July 2025

Discussion Paper

Accelerated Settlement for the Hong Kong Cash Market

EXECUTIVE SUMMARY

Hong Kong has one of the world's most vibrant cash equity markets, which is the cornerstone of its status as a leading international financial centre.

Here, over 2,600 listed companies connect with global and regional investors to form a rich ecosystem for capital formation and cross-border investment flows, supported by T+2 settlement since 1992.

Settlement cycles are accelerating across the world

Settlement cycles underpin cash market transactions, and these have been evolving globally. In the 2010s, settlement cycles in major markets have gradually transitioned to T+2.

More recently, India, the United States and various markets in the Americas have already moved to T+1, while other markets – from Australia to the European Economic Area, the United Kingdom and Switzerland – are actively exploring similar shifts.

In the next two years, up to 88 per cent of cash equities globally by trade value are expected to be traded according to either a T+1 or an even shorter settlement cycle.

We must move from 'whether' to 'when'

As this worldwide shift to shorter settlement gathers pace, the conversation must therefore shift from whether accelerated settlement is appropriate for Hong Kong, to instead discuss how, and when, to implement a shorter settlement cycle.

HKEX is pleased to lead this conversation and this paper initiates a market-wide discussion to explore the benefits and challenges of accelerating the settlement cycle. It also seeks to identify Hong Kong's unique market characteristics, build consensus on necessary enhancements and help develop a detailed implementation timeline.

Strengthening Hong Kong's competitiveness

As the operator of Hong Kong's Cash Market, HKEX is committed to ensuring that our infrastructure and platforms remain resilient, robust and efficient, and we are continuing on our years-long technology advancement journey to future-proof our operations.

This paper shows that any move to adjust settlement cycles is a multi-year process. It is therefore imperative that our engagement with the whole financial community starts now.

Over a discussion period ending 1 September 2025, we invite feedback from all market participants on shortening our settlement cycle, so that together we can build an implementation plan to prepare for the future, strengthen Hong Kong's competitiveness and progress the whole ecosystem for the benefit of all.

CONTENTS

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1. HONG KONG'S SETTLEMENT CYCLE

1.1 Introduction

1 Hong Kong is home to one of the world's most dynamic and vibrant capital markets. Over 2,600 companies are listed with HKEX, where they are part of a highly liquid Cash Market that saw ADT of HK$240.2 billion in 1H 2025. The Hong Kong Cash Market settles two business days after the trade date (i.e. T+2 settlement cycle). HKSCC, a wholly-owned subsidiary of HKEX, operates as the clearing house, central counterparty and securities settlement system for trades in the Hong Kong Cash Market through CCASS under HKSCC.

2 Financial markets are dynamic, and Hong Kong is no exception. As market needs and demands evolve and technologies develop, the question of the appropriate Cash Market settlement cycle for the future of this city becomes increasingly important.

3 The topic of settlement cycles is a pertinent issue for many global markets, with some having already moved to T+1 and others now exploring its feasibility and implementation. Notable cases include:

- the Mainland China A-share market which settles on T+0 for securities and T+1 for money;
- the US market which moved to T+1 in May 2024 (after moving from T+5 to T+3 earlier on, and then T+2 in 2017); and
- various markets in Europe, which announced the target date of October 2027 to accelerate settlement to T+1 (after harmonising their markets from T+3 to T+2 in 2014).

4 Considering that a shift in settlement cycle represents a broad-reaching change with market-wide reverberations, HKEX recognises the critical importance of industry engagement in building consensus on how and when to implement a shorter settlement cycle.

5 HKEX has produced this paper as our first step of engagement – to launch discussion with the industry, evaluate and decide on how and when to implement a shorter settlement cycle in Hong Kong, and to support the industry along the journey.

1.2 What is the most appropriate settlement cycle for Hong Kong's future?

6 The settlement cycle is a fundamental element in the design of our Cash Market. It is defined by the time (typically in business days) between the execution of a securities trade and its settlement involving the delivery of securities and money.

7 The most appropriate settlement cycle for Hong Kong to prepare for the future will cater to both the needs of its users and the global markets landscape around them.

8 Hong Kong is an international financial centre with many international investors who may be operating outside the Asian time zone. These investors need sufficient time in the settlement cycle to bridge these time zone differences.

9 These investors likely also trade in other markets around the world, many of which are on T+1 today or are in the process of going to T+1. In this context, having a T+1 settlement cycle in Hong Kong would benefit users by supporting the coherent flow of capital globally.

10 Hence, any settlement cycles shorter than T+1 are likely to cause inconvenience to market participants and their interactions with global markets. With these two factors in mind, the T+1 settlement cycle could be a logical evolution of Hong Kong's settlement cycle. Cycles that are shorter than this (for example, T+0 where settlement occurs in the hours after trade execution) would likely bring unmanageable pressures to the industry.

11 Hence, for the purpose of this paper, we will explore T+1 as the working model. To define, T+1 settlement refers to the settlement of Cash Market securities one business day after the T-day (i.e. trade date).

12 The general elements of a Hong Kong T+1 are outlined below.

General elements of a Hong Kong T+1

Definition

- **Under T+1, settlement occurs one business day after trading**

Product

- **This covers secondary transactions in the Cash Market**, which are:
  - Equities (examples include ordinary shares, preference shares, shares traded through Southbound Stock Connect)
  - ETPs, which include ETFs and Leveraged & Inverse Products of different asset classes
  - Structured Products
  - Real Estate Investment Trusts
  - Debt Securities traded on SEHK and settled in CCASS
  - The physical settlement of equities upon stock options exercise
- **This excludes primary transactions in the Cash Market**, which are:
  - IPOs
  - ETP primary creation and redemption
  - Structured Products issuance and expiry
- **Mainland China A-shares traded via Hong Kong are also excluded** as they have a different set of market rules under the Northbound Stock Connect Programme.

Operations

- **The core principles of Hong Kong settlement operations remain unchanged**, including:
  - Settlement continues through processes including CNS and defined by batches
  - Settlement model remains to be the current DVP Model 2 (i.e. securities settlement on a gross basis and money settlement on a net basis)
- **Specific processes impacted by the shorter settlement cycle could be expedited or changed.**

1.3 Our approach

13 This paper is structured as follows:

- Chapter 1 sets the basis of the discussion by introducing the Hong Kong equities market post-trade landscape, and the potential benefits and challenges of T+1.
- Chapter 2 explores the global T+1 landscape and note observations that may be relevant to the Hong Kong market.
- Chapter 3 has an in-depth exploration of specific considerations for the Hong Kong market with respect to geography and industry dynamics. These considerations form the basis of discussion on Hong Kong T+1.
- Chapter 4 outlines next steps towards a shorter settlement cycle in Hong Kong, developed through consensus with the wider market. Based on the paper, we encourage the industry to consider their existing circumstances and respond to us with views and opinions.

14 This paper also includes questions for discussion that provide a framework for transitioning Hong Kong to a shorter settlement cycle, together with a section featuring Frequently Asked Questions.

1.4 Overview of the Hong Kong Cash Market and its post-trade infrastructure

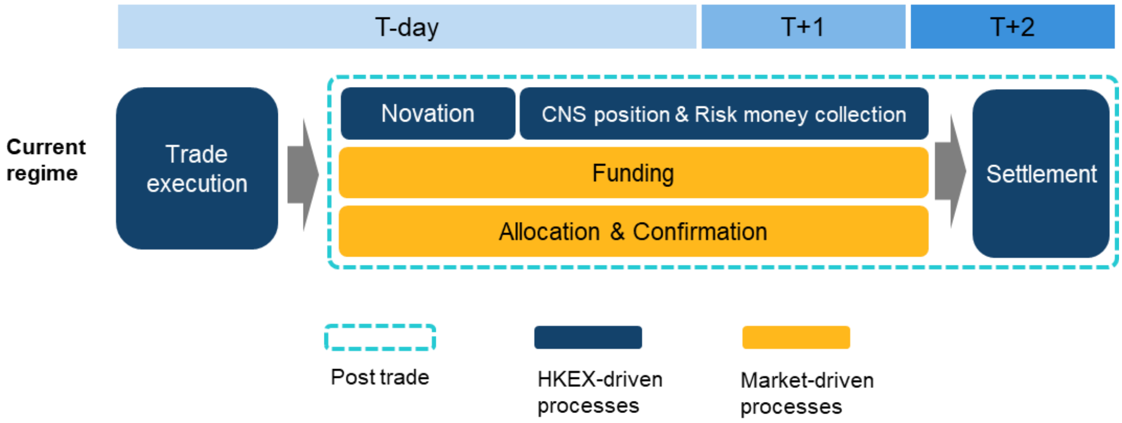
15 To explore the shortening of the settlement cycle, it is first important to understand Hong Kong's post-trade infrastructure and its core components.

16 HKSCC, a wholly-owned subsidiary of HKEX, is the recognised clearing house in Hong Kong. It provides integrated clearing and settlement in the Cash Market by acting as a central counterparty and a securities settlement system, as well as offering depository and nominee services.

17 After trade execution, as part of the clearing process, HKSCC acts as the central counterparty to exchange trades via novation and employs a range of risk management measures including the charging of risk money (marks and margin, including variation margin and initial margin) before the cleared Cash Market securities are settled.

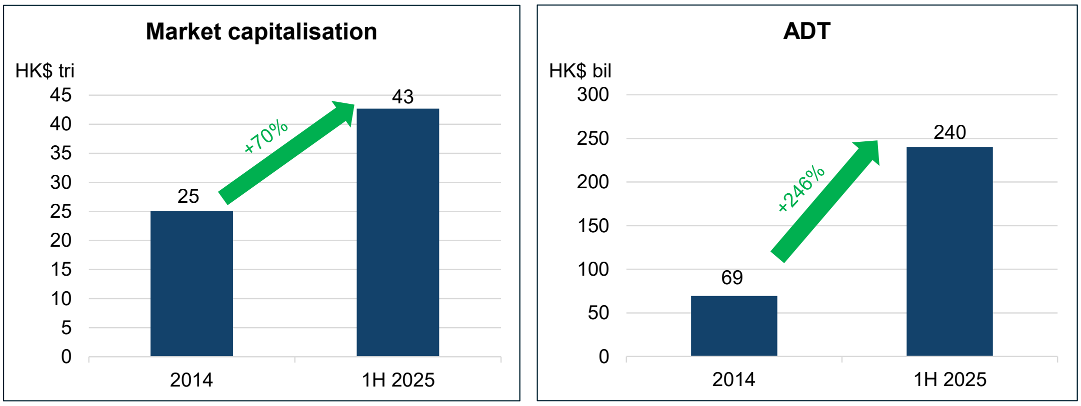
18 CCASS provides settlement services through CNS under which securities are credited or debited to participants' CCASS stock accounts and funds are recorded in the participants' money ledgers on settlement day. This effectively provides the exchange of securities and money upon settlement.

