



**HKEX**  
香港交易所

# Mixed Media Offer (MMO)

**Listing Division  
Hong Kong Exchanges & Clearing Limited**

**February 2011**

# Mixed Media Offer – Agenda



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# 1. Introduction

## What is a Mixed Media Offer (MMO)?

- A MMO is an offer process by which an issuer, in relation to a public offer of certain securities, may, subject to certain conditions, distribute paper application forms not accompanied by a paper listing document. Instead, an electronic listing document must be available on the Internet.
- “Mixed Media” reflects that the application form and the listing document are issued in different mediums—paper and electronic.
- Involves a class exemption under the Companies Ordinance.

# 1. Introduction

**Who may conduct a MMO?**

**What securities may be issued under a MMO?**

## Issuers

- i. A company issuer under the CO, whether incorporated in Hong Kong or overseas, whose shares or debentures are listed or to be listed on the Exchange.

Issuer includes a new listing applicant and a listed issuer. But limited application to listed issuer because rights issue and public offer of existing class of shares/debentures excluded (*sections 38(5) and 342(5) of CO*).

- ii. An issuer under Chapter 20 of the Main Board Listing Rules - SFC-authorized collective investment scheme - SFC grants waivers on conditions similar to those in Class Exemption Notice.

## Offerors

- iii. An offeror, individual or corporate, conducting a public offer of shares and debentures of a company issuer-offer for sale by existing shareholders.

# 1. Introduction

## What are the conditions for MMO?

- The conditions are set out in a Class Exemption Notice under the Companies Ordinance- *9A of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap 32 sub leg L)*.
- The Class Exemption Notice is effected through an Amendment Notice- *Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) (Amendment) Notice 2010 (LN 158 of 2010 gazetted on 3 Dec 2010)*.
- The Legislative Process-negative vetting (49-day process after Gazette).
- Effective date: 1 February 2011.

# 1. Introduction

**Where on the Internet is the e-prospectus available?**

- **HKEx website- <http://www.hkexnews.hk/>.**
- **Issuer's website, or a third-party website designated by the issuer with a dedicated location on the Internet.**

## 2. Existing Regime

**Prohibit the distribution of paper application form unless it is accompanied by a paper prospectus-*same medium requirement***

- *Sections 38(3) and 342(3) of the Companies Ordinance*
- *Paragraph 6.4 of the Code of Unit Trusts and Mutual Fund*
- *Paragraph B32 of Appendix B to REITs Code*

### **Problem:**

Many paper prospectus copies available to the public were not taken up.

Retail investors, on average, took one paper prospectus for every 10 application forms distributed.

# 3. Factors For the MMO Proposal

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- Increased popularity of the Internet
- HKEx website as a central repository of issuers' information
- Increased concerns on environment protection
- Less paper means more time, money and tree

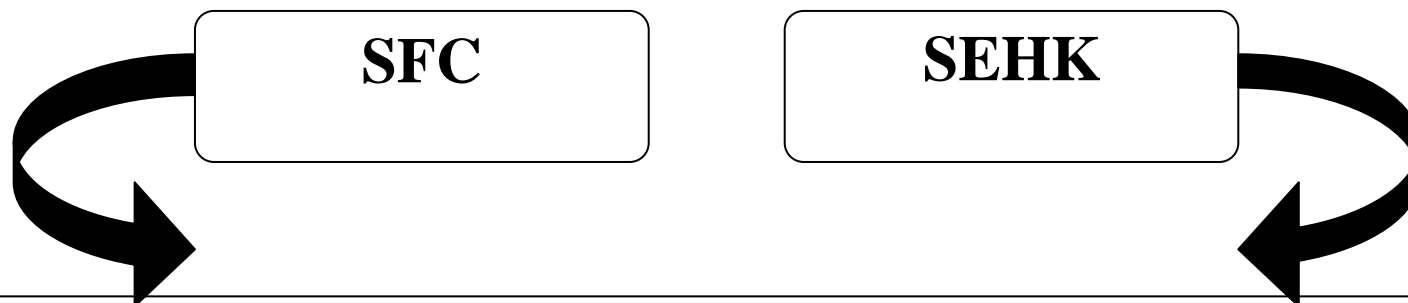


# 3. Factors For the MMO Proposal

## Investor protection

- Investor protection-dissemination of prospectus information must not prejudice investors who do not have Internet access or only want to read paper prospectus.
- Class Exemption Notice-balance between use of Internet and traditional paper distribution.

## 4. Joint Consultation Paper and Conclusions



### **Joint Consultation Paper and Conclusions (2008-2010)**

**On**

- **Issue of Paper Application Forms with Electronic Prospectuses subject to Conditions in a Class Exemption Notice.**
- **Apply to SFC-authorized CIS Issuer conducting Public Offers.**

## 5. Class Exemption Notice Conditions

A. During 5 business days before the offer period, the issuer must publish a notification announcement on HKEx website and issuer's website on use of MMO and related particulars. *(9A(3)(a) of Notice).*

B. Throughout the offer period:

- paper prospectus may be collected free of charge upon request at specified locations *(9A(3)(b) of Notice).*
- at least 3 copies of paper prospectus are available for inspection at every location where the paper application forms are distributed *(9A(3)(c) of Notice).*
- e-prospectus must be reasonably tamper-resistant *(9A(3)(d) of Notice).*

## 5. Class Exemption Notice Conditions

### B. Throughout the offer period (cont):

- e-prospectus is accessible from the issuer's website and HKEx website at commencement of the offer period *(9A(3)(e)(i) of Notice)*.
- after commencement of the offer period, e-prospectus is accessible from either the issuer's website or HKEx website *(9A(3)(e)(ii) of Notice)*.
- temporary inaccessibility of the e-prospectus on both the issuer's website and HKEx website is allowed after commencement of the offer period *(9A(5),(6)of Notice) (also see slide no. 15)*.
- e-prospectus is accessible if it can be viewed, downloaded, retained, printed, no password protected, free of charge *(9A(3)(e)and (10) of Notice)*.

