

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:

We note that the proposal will continue to adopt the same calculation methodology and parameters as the existing model. Operationally, we don't see any issues in supporting this proposed change.

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:

Introduction of a tiered position limits model seems like a logical approach to account for factors like liquidity profile of underlying stocks. Operationally, we don't see any issues in supporting this proposed change.

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:

We believe removal of additional position limits applicable only to the flagship-minis will be welcomed by clients. We note that flagship-minis will continue to be included in the overall position limits for products that reference the same index (HSCEI, HSI).

Operationally, we don't see any issues in supporting this proposed change. The proposed change may also help simplify the position limit monitoring process.

As a more general comment, we feel that the market would benefit from an increase in the prescribed position limits for HSI/HSCEI contracts i.e. higher (than the currently prescribed) position limits as a standard rather than as allowed only under specific conditions.

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:

This proposed change would help standardize the LOP process Operationally, we don't see any issues in supporting this proposed change.

As a more general comment, we feel that the use of Legal entity identifiers (LEI's) in LOP reporting will simplify and standardize the process.