

Consultation Paper

# Accelerated Settlement for the Hong Kong Cash Market



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## HOW TO RESPOND TO THIS CONSULTATION PAPER

The feedback form to this Consultation Paper and instructions for its submission are available at [https://surveys.hkex.com.hk/jfe/form/SV\\_424q8tzSvNhOTeS](https://surveys.hkex.com.hk/jfe/form/SV_424q8tzSvNhOTeS), or using the QR code below:



**THE DEADLINE FOR SUBMITTING RESPONSES TO THIS CONSULTATION PAPER IS 18 MAY 2026.**

Our submission enquiry number is (852) 2840 3626.

### **Notes:**

In addition to specifying the nature of their interest in the subject (e.g. broker, retail investor, institutional investor, etc.), please note that respondents will be expected to:

- Have read this paper, including Appendix C, which covers many of the frequently asked questions that we expect to receive from readers.
- Endeavour to provide alternative suggestions, with arguments, where they disagree with the discussions in the paper. Higher priority will be given to considering responses with a reasoned basis.
- Unless otherwise requested, agree to be contacted by HKEX to discuss their responses.
- Unless otherwise requested, agree to have their responses (or excerpts thereof) published by HKEX after the paper's feedback period.

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## **1. EXECUTIVE SUMMARY**

### **1.1 Introduction**

- 1 On 16 July 2025, HKEX issued the Accelerated Settlement for the Hong Kong Cash Market Discussion Paper<sup>1</sup>, commencing a holistic and well-informed discussion with the industry and all stakeholders on the transition to T+1, a shortened settlement cycle in which a trade is finalised one business day after the transaction date.
- 2 While the discussion period ended on 1 September 2025, HKEX has continued to receive feedback over the past few months. HKEX welcomes the feedback received and the level of engagement from a broad range of participants in the industry.
- 3 HKEX, as the market operator, has a responsibility to ensure its markets remain competitive, maintaining Hong Kong's status as an international financial centre. This Consultation Paper is the next step in HKEX's journey with the industry on shortening the settlement cycle for the Hong Kong Cash Market to T+1.

### **1.2 The role of HKEX**

- 4 HKEX is committed to working alongside the industry in Hong Kong's journey towards T+1.
- 5 With the industry playing a key role in the settlement value chain, HKEX will provide guidance and support throughout the transition.
- 6 Moreover, as the market operator, HKEX has taken the lead in advance of the industry, and revamped internal systems and processes in preparation for the shortened settlement cycle.
- 7 We look forward to your continued participation in the consultation and proactive preparation for T+1.

### **1.3 Our approach**

#### Industry discussion

- 8 Overall, industry respondents to the Discussion Paper expressed broad support for shortening the Hong Kong Cash Market settlement cycle to T+1.
- 9 This view from the industry affirms HKEX's belief that T+1 will be the next logical step of the Hong Kong Cash Market structure as we move from the current T+2 settlement cycle. While industry respondents provided feedback and noted several considerations, the consensus was that a move to T+1 represents the right balance to advance the market, while retaining the core advantages of our current clearing and settlement framework.

#### Settlement cycles globally

- 10 Since the publication of the Discussion Paper in July 2025, developments around settlement cycles have continued to evolve globally.

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<sup>1</sup> [Accelerated Settlement for the Hong Kong Cash Market Discussion Paper](#), published by HKEX on 16 July 2025

- 11 As more markets transition towards T+1, the proportion of global products traded under accelerated settlement cycles will continue to increase. This underscores HKEX's conviction to harmonise its settlement cycle with global markets.

#### T+1 to help build the future

- 12 From a broader perspective, HKEX views this as an initiative that will ensure Hong Kong remains competitive as a global capital market. Likewise, the transition to T+1 represents a unique opportunity for HKEX and the industry to collectively revamp the settlement value chain in the trade lifecycle.
- 13 The benefits to the industry outlined in the Discussion Paper, including lower risk from unsettled positions, higher capital efficiency, and harmonisation of settlement cycles across major markets, are expected to be realised in Hong Kong's transition to T+1.
- 14 Furthermore, with streamlining through automation and straight-through-processing to support T+1, the technology investment will in turn bring benefits through greater efficiencies and increased market resilience. This could open new opportunities for the Hong Kong market and support our market's ambitions in further enriching its product ecosystem.

### **1.4 This Consultation Paper**

#### Continuing the dialogue with the industry

- 15 Leveraging the progress made through the Discussion Paper, this Consultation Paper is HKEX's next stage of engagement with the industry that is focused on the 'how' and 'when' T+1 should take shape in the Hong Kong market.
- 16 A shortening of the settlement cycle to T+1 is expected to affect the whole settlement value chain in the Cash Market and its existing infrastructure. In developing a viable T+1 model, HKEX will prioritise market stability and operational readiness while taking our unique industry dynamics into consideration.
- 17 This prudent approach will help to maximise the benefits gained from T+1, while mitigating transition risks.
- 18 The following sections of the Consultation Paper outline our proposal, including the operating model and proposed launch date.

#### HKEX's proposal

- 19 Chapter 5 outlines the T+1 operating model, including key changes in HKEX's processes when compared with the existing T+2 settlement cycle. This includes processes along the Cash Market trade lifecycle as well as specific implications on processes and products.
- 20 HKEX acknowledges the importance of encouraging the development of industry-wide guidance that is 'with the industry, and grounded in the industry' on T+1 implementation. This will be outlined in Chapter 6, together with the planning for a T+1 launch, pre- and post- settlement activities, and a proposed workflow tool to increase operational efficiency.

- 21 Chapter 7 provides an implementation approach and timeline for the launch of T+1 in Hong Kong. The proposed implementation date is Q4 2027, factoring in a lead time of about 15 months from the publication of detailed specifications.

### **1.5 Evaluation and preparation starts now**

- 22 **Moving to T+1 will be an industry-wide journey.** It is essential that we move forward together as an industry. Planning for T+1 transition **can start now**. HKEX encourages the industry to start reviewing its in-house infrastructure and processing requirements, implementation capabilities, and automation opportunities as early as possible.
- 23 Early project initiation with adequate resources will not only help to deliver a successful T+1 implementation but also maximises any benefits from greater efficiencies and resilience in post trade infrastructure and processing.

### **1.6 Responding to this Consultation Paper**

- 24 We would like to invite public comments on the proposal. Responses to this Consultation Paper should be submitted by 18 May 2026. A Consultation Conclusions Paper will be issued after the consultation has been completed that will summarise the main points made by respondents and indicate the way forward, including the detailed implementation timeline and other matters under consultation.

## 2. DISCUSSIONS ON SETTLEMENT CYCLES

- 25 During the discussion period, HKEX received more than 60 formal responses from a wide range of stakeholders ranging from market participants, banks, asset managers, custodians and industry associations, as well as private individuals.
- 26 HKEX also hosted a number of discussions and meetings with the industry to complement written responses. Notwithstanding the end of the discussion period on 1 September 2025, HKEX has continued to receive industry feedback.
- 27 The section below outlines key themes raised by industry participants in their responses to the Discussion Paper.

### 2.1 Overall support on a Hong Kong T+1

- 28 The industry is broadly supportive of accelerating the Hong Kong Cash Market settlement cycle to T+1. There is consensus that this move is essential for sustaining and enhancing Hong Kong's longstanding status as a leading global market. Maintaining harmonised settlement cycles will allow for the smooth flow of capital across markets globally.
- 29 Beyond the strategic driver of global harmonisation, respondents highlighted a range of market benefits expected from accelerating the settlement cycle. One key benefit is the reduction of unsettled trades; transitioning from T+2 to T+1 will eliminate unsettled exposures by one settlement day, thereby reducing the aggregate value of unsettled trades pending settlement on any given settlement day.
- 30 Another widely cited advantage is the increase in capital efficiency as funds flow faster through the settlement process, enabling quicker reinvestment, better cashflow management, and reduced collateral tied up in unsettled trades. Drawing from the experience of overseas markets, shortening of the settlement cycle could lead to reductions in capital being placed as risk money due to lower outstanding unsettled risk. As an example, there have been reports that the implementation of T+1 has reduced clearing house margins by over 20 per cent<sup>2</sup>, though these numbers may vary depending on the specific market and its circumstances.
- 31 HKEX sees T+1 as the next practical step, whilst looking at same-day settlement as a longer-term possibility. Any transition to even shorter settlement cycles in the Cash Market should not take place before T+1.
- 32 Our priority is to define a viable T+1 operating model with a robust transition plan, which addresses the below key considerations where appropriate. This approach will help ensure a smooth transition to T+1 while providing important insight into the implications of even faster settlement cycles for our future roadmap.
- 33 While noting potential time-related challenges, HKEX believes that market participants should focus on advanced preparation and streamlining settlement systems and processes from both an operational and technological standpoint throughout the implementation journey.
- 34 Major markets have converged on T+1 as the settlement standard, with a number of

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<sup>2</sup> [T+1 After Action Report](#), published on SIFMA's website, September 2024. The report indicated that clearing house margins reduced by 23% after the implementation of T+1 in the US.

overseas markets having already implemented T+1 or are currently progressing towards T+1. HKEX believes these developments underscore a shared view among key markets that T+1 strikes the right balance between risk reduction and operational feasibility.

## 2.2 Key challenges and considerations

35 Respondents to the Discussion Paper have provided HKEX with a range of potential challenges concerning T+1 that can be grouped into three categories:

1. Overall transition towards T+1;
2. Operational processes and associated timetable; and
3. Other market activities and related businesses

### Overall transition towards T+1

36 A broad and fundamental change: Respondents noted that T+1 represents a fundamental change to how markets operate. The broad extent of change, including the interactions across parties and the financial market infrastructures, will require all parties to sufficiently prepare and implement required changes to ensure the successful transition to T+1 in Hong Kong. To understand these interactions requires engagement across a wide range of market participants.

37 Market readiness will be key: Respondents noted the overall settlement process involves several market-driven sub-processes across both money and securities, in addition to the sub-processes interfacing with HKEX. There needs to be an 'end-to-end' mindset throughout the journey when preparing for market readiness.

38 A tailored go-to-market approach for Hong Kong: Respondents agreed that the Hong Kong market has its own specific considerations, including the four aspects noted in the Discussion Paper: 'geography', 'investor base', 'market practice,' and 'products and market structure'. A tailored go-to-market approach will be essential to cater to the specificities of Hong Kong to best capture the opportunities brought by T+1, while managing its challenges to a reasonable level.

### Operational processes and associated timetable

39 Timeline compression: The shortening of the settlement cycle from T+2 to T+1 reduces turnaround time, so industry participants are required to conduct the same settlement processes more rapidly. Respondents pointed out that the time pressure not only applies to business-as-usual processes, but also for exceptional and contingency cases.

40 Time zone and impact on cross-border activity: Respondents noted that the timeline compression is particularly pronounced for international participants operating across multiple time zones. These participants may effectively function on a "T+0 timeline" for activities such as funding, allocation, and confirmation.

In contrast, local retail broker respondents have shown less concern specifically with regards to the shortening of the operational timetable. This is likely attributable to the fact that the bulk of their operations occur within the same time zone, as well as their business and asset custody models.

41 Importance of technology and automation: Respondents noted that the use of technology and automation may alleviate some of these operational pressures. In addition to applying technology across the settlement value chain, industry respondents have highlighted two points:

- Respondents affirmed HKEX's ongoing commitment to modernising its post trade infrastructure. HKEX believes the introduction of capabilities for real-time and more efficient post trade services will support the adoption of T+1 as more processes become streamlined.
- In addition, a number of respondents believed that the concept of a workflow tool provided by HKEX, as suggested in the Discussion Paper, may assist in bridging time zones so that post trade operations may be conducted concurrently in real time with straight-through-processing. Chapter 6 includes a proposal for the industry to consider.

#### Other market activities and related processes

42 Activities ancillary to the settlement process: Respondents agree that many ancillary activities are essential to the settlement process and the efficient functioning of the Hong Kong market in general. These activities include funding, foreign exchange, and securities borrowing and lending. These are essential to providing market liquidity, enabling fails coverage, and managing securities inventory in facilitating settlement. Activities such as these, and their respective processes, should be duly considered.

43 Product ecosystem: Respondents noted that a change in the settlement cycle will have an impact on the product ecosystem. These matters will be addressed in Chapter 5 under the operating model and Chapter 6 under guidance to the industry, respectively.

44 Settlement framework, reporting and regulatory requirements: Respondents highlighted key processes including the settlement framework and reporting requirements.

- Any proposed changes to the settlement framework need to be carefully assessed. To enable compatibility with the existing framework and operations, HKEX believes that the current batch settlement run structure, coupled with enhancements to post trade activities management, will allow the Hong Kong market to yield the most benefits for the industry towards T+1 settlement.
- Respondents noted that several reporting and regulatory requirements underlie the daily operations of the market, including reporting to regulatory authorities and HKEX. These are currently designed around a T+2 settlement cycle. As noted in the Discussion Paper, HKEX will work with the authorities and industry to evaluate how these processes are to be adapted.

### 3. LATEST DEVELOPMENTS IN SETTLEMENT CYCLES GLOBALLY

#### 3.1 Major global developments in settlement cycles

- 45 **Major overseas markets that have already implemented T+1:** India adopted T+1 in a 12-month phased rollout starting February 2022. The T+1 transition for all stocks was completed by 27 January 2023. The US and various markets in the Americas<sup>3</sup> successfully transitioned to T+1 settlement on 28 May 2024 for equities, corporate bonds, and ETFs.
- 46 **More implementation details from Europe:** Since EU/EEA, UK and Switzerland announced they would move to T+1 on 11 October 2027, recommendations and detailed implementation plans have been published to facilitate a harmonised transition.
- 47 **Industry discussions in Asia Pacific:** Some markets within Asia Pacific have kickstarted industry discussions and preliminary engagement on T+1 transition. Concrete timelines for T+1 implementation have yet to be determined.

#### 3.2 Common themes in T+1 globally

- 48 There is no 'one-size-fits-all' approach in implementing T+1 due to differences in market structure, investor landscape, and other aspects across global markets. While noting the specific considerations of the Hong Kong market, the common themes highlighted below are relevant in our T+1 journey.

