

Submitted via Qualtrics
Company/Entity View

Question 1 - In line with the existing methodology, HKEX is proposing to add two tiers of exchange-level position limit (200,000 and 250,000 contracts) which will increase the maximum limit to 250,000 contracts for exchange-level position limit for SSO. Would you agree to such change, in view of business needs, risk implications to the Hong Kong market and operational considerations?

Agree

Please state reason for your view:

Contract limits are a one size fits all concept, in that they ignore both the notional value of the contract, as well as the size and liquidity of the underlying. Allowing more tiers makes sense in trying to offer a workaround to these limitations.

Question 2 - Do you support the revision of the current SSF position limit model with the introduction of a five-tier model applicable to net positions (with 25,000 contracts as maximum position limit), a single month position limit set at two times the net limit, and a review mechanism for both annual adjustments and corporate actions, in view of business needs, risk implications to Hong Kong market and operational considerations?

Support

Please state reason for your view:

As the market for SSFs has now matured, with more mms, more participants, increasing these limits makes sense. The new sizes are still quite small.

Question 3 - Considering that flagship-minis are included in the position limits for products that reference the same index, do you support removal of the additional position limit that applies only to flagship-minis, in view of business needs, risk implications to Hong Kong market and operational considerations?

Support

Please state reason for your view:

N/A

Question 4 - Do you support revising the Large Open Position reporting requirement (from 2,500 to 500 contracts) for Mini-HSI and Mini-HSCEI futures and options, in view of business needs, risk implications to Hong Kong market and operational considerations?

Do not support

Please state reason for your view:

No logical reason has been provided for this change. In the consultation, point 57, it only notes "for administrative standardisation". But, the impact is that now participants will need to report a mini position if its greater than 500, which is equivalent to only 100 of the main contract. This is placing an unnecessary additional burden on participants. Given no good explanation was provided to proceed with this reduction, we recommend to leave the LOP for minis at the current levels of 2500.