



Modernising Hong Kong's IPO settlement process

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In November 2020, HKEX published a proposal to shorten and modernise Hong Kong's IPO settlement process.



Less time lag between IPO pricing and trading
less market risk for investors and issuers

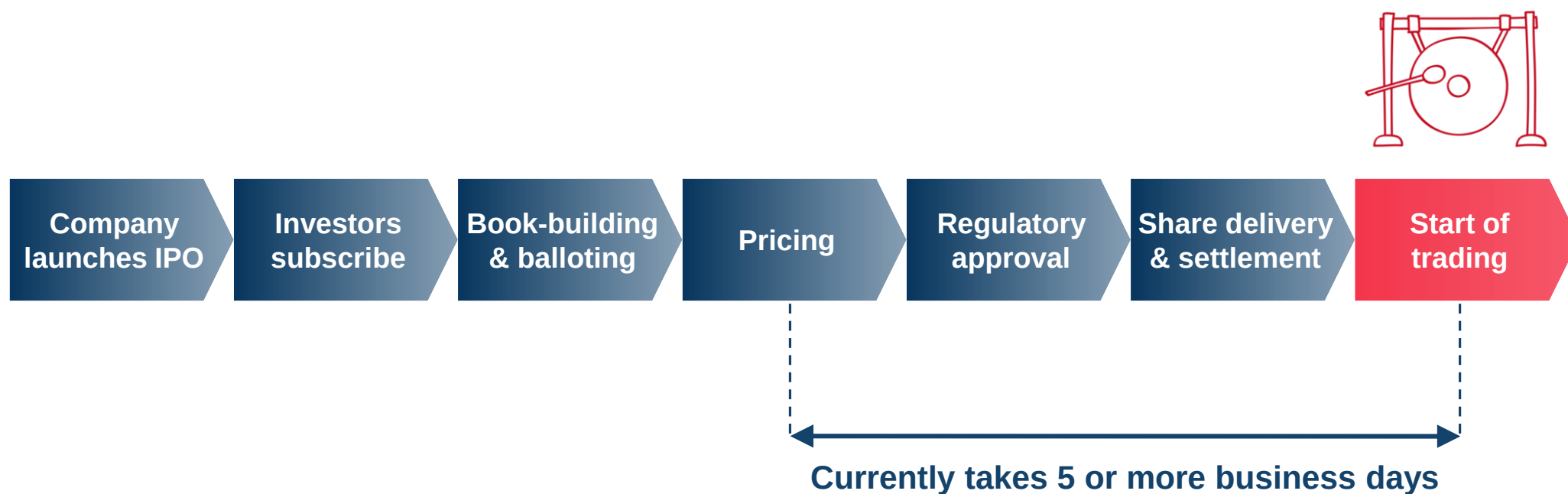


More efficient market operations
streamlined workflows, timely data, reduced operational risk



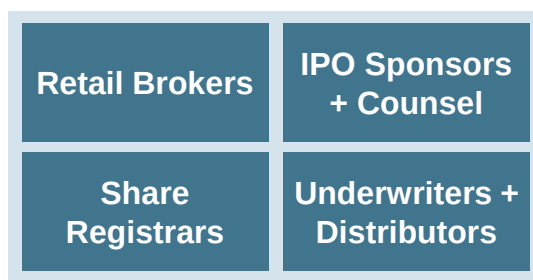
Broader benefits for Hong Kong as an IFC
less locked-up funding and market distortion from “mega” IPOs

Hong Kong IPO settlement today takes too long.

