

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.

No comment

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.

No comment

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.

No comment

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

It would be small bad for our etf market maker stamp exemption because we'd go from being able to claim stock sales against redemptions on T-3 to T to instead only being able to claim vs redemptions on T-2 to T.

On the creation side, I think currently if we buy a stock today, we can claim vs a creation today and also a prospective creation for tomorrow which remains the same if the etf creation settlement moves to T+1, but if the creation settlement remains T+2 I think this change allows us to match a buy today against a creation yesterday which would have a bit of value.

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

I think it will be helpful if HKEX could check with the ETF issuers and see how many ETFs will change the c/r settlement cycle to T+1. If most of them could change c/r settlement cycle to T+1 as well, I don't think the impact on market makers would be that large. However, if a lot of ETFs keep a T+2 c/r settlement cycle, it will be more difficult for market makers as we cannot create and sell on the same day. There is the MM/DS program that allows market makers to sell short first and create to cover with longer settlement cycle, but I suspect it is still more difficult for market makers since previously we could create on T1, but we now have to create T0 in such case, and market makers won't be able to sell and create to cover if it is already past the T0 creation cutoff.

It is also suggested to explore giving further relief for market market, for example not issuing buy in notice on SD and giving extension. Or allow market maker to apply exemption based on cover settling on SD+2.

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.

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

Part of the consideration is how is the proposed workflow tool solution implementation will be applied and how market participant are ready for that. From experience of other market migration, that could be one of the key blocker and critical are of creating confusion.