

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 the proposed arrangements under the T+1 settlement cycle.

Trade amendment: inevitably all such amendments must be completed on day T.

Post Trade: Should be fine. SI matching window on day T extended from 7pm to 10pm

Risk Management: Shortened settlement cycle reduce risk for all counterparties

In addition, T+1 settlement should be good to reduce settlement risk by 1 day

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

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 agree with the implications for ETPs under the T+1 settlement cycle.

For Stock Option, under the current procedure for late stock delivery arising from stock option assignment, an application for exemption from buy-in requires the clearing participant to provide HKSCC with the relevant CCASS report evidencing that a purchase has been executed on T+1. In practice, a broker may arrange a stock transfer-in from another clearing participant on behalf of the client on or before settlement day to fulfill the delivery obligation. However, due to operational constraints, some brokers may not be able to process instructions and input Settlement Instructions (SI) on the same day. In light of prevailing market practices, it is suggested that exemption from buy-in for option assignment cases be allowed where stock is transferred in via SI for settlement on T+2 (upon implementation of the T+1 settlement cycle).

We support T+1 in principle, and Hong Kong might be lagging in certain area for safe transition, particularly for the securities borrowing and lending (SBL) sector. Three structural gaps concern us. First, Hong Kong lacks any fail-handling mechanism for recall-driven delays under a compressed timeline. The US provides extended close-out windows under Reg SHO Rule 204 (T+4 to T+6, up to 35 days for deemed-to-own positions) and a CNS Level 1 Exemption that allows borrowers to pause automated settlement for recalled loans. Without similar tools, good-faith SBL participants will face unavoidable fails and penalties. Second, CCASS still operates on a batch settlement model with a final cut-off at 15:45 – built for T+2, leaving zero margin for late recall notifications under T+1. Real-time matching is not yet deployed, and the batch structure remains unchanged. Third, a large portion of assets held by local brokers, broker-dealers, wealth management accounts, and other financial intermediaries remains untapped for lending – not due to low awareness, but because Hong Kong's SBL regulations have lagged. Industry bodies such as the FSDC and PASLA have noted that outdated qualifying conditions, burdensome administrative requirements (e.g., SBL agreement registration), and narrow exemptions keep significant supply locked. Addressing these three gaps – fail-handling mechanisms, real-time settlement, and regulatory updates to unlock assets – would put Hong Kong on a safer path to T+1. We voluntarily offer ourselves to any further dialogue or working panel / committee (if any) related to SBL and "T+1" initiative.

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.

No comment

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 consider the timeframe to be sufficient for us to prepare for T+1 to become effective in Q4 2027. The market was well aware of T+1 initiative when the Exchange released the said Discussion Paper in July 2025. (10 months ago). With 19 months ahead, we assess there is enough time for securing budget, resources planning, plus vendor engagement.