

Consultation Conclusions

Review of Chapter 15A – Structured Products

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APPENDIX I: LIST OF RESPONDENTS

APPENDIX II: QUANTITATIVE ANALYSIS OF RESPONSES

APPENDIX III: AMENDMENTS TO THE RULES

Note: If there is any inconsistency or conflict between the English and Chinese versions of this paper, the English version shall prevail.

DEFINITIONS

TERM	DEFINITION
“60-day Qualifying Period”	As detailed further in note 3 of Rule 15A.35, a period of 60 consecutive business days to maintain the prescribed public float capitalisation in order for stocks (or ETFs where the context requires) to be eligible securities for structured product issuances
“AQ”	Refers to the term “Continuous Quotes” as defined under the Rules
“AUM”	Assets under management
“Call Price”	A pre-determined price/level of a CBBC at which an MCE occurs once the price/level of the underlying asset reaches such price/level
“CBBC(s)”	Callable bull bear contract(s)
“CCASS”	The Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Chapter 15A”	Chapter 15A of the Rules
“Consultation Paper”	The Consultation Paper on Review of Chapter 15A – Structured Products published on 30 September 2025
“CRA”	Credit rating agency recognised by the Exchange
“DW(s)”	Derivative warrant(s)
“ETF(s)”	Exchange traded fund(s)
“Emulation Issue(s)”	Structured product(s) issued with substantially identical product terms of an existing structured product
“Exchange”	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of HKEX
“FAQ”	Frequently asked questions published by the Exchange, which aims to, inter alia, enhance transparency of how the Exchange applies the Rules in specific circumstances
“Further Issue(s)”	A further issue of structured products to form a single series with an existing structured product

TERM	DEFINITION
“guarantor(s)”	The legal person(s) that unconditionally and irrevocably guarantees or otherwise secures a structured product issuer’s obligations under such issuer’s non-collateralised structured products (as defined in Rule 15A.14)
“HKMA”	Hong Kong Monetary Authority
“HKEX”	Hong Kong Exchanges and Clearing Limited
“Holding Company”	In relation to a company, means another company of which it is a subsidiary (as defined in Chapter 1 of the Rules)
“HSI”	Hang Seng Index
“Incentives”	Commission rebates or other incentive schemes in respect of structured products
“Index Information”	<p>The following information in relation to an index:</p> <ul style="list-style-type: none"> (a) a description of the index, the constituent stocks; and the method of calculation; (b) the identity of the party which sponsors and/or calculates the index; (c) the historic highs or lows for the last five years; and (d) the closing spot level at the latest most practicable date
“Industry Principles on Liquidity Provision”	Industry Principles on Liquidity Provision for Listed Structured Products published by issuers and posted on the Exchange’s website in July 2012 (as updated from time to time)
“Launch Announcement”	A formal announcement in respect of the launch of each structured product for listing
“Launch Date”	The date of submission of term sheets to the Exchange by issuers for approval to launch structured products for listing
“MCE”	Mandatory call event. An MCE occurs when (a) the Spot Price is at or below the Call Price in case of bull CBBCs; or (b) the Spot Price is at or above the Call Price in case of bear CBBCs
“NAV”	Means the net asset value (i.e. the aggregate of share capital and reserves)
“New Product Guide”	Guide on Product Review and Approval Process for Listed Structured Products published by the Exchange in July 2018 to increase transparency of new product approval process (as updated from time to time)

TERM	DEFINITION
“Prescriptive Product Terms”	Specific requirements on product terms under the Rules as detailed under paragraph 81 of the Consultation Paper
“Product Sheet(s)”	Product Sheet(s) containing specific product terms and liquidity provision requirements for each type of structured products approved by the Exchange, as published by the Exchange from time to time on the Exchange’s website to provide guidance to structured products issuers for product issuances
“QR”	Refers to the term “Quote Request” as defined under the Rules
“Regulated Entity”	An entity regulated by (a) the SFC for the conduct of the business in dealing in securities in Hong Kong; (b) the HKMA; or (c) an overseas regulatory authority acceptable to the Exchange
“Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Main Board)
“Selected Overseas Exchanges”	Six main overseas structured products markets for comparison with the Exchange, comprising Boerse Frankfurt, Boerse Stuttgart, Euronext, Korea Exchange, SET and SGX
“SET”	Stock Exchange of Thailand
“SFC”	Securities and Futures Commission
“SFO”	Securities and Futures Ordinance (Cap. 571)
“SGX”	Singapore Exchange
“SIP Code”	Code on Unlisted Structured Investment Products of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products published by the SFC (as updated from time to time)
“SLD”	Supplemental listing document containing the information required by the Rules to support the specific structured product issuances by issuers using a base listing document
“Spot Price”	The current price/level of the underlying asset at the specified time
“structured products”	Listed structured products as opposed to unlisted structured products, as the context may require, and “structured products market” should be construed accordingly

TERM	DEFINITION
“supplementary listing document”	Supplementary listing document prepared to update information contained in a base listing document

EXECUTIVE SUMMARY

Purpose

1. This paper summarises market feedback on our Consultation Paper proposals to amend Chapter 15A governing the listing of structured products on the Exchange and contains our conclusions to those proposals (see Chapter 3 of this paper).

Background

2. On 30 September 2025, the Exchange published the Consultation Paper seeking market feedback on proposals to amend Chapter 15A governing the listing of structured products on the Exchange. The six-week consultation period ended on 11 November 2025.

Responses Received

3. A total of 28 responses from a broad range of respondents were received to the Consultation Paper.
4. A list of respondents to the Consultation Paper is set out in **Appendix I** to this paper.
5. The full results of a quantitative analysis of the responses are set out in **Appendix II** to this paper.
6. All the responses we received are available to view on the Exchange's website ([link](#)) (except from those respondents who indicated that they do not want their responses to be published).

Summary

7. Having considered the responses to the Consultation Paper, the Exchange will adopt all of its proposals outlined in the Consultation Paper, with some modifications and clarifications as discussed in Chapter 3 of this paper.
8. **Table 1** below summarises the Exchange's key proposals in the Consultation Paper and the way forward¹:

¹ As discussed in Chapter 3 of this paper, the Exchange will also make modifications and add clarifications to some other proposals not set out in Table 1, as well as further housekeeping amendments to the Rules which do not involve any change in policy direction.

Table 1: Summary of the key proposals in the Consultation paper and the way forward

	PROPOSALS	WAY FORWARD
I. Market Competitiveness		
Key Product Requirements – effective on 1 May 2026²		
Minimum issue price for DW issuances	Lower from HK\$0.25 to HK\$0.15.	Adopt.
Minimum issue price for CBBC issuances	No minimum issue price.	Adopt.
Minimum market capitalisation for DWs and CBBCs at issuance	Lower from HK\$10 million to HK\$6 million.	Adopt.
Product terms requirements for Emulation Issues	Require Emulation Issues to have identical product terms as those of the existing issues except for issue price and issue size.	Adopt.
Rule Amendments other than Key Product Requirements – effective on 1 July 2026		
Entitlement ratio of DWs and CBBCs for one share	Allow additional ratios of two, eight, 20, 80, 200, 800, 1,000, and thereafter in multiples of 500.	Adopt.
Eligibility requirement for ETFs as underlying securities	Determine the eligibility of ETFs as underlying securities based on AUM (rather than public float capitalisation). Set minimum eligibility threshold over the 60-day Qualifying Period at AUM of HK\$1 billion.	Adopt.
Product terms requirements	Delete the Prescriptive Product Terms from the Rules and require product issuance to be subject to the product terms requirements to be published from time to time by the Exchange.	Adopt with modification to the proposed Rule amendments for clarification. <i><u>(Section 1.G of Chapter 3).</u></i>
Terms and conditions in respect of settlement by delivery	Allow electronic transfer through other Exchange-approved platforms.	Adopt.

² As a related amendment, the prescriptive minimum issue price requirement for structured products and Emulation Issue will also be removed from the Rules (see Question 8 of the Consultation Paper and paragraphs 88 to 94) and stated in the updated Product Sheet for relevant product.

	PROPOSALS	WAY FORWARD
II. Market Quality and Investor Protection – effective on 1 July 2026		
Issuer eligibility requirements³ <i>(subject to transitional period for existing issuers and guarantors – see paragraphs 14 to 16)</i>	<p>Issuers must:</p> <ul style="list-style-type: none"> (a) have a minimum NAV of HK\$5 billion; (b) be a Regulated Entity; and (c) obtain investment grade ratings awarded by all CRAs from which they have sought credit rating. This eligible rating can be obtained by issuers or guarantors or (in case both of them are not rated) any of their respective Holding Companies; and include the following additional disclosures: <ul style="list-style-type: none"> (i) credit ratings are for investors’ reference only; (ii) where the credit rating of Holding Companies is relied upon for eligibility assessment: <ul style="list-style-type: none"> (1) identify the Holding Companies and describe their relationship with the issuer and the guarantor; and (2) investors (A) shall have no recourse against the Holding Companies; and (B) shall determine the relevance and significance of credit ratings of the Holding Companies. <p>If an issuer is unable to meet any one of the above requirements, an issuer may issue guaranteed issues with the eligibility requirement being satisfied by a guarantor fulfilling all of the above eligibility requirements.</p>	Adopt.
	<p>An eligible issuer may also issue guaranteed issues provided that such guarantor also satisfies all proposed eligibility requirements. In such case, each of the issuer and</p>	Adopt with modification to the proposed Rule amendments to clarify that, in the case of guaranteed issues by eligible issuers, each of the issuer

³ Applicable to non-collateralised structured products only and the requirement(s) may be satisfied by a guarantor in case an issuer fails to satisfy such requirement under the current Rules.

