



**CONSULTATION PAPER  
ON  
PROPOSED CHANGES TO DOCUMENTARY  
REQUIREMENTS RELATING TO LISTED ISSUERS AND  
OTHER MINOR RULE AMENDMENTS**

**The Law Society's Submissions**

The Stock Exchange of Hong Kong Limited (the "Exchange") launched a public consultation on proposed changes to documentary requirements relating to listed issuers and other minor rule amendments in November 2017. In response thereto, the Law Society provides the following submissions on the consultation questions posed.

**Question 1:** *Do you agree with the proposed Rule amendments to incorporate the directors' and supervisors' obligations set out in Part 2 of the DU Forms<sup>1</sup> into the Rules? If not, why not?*

**Law Society's response:**

Agree. The proposed change will reduce the documentation required to be filed with the Exchange by the directors and supervisors.

**Question 2:** *Do you agree with the proposed Rule amendments to not require a solicitor's certification? If not, why not?*

**Law Society's response:**

Agree. This will streamline the process.

**Question 3:** *Do you agree with the proposed Rule amendments to not require a sponsor's certification? If not, why not?*

**Law Society's response:**

Agree. This will streamline the process.

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<sup>1</sup> DU Forms - declaration and undertaking by directors and supervisors and related matters

**Question 4:** *Do you agree with the proposed Rule amendments to require disclosure of the former name and alias (if any) of a director or supervisor? If not, why not?*

**Law Society's response:**

Agree. This may provide valuable information for investors.

**Question 5:** *Do you agree with the proposed Rule amendments to require directors and supervisors to provide their contact information as set out in paragraph 26 to the Exchange? If not, why not?*

**Law Society's response:**

Agree. It is essential that the Exchange is able to contact directors and supervisors.

**Question 6:** *Do you agree with the proposed Rule amendments to grant the power to the Exchange to gather information from supervisors and require supervisors to cooperate in the Exchange's investigation? If not, why not?*

**Law Society's response:**

Agree. This brings supervisors into line with the existing requirements applicable to directors.

**Question 7:** *Do you agree with the proposed Rule amendments to align the requirements of the Main Board Rules and the GEM Rules as set out in paragraphs 30(i), (ii) and (iii)? If not, why not?*

**Law Society's response:**

Agree. There is no good reason why they should be different.

**Question 8:**

*(a) Do you agree with the proposed Rule amendments to remove the requirement to submit a certified copy of the Board Resolutions and to require the issuer to confirm in the relevant next day disclosure return and/or monthly return that the issue of securities has been duly authorised by the board? If not, why not?*

**Law Society's response:**

Agree. This is less burdensome.

*(b) Do you agree with the proposed Rule amendments to remove the requirement to submit a Form F Declaration and to require the issuer to confirm in the relevant next day disclosure return and/or monthly return the matters set out in items (a) and (b)(i) to (viii) in the table under paragraph 35? If not, why not?*

**Law Society's response:**

Agree. This is a more streamlined procedure.

*(c) Do you agree with the proposal to add a separate Rule that if there is any material change to a document after clearance by the Exchange, the document should be resubmitted to the Exchange for further comments before it is issued? If not, why not?*

**Law Society's response:**

Agree. Any material change made after clearance needs to be reviewed by, and the document needs to be re-cleared by the Exchange.

**Question 9:** *Do you agree with the proposed Rule amendments to remove each of the documentary requirements set out in items 1 to 10 in the table above? If not, why not?*

**Law Society's response:**

Agree. These documents are filed for record purposes only.

**Question 10:** *Do you agree with the proposal to add a Note to clarify the period of disclosure of pre-acquisition financial information on material businesses/subsidiaries acquired by a new applicant as described in paragraph 41?*

**Law Society's response:**

We agree with the proposal.

**Question 11:** *Do you agree with the proposal to amend paragraphs 9(a) and (b) of Main Board Rules Practice Note 22 and paragraph 8 of GEM Rules Practice Note 5 to state that applicants must submit the Application Proof for publication on the HKEX website "on the same day" (instead of "at the same time") they submit the listing application?*

**Law Society's response:**

Agree. This avoids potential logistical problems of co-ordinating the timing of the submission of the physical listing application with the posting on the Exchange's website. It should be fine so long as both will happen on the same day.