Core Cash Market processes under a T+2 settlement cycle



19 Hong Kong's post-trade infrastructure processes a vast volume of trades every day, keeping pace with the considerable growth in the Hong Kong Cash Market over the last decade. Our market has a total market capitalisation of HK$42.7 trillion (US$5.4 trillion) and ADT of HK$240.2 billion (US$30.5 billion) as of 1H 2025, representing about 70% and 246% growth, respectively, from 10 years ago.

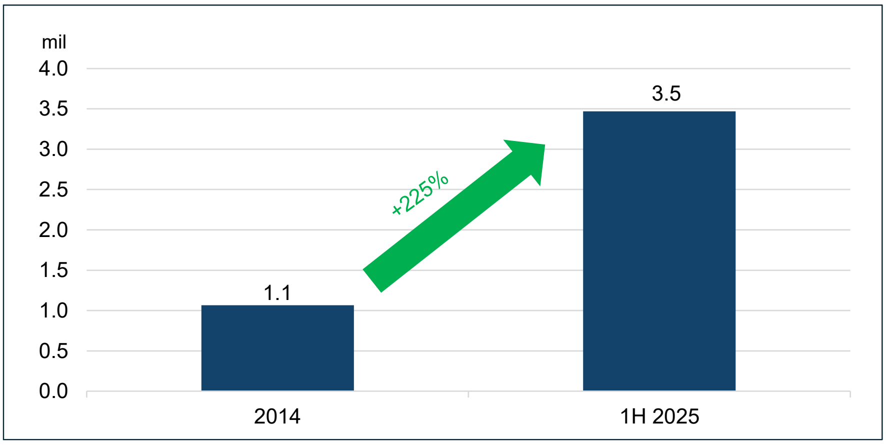
Hong Kong Cash Market: Market capitalisation and ADT, 2014 & 1H 2025



Source: HKEX

20 On average, 3.47 million exchange trades are handled daily by CCASS in 1H 2025. Compared with 2014, the average number of daily trades being processed in 1H 2025 has more than doubled.

Exchange trades handled by CCASS: daily average, 2014 & 1H 2025



Source: HKEX

21 Since 1992, the settlement process for the Cash Market in Hong Kong has been managed by the HKSCC through CCASS, and it has been operating on a T+2 cycle – meaning transactions settled two business days after the T day. Before 2011, securities transactions were settled on T+2, with the related money obligations settled overnight in the morning of T+3.

22 In July 2011, HKEX introduced the T+2 Finality Arrangement for money settlement in CCASS, which ensures that final settlement occurs no later than the end of the settlement day. This means that both securities and money settlements are completed and finalised on T+2, enhancing efficiency and reducing risk associated with the settlement process.

23 In December 2024, HKEX announced the development of the OCP, HKEX's integrated Cash Market platform, which aims to provide more advanced, reliable and efficient post-trade services[1].

1.5 The Stock Connect programme and its settlement infrastructure in Hong Kong

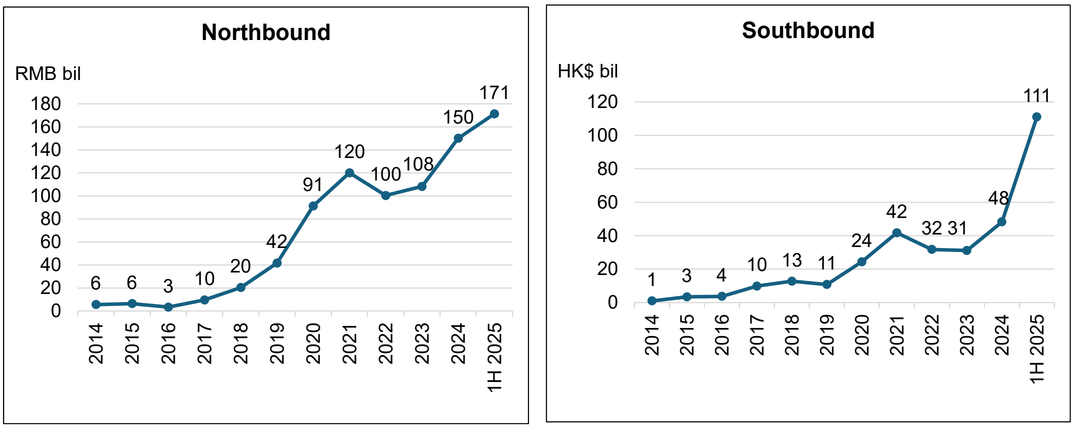
24 Stock Connect launched in 2014 to offer a unique and unrivalled mutual market access model between China and the world. This innovative initiative allows investors to use local brokerages to buy and sell eligible stocks in cross-border markets through local exchanges and clearing houses.

25 With a combination of breakthroughs and continuous enhancements, Stock Connect has flourished with trading activity growing by over 29 times and over 110 times in the Northbound and Southbound channels, respectively, since its launch[2].

[1] HKEX will progressively introduce new post-trade features and services on OCP, with respective release dates to be announced in due course. Meanwhile, HKEX will continue to provide core post-trade processing through its CCASS. HKEX will engage with stakeholders and market participants as the new OCP post-trade features progressively become available.

[2] Source: HKEX

ADT of Northbound and Southbound Stock Connect schemes (2014 – 1H 2025)



Source: HKEX

26 As post-trade infrastructures on the respective sides, HKSCC and ChinaClear have formed the clearing link[3] to provide necessary post-trade services for shares traded via Stock Connect.

27 Other than T+2 under the Hong Kong Cash Market, the Hong Kong post-trade infrastructure has accumulated ten years' experience of facilitating a different settlement cycle via the Northbound channel operation, i.e. T+0 for securities and T+1 for money for A-share trades.

1.6 Why is HKEX leading this discussion for the Hong Kong market?

28 HKEX is committed to maintaining and enhancing the global competitiveness of Hong Kong's capital markets and does so in part by making its technology and operations ready for the future.

29 In preparing this paper, HKEX has engaged a consultant to gather preliminary market feedback that forms part of the basis of this discussion. With the key facts and considerations laid out, HKEX aims to further engage with stakeholders in a holistic and well-informed manner, as we progress the discussion of moving the Hong Kong market towards a shorter settlement cycle.

30 In the coming months, HKEX will actively engage the industry in comprehensive conversations on the future of Hong Kong’s settlement cycle and encourage industry participants to respond to this paper. This approach aims to consider the views, concerns and suggestions of as wide a range of stakeholders as possible.

31 But before we proceed, let us identify the core benefits and potential challenges to T+1.

[3] Clearing links include clearing, settlement and nominee arrangements.

1.7 Benefits to a T+1 transition

32 The move to T+1 is expected to yield the following three core benefits:

Lower market risk

33 Under a T+2 settlement cycle, trades are settled in two business days, implying that two days' worth of trades are pending settlement. Transitioning to T+1 speeds up the settlement of trades to happen on the next business day. Thus, the time to settle a trade becomes shorter, and only one day's worth of trades are outstanding for settlement on any given day. As a result, the risk of outstanding positions in the market is reduced.

34 Such market risk reduction would also be felt on the systemic level, resulting in lower systemic risk in the markets. This could contribute to enhancing the financial stability of Hong Kong and its capital markets as one of the world's international financial centres.

Higher capital efficiency

35 With the expected reduction in risk under a shorter settlement cycle, it follows that clearing house margins will be reduced. This, in turn, will bring capital efficiencies for clearing participants and market intermediaries. In the US, for instance, it was reported that the implementation of T+1 has reduced clearing house margins by 23%[4], though these numbers may be different for other markets.

36 From the end-investor perspective, a T+1 settlement cycle would mean that funds from sell orders are obtained one business day after the trade day – a day earlier than under T+2. This enables capital efficiency with quicker reinvestment opportunities. Mainland investors trading the Hong Kong market via Southbound Stock Connect would also benefit as they will also settle in one business day under T+1, which is more akin to that of the onshore A-share market (i.e. T+0 for securities and T+1 for money).

Harmonisation of global markets

37 Markets globally have moved or are considering moving to a T+1 settlement cycle. In the next two years, up to 88%[5] of cash equities globally by trade value will be in T+1 or T+0/T+1 markets, bolstered by the planned migration of markets in the EEA, the UK and Switzerland to T+1 by 2027.

38 By moving to T+1, there will be a harmonisation of the settlement cycle in major capital markets that will promote the efficiency and coherence of capital flows across the globe.

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4 T+1 After Action Report, published on SIFMA's website, September 2024.

5 The shares are calculated based on WFE statistics covering full year 2024 (London Stock Exchange' data of market capitalization and turnover are from Bloomberg and their official statistics respectively). Markets operating under T+1 or T+0/T+1 basis currently include Mainland China, US, Canada, Mexico, Argentina and India and this is expected to include the EEA markets, the UK and Switzerland by 2027.

1.8 Potential challenges in a T+1 transition

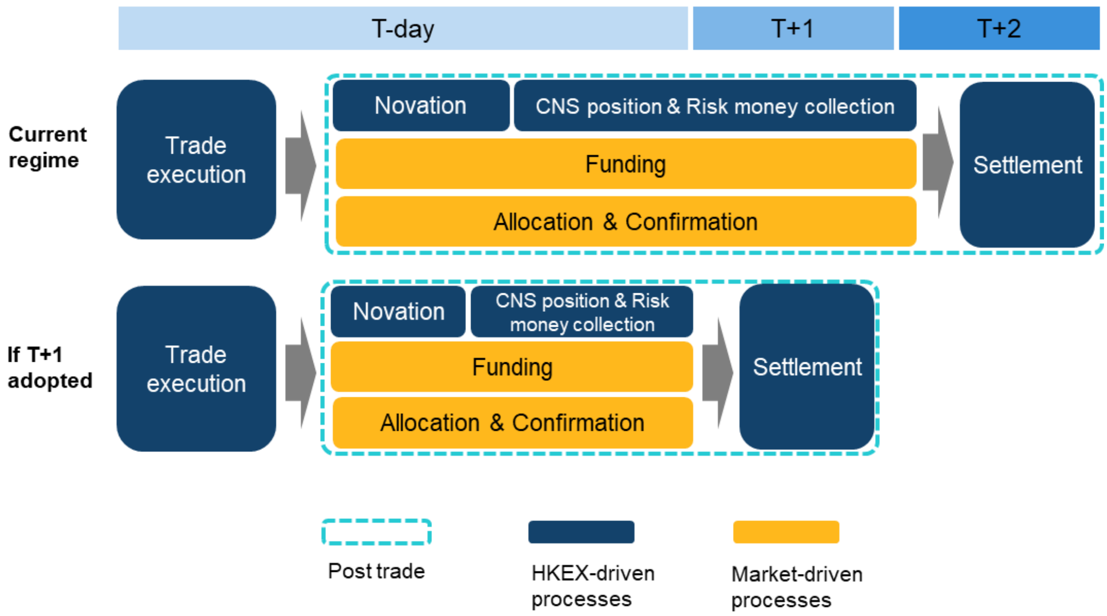
39 A transition to T+1 would also bring potential challenges to the following key areas:

Shorter operational timelines

40 Under the current T+2 settlement cycle, processes in preparation for settlement (including post-trade processes) take place over two business days. With the settlement cycle moving to T+1, operational timelines will become shorter.