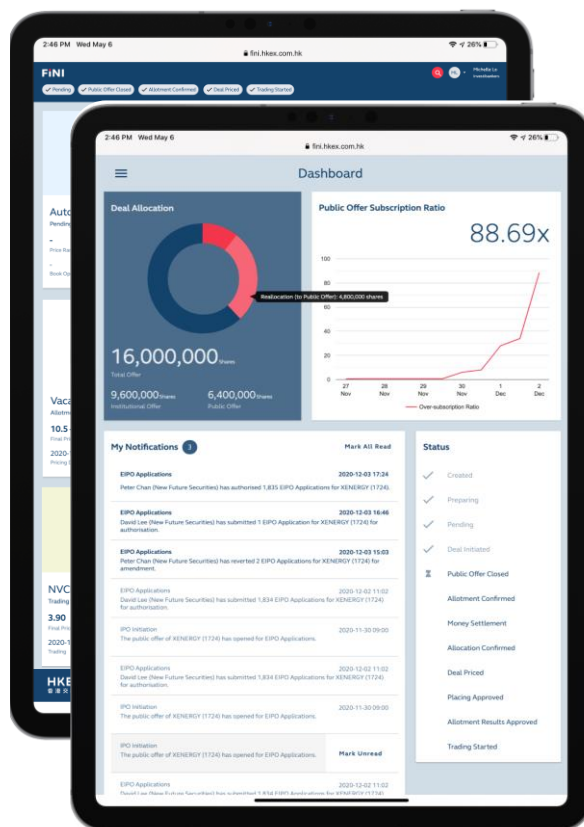
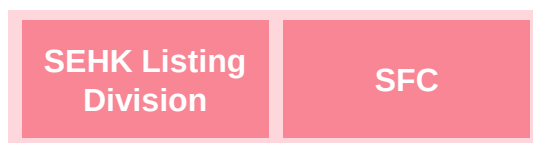


FINI is a comprehensive reform to the logic, conventions and technology that underpin Hong Kong IPO settlement.

Market participants



Regulators



FiNI

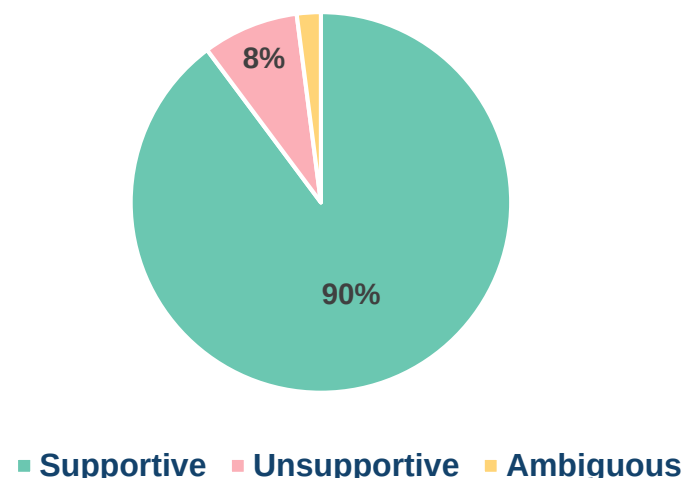
IPO data, workflows and interactions between a large number of parties will come together “under one roof”



Conclusions: Strong support from stakeholders, gives HKEX a clear mandate to proceed with FINI.

- 90% of responses to the FINI Concept Paper were in favour of the proposal
- Broad support expressed by both buy-side and sell-side groups
- HKEX has taken on board a large number of respondents' suggestions
- HKEX has listened to input from the market, and made some refinements to how the FINI platform will work.

Do you support the overall FINI proposal?



Responses received from	Responses received from
Professional bodies / associations	Asset managers
Brokers and investment banks	Legal, accounting and service firms
Commercial banks	Private individuals

