

Submitted via Qualtrics

Korea Investment & Securities Asia Limited

Company/Organisation view

Structured Products Issuer

Question 1

Do you agree that the minimum issue price for DWs should be lowered from HK\$0.25 to HK\$0.15?

Please provide reasons for your views and any alternative suggestions.

Question 2

Do you agree with the proposal to remove the minimum issue price requirement for CBBCs?

Please provide reasons for your views and any alternative suggestions.

Question 3

Do you agree with the proposal to lower the minimum market capitalisation at issuance for (a) DWs and (b) CBBCs from HK\$10 million to HK\$6 million if our proposals on the minimum issue price of the respective product are adopted?

Please provide reasons for your views.

Question 4

Do you agree with the proposal to add additional entitlement ratios allowing the issuances of two, eight, 20, 80, 200, 800, 1,000, and thereafter in multiples of 500 units of structured products for one share (or other security) in relation to DW and CBBC issuances?

Please provide reasons for your views.

Question 5

Do you agree with the proposal to require Emulation Issues to have identical product terms as existing issues except for issue price and issue size?

Please provide reasons for your views.

Question 6

Do you agree with the proposal to determine the eligibility of ETFs as underlying securities (for structured products linked to single ETF) based on the AUM (rather than “public float capitalisation”) of ETFs?

Please provide reasons for your views.

Question 7

With the above proposed change of reference to AUM for assessing eligibility of ETFs, do you agree with the proposal to change the eligibility threshold for an ETF as an underlying security for structured product issuances linked to a single ETF to at least HK\$1 billion (instead of HK\$4 billion) over the 60-day Qualifying Period?

Please provide reasons for your views.

Question 8

Do you agree with the proposal to delete the Prescriptive Product Terms requirements from the Rules and require product issuance be subject to the permitted product terms to be published from time to time by the Exchange?

Please provide reasons for your views.

Question 9

Do you agree with the proposal to, in relation to structured products which are, or which may be, settled by delivery of the underlying securities or assets, also allow the relevant terms and conditions to provide for electronic transfer for settlement of underlying securities or assets through other settlement platforms as approved by the Exchange?

Please provide reasons for your views.

Question 10

Do you agree that the minimum NAV requirement should be increased from HK\$2 billion to HK\$5 billion?

No

Please provide reasons for your views and any alternative suggestions.

We are writing to provide a strong objection to the proposed elevation of the net asset value (NAV) requirement for non-collateralised structured products issuers from HK\$2 billion to HK\$5 billion. This change, while well-intentioned for investor protection, is unnecessary, disproportionate, and unfairly punitive to smaller and mid-sized issuers like ours. The existing HK\$2 billion threshold, combined with the Exchange's proposed

enhancements such as mandating issuers to be regulated entities and incorporating credit rating requirements, already provides more than sufficient safeguards without creating excessive barriers to entry, particularly for legitimate, compliant issuers that contribute to market diversity and investor choice.

The current HK\$2 billion NAV requirement has proven effective and balanced since its introduction. It ensures baseline financial resilience while allowing a broad range of issuers, including foreign-invested entities like ours, to participate and serve Hong Kong's retail and professional investors. Hong Kong's structured products market flourishes precisely because of this inclusive yet disciplined framework, supported by robust disclosures, real-time surveillance, investor education, and suitability assessments under SFC guidelines. Raising the threshold to HK\$5 billion would not strengthen protection. It would exclude credible issuers and concentrate risk among a smaller pool of dominant players, undermining systemic stability and market competitiveness.

Disproportionate and Unfair Impact on Smaller Issuers

For smaller and mid-sized issuers like ours, the HK\$5 billion NAV requirement is simply unattainable. We are a foreign-invested issuer with headquarters in South Korea, backed by a reputable international investment firm. While we meet all current eligibility criteria, including the HK\$2 billion NAV, full regulatory compliance, and a track record of responsible issuance, we do not possess and cannot realistically achieve HK\$5 billion in net assets without fundamentally altering our corporate structure, capital base, or business model. This threshold would force us out of the non-collateralised segment entirely, despite our strong credit profile, operational discipline, and investor trust built over years of listing on HKEX.