41 After trade execution, market participants need to conduct post-trade processes, including trade confirmation, allocation[6] and funding, in order to prepare for the eventual settlement of the securities traded. As illustrated in the figure below, some of these processes may take place over T-day and T+1 day under the current T+2 settlement cycle. Under a T+1 settlement cycle, many of these processes need to be completed by T-day given the actual settlement occurs shortly on the next day (T+1 day).

Core Cash Market processes if T+1 were adopted



42 For international participants whose business hours may not overlap with the Asian time zone, under T+2 a portion of the two business days have been used as a buffer to accommodate post-trade processing and related communications between international market players and their service providers in Asia.

43 In a move to T+1, operational timelines will become shorter, resulting in less buffer available in bridging the existing post-trade processing. International asset managers may face greater pressures under this situation. After trading in the Hong Kong market,

[6] Trade confirmation and allocation occurs where an investor is trading on behalf of multiple fund accounts, a single trade execution is allocated (delivered or received) to specific fund entities. This allocation will be sent by the investor to their broker counterparty, who will send back a confirmation, with the aim of making sure that the allocation information has been correctly received. Such processes are necessary as preparation ahead of settlement.

these asset managers would need to conduct trade allocations and confirmation under a tighter timeline such that their positions are properly accounted for ahead of settlement.

44 For this reason, market players in the Asian time zone are expected to be impacted to a lesser extent than international players, but they may still be affected by shorter operational timelines and would need to adapt their processes accordingly.

Operating model changes

45 With shorter operational timelines, changes in the operating model would need to be introduced to enable post-trade processes under a T+1 settlement cycle.

46 Market participants would need to review their processes, manpower allocation and introduce automation where necessary. The evolution of technology could also be an enabler to greater efficiency through the streamlining of post-trade workflows to cope with a shorter operational timeline.

47 The industry, together with their partners and services providers in the value chain, would need time to review, upgrade and make investments to arrive at the most appropriate operating model for a T+1 settlement cycle.

48 Many of these challenges are not unique to the Hong Kong market and global experience would be valuable to the industry in this context. To address these challenges and yield the benefits as described, it is also important to identify and take into account the specific considerations of the Hong Kong market. These topics will be discussed in the rest of the paper.

Questions for discussion

Question 1. What do you think would be the effect of adopting a T+1 settlement cycle on the market vibrancy and competitiveness of the Hong Kong market as an international financial centre?

Please give reasons for your views.

Question 2. Do you see any effect in the implementation of T+1 on the long-term liquidity and risk management capabilities within the Hong Kong market, and in the harmonisation of the settlement cycle across major exchanges across global markets?

Please give reasons for your views.

2. SHORTENING THE SETTLEMENT CYCLE – A GLOBAL VIEW

2.1 The global journey towards a shorter settlement cycle

49 A gradual shift towards shorter settlement cycles has picked up pace in capital markets around the world over the last 30 years, driven by a range of factors including risk reduction and greater capital efficiency.

50 The evolution of global settlement cycles over this period can be summarised as follows:

- **US:** Moved from a T+3 to T+2 settlement cycle in 2017, and before that moved from a T+5 to T+3 settlement cycle in 1995
- **Europe:** Harmonised market settlement cycles by moving all T+3 markets to T+2 by 2014
- **Australia and New Zealand:** Moved from a T+3 to T+2 settlement cycle in 2016, and before that moved from a T+5 to T+3 settlement cycle in 1999
- **Mainland China:** Implemented T+0 for securities settlement and T+1 for money settlement. A-share T+1 DVP enhancement was introduced in 2022

51 As mentioned in the last chapter, the Hong Kong market has been operating under T+2 since 1992, with the exception of A-share trading under Stock Connect, which operates under the same settlement cycle as that in Mainland China.

52 Since 2020, some markets have transitioned to T+1, while others are making preparations or have initiated discussions to do so. These include:

- **Markets that have transitioned to T+1**
  - **India:** Phased transition from February 2022 until January 2023, with an optional T+0 rolling settlement cycle introduced, operating in parallel with T+1 from January 2025
    (Note: Originally planned to be concluded in May 2025, the implementation timeline for the optional T+0 settlement cycle has been extended from 1 May 2025 to 1 November 2025 due to market feedback)
  - **US (together with Canada, Mexico, Argentina and other markets in the Americas):** May 2024

- **Markets with a planned date to transition to T+1**
  - **Various markets in the EEA[7], the UK[8] and Switzerland[9]:** Planned for October 2027 with high level implementation plan published to the industry in 2025 for engagement and preparation. Further details are expected to be published over time ahead of their planned implementation date

- **Markets that have initiated discussions on T+1**

7 New governance structure for transition to T+1 settlement cycle kicks off, press release on ESMA's website, 22 January 2025.

8 UK Implementation Plan for first day of trading for T+1 settlement – 11th October 2027, published by UK Government Accelerated Settlement Taskforce Technical Group, February 2025.

9 The Swiss Securities Post-Trade Council (swissSPTC) recommends to move to T+1 in October 2027, press release on Swiss Securities Post-trade Council's website, 23 January 2025.

- **Australia**[10]**:** T+1 implementation would occur no earlier than 12 months after the release of their latest post-trade platform, implying an implementation date beyond 2029, as indicated after the publication of a paper on T+1 and related market responses (the New Zealand market is likely to transition together with the Australian market given the interconnectedness of their capital markets, and that the markets have made transitions at the same time historically)

53 Today, approximately 83% and 66% of the share of global trade turnover and global market capitalisation, respectively, is settling on a T+1 or T+0/T+1 basis[11].

54 These numbers could grow to cover 88% and 79% for global turnover and market capitalisation, respectively, in the next two years[12] based on the timeline above.

2.2 T+1 in global markets

55 Two major market clusters have transitioned to T+1: India in 2023 and the US and other markets in the Americas in 2024. A brief overview of the transition in India and the US will be provided as background in this section.

India

56 In 2021, the SEBI announced plans to shift to a T+1 settlement cycle. The transition began in phases, with the lowest 100 stocks by market capitalisation moving to T+1 in February 2022. After that, the next 500 smallest stocks by market capitalisation were added each month until the end of January 2023, by which time every listed security was included.

57 In 2024, SEBI announced that a T+0 rolling settlement cycle would be introduced on an optional basis and run in parallel with T+1. Initially, this T+0 cycle was offered for a limited number of securities, brokers and trading hours. Following a successful dry run, SEBI announced that the optional T+0 cycle would be extended to an additional 500 securities with 100 securities added each month for five months beginning January 2025.

58 In April 2025, SEBI has announced that, following feedback and discussions with market infrastructure, and considering operational readiness, the deadline for its selected brokers to offer an optional T+0 settlement services has been extended from 1 May 2025 to 1 November 2025[13].

59 As it relates to the discussion, there are several differences between the Hong Kong and the Indian markets:

- **Investor base:** The Indian market has higher participation from domestic and

[10] Australia's T+1 transition is expected to be 12 months after the successful implantation of the CHESS phase 2 project (expected in 2029).

[11] The shares are calculated based on WFE statistics covering full year 2024. Markets operating under T+1 or T+0/T+1 basis currently include Mainland China, US, Canada, Mexico, Argentina and India.

[12] The shares are calculated based on WFE statistics covering full year 2024 (London Stock Exchange' data of market capitalization and turnover are from Bloomberg and their official statistics respectively). Markets operating under T+1 are expected to include the EEA markets, UK and Switzerland by 2027.

[13] See Extension of timeline for implementation of provisions of SEBI Circular dated December 10, 2024, on optional T+0 settlement cycle for Qualified Stock Brokers (QSBs), circular issued by SEBI, 29 April 2025.

retail investors who pre-fund before placing orders, whereas the Hong Kong market has higher participation from international and institutional investors who are unlikely to pre-fund at the time of placing orders.

- **Foreign exchange:** Securities trades by foreign portfolio investors, which are conducted and settled in Indian Rupees, are subject to restrictions and are often pre-funded[14]. All told, FX is less involved as a part of securities settlement in the Indian market. On the other hand, the Hong Kong market allows free flow of funds, with FX transactions being involved as part of securities settlement in Hong Kong.

60 As a result, T+1 considerations for the Hong Kong market are likely to be different to those of the Indian market. Given the differences with the Hong Kong market, we would not focus on the India transition for the purpose of this discussion.

US and various markets in the Americas

61 While the Hong Kong and US securities markets have their own distinct features[15] which will be covered in Chapter 3, their similarities in maturity and institutional presence make the US transition to T+1 a useful point of reference in this discussion. Practical considerations drawn from the T+1 transition will be outlined later in this chapter.

62 The below provides a brief overview of the US move to T+1.

Key events in the US T+1 transition

- In February 2021, DTCC published a white paper to discuss shortening the settlement cycle from T+2 to T+1
- In August 2022, SIFMA, ICI and DTCC published a T+1 implementation playbook to guide the transition
- In February 2023, SEC formally adopted rules to shorten the standard settlement cycle from T+2 to T+1, setting the transition date for 28 May 2024
- In August 2023, the industry's T+1 testing programme began
- On 28 May 2024, the US securities market transitioned to T+1

63 In September 2024, a few months after the US T+1 transition, an after-action report was published with several industry metrics indicating that the T+1 transition has been smooth[16].

64 Settlement fail rates post-T+1 did not deteriorate, implying that settlement efficiency has been maintained in the US market after the transition.

65 Another indicator unique to the US market has been the trade affirmation rate, which is the proportion of trades that has been effectively allocated and confirmed in preparation for settlement. As part of the T+1 transition, the SEC has rules to mandate

[14] Financial transactions in India are subject to certain restrictions and these restrictions may affect the inflows and outflows of FX, such as those that apply to Foreign Portfolio Investors. See Securities and Exchange Board of India (Foreign Portfolio Investors) Regulation, issued by SEBI (latest version on 10 Feb 2025).

[15] These differences include the higher international participation, the higher complexity of FX in securities settlement and the higher settlement discipline in the Hong Kong market.

[16] Whilst the US provides a useful precedent for a successful transition to T+1, given the different dynamics, settlement discipline, definitions of settlement failure between the US and the Hong Kong market, these metrics are not directly comparable across markets. This will be discussed further in Chapter 3.