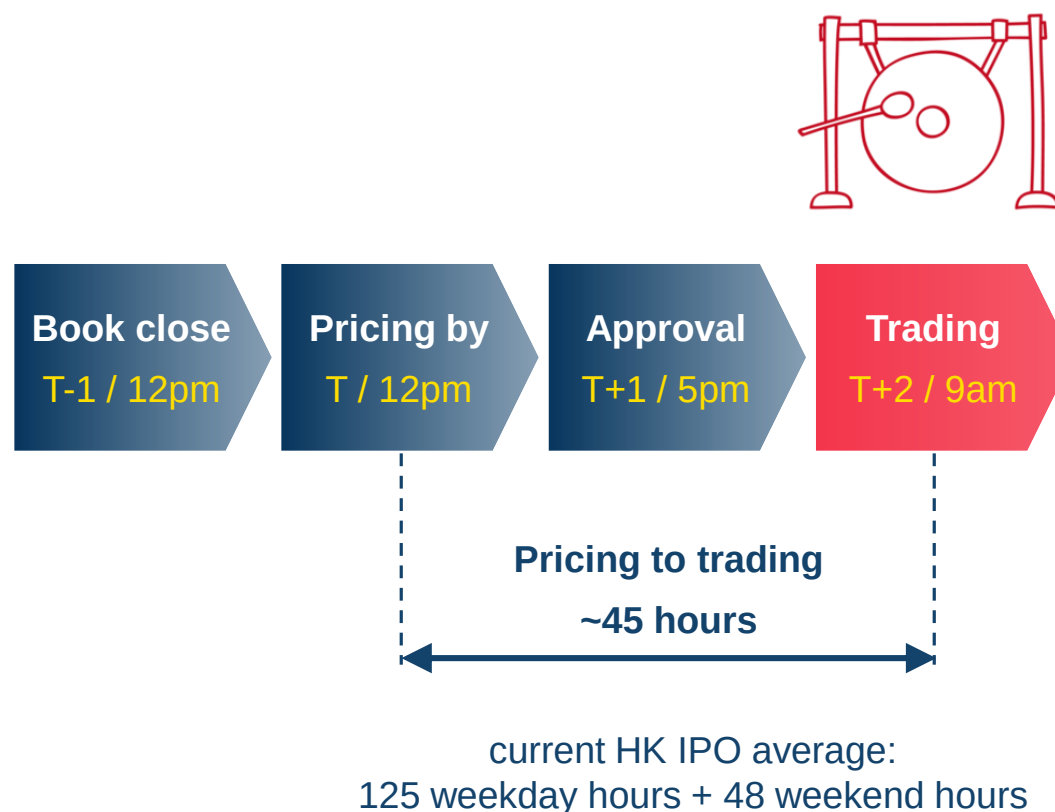
FINI implementation model



Implementation Model

IPO settlement with FINI will initially be “T+2”.

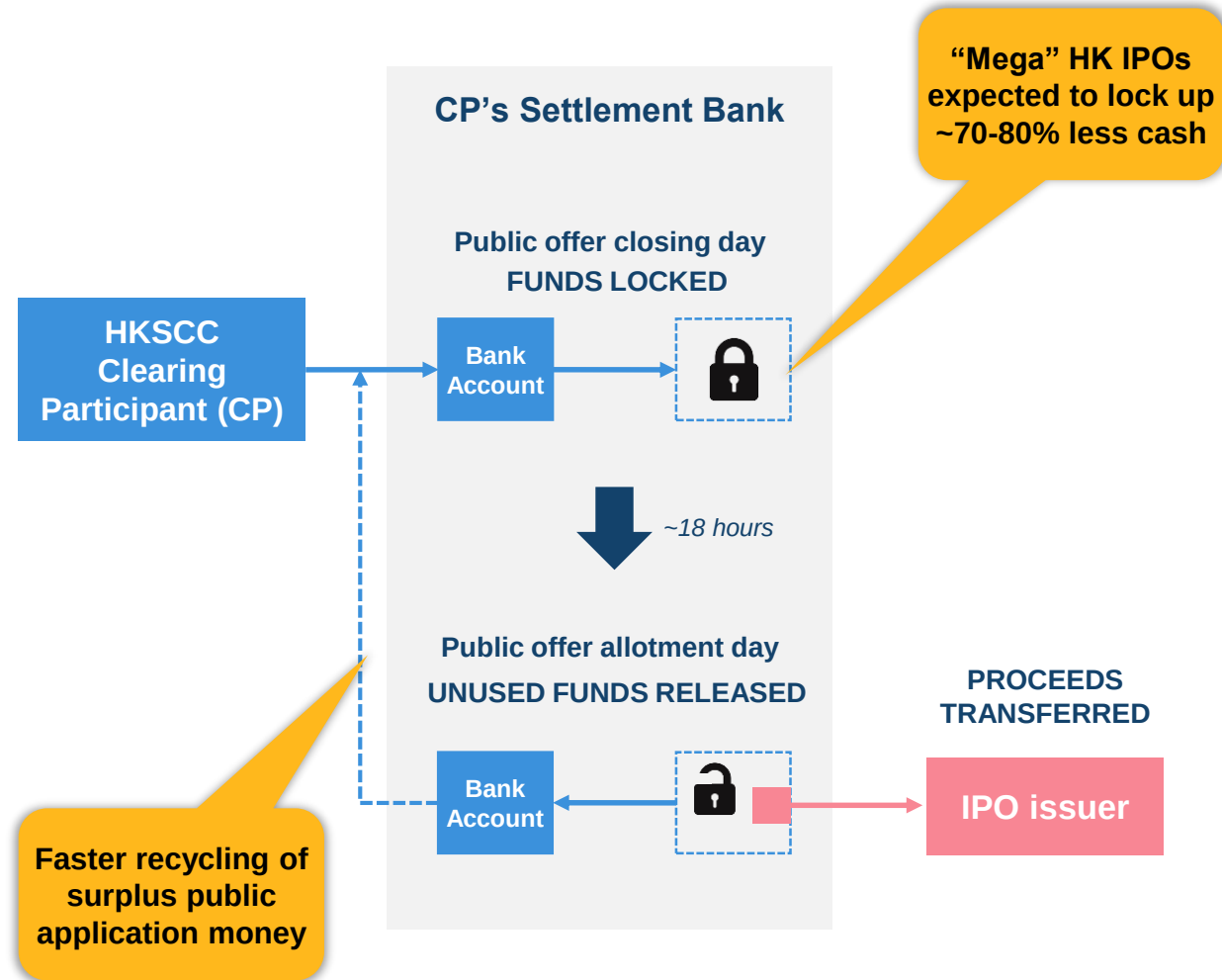
- HK IPO settlement timetable with FINI will be T+2 instead of T+1
- Aligns with HK’s secondary equity market settlement cycle
- Gives more time for regulatory reviewing + various operations
- IPO applicants may opt for T+3 with Listing Division’s consent



