The Hong Kong Chartered Governance Institute

Submission to
The Stock Exchange of Hong Kong Limited (Exchange)

Consultation on
Listing Framework Competitiveness Review

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Submission on the Exchange Consultation on Listing Framework Competitiveness Review
[Words and expressions used herein shall have the meanings set out under the Consultation Paper.]

About HKCGI

The Hong Kong Chartered Governance Institute (HKCGI) is the sole accrediting body in Hong Kong and the Chinese mainland for the globally recognised Chartered Secretary and Chartered Governance Professional qualifications. Formerly known as The Hong Kong Institute of Chartered Secretaries (HKICS), HKCGI is the Hong Kong/China Division of The Chartered Governance Institute (CGI).

With a legacy of over 77 years, HKCGI has established itself as a trusted and reputable professional body in the region. Its influence extends to CGI's global network of around 40,000 members, graduates and students. As one of CGI's fastest-growing divisions, HKCGI's community comprises about 10,000 members, graduates and students, with significant representation in listed companies and diverse governance roles across various industries.

Guided by the belief that governance leads to better decision-making and a better world, HKCGI is committed to advancing governance in commerce, industry and public affairs. It achieves this through education, thought leadership, advocacy and active engagement with its members and the broader community. As a recognised thought leader, HKCGI promotes the highest standards of governance while advocating for an inclusive approach that considers the interests of all stakeholders and ensures that every voice is heard and valued.

Overall support

HKCGI generally supports the Exchange's proposed regulatory framework as set out in the Consultation Paper, which provides further perspectives from the applied governance perspective.

Question 1 **Do you agree that the WVR Financial Eligibility Test thresholds should be lowered? Please give reasons for your views and any alternative suggestions.**

We agree with the proposal to lower the WVR Financial Eligibility Test thresholds. We recognise that this reform is being advanced within the broader context of applied governance — that is, calibrating regulatory safeguards to evolving market conditions while preserving investor protection and market integrity. Hong Kong operates in an increasingly competitive global environment, and alignment with international market practices, particularly for high-growth, innovation-led companies, is an important consideration.

That said, lowering financial eligibility thresholds for WVR issuers necessarily raises governance considerations that warrant careful monitoring. While we note that Hong Kong's regime contains structural safeguards — including minimum economic interest requirements, voting power caps, innovativeness criteria, and corporate governance enhancements — investor protection and overall market quality must remain paramount.
In this regard, we believe that any liberalisation of eligibility thresholds should be accompanied by:

- Close and ongoing regulatory monitoring of WVR issuers admitted under the revised thresholds
- Transparent reporting and periodic review of the functioning of the WVR regime, and
- A clear willingness by the Exchange to recalibrate requirements if unintended governance consequences emerge.

In addition, we have member views that the Exchange may wish to conduct a structured post-implementation review (for example, after 24 months), supported by publication of empirical data on (i) the number of WVR applicants admitted under the revised thresholds, (ii) material governance incidents or enforcement outcomes, and (iii) post-listing trading performance and volatility metrics.

Question 2
Do you agree with the proposed revised thresholds under WVR Test A and Test B?

We agree with the proposed revised thresholds under WVR Test A (HK$20 billion) and WVR Test B (HK$6 billion with HK$600 million revenue). The proposed levels appear to maintain meaningful size and revenue filters while improving Hong Kong's relative competitiveness, particularly compared to other major listing venues. The thresholds remain above the ordinary Main Board financial eligibility requirements, which provides a degree of comfort that WVR structures will continue to be reserved for companies of substantive scale.

As a reminder, given the governance trade-offs inherent in WVR structures, it will be important to ensure that qualitative suitability assessments — particularly regarding business sustainability, management track record, and external validation — are applied rigorously.
Therefore, our support of the proposal is based on the assumption that:

- The Exchange continues to exercise strong supervisory judgment
- Ongoing monitoring of WVR issuers is enhanced where appropriate, and
- The framework remains capable of recalibration if governance concerns emerge.

