



Modernising Hong Kong's IPO settlement process

Charles Li *Chief Executive, HKEX Group*

Bonnie Y Chan *Head of Listing, HKEX*

Lukas Petrikas *Head of Innovation and Data Lab, HKEX*

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HKEX
香港交易所

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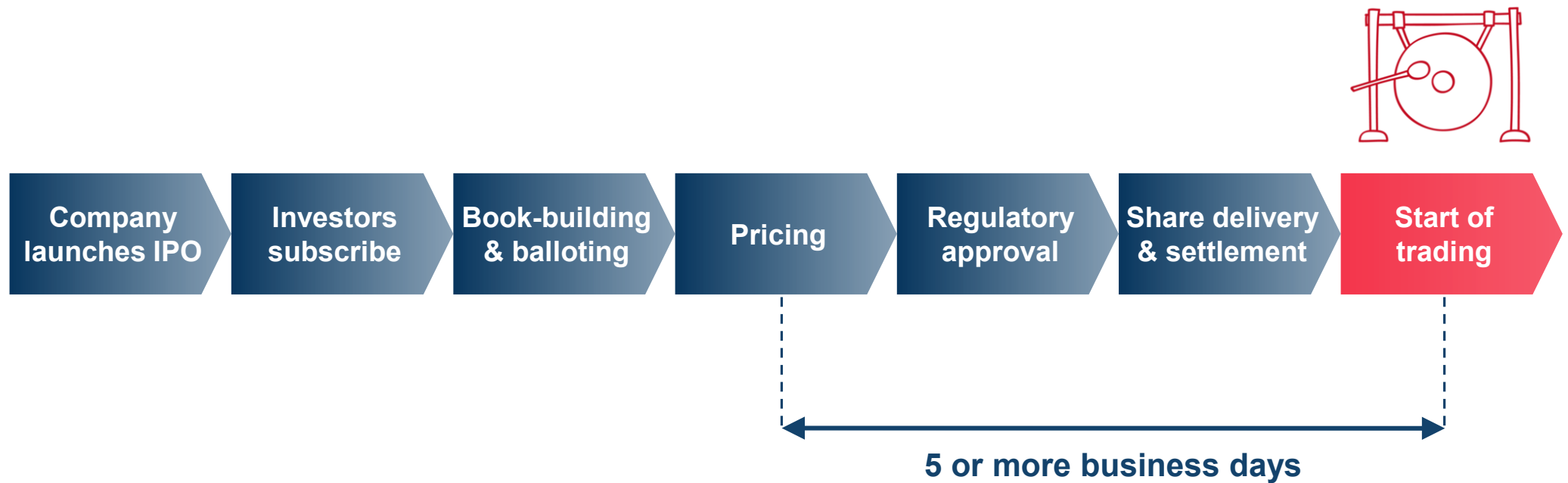
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What is IPO settlement?

The activities that take place in the days leading up to a new Hong Kong listing:



What are we proposing?



Reduce how long it takes

less market risk for investors and issuers



Simplify the complexity

a more efficient and logical process



Embrace digital change

robust technology to serve our market well into the future

An important reform to maintain Hong Kong's global leadership as a competitive listing venue



FINI is a new web-based service from HKEX

It allows market participants and regulators to work together seamlessly and digitally throughout Hong Kong IPO settlement

FINI: the main changes for Hong Kong IPOs

- 1 | End-to-end IPO settlement in one place**
- 2 | Improved workflows and interactions**
- 3 | Going paperless but staying inclusive**
- 4 | Liquidity relief for the market**



1 | End-to-end IPO settlement in one place

- IPO reference data
- Subscription input
- Pricing confirmation
- Allotment information
- Regulatory reviews
- Settlement workflow
- Checks & confirmations
- ...