**Question 12:** *Do you agree with the proposal to remove GEM Rule 17.55 and align the*

*formal reporting requirements for profit forecasts in the GEM Rules with those in the Main Board Rules?*

**Law Society's response:**

Agree. They should be the same.

**Question 13:** *Do you agree with the proposal to amend paragraph 3(c) of PN15 to clarify that the Exchange may grant a Waiver if the Parent fails to meet the minimum profit requirement under Rule 8.05 due solely to a significant market downturn?*

**Law Society's response:**

Agree. However, it may be difficult to substantiate that the only reason why the Parent fails to meet profit requirement is a significant market downturn as there are always many factors impacting profitability.

**Question 14:** *Do you agree with the proposed amendments to the Main Board Rules to require listed issuers to announce any changes to their website addresses? If not, why not?*

**Law Society's response:**

Agree. This facilitates the market to access information.

**Question 15:** *Do you agree with the proposed amendments to the Main Board Rules to codify the practices that listed issuers should announce the matters set out in paragraphs 55(a) to (c)? If not, why not?*

**Law Society's response:**

Agree. This is a codification of existing practice.

**Question 16:** *Do you agree with the proposal to amend Main Board Rules 15A.21(1) and 15A.64(3) to require issuers of structured products to submit their financial reports, supplemental or standalone listing documents to the Exchange in electronic form only?*

**Law Society's response:**

Agree. This streamlines the procedure.

**Question 17:** *Do you agree with the proposal to amend Note 4 to Main Board Rule 15A.22 to require issuers of structured products to provide liquidity for at least 20 (instead of ten) board lots of their structured products and to make consequential changes to the note to paragraph 17(15) of Appendix 1D to the Main Board Rules?*

**Law Society's response:**

We agree with the proposal.

***Question 18:** Do you agree with the proposal to include entitlement ratios of five, 50 and 500 structured products for one share (or other security) in Main Board Rule 15A.40?*

**Law Society's response:**

We agree with the proposal.

***Question 19:** Do you agree with the proposal to amend Main Board Rule 15A.59 to clarify that information (where available) as described in paragraph 68 of both the issuer and the guarantor are required to be included in the formal announcement for structured products?*

**Law Society's response:**

We agree with the proposal.

***Question 20:** Do you agree with the proposal to amend Main Board Rule 15A.63(1) to require the submission of one draft (instead of two drafts or proofs) of the listing document to the Exchange for review?*

**Law Society's response:**

We agree with the proposal.

***Question 21:** Do you agree with the proposal to amend Main Board Rules 15A.71, 15A.72, 15A.73, 15A.74, and 15A.76 to clarify that these Rules apply to stand alone listing documents (in addition to base listing documents, supplemental listing documents and supplementary listing documents)?*

**Law Society's response:**

We agree with the proposal.

***Question 22:** Do you agree with the proposal to amend Main Board Rule 37.39 and GEM Rule 30.32 to state that an issuer must publish a formal notice before listing?*

**Law Society's response:**

We agree with the proposal.

**Question 23:** *Do you agree with the proposal to introduce the definitions of “modified opinion” and “modified report” and the proposed consequential amendments in Appendix II in order to update the audit terminology in the Rules with reference to the new and revised Auditor Reporting Standards issued by the HKICPA?*

**Law Society’s response:**

We agree with the proposal.

**Question 24:** *The Exchange invites your comments regarding whether the manner in which the proposed housekeeping Rule amendments as set out in Chapter 4 of the Consultation Paper are drafted will give rise to any ambiguities or unintended consequences.*

**Law Society’s response:**

No comment

**Question 25:** *Do you have any other comments in respect of the matters discussed in the Consultation Paper? If so, please set out your additional comments.*

**Law Society’s response:**

We do not have additional comments.

**The Law Society of Hong Kong  
6 December 2017**