Question 3
Do you agree with the proposal to accept a 20:1 WVR Ratio Cap if an applicant has a market capitalisation of at least HK$40 billion at the time of listing (see paragraph 103 of the Consultation Paper)? Please give reasons for your views and any alternative suggestions.

We are open to the proposal to permit a 20:1 WVR Ratio Cap for issuers with a market capitalisation of at least HK$40 billion at listing.

We recognise that several major markets impose either higher caps or none at all, and that some large-cap, founder-led companies may view the current 10:1 cap as restrictive when deciding on a listing venue. Limiting the enhanced ratio to companies of significant scale is a sensible attempt to mitigate governance risk by ensuring that only issuers with substantial economic presence may benefit from increased voting disparity.

However, increasing the voting ratio materially alters the balance between control and economic ownership. A 20:1 structure can significantly amplify entrenchment risk and reduce the practical influence of minority shareholders, even where minimum economic interest thresholds are met. The concentration of voting power at this level may also affect perceptions of market fairness and governance quality.

We therefore support the proposal, subject to careful implementation, including:

- Continued enforcement of minimum economic interest requirements
- Robust independent board and governance committee oversight
- Ongoing monitoring of shareholder voting outcomes and governance practices in high-ratio WVR issuers, and
- Readiness to review or recalibrate the cap if unintended consequences arise.

We also have member views that for applicants seeking a 20:1 ratio, the Exchange could consider placing particular emphasis on the issuer's historical related-party transaction profile, governance track record, and independence of the corporate governance committee as part of the overall suitability assessment.

Question 4
Do you agree with the proposal that the Exchange may be prepared to accept the listing of an applicant whose WVR beneficiaries collectively hold a lower minimum economic interest at listing only if such lower underlying economic interest, at the time of the applicant's initial listing:
(a) represents at least 5% of the applicant's total issued share capital; and
(b) has an amount of at least HK$4 billion (see paragraph 105 of the Consultation Paper)?
Please give reasons for your views and any alternative suggestions.

We agree to the proposed flexibility to accept a lower percentage economic interest, provided that the absolute value threshold of HK$4 billion is maintained. The introduction of a clear floor — both in percentage terms (5%) and in absolute value (HK$4 billion) — enhances certainty and transparency compared to the current case-by-case discretion.

That said, reducing the percentage requirement inevitably increases the gap between economic ownership and voting power. Even where the absolute stake is significant, a lower percentage holding may heighten concerns around control concentration and minority shareholder influence, especially when combined with a higher WVR ratio.

Accordingly, we support the proposal subject to:

- Continued strict scrutiny of the overall governance structure in each case
- Holistic assessment of voting power retained by non-WVR shareholders
- Transparent disclosure of control dynamics at listing, and
- Ongoing review of whether the reduced threshold affects market perception or shareholder engagement outcomes.

We also have member views that clarification in the guidance on whether the HK$4 billion threshold is assessed strictly at the time of listing — and not affected by subsequent market price movements — would enhance certainty. Also, there should be prominent disclosure of lock-up arrangements and potential dilution sensitivity, which may help investors understand alignment dynamics.

Question 5
Do you agree with the proposal to provide a choice of Route A and Route B that applicants can use to meet the Innovative Company Requirements (as set out in paragraph 126 of the Consultation Paper)?
Please give reasons for your views and any alternative suggestions.

In principle, we agree with the proposal to introduce two distinct routes — Route A (technology-based innovation) and Route B (business model innovation) — for meeting the Innovative Company Requirements.

Separating technology-driven innovation from business-model-driven innovation also reflects commercial reality. Many high-growth companies today derive competitive advantage from platform models, ecosystem design, or operational innovation rather than purely technological breakthroughs. A dual-route structure is therefore a pragmatic evolution.

