

Research & Policy

RETAIL INVESTOR SURVEY 2014

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Hong Kong Exchanges and Clearing Limited  
香港交易及結算所有限公司

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# 1. EXECUTIVE SUMMARY

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The Retail Investor Survey has been conducted periodically since 1989. The survey findings provide information on trends and characteristics of retail participation in the HKEx markets. The survey also assessed the degree of local retail participation in trading overseas market products. The previous survey was conducted in 2011. The latest survey, Retail Investor Survey 2014, was conducted from 12 November to 23 December 2014. The terms “Dec 2014” or “2014” are used in contexts, tables and charts for ease of reference.

## **Retail participation**

The 2014 survey found that 36.4% of the Hong Kong adult population (or 2,265,000 individuals) were *retail investors* in stocks (ie securities market products) and/or derivatives (ie futures and options) traded on HKEx, compared to 35.8% in 2011. Retail investors in the HKEx securities market reached a record high in both number terms and percentage of the adult population in 2014 — 2,253,000 individuals or 36.2% of the adult population were *stock investors*, compared to 35.7% in 2011. *Stockowners* also reached their highest level, both in number (2,147,000) and in percentage (34.5%) of the adult population. Retail participation in the HKEx derivatives market remained low — 1.6% of the adult population were *derivatives investors* (100,000 individuals), compared to 2.0% (122,000 individuals) in 2011. The majority of them (88%) invested also in stocks.

In respect of *product investment*, the large majority of stock investors (95%) invested in equities and a significant proportion of them (30.5%) invested in Exchange Traded Funds (ETFs) — a much higher proportion than in 2011 (20.9%). A smaller proportion of stock investors invested in warrants (9.1%) or Callable Bull/Bear Contracts (CBBCs) (4.5%), collectively 9.9% in warrants and/or CBBCs, and in derivatives (3.9%). As a proportion of the Hong Kong adult population, 11.0% invested in ETFs and 3.6% in warrants/CBBCs.

Regarding local retail *participation in overseas stock markets*, 2.5% of the Hong Kong adult population invested in stocks traded on Mainland China market in 2014, compared to 2.0% in 2011; 3.3% invested in stocks traded on overseas markets other than Mainland China, compared to 2.5% in 2011. Most of them (72%) invested in stocks traded on the US.

## **Investor profile**

The *typical Hong Kong retail stock investor* was 47 years old, with tertiary or above education, a monthly personal income of about HK\$22,500 and a monthly household income of about HK\$45,000. Compared with the typical Hong Kong retail stock investor, the *typical Hong Kong retail derivatives investor* was younger (42 years old), received similar level of education, with a higher monthly personal income (HK\$35,000) and a higher monthly household income (HK\$75,000). More of the derivatives investors were employed in the finance industry than stock investors.

The *typical warrant/CBBC investor* was of a similar age (47 years old) to the *typical equity investor*, with a similar level of education (tertiary or above education), slightly higher monthly personal income (HK\$22,500 vs HK\$27,500) and similar monthly household income (HK\$45,000). The *typical ETF investor* was older than the typical equity investor (50 years old vs 47) but with a similar level of education (tertiary or above), monthly personal income (HK\$22,500) and household income (HK\$45,000). Investors in warrants/CBBCs comprised a larger proportion of male and individuals employed in the finance industry than investors in equities and ETFs.

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## **Stockholding and trading pattern**

Including those who did not hold any stocks (ie HKEx cash market products) at the time of interview, stock investors held a median value of HK\$200,000 in *stockholdings* (up 54% from HK\$130,000 in 2011, compared to a 43% increase in the total market capitalisation of the HKEx stock market). The majority of their stockholdings were *listed company shares* and the majority of them (53%) held only listed company shares and no other cash market products. The number of listed company shares in their stock portfolio was not big — a median of four and only 10% of them held more than 10. The median value of their listed company shareholding was HK\$150,000 (up 50% from HK\$100,000 in 2011).

*Warrant investors* and *ETF investors* tended to hold a larger stock portfolio (a median of HK\$400,000 and HK\$300,000 respectively) than *equity investors* and *CBBC investors* (a median of HK\$200,000 and HK\$100,000 respectively). Nevertheless, they had comparable median number of listed company shares in their respective portfolio (4 or 5 listed company stocks). Warrant investors also tended to have a relatively larger listed company shareholding value (a median of HK\$270,000) than other investor types (HK\$100,000 – HK\$200,000).

Among stock investors, 20% did not trade in the 12 months preceding the interview (but were holding stocks at the time of interview), up from 18% in 2011. These *non-trading stock investors* were relatively small investors — they tended to have a much lower stockholding value (a median of HK\$100,000) and shareholding value (a median of HK\$50,000) and a majority of them (64%) held only listed company shares in their portfolio. Including these non-trading investors, in 2014, *stock investors* in median terms traded stocks as frequent as in 2011 but with a larger deal size than in 2011 — the median *number of stock transactions* was 6 (the same as in 2011) and the median *average value per stock transaction* was HK\$50,000 (up from HK\$40,000 in 2011). The median *implied total stock transaction value per stock trader* in the 12-month period in 2014 was also higher — HK\$500,000 vs HK\$400,000 in 2011. Broadly speaking, the higher the value of stocks held by a stock investor, the more frequently he/she tended to trade and the larger his/her deal size.

Most stock traders *traded mainly through banks* — 75%, compared with 77% in 2011; 71% traded solely through banks, down from 74% in 2011. Stock investors *traded mainly through broker firms* (24%) comprised a larger proportion of males, older individuals and individuals employed in finance industry. They also tended to hold a larger stock portfolio (a median of HK\$300,000 vs HK\$200,000), a larger proportion (55% vs 38%) having a high trading frequency (more than 10 transactions in the year) and a higher implied total stock transaction value (a median of HK\$1 million vs HK\$0.4 million) than those trading mainly through banks.

The proportion of stock traders trading online further increased in 2014 — 73%, up from 69% in 2011. *Online stock traders* tended to be younger, individuals of higher education level, higher work status, and higher personal and household income than *non-online stock traders*. They also tended to trade stocks more frequently and to trade mainly through banks.

Among *stock investors investing in different products*, warrant/CBBC investors (who invested in warrants and/or CBBCs) tended to trade more frequently in the securities market (a median of 36 transactions) than equity investors but with a slightly smaller average deal size. ETF investors also tended to trade more frequently than equity investors but with a similar deal size. The majority of warrant investors (60%) did not invest in CBBCs while the majority of CBBC investors (81%) invested also in warrants. Notably, 60% of warrant/CBBC investors invested also in ETFs. They had a higher usage of broker firms (47%) than equity or ETF investors (24% and 26% respectively) and more use of online trading (78%) than equity or ETF investors (60% and 69% respectively).

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Among all stock investors, only 4% invested also in derivatives. These *stock-and-derivatives investors* tended to trade stocks more frequently than those invested only in stocks (ie stock-only investors) (20 vs 6 transactions in the year) but with a smaller deal size. They also tended to have a higher usage of broker firms (66%) than stock-only investors (22%) and more use of online trading (84%) than stock-only investors (57%).

### **Derivatives trading pattern**

All *derivatives investors*, by nature of derivatives trading, had traded derivatives during the 12-month period in 2014. Compared with 2011, they had a smaller median number of derivatives transactions (6 vs 12), a similar average contract volume per derivatives transaction (2 contracts) and a relatively higher median implied total contract volume per investor in the year (48 vs 40). The majority of derivatives investors traded mainly through broker firms (72%, up from 64% in 2011). 70% of them traded solely through broker firms while 28% traded solely through banks. 84% of them were online derivatives traders, compared to 69% in 2011.

### **Perceptions of the HKEx markets**

Stock investors had generally positive *perceptions* of all aspects of *the Hong Kong stock market* assessed in the survey, even more so than in 2011. They were most positive about “trading information available in the Hong Kong stock market”. Derivatives investors were also generally positive about the various aspects of *the HKEx derivatives markets*. They were most positive about “effective regulation of derivatives brokers”. Retail investors as a whole were generally positive above the attribute “*HKEx gives priority to public interest*”, more so than in 2011.

Note: Caution is needed in interpreting the findings on certain investor types (mainly derivatives investors and CBBC investors) because of their small sample sizes.

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## 2. INTRODUCTION

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The Retail Investor Survey (RIS) has been conducted periodically since 1989.<sup>1</sup> As in prior years, the 2014 survey (RIS2014) was conducted by a market research company on behalf of HKEx. The survey fieldwork was carried out from 12 November to 23 December 2014.

The objectives of RIS2014 are to assess:

- the incidence of retail participation in the HKEx securities and derivatives markets as well as overseas market products, and the socio-economic profiles of various types of retail investors and non-investors;
- retail investors' portfolio holding (total holding value of securities market products and number and value of listed company shareholdings);
- retail investors' trading pattern and incidence of online trading;
- retail investors' trading channels; and
- retail investors' perception of the various aspects of the HKEx stock and derivatives markets.

For the purpose of the survey, an individual is classified to be a "retail investor" (or had "invested") in securities and/or derivatives traded in a market if he/she was holding the securities/derivatives (as the subject product types are concerned) at the time of the survey interview or had traded them in the 12 months preceding the interview. (See Glossary for definition of the different types of investor.)

It should be noted that the findings on certain investor types, mainly derivatives investors and CBBC investors, are subject to relatively large error due to the small size of the samples of the respective investor types in the survey. Therefore, caution is needed in interpreting the findings on these types of investor.

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<sup>1</sup> Before 2000, it was conducted by the Stock Exchange of Hong Kong (SEHK), now a wholly-owned subsidiary of HKEx.

## 3. RETAIL PARTICIPATION

### 3.1 Types of investor<sup>2</sup>

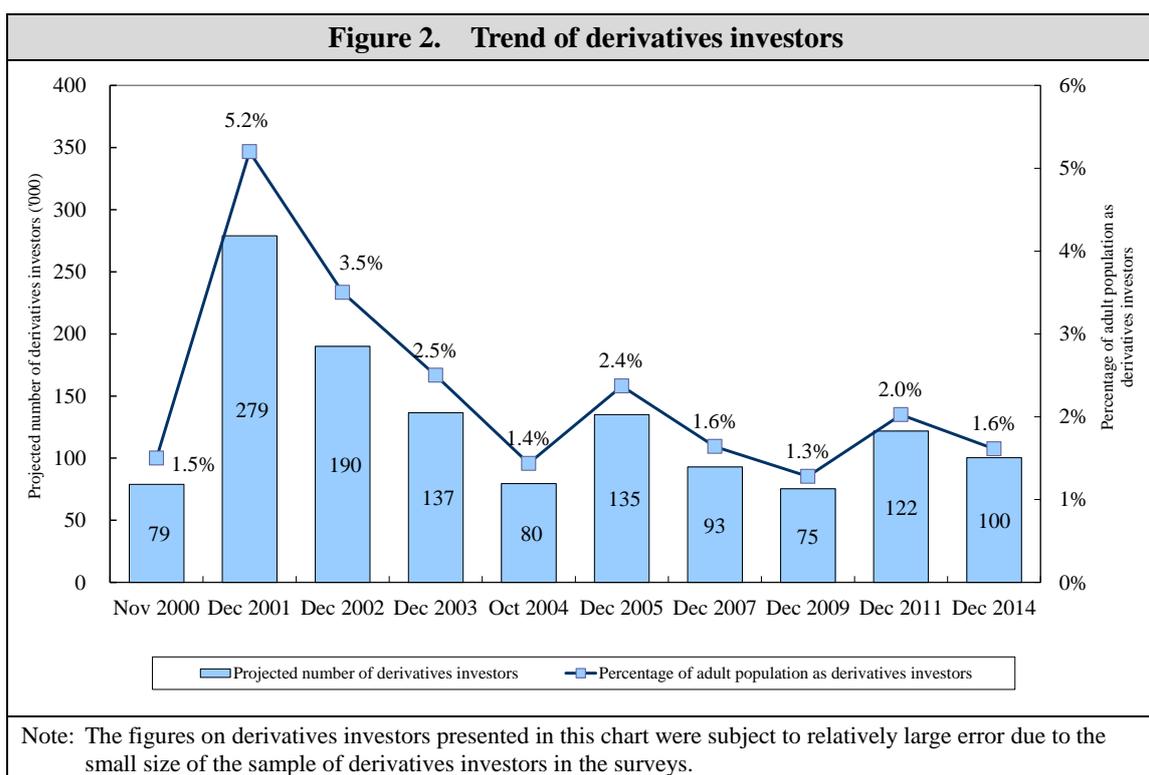
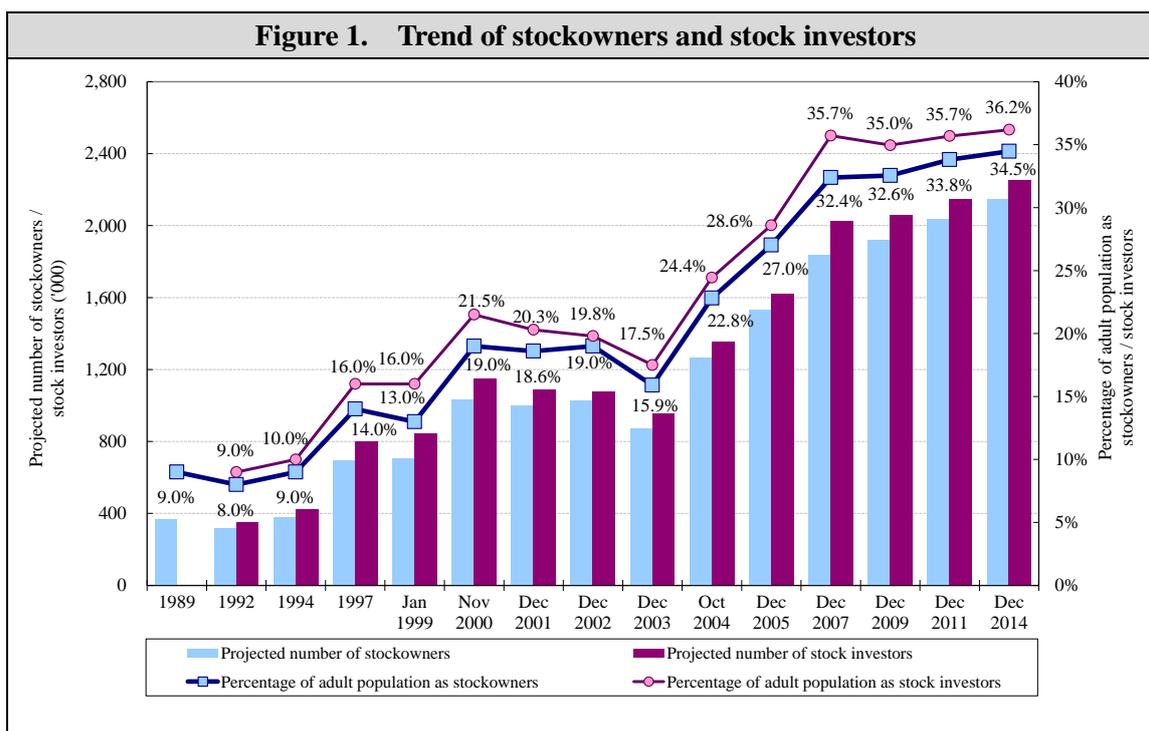
- In December 2014, 36.4% of the Hong Kong adult population (or 2,265,000 individuals) were retail investors in stocks (ie securities market products) and/or derivatives (ie futures and options) traded on HKEx.
- Stock investors and stockowners reached the highest level since the survey started in 1989, both in number terms (2,253,000 and 2,147,000 individuals respectively) and in percentage of adult population (36.2% and 34.5% respectively).
- There were 1,795,000 stock investors, or 28.8% of adult population, who traded in the stock market in 2014 (ie stock traders).
- Retail participation in the HKEx derivatives (ie futures and options) market remained low — only 1.6% of the adult population (or 100,000 individuals) were derivatives investors.
- Retail participation in the Mainland China stock markets and other overseas stock markets remained low in 2014 (about 3% each), albeit that small increases were observed. Retail participation in overseas derivatives markets was very low (less than 1%).

	<b>Projected number of individuals ('000)</b>	<b>Percentage of Hong Kong adult population</b>
<b><i>Retail investors</i></b>	<b>2,265</b>	<b>36.4%</b>
Stock investors	2,253	36.2%
Stockowners	2,147	34.5%
Stock traders	1,795	28.8%
Derivatives investors	100	1.6%
<b><i>Non-investors</i></b>	<b>3,963</b>	<b>63.6%</b>
Total	6,228	100.0%

	<b>Percentage of Hong Kong adult population</b>	
	<b>Dec 2011</b>	<b>Dec 2014</b>
Stocks or derivatives traded on HKEx	35.8%	36.4%
Stocks traded on Mainland China markets	2.0%	2.5%
Stocks traded on overseas markets other than Mainland China	2.5%	3.3%
Derivative products traded on overseas markets (including Mainland China)	0.5%	0.6%

\* Held at the time of interview or had traded in the 12 months preceding the interview.

<sup>2</sup> See Glossary for definitions.



## 3.2 Types of stock investor and derivatives investor

- The great majority of stock investors (96.1%) invested only in stocks<sup>3</sup> (stock-only investors). Only 3.9% invested also in derivatives (stock-and-derivatives investors), compared to 5.3% in 2011.

<sup>3</sup> Refer to all cash market products on HKEx.

- The large majority of stock investors invested in equities (94.7%) but lower than in 2011 (99.0%). Compared to 2011, a smaller proportion of stock investors invested only in equities and not warrants, Callable Bull/Bear Contracts (CBBCs) or Exchange Traded Funds (ETFs) — 62.4% vs 72.4% in 2011.
- Retail investors' participation in ETFs increased significantly in 2014 — 30.5% of stock investors (or 11% of the adult population), up from 20.9% (or 7.5% of adults) in 2011. Among ETF investors, 93.7% invested also in equities; conversely, 30.2% of equity investors invested also in ETFs.
- 9.1% of stock investors invested in warrants (up from 7.1% in 2011) while 4.5% of stock investors invested in CBBCs (compared with 5.9% in 2011). Collectively 9.9% of stock investors invested in warrants and/or CBBCs, similar to the 9.7% in 2011. Among warrant investors, 40% invested also in CBBCs (down from 47% in 2011). Conversely, 81% of CBBC investors invested also in warrants, much higher than the 56% in 2011. Notably, about 60% of investors invested in warrants and/or CBBCs invested also in ETFs.
- The proportion of stock investors who did not trade during the 12-month period was 20% in 2014, the highest level since 2005.
- Among derivatives investors, the large majority (88%) invested also in stocks (stock-and-derivatives investors). The proportion invested only in derivatives but not stocks increased from 5.8% in 2011 to 12.1% in 2014 but was still lower than the 13.5% in 2009.

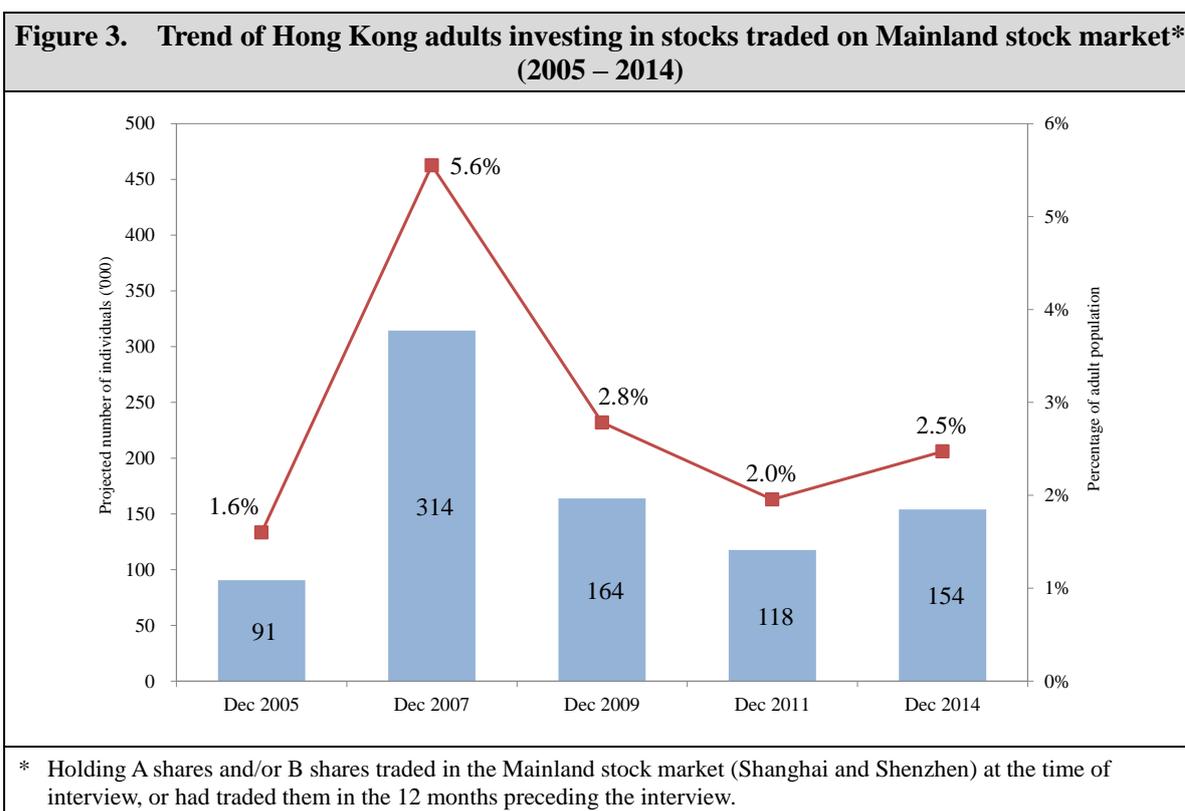
<b>Table 3. Types of stock investor (2005 – 2014)</b>					
	<b>As percentage of stock investors (%)</b>				
	<b>Dec 2005</b>	<b>Dec 2007</b>	<b>Dec 2009</b>	<b>Dec 2011</b>	<b>Dec 2014</b>
<b><i>By stocks/derivatives invested</i></b>					
Stock-only investors	92.5	95.5	96.8	94.7	96.1
Stock-and-derivatives investors	7.5	4.5	3.2	5.3	3.9
<b><i>By cash market product invested</i></b>					
Equity investors	–	97.9	98.1	99.0	94.7
Equity-only stock investors	–	63.4	67.5	72.4	62.4
Warrant/CBBC investors	–	–	12.1	9.7	9.9
Warrant investors	–	19.9	10.2	7.1	9.1
Warrant-only stock investors	–	0.7	0.1	...	0.1
CBBC investors	–	–	7.0	5.9	4.5
CBBC-only stock investors	–	–	0.2	...	...
ETF investors	–	21.9	24.4	20.9	30.5
ETF-only stock investors	–	1.3	1.5	1.0	1.8
<b><i>By trading status</i></b>					
Stock traders	82.5	85.7	84.9	82.0	79.6
Non-trading stock investors	17.5	14.3	15.1	18.0	20.4
“...”: Nil      “–”: Not available.					

<b>Table 4. Types of derivatives investor (2005 – 2014)</b>					
	<b>As percentage of derivatives investors (%)</b>				
	<b>Dec 2005</b>	<b>Dec 2007</b>	<b>Dec 2009</b>	<b>Dec 2011</b>	<b>Dec 2014</b>
Derivatives-only investors	10.3	3.0	13.5	5.8	12.1
Stock-and-derivatives investors	89.7	97.0	86.5	94.2	87.9
Note: Reflecting the nature of derivatives trading, all derivatives investors had derivatives transactions during the past 12 months at the time of the interview, i.e. all are derivatives traders.					

### 3.3 Participation of Hong Kong adults in overseas stock markets

#### 3.3.1 Mainland China market

Hong Kong adults' participation in the Mainland stock market increased slightly from 2.0% in 2011 to 2.5% of the Hong Kong adult population (154,000 individuals) in 2014 but it was still lower than the 2.8% in 2009 and the highest level of 5.6% in 2007 measured by the survey.



#### 3.3.2 Other overseas markets

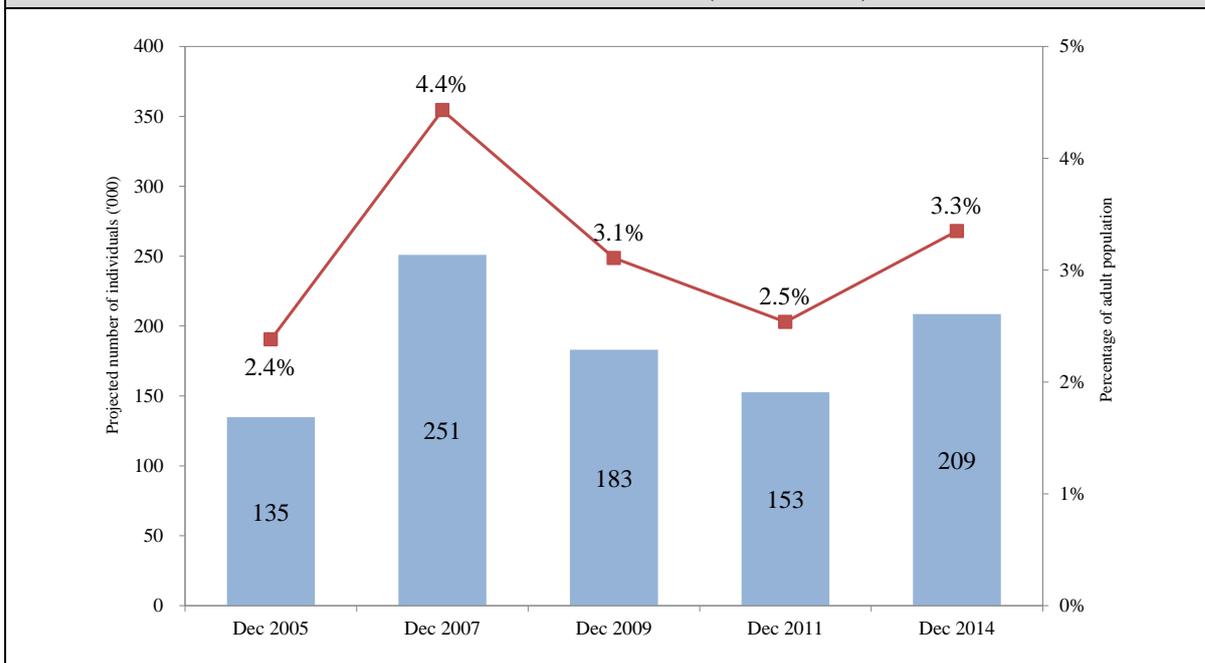
Hong Kong adults' participation in overseas stock markets other than Mainland China was 3.3% of the Hong Kong adult population (209,000 individuals) in 2014, compared with 2.5% in 2011 and the highest level measured by the survey of 4.4% in 2007. This investor group was requested for the first time in the survey to give the name of overseas exchanges/markets where they invested.

Based on valid responses<sup>#</sup>, among investors investing in overseas markets other than Mainland China, the most popular overseas stock market for investment was the US (72%), followed by Singapore (11%) and Europe (9%, where 5% in the UK and 4% in Continental Europe). Notably, 4% of them invested in the Thailand stock market, compared to 1% in Japan. The top two overseas stock exchanges Hong Kong adults invested in were the two key stock exchanges in the US<sup>^</sup> — the New York Stock Exchange (35%) and NASDAQ (23%). These are followed by Singapore Exchange (11%) and the London Stock Exchange (5%).

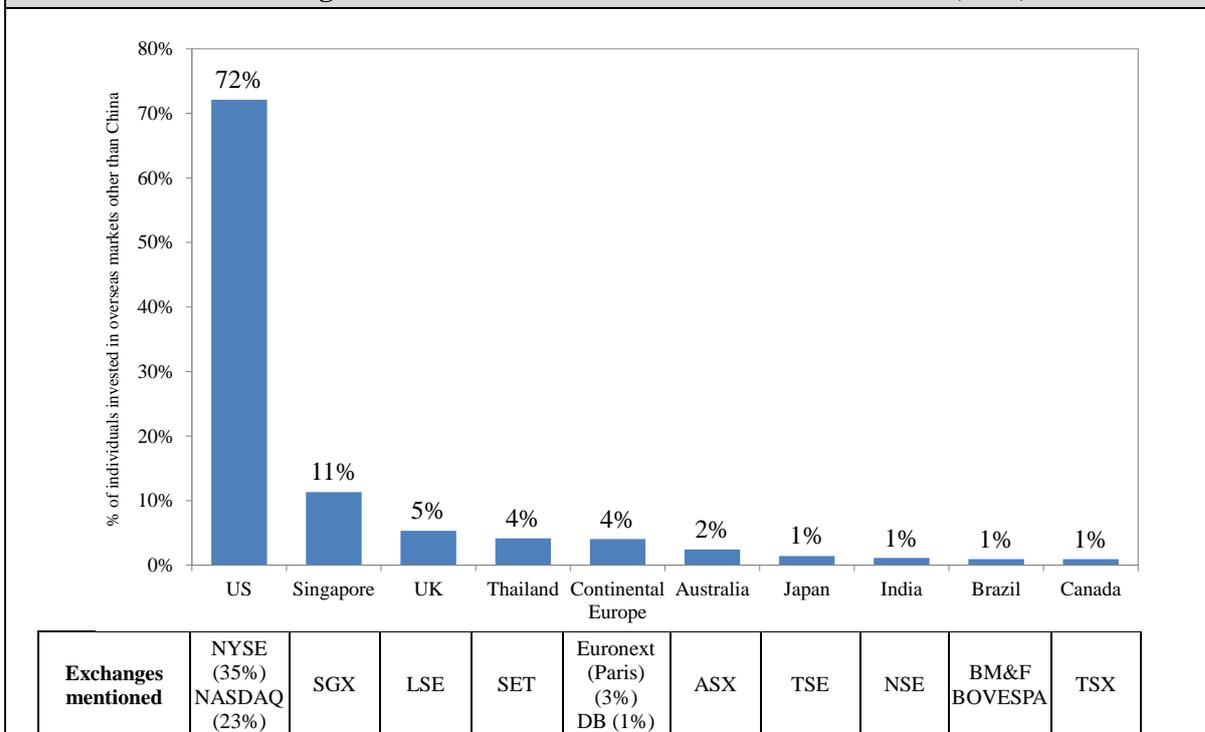
<sup>#</sup> 92% of respondents provided answers to the question.

<sup>^</sup> 20% of respondents, who invested in the US stock markets, could not specify the exchange name.

