

**Submitted via Email**  
**Company/Entity View**

**Question 1(i)**

**Do you have any comments or concerns on the proposed trading arrangements?**

Yes

**If the answer is "Yes", please specify your comments or concern:**

- We take note of the proposition of HKEX to open trading on HK holiday for non-HKD products, and support the initiative. This is expected to benefit investors by expanding the range of instruments - notably contracts referencing underlying markets open for trading during HK holidays (e.g. MSCI China, MSCI Taiwan,..etc) –, and ultimately improve the capacity to manage risks on HKEX, noted this has been a recurrent request across institutional customers.
- We understand EPs opting out of the holiday trading scheme will not be permitted to access the holiday contracts even on normal business days, as such we note the importance to maintain a broad range of participants to ensure liquidity, and prompt HKEX to disclose EPs option to the scheme to ensure transparency across the participants – and allow participants enough time to manage trading & clearing arrangement accordingly in advance.
- Noted HKEX will update the contract specifications individually, does HKEX plan for a phased approach? Can HKEX provide the schedule for the 72 contracts considered ahead?

**Question 1(ii)**

**Do you have any comments or concerns on the proposed clearing arrangements?**

Yes

**If the answer is "Yes", please specify your comments or concern:**

- Noted HKEX propose that “*all payment obligations will be collected in US Dollar [...] for all HKFE products (including HKD, USD, CNH, SGD, and JPY) arising on H Days*” – the requirement to fund HKD contracts settlements in USD may generate liquidity strain on members.

- Can HKEX confirm the requirement to settle & margin HKD denominated products on holiday – effectively bringing the settlement earlier compared to the existing arrangement? And the difference of treatment between H and NH participants?
- In the case a HK holiday falls on a USD banking holiday, what is the arrangement contemplated? Would alternative currencies be considered besides USD?

**Question 1(iii)**

**Do you have any comments or concerns on the proposed risk management arrangements?**

Yes

**If the answer is "Yes", please specify your comments or concern:**

- Noted HKEX propose to settle margins for all HKEX products including non-holiday products, similar remarks as point (ii) above:
  - Can HKEX confirm the requirement to settle & margin HKD denominated products on holiday – effectively bringing the settlement earlier compared to the existing arrangement? And the difference of treatment between H and NH participants ?
  - Noted the 50-50 collateral rule suspension for HKD margin requirement, to provide participants with flexibility on collateral arrangement, however a single alternative currency carries a liquidity risk. Can HKEX consider other currencies as part of the alternative collateral pool applicable against the holiday margin call (e.g. buffer in EUR, CNH, JPY..)?

**Question 1(iv)**

**Do you have any comments or concerns on the proposed market data arrangements?**

No

**If the answer is "Yes", please specify your comments or concern:**

N/A

### **Question 1(v)**

**Do you have any comments or concerns on the proposed large open position reporting arrangements?**

Yes

**If the answer is "Yes", please specify your comments or concern:**

- The CP stated that *"H EPs will be required to inform their Clients on the specific LOP reporting requirements pertaining to Holiday Trading, including reporting arrangements, possible consequences of non-compliance (i.e. imposition of trading limit and/or position limit), and to **procure their Clients** to comply with relevant reporting requirements prescribed by the Securities and Futures Commission ("SFC") under the SFO or otherwise for H Products."* – could HKEX clarify if the expectation is that EPs are required to obtain positive confirmation from clients to comply with the LOP reporting? Under the existing notification requirement, the industry practice is to provide one-way notification, or includes this as part of the client onboarding documentation/agreement.

### **Question 2**

**Are there any other issues regarding the Proposal that HKEX should consider?**

Yes

**If the answer is "Yes", please specify your comments or concern:**

- Can HKEX provide a view on the impact of the proposition to the CBPL (capital base position limit) rules, if any?