#### Preparation

Theme	Observations and relevance
Industry engagement	<ul style="list-style-type: none"><li>• <b>Observations:</b> Markets that implemented or are planning for T+1 have engaged the industry prior to its introduction. This has included encouraging industry discussions, publishing documentation, and conducting industry testing.</li><li>• <b>Relevance:</b> HKEX believes that T+1 represents an industry-wide journey. Industry engagement and involvement will be the key success factors. HKEX leveraged the Discussion Paper as a start of industry discussions. HKEX will continue to engage the industry throughout the T+1 journey, from consultation, to encouraging the development of industry-wide guidance, and testing prior to launch.</li></ul>

<sup>3</sup> Including Canada, Mexico, Argentina and other markets

## Operating model and infrastructure

Theme	Observations and relevance
<b>Pre-settlement activities</b>	<ul style="list-style-type: none"><li>• <b>Observations:</b> Markets have placed emphasis on processes undertaken in preparation of the settlement process – for example determining a required timeline for pre-settlement matching (including for affirmation in the US, allocation and confirmation in EU/EEA and UK), the maintenance of static data and SSIs, and the preparation of funding.  For pre-settlement matching, the industry recommended that these processes are automated through industry platforms via electronic means.</li><li>• <b>Relevance:</b> The industry is advised to conduct pre-settlement activities as soon as practicable after trade execution to facilitate smoother onward settlement.  Furthermore, in Chapter 6, HKEX proposes a workflow tool solution. HKEX is seeking the industry’s views on whether this solution would be valuable and a tool that they would adopt.</li></ul>
<b>Post trade operating hours</b>	<ul style="list-style-type: none"><li>• <b>Observations:</b> Settlement takes place on the day after trade execution, hence the time to conduct post trade activities ahead of settlement is shortened. Markets that have implemented or are considering T+1 reviewed operating hours of post trade services so processes including SIs can be conducted in time ahead of settlement on the next day.</li><li>• <b>Relevance:</b> As part of the T+1 operating model, HKEX is planning to extend the SIs activities service hours so there is more time to submit SIs to conduct post trade activities immediately after trade execution.</li></ul>

## Industry processes

Theme	Observations and relevance
<b>Automation and streamlining</b>	<ul style="list-style-type: none"><li>• <b>Observations:</b> Experience in other markets has indicated that automation and streamlining are key enablers of T+1 preparation. This increases efficiency and accuracy of settlement, building greater resilience to achieve a shorter settlement cycle.</li><li>• <b>Relevance:</b> In HKEX's guidance to the industry in Appendix A, we have emphasised the importance of automation and streamlining in the preparation of T+1 by the industry.</li></ul>
<b>Stock borrowing and lending (SBL)</b>	<ul style="list-style-type: none"><li>• <b>Observations:</b> Globally, industry associations have suggested revising the recall cut-off from T+1 afternoon (under the current T+2 settlement cycle) to day-end of T and/or issuing best practice guidance to align market closing times (under the T+1 settlement cycle).</li><li>• <b>Relevance:</b> HKEX recognises the important role of SBL in the market. It may be relevant for the ecosystem to collaboratively explore solutions, which include the alignment of cut-off times for SBL recalls increasing operational predictability, and the exploration of automation for SBL recall and return instructions to streamline operations.</li></ul>

#### 4. ACHIEVING T+1 IN HONG KONG

49 To implement T+1 in Hong Kong, four specific considerations of our market need to be taken into account:



50 For example:

- **Geography – Time zone differences:** Hong Kong is in the GMT+8 time zone and in a T+1 environment, it would be one of the first financial hubs to start the global trading day. Looking westwards, time zone differences exist with Europe, the UK and the Americas. With limited overlap in working hours between Hong Kong and these key global markets, processes need to be developed to cater for these time zone differences.
- **Investor base – Participation by global institutional investors:** Hong Kong has a high proportion of trading by global institutional investors (i.e. over 60 per cent of Cash Market turnover<sup>4</sup>). Hence, there needs to be specific considerations in a T+1 transition, including time zone differences, foreign exchange and funding management, and pre-settlement matching.
- **Market practice – Settlement discipline:** Settlement in the Hong Kong market is highly efficient and HKEX looks forward to comprehensive industry preparation for the T+1 transition. To encourage settlement discipline, HKEX expects that all pre-settlement activities (including pre-matching on or before T+1) should be performed as soon as practicable after trade execution and that all reasonable efforts are made to settle trades on time.

At the same time, HKEX as a market operator is committed to supporting the industry throughout the transition, from encouraging the development of industry guidance to offering a workflow tool proposal in Chapter 6 as a streamlining opportunity.

- **Products and market structure – Examples include Securities Borrowing and Lending (SBL):** SBL plays a vital role in the functioning of the Hong Kong market, both in supporting liquidity and more sophisticated trading and arbitrage strategies. As operational timelines shorten in T+1, it is important for the Hong Kong SBL ecosystem to collaboratively explore solutions and best practices to support its continued functioning.

Other areas including funding and foreign exchange management are also important to the settlement process.

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<sup>4</sup> HKEX estimates that international institutional investors, or principal trades of EPs, contributed approximately 64% of turnover in the Hong Kong market in 2020. Source: HKEX, Cash Market Transaction Survey 2020, published on HKEX's website, April 2022

- 51 While Hong Kong can reference the experience from the preparation and implementation of T+1 across global markets, the Hong Kong market must devise a model that is suitable for its market. This will be covered in Chapters 5 and 6.

## 5. THE T+1 OPERATING MODEL

### 5.1 Settlement arrangements in the Hong Kong market

52 While certain Cash Market activities will transition to T+1 under the proposal, processes such as primary market transactions and Northbound Stock Connect will continue to follow the existing timetables. Accordingly, multiple settlement cycles will operate concurrently. The next section will cover the scope for T+1 in Hong Kong.

53 The current proposal isn't expected to disrupt established workflows. However, market participants should remain attentive to the accelerated timeline of relevant cut-off times, funding arrangements, and internal process alignment to ensure smooth operations under different settlement cycles.

### 5.2 Scope for T+1 applicability

54 T+1 in the Hong Kong Cash Market will be applicable to the following products and transactions:

#### **Inclusion:**

- All exchange trades in the secondary market<sup>5</sup>, including:
  - Equities (examples are ordinary shares, preference shares, stapled securities, SPAC shares and SPAC warrants)
  - Authorised Collective Investment Schemes, notably REITs and ETPs, including ETFs and Leveraged & Inverse Products across various asset classes
  - Structured Products
  - Debt Securities
  - Securities traded via the Southbound Stock Connect Programme
- Physical settlement of equities upon the exercise and assignment of stock options
- For primary transactions of ETPs (i.e. creation and redemption), settlement arrangements should, where feasible, align with the T+1 cycle used in the secondary market. Where full alignment isn't operationally achievable, settlement timelines should move as close to T+1 as practicable

#### **Exclusion:**

- Other primary transactions in the Cash Market, which are:
  - IPOs<sup>6</sup>
  - Structured Products issuance and final settlement at expiry
- Chinese Mainland securities traded via the Northbound Stock Connect Programme

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<sup>5</sup> An exchange trade in the secondary market refers to a transaction executed and reported through the trading system of SEHK involving securities that have already been issued. It generally covers the full range of securities listed and traded on SEHK.

<sup>6</sup> IPO workflows followed a settlement timetable that is distinct from secondary market trading, reflecting activities such as allocation, payment refunds, registrar coordination, and interaction with receiving banks, prior to the roll-out of FINI. While HKEX continues to review harmonisation opportunities, these IPO-specific steps remain operationally separate and therefore will continue on with their current timetable.

### 5.3 Proposed operational timetable for T+1

55 The following represents a high-level summary of key changes to the features in the operational model across the Trading, Post Trade and Risk Management events under T+1 in the core Cash Market trade lifecycle. An operational timeline is also available in Appendix F.

Key processes & highlights		Proposed changes	Time	Business implications / rationale
Trading	Trade Amendment	<ul style="list-style-type: none"> <li>Trade amendment windows will be <b>shortened</b></li> </ul>	T+1 AM ➔ T+0 PM	<ul style="list-style-type: none"> <li>Enable earlier position finalisation for clearing</li> </ul>
Post Trade	Clearing	<ul style="list-style-type: none"> <li>2<sup>nd</sup> Provision Clearing Statement (PCS) time will <b>initiate earlier</b> (<i>1<sup>st</sup> PCS timing unchanged</i>)</li> <li>Final Clearing Statement (FCS) will be <b>shortened by 1 day</b></li> </ul>	8:00pm ➔ 7:45pm on T-day T+1 2:00pm ➔ T-day 8:00pm	<ul style="list-style-type: none"> <li>Enable earlier settlement within compressed timeline for further processing</li> </ul>
	Settlement	<ul style="list-style-type: none"> <li>Settlement will be <b>accelerated</b> from T+2 to T+1</li> <li><b>No change</b> on settlement schedule for <u>securities</u> and <u>money</u></li> </ul>	T+2 ➔ T+1	<ul style="list-style-type: none"> <li>Accelerate the settlement date</li> <li>Align with existing practice which the market is familiar with</li> </ul>
	SI Activities <i>Post trade activities management</i>	<ul style="list-style-type: none"> <li>Input of SI and SI Matching will be <b>extended 3 hours on T-day</b></li> </ul>	<b>Extension on T-day</b> 7:00pm ➔ 10:00pm	<ul style="list-style-type: none"> <li>Allow sufficient time to manage post trade activities within CCASS to align with shortened timeframe</li> </ul>
Risk Management	Risk Money	<ul style="list-style-type: none"> <li>Daily payment obligation report will be <b>delayed</b></li> </ul>	8:30pm ➔ 10:00pm on T-day	<ul style="list-style-type: none"> <li>Time change to support other processes, while general payment schedule remains unchanged</li> </ul>

## 5.4 Details of operational model

### Trading

#### *Trade execution*

unchanged

- 56 This Consultation Paper focuses on the proposed T+1 settlement cycle, where the transition primarily affects post trade activities conducted after the close of trading on T-day. Under the current proposal, the processes for order placement, trading hours and trade execution will remain unchanged
- 57 At the same time, HKEX notes that global markets are assessing the feasibility of extended trading hours. Accordingly, a certain flexibility has been incorporated into the proposed T+1 operating model to accommodate potential future adjustments to trading hours while considering the implementation of the overall T+1 framework.

#### *Trade amendment*

by T-day 5:00pm

- 58 To enable the finalisation of trade positions earlier and within the T-day, HKEX plans to extend the T-day trade amendment window so that EPs can submit amendment applications to HKEX no later than T-day 5:00pm (an extension from T-day 4:00pm), while removing the trade amendment window on T+1 day. As a result, the clearing and settlement process can occur earlier.

### Post Trade

#### *Clearing*

move to T-day

- 59 At the end of the T-day, trade positions from sources including exchange trades and single stock options exercised under clearing agency transactions are cleared.
- 60 To enable earlier settlement starting from T+1 morning, clearing activities should begin earlier with positions being cleared within T-day.
- 61 As a result, it is proposed that the Final Clearing Statement (FCS) will be generated on T-day 8:00pm (brought forward from T+1 2:00pm under the current settlement cycle). This will give CPs full sight of the cleared positions within T-day, in preparation for settlement on T+1 day, giving them more time to conduct the necessary post trade activities.

#### *Settlement*

move to T+1-day

- 62 Under the shortened settlement cycle to T+1, settlement will occur on T+1 day (instead of T+2 day under the current settlement cycle).
- 63 HKEX proposes that the settlement framework remains aligned with existing practices today (including the DVP Model 2<sup>7</sup>). As such, settlement will continue to operate as batch settlement runs across four batches at 10:30am, 12:00pm, 2:00pm, and 3:45pm.
- 64 In consideration of industry respondents' feedback on settlement, HKEX believes the current proposal can achieve the right balance of efficiency, while sustaining the advantages and efficiencies of the Hong Kong market.

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<sup>7</sup> DVP model 2 refers to securities settlement on a gross basis and money settlement on a net basis.

- 65 The current proposal enables maximum compatibility with existing framework and operations, a model to which Hong Kong market participants are accustomed to. This should also lower the investment and other costs required of market participants in connection with the T+1 transition.

*Settlement instruction activities service hours*

*extend until T-day 10:00pm*

- 66 In preparation for settlement on T+1, the window for SI activities service hours is proposed to be extended. This will provide more time for market participants to manage their stock inventory and other post trade activities on CCASS.
- 67 It is proposed that the SI input and matching window be extended, with the window ending on T-day 10:00pm for input and T-day 9:30pm for the matching window (instead of T-day 7:00pm for input and T-day 6:00pm for the matching window, respectively, under the current settlement cycle).

Risk management

*Risk management framework*

- 68 The existing clearing risk management framework, such as the calculation and collection of daily obligations including marks, margins and guarantee fund contributions, and collateral policy, as well as default management, will continue to apply after the shortening of the settlement cycle to T+1. In alignment with existing practices, CPs must continue to adhere to the settlement timelines stipulated by HKSCC as part of their continuing obligations.

*Risk money*

*reporting move to T-day 10:00pm*

- 69 HKEX proposes that the risk money payment schedules by market participants remain aligned with today's existing practices, including intra-day and day-end marks and margin collection.
- 70 Likewise, the risk money calculation methodology is proposed to remain the same. However, due to a shortened settlement cycle, marks and margin calculations will cover a shorter period of Continuous Net Settlement (CNS) stock positions. Specifically:
- **Intraday marks and margin** will cover two days of open CNS stock positions (T and T-1), instead of the current three days (T, T-1, and T-2).
  - **Day-end marks and margin** will cover one day of open CNS stock positions (T), instead of the current two days (T and T-1).
- 71 In terms of day-end marks and margin reporting, given the increased processing time required on T-day (e.g., generation of FCS on T-day, instead of T+1 day), we expect that the daily risk payment obligation report would be delayed. CPs are expected to receive this report at 10:00pm on T-day (instead of 8:30pm on T-day).
- 72 Notwithstanding the later issuance time of the daily risk management obligation report, the payment deadline will remain unchanged at 9:30am on T+1 day. If CPs are required to estimate their funding requirements, CPs are advised to leverage the risk payment obligation estimation reports, which are expected to be generated under the same timing at 3:30pm and 5:15pm, and margin simulation tools provided by HKEX, in estimating and managing their risk money payments and liquidity needs.

## Other processes

### *Reporting*

- 73 In accordance with current practice, it is proposed that two Provisional Clearing Statements (PCSs) are to be generated on T-day. The first PCS would reflect the cleared positions for exchange trades only, while the second PCS would present the cleared positions for both exchange trades and clearing agency transactions.
- 74 As mentioned under the Post Trade section, the FCS will be generated on T-day 8:00pm (brought forward from T+1 2:00pm under the current settlement cycle). Based on these reports, CPs will be able to understand the final cleared positions on T-day, in preparation for settlement on T+1 day.

