
QUESTIONNAIRE ON MODERNISING HONG KONG'S IPO SETTLEMENT PROCESS

1. We invite interested parties to respond to the Concept Paper on Modernising Hong Kong's IPO Settlement Process ("**Concept Paper**"), which can be downloaded from the HKEX website at: <https://www.hkex.com.hk/fini>, or using the QR code below:



This Questionnaire contains the Privacy Policy Statement; Part A: General Information of the Respondent; and Part B: Questions Feedback.

All responses should be made in writing by completing and returning to HKEX both Part A and Part B of this Questionnaire no later than **6 PM on Friday, 15 January 2021** by email to projectfini@hkex.com.hk, with the subject line "**Re: Concept Paper – Modernising Hong Kong's IPO Settlement Process**".

The names of persons who submit comments together with the whole or part of their submissions may be disclosed to members of the public. If you do not wish your name to be published please indicate so in Part A.

Definitions

The terms used in Part B of this questionnaire are defined in the Concept Paper.

Privacy Policy Statement

Hong Kong Exchanges and Clearing Limited, and from time to time, its subsidiaries (together the "**Group**") (and each being "**HKEX**", "**we**", "**us**" or "**member of the Group**" for the purposes of this Privacy Policy Statement as appropriate) recognise their responsibilities in relation to the collection, holding, processing, use and/or transfer of personal data under the Personal Data (Privacy) Ordinance (Cap. 486) ("**PDPO**"). Personal data will be collected only for lawful and relevant purposes and all practicable steps will be taken to ensure that personal data held by us is accurate. We will use your personal data which we may from time to time collect in accordance with this Privacy Policy Statement.

We regularly review this Privacy Policy Statement and may from time to time revise it or add specific instructions, policies and terms. Where any changes to this Privacy Policy Statement are material, we will notify you using the contact details you have provided us with and, where required by the PDPO, give you the opportunity to opt out of these changes by means notified to you at that time. Otherwise, in relation to personal data supplied to us through the HKEX website or otherwise, continued use by you of the HKEX website or your continued relationship with us shall be deemed to be your acceptance of and consent to this Privacy Policy Statement, as amended from time to time.

If you have any questions about this Privacy Policy Statement or how we use your personal data, please contact us through one of the communication channels set out in the "Contact Us" section below.

We will take all practicable steps to ensure the security of the personal data and to avoid unauthorised or accidental access, erasure or other use. This includes physical, technical and procedural security methods, where appropriate, to ensure that the personal data may only be accessed by authorised personnel.

Please note that if you do not provide us with your personal data (or relevant personal data relating to persons appointed by you to act on your behalf) we may not be able to provide the information, products or services you have asked for or process your requests, applications, subscriptions or registrations, and may not be able to perform or discharge the Regulatory Functions (defined below).

Purpose

From time to time we may collect your personal data including but not limited to your name, mailing address, telephone number, email address, date of birth and login name for the following purposes:

1. to process your applications, subscriptions and registration for our products and services;
2. to perform or discharge the functions of HKEX and any company of which HKEX is the recognised exchange controller (as defined in the Securities and Futures Ordinance (Cap. 571)) ("**Regulatory Functions**");
3. to provide you with our products and services and administer your account in relation to such products and services;
4. to conduct research and statistical analysis;
5. to process your application for employment or engagement within HKEX to assess your suitability as a candidate for such position and to conduct reference checks with your previous employers; and
6. other purposes directly relating to any of the above.

Direct marketing

Where you have given your consent and have not subsequently opted out, we may also use your name, mailing address, telephone number and email address to send promotional materials to you and conduct direct marketing activities in relation to HKEX financial services and information services, and financial services and information services offered by other members of the Group.

If you do not wish to receive any promotional and direct marketing materials from us or do not wish to receive particular types of promotional and direct marketing materials or do not wish to receive such materials through any particular means of communication, please contact us through one of the communication channels set out in the "Contact Us" section below. To ensure that your request can be processed quickly please provide your full name, email address, log in name and details of the product and/or service you have subscribed.

Identity Card Number

We may also collect your identity card number and process this as required under applicable law or regulation, as required by any regulator having authority over us and, subject to the PDPO, for the purpose of identifying you where it is reasonable for your identity card number to be used for this purpose.

Transfers of personal data for direct marketing purposes

Except to the extent you have already opted out we may transfer your name, mailing address, telephone number and email address to other members of the Group for the purpose of enabling those members of the Group to send promotional materials to you and conduct direct marketing activities in relation to their financial services and information services.

Other transfers of your personal data

For one or more of the purposes specified above, your personal data may be:

1. transferred to other members of the Group and made available to appropriate persons in the Group, in Hong Kong or elsewhere and in this regard you consent to the transfer of your data outside of Hong Kong;
2. supplied to any agent, contractor or third party who provides administrative, telecommunications, computer, payment, debt collection, data processing or other services to HKEX and/or any of other member of the Group in Hong Kong or elsewhere; and
3. other parties as notified to you at the time of collection.

