

**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 trade amendment arrangements under T+1 as earlier trade finality should help reduce settlement risk and support timely downstream processing. From an ETF issuer perspective, we request clear contingency and escalation arrangements for genuine late breaks (e.g., system issues) given there will be no T+1 amendment window, as well as implementation guidance that supports timely reconciliation across brokers/PDs, custodians and ETF issuers. We also request sufficient end-to-end industry testing and clear operational playbooks and communications ahead of implementation.

**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

As an asset manager and major ETF issuer, we're concerned the compressed window will increase operational pressure, costs (potentially requiring extended/night coverage), and settlement risk, particularly for ETFs with overseas underlyings where time zone differences may drive cash/stock borrowing needs for Managers and/or PDs. We request clear contingency arrangements and end-to-end industry testing that explicitly covers ETF workflows and multi-party dependencies.

**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

We support the proposed risk management arrangements under T+1 in principle, including issuing the daily risk payment obligation report at T-day 10:00pm. However, from an asset manager and major ETF issuer perspective, we're concerned that the later reporting time, combined with the unchanged payment deadline of 9:30am on T+1, further compresses the funding and operational window for participants across the ETF ecosystem (including PDs and liquidity providers). This may increase operational risk and potentially drive higher funding/borrowing costs, particularly during peak activity or stressed markets. We therefore request HKEX/HKSCC to provide clear contingency arrangements and practical tools to support readiness (e.g., earlier indicative exposures/intraday estimates where feasible, robust exception handling, and sufficient end-to-end testing of the risk money workflow under T+1).

**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

For corporate actions, we note the proposal that the ex-date will be the same day as the last registration date/record date for actions commencing after implementation; however, the compressed settlement window may increase the risk of position inaccuracy around record date if settlement exceptions occur, so we request clear market guidance and robust exception handling.

**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 support T+1 in principle, but for ETPs the main readiness risk sits in the ETF primary market creation and redemption process, which involves multiple parties and tight sequencing between the issuer, PDs, custodians/trustee and, in some cases, registrars. For ETFs with western-market underlyings, time zone differences will further compress the operating window and may increase reliance on cash or stock borrowing (and associated costs) for the Manager and or PDs, as well as drive extended operating hours and higher operational risk. Separately, some ETF underlyings settle on a cycle longer than T+1, or involve physical settlement constraints, so mandating T+1 alignment could create practical issues for order processing and liquidity management. Examples include Gold ETFs where bullion logistics and transportation make T+1 impractical, and ETFs with underlyings in markets that remain T+2 where redemptions may require an extension to avoid liquidity strain. We therefore support aligning ETP primary market settlement to T+1 where feasible, but request flexibility for ETF issuers to determine whether to align or retain a longer cycle for specific products, supported by clear rules and transitional arrangements. [REDACTED] In addition, HKEX should provide a clear mechanism to cater for market makers who are short inventory and need to create units on a same-day basis, including a defined process and cut-offs for T+0 creation requests where appropriate. We ask HKEX to provide detailed cut-offs, robust exception handling and end-to-end testing that explicitly covers ETF primary market scenarios in cash and in kind.

**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

**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

- ETF primary market readiness and dependencies
- Cross-time-zone and non-T+1 underlying markets
- Market maker inventory shortfalls and same-day creation

**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 comment