

Submitted via Qualtrics

(Anonymous)

Company / Organisation view

Consultation Question 1(a):

Do you support the proposed arrangements on trade amendment under the T+1 settlement cycle across the Cash Market trade lifecycle?

Please give reasons for your views.

Yes, comments (optional) as follows

Support is conditional on operational refinements, timeline adjustments, system enhancements, and transitional relief to mitigate settlement risk and cost impacts.

We have read and support the proposals being submitted by ASIFMA.

Consultation Question 1(b):

Do you support the proposed arrangements on post trade under the T+1 settlement cycle across the Cash Market trade lifecycle?

Please give reasons for your views.

Yes, comments (optional) as follows

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Consultation Question 1(c):

Do you support the proposed arrangements on risk management under the T+1 settlement cycle across the Cash Market trade lifecycle?

Please give reasons for your views.

Yes, comments (optional) as follows

Consultation Question 1(d):

Do you support the proposed arrangements on other processes (including reporting, corporate actions, stock conversion arrangement and stamp duty arrangement) under the T+1 settlement cycle across the Cash Market trade lifecycle?

Please give reasons for your views.

Yes, comments (optional) as follows

Consultation Question 2:

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:

- 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.

Yes, comments (optional) as follows

We do not currently trade ETFs or EWTPs, so we have no expertise on whether these need special arrangements

Consultation 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?

No

Consultation 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.

Yes, suggestions and considerations as follows

From our experience, one important change to achieve this move is to extend the current cut-off times to give trades the maximum possible chance of settling on time. As well as extending the CCASS settlement batch runs proposed by HKEx, we also recommend extending the trade amendment window beyond the confirmation deadline of 5 pm HKT on T-day (i.e., just one hour, with market closing at 4 pm), particularly for non-STP trades, which require communication and coordination with brokers to match. Ideally, a trade amendment window early on T+1, say 5 or 6am, would be available.

This aligns with the final Northbound Stock Connect batch run. It provides additional time to coordinate with offshore custodians in later time zones (e.g., EMEA) and creates a greater buffer to address trade issues within the compressed T+1 timeframe. We note and support the proposed schedules submitted by ASIFMA.

Given that HK sits towards the start of the global working day, we believe that if there is flexibility around cut-off times, service providers can be ready in time. They are usually global operations that can utilise their European offices to provide sufficient resources.

Where guidance is required is on how misaligned bank holidays will be managed. The increased risk of FX failures and failed trades occurs when global bank holidays are not aligned with Hong Kong trading days. Difficulty in settlement due to holidays in the overseas market on the next day might trigger pre-funding requirements for such trades. This is something we are keen to avoid.

Finally, we recommend relaxing fines for late settlement, especially during the first six months after go-live. We do not believe this will lead to a materially higher failure rate, but given the proposed short turnaround time before implementation. Will avoid any unnecessary drying up of market liquidity.

Market participants will also need to agree on a few processes of their own. These include:

- (i) Agree on stock-loan procedures if applicable.
- (ii) Tweak our own settlements model. There will be a bigger impact on firms without global offices.
- (iii) Asset managers will need to review fund/ETF settlement dates.

HKEx should consider establishing its own cross-industry Accelerated Settlements Taskforce to determine the best approach to handling these. A combination of HKEx and a task force could also consider whether the current T+2 for IPOs needs to change.

Similarly, consideration will need to be given to how corporate actions will be handled. The UK Accelerated Taskforce would offer guidance on how it has resolved these issues. We have read and agree with the points raised in the ASIFMA response.

We appreciate the opportunity to contribute to this consultation, both in writing and verbally, and would be pleased to engage further on any points raised in this response. Should you have any questions regarding this submission, please do not hesitate to contact us.

Consultation 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.

Yes, comments (optional) as follows

We applaud HKEx's ambition and fully support the initiative to accelerate security settlement to T+1. It will bring Hong Kong closer to the settlement regimes of Shanghai and Shenzhen and align with the global standard. We support this move taking place at the same time as the UK, the EU and Switzerland, namely on 11 October 2027. We believe we will be operationally ready for this date. If the US and pan-European moves are anything to go by, once a date is set, there will be considerable industry support in making it happen.

As an international asset manager, we prefer all global markets to align on a single settlement date. This avoids potential funding difficulties when trading between different markets. When HKEx decides to press ahead, we strongly recommend that you speak with US regulatory bodies and the UK Accelerated Settlement Taskforce to understand how to avoid settlement difficulties. I am on the UK Accelerated Settlement Taskforce's leadership group and would be happy to provide introductions.

Regarding timing, we understand that HKEx will need to upgrade its own technology. We are also aware that another Exchange group in North-East Asia is similarly considering the same move. If that market chooses a different implementation date, we accept that HKEx may choose to align its own move with that date.