

CONSULTATION PAPER

PROPOSED CHANGES TO REQUIREMENTS FOR THE LISTING OF DEBT ISSUES TO PROFESSIONAL INVESTORS ONLY

December 2010



Hong Kong Exchanges and Clearing Limited
香港交易及結算所有限公司

TABLE OF CONTENTS

	Page No.
Executive Summary	1
Chapter 1 Introduction	3
Chapter 2 Issues and Proposals	
A. Presentation	6
B. Eligibility Requirements	6
C. Listing Approval	9
D. Listing Documents	10
E. Application Vetting	12
F. Application Procedures	13
G. Continuing Obligations	14
H. Other Issues	16
APPENDICES	
I Draft Rule Amendments for Chapter 37 – version 1	18
II Draft Rule Amendments for Chapter 37 – version 2	31
III Other Rule Amendments	44
IV Details of Continuing Obligations Removed	45
V Destination Table	47
VI Personal information collection and privacy policy statement	56

How to Respond to this Consultation Paper

The Exchange invites written comments on this paper by 18th February 2011. Responses should if possible, be made by completing and returning the questionnaire which is available at:

<http://www.hkex.com.hk/eng/newsconsul/mktconsul/Documents/cp2010122q.doc>

or by one of the following methods

By mail or hand delivery to: Corporate Communications Department
Hong Kong Exchanges and Clearing Limited
12th Floor, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Re: Consultation Paper on Proposed Changes to Requirements for the Listing of Debt Issues to Professional Investors Only

By fax to: (852) 2524-0149

By email: response@hkex.com.hk

Please mark in the subject line:

“Re: Consultation Paper on Proposed Changes to Requirements for the Listing of Debt Issues to Professional Investors Only”

Our submission enquiry number is (852) 2840-3844

In the Questionnaire we invite views on the proposed changes, and where appropriate reasons. Respondents should reply fully to the questions against the backdrop of this Consultation Paper. We will publish responses on a named basis in the intended consultation conclusions unless you request otherwise. Please refer to the Questionnaire on how to complete it.

Our policy on handling personal data is set out in Appendix VI of this paper and the Questionnaire.

Next Steps

We will carefully consider and analyse all the responses received, and if appropriate, develop (or further progress) rule amendments to implement the final agreed conclusions. As usual we will develop the consultation conclusions and work with the Securities and Futures Commission for any relevant rule amendments.

EXECUTIVE SUMMARY

The Exchange invites comments on our proposals to amend the Rules for listing debt securities for professional investors only (currently referred to in the Rules as listing by selective marketing.) These changes will bring us more into line with the requirements of other stock exchanges and allow us to offer processing times that are comparable to those exchanges. None of the proposals in this paper apply to debt offered to retail investors in Hong Kong.

Our proposals are in Chapter 2 and are summarised below:

Presentation (Section A)

- We propose to present the Rules in more accessible language.
- We have included two forms of alternative presentation in this consultation paper and seek respondents' preference.

Eligibility Requirements (Section B)

- We propose to unify the definition of professional investor in the Rules with the definition in the Securities and Futures Ordinance.
- We propose to remove provisions relevant only to retail investors from the eligibility requirements for applicants.

Listing Approval (Section C)

- We propose to authorise the Head of Listing to approve all offers of debt securities to professionals and allow that authority to be delegated within the Listing Division.

Listing Documents (Section D)

- We propose to replace the current detailed disclosure requirements with an obligation to include information that is customary for offers of debt securities to professionals.
- We will retain the requirements to include responsibility and disclaimer statements in prescribed forms; and a statement limiting distribution of the offering circular to professionals.

Application Vetting (Section E)

- We propose to continue vetting applicants for compliance with our listing eligibility criteria
- We propose to only vet listing documents for compliance with the obligations to include disclaimer and responsibility statements in prescribed forms, and a statement limiting distribution of the document to professionals only

Application Procedures (Section F)

- We propose to streamline our application procedures.

Continuing Obligations (Section G)

- We propose to remove provisions relevant only to retail investors from the continuing obligations.

Other Issues (Section H)

- We propose to amend the relevant GEM Rules to bring them into line with the proposals in this paper.

In each section we set out proposals followed by consultation questions.

Draft Rules, which may need further discussion with the Securities and Futures Commission for fine-tuning, are set out in Appendices I, II and III.

CHAPTER 1 INTRODUCTION

1. Chapter 37 of the Rules deals with listing debt securities that are offered to professional investors only and not offered to public investors in Hong Kong. These debt listing are referred to in the Rules as listings by selective marketing.
2. These debt listings rarely trade on the Exchange, most trading taking place off-exchange. Listing is sought so that institutional investors with investment mandates that are limited to listed debt can subscribe for these issues. In light of this they have traditionally been subject to light touch regulation at the Exchange and at other stock exchanges.
3. Recent statistics for debt securities listed on the Exchange are set out below:

	2007	2008	2009
Issues listed in year	26	20	23
Listed issues at year end	175	172	157
Turnover in year (HK\$million)	10.09	7.39	3.97

4. We introduced the Rules for listing debt in June 1994. We have not reviewed them since then, although we have made consequential amendments arising from reviews of other areas of the Rules.
5. In 2008, HKEx engaged a consultant to review the existing listing regime to identify possible means of enhancing the competitiveness of the Exchange as an international listing venue, taking full account of the need to maintain the quality of the Hong Kong securities market. The consultant made a number of observations in relation to debt listings including:
 - “Singapore appears to have become the defacto stock exchange of choice for debt listings in Asia.”
 - “Debt specialists told us [i.e. the consultant] that there is a “general perception that [the Exchange] is more difficult to list on as it is more document intensive” ... although we are told this perception is not fully justified ...”
 - “[The Exchange] has lost an opportunity to become the debt specialist exchange for Asia.”
6. After receiving the consultant’s report we conducted interviews with selected market participants who broadly echoed the consultant’s comments:
 - Although the rules were formulated differently, in practice the eligibility requirements for Hong Kong and Singapore were similar.
 - The requirement to refer some applications to the Listing Committee for approval created uncertainty. This would be compounded if there was a tight listing timetable.
 - There was a high degree of certainty that an applicant meeting the Singapore Exchange’s eligibility requirements would be approved for listing. As a result,

for some debt issues listing had been made a “condition subsequent” rather than a “condition precedent”

- The disclosure requirements prescribed in the Rules, together with requirements to complete checklists and annotate draft listing documents, gave the impression that the Rules were complex. It was also necessary for the applicant or legal counsel to check that a draft listing document complied with the Rules.
 - In contrast, the Singapore listing rules require a listing document, to contain “the information that such [professional] investors would customarily expect to see in such documents.” This obviates the necessity for advisers to complete checklists directed at compliance with listing rules.
7. We have reviewed the Rules and developed proposals to address the issues that have been raised. We have discussed our proposals with a limited number of practitioners. We thank those practitioners for sharing their views with us.
 8. Some practitioners commented that tax in Hong Kong was also a barrier to the development of the professional debt market. Interest income is not taxable for individuals. For corporations interest on bank deposits and interest on bonds issued by government and government related entities is not taxable; other interest is taxable if it has a Hong Kong source. Thus, interest on a corporate bond listed on the Exchange will be taxable. This precludes many corporate investors from investing in debt with a Hong Kong source, which in turn hinders the development of the market. This may limit the effectiveness of our proposals.
 9. Currently, full exemption from profits tax for interest income and trading profits in respect of certain debt instruments is granted under section 26A of the Inland Revenue Ordinance (“IRO”). These debt instruments include, inter alia, long term debt instruments with an original maturity of not less than 7 years.
 10. In addition, pursuant to section 14A of the IRO, a tax concession at 50% of the normal profits tax rate is applied to interest income and trading profits derived from a debt instrument which satisfies the relevant criteria including the following –
 - (a) it is lodged with and cleared by the Central Moneymarket Unit operated by the HKMA;
 - (b) it has an original maturity of not less than 3 years but not more than 7 years;
 - (c) it has a minimum denomination of HK\$50,000 or its equivalent in a foreign currency;
 - (d) it is issued to the public in Hong Kong; and

- (e) it is issued by a person and has at all relevant times a credit rating acceptable to the HKMA from a credit rating agency recognized by the HKMA.
11. As announced in the Financial Secretary's Budget for 2010-11, the Government will introduce enhancement measures to the qualifying debt instrument ("QDI") scheme mentioned in paragraph 10 above. Specifically, the Government will extend the 50% tax concession to interest income and trading profits derived from debt instruments with an original maturity of less than 3 years with a view to encouraging a wider spectrum of participants (including issuers, investors as well as services providers) and stimulating new demand for debt instrument issuance activity. Also, the Government will clarify the "issued to the public" criterion in the IRO so as to better meet the market requirement. The Government is preparing the legislative amendments and will introduce the bill into the Legislative Council in the first quarter of 2011.

CHAPTER 2 ISSUES AND PROPOSALS

A. Presentation

Issues and Proposals

12. The Rules are not currently drafted to be accessible. We consider we should adopt plainer language to make the meaning and intent of the Rules clearer for applicants and other users. In Appendices I and II we set out drafts of the proposed Rules in plainer language.
13. The drafting in Appendix I is a considerable move away from the current style; in particular using the pronouns “we” and “you” in place of the “Exchange” and “Applicant”. Appendix II, while adopting a plainer style than at present retains the references to the “Exchange” and “Applicant” and may be preferred by some users.
14. There are no substantive differences in Appendices I and II. We prefer Appendix I but recognise that some or perhaps a majority might prefer the style in Appendix II. We specifically seek views on the two drafting styles.
15. The expression “selectively marketed securities” is currently used in the Rules to refer to debt that is offered only to professional investors. Without referring to the definitions it is not clear that this means debt securities that will only be offered to professional investors. We propose to address this by adopting the expression, “debt issues to professional investors only”, to more clearly indicate the intended scope of the Rules.

Questions

Q01: Do you prefer the style in Appendix I or in Appendix II? Please explain your reasons.

Q02: Do you agree that the expression “debt issues to professional investors only” should replace “selectively marketed securities” to more clearly indicate the intended scope of the Rules? Please explain your answer.

B. Eligibility Requirements

Investors - Issues and Proposals

16. The definition of professional investors in the Rules differs from the definition in Schedule 1 of the Securities and Futures Ordinance (the “SFO”). This creates unnecessary ambiguity. From a policy standpoint we consider that the definitions adopted in statute and in the Rules should be the same. Consequently, we propose

to replace the current definition with one that refers to the definition in the SFO. The proposed definition is set out in New Rule 37.58.

Questions

Q03: Do you agree that professional investors should be defined by reference to the SFO as proposed? Please explain your answer.

Listing Applicants - Issues and Proposals

17. The current Rules contain relatively basic eligibility requirements. These could be removed without prejudicing retail investors because the securities would not be offered to them. However, standards provide a clear indication of the type of entity that will be eligible for listing. Market participants did not raise any issues about eligibility standards during our discussions with them. Other exchanges retain eligibility standards. We propose to retain eligibility standards.
18. Our proposals for eligibility standards are set out in proposed Rules 37.03 to 37.25. These are largely based on our existing eligibility criteria with some deletions and modifications that are discussed below.

