

HKE_x GUIDANCE LETTER

HKE_x-GL61-13 (July 2013) **(Updated in September 2014)** – effective for applications submitted on or after 1 October 2013

Subject	Guidance on accelerated procedures for reviewing a Listing Department and Listing Committee’s decision to return a listing application
Listing Rules and Regulations	Chapter 2B of Main Board Rules, Rule 9.03(3) Chapter 4 of GEM Rules, GEM Rule 12.09(1)
Related Publications	HKE_x-GL56-13 - Guidance on (i) disclosure requirements for substantially complete Application Proofs; (ii) a 3-day checklist for disclosure matters that the Exchange will check in Application Proofs prior to acceptance; and (iii) publication of Application Proofs and Post Hearing Information Packs on the Exchange’s website
Author	IPO Transactions

Important note: *This letter does not override the Listing Rules and is not a substitute for advice from qualified professional advisers. If there is any conflict or inconsistency between this letter and the Listing Rules, the Listing Rules prevail. You may consult the Listing Department on a confidential basis for an interpretation of the Listing Rules or this letter.*

1. Purpose

- 1.1 To complement the Securities and Futures Commission’s (“SFC”) new sponsor regulation effective on 1 October 2013, the Exchange will amend the Listing Rules to provide for accelerated procedures (“**Accelerated Review Procedures**”) for reviewing (a) a Listing Department’s decision to return a listing application (“**Return Decision**”¹); and (b) a Listing Committee’s decision that endorses a Return Decision, on the ground that the information in the listing application form, Application Proof, or related documents is not substantially complete under Main Board Rule 9.03(3) (GEM Rule 12.09(1)).
- 1.2 This letter supplements the relevant Listing Rules and sets out a sample timetable for the Accelerated Review Procedures with an example set out in **Appendix 1** and a

¹ The Accelerated Review Procedures do not apply to a Listing Department’s or SFC’s decision to return a new CIS applicant’s Application Proof required to be submitted under Main Board Rule 20.25.

flowchart² (see **Appendix 2**) on the IPO vetting procedures and the publication of an Application Proof (“AP”) and a Post Hearing Information Pack (“PHIP”) to assist applicants and/or their sponsors prepare for review hearings relating to a Return Decision.

- 1.3 Each of the applicant and the sponsor has the right to have a Return Decision and the Listing Committee’s decision that endorses the Return Decision reviewed. (Main Board Rule 2B.05(2), GEM Rule 4.05(2))

2. Timetable

- 2.1 This timetable sets out each stage of the Accelerated Review Procedures, where applicable, and any required actions. ~~This includes situations where the Listing Department returns a listing application (a) during the 3 day check (“3-Day Check”) period; or (b) after it has previously accepted an application for detailed vetting following the 3-Day Check period.~~ (Updated in September 2014).

Listing Division’s Action	Applicant and/or Sponsor’s Action
Review of the Return Decision	
<i>Submission of the listing application (Form A1/Form 5A)</i>	
	<ul style="list-style-type: none"> - The applicant submits a listing application together with an AP and the required documents to the Listing Department
<i>After receipt of the listing application <u>(Updated in September 2014)</u></i>	
<ul style="list-style-type: none"> - The Listing Department sends a letter by the fourth day informing the relevant parties of the Return Decision after the 3-Day Check period; and requests the sponsor to pick up the listing application form, AP and related documents 	

² This flowchart does not form part of the Listing Rules and therefore does not override, amend or vary the Listing Rules or the text of any guidance; nor does it have the status of guidance or practice notes to the Listing Rules or this guidance.

Listing Division's Action	Applicant and/or Sponsor's Action
<ul style="list-style-type: none"> - The Return Decision letter will contain reasons for the return (MB Rule 2B.13(2), GEM Rule 4.13(2)) - The Listing Division may also return the listing application form, AP and related documents after acceptance of the application for vetting 	
<i>Within five business days after receipt of the Return Decision</i>	
	<ul style="list-style-type: none"> - The applicant and/or sponsor submit(s) a written review request (the “First Review Request”) to the Secretary to the Main Board or GEM Listing Committee (the “Secretary to LC”) (see definition of Review Request in MB Rule 2B.01A, GEM Rule 4.01A) - The First Review Request must include grounds for the review together with reasons (MB Rule 2B.08(2), GEM Rule 4.08(2)) and the review fee (MB Rule 2B.14, GEM Rule 4.14) - The First Review Request must be based on the original materials submitted to the Listing Department when the applicant first filed its listing application (MB Rule 2B.11(5)(d), GEM Rule 4.11(5)(d))

