

HKEx LISTING DECISION

Cite as HKEx-LD30-1 (May 2002) (Updated in September 2009 and withdrawn in January 2024)

[This listing decision is withdrawn.]

Summary	
Name of Party	Company A – a financial adviser
Subject	Eligibility to act as independent financial adviser
Listing Rule	General principles ¹
Decision	In addition to being suitably independent, an independent financial adviser needed to have provided corporate finance advisory services on at least two corporate finance transactions

Summary of Facts

Company A enquired as to whether it could act as an independent financial adviser in a transaction of a listed company (where certain shareholders had an interest in the subject matter of the transaction).

Company A was engaged in the provision of, among other things, corporate finance advisory services and had provided such services on several corporate finance transactions. It had never previously advised the listed company or its controlling shareholder.

Analysis

The role of an independent financial adviser is to advise the independent shareholders, either directly or indirectly through an independent board, on corporate finance transactions in which certain shareholders are or may be interested. To do this, the adviser should, in addition to being suitably independent, have the necessary technical competence resulting from having provided corporate finance advisory services on a sufficient number of occasions.

Generally speaking, the Exchange would not consider an adviser to be suitably independent if it had advised the Company or its controlling shareholder at any time in the preceding 12 months.

As for experience, the Exchange was of the view that quality advice was of particular importance in situations where an independent financial adviser was called for. Accordingly, the adviser would also need to have provided corporate finance advisory services on at least two corporate finance transactions.

Decision

Company A was eligible to act as an independent financial adviser.

Note:

1. *As set out in the Exchange's press release of 24 October 2006, commencing 1 January 2007, a firm will be acceptable as an independent financial adviser if:*

- *it is appropriately licensed or registered to undertake sponsor work (i.e. it is licensed or registered under the Securities and Futures Ordinance for Type 6 regulated activity and permitted under its licence or certificate of registration to undertake work as a sponsor); or*
- *it has completed two significant corporate finance transactions.*

(Added in September 2009)