

**Submitted via Qualtrics**

**Company / Entity View**

**Market Represent(s): Securities & Derivatives Markets**

**Question 1**

**Do you have any comments or concerns on the proposed arrangements for the Hong Kong securities market?**

Yes

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

We would request for the exemption to Active Quoting for listed structured products (Warrants, CBBCs etc) during SWT. For your information, we have made the same request through ASIFMA. In addition to this there needs to be an extension for all documentation which requires signatures and have to be sent to HKEX offices physically to allow for these to be sent on the day following the SWT.

\* ASIFMA letter "HKEX's proposed arrangements to support trading in and operations of the markets on a trading day which is impacted by severe weather (i.e. when Typhoon Signal No. 8 or above is hoisted, Black Rainstorm Warning is issued and/or Extreme Conditions is announced) ("SWT Day")" dated 2 Nov 2023

**Question 2**

**Do you have any comments or concerns on the proposed arrangements for Northbound Trading under Stock Connect?**

No

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

N/A

**Question 3**

**Do you have any comments or concerns on the proposed arrangements for Hong Kong derivatives market?**

Yes

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

Ultimately we would like Holiday Trading to align to SWT funding model i.e. HKD funding versus USD funding.

Para 58 of consultation mentions that in case clients of CP fail to fulfill the payment obligations to CPs under any circumstances such as closure of clients' banks, CPs should have proper risk management and robust fund arrangements to meet the clearing house obligation. In this case, will the failure of clients to meet our margin call during SWT Day (due to clients' bank closure for example) disqualify themselves as the Established Client under Rule 617(b) of the HKFE Rules? Will the client be deemed as not consistently meeting margin obligations as one of the criteria to be classified as Established Client?

#### **Question 4**

**Do you have any comments or concerns on the proposed arrangements for new listings and new products?**

No

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

N/A

#### **Question 5a**

**Do you have any comments or concerns on the proposed money transfer arrangements in relation to Cheque Clearing?**

No

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

N/A

**Question 5b**

**Do you have any comments or concerns on the proposed money transfer arrangements in relation to Banking Services?**

No

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

N/A

**Question 6**

**Do you agree with the proposed arrangements for listing applicants and listed issuers as set out in paragraphs 90 – 91?**

Yes

**If the answer is "No", please specify your comments or concern:**

N/A

**Question 7**

**Do you agree with the proposed arrangements for listing applicants and listed issuers as set out in paragraphs 92 – 94?**

Yes

**If the answer is "No", please specify your comments or concern:**

N/A

**Question 8**

**Do you envisage there being any material practical difficulty in complying with any particular Listing Rule requirements?**

Yes

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

Please refer to Q1 response with respect to documents requiring signatures and to be physically sent to HKEX.

**Question 9**

**Do you agree that consequential amendments to the Listing Rules should be made?**

Yes

**If the answer is "No", please specify your comments or concern:**

N/A

**Question 10**

**Under the proposed model, do you foresee any insurmountable difficulties for implementing SWT?**

Yes

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

HKD funding liquidity in RTGS remains a watchpoint, with the primary concern being the depth and cost of liquidity.

**Question 11**

**Would there be adequate time to prepare for SWT to come effective in July 2024 under the proposed model?**

No

**If the answer is "No", please specify the reasonable length and reason(s):**

To Q11, Yes

but we have other questions:

1. Will HKEX work with / perform some due diligence with network service providers (eg HK broadband, PCCW, etc) in ensuring network infrastructure stays resilient in a SWT?
2. What happens if there is a power outage due to flooding to a certain part of Hong Kong? Are participants supposed to mitigate this risk through their own work arrangements? Will HKEX call for the SWT to be suspended based on special events? If so, what is the list of "special events"?
3. Will HKEX be hosting a dry run on a business day for this prior to going live?
4. If we cannot fulfill market settlement obligation due to technical issue beyond our control (e.g. Network provider issue, Power outage), will HKEX waive Buy-In and penalty charges on discretionary basis.