Part B Consultation Questions

Please reply to the questions below that are raised in the Consultation Paper downloadable from the HKEX website at: https://www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Present/August-2020-Disciplinary-Powers/Consultation-Paper/cp202008.pdf. Please indicate your preference by ticking the appropriate boxes.

Where there is insufficient space provided for your comments, please attach additional pages.

We encourage you to read all of the following questions before responding.

1. We propose to amend the existing threshold for imposing a PII Statement and to make it clear that a PII Statement can be made whether or not an individual continues in office at the time of the PII Statement. Do you agree?

☐ Yes

☒ No

If your answer to the above question is "no", please provide reasons for your views.

(1) Private reprimand, (2) Public statement involving criticism and (3) Public censure already achieved the purpose of reputational sanctions.

2. We propose to extend the scope of a PII Statement to include directors and senior management of the relevant listed issuer and any of its subsidiaries. Do you agree?

☐ Yes

☒ No

If your answer to the above question is "no", please provide reasons for your views.

Decisions are always made by directors (especially executive directors) of the listed issuer instead of the others.

3. We propose to enhance follow-on actions where an individual continues to be a director or senior management member of the named listed issuer after a PII Statement has been made against him. Do you agree?

☐ Yes

☒ No

If your answer to the above question is "no", please provide reasons for your views.

Under Rule 2A.09(8), should an individual remain in office following a PII Statement, the Exchange may potentially suspend or cancel the listing of the issuer's securities or any class of its securities which already is the most severe follow-on action.

4. We propose that, after a PII Statement with follow-on actions has been made against an individual, the named listed issuer must include a reference to the PII Statement in all its announcements and corporate communications unless and until that individual is no longer its director or senior management member. Do you agree?

☐ Yes

☒ No

If your answer to the above question is "no", please provide reasons for your views.

Information not related to the contents of the announcements and corporate communications should not be included in such announcements and corporate communications.

5. We propose to extend the current express scope of disclosure in listing applicants' listing documents and listed issuers' annual reports in respect of their directors and members of senior management (current and/or proposed, as the case may be) by requiring provision of full particulars of any public sanctions made against those individuals. Do you agree?

☒ Yes

☐ No

If your answer to the above question is "no", please provide reasons for your views.

6. We propose to remove the existing threshold for ordering the denial of facilities of the market. Do you agree?

☐ Yes

☒ No

If your answer to the above question is "no", please provide reasons for your views.

It is not fair to those not 'wilful' or 'persistent' failure.

7. We propose to include fulfilment of specified conditions in respect of the denial of facilities of the market. Do you agree?

☒ Yes

☐ No

If your answer to the above question is "no", please provide reasons for your views.

8. We propose to introduce the Director Unsuitability Statement as a new sanction. Do you agree?

☐ Yes

☒ No

If your answer to the above question is "no", please provide reasons for your views.

Current sanctions are already enough.

9. We propose that the follow-on actions and publication requirement in respect of PII Statements also apply to Director Unsuitability Statements. Do you agree?

☐ Yes

☒ No

If your answer to the above question is "no", please provide reasons for your views.

We do not agree to introduce the Director Unsuitability Statement as a new sanction so our answer to the above question is "no".

10. We propose to impose secondary liability on Relevant Parties if they have 'caused by action or omission or knowingly participated in a contravention of the Listing Rules'. Do you agree?

☐ Yes

☒ No

If your answer to the above question is "no", please provide reasons for your views.

Only agree in case caused by both action and knowingly participated in a contravention of the Listing Rules.

11. We propose to include an explicit provision permitting the imposition of a sanction in circumstances where there has been a failure to comply with a requirement imposed by the Listing Division, the Listing Committee or the Listing Review Committee of the Exchange. Do you agree?

☐ Yes

☒ No

If your answer to the above question is "no", please provide reasons for your views.

Only agree in case failure to comply with a requirement imposed by the Listing Rules which is a public document, others are not public documents/information and can be change from time to time without consultation.

12. We propose that sanctions may be imposed on all Relevant Parties through secondary liability where a party has failed to comply with a requirement imposed by the Listing Division, the Listing Committee or the Listing Review Committee. Do you agree?

☐ Yes

☒ No

If your answer to the above question is "no", please provide reasons for your views.

Our answer to question 11 is "no" so our answer to the above question is also "no".

13. We propose to explicitly provide in the Rules the obligation to provide complete, accurate and up-to-date information when interacting with the Exchange in respect of its enquiries or investigations. Do you agree?

☒ Yes

☐ No

If your answer to the above question is "no", please provide reasons for your views.

14. Do you agree with the proposed definition of 'senior management'?

☐ Yes

☒ No

If your answer to the above question is "no", please provide reasons for your views.

Disagree if "senior management" will be used in relation to disciplinary powers and sanctions as decisions are always made by directors (especially executive directors) of the listed issuer instead of the others.

15. We propose to include employees of professional advisers of listed issuers and their subsidiaries as a Relevant Party under the Rules. Do you agree?

☐ Yes

☒ No

If your answer to the above question is "no", please provide reasons for your views.

Employees of professional advisers are not decision makers of the listed issuer.

16. We propose to include guarantors of structured products as a Relevant Party under the Rules. Do you agree?

☒ Yes

☐ No

If your answer to the above question is "no", please provide reasons for your views.

17. We propose to include guarantors for an issue of debt securities as a Relevant Party under the MB Rules. Do you agree?

☒ Yes

☐ No

If your answer to the above question is "no", please provide reasons for your views.

18. We propose to include parties who give an undertaking to, or enter into an agreement with, the Exchange as Relevant Parties under the Rules. Do you agree?

☒ Yes

☐ No

If your answer to the above question is "no", please provide reasons for your views.

19. We propose to extend the ban on professional advisers to cover banning of representation of any or a specified party. Do you agree?

☐ Yes

☒ No

If your answer to the above question is "no", please provide reasons for your views.

Unless there is conflict of interest.

20. We propose to include express obligations on professional advisers when acting in connection with Rule matters. Do you agree?

☐ Yes

☒ No

If your answer to the above question is "no", please provide reasons for your views.

Professional advisers should have their own codes of professional conducts.

21. We propose that 'business day' be used as the benchmark for counting the periods for filing review applications, and for requesting or providing written reasons for decisions. Do you agree?

☒ Yes

☐ No

If your answer to the above question is "no", please provide reasons for your views.

22. We propose that all review applications must be served on the Secretary. Do you agree?

☐ Yes

☒ No

If your answer to the above question is "no", please provide reasons for your views.

Unless for records only.

23. We propose that the counting of the period for filing review applications be from the date of issue of the decision or the written reasons. Do you agree?

☒ Yes

☐ No

If your answer to the above question is "no", please provide reasons for your views.

24. We propose that the counting of the period for requesting written reasons be from the date of issue of the decision. Do you agree?

☒ Yes

☐ No

If your answer to the above question is "no", please provide reasons for your views.

25. We propose that the counting of the period for providing written reasons be from the date of receipt of the request. Do you agree?

☒ Yes

☐ No

If your answer to the above question is "no", please provide reasons for your views.

- End -