



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref.: B1/15C

18 August 2025

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Preparedness of banking sector for accelerated settlement for Hong Kong cash equity market

I am writing to encourage authorized institutions (AIs) making early preparations for an accelerated settlement cycle for the Hong Kong cash equity market.

A discussion paper titled “Accelerated Settlement for the Hong Kong Cash Market” was published by Hong Kong Exchanges and Clearing Limited (HKEX) on 16 July 2025, with the aim of stimulating market-wide discussion and building consensus with industry participants on how and when to move from the current T+2 settlement cycle to a shorter one for the Hong Kong cash equity market. As highlighted in the paper, transitioning to T+1 will benefit the market and its participants from the perspectives of both risk and efficiency. It will also strengthen competitiveness, hence the status of Hong Kong as a leading international financial centre.

The banking sector plays an important role in accelerating the settlement cycle to T+1 for the Hong Kong cash equity market. In this connection, many AIs have indicated to the Hong Kong Monetary Authority (HKMA) that they are well prepared for the change, given their experience with certain overseas securities markets which have already implemented T+1 or T+0 settlement. While HKEX will engage market participants including banks in further discussion, the HKMA sees merits in reminding AIs to make early preparations for the transition.

Specifically, AIs should carefully consider how the accelerated settlement may impact their business activities and relevant operations, liquidity and funding arrangements, and provision of services and support for their clients, particularly in the light of significant participation of international investors in the Hong Kong

equity market. Where necessary, AIs should allocate sufficient resources for enhancing their operations, systems and infrastructure, and engage with their service providers and system vendors to prepare for the shorter settlement cycle. To facilitate a smooth and orderly transition, AIs are also expected to work closely with HKEX and other market participants during the process, such as taking part actively in industry-wide testing.

The HKMA will continue to monitor the developments and may provide further guidance to AIs in support of their transition to the T+1 settlement cycle. Should you have any questions regarding the above, please do not hesitate to contact us at bsdmarketrisk@hkma.gov.hk.

Yours faithfully,

Carmen Chu
Executive Director (Banking Supervision)