

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
<p>1. Do you support the proposed revision of the Price Movement assumptions in stress testing?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Please provide reasons for your response and include any other suggestions or comments you may have on this question:</p> <p><u>No comment on this question.</u></p> <hr/> <hr/> <hr/> <hr/> <hr/>
<p>2. Do you support the proposed revision of the Counterparty Default assumption in stress testing?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Please provide reasons for your response and include any other suggestions or comments you may have on this question:</p> <p><u>No comment on this question.</u></p> <hr/> <hr/> <hr/> <hr/> <hr/>

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:

For our cash equity business we understand that the proposed change of Margin collection will adopt volatility-based margin methodology (i.e. min. at 5% but max. will not be more than 10%) which is benefit to us as currently we are paying 10% margin on daily basis.

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:

The proposal introduced a new Dynamic Guarantee Fund which is calculated and collected on monthly/ad-hoc (subject to market conditions) basis. The collection of Dynamic GF is same as Fixed GF (i.e. via DDI/DCI), therefore from Ops perspectives, we have no impact and no further comments for this part.

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:

No comment 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:

No comment 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?

Our view is that RF contribution should be counted as liquid capital. Otherwise, the business will be too expensive to run.

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:

No comment on this question.