Implementation Model

New pre-funding arrangement for IPO subscriptions by the public will reduce “lock-up” times and amounts.

- HKSCC Clearing Participants (CPs) will hold clients' application money with their settlement banks
- The IPO issuer will receive actual money proceeds after balloting; surplus to be released back to CPs
- Pre-funding requirement will be compressed if a CP's application value exceeds the public offer size
- CPs are free to source funding via client cash or margin lending, subject to applicable regulations

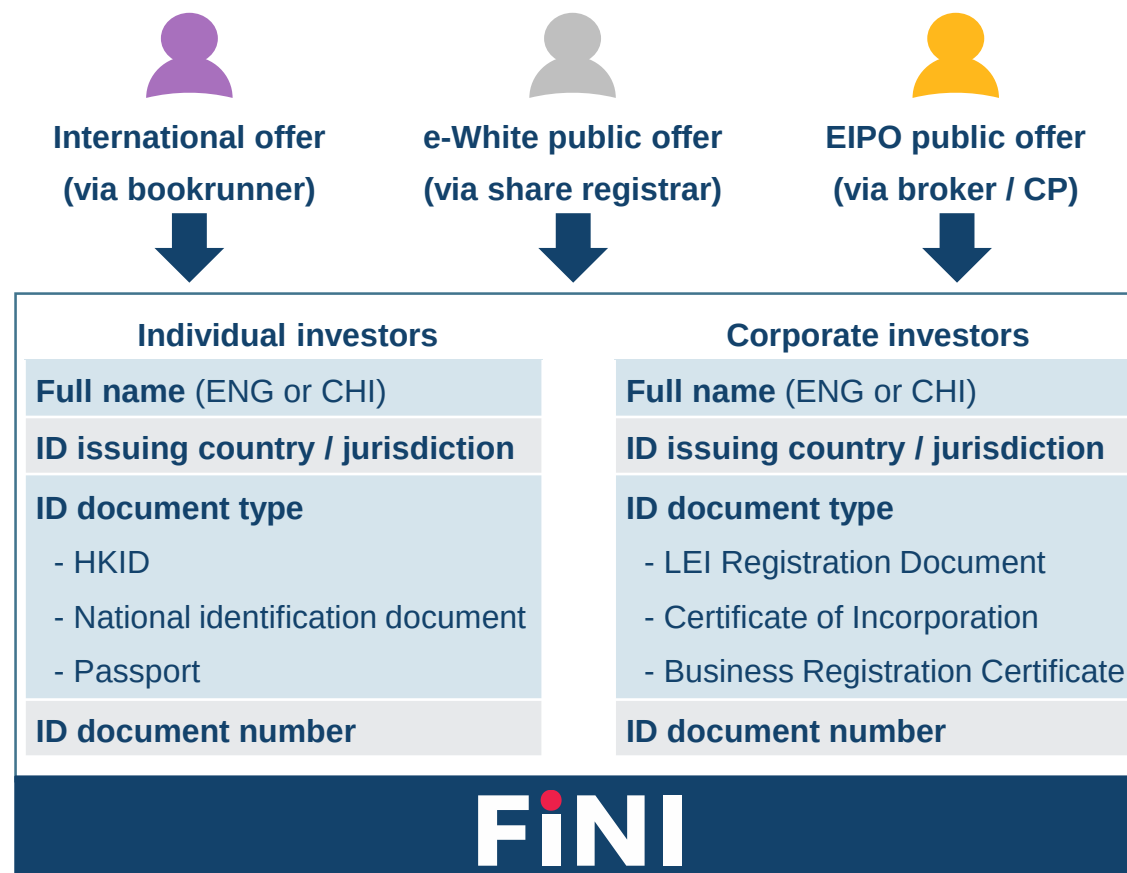


Implementation Model

A harmonised investor ID standard for HK IPOs will be introduced to improve market quality, consistency and fairness.

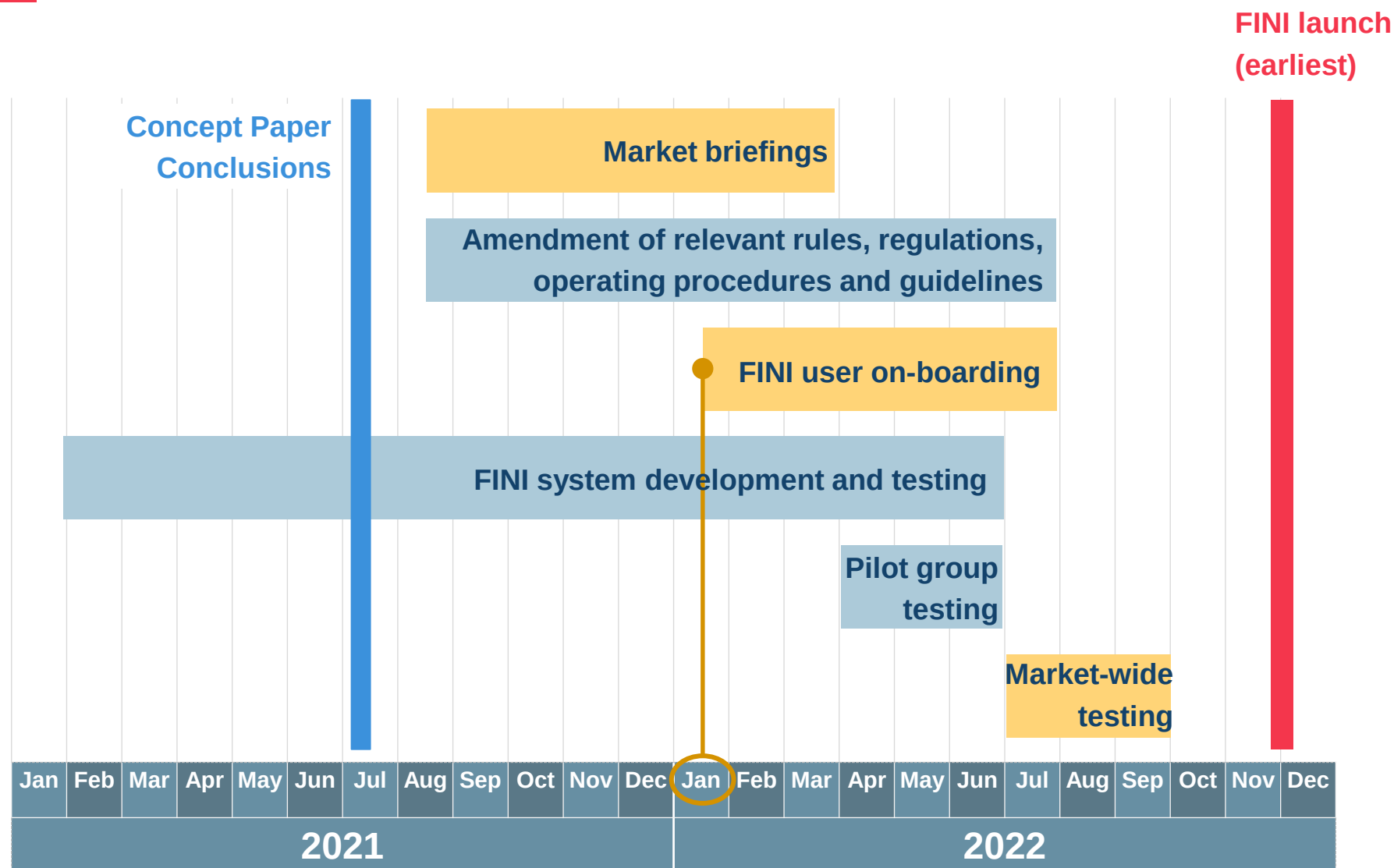
- Same ID standard will be used for all IPO subscription channels
- Aligns closely with proposed ID regime for HK secondary market trading
- HKEX working to ensure that brokers can preserve client anonymity in retail subscriptions submitted via third-party CPs

