

31 OCT 2011

Mr Charles Li
Chief Executive
Hong Kong Exchanges and Clearing Limited
12/F, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

26 October 2011

Dear Mr Li,

We refer to the Consultation Paper on Risk Management Reform Measures dated July 2011.

The Hongkong and Shanghai Banking Corporation Limited, in our capacity as a General Clearing Participant (GCP no.C00019) of the Hong Kong Securities Clearing Corporation, in principle, support the proposals contained in the white paper.

We believe the proposals are in the right direction to ensure a more robust risk management process for our financial market.

We would also like HKEx to drive strongly the proposal to change the FRR requirement to allow contributions to the Guarantee Fund to be included in the calculation of liquid capital.

Thank you.

Yours sincerely,