However, expanding definitional pathways also increases the importance of disciplined regulatory assessment. In particular:

- The criteria under Route B must be applied rigorously to avoid diluting the concept of "innovation"
- Objective metrics (e.g., growth thresholds and industry positioning) should not be treated as mechanical substitutes for substantive review, and
- The overall purpose of restricting WVR to genuinely high-growth, strategically differentiated companies should remain intact.

As with other proposals in this consultation, ongoing review and readiness to adjust the framework will be important if unintended expansion of WVR eligibility occurs.

We also have member views that the publication of anonymised illustrative examples of successful Route B applicants could reduce interpretative variance and provide greater practical clarity to the market.

Question 6 **Do you agree with the Route A proposals?**

In principle, we agree with the proposals under Route A.

(a) Retention of Specialist Company Presumptions
Maintaining the current presumptions for Specialist Companies is appropriate. These issuers are already subject to tailored eligibility and disclosure frameworks under Chapters 18A and 18C, which provide structured safeguards. Preserving this presumption supports regulatory consistency and avoids unnecessary duplication of assessment. However, the presumption should not diminish ongoing scrutiny of governance structures at listing and post-listing.

(b) Extension of "Innovative" Presumption to Qualified Applicants
We are open to extending the presumption of innovativeness to Qualified Biotech and Qualified Specialist Technology Applicants, particularly where they demonstrate continued R&D engagement and ownership of relevant intellectual property.

The inclusion of objective criteria — such as commercialisation status and R&D expenditure thresholds — provides useful discipline. That said, eligibility should remain substance-based. The Exchange should ensure that the presumption does not become automatic in form if the applicant's commercial profile does not reflect genuine innovation intensity.

(c) Refinements to Innovative Characteristics under Route A
We support the clarification and refinement of the Innovative Characteristics, including:

- Moderating the strict "first mover" interpretation under the Novelty Characteristic, and
- Narrowing the IP Characteristic to focus on intellectual property rather than broader "unique features".

These refinements improve clarity and reduce interpretative ambiguity. Overall, we support the Route A proposals as a measured clarification rather than a relaxation of standards.

Question 7 **If your answer to Question 5 is "yes", do you agree with:** **(a) the proposed refinements to the Innovative Characteristics that are applicable to Route B (as set out in paragraphs 129 and 131 of the Consultation Paper)?** **(b) the proposed guidance on the meaning of a "sophisticated investor" for the purpose of the "external validation" requirement (as set out in paragraph 134 of the Consultation Paper)?**

(c) the proposed guidance on what constitutes "meaningful third-party investment" for Route B applicants for the purpose of the "external validation" requirement (as set out in paragraph 135 of the Consultation Paper)?
Please give reasons for your views and any alternative suggestions.

In principle, we agree with the proposed refinements under Route B, subject to careful implementation.

(a) Refinements to Innovative Characteristics under Route B
We support introducing clearer, more objective criteria for business model innovation, including measurable growth thresholds and industry-positioning indicators. These provide greater transparency and reduce interpretative uncertainty.

However, business model innovation can be inherently more subjective than technological innovation. It is therefore important that the Exchange applies the criteria with substantive judgment, ensuring that rapid growth alone is not equated with genuine innovation. The framework should guard against admitting companies whose differentiation is primarily cyclical or marketing-driven rather than structurally innovative.

(b) Definition of "Sophisticated Investor"
We agree that clarifying the meaning of "sophisticated investor" enhances regulatory certainty. Clear parameters around institutional standing, investment experience, and independence are important to preserve the credibility of the external validation requirement.

The concept should remain focused on investors with demonstrable analytical capability and risk assessment expertise, rather than broad capital participation.

(c) Meaningful Third-Party Investment
We support clearer guidance on what constitutes "meaningful" third-party investment, including expectations for aggregate shareholding levels and holding periods. These safeguards strengthen alignment and reduce the risk of superficial or short-term capital placements being used to satisfy eligibility requirements.

At the same time, the Exchange should continue to assess the quality and substance of such investment rather than relying solely on quantitative thresholds.