SEC-regulated broker dealers to conduct allocations and confirmations on the T-day. Post-T+1, trade affirmation rates in the US have also increased[17], indicating that more trades have been affirmed enabling smoother settlement on T+1.

66 Various markets in the Americas, including Canada, Mexico and Argentina, have also opted to transition to T+1 around the same time as the US in May 2024 given the interrelatedness across their capital markets.

Other markets

67 For completeness, various markets in the EEA, the UK, Switzerland and Australia have initiated discussions on a move to T+1. As these discussions are ongoing, such details will not be addressed in this paper beyond the current overview.

2.3 General practical considerations of T+1 transitions

68 Based on the experience of many markets worldwide, we highlight some practical considerations in this section.

Operational process streamline

69 As described in Chapter 1, the transition to a T+1 settlement cycle shortens the operational timeline by one business day. Leading up to settlement, the industry conducts post-trade activities and arranges for funding.

70 As a result, several existing processes along the settlement lifecycle must be reviewed and streamlined for acceleration to enable settlement under a tighter timeline.

[17] T+1 After Action Report, published on SIFMA's website, September 2024.

Key examples of operational processes faced by the industry in recent T+1 transitions

Pre trade-matching	Pre trade-matching (a concept similar to affirmation in the US) is the matching of trade instructions between the investor and its broker. This is a key step in settlement as the matching provides a golden record of trade data ahead of processing on the settlement day. This is particularly important for T+1 given the compressed timelines. By having all trades matched on the T-day, downstream issues and exception handling is reduced, lowering the risk of trade settlement fails. In the US, DTCC has introduced an automation tool facilitating the process, which will be covered in the below part around Automation.
Funding Costs	Investors with assets in both T+1 and T+2 markets could be involved in gaps in the payment and receipt of funds. The bridging of the gap between settlement cycles could mean higher funding and capital costs.
FX Management	Most FX pairs trade under a T+2 cycle. International investors utilizing FX to meet a T+1 settlement cycle has been adopting new approaches to fund for settlement obligations. Investors could potentially pre-fund, conduct gross FX executions or employ other FX strategies which may increase costs.
Securities Borrowing and Lending	Under a shorter settlement cycle, there would be a tighter timeline for lenders to recall the securities on loan, especially if such securities are being used for onward settlement. As SBL transactions are largely bilateral, the industry is coordinating to facilitate smooth SBL operations.

71 One way firms can achieve the acceleration detailed above can be by taking incremental steps to the transition. Automation could be another approach which will be discussed next.

Automation

72 Automation has the potential to expedite processes, allowing them to be completed in a shorter time frame and meeting reduced settlement cycles. Additionally, tasks requiring completion outside business hours could be automated, thereby decreasing

the need for overnight staff.

73 For instance, during the US transition to T+1, DTCC introduced an automation tool to the industry known as “Match to Instruct”. This tool connects intermediaries along the settlement chain on a single platform with a central source of settlement information and records.

74 The automation tool allows trade allocations to be conducted in real time rather than through sequential processes. This facilitates the reconciliation of trade instructions during the T-day and provides a central record of allocated trades for smoother settlement ahead of T+1.

Questions for discussion

Question 3. How has your organisation been involved in the recent T+1 transition in India and the US / Americas and discussions in Europe?

Question 4. From your perspective, are there any learnings from the recent T+1 transition in India and the US / Americas and discussions in Europe?

Please give reasons for your views.

2.4 What does this mean for Hong Kong?

75 As stated in Chapter 1, this paper is the start of a market-wide discussion HKEX intends to lead, engaging the whole industry to consider the implications of a T+1 settlement cycle in Hong Kong for their operations.

76 Bearing these global observations in mind, it is also important to recognise what makes the Hong Kong market unique and how these characteristics may impact any plan for T+1. These practical considerations will be discussed in the next chapter.

3. SPECIFIC CONSIDERATIONS FOR HONG KONG

77 As stated earlier, four specific considerations apply to the Hong Kong market and must be factored into any discussion of a future T+1 arrangement.

Geography	Investor base
Market practice	Products and market structure

3.1 Geography

Time zone differences

78 Hong Kong's time zone is one of the most important considerations. Hong Kong is in the GMT+8 time zone and could be one of the first financial hubs to start the global trading day having transitioned to T+1.

79 Looking westwards, Hong Kong is six-to-eight hours ahead of Europe and the UK, and 13 hours ahead of the US East Coast (excluding summer time / daylight savings). With limited overlap in working hours between these regions and Hong Kong, time zone differences mean that Hong Kong's current T+2 settlement cycle is effectively a "T+1 timeline"[18] for investors in Europe and the Americas. A portion of the two business days (under T+2) provides a buffer to bridge time zone differences as outlined in Chapter 1. Hence, processes such as funding, FX and exception handling are managed in the window between the T+1 and T+2 settlement cycles in operation today.

[18] Post-trade settlement processes are done in roughly one business day's time when excluding the non-business hours in Europe and the Americas.

Time zone differences under T+2

Business hours available for conducting post-trade processes are denoted with "post-trade", while this overlap of business hours with Hong Kong are highlighted in green and pink for UK/Europe and US, respectively.

	Hong Kong		Europe / UK *6-8 hours behind*		US *13-16 hours behind*	
T-day	**AM**	Trading				
	PM	Trading until 4pm	**AM**	Post-trade	**Overnight**	
	Overnight		**PM**	Post-trade	**AM**	Post-trade
T+1	**AM**	Post-trade	**Overnight**		**PM**	Post-trade
	PM	Post-trade	**AM**	Post-trade	**Overnight**	
	Overnight		**PM**	Post-trade	**AM**	Post-trade
T+2	SETTLEMENT DAY					

Business hours overlap with Europe/UK   Business hours overlap with US

80 In a T+1 transition in Hong Kong, these same activities would need to be managed in the hours immediately following the trading day (i.e. on T-day) with little room for delay. There would no longer be a buffer to bridge time zone differences in this situation. Hong Kong's T+1 environment would effectively mean a "T+0 timeline" for international investors, when excluding the non-business hours in Europe and the Americas – making overnight trade processing capabilities necessary for firms ahead of settlement on T+1.

Time zone differences under T+1

Compared with the previous diagram, in a move to T+1, both the business hours available for post-trade processes (i.e. boxes with "Post-trade"), and the overlap across Hong Kong and (1) the Europe/UK (i.e. the highlight in green shade) reduces or (2) the US (i.e. the highlight in pink shade) disappears due to minimal overlap.

	Hong Kong		Europe / UK *6-8 hours behind*		US *13-16 hours behind*	
T-day	**AM**	Trading				
	PM	Trading until 4pm	**AM**	Post-trade	**Overnight**	
	Overnight		**PM**	Post-trade	**AM**	Post-trade
T+1	SETTLEMENT DAY					

Business hours overlap with Europe/UK   Business hours overlap with US

81 These overnight capabilities then become even more critical for those operating from the West Coast of North America (which is 16 hours behind Hong Kong[19]). In practical

[19] Excluding summer time / daylight savings.

terms, this time difference mirrors the gap between North America and Europe (12:00pm Hong Kong time is 8:00pm Pacific time the preceding day) – meaning that West Coast investors and intermediaries will also need to manage the entirety of their middle office and funding activities for Hong Kong after trading close on a "T+0 timeline" basis. In some cases, these investors will also need to make staff available on Sunday afternoons to handle any exceptions relating to Hong Kong's Monday settlements.

82 To operate and bridge time zone differences, the industry may need to consider having operational processes revolving around a single centralised workflow platform so that parties across time zones can conduct post-trade operations concurrently in real time with straight through processing (as opposed to decentralised and sequential operations). These key capabilities for accelerating post-trade processes could compensate for the buffer no being longer available under a shorter settlement cycle.

83 In a later section, we will explain the global nature of the Hong Kong market, which further reinforces the impact of time zone differences and the need for real time, straight through operations.

Gaps between T+1 and T+2 markets

84 In a T+1 transition, Hong Kong will operate under the same settlement cycle as other T+1 markets (including the US, as well as various European markets planning to move in 2027). Excluding Hong Kong, other markets that have either transitioned, or are in the process of transitioning, to T+1, account for an estimated 88% of global market turnover[20] (including both T+1 and T+0/T+1 markets). By adopting a T+1 settlement cycle, Hong Kong will close out operational gaps with other T+1 markets, potentially increasing coherence in the global flow of capital.

85 On the other hand, other markets may continue to run according to a T+2 cycle, potentially creating new funding gaps and complexities between these markets and Hong Kong.

86 Consider an example from an investor's perspective in a scenario where the selling occurs in a T+2 market and the buying occurs in a T+1 market. For the sell trade, the investor would only receive the money two days after trading (under T+2), while the investor would have to deliver the money one day after trading (under T+1) for its buy trade.

87 In other words, the investor would have to pay out the funds one day before receiving the funds. This results in an overnight funding gap for the investor to bridge.

88 On the flip side, if instead the investor buys in a T+2 market and sells in a T+1 market, the overnight funding gap could work in favour of the investor, with the investor receiving the funds one day before the funds are to be paid out.

[20] The shares are calculated based on WFE statistics covering full year 2024 (London Stock Exchange' data of market capitalization and turnover are from Bloomberg and their official statistics respectively). Markets operating under T+1 or T+0/T+1 basis currently include Mainland China, US, Canada, Mexico, Argentina and India and this is expected to include the EEA markets, the UK and Switzerland by 2027.

Geography considerations summary

	Consideration	Under T+2 (Today)	If under T+1
Time zone difference	• Hong Kong is in the GMT+8 time zone • Could be one of the Eastern-most financial hubs to transition to T+1	• With two business days prior to settlement, part of this time is used as buffer to post-trade processes for participants outside the Asian time zone	• With one fewer business day before settlement, there would be less of a buffer to post-trade processes for participants outside the Asian time zone • Process streamlining would be needed to meet a shorter deadline
Gap between T+1 and T+2 markets	• Inherent operational gaps will exist across markets under T+2 and T+1	• Operational gaps are appearing between Hong Kong (under T+2) and other markets under T+1 • As more markets move to T+1, the gap will naturally widen	• With Hong Kong under T+1, operational gaps with other T+1 markets would reduce • Operational gaps with markets remaining in T+2 will emerge, though this should lessen as markets move to T+1

3.2 Investor base

Participation by global institutional investors

89 The Hong Kong market is characterised by a high international institutional presence, with a sizable ratio of institutional trade volumes compared to retail activity. HKEX estimates that international institutional investors, or principal trades of EPs contributed approximately 64% of turnover in the Hong Kong market in 2020[21]. This finding contrasts with the US market, where international investor participation is relatively lower. To illustrate, 18% of equities in the US market were owned by international investors[22] in 2024.

90 The higher rate of international participation in Hong Kong might inevitably amplify the pressure of the time zone differences mentioned earlier.