To remain in the market, we would be required to adopt a guarantor structure, designating our South Korean headquarters as guarantor. This is not a minor adjustment. It involves:

- Significant legal and compliance costs: Drafting, negotiating, and registering cross-border guarantee agreements, obtaining board and shareholder approvals, and ensuring compliance with both Hong Kong and Korean financial regulations.

- Substantial manpower and operational burden: Restructuring internal reporting lines, risk management frameworks, and disclosure processes to align the guarantor with HKEX Chapter 15A requirements.
- Cross-jurisdictional complexity: Korean regulatory authorities, such as the FSS and FSC, impose different capital, governance, and public disclosure rules. Aligning our headquarters with HKEX's implied regulated entity and credit rating standards would require extensive regulatory discussion, potential licensing adjustments, and ongoing dual-jurisdiction compliance. This process could take 12 to 24 months and cost millions in legal and advisory fees.
- Unlevel playing field: Larger, locally headquartered issuers can more easily meet the NAV or absorb restructuring costs. Foreign-invested firms like ours face structural disadvantages due to differing jurisdiction rules, making the guarantor route disproportionately burdensome.

This is not merely a matter of scale. It is a regulatory penalty on diversity. Excluding issuers like ours reduces product variety, narrows investor access to innovative structures, and increases concentration risk, which is the very outcome the Exchange seeks to avoid.

HKEX's Rationale Does Not Justify the Increase

The Exchange cites two grounds for the proposed hike:

1. 1.2 times growth in aggregate notional value since 2006.
2. Individual issuers' notional exposures generally exceeding HK\$5 billion in the past three years. These metrics do not support a more than doubling of the capital hurdle.

These metrics do not support a more than doubling of the capital hurdle:

- Growth of 1.2 times over nearly 20 years is modest and reflects natural market maturation, not reckless expansion. It falls well within the risk absorption capacity of issuers meeting current NAV, hedging, and regulatory standards.
- Notional exposure is not equivalent to credit risk. Issuers can actively manage this through dynamic hedging and stress-tested risk limits. NAV is a solvency backstop,

not a direct buffer for derivatives exposure. The proposed credit rating requirement, which we fully support, already provides a real-time, market-validated signal of default probability, far more relevant than a static NAV floor.

- The Exchange's own data shows no material increase in issuer defaults or investor losses tied to the current HK\$2 billion threshold. There is no data showing the current HK\$2 billion rule is inadequate, so the proposed change addresses no real issue.

Hong Kong Would Outpace Global Peers - Undermining Competitiveness

As detailed in Appendix II of the Consultation Paper, the proposed HK\$5 billion threshold exceeds requirements in all Selected Overseas Exchanges, even those with high retail participation.

Boerse Frankfurt requires EUR 0.25 billion, approximately HK\$2 billion, of equity capital for issuing structured products in specified currencies including HKD. Boerse Stuttgart and Euronext impose no specific capital requirements. The Stock Exchange of Thailand (SET) mandates only Baht 1,000 million, approximately HK\$0.23 billion in equity. The Singapore Exchange (SGX) requires US\$500 million, approximately HK\$3.9 billion, in shareholders' funds. The Korea Exchange focuses on a 150% net capital ratio without a fixed NAV floor.

Even SGX, a direct regional peer with comparable retail intensity, caps its requirement at HK\$3.9 billion and allows alternatives like investment-grade ratings. None of the Selected Overseas Exchanges demand HK\$5 billion. By leaping ahead, HKEX risks driving issuance to Singapore, Frankfurt, or Seoul, where mid-sized and foreign-backed issuers can list more efficiently. Hong Kong's edge as Asia's structured products hub would diminish, with no corresponding gain in investor safety.

A Balanced Alternative: Retain HK\$2 Billion + Strengthen Complementary Measures

We strongly urge the Exchange to:

1. Retain the HK\$2 billion NAV requirement, which is aligned with Boerse Frankfurt and has proven effective.

2. Proceed with mandating regulated entity status and credit ratings. These are targeted, adaptive, and sufficient protections.
3. Allow flexibility for foreign-invested issuers under guarantor structures (e.g., streamlined recognition of home-jurisdiction regulation or ratings).

This combination delivers robust, layered investor protection while preserving market access, competition, and liquidity, which are the true pillars of Hong Kong's success.

We respectfully submit that raising the NAV to HK\$5 billion is neither necessary, fair, nor competitive. It would exclude responsible smaller issuers like ours, impose crippling restructuring costs, and jeopardise Hong Kong's leadership in structured products, all without evidence of superior risk mitigation.

We are committed to constructive discussion and are available for meetings with the Exchange or SFC to explore workable solutions. Thank you for considering our submission.

Question 11

Do you agree with the proposal to impose a mandatory requirement that issuers must be Regulated Entities?

Please provide reasons for your views.

Question 12

Do you agree with the proposal to mandate investment grade ratings awarded by all CRAs from which it has sought a credit rating and additional disclosure requirements in listing documents, where

the requisite credit ratings should be obtained by:

(a) the issuer (or, in case the issuer is not rated, the issuer's Holding Companies); or

(b) in case of guaranteed issues, the guarantor, or (in case the guarantor is not rated) the issuer, or (in case neither the guarantor nor the issuer is rated) any of the guarantor's Holding Companies, or (in case none of the guarantor, the issuer or the guarantor's Holding Companies is rated) any of the issuer's Holding Companies?

and

the following disclosures should be included in the listing documents:

(c) the credit ratings are for investors' reference only,

(d) where the credit rating of the Holding Companies is relied upon by the issuer or the guarantor for eligibility assessment,

(i) identify the Holding Companies and describe their relationship with the issuer, and (in case of guaranteed issues) the guarantor; and

(ii) investors (1) shall have no recourse against the Holding Companies and (2) shall determine the relevance and significance of credit ratings of the Holding Companies?

Please provide reasons for your views.

Question 13

Do you agree with the proposal that, where an issuer fails to fulfil any of the proposed NAV requirement, the Regulated Entity requirement and the credit rating requirement, the issuer may issue guaranteed issues with the eligibility requirement being satisfied by a guarantor fulfilling all of the proposed NAV requirement, the Regulated Entity requirement and the credit rating requirement (see paragraph 99(c)(ii))?

Please provide reasons for your views.

Question 14

Do you agree with the proposal that: (a) an eligible issuer may issue guaranteed issues provided that such guarantor also satisfies the proposed NAV requirement, the Regulated Entity requirement and the credit rating requirement (see paragraph 99(c)(ii)); and (b) in such cases, each of the issuer and the guarantor will be required to individually comply with the Rules?

Please provide reasons for your views.

Question 15

Do you agree with the proposal to impose the following requirements on an ongoing basis whilst any of the issuers' structured products are listed on the Exchange, in addition to NAV requirement:

(a) issuers or (in the case of guaranteed issues) the guarantors shall, or (where credit ratings of Holding Companies are relied upon for eligibility assessment) shall ensure that the Holding Companies will, comply with the credit rating requirement; and

(b) issuers or (in the case of guaranteed issues) the guarantors shall comply with the Regulated Entity requirement?

Please provide reasons for your views.

Question 16

Do you agree with the proposal to allow a transitional period of 12 months from the effective date of the Rule amendments for existing issuers and/or guarantors to comply with the new eligibility requirements?

No

Please provide reasons for your views.

We strongly oppose the proposed 12-month transitional period for existing issuers and guarantors to comply with the new eligibility requirements. As mentioned in our responses to Question 10, restructuring our cross-border guarantor arrangement with our South Korean headquarters demands extensive regulatory engagement with the SFC and Korean authorities (FSS/FSC), legal documentation, board approvals, and system alignment across jurisdictions—a process that realistically requires 12 to 24 months.

A 12-month window would force abrupt delisting, disrupt ongoing issuances, and harm investors despite our full compliance history. We urge the Exchange to extend the transition to at least 24 months for cross-border structures and allow case-by-case extensions for good-faith progress. This ensures orderly compliance without unnecessary market disruption.

Question 17

Do you agree with the proposal to clarify that the Exchange may accept other group companies (meaning any of the issuer's Holding Companies, subsidiaries and fellow subsidiaries) to be the guarantor, taking into account the circumstances of the issuer and/or the guarantor as the Exchange may, in its discretion, consider appropriate?

Please provide reasons for your views.

Question 18

Do you agree with the following proposals to:

- (a) delete the minimum service level for quotation size (i.e. 20 board lots) from the Rules;**

- (b) mandate the minimum service levels for liquidity provision specified in the listing documents to comply with the minimum service levels as published by the Exchange from time to time and**

- (c) add a specific obligation in the Rules on issuers to comply with the minimum service levels for liquidity provision specified in the listing documents?**

Please provide reasons for your views.