### *The implementation of Uncertificated Securities Market*

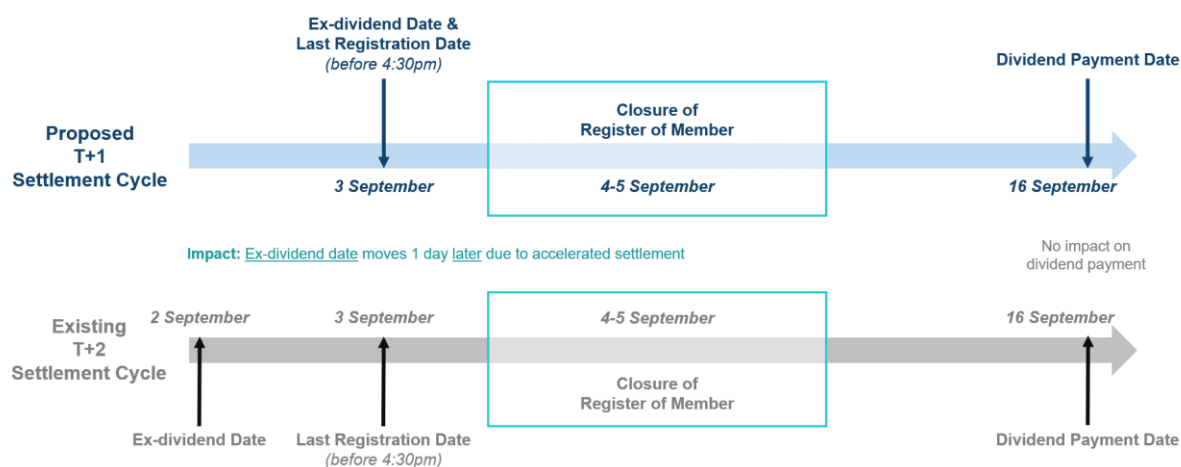
- 75 USM will be introduced in Hong Kong in November 2026, with prescribed securities transitioning to USM within five years after the implementation date. Market participants should note that this is an ongoing process, where participating securities would exist either in certificated or uncertificated form.
- 76 As settlement involves the delivery of securities, any CP who doesn't have sufficient securities in its CCASS stock account to meet settlement obligations would need to arrange timely deposits into CCASS. Under a T+1 settlement cycle, the shorter timeframe between trade execution and settlement heightens the importance of ensuring that all necessary securities transfers are completed as soon as practicable.
- 77 For both physical deposits and USI transfer under USM, CPs should allow adequate time for processing and ensure that relevant steps are completed well before the settlement date. Although processes will become more efficient under USM, CPs remain responsible for ensuring the availability of securities in CCASS to avoid settlement delays or potential buy-ins.

### *Corporate actions*

- 78 For corporate actions commencing after T+1 implementation, the ex-date for corporate action such as dividend, bonus issue and rights issue will shift from one settlement day prior to the last registration date (or record date where there is no book closure) under the T+2 settlement cycle to the same day as the last registration date (or record date where there is no book closure) under the T+1 settlement cycle.

## Example on corporate action timetable under T+1

(Dividend payment is used here as an example)



### Stock conversion arrangement for parallel trading

- 79 Parallel trading refers to a transitional period during which securities undergoing certain corporate actions such as consolidation, subdivision or re-organisation, are traded concurrently under both a temporary stock code and the original stock code following the effective date of the corporate action.
- 80 When an eligible security is subject to parallel trading, HKSCC will initiate automatic stock counter conversions of holdings and/or positions to facilitate settlement in the relevant counter. The conversion schedule is determined with reference to the parallel trading arrangements and the applicable settlement cycle. The existing CCASS conversion mechanism is designed for a T+2 settlement cycle. With the adoption of the T+1 settlement cycle, conversion schedules will be adjusted accordingly, and the overall conversion duration will also be shortened.

### Stamp duty arrangements for exchange trades

- 81 As with other market processes, the current stamp duty exemption, reporting, and payment processes operate alongside the T+2 settlement cycle.
- 82 As part of broader changes with a T+1 settlement cycle, it would be necessary to review how the stamp duty arrangements would operate under T+1. HKEX is engaging with the relevant authorities on this matter.
- 83 The following is an overview of the stamp duty reporting and payment arrangements today<sup>8</sup> and the proposed operational changes under the T+1 settlement cycle. To align stamp duty arrangements with the accelerated settlement timeline, the reporting and payment cycle would be compressed.
- 84 It is expected that, while the stamp duty exemption submission deadline will remain unchanged on T+1 10:15am, form SD-1 submission and payment will be moved forward by one day to T+1. A summary of these changes is provided in the following table.

<sup>8</sup> Further details are available in the Operational Procedures for Stamp Duty Collection. Link: <https://www.hkex.com.hk/-/media/HKEX-Market/Services/Rules-and-Forms-and-Fees/Rules/SEHK/Securities/Operation-Procedures-for-Stamp-Duty-Collection/20260126StampDuty.pdf>

	Current practice under T+2 settlement	Proposal under T+1 settlement
<b>On T-day</b>	Trade execution ( <i>unchanged</i> )	Trade execution ( <i>unchanged</i> )
<b>On T+1</b>	<ul style="list-style-type: none"> <li>Stamp duty exemption submission (form SD-4, form SD-6 &amp; DCMM activity form) by T+1 10:15am</li> </ul>	<ul style="list-style-type: none"> <li>Stamp duty exemption submission (form SD-4, form SD-6 &amp; DCMM activity form) by T+1 10:15am (<i>unchanged</i>)</li> <li>Form SD-1 submission <u>on T+1</u> by T+1 11:00am (<i>move forward by 1 day</i>)</li> <li>Stamp duty payment <u>on T+1</u> by T+1 day-end (<i>move forward by 1 day</i>)</li> </ul>
<b>On T+2</b>	<ul style="list-style-type: none"> <li>Form SD-1 submission time on T+2 11:00am</li> <li>Stamp duty payment deadline by T+2 day-end</li> </ul>	Nil

85 A key consideration is to maintain effective operations for the processes and payment by market participants. It is expected that participants should conduct relevant enhancements and streamlining to support this accelerated timeline.

86 HKEX welcomes feedback from the industry on the potential considerations under a revised stamp duty process after the settlement cycle moves to T+1.

### Special business scenarios

#### *Half-day trading*

87 The SEHK has scheduled Christmas Eve, New Year's Eve and Chinese New Year's Eve to trade half-day only. No securities settlement will be conducted on these days. The existing arrangements applicable for the half-day trading day will continue to apply. If there are further changes to these arrangements, communications will be made to the market well in advance.

## Severe weather trading

- 88 The transition to a T+1 settlement cycle will not affect the existing severe weather trading arrangements, which will remain unchanged under the proposed model. Industry participants are encouraged to assess the implications of the T+1 timeline on the operational readiness during severe weather trading.

### **Consultation question**

**Question 1.** Do you support the proposed arrangements under the T+1 settlement cycle across the Cash Market trade lifecycle? In particular, please comment on:

- Trade amendment
- Post Trade
- Risk management
- Other processes, including reporting, corporate actions, stock conversion arrangement and stamp duty arrangement

Please give reasons for your views.

## 5.5 Implications for specific products

- 89 While the preceding parts outline the overall impact of T+1 on the Cash Market products in general, it is important to note that certain specific products will be affected in additional ways. These implications are addressed in the following section.

### ETPs

- 90 A resilient and efficient operating environment for Hong Kong's ETP market will be important in supporting a transition to a T+1 settlement cycle. The ETP primary market (i.e. creation and redemption) plays a central role in maintaining orderly market function.
- 91 ETP primary market settlement timelines should be structured to support or mirror the T+1 settlement cycle where feasible. Clear and predictable cut-off times will be important to facilitate timely processing by all stakeholders. To promote consistency and operational clarity across the ecosystem, settlement arrangements in the primary market should, where feasible, align with the T+1 cycle used in the secondary market. Where full alignment isn't operationally achievable, settlement timelines should move as close to T+1 as practicable.
- 92 To accommodate compressed timelines under a T+1 settlement environment, greater digitalisation and a reduction in manual or paper-based procedures across the ecosystem will be important. Enhancements that promote more automated and streamlined workflows would help facilitate smoother operations under shortened settlement cycles. In parallel, HKEX is assessing potential measures that could complement these efforts, subject to feedback from this consultation and regulatory approval.
- 93 As creation and redemption processes often involve multiple stakeholders (e.g. issuers, participating dealers, custodians, trustees and registrars), close coordination and

alignment across all parties will be important to support operations under a T+1 environment. End-to-end workflows, dependencies, and potential constraints should be reviewed to ensure that processes can accommodate shortened settlement timelines.

- 94 HKEX invites feedback on the guiding principles above that are intended to support smooth and timely primary market operations under a shortened settlement cycle.

#### *Buy-in Considerations for ETPs*

- 95 Some ETP market makers have highlighted in the industry discussions the continued importance of the existing buy-in exemption framework for ETPs under a T+1 environment. HKEX welcomes further feedback on any operational challenges the industry foresees and on considerations that may help support orderly market function as the settlement timeline shortens. HKEX would consider and explore whether any proposals to the current exemption framework would be necessary for engagement with regulatory authorities.

#### Stock Options

- 96 Settlement of equity transactions arising from the exercise and assignment of stock options currently takes place on T+2 day. With the change to the settlement cycle, settlement of these transactions will need to take place on T+1 day.
- 97 HKEX notes that this requires timely action from market participants (including having securities available for settlement), as assignment instructions aren't received until after the market has closed on T-day.

#### **Consultation question**

**Question 2.** Do you agree with the implications for ETPs and Stock Options under the T+1 settlement cycle across? In particular, please comment on:

- Guiding principles for the ETP primary market;
- Buy-in considerations for ETPs; and
- Stock options (including exercise and assignment).

Please give reasons for your views.

## **5.6 Rules and legislative change implications**

### HKEX rules

- 98 HKEX will be amending its related rules based on the proposal. The scope of change will include that of its exchanges, clearing houses and its Listing Rules.

#### *Exchanges and clearing house rules*

- 99 Based on the T+1 operating model, HKEX will be amending its exchanges and clearing houses rules to implement the T+1 settlement cycle.

## *Listing Rules*

- 100 Similarly, the Listing Rules will also be amended based on the T+1 operating model to account for consequential changes. For example, amendments to the Listing Rules will be made to (a) replace references to the “T+2 settlement system” with references to the “T+1 settlement system”; and (b) reflect the corresponding timeline for ex-entitlement trading under the proposed T+1 model, whereby there will be only one ex-date<sup>9</sup> before the book-close date or (when there is no book closure) the ex-date will be the record date.

### **Consultation question**

**Question 3.** Do you have any comments that consequential amendments should be made to the Listing Rules to reflect the arrangements proposed under the T+1 operating model?

## Legislation

- 101 Broader changes would also be introduced across relevant legislative and regulatory requirements related to accelerating the settlement cycle. Further considerations will be made in due course.

### **5.7 Concurrent enhancements to Cash Market post trade**

- 102 HKEX is committed to continually building future-ready market infrastructure. The introduction of new post trade services demonstrates this. A series of improvements will be introduced to enhance market operational efficiency and support market participants.
- 103 Although not required for T+1 preparation, an overview of the enhancement initiatives taking place in parallel is as follows:
- **Enhanced CCASS report retrieval via the Report Access Platform**, which aims to facilitate automated report retrieval processes.
  - **Introduction of a new Application Programming Interface** intended to deliver improved operational processes, greater reliability, and enhanced scalability.
  - **Enhancement of SI matching from batch processing to real-time**, designed to improve operational efficiency, increase visibility, and enable prompt follow-up on exceptions.

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<sup>9</sup> For example, references to “first ex-date” will be removed and references to “second ex-date” will be replaced with “ex-date” in Practice Note 8 of the Main Board Listing Rules (Chapter 17 of GEM Rules).

## 6. GUIDANCE TO THE INDUSTRY FOR T+1 IMPLEMENTATION

### 6.1 Considerations when implementing the T+1 settlement cycle

104 The T+1 settlement cycle represents a compression of the operational timeline, as observed in the proposed operating model. At the same time, it is worth noting that the core steps to settlement remain, implying that substantially the same processes will be done within a shorter period. That will result in more time pressure for many industry participants in the settlement chain.

105 It is important for the industry to note that settlement involves the delivery and exchange of both (1) securities and (2) money. Due consideration should be given to the securities-side and money-side collectively, in order to establish a foundation for the holistic preparation for implementing the T+1 settlement cycle.

### 6.2 Implementing T+1 is an industry-wide journey

106 Changing the settlement cycle to T+1 will be an industry-wide journey. This is because settlement activities encompass (1) interactions between HKEX and the market participants and (2) interactions among market participants.

107 While the activities between HKEX and market participants are largely covered in Chapter 5, the activities among market participants are equally important as they often form the foundation in preparation for settlement. Market participants must evaluate and prepare for the wide-ranging and end-to-end transformation across the entire settlement lifecycle.

108 Examples of interactions among market participants include, and are not limited to, those in the money-side (e.g. funding and liquidity arrangements, cash movements, FX lifecycle, associated payment workflows catering to new cut-off times) and the securities-side (e.g. securities inventory management through SBL). All these are essential processes for settlement and will require engagement and coordination among market participants and partners along the settlement chain.

109 It is also worth noting that the preparation and readiness considerations required vary by participant types. This could depend on factors such as operating model, product mix, client base and time zone coverage, and the effects will not be uniform on market participants, whether they are brokers, EPs, CPs, custodians, institutional investors, margin clients, banks, FX providers or SBL intermediaries.

### 6.3 Paving the way for industry-wide guidance

110 Given the broad extent of the changes, especially relating to interactions among market participants, HKEX believes it is essential to **encourage the development of industry-wide guidance**, which is defined as follows:

- **Key topics under T+1 for the industry:** A set of high-level topics are outlined in Exhibit 1 and are intended as an initial reference point for the industry. These topics have been developed by HKEX based on industry discussion, feedback and detailed analysis. Further elaboration is available in Appendix A.