91 When international institutional investors participate in the Hong Kong market, they are typically serviced by brokerage firms and global custodians, both of which operate on a global level. Asset owners are supported by market intermediaries, including brokers and custodians.

92 Investors such as hedge funds are serviced by prime brokers, who offer services in trade execution, financing, liquidity, clearing and settlement services. Given the global nature of markets, these investors and their prime brokers may not operate in the same time zone. Hence, a shortening of the settlement window could create operational pressures as these players from around the world trade in Hong Kong.

93 Similarly for asset managers, most are serviced by global custodians who will manage their securities and cash positions across markets on a global level. These global custodians would then appoint local custodians to manage the securities services in the Hong Kong market. As these players could operate across the globe, time zone challenges could also be amplified by a shortening of the settlement cycle in this case.

94 With the global scope of market activities, a shorter settlement cycle would increase operational pressures on investors and market intermediaries in the securities

21 Source: HKEX, Cash Market Transaction Survey 2020, published on HKEX's website, April 2022.

22 It is calculated as the ratio of the holding of rest of the world and total holding. Source: Federal Reserve Bank of St. Louis.

settlement ecosystem.

95 To alleviate these operational pressures, the industry would need to review its existing processes, streamlining and accelerating them where appropriate. Additional efficiencies may also be gained through the introduction of workflow tools where post-trade processes can be conducted in real time with straight through processing to bridge time zone differences.

Foreign exchange

96 With such a strong international presence in the Hong Kong market, it goes without saying that the source of such capital is also very diverse. In 2020, Asian[23] retail and institutional investors accounted for 20% of Hong Kong market turnover, with other international investors accounting for 22%[24]. The principal trading of EPs across the globe also accounts for 28%[25].

97 FX could present additional issues for international investors. It is common practice for international participants trading at HKEX to use FX to fund their settlement obligations, which are mostly in HKD and RMB.

98 Most FX pairs (including USD/HKD, USD/CNH, HKD/CNH that relate to the Hong Kong market) currently operate according to T+2 practices, meaning that "spot" FX trades are settled two business days from the date of trading. Under a shorter cycle, settlement may not occur if an investors' money is not denominated in the right currency on the settlement day. This could be a particular issue for international investors where their home currency is not the same as the investing currency (i.e. including the HKD and the RMB).

99 As a market practice, some international investors may fund FX transactions through outright FX, FX rolls (with trading structures varying including T+0/T+1, T+1/T+2 in meeting their funding needs) or FX derivatives. Each of these FX structures would also have associated transaction costs, which participants would need to assess as part of the economics of their investment model. In short, the industry will need to explore and work with its intermediaries to manage FX funding needs to meet their settlement obligations.

Southbound Stock Connect

100 When the Hong Kong market moves to a T+1 settlement cycle, this would also impact Southbound Stock Connect investors trading eligible Hong Kong stocks.

101 Southbound Stock Connect accounts for a large proportion of Hong Kong market turnover, reaching 23% in 1H 2025[26]. Currently, the trading of eligible Hong Kong stocks via Southbound Stock Connect is settled under a T+2 settlement cycle.

102 In a potential shortening of the settlement cycle, HKEX will work closely with Mainland authorities, exchanges and ChinaClear in the implementation of any changes to post-trade processes and timelines. At the same time, HKEX will consider the impact of a

[23] Including investors from Mainland China and those using Southbound Stock Connect.

[24] Source: HKEX, Cash Market Transaction Survey 2020, published on HKEX's website, April 2022.

[25] Source: HKEX, Cash Market Transaction Survey 2020, published on HKEX's website, April 2022.

[26] Source: HKEX

shorter settlement cycle on any future enhancements to the Stock Connect programme.

Investor base considerations summary

	Consideration	Under T+2 (Today)	If under T+1
Participation by global institutional investors	• Hong Kong has high participation by global institutional investors	• As noted in the time zone difference, a T+2 settlement cycle currently offers buffers to post-trade processes to these investors	• There will be less buffer to post-trade processes for these investors • Process streamlining is needed to meet a shorter deadline
Foreign exchange	• The high participation by global investors • This implies the great need for FX in support of settlement than other markets	• As most FX settlement cycles operate in a T+2 cycle, this would match the equity settlement cycle of T+2	• With the move of the equity settlement cycle to T+1, this would create a mismatch between two FX and equity settlement cycle • Measures are needed to enable FX can be conducted timely
Southbound Stock Connect	• Southbound Stock Connect currently accounts for 23% of the Cash Market	• The current Southbound Stock Connect programme operates along the T+2 settlement cycle	• Consequential changes would be needed for Southbound Stock Connect to operate along a T+1 settlement cycle • A T+1 cycle would be in line with the onshore equities market settlement cycle

3.3 Market practices

Settlement discipline and highly-efficient processes

103 Settlement in Hong Kong is highly efficient with exceptionally low fail rates.

104 Due to the market's robust infrastructure and operational efficiency, the daily average settlement efficiency of the CNS stock position ranged from 99.88% to 99.95% through 2024[27]. As the operator of the Hong Kong Cash Market, it is critical for us to maintain such robustness and efficiency as settlement cycles evolve. It is worth noting that other markets with levels of settlement discipline similar to those of Hong Kong have not yet transitioned to T+1.

105 In the US market and the European markets that have moved, or are planning to move, to T+1, settlement discipline features are different to those in Hong Kong. In the US, settlement efficiency is facilitated through a combination of affirmation-efficiency (i.e. the requirement of trade matching on T-day) and the ability to settle trades on a continuous basis on settlement date and beyond. Consequently, trade fails and buy-ins (which are enforced at the option of the receiving counterparty) are less frequent.

106 In the European Union, while settlement penalties exist under the provisions of the EU CSDR, a buy-in regime has been planned for implementation in the future.

107 Taking these factors into their totality, the definition of settlement failure varies across

[27] Source: HKEX.

markets. Even though these figures are not entirely comparable, they are outlined for reference to illustrate the level of settlement efficiency[28]. In the US, settlement efficiency post-T+1 implementation ranged from 96.69% to 97.88% in July 2024[29]. In the EEA, settlement efficiency (under the current T+2) was 92.86% from March 2023 to February 2024[30].

Batch-based settlement cycles

108 The Hong Kong market has a batch-based system where settlement occurs in four batches on each trading day, plus immediate online settlement for certain scenarios. The batch-based framework offers flexibility to market participants who can manage their settlements across windows during the day.

109 This feature could reduce the risk of trade fails in the Hong Kong market. Grouping settlement windows under distinct batches gives the market certainty and predictability. Having four batches gives market participants several opportunities to settle during the settlement day, which can relieve operational pressure from potentially tighter timelines under T+1.

Reporting and miscellaneous processes

110 Under the current settlement cycle, existing reporting and related processes (examples include trade amendments, reporting to HKEX, stamp duty calculation and reporting for stamp duty exemptions) are based on a T+2 timeline. In the event of a transition to a T+1 settlement cycle, HKEX will work with the authorities and the industry to evaluate whether these processes are to be adapted and modified.

Market practice considerations summary

	Consideration	Under T+2 (Today)	If under T+1
Settlement discipline and highly efficient processes	• Hong Kong has low settlement fail rates • Hong Kong has stronger settlement discipline relative to other markets	• Hong Kong's settlement is highly efficient	• Streamlining of workflows and processes, with the objective of at least maintaining efficiency and discipline
Batch-based settlement cycles	• Hong Kong operates under a batched settlement process during the day	• Multiple batches are available during the day to support settlement	• Multiple batches would continue to be available to support settlement during the day
Reporting and miscellaneous processes	• Processes today in the market around reporting and related matters	• Processes are designed around a T+2 settlement cycle	• Changes to existing processes would need to be made

[28] For markets that report settlement efficiency in terms of its fail rate, settlement efficiency is defined as one minus the fail rate.

[29] The average CNS Fail Rate for July 2024 was 2.12% and the average non-CNS Fail Rate for July 2024 was 3.31%. Source: T+1 After Action Report, published on SIMFA's website, September 2024.

[30] 7.14% of the total number of instructions were registered as settlement fails on average each month during March 2023 to February 2024. Source: ESMA assessment of the shortening of the settlement cycle in the EEA, published on ESMA's website, 18 November 2024.

3.4 Product and market structure

Exchange Traded Products in Hong Kong

111 Hong Kong has one of the most active ETP markets globally. An ETP is an open-ended fund that represents an asset or a basket of assets as its underlying. Hong Kong offers a diverse set of ETPs across multiple asset classes with a deep pool of liquidity, representing 16% of Cash Market turnover during the first half of 2025[31].

Creation and redemption

112 The creation and redemption of ETPs is essential to track product prices to their underlying assets. This is done through enabling arbitrage, closing out price gaps when the ETPs are priced higher or lower than their underlying basket.

113 This efficient interaction between the primary market (i.e. creation and redemption of the underlying assets) and the secondary market (i.e. trading of product units) is key to market liquidity and overall efficiency.

114 When the settlement cycle in the secondary market is shortened, creation and redemption processes in the primary market must be concurrently considered to maintain efficiency. This can be done by making sure that primary market creation and redemption timelines match those of the secondary market as closely as possible.

115 The ETP ecosystem has a broad range of stakeholders, ranging from HKEX, product issuers and liquidity providers, to custodians, participating dealers and investors. The transition to T+1 under secondary trading will require this ecosystem to collectively revisit and streamline existing processes.

116 HKEX will collaborate with the ecosystem in this effort. In November 2024, HKEX announced the digitalisation of ETP servicing capabilities with an online platform to be launched by the end of 2025, subject to technical readiness and regulatory approval. This will benefit ETPs operating under the Conversion Agent model (one of the two models in the Hong Kong market) through the digitalisation and automation of the in-kind creation and redemption of ETPs, paving the way for a shortened settlement cycle.

117 As it relates to the Service Agent model (the other model in the Hong Kong market), this process involves multiple bilateral connections within the product ecosystem. Related intermediaries may review their existing processes against a shorter settlement cycle.

ETP Creation and Redemption explained

In Hong Kong, the ETP creation and redemption process manifests in one of two forms, depending on the fund and its underlying assets:

- ***Conversion Agent model:*** *Can be used by ETFs with Hong Kong underlying stocks. Instructions are transmitted to CCASS by the Participant Dealer or their agent. While the existing model involves some manual procedures, HKEX has*

[31] Source: HKEX.

announced plans to digitise ETP servicing capabilities which could pave the way for quicker creations and redemptions, meeting shorter settlement cycles.