Question 19

Do you agree with the proposal to shorten the publication deadline of interim financial reports from four months to three months after the relevant interim period end?

Please provide reasons for your views.

Question 20

Do you agree with the proposal to impose a mandatory requirement for issuers and (in case of guaranteed issues) guarantors that have subsidiaries to publish consolidated financial statements in their annual and interim reports in respect of

the first six months of its financial year, and include such information in listing documents?

Please provide reasons for your views.

Question 21

Do you agree with the proposal to introduce a requirement for issuers and guarantors of non-collateralised products to inform the Exchange and announce any change in their regulatory status as soon as practicable?

Please provide reasons for your views.

Question 22

Do you agree with the proposal to require issuers: (a) to announce change of liquidity providers or their particulars (such as broker ID number or contact information) before implementing such a change (in addition to notifying the Exchange); and (b) to inform the Exchange and announce as soon as practicable upon any disruption to, or resumption of, liquidity provision services?

Please provide reasons for your views.

Question 23

Do you agree with the proposal to require issuers and/or guarantors to announce the matters as set out in item (A) of paragraph 160 in addition to informing the Exchange as soon as practicable?

Please provide reasons for your views.

Question 24

Do you agree with the proposal to require issuers and/or guarantors to announce a change in their credit rating as disclosed in the listing documents in addition to informing the Exchange as soon as practicable?

Please provide reasons for your views.

Question 25

Do you agree with the proposal to require issuers and/or guarantors to announce matters relating to their winding up and liquidation as set out in item (C) of paragraph 160 in addition to informing the Exchange as soon as practicable?

Please provide reasons for your views.

Question 26

Do you agree with the proposal to require issuers to publish the trading reports on the Exchange's website instead of reporting to the Exchange?

Please provide reasons for your views.

Question 27

Do you agree with the proposal to require issuers and/or guarantors to inform the Exchange and announce any downgrade in their rating outlook as soon as practicable?

Please provide reasons for your views.

Question 28

Do you agree with the proposal, where credit ratings of Holding Companies are relied upon by the issuers or the guarantors for eligibility assessment, to require issuers and/or guarantors to inform the Exchange and announce credit rating changes as disclosed in the listing documents (including any downgrade in rating outlook) of these Holding Companies as soon as practicable if our proposal on credit rating requirement under issuer eligibility assessment is adopted?

Please provide reasons for your views.

Question 29

Do you agree with the proposal to require issuers and/or guarantors to inform the Exchange and announce the winding up and liquidation events concerning their respective Holding Companies as set out in item (C) of paragraph 160 as soon as practicable after the occurrence of such events?

Please provide reasons for your views.

Question 30

The Exchange proposes to clarify in the Rules that:

(a) in assessing the suitability or capability of an issuer, in addition to the considerations mentioned in paragraph 169, where appropriate, the Exchange may have regard to, inter alia, the issuer's group (meaning any of the issuer's

Holding Companies, subsidiaries and fellow subsidiaries and any associated companies of any of them) members': (i) previous experience in issuing and managing the issue of other similar instruments; (ii) risk management systems and procedures; and (iii) whether they have satisfactory experience in managing the potential obligations under the structured product issue;

(b) it may impose restrictions and conditions on the issuance of structured products linked to any eligible underlying assets;

(c) it may require an issuer to withdraw the listing of existing products that are held entirely by the issuer or members of its group (including any of the issuer's Holding Companies, subsidiaries and fellow subsidiaries and any associated company of any of them);

(d) without prejudice to the Exchange's powers under the Rules, the circumstances under which the Exchange may impose additional requirements or conditions on issuance of structured products by issuers include, without limitation where: (i) in the Exchange's opinion, there has been an adverse change in the financial circumstances of the issuer or (in the case of a guaranteed issue) guarantor or (in case where credit ratings of Holding Companies are used to satisfy the credit rating requirement) their Holding Companies; (ii) in the Exchange's opinion, the issuer fails to properly issue and manage structured products issue; or (iii) the issuer is applying to list a new type of structured products;

(e) the appointment of a liquidity provider that is not a member of the issuer's group requires the Exchange's prior approval; and

(f) it will assess an issuer's or guarantor's ongoing compliance with eligibility requirements as well as an issuer's performance in issuing and managing structured products issues (including but not limited to liquidity provision, the requirements of which will be published from time to time by the Exchange) whilst its structured products are listed on the Exchange. Where an eligible issuer issues guaranteed issues, the Exchange will conduct the assessment described above individually on each of the issuer and the guarantor.

