

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.

HKEEx's Proposal 1: Revise HKEEx 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:

As HK is an international financial center, we should follow the most update international standard.

The current price movement assumptions do not reflect the historically extreme market conditions as contemplated by the IOSCO standards.

As the requirement of the CP's adequacy of the financial resources increase, the overall counterparty risk could be lower in volatile market situation.

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:

The assumption of the 30% loss-making positions do not have any connection to any specific industry standards.

Adopting default of the single largest CP plus the fifth largest CP enable HKEEx to exceed the minimum international standards.

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:

It strengthens the risk management of its clearing houses
and supports the roles as central counterparty operators.

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:

It seems fair as the margin requirement increases with the
risk exposure of individual Clearing Participants.

The margin credit up to \$5 million provided to every HKSCC GP
will minimize the effect on brokerage firm with relatively
small average daily turnover.

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:

"NOTHING TO SUGGEST"

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:

"NOTHING TO SUGGEST"

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?

"NOTHING TO SUGGEST"

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:

"NOTHING TO SUGGEST"