FiNI

BIOTEXA (3758)
8.0 - 10.0
Info Range

✓ Pending
✓ Deal Initiated
✓ Public Offer Closed
✗ Allotment Confirmed
✗ Deal Priced
Pricing Approved
Trading Started

2020-12-05
Deal Close Date

DASHBOARD
IPO REFERENCE DATA

Offering

Offering Type: Global Offer
Trading Commence: HK\$
Trading Closed: 500
Number of Shares Held by Existing Shareholders: 75,000,000
Offer Price (HK\$): 8.000
Other Price (HK\$): 10.000
Deadline Threshold: 1, 15, 50, 100
Public Offer Allocation: 10.00%, 30.00%, 40.00%, 10.00%
Price Flexibility: 0.00
Over-allotment Option: 15.00%
Under-allotment Option: 20.00%
Number of Offer Shares: 75,000,000
Number of Public Offer Shares: 7,500,000
Number of non-reduced Offer Shares: 23,500,000

Advisers

Adviser Type	Adviser Name
Sponsor	GZ Securities
Sponsor	Principal and Partners Securities
Principal Lead Broker	Elite Frontier Securities
Distributor	I-Return Securities
Distributor	Greggsden Securities
Distributor	YLS Asia Capital
HK Share Registrar	Conglomerate Registrar Services

Rows per page: 10 | 1 of 2

Market participants

Retail Brokers

IPO Sponsors

Share Registrars

Underwriters/Distributors

Regulatory authorities

SEHK Listing Division

SFC

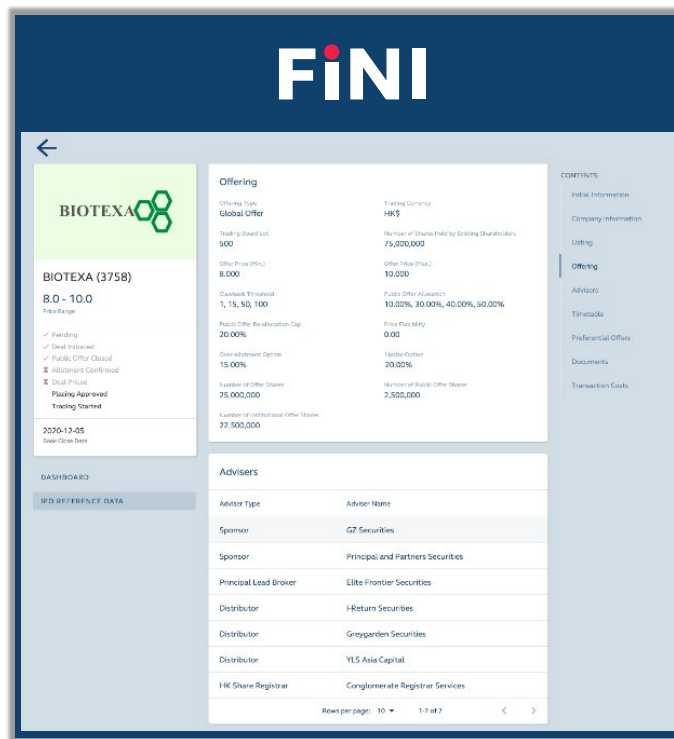
Market participants and regulators can manage all Hong Kong IPO settlement activities on one common platform, as each deal progresses from launch to completion