Deletions

19. The following provisions are directed at protecting retail investors:
 - Current Rule 37.09 provides that a Hong Kong incorporated issuer should not be a private Company. A private company cannot by law issue a prospectus to offer debentures to the public. Debt for professionals will not be offered to the public.
 - Current Rules 37.12 and 37.16(ii) require, with some exceptions, that the nominal value of securities listed must be at least HK\$50,000,000 to ensure marketability.
 - Rule 37.15 provides that an issuer must maintain a paying agent in Hong Kong and a register of holders in Hong Kong.

Professional investors do not need the protections afforded by these requirements and we propose to remove them.

Modifications

20. Current Rule 37.12 provides that an issuer must have net assets of HK\$100 million unless it is listed on the Exchange. We propose to widen this exemption to include companies listed on an exchange that is a member of the World Federation of Exchanges (the “WFE”). See proposed Rule 37.05.
21. Current Rule 28.03 indicates that debt securities convertible into equity may only be listed if that equity is (or will be) listed on the Exchange or on another regulated, regularly operating open stock market recognised for this purpose (a

“recognised exchange”).) Current Rule 27.03 provides that warrants convertible into debt securities may only be listed if the debt securities are or will be listed on a recognised exchange. We propose to replace the requirement for an exchange to be recognised with a requirement for the exchange to be a member of the WFE. See proposed Rules 37.18(b) and 37.23(b).

22. Current Rule 28.05 provides that we must approve any alteration to the terms of convertible debt securities after they have been listed unless the alteration takes effect automatically under the terms of the issue. A similar requirement relating to warrants is in current Rule 27.04.
23. We consider that rules requiring our consent to changes in terms and conditions are appropriate to protect the interests of retail investors. They are not appropriate for issues that are not held by retail investors. The Singapore Stock Exchange Rules do not include provisions requiring the exchange to consent to changes. The rules require the terms to provide for appropriate adjustments to conversion rights if there is a change in capital. We propose to adopt the same approach.
24. We will also include a specific obligation for issuers to notify us if they propose to change the terms of a debt security except through provisions that take automatic effect. This would give us an opportunity to consider whether to impose requirements in relation the change. See proposed Rules 37.20, 37.25 and 37.49(c).
25. We have expanded some of the references to equity securities to include depositary receipts. See proposed Rules 37.14 and 37.18(b).

Other

26. Most debt issues to professionals listed on the Exchange are deposited into overseas settlement systems. If any of them were to be traded on the Exchange the buyer and seller would need to agree on how to make settlement. This makes it exceedingly difficult for any retail investor to trade these securities on the Exchange.
27. We could amend the Rules to require debt issues to professionals to be deposited into overseas settlement systems to further limit retail investors’ access to them. This approach would limit the ability of issuers to deposit their issues into the settlement system most convenient for them. On balance, we consider that it is not appropriate to require debt for professionals to be deposited into overseas settlement systems. We invite comments on this from respondents.
28. We could also amend the Rules to introduce a higher value minimum board lot to limit retail investors’ access to these products and we also invite comment on this.

Questions

Q04: Do you agree with the eligibility standards in proposed Rules 37.03 to 37.25? If not, please explain how you would change them.

Q05 Should applicants be required to deposit their issues into overseas settlement systems to further ensure that they will not be acquired by retail investors in the secondary market?

Q06 Should there be a minimum board lot size for products? If yes please indicate whether it should be HK\$500,000, HK1 million or other amount.

C. Listing Approval

Issues

29. Rule 2A.05A provides that the Executive Director - Listing (the name for the Head of Listing in the Rules) may approve debt listings by States, Supranationals, State Corporations, Banks and corporations having an investment grade credit rating, and Issuers whose equity securities are listed on the Exchange and have a market capitalisation of not less than HK\$5 billion. All other applications must go to the Listing Committee for approval.
30. The Listing Committee adopts a light touch in listing debt securities for professionals. However, the requirement to present applications to it creates uncertainty for applicants, lengthens listing timetables and precludes offering a uniform review standard for applications. As set out in the Memorandum of Understanding between the Exchange and the SFC, it is the SFC's policy to follow the assessment and recommendation of the Exchange in confirming non-objection to the listing of debt securities. Accordingly the SFC will not review, as a matter of routine, applications to list debt for professionals.

Proposal

31. Under the proposals in this paper we will only vet listing applications for compliance with eligibility criteria and to ensure they include appropriate disclaimers and responsibility statements. This review is unlikely to raise issues requiring the Committee's attention. Consequently we propose to amend the Rules so that all applications to list debt for professionals may be approved by the Head of Listing. For additional operational flexibility we will also expressly provide that he may delegate this power within the Listing Division. See proposed Rule 37.02. We will also make a corresponding change to Rule 2A.05A. That amendment is in Appendix III.

Questions

Q07 Do you agree with the proposed listing approval authority discussed in paragraph 31? If not please explain how you would revise the approval authority.

D. Listing Documents

Issues

32. The current Rules include detailed disclosure requirements for listing documents for debt issues to professionals. Many practitioners noted that the Singapore Stock Exchange does not prescribe detailed disclosures. Singapore Rule 313 states: *“If the debt securities are offered without a prospectus and primarily to sophisticated investors or institutional investors, the offering memorandum or introductory document must contain the information that such investors would customarily expect to see in such documents.”*
33. Retail investors are almost wholly reliant on the listing document for information about an issuer and the debt securities being offered – especially if the offeror’s equity is not listed on an exchange. It is therefore very important for it to contain comprehensive information so that retail investors can assess the issuer and the debt securities and determine whether to invest and how to apply.
34. The listing document for an offer to professionals only does not serve the same purpose. Many potential issuers are well known corporations that are followed by analysts. The institutions in the professional debt market will already have established credit lines for the better known corporates. For these investors there is little need to include financial and other background information about an issuer in the listing document. Information on how to apply for the securities will not be required as it is most likely that the investors have been approached to purchase the debt securities by an intermediary.
35. For retail investors the listing document will reflect the terms and conditions that are being offered so they can decide whether to accept them and subscribe. For professionals, the listing document may serve to record the terms and conditions that have been agreed through negotiation. If there are other matters that professionals wish to have recorded in the document they are in a position to insist on this. If they are content for information to be omitted from a document, or to be included by reference, then it may be dealt with in this manner.
36. As the listing document for debt securities for professionals serves a very different purpose from one that is for retail investors, it is possible to leave the contents to be determined by the issuer and the professional investors without prescribing any content requirements. This is broadly the approach we propose.

In this regard we note that in response to the recent global financial crisis a number of jurisdictions are establishing disclosure and other requirements for offers of asset backed securities that apply to offers to professionals as well as to retail investors. As a consensus emerges as to the appropriate requirements, they should apply to asset backed debt securities for professionals listed on the Exchange.

Proposals

37. Our proposals are in proposed Rules 37.26 to 37.33. They considerably simplify the existing requirements.
38. We propose to replace detailed disclosure requirements with a requirement for the information that the investors to whom securities are being offered would customarily expect. This is set out in proposed Rule 37.29.
39. We propose to retain the existing requirements for:
 - A prescribed disclaimer, that HKEx and the Exchange are not responsible for the contents of the listing document. See proposed Rule 37.27.
 - A prescribed responsibility statement, for the contents of the document. We will continue to allow this statement to be made on a corporate basis. See proposed Rule 37.28.
 - A statement limiting the distribution of the listing document to professional investors. We consider that this is an important statement of intent, to show that the document is intended for limited distribution and is not to be distributed to the public. It also warns investors if the listing document is inadvertently distributed beyond the initially intended range of investors. See proposed Rule 37.31.
 - Additional information we specify, because it may occasionally be necessary to require additional information to be included in a listing document. (e.g. details of any waivers granted.) See proposed Rule 37.30.
40. We propose to provide additional flexibility in listing documents:
 - At present they must be in English. We propose to allow them to be prepared in either English or Chinese. See proposed Rule 37.32.
 - At present they must be in printed form although additional copies may be made available electronically. We propose to allow them to be in printed or electronic form. See proposed Rule 37.33.

Questions

Q08 Do you agree with the proposed content requirements in proposed Rules 37.26 to 37.33? Please explain your answer.

Q09 Should we retain any of the current disclosure requirements we propose to delete? Please provide details.

E. Application Vetting

Issues and Proposals

41. At present we vet listing applications for debt securities for professionals to ensure compliance with our eligibility criteria. We have considered whether we should continue this or whether we should accept some form of certification from the applicant or its advisers.
42. It is generally not time-consuming to assess whether an applicant complies with our current requirements. As have not made major changes to those requirements we propose to continue assessing applicants' compliance with eligibility standards.
43. We currently review listing documents to ensure that they comply with the detailed disclosure requirements. While this review is significantly less intensive than for an equity IPO or equity fund raising, it does take time and this is in addition to the time that applicants and their advisers take to prepare the listing document and complete the disclosure checklist.
44. It is very straightforward to review whether the prescribed disclaimer and responsibility statements and a statement limiting distribution to professionals are included in the listing document. If we have required additional information to be included it will be straightforward to review whether it has been included. We propose to vet documents for these matters.
45. It would be more time-consuming to review whether a document contains the information that professional investors are accustomed to. The contents of a document for a specific issue may well have been influenced by the very professional investors to whom it is directed. The issuer and its advisers will be more attuned to the requirements of professional investors and changes in those requirements than we are. Consequently, any review we conducted would likely contribute little but would add time to the overall listing process. Thus, we do not propose to vet the other contents of listing documents.

Questions

Q10: Do you agree with our proposal to continue vetting applications for compliance with listing eligibility standards? Please explain your answer.

Q11: Do you agree with our proposal to vet listing documents to ensure they include responsibility and disclaimer statements in prescribed forms, statements limiting distribution to professional investors and any other information required by the Exchange? Please explain your answer.

Q12: Do you agree with our proposal not to vet the other detailed contents of listing documents? Please explain your answer.

F. Application Procedures

Issues and Proposals

46. Our proposals for application procedures are in proposed Rules 37.34 to 37.39. These are largely based on current application procedures with some deletions, modifications and an addition to introduce listing eligibility letters.

Deletions

47. We propose to remove these because they will not be needed if we stop reviewing the detailed contents of listing documents:
- Rules 37.21 and 37.24 requiring drafts to be annotated to indicate compliance with the detailed disclosure requirements.
 - Rule 37.24(3) requiring draft trust deeds to be annotated to indicate compliance with Appendix 4 of the Rules.
 - Rule 37.24(4) requiring a disclosure checklist.
 - Rule 37.26 requiring certified copies of every report, financial statement, letter or opinion that is included in the listing document. Deleting this requirement will also bring us into line with the Singapore Exchange.
48. We also propose to remove current Rule 37.23 which requires that we review publicity material as we consider this is only appropriate for issues directed at retail investors.