Listing Division's Action	Applicant and/or Sponsor's Action
<i>The next business day after receipt of the First Review Request</i>	
<p>The Secretary to LC sends a letter to the applicant and/or sponsor specifying the date and time for the review hearing (the “First Review Hearing”), which will be the immediate Thursday after receipt of the First Review Request, provided it is not less than three business days. If such date falls on a public holiday, then the First Review Hearing will be scheduled to the following Tuesday (subject to the availability of the Listing Committee members) or the Thursday thereafter that is not a public holiday</p>	
<i>At least two business days before the First Review Hearing</i>	
<ul style="list-style-type: none"> - The Listing Department submits a report to the Secretary to LC - The Listing Department's report shall comprise: <ul style="list-style-type: none"> (a) the Return Decision; and (b) the AP and/or other documents submitted together with the application form to support the Return Decision 	
<i>At least one business day before the First Review Hearing</i>	
<ul style="list-style-type: none"> - The Secretary to LC circulates the First Review Request, Listing Department's report and agenda to the Main Board or GEM Listing Committee (the “Listing Committee”) 	

Listing Division's Action	Applicant and/or Sponsor's Action
<i>The day the First Review Hearing is held</i>	
<ul style="list-style-type: none"> - Quorum: 5 (including the chairman of the Listing Committee and excluding conflicted members) (MB Rule 2B.11(2), GEM Rule 4.11(2)) - Attendees who may attend: Listing Department IPO Transactions Team; the applicant's directors, one representative of each of the applicant's legal adviser, financial adviser and auditors, one representative from each sponsor, each sponsor's legal adviser (MB Rule 2B.11(9), GEM Rule 4.11(9)) - If all the parties seeking a review decide not to attend the hearing, the hearing will proceed based on the documents submitted for hearing. If a party seeking a review decides not to attend the hearing, the hearing will proceed in his absence 	
<i>The next business day after the First Review Hearing</i>	
<ul style="list-style-type: none"> - The Secretary to LC sends the Listing Committee's decision letter to the applicant and/or sponsor and the Listing Department (the "LC Decision") - A LC Decision which endorses the Return Decision will contain reasons for the return (MB Rule 2B.13(2), GEM Rule 4.13(2)) 	
Review of the LC Decision	
<i>Within five business days after issue of the LC Decision</i>	
	<ul style="list-style-type: none"> - The applicant and/or sponsor submit(s) a second written review request (the "Second Review Request") to the Secretary to the Main Board or GEM Listing (Review) Committee (the "Secretary to LRC") (see definition of Review Request in MB Rule 2B.01A, GEM Rule 4.01A)

Listing Division's Action	Applicant and/or Sponsor's Action
	<ul style="list-style-type: none"> - The Second Review Request must include the grounds for seeking a second review together with reasons (MB Rule 2B.08(2), GEM Rule 4.08(2)) and the review fee (MB Rule 2B.14, GEM Rule 4.14) - The Second Review Request must be based on the original materials submitted to the Listing Department when the applicant first filed its listing application (MB Rule 2B.11(5)(d), GEM Rule 4.11(5)(d))
<i>The next business day after receipt of the Second Review Request</i>	
<p>The Secretary to LRC sends a letter to the applicant and/or sponsor specifying the date and time for the second review hearing (the “Second Review Hearing”) which will be the immediate Tuesday (subject to the availability of the Listing (Review) Committee members) or Thursday, provided it is not less than three business days after receipt of the Second Review Request. If such date falls on a public holiday, then the Second Review Hearing will be scheduled to the following Tuesday (subject to the availability of the Listing (Review) Committee members) or the Thursday that is not a public holiday</p>	

