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HKEX EXTENDS TRADING HOURS

Introduction

Hong Kong Exchanges and Clearing Limited (“**HKEx**”) will extend the trading hours of its securities and derivatives markets in two phases. The first phase will be effective on 7 March 2011 (“**Phase 1**”) and the second phase will be effective on 5 March 2012 (“**Phase 2**”). The extension of the trading hours will increase their overlap with those of the Mainland exchanges and narrow the gaps between them and those of HKEx’s regional competitors. The windows for publishing listed issuers’ announcements on the HKExnews website will also be revised as set out below.

The purpose of this note is to provide a summary of the new trading hours that will be implemented in each phase. However, this note covers only normal trading hours and the consequent changes to the publication windows for issuers’ announcements. It does not cover specific details for half-days nor arrangements for typhoon signals no. 8 or above (“**Typhoons**”) and black rainstorm warnings (“**Black Rainstorms**”), which will also be changed to align with the new trading hours.

The amended Rules of the Exchange in relation to trading hours are available on HKEx’s website.

The amended Operational Trading Procedures for Options Trading Exchange Participants in relation to trading hours are available on HKEx’s website.

The amended Rules, Regulations and Procedures of Hong Kong Futures Exchange Limited in relation to trading hours are available on HKEx’s website.

Extended Trading Hours For Securities, Stock Futures And Stock Options Markets

In Phase 1, trading will begin 30 minutes earlier than before and the lunch break will be shortened to 1.5 hours. In Phase 2, the lunch break will be shortened to one hour.

The following table shows the current, Phase 1 and Phase 2 trading hours. Changes to the trading hours are highlighted in bold:

	Current	Phase 1	Phase 2
Pre-opening Session Order input period Pre-order matching period Order matching period Blocking period	09:30-10:00 09:30-09:45 09:45-09:50 09:50-09:58 09:58-10:00	09:00-09:30 09:00-09:15 09:15-09:20 09:20-09:28 09:28-09:30	Same as Phase 1
Morning Session	10:00-12:30	09:30-12:00	Same as Phase 1
Extended Morning Session / lunch break	12:30-14:30	12:00-13:30	12:00-13:00
Afternoon Session	14:30-16:00	13:30-16:00	13:00-16:00

Exchange participants may amend, cancel or deactivate orders 30 minutes before the opening of the morning and afternoon sessions of the stock futures and stock options markets. The extended morning session is for the trading of extended trading securities.

Extended Trading Hours For Index Futures And Index Options Markets

In Phase 1, trading will begin 30 minutes earlier while the afternoon session and the pre-market opening period preceding it will begin one hour earlier. In Phase 2, the afternoon session and the pre-market opening period preceding it will begin another 30 minutes earlier than in Phase 1.

The following table shows the current, Phase 1 and Phase 2 trading hours. Changes to the trading hours are highlighted in bold:

	Current	Phase 1	Phase 2
Pre-opening Session Pre-OpeningPre-Open AllocationOpen Allocation	09:15-09:45 09:15-09:41 09:41-09:43 09:43-09:45	08:45-09:15 08:45-09:11 09:11-09:13 09:13-09:15	Same as Phase 1
Morning Session	09:45-12:30	09:15-12:00	Same as Phase 1
Pre-market Opening Period Pre-OpeningPre-Open AllocationOpen Allocation	14:00-14:30 14:00-14:26 14:26-14:28 14:28-14:30	13:00-13:30 13:00-13:26 13:26-13:28 13:28-13:30	12:30-13:00 12:30-12:56 12:56-12:58 12:58-13:00
Afternoon Session	14:30-16:15	13:30-16:15	13:00-16:15

The Pre-market Opening Periods apply only to the Hang Seng Index, Mini-Hang Seng Index and H-shares Index futures.

Half-Day Trading

On the eves of Christmas, New Year and Lunar New Year (and on any other days declared by the Stock Exchange to be Half-Day Trading days for underlying securities) there is no afternoon trading session for the Stock Exchange, and trading stops at 12:00 noon. For information on the trading hours of half-days on the Futures Exchange, the relevant contract specifications should be consulted.

Typhoons And Black Rainstorms

The effect of a Typhoon or Black Rainstorm on trading hours depends on when the signal was hoisted, when it is lowered and whether or not it occurs on the eve of Christmas, New Year or Lunar New Year. For specific information on the procedures in the event of a Typhoon or Black Rainstorm, please consult the amended Rules, Regulations and Procedures of Hong Kong Futures Exchange Limited or the amended Operational Trading Procedures for Options Trading Exchange Participants which are linked above.

Revised Publication Windows For Issuers' Announcements

The publication windows during which issuers may publish their Listing Rules-related announcements on the HKEx news website will also be revised as a result of the extended trading hours.

The following table shows the current, Phase 1 and Phase 2 publication windows as well as the operating hours of the e-Submission System, which will remain unchanged. Changes to the publication windows are highlighted in bold:

Current	Phase 1	Phase 2	e-Submission System
Normal business days			
06:00-09:00 12:30-14:00 16:15-23:00	06:00- 08:30 12:00-13:00 16:15-23:00	06:00-08:30 12:00- 12:30 16:15-23:00	06:00-23:00
Eves of Christmas, New Year and Lunar New Year when there is no afternoon session:			
06:00-09:00 12:30-23:00	06:00- 08:30 12:00 -23:00	06:00-08:30 12:00-23:00	06:00-23:00
Non-business day preceding a business day:			
18:00-20:00	18:00-20:00	18:00-20:00	18:00-20:00

Market Simulation Sessions

The extension of trading hours will not require any structural changes to market systems; changes to trading hours occur from time to time due to Typhoons and Black Rainstorms. Nevertheless, HKEx will offer optional market simulation sessions in February of 2011 to assist Exchange Participants in verifying their operations before Phase 1. Details of the simulation sessions were communicated to Exchange Participants through circulars issued on 24 January 2011.

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Hong Kong Office

Dominion Centre

12th Floor

43-59 Queen's Road East

Hong Kong

Tel: + (852) 2905 7888

Fax: + (852) 2854 9596

www.charltonslaw.com