

HKEX's Fast Interface for New Issuance (FINI) Platform to Launch October 2023

The Hong Kong Exchanges and Clearing Limited (**HKEX**) has published the [“Launch of FINI Platform” website](#) setting out the revised HKEX Listing Rules and Guidance Materials that will take effect on the October 2023 launch of its new digital FINI (Fast Interface for New Issuance) platform. Developed to streamline the Initial Public Offering (**IPO**) settlement process, which currently takes five days from pricing to formal on-market trading (T+5), FINI will modernise and digitalise the process, and allow new shares to begin trading as soon as two business days after pricing (T+2). The shorter settlement timeline aims to give investors faster access to new listings, reduce market and operational risks, and improve efficiency for all stakeholders. Once launched, FINI will be the mandatory platform for all new listings on the HKEX and subsequent public offers. Issuers will have to comply with “T+2”, but will be able to apply to the HKEX for a T+3 or longer timetable.

FINI will modernise and replace bilateral workflows in the settlement process by enabling online interactions between the various stakeholders, replacing the use of emails, faxes, physical forms and other files by IPO sponsors, legal advisers, overall coordinators, distributors, the HKEX and the SFC on matters of placee information submission, allotment results clearance and associated documentation. These processes will be reflected in the Listing Rule Amendments.

The HKEX published its [Concept Paper](#) seeking market feedback on proposals to modernise and digitalise Hong Kong's IPO process through FINI in November 2020. For further details of the Concept Paper, please see Charltons' newsletter [“HKEx Consults on Proposal to Streamline IPO Settlement Process”](#) (November 2020). The HKEX's [Conclusions to the Concept Paper on Modernising Hong Kong's IPO Settlement Regime](#) published in July 2021 set out the HKEX's plan to proceed with the development of the FINI platform and adopt a “T+2” settlement cycle. The HKEX's updated [FINI webpage](#) provides details of the timing and other arrangements for FINI's October launch and provides links to:

- [HKEX's Information Paper on Rule Amendments Consequential to the Reforms to the IPO Settlement Process with the Launch of FINI; and Housekeeping Rule Amendments;](#)
- [Consequential Amendments to the Main Board Listing Rules;](#)
- [Housekeeping Amendments to the Main Board Listing Rules;](#)
- [Consequential Amendments to the GEM Listing Rules;](#)

- [Housekeeping Amendments to the GEM Listing Rules](#);
- [HKEX Guidance Letter HKEX-GL81-15](#) (Guidance on Mixed Media Offer);
- [HKEX Guidance Letter HKEX-GL55-13](#) (Guidance on Documentary Requirements and Administrative Matters for New Listing Applications (Equity));
- [HKEX Guidance Letter HKEX-GL86-16](#) (Guide on Producing Simplified Listing Documents Relating to Equity Securities for New Applications); and
- [HKEX Guidance Letter HKEX-GL90-18](#) (Pricing Flexibility for Initial Public Offerings).

Two listing decisions will be withdrawn on the FINI launch date:

- Listing decision [LD61-1](#) in relation to revising indicative offer price downwards after issue of the prospectus but before close of the offer; and
- Listing decision [LD86-1](#) relating to material changes of circumstances after the issue of the prospectus.

FINI: HKEX Listing Rule Amendments

The HKEX will make the necessary consequential amendments (**Listing Rule Amendments**) and housekeeping amendments (**Housekeeping Rule Amendments**) to the HKEX Listing Rules which will take effect on FINI's launch date, subject to transitional arrangements. During the transitional period, the new Listing Rules will not apply to issuers completing their settlement processes under the incumbent CCASS "T+5" regime if their prospectuses were published before the FINI launch date. Otherwise, FINI must be adopted for new listings where the offer is launched on or after the FINI launch date. These offers must also comply with the revised HKEX Listing Rules on settlement and admission to trading. The HKEX will announce the last permissible listing date under the CCASS "T+5" regime, and the first permissible listing date under FINI, closer to the FINI launch date, which the HKEX will announce two to three months in advance.

