

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

A key operational challenge in transitioning to T+1 is the need for end to end straight through processing across the entire trade to settlement lifecycle. Under a compressed settlement cycle, trade confirmation, affirmation, funding, FX, securities lending and asset servicing processes must all operate in a highly automated and tightly synchronised manner, as delays or manual intervention at any single layer quickly propagate into settlement risk. This requires each component of the market infrastructure—trading venues, intermediaries, FMIs and service providers—to evolve in tandem, ensuring their processes and cut offs align seamlessly with those of adjacent layers.

For the Hong Kong market, these challenges are amplified for international investors, who must complete affirmation, funding and FX activities across distant time zones, leaving very limited operational overlap and increasing the reliance on robust automation and early processing to meet HK T+1 timelines.

We recommend prioritising near real-time confirmation and affirmation on trade date (T+0), accelerating adoption of automated matching and exception management tools and ensuring alignment across infrastructure providers to enable seamless end-to-end processing.

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

See above

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 long-term benefits of moving to T+1 are well established. Shortening the settlement cycle structurally reduces counterparty risk, lowers margin requirements and improves capital efficiency. It also supports greater harmonisation with other major financial centres, which is structurally beneficial for global markets.

However, important challenges remain, particularly around liquidity and cross-market alignment.

Misalignment between settlement cycles across asset classes—most notably FX remaining on T+2—creates funding and operational frictions. These challenges are especially acute for Asian markets due to time zone differences, which significantly constrain international investors' ability to fund and manage T+1 settlement for Asian transactions.

██████████ encourages HKEX to coordinate with HKMA on RTGS / CLS alignment and to consider extended settlement windows or late-day funding mechanisms.

In addition, intraday liquidity pressures are likely to increase in a T+1 environment. Experience in Europe highlights the need for mechanisms such as a Securities Financing Transactions (SFT) gating event, which helps align prior-day settlement obligations with same-day funding transactions and mitigates timing mismatches.

Given that the interaction with collateral and securities financing markets becomes more critical as settlement cycles shorten, we recommend ensuring availability of liquidity and collateral mobility solutions to support cross-border investors

Overall, while T+1 is a positive structural development, careful consideration must be given to cross-asset misalignment, time zone constraints for Asia-based activity, and the role of tools such as SFT gating for fixed-income activity to ensure efficient liquidity management. HKEX should consider market mechanisms (e.g. extended processing windows or liquidity alignment tools) to mitigate intraday funding pressure.

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

From a ██████████ perspective, we support the proposed scope of applying T+1 settlement to secondary-market exchange-traded products, including equities, ETFs, listed debt securities and structured products. This scope is proportionate and appropriately focused on segments where accelerated settlement delivers clear risk-reduction and capital-efficiency benefits, while preserving the existing DvP framework.

We also support the exclusion of IPOs and Northbound Stock Connect trading at this stage. Both involve distinct operational, funding and cross-border dependencies, and their exclusion supports a controlled and orderly transition to T+1. Overall, the proposed scope and exclusions are prudent and well sequenced, providing a sound foundation for implementation while maintaining market stability. If possible, we would welcome clarity on treatment of cross-system (CCASS–CMU) interactions and repo-related activities.

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?

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

Hong Kong's position as an early-opening market creates structural challenges for international investors, with limited overlap with European and US operating hours.

This increases reliance on pre-funding and elevates the risk of funding and settlement gaps.

Extending settlement availability later into the Hong Kong day would materially improve overlap with the US and European markets and thereby reduce reliance on pre funding by enabling greater flexibility in funding and settlement timelines, and mitigating the risk of overnight funding gaps. We welcome more clarity on cross-border operational workflows for global participants.

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

While Q4 2027 may be achievable for more limited or incremental changes, the timeline is likely to be very stretched for larger, structural IT transformations. Such changes typically require sequential phases of ideation, budgeting, detailed requirements definition, implementation and extensive testing.

Even where delivery by Q4 2027 remains theoretically possible, the compressed timetable would leave market participants with very limited time to respond to issues identified during testing, increasing operational and implementation risk.

We suggest rethinking a timeline that is dependency-based (not fixed date), sequenced following with EU/UK T+1 and that allows for industry testing, market rehearsal and issue resolution.