

7 January 2021

QUESTIONNAIRE ON MODERNISING HONG KONG'S IPO SETTLEMENT PROCESS

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:

X Company/Entity view

Company/Entity name*:	The Hong Kong Association of Online Brokers Limited		
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	X Professional body / Industry association	
	<input type="checkbox"/> Listed Company	<input type="checkbox"/> Other	
Contact person*:	Mr/Ms/Mrs Mr. Oliver Ng		
Title:	Chairman		
Phone no.*:	27189180	Email address*:	oliver.ng@bocigroup.com

1. 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	

(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.

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

Part B Feedback Questions

2. 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.

3. 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.

We have several concerns:

A. Brokers will designate one Bank to confirm sufficient funding for IPO subscription.

i) Typically, Brokers will use more than one Bank especially when financing is involved. Restricting Brokers to designate on Bank will hurt our business.

ii) IPO financing will be highly centralized and monopolized which means small Brokerage firms might be limited on their business volume by the Big Banks which are also competing with the Brokerage firms.

B. Financial burden to the Retail Brokers on the system upgrades and integration.

C. FRR implications

D. Concurrent roll out with SFC Investor Identification initiative

i) As a prerequisite to roll out FINI, Investor Identification mechanism must be in place. This would coincide with the request and requirement from SFC. Since this is a huge undertaking, HKEX needs to step in to mediate an acceptable solution which would lessen the workload for getting customer consent to release personal information.

E. Time schedule for IPO shares allocation announcement should consider the impact to Grey Market Trading on Pre-Lisitng of Shares which has become an integral of retail brokers' business.

4. 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.

While HKEX might not be able to totally address these concerns since they are more related to SFC or HKMA, nevertheless HKEX as the driver of the change and adoption of FINI, HKEX should bring forward the concerns of the Retail Brokerage Industry to SFC and HKMA; and to mediate a balanced and transparent way to achieve a level playing field for all.