

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.

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

As highlighted in the consultation paper (p.50), ETFs present an additional layer of complexity. There is heightened risk of delayed settlement where the underlying securities are domiciled in other regions (e.g. Europe). Given that Hong Kong is a major ETF issuer, similar to the US, this represents a meaningful operational and settlement risk that must be carefully managed.

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

While the topics in Exhibit 1 and paragraphs 110–113 are foundational, we believe reliable symbology data management, specifically the unique identification of instruments and participants is a critical pillar that requires explicit, industry-wide guidance.

The move to a T+1 settlement cycle leaves limited margin for error. The compressed timeline places increased pressure on AML/CDD checks, client onboarding, and instrument mapping. To mitigate these risks, we highly recommend the adoption of global, open-source identifiers. This includes Legal Entity Identifier (LEI) and Financial Instrument Global Identifier (FIGI). Legal Entity Identifier (LEI) – Legal entity level:

The Legal Entity Identifier (LEI), a 20-character alphanumeric code based on the ISO 17442 standard, serves as a global identifier for legally distinct entities. It provides a unique identity for legal entities, streamlining onboarding, strengthening risk management, and enhancing regulatory compliance under the accelerated settlement cycle.

Currently, issuers or counterparties are often identified by names or non-standardized internal IDs, which creates significant challenges for accuracy and consistency. Names are inherently ambiguous, different firms may share similar or identical names, while variations in spelling, abbreviations, or translations across jurisdictions further complicate recognition. Internal identifications (IDs), meanwhile, are proprietary and siloed, limiting interoperability across systems and markets. This reliance on non-standardized identifiers undermines data quality, forces manual reconciliation, and increases the risk of misidentification in Anti-Money Laundering and Customer Due Diligence (AML/CDD) checks and onboarding processes. Under the compressed T+1 settlement cycle, such inefficiencies and risks are magnified, making the adoption of standardized global identifiers such as the LEI essential to ensure operational resilience and regulatory compliance.

To ensure accuracy and reliability, LEIs should be renewed regularly and remain in ISSUED and not LAPSED status. This approach is gaining global traction. The UK Accelerated Settlement Taskforce, a key group behind the move to T+1 securities settlement in the UK, has recommended mandatory adoption of LEIs by all regulated legal entities and their subsidiaries as a condition for authorization. UK proposals also support wider adoption of LEIs for registered legal entities, including issuers.

Hong Kong would benefit from adopting this practice to ensure global regulatory consistency with international standards and best practices. Mandatory LEI adoption would support a smooth transition to T+1, strengthen market integrity, and align Hong Kong's regulatory framework with leading global jurisdictions.

Financial Instrument Global Identifier (FIGI) – Financial Instrument Level

Hong Kong's post-trade infrastructure processes a significant volume of transactions daily, including activity through the Stock Connect program. A persistent challenge for market participants is the reliance on disparate, and often proprietary, security identification codes. These identifiers may change over time due to corporate actions, which can create operational complexity, data reconciliation challenges, and, in some cases, licensing constraints.

To address these issues, we recommend the adoption of the Financial Instrument Global Identifier (FIGI).

FIGI is an open, globally recognized data standard that enables implementation of a multi-asset data model that provides a unique, persistent, and non-proprietary identifier for financial instruments. It is governed by the Object Management Group (OMG), an international Standard Development Organization (SDO) as part of the Enterprise Data Management (EDM) Association, and a US National Standard under ANSI/X9, with Bloomberg acting as the Registration Authority. FIGIs are freely accessible through an open web-based platform and open-source APIs¹ (See www.OpenFIGI.com), supporting broad and consistent usage across market participants, and offering granularity down to trading platform level for equity listings. The FIGI specification, data model and associated data and metadata are provided under the MIT Open-Source license.

By providing a stable, non-proprietary identifier based on an open data model, FIGI can help reduce reliance on fragmented identifier systems and support greater transparency, consistency, and efficiency from pre-trade through post-trade processes. FIGI has been referenced or adopted in various regulatory contexts globally, including by the U.S. SEC, the Monetary Authority of Singapore, and the UK Accelerated Settlement Taskforce. Hong Kong has also acknowledged its use in derivatives reporting to identify product underliers. Broader consideration across equities and debt markets could further support the resilience and interoperability of Hong Kong's market infrastructure, including with the wider global economy.

Specific to the needs of Hong Kong market participants in a T+1 environment, where timeliness is a necessity, FIGI can provide functionality to investors and traders in seamlessly associating and mapping instruments across Stock Connect listings. For corporate actions, where linkages may be needed between a single ISIN and multiple SEDOLs, FIGI can provide native mappings and associations and remain persistent when ISIN (International Securities Identification Number), SEDOL ((Stock Exchange Daily Official List) and other instrument identifies may change due to different local rules. In any trade process where manual mapping and intervention may exist in regards to adjusting instrument identification, FIGI can provide an open-source automatable methodology to support compressed timelines.² We can provide an example or visualization of how this would work if helpful. We would also be available to walk through such an example with the appropriate personnel.

We therefore recommend that HKEx incorporate both LEI and FIGI within its industry guidance for T+1 settlement. This would support operational efficiency, data standardization, and alignment with evolving global practices.

Specific Recommendations for FIGI:

- Include the optional use of FIGI as an identifier alongside ISIN, SEDOL, and other identifiers in settlement and post-trade processes. Open-source mappings between these, and other identifiers, to FIGI already exist
- Enable FIGI as an identifier within proposed workflow tools and system enhancements
- Support the inclusion of FIGI in prospectuses and term sheets for new issuances across equities and debt markets, in addition to the current Hong Kong market standards

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

The observations set out below should be viewed as recommendations to inform the proposed approach:

The benefits of T+1 in Hong Kong broadly mirror those seen in other regions transitioning to T+1. These include improved capital efficiency driven by reduced clearing margin requirements, greater global market harmonisation with other T+1 jurisdictions, and the adoption of modern technology stacks across the post-trade lifecycle.

However, there are several notable challenges. The most immediate is the compression of timelines due to time zone differences, coupled with increased FX funding requirements for participants trading in non-local currencies.

A unique consideration for this market is that it will be among the first major financial hubs to begin the trading day and week with minimal overlap with European and US middle-office operations. This significantly limits the ability to perform near real-time exception management, making manual intervention increasingly difficult.

As a result, there is a strong imperative to prioritise data normalisation for trading exceptions, which will serve as a critical foundation for advancing automated exception management capabilities.