

**HKEx GUIDANCE LETTER**  
**HKEx-GL74-14 (March 2014)**

<b>Summary</b>	
<b>Subject</b>	<b>Guidance on what constitutes a failure of the Initial 3-day Check</b>
<b>Listing Rules</b>	<b>Main Board Rules 2.13(2) and 9.03(3)</b> <b>GEM Rules 12.09 and 17.56(2)</b>
<b>Related Publications</b>	<b>Guidance Letter HKEx-GL56-13 (updated in March 2014) - Guidance on (i) disclosure requirements for substantially complete Application Proofs; (ii) a 3-day checklist for disclosure matters that the Exchange will check in Application Proofs prior to acceptance; and (iii) publication of Application Proofs and Post Hearing Information Packs on the Exchange’s website</b>
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**Important note:** *This letter does not override the Listing Rules and is not a substitute for advice from qualified professional advisers. If there is any conflict or inconsistency between this letter and the Listing Rules, the Listing Rules prevail. You may consult the Listing Division on a confidential basis for an interpretation of the Listing Rules or this letter.*

**1. Purpose**

- 1.1 From 1 October 2013 to 30 September 2014 (both dates inclusive), the Exchange will accept listing applications for detailed vetting only after completion of an initial 3-day check (“**Initial 3-day Check**”) of the Application Proof<sup>1</sup> based on a prescribed 3-day checklist<sup>2</sup> in Guidance Letter HKEx-GL56-13 (the “**Initial 3-day Checklist**”).
- 1.2 The Initial 3-day Checklist sets out the extent and nature of the initial check for the sole purpose of determining whether an Application Proof will be accepted for detailed vetting. It was not meant to create a separate standard. The rationale is that an Application Proof cannot be substantially complete if it does not materially satisfy the Initial 3-day Checklist.

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<sup>1</sup> Application Proof is defined in Chapter 1 of the Listing Rules as: in the case of a new applicant, a draft listing document that is required to be substantially complete and is submitted to the Exchange together with a listing application form for listing its equity securities under Chapter 9 of the Main Board Listing Rules/ Chapter 12 of the GEM Listing Rules; in the case of a new collective investment scheme applicant with a listing agent appointed which is required to discharge the functions equivalent to those of a sponsor, a draft listing document that is submitted to the Securities and Futures Commission together with an application for authorisation of the collective investment scheme for the purpose of listing its interests on the Exchange.

<sup>2</sup> The Initial 3-day Checklist does not apply to a collective investment scheme applicant’s Application Proof required to be submitted under Main Board Rule 20.25.

- 1.3 This letter provides guidance on what constitutes a failure of the Initial 3-day Check. The Exchange will return an Application Proof only if the deficiencies in the Initial 3-day Checklist are sufficiently material to result in the Application Proof being considered not substantially complete.

## **2. Relevant Listing Rules**

- 2.1 Main Board Rule 2.13(2) (GEM Rule 17.56(2)) provides that the information in a listing document must be accurate and complete in all material respects and not be misleading or deceptive.
- 2.2 Main Board Rule 9.03(3) (GEM Rule 12.09) provides, among other things, that the information submitted for a listing application must be substantially complete except for information that by its nature can only be finalised and incorporated at a later date. If the Exchange decides this information is not substantially complete, it will not continue to review any documents relating to the application.

## **3. Guidance**

### ***Only material deficiencies in Initial 3-day Check will result in return of Application Proof***

- 3.1 If the Application Proof is otherwise substantially complete, omission of certain matters under the Initial 3-day Checklist will not, in and of itself, result in the return of the application. Conversely, failure to include material matters under the Initial 3-day Checklist rendering the Application Proof to be not substantially complete will result in the Application Proof being returned.
- 3.2 In general, failure to include any one single matter in the Initial 3-day Checklist is unlikely to result in a return of the Application Proof, unless the omission is material such that the application is considered not substantially complete without such information. Materiality will be determined by the specific facts and circumstances of each application.
- 3.3 One example of a material omission of an Initial 3-day Checklist item which has led to the application being not substantially complete is where financial information in the Application Proof did not comply with Main Board Rules 4.04 and/or 8.06 (GEM Rules 7.03 and 11.11) and Guidance Letter HKEx-GL6-09A (see section headed Accountants' Report in the Initial 3-day Checklist).

### ***Revised Initial 3-day Checklist to provide further guidance on the scope of limited qualitative assessment***

- 3.4 The Exchange has revised the Initial 3-day Checklist with additional details in the Risk Factors, Regulations and Use of Proceeds sections to provide clarity on matters to be disclosed in those sections of the Application Proof. The updated Initial 3-day Checklist is set out in the updated Guidance Letter HKEx-GL56-13.

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