Exploring potential use of Broker-Client Assigned Numbers (BCANs) to represent end-investors



Next Steps

HKEX will roll out FINI no earlier than Q4 2022.



Today, HKEX has published materials for further reference:

FINI Conclusions Paper

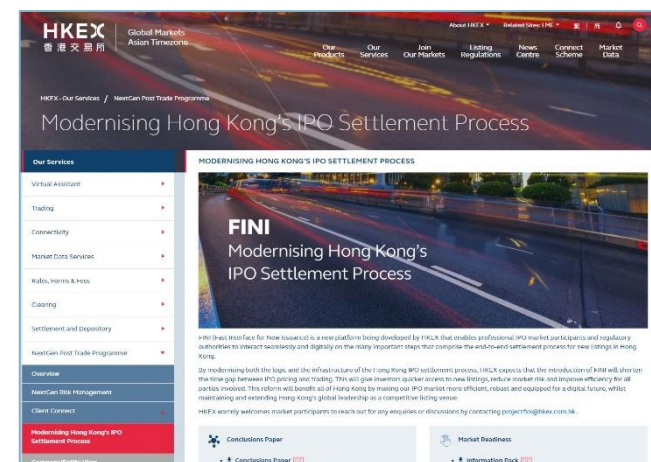
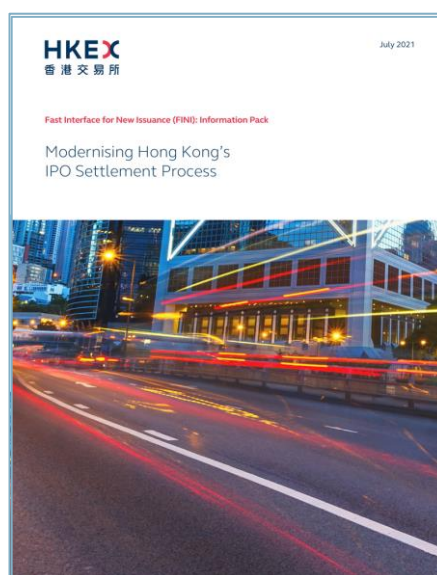
Recap of market feedback and adjustments to the original FINI model