## **Exhibit 1: Key topics under T+1 for the industry**

### *Transitioning to T+1 (General)*

- Having an end-to-end assessment of the entire settlement lifecycle
- Considering both streamlining and automating as viable options
- Identifying both business-as-usual and exceptional circumstances
- Planning for sufficient stakeholder communications and market education

### *Settlement under T+1: Pre-settlement activities*

- Completing pre-settlement activities as soon as practicable (General)
- Leveraging automation and straight-through-processing (General)
- Maintaining up-to-date static data and SSIs (General)
- Enabling pre-settlement matching as soon as practicable (General)
- Arranging for SI creation / validation / repair (General)
- Handling exception management and settlement fails promptly (General)
- Arranging for adequate and timely funding and FX management (Money)
- Arranging the SBL market for effective securities inventory management (Securities)

### *Settlement under T+1: Operational resilience, staffing, and go-live stabilisation*

- Ensuring holistic operational readiness (General)

### *Settlement under T+1: Downstream processes after settlement*

- Reviewing implications of T+1 on non-exchange listed products that have Hong Kong equities as the underlying / constituents (General)

### *Legend:*

- *(Securities) denotes areas related to securities-side*
- *(Money) denotes areas related to money-side*
- *(General) denotes areas related to both securities and money -sides or broader general topics that relate to settlement*

- **General implications across market participants:** The general implications of implementing T+1 across different participant types are outlined as reference. The key list of market participants is outlined as follows, with further elaboration available in Appendix B.
  - Retail investors
  - Margin clients / leveraged investors (including financing clients)
  - Hong Kong / Chinese Mainland institutional investors
  - International institutional investors
  - Brokers / Exchange Participants (EPs)
  - Clearing Participants (CPs)
  - ETP issuers and market makers
  - Structured Products issuers and liquidity providers
  - Custodians (local / global)
  - Cash settlement banks / cash correspondents / FX providers (where relevant to client workflows)
  - Securities borrowing and lending ecosystem (lenders, borrowers, agents)
  - Listed companies
  - Prospective issuers seeking IPO
  - System vendors

111 These key topics and general implications set out are intended to serve as an initial reference point for industry consideration. They are presented at a high level to ensure applicability across a diverse range of market participants with varying operating models.

112 HKEX recognises that different market participants may require additional implementation details to plan and execute changes for a transition to T+1. HKEX will encourage and may consider providing further supporting materials to the market<sup>10</sup>. In due course, HKEX will also develop a framework to support market participants in identifying gaps and dependencies early in advance of go-live.

113 Going forward, HKEX will continue its dialogue with the industry and believes there should be industry-wide guidance that is 'with the industry, and grounded in the industry', addressing the considerations outlined in industry discussions.

#### **Consultation question**

**Question 4.** In assessing your circumstances for a T+1 transition, are there any other key topics, perspectives or types of market participants which you believe are relevant to highlight, that have not been covered in Exhibit 1 and paragraphs 110-113?

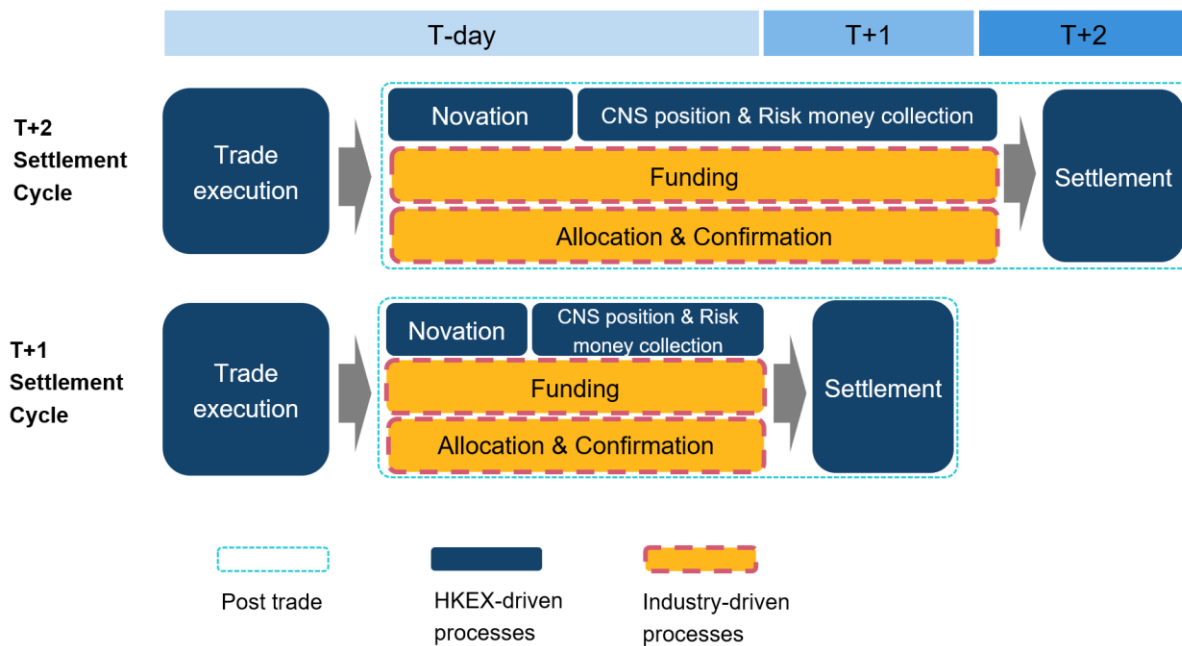
Please share your views.

#### **6.4 A focus on pre-settlement activities**

114 Echoing the key topics under Exhibit 1, HKEX believes that one way to enable smoother settlement is to complete the prerequisites to settlement as soon as practicable. Having key industry processes such funding, and allocation & confirmation (i.e. the key

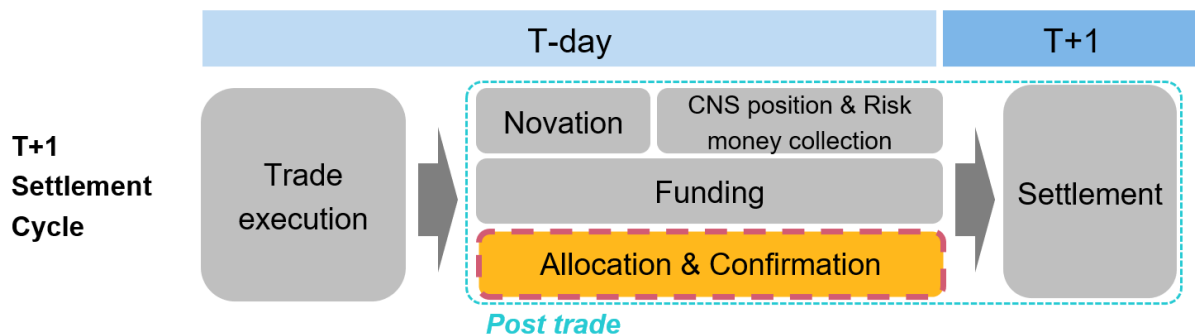
<sup>10</sup> Following the consultation, and subject to the decision on the way forward, HKEX will encourage and will consider what further implementation support, if any, would be helpful to facilitate industry preparation. The form, scope and timing of any such support will be determined after considering consultation feedback and ongoing implementation planning.

processes that are pre-settlement activities depicted in yellow bars with red outline) completed ahead of time is especially important as the operational timeline becomes shortened in T+1.



#### Discussion Paper feedback on a workflow tool solution for institutional stakeholders

- 115 In the Discussion Paper, several industry respondents, especially those with a global presence, referred to straight-through-processing tools as a component that contributed to the smoother implementation of T+1 in other markets. It was noted that such tools have enabled prerequisite processes of settlement to be ready ahead of the settlement process.
- 116 The feedback from this group of institutional stakeholders, which includes investment managers, custodians and brokers, leads HKEX to believe that there may be value for the market in having a workflow tool solution that supports the allocation and confirmation process (i.e. the yellow bar in the diagram below).
- 117 Subject to industry feedback, HKEX is considering the development of such a solution that is linked with pre-settlement processes conducted by the industry. HKEX operates Hong Kong's stock market CSD and SSS. Leveraging these capabilities may allow HKEX to provide a unique workflow platform to improve efficiencies in the pre-settlement matching landscape.
- 118 HKEX is evaluating the feasibility of introducing an end-to-end post trade workflow tool solution to support market participants from the securities pre-settlement matching perspective, with the intent of achieving timely and efficient settlement. Such a solution would align Hong Kong's infrastructure with global best practice and enhance its competitiveness in the evolving post trade environment.



- 119 HKEX is seeking feedback on whether such a workflow tool solution would be valuable for the market, especially for institutional stakeholders that face more complex settlement operations by virtue of their asset custody structure. Further elaboration on such a workflow tool solution for pre-settlement matching is outlined in Exhibit 2.

**Exhibit 2: Proposal to streamline allocation and confirmation (also known as pre-settlement matching)**

Potential pain points for institutional stakeholders in pre-settlement matching under T+1

- 120 The current post trade and settlement operations are based on a T+2 settlement cycle. The current operational timeline provides market participants with a sufficient operational window to conduct pre-settlement matching, to coordinate instructions across multiple downstream parties, and to ensure timely movement of securities to meet CCASS cut-off times.
- 121 With overseas participants working under a 'T+1 timeline' under the T+2 settlement cycle, time zone differences pose less disruption under the existing operational framework. This timeline also accommodates the resolution of trade exceptions and completion of instructions – even if the workflows are in the form of manual, non-standardised, and sequential means, such as those involving fax, email, or spreadsheet files.
- 122 With the planned transition to a T+1 settlement cycle in Hong Kong, the available time for investment managers – both global and local – and brokers to confirm trade economics and settlement details will be significantly compressed. The reduction in processing hours increases the risk of trade failures.
- 123 This shift presents a strategic opportunity to streamline post trade workflows. HKEX anticipates that regional and global asset managers, along with their custodians, will be more directly affected due to the complex nature of cross-border operations.
- 124 Overseas participants may essentially be operating under a 'T+0 timeline' under the T+1 settlement cycle. Broker participants, while less directly impacted, may still face increased operational pressure as their role in facilitating timely settlement within the Hong Kong time zone becomes more critical.
- 125 This observation outlined have a direct and material impact on the CNS process between CPs and HKSCC. In case of a failure by investment managers or brokers to allocate, match, confirm, and instruct custodians and CPs in a timely manner, there could be downstream impact. Delays or errors in these upstream processes may lead to insufficient securities being available for onward delivery to HKSCC, highlighting

the importance of the prerequisite processes leading up to settlement.

Possible areas of opportunity

126 Industry respondents have highlighted areas for improvement in post trade processes to reduce SI mismatches and enable early identification of settlement failures. HKEX believes these add-ons would complement HKEX's existing clearing and settlement infrastructure. It is possible that each of these offerings could be individual add-ons deployed where relevant.

- **Matching**
  - Implement transition from manual processes to a centralised matching platform
  - Enable trade allocation and confirmation matching ahead of settlement
  - Enable simultaneous generation of SIs based on matched trades for custodians
- **Centralised SSI Repository**
  - Establish a single source of truth for SSIs in the Hong Kong market
  - Provide secure input and retrieval of data, with access controls based on trade relationships and authorisation
- **SI Automation**
  - Enable overnight SIs processing capabilities (potentially beyond operating hours, if relevant to the market) for firms operating across multiple time zones
  - Automate simultaneous SIs to custodians and CCASS
  - Allow options for custodians to adopt including direct instructions, drop copy, and approval models to interface with different custodians
- **Dashboard for Management Information Systems (MIS)**
  - Deliver real-time settlement status updates to identify failures early and manage exceptions before cut-off
  - Improve clarity for SBL recalls
  - Provide MIS reports to monitor settlement efficiency

127 HKEX would like to outline this preliminary concept with the industry. The intention of this section is to seek market views if having such an offering would support industry participants' preparation for T+1 implementation and ongoing operations.

**Supplemental questions to the market participants (If applicable)**

**Supplemental question A.**

Do you agree that the proposed workflow tool solution (as set out in Exhibit 2) would facilitate the implementation of a shortened settlement cycle under T+1?

Please give reasons for your views.

**Supplemental question B.**

Would you consider adopting the following components described in the proposed streamlined workflow under Exhibit 2 to better prepare for the T+1 implementation?

- Matching
- Centralised SSI Repository
- SI Automation
- Dashboard for MIS

Please give reasons for your views and share your considerations relevant to your decision.

**Note:**

- *HKEX hopes to seek inputs particularly from institutional stakeholders, whose asset custody structure may benefit from such a solution. If retail investors and retail brokers consider this question irrelevant to their circumstances, they may elect not to respond.*
- *Should there be sufficient market demand as indicated from responses to these supplemental questions, HKEX could look to provide a workflow solution on pre-settlement matching to the industry as mentioned in Exhibit 2.*

## 7. NEXT STEPS

### 7.1 How market participants should prepare for T+1

#### *Holistic evaluation and response to this paper*

- 128 The industry is expected to consider the proposal and consultation questions outlined in the Consultation Paper holistically. This paper should be brought to the attention of all relevant teams in each firm given the broad reach and interdependence of the settlement cycle.
- 129 This will enable each industry participant to evaluate the Hong Kong T+1 proposal holistically and to provide a duly considered response to HKEX.

#### *Engage partners in the market*

- 130 Across the cash market settlement chain, it is common for industry participants to work with their partners (such as market intermediaries, service providers and clients) to conduct activities in both the securities-side and the money-side.
- 131 HKEX expects industry participants to start engaging their partners to evaluate the impact of T+1 and discuss details of the implementation based on the approach outlined in this Consultation Paper. As examples:
- For **end-investors**, it may be helpful to engage their brokers and custodians who may also be evaluating the impact of the Hong Kong T+1 implementation. They provide services across the securities-side and money-side, and may include solutions that could support the transition to T+1.
  - For **service providers such as brokers and custodians**, it may be helpful to engage their clients to jointly evaluate the implications of a Hong Kong T+1 on operations and beyond. This may be relevant in informing the development of solutions that are tailored to the clients' needs in the implementation of T+1.
- 132 It may also be relevant to engage relevant system vendors in evaluating the implications of T+1 implementation.
- 133 As highlighted in Chapter 6, Appendix B sets out a summary of general impact across different participant types as an initial point of reference.

#### *Establish the foundation for T+1 implementation*

- 134 HKEX aims to provide relevant information as it becomes available for the industry's preparation for the Hong Kong T+1.
- 135 HKEX expects industry participants (including EPs, CPs, custodians and investment managers and other market participants operating in the settlement cycle) to start forming cross-functional project teams and securing budget and resources for the implementation of T+1. This will enable the industry to review and assess existing processes against the T+1 operating model and identify the right changes and automation solutions required.
- 136 Having such a foundation would position industry stakeholders to be ready for T+1 implementation.

## 7.2 This Consultation and implementation timeline

- 137 HKEX will open the consultation to the market for 4 weeks, closing on 18 May 2026.
- 138 Following the consultation, HKEX intends to include the following steps leading up to the launch of T+1 in Hong Kong:
- Publication of consultation conclusions
  - Publication of specifications documents, including publication of an information paper
  - Industry engagement
  - Market testing and simulation
  - Readiness of the industry
  - Regulatory approvals
  - Launch of T+1 in Hong Kong
- 139 As explained in Chapter 1, HKEX proposes the T+1 implementation to occur in Q4 2027, subject to industry readiness and regulatory approvals.
- 140 HKEX will continue to be in close dialogue with the industry in understanding its needs and status towards the path to readiness. As a start, HKEX will also be leveraging its existing forums (including the Clearing Consultative Panel), to engage with the industry.
- 141 HKEX expects the industry to focus its efforts on implementing this broad-reaching initiative, while HKEX, as the market operator, remains committed to providing support to the industry as appropriate.

