

Submitted via Qualtrics

Guotai Junan Securities (Hong Kong) 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?

Yes

Please provide reasons for your views and any alternative suggestions.

It enables greater flexibility in product issuance. We also suggest aligning the minimum maturity period with the proposed lower issue price to ensure that the intended policy objectives are fully realised.

Question 2

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

Yes

Please provide reasons for your views and any alternative suggestions.

It enables greater flexibility in product issuance.

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?

Yes

Please provide reasons for your views.

While we support the objective of the proposal, we respectfully recommend reconsidering the use of market capitalisation or issuance value (issue size × issue price) as the metric for determining minimum issuance size.

Instead, we propose adopting “notional value” (an amount calculated by multiplying the number of the underlying stock referenced by the product and the initial spot price of that stock) as the primary and universal measure, complemented by product-specific minimum issuance shares. This approach reflects the true economic exposure of a structured product and ensures consistency across different product types as elaborated further below:

- **Global Alignment:** notional value is the internationally recognised standard for measuring derivatives and structured products. Using notional value would align Hong Kong with global practices and provide consistency across different product types.
- **Product-Specific Flexibility:** while “notional value” serves as a universal metric, the “minimum number of issuance shares” should be tailored to each product type to ensure practicality and liquidity.
- **Scope of Applicability:** this “notional value” approach is universal to all derivatives and structured products as a key risk and liquidity consideration. However, the “number of issuance shares” is not. Other products (eg Inline Warrants, Currency-Linked Instruments and Equity-Linked Investments products) may require different threshold of number of issuance shares due to structural differences.

Based on market experience of the industry, we propose the following thresholds (for DWs and CBBCs):

- **Minimum Notional Size for all products:** HK\$15 million
- **(For Warrants/CBBCs only) Minimum Issuance Shares:** 40 million shares

We recommend:

- Using notional value as the universal minimum issuance metric.
- Including minimum issuance shares in the Product Sheet for applicable products (eg Warrants/ CBBCs) , similar to other prescriptive product terms, rather than in the Listing Rules. This ensures flexibility as new product types emerge.

We believe this framework will achieve the Exchange’s objectives of risk management, market impact control, and international alignment, while accommodating the diversity of structured products in Hong Kong.

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?

Yes

Please provide reasons for your views.

It enables greater flexibility in product issuance.

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?

Yes

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?

Yes

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?

Yes

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?

Yes

Please provide reasons for your views.

We recommend clear guidance on the scope of the permitted product terms and the process for updating them would be essential to ensure predictability and operational certainty.

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.

It was also observed that the proposed HK\$5 billion threshold is considerably higher than comparable requirements in other international markets. This may deter credible new entrants, particularly those with strong regulatory credentials but smaller balance sheets.

We invite the Exchange to reconsider this proposal, and consider a more moderate adjustment—such as raising the threshold to HK\$3 billion instead of HK\$5 billion.

Question 11

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

Yes

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?

No

Please provide reasons for your views.

We acknowledge the importance of credit ratings in supporting investor confidence. However, the necessity of mandating investment grade ratings from all CRAs where the issuer or guarantor already meets other robust eligibility criteria, such as being a regulated entity and satisfying the NAV requirement, which already provide meaningful investor protection.

Reference to the SIP Code

Under the SIP Code, in addition to the NAV requirement, the issuer is only required to either (i) be a Regulated Entity; or (ii) have a credit rating which is one of the top three investment grades awarded by at least one rating agency of international standing and reputation which is acceptable to the SFC.

We recommend the Exchange consider whether the proposed credit rating requirement may be duplicative in such cases, and whether a more flexible or risk-based approach could be adopted to avoid imposing unnecessary compliance burdens.

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))?

Yes

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?

No

Please provide reasons for your views.

We concern about the practical implications and potential interpretation of part (b), particularly whether this could inadvertently create ambiguity around the scope of the guarantor's obligations. Additional clarification is needed to ensure the guarantor's role remains limited to financial support and does not extend to operational or regulatory obligations.

We recommend:

- clarifying that the guarantor's obligations remain limited to financial performance under the guarantee and do not extend to operational or regulatory obligations beyond those expressly stated;
- confirming that continuing obligations such as liquidity provision apply only to issuers; and
- considering whether requiring both issuer and guarantor to meet all eligibility criteria is necessary, given the purpose of guaranteed structures.

