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:

Supportive of the distinction between Holiday (H) and Non-Holiday (NH) products and participants who are H or NH eligible to trade them. Holiday trade dates trade the same schedule as normal business days is easiest to handle as proposed. Limit management and exchange risk controls following the same implementation as normal business days is also sensible as proposed. No objections to the proposals overall.

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:

1. We understand that post trade activities will not be allowed for give-up or transfer to NH participants on H day. Please ensure that the industry has a mechanism to check which particpants are H or NH executing and clearing brokers. We, as clearing members, are also dependent on our client's instructions on give-ups and position transfers. Trades pending give-up/transfers to a NH participant on H day will be parked in allocation/suspense accounts.

2. We understand that COCA position tranfers (in / out) are allowed on H days for all products, similar to how we process them in business days. We suggest to mention this in future communications for clarity.

3. For NH products, expiry dates are normally on normal business days, any changes to the expiry schedule / calendar for these products would be advised by HKEX prior to expiry.

4. We would require a few months time to cater for systems' enhances to support H day trading.

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:

1. RPF files will include all NH and H products on H days and availability timing would be the same as NH days. We suggest to mention this in future communications for clarity.

2. For prefunding before H days, we understand we can refer to the CCMPY01 H-1 day report for an estimate of how much to prefund prior to H day. Please confirm the time when this report will be available on H-1 day and provide a sample of the report clearly indicating the field/lines which mentions the latest margin requirements.

3. We understand that you are having ongoing discussions with the agent banks, do let us know when the arrangements are firmed up. We have not heard anything from our agent bank (HSBC HK) on supporting non-HKD currencies on H day at this point of time.

4. We understand that any excess USD margin will be used to cover HKD VA upto HKD 1million. If there are no excess USD or the VA exceeds 1 million HKD, USD Intra day margin call would be called by exchange.

We request HKEX to consider allowing other cash collaterals (e.g. CNH, SGD, JPY, EUR, etc.) to be used on H-day to cover VA or Variation margin. Then, clearing members can settle the VA in settlement currency on the next business day. This is similar to your proposal on settlement of IM where the 50-50 collateral requirement is relaxes on H-days.

5. 50% settlement currency will be removed on H day, all currencies' excesses in the collateral pool would be considered for margin calculations (IM, VM, VA excluding HKD). Any arrangement for CNH if it falls on the same H day as HKD?

Question 1(iv)

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

Yes

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

Proposal is to disseminate market data via same channel on H days as NH days so BAU from our perspective. No issues.

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:

Confirmed that the LOP for NH products should be based on the positions as of the business day before H day and will be static throughout the holiday trading days. We suggest to mention this in future communications for clarity.

Question 2

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

No

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

N/A