FINI Information Pack

Operational walk-through + Frequently Asked Questions (FAQs) about FINI

FINI Website

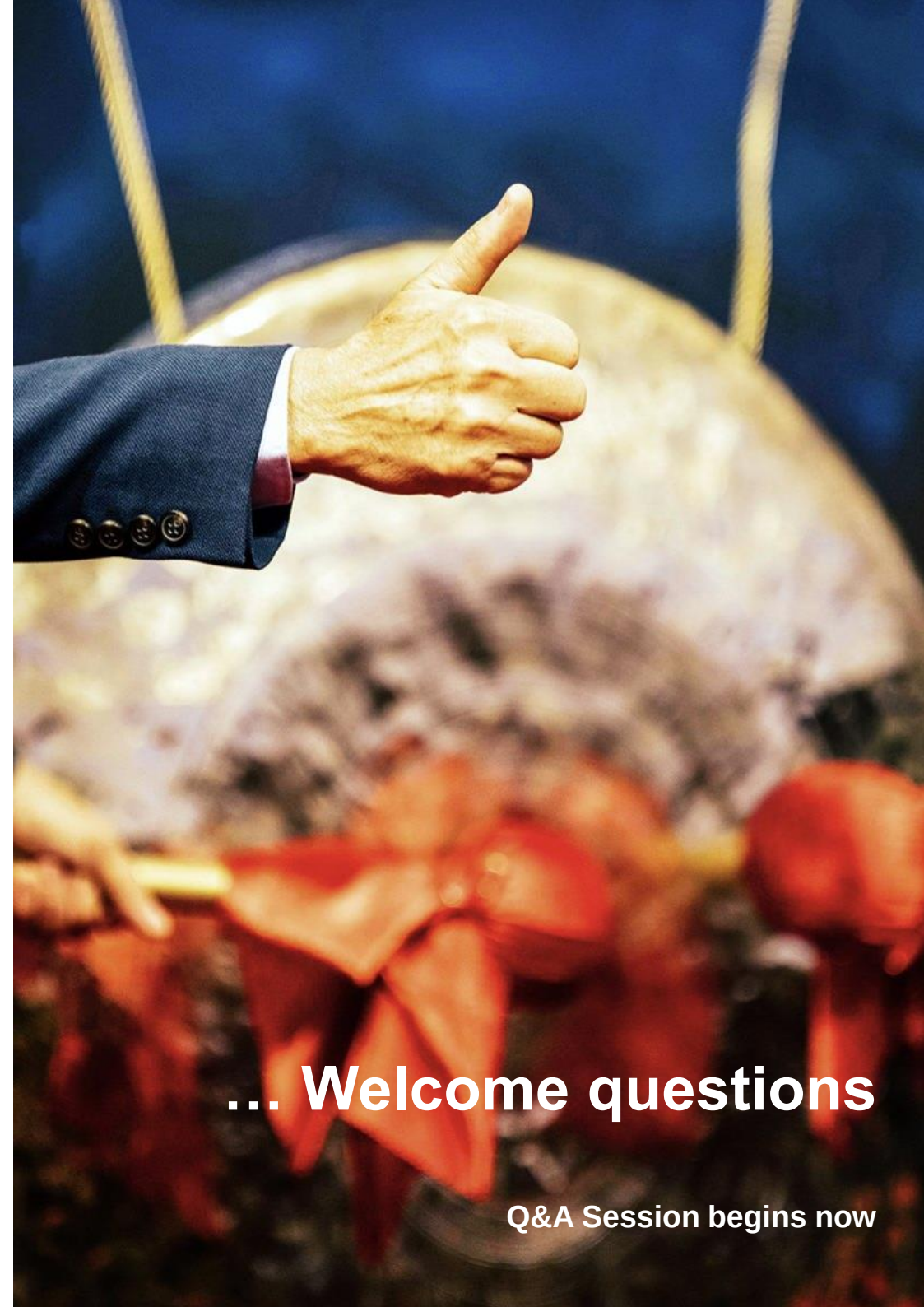
One venue for all FINI materials
www.hkex.com.hk/fini