We also have member views that additional guidance on how "industry" and peer sets are defined for purposes of assessing industry position under Route B may reduce contestability in application, and on third-party investment consideration could be given to a dual test incorporating an absolute investment amount for very large issuers, where a strict percentage requirement may be less practicable despite substantial external validation.

Question 8
If your answer to Question 2 is "yes", do you agree with the proposal to lower the financial eligibility thresholds for a secondary listing of an overseas issuer with a WVR structure to align them with those proposed for WVR issuers with a primary listing (see paragraph 173 of the Consultation Paper)?
Please give reasons for your views and any alternative suggestions.

We agree that the financial eligibility thresholds for secondary listings of overseas issuers with WVR structures should be aligned with those applicable to primary WVR listings.

From a policy perspective, maintaining consistency between primary and secondary listing thresholds enhances coherence in the regulatory framework and avoids creating artificial distortions between listing routes. Given increasing competition for international and "homecoming" listings, alignment may also strengthen Hong Kong's attractiveness as a complementary or alternative capital market.

That said, secondary listings introduce additional considerations. Such issuers are primarily regulated in another jurisdiction, and differences in shareholder protection standards, enforcement culture, and disclosure practices may affect investor experience in Hong Kong.
We support alignment in principle for competitiveness reasons, but implementation should remain measured and subject to close oversight. The Exchange should be prepared to revisit the framework if practical experience suggests governance or investor protection gaps emerging in the secondary listing context.

Question 9
If your answer to Question 8 is "yes", do you agree with the proposal to lower the market capitalisation threshold under Criteria B from HK$10 billion to HK$6 billion (see paragraph 177 of the Consultation Paper)?
Please give reasons for your views and any alternative suggestions.

In principle, we are open to lowering the market capitalisation threshold under Criteria B from HK$10 billion to HK$6 billion.
The proposal appears intended to broaden the pool of eligible overseas issuers while still retaining a meaningful size threshold. A HK$6 billion requirement remains substantial in absolute terms and may enhance Hong Kong's competitiveness in attracting mid- to large-cap issuers that might otherwise not consider a secondary listing.

However, reducing the threshold inevitably increases the range of companies eligible for secondary listing under a WVR structure. For issuers with smaller market capitalisations, share price volatility, liquidity concentration, and governance sensitivities may be more pronounced.

In the secondary listing context, this is further compounded by the fact that primary regulatory oversight sits in another jurisdiction.

We are open to this calibrated adjustment in the interest of competitiveness, but continued vigilance will be important to ensure that investor protection and overall market quality are not compromised.

We also have member views that, for smaller secondary issuers admitted under the revised threshold, guidance on expected public float depth and liquidity may assist in mitigating potential post-listing volatility.

Question 10 **Do you agree with the proposal to retain the market capitalisation threshold under Criteria A (see paragraph 178 of the Consultation Paper)?** **Please give reasons for your views and any alternative suggestions.**

In principle, we agree with retaining the existing market capitalisation threshold under Criteria A.

Maintaining the higher threshold for this route reflects an appropriate degree of prudence, particularly given that Criteria A may involve issuers that do not meet the revenue-based alternative under Criteria B. A more stringent size requirement serves as an important buffer to mitigate governance and liquidity risks, especially in the context of secondary listings involving WVR structures.

Retaining the threshold also demonstrates regulatory balance. While certain aspects of the framework are being liberalised to enhance competitiveness, preserving this higher entry standard signals that Hong Kong remains committed to market quality and investor protection. We therefore support the proposal as a stabilising measure within the broader reform package. At the same time, as with other elements of this consultation, periodic review of the threshold in light of market developments would be appropriate to ensure it remains proportionate and effective.

Overall, we view the retention of the Criteria A threshold as consistent with a calibrated, governance-conscious reform approach.

Question 11 **What measures (if any) do you think the Exchange should implement to further facilitate the listings, in Hong Kong, of issuers listed overseas (see paragraphs 198 and 199 of the Consultation Paper)?** **Please give reasons and specify any accompanying conditions for your suggested measures.**

In principle, we support further facilitative measures to attract overseas-listed issuers to Hong Kong, particularly in light of increasing global competition for high-quality international listings.

