

## 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.

We are supportive of the revision of the stock option position limit model as proposed in the consultation paper because, even though it is still conservative, it will more accurately align position size to the liquidity and trading activity of each underlying stock. We also support this on the basis that there will be no change in the existing SEHK/HKFE/SFC authorization process for obtaining position limit increases or hedging exemptions for designated market-makers.

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.

Yes, it will more closely follow international standards and provide investors with more clarity on how these position limits are imposed and how they will be reviewed in the future.

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

We are in favor of implementing these changes as soon as reasonably practicable. The change in methodology should be relatively easy for market participants to accommodate in their trading, risk and clearing systems.