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## Frequently Asked Questions

### **Chapter 37 of the Main Board Listing Rules - Debt Issues to Professional Investors Only**

***Important Notes: Debt securities listed under Chapter 37 of the Main Board Listing Rules are offered to professional investors only and not offered to the public in Hong Kong. Investors intending to invest in these debt securities should consult their professional advisors if the investment is suitable for them.***

#### **1. Who are the target investors of debt securities listed under Chapter 37 of the Main Board Listing Rules (“Chapter 37”)?**

Debt securities under Chapter 37 (“**Professional Debts**”) are targeted at professional investors only who are sufficiently sophisticated to determine whether a listing document provides them with the necessary information to make an informed investment decision. These debts are offered to professional investors as defined in Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571), including authorized financial institutions, insurance companies and high net worth individuals or corporations having investment portfolio of not less than certain prescribed amounts.

#### **2. Should retail investors invest in Professional Debts?**

Professional Debts are intended for investment by professional investors only. Chapter 37, under which Professional Debts are listed, is not designed to contain provisions for the protection of retail investors. Professional Debts have a higher value minimum board lot of HK\$500,000 which is intended to limit retail investors’ access to the Professional Debts market.

#### **3. How will investors find out which listed debt securities are for professional investors only?**

Following the [Consultation Conclusions](#) published on 21 August 2020, for listing applications submitted on or after 1 November 2020, the front page of the listing documents of Professional Debts is required to contain a statement that the relevant Professional Debts are intended for purchase by professional investors only in Hong Kong. Investors can review the listing documents to find out if the relevant debt securities are for professional investors only.

#### **4. Are there secondary trading of Professional Debts on the Exchange?**

Debt issues to professional investors does not preclude subsequent trading on the Exchange, but these securities are currently predominantly traded off the Exchange. Liquidity for secondary market trading on the Exchange may be limited.

**5. What are the settlement arrangements for Professional Debts?**

Most of the Professional Debts are not admitted into the Central Clearing and Settlement System (“**CCASS**”) for clearing and settlement purpose. Trades executed on the Exchange may be settled outside CCASS through other means according to the issuer’s listing documents. Investors should make arrangements with their brokers before conducting any transactions on the Exchange.

**6. What additional matters should Exchange Participants take note of prior to conducting transactions of Professional Debts for their clients on the Exchange?**

Only professional investors (as defined in Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571)) should trade in Professional Debts. Exchange Participants should exercise special caution when handling client order instructions to ensure the suitability of their clients to trade in these securities. Where the debt securities are not cleared through CCASS, the Exchange Participants should ensure appropriate payment and settlement arrangements are put in place before conducting any transactions for their clients on the Exchange.

**7. Where can investors obtain the listing documents of Professional Debts?**

For listing applications submitted on or after 1 November 2020, listing documents of Professional Debts are required to be published on the HKEXnews website on the listing date. Professional investors may also contact the intermediaries or brokers offering the Professional Debts to obtain the relevant listing documents.

**8. When should issuers publish listing documents of Professional Debts on the HKEXnews website?**

For listing applications submitted on or after 1 November 2020, issuers are required to publish listing documents of Professional Debts on the listing date. To alert those who access the listing documents that the relevant Professional Debts are intended for professional investors only, the announcement accompanying such publication (“**accompanying announcement**”) should state expressly that the relevant Professional Debts are intended for professional investors only. In addition, issuers may wish to include appropriate disclaimers in the accompanying announcement to ensure that such publication does not amount to a public offer of the relevant Professional Debts.

**9. How long does it take to process the listing application of Professional Debts?**

The Listing Rules provide that the Exchange will advise an issuer whether it and its debt securities are eligible for listing within five business days after receipt of application. In practice, for applications that do not involve novel features, the Exchange may, under normal circumstances, issue the listing approval letter or eligibility letter within one business day for issues involving a Hong Kong listed company; or within two business days for other issuers.

**10. What should the issuers take note of when preparing the listing documents of Professional Debts?**

A listing document of Professional Debts must contain the information that the investors, an issuer is offering the securities to, would customarily expect it to contain. In addition, the Exchange has published a market guidance on the customarily expected disclosure in listing documents of Professional Debts, which consists of general guidance in relation to the considerations that issuers should bear in mind when preparing listing documents and specific guidance in relation to the disclosure on particular types of special features of certain debt securities that render such debt securities complex. Please refer to the [guidance](#) for details.

**11. How extensively does the Exchange vet each listing application for Professional Debts?**

Given that Chapter 37 offers a streamlined listing process for Professional Debts, vetting by the Exchange is limited to the fulfilment of eligibility requirements and the inclusion of the prescribed disclaimer and certain statements in the listing documents. Listing of the Professional Debts on the Exchange should not be taken as an indication of the commercial merits or credit quality of the relevant Professional Debts or the issuers or quality of disclosure in the listing documents.

**12. Following the Consultation Conclusions published on 21 August 2020, when would listing applicants be required to comply with the listing qualifications and requirements under the revised Chapter 37 (to be effective on 1 November 2020)?**

For all listing applications submitted before 1 November 2020 (and with listing to take place on or before 31 January 2021), the listing qualifications and requirements under the existing Chapter 37 will apply. For all other listing applications (i.e. listing applications submitted on or after 1 November 2020 as well as listing applications submitted before 1 November 2020 with listing to take place after 31 January 2021), the listing qualifications and requirements under the revised Chapter 37 will apply.

For completeness, continuing obligations under the revised Chapter 37 will be effective from 1 November 2020.