Possible measures that may be considered include:

- **Procedural Streamlining**. Enhancing clarity and predictability in the application and vetting process, including clearer guidance on documentary requirements and timelines
- **Regulatory Coordination**. Strengthening coordination and recognition arrangements with reputable overseas regulators to reduce duplication while maintaining investor protection standards
- **Disclosure Harmonisation**. Allowing proportionate reliance on home market disclosures, where regulatory equivalence is established, while ensuring that Hong Kong investors receive clear information regarding governance differences, and
- **Post-Listing Support and Transition Guidance.** Providing structured guidance for issuers considering conversion to dual-primary or primary listing status, including clarity on compliance expectations.

A calibrated, vigilant approach remains the appropriate path forward.
We also have member views that, for seasoned overseas-listed issuers subject to robust home-market regulatory oversight, the Exchange could consider permitting the incorporation by reference of existing public filings, supplemented by Hong Kong-specific wrap-up disclosure addressing governance differences, shareholder protection standards, taxation, and Stock Connect considerations.

Question 12
Do you agree with the proposal to codify the existing guidance into a Rule to state that an applicant will be considered to have satisfied the Ownership Continuity Requirement if it can demonstrate, to the Exchange's satisfaction, that there was no material change in influence on management during the Relevant Period despite the change in controlling shareholder over that period to address any packaging concerns (see paragraphs 205 and 206 of the Consultation Paper)?
Please give reasons for your views and any alternative suggestions.

In principle, we agree with codifying the existing guidance into a formal Rule.

Providing rule-level clarity enhances transparency, consistency, and predictability in the application of the Ownership Continuity Requirement. A substance-over-form approach — focusing on the continuity of management influence rather than purely on legal shareholding changes — reflects commercial reality and may reduce unnecessary technical impediments to listing.

That said, ownership continuity serves an important investor protection function. It helps ensure that the financial track record presented to the market reflects a stable operating and governance environment, rather than a restructured or repackaged business shortly before listing.

Accordingly, we believe that:

- The Exchange should continue to apply a rigorous assessment of whether management influence has genuinely remained stable
- Changes in controlling shareholders should be examined for potential packaging or restructuring risks, and
- Clear disclosure should be required where ownership changes have occurred during the track record period.

Maintaining confidence in the integrity of the listing track record remains essential.
We also add that we have member views that guidance could usefully articulate non-exhaustive evidential indicators relevant to assessing continuity of management influence, such as continuity of senior management, board composition, shareholder agreement terms, and veto or negative control rights.

Question 13
If your answer to Question 12 is "yes", do you agree with the proposed consequential updates to our guidance (as set out in paragraph 207 of the Consultation Paper)?
Please give reasons for your views and any alternative suggestions.

In principle, we agree with the proposed consequential updates to the guidance.

Where existing guidance is being codified into the Listing Rules, it is appropriate that related guidance materials be aligned to ensure consistency and avoid interpretative ambiguity. Clear and harmonised guidance will assist applicants and sponsors in understanding how the Ownership Continuity Requirement will be applied in practice.

However, it will be important that the updated guidance continues to emphasise substance over form. In particular:

- The assessment of "no material change in influence on management" should remain fact-specific and evidence-based
- Sponsors should retain a clear responsibility to conduct robust due diligence on changes in ownership or control, and
- Disclosure expectations should be sufficiently detailed to enable investors to understand the context of any ownership transitions during the track record period.

We therefore support the consequential updates as a logical and technical refinement. As with the underlying proposal, implementation should be monitored to ensure that the clarification does not inadvertently weaken safeguards against packaging or restructuring risks.

Question 14
Do you agree with the proposal to expand the permitted use of US GAAP (as set out in paragraph 213 of the Consultation Paper)?
Please give reasons for your views and any alternative suggestions.

