



CHARTERED
SECRETARIES
特許秘書

The Hong Kong Institute of Chartered Secretaries

Submission:

Consultation Paper on Paperless Listing and Documents
on Display

21 September 2020

By Email Only: response@hkex.com.hk

Corporate and Investor Communications Department
Hong Kong Exchanges and Clearing Limited
8th Floor, Two Exchange Square
8 Connaught Place, Central
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Dear Sirs

Consultation Paper on Paperless Listing and Documents on Display

Terms and expressions used in this Submission shall have the meanings set out under the Consultation Paper (CP) unless the context requires otherwise.

About HKICS

The Hong Kong Institute of Chartered Secretaries (the Institute) is an independent professional institute representing Chartered Secretaries and Chartered Governance Professionals as governance professionals in Hong Kong and the mainland of China (the Mainland) with over 6,000 members and 3,200 students. The Institute originates from The Chartered Governance Institute, formerly known as The Institute of Chartered Secretaries and Administrators (ICSA) in the United Kingdom with nine (9) divisions and over 30,000 members and 10,000 students internationally. The Institute is also a Founder Member of Corporate Secretaries International Association Limited (CSIA), an international organisation comprising fourteen (14) national member organisations to promote good governance globally.

General Support

From the governance perspective, we welcome and support the proposals to:

1. introduce a paperless listing and subscription regime whereby (a) all listing documents in a New Listing are to be published solely in an electronic format, and (b) New Listing subscriptions, where applicable, are to be made through online electronic channels only;
2. replace the requirement for certain documents to be put on physical display with a requirement for those documents to be published online; and
3. reduce the types of documents that are mandatory for an issuer to display for notifiable transactions and connected transactions.

These measures would bring convenience to the investment public; enhance transparency of disclosures/access to information; and reduce unnecessary administrative burdens in company

administration respectively which are all good governance related practices. They are also the responsible actions to take as part of Hong Kong's efforts to 'go green' and to branding as a technological hub which are part of the essentials as an international financial centre.

Additional Observation

A minor observation is that in paragraph 84 of the CP, documents uploaded onto the HKEX website would not automatically be removed. Rather, an issuer would have to remove them manually after the display period. Subject to technical feasibility, automatic removal of display documents should be facilitated by HKEX through pre-arrangement in its system.

Paperless Initiative

While not part of the consultation, we believe it appropriate to point out that the "paperless" initiative should be extended. The current situation under LR 2.07A (and corresponding GEM Rules) is that where a listed issuer adopts an electronic communication regime, it has in fact to prepare for three eventualities. These are the shareholders desiring communication through (a) pure electronic means; (b) a mix between electronic and paper means (including under opt-in arrangements); or (c) a pure paper means only (for those not providing express or implied consent, or indicating the desire for paper means of communication). The necessary arrangements to address these three eventualities create significant administrative expenses and costs and convoluted compliance regime for listed issuers adopting electronic means of communication with their shareholders.

While the current situation is manageable, largely because most listed issuers do not have to deal with beneficial shareholders, who hold their shares through CCASS, the situation would change. This is because of the uncertificated regime which is being implemented. As such, over time, the expectation is that there would be more individual shareholders holding shares in their own names. This will significantly increase the administrative burden on listed issuers under any paper-based system. While a wait-and-see approach could be adopted, it makes more sense to address the issue presently.

Should you have any questions, please feel free to contact Samantha Suen FCIS FCS(PE), Chief Executive, HKICS or Mohan Datwani FCIS FCS(PE), Senior Director; and Head of Technical and Research, HKICS at [REDACTED] or [REDACTED]

Yours sincerely
For and on behalf of
The Hong Kong Institute of Chartered Secretaries

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