Modifications

49. The Rules currently specify several different deadlines for submitting documents for a listing application. However, in most applications all documents are received with the listing application. We propose to formalise this. We will also relax the requirement for copies of documents to be certified copies. See proposed Rule 37.35.
50. Currently documents submitted must be in English or translated into English. We propose to amend this to allow documents in English or Chinese or translated into one of these languages. See proposed Rule 37.34.
51. Currently an applicant must publish a formal notice of listing two clear business days before listing. We propose to amend this so the notice is published on listing. See proposed Rule 37.39.

Listing Eligibility Letter

52. We will use the information supplied with an application to assess whether the applicant and the debt securities are eligible for listing. This will be a relatively routine process. Once satisfied that an applicant complies, we will issue a listing eligibility letter. This will also indicate whether we require additional information in the listing document.
53. The letter will be valid for three months and will be very similar to the approval letter for a debt programme. Once an applicant has a listing eligibility letter it may proceed to list. However, it must not issue the listing document until we have confirmed that it can be issued, (as provided in proposed Rule 37.37.) If the listing document will be finalised immediately after our review, the eligibility letter may confirm that the document may be published.
54. We will continue our current practice of issuing listing approval letters one day before the listing date.

Questions

Q13: Do you agree with the proposals in respect of application procedures? If you do not agree please indicate how you would change them.

G. Continuing Obligations

Issues and Proposals

55. The continuing obligations for debt issuers are in the Listing Agreement in Appendix 7 to the Rules. We propose to include them in Chapter 37 just as we have included continuing obligations for equity issuers in Chapters 13, 14 and 14A.
56. Many of the current provisions in the Listing Agreement are intended to protect retail investors. These are not necessary for debt issues that will only be offered to professionals. Consequently we do not propose to retain these provisions. Some of the provisions in the Listing Agreement are also covered by the general disclosure obligation. We do not propose to retain them either. Further details are in Appendix IV.
57. Our proposals are in new Rules 37.44 to 37.57. The following continuing obligations will apply:
 - To comply with the Listing Rules.
 - To comply with a general disclosure obligation to ensure that there is sufficient information for any trading in the securities to take place on a fair and orderly basis.

- To announce information that has been released on other markets to prevent information asymmetry.
 - To announce redemptions or cancellations of debt securities.
 - To notify the Exchange of any proposal to amend the trust deed, change the trustee or amend the terms of convertible securities.
 - To notify the Exchange if a debt issue is listed on another exchange.
 - To notify the Exchange if all of a debt issue has been redeemed or an issue has been fully converted.
 - To provide the Exchange with copies of accounts and circulars for information.
58. These requirements are broadly in line with those in Singapore. The Listing Rules in Singapore require debt issuers to comply with a general disclosure obligation; to announce redemptions or cancellations of debt securities, amendments to the trust deed and proposals to replace a trustee; and to provide copies of annual accounts. The proposals are discussed in more detail below.
59. The general disclosure obligation, the requirement to announce information released on other markets, and to notify the Exchange if debt securities are listed on another exchange are continuations of existing requirements.
60. Proposed Rule 37.45 indicates that the method for disclosing information required under the Rules is an announcement on the HKEx website. The announcements are required to carry a standard disclaimer. At present announcements require our prior review. In line with our practices for equity issuers we will cease pre-vetting announcements.
61. Proposed Rule 37.46 requires the issuer to comply with the Rules in force from time. Although the formal listing application includes an undertaking to comply with the Rules we consider that retaining an express statement in the Rules underlines the importance of this requirement.
62. Proposed Rule 37.48(a) requires disclosure, as soon as possible, of any redemption or cancellation of debt securities. The Listing Agreement currently requires the issuer to notify the Exchange of purchases redemptions, cancellations, drawings or proposed drawings to effect partial redemptions of debt securities, as soon as possible after they are made. This has been simplified to only require disclosure of redemptions or cancellations of debt securities so that information about the size of a debt issue that is outstanding remains current. This is also in line with the requirements at the Singapore Exchange.
63. Proposed Rule 37.49 requires notification of proposals to replace a trustee for bondholders, amend the trust deed for a debt issue, or amend the terms of convertible securities (except for amendments that take place automatically under the terms and conditions.) This will enable us to consider whether to impose additional conditions on the change.

64. Proposed Rule 37.50 requires an issuer to notify the Exchange if an issue has been fully redeemed or converted so that it may be delisted. This is a new requirement which codifies our existing practice.
65. Proposed Rule 37.52 requires an issuer to provide the Exchange with a copy of any circular sent to bondholders or the trustee. This replaces an existing requirement to submit these to the Exchange for pre-vetting.
66. Proposed Rule 37.53 requires the issuer to provide copies of its annual report and accounts and interim report. For guaranteed issues only the guarantor's accounts are required. This reflects an existing requirement in paragraph 12(1) of the Listing Agreement modified to allow electronic copies to be sent to the Exchange.
67. Proposed Rule 37.57 allows the Exchange to impose additional conditions on an issuer. This reflects an existing requirement in paragraph 17(1) of the Listing Agreement.

Questions

Q14: Do you agree with the proposed continuing obligations set out in proposed Rules 37.44 to 37.57? Please explain your answer.

Q15: Should we retain any of the current continuing obligations that we propose to delete? Please provide details of the requirements.

H. Other Issues

68. The GEM Rules also include provisions for listing debt for professionals. We propose to bring those Rules into line with the Main Board Rules. We invite comment on whether we should limit eligibility under those Rules to companies already listed on GEM.
69. In our proposals we have included provisions from Chapters 27 to 30 that apply to debt for professionals in Chapter 37. We have also included provisions from the listing agreement into Chapter 37. We invite comments on whether other provisions in the Rules should also be included in Chapter 37.

Questions

Q16: Should eligibility under the GEM Rules be limited to companies already listed on GEM? Please provide a reason for your answer.

Q17: Should any other provisions in the Listing Rules be included in Chapter 37? Please provide details.

Q18: Should any other consequential changes be made to the Rules? Please provide details.

Q19: Please provide any other comments you may have on the drafting of the proposed Rules.

**APPENDIX I DRAFT RULE AMENDMENTS FOR
CHAPTER 37 – VERSION 1**

Chapter 37

DEBT SECURITIES

DEBT ISSUES TO PROFESSIONALS ONLY

Introduction

- 37.01 This Chapter deals with debt issued to professionals only. We set out the qualifications for listing, application procedures, contents of listing documents and the obligations that will apply after listing.

Listing Approval

- 37.02 Your listing application may be approved by
- (a) A member of the Listing Division to whom the Executive Director – Listing has delegated authority.
 - (b) The Executive Director – Listing (who may also delegate approval authority within the Listing Division)
 - (c) The Listing Committee

Applicants' Qualifications for Listing

- 37.03 You must be a State, Supranational, body corporate (including a state corporation) or trust.

[Drafting note: The existing Rules contain provisions for listings by States, Supranationals, State Corporations, and banks. Bank is now replaced by body corporate and the scope is expanded to include trusts.]

- 37.04 If you are a body corporate you must be validly incorporated and established. If you are a trust you must be validly established. You must provide evidence of this if you apply for listing.

[Drafting Note: based on existing Rule 37.08]

- 37.05 If you are a body corporate you must have net assets of HK\$100 million unless:
- (a) You are a Supranational; or
 - (b) You are a State Corporation; or
 - (c) Your shares are listed on the Exchange; or
 - (d) Your shares are listed on another stock exchange; or

- (e) You are a special purpose vehicle formed for listing asset backed securities.

[Drafting Note: based on existing Rule 37.12. That Rule exempts companies listed on the Exchange from the net asset requirement. Existing Rule 37.16 exempts Supranationals from the net asset requirement. The exemption is now extended to state corporations, companies listed on other exchanges and special purpose vehicles formed for the listing of asset backed securities.]

37.06 If you are a body corporate you must have produced audited accounts for the two years preceding the listing application made up to a date no more than 15 months before the intended date of the listing document unless:

- (a) You are a Supranational; or
- (b) You are a State Corporation; or
- (c) Your shares are listed on the Exchange; or
- (d) You are a special purpose vehicle formed for listing asset backed securities.

[Drafting Note: based on existing Rules 37.10 and 37.11. Existing Rule 37.16 exempts states and Supranationals from the audited accounts requirement. Existing Rule 29.11(b) exempts issuers of asset backed securities from the audited accounts requirements]

37.07 If you are proposing to issue asset-backed securities:

- (a) You must be a single purpose undertaking.
- (b) You may add further assets to the pool of assets whilst your securities are listed.
- (c) You may list further classes of securities backed by separate pools of assets.

[Drafting note: this reflects current Rule 29.11(a). The exemptions for issuers of asset backed securities in current Rule 29.11(b) are in new Rule 37.06(d). The requirements in current Rules 29.11(c) and 29.11(d) are in new Rules 37.14, 37.15 and 37.16]

37.08 If you do not meet the eligibility criteria set above you will be eligible for a listing of guaranteed debt securities if:

- (a) You are a body corporate that is validly incorporated and established; and
- (b) You are wholly owned by a State, a Supranational or a by a body corporate that meets the eligibility criteria above; and
- (c) your owner guarantees your obligations; and
- (d) you and your owner agree to comply with the Listing Rules.

[Drafting Note – This reflects existing Rule 37.14 which permits guaranteed issues.]

Securities' Qualifications for Listing

- 37.09 Your debt securities must be freely transferable.
[Drafting Note – this reflects existing Rule 37.13(2)]
- 37.10 Your debt securities must have been validly authorised.
[Drafting Note – This reflects existing Rules 37.13(1), 37.13(2) and 37.16(2)]
- 37.11 If you are a body corporate (including a state corporation) your debt securities:
- (a) must comply with the law of the place where you are incorporated or established; and
 - (b) must comply with your memorandum and articles of association.
- [Drafting Note – This reflects existing Rule 37.13(1) insofar as it relates to the issuer. Provisions applying to any guarantor are in new Rule 37.12 below. The requirement for the securities to be validly authorised is in new Rule 37.10 above]
- 37.12 If you are issuing guaranteed debt securities as provided in Rule 37.08 above then the guarantee:
- (a) Must have been validly authorised
 - (b) Must comply with the guarantor's memorandum and articles of association, if the guarantor is a body corporate; and
 - (c) Must comply with the law of the place where the guarantor is incorporated or established.
- [Drafting note – this reflects existing Rule 37.13(1) as it relates to the guarantor]

Asset-backed Securities

- 37.13 In this section we set out additional requirements that apply if your debt securities are asset-backed securities.
- 37.14 If your asset backed securities are backed by equity securities or depositary receipts then:
- (a) The equity securities or depositary receipts must represent minority interests and must not confer legal or management control of the issuer of the equity securities; and
 - (b) They must be listed on the Exchange or another stock exchange.
- [Drafting Note – This reflects existing Rule 29.11(c) with the addition of “depositary receipts” to cater for DRs]

37.15 If your asset backed securities are backed by options or conversion rights relating to equity securities then Rule 37.18 applies to the securities resulting from the exercise of the option or conversion rights.

[Drafting Note – This reflects existing Rule 29.11(c) as it relates to options or conversion rights]

37.16 There must be a trustee or appropriate independent party to represent the interests of the holders of the asset-backed securities. It must have a right of access to information relating to the assets.