In principle, we agree with the proposal to expand the permitted use of US GAAP.

Allowing broader use of US GAAP may reduce compliance friction for issuers with substantial US operations or those that are already subject to US reporting standards. This may enhance Hong Kong's competitiveness, particularly in attracting US-listed or US-facing issuers considering a Hong Kong listing.

US GAAP is widely recognised and subject to robust oversight in its home jurisdiction. From a technical accounting standpoint, it is an established and credible framework.

That said, comparability and investor understanding are important considerations. A broader acceptance of different accounting standards may increase complexity for investors analysing financial statements across issuers. Clear reconciliation and disclosure requirements, therefore, remain critical to preserve transparency.

Accordingly, while we support the expansion in principle, we believe that:

- Disclosure explaining key differences between US GAAP and HKFRS/IFRS should remain accessible and meaningful
- Auditor oversight and sponsor due diligence standards should not be diluted, and
- The impact on investor comparability should be monitored over time.

We have member views that disclosure could usefully highlight key accounting differences most relevant to the issuer's business model, such as revenue recognition, share-based compensation, lease accounting, or the consolidation of structured entities, to support investor comparability.

Question 15
Do you agree with the proposal to remove the requirement that a US-listed issuer using US GAAP must revert to preparing financial statements using HKFRS or IFRS if it subsequently delists from the US (see paragraph 214 of the Consultation Paper)?
Please give reasons for your views and any alternative suggestions.

In principle, we are open to allowing a US-listed issuer to revert to HKFRS or IFRS upon delisting from the US, provided it uses US GAAP.

Requiring a mandatory transition may impose significant cost and operational disruption without necessarily enhancing investor protection, particularly where US GAAP remains a globally recognised and high-quality accounting standard. Eliminating this automatic reversion requirement may improve regulatory certainty and reduce unnecessary compliance burdens.
However, once an issuer is no longer subject to US listing and regulatory oversight, the governance context changes. The continued use of US GAAP should not result in diminished accountability or reduced financial reporting discipline.

Accordingly, while we support the proposal in principle, we believe that:

- Adequate disclosure should explain the ongoing use of US GAAP and any implications for comparability
- The Exchange should retain discretion to require transition in circumstances where regulatory oversight concerns arise, and
- The impact on investor understanding and market practice should be periodically reviewed.

Question 16
Do you agree with the proposal to remove the requirement for a Reconciliation Statement produced for the purpose of unaudited financial results to be reviewed by auditors (see paragraph 215 of the Consultation Paper)?
Please give reasons for your views and any alternative suggestions.

In principle, we are open to removing the requirement for auditor review of a Reconciliation Statement prepared in connection with unaudited financial results.
The proposal may reduce compliance costs and streamline reporting, particularly where the reconciliation relates to interim results that are, by nature, unaudited. Aligning the treatment of reconciliation statements with the broader framework for interim reporting may also enhance procedural consistency.

However, reconciliation statements serve an important investor protection function, particularly where different accounting standards are used. They assist investors in understanding material differences and maintaining comparability. Removing auditor review could increase the risk of error, omission, or reduced discipline in preparation.

Accordingly, while we are supportive in principle, we believe that:
- Directors and management accountability for the accuracy of reconciliation statements should be clearly emphasised
- Sponsors and reporting accountants should maintain appropriate oversight during listing and post-listing transitions, and
- The Exchange should monitor whether removal of the review requirement affects reporting quality in practice.

Question 17
Do you agree with the proposal to allow Eligible Specialist Companies to seek a listing under the applicable Specialist Chapters (see paragraph 232 of the Consultation Paper)?
Please give reasons for your views and any alternative suggestions.

In principle, we agree with allowing Eligible Specialist Companies to list under the applicable Specialist Chapters.

Where a company substantively meets the characteristics and regulatory intent of the Specialist Chapters (such as Biotech or Specialist Technology), it is reasonable to allow it to list under that tailored framework, even if it may otherwise qualify under the standard Main Board financial tests. This promotes regulatory coherence and ensures that sector-specific disclosure and governance requirements are consistently applied.

