

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 (see note below)

☐ No

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

Note – On condition that 22% for HKSCC Price Movement is the maximum percentage and subject to adjustment to an acceptable and affordable level by each CP after periodically review.

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

☐ Yes

☒ No (see note below)

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

Note – Since largest CP default meets minimum IOSCO requirement, better not to include the 5th largest in the calculation. Any shortfall to be covered by RMC.

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 (see note below)

☐ No

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

Note –On condition that the minimum margin rate of 5 % can be set lower and 100 % of the daily net margin contribution can be covered by bank guarantee.

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

☐ Yes

☒ No (see note below)

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

Note –As Dynamic GF is on pool basis and covered by bank guarantee by each CP , better identify the maximum ceiling for each CP, shortfall difference to be covered by RMF, by increasing RMC to a higher level or to increase Dynamic GF credit to every CP.

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

N.A.

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

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:

N.A.