	PROPOSALS	WAY FORWARD
	the guarantor will be required to individually comply with the Rules.	and the guarantor will be required to individually comply with the Rules to the extent that such Rules are applicable to the respective party. <u>(Section II.A.5 of Chapter 3)</u>
Continuing obligation to comply with issuer eligibility requirements <i>(subject to transitional period for existing issuers and guarantors – see paragraphs 14 to 16)</i>	Additional requirement to comply with the credit rating and the Regulated Entity requirements whilst any of the issuers' structured products are listed on the Exchange. Allow a 12-month transitional period for existing issuers and/or guarantors to comply with the proposed new issuer eligibility requirements.	Adopt.
Relationship between the issuer and the guarantor	Issuer's other group companies (meaning any of the issuer's Holding Companies, subsidiaries and fellow subsidiaries) may act as the guarantor.	Adopt.
Liquidity provision obligations	Delete the requirement of providing liquidity for at least 20 board lots from the Rules. Additional requirements to: (a) 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 (b) comply with the minimum service levels for liquidity provision specified in listing documents.	Adopt with further Rule amendments to remove the note to paragraph 17(14) of Appendix D1D ⁴ from the Rules as a clarification change. <u>(Section II.D of Chapter 3)</u>
Publication timeframe of interim financial reports after relevant interim period end	Shorten the publication deadline from four months to three months.	Adopt.

⁴ Regarding the exemption to provide liquidity during the first five minutes after the Exchange has opened for trading.

	PROPOSALS	WAY FORWARD
Publication of consolidated financial statements	Mandatory requirement to publish consolidated financial statements for issuers and guarantors that have subsidiaries.	Adopt with modification to the proposed Rule amendments to clarify that, if an issuer or a guarantor is a holding company, it would only be required to publish its consolidated financial statements and not also its own financial statements. <i>(Section II.F of Chapter 3)</i>
Continuing obligations to disclose and notify the Exchange	(a) Additional requirement to announce certain matters and events concerning the issuers or guarantors (e.g. change in auditors, winding up) in addition to informing the Exchange; and (b) publish the trading reports.	Adopt.
	Additional requirements to inform the Exchange and announce the following as soon as practicable: (a) downgrade in rating outlook of issuers and guarantors; (b) a change in credit rating (including downgrade in rating outlook) of the Holding Companies where the credit rating of Holding Companies is relied upon by the issuer or the guarantor for eligibility assessment; (c) a change in regulatory status of non-collateralised structured product issuers and guarantors; (d) a change in the particulars of liquidity providers; and (e) the disruption and resumption of liquidity provision services.	Adopt with the following modifications: (a) issuers and/or guarantors are required to (i) announce any downgrade (instead of any change) in their credit rating as disclosed in the listing documents (including any downgrade in their rating outlook) ⁵ and (ii) (where credit ratings of Holding Companies are relied upon for eligibility assessment) announce any downgrade (instead of any change) in credit rating of the relevant Holding Companies as disclosed in the listing documents (including any downgrade in their rating outlook) ⁶ ; and (b) regarding any change in regulatory status, the requirement only applies

⁵ Issuers and/or guarantors are required to inform the Exchange and announce any downgrade in their rating outlook as soon as practicable. Please refer to paragraphs 219 to 225.

⁶ Where credit ratings of Holding Companies are relied upon by the issuers or the guarantors for their eligibility assessment, the issuers or guarantors are required to inform the Exchange and announce any downgrade in rating outlook of these Holding Companies as soon as practicable. Please refer to paragraphs 226 to 232.

	PROPOSALS	WAY FORWARD
		<p>to any change in the regulatory status of the issuer or the guarantor (if any) that is relied upon for fulfilling the Regulated Entity requirement as disclosed in the listing documents.</p> <p><u>(Sections II.G.1 and II.G.3 of Chapter 3)</u></p>
The Exchange's ongoing assessment and regulatory powers	<p>Additional clarifications that the Exchange:</p> <p>(a) in assessing the suitability or capability of an issuer, may also have regard to, inter alia, the same set of considerations in respect of the issuer's group members;</p> <p>(b) may impose restrictions and conditions on the issuance of structured products linked to any eligible underlying assets;</p> <p>(c) may require issuers to withdraw the listing of existing products that are held entirely by the issuer or members of its group; and</p> <p>(d) may impose additional requirements or conditions on the issuance of structured products by issuers under the circumstances including, without limitation, there has been an adverse change in the financial circumstances of the issuers, the guarantors or their Holding Companies (as the case may be).</p>	Adopt.
	<p>Additional clarification that the Exchange's approval is required for the appointment of a liquidity provider that is not a member of the issuer's group.</p>	Adopt.
	<p>Additional clarification that the Exchange will assess: (a) an issuer's or guarantor's ongoing compliance with the eligibility requirements; and</p>	Adopt.

	PROPOSALS	WAY FORWARD
	<p>(b) an issuer's performance in issuing and managing structured products issues (including but not limited to liquidity provision).</p> <p>In the case of guaranteed issues issued by an eligible issuer, the Exchange will conduct the assessment described above individually on each of the issuer and the guarantor.</p>	
III. Market Efficiency – effective on 1 July 2026		
Documentation for each product issuance	Remove the requirement to publish a Launch Announcement. Consolidate disclosure requirements of a Launch Announcement into requirements of: (a) a stand alone listing document; or (b) an SLD; and specify the publication deadline.	Adopt.
Further Issues	<p>Publish a simplified version of an SLD in relation to a Further Issue where the existing issue is non-collateralised and issued pursuant to a base listing document.</p> <p>The issuer shall apply for listing of Further Issues.</p>	Adopt.
Information relating to underlying indices	<p>Permit the exemption of the disclosure of Index Information where: (a) the required 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.</p> <p>Remove the specific exemption of HSI from the Rule.</p>	Adopt.
Offering of Incentives	<p>(a) Securities dealers that are also issuers may offer Incentives;</p> <p>(b) permitted Incentives are limited to fee discounts only in respect of Incentives schemes offered by securities dealers in promoting specific structured products;</p> <p>(c) issuers are required to include disclosures in the relevant listing</p>	Adopt.

	PROPOSALS	WAY FORWARD
	documents and publicity materials; and (d) clarify the meaning of issuer's group and "close associates" is replaced with members of an issuer's group.	
IV. Other Rule Changes – effective on 1 July 2026		
Authorised representatives	Replace the requirement that one authorised representative must be a director with the requirement that one authorised representative must be a senior officer of the issuer or guarantor.	Adopt with modification to also allow a senior officer of the issuer's group or the guarantor's group (if applicable) to be an authorised representative provided that he or she is closely involved in the Hong Kong structured products business. <i>(Section IV.B of Chapter 3)</i>
Legal opinions in respect of guaranteed issues	Require legal opinions in respect of guaranteed issues to also confirm matters such as enforceability of the guarantee, conformity with the guarantor's constitutional documents, etc.	Adopt with further Rule amendments to allow a guarantee to cover structured products which are issued one year or more from the date of the guarantee pursuant to the relevant base listing documents. <i>(Section IV.C.1 of Chapter 3)</i>
Timing for submission of legal opinions	Require legal opinions in respect of issuers, guaranteed issues and collateralised issues to be submitted in draft form at the time of submission of their respective first draft of the base listing document or stand alone listing document.	Adopt with modification to allow legal opinions to be submitted to the Exchange in draft form as soon as practicable (without prescribing a specific timeline). <i>(Section IV.C.4 of Chapter 3)</i>
Publication of other financial information provided to any other exchange or market	Require issuers and guarantors (in the case of guaranteed issues) to publish full details of any other financial information they provide to any other exchange or market.	Adopt with modification to require publication of full details of any other financial information provided to any other exchange or market to the extent such information is necessary to enable an investor to make an informed assessment of the financial

	PROPOSALS	WAY FORWARD
		<p>position of the issuer or, as the case may be, the guarantor and of the structured products.</p> <p><i>(Section IV.G.2 of Chapter 3)</i></p>

Implementation of the Rules

9. The amendments to the Rules are set out in **Appendix III** to this paper⁷. The amended Rules will take effect on the following two effective dates (see paragraphs 10 and 12). The reasons for setting different effective dates for the amended Rules are to (a) facilitate earlier implementation of the Key Product Requirements given the strong market support; and (b) allow sufficient time for existing issuers to update their listing documents and market participants to implement any necessary system enhancement in respect of the remaining amended Rules, thereby ensuring a smooth transition.

Key Product Requirements

10. The amended Rules relating to the Key Product Requirements will take effect on 1 May 2026.
11. The Exchange will also update the Product Sheet for each type of structured products at the same time to reflect the Key Product Requirements. Structured products shall be issued in accordance with the updated Product Sheets applicable to each product type. The amended Rules relating to the Key Product Requirements (together with the updated Product Sheets) will apply to structured products with a Launch Date falling on or after 1 May 2026.