The key changes to the HKEX Listing Rules will:

- mandate the use of FINI for all new listings and subsequent public offerings;
- specify the forms and documents required to be submitted on FINI; and
- set out consequential changes to the submission and regulatory approval timeline for new listings and subsequent public offerings.

Mandatory Nature of FINI

FINI will be defined as an online platform that is mandatory for all new listings and subsequent offers for subscription. It must be adopted for admission to trading and the collection and processing of specified information on subscription and settlement, regardless of whether there is an offering or a placing of equity securities or interests.¹

Issuers wanting a settlement timetable longer than T+2 will need to apply to the HKEX in writing. The HKEX plans to grant a timetable of T+3 (or longer) where there are compelling reasons for doing so and will give its consent in writing.

Streamlining of Workflows on FINI

Workflows comprising the settlement process will be streamlined on FINI. The FINI Information Pack sets out details of the operational workflows on FINI and the process and systems that it will replace.²

Publication of Allotment Results Announcements

The revised HKEX Listing Rules³ will require issuers to publish allotment results announcements by 11.00 pm on

"T+1" day after the HKEX grants the final listing approval on the same day. This will replace the existing requirement for their publication before the start of the morning trading session on the business day before the listing date which requires the HKEX to clear the announcement two business days before listing.

Multiple Applications across the Public Offer Tranche and Placing Tranche

Under FINI, the deadline for the allocation of shares in the public offer tranche will be 12:00 a.m. on "T-day"⁴ following the completion of money settlement for the public offer tranche, while the deadline for submission of placee lists for the placing tranche will be 10 a.m. on "T+1".⁵ This means that the balloting results for the public offer tranche will be determined before the finalization of the placee allocations, and the current requirement for underwriters to identify and reject applications in the public offer tranche from investors that received shares in the placing tranche under the HKEX Listing Rules will no longer apply under the FINI workflow. Despite this, there will be no change to the Listing Rule obligations of issuers, their directors, sponsors, overall coordinators and other distributors to take reasonable steps to identify and reject indications of interest in the placing tranche from investors that received shares in the public offer tranche or multiple applications within the public tranche.⁶

Re-allocations from the placing tranche to the public offer tranche after share allocation for the public offer tranche will no longer be allowed under FINI. In view of this, the HKEX reminds the market that it will be necessary to make advance applications for consent or grant of waiver for placings to connected clients⁷ or existing shareholders of an issuer or their close associates to avoid any delay or termination of the listing due to an undersubscription in the placing tranche in the event that a proposed placing to a connected client is not approved.

Forms and Documents on FINI

Electronic Submission of Documents

To comply with the requirements of the Electronic Transactions Ordinance (Cap. 553 of the laws of Hong Kong) regarding electronic signatures and submissions on FINI, the HKEX Listing Rules will be amended to state that where documents or information are required to be submitted electronically under the Listing Rules, the HKEX consents to receive such documents or information in the form of electronic record.⁸

Where the submission is made by electronic means, the submitter will be deemed to have represented and warranted to the HKEX that the submission is not prohibited from being made to the HKEX and / or the Securities and Futures Commission (*SFC*) by electronic means under all applicable laws and regulations of the place of incorporation, or the constitutional documents, of the person on behalf of which the submission is made. Further, as a general rule, the submitter will be deemed to have represented and warranted to the HKEX that the submission has been duly authorized and duly and validly executed by making a submission under the Listing Rules.⁹

Documentary Requirements for New Listing Applications

The Rule Amendments introduce new requirements for the submission of listing application documents. Specifically:

- the new listing initiation e-form must be duly completed and submitted by the sponsor on FINI as soon as practicable after the Listing Committee hearing, and no later than the listing document's issue date;¹⁰
- the allotment results announcement e-form must be duly completed and submitted by the sponsor on FINI as soon as practicable after the issue of the listing document, but before dealings commence;¹¹ and
- the placee lists,¹² Marketing and Independence Statements,¹³ Sponsor / Overall Coordinator (OC) Declaration, and Issuer's Declaration signed by its secretary and a director must be completed and submitted by relevant parties on FINI.¹⁴ The templates of the Marketing and Independence Statement, Sponsor / OC Declaration, and Issuer's Declaration in the Listing Rules will be modified to reflect the format and content of the FINI e-form versions.¹⁵

Note that any annual listing fee which is payable and has not previously been paid must be paid before dealings commence.¹⁶

Equity Securities – Restrictions on Purchase and Subscription

The HKEX Listing Rule Amendments mandate the use of separate, distinguishable forms for applications for securities offered under preferential treatment schemes. The approved share registrar should input the relevant application data into FINI.¹⁷

In addition, applicants for IPO shares must be deemed (by virtue of their delivery of an application form) to warrant that if they are applying for shares as agent for a third party, they have only provided one set of application instructions on that person's behalf and have due authority to do so.¹⁸

Listing Application Forms

There will be a change to listing application forms¹⁹ consequential on the HKEX Listing Rule Amendments. Issuers will be required to acknowledge that the HKEX and SFC have unrestricted access to the materials and documents filed and submitted on FINI. Those documents will also be regarded as having been dual-filed with the SFC on being filed and submitted on FINI.²⁰

Placee List Aggregation and Placee Concentration Analysis

As FINI will automate the workflows relating to placee list aggregation and placee concentration analysis, amendments will be introduced so that on a placing of securities involving bookbuilding activities connected with a new listing (see Main Board Rule 9.11(35) and GEM Listing Rule 12.26(6)),²¹ each OC will be deemed to have reviewed the analysis generated by FINI on the distribution and concentration of the securities placed and confirmed its accuracy by submitting the declaration in the form set out in Form D in Appendix 5 on FINI.

Further, to streamline the template of the Marketing and Independence Statement for GEM New Listings, the requirement for information on distribution of placees to be provided by OCs will no longer be applicable.²²

Consequential Changes to Complement the Shortened Settlement Period

Publication of Announcement Results by 11 p.m.

To streamline the workflows, the HKEX Listing Rule Amendments will require issuers to publish allotment results announcements and, where relevant, the basis of acceptance of excess applications of a new listing by 11 p.m. on T+1,²³ after the HKEX grants the final listing approval on the same day.

Arrangements during Bad Weather Signals

As the operation of FINI will not be disrupted by adverse weather, the current provisions in the HKEX Listing Rules mandating the postponement of the listing timetable in the event of a Bad Weather Signal being issued on the scheduled date of publication of the allotment results announcement or grant of listing approval will be removed.²⁴

Multiple Applications across the Subscription Tranche and the Placing Tranche

Investors are allowed to apply for shares in both the subscription and placing tranches, provided that both tranches are completed at the same time. Shares in the placing tranche may be distributed to investors who were not able to obtain shares in the subscription tranche. However, under the Listing Rule Amendments, it will no longer be possible for investors who did not obtain shares in the placing tranche to receive shares from the subscription tranche (i.e. re-allocations from the placing tranche to the subscription tranche after share allocation for the subscription tranche).²⁵ This is because, under FINI, the deadline for the allocation of shares in the public offer tranche will be 12:00 a.m. on "T-day" and the balloting results for the public offer tranche will be available by 5.30 p.m. on "T-day", before the deadline for submission of the placee lists for the placing tranche which will be at 10 a.m. on "T+1" day. The current Listing Rule requirement²⁶ for underwriters to identify and reject applications in the public offer tranche from investors that received shares in the placing tranche will therefore no longer apply.

Housekeeping Rule Amendments

The Housekeeping Rule Amendments will codify certain existing practices that are unrelated to FINI and clarify that the arrangements for when bad weather signals are issued apply only to new listings and post-listing public offers.