[Drafting Note: This reflects existing Rule 29.11(d)]

Convertible Securities

37.17 In this section we set out additional requirements that will apply if your debt securities are convertible.

37.18 If your debt securities are convertible they must be convertible into :

- (a) Shares listed or to be listed on the Exchange or another stock exchange; or
- (b) Depositary receipts listed or to be listed on the Exchange or another stock exchange; or
- (c) Other asset we have agreed in writing to regard as eligible.

[Drafting Note: Parts (a) and (b) above reflect existing Rule 28.03 expanded to include depositary receipts. Part (c) reflects existing Rule 28.04 which provides that conversion into other assets is only allowed if the Exchange is satisfied that holders have sufficient information – the same practical effect can be obtained by indicating that the Exchange should agree to regard the asset as eligible.]

37.19 If your debt securities are convertible into shares that have not yet been issued then:

- (a) The issuance of the shares must have been validly authorised; and
- (b) The listing of the shares must have been validly authorised.

[Drafting Note: This reflects existing Rule 28.02.]

37.20 If your debt securities are convertible into shares (or into depositary receipts) the terms of the issue must provide for appropriate adjustments to the conversion rights if there is a change in the capital of the issuer of those shares or a change in the capital of the issuer whose shares underlie the depositary receipts.

[Drafting Notes: This replaces the requirement for the Exchange's prior approval in current Rule 28.05]

37.21 We treat debt securities with non-detachable warrants to subscribe for equity securities or other assets as convertible securities.

[Drafting Note: This reflects existing Rule 27.01]

Options, Warrants and Similar Rights

37.22 In this section we set out additional requirements that apply to options, warrants or similar rights.

37.23 The securities underlying the options, warrants or similar rights must be :

- (a) Debt securities that are listed or to be listed the Exchange;
- (b) Debt securities listed or to be listed on another stock exchange; or
- (c) Other debt security we have agreed in writing to regard as eligible.

[Drafting note: This reflects existing Rule 27.03. Existing Rule 27.03 exempts States and Supranationals from the requirement for the debt securities underlying the options, warrants or similar rights to be listed on the Exchange or another stock exchange. This exemption has never been used and consequently has been removed. New Rule 37.23(c) would allow unlisted securities as an underlying]

37.24 If the underlying debt securities have not yet been issued :

- (a) Their issuance must have been validly authorised; and
- (b) Any listing of them must have been validly approved.

[Drafting Note: Existing Rule 27.02 states that the Exchange will apply the requirements applicable to the underlying securities to the warrants, options or similar rights. The same practical effect is achieved by this drafting.]

37.25 If options, warrants or similar rights are convertible into debt securities, the terms of the issue must provide for appropriate adjustments to the conversion rights if there is a change in those debt securities.

[Drafting Note: This is a change from existing Rule 27.04 which requires the Exchange's consent]

Listing Document

37.26 In this section we set out the information that you must disclose in your listing document and other requirements relating to the listing document. For debt issuance programmes these requirements apply to the base listing document and the supplementary listing document for each issue under the programme.

[Drafting Note: The second sentence reflects existing Rule 29.06]

37.27 Your listing document must contain a disclaimer statement:

“Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.”

The disclaimer must be legible and appear on the front cover or inside cover of your listing document.

[Drafting Note: This reflects existing Rule 37.28(4).]

37.28 Your listing document must contain a responsibility statement:

“This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.”

You may make this statement on a corporate basis. We may allow others to make the statement but you must seek our consent for this.

[Drafting Note: This reflects existing Rule 37.29(1) and paragraph 2 of Part C of Appendix 1]

37.29 Your listing document must contain the information that the investors you are offering the securities to would customarily expect it to contain.

[Drafting Note: this replaces the existing prescriptive disclosures in the Listing Rules.]

37.30 Your listing document must contain any additional information that we require you to include in it.

[Drafting Note: This reflects existing Rule 37.27]

37.31 Your listing document must contain a statement limiting its distribution to professional investors only.

[Drafting Note: this reflects existing Rule 37.28(3)]

37.32 Your listing document must be in English or Chinese.

[Drafting note: This a relaxation of existing Rule 37.31(1) which requires the document to be in English and does not require it to be translated in Chinese]

37.33 Your listing document may be in printed or electronic form.

[Drafting Note: this reflects existing Rule 37.31(3)]

Application Procedures

37.34 In this section we set out the procedures that you must follow to apply for listing of securities or listing of a debt programme. An application involves determining whether you are eligible for listing and whether your securities are eligible for listing. We will use the information you supply to make these assessments. The documents you submit must be in English or Chinese or translated into one of these languages.

[Drafting Note: The requirement for translation relaxes existing Rule 37.31(2) which requires documents to be translated into English]

37.35 You must submit the following documents to us when you apply for listing:

- (a) Completed application form. If your issues are guaranteed then your guarantor must also complete the application form. The application form is set out in Appendix 5, part C of these Rules.
- (b) Listing fee as provided in Appendix 8.
- (c) Draft Listing document.
- (d) Draft formal notice of listing.
- (e) If you are not listed on the Exchange a copy of
 - (1) Your memorandum and articles of association or equivalent.
 - (2) Your last published financial statements. These financial statements are not required if your issues are guaranteed.
- (f) If your debt securities have been authorised by shareholders then a copy of the resolution.
- (g) A copy of the resolutions by your governing body (for example, your board of directors) authorising
 - (1) the issue and allotment of your debt securities
 - (2) your application for listing
 - (3) issuing the listing document
- (h) If your issues are guaranteed by a body corporate that is not listed on the Exchange a copy of your guarantor's
 - (1) Memorandum and articles of association or equivalent.
 - (2) Last published financial statements.
- (i) If your issues are guaranteed a copy of the resolutions by the guarantor's governing body authorising
 - (1) the listing application
 - (2) issuing of the listing document

[Drafting Note: Based on current rules 37.24, 37.25 and 37.26 but with all information being supplied on application rather than on application, 14 days before the Committee hearing and before listing]

37.36 After we have considered your application we will issue a Listing Eligibility letter. In this letter we will advise you whether you and your debt securities are eligible for listing. We will also indicate whether we will require you to include additional information in your listing document. The letter is valid for three months from the date of issue. For routine applications we will aim to issue this letter 5 business days after we receive your application.

[Drafting Note: this is a new provision reflecting the proposed application process]

37.37 You must not issue the listing document in final form until we have confirmed that you may issue it.

[Drafting Note: This reflects existing Rule 37.22]

37.38 In the period from when the listing document is issued to the date of listing you must advise us of any event that you would have dealt with in the listing document if you had been aware of it before the listing document was finalised.

[Drafting Note: reflects existing Rule 37.34]

37.39 You must publish a formal notice on listing. The notice must be in English or Chinese. A model form of notice is set out in Appendix 11.

[Drafting Note: This reflects existing Rule 37.35(2) except that the notice is to be published on listing rather than two days before listing]

Programmes

37.40 This section sets out the procedures for listing securities under a programme that we have approved.

37.41 A debt programme that we have approved is valid for issuing debt securities for one year after the date it is published.

[Drafting Note: reflects existing Rule 29.04]

37.42 You must submit the pricing supplement for an issue under a programme before 2:00 pm of the business day before listing is required to become effective. You must not issue the pricing supplement until we have confirmed that you may issue it.

[Drafting Note: This reflects existing Rule 29.05 and 29.04(b)]

- 37.43 We will approve the listing of all securities issued under a valid programme subject to you:
- (a) Notifying us of the final terms of each issue
 - (b) Confirming that the securities have been issued
 - (c) Paying the appropriate listing fee before listing

[This reflects existing Rule 29.04 parts (a), (c) and (d). Part (b), submission of documents is dealt with immediately above.]

Continuing Obligations

- 37.44 In this section we set out the obligations that will apply to you if we agree to list your securities. If your securities are guaranteed then the guarantor will also be required to comply with these obligations. You must comply with these obligations

- (a) until the securities expire or
- (b) until they are withdrawn from listing.

- 37.45 If you are required to announce information then
- (a) you must do so by an announcement under Rule 2.07C.
 - (b) The announcement must include the following disclaimer:

“Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.”

[Drafting Note: Part (a) is based on Note 2.6 appearing under paragraph 2(1)(c) of listing agreement. The requirement for the announcement to be reviewed by the Exchange is removed. Part (b) is taken from Note 11.2 under paragraph 11(3) of the listing agreement]

- 37.46 You must comply with the Listing Rules in force from time to time.

[Drafting Note: Based on paragraph 2(3) of the listing agreement.]

- 37.47 You must immediately announce any information which
- (a) Is necessary for investors to appraise your position or
 - (b) Is necessary to avoid a false market in your securities or
 - (c) May have a material affect on your ability to meet the obligations under your debt securities.

[Drafting Note: Reflects paragraph 2 (1) of listing agreement.]

- 37.48 You must announce as soon as possible:
- (a) Any redemption or cancellation of your debt securities
 - (b) Any public disclosure made on another stock exchange about your debt securities.

[Drafting Notes: Part (a) is based on paragraph 7 of the listing agreement which requires the issuer to notify the Exchange of purchases, redemptions, cancellations, drawings or proposed drawings to effect partial redemptions of debt securities. Purchases or proposed drawing are excluded. Parts (b) and (c) are new. Part (b) follows paragraph 2(2) of the listing agreement]

- 37.49 You must notify us in advance of any proposal to
- (a) Replace a trustee for bondholders.
 - (b) Amend the trust deed.
 - (c) Amend the terms of convertible debt securities unless that amendment occurs automatically in accordance with the terms of the debt securities.

When we receive that notification we will consider whether to impose any conditions for such change.

[Drafting Note: Current Rule 28.05 requires consent from the Exchange to any change in the terms of convertible securities. This is amended to a requirement for prior notification and the Rule clearly indicates the purpose of that notification.]

- 37.50 You must notify us as soon as possible if
- (a) You have repurchased and cancelled all you listed debt securities
 - (b) convertible debt securities have been fully converted
- We will then formally delist the debt securities.

[Drafting Note: New requirement that reflects existing practice]

- 37.51 You must notify us as soon as possible if your debt securities are listed on another stock exchange.

[Drafting Note: This reflects paragraph 9 of the Listing Agreement]

- 37.52 You must provide us with a copy of any circular that that is sent to bondholders or to any trustee. If the circular is published on a website and you notify us when it is published on that site you are not required to send us a printed copy of the circular.

- 37.53 If you are a body corporate you must provide us with your annual accounts and any interim report when they are issued. You will be exempt from this requirement if you are a body corporate and your securities are guaranteed by a body corporate in which case you must provide us with your guarantor's annual accounts and interim report. We will accept a printed or electronic copy of these. If the annual accounts or interim report are published on a website and you notify us when they are published on that site you are not required to send us a printed copy.

[Drafting Note: Reflects Paragraph 12(1) of listing agreement, amended to allow electronic copies of accounts or website publication.]

Authorised Representative

- 37.54 You must appoint two authorised representatives to communicate with us. The representatives do not have to be resident in Hong Kong.