How we use cookies

If you access our information or services through the HKEX website, you should be aware that cookies are used. Cookies are data files stored on your browser. The HKEX website automatically installs and uses cookies on your browser when you access it. Two kinds of cookies are used on the HKEX website:

Session Cookies: temporary cookies that only remain in your browser until the time you leave the HKEX website, which are used to obtain and store configuration information and administer the HKEX website, including carrying information from one page to another as you

browse the site so as to, for example, avoid you having to re-enter information on each page that you visit. Session cookies are also used to compile anonymous statistics about the use of the HKEX website.

Persistent Cookies: cookies that remain in your browser for a longer period of time for the purpose of compiling anonymous statistics about the use of the HKEX website or to track and record user preferences.

The cookies used in connection with the HKEX website do not contain personal data. You may refuse to accept cookies on your browser by modifying the settings in your browser or internet security software. However, if you do so you may not be able to utilise or activate certain functions available on the HKEX website.

Compliance with laws and regulations

HKEX and other members of the Group may be required to retain, process and/or disclose your personal data in order to comply with applicable laws and regulations or in order to comply with a court order, subpoena or other legal process (whether in Hong Kong or elsewhere), or to comply with a request by a government authority, law enforcement agency or similar body (whether situated in Hong Kong or elsewhere) or to perform or discharge the Regulatory Functions. HKEX and other members of the Group may need to disclose your personal data in order to enforce any agreement with you, protect our rights, property or safety, or the rights, property or safety of our employees, or to perform or discharge the Regulatory Functions.

Corporate reorganization

As we continue to develop our business, we may reorganise our group structure, undergo a change of control or business combination. In these circumstances it may be the case that your personal data is transferred to a third party who will continue to operate our business or a similar service under either this Privacy Policy Statement or a different privacy policy statement which will be notified to you. Such a third party may be located, and use of your personal data may be made, outside of Hong Kong in connection with such acquisition or reorganisation.

Access and correction of personal data

Under the PDPO, you have the right to ascertain whether we hold your personal data, to obtain a copy of the data, and to correct any data that is inaccurate. You may also request us to inform you of the type of personal data held by us. All data access requests shall be made using the form prescribed by the Privacy Commissioner for Personal Data ("**Privacy Commissioner**") which may be found on the official website of the Office of the Privacy Commissioner or via this link: <https://www.pcpd.org.hk/english/publications/files/Dforme.pdf>

Requests for access and correction of personal data or for information regarding policies and practices and kinds of data held by us should be addressed in writing and sent by post to us (see the "Contact Us" section below).

A reasonable fee may be charged to offset our administrative and actual costs incurred in complying with your data access requests.

Termination or cancellation

Should your account or relationship with us be cancelled or terminated at any time, we shall cease processing your personal data as soon as reasonably practicable following such cancellation or termination, provided that we may keep copies of your data as is reasonably required for archival purposes, for use in relation to any actual or potential dispute, for the purpose of compliance with applicable laws and regulations and for the purpose of enforcing any agreement we have with you, for protecting our rights, property or safety, or the rights, property or safety of our employees, and for performing or discharging our functions, obligations and responsibilities.

General

If there is any inconsistency or conflict between the English and Chinese versions of this Privacy Policy Statement, the English version shall prevail.

Contact us

By Post:
Personal Data Privacy Officer
Hong Kong Exchanges and Clearing Limited
8/F., Two Exchange Square
8 Connaught Place
Central
Hong Kong

By Email:
DataPrivacy@HKEX.COM.HK

Part A General Information of the Respondent

(1) Please state whether your response represents your personal or your company/entity's view by checking () the boxes below and filling in the information as appropriate:

Company/Entity view

Company/Entity name*:	Asia Securities Industry & Financial Markets Association's Asset Management Group (" AAMG ")		
Company/Entity type*:	<input type="checkbox"/> HKEX Participant	<input type="checkbox"/> Accounting Firm	
	<input type="checkbox"/> Corporate Finance Firm/ Bank	<input type="checkbox"/> Investment Manager	
	<input type="checkbox"/> Law Firm	<input checked="" type="checkbox"/> Professional body / Industry association	
	<input type="checkbox"/> Listed Company	<input type="checkbox"/> Other	
Contact person*:	Ms Eugenie Shen		
Title:	Managing Director, Head of Asset Management Group		
Phone no.*:	2531 6570	Email address*:	eshen@asifma.org

Personal view

Respondent's full name*:	Mr/Ms/Mrs	
Phone no.*:		Email address*:
Among the following, please select the one best describing your position*:		
<input type="checkbox"/> Listed Company staff	<input type="checkbox"/> HKEX Participant staff	<input type="checkbox"/> Retail Investor
<input type="checkbox"/> Institutional Investor	<input type="checkbox"/> Other	

Important note: All fields marked with an asterisk (*) are mandatory. HKEX may use the contact information above to verify the identity of the respondent. Responses without valid contact details may be treated as invalid.

