



Project FINI Update

HKAB Webinar #3

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Clearing Infrastructure
Transformation

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HKEX
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Summary

Project FINI is close to completing its system development phase. The expected next step is preparing for external testing and user on-boarding.

The purpose of this webinar is to provide HKAB members several project updates:

- 1 Updated Guidance
- 2 SWIFT Implementation
- 3 On-boarding Steps
- 4 Getting Ready for FINI



1

Updated Guidance

	Nominee Bank Account Setup	EIPO Funding Confirmation	EIPO Money Settlement
Process	As part of the on-boarding for FINI, EIPO Designated Banks set up a bank account for locking the pre-funding of HKSCC Participants at the public offer book close	After the public offer book close, EIPO Designated Banks confirm or reject the pre-funding requirements of HKSCC Participants via API or the user interface	After public offer allotment, EIPO Designated Banks settle the allotment value allocated to HKSCC Participants via RTGS CHATS

Latest Publication:

	What has been updated?		
FINI Information Pack (last update: 31 November 2021, 27 May 2022)	Legal clarifications regarding the ownership, structure and required debit authorisations for the nominee bank account <i>(FAQs E21)</i>	Operational procedures for resolving an HKSCC Participant's inability to meet its pre-funding requirement <i>(FAQs E22 to E23)</i>	The SWIFT ISO 15022 messages types to be used, SWIFT billing model and applicable transaction charges <i>(FAQs E27 to E32)</i>
API Guide (published: 5 January 2022, updated 27 May 2022)	N/A	The technical protocols to enquire, confirm or reject the pre-funding requirements of HKSCC Participant via API ⁽¹⁾ <i>(Section 8)</i>	N/A
SWIFT Guide (published: 27 May 2022)	N/A	N/A	The technical protocols to confirm or reject payment instructions issued by HKSCC <i>(Section 3)</i>

(1) Use of the FINI API Gateway is optional. EIPO Designated Banks may perform the same functions on FINI via an 'EIPO Funding' interface. Further information will be made available in the FINI User Guide for FINI Banks, to be published on a latter date.



Key Updates

Operational

- HKAB members are invited to subscribe to HKSCC's Closed User Group (CUG) for FINI IPO settlement
- HKAB members may find the market infrastructure through the SWIFT website (BIC: **HKSCHKH2**)
- HKAB members should subscribe to both the 'HKEX FINI (Live)' and 'HKEX FINI (Test)' CUGs as a one-off exercise
- For both testing and production purposes, the Details of Charges field (:71A:) is always set at "SHA"

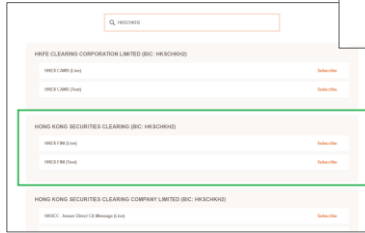
Regulatory

- To support the monitoring of IPO fund flows, the HKICL has proposed to revise its CHATS AIDG to add an additional payment code within the Sender to Receiver Information field (:72:) to tag IPO payments
- HKEX welcomes any written feedback from HKAB members on any potential impact to development, maintenance and existing procedures

Illustration

1 After logging onto swift.com:

- My tools
- Order products & services
- Market Infrastructure
- Search '**HKSCHKH2**'



Ordering

Subscribe to a Market Infrastructure

2

- Find 'HKEX FINI (Live)' and 'HKEX FINI (Test)'
- Click Subscribe

An order form will be prompted for input and submission.





