



By email (info@hkex.com.hk)

1 September 2025

Our Ref.: C/CFC, M141416

Hong Kong Exchanges and Clearing Limited
8th Floor, Two Exchange Square
8 Connaught Place, Central
Hong Kong

Dear Sirs,

Re: Discussion Paper on Accelerated Settlement for the Hong Kong Cash Market

The Corporate Finance Committee (CFC) of the Hong Kong Institute of Certified Public Accountants has considered the proposals in the subject Discussion Paper. In general, the CFC supports the proposed shortening of the settlement cycle of the Hong Kong cash equity market to "T+1". The change does not appear to be controversial, is desirable from a conceptual standpoint, and it would align Hong Kong the current or proposed practices of major markets around the world, and so reinforce Hong Kong's status as an international financial centre.

Notwithstanding, the above we note the potential practical implications of the shortening of the settlement cycle on market intermediaries and participants, as summarised on page 32 of the Discussion Paper, as well as the impact on Hong Kong's unique market situation and practices, all of which could be significant. Those implications include making necessary changes to internal systems and work processes to accommodate T+1 settlement. Conceivably, small and mid-sized intermediaries, in particular, could face challenges due to the need to comply with requirements regarding know-your-client procedures and related documentation and reporting.

In view of the above, we agree with HKEX's proposed step-by-step approach on what is expected to be a multi-year transition to T+1 settlement, including:

- Engaging with the industry on a viable operating model and its implementation details.
- Industry-wide testing to ensure the preparedness of the broad range of market participants.
- With overall industry readiness, seeking regulatory approvals.
- Prioritising market stability and operational readiness, so as to optimise any benefits to the market and mitigate challenges to a reasonable level.
- Given the global nature of Hong Kong's market, consideration of the timing of existing initiatives in the Hong Kong market and the progress of T+1 transition in other global markets.
- Taking industry capacity for infrastructural changes into account in deciding Hong Kong's transition timeline.

Yours faithfully,

Peter Tisman
Director, Advocacy & Practice Development

PMT/PN/pk