Other Rule Amendments

12. The remaining amended Rules will take effect on 1 July 2026.
13. The Exchange will adopt the proposal to allow a transitional period of 12 months for existing issuers and guarantors (with either structured products listed on the Exchange, or a valid base listing document, as at 30 June 2026) to comply with the new issuer eligibility requirements and the related disclosure requirements and ongoing obligations⁸ (the “**New Eligibility Requirements**”). Any new applicant who applies to become an eligible issuer on or after 1 July 2026 is required to comply fully with the New Eligibility Requirements and will not be subject to the transitional period.

⁷ The amended Rules set out in Appendix III to this paper have not taken into account the Rule amendments to be made as a consequence of the implementation of the Uncertificated Securities Market regime. Please refer to the [Information Paper on Rule Amendments to Implement an Uncertificated Securities Market and “Issuer Platform”](#) and the [Amendments to the Main Board Listing Rules \(Update No. 152\)](#) published by the Exchange.

⁸ Paragraph 16 of Appendix D1D and paragraph 4A of Appendix E5 to the amended Rules (see Part B of Appendix III).

Transitional Period for New Eligibility Requirements (for existing issuers and guarantors)

14. Existing issuers and guarantors (with either structured products listed on the Exchange, or a valid base listing document, as at 30 June 2026) would have until (and including) 30 June 2027 (i.e. a 12-month transitional period starting from 1 July 2026) to comply with the New Eligibility Requirements.
15. During the transitional period, existing issuers and guarantors (where applicable) that are in the process of complying with the new issuer eligibility requirements⁹ will continue to be subject to the existing Rule obligations relating to issuer eligibility¹⁰. To ensure compliance on or before 1 July 2027, we expect existing issuers and guarantors to take all necessary actions as soon as practicable and sufficiently in advance to allow adequate time for the Exchange's review.
16. **Table 2** below provides a summary of the actions that existing issuers and guarantors may take to demonstrate their compliance with the new issuer eligibility requirements during the transitional period:

Table 2: Summary of actions for existing issuers and guarantors to demonstrate compliance with the new issuer eligibility requirements during the transitional period

	Current Requirements	New Requirements	Actions for existing issuers and guarantors
NAV requirement	Minimum NAV of HK\$2 billion ¹¹	Minimum NAV of HK\$5 billion	Submit to the Exchange the latest audited and interim financial statements of the issuer or the guarantor (as the case may be) showing the required minimum amount of total shareholders' equity
Regulated Entity and Credit Rating requirements	Either: (a) be a Regulated Entity ¹³ ; or (b) obtain one of the top three investment	<u>Regulated Entity requirement</u> (a) must be a Regulated Entity. <u>and</u> <u>Credit rating requirement</u> (a) obtain investment grade ratings	<u>Regulated Entity requirement</u> (a) submit to the Exchange evidence of the regulatory status that will be relied upon for fulfilling the Regulated Entity requirement. <u>Credit rating requirement</u> (a) submit to the Exchange for review relevant information and

⁹ The date of the new or updated listing document complying with the New Eligibility Requirements will be regarded as the date on which the relevant issuer and guarantor have complied with the new issuer eligibility requirements. From that date onwards, such issuer and guarantor must comply with the New Eligibility Requirements and the 12-month transitional period will cease to apply in respect of such issuer and guarantor.

¹⁰ See paragraph 148.

¹¹ Rule 15A.12 of the current Rules.

¹² Rule 15A.12 of the amended Rules (see Part B of Appendix III).

¹³ Rule 15A.13(2) and (3) of the current Rules.

¹⁵ Rule 15A.13(3) of the amended Rules (see Part B of Appendix III).

	Current Requirements	New Requirements	Actions for existing issuers and guarantors
	grades from any CRA ¹⁴	awarded by all CRAs from which it has sought credit rating; and (b) this eligible rating can be obtained by an issuer or a guarantor or (in case both of them are not rated) any of their respective Holding Companies.	supporting documents (e.g. credit rating reports, group structure chart, guarantee and legal opinion, etc.) evidencing that: (i) existing issuer itself has obtained the requisite credit rating(s); or (ii) existing issuer being unrated and relies on the credit rating(s) of its Holding Company whose credit rating(s) satisfy the requisite credit rating requirements; or (iii) a guarantee structure is adopted and existing issuer relies on the credit rating(s) of the guarantor (or if both the issuer and the guarantor are not rated, the credit ratings of the guarantor's Holding Company) whose credit rating(s) satisfy the requisite credit rating requirements.
Disclosure in Listing Documents			(a) Existing issuers and guarantors are required to revise their listing documents to comply with the New Eligibility Requirements ¹⁷ (e.g. by issuing a new base listing document, updating the base listing document by way of issuing addendums thereto or an SLD upon each product issuance); and (b) after the Exchange has approved the drafts, existing issuers and guarantors are expected to issue the revised listing documents as soon as practicable.

¹⁴ Rule 15A.13(1) of the current Rules.

¹⁶ Rule 15A.13(1) of the amended Rules (see Part B of Appendix III).

¹⁷ Paragraph 16 of Appendix D1D to the amended Rules (see Part B of Appendix III).

CHAPTER 1: INTRODUCTION

Number and Nature of Respondents

17. We received 28 responses to the Consultation Paper from individuals and organisations.
18. A full list of respondents to the Consultation Paper is set out in **Appendix I** to this paper. A breakdown of these respondents is set out in Table 3 (for organisations) and Table 4 (for individuals) below.

Table 3: Organisational respondents by category

Organisation Category	Number	%
Accounting Firm	1	5
HKEX Participant	1	5
Law Firm	2	10
Listed Company	2	10
Professional Body / Industry Association	3	15
Structured Products Issuer	10	50
Others	1	5
Total	20	100

Table 4: Individual respondents by category

Individual Category	Number	%
Brokerage Firm Staff	1	12.5
Listed Company Staff	1	12.5
Staff at Structured Products Issuer	2	25
Investor	3	37.5
Others	1	12.5
Total	8	100

CHAPTER 2: METHODOLOGY

Purpose of the Exchange's Methodology

19. In reviewing and drawing conclusions from the consultation responses, the Exchange's goal is to ensure that we come to a balanced view in the best interest of the market as a whole and in the public interest.
20. The effectiveness of this process depends on the submission of original responses from a broad range of respondents that give considered and substantive reasons for their views. The Exchange's methodology, accordingly, aims to accurately categorise respondents and identify different viewpoints. In line with the Exchange's past publicly stated practice, this requires a qualitative assessment of the responses in addition to a quantitative assessment.

Identifying the Category of a Respondent

21. In this paper, each respondent is categorised into an individual or an organisation and according to whether their response represented the view of:
 - (a) for an organisation, one of the following: "Accounting Firm", "Brokerage Firm", "HKEX Participant", "Investment Firm / Asset Manager focusing on securities other than structured products / derivatives", "Investment Firm / Asset Manager focusing on structured products / derivatives", "Law Firm", "Listed Company", "Professional Body / Industry Association", "Prospective Structured Products Issuer", "Structured Products Issuer" or "Others"; and
 - (b) for an individual, one of the following: "Accountant", "Brokerage Firm Staff", "HKEX Participant Staff", "Investor", "Lawyer", "Listed Company Staff", "Staff at Investment Firm / Asset Manager focusing on structured products / derivatives", "Staff at Investment Firm / Asset Manager focusing on securities other than structured products / derivatives", "Staff at Prospective Structured Products Issuer", "Staff at Structured Products Issuer" or "Others".
22. This categorisation is based on each respondents' indication in their submission. Responses without an indication of the respondent's capacity or with a clearly incorrect capacity were re-categorised by the Exchange using the most appropriate description.
23. The Exchange categorised "Professional Bodies / Industry Associations" as a single group rather than strictly assigning them individually to other categories (e.g., by assigning qualified accountants' associations to the "Professional Bodies / Industry Associations" category instead of the "Accounting Firms" category). This is in line with the Exchange's past practice. Subjective judgement is required to assign professional bodies to other categories, and some do not fit easily with other categories of respondents.

24. It is not the Exchange's practice to categorise "Investment Firms / Asset Managers" by the size of their assets under management for the purposes of analysing consultation responses, as the Exchange believes that the size of an institution's global assets does not mean that we should necessarily attach more insight to their arguments or viewpoints. This would also raise issues as to the treatment of representative bodies that have considerable variances in number and type of members. Similarly, it is not the Exchange's practice to categorise professional bodies by their size and nature of their membership.

Qualitative Assessment

25. The Exchange performed a qualitative analysis to enable it to properly consider the broad spectrum of respondents and their views. A qualitative analysis enabled the Exchange to give due weight to responses submitted on behalf of multiple persons or institutions¹⁸, and the underlying rationale for a respondent's position.
26. The Exchange treated all responses equally under the assumption that all respondents are sincere in the viewpoints they have expressed. Where a respondent raised points that were more relevant to other questions in the consultation, the Exchange has endeavoured to keep repetition between sections in this paper to a minimum by summarising those comments in the most relevant section.

Quantitative Assessment

27. The Exchange also performed an analysis to determine the support, in purely numerical terms, for the consultation proposals set out in the Consultation Paper. The result of this quantitative analysis forms **Appendix II** to this paper.
28. With respect to each consultation question that invited a yes/no response, each response is placed into one of the following categories based on indication by the respondents:
- (a) support;
 - (b) not support; or
 - (c) no comment.