2 | Improved workflows and interactions

IPO reference data

intelligent workflows

IPO status dashboards



dynamic reports

real time risk alerting

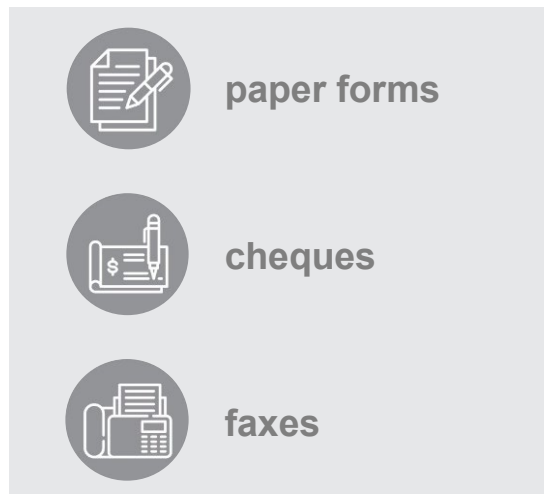
access from anywhere

Dozens of tasks will be streamlined or automated with FINI



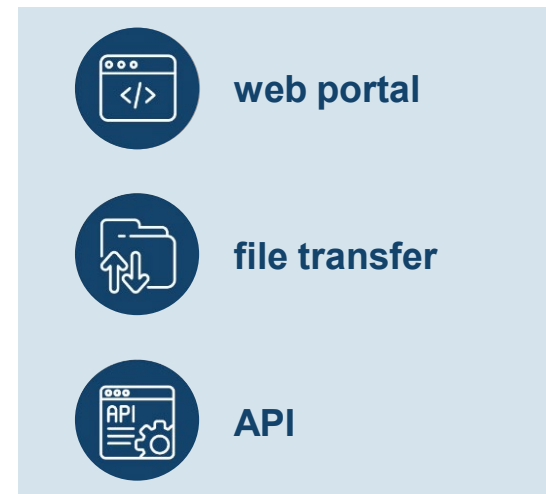
3 | Going paperless but staying inclusive

IN USE TODAY



Formal support for paper-based interactions will be discontinued

WITH FINI

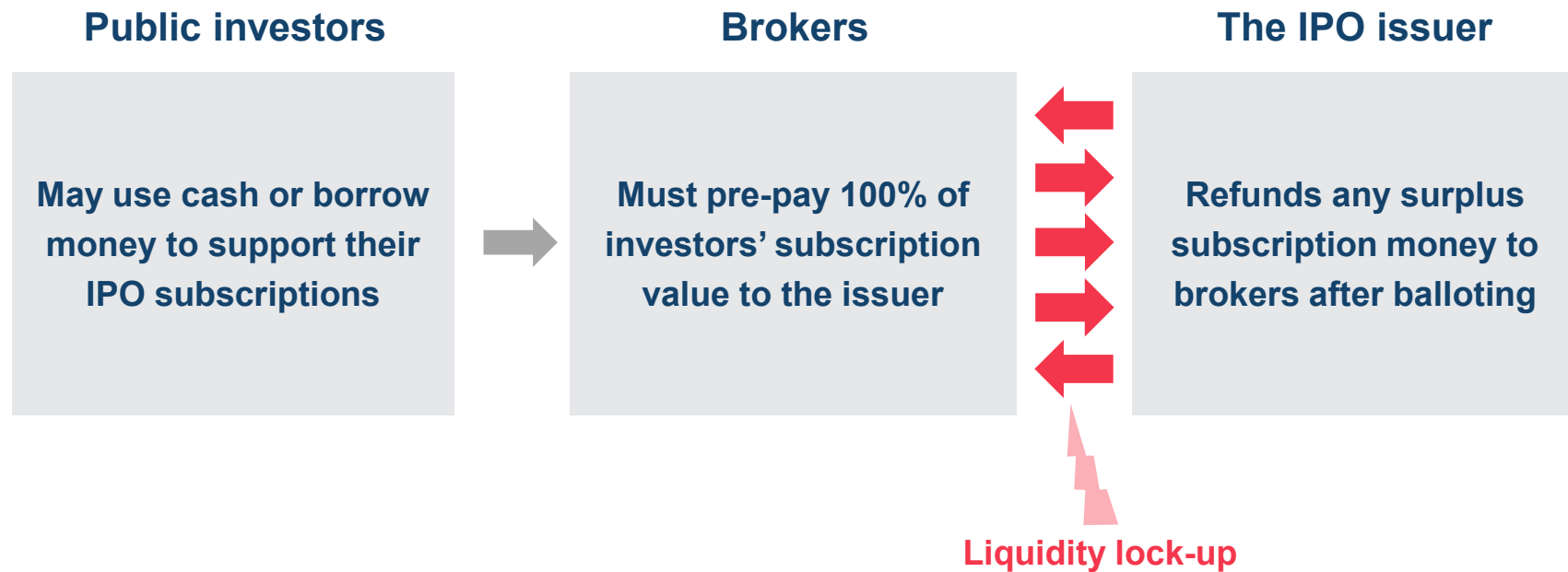


Market participants may interact with their clients however they like **as long as** the data is ultimately input into FINI in digital format