[Drafting Note: Reflects current Rule 37.19]

Other

- 37.55 If you or your securities do not comply with these requirements you will not be eligible for listing unless we agree to modify our requirements for your application.

- 37.56 We may accept or reject your listing application or make listing subject to additional conditions.

[Drafting note: this reflects existing Rule 37.06, parts (1) & (2)]

- 37.57 We may impose additional obligations on you. We will allow you to make representations to us before imposing requirements on you that are not imposed on issuers of debt securities generally.

[Drafting Note: Based on Listing Agreement paragraph 17(1)]

Definitions

- 37.58 In this Chapter the following definitions apply:

“asset-backed securities”	debt securities backed by financial assets which, at the time of the relevant issues, are evidenced by agreements and intended to produce funds to be applied towards interest payments due on the securities and repayment of principal on maturity, except those debt securities which are directly secured, in whole or in part, on real property or other tangible assets
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“bearer securities”	securities transferable to bearer
“convertible debt securities”	debt securities convertible into or exchangeable for equity securities or other property and debt securities with non-detachable options, warrants or similar rights to subscribe or purchase equity securities or other property attached.
	[Drafting note – copied from Rule 1.01]
“debt issuance programmes	issues of debt securities where only part of the maximum principal amount or aggregate number of securities under the issue is issued initially and a further tranche or tranches may be issued subsequently
“debt securities”	debenture or loan stock, debentures, bonds, notes and other securities or instruments acknowledging, evidencing or creating indebtedness, whether secured or unsecured and options, warrants or similar rights to subscribe or purchase any of the foregoing and convertible debt securities.
“Professional Investor”	A professional investor as defined in Schedule 1 of the Securities and Futures Ordinance
“State”	Includes any agency, authority, central bank, department, government, legislature, minister, ministry, official or public or statutory person of, or of the government of, a state or any regional or local authority thereof
“State corporation”	any company or other legal person which is directly or indirectly controlled or more than 50 per cent. of whose issued equity share capital (or equivalent) is beneficially owned by, and/or by any one or more agencies of, a State or all of whose liabilities are guaranteed by a State or which is specified as such from time to time by the Exchange

“stock exchange”

Any stock exchange that is a member of the World Federation of Exchanges

[Drafting Note: a newly introduced definition]

“Supranational”

any institution or organisation at a world or regional level which is specified from time to time by the Exchange

[Drafting note – except as indicated these are taken from existing Rule 37.04.]

**APPENDIX II DRAFT RULE AMENDMENTS FOR
CHAPTER 37 – VERSION 2**

Chapter 37

DEBT SECURITIES

DEBT ISSUES TO PROFESSIONALS ONLY

Introduction

- 37.01 This Chapter deals with debt issues to professionals only. It sets out the qualifications for listing, application procedures, contents of listing documents and the obligations that apply after listing.

Listing Approval

- 37.02 A listing application may be approved by
- (a) A member of the Listing Division to whom the Executive Director – Listing has delegated authority.
 - (b) The Executive Director – Listing (who may also delegate approval authority within the Listing Division)
 - (c) The Listing Committee

Applicants' Qualifications for Listing

- 37.03 An issuer must be a State, Supranational, body corporate (including a state corporation) or trust.

[Drafting note: The existing Rules contain provisions for listings by States, Supranationals, State Corporations, and banks. Bank is now replaced by body corporate and the scope is expanded to include trusts.]

- 37.04 If an issuer is a body corporate it must be validly incorporated or established. If an issuer is a trust it must be validly established. An issuer must provide evidence of this if it applies for listing.

[Drafting Note: based on existing Rule 37.08]

- 37.05 If an issuer is a body corporate it must have net assets of HK\$100 million unless:
- (a) It is a Supranational; or
 - (b) It is a State Corporation; or
 - (c) Its shares are listed on the Exchange; or
 - (d) Its shares are listed on another stock exchange; or

(e) It is a special purpose vehicle formed for listing asset backed securities.

[Drafting Note: based on existing Rule 37.12. That Rule exempts companies listed on the Exchange from the net asset requirement. Existing Rule 37.16 exempts Supranationals from the net asset requirement. The exemption is now extended to state corporations, companies listed on other exchanges and special purpose vehicles formed for the listing of asset backed securities.]

37.06 If an issuer is a body corporate it must have produced audited accounts for the two years before the listing application made up to a date at most 15 months before the intended date of the listing document unless:

- (a) It is a Supranational; or
- (b) It is a State Corporation; or
- (c) Its shares are listed on the Exchange; or
- (d) It is a special purpose vehicle formed for listing asset backed securities.

[Drafting Note: based on existing Rules 37.10 and 37.11. Existing Rule 37.16 exempts states and Supranationals from the audited accounts requirement. Existing Rule 29.11(b) exempts issuers of asset backed securities from the audited accounts requirements]

37.07 If an issuer proposes to issue asset-backed securities:

- (a) It must be a single purpose undertaking.
- (b) It may add further assets to the pool of assets whilst its securities are listed.
- (c) It may list further classes of securities backed by separate pools of assets.

[Drafting note: this reflects current Rule 29.11(a). The exemptions for issuers of asset backed securities in current Rule 29.11(b) are in new Rule 37.06(d). The requirements in current Rules 29.11(c) and 29.11(d) are in new Rules 37.14, 37.15 and 37.16]

37.08 If an issuer does not meet the eligibility criteria above it is eligible for a listing of guaranteed debt securities if:

- (a) It is a body corporate that is validly incorporated or established; and
- (b) It is wholly owned by a State, a Supranational or a by a body corporate that meets the eligibility criteria above; and
- (c) Its owner guarantees its obligations; and
- (d) It and its owner agree to comply with the Listing Rules.

[Drafting Note – This reflects existing Rule 37.14 which permits guaranteed issues.]

Securities' Qualifications for Listing

- 37.09 The debt securities must be freely transferable.
[Drafting Note – this reflects existing Rule 37.13(2)]
- 37.10 The debt securities must have been validly authorised.
[Drafting Note – This reflects existing Rules 37.13(1), 37.13(2) and 37.16(2)]
- 37.11 If an issuer is a body corporate (including a state corporation) its debt securities:
- (a) must comply with the law of the place where it is incorporated or established; and
 - (b) must comply with its memorandum and articles of association.
- [Drafting Note – This reflects existing Rule 37.13(1) insofar as it relates to the issuer. Provisions applying to any guarantor are in new Rule 37.12 below. The requirement for the securities to be validly authorised is in new Rule 37.10 above]
- 37.12 If an issuer is issuing guaranteed debt securities under Rule 37.08 the guarantee:
- (a) Must have been validly authorised
 - (b) Must comply with the guarantor's memorandum and articles of association, if the guarantor is a body corporate; and
 - (c) Must comply with the law of the place where the guarantor is incorporated or established.
- [Drafting note – this reflects existing Rule 37.13(1) as it relates to the guarantor]

Asset-backed Securities

- 37.13 This section sets out additional requirements that apply if debt securities are asset-backed securities.
- 37.14 If the asset backed securities are backed by equity securities or depositary receipts :
- (a) The equity securities or depositary receipts must represent minority interests and must not confer legal or management control of the issuer of the equity securities; and
 - (b) They must be listed on the Exchange or another stock exchange.
- [Drafting Note – This reflects existing Rule 29.11(c) with the addition of “depositary receipts” to cater for DRs]

37.15 If asset backed securities are backed by options or conversion rights relating to equity securities then Rule 37.18 applies to the securities resulting from the exercise of the option or conversion rights.

[Drafting Note – This reflects existing Rule 29.11(c) as it relates to options or conversion rights]

37.16 There must be a trustee or appropriate independent party to represent the interests of the holders of the asset-backed securities. It must have a right of access to information relating to the assets.

[Drafting Note: This reflects existing Rule 29.11(d)]

Convertible Securities

37.17 This section sets out additional requirements that apply if debt securities are convertible.

37.18 If debt securities are convertible they must be convertible into :

- (a) Shares listed or to be listed on the Exchange or another stock exchange;
or
- (b) Depositary receipts listed or to be listed on the Exchange or another stock exchange; or
- (c) Other assets the Exchange has agreed in writing to regard as eligible.

[Drafting Note: Parts (a) and (b) above reflect existing Rule 28.03 expanded to include depositary receipts. Part (c) reflects existing Rule 28.04 which provides that conversion into other assets is only allowed if the Exchange is satisfied that holders have sufficient information – the same practical effect can be obtained by indicating that the Exchange should agree to regard the asset as eligible.]

37.19 If debt securities are convertible into shares that have not yet been issued :

- (a) The issuance of the shares must have been validly authorised; and
- (b) The listing of the shares must have been validly authorised.

[Drafting Note: This reflects existing Rule 28.02.]

37.20 If debt securities are convertible into shares (or into depositary receipts) the terms of the issue must provide for appropriate adjustments to the conversion rights if there is a change in the capital of the issuer of those shares or a change in the capital of the issuer whose shares underlie the depositary receipts.

[Drafting Notes: This replaces the requirement for the Exchange's prior approval in current Rule 28.05]

37.21 The Exchange treats debt securities with non-detachable warrants to subscribe for equity securities or other assets as convertible securities.

[Drafting Note: This reflects existing Rule 27.01]

Options, Warrants and Similar Rights

37.22 This section sets out additional requirements that apply to options, warrants or similar rights

37.23 The securities underlying the options, warrants or similar rights must be :

- (a) Debt securities that are listed or to be listed the Exchange;
- (b) Debt securities listed or to be listed on another stock exchange; or
- (c) Other debt security the Exchange has agreed in writing to regard as eligible

[Drafting note: This reflects existing Rule 27.03. Existing Rule 27.03 exempts States and Supranationals from the requirement for the debt securities underlying the options, warrants or similar rights to be listed on the Exchange or another stock exchange. This exemption has never been used and consequently has been removed. New Rule 37.23(c) would allow unlisted securities as an underlying]

37.24 If the underlying debt securities have not yet been issued :

- (a) Their issuance must have been validly authorised; and
- (b) Any listing of them must have been validly approved.

[Drafting Note: Existing Rule 27.02 states that the Exchange will apply the requirements applicable to the underlying securities to the warrants, options or similar rights. The same practical effect is achieved by this drafting.]

37.25 If options, warrants or similar rights are convertible into debt securities, the terms of the issue must provide for appropriate adjustments to the conversion rights if there is a change in those debt securities.

[Drafting Note: This is a change from existing Rule 27.04 which requires the Exchange's consent]

Listing Document

37.26 This section sets out the information that an issuer must disclose in its listing document and other requirements relating to the listing document. For debt issuance programmes these requirements apply to the base listing document and the supplementary listing document for each issue under the programme.

[Drafting Note: The second sentence reflects existing Rule 29.06]

37.27 A listing document must contain a disclaimer statement:

“Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.”

The disclaimer must be legible and appear on the front cover or inside cover of the listing document.

[Drafting Note: This reflects existing Rule 37.28(4).]

37.28 A listing document must contain a responsibility statement:

“This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.”

An issuer may make this statement on a corporate basis. The Exchange may allow others to make the statement but an issuer must seek prior consent for this.