- ***Service Agent model:*** *Can be employed by all ETPs in Hong Kong. Participant Dealers or their agents pass instructions to trustees, custodians and ETP managers for processing. This involves multiple bilateral connections and a variety of ETF creation and redemption processes. As it relates to a shorter settlement cycle, the intermediaries involved would need to review and potentially adapt their arrangements and processes.*

<u>Harmonisation across markets</u>

118 In addition to creation and redemption processes, the factor of harmonisation in settlement cycle also plays a role in ETPs. Differences in the settlement cycles of an ETP and its underlying securities can introduce complexity. For instance, a US equity ETF traded in Hong Kong is settled under a T+2 cycle today, while the assets in the underlying basket settle in the US under a T+1 cycle. This discrepancy results in a mismatch between the settlement of money and securities across the two markets.

119 Under a Hong Kong T+1, this mismatch would no longer exist as both markets would operate under T+1. Under the same case where Hong Kong moves to T+1, cross-border investments into other markets that remain in T+2 (a group that is expected to be smaller part of the global markets over time) would present similar challenges.

120 To address such challenges, ETP issuers and the ecosystem have been employing arrangements such as the use of funding and derivatives products to bridge settlement timing differences.

Securities borrowing and lending

121 SBL is an activity in which securities holders can lend out their securities to borrowers for a specified period. SBL enables greater market efficiency by putting securities that would have been otherwise idle into use, playing a vital part in the functioning of a well-developed securities market, supporting liquidity and more sophisticated trading and arbitrage strategies such as short selling and hedging.

Securities borrowing and lending explained

SBL is an arrangement in which a securities holder agrees to provide securities to a borrower for a specified period. The borrower pays a fee for borrowing these securities and returns the securities after a defined time period, usually upon recall by the lender.

Lenders (who may be investors) hold a long balance of the securities in their inventory. Through SBL, the lender may mobilise inventory through lending the securities out for a fee, generating a yield in the process.

Borrowers (which may be traders who would like to have such securities) require access to such securities for trading purposes.

Through SBL, the borrower may gain access to these securities without actually purchasing them. This provides flexibility in cases where the borrower would like to *have the securities for a brief period of time for short selling, hedging or other strategies.*

122 While SBL agreements vary in the market as per investors' needs, common SBL transactions in Hong Kong have an open-ended structure without an expiry date, or are renewed on a daily basis. A key feature of these structures is that lenders have the right to recall their securities upon giving notice to the borrower. A recall may occur when the lender decides to sell the securities and to have them back in time for delivery on settlement day.

123 The industry currently operates under a T+2 settlement cycle, and this offers the lender up to two business days to recall securities for settlement. Under a T+1 settlement cycle, the timeline to recall such securities for settlement becomes shorter, potentially triggering hurdles to meeting settlement obligations if the lender is not able to recall its securities in time.

124 At the same time, the Hong Kong SBL ecosystem largely operates under a decentralised network made up of many bilateral relationships. Coupled with the global nature of the Hong Kong market as highlighted before, some of these market players are based outside of the Asian time zone.

125 With a shorter operating window, we encourage the SBL ecosystem to collaboratively explore solutions and best practices to alleviate operating pressures. Based on experience from other markets, the ecosystem may identify ways to manage securities inventory more efficiently, develop a consensus around industry operating timelines and enable real time, straight through processes for the recall of securities.

Uncertificated Securities Market in Hong Kong

126 Hong Kong is in the process of preparing the USM initiative, which will enable physical securities certificates to be dematerialised and held in electronic form.

127 With the completion of the relevant legislative processes, the USM will become effective in early 2026, subject to market readiness, and the process of transition will take place over a period. During this time, securities held as physical certificates and in uncertificated form will co-exist.

Uncertificated Securities Market explained

The USM initiative enables investors to have the capability to hold prescribed securities[32] in their own names and in uncertificated form, thus granting them direct

[32] *Prescribed securities means:*

- a) *shares, other than shares that constitute interests in a collective investment scheme authorized by the SFC under section 104 of the SFO (authorized CIS);*
- b) *depository receipts;*
- c) *stapled securities;*
- d) *interests in an authorized CIS which, under the terms of issue of the authorized CIS, may be withdrawn from a clearing and settlement system operated by, or on behalf of, HKSCC;*
- e) *subscription warrants issued for capital fund raising purposes that entitle the holder to subscribe for securities (whether issued or unissued) that fall within a class or description of securities specified in sub-paragraphs (a), (b), (c), or (d) above; or*

legal ownership of their securities electronically.

USM removes the need for manual and paper-based processes, thereby enhancing operational efficiencies and elevating Hong Kong's financial market infrastructure.

With the implementation of USM, investors would be able to hold their securities in their USI facility directly. In order for the securities to be made available in CCASS for settlement, the investor should ask their intermediaries to make a USI Transfer.

For completeness, in case the securities are owned in physical certificates, investors should provide their certificates to their intermediaries and deposit the securities to make the shareholdings available in CCASS for settlement.

As a note, the process and timeline of the deposit arrangements could be different depending on the form of the securities.

128 Securities to be delivered in CCASS against a settlement obligation would need to be deposited into CCASS. The process and timelines for deposit could differ depending on whether the securities are physical or in uncertificated form. Under a T+1 cycle, settlement would happen sooner at one business day after the trading day. Given the potential for complications arising from these changes, the industry is advised to take note of these arrangements such that securities that are outside of CCASS may be delivered in time by the date of settlement.

129 As part of the implementation of USM, HKEX will work closely with its stakeholders and take relevant considerations into account regarding a shorter settlement cycle.

Product and market structure considerations summary

	Consideration	Under T+2 (Today)	If under T+1
Exchange Traded Products	• Hong Kong has an active ETP market, and represents 16% of market ADT	• Current ETP processes are designed around a T+2 settlement cycle • With some markets operating under T+1, there may be some mismatch in some ETP baskets containing both T+1 and T+2 markets	• ETP market participants should review their processes and cater to a T+1 settlement cycle as needed • With a move to T+1, the mismatch would exist for baskets containing T+2 markets, though this should lessen as markets move to T+1
Securities Lending and Borrowing	• SBL is a vital part to a well-functioning market • The ability to recall securities is a core component for a functioning SBL market	• With two business days prior to settlement, there will be more time for the market to conduct SBL and recall of lent securities for settlement	• With one business day less prior to settlement, there will be less time for the market to the recall of lent securities • The ecosystem should collaborate to streamline and explore a viable approach under T+1
Uncertificated Securities Market in Hong Kong	• Hong Kong targets to implement USM from early 2026 • Both scrip and scripless will co-exist over time in the transition	• Market participants are asked to take note of the share deposit timeline in preparing for settlement	• Market participants should continue to take note of the share deposit timeline in preparing for settlement

f) *rights under a rights issue to subscribe for securities that fall within a class or description of securities specified in sub-paragraphs (a), (b), (c) or (d) above; and that are listed or to be listed on the SEHK.*

3.5 Considerations for Hong Kong

130 Fair consideration must be made to Hong Kong's unique market practices in the discussion of shorter settlement cycles. Any transition plan to T+1 should be specifically tailored to the Hong Kong market and its stakeholders.

131 This will ensure the industry as a whole reaps the benefits of a shorter settlement cycle while reducing associated risks.

132 We encourage the industry to consider its existing processes and operating model holistically as part of the current discussion for a Hong Kong T+1.

3.6 General industry implications

133 HKEX acknowledges that T+1 could affect industry participants in many different ways.

134 As the industry starts assessing what T+1 could entail for them, the table below is a summary of general implications across various groups.

Industry group	General implications
Retail investors	• For buy trade execution, the delivery of money under T+1 will be one business day earlier than under current practices. If trading is pre-funded, there would be minimal impact for retail investors. • For sell trade execution, the receipt of money under T+1 will also be one business day earlier than under current practices. Sales proceeds will be paid to investors one business day earlier. • Since retail trading activity is typically pre-funded, these investors are expected to experience less impact from the shortening of the settlement cycle. • T+1 may also impact processes such as the USM and the deposit of securities; retail investors are advised to contact their market intermediaries for specific implications.
Hong Kong / Mainland China institutional investors	• Advised to evaluate existing post-trade processes (including allocation, confirmation and funding) and evaluate the impact of a shorter timeline on overall operations together with market intermediaries.
International institutional investors	• Advised to evaluate existing post-trade processes (including allocation, confirmation and funding) and evaluate the impact of a shorter timeline on overall operations together with market intermediaries. • There could be greater impacts from time zone differences and FX requirements that may require closer examination.
Market intermediaries (including EPs, CPs, brokers, custodians)	• Advised to evaluate existing operations to support clients under a shorter timeline. • Advised to consider the need for process streamlining (including process automation and straight through processing), technology upgrades and manpower alignment. • If a decision is made for a Hong Kong T+1 transition, market intermediaries are advised to understand the T+1 model and its specifications.
Listed companies	• Daily trading is unlikely to be impacted by a change in the settlement timeline. • Certain corporate action timelines (e.g. dividend payments) may need to be adjusted to a T+1 settlement cycle. Listed companies are advised to contact their market intermediaries for specific implications.

Prospective issuers seeking IPO	• No impact on the listing process. • IPO processes and FINI are not affected by T+1.
System vendors	• Encouraged to understand the considerations of T+1 so as to be able to best support clients. • If a decision is made for a Hong Kong T+1 transition, vendors are advised to understand the T+1 model and specifications to make necessary system enhancements.

Questions for discussion

Question 5. Do you have any views on the specific considerations laid out above for the Hong Kong market to consider in a transition to T+1?

Question 6. Are there any considerations or issues related to a Hong Kong T+1 that are not included in the paper but which you would like to see included as part of the evaluation?

4. NEXT STEPS

4.1 Discussion and consensus building

135 To lead discussion and consensus building around a shorter settlement cycle in Hong Kong, HKEX recognises the critical importance of industry engagement.

136 This will be part of an important conversation as HKEX continues to enhance the vibrancy, efficiency and competitiveness of our market infrastructure and Hong Kong as an international financial centre.

137 We encourage the industry to consider this paper, evaluate holistically their operations in light of a shorter settlement cycle and provide feedback to HKEX. Taking into account the views of the industry, HKEX will help drive the discussion with key stakeholders, including regulatory bodies. Eventually, HKEX will lead the industry in forming a consensus on accelerated settlement for Hong Kong.

4.2 Moving forward

138 The transition to T+1 is expected to include a series of steps.

139 HKEX will be engaging with the industry on a viable operating model on T+1 and its implementation details. Industry-wide testing will be conducted to ensure the preparedness of the broad range of market participants in our market. With overall industry readiness, HKEX will seek regulatory approvals. This will then position Hong Kong to implement a T+1 settlement cycle. Noting the breadth of Hong Kong's market and the considerations outlined in Chapter 3, such a transition is expected to be a multi-year journey.

140 Any shortening of the settlement cycle is expected to impact the whole value chain in the Cash Market and its existing infrastructure. HKEX believes that any T+1 implementation approach should prioritise market stability, operational readiness so as to both optimise any benefits to the market and mitigate challenges to a reasonable level.