### **Consultation question**

**Question 5.** Do you consider the timeframe to be sufficient for you to prepare for T+1 to become effective in Q4 2027, given the advance visibility and lead time provided? Do you have any comments on the discussion and implementation approach?

Please share your views on the proposed approach and timeline.

## Summary of Hong Kong T+1 – Operating model, guidance and next steps

### The T+1 Operating Model

Chapter 5

<b>Scope for T+1</b>		
<b>Key changes to operating model vs. Today</b>		
Trading	Post Trade	Risk Management
<b>Other key topics</b>		
Specific Product Implications (ETP, Stock Options); Corporate Actions; Share Deposit; Rules & Legislative; Reporting		

**Concurrent enhancements to post trade infrastructure**

- Although not required for T+1, they will help to support overall efficiency

### Guidance to the Industry for T+1 Implementation

Chapter 6

<b>Paving the way for industry-wide guidance</b>	<b>HKEX proposal in support of industry</b>
<ul style="list-style-type: none"> <li>High-level topics as a starting point</li> <li>Encourage the development of industry-wide guidance</li> <li>Longer term, there should be a set of guidelines <b>'with the industry, and grounded in the industry'</b></li> </ul>	<ul style="list-style-type: none"> <li>Propose workflow tool for industry feedback – focusing on allocation and confirmation for institutional stakeholders</li> <li>In response to industry feedback</li> <li>Leveraging HKEX's role as a market operator, explore ways to unlock efficiencies in securities pre-settlement</li> </ul>

### Next Steps

Chapter 7

<b>Path towards T+1 – Preparation can start today</b>	<b>Key steps leading T+1</b>
<ul style="list-style-type: none"> <li>Holistic evaluation and response to the Consultation Paper</li> <li>Engage partners in the market</li> <li>Establish foundation for T+1 implementation</li> </ul>	<ul style="list-style-type: none"> <li>Detailed specification document publication</li> <li>Testing, industry readiness and regulatory approvals</li> <li>Launch of T+1 in Hong Kong</li> </ul>

## APPENDICES

### Appendix A. Key topics under T+1 for the industry

Appendix A is intended to be a concise directional guidance on key areas of consideration for a transition to T+1. This is a set of high-level guidance designed for the benefit of the reader when reading the Consultation Paper. It isn't intended to be an exhaustive implementation manual.

Following the consultation, and subject to the decision on the way forward and applicable approvals, HKEX will encourage and will consider what further implementation support, if any, would be helpful to facilitate industry preparation. The form, scope and timing of any such support will be determined after considering consultation feedback and ongoing implementation planning.

HKEX believes there should be industry-wide guidance that is 'with the industry, and grounded in the industry', addressing the considerations outlined in industry discussions.

*Legend:*

- *(Securities) denotes areas related to securities-side*
- *(Money) denotes areas related to money-side*
- *(General) denotes areas related to both securities and money -sides or broader general topics to settlement*

#### Implementing T+1 (General)

Topic	Guidance to the industry
<b>Having an end-to-end assessment of the entire settlement lifecycle</b>	<ul style="list-style-type: none"><li>• End-to-end and comprehensive review of your involvement in the settlement process and evaluate the potential implications of T+1.</li><li>• Cross-functional engagement with teams including operations, technology, treasury, risk management, compliance and client communication.</li><li>• Broad scope of review covering the entire settlement lifecycle, including trade execution, pre-settlement matching, funding, FX, securities lending, corporate actions, downstream reporting, communication protocols and client statement preparation.</li></ul>

<p><b>Considering both streamlining and automating as viable options</b></p>	<ul style="list-style-type: none"> <li>• When reviewing processes under T+1, it is worthwhile to explore whether streamlining workflows through new approaches could deliver greater benefits than automating processes that are inherently less efficient.</li> <li>• In some cases, introducing simplified or redesigned processes can achieve more meaningful improvements in speed and reliability compared to applying automation to outdated methods.</li> <li>• This perspective encourages organisations to evaluate the overall effectiveness of their workflows before deciding on automation, ensuring that any investment in technology truly enhances operational performance.</li> </ul>
<p><b>Identifying both business-as-usual and exceptional circumstances</b></p>	<ul style="list-style-type: none"> <li>• Both business-as-usual workflows and exceptional circumstances should be considered.</li> <li>• While defining standard processes for routine settlement activities is important, organisations may also benefit from reviewing scenarios that fall outside normal operations. Developing contingency plans for non-standard events can strengthen resilience and reduce operational risk.</li> <li>• Examples include holiday schedules that affect value dates for securities or cash, system outages or connectivity failures, market disruptions or liquidity constraints, and index rebalancing periods where exceptionally high volumes are expected.</li> </ul>
<p><b>Planning for sufficient stakeholder communications and market education</b></p>	<ul style="list-style-type: none"> <li>• Clear and proactive communication plays an important role in supporting a smooth transition to T+1. Early engagement fosters collaboration and ensures that all parties understand operational changes and their implications.</li> <li>• Engaging all relevant stakeholders, including retail and institutional investors, intermediaries, listed companies, issuers, custodians, and system vendors, helps build alignment and readiness across the market.</li> </ul>

## Settlement under T+1: Pre-settlement activities

Topic	Guidance to the industry
<b>Completing pre-settlement activities as soon as practicable (General)</b>	<ul style="list-style-type: none"><li>• T+1 implies that the overall operational timeline, and more importantly the time to complete these prerequisites will be shortened.</li><li>• By completing the pre-settlement activities as soon as practicable, right after trade execution and before settlement; and by having the securities and money ready, this increases the likelihood of a timely and efficient settlement as intended on T+1.</li><li>• HKEX's expectation in this preparation include through automation, maintaining updated static data and SSI and collaborating closely with stakeholders / partners. These are covered in the next few topics.</li><li>• Also, under Chapter 6 is HKEX's proposal for a workflow tool solution, which aims to unlock market value leveraging HKEX's role as a CSD and SSS. This is envisaged under feedback from the industry discussion. HKEX looks forward market feedback on the proposed solutions to support T+1 implementation.</li></ul>
<b>Leveraging automation and straight-through-processing (General)</b>	<ul style="list-style-type: none"><li>• Automation is widely regarded as a best practice as operational timelines become increasingly compressed under T+1. Where relevant, implementing straight-through-processing can help minimise time delays and enhance accuracy across the settlement lifecycle.</li><li>• Replacing manual channels such as email and fax with automated solutions can significantly improve efficiency and reduce operational risk.</li><li>• For example, machine-to-machine communication enables processes to continue beyond business hours, bridging time zone differences and supporting global operations. This is especially relevant for Hong Kong T+1, where both international and local players actively participate in the market.</li></ul>

**Maintaining up-to-date static data and SSIs (General)**

- Static data and SSIs are often used in post trade processes. Keeping this information updated will increase the chance of smoother downstream processes from allocation and confirmation to settlement.
- Such static data and SSIs should be shared effectively among counterparties, such that post trade processes are conducted accurately. This can be facilitated by electronic platforms instead of manual channels such as emails and shared spreadsheet files for maintaining and sharing this information. This reduces the likelihood of error and exceptions handling.
- The accurate information will feed into downstream processes for securities and money, which will be covered below.
- Key considerations
  - SSI governance (ownership, maker-checker, change control and audit trail) and consistency across internal systems.
  - Data quality around stale/conflicting SSIs and missing required fields become higher-risk under compressed timelines.
  - Earlier validation (trade date) to reduce late-stage instruction breaks and avoidable settlement fails.
  - Controlled channels for SSI updates and counterparty coordination (e.g. custodians, CPs, brokers, investment managers).
- Implementation actions (illustrative)
  - Strengthen SSI governance and automated validation (completeness/format/applicability).
  - Move SSI validation earlier; implement a time-critical SSI exception queue with clear ownership and escalation.
  - Establish counterparty escalation contacts and response expectations for SSI repairs.
- Readiness self-check (participant-level)
  - SSI governance and controls documented and operational.
  - Evidence that SSI issues can be detected and resolved early for time-critical flows.
  - Dependency mapping completed and escalation paths tested.
- Further guidance: HKEX will consider whether to provide supplementary guidance or illustrative materials on this topic in due course (subject to the decision on the way forward and applicable approvals).

**Enabling pre-settlement matching as soon as practicable (General)**

- Conducting pre-settlement matching, allocation and confirmation as soon as practicable after trade execution increases the chances of timely settlement.
- The use of electronic platforms to conduct pre-settlement matching also helps streamline and automate this process.
- Key considerations
  - Compressed timeline increases sensitivity to late allocations/confirmations, manual workflows and time-zone handovers.
  - Clear internal targets and escalation are needed to complete trade-date processing and resolve breaks earlier.
  - Automation/standardisation reduces rework and exception volumes that may spill into settlement day.
  - Coordination among investment managers, brokers and custodians to shorten break resolution cycles.
- Implementation actions (illustrative)
  - Define internal targets/cut-offs for trade-date completion and prioritisation logic for “settlement-at-risk” trades.
  - Implement structured exception identification and repair queues (e.g. mismatched economics or missing identifiers/SSIs).
  - Use dashboards for completion rates and exception aging; strengthen handover procedures where relevant.
- Readiness self-check (participant-level)
  - Trade-date completion targets and escalation processes documented and operational.
  - Evidence (testing/drills) that key flows can complete earlier on trade date under T+1.
  - Exception workflow and staffing coverage designed for compressed windows.
- Further guidance: HKEX will consider whether to provide supplementary guidance or illustrative materials on this topic in due course (subject to the decision on the way forward and applicable approvals).

**Arranging for SI creation / validation / repair (General)**

- Compressed timeline to ensure SIs can be generated, validated, submitted and repaired while maintaining robust controls to reduce avoidable settlement fails.
- Reduced time to generate and submit instructions and to repair breaks before settlement.
- Increased settlement risk if instruction workflows are manual, sequential, or reliant on late-day exception repair.
- Higher operational impact from incomplete/missing SSIs, account mapping errors, or counterparty mismatches.
- Key considerations
  - Less time is available to generate, validate, submit and repair SIs before cut-offs.
  - Instruction breaks are often driven by upstream SSI/static data issues and late trade-date completion; early validation reduces downstream risk.
  - Manual/sequential workflows increase risk; structured exception queues and controlled automation are key.
  - Roles and escalation across brokers, custodians and CPs should be clear.
- Implementation actions (illustrative)
  - Map end-to-end instruction workflow and identify binding cut-offs.
  - Introduce pre-validation checks on trade date (SSI completeness, account mapping and counterparty consistency).
  - Establish an instruction exception queue with clear ownership, prioritisation rules and escalation paths.
- Readiness self-check (participant-level)
  - Instruction workflow and cut-offs documented; exception ownership/escalation operational.
  - Evidence (testing/drills) that instruction creation/repair can complete within compressed windows for key scenarios.
  - Reduced reliance on ad-hoc/manual channels for instruction repair (or a remediation plan with dates).
- Further guidance: HKEX will consider whether to provide supplementary guidance and/or information relating to market testing and simulation on this topic in due course (subject to the decision on the way forward and applicable approvals).

**Handling exception management and settlement fails promptly (General)**

- Ensure exceptions that could lead to settlement fails (cash shortfalls, securities shortfalls or instruction breaks) are identified early and managed through structured triage, escalation and contingency actions.
- Less time to resolve exceptions before settlement; increased likelihood that unresolved breaks convert into settlement fails.
- Increased need for early detection, prioritisation and cross-functional decision making, including operations, treasury, risk and front office.
- Key considerations
  - Under T+1, unresolved breaks convert to settlement fails more quickly; early detection and triage are essential.
  - Settlement failures often stem from cash-side shortfalls, securities-side shortfalls, SSI/instruction breaks, or late trade-date completion.
  - Cross-functional decisioning is required (operations, treasury, risk or client coverage) with clear escalation and contingency activation.
- Implementation actions (illustrative)
  - Define an exception taxonomy and triage model for “settlement-at-risk” signals (missing instructions/SSIs, projected cash gaps or projected securities shortfalls).
  - Establish time-critical escalation paths and decision rights, including client/counterparty communication triggers.
  - Implement contingency playbooks, including for funding shortfalls (fallback liquidity) and securities shortfalls (alternative sourcing and escalation).
- Readiness self-check (participant-level)
  - Exception triage and escalation matrix documented and operational (contacts tested).
  - Evidence that key exception types can be detected and resolved within compressed timelines (testing/drills).
  - Contingency playbooks documented and rehearsed for peak/stress scenarios.
- Further guidance: HKEX will consider whether to provide supplementary guidance or illustrative materials on this topic in due course (subject to the decision on the way forward and applicable approvals).

**Arranging for adequate and timely funding and foreign exchange management (Money)**

- Developing a well-structured funding and FX strategy can be an important step in supporting timely settlement under T+1. Such a strategy may consider funding needs to ensure liquidity is available when required.
- It may be relevant to collaborate with your partners and stakeholders in arranging funding. Market participants such as custodians may consider exploring solutions that enable clients to complete FX lifecycle steps promptly.
- Key considerations
  - Compressed timeline reduces time to mobilise liquidity, collect/confirm client funding (including margin), and complete FX where needed.
  - External dependencies (bank/payment processing windows, custody cut-offs or FX counterparty operating windows) may be binding constraints.
  - Manual funding/FX workflows and late-day processing increase the risk of settlement delays and fails. In particular, cheque deposits in the Hong Kong banking system must be made on T-day before the cut-offs, as deposited paper cheques settle on the next working day.
- Implementation actions (illustrative)
  - Map cash readiness and FX readiness critical paths, including internal/external cut-offs and time-zone handovers.
  - Bring forward trade-date triggers for cash/FX requirement identification; strengthen automation and exception monitoring.
  - Adopt electronic means for money transfer such as Clearing House Automated Transfer System and Faster Payment System.
  - Define contingency arrangements for late funding or incomplete FX (fallback liquidity, escalation and client communications).
- Readiness self-check (participant-level)
  - Cash/FX critical path mapped; internal cut-offs defined and aligned with external constraints.
  - Evidence (testing/drills) that funding mobilisation and FX processing can be achieved within compressed windows for key flows.
  - Documented escalation and contingency playbooks for late funding/FX exceptions.
- Further guidance: HKEX will consider whether to provide supplementary guidance or illustrative materials on this topic in due course (subject to the decision on the way forward and applicable approvals).