Listing Division's Action	Applicant and/or Sponsor's Action
<i>At least two business days before the Second Review Hearing</i>	
<ul style="list-style-type: none"> - The Listing Department submits its Listing Department's report to the Secretary to LRC - The Listing Department's report shall comprise: <ul style="list-style-type: none"> (a) the Return Decision; (b) LC Decision; and (c) the AP and/or other documents submitted together with the application form to support the Return Decision 	
<i>At least one business day before the Second Review Hearing</i>	
<ul style="list-style-type: none"> - The Secretary to LRC circulates the Second Review Request, Listing Department's report and agenda to the Main Board or GEM Listing (Review) Committee ("Listing (Review) Committee") 	
<i>The day the Second Review Hearing is held</i>	
<ul style="list-style-type: none"> - Quorum: 5 (including the chairman of the Listing (Review) Committee and excluding conflicted members) (MB Rule 2B.11(2), GEM Rule 4.11(2)) - Attendees who may attend: Listing Department IPO Transactions Team; the applicant's directors, one representative of each of the applicant's legal adviser, financial adviser and auditors; one representative from each sponsor, each sponsor's legal adviser (MB Rule 2B.11(9), GEM Rule 4.11(9)) - If all the parties seeking a review decide not to attend the hearing, the hearing will proceed based on the documents submitted for hearing. If a party seeking a review decides not to attend the hearing, the hearing will proceed in his absence 	

Listing Division's Action	Applicant and/or Sponsor's Action
<i>The next business day after the Second Review Hearing</i>	
<ul style="list-style-type: none"> - The Secretary to LRC sends the Listing (Review) Committee's decision letter to the applicant and/or sponsor and the Listing Department which is conclusive and binding (MB Rule 2B.05(2)(b), GEM Rule 4.05(2)(b)) 	

Appendix 1: An example of the First Review Hearing Timetable

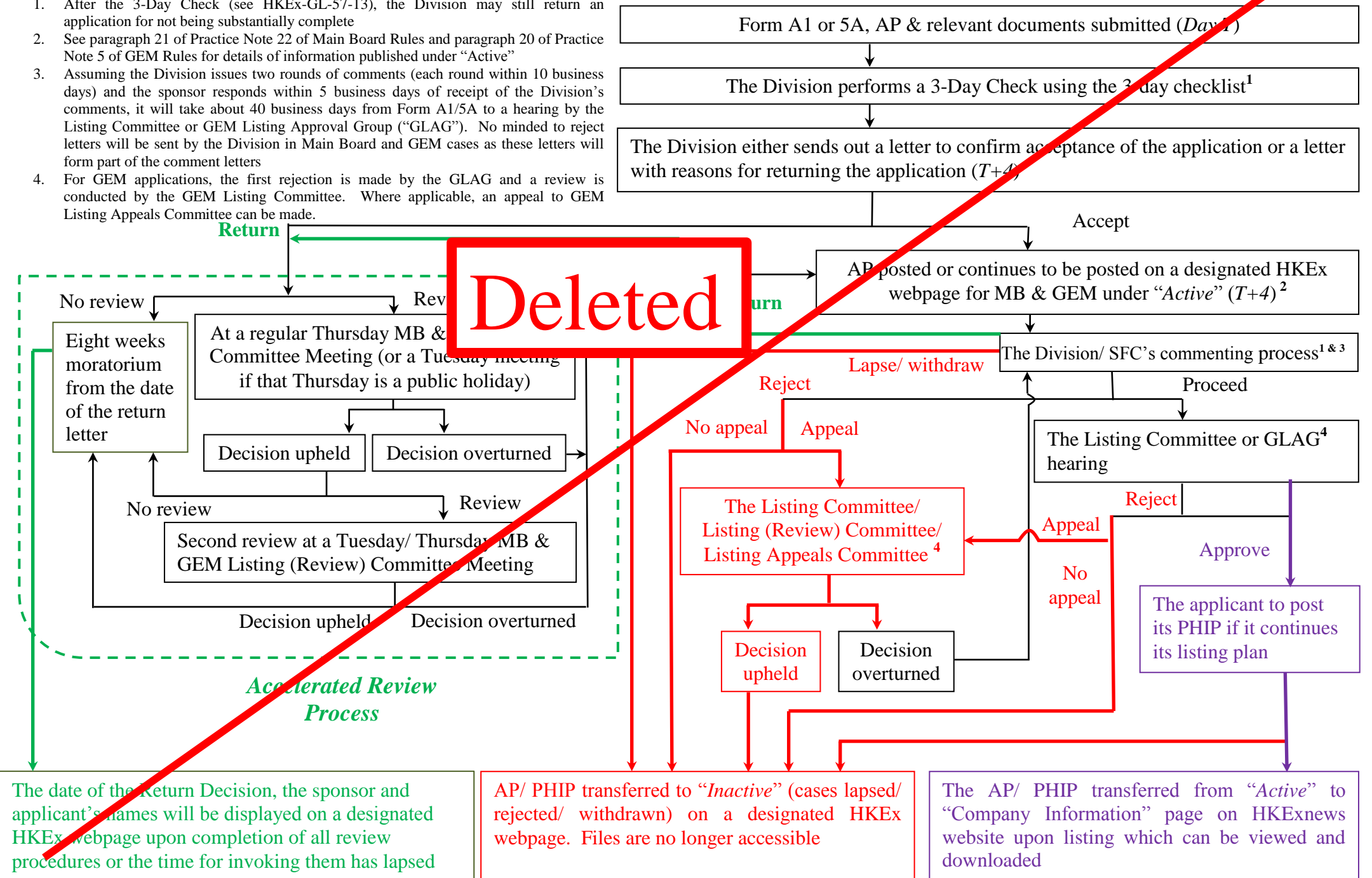
Monday	Tuesday	Wednesday	Thursday	Friday
	1/10	2/10	3/10	4/10
	The applicant submits a listing application			
7/10	8/10	9/10	10/10	11/10
The Listing Department sends a Return Decision letter after the 3-Day Check period				
14/10	15/10	16/10	17/10	18/10
The applicant/ sponsor submits the First Review Request within five business days after receipt of the Return Decision	Secretary to LC sent letter to the applicant and/or sponsor specifying the date and time for the First Review Hearing			
21/10	22/10	23/10	24/10	25/10
			Scenario A ¹	
28/10	29/10	30/10	31/10	
	Scenario B ²		Scenario C ³	

