

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 welcome the Exchange's consideration of allowing listed issuers to publish PSI announcements during trading hours. However, it seems to us a regime whereby announcement cannot be made during trading hours without a trading halt is at odds with the obligation to disclose promptly. Unless the regulatory regime is aligned in this regard, position arises where an issuer is given a choice between two unwelcome outcomes - either declaring a trading halt thereby denying shareholders their right to deal with their property or wait until trading has ended and run the risk of falling foul of the promptness of disclosure. The notion that Hong Kong investors are not predominantly institutional investors and therefore need more time to access and digest information is questionable. This does not seem to be the problem in the case of those issuers dually listed on the London Stock Exchange as well as the HKEx. They have waivers to publish PSI on the HKEx during trading hours without a trading halt.

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.

Yes subject to the following comment:
We should follow the UK model - allowing publication of
PSI announcements on the HKEx news website during trading
hours without a trading halt.

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.

Two trading days seem to be sufficient if a trading halt
is exercised.

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.

It is confusing to have three different arrangements for
publication of different types of announcement.
Announcement is an announcement. Issuers should be
encouraged to publish promptly irrespective the type of
announcement. If the regime is to allow publication of
announcements during trading hours, we see no reason why
all announcements cannot be treated the same way in terms
of the mode and timing of disclosure.

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.

Please see response to Question 4 above.

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.

In order to have equitable treatment to all issuers and their investors, all issuers, not just those dually listed ones, should be allowed to publish announcements during trading hours without a trading halt. If an announcement without a trading halt is considered acceptable for Hong Kong investors in dual-listed issuers, it is not apparent why it is unacceptable for the same investors who hold shares with a single Hong Kong listing.

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

Our response to this Question 7 is without prejudice to our position that issuers should be allowed to publish announcements during trading hours without a trading halt.

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

Our response to this Question 8 is without prejudice to our position that issuers should be allowed to publish announcements during trading hours without a trading halt.

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.

We are neutral on this point but our response to this Question 9 is without prejudice to our position that issuers should be allowed to publish announcements during trading hours without a 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.

For the reasons set out in paragraph 64 of the Consultation Paper but without prejudice to our position that issuers should be allowed to publish announcements during trading hours without a trading halt.

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.

We are neutral on this point. But this issue may not arise if issuers are allowed to publish PSI announcements during trading hours without a trading halt.

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.

Same response as for Question 11.

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.

Same response as for Question 11.

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.

Same response as for Question 11.

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.

Same response as for Question 11.

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.

Same response as for Question 11.

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.

Same response as for Question 11.

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

Six months seem to be a reasonable period.

- End -