiative.

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.

This is a prudent practice as it protects investors from incurring loss unintentionally due to a negative PSI announcement.

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.

As movement of stock options and futures are in high co-relation with the underlying prices, we agree that they should be purged for the same reason as listed in the foregoing question.

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.

As single price auction is more relevant to securities brokers and their clients, our Chamber has no view on questions 13-17.

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.

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.

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.

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.

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

The Chamber has no opinion on this question as it is related to system readiness of Exchange Participants.

- End -