

Part B Consultation Questions

Please reply to the questions below that are raised in the Consultation Paper downloadable from the HKEX website at:

<http://www.hkex.com.hk/eng/newsconsul/mktconsul/Documents/cp201604.pdf>

Please indicate your preference by checking the appropriate boxes.

Where there is insufficient space provided for your comments, please attach additional pages.

1. Do you support the revision of the current model with the introduction of a three-tier system with a review mechanism for HKEX's stock option position limit to address the issues with the existing regime?

Yes

No

Please give reasons for your view.

The limits are too small for many institutions and do not take board lot into consideration.

2. Do you agree the implementation of the proposed model (three-tier system with review mechanism) would be an important step in enhancing Hong Kong's stock options market and increasing its competitiveness?

Yes

No

Please give reasons for your view.

I say yes but this is a baby step. Much more important issues need to be addressed such as simple strategies like buy-writes along with the cost of capital.

3. Do you have any comments on the proposed model? Please give reasons for your view.

Cross margining, cost of capital and overall fees need to be addressed to make a significant difference but this is a step in the right direction.

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