

Corporate action (CA) processing has long been an inefficient process in the securities industry. Despite incremental improvements, the unstructured nature of CA events continues to require manual intervention, and has therefore remained resistant to straight through processing (STP). Hong Kong Exchanges and Clearing Limited (HKEX) has leveraged its insights and expertise to offer the market a solution - the Corporate Action Message Standardisation (CAMS) service.

Issuers listed in Hong Kong disseminate CA event information in an unstructured PDF format that is published through the HKEXnews website. Market participants generally interpret this non-standardised information manually. As HKEX attracts a growing number of issuers from around the globe, the volume of CA events will continue to increase, which may result in significant and unnecessary delays, risks and costs.

HKEX is leveraging the standardised messaging format of SWIFT's ISO 15022 and ISO 20022 to launch the CAMS service, enabling market participants to increase STP rates when handling CA event information in the Hong Kong equities market. This solution will standardise and streamline existing processes and maximise efficiencies for all market participants.

Existing corporate action process and challenges



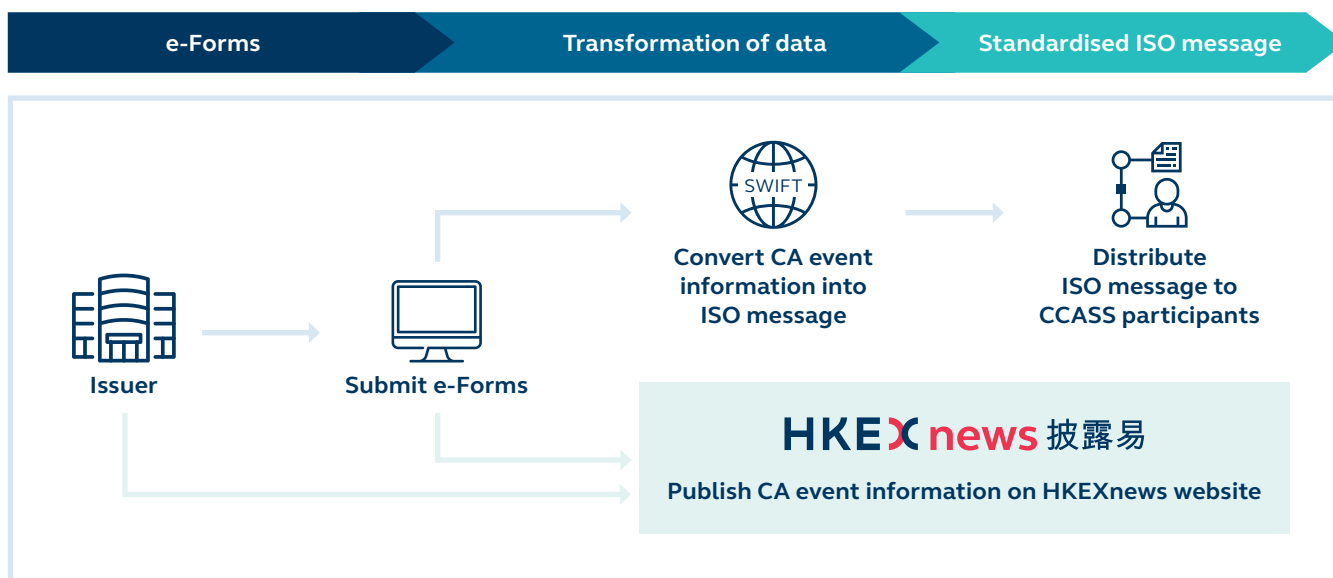
Potential for information misinterpretation	CA event information is currently disseminated by the issuer in an unstructured format, which may lead to ambiguities and misinterpretation when extracting information.
Processing times	The current process is unsystematic due to the nature of the data, which may extend processing times and cause delays in reporting.
Data accuracy	Processing non-standardised CA event information naturally increases the risk of errors.
Operational effort	Data extraction and processing of CA event information requires considerable manual work. As the number of listed companies increases, the associated volumes of CA events will rise and incur higher operational costs and efforts.

In 2019 the Hong Kong market had:

- 2,449 listed companies
- 160+ newly listed companies
- 2,000+ dividend announcements
- 4,000+ meeting notifications

CAMS service

In addition to the current HKEXnews distribution channel, the new CAMS service converts CA event information into standardised ISO messages, which are then delivered to CCASS participants via the SWIFT network. This enhancement enables market participants to process CA event information systematically to improve downstream process efficiency, resulting in cost savings.



Real-time information	CAMS offers real-time and comprehensive CA event information.
Standardisation	CA event messages will be compliant with ISO 15022 and/or ISO 20022, giving subscribers the option to select their suitable messaging standard.
Efficiency	By increasing the STP rate for CA event information processing, the CAMS service will improve downstream efficiency and result in related cost savings. The CAMS service will cover the CA event types that account for the majority of CA volumes.
Risk reduction	The CAMS service allows for the dissemination of structured CA event information directly from issuers without manual intervention.

- CA events covered:**
- Cash dividend with or without option
 - Bonus issue of shares or warrants
 - Interest payment
 - Meeting notification

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