

Listing Decisions Series 5-3 - Model Code for Securities Transactions by Directors of Listed Companies (Appendix 10 - Paragraph A3) - Excess application for rights shares by directors during the period of one month immediately preceding the announcement of interim or final results (August 1999) (Withdrawn in September 2009)

[The principle underlying this Listing Decision was codified in paragraph 7(d)(i) of Appendix 10 to Main Board Rules in March 2004.]

Summary	
Name of party	Company A - a listed company
Subject	Compliance with Model Code for Securities Transactions by Directors of Listed Companies - excess application for rights shares by directors of Company A during the period of one month immediately preceding the announcement of Company A's annual results
Listing Rule	Model Code for Securities Transactions by Directors of Listed Companies (Appendix 10 – Paragraph A3)
Decision	The directors would be in breach of Paragraph A3 of the Model Code for Securities Transactions by Directors of Listed Companies if they made excess applications for rights shares during the period of one month immediately preceding the announcement of Company A's annual results

Summary of Facts

Company A announced a rights issue whereby the last day for submitting the Form of Acceptance and Excess Application fell within the one-month period prior to the announcement of annual results. The directors proposed to make excess applications for rights shares.

Analysis

The excess applications by the directors was made within the one-month period prior to the announcement of annual results.

While applications by directors for their proportionate share entitlements under the rights issue would not constitute a breach of the Model Code for Securities Transactions by Directors of Listed Companies, excess applications would constitute a breach of Paragraph A3 of the Model Code as such action went beyond merely maintaining their existing shareholdings in the face of potential dilution. Furthermore, the timing of the rights issue and the announcement of Company A's results were both at the discretion of the directors.

Decision

The directors would be in breach of Paragraph A3 of the Model Code for Securities Transactions by Directors of Listed Companies if they made excess applications for the rights shares during the period of one month immediately preceding the announcement of Company A's annual results.