Please provide comments on whether the drafting of the proposed amendments will give rise to any ambiguities or unintended consequences.

Question 31

Do you agree with the proposal to amend the Rules such that:

- (a) the requirement to publish a Launch Announcement will be removed;**
- (b) the prescribed particulars that are currently required to appear in a Launch Announcement will be consolidated into disclosure requirements for a stand alone listing document and an SLD and will be set out in Appendix D1D to the Rules; and**
- (c) a stand alone listing document or an SLD will be published as soon as practicable after the Launch Date once the Exchange confirmed that it has no comments and no later than the first business day following the Launch Date?**

Please provide reasons for your views.

Question 32

Do you agree with the proposal, in relation to the listing of Further Issues where the existing issues are non-collateralised and issued pursuant to a base listing document, to accept simplified versions of SLDs, such that, to the extent that the information contained in SLDs for existing issues remains the same, issuers would not be required to reproduce such information in the SLDs for Further Issues, except for information required by the “General Information” and “Other information” sections of Appendix D1D to the Rules?

Please provide reasons for your views.

Question 33

Do you agree with the proposal that the SLDs for Further Issues may contain only the following information:

(a) the disclosure specified by the “General Information” and “Other information” sections of Appendix D1D to the Rules;

(b) any update to the information as set out in the listing documents for the existing issues;

(c) the number of units of the Further Issues to be issued;

(d) the closing price of the existing issues on either the day on which the Further Issues are launched or, if the Further Issues are launched before trading on the Exchange has ceased for the day, the day preceding the day on which the Further Issues are launched;

(e) the date of publication of, and a web link to, each of the base listing document, any supplementary listing document and SLD for the existing issues;

(f) a statement that the Further Issues form a single series with the existing issues;

(g) a statement that the SLD for the Further Issues shall be read in conjunction with the base listing document, any supplementary listing document and SLD for the existing issues; and

(h) a declaration by the issuer that the information contained in the base listing document (as supplemented by any supplementary listing document and the SLDs for both the existing issues and Further Issues) is, as at the date of the

SLD for the Further Issues, up-to-date and is true, accurate and complete in all material respects and there are no other matters the omission of which would make the SLD or any statement therein misleading.

Please provide reasons for your views.

Question 34

Do you agree with the proposal to not require the guarantor to apply for listing of Further Issues?

Please provide reasons for your views.

Question 35

Do you agree with the proposal to exempt the disclosure of Index Information in listing documents where: (a) the Index Information is publicly available in English and Chinese on the index compiler's website; and (b) a web link to such website is included in the listing documents?

Please provide reasons for your views.

Question 36

With the above proposal, do you agree with the proposal to remove the specific exemption for HSI from the Rule?

Please provide reasons for your views.

Question 37

Do you agree with the following proposals:

(a) to allow securities dealers (that are also issuers) to offer Incentives subject to safeguards mentioned in paragraph 202. In respect of safeguard (c), the Incentives will not be recovered by the issuers' securities dealing units from their structured product issuance units;

(b) where the Incentives relate to specific structured products, such Incentives shall be in the form of fee discounts;

(c) to require disclosures in the relevant listing documents and publicity materials alerting investors to the fact that an issuer or its group company intends to offer Incentives and that investors should make investment decisions with respect to structured products without regard to the benefit of such Incentives; and

(d) to clarify the issuer's group to mean any of the issuer's Holding Companies, subsidiaries and fellow subsidiaries; and replace "close associates" with members of an issuer's group?

Please provide reasons for your views.

Question 38

Do you agree with the proposal to define structured product in the Rules as having the meaning defined in the SFO as amended from time to time, and to remove the generic descriptions of structured products and underlying assets in the Rules?

Please provide reasons for your views.

Question 39

Do you agree with the proposal to replace the requirement that one of the authorised representatives must be a director with the requirement that such authorised representative must be a senior officer of the issuer or the guarantor instead?

Please provide reasons for your views.

Question 40

Do you agree with the proposal that legal opinions of guaranteed issues should also confirm that:

(a) the guarantee or other security is enforceable in accordance with its terms; (b) the guarantee or other security is issued in conformity with the laws of the place in which the guarantor is incorporated or otherwise established and in conformity with the guarantor's memorandum and articles of association or equivalent documents; and all authorisations needed for its issue under such laws or documents have been duly given;

(c) the guarantee or other security, and the guarantor's liability for the due and punctual performance of the obligations of the issuer, will also not be affected in case of administration or analogous action of the issuer; and

(d) the guarantor is duly incorporated or otherwise established under the laws of the place in which it is incorporated or otherwise established?

Please provide reasons for your views.

Question 41

Do you agree with the proposal to require issuers to submit to the Exchange legal opinions confirming the following:

(a) the obligations of the issuer under the structured products are legal, valid, binding and enforceable in accordance with the terms of the structured products;

(b) (i) the structured products are issued in conformity with the laws of the place in which the issuer is incorporated or otherwise established and in conformity with the issuer's memorandum and articles of association or equivalent documents; and (ii) all authorisations needed for their creation and issue under such laws or documents have been duly given;

(c) the issuer is duly incorporated or otherwise established under the laws of the place in which it is incorporated or otherwise established; and

(d) such other matters as the Exchange shall require depending on the circumstances of the issuer?

Please provide reasons for your views.

Question 42

Do you agree with the proposal that legal opinions of collateralised issues should also confirm the following:

(a) the validity of the proposed trust or other security arrangements and that they are enforceable in accordance with their terms;

(b) all authorisations needed for the proposed trust or other security arrangements under the laws of the place in which the security provider is incorporated or otherwise established and the security provider's memorandum and articles of association or equivalent documents have been duly given; and

(c) such other matters as the Exchange shall require depending on the circumstances of the issuer and/or the security provider?

Please provide reasons for your views.

Question 43

Do you agree with the proposal to require legal opinions in respect of issuers, guaranteed issues and collateralised issues to be submitted:

(a) in draft form at the time of submission of their respective first draft of the base listing document or stand alone listing document; and

(b) in final form on the date of publication of their respective base listing document or stand alone listing document?

Please provide reasons for your views.

Question 44

Do you agree with the proposal to delete all requirements on continuing obligations in Chapter 15A and move them to Appendix E5 to the Rules?

Please provide reasons for your views.

Question 45

Do you agree with the proposal to:

(a) delete the list of general factors for considering suitability of structured products linked to overseas stocks in the Rules and move them to the New Product Guide which sets out, among other matters, specific information to be submitted by an issuer to the Exchange, as well as additional factors to consider, in its suitability assessment; and

(b) state in the Rules that the Exchange will specify from time to time the factors that it will consider in determining the suitability of structured products that relate to overseas stocks or ETFs and other assets?

Please provide reasons for your views.

Question 46

Do you agree with the proposal to: (a) remove the references to “advertisements” from the Rules; and (b) require issuers to agree the trading arrangements of their products with the Exchange in advance and remove the requirement for them to submit draft trading arrangements announcements to the Exchange for clearance before publication?

Please provide reasons for your views.

Question 47

Do you agree with the proposal to allow publication of announcements during trading hours regarding disruption and resumption of liquidity provision services, and expiry of CBCs due to occurrence of an MCE?

Please provide reasons for your views.

Question 48

Do you agree with the proposal to: (a) clarify that an MCE announcement should include both the time when the MCE occurred and the residual value, where applicable; and (b) require such an announcement to be published as soon as practicable after occurrence of an MCE?

Please provide reasons for your views.

Question 49

Do you agree with the proposal to require an announcement mentioned in paragraph 256 to contain information about, including but not limited to, the commencement of the suspension period, (if known) the end of the suspension period and how the suspension period will affect the exercise rights under the structured products?

Please provide reasons for your views.

Question 50

Do you agree with the proposal to require publication of listing documents as soon as practicable after the Exchange has confirmed it has no comments?

Please provide reasons for your views.

