

OPERATIONAL PROCEDURES FOR eIPO APPLICATIONS SUBMITTED VIA BANKS / STOCKBROKERS

A. INTRODUCTION

To facilitate the implementation and operation of the multi-channel eIPO process in the marketplace, the Federation of Share Registrars Limited (“Federation”) has developed a set of operational procedures for those financial intermediaries (i.e. banks and stockbrokers) which want to provide the public with eIPO service via different means (e.g. phone, Internet, paper instructions etc.) in an IPO. The operational procedures deal with matters concerning the interfaces among a share registrar, the receiving banks and the financial intermediaries in an eIPO and can be adopted or used by any share registrars. Guidelines for Electronic Public Offerings issued by The Securities and Futures Commission should also be followed. In addition, the operational procedures described here can coexist with HK Clearing’s EIPO model.

B. MODE OF OPERATION

This arrangement is intended to offer to investors an option to submit their applications via banks or stockbrokers. With the wide spread of bank branches and broker offices in Hong Kong, this arrangement can help divert the heavy traffic from the limited number of branches of the receiving banks. Applications received by various banks/stockbrokers will be passed to share registrars for processing by electronic means in a prescribed file format. A step-by-step approach is taken to present the operational procedures involving each party for ease of understanding. The suggested procedures are as follows:

1. An investor may request his/her bank/stockbroker to apply for new shares in one of the following ways:
 - i. with physical certificates issued in the investor’s own name (equivalent to white form application)
 - ii. in the bank’s/stockbroker’s nominee name
 - (a) equivalent to white form application if the nominee chooses to receive physical certificates; and
 - (b) equivalent to yellow form application if the nominee chooses to have the shares deposited in its CCASS account
 - iii. in the investor’s own name but shares deposited in the investor’s CCASS IP account (equivalent to yellow form application)
2. The bank/stockbroker collects the application monies from the investor and records the investor’s relevant details including, *inter alia*, the following:

i. name	vi. telephone no.
ii. address	vii. broker code
iii. name/code of beneficial owner	viii. CCASS ID
iv. HKID no.	
v. occupation	

Some of the above data are optional. Please refer to Appendix 1 for their specific uses. Sample data file can be found in Appendix 2.

3. After the cut off time which may vary depending on individual banks and stockbrokers but no later than the official closing time which is currently 12:00 noon, the bank/stockbroker consolidates all the applications which are collected through different means (e.g. phone, Internet, paper instruction etc.) and produces a data file in the format specified in Appendix 1. The data file can either be stored in a CD-ROM or transmitted via an agreed electronic channel (“Electronic Channel”). Based on these data, the bank/stockbroker generates a *Summary of eIPO Applications* (“Summary”), in duplicate, breaking down the applications by size as in Appendix 3.
4. The bank/stockbroker is required to submit the following to a special counter in the receiving bank. The latest time for these documents to reach the receiving bank is 1:00 pm i.e. one hour after the official closing time at 12:00 noon or such other time as stipulated in the IPO prospectus and/or application form(s):
 - i. an *eIPO Applications Submission Form* (“Submission Form”) as in Appendix 5 to indicate the electronic media used i.e. CD-ROM or file transmission via the “Electronic Channel”;
 - ii. a consolidated application form for each type i.e. one for white and the other yellow or the designated application form as stipulated in the IPO prospectus;
 - iii. the “Summary”;
 - iv. application monies; and
 - v. in case CD-ROM is used, the CD-ROM sealed in an envelope bearing the bank’s/stockbroker’s company chop and signature across the seal.
5. There are two alternatives for submitting the application monies, the bank/stockbroker may:
 - i. submit the application monies in form of a single cheque accompanying the consolidated application form; or
 - ii. use the individual cheques issued by the applicants to support the consolidated application form; in which case, the reverse of each of these cheques should bear the eIPO Service Provider ID, the File ID and the application number corresponding to the one specified in the data file and supported by a *List of Applicants (Multiple Cheques)* (“Multi-Cheques List”) as in Appendix 4.
6. If the data file is transmitted via the “Electronic Channel”, it will go directly to the share registrar. The share registrar will acknowledge receipt of the data file by sending an e-mail with the data file received to allow the bank/stockbroker to verify it against the one it sent.
7. Subject to the way the application monies are submitted, the receiving bank verifies the following details:
 - i. for case 5.i., share and application monies contained in the “Summary” against the consolidated application forms and cheques;
 - ii. for case 5.ii., the names contained in the “Multi-Cheques List” against the issuers of the physical cheques, the application monies received against the “Summary” and the consolidated application forms.