**Arranging the SBL market for effective securities inventory management (Securities)**

- SBL plays a vital role in the functioning of the Hong Kong market, in supporting both liquidity and more sophisticated trading and arbitrage strategies. With a tighter timeline under T+1 for securities borrow and recall, careful consideration and planning is necessary.
- As the SBL ecosystem is often decentralised and bilateral, it may be relevant for the ecosystem to collaboratively explore solutions which include the alignment on cut-off times for SBL recalls to increase operational predictability and the exploration on automation for SBL recall and return instructions to streamline operations.
- Key considerations
  - Under T+1, the window to source securities and complete recalls/returns is compressed; predictability and operational efficiency become more critical.
  - Dependencies may span multiple counterparties (lenders, borrowers, agents, custodians) and may be cross-time-zone.
  - Manual/non-standard communications increase delay and exception risk.
- Implementation actions (illustrative)
  - Map the securities availability / SBL critical path and identify binding cut-offs.
  - Enhance inventory visibility and trade-date triggers for projected delivery shortfalls.
  - Improve automation / standardisation in recall/return processes; define contingency sourcing and escalation procedures.
- Readiness self-check (participant-level)
  - SBL workflow and cut-offs documented; escalation contacts/response procedures confirmed with key counterparties.
  - Evidence (testing/drills) that recall/return processing can meet compressed timelines for key scenarios.
  - Contingency procedures defined for late/failed recalls/returns impacting settlement.
- Further guidance: HKEX will consider whether to provide supplementary guidance or illustrative materials on this topic in due course (subject to the decision on the way forward and applicable approvals).

## Settlement under T+1: Operational resilience, staffing, and go-live stabilisation

Topic	Guidance to the industry
<p><b>Ensuring holistic operational readiness (General)</b></p>	<ul style="list-style-type: none"> <li>• Ensure adequate operational coverage, resilience and clear escalation mechanisms to support compressed timelines during business-as-usual and during transition/go-live stabilisation.</li>   <li>• Key considerations <ul style="list-style-type: none"> <li>○ Compressed timelines reduce tolerance for staffing gaps, outages and slow exception response; operational coverage and resilience are key.</li> <li>○ Cross-time-zone models may require revised handovers and decisioning to support trade-date completion and exception repair.</li> <li>○ Transition/go-live period may require enhanced coordination, escalation and issue triage arrangements.</li> </ul> </li>   <li>• Implementation actions (illustrative) <ul style="list-style-type: none"> <li>○ Define operational coverage and handover procedures for T+1 critical paths, including time-critical escalation channels.</li> <li>○ Update contingency procedures for funding/FX breaks, instruction breaks and securities availability breaks under compressed timelines.</li> <li>○ Prepare go-live stabilisation arrangements (issue triage, checkpoints and escalation channels) and integrate with testing/simulation learnings.</li> </ul> </li>   <li>• Readiness self-check (participant-level) <ul style="list-style-type: none"> <li>○ Staffing/coverage plan and escalation contacts defined and tested.</li> <li>○ Contingency playbooks updated and rehearsed (including stress scenarios).</li> <li>○ Go-live stabilisation plan prepared and aligned to market testing/simulation outcomes.</li> </ul> </li>   <li>• Further guidance: HKEX will consider whether to provide supplementary guidance and/or information relating to market testing and simulation on this topic in due course (subject to the decision on the way forward and applicable approvals).</li> </ul>

## Settlement under T+1: Downstream processes after settlement

Topic	Guidance to the industry
<b>Reviewing implications of T+1 on non-exchange listed products that have Hong Kong equities as the underlying / constituents (General)</b>	<ul style="list-style-type: none"><li>• There are products beyond those listed on HKEX with underlying / constituents with Hong Kong equities. Market participants managing such products should take a proactive approach in reviewing the structure and timelines of all products. These may include private bank structured products, mutual funds, derivatives, and index-linked instruments.</li><li>• It is important to align the key product lifecycle events with the T+1 settlement cycle. This includes the settlement cycles of the respective products:<ul style="list-style-type: none"><li>○ Derivatives that physically settle into equities may also need to be updated in line with the latest settlement cycle.</li><li>○ There may be settlement cycle mismatches between products (such as mutual funds with a variety of settlement cycles including T+2/3/4) and its constituents (such as Hong Kong equities with a T+1 settlement cycle). Product managers should explore measures to address these mismatches to enable smooth creation and redemption cycles.</li></ul></li><li>• Handling of the product during transition, from devising the changes in arrangements, signing amendment agreements and corresponding product operating agreements and regulatory requirements, to clear communications with your clients will be key.</li></ul>

## Appendix B. General implications for industry groups

Industry group	General implications
Retail investors	<ul style="list-style-type: none"> <li>• For buy trade execution, the delivery of money under T+1 will be one business day earlier than under current practices. If trading is pre-funded, there would be minimal impact for retail investors. If buy trades are not pre-funded, retail investors may encounter earlier funding requirements and the potential for settlement-related delays or charges.</li> <li>• For sell trade execution, the receipt of money under T+1 will also be one business day earlier than under current practices. Sales proceeds will be paid to investors one business day earlier.</li> <li>• Since retail trading activity is typically pre-funded, these investors are expected to experience less impact from the shortening of the settlement cycle.</li> <li>• T+1 may also impact processes such as the deposit of securities (both as physical certificates and under USM); retail investors are advised to contact their market intermediaries for specific implications.</li> </ul> <p><i>Note: This Consultation Paper aims to consult the market on a T+1 settlement cycle for the Hong Kong Cash Market. As of the publication of this paper, there have been no changes to the current T+2 settlement cycle. HKEX will make announcements to the market as per usual practice if there is a change to the settlement cycle. For specific questions on trading, clearing, and settlement operations, investors are advised to contact their broker or market intermediary.</i></p>

<b>Margin clients / leveraged investors (including financing clients)</b>	<ul style="list-style-type: none"> <li>• Earlier funding and / or collateral availability may be required under T+1 to support timely settlement under compressed timelines.</li> <li>• Financing / margin processes may need earlier margin calls, earlier collateral substitution timelines and/or revised client cut-offs.</li> <li>• Investors may experience changes to broker financing terms / processes, including potential impacts to interest, charges, or availability of financing if late funding increases settlement risk.</li> <li>• Investors may consider working with relevant broker / margin financier to review margin call timing, top-up channels, and escalation / decision rights under T+1.</li> <li>• Investors may consider following up closely with broker / margin financier who may have plan to <ul style="list-style-type: none"> <li>○ Enhance pre-trade controls (e.g., buying power checks, exposure limits) and intraday monitoring to reduce settlement-risk build-up.</li> <li>○ Update client communication templates, disclosures, and operational cut-offs; provide clear consequences for non-compliance.</li> <li>○ Establish contingency playbooks (e.g., alternative funding routes, collateral substitution arrangements, controlled liquidation procedures).</li> </ul> </li> </ul>
<b>Hong Kong / Chinese Mainland institutional investors</b>	<ul style="list-style-type: none"> <li>• Evaluate existing post trade processes (including allocation, confirmation and funding) and evaluate the impact of a shorter timeline on overall operations together with market intermediaries.</li> </ul> <p><i>Note: T+1 will also apply to Southbound Stock Connect.</i></p>
<b>International institutional investors</b>	<ul style="list-style-type: none"> <li>• Evaluate existing post trade processes (including allocation, confirmation and funding) and evaluate the impact of a shorter timeline on overall operations together with market intermediaries.</li> <li>• Greater time zone compression may require earlier processing on trade date and/or overnight operating coverage.</li> <li>• FX dependencies may become more critical due to shorter time to complete FX lifecycle steps required for settlement.</li> <li>• Increased emphasis on automation/straight-through-processing and reduced reliance on sequential manual workflows.</li> </ul>

<p><b>Brokers / EPs</b></p>	<ul style="list-style-type: none"> <li>• Compressed timeline to complete post-trade steps, repair exceptions, and ensure trades are 'settlement-ready'.</li> <li>• Earlier client funding expectations (including margin clients) and earlier escalation for funding shortfalls.</li> <li>• Greater dependency on same-day completion of upstream prerequisites (allocation/confirmation, SSIs and instruction generation).</li> <li>• Process and controls <ul style="list-style-type: none"> <li>○ Map the end-to-end "T to T+1" critical path for both securities readiness and cash readiness; identify binding cut-offs and manual choke points.</li> <li>○ Implement earlier exception detection (missing SSIs, unmatched trades, projected cash/stock shortfalls) and prioritised repair workflows on trade date.</li> <li>○ Define a clear escalation framework for exceptions (funding, FX, SBL and instruction breaks), including decision rights and client communications triggers.</li> </ul> </li> <li>• Client funding and margin <ul style="list-style-type: none"> <li>○ Bring forward client funding cut-offs and strengthen funding confirmation processes.</li> <li>○ Recalibrate margin call/top-up processes and governance for compressed timelines; ensure operational coverage and communications.</li> </ul> </li> <li>• Technology/automation <ul style="list-style-type: none"> <li>○ Increase straight-through-processing for instruction creation/validation, funding projections, and exception monitoring.</li> <li>○ Ensure vendor readiness and regression testing coverage for T+1 changes.</li> </ul> </li> </ul>
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<p><b>CPs</b></p>	<ul style="list-style-type: none"> <li>• Increased time-criticality in monitoring settlement obligations and managing exception resolution under a shortened cycle.</li> <li>• Potential increased operational sensitivity to upstream data quality and timeliness (from brokers/custodians).</li> <li>• Greater urgency to manage settlement obligations under T+1, including monitoring securities availability, funding readiness and exception resolution within shorter windows.</li> <li>• Potential operational and risk management adjustments to support compressed timelines, including escalation and contingency procedures for settlement risks.</li> <li>• Establish dashboards and / or protocols for “settlement-at-risk” signals (e.g., missing instructions, projected cash shortfalls or securities shortfalls).</li> <li>• Enhance triage and escalation protocols with participants and counterparties; define rapid response procedures for peak settlement days.</li> <li>• Review operational coverage and contingency playbooks for settlement-day disruptions.</li> </ul>
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<p><b>ETP issuers</b></p>	<ul style="list-style-type: none"> <li>• Compressed timeline to complete creation and redemption activities in the ETF primary market to support timely settlement of ETF units traded in the secondary market.</li> <li>• Where creation and redemption workflows involve multiple parties and manual or sequential processes, compressed timelines may increase operational risk due to reduced capacity to absorb late instructions or resolve exceptions.</li> <li>• Delays or exceptions in creation and redemption processing may have effects on secondary market settlement, particularly where primary market activity is relied upon to support settlement obligations.</li> <li>• Existing creation and redemption cut offs, sequencing assumptions and processing windows may not align with a T+1 settlement cycle, constraining the ability of primary market activity to support secondary market settlement on a timely basis.</li> <li>• Misalignment between settlement of ETF units and underlying securities may give rise to interim funding gaps and additional operational complexity within the creation and redemption lifecycle, particularly for ETFs with overseas underlyings.</li> <li>• Where underlying securities settle through multiple batches during the day, and ETF creation requires all underlying securities to have settled by an earlier batch to avoid failure, a T+1 settlement cycle may increase the likelihood that a significant proportion of underlying securities only settle later in the day, resulting in a higher incidence of ETF creation settlement failures.</li> <li>• FX related steps embedded within creation and redemption processes may become more sensitive to timing constraints, as compressed settlement timelines reduce flexibility around FX execution, confirmation and settlement cut offs.</li> <li>• Changes to creation and redemption timing, settlement mechanics or documentary requirements may necessitate revisions to participation agreements, operating guidelines and related documentation, and the associated repapering and re-onboarding across participating dealers, custodians, trustees and other parties may require time and coordination.</li> </ul>
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<p><b>ETP market makers</b></p>	<ul style="list-style-type: none"> <li>• Increase the time criticality of inventory management for ETF market makers, given their reliance on timely creation and redemption activity to support settlement of secondary market trades.</li> <li>• Where ETF units are required to settle on T+1, any misalignment or delay in creation or redemption processing may increase settlement risk for market makers in meeting settlement obligations to end investors.</li> <li>• Where ETF creation is dependent on all underlying securities settling by an earlier settlement batch, a higher proportion of late day settlement of underlying securities under T+1 may increase the likelihood that creation requests cannot be completed in time, exposing market makers to settlement and inventory risk.</li> <li>• Differences between the settlement cycle of ETF units and underlying securities may give rise to financing gaps, increasing funding pressure and risk for ETF market makers.</li> <li>• SBL activities supporting ETF market making may become more time critical under T+1, as less time to source securities, process recalls or complete returns to avoid settlement shortfalls.</li> <li>• Under compressed settlement timelines, ETF market makers may become more reliant on the ETP buy-in exemption framework to manage temporary settlement shortfalls arising from liquidity provisioning activities, and any constraints on the use, timing or eligibility of such exemptions may have direct implications for market makers' willingness and capacity to provide liquidity.</li> </ul>
<p><b>Structured products issuers and liquidity providers</b></p>	<ul style="list-style-type: none"> <li>• Structured product issuance process is independent from current settlement cycle and not in current scope of T+1, and no impact is expected to Structured Product issuers and liquidity providers at issuance.</li> <li>• For Secondary trading and liquidity provision, please refer to the items above for "International Institutional Investors" and "Brokers / Exchange Participants (EPs)".</li> <li>• Structured product final settlement at expiry also follows a separate and independent workflow to current settlement cycle and excluded from current scope for T+1. Hence, it is expected no impact to Structured Product issuers and liquidity providers at expiry.</li> </ul>

<b>Custodians (local / global)</b>	<ul style="list-style-type: none"> <li>• Shortened window to receive allocations/confirmations and produce/validate SIs.</li> <li>• Increased time zone and handover sensitivity for global operating models; higher risk of late-day breaks.</li> <li>• Greater dependency on FX and funding readiness for settlement currency where applicable.</li> <li>• Cut-offs and operating coverage <ul style="list-style-type: none"> <li>○ Reassess instruction acceptance cut-offs, repair windows, and staffing coverage to support T+1 (including time-zone handovers).</li> <li>○ Define escalation channels and response SLAs for time-critical breaks.</li> </ul> </li> <li>• Instruction workflow and data quality <ul style="list-style-type: none"> <li>○ Improve SSI governance and data quality controls; reduce manual instruction channels where feasible.</li> <li>○ Increase automation for instruction validation and break management; implement structured exception queues.</li> </ul> </li> <li>• Funding / FX coordination <ul style="list-style-type: none"> <li>○ Where applicable, embed FX and funding readiness into earlier trade-date processes and define fallbacks if FX/funding cannot be completed on time.</li> </ul> </li> </ul>
<b>Cash settlement banks/cash correspondents/FX providers (where relevant to client workflows)</b>	<ul style="list-style-type: none"> <li>• Earlier settlement-related payment instructions and confirmations may be required, as well as greater sensitivity to cut-offs and operational disruptions.</li> <li>• Where FX supports settlement funding, compressed timelines increase the importance of execution/confirmation speed and operational resilience.</li> <li>• Confirm payment processing windows, operational support coverage, and cut-off constraints that affect settlement readiness.</li> <li>• Provide clear operational escalation points for settlement-critical payments/FX exceptions.</li> <li>• Participate in testing and readiness discussions where feasible to validate end-to-end timelines.</li> </ul>