The Specialist Chapters are designed to address the unique risk profiles of such companies, including technology uncertainty, research intensity, and commercialisation timelines. Applying these frameworks appropriately may enhance transparency and investor understanding.
That said, eligibility should remain substance-driven. The Specialist regime should not be used as a strategic choice to avoid stricter requirements under the traditional Main Board pathway. The Exchange should therefore:

- Maintain rigorous assessment of whether the applicant genuinely falls within the intended scope of the Specialist Chapter
- Ensure that enhanced risk disclosures remain meaningful and not formulaic, and
- Monitor post-listing performance and governance practices within this expanded cohort.

We are open to this reform as a pragmatic clarification, provided that it does not dilute listing standards or create regulatory arbitrage. Ongoing supervisory vigilance will remain important to safeguard investor protection and the reputation of Hong Kong's market.

Question 18
If your answer to Question 17 is "yes", do you agree with the proposed modifications to the additional requirements under the Specialist Chapters to be imposed on Eligible Specialist Companies (as set out in paragraph 233 of the Consultation Paper)?
Please give reasons for your views and any alternative suggestions.

In principle, we are open to the proposed modifications to the additional requirements under the Specialist Chapters for Eligible Specialist Companies.

Where such companies are more commercially mature, it may be appropriate to tailor certain requirements — particularly those designed primarily for pre-revenue or early-stage issuers — to better reflect their risk profile. A calibrated approach can enhance proportionality while maintaining the integrity of the Specialist regime.

However, modifications should not weaken the core rationale for investor protection underpinning the Specialist Chapters. These chapters were introduced to address heightened uncertainty, sector-specific risks, and valuation complexity. Any relaxation of additional requirements must therefore be carefully justified by demonstrable commercial maturity and financial resilience.

We believe that:

- The Exchange should clearly articulate the criteria for determining when modifications are appropriate
- Risk disclosure standards should remain robust and sector-specific, and

- Post-listing monitoring of modified issuers should be maintained to ensure that governance and disclosure standards remain high.

We support proportionate refinement, provided it does not dilute safeguards or create a perception risk regarding listing quality. As with the broader consultation, implementation should be closely monitored, with readiness to recalibrate if unintended governance or market integrity concerns arise.

Question 19
Do you agree with the proposal to remove the Publication Requirements for all listing applicants, such that a listing applicant (including a listing applicant associated with an Issuer-related Listing Application) may choose not to publish its Application Proof (AP) at the time it submits its listing application, in which case it would only be required to publish an OC Announcement on the same date as it publishes its PHIP (as set out in paragraph 260 of the Consultation Paper)?
Please give reasons for your views and any alternative suggestions.

In principle, we are open to removing the mandatory publication of the Application Proof at the time of submission and permitting confidential filing.

Aligning Hong Kong's process more closely with other major markets may enhance competitiveness, reduce market speculation during early-stage vetting, and encourage high-quality applicants that may otherwise be deterred by premature disclosure. Confidential filing can also reduce reputational risk for applicants if their applications do not proceed.

However, the current publication regime contributes to market transparency and accountability, particularly through sponsor diligence and public scrutiny. Removing early disclosure may reduce external visibility into the vetting process and delay access to information that could be relevant to investors and market participants.

Accordingly, while we support the proposal in principle, we believe that:
- Safeguards around sponsor responsibility and regulatory accountability must remain strong;
- Disclosure at the PHIP stage should be comprehensive and timely;
- The Exchange should monitor whether confidential filing affects market discipline or public confidence in the listing process.

We are open to this reform as a measured step to strengthen Hong Kong's competitiveness, provided transparency and investor protection are not materially compromised. As with other proposals in this consultation, close monitoring and readiness to refine the framework will be important to maintain the credibility and quality of the Hong Kong market.

We also have member views that, where confidential filing is adopted, issuers should be encouraged to allow sufficient time between PHIP publication and offer launch for market digestion, particularly in complex sectors.

