

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?

☐ X Yes

☐

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

Although we note worst case scenarios of volatility in recent years has become smaller due to more efficient markets, +/- 20% uniform approach would seem to offer simplicity.

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

☐ xYes

☐

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

In line with IOSCO recommendations

Questions

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

☐ xYes

☐

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

Agree with user pays principal, the user who creates risks should provide collateral to clearing house. Margin credit of 5M should be granted upwards as turnover in the market improves over the years and not remain static. User friendly reports on projected margin amounts required for CP to prepare funding.

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

☐ X Yes

☐

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

Agree with proposal, Dynamic GF credit of 1M should be granted Upwards as turnover in the market improves over the years and not remain static. _____

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:

_____ Firm does not conduct futures business _____

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:

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:

