

SECTION 2: QUESTIONS FOR RESPONSE

Please indicate your views by providing comments as appropriate. Where there is insufficient space, please use additional sheets of paper as necessary.

HKEx's Proposal 1: Revise HKEx Stress Testing Assumptions

Questions

1. Do you support the proposed revision of the Price Movement assumptions in stress testing?

☐ Yes

☒ No

Please provide reasons for your response and include any other suggestions or comments you may have on this question:

I partially agree on the point of risk management as a whole, however, the clients' securities on hand by the brokerage house assume as risk free.

This proposed new rule should not apply to the brokerage house if they secure the holding of their client assets at HKSCC (CCASS).

2. Do you support the proposed revision of the Counterparty Default assumption in stress testing?

☐ Yes

☒ No

Please provide reasons for your response and include any other suggestions or comments you may have on this question:

So far we can't assume any possible default may occur in our business model.

HKEx's Proposal 2: Introduce Margining and Dynamic Guarantee Fund in HKSCC

Questions

3. Do you agree with the proposed margining arrangements at HKSCC?

☐ Yes

☒ No

Please provide reasons for your response and include any other suggestions or comments you may have on this question:

Same answer as Question 1

4. Do you agree with the proposed Dynamic GF model at HKSCC?

☐ Yes

☒ No

Please provide reasons for your response and include any other suggestions or comments you may have on this question:

Same answer as above

HKEx's Proposal 3: Revise HKCC Reserve Fund Calculation

Questions

5. Do you support the proposed revisions to the HKCC Collateral assumption?

☐ Yes

☒ No

Please provide reasons for your response and include any other suggestions or comments you may have on this question:

6. Do you support the use of HKCC Contingent Advance in relieving burden of CPs?

☐ Yes

☒ No

Please provide reasons for your response and include any other suggestions or comments you may have on this question:

We operate a brokerage house in the same field in Japan. We agree the against settlement method rely on the investors creditability, so I understand the basic idea for this proposal.

However, if the brokerage house has already been kept their clients assets on their hand, the risk for settlement is considered as minimum.

7. What is your view on allowing RF contribution to be counted as liquid capital? Will this help your company in terms of reducing liquid capital funding burden?

HKEx's Proposal 4: Revise SEOCH Reserve Fund Calculation

Questions

8. Do you support the proposed revisions to the SEOCH Collateral assumption?

☐ Yes

☒ No

Please provide reasons for your response and include any other suggestions or comments you may have on this question:

Not applicable to our business scope.