After verification, the receiving bank signs off the duplicate “Summary” and

passes it to the share registrar together with the consolidated application forms and the CD-ROM untouched in the sealed envelope, if there is one.

8. The share registrar uploads all the data files into its computer system for processing. In case of errors encountered in reading the data files due to non-conformity of file format or data corruption, the share registrar notifies the banks/stockbrokers before 10:00 am on D+1 (D being the closing day). Replacement data file are required to be submitted to the share registrar in form of CD-ROM or via the “Electronic Channel” as the case may be before 2:00 pm on D+1. If, however, the “Electronic Channel” is inoperable, a contingency plan will be put in place to allow banks/stockbrokers to submit the data files using other electronic media such as CD-ROMs. After validation, all these data are then merged with other data captured from physical application forms.
9. In case of bounced cheques, the receiving bank informs the share registrar on D+1 who will then take the following action depending on the way the application monies are submitted:
 - i. for case 5.i., as the single cheque covers more than one application, the share registrar rejects all the applications covered by the single cheque;
 - ii. for case 5.ii., as each bounced cheque corresponds to a single application, the share registrar rejects only that application.
10. After the receiving bank has confirmed that the application monies agree with the number of shares applied for, the share registrar proceeds with balloting.
11. The notification of the balloting results is no different from the existing practice. In summary,
 - i. for successful white form applicants applying in their own names, their HKID numbers (or Business Registration numbers in case of corporate investors) are published through the channels as stipulated in the IPO prospectus;
 - ii. for successful white form applicants applying through their nominees, the Business Registration numbers of these nominees are published through the channels as stipulated in the IPO prospectus;
 - iii. for yellow form applicants, details are disseminated by HKSCC to the CCASS Participants specified in the yellow forms.
12. Depending on the way of applications as set out in B.1 above, the share registrar issues share certificates to successful applicants and refunds application monies to unsuccessful ones in the following manner:

Way of Application	Issue of Share Certificates	Refund of Application Monies
B.1.i.	In name of investor	To investor
B.1.ii.(a)	In name of nominee	To nominee
B.1.ii.(b)	In name of HKSCC Nominees Ltd	To nominee
B.1.iii.	In name of HKSCC Nominees Ltd	To investor

13. The share registrar mails specimen signature forms under separate cover to successful applicants for their completion and return. For those who have not

returned this form, the share registrar takes appropriate action as follows:

- i. for market transactions, the share registrar requests the selling broker to provide the shareholder's specimen signature for verification;
- ii. for off market transactions, the share registrar withholds the transfer and approaches the shareholder for specimen signature until the problem is resolved.

To illustrate the flow of the operation, a flow diagram depicting the parties is set out in Appendix 6.

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APPENDIX 1 – Specification for Banks/Stockbrokers to submit eIPO Applications in Electronic Data File via Electronic Channel or in CD-ROM

1. General

- 1.1 White and yellow form applications separately identifiable by Application Number can be grouped into one file. Each eIPO service provider (i.e. bank/stockbroker) designated by its eIPO Service Provider ID can submit more than one data file for each IPO. If CD-ROM is used, only one file is allowed in each CD-ROM. In addition, each data file or CD-ROM requires a different File ID. The share registrar makes use of the Application Number and the File ID to uniquely identify a single application provided by an eIPO service provider for administrative purposes e.g. handling of bounced cheques.
- 1.2 For each file, a report showing the breakdown of the total number of applications, total number of shares and total application monies for white and yellow form applications is required (please see Appendix 3).

2. File Layout

2.1 File Header

Data Item	Data Type & Length	Remarks
Record ID	9(1)	“1”
eIPO Service Provider ID	9(5)	To be assigned by Federation of Share Registrars Limited.
Stock Code	9(5)	
File ID	X(3)	To be assigned by eIPO Service Provider, must be unique within an IPO.
Filler	X(481)	For future use.