MT103 example:
 {2:1103HKBBHKHHXXXXN2020}{4:
 :20:D08JSAARZ0IN502P
 :23E:SDVA
 :32A:HKD12345678,99
 :50A:HKSCC
 HKSCHKH2IPO
 :21:8307336898421-01
 :59A:004002987654321
 BKCHHKHHXXX
 :71A:SHA
 :72: /SPRO/26
 /DEPN/00
 /QUEU/N}

MT202 example:
 {2:1202HKBBHKHHXXXXN2020}{4:
 :20:D08JSAARZ0IN502P
 :21:8307336898421-01
 :32A:HKD12345678,99
 :58A:004002987654321
 BKCHHKHHXXX
 :72: /SPRO/26
 /DEPN/00
 /QUEU/N}

← Under the proposal, HKAB members will be required to use the :72: field in SWIFT to tag IPO payments within RTGS CHATS

3 On-boarding Steps

HKEX will open the FINI On-boarding Application Form in **October 2022**:

A Access Application Form	B Fill out 'FINI Bank' Form	C Generate Response / DDA Forms	D Sign Response / DDA Forms
 <p>An online application form will be made available on the HKEX website.</p> <p>URL: https://www.hkex.com.hk/fini</p>	 <p>The online e-form will include a copy of the FINI Terms and Conditions (T&Cs).</p> <p>HKAB members should also provide details of their authorized signatories and nominee bank accounts. ⁽¹⁾</p>	 <p>After completing the requisite fields, the online e-form should be submitted.</p> <p>The Response and DDA forms will be sent to the authorized signatory(ies) by email. ⁽²⁾</p>	 <p>Both forms should be electronically signed via DocuSign, for accepting the FINI T&Cs and providing HKSCC the required direct debit authorisations.</p>

After HKSCC completes its review of the required submissions, the access permissions of the HKAB member's delegated administrators will be created / updated in Client Connect.



(1) HKAB members may provide information for up to three nominee bank accounts, one for each settlement currency (HKD, CNY, USD).
 (2) The direct debit authorisation (DDA) form will include a standing authorisation for HKSCC to debit funds from an EIPO Designated Bank's nominee bank account for the purposes of IPO settlement.

4

Getting Ready for FINI

HKAB members are recommended to prepare for the following key items in the upcoming quarters:



Internal Preparations:

- Set up nominee bank account for FINI IPO settlement
- Update any client agreements / DDAs with HKSCC Participants on FINI IPO settlement (if applicable)

- Update internal systems to operate T+2 settlement under FINI

- Adapt to FINI functionality and operational timetable
- Familiarise with FINI's transition and cutover arrangements

- Manage transition towards new T+2 settlement regime under FINI
- Prepare FINI production launch and obsolesce of legacy systems

HKEX Outreach:

- Provide feedback on proposed RTGS CHATS payment code
- Submit request for subscribing to HKSCC's SWIFT CUG

- Submit Application Form to generate required legal documents
- Sign legal documents, for acceptance of the FINI T&Cs and setup of debit authorisations

- Test user interface functions within FINI platform
- Report bugs identified within test environment

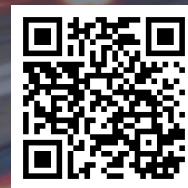
- Participate market rehearsals simulating T+2 settlement
- Report bugs identified within test environment