Counting responses not respondents

29. For the purpose of its quantitative analysis, the Exchange counted the number of responses received, not the number of respondents those submissions represented. This means:

¹⁸ As stated in paragraph 29, for the purpose of the quantitative analysis, a submission made on behalf of multiple persons is only counted as one response.

- (a) a submission by a professional body is counted as one response even though that professional body may represent many individual members;
 - (b) a submission representing a group of individuals is counted as one response; and
 - (c) a submission by a law firm representing a group of market practitioners (e.g., structured products issuers or banks) is counted as one response.
30. However, when undertaking our qualitative analysis of responses, the Exchange has taken into account the number and nature of the persons or firms represented by other respondents.
31. The Exchange's method of counting responses, not respondents they represent, is the Exchange's long established publicly stated policy.

Response Handling

Duplicate responses

32. No duplicate responses were identified among the 28 responses submitted.

Publication of responses

33. Two respondents indicated that they did not wish their responses to be published. Except for these responses, all responses received are available to view on the Exchange's website ([link](#)).
34. 19 respondents requested their responses be published anonymously. We have included these responses in the list of responses published on the Exchange's website, identified by category only (e.g. "Individual").
35. We counted these responses for the purpose of both our qualitative and quantitative assessments of responses.

CHAPTER 3: MARKET FEEDBACK AND CONCLUSIONS

I. PROPOSALS TO INCREASE MARKET COMPETITIVENESS

A. Minimum issue price for DW issuances

Proposals

36. We proposed to lower the minimum issue price for DWs from HK\$0.25 to HK\$0.15¹⁹.

Comments received

37. 100% of the respondents (24 respondents) supported the proposal. Four respondents did not provide any view or comment.
38. Respondents generally agreed that the proposal allows issuers to offer a wider range of products, thereby promoting product diversification and better alignment with investors' demand. One respondent further suggested removing the minimum issue price for DWs entirely to provide issuers with even greater flexibility.
39. Apart from minimum issue price for DW issuance, eight supporting respondents also made suggestions on the expiry period of structured products including: shortening the minimum expiry period for DWs²⁰ to three months, removing the maximum expiry period for DWs and CBBCs²¹ or extending it to at least ten years, etc.

Our response and conclusion

40. In view of the strong market support, we will adopt the proposal²².
41. With regards to respondents' suggestions to amend the expiry period (see paragraph 39), we do not intend to do so at this stage as it is outside the scope of this consultation. Allowing issuers to choose a lower issue price for DWs will provide them with more flexibility to choose an appropriate issue price for the existing minimum six-month expiry period. There should be less of a need to allow a shorter minimum expiry period or amend the maximum expiry period for structured products under the current Rules. The Exchange will continue to monitor latest market development and assess whether any amendment to the expiry period will be required in the future.

¹⁹ Question 1 of the Consultation Paper.

²⁰ Under Rule 15A.38(1), the minimum expiry period for DWs is six months from the date of listing.

²¹ Under Rule 15A.38(5), the maximum expiry period for structured products (including DWs and CBBCs) is five years from the date of listing.

²² As a related amendment concerning minimum issue price requirement, the prescriptive minimum issue price requirement for structured products and Emulation Issue will also be removed from the Rules (see Question 8 of the Consultation Paper and paragraphs 88 to 94) and stated in the updated Product Sheet for relevant product.

B. Minimum issue price for CBBC issuances

Proposals

42. We proposed to remove the minimum issue price requirement for CBBCs²³.

Comments received

43. 92% of the respondents (23 respondents) supported the proposal and 8% (two respondent) opposed it. Three respondents did not provide any view or comment.
44. Supporting respondents agreed that the removal of minimum issue price aligns with the nature of CBBCs. It enhances product diversity and aligns better with investors' preference.
45. One opposing respondent raised the concern that the minimum issue price for CBBCs should not be lower than the minimum trading price of HK\$0.01 (below which securities could not be traded on the Exchange's system).

Our response and conclusion

46. In view of the strong market support, we will adopt the proposal²⁴.
47. Notwithstanding our proposal to remove the minimum issue price requirement for CBBCs, as stated in the Consultation Paper²⁵, issuers cannot issue CBBCs below HK\$0.01 as the minimum trading price on the Exchange's systems is HK\$0.01.

C. Minimum market capitalisation for DWs and CBBCs

Proposals

48. We proposed 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 adopted²⁶.

Comments received

49. 68% of the respondents (15 respondents) supported the proposal and 32% (seven respondent) opposed it. Three respondents commented but did not indicate a clear view on the proposal and three respondents did not provide any view or comment.
50. One supporting respondent commented that lowering the minimum market capitalisation requirement, in conjunction with the adoption of lower minimum issue prices, will

²³ Question 2 of the Consultation Paper.

²⁴ As a related amendment concerning minimum issue price requirement, the prescriptive minimum issue price requirement for structured products and Emulation Issue will also be removed from the Rules (see Question 8 of the Consultation Paper and paragraphs 88 to 94) and stated in the updated Product Sheet for relevant product.

²⁵ Footnote 33 in the Consultation Paper.

²⁶ Question 3 of the Consultation Paper.

encourage more issuers to list these products, fostering innovation in both DWs and CBBCs.

51. Another supporting respondent agreed that the proposal was aligned with the proposals on the minimum issue price for DWs²⁷ and CBBCs²⁸ and ensures issuers will not be required to increase the number of units of DWs and CBBCs (as the case may be) to be issued solely because of the reduction (for DWs) and removal (for CBBCs) of the minimum issue price.
52. One respondent suggested: (a) removing the minimum market capitalisation requirement entirely to allow issuers to determine the appropriate issue size based on commercial considerations; and (b) as an alternative, imposing a maximum issue size requirement to prevent issuers from issuing oversized positions which may pose systemic risks to the market. Another two respondents commented that the proposed minimum market capitalisation of HK\$6 million may still be too high.
53. Some respondents²⁹ also suggested that, instead of referencing the minimum market capitalisation at issuance, the Exchange may consider adopting: (a) a minimum “notional value³⁰” of a structured product and/or (b) a minimum issue size (in terms of units of structured products) specific to each structured product type.

Our response and conclusion

54. In view of the majority support from respondents, we will adopt the proposal.
55. With regards to respondents’ suggestion to further lower or remove the minimum market capitalisation requirement or set a maximum issue size (see paragraph 52), we believe our proposal already provides issuers with sufficient flexibility to determine product issue size that aligns best with their risk appetite and other considerations. The minimum market capitalisation requirement is intended to ensure that there is a sufficient supply of DWs and CBBCs at issuance to meet investors’ demand. Therefore, the Exchange does not intend to further lower the proposed minimum market capitalisation requirement or set a maximum issue size.
56. The Exchange will retain the use of market capitalisation notwithstanding the alternative suggestions by some respondents (see paragraph 53). Market capitalisation has been used in the structured products market in Hong Kong for over 20 years for assessing issue size and supply of structured products. It is also adopted by a majority of the Selected Overseas Exchanges to determine the minimum issue size requirement³¹.

²⁷ Question 1 of the Consultation Paper.

²⁸ Question 2 of the Consultation Paper.

²⁹ Including four supporting respondents, two opposing respondents and three respondents who did not indicate a clear view on the proposal.

³⁰ “Notional value” refers to the number of equivalent shares of the underlying assets of the structured product multiplied by the price of the underlying assets. The number of equivalent shares of the underlying assets of the structured product is determined based on the number of issuance units of structured products, as converted in accordance with the entitlement ratio applicable to such structured products.

³¹ See “Issue size” in Appendix II of the Consultation Paper.

Investors are therefore more familiar with the concept of market capitalisation than “notional value”.

D. Entitlement ratio of DWs and CBBCs for one share

Proposals

57. In relation to DW and CBBC issuances, we proposed to add additional entitlement ratios to allow the issuances of structured products in units of: two, eight, 20, 80, 200, 800, 1,000, and thereafter in multiples of 500 for one share (or other security)³².

Comments received

58. 96% of the respondents (23 respondents) supported the proposal and 4% (one respondent) opposed it. Four respondents did not provide any view or comment.
59. Supporting respondents generally agreed that the addition of entitlement ratios would provide issuers with greater flexibility to issue a wider range of products tailored to investors’ demand, thereby promoting product diversity.
60. A few supporting respondents had differing views. Two respondents commented that entitlement ratios allowing the issuances of eight, 80 and 800 units of structured products for one share (or other security) in relation to DW and CBBC issuance may not offer meaningful differentiation and may be confusing to investors. Another respondent suggested removing the requirement on fixed entitlement ratios and allowing entitlement ratios to be set at any integer level.
61. One opposing respondent commented that adding additional entitlement ratios was not necessary after the reduction of the minimum issue price of DWs to HK\$0.15. The respondent commented that too many additional entitlement ratios were proposed.

Our response and conclusion

62. In view of the strong market support, we will adopt the proposal.
63. With regards to the comments on additional entitlement ratios (see paragraph 60), the proposal provides issuers with additional flexibility to issue DWs and CBBCs with different entitlement ratios, rather than mandating the issuance at any particular entitlement ratio.
64. With regards to comments that there may be too many entitlement ratios (see paragraph 61), we believe the additional entitlement ratios will not cause confusion as investors should be familiar with checking the entitlement ratio³³ of the structured products before making their investments.