## 5. Class Exemption Notice Conditions

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- C. The issuer's website must provide direct link to the e-prospectus, contain no promotional material on prospectus webpage, display of warning notice *(9A(3)(f),(g),(h) of Notice)*.**
- D. The typeface, format and contents of the e-prospectus are identical to those of the paper prospectus *(9A(3)(i) of Notice)*.**
- E. The notification announcement, paper application form, the e-prospectus and paper prospectus must contain specific contents *(9A(3)(j),(k),9A(4) of Notice)*.**

## 5. Class Exemption Notice Conditions

### Specified locations for paper prospectus collection *(9A(9) of Notice)*

#### For share offers:

- i Depository counter of Hong Kong Securities Clearing Company Limited
- ii Designated branches of the receiving banks
- iii Place of business of the company's share registrar in Hong Kong (for listed issuer)
- iv Principal place of business of the sponsor (for new applicant)

#### For debenture offers:

- i. Designated branches of the placing banks
- ii. Principal place of business of the offer co-ordinator

## 6. Temporary Inaccessibility

If the e- prospectus is inaccessible from both the issuer's website and HKEx website after commencement of the offer period for 4 consecutive hours or more, then:

- paper application form must be issued with paper prospectus (i.e. Suspension of MMO). The offer is still valid.
- MMO may only resume when the e-prospectus is again accessible from either the issuer's own website or the HKEx website (i.e. Resumption of MMO).

*(9A(5), (6) of Notice)*

## 6. Temporary Inaccessibility

### **Suspension of MMO (*9A(7) of Notice*):**

- Publish a MMO suspension announcement.
- Issuer should activate an appropriate contingency plan to issue paper application forms together with paper prospectuses. Only if it is not possible, stop the offer.

### **Resumption of MMO (*9A(8) of Notice*)**


- MMO may only resume when the issuer can re-comply with the conditions in the Class Exemption Notice.
- To resume a MMO, the issuer must publish a resumption announcement.




## 7. Sponsor's Obligation in MMO

**Sponsors and listing agents must ensure that a public offer is conducted in a “fair, timely and orderly manner” (*paragraphs 5.3 and 5.4 of CFA Code of Conduct*).**


**They should ensure :**



**There are sufficient prospectuses or offering documents and application forms for distribution  
(5.4(a) of Code)**



**The distribution of prospectuses or offering documents and application forms can be made in a timely and orderly fashion  
(5.4(c) of Code)**



**Appropriate contingency plans have been drawn up to deal with any events of disorder or failure which may arise during public offer period  
(5.4(d) of Code)**

## 8. Listing Rule Amendments

- Listing documents must include copies made available in printed form - old rule required all listing documents to be in printed form

*MB Rule 12.11 (for share offers)*

*MB Rule 25.19A (for debenture offers)*

*GEM Rule 16.04C (for share offers)*

*GEM Rule 29.21A (for debenture offers)*

*MB Rule 20.19A (for CIS offers)*

- Publication of MMO related announcements - give effect to Class Exemption Notice – no vetting required

*MB Rule 12.11A(1) (for share offers)*

*MB Rule 25.19B(1) (for debenture offers)*

*GEM Rule 16.04D(1) (for share offers)*

*GEM Rule 29.21B(1) (for debenture offers)*

## 8. Listing Rule Amendments

- **The formal notice-contents**
  - MB Rules 12.04(3) ; 12.11A(2) (for share offers)*
  - MB Rules 25.17(4) ; 25.19B(2) (for debenture offers)*
  - GEM Rules 16.09(3) ; 16.04D(2) (for share offers)*
  - GEM Rules 29.19(4) ; 29.21B(2) (for debenture offers)*
- **Broader submission windows for MMO suspension and resumption announcements**
  - MB Rule 2.07C(4)(a)(vi)*
  - GEM Rules 16.18(3)(a)*
- **New headline category for MMO related announcements**
  - MB Rule Appendix 24*
  - GEM Rule Appendix 17*

## 9. Effective Date, Information & Others

**Effective Date:** 1 February 2011

**Information:** FAQs series 13 on HKEx website

[http://www.hkex.com.hk/eng/rulesreg/listrules/listrulesfaq/Documents/FAQ\\_13.pdf](http://www.hkex.com.hk/eng/rulesreg/listrules/listrulesfaq/Documents/FAQ_13.pdf)

**Promote Usage:** Letter on use of Mixed Media Offer

<http://www.hkex.com.hk/eng/rulesreg/listrules/listletter/Documents/20110126.pdf>

## Mixed Media Offer (MMO)

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**THANK YOU**