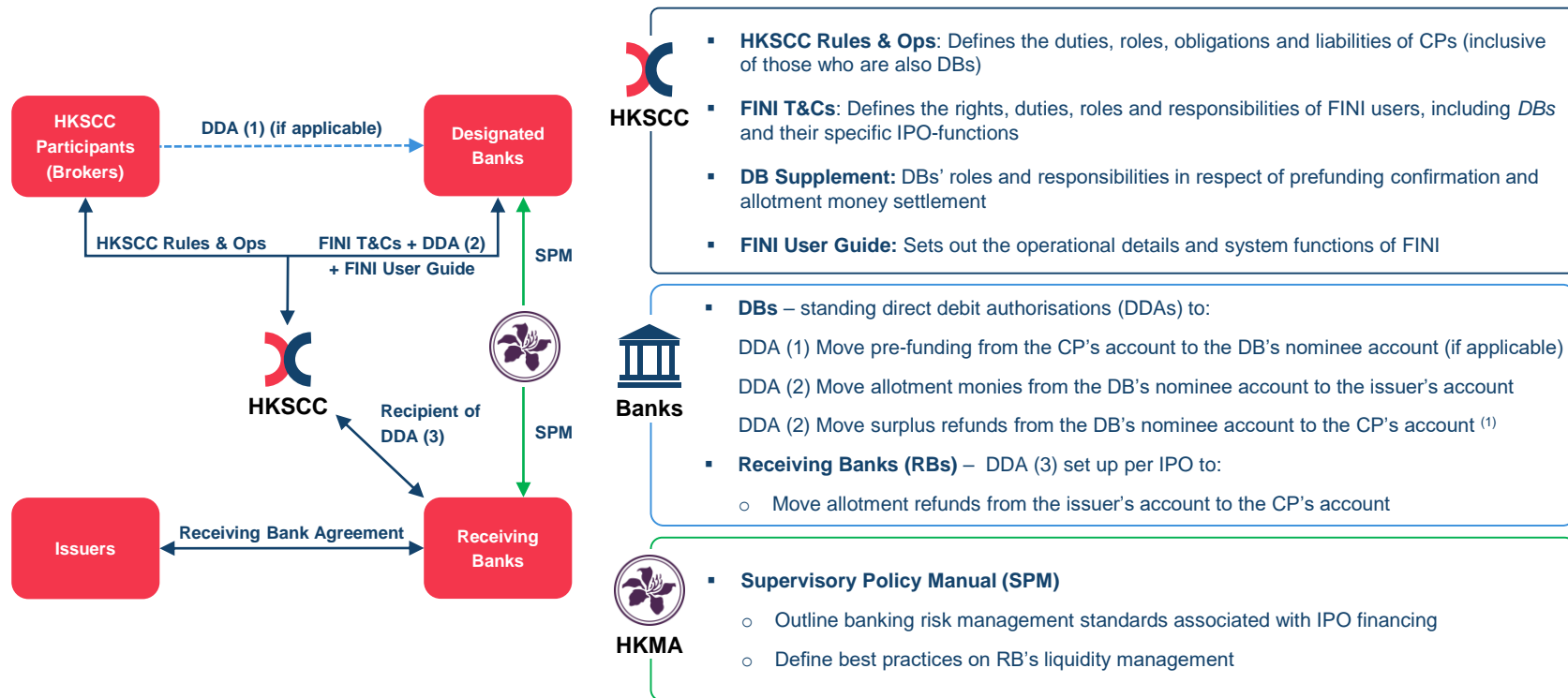
Thank you.

For further information on HKEX, please go to
[hkexgroup.com](https://www.hkexgroup.com) and [hkexnews.hk](https://www.hkexnews.hk)

For further information on FINI, please go to
[hkex.com.hk/fini](https://www.hkex.com.hk/fini)



Appendix: Updated Legal Governance under FINI



(1) Subject to compliance with applicable laws and regulations, DB shall be at liberty to agree the money movement between the CP account and DB nominee account based on the commercial arrangement between them.

Appendix: Expected Changes for IPO Receiving Banks (RBs)

	Remains the same	Main changes
RB Nominee Bank Accounts	<ul style="list-style-type: none"> Multiple RBs can be appointed Account setup and authorisations for HKSCC to debit funds must be completed before IPO launch 	<ul style="list-style-type: none"> Account information + DDA submitted via FINI (not email) RBs will hold allotment monies (not application monies) on issuer's behalf until the listing date
Preferential Offerings	<ul style="list-style-type: none"> Subscription and settlement processes continue under CCASS 	N/A
EIPO Refund	<ul style="list-style-type: none"> Refund instruction(s) will be issued on a per HKSCC Participant level 	<ul style="list-style-type: none"> Refunds happen when an IPO is cancelled at or after Money Settlement, based on HKSCC Participant's allotment value (not application value) Refunds settled via SWIFT ISO 15022 messages / RTGS CHATS (not EPI bulk run) Refunds always settled no later than the business day following the IPO's cancellation