Renaming of Financial Reporting Council

The Financial Reporting Council (**FRC**) was renamed as the Accounting and Financial Reporting Council (**AFRC**) with effect from 1 October 2022. Listing Rule references to the FRC and the Financial Reporting Council Ordinance (**FRCO**) will therefore be updated to refer to the AFRC and the Accounting and Financial Reporting Council Ordinance (**AFRCO**) respectively.²⁷ Changes will also be made to reflect the transfer of major regulatory powers over the accounting profession from the Hong Kong Institute of Certified Public Accountants (**HKICPA**) to the AFRC.

Guidance on Arrangements during Bad Weather Signals

The Housekeeping Rule Amendments will clarify that Practice Note 8A to the Main Board Listing Rules (Practice Note 7 to the GEM Listing Rules),²⁸ which sets out the arrangements in the event a bad weather signal is issued after the registration of a prospectus but before the commencement of dealings in the shares, only applies to new listing transactions and post-listing public offers.

Following the launch of FINI, hard copies of printed application forms will only be available for distribution to the public where the listing applicant has adopted a Mixed Media Offer (Main Board Listing Rule 12.11A(1) (GEM Listing Rule 16.04D(1)).²⁹

Codification of Current Practice and Requirements

The Housekeeping Rule Amendments will codify the HKEX's existing requirements for disclosure in allotment results announcements,³⁰ which include:

- a brief generic description of the placees in an offer that includes a placing;
- a description of each group of placees and the number of shares placed with each group in the case of securities placed with different groups of placees, provided that certain types of placees³¹ must be identified on an individually-named basis;
- information on the level of interest in the placing;
- a table showing the distribution of the placing shares;
- an analysis of the distribution including the concentration of the placing shares and shareholdings of the top placees and shareholders; and
- a statement indicating if any of the subscribers are directly or indirectly financed by, or accustomed to taking instructions from, the issuer, any of the director(s), chief executive(s), controlling shareholder(s), substantial shareholder(s) or existing shareholder(s) of the issuer or any of its subsidiaries, or a close associate of any of them (collectively, the "**Related Parties**").

The template of the Marketing and Independence Statement, Sponsor / OC Declaration and Issuer's Declaration will also be amended to codify existing regulatory confirmations for distributors and issuers. The key amendments are summarised below.

Marketing and Independence Statement

Each distributor will be required to provide the following confirmations:

- the orders for the securities placed by it originate from placees procured by it and their respective ultimate beneficial owners;
- the placees procured by it and their respective ultimate beneficial owners have the financial capacity to meet all obligations arising from such orders, and are not financed directly or indirectly by, or accustomed to taking instructions from, the issuer or its Related Parties; and
- the information in the statement and the concentration analysis interface is accurate and not misleading in all material aspects.³²

Issuer's Declaration

Each issuer will be required to confirm that:

- except where the HKEX has granted relevant waiver(s) or consent(s), all provisions of the HKEX Listing Rules and guidance materials have been complied with;
- in the case of an offering of shares falling within Main Board Listing Rule 3A.32(1) (GEM Listing Rule 6A.39(1)), the allocation of discretionary fees and payment schedule of the total fees payable to each syndicate Capital Market Intermediary (**CMI**) have been determined and communicated in writing to each of them; and
- in the case of a new listing, none of the allottees and / or placees are accustomed to taking instructions, or have been financed directly or indirectly by, the issuer or any of its Related Parties.³³

[1] HKEX Listing Rules 1.01 and 9.09A (GEM Rules 1.01 and 12.11A)

[2] FAQ B1, FINI Information Pack (last updated on 27 May 2022)

[3] HKEX Listing Rule 12.08 (GEM Listing Rule 16.13) and paragraph 10 of Practice Note 8A (paragraph 10 of Practice Note 7 of the GEM Listing Rules)

