

**For Pre-release:  
This FAQ will be effective on 1 October 2019**

**Frequently asked questions on the notifiable transaction requirements relating to securities transactions**

Release Date (Last Update Date)	Main Board Rules	GEM Rules	Seri es No.	FAQ No.	Query	Response
26/07//2019	14.04(1)(g), 14.22, 14.23	19.04(1)(g), 19.22, 19.23	NA	057-2019	<p>(a) Does the revenue exemption under Main Board Rule 14.04(1)(g) apply to the acquisitions and disposals of securities that are carried out by a listed issuer for treasury management purposes?</p> <p>(b) Is a listed issuer required to aggregate all its securities transactions within a 12 month period for the purpose of the notifiable transaction Rules?</p> <p>(c) During the last six months, a listed issuer acquired 3,000,000 shares in Company A, which was not a discloseable transaction based on the size tests calculated on an aggregated basis. The issuer subsequently sold 1,000,000 shares in that company to a third party.</p> <p>If the issuer proposes to acquire another 5,000,000 shares in Company A, how should it aggregate the proposed acquisition with the earlier transactions?</p>	<p>(a) No. The revenue exemption applies to securities transactions only if they are carried out by any member of the issuer's group that is (i) a banking company; (ii) an insurance company; or (iii) a securities house that is mainly engaged in regulated activities under the Securities and Futures Ordinance.</p> <p>(b) The securities transactions will be aggregated in accordance with Rules 14.22 and 14.23. Normally the issuer is required to aggregate its securities transactions if they are made within a 12 month period and fall under any one of the following circumstances:</p> <ul style="list-style-type: none"> <li>• they involve acquisition or disposal of securities or an interest in one particular company or group of companies; or</li> <li>• they are entered into by the issuer with the same party or with parties connected or otherwise associated with one another; or</li> <li>• they together lead to substantial involvement by the issuer in a business activity which did not previously form part of the listed issuer's principal business activities.</li> </ul> <p>(c) In the circumstances described, the transactions were made within a 12-month period. The issuer should aggregate the proposed acquisition of 5,000,000 shares in</p>

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						Company A with its previous acquisitions of 2,000,000 shares. The numerator of the consideration ratio would be the sum of i) the consideration for the proposed acquisition of 5,000,000 shares and ii) the consideration for 2,000,000 shares last acquired by the issuer prior to the current proposed acquisition.