

SLAUGHTER AND MAY -

SUBMISSION BY SLAUGHTER AND MAY
REGARDING THE STOCK EXCHANGE OF HONG KONG LIMITED'S
CONSULTATION PAPER ON PROPOSED CHANGES TO DOCUMENTARY REQUIREMENTS RELATING
TO LISTED ISSUES AND OTHER MINOR RULE AMENDMENTS

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Consultation Questions

1. Do you agree with the proposal Rule amendments to incorporate the directors' and supervisors' obligations set out in Part 2 of the DU Forms into the Rules?

Yes

No

If your answer is "No", please give reasons for your views.

We would propose retaining the DU Forms rather than incorporating them into the Listing Rules. We submit requiring directors and supervisors to sign standalone forms would be a more effective way of highlighting: (i) the key rules and regulations to which they are subject; and (ii) the importance of the accuracy of their particulars.

2. Do you agree with the proposed Rule amendments to not require a solicitor's certification?

Yes

No

If your answer is "No", please give reasons for your views.

We would propose retaining the solicitor's certification for the reasons mentioned in our response to question 1 above. In addition, the solicitor's certification serves as a good opportunity for directors and supervisors to raise with the solicitor any queries they may have on their legal and regulatory obligations.

3. Do you agree with the proposed Rule amendments to not require a sponsor's certification?

Yes

No

If your answer is "No", please give reasons for your views.

We agree with the proposal as the sponsor's certification significantly overlaps with the sponsor's declaration in Appendix 19.

4. Do you agree with the proposed Rule amendments to require disclosure of the former name and alias (if any) of a director or supervisor?

Yes

No

If your answer is "No", please give reasons for your views.

We agree with the proposal but would suggest that it be limited to former names and aliases that were used in passports or ID cards (*i.e.* the same approach as the current DU Forms).

5. Do you agree with the proposed Rule amendments to require directors and supervisors to provide their contact information as set out in paragraph 26 of the Consultation Paper to the Exchange?

Yes

No

If your answer is "No", please give reasons for your views.

We agree with the proposal, but would suggest that it is sufficient for a director to provide his telephone number or mobile phone number.

6. Do you agree with the proposed Rule amendments to grant the power to the Exchange to gather information from supervisors and require supervisors to cooperate in the Exchange's investigation?

Yes

No

If your answer is "No", please give reasons for your views.

7. Do you agree with the proposed Rule amendments to align the requirements of the Main Board Rules and the GEM Rules as set out in paragraphs 30(i), (ii) and (iii) of the Consultation Paper?

Yes

No

If your answer is "No", please give reasons for your views.

We agree with the concept, but in relation to paragraph 30(iii), we note the proposed wording refers to compliance with the Companies Ordinance ("CO"). As most of the provisions in the CO would not be applicable to listed issuers incorporated outside Hong Kong, we would suggest that the Exchange clarifies the scope of the undertaking.

As drafted, directors (including those of a PRC issuer) would be required to comply to the best of their ability with the CO, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Securities and Futures Ordinance ("SFO"). The equivalent undertaking for supervisors of PRC issuers does not expressly refer to those laws (save for Parts XIVA and XV of the SFO). We would like to seek clarification on whether this is the Exchange's intention.

8. (a) Do you agree with the proposed Rule amendments to remove the requirement to submit a certified copy of the Board Resolutions and to require the issuer to confirm in the relevant next day disclosure return and/or monthly return that the issue of securities has been duly authorised by the board?

Yes

No

If your answer is "No", please give reasons for your views.

(b) Do you agree with the proposed Rule amendments to remove the requirement to submit a Form F Declaration and to require the issuer to confirm in the relevant next day disclosure return and/or monthly return the matters set out in items (a) and (b)(i) to (viii) in the table under paragraph 35 of the Consultation Paper?

Yes

No

If your answer is "No", please give reasons for your views.

(c) Do you agree with the proposal to add a separate Rule that if there is any material change to a document after clearance by the Exchange, the document should be resubmitted to the Exchange for further comments before it is issued?

Yes

No

If your answer is "No", please give reasons for your views.

9. Do you agree with the proposed Rule amendments to remove each of the documentary requirements set out in items 1 to 10 in the table under paragraph 37 of the Consultation Paper?

Yes

No

If your answer is "No", please give reasons for your views.

10. Do you agree with the proposal to add a Note to clarify the period of disclosure of pre-acquisition financial information on material businesses/subsidiaries acquired by a new applicant as described in paragraph 41 of the Consultation Paper?

Yes

No

If your answer is "No", please give reasons for your views.