[4] Step 7, FAQ B1, FINI Information Pack

[5] Step 8, FAQ B1, FINI Information Pack

[6] Paragraph 4.6 of Practice Note 18 of the Listing Rules (paragraph 8 of Practice Note 6 of the GEM Listing Rules)

[7] As defined in paragraph 13 of the Placing Guidelines in Appendix 6 to the Listing Rules (note 2 of GEM Rule 10.12(4))

[8] Note (2) to Main Board Listing Rule 2.07C(5) (Note 2 to GEM Listing Rule 16.18(4))

[9] Note (3) to Main Board Listing Rule 2.07C(5) (Note (3) to GEM Listing Rule 16.18(4))

[10] Main Board Listing Rule 9.11(32a) (GEM Listing Rule 12.24(1a))

[11] Main Board Listing Rule 9.11(39) (GEM Listing Rule 12.26(10))

[12] Applicable only in the case of a placing involving bookbuilding activities connected with a new listing

[13] Ibid.

[14] Main Board Listing Rules 9.11(35) to 9.11(37), and paragraphs 10 and 11 of Appendix 6 to the Main Board Listing Rules (GEM Listing Rules 10.12(5), 10.12(6), 12.26(6), 12.26(7) and 12.26(8))

[15] Forms D, E and F in Appendix 5 to the Listing Rules (Forms D and E in Appendix 5 and Form I in Appendix 7 to the GEM Listing Rules)

[16] Rule 9.11(37) (GEM Listing Rule 12.26(7))

[17] Rule 10.02 (GEM Listing Rule 13.02(3))

[18] Main Board Listing Rule 10.09 (GEM Listing Rule 13.23(3))

[19] Form A in Appendix 5 to the Rules and the GEM Listing Rules

[20] Forms A1 and A2 in Appendix 5 to the Main Board Listing Rules (Form A in Appendix 5 to the GEM Listing Rules)

[21] Paragraph 3 of Appendix 6 to the Main Board Listing Rules (GEM Listing Rule 10.12(1B))

[22] Form D in Appendix 5 to the GEM Listing Rules

[23] Main Board Listing Rule 12.08 (GEM Rule 16.13) and paragraph 10 of Practice Note 8A (paragraph 10 of Practice Note 7 to the GEM Listing Rules)

[24] Practice Note 8A of the Main Board Listing Rules (Practice Note 7 of the GEM Listing Rules)

[25] Paragraph 4.5 of Practice Note 18 (paragraph 7 of Practice Note 6 to the GEM Listing Rules)

[26] Paragraph 4.6 of Practice Note 18 (paragraph 8 of Practice Note 6 to the GEM Listing Rules)

[27] Rule 1.01 (GEM Listing Rule 1.01)

[28] Paragraph 1 of Practice Note 8A to the Main Board Listing Rules (paragraph 1 of Practice Note 7 to the GEM Listing Rules)

[29] Paragraph 3 of Practice Note 8A to the Main Board Listing Rules (paragraph 3 of Practice Note 7 to the GEM Listing Rules)

[30] Proposed Main Board Listing Rule 12.08A. For GEM new listings, GEM Rule 10.12(4) currently contains similar disclosure requirements

[31] Investors specified in Note 1 to Main Board Listing Rule 12.08A (Note 1 to GEM Listing Rule 10.12(4))

[32] Form D in Appendix 5 to the Main Board Listing Rules (Form D in Appendix 5 to the GEM Listing Rules)

[33] Paragraphs 12-15 of Form F in Appendix 5 to the Main Board Listing Rules (paragraphs 13-16 of Form E in Appendix 5 to the GEM Listing Rules)

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CHARLTONS
易周律師行

Hong Kong Office

Dominion Centre 12th Floor
43-59 Queen's Road East Hong Kong

enquiries@charltonslaw.com

www.charltonslaw.com
Tel: + (852) 2905 7888
Fax: + (852) 2854 9596