³² Question 4 of the Consultation Paper.

³³ Investors should be used to checking the entitlement ratio of a structured product. For example, there are currently DWs linked to the same underlying stock in the market with different entitlement ratios of 50, 100 and 500.

65. With regards to the comment regarding allowing entitlement ratio to be set at any integer level (see paragraph 60), the Exchange will continue to monitor latest market developments and assess whether any amendment to the entitlement ratios will be required in the future.

E. Product terms requirements for Emulation Issues

Proposals

66. We proposed to require Emulation Issues to have identical product terms as existing issues except for issue price and issue size³⁴.

Comments received

67. 83% of the respondents (19 respondents) supported the proposal and 17% (four respondents) opposed it. Two respondents commented but did not indicate a clear view on the proposal and three respondents did not provide any view or comment.
68. Supporting respondents agreed that the proposal enhances transparency and consistency and facilitates price comparison between Emulation Issues and the existing issues.
69. Of the respondents who supported the proposal or did not indicate a clear view, four respondents nevertheless suggested an alternative approach by: (a) removing the concept of Emulation Issues entirely; and (b) reducing the minimum expiry period for DWs from six months to three months (see paragraph 39 above). They took the view that if issuers are allowed to issue DWs at a lower issue price with a shorter expiry period (e.g. three months), they will no longer need to issue Emulation Issues.
70. Two opposing respondents commented that the proposal may not be meaningful as there is no evidence showing investors currently have difficulties in price comparison of Emulation Issues. On the other hand, it may lead to concentration risk in extreme cases where there are too many products with an identical strike price and expiry period.
71. Another opposing respondent suggested taking a more flexible approach. They suggested, for example, allowing Emulation Issues to differ slightly from existing issues in terms of expiry date (by one to five trading days longer than that of the existing issue) and exercise price (at least one spread lower for calls or higher for puts, or within a 0.5% range for unlisted underlying assets), to encourage product innovation and diversification.

Our response and conclusion

72. In view of the strong market support, we will adopt the proposal.
73. Notwithstanding respondents' suggestion to remove the concept of Emulation Issues (see paragraph 69), we consider that Emulation Issues should be maintained to facilitate

³⁴ Question 5 of the Consultation Paper.

competition with existing products issued and deter price anomalies caused by short supply. Please also refer to our response in paragraph 41 regarding the minimum expiry period for DWs.

74. With regards to respondents' comment on potential concentration risk (see paragraph 70), while our proposal intends to provide market flexibility, issuers should assess the market risk, taking into account their risk appetite, existing positions, liquidity of the underlying assets, etc, before launching any product issues or Emulation Issues.
75. With regards to respondents' suggestion for Emulation Issues to differ slightly from the existing issue in terms of expiry period and exercise price (see paragraph 71), as stated in the Consultation Paper³⁵, we consider this suggestion to be contrary to the rationale of our proposal to facilitate price comparison amongst Emulation Issues and existing issues.

F. Eligibility requirement for ETFs as underlying securities

F.1 Referencing AUM rather than public float capitalisation

Proposals

76. We proposed to determine the eligibility of ETFs³⁶ as underlying securities (for structured products linked to single ETF) based on the AUM (rather than "public float capitalisation") of ETFs³⁷.

Comments received

77. 96% of the respondents (22 respondents) supported the proposal and 4% (one respondent) opposed it. One respondent commented but did not indicate a clear view on the proposal and four respondents did not provide any view or comment.
78. Supporting respondents generally agreed that it is more relevant and practical to use AUM to assess the liquidity and market significance of an ETF, and therefore the use of AUM as an eligibility criterion for ETFs is more appropriate. One respondent suggested including liquidity of ETFs as an additional eligibility criterion.
79. The respondent opposing the proposal did not provide substantive reasons.

³⁵ Paragraph 69 of the Consultation Paper.

³⁶ As at the time of publication of this paper, ETFs that are considered complex products, or very likely to be considered complex, such as synthetic ETFs, futures-based ETFs and virtual asset related ETFs (see (a) [the non-exhaustive list of complex products](#) posted on the SFC website and (b) the [Joint Circular on intermediaries' virtual asset-related activities](#) issued by the SFC and the HKMA on 22 December 2023) are generally not eligible as underlying securities. In addition, leveraged and inverse products are not eligible as underlying securities. The Exchange will continue to monitor market developments and review the suitability of underlying securities from time to time.

³⁷ Question 6 of the Consultation Paper.

Our response and conclusion

80. In view of the strong market support, we will adopt the proposal.
81. The liquidity of ETFs is supported by market makers and the creation and redemption of units by participating dealers. It is therefore not meaningful to include liquidity of ETFs as an additional eligibility criterion.

F.2 AUM of at least HK\$ 1 billion

Proposals

82. With the proposed change of reference to AUM for assessing eligibility of ETFs (as stated in paragraph 76), we proposed 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 Period³⁸.

Comments received

83. 95% of the respondents (21 respondents) supported the proposal and 5% (one respondent) opposed it. Six respondents did not provide any view or comment.
84. Supporting respondents generally agreed that the proposal allows a broader range of ETFs to become eligible underlying securities, which in turn promotes the growth of ETFs market in Hong Kong. Two supporting respondents also commented that the liquidity of ETFs is contributed by market makers with continuous quoting obligations which further supports the proposed threshold.
85. One respondent reiterated their suggestion of adding liquidity of ETFs as an additional eligibility criterion (see paragraph 78). The respondent opposing the proposal did not provide substantive reasons.

Our response and conclusion

86. In view of the strong market support, we will adopt the proposal.
87. With regards to a respondent's suggestion of adding liquidity of ETFs as an eligibility criterion, please refer to our response in paragraph 81.

G. Product terms requirements

Proposals

88. We proposed 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 Exchange³⁹.

³⁸ Question 7 of the Consultation Paper.

³⁹ Question 8 of the Consultation Paper.

Comments received

89. 100% of the respondents (25 respondents) supported the proposal. One respondent commented but did not indicate a clear view on the proposal and two respondents did not provide any view or comment.
90. Respondents generally agreed that the proposal enables the Exchange to introduce or update product term requirements promptly, which in turn promotes a more agile and responsive regulatory framework in response to market development.
91. Of the respondents who supported the proposal, two respondents commented that any changes to existing product terms (particularly those affecting liquidity provision requirements) could cause discrepancies and operational challenges for issuers if such changes are implemented without sufficient prior notice or market consultation. Another respondent emphasized the importance of communication with issuers for any change to the product terms.
92. Two supporting respondents sought clarification on: (a) the scope of the product terms to be published by the Exchange; and (b) the procedures for the publication and amendments of the product terms.

Our response and conclusion

93. In view of the strong market support, we will adopt the proposal. The Exchange will also modify the proposed amendments to Rule 15A.36(1) of the amended Rules (see Part A and Part B of Appendix III) as clarification changes.
94. The Exchange will engage with issuers and, where appropriate, consult their views before implementing any changes to the product terms and requirements in the Product Sheets. Once the changes are finalised, the Exchange will notify issuers and publish the updated Product Sheets with the expected effective dates to ensure the market is informed with sufficient notice.

H. Terms and conditions in respect of settlement by delivery

Proposals

95. We proposed, in relation to structured products which are, or which may be, settled by delivery of the underlying securities or assets, to also allow the relevant terms and conditions to provide for electronic transfer for settlement of underlying securities or assets through settlement platforms other than CCASS, as approved by the Exchange⁴⁰.

Comments received

96. 100% of the respondents (22 respondents) supported the proposal. Six respondents did not provide any view or comment.

⁴⁰ Question 9 of the Consultation Paper.

97. Respondents generally agreed that the proposal promotes flexibility for product development and aligns with the market trend towards digitalisation and operational efficiency.
98. A few supporting respondents highlighted the importance of ensuring that any approved settlement platforms are robust, secure, and interoperable with existing market infrastructure, and that the Exchange should communicate with and consult the issuers prior to implementing any change to the existing settlement platforms or introducing new settlement platforms.

Our response and conclusion

99. In view of the strong market support, we will adopt the proposal. The Exchange will engage with issuers and, where appropriate, consult their views before approving settlement or execution through platforms other than CCASS in the future.

II. PROPOSALS TO ENHANCE MARKET QUALITY AND INVESTOR PROTECTION

A. Issuer Eligibility Requirements

A.1 NAV Requirement

Proposals

100. We proposed that the minimum NAV requirement should be increased from HK\$2 billion to HK\$5 billion⁴¹.

Comments received

101. 64% of the respondents (16 respondents) supported the proposal and 36% (nine respondents) opposed it. Three respondents did not provide any view or comment.
102. Supporting respondents agreed that the proposal enhances investor protection by ensuring that issuers have a more substantial asset base, which provides additional assurance to investors regarding the financial strength of issuers. They also noted that the total market size of listed structured products in Hong Kong has increased significantly over the past 20 years.
103. Opposing respondents made the following comments:
- (a) *Basis of the proposal*: one respondent commented that the notional value of structured products in issuance (as referred to in the Consultation Paper⁴²) is not equivalent to investors' actual credit risk exposure and therefore not relevant for

⁴¹ Question 10 of the Consultation Paper.