Will be regularly updated by HKEX

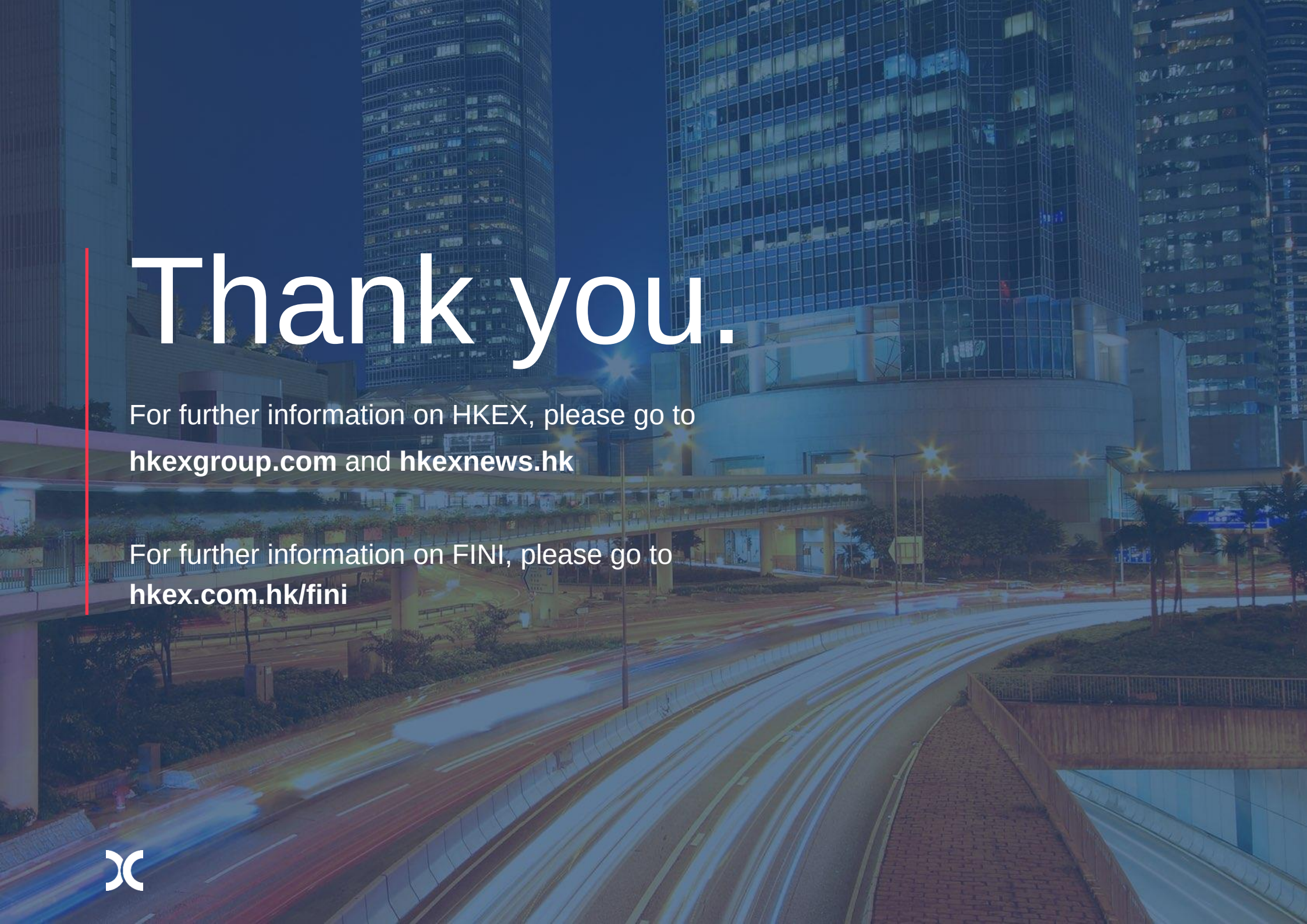


- **HKEX thanks all stakeholders for their valuable input on FINI.**
- **The FINI website contains more details regarding today's announcement, and will continue to be updated as FINI is developed.**
- **Market participants are welcome to contact HKEX with further questions through the FINI website.**



... Welcome questions

Q&A Session begins now

A nighttime photograph of a city street with light trails from cars. In the background, several tall skyscrapers are visible, some with lit windows. The scene is dimly lit, with the primary light sources being the streetlights and the building lights.

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