**Figure 4. Trend of Hong Kong adults investing in stocks traded on overseas markets other than Mainland China (2005 – 2014)**



**Figure 5. Number of overseas stock markets mentioned as a percentage of all individuals investing in overseas markets other than Mainland China (2014)**



ASX – Australian Stock Exchange      DB – Deutsche Börse      LSE – London Stock Exchange  
 NSE – National Stock Exchange of India      NYSE – New York Stock Exchange      TSE – Tokyo Stock Exchange  
 TSX – Toronto Stock Exchange      SGX – Singapore Exchange      SET – Stock Exchange of Thailand

**Notes:**

- (1) Including multiple counts and excluding refusals.
- (2) 20% of respondents, who invested in the US stock markets, did not specify the exchange name.

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## 4. INVESTOR PROFILE

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### 4.1 Profile of stock investors

- The typical Hong Kong *retail stock investor* was 47 years old, with tertiary or above education, a monthly personal income of about HK\$22,500 and a monthly household income of about HK\$45,000.
- In comparison to the Hong Kong adult population and non-investors, stock investors comprised a larger proportion of males, individuals of middle age (40-59), individuals who received tertiary or above education, individuals employed in the finance industry and individuals of higher work status, higher monthly personal income and monthly household income.

### 4.2 Profile of equity, warrant, CBBC and ETF investors<sup>4,5</sup>

- The typical *equity investor* was 47 years old, with tertiary or above education, a monthly personal income of about HK\$22,500 and a monthly household income of about HK\$45,000.
- The typical *warrant investor* was 47 years old, with tertiary or above education, a monthly personal income of about HK\$22,500 and a monthly household income of about HK\$45,000. Compared with equity investors and ETF investors, warrant investors comprised a larger proportion of males (73%) and individuals employed in the finance industry.
- The typical *CBBC investor* was 35 years old, with tertiary or above education, a monthly personal income of about HK\$35,000 and a monthly household income of about HK\$75,000. Compared with equity investors, ETF investors and warrant investors, CBBC investors comprised a larger proportion of males (87%), younger individuals, individuals of higher work status, and individuals of higher monthly personal income and monthly household income. They also had a proportion of individuals employed in the finance industry higher than that for equity investors and ETF investors but lower than that for warrant investors.
- When warrant investors and CBBC investors were viewed as a group (given the similar investment style of the products), a typical *warrant/CBBC investor* was 47 years old, with tertiary or above education, a monthly personal income of about HK\$27,500 and a monthly household income of about HK\$45,000. Compared with equity investors and ETF investors, warrant/CBBC investors comprised a larger proportion of males (74%), individuals employed in the finance industry, and individuals of higher monthly personal income.
- The typical *ETF investor* was 50 years old, with tertiary or above education, a monthly personal income of about HK\$22,500 and a monthly household income of about HK\$45,000. Compared with investors in equities, warrants and CBBCs, ETF investors comprised a larger proportion of older people (51% aged 50 or above).

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<sup>4</sup> See survey limitations in Appendix 1. Note that the different categories of stock investors as identified by the product they invested in were not mutually exclusive. That is, each investor type may at the same time be any of the other three types of investor.

<sup>5</sup> All findings on the characteristics of CBBC investors in this section and the subsequent sections are subject to relatively large error due to the small sample of CBBC investors. Therefore, caution is needed in interpreting the findings on CBBC investors.

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### 4.3 Profile of derivatives investors<sup>6</sup>

- The typical Hong Kong *retail derivatives investor* was 42 years old, with tertiary or above education, a monthly personal income of about HK\$35,000 and a monthly household income of about HK\$75,000.
- Compared with the Hong Kong adult population and with stock investors and non-investors, derivatives investors comprised a larger proportion of males (74%), younger individuals (44% aged below 40), individuals of higher working status, employed in the finance industry, and individuals of higher monthly personal and household income.

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<sup>6</sup> All findings on the characteristics of these types of investors in this section and any applicable subsequent sections are subject to relatively large error due to the small sample size. Therefore, caution is needed in interpreting the findings on these types of investors.

**Table 5. Profile of different investor types (2014)**

	<b>Adult population</b>	<b>Stock investors</b>	<b>Stock traders</b>	<b>Derivatives investors</b>	<b>Non-investors</b>
<b>Sex</b>					
Male	45.3%	53.7%	55.3%	73.6%	40.5%
Female	54.7%	46.3%	44.7%	26.4%	59.5%
<b>Age</b>					
18 – 19	3.1%	0.4%	0.4%	2.0%	4.6%
20 – 29	15.3%	9.5%	9.6%	20.9%	18.5%
30 – 39	16.7%	17.3%	17.7%	21.4%	16.4%
40 – 49	19.6%	25.8%	25.6%	22.7%	16.1%
50 – 59	20.3%	26.1%	26.6%	27.7%	17.0%
60 or over	25.1%	21.0%	20.1%	5.3%	27.4%
<b>Median</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>42</b>	<b>45</b>
<b>Education level</b>					
No schooling / kindergarten	3.5%	0.6%	0.6%	2.4%	5.2%
Primary	12.8%	5.5%	4.9%	...	17.0%
Lower secondary	14.1%	12.3%	12.3%	5.5%	15.0%
Upper secondary	30.5%	29.7%	29.7%	29.2%	30.9%
Tertiary or above	38.5%	51.7%	52.4%	62.9%	31.0%
Refusals	0.7%	0.2%	0.1%	...	0.9%
<b>Occupation</b>					
Managers / administrators / professionals	14.5%	24.7%	24.9%	37.1%	8.7%
White collar	19.4%	23.5%	24.5%	40.3%	17.0%
Blue collar	16.1%	12.1%	12.2%	10.1%	18.4%
Homemakers	19.2%	13.7%	13.1%	2.0%	22.3%
Retirees	17.7%	19.2%	18.6%	4.4%	16.9%
Students	5.6%	1.2%	1.4%	3.9%	8.0%
Unemployed persons	4.4%	1.7%	1.6%	2.2%	5.9%
Refusals	3.1%	4.0%	3.7%	...	2.6%
<b>Industry of employed persons*</b>					
Manufacturing	7.3%	7.3%	7.5%	4.5%	7.2%
Construction	7.9%	7.1%	6.8%	4.8%	8.5%
Wholesale, retail, import/export trades, restaurants and hotels	23.1%	22.3%	21.4%	22.7%	23.7%
Transport, storage, courier and communication	14.6%	14.1%	13.8%	20.0%	15.0%
Financing and insurance	10.1%	14.5%	15.6%	26.5%	6.6%
Professional and business services	10.2%	8.4%	8.3%	3.1%	11.6%
Social and personal services	16.7%	14.5%	14.6%	10.4%	18.6%
Others	4.9%	5.1%	5.6%	5.5%	4.7%
Refusals	5.2%	6.7%	6.5%	2.5%	4.1%
<b>Median monthly personal income (HK\$)*</b>	11,250	22,500	22,500	35,000	7,500
<b>Median monthly household income (HK\$)</b>	27,500	45,000	45,000	75,000	22,500
"...": Nil      * Among those who were engaged in full-time or part-time employment. Note: Percentages may not add up to 100% due to rounding.					

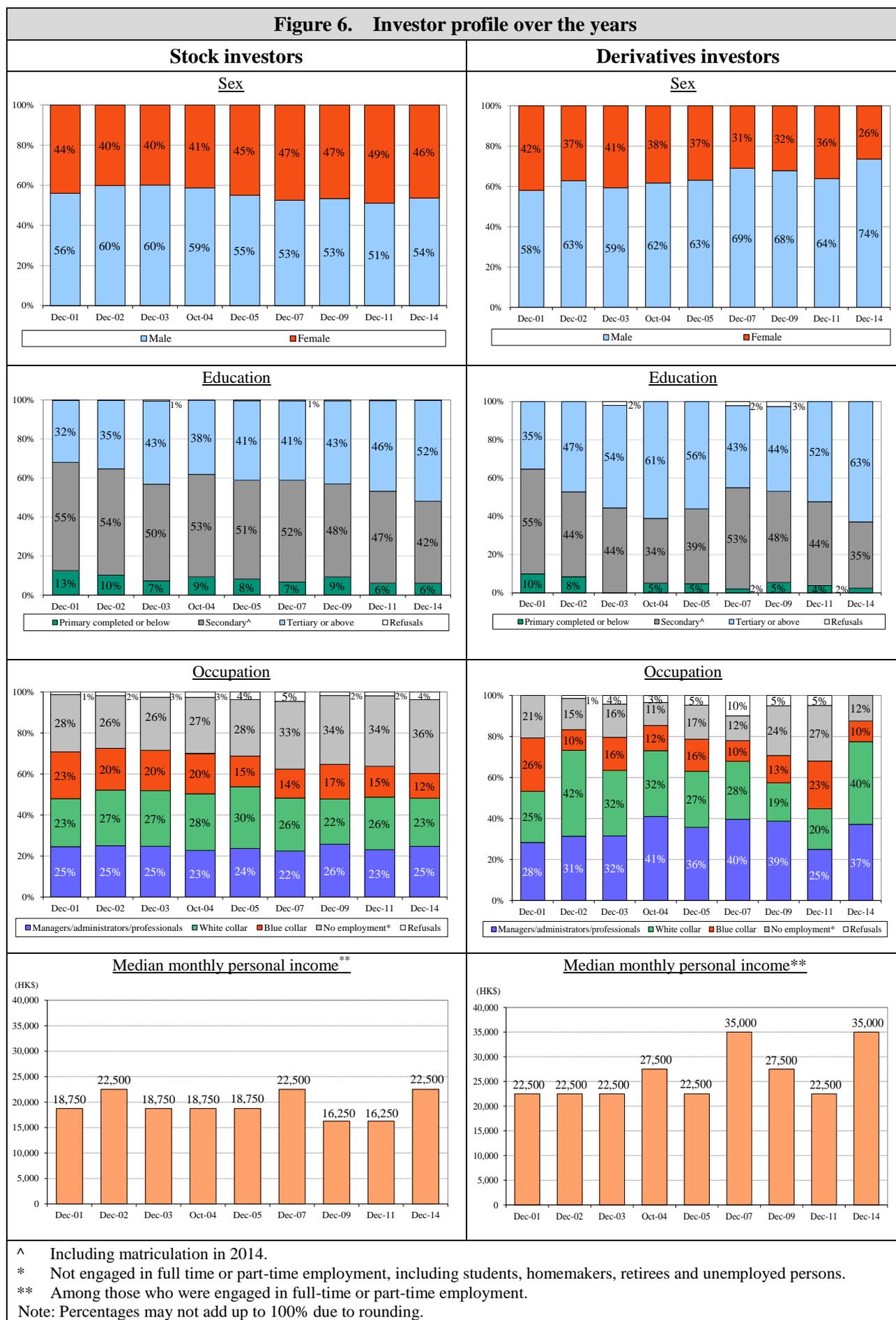
**Table 6. Profile of different investor types by selected cash market products (2014)**

	<b>Equity investors</b>	<b>Warrant investors</b>	<b>CBBC investors</b>	<b>Warrant/ CBBC investors</b>	<b>ETF investors</b>
<b>Sex</b>					
Male	53.7%	72.9%	87.0%	74.3%	57.0%
Female	46.3%	27.1%	13.0%	25.7%	43.0%
<b>Age</b>					
18 – 19	0.4%	...	1.9%	0.9%	0.6%
20 – 29	8.4%	9.2%	17.4%	9.7%	5.7%
30 – 39	17.3%	21.7%	36.8%	23.0%	16.4%
40 – 49	26.5%	22.1%	18.5%	21.2%	26.6%
50 – 59	26.3%	23.4%	19.7%	23.7%	29.2%
60 or over	21.1%	23.6%	5.7%	21.6%	21.6%
<b>Median</b>	<b>47</b>	<b>47</b>	<b>35</b>	<b>47</b>	<b>50</b>
<b>Education level</b>					
No schooling / kindergarten	0.6%	...	...	...	0.4%
Primary	5.1%	3.8%	...	3.5%	3.7%
Lower secondary	12.6%	10.2%	4.7%	9.3%	11.1%
Upper secondary	30.4%	32.9%	29.8%	32.9%	28.2%
Tertiary or above	51.2%	53.1%	65.5%	54.3%	56.7%
Refusals	0.1%	...	...	...	...
<b>Occupation</b>					
Managers / administrators / professionals	24.9%	29.8%	40.2%	29.5%	29.4%
White collar	23.6%	23.7%	36.3%	27.0%	21.3%
Blue collar	12.3%	9.5%	8.5%	8.7%	8.8%
Homemakers	13.7%	11.2%	5.4%	10.2%	11.4%
Retirees	19.1%	22.1%	6.8%	21.2%	22.3%
Students	0.9%	...	...	...	0.6%
Unemployed persons	1.7%	3.7%	2.7%	3.4%	1.4%
Refusals	3.8%	...	...	...	4.7%
<b>Industry of employed persons*</b>					
Manufacturing	7.6%	1.7%	4.8%	2.9%	6.5%
Construction	7.0%	5.0%	5.0%	5.9%	3.8%
Wholesale, retail, import/export trades, restaurants and hotels	21.9%	18.6%	11.3%	16.5%	21.2%
Transport, storage, courier and communication	13.9%	17.6%	19.7%	19.0%	16.5%
Financing and insurance	14.8%	30.4%	24.7%	26.9%	18.5%
Professional and business services	8.5%	8.3%	13.1%	9.3%	7.9%
Social and personal services	13.9%	3.7%	6.4%	5.2%	9.7%
Others	5.4%	10.1%	10.1%	10.3%	9.2%
Refusals	6.9%	4.7%	4.8%	4.1%	6.7%
<b>Median monthly personal income (HK\$)*</b>	<b>22,500</b>	<b>22,500</b>	<b>35,000</b>	<b>27,500</b>	<b>22,500</b>
<b>Median monthly household income (HK\$)</b>	<b>45,000</b>	<b>45,000</b>	<b>75,000</b>	<b>45,000</b>	<b>45,000</b>

“...”: Nil \* Among those who were engaged in full-time or part-time employment.

Note: Percentages may not add up to 100% due to rounding.

**Figure 6. Investor profile over the years**



^ Including matriculation in 2014.

\* Not engaged in full time or part-time employment, including students, homemakers, retirees and unemployed persons.

\*\* Among those who were engaged in full-time or part-time employment.

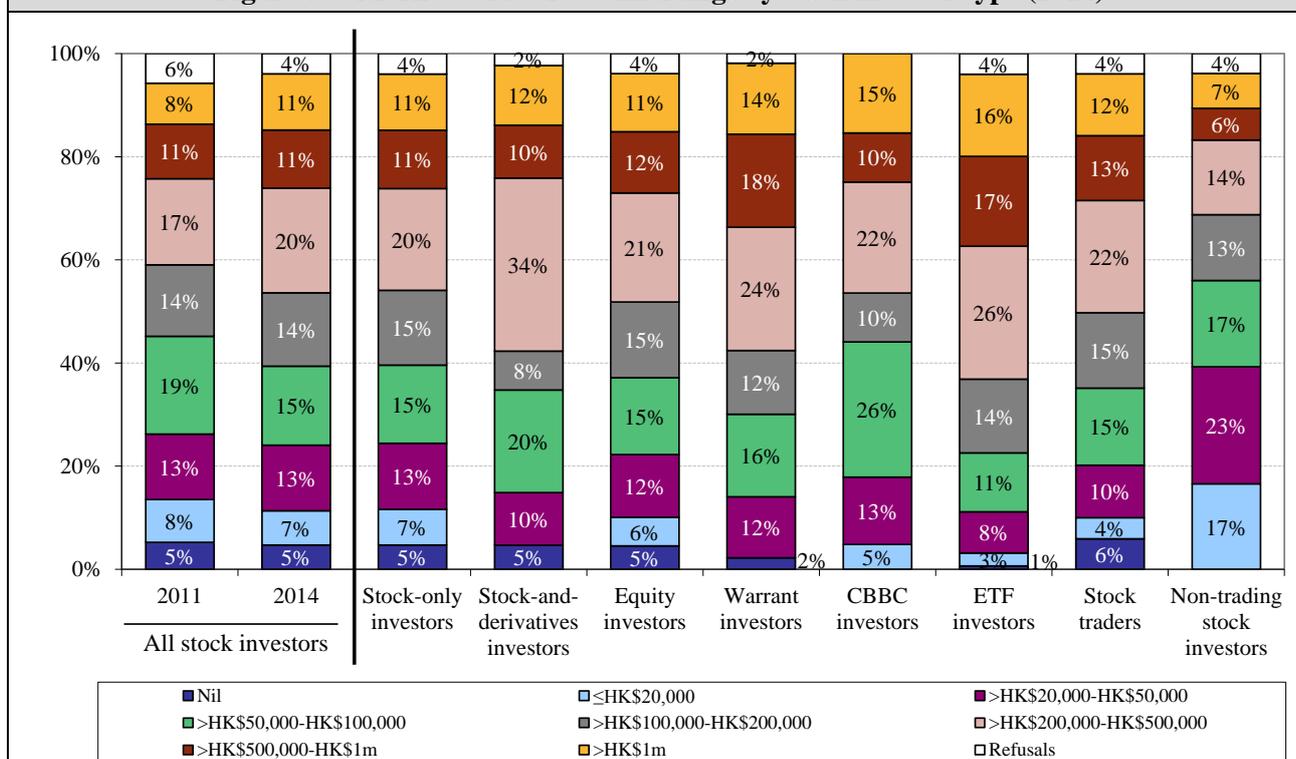
Note: Percentages may not add up to 100% due to rounding.

## 5. STOCKHOLDING AND TRADING PATTERN

### 5.1 Stockholding<sup>7</sup> value of stock investors

- The median market value of stockholdings among all stock investors (including non-stockowners) and that among all stockowners were both HK\$200,000 (up from HK\$130,000 and HK\$150,000 respectively in 2011).
- Compared to stock-only investors, stock-and-derivatives investors had a larger median market value of stockholding (HK\$300,000 vs HK\$200,000).
- Warrant investors tended to have a relatively larger stockholding value (a median of HK\$400,000) than ETF investors (HK\$300,000), equity investors (HK\$200,000) and CBBC investors (HK\$100,000).
- Compared to stock traders, non-trading stock investors (stock investors who did not trade during the 12-month period) tended to have a smaller stockholding value — a median of HK\$100,000 vs HK\$200,000.

**Figure 7. Market value of stockholdings by stock investor type (2014)**



Median* (HK\$)	All stock investors	Stock-owners	Stock-only investors	Stock-and-derivatives investors	Equity investors	Warrant investors	CBBC investors	ETF investors	Stock traders	Non-trading stock investors
<b>2014</b>	200,000	200,000	200,000	300,000	200,000	400,000	100,000	300,000	200,000	100,000
<b>2011</b>	130,000	150,000	120,000	150,000	130,000	150,000	200,000	300,000	150,000	65,000

\* Excluding outliers.

Note: Percentages may not add up to 100% due to rounding.

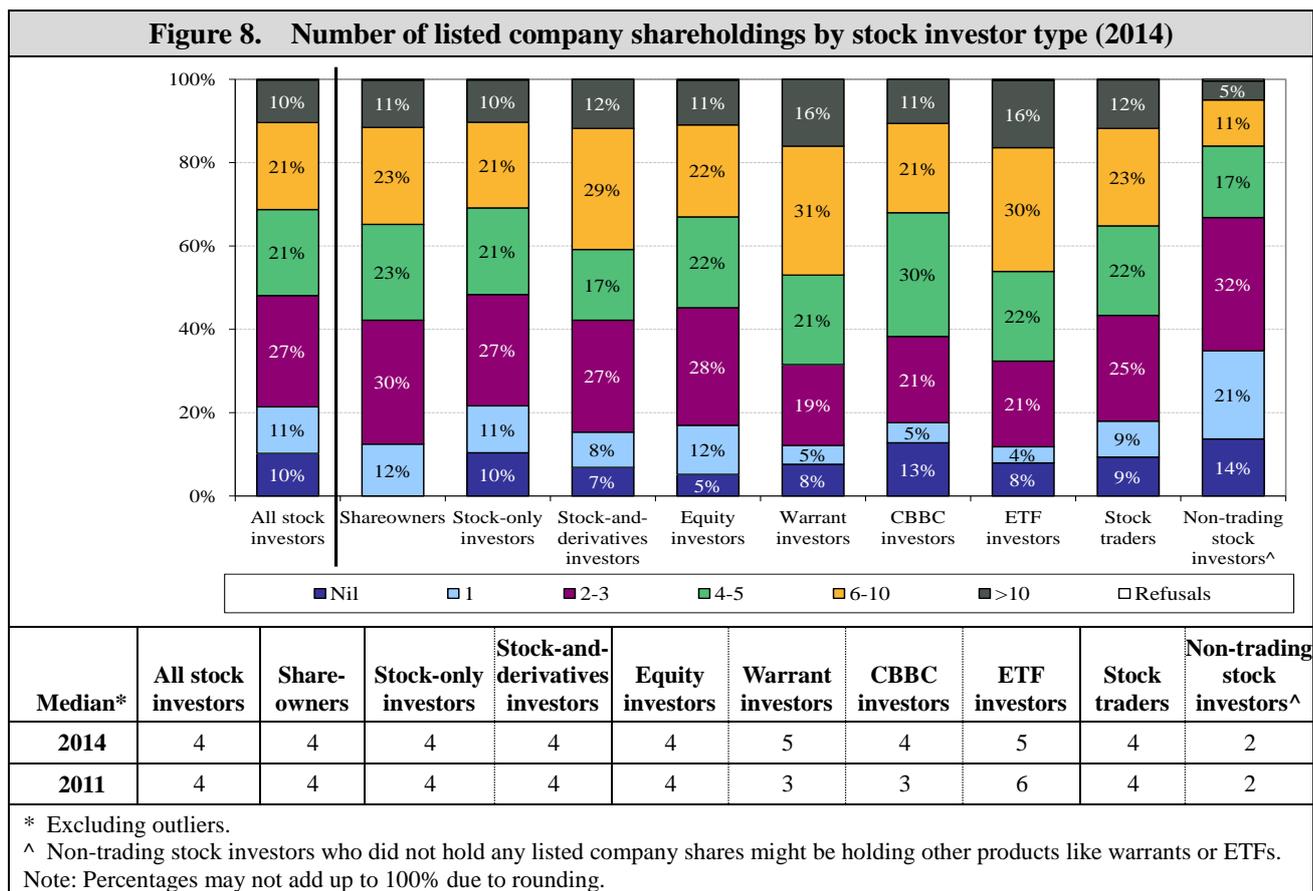
<sup>7</sup> Stockholding refers to the holding of all HKEx cash market products at the time of the interview.

## 5.2 Listed company shareholdings<sup>8</sup> of stock investors

### 5.2.1 Number of listed company shareholdings

- The median number of listed company shareholdings among all stock investors (including non-shareowners) and that among all shareowners were both 4 (the same as in 2011). 31% of stock investors held more than 5 listed company stocks and 10% held more than 10.
- Stock-and-derivatives investors and stock-only investors had the same median number of listed company shareholdings (4). Nevertheless, a larger proportion of stock-and-derivatives investors held more than 5 listed company shares at the time of interview (41% vs 31% for stock-only investors).
- Investors invested in different cash market products had comparable median number of listed company shareholdings (4 or 5 listed company stocks). However, a larger proportion of warrant investors (47%) and ETF investors (46%) held more than 5 listed company shares at the time of interview (vs 33% of equity investors and 32% of CBBC investors).
- Stock traders tended to hold more listed company stocks than non-trading stock investors (a median of 4 vs 2; 35% of stock traders held more than 5 listed company stocks vs 16% for non-trading stock investors).

**Figure 8. Number of listed company shareholdings by stock investor type (2014)**

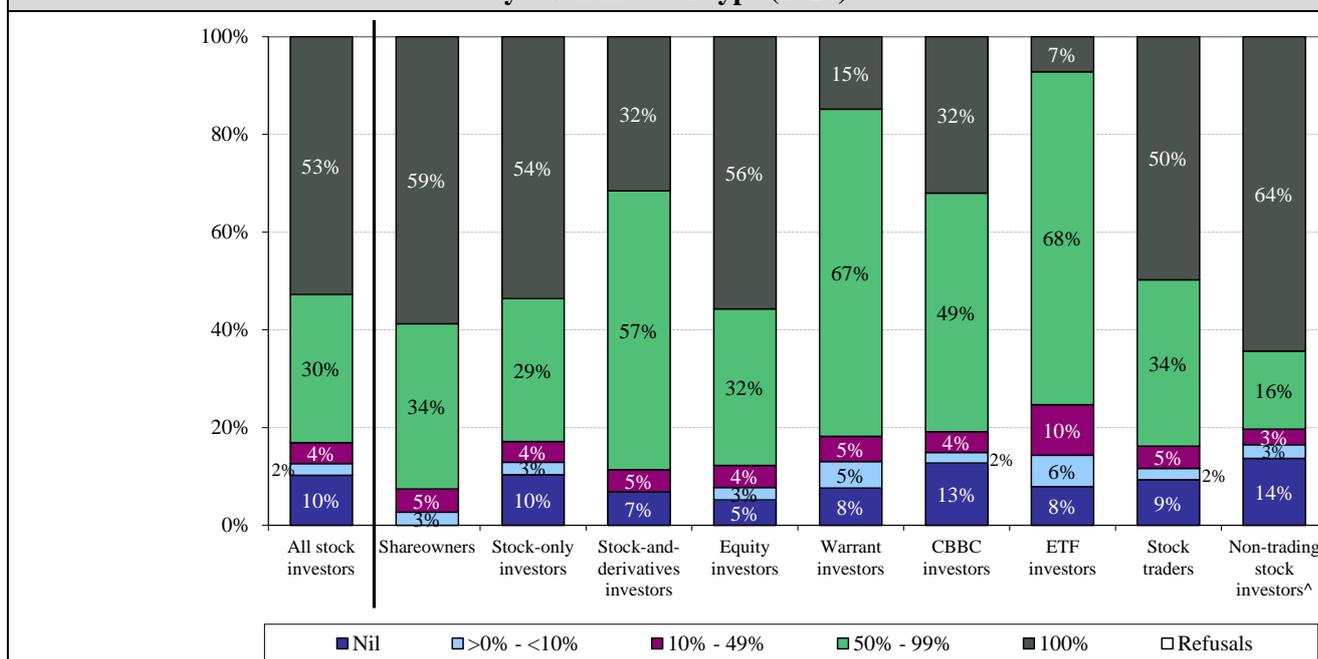


<sup>8</sup> Listed company shareholding refers to the holding, at the time of the interview, of listed company shares traded on HKEx.

## 5.2.2 Market value of listed company shareholdings of stock investors

- The majorities of stock investors (53%), equity investors (56%) and shareowners (59%) had a stock portfolio<sup>9</sup> comprising listed company shares only and without other cash market products. A much smaller proportion of warrant investors (15%) and CBBC investors (32%) had listed company shares only. In median terms, the stock portfolios of stock investors as a whole in value terms comprised 100% listed company shares while the corresponding figures for warrant investors and CBBC investors were both 80%.
- The median market value of listed company shareholdings among all stock investors (including non-shareowners) was HK\$150,000 (up from HK\$100,000 in 2011) and that among shareowners was HK\$180,000 (up from HK\$120,000 in 2011).
- Compared to stock-only investors, stock-and-derivatives investors tended to have a slightly larger listed company shareholding value (a median of HK\$184,000 vs HK\$150,000). A smaller proportion of them held only listed company shares but no other cash market products in their stock portfolio (32% vs 54% for stock-only investors).
- Warrant investors tended to have a relatively larger shareholding value (a median of HK\$270,000) than other investor types (HK\$100,000 – HK\$200,000).
- Stock investors who did not trade in the 12 months preceding the interview tended to have a much lower shareholding value (a median of HK\$50,000, down from HK\$55,000 in 2011). A large proportion (64%) of them held only listed company shares in their stock portfolio.

**Figure 9. Listed company shareholding as a percentage of market value of stockholding by stock investor type (2014)**

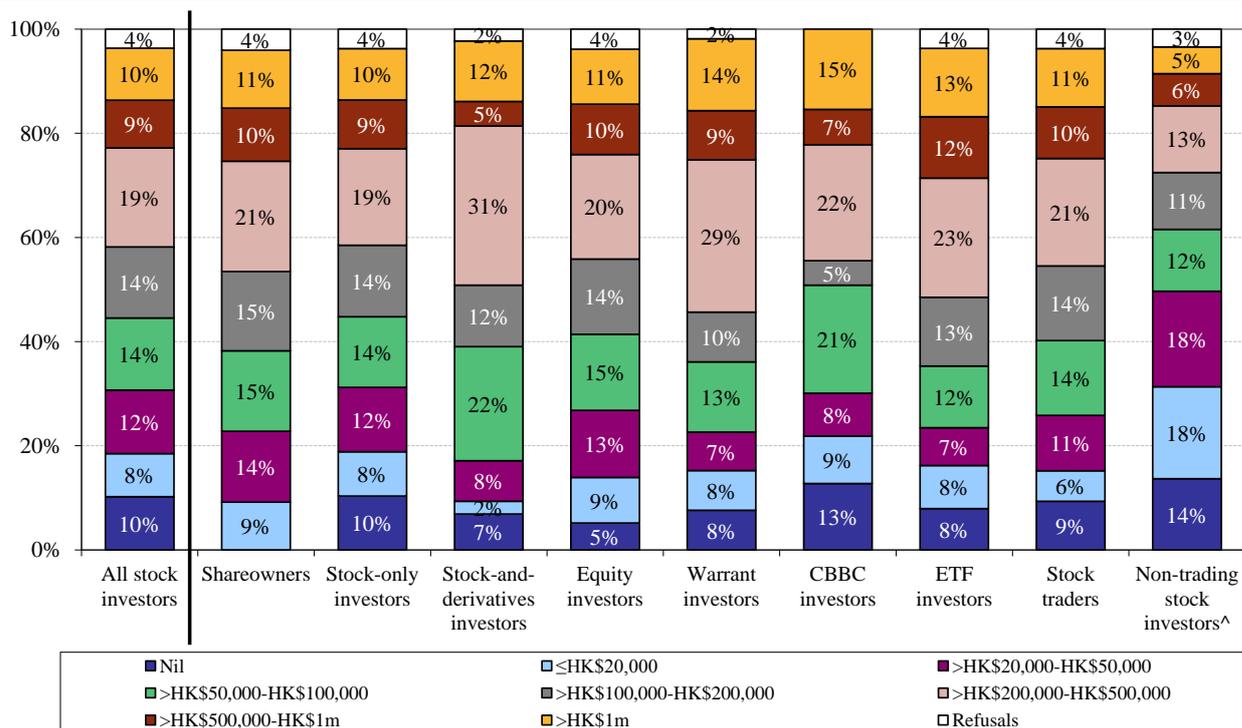


Median (%)	All stock investors	Share-owners	Stock-only investors	Stock-and-derivatives investors	Equity investors	Warrant investors	CBBC investors	ETF investors	Stock traders	Non-trading stock investors <sup>^</sup>
<b>2014</b>	100%	100%	100%	80%	100%	80%	80%	70%	99%	100%
<b>2011</b>	100%	100%	100%	90%	100%	80%	80%	70%	100%	100%

<sup>^</sup> Non-trading stock investors who did not hold any listed company shares might be holding other products like warrants or ETFs.  
Note: Percentages may not add up to 100% due to rounding.