[Drafting Note: This reflects existing Rule 37.29(1) and paragraph 2 of Part C of Appendix 1]

37.29 A listing document must contain the information that the investors an issuer is offering the securities to would customarily expect it to contain.

[Drafting Note: this replaces the existing prescriptive disclosures in the Listing Rules.]

37.30 A listing document must contain any additional information that the Exchange requires.

[Drafting Note: This reflects existing Rule 37.27]

37.31 A listing document must contain a statement limiting its distribution to professional investors only.

[Drafting Note: this reflects existing Rule 37.28(3)]

37.32 A listing document must be in English or Chinese.

[Drafting note: This relaxes existing Rule 37.31(1) which requires the document to be in English and does not require it to be translated into Chinese]

37.33 A listing document may be in printed or electronic form.

[Drafting Note: this reflects existing Rule 37.31(3)]

Application Procedures

37.34 This section sets out the procedures that an issuer must follow to apply for listing of securities or listing of a debt programme. An application involves determining whether an issuer is eligible for listing and whether securities are eligible for listing. The Exchange will use the information that an issuer supplies to make these assessments. The documents an issuer submits must be in English or Chinese or translated into one of these languages.

[Drafting Note: The requirement for translation relaxes existing Rule 37.31(2) which requires documents to be translated into English]

37.35 An issuer must submit the following documents when it applies for listing:

- (a) Completed application form. If an issue is guaranteed the guarantor must also complete the application form. This is set out in Appendix 5, part C.
- (b) Listing fee as provided in Appendix 8.
- (c) Draft Listing document.
- (d) Draft formal notice of listing.
- (e) If an issuer is not listed on the Exchange a copy of
 - (1) Its memorandum and articles of association or equivalent.
 - (2) Its last published financial statements. These financial statements are not required if an issue is guaranteed.
- (f) If debt securities have been authorised by shareholders then a copy of the resolution.
- (g) A copy of the resolutions by the issuer's governing body (for example, its board of directors) authorising
 - (1) the issue and allotment of the debt securities
 - (2) the application for listing
 - (3) issuing the listing document
- (h) If the issue is guaranteed by a body corporate that is not listed on the Exchange then a copy of the guarantor's
 - (1) Memorandum and articles of association or equivalent.
 - (2) Last published financial statements.
- (i) If an issue is guaranteed, a copy of the resolutions by the guarantor's governing body authorising
 - (1) the listing application
 - (2) issuing of the listing document

[Drafting Note: Based on current rules 37.24, 37.25 and 37.26 but with all information being supplied on application rather than on application, 14 days before the Committee hearing and before listing]

- 37.36 After the Exchange has considered an application it will issue a Listing Eligibility letter. In this letter it will advise an issuer whether it and its debt securities are eligible for listing. The Exchange will also indicate whether it requires include additional information in the listing document. The letter is valid for three months from the date of issue. For routine applications the Exchange aims to issue this letter 5 business days after it receives the application.

[Drafting Note: this is a new provision reflecting the proposed application process]

- 37.37 An issuer must not issue the listing document in final form until the Exchange has confirmed that the issuer may issue it.

[Drafting Note: This reflects existing Rule 37.22]

- 37.38 In the period from when the listing document is issued to the date of listing an issuer must advise the Exchange of any event that it would have dealt with in the listing document if it had been aware of it before the listing document was finalised.

[Drafting Note: reflects existing Rule 37.34]

- 37.39 An issuer must publish a formal notice on listing. The notice must be in English or Chinese. A model form of notice is set out in Appendix 11.

[Drafting Note: This reflects existing Rule 37.35(2) except that the notice is to be published on listing rather than two days before listing]

Programmes

- 37.40 This section sets out the procedures for listing securities under a programme that the Exchange has approved.

- 37.41 A debt programme that the Exchange has approved is valid for issuing debt securities for one year after the date it is published.

[Drafting Note: reflects existing Rule 29.04]

- 37.42 An issuer must submit the pricing supplement for an issue under a programme before 2:00 pm of the business day before listing is required to become effective. It must not issue the pricing supplement until the Exchange has confirmed that the issuer may issue it.

[Drafting Note: This reflects existing Rule 29.05 and 29.04(b)]

- 37.43 The Exchange will approve the listing of all securities issued under a valid programme subject to the issuer:
- (a) Notifying it of the final terms of each issue
 - (b) Confirming that the securities have been issued
 - (c) Paying the appropriate listing fee before listing

[This reflects existing Rule 29.04 parts (a), (c) and (d). Part (b), submission of documents is dealt with immediately above.]

Continuing Obligations

- 37.44 This section sets out the obligations that apply to an issuer if the Exchange agrees to list its securities. If the securities are guaranteed then the guarantor must also comply with these obligations. An issuer must comply with these obligations

- (a) until the securities expire or
- (b) until they are withdrawn from listing.

- 37.45 If an issuer is required to announce information then
- (a) it must do so by an announcement under Rule 2.07C.
 - (b) The announcement must include the following disclaimer:

“Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.”

[Drafting Note: Part (a) is based on Note 2.6 appearing under paragraph 2(1)(c) of listing agreement. The requirement for the announcement to be reviewed by the Exchange is removed. Part (b) is taken from Note 11.2 under paragraph 11(3) of the listing agreement]

- 37.46 An issuer must comply with the Listing Rules in force from time to time.

[Drafting Note: Based on paragraph 2(3) of the listing agreement.]

- 37.47 An issuer must immediately announce any information which
- (a) Is necessary for investors to appraise its position or
 - (b) Is necessary to avoid a false market in its securities or
 - (c) May have a material affect on its ability to meet the obligations under its debt securities.

[Drafting Note: Reflects paragraph 2 (1) of listing agreement.]

- 37.48 An issuer must announce as soon as possible:
- (a) Any redemption or cancellation of its debt securities
 - (b) Any public disclosure made on another stock exchange about its debt securities.

[Drafting Notes: Part (a) is based on paragraph 7 of the listing agreement which requires the issuer to notify the Exchange of purchases, redemptions, cancellations, drawings or proposed drawings to effect partial redemptions of debt securities. Purchases or proposed drawing are excluded. Parts (b) and (c) are new. Part (b) follows paragraph 2(2) of the listing agreement]

- 37.49 An issuer must notify the Exchange in advance of any proposal to
- (a) Replace a trustee for bondholders.
 - (b) Amend the trust deed.
 - (c) Amend the terms of convertible debt securities unless that amendment occurs automatically in accordance with the terms of the debt securities.

When the Exchange receives that notification it will consider whether to impose any conditions for the change.

[Drafting Note: Current Rule 28.05 requires consent from the Exchange to any change in the terms of convertible securities. This is amended to a requirement for prior notification and the Rule clearly indicates the purpose of that notification.]

- 37.50 An issuer must notify the Exchange as soon as possible if
- (a) It has repurchased and cancelled all its listed debt securities
 - (b) convertible debt securities have been fully converted
- The Exchange will then formally delist the debt securities.

[Drafting Note: New requirement that reflects existing practice]

- 37.51 An issuer must notify the Exchange as soon as possible if its debt securities are listed on another stock exchange.

[Drafting Note: This reflects paragraph 9 of the Listing Agreement]

- 37.52 An issuer must provide the Exchange with a copy of any circular that that is sent to bondholders or to any trustee. If the circular is published on a website and the issuer notifies the Exchange when it is published on that site it does not have to send it a printed copy.

37.53 If an issuer is a body corporate it must provide the Exchange with its annual accounts and any interim report when they are issued. An issuer is exempt from this requirement if its securities are guaranteed by a body corporate in which case it must provide the guarantor's annual accounts and interim report. The Exchange will accept a printed or electronic copy. If the annual accounts or interim report are published on a website and the issuer notifies the Exchange when they are published on that site it does not have to send it a printed copy.

[Drafting Note: Reflects Paragraph 12(1) of listing agreement, amended to allow electronic copies of accounts or website publication.]

Authorised Representative

37.54 An issuer must appoint two authorised representatives to communicate with the Exchange. The representatives do not have to be resident in Hong Kong.

[Drafting Note: Reflects current Rule 37.19]

Other

37.55 If an issuer or its securities does not comply with these requirements the Exchange will not list them unless it agrees to modify these requirements.

37.56 The Exchange may accept or reject a listing application or make listing subject to additional conditions.

[Drafting note: this reflects existing Rule 37.06, parts (1) & (2)]

37.57 The Exchange may impose additional obligations on an issuer. The Exchange will allow an issuer to make representations before imposing requirements on it that are not imposed on issuers of debt securities generally.

[Drafting Note: Based on Listing Agreement paragraph 17(1)]

Definitions

37.58 In this Chapter the following definitions apply:

“asset-backed securities”	debt securities backed by financial assets which, at the time of the relevant issues, are evidenced by agreements and intended to produce funds to be applied towards interest payments due on the securities and repayment of principal on maturity, except those debt securities which are directly secured, in whole or in part, on real property or other tangible assets
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“bearer securities”	securities transferable to bearer
“convertible debt securities”	debt securities convertible into or exchangeable for equity securities or other property and debt securities with non-detachable options, warrants or similar rights to subscribe or purchase equity securities or other property attached.
	[Drafting note – copied from Rule 1.01]
“debt issuance programmes	issues of debt securities where only part of the maximum principal amount or aggregate number of securities under the issue is issued initially and a further tranche or tranches may be issued subsequently
“debt securities”	debenture or loan stock, debentures, bonds, notes and other securities or instruments acknowledging, evidencing or creating indebtedness, whether secured or unsecured and options, warrants or similar rights to subscribe or purchase any of the foregoing and convertible debt securities.
“Professional Investor”	A professional investor as defined in Schedule 1 of the Securities and Futures Ordinance
“State”	Includes any agency, authority, central bank, department, government, legislature, minister, ministry, official or public or statutory person of, or of the government of, a state or any regional or local authority thereof
“State corporation”	any company or other legal person which is directly or indirectly controlled or more than 50 per cent. of whose issued equity share capital (or equivalent) is beneficially owned by, and/or by any one or more agencies of, a State or all of whose liabilities are guaranteed by a State or which is specified as such from time to time by the Exchange

“stock exchange”

Any stock exchange that is a member of the World Federation of Exchanges

[Drafting Note: a newly introduced definition]

“Supranational”

any institution or organisation at a world or regional level which is specified from time to time by the Exchange

[Drafting note – except as indicated these are taken from existing Rule 37.04.]

APPENDIX III OTHER RULE AMENDMENTS

Appendix 4 to the Listing Rules will be amended as set out below to indicate that it is not applicable to debt securities for professionals.

Appendix 4

Trust Deeds or Other Documents Securing or Constituting Debt Securities

The provisions of this appendix do not apply to debt securities for professionals only. If there is a trustee ...

Chapter 2A will be amended as set out below

- 2A.05A The Listing Committee has delegated to the Executive Director – Listing the power to approve any application for listing of debt securities under Chapter 37 (debt for professional investors only) and any application issued or guaranteed (in the case of guaranteed issues) by the following issuers or (in the case of guaranteed issues) guarantors:—
- i) States
 - ii) Supranationals;
 - iii) State corporations;
 - iv) banks and corporations having an investment grade credit rating (and the term “investment grade” shall have the same meaning as in note (2) to rule 15.13); and
 - v) issuers whose equity securities are listed on the Exchange and which have a market capitalization, at the time of the application, of not less than HK\$5,000,000,000.