2.2 Detail Records

Data Item	Data Type & Length	Remarks
Record ID	9(1)	“5”
Form Type	9(2)	“10” – white form “20” – yellow form
Application Number	9(8)	To be assigned by eIPO Service Provider, must be unique within a file.
Broker Code	9(5)	For issuance of brokerage. If not specified, brokerage will be issued to the Hong Kong Stock Exchange.
Number of Shares Applied	9(9)	
Application Money	9(9)V9(2)	

2.2 Detail Records (cont'd)

Data Item	Data Type & Length	Remarks
Applicant Name or Company Name		
• Line 1	X(40)	see note (a)
• Line 2	X(40)	
• ID Document Number	X(18)	see note (b)
• Occupation	X(13)	
Joint Applicant 1		
• Name	X(40)	see note (a)
• ID Document Number	X(18)	see note (b)
Joint Applicant 2		
• Name	X(40)	see note (a)
• ID Document Number	X(18)	see note (b)
Joint Applicant 3		
• Name	X(40)	see note (a)
• ID Document Number	X(18)	see note (b)
Applicant Address Line 1	X(40)	
Applicant Address Line 2	X(40)	
Applicant Address Line 3	X(40)	
Telephone Number	X(17)	Optional
Beneficial Owner Code	X(30)	Account number or identification code
Filler	X(1)	For future use.
CCASS Participant ID	X(6)	For yellow form only. Leave blank for white form.

2.3 File Trailer

Data Item	Data Type & Length	Remarks
Record ID	9(1)	“9”
Total Number of Applications	9(6)	
Total Number of Shares Applied	9(13)	
Total Application Monies	9(15)V9(2)	
Filler	X(458)	For future use

Notes

- (a) For an individual, family name must come first.
- (b) “ID Document Number” can be Hong Kong Identity Card Number, Passport Number or Business Registration Number. Please refer to the prospectus of individual IPO for detailed requirements. For example, some issuers may make it mandatory to have a valid Hong Kong Identity Card Number in order to receive loyalty bonus.
- (c) For joint applicants e.g. A & B & C & D, specify the details of A in the data items for “Applicant Name or Company Name”, the details of B in the data items for “Joint Applicant 1”, the details of C in the data items for “Joint Applicant 2” and the details of D in the data items for “Joint Applicant 3”.
- (d) A valid country name should be specified at the end of the applicant

address. For a local address, it can be “HONG KONG”, “KOWLOON” or “N T”.

- (e) The data must be in English and in capital letters.
- (f) Unused data fields should be left blank. Do not input “N/A”, “NIL”, “-”, etc.
- (g) In the Data Type and Length column, the designations have the following meanings:
 - i. X(n) = alphanumeric data with n characters e.g. “JOHN” is X(4)
 - ii. 9(n) = numeric data with n digits e.g. “33457” is 9(5)
 - iii. 9(m)V9(n) = numeric data of m+n digits with the last n digits after the decimal e.g. “388.27” is 9(3)V9(2)

APPENDIX 2 – Sample Data File for eIPO Applications (Part 1)

Record ID	Form Type	Application Number	Broker Code	Number of Shares Applied	Application Money	Applicant Name or Company Name (Line 1)	Applicant Name or Company Name (Line 2)
5	10	10000001		000001000	00001300000	CHAN FOOK SIU	
5	10	10000002		000002000	00002600000	CENTRAL REGISTRATION HONG KONG COMPANY LIMITED	
5	10	10000003		000004000	00005200000	LEE SIU MING	
5	20	20000001	08001	000002000	00001300000	CHEUNG HO MING	
5	20	20000002	08003	000010000	00013000000	YU CHUNG PO	
5	20	20000003	10811	000002000	00002600000	CHAN PUI SZE	
5	20	20000004	08001	000002000	00002600000	AU-YEUNG SIU FUNG	
5	20	20000005	08002	000001000	00001300000	CHENUG HON YUEN	
5	20	20000006	00122	010000000	13000000012	PO FOOK INTERNATION COMPANY LIMITED	
5	20	20000007	00011	000001000	00001300000	KO PO MING	
5	20	20000008	08005	000004000	00005200000	ABC NOMINEES LIMITED	
5	20	20000009	08811	000001000	00001300000	CHAN CHOI	
5	10	10000006	08001	000001000	00001300000	HO TIM FOOK	
5	10	10000007	08002	000001000	00001300000	TAI FOOK NOMINEES LIMITED	
5	10	10000008	08004	000002000	00002600000	UREN, RAYMOND	
5	10	10000008		000001000	00001300000	HO SAM MING	
5	10	10000009	08004	000001000	00001300000	LEE, SIU HO	
5	10	10000010		000001000	00001300000	CHAN, HOI SHAN	
5	20	20000100	08844	000001000	00001300000	NG, CHI PIN	
5	10	10000011		000002000	00002600000	CHAN, FU PO	