(2) Disclosure of identity

HKEX may publish the identity of the respondent together with Part B of this response to the members of public. Respondents who do not wish their identities to be published should tick the box below:

I/We do not wish to disclose my/our identity to the members of the public.

Eugene Shen



Signature (with Company/Entity Chop if the response represents the company's view)

Part B Feedback Questions

Please reply to the questions below that are raised in the Concept Paper downloadable from the HKEX website at: <https://www.hkex.com.hk/fini>, or using the QR code below:



Please indicate your preference by ticking the appropriate boxes.

Where there is insufficient space provided for your comments, please attach additional pages.

We encourage you to read through the Concept Paper, including Appendix A (Notes for Practitioners) before responding.

1. Do you support the overall proposal outlined in this Concept Paper?

Yes

No

If your answer to the above question is “no”, please provide reasons for your views.

ASIFMA’s Asset Management Group (**AAMG**), which represents the buy-side members of ASIFMA, welcomes HKEX’s proposal to modernise Hong Kong’s IPO settlement process by introducing FINI, a new IPO settlement platform that would shorten Hong Kong’s current T+5 IPO settlement cycle which is too long and out of step with most of the other major listing venues where newly listed shares trade as early as T+1.

AAMG agrees with HKEX that the lengthy IPO settlement cycle in Hong Kong exposes both investors and issuers to market risk and price volatility. Therefore, we fully support HKEX’s proposal to build and deploy FINI as soon as possible.

2. Do you have any comments or suggestions regarding specific aspects of the proposed reform or the functionality of the proposed FINI platform?

Yes

No

If your answer to the above question is “yes”, please provide reasons for your views.

AAMG understands that FINI is designed to be used by the various intermediaries and advisers (i.e. retail brokers, share registrars, IPO sponsors, underwriters, distributors and legal counsels) that play important roles in the IPO settlement in Hong Kong without changing their roles and responsibilities or the current legal framework for Hong Kong IPOs in any fundamental or material way.

While we recognize that intermediaries may encounter a number of challenges in complying with the proposed 45-hour timetable between book-close and trading for various reasons (such as time zone differences, finalising allocations with some of their clients, etc.), AAMG's members generally are prepared to accept a shortened settlement cycle of T+2 as opposed to the proposed T+1 given the international nature of investors who participate in Hong Kong IPOs. However, our members would not want to see a settlement cycle longer than T+2.

AAMG is particularly supportive of HKEX's proposal to change the existing public offer pre-funding arrangement which ties up a large amount of investor subscription monies for days and, as noted in the Concept Paper, creates unnecessarily large interbank movements of money that are often far in excess of what is required to safely settle investors' share allotments.

We encourage HKEX to work with market participants (intermediaries as well as institutional investors like our members) to make other changes (such as automation of the subscription and allocation processes) and improvements (such as in relation to the bookbuild process, pricing and allocation) that are required to make Hong Kong a truly desirable listing venue for global issuers as well as an investment channel of choice for institutional investors.

3. Are there any other aspects of Hong Kong's IPO process that are not featured in this Concept Paper, but which you would like to see included as part of this proposed reform?

Yes

No

If your answer to the above question is "yes", please provide reasons for your views.

AAMG is of the view that shortening the IPO settlement cycle is just the first step in modernising Hong Kong's IPO process. HKEX has much work to do in improving the existing IPO framework to ensure that an optimal price discovery process can be achieved.

The Hong Kong market presents a unique environment in which companies seeking listing enjoy extremely strong market power due to intense competition among numerous underwriting institutions, resulting in outcomes that are not necessarily in the best interest of investors nor even underwriters and the overall market.

AAMG is of the view that the size of the underwriting syndicate should be limited to a small number of lead banks, which should own the ultimate responsibility for the success or failure of an IPO, and that such syndicate should be determined early on in the IPO process (such as by the time of the filing of the A-1 application). We also are of the view that the IPO fees should be allocated upfront to the lead institutions so as to mitigate against too many banks providing conflicting advice to issuers, issuers arbitraging advice they receive and pressuring sponsor banks to compromise their standards.

We believe that a smaller underwriting syndicate, identified upfront, would devote more resources and time to helping issuers understand the market and the IPO process, better manage the overall process, and come up with an equilibrium price for the IPO so that there would be fewer instances of the price of newly issued shares falling below the IPO price, which is neither desirable for issuers nor investors nor for the Hong Kong market generally.

AAMG also would like to see HKEX remove its outdated double dipping restriction which disincentivizes institutional investor participation and limits price discovery. In addition, we urge HKEX to re-assess its focus on retail investors (e.g. clawback mechanism), which tend to have a more short-term focus resulting in selling pressure and high volatility soon after an IPO.

- End -