<sup>9</sup> Stock portfolio refers to the portfolio of stockholding, ie the holding of all HKEx cash market products.

**Figure 10. Market value of listed company shareholdings by stock investor type (2014)**



Median* (HK\$)	All stock investors	Share-owners	Stock-only investors	Stock-and-derivatives investors	Equity investors	Warrant investors	CBBC investors	ETF investors	Stock traders	Non-trading stock investors^
<b>2014</b>	150,000	180,000	150,000	184,000	150,000	270,000	100,000	200,000	160,000	50,000
<b>2011</b>	100,000	120,000	100,000	150,000	100,000	120,000	125,000	180,000	120,000	55,000

\* Excluding outliers.

^ Non-trading stock investors who did not hold any listed company shares might be holding other products like warrants or ETFs.

Note: Percentages may not add up to 100% due to rounding.

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## 5.3 Trading pattern of stock investors

### 5.3.1 Pattern in the HKEx overall stock market

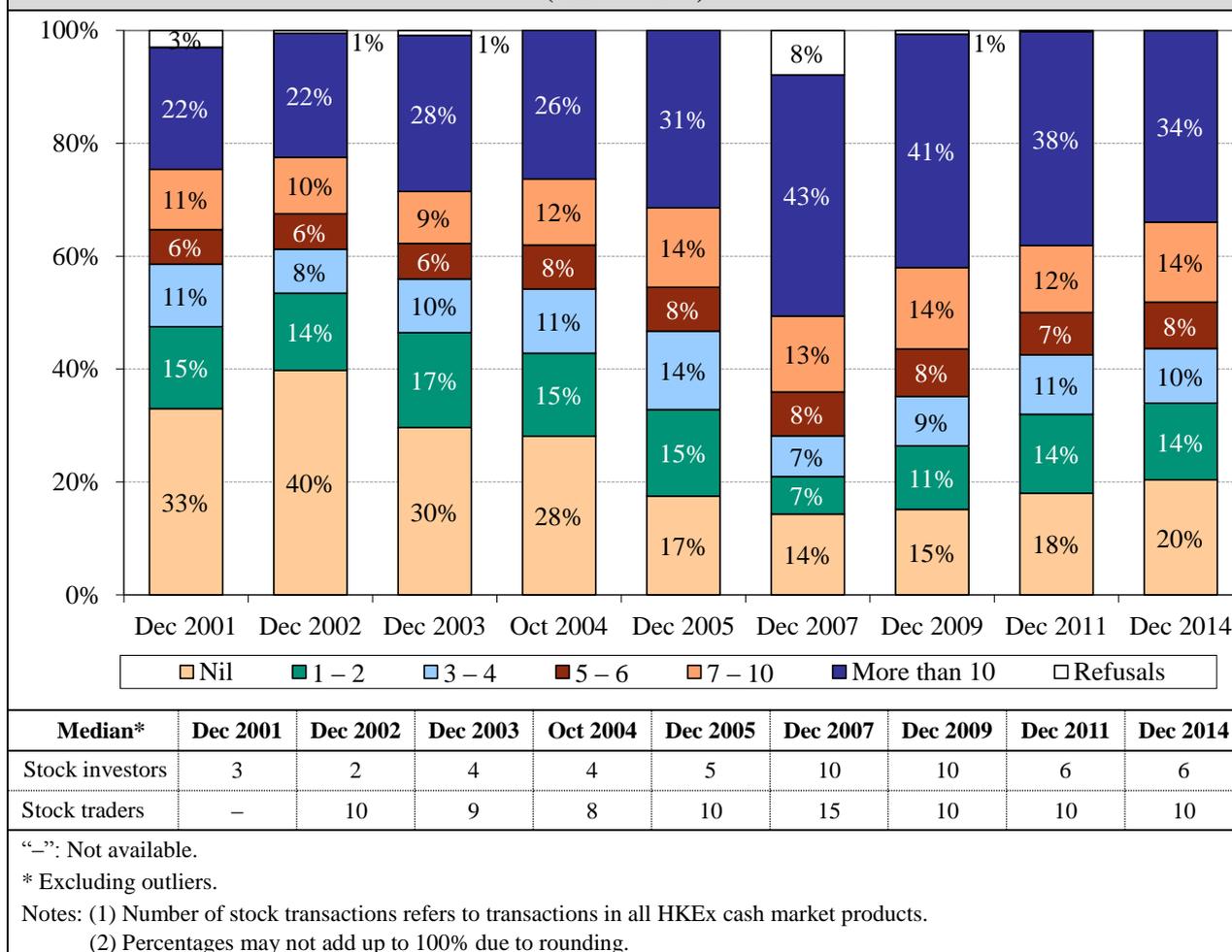
- In 2014, *stock investors* tended to trade as frequently as in 2011 but with a larger average value per stock transaction:
  - The proportion of stock investors who did not trade at all in the 12-month period was 20% in 2014, compared to 18% in 2011.
  - The median number of stock transactions (buying and selling were counted as two transactions) for all stock investors was 6, the same as in 2011. Excluding non-trading stock investors, the median number of stock transactions for all stock traders was 10, the same as in 2011.
  - The median average value per stock transaction was HK\$50,000 in 2014, up from HK\$40,000 in 2011.
  - The median implied total stock transaction value<sup>10</sup> per stock trader in 2014 was HK\$500,000, compared to HK\$400,000 in 2011.
- Compared with stock-only investors, *stock-and-derivatives investors*:
  - Tended to trade stocks more frequently (a median of 20 transactions in the 12-month period vs 6 transactions for stock-only investors);
  - Tended to have a smaller average value per stock transaction (a median of about HK\$30,000 vs HK\$50,000);
  - Tended to have a much higher implied total stock transaction value during the 12-month period (close to HK\$1 million vs HK\$0.5 million); and
  - In aggregate contributed an estimated 6% of total retail stock trading, compared to 94% by stock-only investors.
- Compared with equity investors, *warrant/CBBC investors* (who invested in warrants or CBBCs or both):
  - Tended to trade stocks more frequently (a median of 36 transactions in the 12-month period), even more so for CBBC investors alone (50 transactions) (vs 6 transactions for equity investors);
  - Tended to have a slightly smaller average value per stock transaction (a median of about HK\$42,000 vs HK\$50,000);
  - Tended to have a much larger implied total stock transaction value during the 12-month period (a median of HK\$2.2 million vs HK\$0.5 million); and
  - In aggregate, they contributed an estimated 26% of total retail stock trading.

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<sup>10</sup> The implied total stock transaction value during the 12-month period for a respondent was deduced from the respondent's average value per transaction and his/her frequency of trading in stocks during the 12-month period. The figure counts both buying and selling transactions and is subject to estimation error.

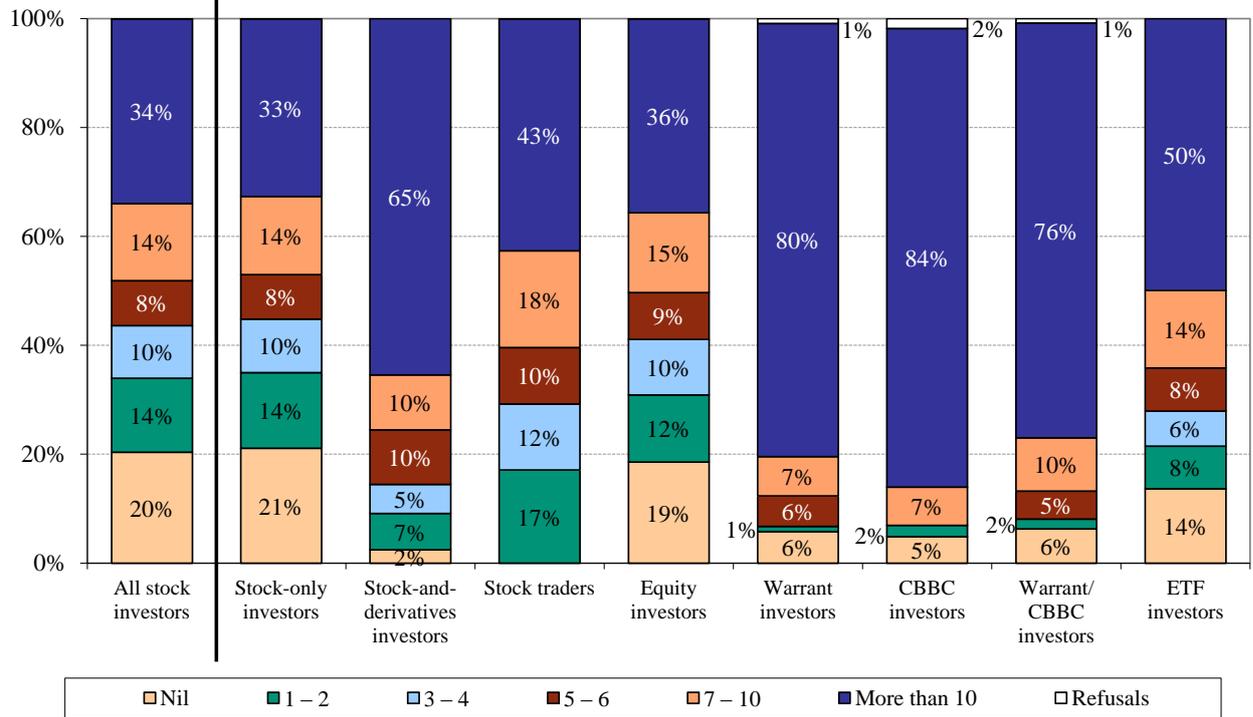
- Compared with equity investors, *ETF investors*:
  - Tended to trade stocks more frequently (a median of 10 transactions in the 12-month period vs 6 transactions for equity investors);
  - Tended to have a similar average value per stock transaction (a median of HK\$50,000);
  - Tended to have a larger implied total stock transaction value during the 12-month period (a median of HK\$1 million vs HK\$0.5 million); and
  - In aggregate, they contributed an estimated 52% of total retail stock trading.
- Stock traders who traded more frequently tended to have a larger deal size and a larger implied total transaction value in the 12-month period. Among stock traders, 42.5% were high-frequency stock traders (with more than 10 transactions in the 12-month period)<sup>11</sup> who contributed in aggregate an estimated 88% of all retail stock trading, compared to 92% in 2011.

**Figure 11. Number of stock transactions by stock investors in the past 12 months (2001 – 2014)**



<sup>11</sup> The classification of stock traders into low-, medium- and high-frequency of trading is judgmental. The current classification follows that used in past surveys for comparison purpose.

**Figure 12. Number of stock transactions in the past 12 months by stock investor type (2014)**



	All stock investors	Stock-only investors	Stock-and-derivatives investors	Stock traders	Equity investors	Warrant investors	CBBC investors	Warrant/CBBC investors	ETF investors
<b>Median* (incl. non-trading investors)</b>	6	6	20	–	6	38	50	36	10
<b>Median* (excl. non-trading investors)</b>	10	10	20	10	10	50	50	48	16

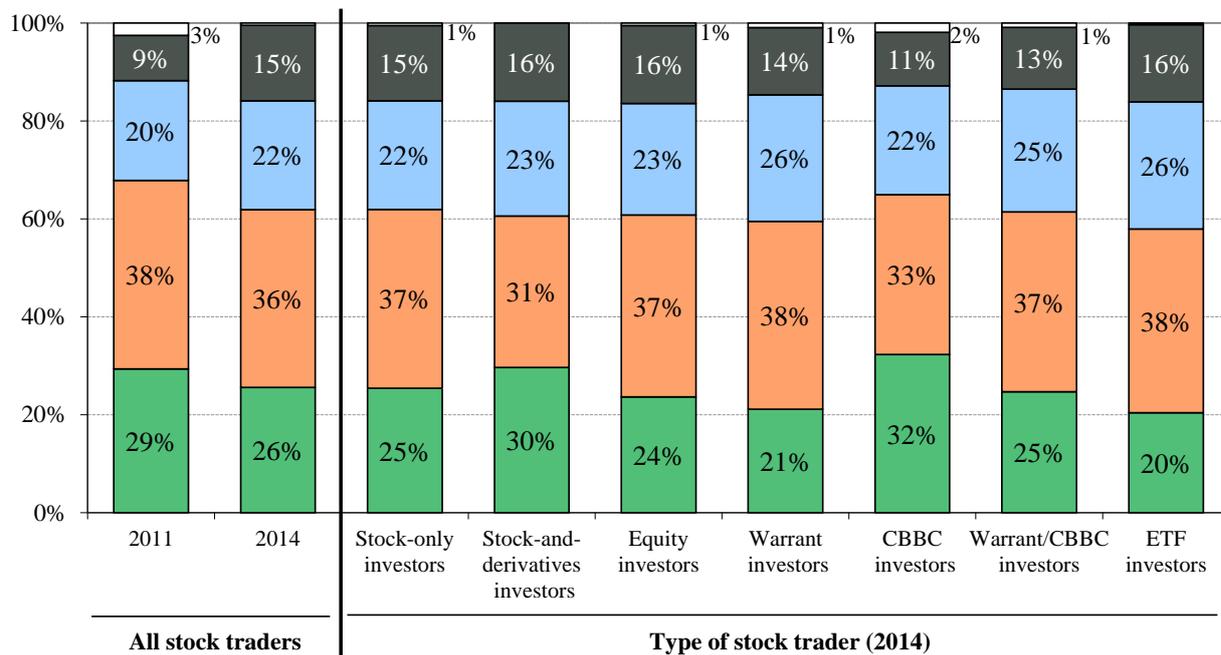
“–”: Not applicable

\* Excluding outliers.

Notes: (1) Number of stock transactions refers to transactions in all HKEx cash market products.

(2) Percentages may not add up to 100% due to rounding.

**Figure 13. Average value per stock transaction in the past 12 months of stock traders by type (2011 and 2014)**



■ ≤ HK\$20,000   
 ■ >HK\$20,000 - HK\$50,000   
 ■ >HK\$50,000 - HK\$100,000   
 ■ >HK\$100,000   
 □ Refusals

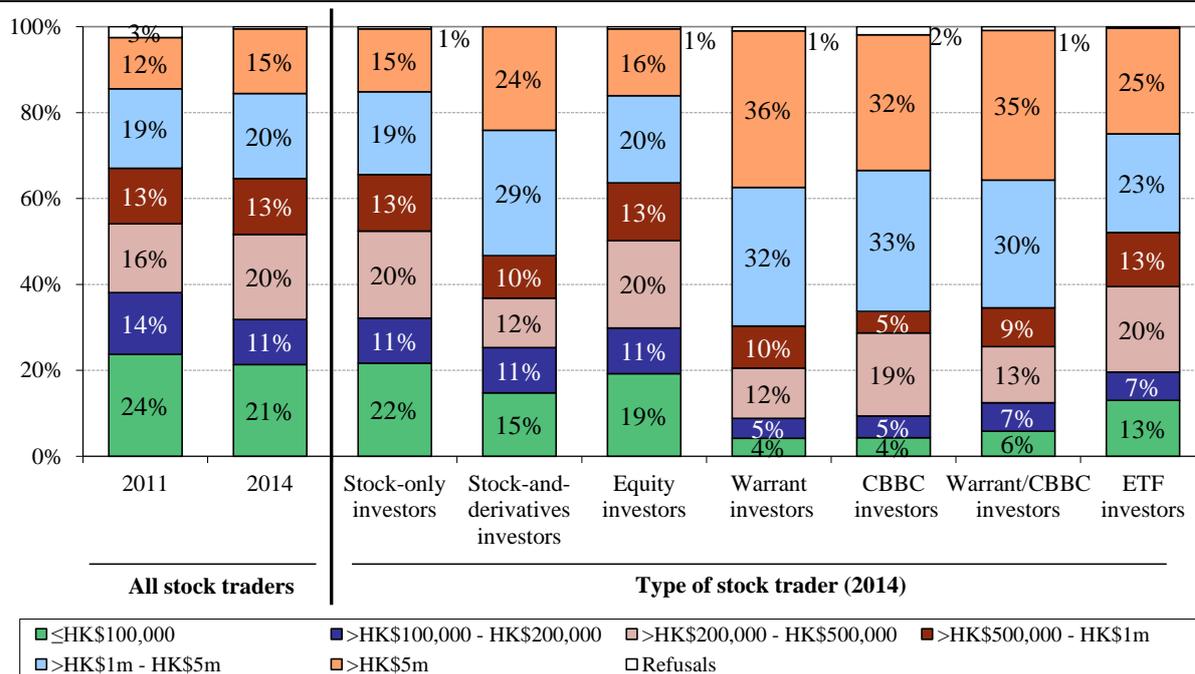
	All stock traders		Type of stock trader (2014)						
	2011	2014	Stock-only investors	Stock-and-derivatives investors	Equity investors	Warrant investors	CBBC investors	Warrant/CBBC investors	ETF investors
<b>Median* (HK\$)</b>	40,000	50,000	50,000	30,000	50,000	44,000	30,000	42,000	50,000

\* Excluding outliers.

Notes: (1) The average value per stock transaction refers to transactions in all HKEx cash market products.

(2) Percentages may not add up to 100% due to rounding.

**Figure 14. Implied total stock transaction value in the past 12 months of stock traders by type (2011 and 2014)**



	All stock traders		Type of stock trader (2014)						
	2011	2014	Stock-only investors	Stock-and-derivatives investors	Equity investors	Warrant investors	CBBC investors	Warrant/CBBC investors	ETF investors
<b>Median*(HK\$)</b>	400,000	500,000	500,000	990,000	500,000	2,500,000	1,500,000	2,236,000	1,000,000
<b>Aggregate % share of total<sup>#</sup></b>	100%	100%	94%	6%	~100%	25%	13%	26%	52%

\* Excluding outliers.

<sup>#</sup> The aggregate percentage share of the total transaction value by stock traders who are equity-, warrant-, CBBC- and ETF-investors do not add up to 100% because the investor types are not mutually exclusive to each other.

Notes: (1) Stock transaction value refers to transactions in all HKEx cash market products.

(2) Percentages may not add up to 100% due to rounding.

<b>Table 8. Trading pattern of stock traders by trading frequency (2014)</b>				
<i>In the 12-month period preceding the interview</i>	<b>All stock traders</b>	<b>By trading frequency</b>		
		<b>Low (1 – 4 times)</b>	<b>Medium (5 – 10 times)</b>	<b>High (&gt;10 times)</b>
<b>Number as % of all stock traders<sup>^</sup></b>	100.0%	29.2%	28.1%	42.5%
<b><i>Average value per stock transaction</i></b>				
≤ HK\$20,000	25.6%	35.7%	22.9%	20.5%
> HK\$100,000	15.4%	10.7%	17.8%	17.0%
Mean* / Median* (HK\$'000)	86 / 50	65 / 40	89 / 50	98 / 50
<b><i>Implied total stock transaction value</i></b>				
≤ HK\$100,000	21.3%	59.5%	12.9%	0.8%
> HK\$1,000,000	34.8%	2.1%	15.2%	70.4%
Mean* / Median* (HK\$'000)	3,263 / 500	185 / 80	1,186 / 420	6,917 / 2,400
<b><i>Aggregate implied total stock transaction value</i></b>				
As % of total by all stock traders	100.0%	1.7%	10.5%	87.8%
<sup>^</sup> The percentage of low-, medium- and high-frequency stock traders did not add up to 100% due to refusal of some respondents to answer the question. * Excluding outliers. Note: The number of stock transactions had a rank correlation coefficient of 0.177 with the average value per stock transaction and 0.844 with the implied total stock transaction value, both are significant at the 0.1% level (2-tailed).				

### 5.3.2 Trading pattern in the HKEx equity/ETF market

For the trading activity of stock investors in equities/ETFs<sup>12</sup>:

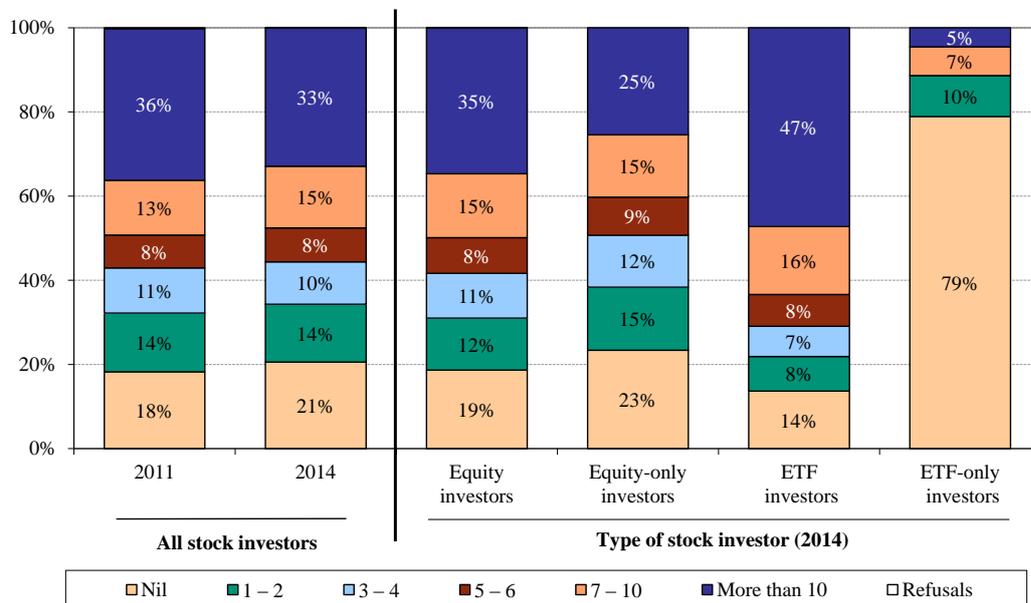
- For *stock investors as a whole* (95% of them invested in equities and 30% in ETFs):
  - 21% of stock investors did not trade equities/ETFs at all in the 12-month period in 2014, up from 18% in 2011.
  - The median number of equity/ETF transactions was 6 in 2014. Excluding non-trading stock investors, the median number of equity/ETF transactions was 10. The findings were the same as in 2011;
  - The median average value per equity/ETF transaction was HK\$50,000, up from HK\$40,000 in 2011;
  - The median implied total equity/ETF transaction value per stock trader in the 12-month period was HK\$500,000, up from HK\$400,000 in 2011;
  - These findings were similar to those for stock transactions by stock investors.

<sup>12</sup> The survey asked about trading activity in securities other than warrants/CBBCs, which would comprise equities, ETFs and debt securities. Since trading of debt securities on the HKEx securities market contributed negligible share of the market total (0.04% in 2014), the responses were considered reflecting the pattern of equity/ETF transactions.

- Compared with equity investors, *ETF investors*:
  - Tended to trade equities/ETFs more frequently (a median of 10 transactions in the 12-month period vs 6 transactions for equity investors) but with a similar average deal size (a median of HK\$50,000);
  - Tended to have a larger implied total equity/ETF transaction value during the 12-month period (a median of HK\$1 million vs HK\$0.5 million); and
  - In aggregate contributed an estimated 52% of total retail equity/ETF trading.
- Compared with equity investors as a whole, *equity-only investors* (constituting 62% of stock investors):
  - Tended to trade equities/ETFs less frequently (a median of 4 transactions in the 12-month period vs 6 transactions for equity investors) with a larger proportion not traded at all (23% vs 19%);
  - Tended to have a similar average value per equity/ETF transaction (a median of HK\$50,000 for both) and a smaller implied total equity/ETF transaction value during the 12-month period (a median of HK\$400,000 vs HK\$500,000); and
  - In aggregate contributed an estimated 44% of total retail equity/ETF trading.
- For *ETF-only investors* (constituting only 1.8% of stock investors):
  - The large majority of them (79%) did not trade in the period.

Note: Due to the small sample size, the findings on the trading pattern of ETF-only investors are subject to large error and are indicative only.

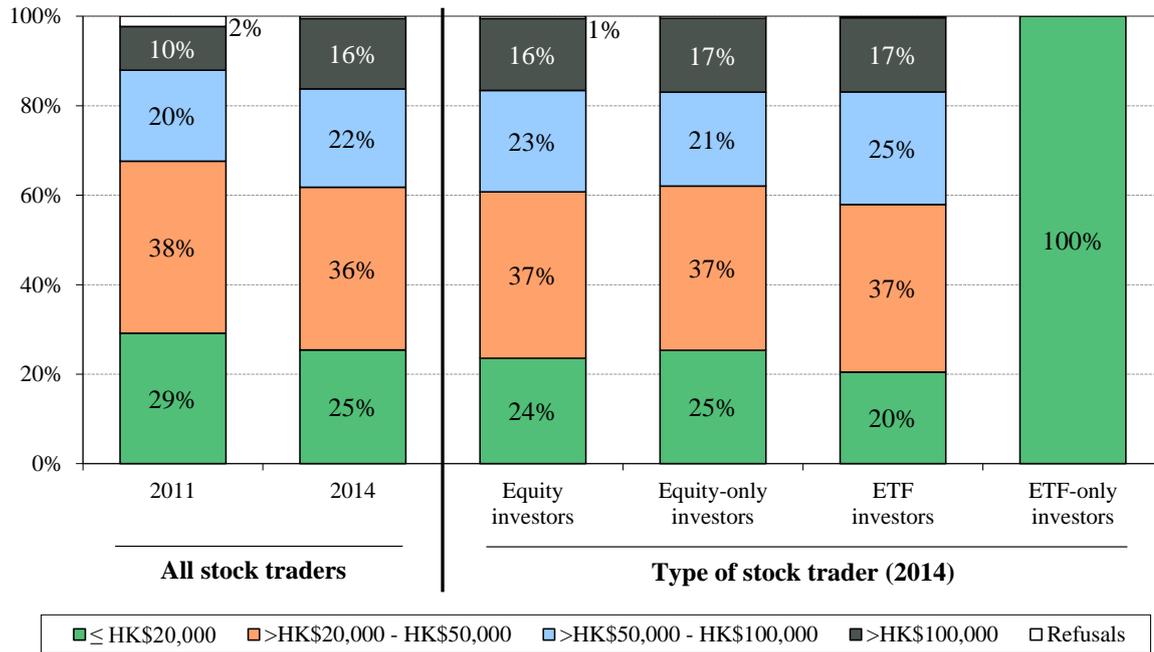
**Figure 15. Number of equity/ETF transactions in the past 12 months by stock investor type (2011 and 2014)**



	All stock investors		Type of stock investor (2014)			
	2011	2014	Equity investors	Equity-only investors	ETF investors	ETF-only investors
<b>Median* (incl. non-trading investors)</b>	6	6	6	4	10	0
<b>Median* (excl. non-trading investors)</b>	10	10	10	8	15	8

\* Excluding outliers.  
Note: Percentages may not add up to 100% due to rounding.

**Figure 16. Average value per equity/ETF transaction in the past 12 months of stock traders by type (2011 and 2014)**



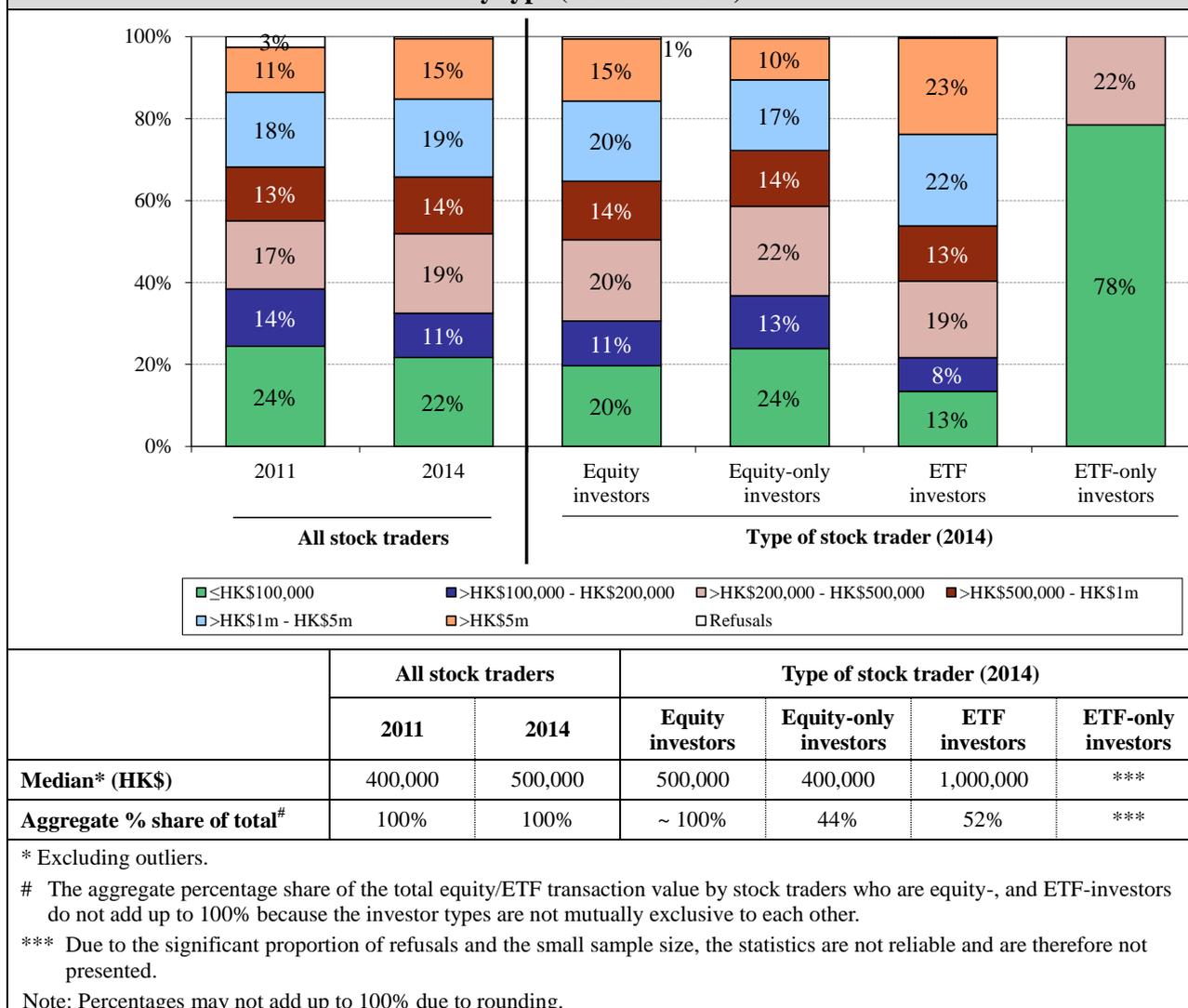
	All stock traders		Type of stock trader (2014)			
	2011	2014	Equity investors	Equity-only investors	ETF investors	ETF-only investors
<b>Median* (HK\$)</b>	40,000	50,000	50,000	50,000	50,000	***

\* Excluding outliers.