APPENDIX IV DETAILS OF CONTINUING OBLIGATIONS REMOVED

This appendix set outs details of provisions in the listing Agreement that have been deleted. References to the Listing Agreement are to the form of agreement set out Part E of Appendix 7 to the Listing Rules.

Provisions protecting retail investors that are not required for professional investors:

- Paragraph 3, requiring the issuer's accounts to be available from the paying agent if securities are in bearer form.
- Paragraph 4, requiring the accounts of any company whose shares a debt security is convertible into to be available from the paying agent
- Paragraph 4(1), requiring the issuer to send accounts to the trustee or fiscal agent and every holder of listed debt securities and requiring accounts to be in consolidated form.
- Paragraph 4(2), requiring accounts to include additional information if they do not show a true and fair view.
- Paragraph 8, requiring that information is made available to allow holders of the debt securities to assess the company into which the debt securities are convertible.
- Paragraph 11(2), requiring proposed amendments to the memorandum or articles of association or equivalent that would affect the rights of bond holders to be submitted to the Exchange for review.
- Paragraph 13, requiring an issuer to ensure that all necessary facilities and information are available to enable holders of listed debt securities to exercise their rights.
- Paragraph 14, setting out detailed requirements in relation to registration services, issues of certificates, registration and other fees.
- Paragraph 15, requiring an issuer to maintain a paying agent.
- Paragraph 16 requiring an issuer to ensure equality of treatment for all holders of listed debt securities.

Provisions that are covered by the general disclosure obligation:

- Notes 2.1 to 2.5 and notes 2.7 to 2.9 under paragraph 2(1) of the Listing Agreement providing guidance on the general disclosure obligation.
- Paragraph 5, requiring the issuer to inform the Exchange immediately after approval by or on the behalf of the board of directors of decisions to pass on interest payments, to change the capital structure or to issue new debt securities.
- Paragraph 6, requiring the issuer to inform the Exchange of any decision to alter the memorandum and articles in a way that would affect the rights of holders of listed debt securities or to make changes to the rights attaching to any class of listed debt securities.

- Paragraph 10, requiring the issuer to inform the Exchange of any event of default under the terms and conditions of any listed debt securities as soon as it comes to the attention of the issuer.

APPENDIX V DESTINATION TABLE

Source Rule	Comments	Destination Rule
Chapter 22	Methods of Listing	
	Not applicable to selective marketing	N/A
Chapter 23	Qualifications for Listing	
	Not applicable to selective marketing	N/A
Chapter 24	Application Procedures & Requirements	
	Not applicable to selective marketing	N/A
Chapter 25	Listing Documents	
	Not applicable to selective marketing	N/A
Chapter 26	Listing Agreement	
	Not applicable to selective marketing	N/A
Chapter 27	Options warrants & similar Rights	
27.01	Non-detachable warrants are convertible securities	37.24
27.02	Requirements applicable to underlying securities are applied to warrants	37.24 (Issuance and listing of underlying must have been approved)
27.03	Underlying must be listed on SEHK or recognised exchange	37.23
27.04	SEHK to approve change in terms of warrants	Deleted. T&Cs to contain adjustment provisions see 37.25
27.05	Document content requirements	Deleted
Chapter 28	Convertible Debt Securities	
28.01	Consult SEHK about requirements	Deleted
28.02	CBs to comply with requirements for debt and equity	37.19 (Issuance and listing of underlying must have been approved)
28.03	Equity must be listed on SEHK or recognised exchange	37.18(a)&(b) equity may be listed on any exchange
28.04	Holders must have information to assess the value of underlying	37.18(c) other underlying requires SEHK approval
28.05	SEHK to approve change in terms of CBs	Deleted. Rule 37.20 & 37.49(c) T&C to contain adjustment provisions
28.06	Document content requirements	Deleted

Source Rule	Comments	Destination Rule
Chapter 29	Tap Issues, Debts Issuance Programmes and Asset Backed Securities	
29.01	Intro paragraph – not required	Deleted
29.02	Exchange will apply same requirements to each tranche of tap	Deleted
29.03	Disclose maximum amount that may be issued	Deleted
29.04	Validity of listing approval	37.41
29.04(a)	Application procedures	37.43(a)
29.04(b)	Application procedures	37.42
29.04(c)	Application procedures	37.43(b)
29.04(d)	Application procedures	37.43(c)
29.05	Application procedures	37.42
29.06	Content requirements	Deleted
29.07	Form C2 not required after first issue	Deleted
29.08	Content Requirements	Deleted
29.09(a)	Documents available for inspection	Deleted
29.09(b)	Documents available for inspection	Deleted
29.09(c)	Documents available for inspection	Deleted
29.10	Content Requirements	Deleted
29.11(a)	Eligibility requirements for asset backed securities	37.07
29.11(b)	Eligibility requirements for asset backed securities	37.06(d)
29.11(c)	Eligibility requirements for asset backed securities	37.14 / 37.15
29.11(d)	Eligibility requirements for asset backed securities	37.16
29.12(a)	Content requirements for asset backed securities	Deleted
29.12(b)	Content requirements for asset backed securities	Deleted
29.12(c)	Content requirements for asset backed securities	Deleted
29.12(d)	Content requirements for asset backed securities	Deleted
29.12(e)	Content requirements for asset backed securities	Deleted
29.12(f)	Content requirements for asset backed securities	Deleted
29.12(g)	Content requirements for asset backed securities	Deleted
29.13	May vary content requirements if asset backed securities are guaranteed by a listed issuer	Deleted
29.14	May waive annual report and accounts	Deleted
Chapter 30	Mineral Companies	
30.01	Applies Chapter 18 to mineral companies	Not required
30.02	Exempts disclosure required by Rule 18.10	Not required

Source Rule	Comments	Destination Rule
Chapter 31	States	
	Not applicable to selective marketing	Not required
Chapter 32	Supranationals	
	Not applicable to selective marketing	Not required
Chapter 33	State Corporations	
	Not applicable to selective marketing	Not required
Chapter 34	Banks	
	Not applicable to selective marketing	Not required
Chapter 35	Guarantors and Guaranteed Issues	
	Not applicable to selective marketing	Not required
Chapter 36	Overseas Issuers	
	Not applicable to selective marketing	Not required
Chapter 37	Selectively Marketed Debt Securities	
37.01	Introductory paragraph	37.01
37.02	Introductory paragraph	Deleted
37.03	Application must be made at the earliest opportunity	Deleted
37.03A	Authorisation to file applications with SFC	Deleted – included in listing application
37.04	Definitions	37.58
37.05	Introduction to general requirements	Deleted
37.06(1)	Exchange may impose additional conditions	37.56
37.06(2)	Exchange may accept or reject listing application	37.56
37.06(3)	Exchange may require additional documents	Deleted
37.07	Introduction to eligibility requirements	Deleted
37.08	Issuer and Guarantor must be duly incorporated	37.04
37.09	Issuer must not be a private company	Deleted
37.10	Two years accounts required	37.06
37.11	Accounts to be to no more than 15 months before listing document date	37.06
37.12	Unlisted companies must have net assets of HK\$100+ million	37.05
37.13(1)	Securities and guarantee to be validly authorised and comply with Memorandum & Articles	37.10 / 37.11 / 37.12
37.13(2)	Securities must be freely transferable	37.09
37.14	Guarantor to comply with Listing Rules	37.08(d)

Source Rule	Comments	Destination Rule
37.15(1)	Maintain paying agent in HK	Deleted
37.15(2)	Maintain register in HK	Deleted
37.16	Introduction to eligibility requirements for States and Supranationals	Deleted
37.16(1)	Notional amount of securities listed must be HK\$50+ million	Deleted
37.16(2)	Securities must be validly authorised	37.10
37.17	Cross reference to Chapter 29 for qualifications of issuers of asset backed securities	Deleted
37.18	Stabilisation activity must comply with applicable law	Deleted
37.19	Must Appoint two authorised representatives	37.54
37.20	Applicant should approach Exchange ASAP	Deleted
37.21	Amended documents to be annotated	Deleted
37.22	Cannot publish until Exchange confirms may do so	37.37
37.23	Publicity material to be approved by the Exchange	Deleted
37.24(1)	14-day documents – draft document	37.35(c), with application
37.24(2)	14-day documents – draft formal notice	37.35(d), with application
37.24(3)	14-day documents – draft trust deed	Deleted
37.24(4)	14-day documents – completed checklist	Deleted
37.24(5)	14-day documents – other info requested by Exchange	Deleted
37.24(6)	14-day documents – listing fee	37.35(b), with application
37.25(1)	3-day documents – application form	37.35(a), with application
37.25(2)	3-day documents – final proof of listing document	37.35(c), with application
37.25(3)	3-day documents – final proof of formal notice	37.35(d), with application
37.25(4)	3-day documents – Certified copy of issuer and guarantor Memorandum and Articles	37.35(e)(1) / 37.35(h)(1), with application
37.25(5)	3-day documents – Annual Accounts of issuer and guarantor	37.35(e)(2) / 37.35(h)(2), with application
37.25(6)	3-day documents – Listing Agreement for new issuer	Deleted
37.25(7)	3-day documents – Listing Agreement for existing issuer	Deleted
37.25(8)(a)	3-day documents – certified copies of AGM resolutions	37.35(f), with application, copies not certified
37.25(8)(b)	3-day documents – certified copies board	37.35(g), with

Source Rule	Comments	Destination Rule
	resolutions	application, copies not certified
37.25(8)(c)	3-day documents – guarantors’ resolutions	37.35(i), with application, copies not certified
37.26(1)(a)	Repealed September 2008	N/A
37.26(1)(b)	Certified copy of letters, reports referred to in listing document	Deleted
37.26(1)(c)	Certified copies of written consents	Deleted
37.26(1)(d)	Repealed 1 September 2008	N/A
37.26(2)	Repealed 1 September 2008	N/A
37.27	Listing Document disclosure requirement	Deleted
37.28(1)	Listing Document disclosure requirement	Deleted
37.28(2)	Listing Document disclosure requirement	Deleted
37.28(3)	Statement limiting distribution	37.31
37.28(4)	Requirement for HKEx disclaimer	37.27
37.28(5)	Listing Document disclosure requirement	Deleted
37.29(1)	Requirement for Responsibility Statement	37.28
37.29(2)(a)(i)	Listing Document disclosure requirement	Deleted
37.29(2)(a)(ii)	Listing Document disclosure requirement	Deleted
37.29(2)(a)(iii)	Listing Document disclosure requirement	Deleted
37.29(2)(a)(iv)	Listing Document disclosure requirement	Deleted
37.29(2)(b)	Listing Document disclosure requirement	Deleted
37.29(2)(c)	Exchange can enquire about auditors	Deleted
37.29(2)(d)	Auditors must be independent	Deleted
37.29(2)(e)	Listing Document disclosure requirement	Deleted
37.29(3)	Listing Document disclosure requirement	Deleted
37.29(4)	Listing Document disclosure requirement	Deleted
37.29(5)	Listing Document disclosure requirement	Deleted
37.29(6)	Listing Document disclosure requirement	Deleted
37.29(7)	Listing Document disclosure requirement	Deleted
37.29(8)	Exchange may require additional documents to be available for inspection	Deleted
37.29(9)	Listing Document disclosure requirement	Deleted
37.30(1)	Listing Document disclosure requirement	Deleted
37.30(2)	Listing Document disclosure requirement	Deleted
37.31(1)	Document to be in English, no translation required	37.32 – document may be in English or Chinese
37.31(2)	Non English documents to be translated into English	37.34 – documents must be translated into English or Chinese
37.31(3)	Document may be printed or electronic	37.33
37.32	Special requirements apply to states, supranationals, state corporations and banks	Deleted