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?

No

Please provide reasons for your views.

We acknowledge the importance of credit ratings in supporting investor confidence, we question on the necessity of mandating investment grade ratings from all CRAs where the issuer or guarantor or the Holding Companies already meets other eligibility criteria, such as being a regulated entity and satisfying the NAV requirement, which already provide robust investor protection.

We respectfully invite the Exchange to consider whether the proposed credit rating requirement on top of the other eligibility requirements may be overly restrictive, and whether a more flexible or risk-based approach could be adopted to avoid imposing unnecessary compliance burdens.

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?

Yes

Please provide reasons for your views.

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?

Yes

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?

No

Please provide reasons for your views.

We encourage the Exchange to provide more detailed guidance and ensure consistency and operational feasibility in the application of these changes across similar products.

We recommend that the Exchange:

- provide detailed implementation guidance;
- ensure consistency across product issuances; and
- maintain clarity in issuer obligations and liquidity provider roles.

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?

No

Please provide reasons for your views.

The current four-month timeline aligns with the Structured Products Code (SIP Code) which regulate public offering of unlisted structured products, and international norms. Maintaining consistency avoids unnecessary regulatory divergence and ensures fairness across all issuers.

Also, we seek clarification on whether interim financial reports may continue to be unaudited under the proposed framework.

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?

Yes

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?

Yes

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?

Yes

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?

Yes

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?

No

Please provide reasons for your views.

We recommend:

- maintaining the current practice to inform the Exchange as soon as practicable on changes in credit ratings of issuers or guarantors; and
- rather than imposing a blanket obligation for all rating changes, that an announcement publication is required only (i) if the relevant change in credit rating constitutes, in the relevant issuer's opinion, an adverse change to its financial position or is otherwise necessary information to enable an investor to make an informed investment decision in its products; or (ii) if otherwise upon the Exchange's request.

This ensures flexibility but strikes a good balance between transparency and relevance for investors' investment decision.

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?

Yes

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?

No

Please provide reasons for your views.

Changes in rating outlooks should not trigger an announcement, as credit rating outlooks are not stipulated as a requirement under rule 15A.13. This ensures flexibility but strikes a good balance between transparency and relevance for investors' investment decision.

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?

No

Please provide reasons for your views.

Changes in rating outlooks should not trigger an announcement, as credit rating outlooks are not stipulated as a requirement under rule 15A.13.

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.

Yes

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?

Yes

Please provide reasons for your views.

Supportive

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?

Yes

Please provide reasons for your views.

Supportive

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.

Yes

Please provide reasons for your views.

Supportive

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?

Yes

Please provide reasons for your views.

Supportive

Question 36

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

Yes

Please provide reasons for your views.

Supportive

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?

Yes

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?

Yes

Please provide reasons for your views.

Supportive

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?

No

Please provide reasons for your views.

We respectfully invite the Exchange to reconsider the annual requirement and adopt a materiality-based approach, coupled with clearer guidance on discretionary matters under (d).

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?

Yes

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?

Yes

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?

Yes

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?

Yes

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?

Yes

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 CBBCs due to occurrence of an MCE?

Yes

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?

Yes

Please provide reasons for your views.

Supportive

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?

Yes

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?

Yes

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?

Yes

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?

Yes

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?

Yes

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?

Yes

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?

Yes

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?

Yes

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?

Yes

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?

Yes

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?

Yes

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.

Yes

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.

Yes

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?

Yes

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?

Yes

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?

Yes

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?

No

Please provide reasons for your views.

We propose to keep the declaration by the issuer in the SLD and supplementary listing document succinct 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” to strikes an appropriate balance between investor protection and the practical responsibilities of issuers.

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?

Yes

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?

Yes

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?

No

Please provide reasons for your views.

It is the current practice for the issuers to publish the documents set out in paragraph 309 in both English and Chinese, we are concerned about the implication specifying such translation requirements in the Rules, in particular the risk of non-compliance. We suggest keeping the translation requirement for these documents the policy expectation of the Exchange.

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?

Yes

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?

Yes

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”?

Yes

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 depositary for collateralised structured products?

Yes

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?

Yes

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?

Yes

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?

Yes

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?

Yes

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?

Yes

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?

Yes

Please provide reasons for your views.