\*\*\* Due to the significant proportion of refusals and the small sample size, the statistics are not reliable and are therefore not presented.

Note: Percentages may not add up to 100% due to rounding.

**Figure 17. Implied total equity/ETF transaction value in the past 12 months of stock traders by type (2011 and 2014)**

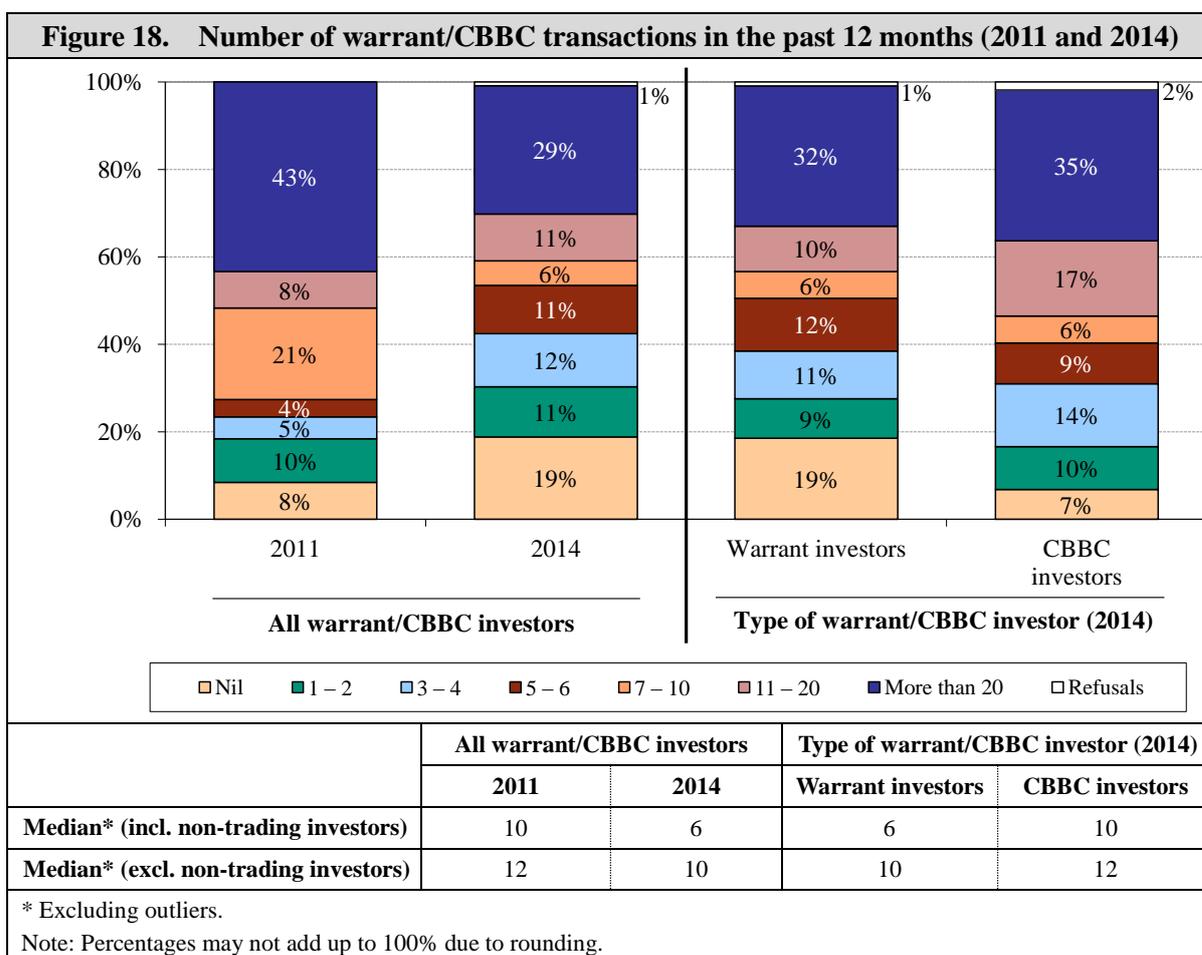


### 5.3.3 Trading pattern in the HKEx warrant/CBBC market

For the trading activity of stock investors in warrants/CBBCs:

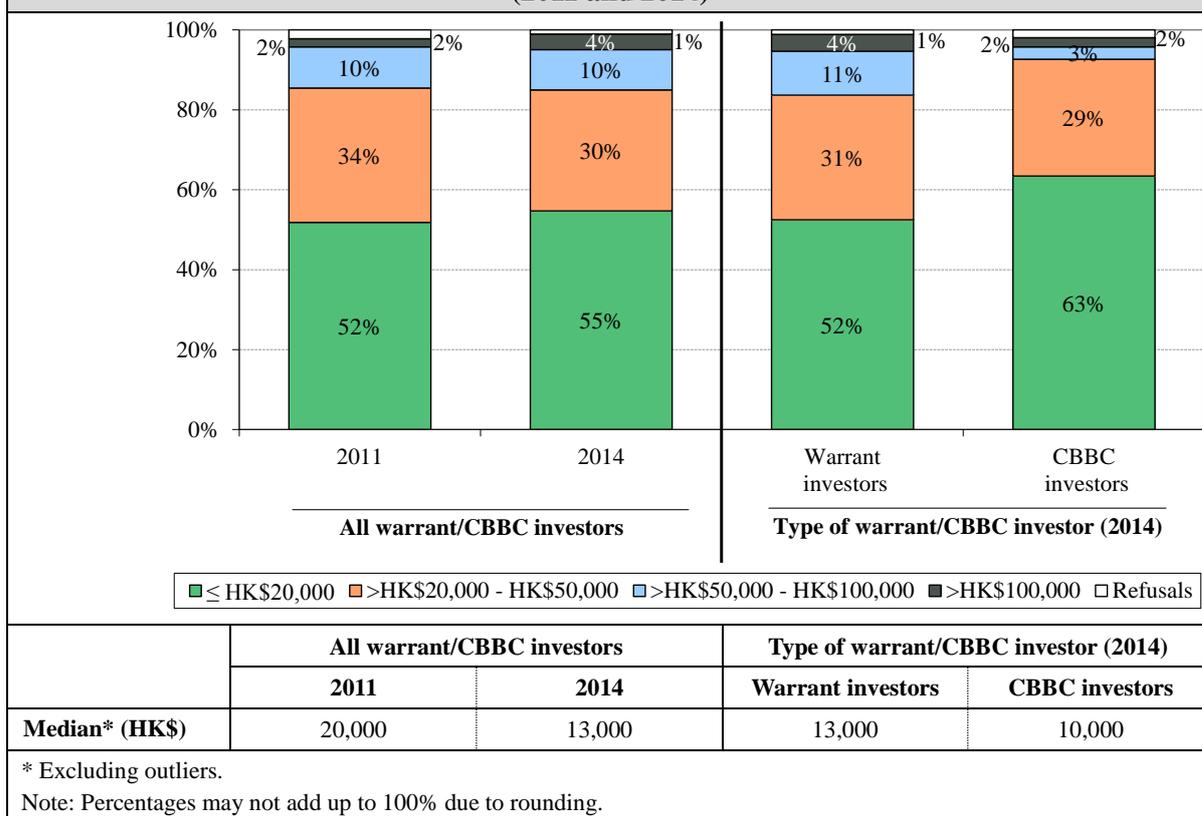
- The majority of warrant investors (60%) did not invest in CBBCs while a very large proportion of CBBC investors (80%) invested also in warrants.
- 19% of warrant/CBBC investors did not trade warrants/CBBCs at all in the 12-month period in 2014 (up from 8% in 2011).
- The median number of warrant/CBBC transactions among all warrant/CBBC investors was 6, down from 10 in 2011. The median average value per warrant/CBBC transaction was HK\$13,000, down from HK\$20,000 in 2011.
- The median implied total warrant/CBBC transaction value per investor in the 12-month period was HK\$200,000, down from HK\$400,000 in 2011.

- Compared with CBBC investors, *warrant investors*:
  - Tended to trade warrants/CBBCs less frequently in the 12-month period (a median of 6 transactions vs 10 for CBBC investors);
  - Tended to have a higher average value per transaction (a median of HK\$13,000 vs HK\$10,000);
  - Tended to have a higher implied total warrant/CBBC transaction value<sup>13</sup> during the 12-month period (a median of HK\$300,000 vs HK\$120,000); and
  - In aggregate, they contributed almost all of total retail trading in warrants/CBBCs (CBBC investors contributed 66%).

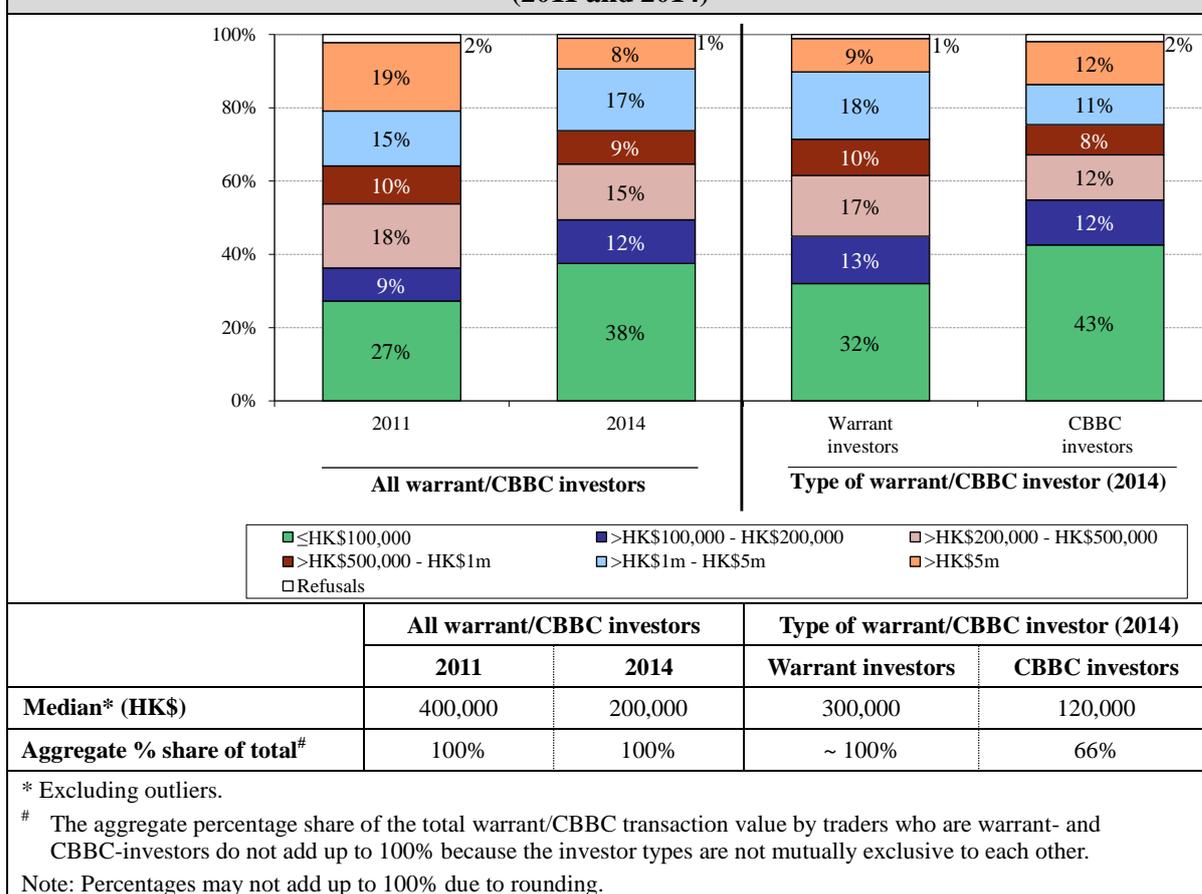


<sup>13</sup> The implied total warrant/CBBC transaction value during the 12-month period for a respondent was deduced from the respondent's average value per transaction and his/her frequency of trading in warrants/CBBC during the 12-month period. The figure counts both buying and selling transactions and is subject to estimation error.

**Figure 19. Average value per warrant/CBBC transaction in the past 12 months (2011 and 2014)**



**Figure 20. Implied total warrant/CBBC transaction value in the past 12 months (2011 and 2014)**



## 5.4 Relationship between stockholding value and trading pattern of stock investors

- Broadly speaking, the higher the value of stocks held by a stock investor, the more frequently he/she tended to trade and the larger his/her deal size. Such relationship was significant in statistical terms, although at a low degree for relationship with number of transactions (rank correlation coefficient of 0.33) and a medium degree for relationship with deal size (rank correlation coefficient of 0.56).

<b>Table 9. Number of stock transactions in the past 12 months by market value of stockholdings (2014)</b>					
<b>Value of stockholdings (HK\$)</b>	<b>Number of stock transactions</b>				
	<b>All stock investors</b>			<b>Stock traders</b>	
	<b>Mean*</b>	<b>Median*</b>	<b>% of nil transactions</b>	<b>Mean*</b>	<b>Median*</b>
Nil	7	4	–	7	4
≤20,000	7	0	50.9%	15	3
>20,000 – 50,000	29	2	36.3%	45	5
>50,000 – 100,000	25	5	22.2%	33	10
>100,000 – 200,000	22	6	18.3%	27	8
>200,000 – 500,000	38	10	14.5%	45	10
>500,000 – 1,000,000	43	12	11.2%	48	15
>1,000,000	69	20	12.6%	79	24
Refusals	19	4	20.0%	25	6
<b>Overall</b>	<b>32</b>	<b>6</b>	<b>20.4%</b>	<b>41</b>	<b>10</b>

“–”: Not applicable since by definition, a stock investor must have had stock transactions if he/she was not holding stocks.

\* Excluding outliers.

Notes:

- (1) Stockholdings and stock transactions are in respect of all HKEx cash market products.
- (2) The number of stock transactions had a rank correlation coefficient of 0.332 with the value of stockholdings for stock investors and of 0.350 for stock traders, both are significant at the 0.1% level (2-tailed).

**Table 10. Stock transaction value by market value of stockholdings for stock traders (2014)**

Value of stockholdings (HK\$)	Average value per stock transaction (HK\$)*		Implied total stock transaction value (HK\$)*		
	Mean	Median	Mean	Median	Aggregate % share
Nil	72,743	40,000	559,026	200,000	1.0%
≤20,000	34,103	12,000	358,657	60,000	0.5%
>20,000 – 50,000	34,922	20,000	1,614,010	90,000	5.1%
>50,000 – 100,000	36,938	30,000	1,808,463	280,000	8.5%
>100,000 – 200,000	52,351	40,000	1,558,274	400,000	7.2%
>200,000 – 500,000	73,760	50,000	3,473,323	720,000	23.5%
>500,000 – 1,000,000	114,345	100,000	5,765,692	1,800,000	22.5%
>1,000,000	241,290	100,000	8,059,860	4,000,000	26.6%
Refusals	130,290	40,000	4,698,247	240,000	5.1%
<b>Overall</b>	<b>85,780</b>	<b>50,000</b>	<b>3,262,575</b>	<b>500,000</b>	<b>100.0%</b>

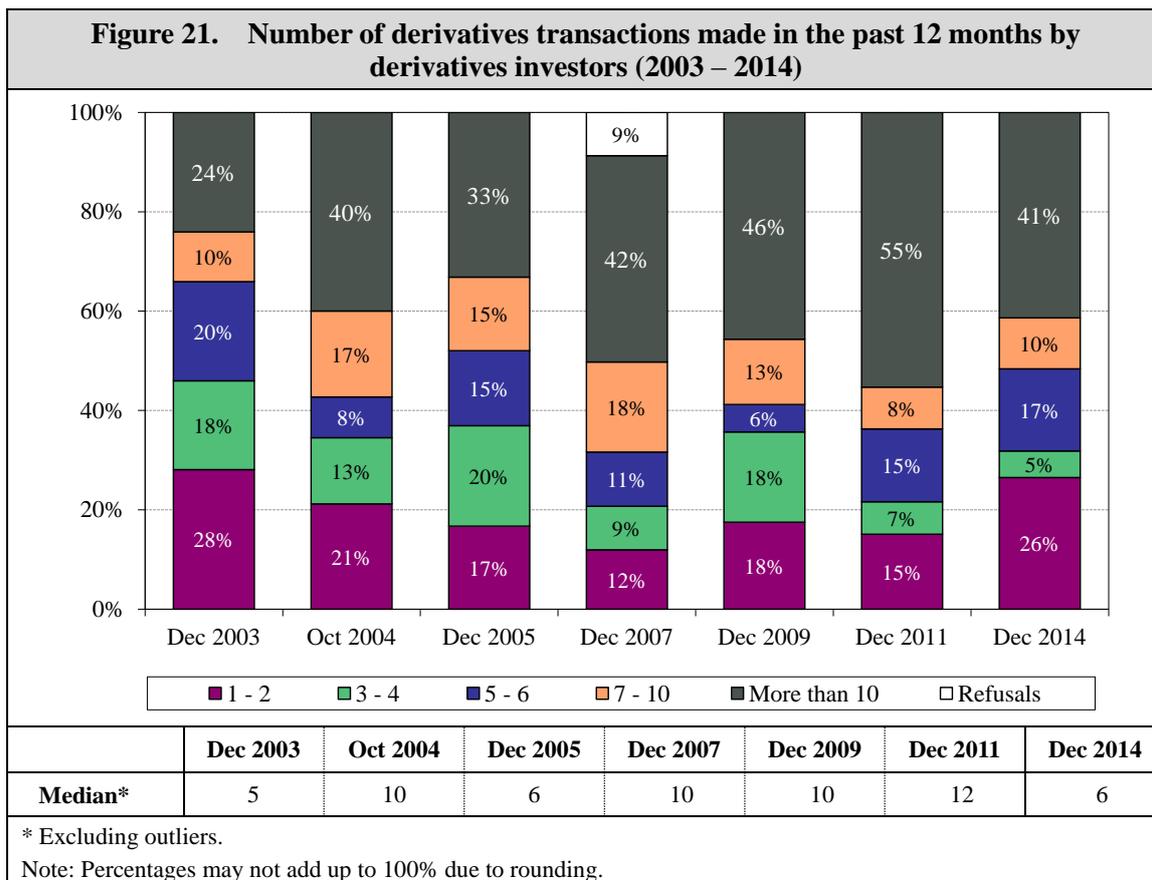
\* Excluding outliers.

Notes:

- (1) Stockholdings and transactions are in respect of all HKEx cash market products.
- (2) Percentages may not add up to 100% due to rounding.
- (3) Market value of stock holdings (including nil) had a rank correlation coefficient of 0.555 with average value per stock transaction and 0.554 with implied total stock transaction value, both are significant at the 0.1% level (2-tailed).

## 5.5 Trading pattern of derivatives investors

- In 2014, the median number of derivatives transactions among derivatives investors<sup>14</sup> was 6, down from 12 in 2011. The median average contract volume per derivatives transaction was 2, the same as in 2011.
- The median implied total contract volume<sup>15</sup> per derivatives investor in the 12-month period was 48 contracts in 2014, higher than that in 2011 (40 contracts).<sup>16</sup>

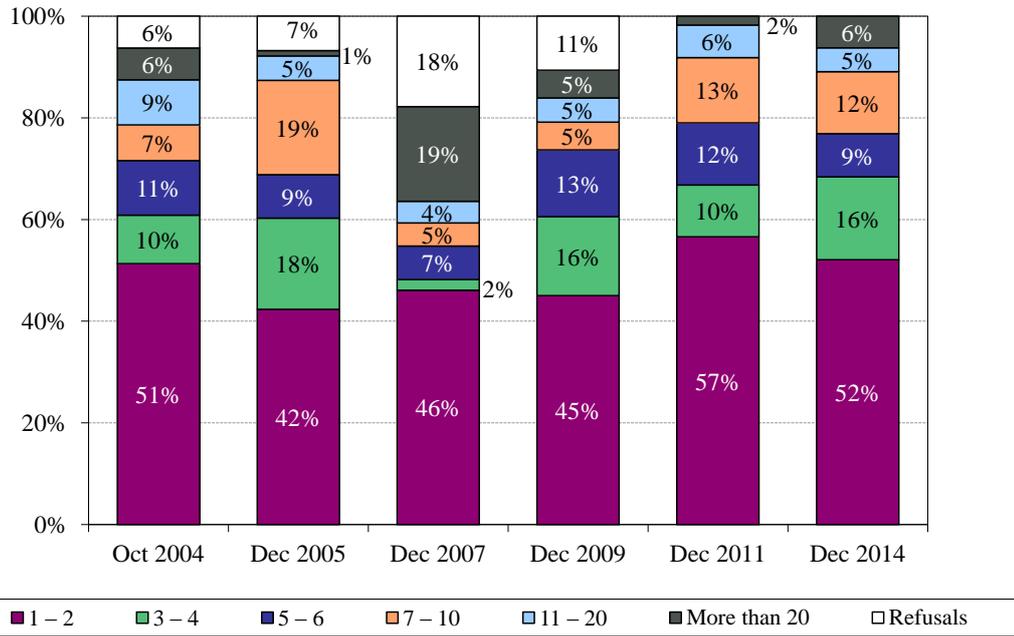


<sup>14</sup> Reflecting the nature of derivatives trading, all derivatives investors had derivatives transactions during the 12-month period, ie all derivatives investors are derivatives traders.

<sup>15</sup> The implied total contract volume during the 12-month period for a respondent was deduced from the respondent's number of derivatives transactions and his/her average number of contracts per derivatives transaction. The figure counts both buying and selling transactions and is subject to estimation error.

<sup>16</sup> In median terms, the implied total contract volume per investor was higher in 2014 than in 2011 while the frequency of trading was lower and average transaction size remained similar because the trading behaviour of derivatives investors does not have a normal distribution. A larger proportion of investors with a low trading frequency but a big deal size could result in this observation.

**Figure 22. Average contract volume per transaction by derivatives investors in the past 12 months (2004 – 2014)**

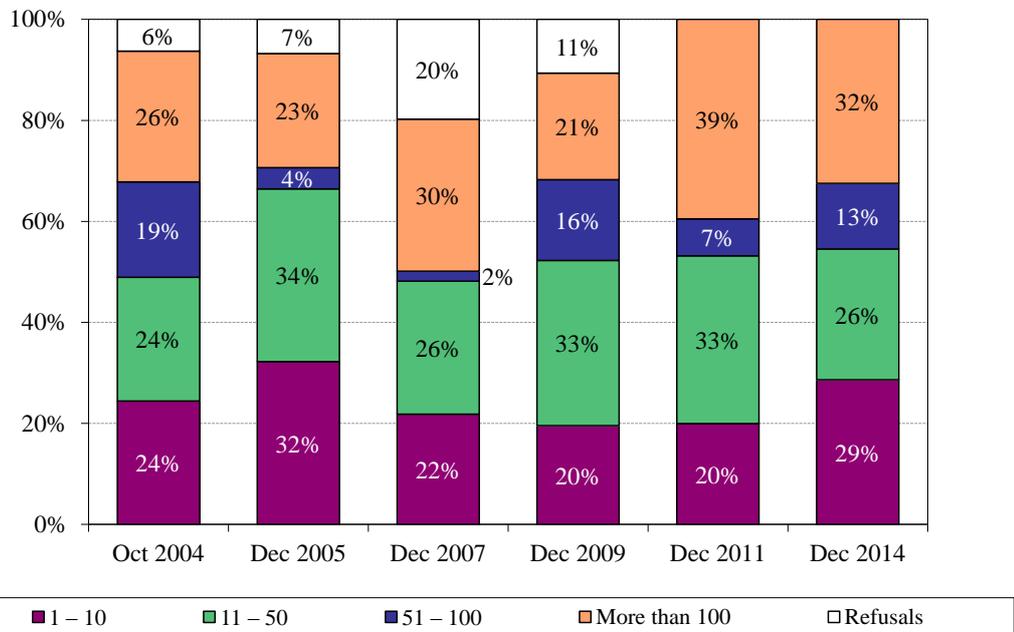


	Oct 2004	Dec 2005	Dec 2007	Dec 2009	Dec 2011	Dec 2014
<b>Median*</b>	2	3	2	2	2	2

\* Excluding outliers.

Note: Percentages may not add up to 100% due to rounding.

**Figure 23. Implied total contract volume by derivatives investors in the past 12 months (2004 – 2014)**



	Oct 2004	Dec 2005	Dec 2007	Dec 2009	Dec 2011	Dec 2014
<b>Median*</b>	30	24	40	25	40	48

\* Excluding outliers.

Note: Percentages may not add up to 100% due to rounding.

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## 6. TRADING CHANNELS

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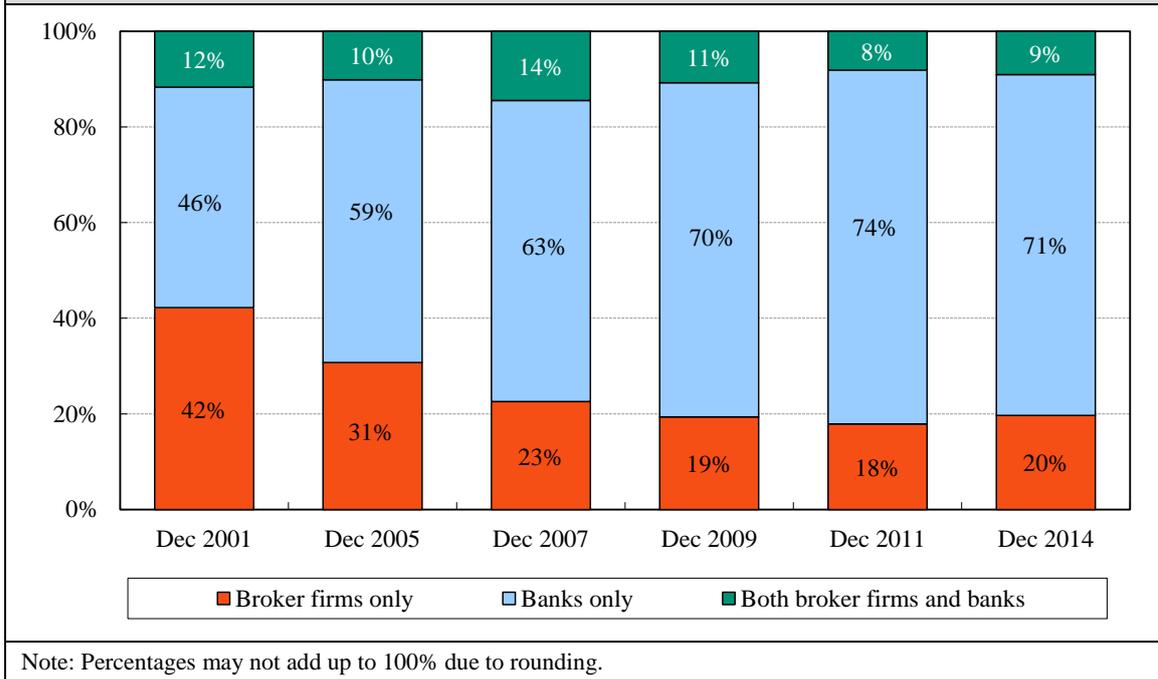
### 6.1 Stock trading channels<sup>17</sup>

- **The majority of stock traders** (71%) traded through banks only, down from 74% in 2011. Including stock traders who traded usually through banks, three quarters of stock traders used banks as the main stock trading channel (77% in 2011).
- Use of stock trading channel by investor type:
  - **ETF investors** and **equity investors** had the lowest usage of broker firms for stock trading (26% and 24% respectively traded mainly through broker firms);
  - **Warrant investors** and **CBBC investors** had a similarly high usage of broker firms (47%), higher than equity and ETF investors;
  - Compared with stock-and-derivatives investors, a much larger proportion of **stock-only investors** traded through banks only (73% vs 28%); conversely, a much larger proportion of stock-and-derivatives investors traded through broker firms only (48% vs 18%);
  - Compared with non-online stock traders, a larger proportion of **online stock traders** traded through banks only (78% vs 53%); conversely, a larger proportion of non-online stock traders traded through broker firms only (40% vs 12%).
- **In terms of social-economic profile**, compared with stock traders who traded mainly through banks, **those who traded mainly through broker firms** comprised a larger proportion of males (61% vs 53%), older individuals (a median age of 50 vs 47), and individuals employed in finance industry (24% vs 13%).
- **In terms of investment behaviour**, compared with stock traders who traded mainly through banks, **those who traded mainly through broker firms** tended to have:
  - A higher stockholding value (a median of HK\$300,000 vs HK\$200,000; 54% vs 45% holding more than HK\$0.2 million value of stocks);
  - A relatively larger number of listed company shareholdings (a median of 5 vs 4; 42% vs 32% holding more than 5);
  - A larger number of stock transactions in the 12-month period (a median of 16 vs 10; 55% vs 38% trading more than 10 transactions);
  - A similar average value per stock transaction (a median of HK\$50,000);
  - A higher implied total stock transaction value in the 12-month period (a median of HK\$1 million vs HK\$0.4 million; 50% vs 29% with implied total stock transaction value of more than HK\$1 million); and
  - In aggregate, they contributed an estimated 36% of total retail stock trading.

