

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

Many major financial markets, already operate or will operate on a T+1 or T+0 basis. Moving Hong Kong Cash Market to T+1 aligns the broader market, reducing synchronization errors across different markets.

But the trade amendment window on T+1 day will be removed, European and US institutional investors will encounter great difficulty on amending trades. So, we suggest extending the amendment application deadline to T-day 8:00pm, so most European and US institutional investors have sufficient buffer to work with Exchange Participants on trade amendment, just like US affirmation process which the cut-off time is 9pm ET.

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

With a shorter settlement cycle, the clearinghouse faces lower risk exposure. Therefore, the clearinghouse can significantly lower the margin and collateral requirements for exchange and clearing participants. It will free up a significant amount in locked capital as collateral, which can be reinvested back into the market or used to improve liquidity.

But adding more matching and settlement batch runs (e.g. change to have a batch run on hourly basis) on settlement day will to accelerate the settlement process and meet institutional investor's need on turnaround settlement arrangement.

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

For the reporting, corporate actions and conversion arrangement, it would be more supportive if SWIFT message communication is allowed, so that automation process can be further enhancement.

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

Currently, Participating Dealers can input ETF unit creation and redemption orders normally between 9:15 a.m. and 4:25 p.m. on any HKEx business day. HKEx should consider to extend the creation/redemption application service time.

As a custodian need to wait for other market data of a particular ETPs due to time zone different, and stakeholders (especially participating dealers and custodians) need to arrange payments for the creation/redemption process with the HK local payment system and local bank payment service constraints (e.g. no service after 6:00pm HKT), the creation/redemption process will have high chance that it can't be completed on the settlement date under T+1 settlement cycle. Therefore, regulators and rule makers should consider provide settlement exemption, or alternate settlement flow, or other support (e.g. seek for longer CHATS service time) to due to this limitation.

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 comment.

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

HKICL are relevant, as the payment service provided by HKICL deeply impact the payment ability of cash settlement banks and FX providers on supporting the money settlement flow under T+1 settlement cycle.

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.

No, reasons and considerations as follows

If the final version can be published out in Q3 2026, all stakeholders will have around 12 months to prepare for T+1 to become effective in Q4 2027, it is not sufficient to have system change, workflow re-design, client education, system testing and having market rehearsal for fine-tuning. We suggest to consider the effective in Q1 2028, which provide 3 more months to handle.