⁴² As stated in paragraphs 103 to 104 of the Consultation Paper, the notional value of structured products in issuance refers to the number of units of structured products which have been issued, multiplied by the closing prices of such structured products as of the relevant period.

determining the NAV threshold. Another respondent suggested referencing the average outstanding notional value of structured products sold by issuers as a benchmark;

- (b) *The proposed minimum NAV requirement is too high*: four respondents commented that the proposed minimum NAV requirement of HK\$5 billion is too high. Four respondents commented that the increased NAV threshold may be of limited incremental value to investors, noting that: (i) the current minimum NAV requirement of HK\$2 billion has already provided sufficient safeguards; and (ii) the financial resources requirements applicable to Regulated Entities have also provided robust investor protection. Respondents have also proposed alternative suggestions such as lower NAV threshold or a qualitative risk-based framework⁴³;
- (c) *Requirements in Selected Overseas Exchanges*: two respondents commented that the proposed minimum NAV requirement is higher than those required in the Selected Overseas Exchanges; and
- (d) *Potential entry barrier for smaller-sized issuers*: one respondent commented that the proposed minimum NAV requirement of HK\$5 billion may be challenging for smaller-sized issuers and/or issuers requiring foreign entities to be guarantors. To fulfil the proposed NAV requirement, issuers may need to alter their corporate and capital structure or adopt a guarantee structure, which may result in significant legal, operational and compliance costs.

Our response and conclusion

104. In view of the majority support from respondents, we will adopt the proposal.

105. With regards to respondents' comments (see paragraph 103):

- (a) *"Structured products sold by issuers" versus "structured products in issuance"*

The market or notional value of structured products sold by issuers refers to the number of structured products held by investors at a specific point in time. It represents the prevailing worth and exposure of the issuers' outstanding positions, which is dynamic and subject to investor demand for the structured products. The market value of structured products in general are subject to fluctuations in the market price of the underlying assets.

⁴³ The alternative suggestions proposed by respondents include:

- (a) four opposing respondents suggested raising the minimum NAV threshold to HK\$3 billion (two respondents) or HK\$4 billion (two respondents) as a balanced approach that demonstrates regulatory effort without imposing excessive barriers;
- (b) one opposing respondent suggested (i) retaining the current minimum NAV requirement of HK\$2 billion; (ii) mandating the proposed Regulated Entity and credit rating requirements; and (iii) providing more flexibility for foreign issuers under guarantee structures (e.g. applying a streamlined recognition of the home-jurisdiction regulation or ratings); and
- (c) one opposing respondent suggested implementing a risk-based framework that evaluates the issuer's regulatory status, product risk profile and actual market exposure, instead of applying a uniform minimum NAV requirement to all issuers.

On the other hand, the notional value of structured products in issuance (that the Exchange considered when setting the proposed minimum NAV requirement) refers to the total number of structured products that can potentially be sold to investors. It provides a better indication of the potential exposure that issuers are subject to, and is therefore more relevant when determining the minimum NAV requirement.

(b) *Proposed NAV threshold of HK\$5 billion*

As stated in the Consultation Paper⁴⁴, the proposed NAV threshold of HK\$5 billion is commensurate with the growth and issuance level of the Hong Kong listed structured products market. Having considered the alternative suggestions proposed by the respondents, we believe our proposed NAV threshold of HK\$5 billion sets a clear minimum standard for issuers and is appropriate to ensure that issuers (or in the case of guaranteed issues, guarantors) have sufficient assets to support current issuance levels.

(c) *Comparing against the Selected Overseas Exchanges*

As stated in the Consultation Paper⁴⁵, it is prudent to set a higher issuer eligibility requirement (including the minimum NAV requirement) for the Hong Kong listed structured products market in view of the relatively high issuance levels, trading volumes and retail participation in our market compared to the Selected Overseas Exchanges. Therefore, we consider the proposed NAV threshold of HK\$5 billion is suitable notwithstanding that it is higher than the thresholds set by the Selected Overseas Exchanges.

(d) *Entry requirements for smaller-size issuers*

If an issuer is unable to meet the minimum NAV requirement (as one of the issuer eligibility requirements), it may issue guaranteed issues with all the eligibility requirements being satisfied by a guarantor⁴⁶. The proposal sets out a bright line eligibility standard, thereby providing an open opportunity for all types of issuers.

A.2 Regulated Entity Requirement

Proposals

106. We proposed to impose a mandatory requirement that issuers must be Regulated Entities⁴⁷.

⁴⁴ Paragraph 103 of the Consultation Paper.

⁴⁵ Paragraph 105 of the Consultation Paper. As also stated in paragraphs 3 and 4 of the Consultation Paper, the Exchange accounted for approximately 65% of global total turnover in structured products in 2024 and the average daily turnover of structured products in Hong Kong was around HK\$11.8 billion.

⁴⁶ See paragraph 121.

⁴⁷ Question 11 of the Consultation Paper.

Comments received

107. 96% of the respondents (22 respondents) supported the proposal and 4% (one respondent) opposed it. Five respondents did not provide any view or comment.
108. Supporting respondents generally agreed that the proposal would (a) enhance the quality of issuers by ensuring they meet the qualifications and requirements as Regulated Entities; (b) strengthen investor protection and uphold market integrity; and (c) align with international standards.
109. Four respondents suggested that the Exchange: (a) provides a list of regulatory authorities acceptable to the Exchange; or (b) provides guidance on the criteria for assessing the acceptability of regulatory authorities. They thought that such information would provide greater certainty to potential issuers and facilitate their understanding of the eligibility requirements.
110. One respondent opposing the proposal did not provide substantive reasons.

Our response and conclusion

111. With regards to the respondents' suggestions (see paragraph 109), the Exchange will: (a) provide, on the Exchange's website, the regulatory authorities which issuers rely on to fulfil the Regulated Entity requirement; and (b) update its FAQs to provide guidance on the factors that the Exchange considers when assessing the acceptability of any other regulatory authority (e.g. whether such regulatory authority adheres to international standards of supervisory practices).
112. In view of the strong market support, we will adopt the proposal. We will modify the proposed Rule amendments⁴⁸ by replacing "overseas regulatory authority" with "other regulatory authority" to avoid unintended geographic limitations and clarify that the Exchange will consider any regulatory authority within or outside Hong Kong for the purpose of compliance with the Regulated Entity requirement.

A.3 Credit Rating Requirement

Proposals

113. We proposed to mandate that an issuer obtains investment grade ratings from all of the CRAs from which it has sought a credit rating. We also proposed additional disclosure requirements in listing documents as stated in paragraph 99(c) of the Consultation Paper⁴⁹.

⁴⁸ Rule 15A.13.

⁴⁹ Question 12 of the Consultation Paper.

Comments received

114. 55% of the respondents (12 respondents) supported the proposal and 45% (ten respondents) opposed it. Two respondents commented but did not indicate a clear view on the proposal and four respondents did not provide any view or comment.
115. Supporting respondents generally agreed with the rationale of the proposal to include credit rating as an additional mandatory eligibility requirement.
116. Opposing respondents made the following comments⁵⁰:
- (a) *Mandatory credit rating requirement is unnecessary*: four respondents commented that the current regulatory framework already provides sufficient investor protection. Issuers or guarantors that are Regulated Entities are required to satisfy applicable financial resources requirements, in addition to the current minimum NAV requirement of HK\$2 billion. Two respondents made reference to the SIP Code, which requires issuers of unlisted structured products to either: (i) be a Regulated Entity; or (ii) have a credit rating of the top three investment grades awarded by at least one rating agency of international standing and reputation which is acceptable to the SFC; and
 - (b) *Uncertainty in obtaining credit ratings from the CRAs*: one respondent commented that some issuers (or guarantors or their respective Holding Companies, as the case may be) may not be able to obtain investment grade ratings from the three CRAs due to reasons unrelated to the relevant issuers (or guarantors or their respective Holding Companies). Further, they stated that there is no standardised rating methodology among the CRAs (e.g. one CRA may take a view very different from those of the other CRAs) and this may jeopardise the eligibility of an issuer.
117. Five respondents suggested that the Exchange takes an alternative approach, for example, requiring investment grade ratings from any one or two CRAs instead of all the CRAs from which a credit rating has been sought. Two respondents suggested that the Exchange publishes a list of CRAs recognised by the Exchange or provide guidance on the criteria for the recognition of a CRA.

Our response and conclusion

118. With regards to the respondents' comments (see paragraph 116):
- (a) While there may be similar credit rating or financial resources requirements under other regulatory regimes (e.g. the licensing regime under the SFO for conducting regulated activities, or the SIP Code applicable to the issuance of unlisted structured investment products), such requirements are imposed to meet the intent and objectives of those regulations. Our proposal includes credit rating as a minimum mandatory eligibility requirement to enhance protection for investors who invest in structured products listed on the Exchange; and

⁵⁰ Respondents have reiterated the same comments regarding the mandatory credit rating requirement in their responses to Questions 13, 14, 15, 28 and 29 of the Consultation Paper.

