

## Part B Consultation Questions

Please reply to the questions below that are raised in the Consultation Paper downloadable from the HKEX website at:

<http://www.hkex.com.hk/eng/newsconsul/mktconsul/Documents/cp201604.pdf>

Please indicate your preference by checking the appropriate boxes.

Where there is insufficient space provided for your comments, please attach additional pages.

1. Do you support the revision of the current model with the introduction of a three-tier system with a review mechanism for HKEX's stock option position limit to address the issues with the existing regime?

Yes

No

Please give reasons for your view.

The current single limit system does not differentiate the difference in the level of stock price. From a trading perspective, investors are likely look at notional of the trade which is a function of lot size, multiplier and stock price; hence there is often not enough limits for options with low stock price or low multiplier.

2. Do you agree the implementation of the proposed model (three-tier system with review mechanism) would be an important step in enhancing Hong Kong's stock options market and increasing its competitiveness?

Yes

No

Please give reasons for your view.

It would increase the liquidity and address the needs of both market makers and dealers alike. Moreover, From trading point of view the bigger the limit the better so the relevant statutory position limits for risk management would be enough such that Exchange Participants would not have to approach the exchange for an increased position limit.

3. Do you have any comments on the proposed model? Please give reasons for your view.

No other comments

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