

Legislative Council Panel on Financial Affairs

**Implementation of the Closing Auction Session by the
Hong Kong Exchanges and Clearing Limited**

Follow-up to Meeting on 10 June 2008

Purpose

This paper sets out the response of the Hong Kong Exchanges and Clearing Limited (HKEx) to Mr David Webb's submission to the LegCo Panel on Financial Affairs entitled "Fixing the Closing Auction".

Response of HKEx

2. As mentioned at the meeting of the LegCo Panel on Financial Affairs on 10 June 2008, HKEx will review the Closing Auction Session seeking feedback from all segments of the market and consider suggestions to further enhance the closing auction mechanism. In this connection, HKEx will consider Mr Webb's suggestions along with those of others in the course of its review.

3. In fact, the matter of random closing as mentioned in Mr Webb's submission was put forward for consultation in its Consultation Paper on the Introduction of a Closing Auction Session published by HKEx in March 2007. Five out of 23 respondents were in favour of random closing while three including the Hong Kong Stockbrokers Association were not. The other 15 respondents did not indicate a particular preference. HKEx subsequently held individual discussions with 19 interested respondents. The majority of them confirmed a preference for HKEx to implement the simplest option mirroring the pre-opening session as soon as possible.

4. HKEx also noted that both random closing and fixed closing are commonly used by major overseas markets. Whilst London Stock Exchange, Australian Stock Exchange and Deutsche Bourse adopt random closing, other stock exchanges such as New York Stock Exchange, Tokyo Stock Exchange, Korea Stock Exchange, Singapore Stock Exchange and Euronext Paris all adopt fix closing.

Hong Kong Exchanges and Clearing Limited
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