141 HKEX will also consider the timing of existing initiatives in the Hong Kong market and the progress of T+1 transition in other global markets in deciding on any transition timing. Industry capacity for infrastructural changes (such as the transition of the EEA, UK and Switzerland to T+1 leading up to 2027) will also be taken into account in deciding Hong Kong's transition timeline.

4.3 Next steps

142 HKEX would like to seek industry feedback over the coming period. The deadline for submitting feedback will be 1 September 2025.

APPENDICES

Appendix A. Questions for discussion

Questions for discussion in the paper are also extracted here for reference.

CHAPTER 1. HONG KONG'S SETTLEMENT CYCLE

Question 1 What do you think would be the effect of adopting a T+1 settlement cycle on the market vibrancy and competitiveness of the Hong Kong market as an international financial centre?

Please give reasons for your views.

Question 2 Do you see any effect in the implementation of T+1 on the long-term liquidity and risk management capabilities within the Hong Kong market, and in the harmonisation of the settlement cycle across major exchanges across global markets?

Please give reasons for your views.

CHAPTER 2. SHORTENING THE SETTLEMENT CYCLE — A GLOBAL VIEW

Question 3 How has your organisation been involved in the recent T+1 transition in the US / Americas and discussions in Europe?

Question 4 From your perspective, are there any learnings from the recent T+1 transition in the US / Americas and discussions in Europe?

Please give reasons for your views.

CHAPTER 3. SPECIFIC CONSIDERATIONS FOR HONG KONG

Question 5 Do you have any views on the specific considerations laid out above for the Hong Kong market to consider in a transition to T+1?

Question 6 Are there any considerations or issues related to a Hong Kong T+1 that are not included in the paper but which you would like to see included as part of the evaluation?

The feedback form to this Discussion Paper and instructions for its submission are available at https://surveys.hkex.com.hk/jfe/form/SV_bIXoW1NcG9aTnAG, or using the QR code below:

THE DEADLINE FOR SUBMITTING RESPONSES TO THIS DISCUSSION PAPER IS 1 SEPTEMBER 2025.

Our submission enquiry number is (852) 2840 3626.

Notes:

In addition to specifying the nature of their interest in the subject (e.g. broker, retail investor, institutional investor, etc.), please note that respondents will be expected to:

- Have read this paper, including Appendix B, which covers many of the frequently asked questions that we expect to receive from readers.
- Endeavour to provide alternative suggestions, with arguments, where they disagree with the discussions in the paper. Higher priority will be given to considering responses with a reasoned basis.
- Unless otherwise requested, agree to be contacted by HKEX to discuss their responses.
- Unless otherwise requested, agree to have their responses (or excerpts thereof) published by HKEX after the paper's feedback period.

Appendix B. Frequently asked questions

Q1: What is "settlement cycle" and T+1 settlement?

A1:
The "settlement cycle" is defined as the number of business days between the execution of a securities trade and its settlement involving the delivery of securities and money.

T+1 settlement refers to settlement of securities in the Cash Market one business day after the trade date (i.e. T-day).

Q2: Why is HKEX leading the discussion on shortening the settlement cycle?

A2:
As core financial market infrastructure, HKEX is dedicated to maintaining and enhancing the global competitiveness of Hong Kong's capital markets. Building future-ready technology and operations has been one of HKEX's core strategic focuses. The shortening of the settlement cycle aims to strengthen the competitiveness of Hong Hong's capital markets by increasing market vibrancy and efficiency.

With the key facts and considerations laid out in this paper, HKEX aims to engage with stakeholders, stakeholders in a holistic and well-informed manner, as we progress the discussion of moving the Hong Kong market towards a shorter settlement cycle.

Q3: What are the key benefits and potential challenges of a T+1 transition for Hong Kong?

A3:
Based on evidence from T+1 transitions across the world, Hong Kong's markets may experience the following benefits:

- Market risk reduction: T+1 speeds up the settlement of trades to happen on the next business day, shortening settlement time and implying that only one day's worth of trades is to be outstanding for settlement on any given day. As a result, the new cycle reduces the risk of outstanding positions on the market. Such market risk reduction would also aggregate up to the systemic level, enhancing market stability and supporting Hong Kong's position as an international financial centre.
- Capital efficiency: As market risk reduces, it is expected that clearing house margins will too, bringing capital efficiencies for clearing participants and market intermediaries. Faster capital turnaround also means quicker reinvestment opportunities.
- Harmonisation among global markets: Markets globally are transitioning or considering a transition to a T+1 settlement cycle. With the planned shift of the European Economic Area, the United Kingdom and Switzerland to T+1, it is anticipated that up to 88% of cash equities by trade value will settle under T+1 or T+0/T+1 by 2027[33]. This move aims to standardise the settlement cycle in major capital markets, enhancing efficiency and coherence for capital movement worldwide.

On the other hand, potential challenges to T+1 include:

[33] The shares are calculated based on WFE statistics covering full year 2024 (London Stock Exchange' data of market capitalization and turnover are from Bloomberg and their official statistics respectively). Markets operating under T+1 or T+0/T+1 basis currently include Mainland China, US, Canada, Mexico, Argentina and India and this is expected to include the EEA markets, the UK and Switzerland by 2027.

- Shorter operational timelines: Post-trade processes will need to occur within a shorter period of time. With T+2, part of the cycle could be used as buffer for market participants outside the Asian time zone. A move to T+1 will result in a reduction in the buffer.
- Changes in operating model: Changes would need to be introduced to enable the necessary post-trade processes to be done under a T+1 settlement cycle. Market participants should adapt their operating models to support a T+1 settlement cycle. This includes reviewing processes, reallocating manpower, assessing efficiency and using technology to streamline post-trade workflows. The industry and its partners will need time to upgrade and invest in suitable operating models for this transition.

Global experience is valuable for addressing challenges from a T+1 transition. Identifying specific considerations will be crucial to overcoming these challenges and developing an appropriate T+1 model for Hong Kong. These issues include geographical, investor base, market practice, and product and market structure considerations as discussed in Chapter 3 of the paper.

Q4: Is the IPO settlement cycle included as part of this paper?

A4:
No, the IPO settlement cycle is not included as part of the accelerated settlement discussion. Further details are available in Chapter 1 of the paper.

Q5: Should Hong Kong consider T+0 in the discussion to a shorter settlement cycle?

A5:
The settlement of trades the same day in which the transaction has taken place (i.e. T+0) is fundamentally different from T+1 and could take multiple forms, including atomic settlement (settlement immediately after the trade), settlement by batches on the day, or at the end of day.

With considerations of funding, FX and participation by international investors in the Hong Kong market discussed earlier in the paper, a T+0 settlement cycle is likely to increase operational pressure to a point that could be unmanageable for the industry.

T+0 via atomic settlement is also likely to limit the benefits brought by multilateral netting derived from the Continuous Net Settlement process, and the reduction of counterparty risk through clearing via a Central Counterparty.

The benefits of increasing efficiency with the net amount (as opposed to the gross amount) of securities and money settled[34] (i.e. changing hands) and reducing counterparty risk with the central counterparty standing in between the buyer and seller would be lost as a result. Hence, HKEX would focus on evaluating the shortening of the settlement cycle to T+1 for the time being.

[34] In the first five months of 2025, the monthly netting efficiency in stock and money are at over 98% and 89%, respectively. Source: HKEX.

Q6: What would be HKEX's approach in a T+1 transition?

A6:
Noting the breadth of Hong Kong's market and the considerations outlined in Chapter 3, such a transition is expected to be a multi-year journey.

The transition to T+1 is expected to include a series of steps. HKEX will be engaging with the industry on a viable operating model on T+1 and its implementation details. Industry-wide testing will be conducted to ensure the preparedness of our broad range of market participants. With industry readiness and the requisite regulatory approvals, this will then position Hong Kong to implement a T+1 settlement cycle.

Considering that a change in the settlement cycle represents a broad-reaching change to the industry with reverberations to be felt across each of its players, HKEX believes that any T+1 implementation approach should prioritise market stability, operational readiness so as to both optimise any benefits to the market and mitigate challenges to a reasonable level.

HKEX will also consider the timing of existing initiatives in the Hong Kong market and the progress of T+1 transition in other global markets in deciding on any transition timing to shorten the settlement cycle. Industry capacity for infrastructural changes (such as the transition of the EEA, UK and Switzerland to T+1 leading up to 2027) will be taken into account in deciding the transition timeline of Hong Kong.

Q7: How should the industry prepare as part of the current discussions on a shorter settlement cycle?

A7:
Industry participants are encouraged to read this paper, consider their existing circumstances, and respond to us on the topics of discussion with their views. A summary of the general implications across various groups is included in Chapter 3, which could serve as a reference point to begin their considerations.

Q8: As a retail investor, are there any matters that I should be aware of at the moment?

A8:
This paper aims to discuss a shorter settlement cycle for the Hong Kong Cash Market with the industry. As of the publication of this paper, there have been no changes to the current T+2 settlement cycle. HKEX will engage the market as per usual practice if there is a change to the settlement cycle.

For specific questions on trading, clearing, and settlement operations, investors are advised to contact their broker or market intermediary.

Appendix C. Glossary of terms

Short Form	Full Form
1H 2025	The first six months of 2025
ADT	Average daily turnover
CCASS	Central Clearing and Settlement System
ChinaClear	China Securities Depository and Clearing Corporation
CNS	Continuous Net Settlement
CNY / CNH	Renminbi (onshore) / Renminbi (offshore). See also RMB
CPs	Clearing Participants
DTCC	Depository Trust and Clearing Corporation
DVP	Delivery versus payment
EEA	European Economic Area
EPs	Exchange Participants
ETF	Exchange Traded Fund
ETP	Exchange Traded Product, which includes ETFs and Leveraged & Inverse Products
EU CSDR	European Union Central Securities Depository Regulation
FINI	Fast Interface for New Issuance
FX	Foreign exchange
HKD	Hong Kong Dollar
HKEX	Hong Kong Exchanges and Clearing Limited
HKSCC	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of HKEX
ICI	Investment Company Institute
IPO	initial Public Offering
OCP	Orion Cash Platform
RMB	Renminbi. See also CNY / CNH
SBL	Securities Borrowing and Lending
SEBI	Securities and Exchange Board of India
SEC	Securities and Exchange Commission
SEHK	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of HKEX
SIFMA	Securities Industry and Financial Markets Association
T+1 / T+2 / T+'n'	Transaction settlement cycle in financial markets where the settlement occurs 1/2/'n' business day after T-day

T-day	Trade date
UK	The United Kingdom
US	The United States
USM	Uncertificated Securities Market
YTD	year-to-date

Appendix D. Privacy Policy Statement

Hong Kong Exchanges and Clearing Limited and its affiliated companies (together "**HKEX**", "**we**", **our**" or "**us**") are committed to protecting all Personal Data under our custody, control, or possession. "**Personal Data**" is any information that relates to an identifiable individual or can be used to identify an individual – sometimes the individual is referred to as a "**Data Subject"** or consumer.

