



CHARTERED
SECRETARIES
特許秘書

The Hong Kong Institute of Chartered Secretaries

Submission:

Consultation Paper on Delisting and other Rule Amendments

22 November 2017

By Email Only: response@hkex.com.hk

Hong Kong Exchanges and Clearing Limited
12th Floor, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

Dear Sirs

Re: Consultation Paper on Delisting and other Rule Amendments

About HKICS

The Hong Kong Institute of Chartered Secretaries (HKICS) is an independent professional institute representing Chartered Secretaries as governance professionals in Hong Kong and Mainland China with over 5,800 members and 3,200 students. HKICS originates from The Institute of Chartered Secretaries and Administrators (ICSA) in the United Kingdom with 9 divisions and over 30,000 members and 10,000 students internationally. HKICS is also a Founder Member of Corporate Secretaries International Association (CSIA), an international organisation comprising 14 national member organisations to promote good governance globally.

HKICS Supports HKEX's Proposals

HKICS supports, in general, the HKEX's proposals (**Proposals**) contained under the Consultation Paper on Delisting and other Rule Amendment (**Consultation Paper**). The general support is on the basis that the Proposals are conducive to good governance and Hong Kong's market development and international best practices, and also represent acceptable standards that help ensure investor confidence.

Consultation Paper Proposals

In relation to the specific questions raised under the Consultation Paper:

Q1: Do you agree with our proposed MB Rule amendment to add a fixed period delisting criterion? If not, why?

We agree with the proposal. Our answer to this question and the rest of the submission is on the basis that HKEX's proposals provide certainty to the market as to the Exchange's handling of long suspended issuers, and that the delisting framework should also provide a delisting time frame for these issuers, and therefore should be supported.

Q2: Do you think the appropriate period under the fixed period delisting criterion should be 12 months, 18 months, 24 months, or other? Please also explain why.

We submit that 18 months as the middle ground, broadly aligned with the intention under Practice Note 17 would be appropriate.

Q3: Do you agree with our proposed MB Rule amendment expressly to allow the Exchange to delist an issuer under any applicable delisting criteria in MB Rule 6.01 immediately, or publish a delisting notice and give the issuer a period of time to remedy the relevant issues to avoid delisting. If not, why?

We agree with the proposal.

Q4: Do you agree with our proposal to remove Practice Note 17 and to delist issuers without sufficient operations or assets under either the fixed period criterion or the new delisting process for MB Rule 6.01? If not, why?

We agree with the proposal.

Q5: Do you agree with our proposal to add a note to MB Rule 13.24 setting out the characteristics of issuers which are unable to comply with MB Rule 13.24. If not, why?

We agree with the proposal.

Q6: Do you agree with our proposal to remove MB Rule 6.01(1)? If not, why?

We agree with the proposal.

Q7: Do you agree with our proposal to clarify in MB Rule 2B.07(5) the applicable procedures for reviewing decisions to suspend or cancel a listing under MB Rule 6.01? If not, why?

We agree with the proposal.

Q8: Do you agree with our proposed MB Rule amendment to require suspended issuers to announce quarterly updates? If not, why?

We agree with the proposal.

Q9: Do you agree with the proposed transitional arrangements described above, and the proposed commencement dates of the fixed period under different situations? If not, why?

We agree with the proposal.

Q10: Do you agree with our proposed GEM Rule amendment to add a fixed period delisting criterion? If not, why?

We agree with the proposal.

Q11: Do you think the appropriate period under the fixed period delisting criterion should be: 6 months, 12 months, or other? Please also explain why.

We do not have any particular preference, but 12 months which is a longer time frame could be considered.

Q12: Do you agree with the proposed transitional arrangement described above? If not, why?

We agree with the proposal.

Q13: Do you agree with our proposal to align the wording of GEM Rule 9.15 with MB Rule 6.10? If not, why?

We agree with the proposal.

Q14: Do you agree with our proposal to remove GEM Rule 9.04(5)? If not, why?

We agree with the proposal.

Q15: Do you agree with our proposal to clarify in GEM Rule 4.07(6) the applicable procedures for reviewing decisions to suspend or cancel a listing under Chapter 9 of the GEM Rules? If not, why?

We agree with the proposal.

Q16: Do you agree with our proposed GEM Rule amendment to require suspended issuers to announce quarterly updates? If not, why?

We agree with the proposal.

Q17: Do you agree with our proposal to remove MB Rule 14.37(1) / GEM Rule 19.37(1)? If not, why?

We agree with the proposal.

Q18: Do you agree with our proposal to remove MB Rule 14.37(2) / GEM Rule 19.37(2)? If not, why?

We agree with the proposal.

Q19: Do you agree with our proposed MB / GEM Rule amendment to delegate authority to the Listing Department to direct resumption of trading and to provide for an accelerated review procedure? If not, why?

We agree with the proposal.

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 faithfully,

Ivan Tam FCIS FCS

President

The Hong Kong Institute of Chartered Secretaries