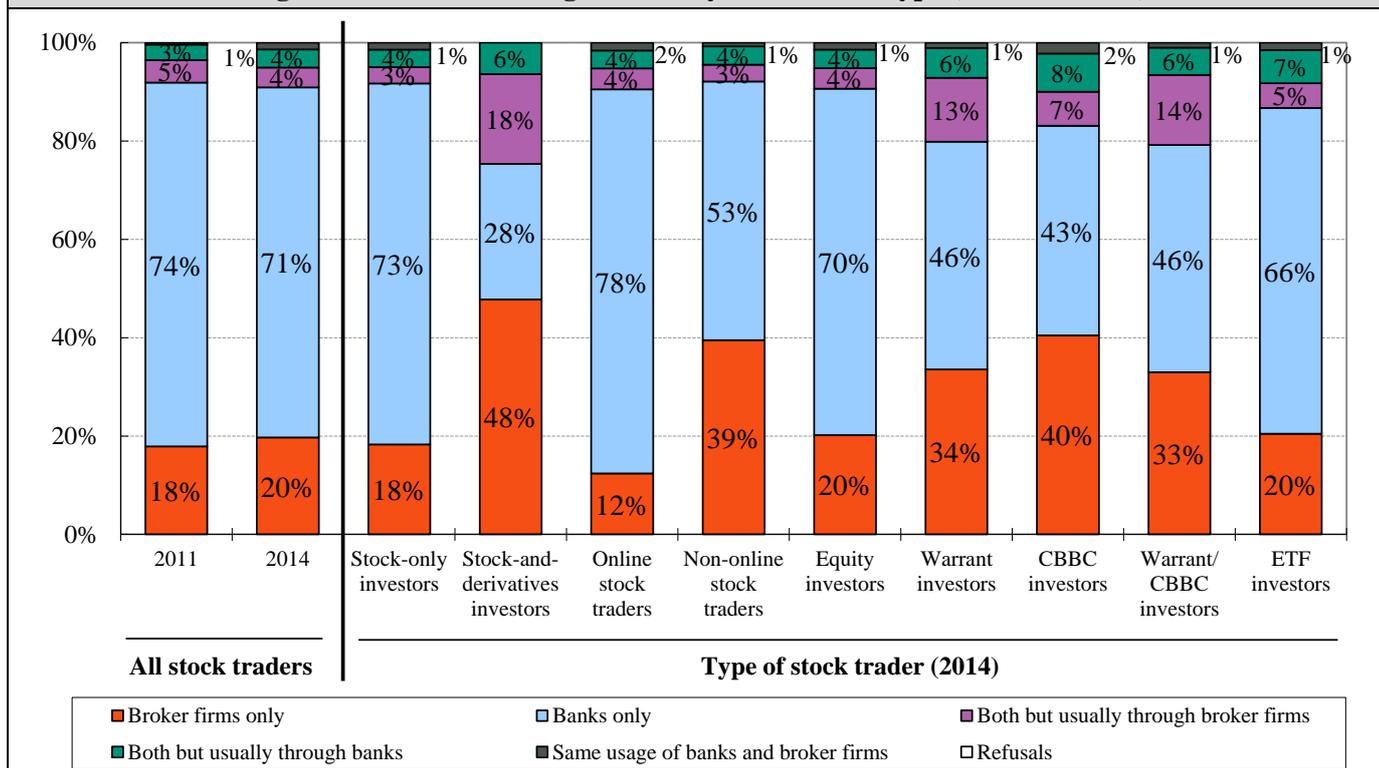
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<sup>17</sup> Both banks and broker firms offer securities trading service to retail investors. However, banks are not Exchange Participants in HKEx's securities markets. They have to channel orders received from investors to broker firms, which may or may not be related to the banks, for execution.

**Figure 24. Stock trading channel of stock traders (2001 – 2014)**



**Figure 25. Stock trading channel by stock trader type (2011 and 2014)**

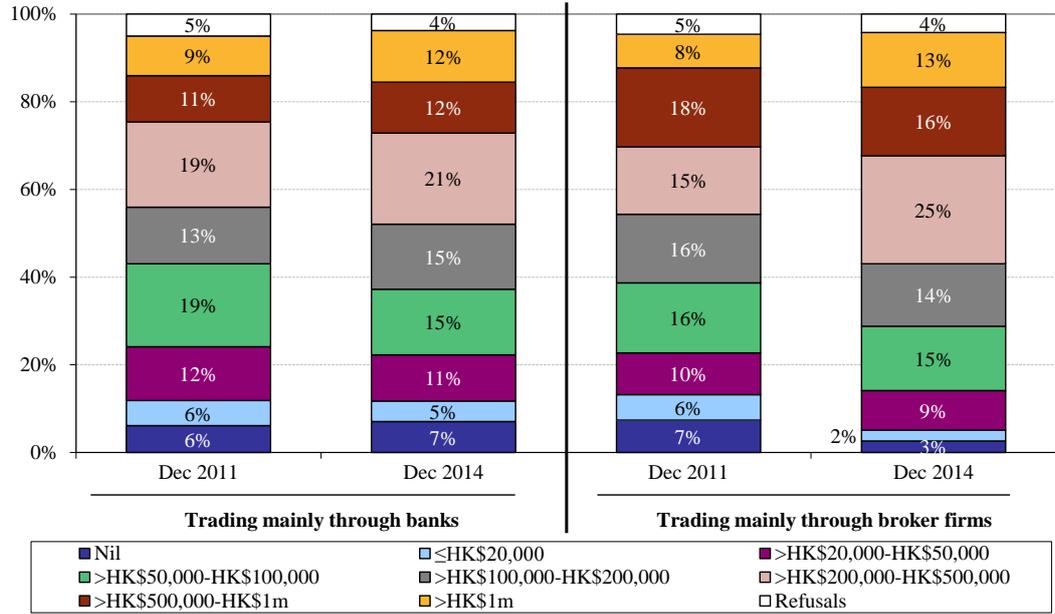


Stock trading channels	All stock traders		Type of stock trader (2014)								
	2011	2014	Stock-only investors	Stock-and-derivatives investors	Online stock traders	Non-online stock traders	Equity investors	Warrant investors	CBBC investors	Warrant/CBBC investors	ETF investors
<b>Mainly through banks</b>	77.2%	74.9%	77.0%	33.9%	81.8%	56.4%	74.2%	52.3%	50.4%	51.8%	73.0%
- Banks only	74.0%	71.2%	73.4%	27.5%	78.1%	52.7%	70.4%	46.3%	42.6%	46.3%	66.3%
- Usually through banks	3.2%	3.7%	3.5%	6.4%	3.7%	3.7%	3.8%	6.0%	7.8%	5.5%	6.7%
<b>Mainly through broker firms</b>	22.4%	23.7%	21.6%	66.1%	16.6%	42.9%	24.4%	46.6%	47.4%	47.2%	25.5%
- Broker firms only	17.9%	19.7%	18.3%	47.8%	12.4%	39.5%	20.2%	33.6%	40.5%	33.0%	20.5%
- Usually through broker firms	4.6%	4.0%	3.3%	18.3%	4.3%	3.4%	4.2%	13.0%	6.9%	14.2%	5.0%
<b>Same usage of banks and broker firms</b>	0.4%	1.4%	1.4%	...	1.6%	0.8%	1.4%	1.1%	2.2%	1.0%	1.5%
Refusals	...	...	...	...	...	...	...	...	...	...	...

“...”: Nil  
 Note: Percentages may not add up to sub-totals or 100% due to rounding.

<b>Table 11. Profile of stock traders by trading channel (2014)</b>		
	<b>Trading mainly through banks</b>	<b>Trading mainly through broker firms</b>
<b>Sex</b>		
Male	53.3%	61.0%
Female	46.7%	39.0%
<b>Age</b>		
18 – 19	0.3%	0.9%
20 – 29	10.1%	7.8%
30 – 39	19.5%	12.4%
40 – 49	25.4%	26.2%
50 – 59	25.8%	28.3%
60 or over	18.9%	24.4%
<b>Median</b>	<b>47</b>	<b>50</b>
<b>Education level</b>		
No schooling / kindergarten	0.8%	...
Primary	4.5%	6.7%
Lower secondary	13.1%	10.1%
Upper secondary	28.8%	31.0%
Tertiary or above	52.7%	52.3%
Refusals	0.1%	...
<b>Occupation</b>		
Managers / administrators / professionals	24.2%	27.9%
White collar	24.9%	23.8%
Blue collar	13.8%	7.2%
Homemakers	12.7%	13.7%
Retirees	17.9%	20.0%
Students	1.3%	1.8%
Unemployed persons	1.2%	2.9%
Refusals	3.9%	2.8%
<b>Industry of employed persons*</b>		
Manufacturing	8.1%	5.8%
Construction	6.0%	8.8%
Wholesale, retail, import/export trades, restaurants and hotels	21.6%	20.6%
Transport, storage, courier and communication	13.1%	15.1%
Financing and insurance	13.3%	24.2%
Professional and business services	8.9%	6.4%
Social and personal services	16.8%	7.4%
Others	5.5%	5.9%
Refusals	6.6%	5.8%
<b>Median monthly personal income (HK\$)*</b>	<b>22,500</b>	<b>22,500</b>
<b>Median monthly household income (HK\$)</b>	<b>45,000</b>	<b>45,000</b>
"...": Nil      * Among those who were engaged in full-time or part-time employment. Note: Percentages may not add up to 100% due to rounding.		

**Figure 26. Market value of stockholdings by trading channel (stock traders only) (2011 and 2014)**

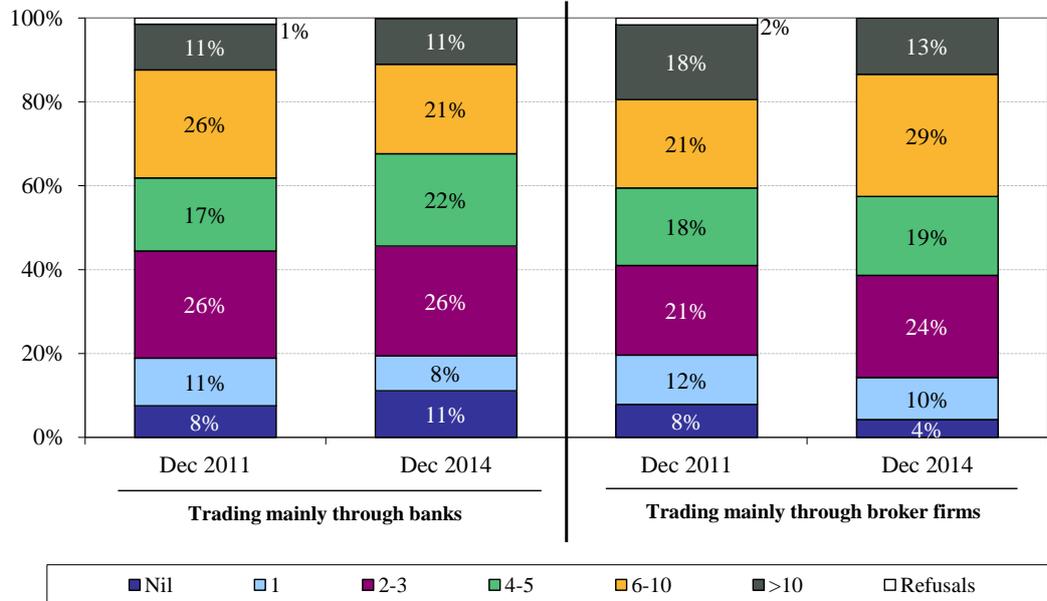


	Mainly through banks		Mainly through broker firms	
	2011	2014	2011	2014
<b>Median* (HK\$)</b>	150,000	200,000	150,000	300,000

\* Excluding outliers.

Note: Percentages may not add up to 100% due to rounding.

**Figure 27. Number of listed company shareholdings by trading channel (stock traders only) (2011 and 2014)**

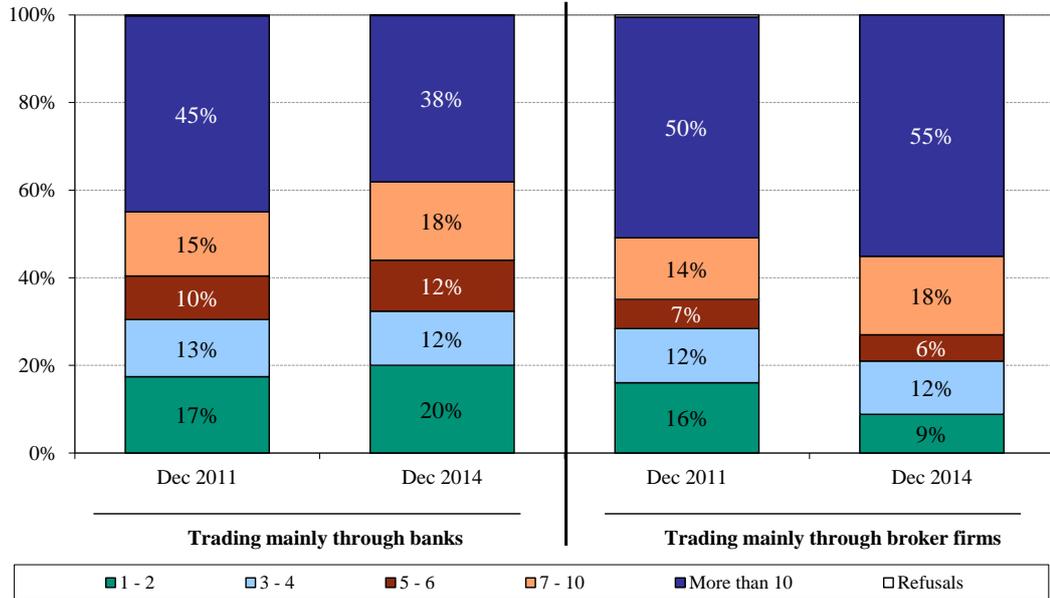


	Mainly through banks		Mainly through broker firms	
	2011	2014	2011	2014
<b>Median*</b>	4	4	5	5

\* Excluding outliers.

Note: Percentages may not add up to 100% due to rounding.

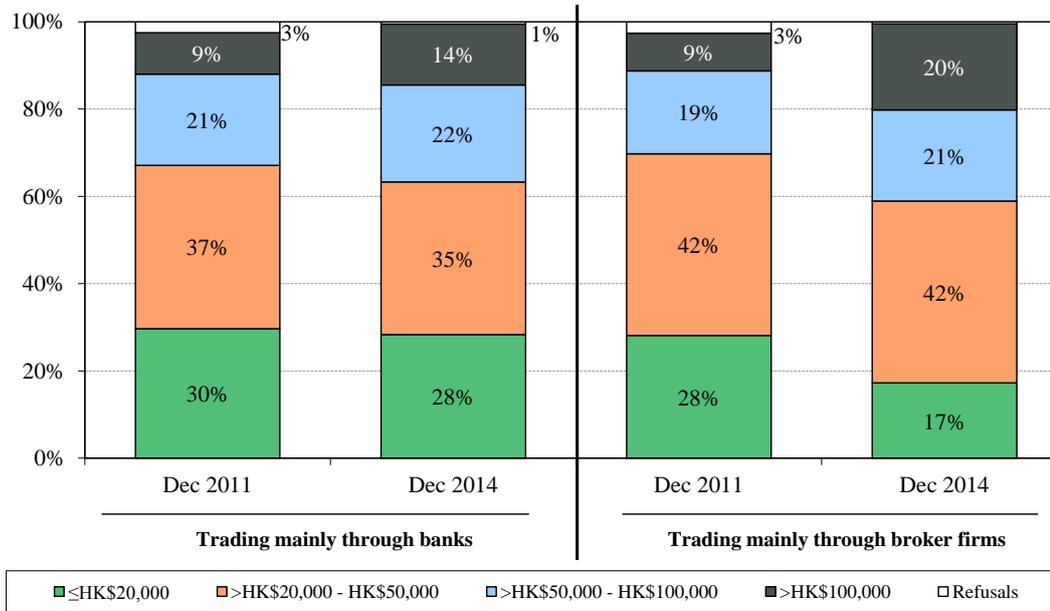
**Figure 28. Number of stock transactions in the past 12 months by trading channel (stock traders only) (2011 and 2014)**



	Mainly through banks		Mainly through broker firms	
	2011	2014	2011	2014
<b>Median*</b>	10	10	10	16

\* Excluding outliers.  
Note: Percentages may not add up to 100% due to rounding.

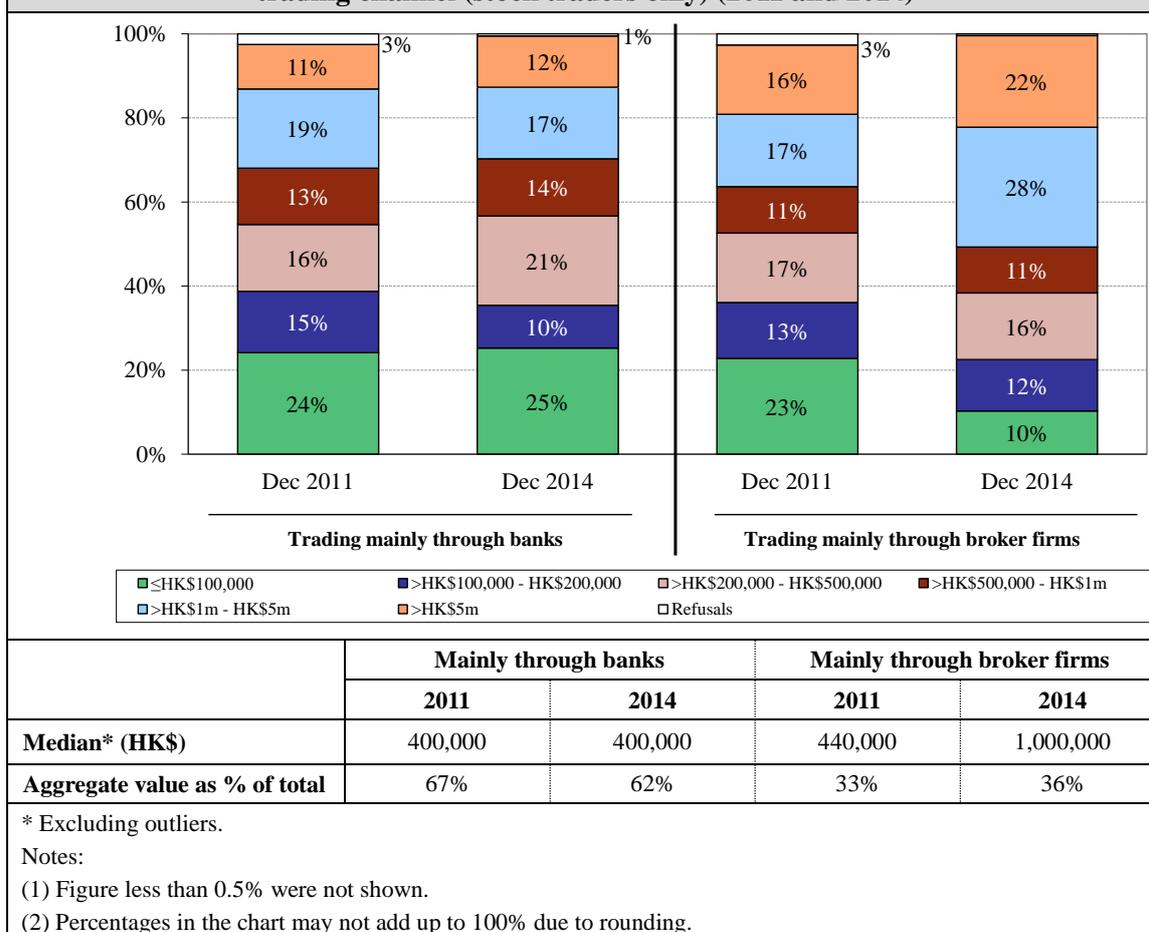
**Figure 29. Average value per stock transaction in the past 12 months by trading channel (stock traders only) (2011 and 2014)**



	Mainly through banks		Mainly through broker firms	
	2011	2014	2011	2014
<b>Median* (HK\$)</b>	40,000	50,000	40,000	50,000

\* Excluding outliers.  
Note: Percentages may not add up to 100% due to rounding.

**Figure 30. Implied total stock transaction value in the past 12 months by trading channel (stock traders only) (2011 and 2014)**



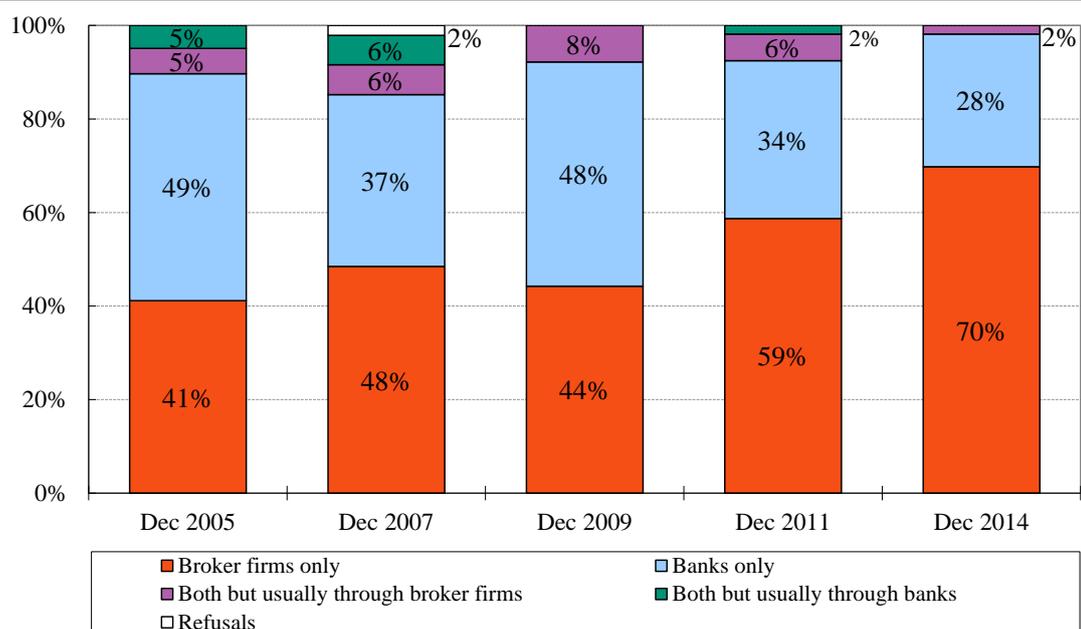
## 6.2 Derivatives trading channels<sup>18</sup>

- In 2014, the majority of derivatives investors (72%) used broker firms as the main derivatives trading channel (further up from 64% in 2011). 70% of derivatives investors traded solely through broker firms (up from 59% in 2011) while 28% traded solely through banks in 2014 (further down from 34% in 2011).
- Compared with those who traded mainly through banks, derivatives investors who traded mainly through broker firms tended to have a higher frequency of derivatives transactions in the 12-month period (a median of 10 transactions vs 4), a smaller average contract volume per transaction (a median of 2 contracts vs 4; 59% had 1-2 transactions vs 35% for those trading mainly through banks) and a higher implied total contract volume per investor in the 12-month period (a median of 80 contracts vs 12).

Note: It should be noted that the findings on derivatives investors are subject to relatively large error due to the small size of the sample of derivatives investors in the survey. Due to the concern of reliability, certain analysis performed for stock investors by stock trading channel were not presented here for derivatives investors by derivatives trading channel. Caution is needed in interpreting the presented findings on derivatives investors.

<sup>18</sup> Although banks do not directly offer derivatives trading service to retail investors, they may provide a redirection service to their related broker firms (sister company in the same corporate group) on their websites or on inquiry. Investors who regard themselves trading derivatives through banks would include those using such service and those trading through broker firms with the same label as the related banks.

**Figure 31. Derivatives trading channel of derivatives investors (2005 – 2014)**

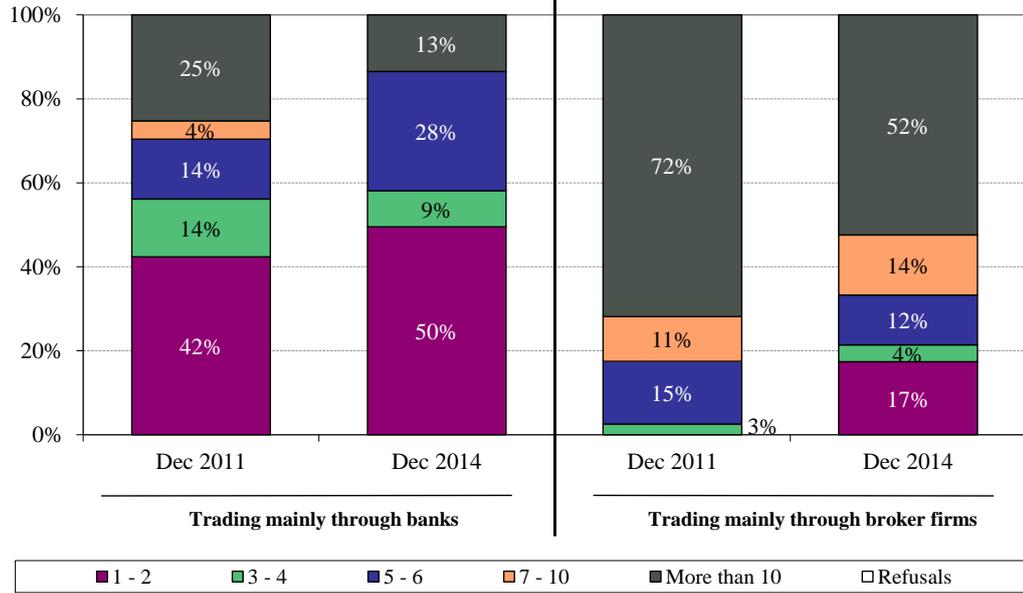


Derivatives trading channels	Dec 2005	Dec 2007	Dec 2009	Dec 2011	Dec 2014
<b>Mainly through banks</b>	53.4%	43.0%	47.9%	35.6%	28.4%
- Banks only	48.5%	36.7%	47.9%	33.7%	28.4%
- Usually through banks	4.9%	6.3%	0.0%	1.8%	...
<b>Mainly through broker firms</b>	46.6%	54.9%	52.1%	64.4%	71.6%
- Broker firms only	41.2%	48.5%	44.2%	58.7%	69.8%
- Usually through broker firms	5.4%	6.4%	7.8%	5.7%	1.8%
Refusals	0.0%	2.1%	0.0%	...	...

"...": Nil

Note: Percentages may not add up to sub-totals or 100% due to rounding.

**Figure 32. Number of derivatives transactions in the past 12 months by trading channel (2011 and 2014)**

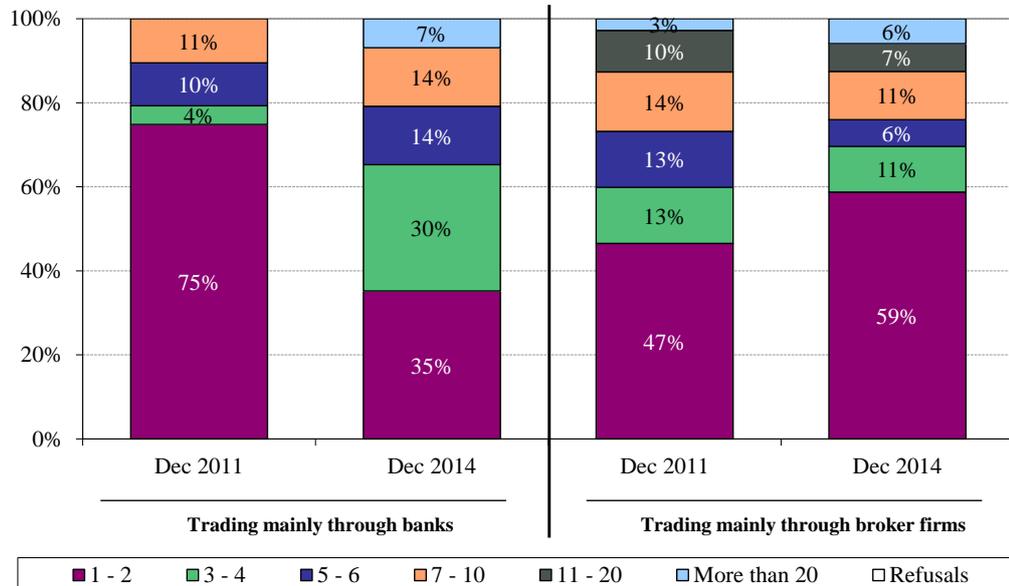


	Mainly through banks		Mainly through broker firms	
	2011	2014	2011	2014
<b>Median*</b>	3	4	24	10

\* Excluding outliers.

Note: Percentages may not add up to 100% due to rounding.

**Figure 33. Average contract volume per derivatives transaction in the past 12 months by trading channel (2011 and 2014)**

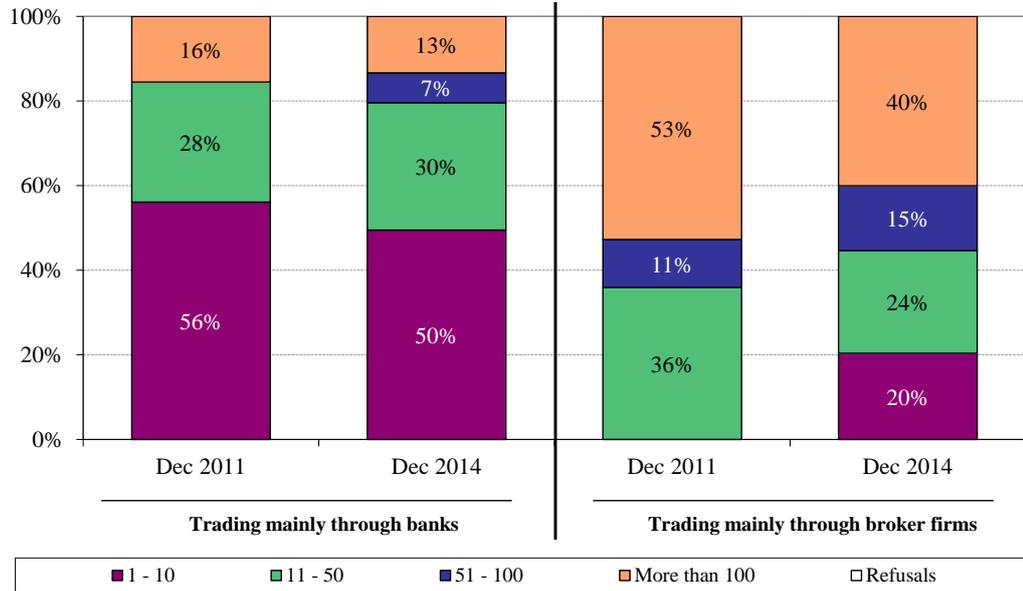


	Mainly through banks		Mainly through broker firms	
	2011	2014	2011	2014
<b>Median*</b>	2	4	3	2

\* Excluding outliers.

Note: Percentage may not add up to 100% due to rounding.

**Figure 34. Implied total contract volume of derivatives investors in the past 12 months by trading channel (2011 and 2014)**



	Mainly through banks		Mainly through broker firms	
	2011	2014	2011	2014
<b>Median*</b>	4	12	100	80
<b>Aggregate volume as % of total*</b>	***	***	***	***

\* Excluding outliers.