Embracing digital change in a way that works for everybody

4 | Liquidity relief for the market

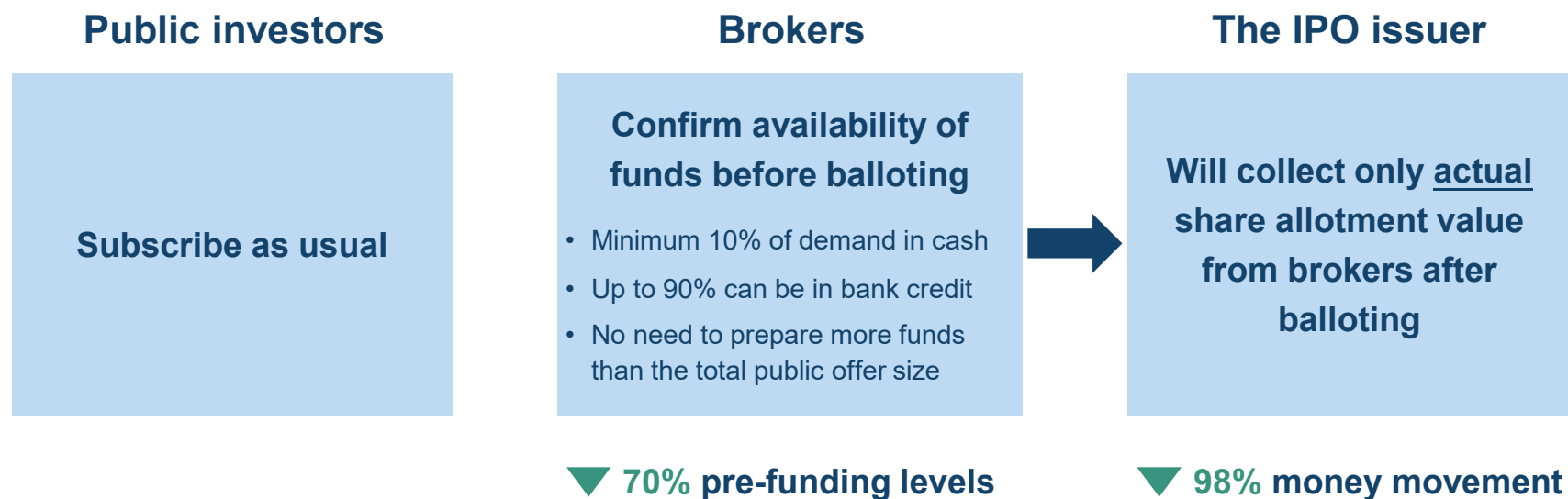
Public offer subscriptions today:



Large amounts of liquidity are unnecessarily “locked up” during Hong Kong IPOs

4 | Liquidity relief for the market (cont.)

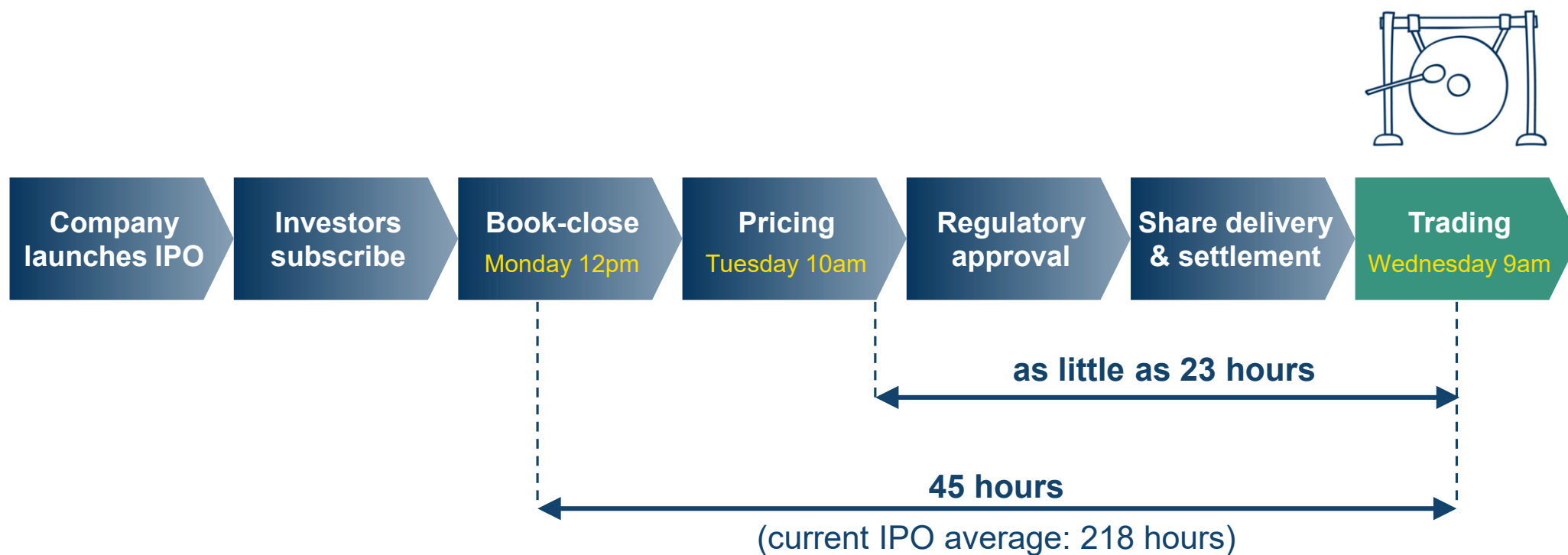
Public offer subscriptions with FINI:



Innovative, balanced approach to address a long-standing inefficiency

Target T+1 timetable with FINI

IPO shares could start trading 70-80% faster than today:



The proposed timetable provides both speed and flexibility to issuers

Preserving the most important foundations

- **No fundamental changes to the roles & responsibilities of market participants**
Sponsors, underwriters, brokers, registrars continue to serve issuers and investors
- **No fundamental changes to Hong Kong's current listing regime**
Only certain Listing Rule changes of a primarily administrative nature are expected
- **Integrated with Hong Kong's securities market infrastructure**
Operated by HKSCC, FINI will be the entry point for new shares into CCASS

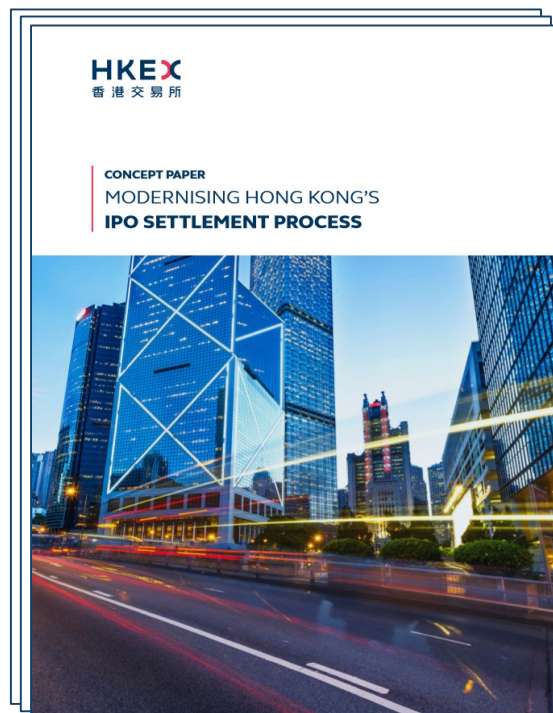
Moving the market forward while preserving our strengths



**What are the
next steps?**



Today, HKEX published a Concept Paper on FINI



Opportunity to give us your feedback

We are asking three questions:

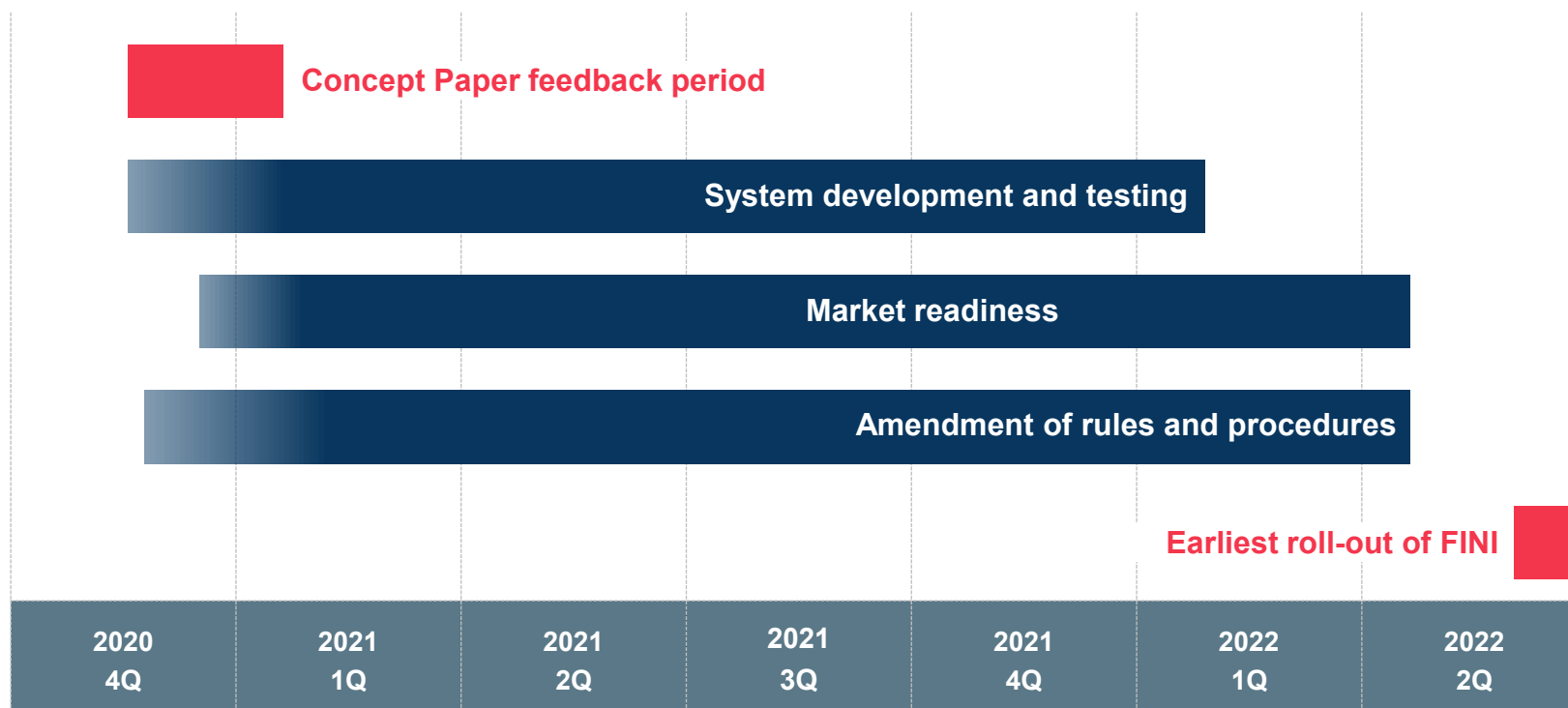
- 1) Do you support the overall proposal?
- 2) Do you have any comments on specific aspects of the proposal or the functionality of the FINI platform?
- 3) Are there any aspects of the IPO process that are not featured in this proposal, but which you would like to see included as part of this reform?

Deadline for responses: 15 January 2021

For details, please visit www.hkex.com.hk/fini

If the FINI proposal is supported by the market...

- Using FINI for settlement would become mandatory for all Hong Kong IPOs.
- To give the market sufficient time to prepare, we expect to launch FINI no earlier than the second quarter of 2022.



FINI in summary

- A comprehensive modernisation of Hong Kong's IPO settlement process, covering its logic, conventions and technology
- Benefits the whole market by making our IPO franchise more competitive, efficient, fair, robust and well-equipped for a digital future
- HKEX welcomes market feedback on the FINI Concept Paper until 15 January 2021.



... Welcome questions

Q&A Session begins now



A nighttime photograph of a city street with light trails from cars, overlaid with a semi-transparent blue filter. In the background, several tall skyscrapers are visible, some with lit windows. A red vertical line is positioned to the left of the main text.

Thank you.

For further information on HKEX, please go to
hkexgroup.com and hkexnews.hk

For further information on FINI, please go to
hkex.com.hk/fini