- (b) under the existing Rules⁵¹ and consistent with the current practice, the Exchange may, from time to time, consider and accept additional credit rating agencies to be CRAs as appropriate. Issuers should consult the Exchange for guidance if they wish to rely on the rating from a credit rating agency that is not a CRA.
119. With regards to the alternative approaches proposed by the respondents (see paragraph 117), our proposal already provides for the acceptance of: (a) an issuer obtaining any investment grades instead of the top three investment grades; and (b) the credit rating of an issuer's or a guarantor's Holding Company⁵² for the purpose of fulfilling the credit rating requirement. This should provide sufficient flexibility for issuers meeting eligibility requirements while, at the same time, enhancing their quality.
120. In view of the majority support from respondents, we will adopt the proposal. The Exchange will set out the list of CRAs (as updated from time to time) in the FAQs.

A.4 Guaranteed Issues

Proposals

121. We proposed 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 requirements being satisfied by a guarantor fulfilling all of these requirements⁵³.

Comments received

122. 70% of the respondents (16 respondents) supported the proposal and 30% (seven respondents) opposed it. One respondent commented but did not indicate a clear view on the proposal and four respondents did not provide any view or comment.
123. Supporting respondents generally agreed that the proposal provides a useful alternative which will encourage issuer diversity. They also noted that the proposal is in line with current Rules.
124. Two opposing respondents suggested an alternative approach under which the proposed minimum NAV, Regulated Entity and credit rating requirements may be satisfied "collectively" by the issuer and the guarantor (i.e. the issuer and the guarantor need not each independently satisfy all the eligibility requirements)⁵⁴.

⁵¹ Rule 15A.13(1).

⁵² The Exchange proposed that 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 (see Question 12 of the Consultation Paper).

⁵³ Question 13 of the Consultation Paper.

⁵⁴ Two opposing respondents repeated the same comment they made in response to Question 12 of the Consultation Paper regarding the proposed mandatory credit rating requirement (see paragraphs 116 to 117).

Our response and conclusion

125. In view of the majority support from respondents, we will adopt the proposal.
126. With regards to the respondents' suggestion (see paragraph 124), we believe that the proposed NAV, Regulated Entity and credit rating requirements are the minimum standard in respect of issuer eligibility to be met individually by an issuer or a guarantor to enhance quality, and therefore cannot be met collectively in combination by both.

A.5 Guaranteed Issues by Eligible Issuers

Proposals

127. We proposed that (a) an eligible issuer may issue guaranteed issues provided that the guarantor also satisfies the proposed NAV requirement, the Regulated Entity requirement and the credit rating requirement; and (b) in such cases, each of the issuer and the guarantor is required to individually comply with the Rules⁵⁵.

Comments received

128. 64% of the respondents (14 respondents) supported the proposal and 36% (eight respondents) opposed it. Two respondents commented but did not indicate a clear view on the proposal and four respondents did not provide any view or comment⁵⁶.
129. Some respondents⁵⁷ sought clarification on the scope of a guarantor's obligations under the Rules. In particular, they asked the Exchange to clarify whether the obligations of a guarantor are confined to financial obligations under the guarantee and/or the terms and conditions of the relevant structured products, and that such obligations do not extend to other operational or regulatory obligations.
130. One respondent sought clarification on whether the proposal applies only to eligible issuers when issuing non-collateralised guaranteed structured products.

Our response and conclusion

131. We note the clarification sought by respondents regarding the scope of guarantors' obligations (see paragraph 129). The Rules clearly set out those requirements that are applicable to issuers and those that are applicable to guarantors. Guarantors should comply with the requirements which are stated to be applicable to them under the Rules.
132. As stated in the Consultation Paper⁵⁸, the proposal provides flexibility for eligible issuers to issue guaranteed issues with a guarantor that also satisfies the proposed eligibility requirements. The Exchange will modify the proposed Rule amendments to clarify that, in the case of guaranteed issues by eligible issuers, each of the issuer and the guarantor

⁵⁵ Question 14 of the Consultation Paper.

⁵⁶ Two opposing respondents repeated the same comment they made in response to Question 12 of the Consultation Paper regarding the proposed mandatory credit rating requirement (see paragraphs 116 to 117).

⁵⁷ Including five opposing respondents and two respondents who did not indicate a clear view on the proposal.

⁵⁸ Paragraph 119 of the Consultation Paper.

will be required to individually comply with the Rules to the extent that those Rules are applicable to the respective party⁵⁹.

133. In view of the majority support from respondents, we will adopt the proposal with the amendments stated in paragraph 132.

B. Continuing Obligation to Comply with Issuer Eligibility Requirements

B.1 Ongoing obligation to comply with Issuer Eligibility Requirements

Proposals

134. We proposed to impose the following requirements on an ongoing basis while any of the issuers' structured products are listed on the Exchange, in addition to the NAV requirement:
- (a) issuers or (in the case of guaranteed issues) the guarantors must, or (where credit ratings of Holding Companies are relied upon for eligibility assessment) ensure that Holding Companies will, comply with the credit rating requirement; and
 - (b) issuers or (in the case of guaranteed issues) the guarantors must comply with the Regulated Entity requirement⁶⁰.

Comments received

135. 74% of the respondents (17 respondents) supported the proposal and 26% (six respondents) opposed it. Five respondents did not provide any view or comment.
136. Supporting respondents generally agreed that the proposed ongoing compliance requirements enhance investor protection and promote market integrity. They thought these ongoing requirements will ensure only financially sound and regulated entities could continue to offer structured products, thereby enhancing market resilience.
137. One supporting respondent sought clarification on the consequences in the event an issuer fails to comply with the ongoing requirements to comply with the issuer eligibility requirements under the Rules.
138. Five opposing respondents repeated the same comment they made in response to Question 12 of the Consultation Paper regarding the proposed mandatory credit rating requirement (see paragraphs 116 to 117)⁶¹. The other one opposing respondent did not provide substantive reasons.

⁵⁹ Rule 15A.15A of the amended Rules (see Part B of Appendix III).

⁶⁰ Question 15 of the Consultation Paper.

⁶¹ Two supporting respondents also repeated the same comment they made in response to Question 12 of the Consultation Paper regarding the proposed mandatory credit rating requirement (see paragraphs 116 to 117).

Our response and conclusion

139. In view of the majority support from respondents, we will adopt the proposal.
140. As currently set out in the FAQs, if an issuer fails to comply with the issuer eligibility requirements on an ongoing basis, that issuer must cease to launch any new products. It must also withdraw the listing of: (a) any existing product with no outstanding position; and (b) any product which has been launched but has not been listed.
141. In respect of the comments regarding the proposed mandatory credit rating requirement, please refer to our response and conclusion in paragraphs 118 to 120.

B.2 Transitional Period

Proposals

142. We proposed 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 proposed new eligibility requirements⁶².

Comments received

143. 90% of the respondents (19 respondents) supported the proposal and 10% (two respondents) opposed it. One respondent commented but did not indicate a clear view on the proposal and six respondents did not provide any view or comment.
144. Supporting respondents generally welcomed the implementation of a transitional period of 12 months. One supporting respondent further suggested extending the transitional period to allow issuers and/or guarantors sufficient time to update their internal controls and policies as necessary.
145. One opposing respondent commented that a transitional period of 12 months is not sufficient, particularly for international financial institutions which may need to alter their corporate structure to fulfil the proposed eligibility requirements. They suggested that the Exchange extends the transitional period to at least 24 months and grant further extensions to issuers on a case-by-case basis.

Our response and conclusion

146. In view of the strong market support, we will adopt the proposal. Considering certain disclosure requirements and ongoing obligations will be applicable to existing issuers and guarantors upon their compliance with the proposed issuer eligibility requirements, the same transitional period will also apply to such disclosure requirements and ongoing obligations. Existing issuers and guarantors (with either structured products listed on the Exchange, or a valid base listing document, as at 30 June 2026) will have until (and including) 30 June 2027 (i.e. a 12-month transitional period starting from (and including) 1 July 2026) to comply with the new issuer eligibility requirements and the related disclosure requirements and ongoing obligations (the **"New Eligibility**

⁶² Question 16 of the Consultation Paper.

Requirements)⁶³. Any new applicant who applies to become an eligible issuer on or after 1 July 2026 is required to comply fully with the New Eligibility Requirements and will not be subject to the transitional period.

147. We note that the majority of the existing issuers and guarantors are in a position to fulfil the new issuer eligibility requirements. Notwithstanding the transitional period, we expect existing issuers and guarantors to take all necessary steps to comply with the new issuer eligibility requirements as soon as practicable. The date of the revised listing document complying with the New Eligibility Requirements will be regarded as the date on which the relevant issuer and guarantor have complied with the new issuer eligibility requirements. From that date onwards, such issuer and guarantor must comply with the New Eligibility Requirements and the 12-month transitional period will cease to apply in respect of such issuer and guarantor.
148. During the transitional period, existing issuers and guarantors (where applicable) that are in the process of complying with the new issuer eligibility requirements will continue to be subject to the following existing Rule obligations relating to issuer eligibility until they comply with the new issuer eligibility requirements:
- (a) if an existing issuer is regulated by the SFC, the HKMA or overseas regulatory authority acceptable by the Exchange, it shall disclose in the listing documents a statement of that fact, identifying the regulatory body; or if it is not so regulated, it shall disclose in the listing documents a statement of that fact⁶⁴;
 - (b) if an existing issuer has been rated by a credit rating agency, it shall disclose in the listing documents a statement of that fact, identifying the credit rating agency and the rating and the date it was awarded⁶⁵;
 - (c) notify the Exchange where the net asset value of the existing issuer or guarantor, as the case may be, has fallen below HK\$ 2 billion⁶⁶; and
 - (d) notify the Exchange of any change in the existing issuer's or the guarantor's credit rating⁶⁷.

