

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

On trade amendment, the proposed move of the amendment cut-off to 5:00pm on trade date, combined with the removal of the T+1 amendment window, is reasonable if the policy objective is earlier position finalisation and earlier clearing. However, we recommend that HKEX preserve a tightly controlled exception process for genuinely exceptional post-cut-off corrections, with clear governance, audit trail, and operational timelines. Under T+1, firms will have less tolerance for breaks, but rare operational errors will still occur. A well-defined emergency process would improve resilience without undermining settlement discipline.

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

On post trade, we support the earlier FCS at 8:00pm on trade date, the move of settlement to T+1, and the extension of SI input and matching windows on trade date. For cross-border firms, however, the key issue is whether the proposed timetable is genuinely sufficient once upstream allocations, confirmations, funding decisions, inventory transfers, and custody handoffs are taken into account. HKEX correctly notes that overseas participants may effectively be operating on a "T+0 timeline" under Hong Kong T+1. We therefore recommend that HKEX ensure all critical outputs and interfaces are available in stable, machine-readable form and that testing specifically covers cross-time-zone workflows and late-day exception repair.

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

On risk management, we support HKEX's proposal to keep the overall clearing risk framework and payment deadline broadly aligned with current practice. At the same time, the proposal to issue the daily payment obligation report at 10:00pm on trade date while keeping payment due at 9:30am on T+1 materially tightens the treasury window for firms and banks. We therefore encourage HKEX to ensure that estimation reports, simulation tools, and exception procedures are sufficiently robust to support reliable funding decisions in advance of the final report. HKEX should also publish contingency arrangements for delayed or disrupted report delivery.

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.

No comment

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

██████████ agrees with HKEX's guiding principle that ETP primary-market settlement should align with the T+1 cycle used in the secondary market where feasible and, where full alignment is not operationally achievable, should move as close to T+1 as practicable. The consultation would benefit from more detailed operational assumptions on constituent settlement timing, creation / redemption cut-offs, batch dependencies, and how temporary mismatches between ETF unit settlement and underlying-constituent settlement will be treated in practice. HKEX's Appendix B appropriately recognises that ETP issuers and market makers could face greater operational and inventory risk under T+1 if those mismatches are not carefully managed.

On buy-in considerations for ETPs, we agree that HKEX should review whether the current buy-in exemption framework remains appropriate under a compressed settlement cycle. Where ETP market makers are supporting liquidity in the secondary market and temporary shortfalls arise from structural timing mismatches in the creation / redemption chain, a workable and clearly defined exemption framework can support orderly market function. We would welcome further specificity on the circumstances in which any revised framework would apply.

On stock options, we agree that it is logical for physical settlement of exercises and assignments to move to T+1 in line with the cash market. However, HKEX is right to note that assignment instructions are only received after the market has closed on trade date. That creates a tight operational window for inventory sourcing, stock availability, and settlement preparation. We recommend that HKEX publish detailed guidance on late-day assignment handling, escalation procedures, and expected operational discipline for participants that need to source securities under compressed timelines.

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?

Yes. We support consequential amendments to the Listing Rules and related guidance so that all rule text, operational timetables, and terminology are fully consistent with the proposed T+1 model. HKEX has already identified the need to replace references to the “T+2 settlement system” with “T+1 settlement system” and to amend ex-entitlement timing so that there is only one ex-date before book closure or, where there is no book closure, the ex-date becomes the record date. Those amendments are appropriate.

In addition, we encourage HKEX to publish clean redlines and worked examples covering corporate-action timetables, issuer notices, vendor data implications, and downstream operational scenarios. The principal objective should be to make the amended rules not only legally correct, but operationally easy to implement across issuers, brokers, custodians, registrars, and vendors.

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

Yes. HKEX’s Exhibit 1 and Appendix B are helpful and broadly framed, but we believe there are a few additional perspectives worth highlighting.

First, it would be useful to call out principal trading firms / liquidity providers / market makers more explicitly. These firms often operate across products, time zones, and funding channels, and their settlement-readiness issues can differ from both traditional buy-side firms and retail brokers.

Second, greater attention should be given to the role of agent lenders, borrowers, and SBL intermediaries, given the importance of securities availability, recall timing, and exception management under T+1.

Third, we recommend that HKEX more explicitly highlight cash settlement banks, FX providers, outsourced operations providers, and third-party matching / custody technology vendors as critical participants in the end-to-end readiness chain. Appendix B touches some of these groups, and we agree with that direction. In practice, however, T+1 success will depend on their readiness as much as on the readiness of brokers or custodians themselves.

Fourth, we encourage HKEX to expand its scenario planning for peak and stress events, including index rebalances, month-end and quarter-end processing, large corporate-action periods, public-holiday effects, half-days, severe weather, and system outages. Appendix A already notes the importance of considering exceptional as well as business-as-usual circumstances, and we strongly support that.

Finally, we support HKEX’s Appendix A reference to non-exchange-listed products with Hong Kong equity underlyings or constituents. This is important in practice for firms managing derivatives, structured solutions, mutual funds, and other linked products whose economics or operational timetables may be affected by a change in the settlement cycle of the underlying cash equities.

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 believe Q4 2027 may be achievable, but only if it is treated as a readiness-dependent target rather than an automatic date. HKEX's proposed implementation steps — consultation conclusions, publication of detailed specifications, industry engagement, market testing and simulation, industry readiness assessment, and regulatory approvals — are appropriate, and we support that sequencing. HKEX also states that the proposed date assumes roughly 15 months from publication of detailed specifications, which we agree should be treated as a minimum planning assumption.

In our view, the critical issue is not only elapsed time, but quality of preparation. The market will need sufficiently early technical specifications, stable APIs and file formats, detailed operational examples, multi-phase testing, dress rehearsals for contingency scenarios, and clear go / no-go criteria. A compressed timetable without those ingredients would increase risk materially.

We also encourage HKEX to take account of the broader global migration calendar. The paper notes that the EU/EEA, UK and Switzerland plan to move to T+1 on 11 October 2027. For globally active participants, custodians, and vendors, overlapping major settlement migrations in the same period could create concentration risk in change delivery and testing. HKEX should therefore consider global sequencing when planning specification release, market-wide rehearsal windows, and final cutover.