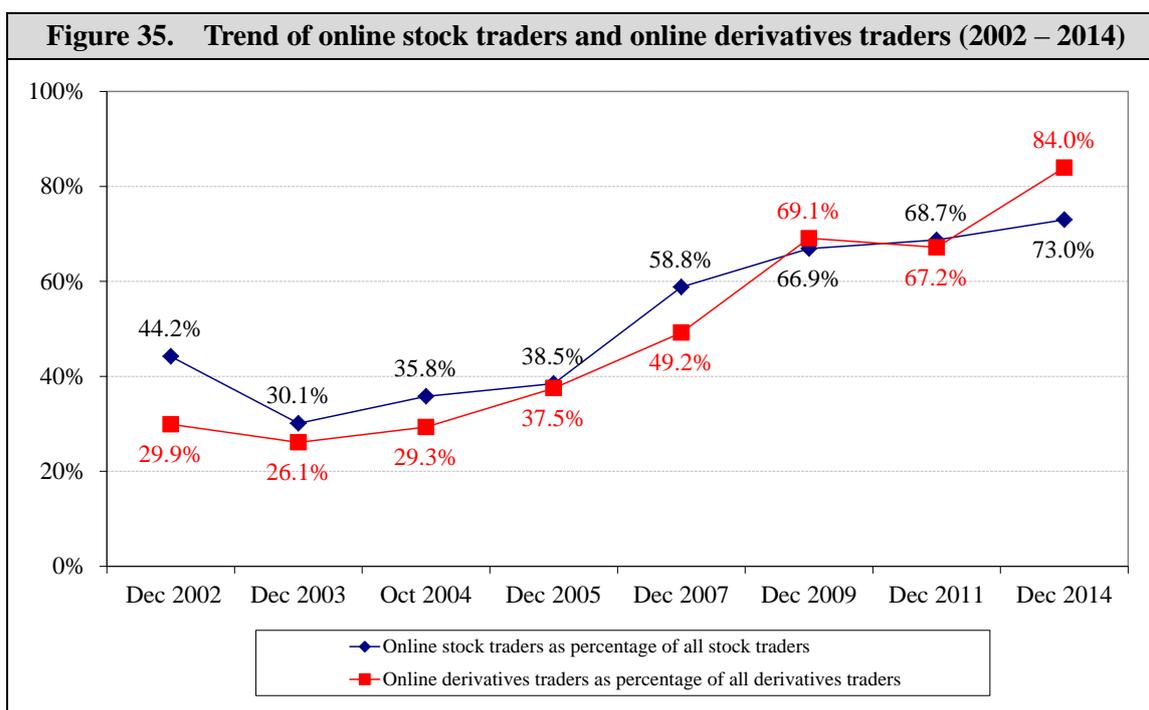
\*\*\* Due to the small sample size in both years, the statistics are not reliable and are therefore not presented.

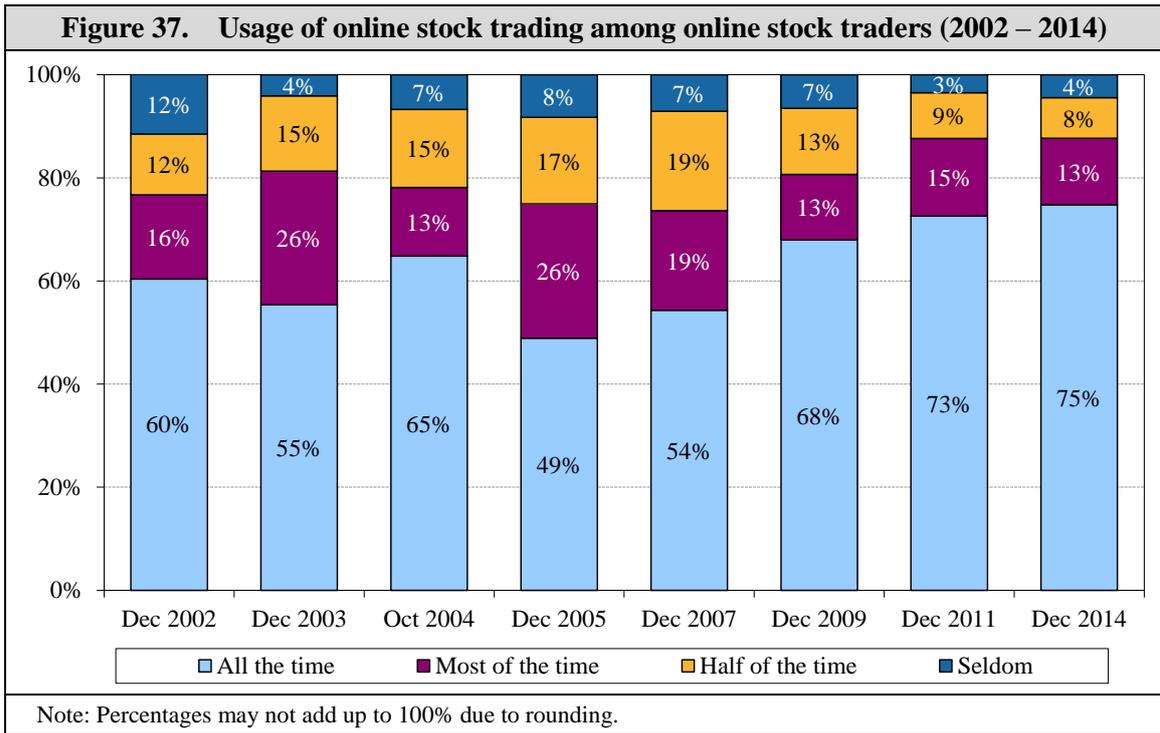
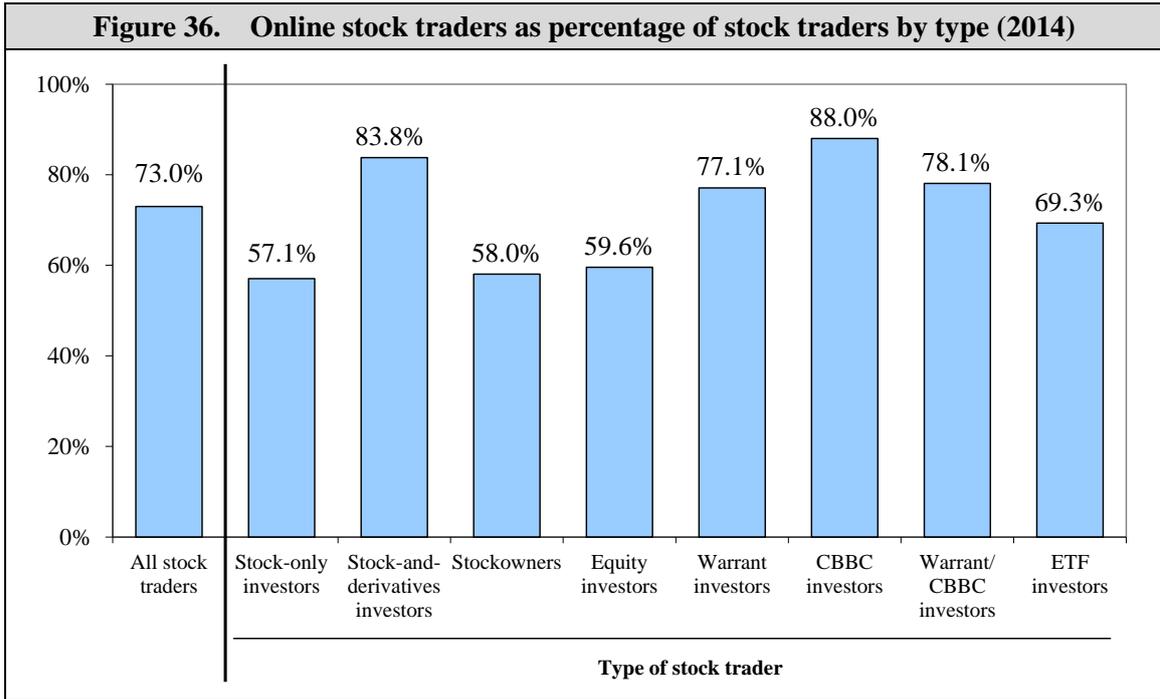
Note: Percentages may not add up to 100% due to rounding.

## 7. ONLINE TRADERS

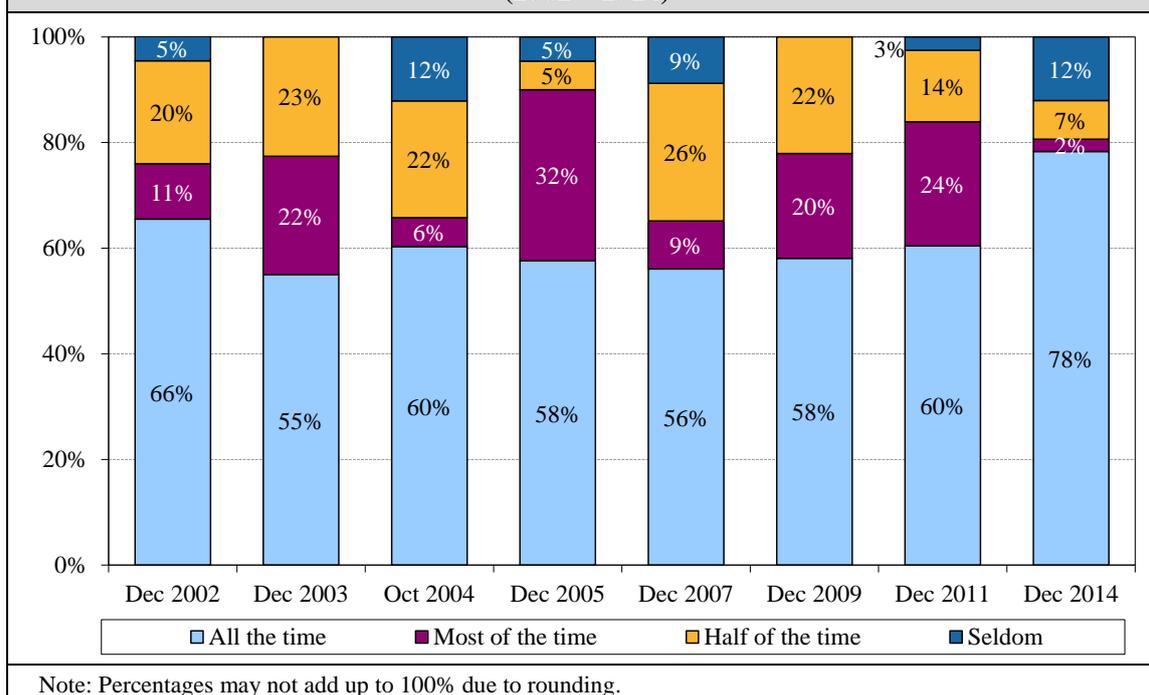
### 7.1 Incidence and proportion of online stock traders and online derivatives traders

- The uptrend for online stock traders continued in 2014. Online stock traders accounted for 73% of all stock traders in 2014 (up from 69% in 2011), the highest in record. Online derivatives traders accounted for 84% of all derivatives traders in 2014 (up from 67% in 2011), the highest in record.
- A larger proportion of CBBC investors (88%) and warrant investors (77%) were online stock traders (in aggregate 78% for warrant/CBBC investors) as compared to equity investors (60%) and ETF investors (69%). Stock-and-derivatives investors had a much larger proportion (84%) being online stock traders than stock-only investors (57%).
- Among online stock traders, the proportion who traded online all the time continued to increase — 75% in 2014, up further from 73% in 2011. Nevertheless, the proportion who traded online all the time or most of the time remained similar (88% in both years).
- Among online derivatives traders, the proportion who traded online all the time or most of the time decreased from 84% in 2011 to 80% in 2014. Nevertheless, the proportion who traded online all the time increased significantly to 78% in 2014 from 60% in 2011.





**Figure 38. Usage of online derivatives trading among online derivatives traders (2002 – 2014)**



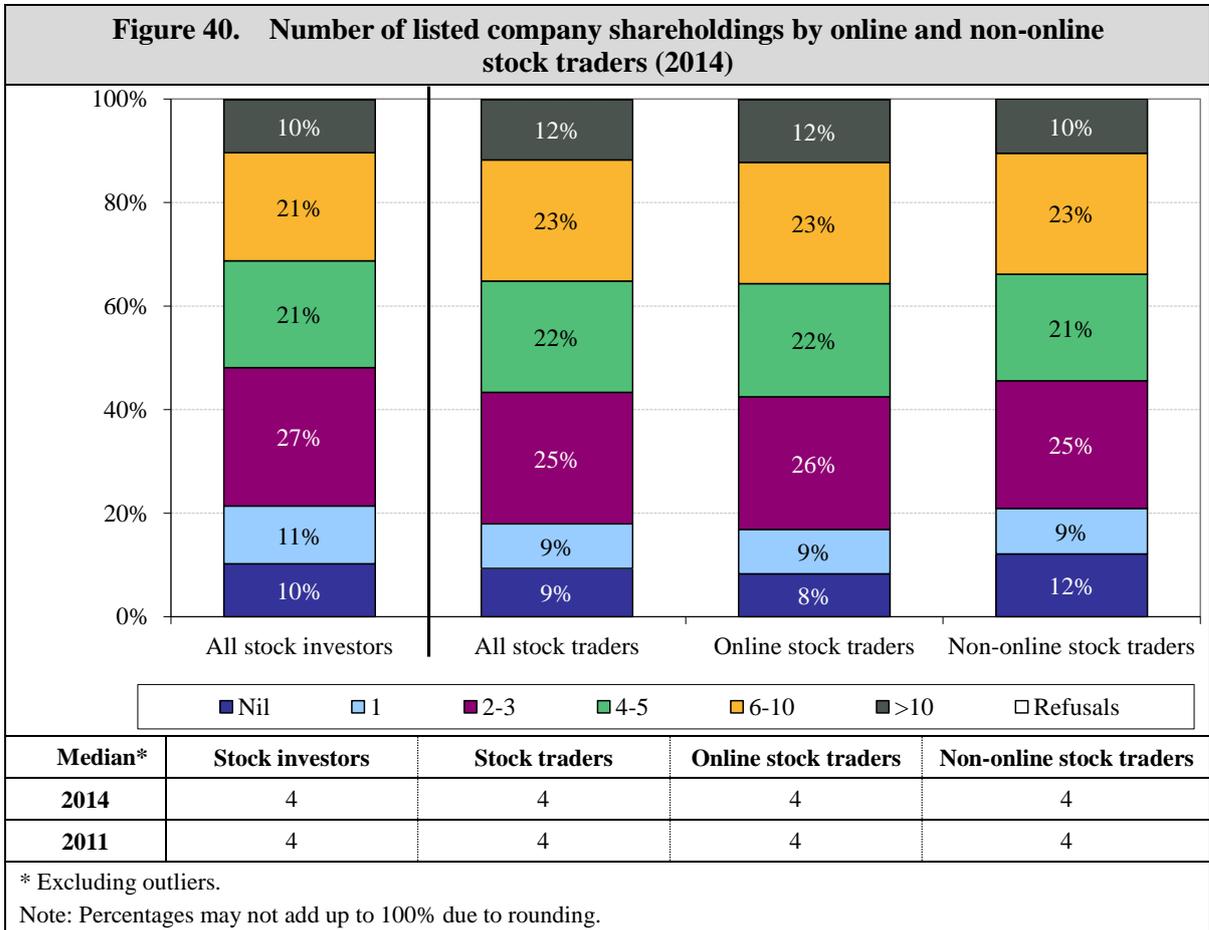
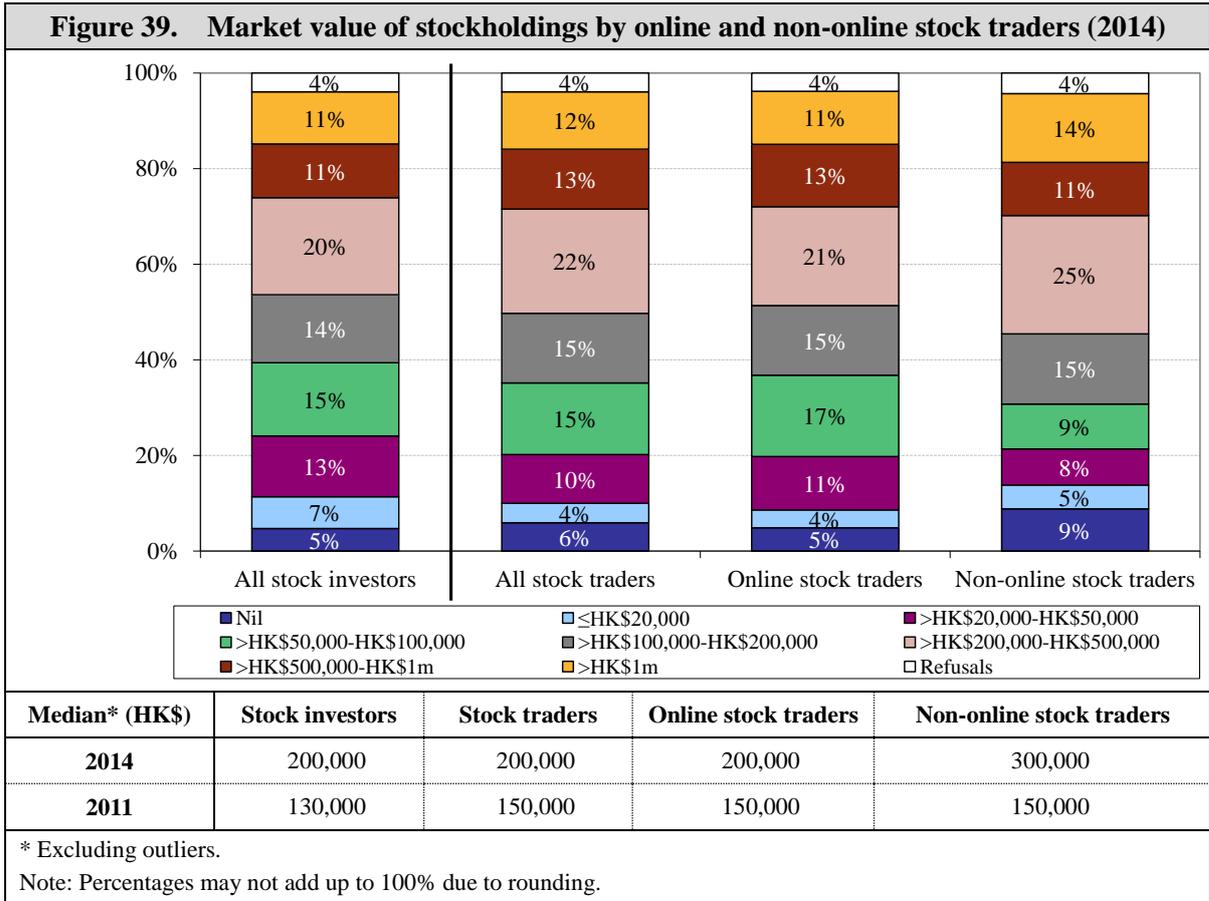
## 7.2 Profile, trading channels and trading pattern of online stock traders and online derivatives traders

- A *typical online stock trader* was 44 years old, with tertiary or above education, a monthly personal income of about HK\$22,500 and a monthly household income of HK\$45,000.
- Compared with non-online stock traders, *online stock traders* tended to have:
  - More younger individuals and individuals of higher education level and higher work status, a higher monthly personal income and household income;
  - A lower market value of stockholdings (a median of HK\$200,000 vs HK\$300,000) but a similar number of listed company shareholdings (a median of 4);
  - A larger proportion who traded mainly through banks (see Section 6.1 and Figure 25);
  - Traded more frequently in the 12-month period (a median of 10 transactions vs 6; 46% vs 32% had more than 10 transactions);
  - A similar average value per stock transaction (a median of HK\$50,000);
  - A comparable implied total stock transaction value in the 12-month period (a median of HK\$500,000 vs HK\$480,000); and
  - As a whole, online stock traders contributed the majority of total stock trading value (78%).
- Compared with non-online derivatives traders, *online derivatives traders* tended to have:
  - Traded more frequently in the 12-month period (a median of 10 transactions vs 4; 46% vs 18% had more than 10 transactions);
  - A smaller average contract volume per derivatives transaction (a median of 2 contracts vs 3; 57% vs 29% had an average of 1-2 contracts per transaction) but a much higher implied total contract volume in the 12-month period (a median of 50 contracts vs 16).

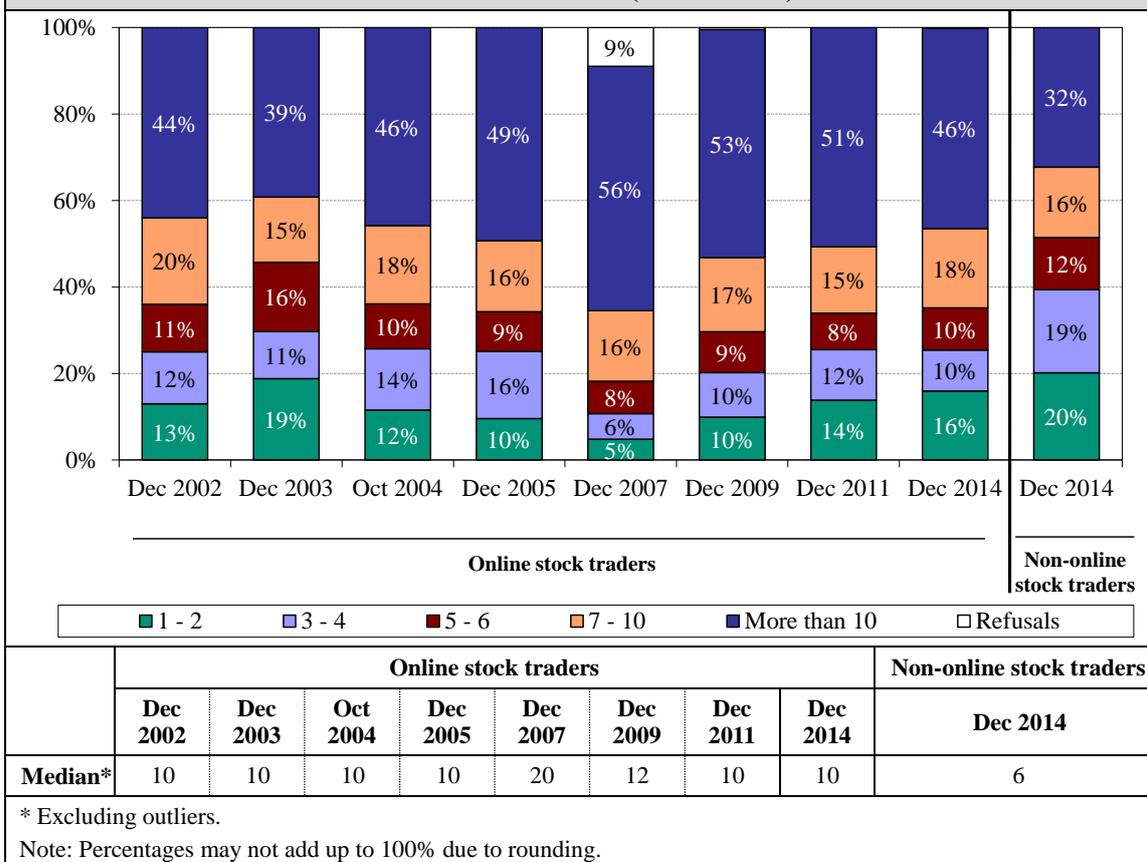
Note: Caution is needed in interpreting the findings on derivatives investors due to the small sample size of the group and for the same reason inferred statistics on the profile and trading channel of online derivatives investors could not be produced.

**Table 12. Profile of online and non-online stock traders (2014)**

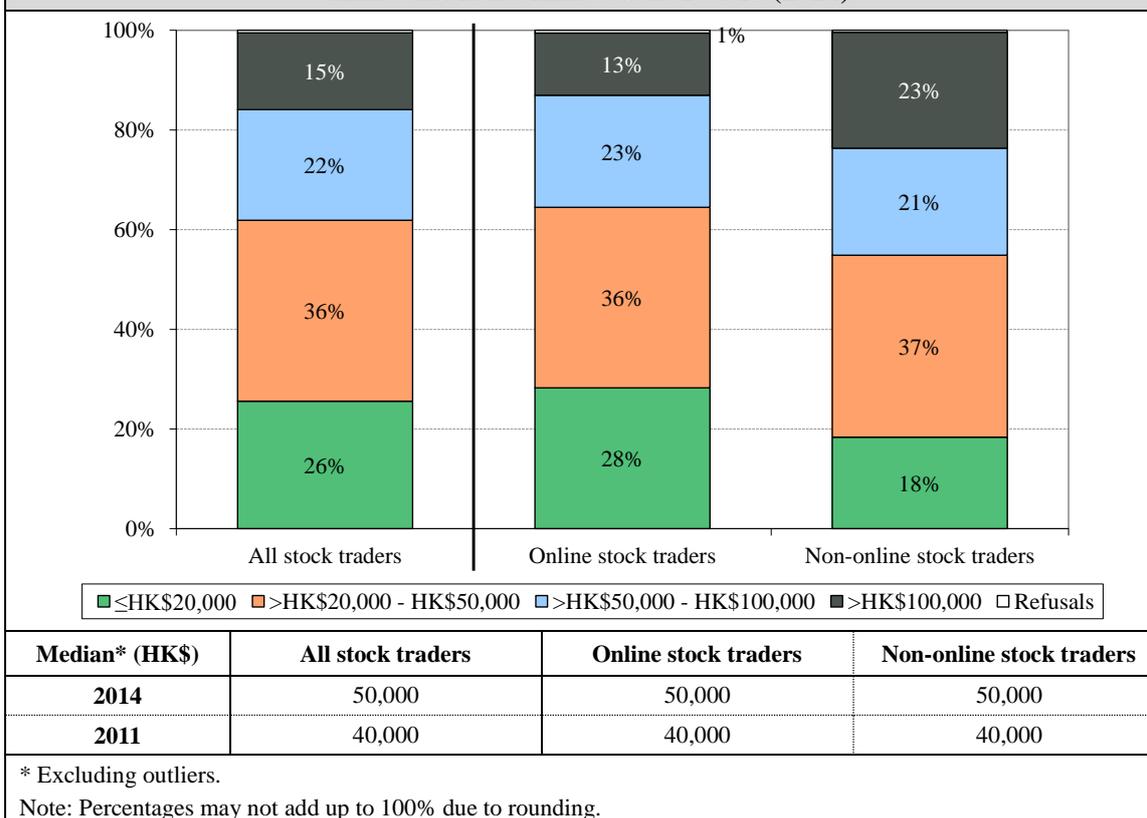
	Stock investors	Stock traders	Non-online stock traders	Online stock traders		
				Dec 09	Dec 11	Dec 14
<b>Sex</b>						
Male	53.7%	55.3%	49.7%	52.8%	56.0%	57.4%
Female	46.3%	44.7%	50.3%	47.2%	44.0%	42.6%
<b>Age</b>						
18 – 19	0.4%	0.4%	...	0.6%	0.8%	0.6%
20 – 29	9.5%	9.6%	5.4%	15.6%	15.6%	11.1%
30 – 39	17.3%	17.7%	5.0%	27.9%	25.7%	22.4%
40 – 49	25.8%	25.6%	17.7%	30.1%	23.6%	28.5%
50 – 59	26.1%	26.6%	33.4%	19.1%	25.1%	24.1%
60 or over	21.0%	20.1%	38.5%	6.7%	9.3%	13.3%
<b>Median</b>	<b>47</b>	<b>47</b>	<b>56</b>	<b>40</b>	<b>42</b>	<b>44</b>
<b>Education level</b>						
No schooling / kindergarten	0.6%	0.6%	1.1%	0.7%	...	0.4%
Primary	5.5%	4.9%	13.2%	3.9%	1.5%	1.9%
Lower secondary	12.3%	12.3%	19.1%	8.0%	9.5%	9.8%
Upper secondary	29.7%	29.7%	32.6%	26.8%	23.5%	28.6%
Tertiary or above	51.7%	52.4%	34.0%	51.5%	54.7%	59.2%
Refusals	0.2%	0.1%	...	0.7%	0.4%	0.1%
<b>Occupation</b>						
Managers / administrators / professionals	24.7%	24.9%	18.3%	29.3%	27.9%	27.3%
White collar	23.5%	24.5%	16.4%	26.5%	28.8%	27.6%
Blue collar	12.1%	12.2%	11.2%	16.0%	13.8%	12.5%
Homemakers	13.7%	13.1%	18.2%	10.0%	13.2%	11.2%
Retirees	19.2%	18.6%	30.4%	10.0%	10.7%	14.2%
Students	1.2%	1.4%	0.4%	2.2%	1.4%	1.8%
Unemployed persons	1.7%	1.6%	1.8%	3.9%	2.5%	1.6%
Refusals	4.0%	3.7%	3.3%	2.2%	1.6%	3.8%
<b>Industry of employed persons*</b>						
Manufacturing	7.3%	7.5%	7.9%	11.0%	6.8%	7.4%
Construction	7.1%	6.8%	8.8%	8.0%	7.3%	6.3%
Wholesale, retail, import/export trades, restaurants and hotels	22.3%	21.4%	19.9%	22.7%	19.0%	21.8%
Transport, storage, courier and communication	14.1%	13.8%	14.3%	9.8%	12.8%	13.7%
Financing and insurance	14.5%	15.6%	11.5%	14.5%	16.1%	16.6%
Professional and business services	8.4%	8.3%	12.4%	9.8%	7.9%	7.2%
Social and personal services	14.5%	14.6%	9.9%	16.5%	21.7%	15.7%
Others	5.1%	5.6%	9.0%	6.1%	6.7%	4.7%
Refusals	6.7%	6.5%	6.3%	1.6%	1.6%	6.6%
<b>Median monthly personal income (HK\$)*</b>	<b>22,500</b>	<b>22,500</b>	<b>16,250</b>	<b>16,250</b>	<b>22,500</b>	<b>22,500</b>
<b>Median monthly household income (HK\$)</b>	<b>45,000</b>	<b>45,000</b>	<b>35,000</b>	<b>35,000</b>	<b>45,000</b>	<b>45,000</b>
* Among those who were engaged in full-time or part-time employment. "...": Nil Note: Percentages may not add up to 100% due to rounding.						



