

Barclays is supportive of SFC proposal to increase Position Limits, i.e. amendments to Securities and Futures Rules and Guidance Notes. We believe that the authorised excesses will enable exchange participants to meet business needs, e.g. client facilitation, etc.

For the proposed amendments, Barclays would like to seek further clarification on the following:

- Point 17 (1) - “..... relevant business need....” Please provide example of justification that exchange participant need to provide to prove / justify the need for a larger futures position limit? It is because Barclays futures positions constitute hedging activities for variety of products (e.g. OTC, Structured Notes, listed options, Index arbitrage, etc). Hence, it may be difficult to prove that large futures positions is required for a specific trade.
- Appendix 2, point 3.13 - “.... single entity within the group (normally the exchange participants, ....) to carry the relevant positions...”. Please clarify whether Barclays can use affiliate company (which is a regulated entity by FSA) to carry futures position?
- Appendix 2, position 3.21 - “.... notify the applicant of its decision within four weeks....” Is the application to increase position limits an “one-off” process? If not, please advise the validation period and corresponding the procedures, e.g. annual application?

In addition, Barclays believes that one of the best ways in determining whether to increase investor’s position limit is to consider 1) investor’s financial capacity to maintain the large open position and 2) track-record of participation in an orderly manner. This approach will maintain the orderly and efficient functioning of the markets and is currently adopted by other futures exchanges, e.g. SGX.

Finally, Barclays has previously received clients’ feedbacks requesting for higher position limits. Hence, Barclays would like to suggest SFC to consider extending the proposal’s scope to include non-exchange participants too.