

## 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      <input type="checkbox"/> No      } No Comment</p> <p>Please provide reasons for your response and include any other suggestions or comments you may have on this question:</p>
<p>2. Do you support the proposed revision of the Counterparty Default assumption in stress testing?</p> <p><input type="checkbox"/> Yes <input checked="" 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>- We suggest the assumption should be tailor-made and based on individual CP's total exposures on market shares (i.e. by category), with different risk weights for different category of securities, and financial strength.</p>

## 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 refer to comment below

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

- 1) Since the proposal would have substantial impact on CPs' working capital and liquidity and even the whole industry, a prudent phase by phase implementation is recommended.
- 2) As the proposed arrangement requires margin be payable in the denominated currency of the CNS position, CPs may find it difficult to raise fund in currencies other than HK dollar. We suggest HK dollars be used for collection of margin, rather than other currencies.
- 3) Bank guarantee (by Mother Company) should be allowed as a form of margin payment.

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

- ☐ Yes  
☐ No
- } Please refer to comment below

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

- 1) A prudent phase by phase implementation is suggested as the proposal would have substantial impact on CPs' working capital and liquidity.
- 2) In case SFC does not allow CPs' contribution to GF be classified as liquid capital under FRR rule, CPs will have to raise more capital to meet the requirement.

### HKEx's Proposal 3: Revise HKCC Reserve Fund Calculation

Questions	
5.	<p>Do you support the proposed revisions to the HKCC Collateral assumption?</p> <p><input type="checkbox"/> Yes    <input type="checkbox"/> No    } N/A</p> <p>Please provide reasons for your response and include any other suggestions or comments you may have on this question:</p> <p>- N/A</p>
6.	<p>Do you support the use of HKCC Contingent Advance in relieving burden of CPs?</p> <p><input type="checkbox"/> Yes    <input type="checkbox"/> No    } N/A</p> <p>Please provide reasons for your response and include any other suggestions or comments you may have on this question:</p> <p>- N/A</p>
7.	<p>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?</p> <p>- N/A</p>

#### **HKEx's Proposal 4: Revise SEOCH Reserve Fund Calculation**

##### **Questions**

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

- ☐ Yes      }  
☐ No        }      N/A

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

- N/A