

PRESS RELEASE

**ASIFMA PUBLISHES NEW GUIDELINES ON THE USE OF POWERS OF ATTORNEY
FOR HONG KONG IPOs**

19 October 2016, Hong Kong – The Asia Securities Industry & Financial Markets Association (ASIFMA) today published a set of guidelines designed to establish a more balanced approach in the use of powers of attorney (POA) in the context of large syndicates on Hong Kong initial public offerings (IPOs).

The use of POAs has evolved differently in Hong Kong than in other markets. Originally devised to reduce the administrative complexity of managing the large underwriting syndicates that accompany Hong Kong's biggest IPOs, POAs typically involve junior banks, or those not involved in structuring or managing the deal, later joining an underwriting syndicate and delegating some authority to the banks leading the syndicate. In Hong Kong, junior underwriting syndicate members have been required to grant broad, irrevocable powers of attorney to lead underwriters, or global coordinators, early in the process for certain transactions, sometimes before the commercial terms of the transaction are settled, transaction documents are finalized and syndicate members have conducted customary due diligence. Over the past few years, POAs have increasingly been used in Hong Kong for more substantive purposes that raise concerns about potential regulatory and governance risks to junior syndicate members. Consequently, in 2015, ASIFMA formed a working group to address its members' concerns about the use of POAs and develop the guidelines published today. These new guidelines have been developed through extensive collaboration between the working group, ASIFMA members and other market participants.

"We hope these guidelines will clarify best practices around POAs in a manner that allay junior underwriters' concerns without sacrificing the efficiency that has made Hong Kong the world's largest market for IPOs," said Wayne Arnold, Executive Director, Policy and Regulatory Affairs, ASIFMA.

The guidelines establish general principles applicable to the use of POAs on Hong Kong IPOs, as well as specific guidance on limitations on their use, timing requirements and the appropriate recipients of powers of attorney. Indicative template forms of powers of attorney are annexed to the guidelines. Finally, the guidelines expressly prescribe the type of Hong Kong IPOs for which it may be appropriate to use POAs.

"The guidelines recognise that there are limits to the authority underwriters can justifiably delegate, and certain minimum due diligence obligations they should be permitted to fulfill, regardless of their role within the syndicate. The guidelines seek to establish these limitations while affording lead underwriters flexibility in how they are implemented," said Stuart Rubin, a partner at international law firm Ashurst who assisted ASIFMA with drafting the guidelines.

DEVELOPING ASIAN CAPITAL MARKETS

Please click [here](#) to access the guidelines.

-ENDS-

For queries, please contact:

Corliss Ruggles, Head of Communications, ASIFMA

Tel: +852 2537 3029 / +852 9359 6996

Email: cruggles@asifma.org

Stuart A. Rubin, Partner, Ashurst

Tel: +852 2846 8940

Email: stuart.rubin@ashurst.com

About ASIFMA

ASIFMA is an independent, regional trade association with over 90 member firms comprising a diverse range of leading financial institutions from both the buy and sell side, including banks, asset managers, law firms and market infrastructure service providers. Together, we harness the shared interests of the financial industry to promote the development of liquid, deep and broad capital markets in Asia. ASIFMA advocates stable, innovative and competitive Asian capital markets that are necessary to support the region's economic growth. We drive consensus, advocate solutions and effect change around key issues through the collective strength and clarity of one industry voice. Our many initiatives include consultations with regulators and exchanges, development of uniform industry standards, advocacy for enhanced markets through policy papers, and lowering the cost of doing business in the region. Through the GFMA alliance with SIFMA in the United States and AFME in Europe, ASIFMA also provides insights on global best practices and standards to benefit the region.

More information about ASIFMA can be found at: www.asifma.org.

Twitter: @ASIFMAnews