



HKEx  
香港交易所

## The Stock Exchange of Hong Kong Limited

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

Our Ref: MD20120330 – 009

30 March 2012

To: Main Board Listed Issuers (Authorized Representatives)  
GEM Listed Issuers (Authorized Representatives)  
Market Practitioners

Dear Sirs

### **Update on issuance of debt securities to professional investors under Chapter 37 of the Main Board Listing Rules**

The rule amendments, which took effect on 11 November 2011 have brought the Exchange more in line with the requirements of other stock exchanges and enabled it to offer efficient processing times that are competitive in the Asian market. We approved and listed 32 debt securities with aggregate principal amounts of approximately HK\$77.6 billion in the period from 11 November 2011 to 30 March 2012. This represented a 191% increase in the number of debt issues and 44.1% increase in amounts raised compared to the corresponding period in 2010.

The Exchange has received comments and enquiries about the new professional debt regime. This letter serves to clarify them.

#### **Eligibility requirements for professional debt listing**

The issuer and its debt securities are qualified for listing if the following three conditions are fulfilled:

1. it has net assets of HK\$100 million<sup>1</sup>;
2. it has audited accounts for the two years before the listing application<sup>2</sup>; and
3. the debt securities have a minimum denomination of HK\$500,000 or equivalent amount in foreign currency.

#### **Streamlined approval procedures and shorter turnaround time**

The new rules simplify and streamline the application and approval procedures which allow a shorter turnaround time. Under Rule 37.36 the Exchange will advise an issuer whether it and its debt securities are eligible for listing within five business days after receipt of application. In practice, for applications that do not involve novel features, the Exchange will, under normal circumstances, issue the listing approval letter or eligibility letter<sup>3</sup>:

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<sup>1</sup> This is not required for listed issuer on HKEx or another exchange, Supranational, State Corporation or special purpose vehicle for asset backed securities.

<sup>2</sup> This is not required for listed issuer on HKEx, Supranational, State Corporation or special purpose vehicle for asset back securities.

<sup>3</sup> Issuers may choose to obtain confirmation on eligibility-to-list prior to applying for formal listing approval.

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- within one business day for issues involving a Hong Kong listed company
- within two business days for other issuers.

Of the 32 debt securities listed since the new rule came into effect, 12 were approved on the same day that we received the complete set of application. The remaining issues were approved on the following business day.

**Simplified disclosure requirement of listing document**

Rule 37.29 now requires a listing document to contain information that professional investors would customarily expect it to contain with simple disclosure requirements. The spirit of Chapter 37 is to allow issuers to tailor their documentation to professional investors who are sufficiently sophisticated to make their own judgment on whether the listing document provides them with the necessary information.

**Waivers to allow placing to high net worth investors**

Chapter 37 deals with debt issues to professional investors only. The definition of professional investors is set out in Part 1 of Schedule 1 of the Securities and Futures Ordinance. The Exchange will grant waivers to the definition of professional investors such that professional debt issues can be marketed to investors prescribed under Section 397 of the Securities and Futures Ordinance, inclusive of high net worth investors. This will be on the premise that retail investors would be exceedingly unlikely to trade these securities.

**Listing fees**

Listing fees for professional debt issues are capped at a range of HK\$7,000 to HK\$90,000 depending on issue size and tenor. This is a one-off fee upon application for listing and there is no annual fee. Our fees are amongst the lowest in the Asia Pacific Region.

If you have any suggestions on how our services may be further improved or have any questions on the listing application process, please contact our case officers (Katherine Man: 2840 3614, Raymond Siu: 2840 3052 or Sandy Lui: 2840 3301).

Yours faithfully,  
For and on behalf of  
The Stock Exchange of Hong Kong Limited

*[Signed]*

Mark Dickens JP  
Head of Listing