This privacy notice ("**Notice**") applies to the Personal Data we collect and further process from Data Subjects who respond to our public consultation papers and discussion papers.

If the correct Personal Data is not submitted to HKEX then we may not be able to ensure the correct details are published or contact respondents if we have queries about their comments and/or, we may be unable to process requests relating to their rights as Data Subjects under the applicable data protection laws.

What Personal Data do we collect and how do we collect it?

Information directly submitted by or collected from you:

- Identity data such as name and position in a company;
- Contact data such as phone number and email address;
- Opinion data such as your response to the consultation paper; and
- Communications data such as subsequent correspondence with you to clarify your comments or to confirm your identity data.

For Data Subjects in Mainland China:

- to verify your identity, we may process your name, position, phone number, and email address;
- to communicate with you, we may process your name, position, phone number, and email address;
- to register your response in our records or change your response upon your request, we may process your name, position, answers and reasons for those answers; and
- to prepare our publication material, we may process and publish your name and position (where your consent has been provided), and your answers and reasons for those answers.

For Data Subjects who are California residents:

To the extent the California Privacy Rights Act applies, the types of Personal Data we collect (and have collected in the past 12 months) includes the categories listed below, as defined by California state law:

Category	Source	Purpose of Processing
Personal identifiers such as your name and email address	Collected directly from you	For verification of identity, clarification of comments, record keeping and/or publication
Information About You including your name, position, and telephone number		

Why do we use the Personal Data and how do we use it?

The "**Legal Basis**" is what data protection laws set out as the lawful reasons for processing Personal Data, such as a legitimate interest to operate our business so long as it does not materially and adversely impact your interests, rights, and freedoms.

Legal Basis	Purpose
Legitimate Interests	• Opinion data as part of the consultation process to understand the market/public response to the proposal(s) set out in the consultation; • Identity and contact data to verify and clarify responses; • Identity data where consent has been provided for external publication;
Public Interest	• We may also process your personal data on the basis that it is necessary for the performance by HKEX of a task in the public interest.
Consent	<u>Separate consent</u> • Required if you are a Data Subject in Mainland China and we need to share your Personal Data with a third party, publicly disclose it, or transfer it outside Mainland China.
Legal or Regulatory Obligations	• Discharge the functions of HKEX and any company of which HKEX is the recognised exchange controller; • Comply with a court order, subpoena or other legal process; • Comply with a request by a government authority, law enforcement agency or similar body; and • Comply with laws applicable to us including domestic data protection laws.

Do we disclose Personal Data to third parties or transfer it to another jurisdiction?

HKEX discloses Personal Data to one or more third party organisations that enable us to process public consultation papers and discussion papers – and these include:

- Affiliates of Hong Kong Exchanges and Clearing;
- Our contractors or vendors who provide telecommunications, IT security, or other technical assistance;
- Our vendors who facilitate the availability of online forms;
- Our vendors who provide strategy or other consultancy services in respect of our businesses; and
- Our agents, contractors or vendors who provide administrative support to us.

To fulfil our legal obligations, we may also share your Personal Data with courts, regulatory authorities, government and law enforcement agencies, and other public authorities.

Further details about these third parties may be provided upon request to the address in the “Contact Us” section below. We shall endeavour to provide such information to the extent we are required to do so under applicable data protection laws.

Where required under applicable data protection laws, HKEX will only disclose Personal Data to third parties with your prior consent. In certain jurisdictions, HKEX may also be required to take additional measures prior to giving effect to such transfers (e.g. carrying out privacy impact assessments prior to the transfer).

HKEX may process Personal Data outside of the Data Subject’s home jurisdiction, including sharing the Personal Data with third parties. HKEX shall use reasonable endeavours to ensure that the laws and regulations of the destination jurisdiction shall offer the same or comparable level of protection for Personal Data. Where this is not the case, we shall ensure appropriate safeguards are in place at the time of the transfer by implementing standard contractual clauses or other data transfer mechanism approved by the authorities of the relevant jurisdiction. Where required under applicable data protection laws, we shall also carry out additional measures for the offshore transfer such as carrying out a privacy impact assessment.

The regions where the Personal Data may be hosted or transferred to will vary from time to time, but typically include Hong Kong, the UK, US, EU, Switzerland, Singapore, Japan, India, and Mainland China.

Further details on the processing locations and our measures for safeguarding international transfers (including adequacy decisions) may be obtained upon request to the address in the “Contact Us” section below.

How long do we keep the Personal Data?

Personal Data is retained in accordance with our internal policies, including our Group Record Retention Policy, and applicable law.

Your Personal Data will be retained by us for as long as is necessary to fulfil the purposes required for the processing. HKEX will also refer to the following factors when determining or confirming the appropriate retention period of Personal Data:

- the original purpose of collection;
- the termination of any contract involving the Data Subject's Personal Data;
- the limitation period as defined in the applicable law;
- the existence of any legal or regulatory investigations or legal proceedings;
- specific laws or regulations setting out HKEX's functions, obligations, and responsibilities;
- retention period set out in non-statutory guidelines issued by our regulators or international bodies; and
- the sensitivity of the Personal Data and the degree of risk from the associated processing activity.

For Data Subjects in Mainland China, we usually retain the Personal Data for not more than 3 years from the last activity or interaction with us. Further details of our Personal Data retention period may be obtained upon request to the address in the "Contact Us" section below.

Where any Personal Data is no longer necessary for the purposes for which it is collected, we shall cease the processing of that Personal Data as soon as reasonably practicable (although copies may be retained as necessary for archival purposes, for use in any actual or potential dispute, or for compliance with applicable laws), and take reasonable measures to destroy the relevant Personal Data.

How do we keep your Personal Data secure?

We will take all practicable and reasonable steps to promote the security of the Personal Data we process in a manner consistent with applicable data protection laws and established international security standards. This includes physical, technical and administrative safeguards, to help prevent unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks, and the loss of any storage medium or device on which the Personal Data is stored, and to maintain the general security of the data.

Rights over the Personal Data

As a summary, the following Data Subject rights may be exercised to the extent provided under applicable data protection laws:

- confirm whether we hold the Data Subject's Personal Data and the type of Personal Data held by us;
- access a copy of the Personal Data held by us;
- delete your Personal Data held by us;
- correct or supplement your Personal Data where it is found to be inaccurate;
- restrict the processing performed on your Personal Data;
- withdraw consent to the processing of your Personal Data in certain situations (e.g. processing carried out on the basis of our legitimate interests); and
- transfer the Personal Data to another party in a machine readable format.

In certain jurisdictions, Data Subjects may also be provided with additional rights.

California	• Request that we disclose the categories of third parties with whom we have shared the information and the categories of Personal Data that we have shared with third parties for a business purpose.
Mainland China	• Explanation on the rules of processing the Personal Data; • Extension of the Data Subject rights to a surviving next-of-kin where the applicable laws permit; and • Transfer of your Personal Data to your designated party, where the applicable laws permit.
United Kingdom and Europe	• Right to object to processing. You have the right to object to processing to the extent we process your Personal Data because the processing is in our legitimate interests.
Singapore	• In certain circumstances, receive information about the ways in which the Personal Data has been or may have been used or disclosed by us in the year before the date of the request.

Where these rights apply, we shall use reasonable endeavours to fulfil the request or provide an explanation. Please note that under applicable data protection law, we are only obligated to respond to Personal Data requests from the same Data Subject up to two times in a 12-month period, and we may be limited in what Personal Data we can disclose which is also for the protection of your Personal Data.

We will endeavour to respond to you as soon as possible and, in any event, within the timeframe stipulated under the applicable data protection law. In the event of a potential delay, we will provide an explanation and the expected timeframe for delivery. Under applicable data protection law, we may also be required to charge a reasonable fee for the cost of processing the request.

Please note that we may need to seek confirmation of identity or clarification in order to fulfil the request. If you as the Data Subject would like to appoint an authorised agent to make a request on your behalf, we may require you to verify your identity with us directly before we provide any requested information to your authorised agent unless your authorised agent has power of attorney or acts as a conservator. Information collected for purposes of verifying your request will only be used for verification. For deletion requests, you will be required to submit a verifiable request for deletion and then confirm separately that you want Personal Data about you deleted.

If you would like to exercise your data subject rights, please contact the HKEX Group Data Protection Office via one of the channels below.

Contact Us

If you have any questions or comments relating to the content of this Notice, report any concerns about our Personal Data processing, or if you would like to exercise your Data Subject Rights, please contact us through the channels below:

Group Data Protection Officer
GDPO Office
Hong Kong Exchanges and Clearing Limited
8/F., Two Exchange Square
8 Connaught Place
Central
Hong Kong
DataPrivacy@hkex.com.hk

UK Representative:
10 Finsbury Square, London, EC2A 1AJ, United Kingdom

EU Representative:
De Cuserstraat 91, 1081 CN Amsterdam, Postbus/PO Box 7902, 1008 AC Amsterdam, Netherlands hkex.eurep@eversheds-sutherland.com

Please include the following details in any request to exercise your Data Subject Rights:

Identity of Data Subject

- Full Name
- Company Name
- Email Address
- Address of principal residence
- Identity particulars if acting on behalf of a Data Subject
- Contact *details held on file or Document(s) to verify identity*

Nature of the Request

- Product or Service to which the Data Subject has subscribed
- Specific Right
    - Purpose of the Request
    - Preferred communication channel and address for receiving the results of the request
    - Document(s) to support the rights request

Any Data Subject who has contacted us to express concerns about the way we manage their Personal Data and is of the view that we have not addressed the matter satisfactorily, may also contact the relevant privacy regulator to resolve the matter or seek assistance.

The privacy regulator in the United Kingdom is the Information Commissioner, who may be contacted at https://ico.org.uk/make-a-complaint/ or by post to: Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF, United Kingdom.

If you live outside of the UK, you may contact the relevant data privacy regulator in your country of residence.

Last updated: 7 June 2024

Annex

This Notice relates to privacy practices of the following HKEX group entities. For the contact details of the following entities, please refer to the “Contact Us” section.

- The Hong Kong Stock Exchange of Hong Kong Limited
- Hong Kong Futures Exchange Limited
- Hong Kong Securities Clearing Company Limited
- HKFE Clearing Corporation Limited
- The SEHK Options Clearing House Limited
- OTC Clearing Hong Kong Limited
- HKEX Information Services Limited
- HKEX Information Services (China) Limited
- HKEX (China) Limited, HKEX Investment (China) Limited
- HKEX Investment (Hong Kong) Limited
- Qianhai Mercantile Exchange Co. Ltd.
- Hong Kong Futures Exchange Limited Singapore Branch
- The Stock Exchange Of Hong Kong Limited Singapore Branch
- HKEX (U.S.) LLC

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