Source Rule	Comments	Destination Rule
37.33	Listing Document disclosure requirement	Deleted
37.34	Notify Exchange of any significant changes after document printed but before listing	37.38
37.35(1)(a)	Content requirements for formal notice	Deleted. Rule 37.39 refers to model formal notice in Appendix 11
37.35(1)(b)	Content requirements for formal notice	Deleted
37.35(1)(c)	Content requirements for formal notice	Deleted
37.35(1)(d)	Content requirements for formal notice	Deleted
37.35(1)(e)	Content requirements for formal notice	Deleted
37.35(1)(f)	Content requirements for formal notice	Deleted
37.35(1)(g)	Content requirements for formal notice	Deleted
37.35(2)	Cross reference to model formal notice in Appendix 11	37.39
37.36	Requirement to sign listing agreement	Deleted
37.37	Failure to comply with listing agreement may result in suspension	Deleted
37.38	Trust deed to comply with Appendix 4	Deleted
37.39	State to submit authorisations for debt	37.35(g)
37.40(1)	Content requirements for States	Deleted
37.40(2)(a)	Content requirements for States	Deleted
37.40(2)(b)	Content requirements for States	Deleted
37.40(2)(c)	Content requirements for States	Deleted
37.40(3)(a)	Content requirements for States	Deleted
37.40(3)(b)	Content requirements for States	Deleted
37.41	Content requirements for States	Deleted
37.42	Supranational to submit authorisations for debt	37.35(g)
37.43(1)	Content requirements for supranationals	Deleted
37.43(2)	Content requirements for supranationals	Deleted
37.43(3)	Content requirements for supranationals	Deleted
37.44	Content requirement for Supranationals	Deleted
37.45	State Corp not required to submit resolutions authorising debt issue	Deleted
37.46	Content requirements for State Corporations	Deleted
37.47	Content requirements for State Corporations	Deleted
37.48	Content requirements for State Corporations	Deleted
37.49	Content requirements for Banks	Deleted
(Appendix 7E)	Listing Agreement	
App7E 1(1)	Definitions used in listing agreement	Deleted
App7E 1(2)	Terms follow definitions in Listing Rules	Deleted
App7E 1(3)	Anything to be sent to a person outside Hong Kong shall be by airmail	Deleted

Source Rule	Comments	Destination Rule
App7E 1(4)	Notices shall be in writing. Notices re bearer securities may be published in accordance with Rule 2.07C	Deleted
App7E 2(1)(a)	The general disclosure obligation	37.47(a)
App7E 2(1)(b)	The general disclosure obligation	37.47(b)
App7E 2(1)(c)	The general disclosure obligation	37.47(c)
App7E 2(1)(c) note 2.1	Do not place parties in privileged dealing position	Deleted
App7E 2(1)(c) note 2.2	Keep information confidential until announced	Deleted
App7E 2(1)(c) note 2.3	Announce if information enters the public domain	Deleted
App7E 2(1)(c) note 2.4	Exchange may suspend dealings if information is not announced	Deleted
App7E 2(1)(c) note 2.5	How to inform the Exchange	Deleted
App7E 2(1)(c) note 2.6	If the general disclosure obligation arises it is satisfied by publishing an announcement	37.45(a)
App7E 2(1)(c) note 2.7	Make provision to publicly release information if disclosed at meetings of holders	Deleted
App7E 2(1)(c) note 2.8	Consult Exchange if disclosure of information is prejudicial	Deleted
App7E 2(1)(c) note 2.9	A board may need to delegate to a committee	Deleted
App7E 2(1)(2)	Disclose information released overseas	37.48(b)
App7E 2(1)(3)	Comply with the Listing Rules	37.46
App7E 3	Annual Report to be available from paying agent	Deleted
App7E 4(1)	Accounts to be sent to holders and trustee	Deleted
App7E 4(2)	Accounts to include more information if they do not show true and fair view	Deleted
App7E 4(2) note 4.1	Issuer can avail itself of Part III of 10 th Schedule to CO	Deleted
App7E 4(2) note 4.2	Exchange may allow accounts to be prepared to a standard equivalent standard	Deleted
App7E 4(2) note 4.3	Issuer to send a copy of accounts to Exchange	37.53
App7E 5(1)	Notify Exchange of decision to pass interest	Deleted
App7E 5(2)	Notify Exchange of decision to change capital structure	Deleted
App7E 5(3)	Notify Exchange of new listed securities or guarantees	Deleted
App7E 6(1)	Notify Exchange of any change to Memorandum & Articles affecting debt	Deleted
App7E 6(2)	Notify Exchange of change in rights attaching to debt	Deleted

Source Rule	Comments	Destination Rule
App7E 7	Notify purchases, redemptions, cancellations of securities, drawings for redemptions	37.48(a), redemptions and cancellations only
App7E 8	Availability of information about companies that convertibles are convertible into	Deleted
App7E 9	Notify Exchange if debt listed or dealt on another exchange	37.51
App7E 10	Notify Exchange of default under terms and conditions	Deleted
App7E 11(1)	Submit draft of announcement about issue of debt securities or trading arrangements for review	Deleted
App7E 11(2)	Submit draft of changes to M&A affecting debt securities to Exchange	Deleted
App7E 11(3)	Documents submitted under 11(1) and 11(2) not to be issued until the Exchange confirms no comments	Not required as obligations in 11(1) and 11(2) are deleted
App7E 11(3) note 11.1	Requires 4 copies of each draft document to be submitted to the Exchange	Deleted
App7E 11(3) note 11.2	Reviewed announcements to carry disclaimer	37.45(b)
App7E 11A	Authorises applications to be filed with SFC	Deleted
App7E 12(1)	Provide copy of annual/interim report to Exchange	37.53
App7E 12(2)	Provide copy of notice of meeting	Deleted
App7E 12(3)	Provide certified copies of resolutions of holders on request	Deleted
App7E 12(3) note 12.1	Exchange may require more copies of documents	Deleted
App7E 13	Ensure facilities are available for holders to exercise their rights	Deleted
App7E 14(1)	Issuer to provide standard registration service	Deleted
App7E 14(2)	Terms of standard registration service	Deleted
App7E 14(3)	Terms of optional registration service	Deleted
App7E 14(4)	Terms of expedited registration service	Deleted
App7E 14(5)	Terms of bulk registration service	Deleted
App7E 14(6)	Certificate replacement service	Deleted
App7E 14(7)	Definitions for registration service	Deleted
App7E 14(8)	Fees for registration not to exceed HK\$5	Deleted
App7E 14(9)	Issuer to notify Exchange if paying agent breaches paragraph 14	Deleted
App7E 14(10)	Issuer cannot charge fees except as prescribed in paragraph 14	Deleted
App7E 14(11)	Omissions by an agent do not relieve Issuer of its obligations	Deleted
App7E 15	Maintain a paying agent in Hong Kong	Deleted

Source Rule	Comments	Destination Rule
App7E 16	Equality of treatment for all debt holders	Deleted
App7E 17(1)	Exchange may apply additional conditions to an issuer	37.57
App7E 17(2)	Exchange may vary terms	Deleted
App7E 18	Listing agreement covered by HK law	Deleted

APPENDIX VI PERSONAL INFORMATION COLLECTION AND PRIVACY POLICY STATEMENT

Provision of Personal Data

1. Your supply of Personal Data to HKEx is on a voluntary basis. “Personal Data” in these statements has the same meaning as “personal data” in the Personal Data (Privacy) Ordinance, Cap 486, which may include your name, identity card number, mailing address, telephone number, email address, login name and/or your opinion.

Personal Information Collection Statement

2. This Personal Information Collection Statement is made in accordance with the guidelines issued by the Privacy Commissioner for Personal Data. It sets out the purposes for which your Personal Data will be used after collection, what you are agreeing to in respect of HKEx’s use, transfer and retention of your Personal Data, and your rights to request access to and correction of your Personal Data.

Purpose of Collection

3. HKEx may use your Personal Data provided in connection with this consultation paper for purposes relating to this consultation and for one or more of the following purposes:
 - administration, processing and publication of the consultation paper and any responses received;
 - performing or discharging HKEx’s functions and those of its subsidiaries under the relevant laws, rules and regulations;
 - research and statistical analysis; and
 - any other purposes permitted or required by law or regulation.

Transfer of Personal Data

4. Your Personal Data may be disclosed or transferred by HKEx to its subsidiaries and/or regulator(s) for any of the above stated purposes.
5. To ensure that the consultation is conducted in a fair, open and transparent manner, any response together with your name may be published on an “as is” basis, in whole or in part, in document form, on the HKEx website or by other means. In general, HKEx will publish your name only and will not publish your other Personal Data unless specifically required to do so under any applicable law or regulation. If you do not wish your name to be published or your opinion to be published, please state so when responding to this paper.

Access to and Correction of Data

6. You have the right to request access to and/or correction of your Personal Data in accordance with the provisions of the Personal Data (Privacy) Ordinance. HKEx has the right to charge a reasonable fee for processing any data access request. Any such request for access to and/or correction of your Personal Data should be addressed to the Personal Data Privacy Officer of HKEx in writing by either of the following means:

By mail to: Personal Data Privacy Officer
Hong Kong Exchanges and Clearing Limited
12th Floor, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

**Re: Consultation Paper on Proposed Changes to
Requirements for the Listing of Debt Issues to
Professional Investors Only**

By email to: pdpo@hkex.com.hk

Retention of Personal Data

7. Your Personal Data will be retained for such period as may be necessary for the carrying out of the above-stated purposes.

Privacy Policy Statement

8. HKEx is firmly committed to preserving your privacy in relation to the Personal Data supplied to HKEx on a voluntary basis. Personal Data may include names, identity card numbers, telephone numbers, mailing addresses, e-mail addresses, login names, opinion, etc., which may be used for the stated purposes when your Personal Data are collected. The Personal Data will not be used for any other purposes without your consent unless such use is permitted or required by law or regulation.
9. HKEx has security measures in place to protect against the loss, misuse and alteration of Personal Data supplied to HKEx. HKEx will strive to maintain Personal Data as accurately as reasonably possible and Personal Data will be retained for such period as may be necessary for the stated purposes and for the proper discharge of the functions of HKEx and those of its subsidiaries.

