

Submitted Via Email
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:

We are supportive of the exchange's proposal to introduce the two increased position limit tiers of 200,000 and 250,000 contracts, and move SSO position limits to the proposed 5-tier model. We are of the view that the exchange has comprehensively analysed all the relevant considerations and the proposed model should help facilitate continued healthy growth of the HK SSO market. Noting that HKEX will be consulting with SFC to implement the proposed model, we would also like to ensure the procedure for a market maker to request authorisation for excess positions per section 3 of the SFC's Guidance Note on Position Limits and Large Open Position Reporting Requirements remains in place. While we do believe that the proposed model should help alleviate the need for some of these requests, this structure is important to retain as there are times during market events or volatility, where in order to provide liquidity to the market, a market maker will need to request increased limits

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:

we are supportive of this change as it is an improvement on the current model and allowing netting of the contracts is sensible.

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:

Yes, we are supportive of this change. The products are fully fungible and already included in

the overall limit, hence in our view there is no need to have additional limits only to the flagship minis.

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?

Support

Please state reason for your view:

N/A