APPENDIX 2 – Sample Data File for eIPO Applications (Part 2)

ID Document Number	Occupation	Joint Applicant 1 (Name)	ID Document Number	Joint Applicant 2 (Name)	ID Document Number
A0123456(7)	EXECUTIVE	CHAN FOOK MING	J0948221(1)	CHAN FOOK FAI	H010900(9)
123456789012345	CORPORATION				
G0928221(5)	CLERK				
H0603311(A)	CLERK				
G09221122(5)	MANAGER				
K12203322(3)	CLERK				
F08933221(3)	ACCOUNTANT				
D09120923(2)	LAWYER	LEE, PUI KU	G0938221(3)		
400021222	CORPORATION				
B12231101(A)	ENGINEER				
89562321	NOMINEES				
J09382222(3)	TEACHER				
G09227133(7)	WORKER				
9865304	NOMINEES				
03202112	CLERK				
F93220043(1)	MANAGER				
H0958332(4)	ENGINEER				
F23884222(3)	CLERK				
K0033843(1)	WORKER				
G0947322(2)	STUDENT				

APPENDIX 2 – Sample Data File for eIPO Applications (Part 3)

Joint Applicant 3 (Name)	ID Document Number	Applicant Address Line 1	Applicant Address Line 2
CHAN FOOK SUI	K0887758(7)	FLAT B-4, 4/F., RM 1901-5, 19/F., RM 4, 5/F., FLAT A, RM 5, VICTOR BLDG., 12 QUEEN'S ROAD CENTRAL RM 58, 5/F, WESTFIELD ST RM 4, 5/F., TAI FOOK MANSION RM 1401, SHUI CHOI HSE RM 802, 4 QUEEN RD WEST 3/F., 8 KING'S RD 342 NATHAN RD 3/F, 6 WANCHAI ROAD 45/F., LOCKHART BUILDING 45/F., 56 BELCHER'S ST 15/F., 5 QUEEN'S RD EAST 6/F., RM 3 TAIKOOSHING RD., 43 CLEAR WATER BAY ROAD RM 1402, WAH ON HSE, RM 12, 3/F, JAFFY RD RM 3, 34/F, 341 KING'S RD	5 BELCHER ST HOPWELL CENTRE, 183 QUEEN RD E 34 WESTLAND RD 32 LOCKHART RD HONG KONG HONG KONG 132 WANCHAI ROAD TIN SHUI EST, TIN SHUI WAI HONG KONG NORTH POINT KOWLOON WANCHAI, HONG KONG WANCHAI, HONG KONG HONG KONG WANCHAI HONG KONG N T WAH FU EST., WANCHAI NORTH POINT

APPENDIX 2 – Sample Data File for eIPO Applications (Part 4)

Applicant Address Line 3	Telephone Number	Beneficial Owner Code	CCASS Participant ID
HONG KONG	28144911		
HONG KONG	28628628		
QUARRY RD, HONG KONG	98441146		
WANCHAI, HONG KONG	91245441		B54446
	25444441		B61144
	29474541		B24487
WANCHAI, HONG KONG	28445111		B14545
N T, HONG KONG	24471554		B25445
	26445411		B01545
HONG KONG	26544211		B01244
	23844113	A/C 1234	B26644
	26874499		B24545
	26547899		
	28144793	A/C CHAN TAI MAN	
HONG KONG	21254488		
	95454111		
	25444424		
HONG KONG	25464113		
HONG KONG	26544113		B12442
HONG KONG	26545866		

APPENDIX 5 – eIPO Applications Submission Form

Name of eIPO Service Provider : _____

eIPO Service Provider ID :

Stock Code :

File ID

Data File Provided*

By Transmission On CD-ROM

Submitted by : _____ Date: _____

Authorised Signature

Name of Contact Person : _____

Tel. No. : _____

Fax No. : _____

** Please tick where appropriate*

APPENDIX 6 – eIPO Application via Banks / Stockbrokers Procedure Chart