<b>SBL ecosystem (lenders, borrowers, agents)</b>	<ul style="list-style-type: none"> <li>• Reduced time to source securities and complete recall/return processing; greater sensitivity to manual and non-standard communications.</li> <li>• Higher importance of predictability in recall processing and escalation.</li> <li>• Map recall / return critical path and define internal cut-offs that allow sufficient buffer under T+1.</li> <li>• Improve automation / standardisation in recall communications, confirmations, and exception tracking.</li> <li>• Establish contingency procedures for late or failed recalls / returns (alternative sourcing, escalation and settlement-risk controls).</li> <li>• Strengthen inventory visibility and early triggers for action on trade date.</li> </ul>
<b>Listed companies</b>	<ul style="list-style-type: none"> <li>• Daily trading is unlikely to be affected by a change in the settlement timeline.</li> <li>• Certain corporate action timelines (e.g. ex-date) need to be adjusted to a T+1 settlement cycle. Listed companies are advised to contact their market intermediaries for specific implications.</li> </ul>
<b>Prospective issuers seeking IPO</b>	<ul style="list-style-type: none"> <li>• No impact on the listing process.</li> <li>• IPO processes and HKEX's FINI platform aren't affected by T+1.</li> </ul>
<b>System vendors</b>	<ul style="list-style-type: none"> <li>• Should understand the considerations of T+1 to best support clients.</li> <li>• Should understand the T+1 model and specifications to make any necessary system enhancements (including automation, workflow tools, and reporting).</li> </ul>

Note: This appendix is illustrative and not exhaustive. Actual impact and appropriate solutions will vary depending on e.g. business model, client base, automation maturity, time-zone coverage, and external dependencies.

## **Appendix C. Frequently asked questions**

### **Q1: How should you approach this Consultation Paper and T+1?**

#### **A1:**

It is important to recognise that the transition to a T+1 settlement cycle is an industry-wide journey: its impact is broad, involving various segments of the market and requiring collective action. Approaching this Consultation Paper and the T+1 transition requires a comprehensive, proactive mindset among all market participants to ensure a smooth and successful implementation. All stakeholders, including but not limited to investors, brokers, custodians, issuers, system vendors, or other service providers, should be aware that their roles and processes may be affected by the proposals set out in the Consultation Paper.

Market participants are strongly encouraged to conduct a holistic evaluation of the Consultation Paper. This involves thoroughly reviewing all sections, understanding the implications for your organisation, and identifying necessary changes in operational processes, technology, and workflows. In addition, it is essential to actively engage with your partners in the market (such as market intermediaries, service providers and clients).

A thorough response to this Consultation Paper will help ensure that all relevant aspects of your business are duly considered during the transition. Open communication will help identify potential challenges at an early stage to enable the sharing of best practices and foster coordinated solutions that benefit the market ecosystem.

Beginning preparations as early as possible by assessing your current capabilities, identifying gaps, and planning for system enhancements or process adjustments is key. For more details on the recommended actions and considerations, please refer to Chapter 7 of the Consultation Paper, which outlines further guidance on the steps that can facilitate a successful transition to T+1.

### **Q2: What is the relevance of T+1 to me as a market participant?**

#### **A2:**

The transition to T+1 settlement is highly relevant for all market participants, as it requires a shift in how transactions are processed and settled across the industry.

Adopting an end-to-end mindset to consider the entire lifecycle of a trade from execution to settlement, and understand how each stage may be affected by the shortened settlement cycle. This holistic perspective is critical to identifying potential challenges and opportunities that may arise from the move to T+1, ensuring that your organisation isn't caught off guard by operational changes.

To help market participants better understand the implications, HKEX has compiled Appendix B, "General Implications to the Industry," which outlines key areas that could be impacted by the T+1 transition. This appendix serves as a starting point, highlighting factors such as adjustments to operational processes, changes in technology requirements, and the need for enhanced coordination among stakeholders. Reviewing these areas will help you pinpoint which aspects are most relevant to your specific business model, client base, and operational structure.

Key factors for consideration include the readiness of existing automated workflows, coverage across different time zones, and dependencies on external partners. Engagement with market intermediaries and service providers will be important for identifying potential risks and

developing solutions tailored to organisational needs.

Proactive assessment and preparation will support a smoother transition and help your organisations enhance efficiency and resilience as the market evolves.

### **Q3: What are the key themes in preparing for the T+1 transition?**

#### **A3:**

Preparing for the transition to T+1 settlement involves several critical themes that market participants should address to ensure a smooth and effective changeover. The first theme is **transitioning to T+1 itself**, which means re-evaluating and adjusting the entire trade lifecycle to meet the demands of a shortened settlement window. This includes assessing existing operational processes, identifying potential bottlenecks, and deploying streamlining and automation solutions where relevant to support a faster settlement cycle. Operational resilience, staffing, and go-live stabilisation are equally important. Organisations must ensure that their teams are appropriately resourced and trained to manage accelerated operational timeline, and that contingency arrangements are in place to manage potential disruptions during and immediately after the transition.

**Pre-settlement activities** form a key area of focus. By streamlining the processes prior to settlement across both the securities-side and money-side of settlement (including confirmation and allocation; stock inventory management; funding and foreign exchange management), market participants may reduce the risk of errors and failed trades, both of which become more critical under T+1.

**Downstream processes** following settlement also require careful attention. Market participants are encouraged to conduct a holistic review, taking into account the broad scope and interconnectedness of the settlement process, including on ETPs and other downstream products.

Ultimately, the scale of change required for T+1 should not be underestimated. Success will depend on the industry's ability to assess impacts comprehensively, plan thoroughly, and execute changes proactively. By starting preparations early and recognizing the key themes of the transition, it facilitates a smoother transition and also allows participants to realize the benefits of more efficient and resilient operations sooner.

### **Q4: How will the industry guidance outlined in Chapter 6 be prepared?**

#### **A4:**

The development of industry guidance, as described in Chapter 6, is intended to be a collaborative process led by market participants, where the best guidance should be derived 'with the industry, and grounded in the industry', as indicated in industry discussions. HKEX recognises that those who directly interact with the market are best positioned to identify practical challenges, share insights, and formulate solutions relevant to the T+1 transition. This approach ensures that the resulting guidance is practical, fit-for-purpose, and reflective of the collective experience within the industry.

To support the industry in getting ready for T+1, Appendix A "Key topics under T+1 for the industry," has been prepared to highlight essential areas of awareness. The guidance addresses two primary categories: transitioning to the T+1 settlement cycle (i.e. from now until the launch of T+1) and settlement under T+1 (i.e. going forward from the launch of T+1). Within the two categories, market participants should pay particular attention to pre-settlement activities (such as trade matching, confirmation, and allocation), operational resilience (such as staffing and go-live stabilisation), and downstream processes following settlement (such as

products implications, post-settlement reporting and reconciliations).

The guidance will also address key themes across both the securities and money -sides of settlement, as well as broader topics relevant to the overall settlement process. This comprehensive approach ensures that the full scope of operational impact is considered, and that participants in all parts of the market are equipped to manage the changes effectively.

### **Workflow tool solution (targeted for institutional stakeholders)**

**Q5: Who is the proposed post trade workflow solution designed for, and does it apply to retail investors?**

**A5:**

The solution is primarily designed for institutional stakeholders (including institutional buy side firms, custodians, and institutional brokers) whose post trade arrangements often involve multi-layered asset custody and agent structures. It is not designed for retail investors whose uses cases may differ. By enhancing pre-settlement matching, SI automation, and MIS reporting, the workflow tool solution aims to support the preparation of funding, securities availability, and coordinated instruction flows across the settlement value chain under a T+1 settlement cycle.

The objective is to support institutional participants in reducing instruction mismatches, identifying potential settlement failure at an earlier stage, and operating effectively across time zones within compressed timelines.

**Q6: How does the proposed workflow solution support broker in-house matching mechanisms and automate institutional buy side instructions under T+1?**

**A6:**

Under some tailor-made operating models, brokers rely on in-house/local matching mechanisms to reconcile SIs with counterparties and downstream custodians. In a T+1 settlement cycle, the compressed timeline places greater emphasis on earlier buy side pre allocation, timely confirmation, and automated instruction flows to reduce dependency on manual, sequential processes.

The proposed workflow solution supports this transition by enabling buy side participants to complete allocations and generate SIs earlier in the trade lifecycle, which can then be automatically transmitted to brokers, custodians and CCASS in a consistent and synchronised manner. By facilitating pre-settlement matching upstream, the solution helps reduce instruction discrepancies and improves the likelihood that settlement processes can be completed within shortened cut-off times.

For further FAQ on shorter settlement cycles and other key considerations, please refer to the Discussion Paper Appendix B.

## Appendix D. Questions to the consultation paper

### Consultation questions

<b>Question 1</b>	<p>Do you support the proposed arrangements under the T+1 settlement cycle across the Cash Market trade lifecycle? In particular, please comment on:</p> <ul style="list-style-type: none"><li>• Trade amendment</li><li>• Post Trade</li><li>• Risk management</li><li>• Other processes, including reporting, corporate actions, stock conversion arrangement and stamp duty arrangement</li></ul> <p>Please give reasons for your views.</p>
<b>Question 2</b>	<p>Do you have any comments on the assessment of the implications for Exchange Traded Products (ETPs) and Stock Options under the proposed T+1 settlement cycle? In particular, please comment on:</p> <ul style="list-style-type: none"><li>• Guiding principles for the ETP primary market;</li><li>• Buy-in considerations for ETPs; and</li><li>• Stock options (including exercise and assignment).</li></ul> <p>Please give reasons for your views.</p>
<b>Question 3</b>	<p>Do you have any comments that consequential amendments should be made to the Listing Rules to reflect the arrangements proposed under the T+1 operating model?</p>
<b>Question 4</b>	<p>In assessing your circumstances for a T+1 transition, are there any other key topics, perspectives or types of market participants which you believe are relevant to highlight, that have not been covered in Exhibit 1 and paragraphs 110-113?</p> <p>Please share your views.</p>
<b>Question 5</b>	<p>Do you consider the timeframe to be sufficient for you to prepare for T+1 to become effective in Q4 2027, given the advance visibility and lead time provided? Do you have any comments on the discussion and implementation approach?</p> <p>Please share your views on the proposed approach and timeline.</p>

**Supplemental questions to the market participants (If applicable)**

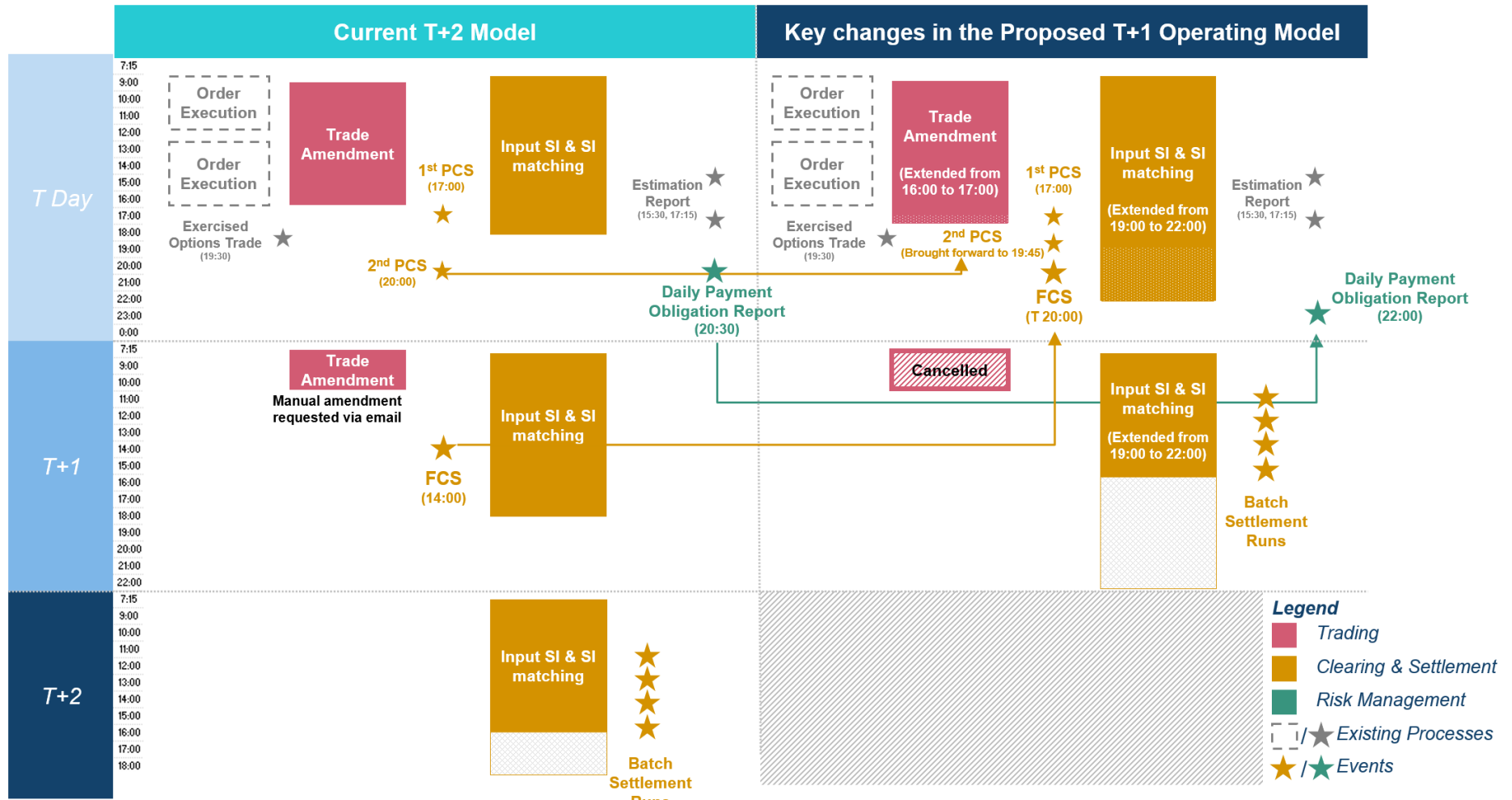
<b>Supplemental question A</b>	Do you agree that the proposed workflow tool solution (as set out in Exhibit 2) would facilitate the implementation of a shortened settlement cycle under T+1?  Please give reasons for your views.
<b>Supplemental question B</b>	Would you consider adopting the following components described in the proposed streamlined workflow under Exhibit 2 to better prepare for the T+1 implementation?  <ul style="list-style-type: none"><li>• Matching</li><li>• Centralised SSI Repository</li><li>• SI Automation</li><li>• Dashboard for MIS</li></ul> Please give reasons for your views and share your considerations relevant to your decision.