1. The immediate Thursday which is not less than three business days after receipt of the First Review Request
2. Assuming 24/10 was a public holiday and there were sufficient number of Listing Committee members to form a quorum for the First Review Hearing
3. Assuming 24/10 was a public holiday and there were insufficient number of Listing Committee members to form a quorum for the First Review Hearing on 29/10

Appendix 2: Flowchart on IPO vetting procedures and publication of an AP/ PHIP on 1 October 2013* (Main Board & GEM applicants)

(*This flowchart neither forms part of the Listing Rules nor varies the text of any guidance issued by the Exchange. Publication of AP and the details of returned applications will be suspended between 1 October 2013 and 31 March 2014 (both dates inclusive) and will take effect on 1 April 2014, subject to details in the Exchange’s announcement on 23 July 2013)

1. After the 3-Day Check (see HKEEx-GL-57-13), the Division may still return an application for not being substantially complete
2. See paragraph 21 of Practice Note 22 of Main Board Rules and paragraph 20 of Practice Note 5 of GEM Rules for details of information published under “Active”
3. Assuming the Division issues two rounds of comments (each round within 10 business days) and the sponsor responds within 5 business days of receipt of the Division’s comments, it will take about 40 business days from Form A1/5A to a hearing by the Listing Committee or GEM Listing Approval Group (“GLAG”). No minded to reject letters will be sent by the Division in Main Board and GEM cases as these letters will form part of the comment letters
4. For GEM applications, the first rejection is made by the GLAG and a review is conducted by the GEM Listing Committee. Where applicable, an appeal to GEM Listing Appeals Committee can be made.



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Appendix 2: Flowchart on IPO vetting procedures and publication of an AP/ PHIP on or after 1 October 2014* (Main Board & GEM applicants)

(*This flowchart neither forms part of the Listing Rules nor varies the text of any guidance issued by the Exchange) (Updated in September 2014)

1. See paragraph 21 of Practice Note 22 of Main Board Rules and paragraph 20 of Practice Note 5 of GEM Rules for details of information published under “Active”
2. The Department sends out a letter with reasons for returning the application
3. For GEM applications, the first rejection is made by the GLAG and a review is conducted by the GEM Listing Committee. Where applicable, an appeal to GEM Listing Appeals Committee can be made.