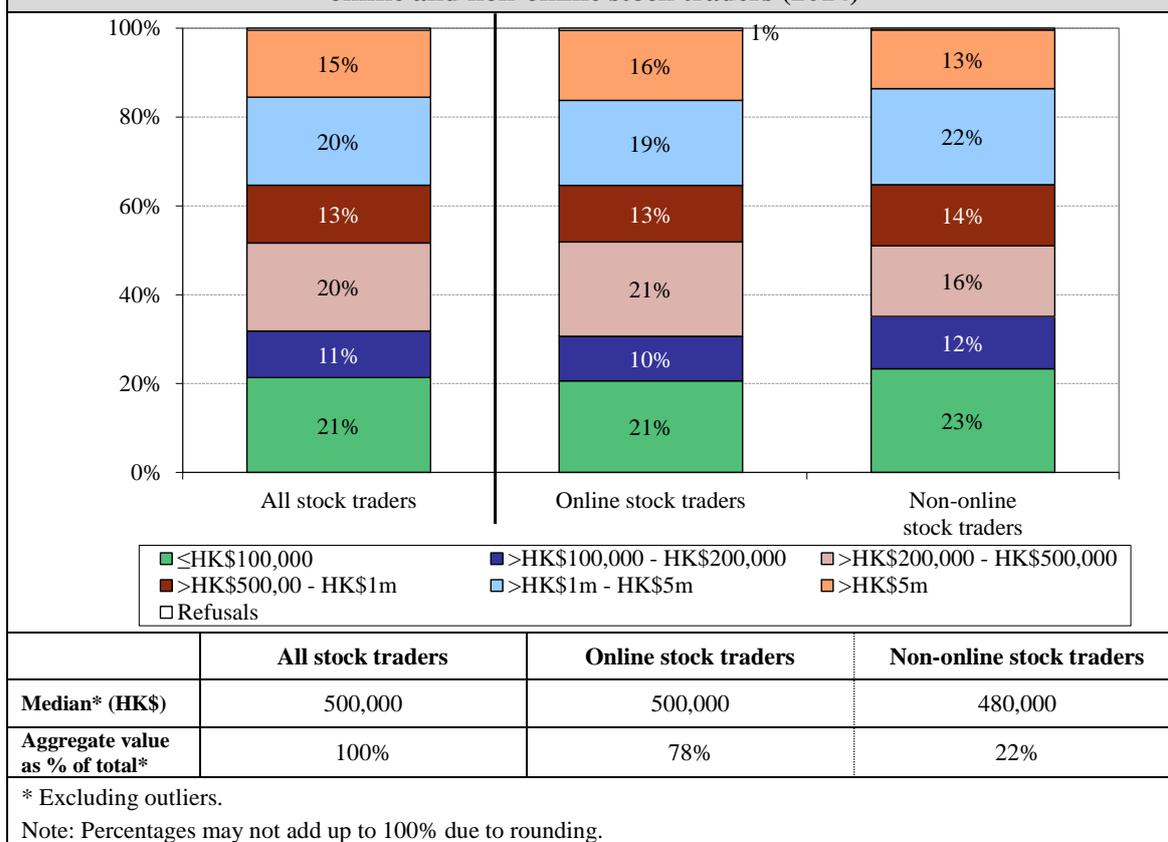
**Figure 41. Number of stock transactions in the past 12 months by online stock traders (2002 – 2014)**



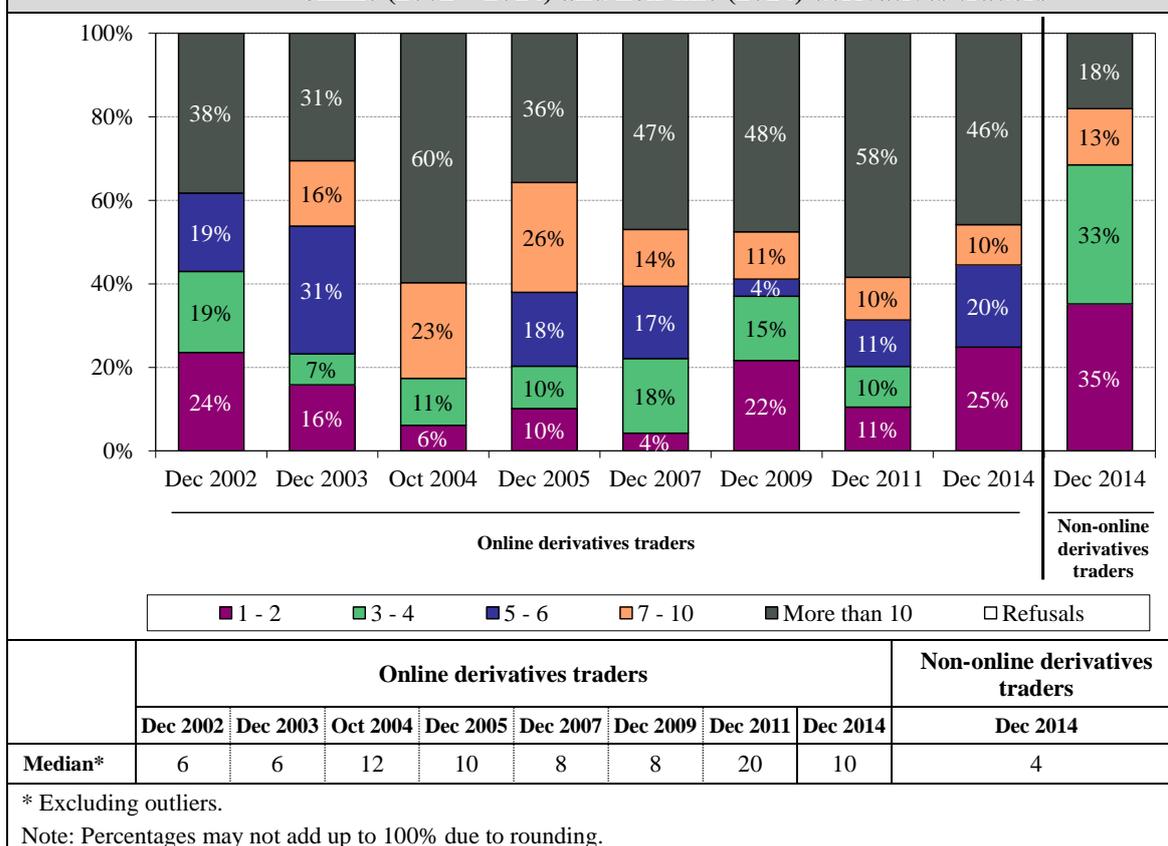
**Figure 42. Average value per stock transaction in the past 12 months by online and non-online stock traders (2014)**



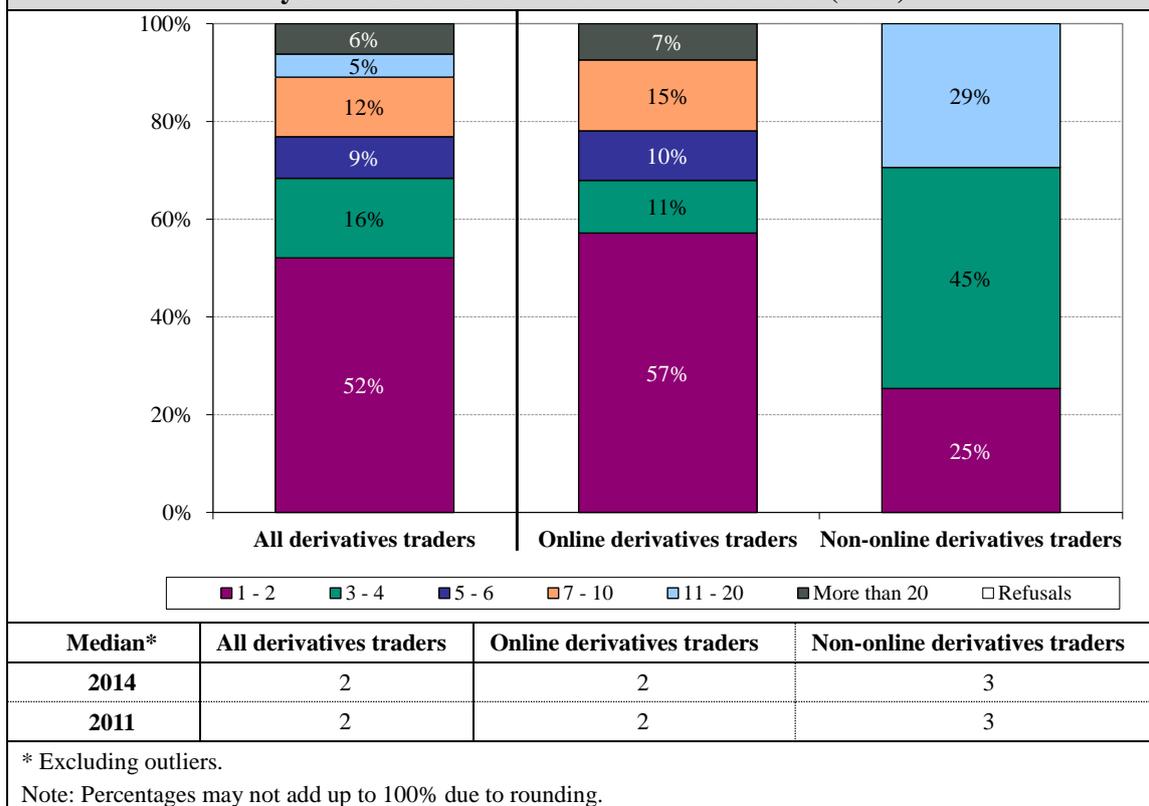
**Figure 43. Implied total stock transaction value in the past 12 months by online and non-online stock traders (2014)**



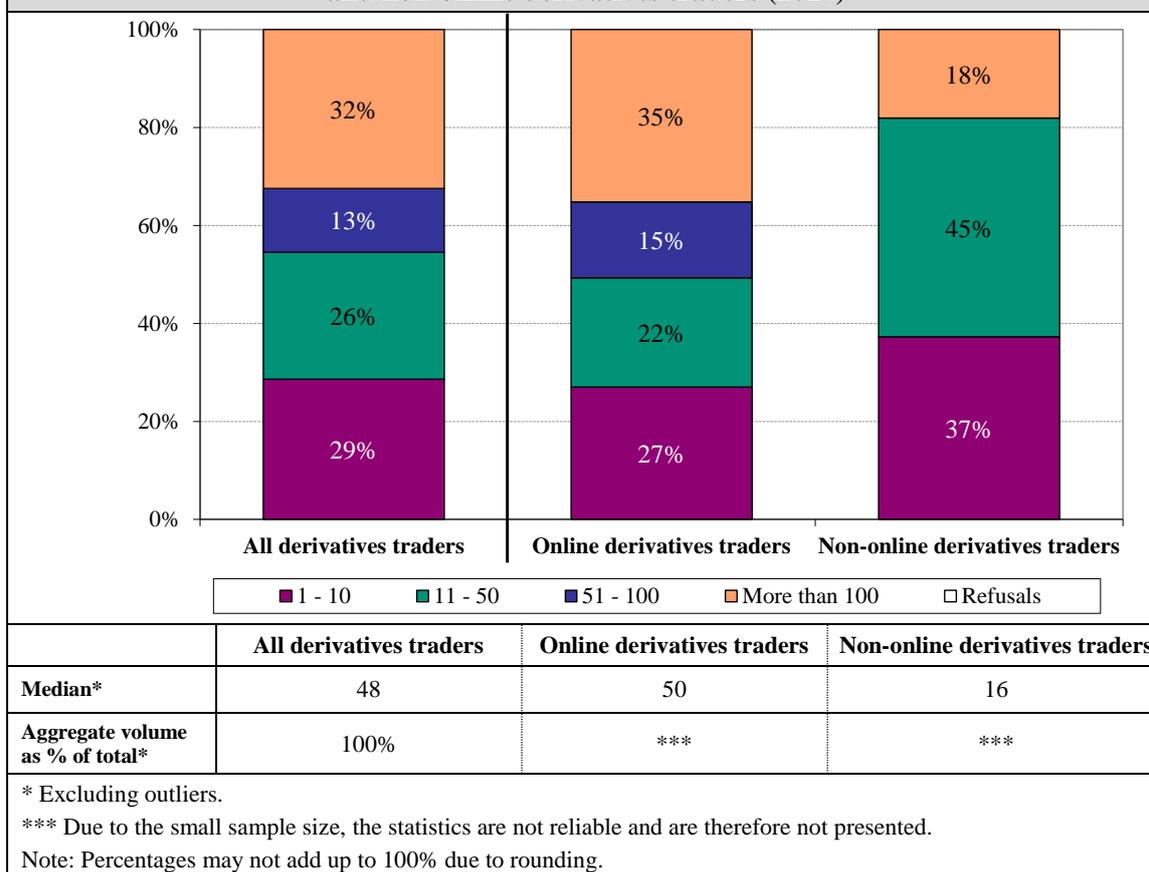
**Figure 44. Number of derivatives transactions in the past 12 months by online (2002 – 2014) and non-line (2014) derivatives traders**



**Figure 45. Average contract volume per derivatives transaction in the past 12 months by online and non-online derivatives traders (2014)**



**Figure 46. Implied total transaction value in the past 12 months by online and non-online derivatives traders (2014)**



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## 8. INVESTOR PERCEPTIONS OF THE HKEX MARKETS

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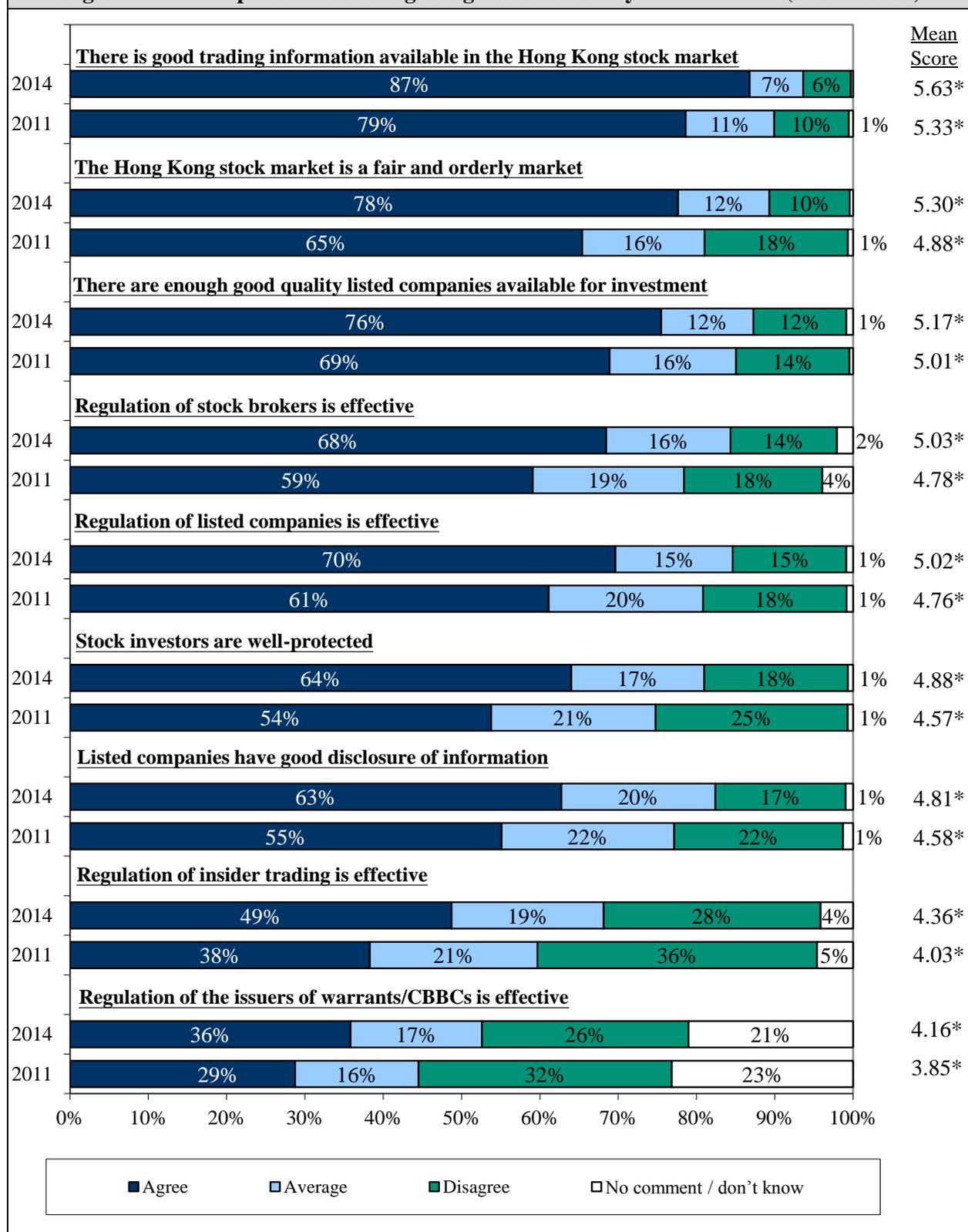
In the survey, respondents were asked to give their degree of agreement to statements about the HKEX markets on a 7-point scale (7 being strongly agree and 1 being strongly disagree). The mean score for each market aspect was then calculated to compare their relative ratings. For easy understanding from graphical presentation, the answers were grouped into agree (score 5 – 7), neutral (score 4) and disagree (1 – 3).

- **Stock investors' perceptions** of the various aspects of the Hong Kong stock market assessed in the survey were generally positive (all with a mean score above 4). Stock investors were most positive about “trading information available in the Hong Kong stock market” (mean score of 5.63) and least positive about “effective regulation of warrant/CBBC issuers” (mean score of 4.16, 21% of the respondents did not know or had no comment).
- **In comparison with the result in 2011**, the positive *perceptions of stock investors* became stronger in 2014. The improvement was statistically significant for all aspects assessed. The greatest improvement was found in “the Hong Kong stock market is a fair and orderly market” (a mean score of 5.30 in 2014 vs 4.88 in 2011; 78% agreed in 2014 vs 65% in 2011)
- **Stock traders and non-trading stock investors** had similar views on most aspects of the Hong Kong stock market. Nevertheless, stock traders were more positive (with statistical significance) about “trading information available in the Hong Kong stock market” (a mean score of 5.67 vs 5.48) and “effective regulation of stock brokers” (a mean score of 5.10 vs 4.76) than non-trading stock investors.
- **Frequent stock traders** were less positive (with statistical significance) than **non-frequent stock traders** about “effective regulation of listed companies” (a mean score of 4.86 vs 5.07), “effective regulation of insider trading” (a mean score of 4.16 vs 4.47) and “effective regulation of warrant/CBBC issuers” (a mean score of 3.98 vs 4.23). In other aspects, they had similar views.
- **Equity-only stock investors and warrant/CBBC investors** had similar views on the Hong Kong stock market. No statistically significant difference in their mean scores was found.
- Compared with non-online stock traders, **online stock traders** were more positive (with statistical significance) about “trading information available in the Hong Kong stock market” (a mean score of 5.72 vs 5.53) but less positive (with statistical significance) about “effective regulation of stock brokers” (a mean score of 5.03 vs 5.28).
- **Stock investors who traded mainly through broker firms** held more positive views (with statistical significance) on “effective regulation of stock brokers” than those who traded mainly through banks (a mean score of 5.31 vs 5.01).

- 
- **Derivatives investors** were generally positive about the various aspects of the HKEx derivatives market assessed (mean scores above 4.3).
    - They were most positive about “effective regulation of derivatives brokers” (mean score of 4.77) and least positive about “derivatives investors are well-protected” (mean score of 4.25);
    - Those *who traded mainly through broker firms* held less positive views on “effective regulation of derivatives brokers” than those who traded mainly through banks (54% vs 77% agreed).
  - Compared with the 2011 result, **derivatives investors’ perceptions** were less positive about all aspects assessed of the Hong Kong derivatives market (less proportion in agreement, albeit without statistically significant difference in mean scores across the years).
  - **Retail investors’** perception of “HKEx gives priority to the public interest” was generally more positive (with statistical significance) in 2014 than 2011 (a mean score of 4.80 vs 4.47; 62% agreed in 2014 vs 53% in 2011).

- Notes: (1) It should be noted that the findings on derivatives investors are subject to relatively large error due to the small size of the sample of derivatives investors in the survey. Therefore, caution is needed in interpreting the findings on derivatives investors.
- (2) The survey assesses retail investors’ perceptions of certain aspects of the securities and derivatives markets operated by HKEx. Areas of assessment include those which would largely be outside the responsibilities of HKEx, such as the regulation of brokers and the regulation of insider trading.

**Figure 47. Perceptions of the Hong Kong stock market by *stock investors* (2014 vs 2011)**

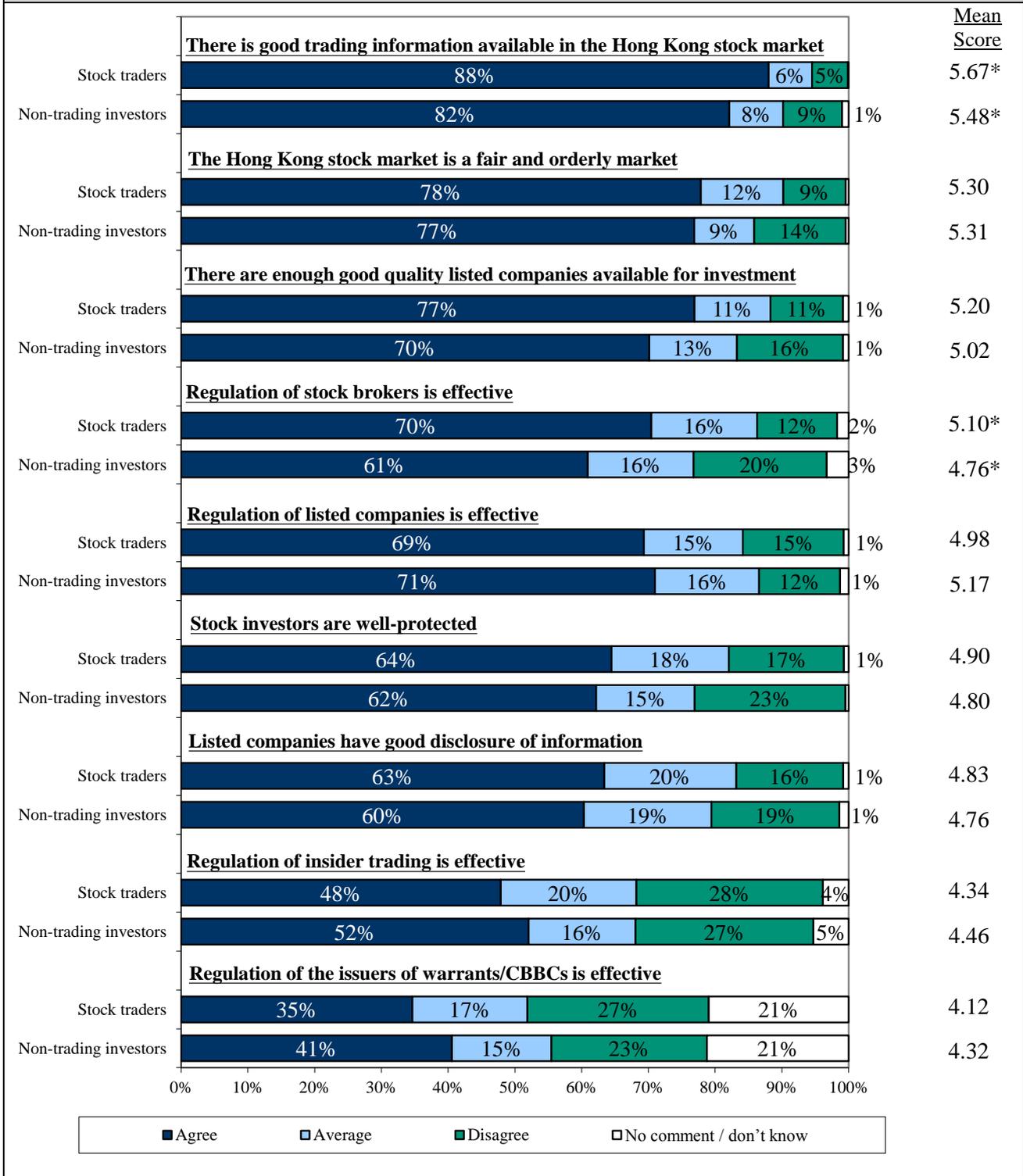


\* There is statistically significant difference between the pair of mean scores on a particular issue for the two years' results at 5% level.

Notes: (1) A 7-point rating scale ranging from "Strongly Disagree" (score 1) to "Strongly Agree" (score 7) was used in the survey questionnaire. The classification into Agree (score 5-7) – Average (score 4) – Disagree (score 1-3) was used for presentation for the purpose of easy understanding.

(2) Percentages may not add up to 100% due to rounding.

**Figure 48. Comparison of perceptions of the Hong Kong stock market by stock traders and non-trading stock investors<sup>#</sup> (2014)**



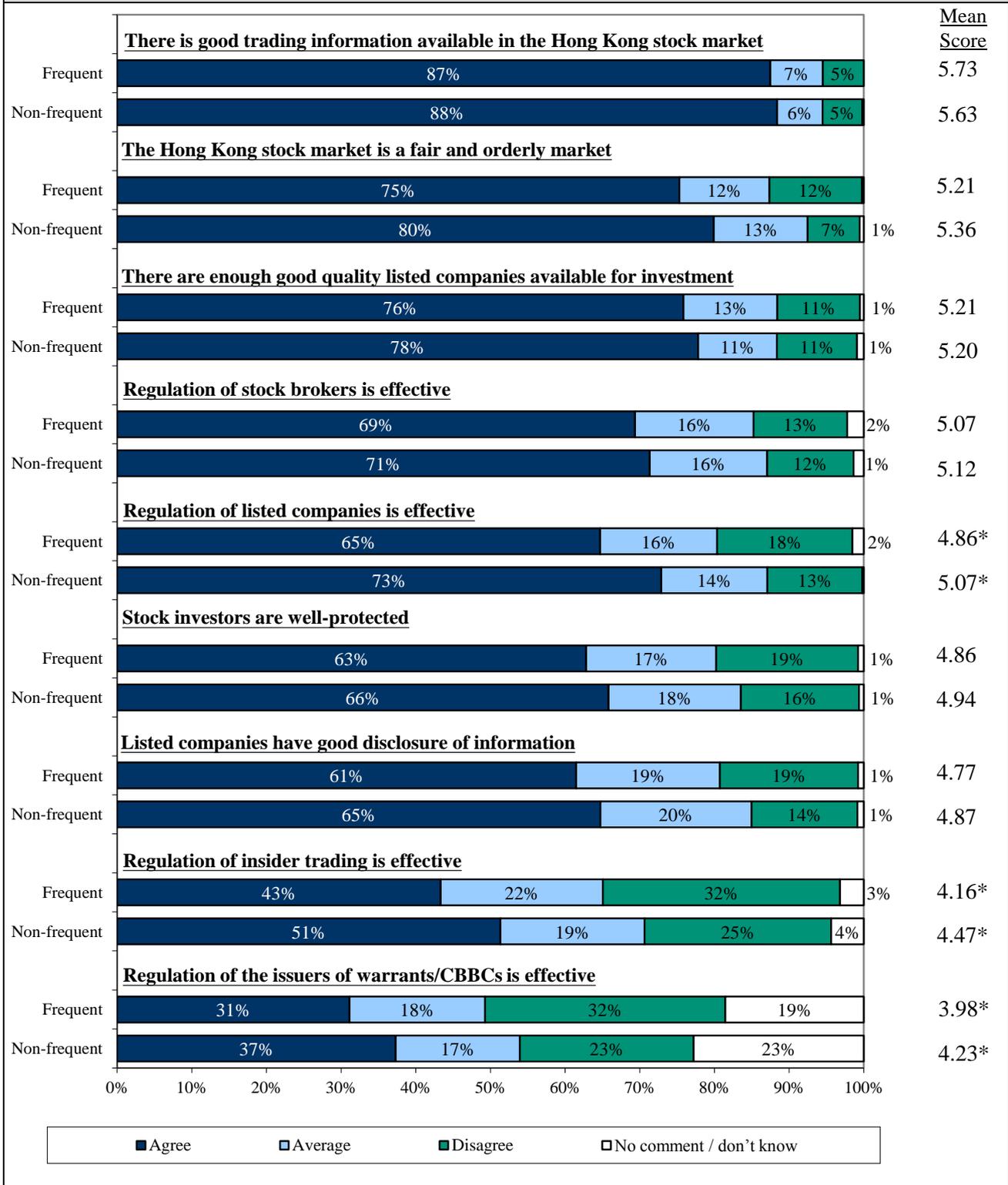
<sup>#</sup> Non-trading stock investors are stockowners who did not trade stocks in the 12-month period.

\* There is statistically significant difference between the pair of mean scores on a particular issue for stock traders and non-trading stock investors at 5% level.

Notes: (1) A 7-point rating scale ranging from “Strongly Disagree” (score 1) to “Strongly Agree” (score 7) was used in the survey questionnaire. The classification into Agree (score 5-7) – Average (score 4) – Disagree (score 1-3) was used for presentation for the purpose of easy understanding.

(2) Percentages may not add up to 100% due to rounding.