Question 20 **If your answer to Question 19 is "yes", do you agree with:** **(a) the proposal that, in addition to the existing Returned Application Details, the identities of other professional parties responsible for the Application Materials also be displayed on the designated webpage of the Exchange (as set out in paragraphs 264 to 265 of the Consultation Paper)?** **(b) the list of professional parties proposed to be considered as responsible for the Application Materials for the above purpose (as set out in Box 1 under paragraph 265 of the Consultation Paper)?** **Please give reasons for your views and any alternative suggestions.**

In principle, we agree with enhancing transparency regarding the identities of the professional parties responsible for the Application Materials when an application is returned.

If confidential filing is introduced, it is appropriate to strengthen counterbalancing accountability measures. Public identification of responsible professional parties reinforces sponsor and adviser discipline and supports market confidence in the integrity of the listing process.

- **Disclosure of Identities.** We support the proposal to publish the identities of additional responsible professional parties alongside existing Returned Application Details. This promotes accountability and helps ensure that confidential filing does not inadvertently reduce regulatory deterrence, and

- **Scope of Responsible Professional Parties.** We are generally supportive of the proposed list of professional parties, provided that the scope is clearly defined and proportionate to actual responsibility for the Application Materials. The framework should distinguish between parties exercising substantive due diligence or reporting functions and those providing more limited or technical services.

Question 21 **Do you agree with the proposal to amend the starting point of the 8-week moratorium to either:** **(a) the date on which all applicable review procedures in respect of the Listing Division's decision to return the listing application have been completed; or** **(b) the date on which the time period for invoking any such review procedures has lapsed (as set out in paragraph 266 of the Consultation Paper)?** **Please give reasons for your views and any alternative suggestions.**

In principle, we agree with amending the starting point of the 8-week moratorium to run from the conclusion or lapse of applicable review procedures.

This adjustment appears procedurally logical and enhances fairness. Where an applicant exercises its right to seek review of a returned decision, it would be disproportionate for the moratorium period to run concurrently with that review process. Aligning the commencement of the moratorium with procedural finality provides greater clarity and avoids penalising applicants for pursuing legitimate review mechanisms.

However, the moratorium serves an important market quality function by deterring premature or inadequately prepared applications. Any recalibration should therefore preserve its deterrent effect and avoid creating incentives for tactical delay.

Accordingly, while we support the proposal in principle, we believe that:

- Review timelines should remain disciplined and not unduly prolonged;
- The Exchange should monitor whether the revised starting point affects application quality or sponsor diligence;
- Clear guidance should be provided to ensure procedural certainty.

Question 22
If your answer to Question 19 is "yes", do you agree with the consequential changes to issuers' disclosure obligations in relation to Issuer-related Listing Applications (as set out in paragraph 267 of the Consultation Paper)?
Please give reasons for your views and any alternative suggestions.

In principle, we agree with the consequential changes to issuers' disclosure obligations in relation to Issuer-related Listing Applications, provided that overall transparency is preserved. If confidential filing is introduced and early publication requirements are removed, it is appropriate to recalibrate related disclosure obligations to ensure internal consistency within the framework. Aligning disclosure triggers with later stages of the listing process may reduce unnecessary market speculation and administrative burden.

However, Issuer-related Listing Applications can involve material transactions or structural changes relevant to existing shareholders. Any adjustment to disclosure timing should not diminish investors' ability to assess potential impacts on their interests.

Accordingly, while we support the proposed consequential changes in principle, we believe that:

- Material information should continue to be disclosed on a timely basis where investor decision-making may be affected
- The threshold for what constitutes material information should not be relaxed in practice, and
- The Exchange should monitor whether the revised regime affects transparency for minority shareholders.

A calibrated and responsive regulatory approach should guide implementation.

If there are any questions, please feel free to reach out to [redacted]

Yours sincerely,

For and on behalf of
The Hong Kong Chartered Governance Institute

[redacted]