Question 51

Do you agree with the proposals to require guarantors:

(a) to be duly incorporated or otherwise established under the laws of the place in which they are incorporated or otherwise established and must be in conformity with those laws and their memorandum and articles association or equivalent documents; and

(b) to accept responsibility for information in relation to the guarantors contained in the listing document?

Please provide reasons for your views.

Question 52

Do you agree with the proposals to require guarantors to: (a) publish full details of any other financial information which guarantors may provide to any other exchange or market; and (b) prepare the interim financial reports and statement referred to in the Rules in accordance with guarantors' usual accounting policies and procedures?

Please provide reasons for your views.

Question 53

Do you agree with the proposal to require issuers to: (a) notify the Exchange of any proposed changes in the terms of conversion or in the terms of the exercise

of any of the issuers' structured products, the effective date and the effect of any such changes; and that issuers must not proceed with such changes until the Exchange has confirmed that it has no comments; and (b) publish an announcement on any such proposed changes and the effective date of such changes prior to the effective date of such change?

Please provide reasons for your views.

Question 54

Do you agree with the proposal to state in the Rules that issuers: (a) may only issue structured products relating to underlying assets that are approved and specified as such from time to time by the Exchange; and (b) should seek approval from the Exchange before issuing structured products relating to other assets that have not been approved or specified as such by the Exchange?

Please provide reasons for your views.

Question 55

Do you agree with the proposal to require issuers to also comply with guidelines published by regulatory bodies relating to the marketing of structured products?

Please provide reasons for your views.

Question 56

Do you agree with the proposal to require issuers to comply with such relevant laws, regulations, rules and guidelines at all times?

Please provide reasons for your views.

Question 57

Do you agree with the proposal to prohibit the issuance of structured products linked to issuer's own securities or securities of its group companies (meaning any of the issuer's Holding Companies, subsidiaries and fellow subsidiaries) or a company of which the issuer is a controlling shareholder or has effective management control?

Please provide reasons for your views.

Question 58

Do you agree with the proposal to remove government or government-backed entities as a type of issuer of non-collateralised structured products that does not need to comply with the eligibility requirements on Regulated Entity and credit rating?

Please provide reasons for your views.

Question 59

Do you agree with the proposal to require an applicant regulated by the HKMA to: (a) notify the HKMA as soon as possible of its intention to become an issuer of structured products listed on the Exchange and to give to the HKMA as much detail of any proposed issue of structured products as is available at the time of notification; and (b) give a copy of such notification to the Exchange before the Exchange will consider any application for listing structured products?

Please provide reasons for your views.

Question 60

The Exchange proposes to clarify in the Rule that the list that is currently published at approximately quarterly intervals may also be published at shorter intervals as the Exchange may determine.

Please provide comments on whether the drafting of the proposed amendments will give rise to any ambiguities or unintended consequences.

Question 61

In addition to the list that the Exchange currently publishes at approximately quarterly intervals, the Exchange also proposes to publish from time to time: (a) a list of additional stocks or ETFs that are listed on the Exchange and become eligible underlying assets between two scheduled publications; and (b) a list of additional eligible underlying assets other than stocks or ETFs that are listed on the Exchange.

Please provide comments on whether the drafting of the proposed amendments will give rise to any ambiguities or unintended consequences.

Question 62

Do you agree with the proposal to repeal the requirement to include the parameters as set out in paragraph 291 in Launch Announcements?

Please provide reasons for your views.

Question 63

Do you agree with the proposal to: (a) remove the awarding date of credit rating from the disclosure requirements; and (b) extend the disclosure requirement of the credit rating and credit rating agency to include (where credit ratings of issuers'/guarantors' Holding Companies are used for eligibility assessment) issuers'/guarantors' Holding Companies in all listing documents if our proposal on credit rating requirement under issuer eligibility requirements is adopted?

Please provide reasons for your views.

Question 64

Do you agree with the proposal to also require disclosure in the listing documents, the rights of holders of structured products in the case of administration or an analogous action of the issuer and (in the case of guaranteed issues) the guarantor, and the company whose securities underlie the structured product?

Please provide reasons for your views.

