SECTION 2: QUESTIONS FOR RESPONSE

Please indicate your views by providing comments as appropriate. Where there is insufficient space, please use additional sheets of paper as necessary.

HKEx's Proposal 1: Revise HKEx Stress Testing Assumptions

Questions
1. Do you support the proposed revision of the Price Movement assumptions in stress testing? ☑ Yes ☐ No Please provide reasons for your response and include any other suggestions or comments you may have on this question: _____ _____ _____ _____ _____ _____
2. Do you support the proposed revision of the Counterparty Default assumption in stress testing? ☑ Yes ☐ No Please provide reasons for your response and include any other suggestions or comments you may have on this question: _____ _____ _____ _____ _____ _____

HKEx's Proposal 2: Introduce Margining and Dynamic Guarantee Fund in HKSCC

Questions
3. Do you agree with the proposed margining arrangements at HKSCC? ☐ Yes ☑ No Please provide reasons for your response and include any other suggestions or comments you may have on this question: In order to ensure the CPs can arrange the required funding to run their business, I suggest HKSCC should set a limit on the margin rate, say max limit 10% -12%. Also the proposed margin arrangement would require the CP who holds CNS positions in foreign currencies to provide funding in the respective currencies to meet its margin payment. CPS will have problems in obtaining the required funding in the respective currencies from our banker. I suggest the CP can provide the required margin in HK dollars.
4. Do you agree with the proposed Dynamic GF model at HKSCC? ☐ Yes ☑ No Please provide reasons for your response and include any other suggestions or comments you may have on this question: The Dynamic GF size is based on the largest Daily Stressed Dynamic GF size in the preceding month. CP's Required Dynamic GF can be increased substantially when there was a significant projected loss incurred by the largest & the 5th CPS in a certain day of the preceding month. I suggest HKSCC should consider taking an average daily stressed Dynamic GF size of the preceding month for the calculation of current month's Dynamic GF size.

HKEx's Proposal 3: Revise HKCC Reserve Fund Calculation

Questions
5. Do you support the proposed revisions to the HKCC Collateral assumption? ☐ Yes ☐ No Please provide reasons for your response and include any other suggestions or comments you may have on this question: _____ _____ _____ _____ _____
6. Do you support the use of HKCC Contingent Advance in relieving burden of CPs? ☐ Yes ☐ No Please provide reasons for your response and include any other suggestions or comments you may have on this question: _____ _____ _____ _____ _____
7. What is your view on allowing RF contribution to be counted as liquid capital? Will this help your company in terms of reducing liquid capital funding burden? _____ _____ _____ _____ _____

HKEx's Proposal 4: Revise SEOCH Reserve Fund Calculation

Questions
8.   Do you support the proposed revisions to the SEOCH Collateral assumption? ☐   Yes ☐   No Please provide reasons for your response and include any other suggestions or comments you may have on this question: _____ _____ _____ _____ _____ _____ _____