



HKSFPA backs retention of six-month lock-up period for cornerstone investors in IPOs

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The logo of Hong Kong Exchanges & Clearing is seen at the financial Central district in Hong Kong, China September 14, 2020. REUTERS





The Hong Kong Securities and Futures Professionals Association has voiced its support for maintaining the existing six-month lock-up period for cornerstone investors in initial public offerings.


The Hong Kong Exchanges and Clearing (0388) previously sought market feedback on proposals to optimize IPO price discovery and open market requirements. HKSFPA responded to HKEX and said cornerstone investors are typically those who have significant confidence in the long-term value and development of the company.

The six-month lock-up period ensures that cornerstone investors do not sell their shares for short-term gains during the initial period post-listing, stabilizing the stock price and maintaining market stability and investor confidence, the association wrote in a statement in its website.

The association believes that retaining the six-month lock-up period can protect the interests of retail investors from a sudden increase in share supply, which could put significant downward pressure on the stock price.

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