

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.

Currently single stock options business is being carried out in OTC format (rather than exchange listed) because existing limits are very small. This is bad for the exchange and transparency of the market.

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.

An active options market is a valuable hedging tool for market participants. The current model is too restrictive, which is bad for liquidity in the listed options market.

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

I believe the proposal is heading in the right direction, but still overly restrictive compared to other major derivative exchanges. Less restriction generally leads to better liquidity, which allows market participants to risk-hedge more efficiently.

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