

## 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?

☒ Yes

☐ No

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

It seems fair after considering worst case price movement during the most volatile periods.

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:

It envisages the default of more than one participants.

## 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:

The margin measure is based on volatility, which is more accurate than the present situation.

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 CPs may have working capital hardship and the proposed Credit of HK\$ 1mn is a bit low.

### **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:

However, if we refer to PROPOSAL 1, Price Movement for HSCEI futures & options should remain unchanged.

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:

It can reduce the CPs' Dynamic RF Contribution.

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?

Good idea as it can reduce the funding burden for liquid capital.

## **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:

In most cases, it can reduce the CPs' need to contribute Dynamic RF, thus improving the level of liquid capital.