

## Part B Consultation Questions

Please reply to the questions below that are raised in the Consultation Paper downloadable from the HKEX website at:

<http://www.hkex.com.hk/eng/newsconsul/mktconsul/Documents/cp201604.pdf>

Please indicate your preference by checking the appropriate boxes.

Where there is insufficient space provided for your comments, please attach additional pages.

1. Do you support the revision of the current model with the introduction of a three-tier system with a review mechanism for HKEX's stock option position limit to address the issues with the existing regime?

☒ Yes

☐ No

Please give reasons for your view.

AS the two tier model suggest, I think market already feel the existing limit is too tight (80/84 stock option's limit were 50,000). Since I'm local broker in Korea, I have many securitized auto-callable trader as client and they felt hard to meet the limit.

2. Do you agree the implementation of the proposed model (three-tier system with review mechanism) would be an important step in enhancing Hong Kong's stock options market and increasing its competitiveness?

☒ Yes

☐ No

Please give reasons for your view.

As described in Consultation Paper, this three-tier model will give flexibility and this will enhance the Hong Kong's stock option market.

3. Do you have any comments on the proposed model? Please give reasons for your view.

I think HKEX should make differences to hedge purpose accounts or traders. For the exchange, same contract size does not mean same risk. If some account trade only for the hedge purpose, I believe they should get bigger limits for their positions.

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