**Figure 49. Comparison of perceptions of the Hong Kong stock market by frequent stock traders and non-frequent stock traders<sup>#</sup> (2014)**



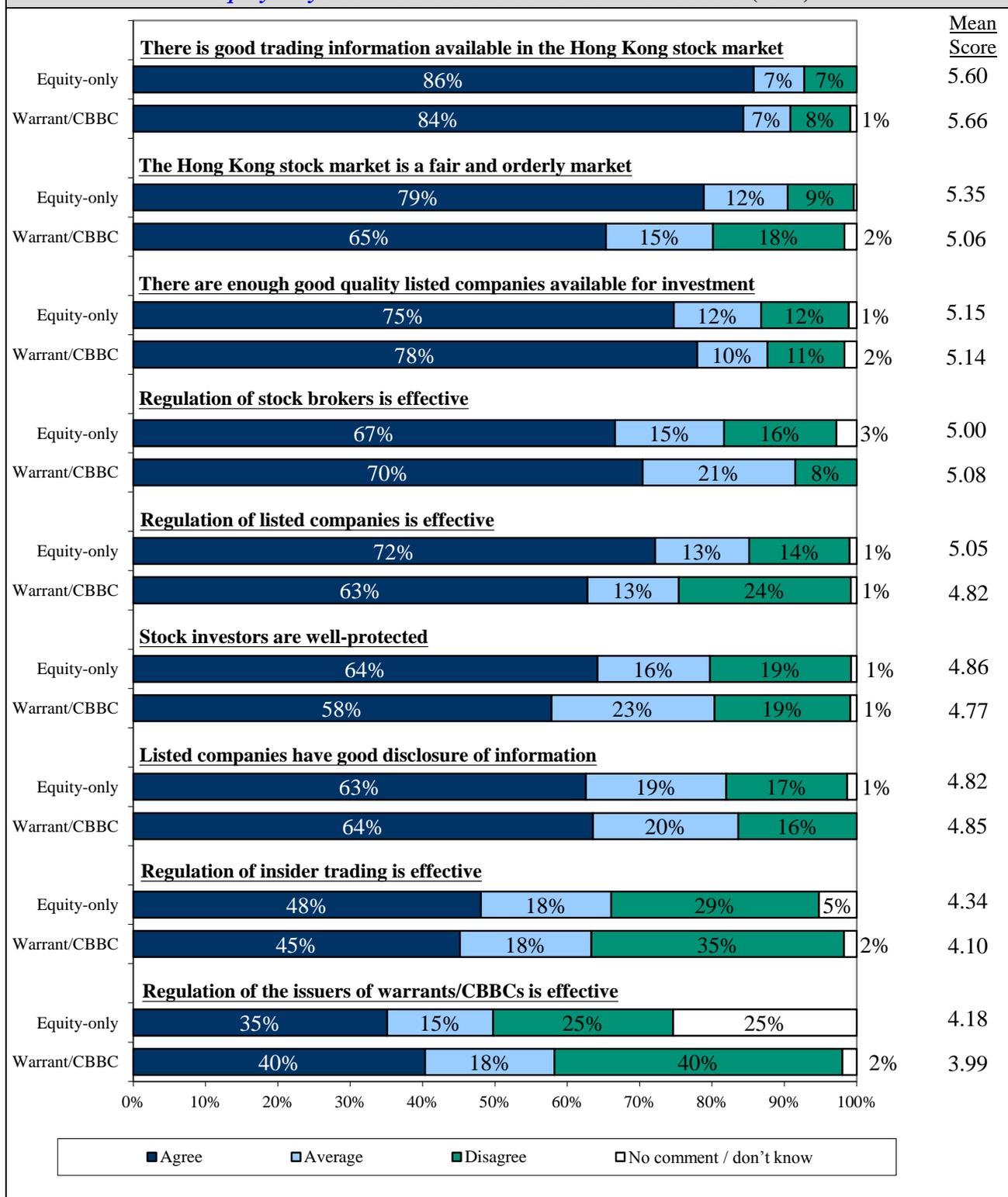
<sup>#</sup> Frequent stock traders are stock traders who traded more than 10 times in the 12-month period; non-frequent stock traders are stock traders who traded 1 to 10 times in the 12-month period.

<sup>\*</sup> There is statistically significant difference between the pair of mean scores on a particular issue for frequent stock traders and non-frequent stock traders at 5% level.

Notes: (1) A 7-point rating scale ranging from “Strongly Disagree” (score 1) to “Strongly Agree” (score 7) was used in the survey questionnaire. The classification into Agree (score 5-7) – Average (score 4) – Disagree (score 1-3) was used for presentation for the purpose of easy understanding.

(2) Percentages may not add up to 100% due to rounding.

**Figure 50. Comparison of perceptions of the Hong Kong stock market by equity-only stock investors and warrant/CBBC investors (2014)**

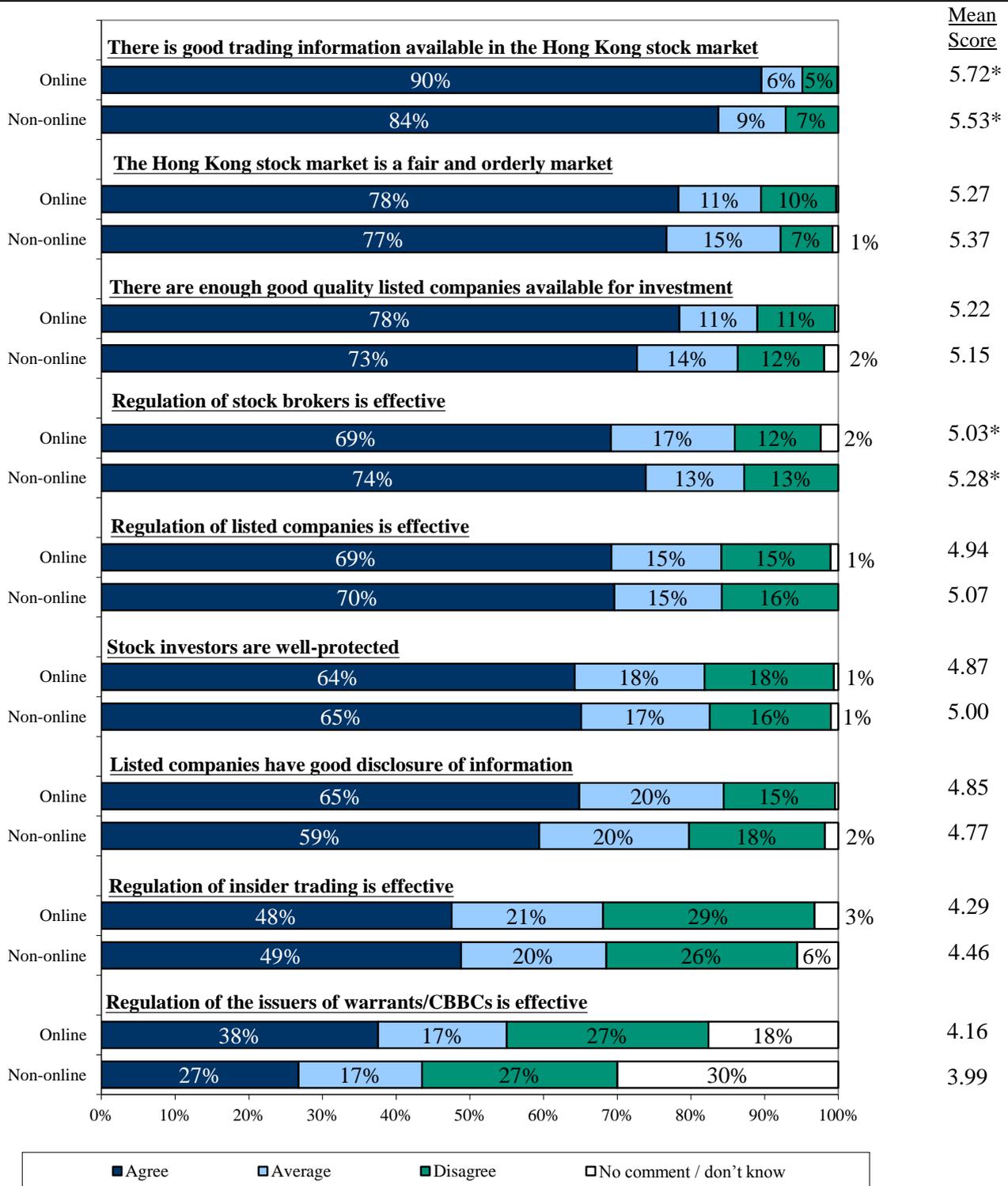


Notes: (1) A 7-point rating scale ranging from “Strongly Disagree” (score 1) to “Strongly Agree” (score 7) was used in the survey questionnaire. The classification into Agree (score 5-7) – Average (score 4) – Disagree (score 1-3) was used for presentation for the purpose of easy understanding.

(2) No statistically significant difference was found between ratings of equity-only stock investors and warrant/CBBC investors on each of the issues.

(3) Percentages may not add up to 100% due to rounding.

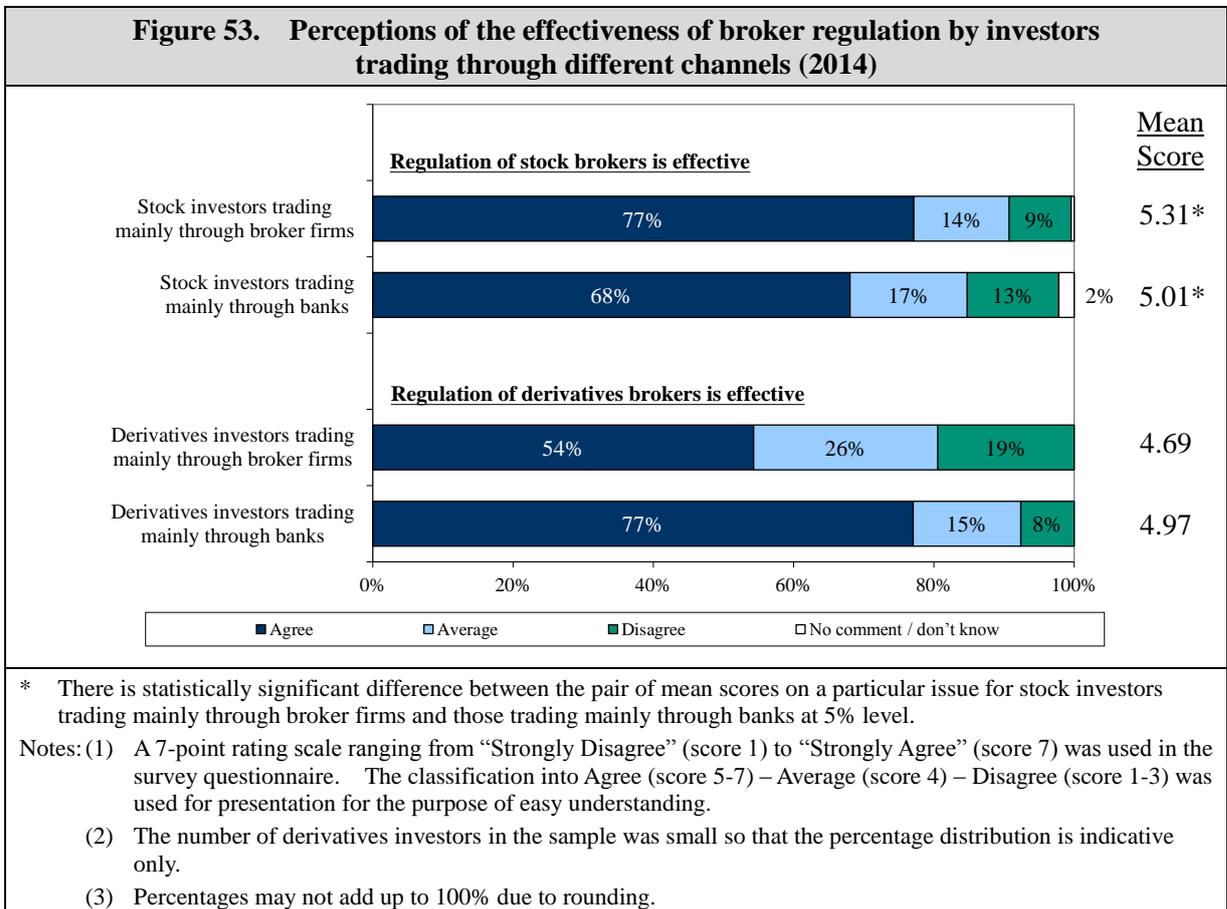
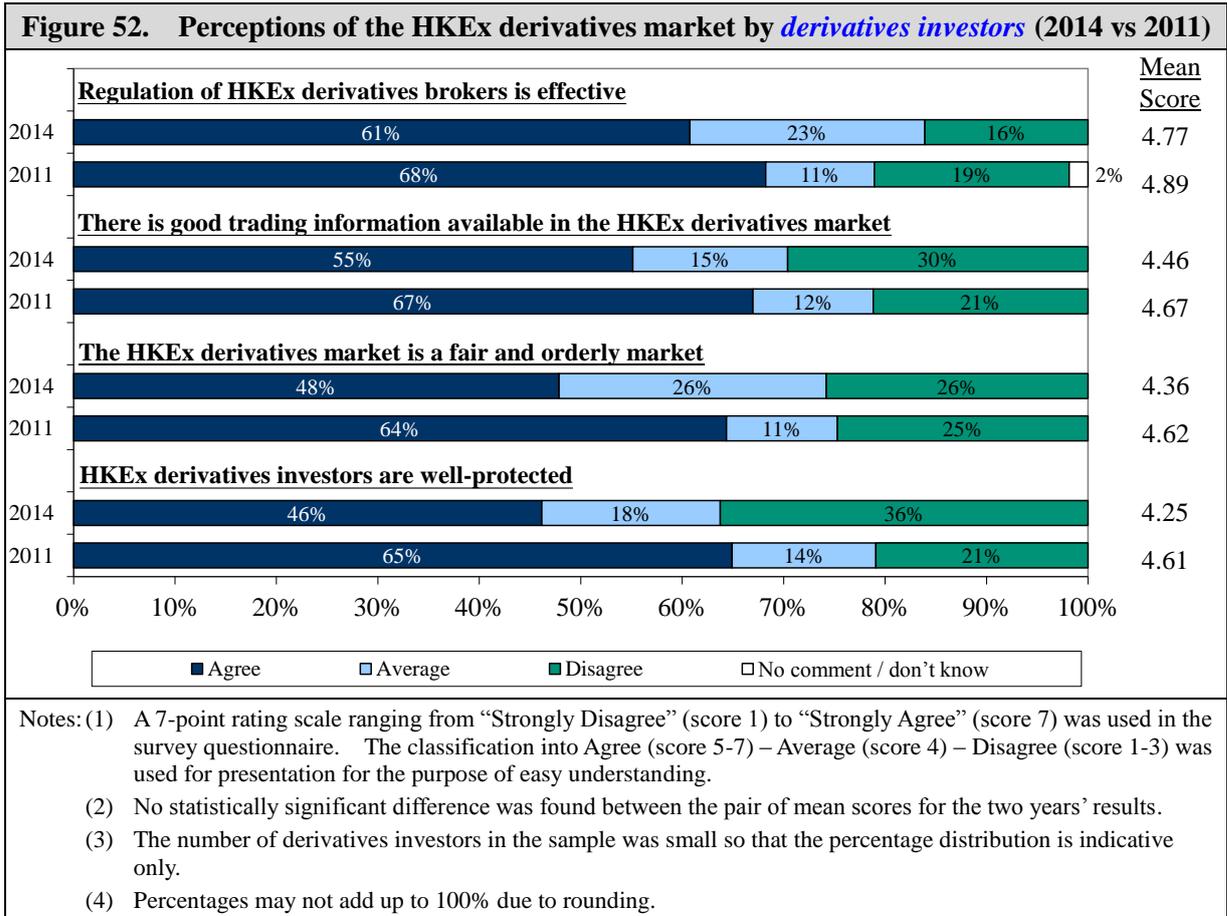
**Figure 51. Comparison of perceptions of the Hong Kong stock market by online stock traders and non-online stock traders (2014)**



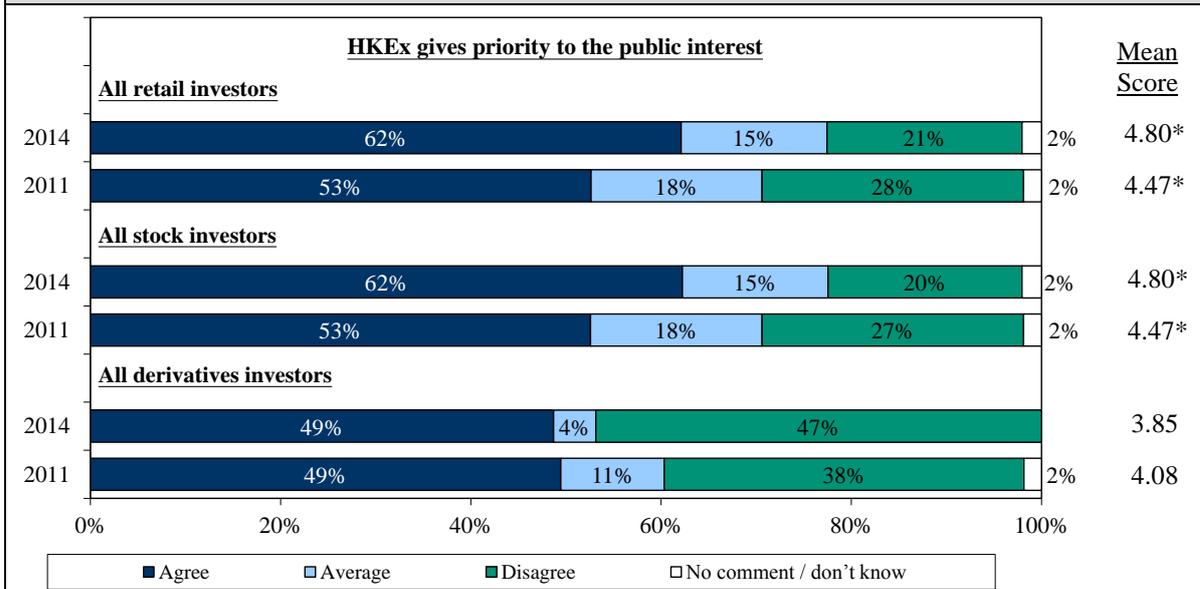
\* There is statistically significant difference between the pair of mean scores on a particular issue for online stock traders and non-online stock traders at 5% level.

Notes: (1) A 7-point rating scale ranging from “Strongly Disagree” (score 1) to “Strongly Agree” (score 7) was used in the survey questionnaire. The classification into Agree (score 5-7) – Average (score 4) – Disagree (score 1-3) was used for presentation for the purpose of easy understanding.

(2) Percentages may not add up to 100% due to rounding.



**Figure 54. Perceptions of HKEx (2014 vs 2011)**



\* There is statistically significant difference between the pair of mean scores for the two years' results at 5% level.  
 Notes: (1) A 7-point rating scale ranging from "Strongly Disagree" (score 1) to "Strongly Agree" (score 7) was used in the survey questionnaire. The classification into Agree (score 5-7) – Average (score 4) – Disagree (score 1-3) was used for presentation for the purpose of easy understanding.  
 (2) The number of derivatives investors in the sample was small so that the percentage distribution is indicative only.  
 (3) Percentages may not add up to 100% due to rounding.

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# GLOSSARY

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<b>CBBC investor</b>	An individual who was holding CBBCs listed on HKEx at the time of interview OR had traded CBBCs in the 12 months preceding the interview.
<b>CBBC-only investor</b>	A stock investor who is a CBBC investor BUT NOT an equity investor, ETF investor or warrant investor.
<b>Derivatives</b>	Futures and options traded on HKEx.
<b>Derivatives investor</b>	An individual who was holding derivatives at the time of interview or had traded derivatives in the 12 months preceding the interview.
<b>Derivatives-only investor</b>	An individual who is a derivatives investor BUT NOT a stock investor.
<b>Equity investor</b>	An individual who was holding equities (ie shares of listed companies) listed or traded on HKEx at the time of interview OR had traded equities in the 12 months preceding the interview.
<b>Equity-only investor</b>	A stock investor who is an equity investor BUT NOT a CBBC investor, ETF investor or warrant investor.
<b>ETF investor</b>	An individual who was holding ETFs listed or traded on HKEx at the time of interview OR had traded ETFs in the 12 months preceding the interview.
<b>ETF-only investor</b>	A stock investor who is an ETF investor BUT NOT a CBBC investor, equity investor or warrant investor.
<b>Non-investor</b>	An individual who is neither a stock investor nor a derivatives investor.
<b>Non-online derivatives trader<sup>19</sup></b>	A derivatives investor who is not an online derivatives trader.
<b>Non-online stock trader</b>	A stock trader who is not an online stock trader.
<b>Non-trading stock investor</b>	A stockowner who had not traded stocks in the 12 months preceding the interview.
<b>Online derivatives trader<sup>19</sup></b>	A derivatives trader who had traded derivatives in the 12 months preceding the interview through electronic media such as the Internet, either always or sometimes.
<b>Online stock trader</b>	A stock trader who had traded stocks in the 12 months preceding the interview through electronic media such as the Internet, either always or sometimes.
<b>Retail investor</b>	An individual who is a stock investor AND/OR a derivatives investor.
<b>Shareowner</b>	A stock investor who was holding equities (ie shares of listed companies) listed or traded on HKEx at the time of the interview.
<b>Stock investor</b>	An individual who was holding stocks at the time of interview OR had traded stocks in the 12 months preceding the interview. (That is, the individual is a stockowner and/or a stock trader.)
<b>Stock trader</b>	An individual who had traded stocks in the 12 months preceding the interview.
<b>Stock-and-derivatives investor</b>	An individual who is a stock investor AND a derivatives investor.
<b>Stock-only investor</b>	An individual who is a stock investor BUT NOT a derivatives investor.
<b>Stockowner</b>	An individual who was holding stocks at the time of the interview.

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<sup>19</sup> Reflecting the nature of derivatives trading, all derivatives investors had traded derivatives in the 12 months preceding the interview.

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<b>Stocks</b>	Equities (ie shares of listed companies), warrants, CBBCs, ETFs, Real Estate Investment Trusts (REITs), bonds and other cash market products listed or traded on HKEx.
<b>Warrant investor</b>	An individual who was holding warrants listed on HKEx at the time of interview OR had traded warrants in the 12 months preceding the interview.
<b>Warrant-only investor</b>	A stock investor who is a warrant investor BUT NOT a CBBC investor, equity investor or ETF investor.
<b>Warrant/CBBC investor</b>	A stock investor who is either a warrant investor or a CBBC investor.

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# APPENDIX 1. SURVEY METHODOLOGY

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## (1) Methodology

- The survey fieldwork was conducted from 12 November to 23 December 2014. A random sampling process was adopted to select individuals aged 18 or above in the Hong Kong population. Selected individuals were interviewed through telephone in accordance with a structured questionnaire. The survey was conducted in two stages of random household sampling.
- The first stage was to find out the incidence of retail investors among the Hong Kong adult population. In this stage, 2,003 individuals were interviewed, of which 738 were stock investors and 37 were derivatives investors. The second stage was to interview an additional sample of stock investors to boost the sample size of stock investors to over 1,000, thereby providing more reliable analysis results on this investor type. In this stage, 268 additional retail investors were interviewed; among them, 268 were stock investors and 8 were derivatives investors.
- In total, 2,271 individuals were interviewed, of which 1,006 were stock investors and 45 were derivatives investors.

## (2) Limitations

- Since the survey findings are projected figures/estimates concerning the whole Hong Kong adult population, they are subject to sampling error. For stock investors, the sample size is regarded as large enough to produce survey findings with acceptable levels of precision. For derivatives investors, due to the small sample size of this investor type, the findings are subject to bigger possible error and certain detailed analysis on this investor type could not be performed.
- In assessing the retail participation in a certain product type, the respondent's familiarity with the product type would affect the reliability of his/her response to the question which would then be subject to error due to the respondent's misinterpretation. For example, ETFs might be misinterpreted by the respondent as general unit trusts or mutual funds not traded on the exchange. A misclassification of investor type by product would affect subsequent findings on the characteristics of this type of investor. This type of error would be controlled to some extent by clarification by the interviewer at the time of the interview but would not be totally avoided in a survey of the general public.
- Some responses were perceptions or estimates of respondents that might deviate from the truth, such as value of stockholdings, percentage of stockholding value attributed by listed company shareholdings, frequency of trading and trading value or volume.
- Respondents might intentionally not tell the truth on sensitive questions such as income level. Certain questions on stockholding and trading behavior which were rather demanding on the respondent's memory may have relatively high rate of refusals. These would lower the reliability of the results.

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### (3) Comparability with past surveys

- The definition of “Hong Kong stocks” includes shares, warrants, Exchange Traded Funds (ETFs) since the 2001 survey, Real Estate Investment Trusts (REITs) since 2005, Callable Bull/Bear Contracts (CBBCs) since 2007 and bonds since 2011 (after the issuance of iBonds in the same year), which are products of the HKEx securities market. In prior surveys, it referred to shares, warrants and stock options (now being product on the HKEx derivatives market), these being SEHK’s products at that time. Nevertheless, the proportion of stock investors who invested exclusively in stock options but not shares was negligible. The incidence of retail stock investment should be comparable.
- The definition of “adults” in surveys before 1997 referred to individuals aged 21 or above. Since 1997, the definition was revised to individuals aged 18 or above.
- The incidence of retail participation in CBBCs was newly assessed in the 2009 survey. The number and the value of listed company shareholdings, last assessed in the 2001 survey, were assessed again since the 2009 survey.
- The name of overseas stock exchanges/markets where investors invested in was newly identified in the 2014 survey. In the past surveys, only the participation rates were assessed.
- The trading activity of stock investors in equities/funds/bonds and in warrants/CBBCs was separately assessed since the 2011 survey. In the past surveys, the trading activity of stock investors in the HKEx securities market as a whole (ie in stocks as defined) was assessed. Since the 2011 survey, the overall trading activity in stocks was computed from the combined result of that in equities/funds/bonds and that in warrants/CBBCs. In addition, investors’ perception of “effective regulation of warrant/CBBC issuers” was newly assessed since the 2011 survey.
- Minor amendments were made to the definition of online stock traders in surveys before 2002. In the 2000 survey, online traders were stock investors who had placed orders via Internet in the past 12 months preceding the interview. In 2001 survey, online traders were stock investors who had traded stocks through electronic media such as the Internet and mobile phone, either always or sometimes. Since 2002, this definition was confined to trading in the past 12 months preceding the interview. Such amendment of the definition is expected to have little material impact on the comparability of the findings.
- The sampling method used since 2007 was random household sampling (ie the first eligible member answering the call) and that used in previous surveys was Kish grid (ie random selection of eligible members within a household). Such a change would have some impact on the comparability of the findings due to sampling error. Nevertheless, the survey method gives an acceptable sampling error for major statistics (see Appendix 3).
- For opinion questions, the rating scale was changed to a 7-point scale since 2007, where 7 means strongly agree and 1 means strongly disagree; while an ordinal scale of 5 categories from strongly agree to strongly disagree was used in previous surveys.

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## APPENDIX 2. RESPONDED SAMPLE BY INVESTOR TYPE

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Responded type	Number in responded sample <sup>20</sup>
<b>Retail investors</b>	<b>1,011</b>
<b><u>Stock investors</u></b>	<b>1,006</b>
Stock-only investors	966
Stock-and-derivatives investors	40
Stockowners	960
Stock traders	802
Online stock traders	580
Equity investors	953
Equity-only investors	624
Warrant/CBBC investors	98
Warrant investors	90
CBBC investors	43
ETF investors	312
ETF-only investors	18
<b><u>Derivatives investors</u></b>	<b>45</b>
Derivatives-only investors	5
Stock-and-derivatives investors	40
Derivatives traders	45
Online derivatives traders	38
<b>Non-investors</b>	<b>1,260</b>
<b>Total sample</b>	<b>2,271</b>

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<sup>20</sup> Since the survey adopts a two-stage sampling process and a weighting process on each respondent type for projection onto the overall population, the proportion of respondents for the respective investor types in the responded sample should not be directly regarded as their respective participation rates.

## APPENDIX 3. PRECISION OF SURVEY FINDINGS

<b>Table A. Relative sampling errors of the proportion of the various investor types</b>			
<b>Investor type</b>	<b>Proportion</b>	<b>Relative error<sup>21</sup></b>	<b>95% confidence interval</b>
<b><u>Among adult population</u></b>			
Retail investors	36.4%	2.8%	34.4% – 38.4%
Stock investors	36.2%	2.8%	34.2% – 38.2%
Stockowners	34.5%	2.9%	32.5% – 36.4%
Stock-only investors	34.8%	2.9%	32.8% – 36.7%
Stock-and-derivatives investors	1.4%	17.5%	0.9% – 1.9%
Stock traders	28.8%	3.3%	27.0% – 30.7%
Derivatives investors	1.6%	16.4%	1.1% – 2.1%
<b><u>Among stock investors</u></b>			
Equity investors	94.7%	0.7%	93.3% – 96.1%
Warrant investors	9.1%	10.0%	7.3% – 10.9%
CBBC investors	4.5%	14.5%	3.2% – 5.8%
ETF investors	30.5%	4.8%	27.6% – 33.3%
<b><u>Among stock traders</u></b>			
Online stock traders	73.0%	2.1%	69.9% – 76.1%
<b><u>Among derivatives investors</u></b>			
Online derivatives traders	84.0%	6.5%	73.2% – 94.7%

<b>Table B. Relative sampling errors of the projected number of the various investor types</b>			
<b>Investor type</b>	<b>Estimated population ('000)</b>	<b>Relative error<sup>21</sup></b>	<b>95% confidence interval ('000)</b>
<b><i>Retail investors</i></b>	<b>2,265</b>	<b>2.8%</b>	<b>2,142 – 2,389</b>
<b><i>Stock investors</i></b>	<b>2,253</b>	<b>2.8%</b>	<b>2,130 – 2,376</b>
Stockowners	2,147	2.9%	2,025 – 2,269
Stock-only investors	2,165	2.9%	2,043 – 2,287
Stock-and-derivatives investors	88	17.5%	58 – 119
Equity investors	2,134	0.7%	2,102 – 2,165
Warrant investors	205	10.0%	165 – 245
CBBC investors	101	14.5%	73 – 130
ETF investors	686	4.8%	622 – 751
Stock traders	1,795	3.3%	1,679 – 1,911
Online stock traders	1,310	2.7%	1,241 – 1,378
<b><i>Derivatives investors</i></b>	<b>100</b>	<b>16.4%</b>	<b>68 – 133</b>
Online derivatives traders	84	6.5%	74 – 95

<sup>21</sup> The relative errors were derived by assuming simple random sampling. The results would also be subject to non-sampling errors due to other factors such as null response and misinterpretation.

<b>Table C. Relative errors of the projected number of stock traders by trading channel</b>			
<b>Type of trading channel</b>	<b>Estimated adult population ('000)</b>	<b>Relative error<sup>22</sup></b>	<b>95% confidence interval ('000)</b>
<i>Mainly through banks</i>	<b>1,344</b>	<b>2.0%</b>	<b>1,291 – 1,398</b>
- banks only	1,279	2.2%	1,222 – 1,335
- usually through banks	66	18.1%	43 – 89
<i>Mainly through broker firms</i>	<b>426</b>	<b>6.3%</b>	<b>373 – 479</b>
- broker firms only	353	7.1%	304 – 403
- usually through broker firms	72	17.2%	48 – 97

<b>Table D. Relative errors of the projected number of derivatives traders by trading channel</b>			
<b>Type of trading channel</b>	<b>Estimated adult population ('000)</b>	<b>Relative error<sup>22</sup></b>	<b>95% confidence interval ('000)</b>
<i>Mainly through banks</i>	<b>28</b>	<b>23.7%</b>	<b>15 – 42</b>
- banks only	28	23.7%	15 – 42
- usually through banks	0	n.a.	n.a.
<i>Mainly through broker firms</i>	<b>72</b>	<b>9.4%</b>	<b>59 – 85</b>
- broker firms only	70	9.8%	57 – 84
- usually through broker firms	2	109.4%	0 – 6

n.a.: not applicable

— END —

<sup>22</sup> The relative errors were derived by assuming simple random sampling. The results would also be subject to non-sampling errors due to other factors such as null response and misinterpretation.