11. Do you agree with the proposal to amend paragraph 9(a) and (b) of Main Board Rules Practice Note 22 and paragraph 8 of GEM Rules Practice Note 5 to state that applicants must submit the Application Proof for publication on the HKEX website “on the same day” (instead of “at the same time”) they submit the listing application?

Yes

No

If your answer is “No”, please give reasons for your views.

12. Do you agree with the proposal to remove GEM Rule 17.55 and align the formal reporting requirements for profit forecasts in the GEM Rules with those in the Main Board Rules?

Yes

No

If your answer is “No”, please give reasons for your views.

We agree with the proposal to codify the Exchange’s existing practice.

13. Do you agree with the proposal to amend paragraph 3(c) of PN15 to clarify that the Exchange may grant a Waiver if the Parent fails to meet the minimum profit requirement under Rule 8.05 due solely to a significant market downturn?

Yes

No

If your answer is “No”, please give reasons for your views.

We do not object to the proposal on the basis it codifies existing practice and more accurately reflects the Exchange’s policy intent behind the Waiver.

14. Do you agree with the proposed amendments to the Main Board Rules to require listed issuers to announce any changes to their website addresses?

Yes

No

If your answer is “No”, please give reasons for your views.

15. Do you agree with the proposed amendments to the Main Board Rules to codify the practices that listed issuers should announce the matters set out in paragraphs 55 (a) to (c) of the Consultation Paper?

Yes, subject to our comments below

No

If your answer is "No", please give reasons for your views.

We agree with the concept, save that we submit the proposed wording under Rule 13.32(1) to "inform the Exchange and publish an announcement immediately..." should be amended to read "inform the Exchange immediately and publish an announcement..."

Our proposed amendment would be consistent with the equivalent GEM provision (GEM Rule 17.36). To require an "immediate" announcement under Rule 13.32(1) would be imposing a higher standard than under Rule 13.09 and would be inconsistent with the equivalent GEM provision.

16. Do you agree with the proposal to amend Main Board Rules 15A.21(1) and 15A.64(3) to require issuers of structured products to submit their financial reports, supplemental or standalone listing documents to the Exchange in electronic form only?

Yes

No

If your answer is "No", please give reasons for your views.

17. Do you agree with our proposal to amend Note 4 to Main Board Rule 15A.2 to require issuers of structured products to provide liquidity for at least 20 (instead of ten) board lots of their structured products and to make consequential changes to the note to paragraph 17(15) of Appendix 1D to the Main Board Rules?

Yes

No

If your answer is "No", please give reasons for your views.

18. Do you agree with our proposal to include entitlement ratios of five, 50 and 500 structured products for one share (or other security) in Main Board Rule 15A.40?

Yes

No

If your answer is "No", please give reasons for your views.

We agree with the proposal, which should result in greater flexibility for issuers and a wider choice for investors.

19. Do you agree with our proposal to amend Main Board Rule 15A.59 to clarify that information (where available) as described in paragraph 68 of the Consultation Paper of both the issuer and the guarantor are required to be included in the formal announcement for structured products?

Yes

No

If your answer is "No", please give reasons for your views.

20. Do you agree with our proposal to amend Main Board Rule 15A.63(1) to require the submission of one draft (instead of two drafts or proofs) of the listing document to the Exchange for review?

Yes

No

If your answer is "No", please give reasons for your views.

21. Do you agree with our proposal to amend Main Board Rule 15A.71, 15A.72, 15A.73, 15A.74, and 15A.76 to clarify that these Rules apply to stand alone listing documents (in addition to base listing documents, supplemental listing documents and supplementary listing documents)?

Yes

No

If your answer is "No", please give reasons for your views.

22. Do you agree with our proposal to amend Main Board Rule 37.39 and GEM Rule 30.32 to state that an issuer must publish a formal notice before listing?

Yes

No

If your answer is "No", please give reasons for your views.

We agree with the proposal to modify this to reflect the Exchange's existing practice.

23. Do you agree with the proposal to introduce the definitions of “modified opinion” and “modified report” and the proposed consequential amendments in Appendix II to the Consultation Paper in order to update the audit terminology in the Rules with reference to the new and revised Auditor Reporting Standards issued by the HKICPA?

Yes

No

If your answer is “No”, please give reasons for your views.

24. The Exchange invites your comments regarding whether the manner in which the proposed housekeeping Rule amendments as set out in Chapter 4 of the Consultation Paper are drafted will give rise to any ambiguities or unintended consequences.

We have no comments on the suggested amendments in Chapter 4 of the Consultation Paper.

25. Do you have any other comments in respect of the matters discussed in the Consultation Paper? If so, please set out your additional comments.

If the Exchange has any queries regarding this submission, please feel free to contact [REDACTED] or [REDACTED]

8 December 2017