Question 65

Do you agree with the proposal to:

(a) in addition to including details of any changes to the information contained in the base listing document, mandate a declaration by the issuer in the SLD that the information contained in the base listing document (as supplemented by the SLD and any supplementary listing document) is, as at the date of the SLD, up-to-date and is true, accurate and complete in all material respects and there are no other matters the omission of which would make the SLD or any statement therein misleading; and

(b) also require a supplementary listing document to include: (i) details of any changes to the information contained in the base listing document; and (ii) a declaration by the issuer that the information contained in the base listing document (as supplemented by the SLD and the supplementary listing document) is, as at the date of the supplementary listing document, up-to-date and is true, accurate and complete in all material respects and there are no other matters the omission of which would make the supplementary listing document or any statement therein misleading?

Please provide reasons for your views.

Question 66

Do you agree with the proposal that, in the case of a guaranteed issue, the financial information set out in paragraph 303 should be disclosed in respect of both the issuer and the guarantor?

Please provide reasons for your views.

Question 67

Do you agree with the proposal to also require stand alone listing documents to be displayed on the Exchange's website for so long as any structured products issued under such stand alone listing document are listed on the Exchange?

Please provide reasons for your views.

Question 68

Do you agree with the proposal to require issuers to publish the documents as set out in paragraph 309 in both English and Chinese language?

Please provide reasons for your views.

Question 69

Do you agree with the proposal to replace the existing requirement that the draft of the stand alone listing document be in a reasonably advanced form with the requirement that such draft be substantially complete except in relation to commercial or other information that by its nature can only be finalised and incorporated at a later date?

Please provide reasons for your views.

Question 70

Do you agree with the proposal, where the listing of collateralised structured products is sought to: (a) also consider an issuer's risk management systems and procedures (and such other factors as the Exchange may, in its discretion, consider appropriate); and (b) require issuers to contact the Exchange to seek informal and confidential guidance as to their eligibility and suitability for listing at the earliest possible opportunity?

Please provide reasons for your views.

Question 71

Do you agree with the proposal to:

(a) amend the Rule such that the focus will be on the collateral and replace the prescriptive modes of security arrangements with respect to the collateral with generic requirements to require the collateral to be clearly identified, properly

segregated and ring-fenced for the benefit of the holders in respect of each series or tranche of the relevant structured product from all other series or tranches issued by the same issuer;

(b) apply all the generic collateral requirements referred to in (a) above to all collateralised structured products (rather than imposing a specific obligation on issuers to demonstrate or carry out these security arrangements); and

(c) (i) replace the specific reference to “custodian” and “depository” as eligible holders of collaterals with a generic reference to “such other party as agreed by the Exchange” and (ii) define such party or independent trustee as “collateral holder”?

Please provide reasons for your views.

Question 72

Do you agree with the proposal to remove trust companies registered under Part VIII of the Trustee Ordinance from the list of eligible trustee, custodian or depository for collateralised structured products?

Please provide reasons for your views.

Question 73

Do you agree with the proposal to require an issuer to, whilst any of its collateralised structured products are listed on the Exchange, to inform the Exchange and announce as soon as practicable where there is any proposed change in the collateral arrangements, trusts or other security arrangements; and that an issuer must not proceed with any proposed changes until the Exchange has confirmed to the issuer that it has no comments?

Please provide reasons for your views.

Question 74

Do you agree with the proposal to require that in the case of an issue of collateralised structured products, the listing document must contain such information on the collateral, collateral holders and collateral arrangements, trusts or other security arrangements necessary to enable an investor to make an informed assessment of the collateralised structured products?

Please provide reasons for your views.

Question 75

In respect of the withdrawal of listing of a structured product, do you agree with the proposal to amend the Rules to clarify that “members of the issuer’s group” includes any of its Holding Companies, subsidiaries and fellow subsidiaries and any associated company of any of them?

Please provide reasons for your views.

Question 76

Do you agree with the proposal to require an applicant, as soon as it intends to become an issuer of structured products listed on the Exchange, to: (a) procure the exchange participant proposed to be appointed by such applicant as liquidity provider to notify the Intermediaries Division of the SFC as soon as possible of its intention to act as the liquidity provider; and (b) give a copy of such notification to the Exchange?

Please provide reasons for your views.

Question 77

Do you agree with the proposal to remove the Rules and requirements as set out in items (a) to (s) in paragraph 337?

Please provide reasons for your views.

Question 78

Do you have any comments on whether the proposed housekeeping Rule amendments will give rise to any ambiguities or unintended consequences?

Please provide reasons for your views.