

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

We support extending the cutoff time for trade amendments to 5:00pm on the trade date (T).

There should be a clear rule that no amendments, including special exemptions, will be accepted on T+1, to help reduce settlement risk.

It would be helpful to have a real time connectivity and capabilities (API) for trade amendments so market participants can react quickly to any changes.

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

We support extending the settlement instruction cutoff time (input and matching) to 10:00pm on T. However we do have concerns about how this impacts our support model, potentially extending the coverage hours for our staff/

Compared with the current setup, it would be worth reviewing whether more processing batches could be added through the day, to give more flexibility in handling post trade tasks. We also recommend adding an additional settlement batches after 3:45pm to deal with unusual situations or urgent settlement requests.

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

The shorter margin coverage period in CNS positions. Existing risk controls and automated pre funding checks will allow us to manage same day exception detection and funding requirements.

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

We support moving stamp duty payment to T+1. Ideally, HKEx and the tax authority could connect their systems directly, so filing and payment are handled automatically. If there is no system or solution then we need to consider extending the timelines to allow for sufficient timings to ensure adjustments are made and reporting is accurate.

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

ETP: We have limited involvement in creation/redemption of ETPs. However we agree that digitalization and automation on the side of Participating Dealers/Issuers/Trustees/Custodians in lieu of manual and paper-based procedures is paramount in a T+1 environment..

Stock Options: We support moving stock option settlement to T+1. However, it may be worth considering whether to bring forward the cutoff time for option exercise, so there is enough time to prepare the underlying securities.

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?

We support replacing all references to the “T+2 settlement system” with the “T+1 settlement system.”

We recommend making corresponding changes to the Central Clearing and Settlement System Operational Procedures at the same time, to ensure they are consistent with the Listing Rules and avoid any conflicts. We also request HKEx to provide a side by side comparison of the rule changes, so that internal compliance reviews can be carried out more efficiently.

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

1.Function Optimization Timeline

The consultation paper has mentioned several areas for system improvements, such as the report retrieval platform, new application interface, and batch versus real time processing. We think it's important to set out a clear implementation schedule, and to indicate which functions will go live at the same time as the T+1 settlement cycle.

2.API Direct Connection

With settlement times shortened under T+1, higher automation will be essential. It would be helpful to confirm whether the central clearing system API has already been developed, and to provide an expected launch date.

3. Disaster Recovery & Contingency Plans

We recommend putting in place contingency measures for events like system failures or extreme weather. These plans should specify the triggers for any delayed settlement and outline the procedures for handling such situations.

4. Penalty Mechanism & Exemption Rules

A shorter settlement cycle will increase buy in risk. We suggest clearly defining the penalty levels, conditions under which they apply, and any exemption rules — so market participants can prepare in advance.

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

Basically sufficient, but milestones need to be specified

1. The 15-month preparation period is feasible for [REDACTED]
2. Recommend a "circuit breaker mechanism": if readiness check pass rate $\leq 80\%$, implementation may be delayed by 1–2 months
3. Our concerns are with other market participants. There are open questions on whether a Central Matching framework is set up, and if so, the complexity of any integration with IM's, CP's, and custodians.