## Appendix E. Defined terms and glossary

<b>CCASS</b>	Central Clearing and Settlement System
<b>CNS</b>	Continuous Net Settlement
<b>CP(s)</b>	Clearing Participant(s)
<b>CSD</b>	Central Securities Depository
<b>Discussion Paper</b>	Accelerated Settlement for the Hong Kong Cash Market Discussion Paper, published by HKEX on 16 July 2025
<b>DVP</b>	Delivery Versus Payment
<b>EP(s)</b>	Exchange Participant(s)
<b>ETF(s)</b>	Exchange Traded Fund(s)
<b>ETP(s)</b>	Exchange Traded Product(s), which includes ETFs and Leveraged & Inverse Products
<b>EU/EEA</b>	European Union / European Economic Area
<b>FCS</b>	Final Clearing Statement
<b>FINI</b>	Fast Interface for New Issuance
<b>FX</b>	Foreign exchange
<b>HKEX</b>	Hong Kong Exchanges and Clearing Limited
<b>HKSCC</b>	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of HKEX
<b>IPO</b>	Initial Public Offering
<b>MIS</b>	Management Information Systems
<b>PCS(s)</b>	Provisional Clearing Statement(s)
<b>Q4 2027</b>	The fourth quarter of 2027
<b>REITs</b>	Real Estate Investment Trusts
<b>SBL</b>	Securities Borrowing and Lending
<b>SEHK</b>	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of HKEX
<b>SI(s)</b>	Settlement Instruction(s)
<b>SPAC</b>	Special Purpose Acquisition Company
<b>SSI(s)</b>	Standing Settlement Instruction(s)
<b>SSS</b>	Securities Settlement Systems
<b>T+1 / T+2 / T+'n'</b>	Transaction settlement cycle in financial markets where the settlement occurs 1/2/'n' business day after T-day
<b>T-day</b>	Trade date
<b>UK</b>	The United Kingdom

<b>US</b>	The United States
<b>USM</b>	Uncertificated Securities Market

## Appendix F. Key differences between the current T+2 model and the proposed T+1 operating model



## Appendix G. Privacy Notice

Hong Kong Exchanges and Clearing Limited and its affiliated companies (together "HKEX", "we", "our" or "us") are committed to protecting all Personal Data under our custody, control, or possession. "Personal Data" is any information that relates to an identifiable individual or can be used to identify an individual – sometimes the individual is referred to as a "Data Subject" or consumer.

This privacy notice ("Notice") applies to the Personal Data we collect and further process from Data Subjects who respond to our public consultation papers and white papers.

If the correct Personal Data is not submitted to HKEX then we may not be able to ensure the correct details are published or contact respondents if we have queries about their comments and/or we may be unable to process requests relating to their rights as Data Subjects under the applicable data protection laws.

### What Personal Data do we collect and how do we collect it?

#### Information directly submitted by or collected from you:

- Identity data such as name and position in a company;
- Contact data such as phone number and email address;
- Opinion data such as your response to the consultation paper; and
- Communications data such as subsequent correspondence with you to clarify your comments or to confirm your identity data.

#### For Data Subjects in Chinese Mainland:

- to verify your identity, we may process your name, position, phone number, and email address;
- to communicate with you, we may process your name, position, phone number, and email address;
- to register your response in our records or change your response upon your request, we may process your name, position, answers and reasons for those answers; and
- to prepare our publication material, we may process and publish your name and position (where your consent has been provided), and your answers and reasons for those answers.

#### For Data Subjects who are California residents:

To the extent the California Privacy Rights Act applies, the types of Personal Data we collect (and have collected in the past 12 months) includes the categories listed below, as defined by California state law:

Category	Source	Purpose of Processing
<b>Personal identifiers</b> such as your name and email address	Collected directly from you	For verification of identity, clarification of comments, record keeping and/or publication
<b>Information About You</b> including your name, position, and telephone number		

## Why do we use the Personal Data and how do we use it?

The “**Legal Basis**” is what data protection laws set out as the lawful reasons for processing Personal Data, such as a legitimate interest to operate our business so long as it does not materially and adversely impact your interests, rights, and freedoms.

<b>Legal Basis</b>	<b>Purpose</b>
Legitimate Interests	<ul style="list-style-type: none"><li>• Opinion data as part of the consultation process to understand the market/public response to the proposal(s) set out in the consultation;</li><li>• Identity and contact data to verify and clarify responses;</li><li>• Identity data where consent has been provided for external publication;</li></ul>
Public Interest	<ul style="list-style-type: none"><li>• We may also process your personal data on the basis that it is necessary for the performance by HKEX of a task in the public interest.</li></ul>
Consent	<p><u>Separate consent</u></p> <ul style="list-style-type: none"><li>• Required if you are a Data Subject in Chinese Mainland and we need to share your Personal Data with a third party, publicly disclose it, or transfer it outside Chinese Mainland.</li></ul>
Legal or Regulatory Obligations	<ul style="list-style-type: none"><li>• Discharge the functions of HKEX and any company of which HKEX is the recognised exchange controller;</li><li>• Comply with a court order, subpoena or other legal process;</li><li>• Comply with a request by a government authority, law enforcement agency or similar body; and</li><li>• Comply with laws applicable to us including domestic data protection laws.</li></ul>

## Do we disclose Personal Data to third parties or transfer it to another jurisdiction?

HKEX discloses Personal Data to one or more third party organisations that enable us to process public consultation papers and white papers – and these include:

- Affiliates of Hong Kong Exchanges and Clearing Limited;
- Our contractors or vendors who provide telecommunications, IT security, or other technical assistance;
- Our vendors who facilitate the availability of online forms;
- Our vendors who provide strategy or other consultancy services in respect of our businesses; and
- Our agents, contractors or vendors who provide administrative support to us.

To fulfil our legal obligations, we may also share your Personal Data with courts, regulatory authorities, government and law enforcement agencies, and other public authorities.

Further details about these third parties may be provided upon request to the address in the “Contact Us” section below. We shall endeavour to provide such information to the extent we are required to do so under applicable data protection laws.

Where required under applicable data protection laws, HKEX will only disclose Personal Data to third parties with your prior consent. In certain jurisdictions, HKEX may also be required to take additional measures prior to giving effect to such transfers (e.g. carrying out privacy impact assessments prior to the transfer).

HKEX may process Personal Data outside of the Data Subject's home jurisdiction, including sharing the Personal Data with third parties. HKEX shall use reasonable endeavours to ensure that the laws and regulations of the destination jurisdiction shall offer the same or comparable level of protection for Personal Data. Where this is not the case, we shall ensure appropriate safeguards are in place at the time of the transfer by implementing standard contractual clauses or other data transfer mechanism approved by the authorities of the relevant jurisdiction. Where required under applicable data protection laws, we shall also carry out additional measures for the offshore transfer such as carrying out a privacy impact assessment.

The regions where the Personal Data may be hosted or transferred to will vary from time to time, but typically include Hong Kong, the UK, US, EU, Switzerland, Singapore, Japan, India, and Chinese Mainland.

Further details on the processing locations and our measures for safeguarding international transfers (including adequacy decisions) may be obtained upon request to the address in the "Contact Us" section below.

### **How long do we keep the Personal Data?**

Personal Data is retained in accordance with our internal policies and applicable law.

Your Personal Data will be retained by us for as long as is necessary to fulfil the purposes required for the processing. HKEX will also refer to the following factors when determining or confirming the appropriate retention period of Personal Data:

- the original purpose of collection;
- the termination of any contract involving the Data Subject's Personal Data;
- the limitation period as defined in the applicable law;
- the existence of any legal or regulatory investigations or legal proceedings;
- specific laws or regulations setting out HKEX's functions, obligations, and responsibilities;
- retention period set out in non-statutory guidelines issued by our regulators or international bodies; and
- the sensitivity of the Personal Data and the degree of risk from the associated processing activity.

For Data Subjects in Chinese Mainland, we usually retain the Personal Data for not more than 3 years from the last activity or interaction with us. Further details of our Personal Data retention period may be obtained upon request to the address in the "Contact Us" section below.

Where any Personal Data is no longer necessary for the purposes for which it is collected, we shall cease the processing of that Personal Data as soon as reasonably practicable (although copies may be retained as necessary for archival purposes, for use in any actual or potential dispute, or for compliance with applicable laws), and take reasonable measures to destroy the relevant Personal Data.

### **How do we keep your Personal Data secure?**

We will take all practicable and reasonable steps to promote the security of the Personal Data



we process in a manner consistent with applicable data protection laws and established international security standards. This includes physical, technical and administrative safeguards, to help prevent unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks, and the loss of any storage medium or device on which the Personal Data is stored, and to maintain the general security of the data.

## Rights over the Personal Data

As a summary, the following Data Subject rights may be exercised to the extent provided under applicable data protection laws:

- confirm whether we hold the Data Subject’s Personal Data and the type of Personal Data held by us;
- access a copy of the Personal Data held by us;
- delete your Personal Data held by us;
- correct or supplement your Personal Data where it is found to be inaccurate;
- restrict the processing performed on your Personal Data;
- withdraw consent to the processing of your Personal Data in certain situations (e.g. processing carried out on the basis of our legitimate interests); and
- transfer the Personal Data to another party in a machine readable format.

In certain jurisdictions, Data Subjects may also be provided with additional rights.

<b>California</b>	<ul style="list-style-type: none"> <li>• Request that we disclose the categories of third parties with whom we have shared the information and the categories of Personal Data that we have shared with third parties for a business purpose.</li> </ul>
<b>Chinese Mainland</b>	<ul style="list-style-type: none"> <li>• Explanation on the rules of processing the Personal Data;</li> <li>• Extension of the Data Subject rights to a surviving next-of-kin where the applicable laws permit; and</li> <li>• Transfer of your Personal Data to your designated party, where the applicable laws permit.</li> </ul>
<b>United Kingdom and Europe</b>	<ul style="list-style-type: none"> <li>• Right to object to processing. You have the right to object to processing to the extent we process your Personal Data because the processing is in our legitimate interests.</li> </ul>
<b>Singapore</b>	<ul style="list-style-type: none"> <li>• In certain circumstances, receive information about the ways in which the Personal Data has been or may have been used or disclosed by us in the year before the date of the request.</li> </ul>

Where these rights apply, we shall use reasonable endeavours to fulfil the request or provide an explanation. Please note that under applicable data protection law, we are only obligated to respond to Personal Data requests from the same Data Subject up to two times in a 12-month period, and we may be limited in what Personal Data we can disclose which is also for the protection of your Personal Data.

We will endeavour to respond to you as soon as possible and, in any event, within the timeframe stipulated under the applicable data protection law. In the event of a potential delay, we will provide an explanation and the expected timeframe for delivery. Under applicable data protection law, we may also be required to charge a reasonable fee for the cost of processing the request.

Please note that we may need to seek confirmation of identity or clarification in order to fulfil the request. If you as the Data Subject would like to appoint an authorised agent to make a request on your behalf, we may require you to verify your identity with us directly before we provide any requested information to your authorised agent unless your authorised agent has power of attorney or acts as a conservator. Information collected for purposes of verifying your request will only be used for verification. For deletion requests, you will be required to submit a verifiable request for deletion and then confirm separately that you want Personal Data about you deleted.

If you would like to exercise your Data Subject rights, please contact the HKEX Group Data Protection Office via one of the channels below.

## Contact Us

If you have any questions or comments relating to the content of this Notice, report any concerns about our Personal Data processing, or if you would like to exercise your Data Subject Rights, please contact us through the channels below:

Group Data Protection Officer  
GDPO Office  
Hong Kong Exchanges and Clearing Limited  
8/F., Two Exchange Square  
8 Connaught Place  
Central  
Hong Kong  
[DataPrivacy@hkex.com.hk](mailto:DataPrivacy@hkex.com.hk)

UK Representative:  
10 Finsbury Square, London, EC2A 1AJ, United Kingdom

EU Representative:  
De Cuserstraat 91, 1081 CN Amsterdam, Postbus/PO Box 7902, 1008 AC Amsterdam, Netherlands [hkex.eurep@eversheds-sutherland.com](mailto:hkex.eurep@eversheds-sutherland.com)

Please include the following details in any request to exercise your Data Subject Rights:

### Identity of Data Subject

- Full Name
- Company Name
- Email Address
- Address of principal residence
- Identity particulars if acting on behalf of a Data Subject
- Contact *details held on file or Document(s) to verify identity*

### Nature of the Request

- Product or Service to which the Data Subject has subscribed
- Specific Right
  - Purpose of the Request
  - Preferred communication channel and address for receiving the results of the request
  - Document(s) to support the rights request

Any Data Subject who has contacted us to express concerns about the way we manage their Personal Data and is of the view that we have not addressed the matter satisfactorily, may



also contact the relevant privacy regulator to resolve the matter or seek assistance.

The privacy regulator in the United Kingdom is the Information Commissioner, who may be contacted at <https://ico.org.uk/make-a-complaint/> or by post to: Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF, United Kingdom.

If you live outside of the UK, you may contact the relevant data privacy regulator in your country of residence.

*Last updated: 30 Sept 2025*

## Annex

This Notice relates to privacy practices of the following HKEX group entities. For the contact details of the following entities, please refer to the “Contact Us” section.

- The Stock Exchange of Hong Kong Limited
  - The Stock Exchange Of Hong Kong Limited Singapore Branch
- Hong Kong Futures Exchange Limited
  - Hong Kong Futures Exchange Limited Singapore Branch
- Hong Kong Securities Clearing Company Limited
- HKFE Clearing Corporation Limited
- The SEHK Options Clearing House Limited
- OTC Clearing Hong Kong Limited
- HKEX Information Services Limited
- HKEX Information Services (China) Limited
- HKEX (China) Limited
- HKEX Investment (China) Limited
- HKEX Investment (Hong Kong) Limited
- Qianhai Mercantile Exchange Co. Ltd.
- HKEX (U.S.) LLC
- Integrated Fund Platform Limited
- HKEX (Middle East) Limited
- Core Climate Global Limited
- Sustainable and Green Exchange Limited

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