C. Relationship between the Issuer and the Guarantor

Proposals

149. We proposed to clarify that the Exchange may accept other group companies (meaning any of the issuer's Holding Companies, subsidiaries and fellow subsidiaries) to be a guarantor, taking into account the circumstances of the issuer and/or the guarantor as the Exchange may, in its discretion, consider appropriate⁶⁸.

⁶³ Paragraph 16 of Appendix D1D and paragraph 4A of Appendix E5 of the amended Rules (see Part B of Appendix III).

⁶⁴ Paragraph 16(1) of Appendix D1D to the current Rules.

⁶⁵ Paragraph 16(2) of Appendix D1D to the current Rules.

⁶⁶ Rule 15A.12 and paragraph 1(3) of Appendix E5 to the current Rules.

⁶⁷ Paragraph 1(4) of Appendix E5 to the current Rules.

⁶⁸ Question 17 of the Consultation Paper.

Comments received

150. 100% of the respondents (21 respondents) supported the proposal. Seven respondents did not provide any view or comment.
151. Respondents generally welcomed the proposal as it provides more flexibility and enables issuers to benefit from the use of group companies with strong financial profiles as guarantors.

Our response and conclusion

152. In view of the strong market support, we will adopt the proposal.

D. Liquidity Provision Obligations

Proposals

153. We proposed 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 listing documents to comply with the minimum service levels published by the Exchange from time to time⁶⁹; and
 - (c) add a specific obligation in the Rules for issuers to comply with minimum service levels for liquidity provision specified in listing documents⁷⁰.

Comments received

154. 71% of the respondents (15 respondents) supported the proposal and 29% (six respondents) opposed it. Two respondents commented but did not indicate a clear view on the proposal and five respondents did not provide any view or comment.
155. Supporting respondents generally agreed that the proposal provides more flexibility and allows the liquidity provision requirement to be updated promptly to reflect market developments.
156. While the opposing respondents generally acknowledged the rationale of the proposal, they raised the following comments:
- (a) *Option to choose the liquidity provision method*

⁶⁹ As stated in paragraph 136 of the Consultation Paper, all minimum service levels and exemptions for liquidity provision are currently set out in the Product Sheets published on the Exchange's website.

⁷⁰ Question 18 of the Consultation Paper.

Two respondents⁷¹ commented that issuers should have the option to provide liquidity either by means of: (i) continuously inputting orders into the Exchange's trading system (now generally referred to as "AQ"); or (ii) entering orders in response to requests for quotes (now generally referred to as "QR"). One respondent⁷² also sought clarification on whether the requirement to disclose the minimum service levels in listing documents will only pertain to the liquidity provision method chosen by the issuers;

(b) *Changes to the current minimum service level requirements*

Three respondents⁷³ sought clarification on: (i) whether minimum service levels of the current requirements would be changed after the proposal is adopted; (ii) circumstances when issuers can be exempted from the liquidity provision requirement (e.g. during a "fast market" or extreme market condition); and (iii) the process for the Exchange to implement any change to the minimum service levels (as currently set out in the Product Sheets) in future.

They commented that any change to the liquidity provision requirements in the Product Sheets could result in: (i) inconsistencies across products with the same underlying assets issued at different times; and (ii) market confusion and operational challenges⁷⁴;

(c) *Unnecessary to add a specific obligation in the Rules regarding liquidity provision*

Three respondents commented that, as minimum service levels for liquidity provision are required to be specified in listing documents, issuers are already subject to an obligation to investors. Therefore, including such an obligation in the Rules may not offer more investor protection. Also, such an obligation in the Rules will impose additional regulatory obligations and result in potential liabilities for issuers.

One respondent also commented that, as a result of the proposal, there would be a potential blurring of roles between issuers and designated liquidity providers, especially where liquidity provision is operationally carried out by a third-party liquidity provider;

(d) *Reference to the Industry Principles on Liquidity Provision*

Two respondents⁷⁵ noted that the Industry Principles on Liquidity Provision sets out the principles for liquidity provision by means of QR and AQ. They commented

⁷¹ Another two respondents who did not indicate a clear view on the proposal also made the same comment in their responses.

⁷² Another two respondents who did not indicate a clear view on the proposal also made the same comment in their responses.

⁷³ Another one respondent who did not indicate a clear view on the proposal also made the same comment in their responses.

⁷⁴ The respondent raised an example that, where an issuer fulfils liquidity provision obligations using automated functionality in the market making system, it may require a transitional period for the issuer and/or its liquidity provider to implement system change upon any change to the minimum service level requirements.

⁷⁵ Another two respondents who did not indicate a clear view on the proposal also made the same comment in their responses.

that, while issuers should comply with these industry principles, such principles should not become binding commitments or obligations on issuers.

Our response and conclusion

157. With regards to the respondents' comments (see paragraph 156):

- (a) the Rule requirement for issuers to provide liquidity remains unchanged⁷⁶. Issuers will still have the option to choose the liquidity provision method and will be required to disclose in listing documents the minimum service levels pertaining to the liquidity provision method chosen. Issuers who choose to provide liquidity by means of QR only should also continue to provide AQ whenever the criteria (as set out in the Product Sheets) are met, notwithstanding that the provision of AQ is not intended to constitute a binding commitment or obligation on the issuers;
- (b) as stated in the Consultation Paper⁷⁷, the Product Sheets currently set out the minimum service levels for liquidity provision for the relevant types of structured products, together with the circumstances under which liquidity provision is exempted. The Exchange will further update its FAQs to provide guidance on the circumstances that would justify an exemption from liquidity provision requirements;
- (c) to ensure any future implementation of changes to the liquidity provision requirements will not create inconsistency or confusion in the market, the Exchange will engage with issuers and, where appropriate, consult their views before implementing any changes to the liquidity provision requirements (including minimum service levels) set out in the relevant Product Sheets. Once the changes are finalised, the Exchange will notify issuers and publish the updated requirements in the applicable Product Sheets with the expected effective dates to ensure the market is informed with sufficient notice. Issuers will be required to comply with the updated liquidity provision requirements for all relevant existing structured products and, where necessary, amend their listing documents and internal control systems accordingly; and
- (d) the Industry Principles on Liquidity Provision have been in place since 2012. They have been effective in guiding market practice given their compliance by all issuers. The Exchange will remove the Industry Principles on Liquidity Provision from its website and incorporate these principles (including the minimum service levels) into the Product Sheets and the FAQs. We believe this will enhance clarity and regulatory certainty in respect of the liquidity provision requirements.

158. With regards to the clarification sought by one respondent on the roles of issuers and liquidity providers, an issuer is required by the Rules to provide liquidity for its structured products. This regulatory obligation remains regardless of whether the liquidity provider is a group company of the issuer or a third party liquidity provider.

⁷⁶ The requirement is currently specified under Rule 15A.22 and will be moved to paragraph 5A of Appendix E5 to the Rules as part of the proposed Rule amendments.

⁷⁷ Paragraph 136 of the Consultation Paper.

159. In view of the majority support from respondents, we will adopt the proposal. Since the Product Sheets have already set out the minimum service levels and exemptions for liquidity provision which issuers are required to comply with, the Exchange will remove the note to paragraph 17(14) of Appendix D1D (i.e. the exemption to provide liquidity during the first five minutes after the Exchange has opened for trading) from the Rules as a clarification change.

E. Publication Timeframe of Interim Financial Reports after Relevant Interim Period End

Proposals

160. We proposed to shorten the publication deadline of interim financial reports from four months to three months after the relevant interim period end⁷⁸.

Comments received

161. 57% of the respondents (13 respondents) supported the proposal and 43% (ten respondents) opposed it. Five respondents did not provide any view or comment.
162. Supporting respondents generally agreed that the proposal provides investors with more timely updates on the financial condition of issuers and guarantors.
163. Opposing respondents raised the following comments:
- (a) *Increased risk of regulatory non-compliance for global issuers*: four respondents commented that the proposal will impose significant compliance burden, especially for global issuers that operate across multiple jurisdictions and therefore are subject to a complex financial consolidation and review process. They thought that the proposed change would not materially improve investor protection;
 - (b) *Language and translation constraints*: four respondents commented that issuers from jurisdictions where interim financial reports are not required in English and/or Chinese may need additional time for translation. Consequently, the shortening of the timeline may compromise accuracy and disclosure quality; and
 - (c) *Different requirements under the SIP Code*: four respondents commented that under the SIP Code, issuers of unlisted structured products are given four months to issue their interim financial statements.

Our response and conclusion

164. With regards to the respondents' comments (see paragraph 163):
- (a) our proposal to shorten the publication deadline of interim financial reports allows investors to have timely access to issuers' and guarantors' financial information. We note that existing issuers and guarantors have been publishing interim

⁷⁸ Question 19 of the Consultation Paper.

financial reports within three months after the end of the relevant interim period;
and

- (b) we acknowledge that there are financial reporting requirements under other regulatory regimes. However, such requirements are imposed to attain the intent and objectives of the relevant regulations. Our proposal is intended to enhance protection for investors who invest in structured products listed on the Exchange.

165. In view of the majority support from respondents, we will adopt the proposal.

F. Publication of Consolidated Financial Statements

Proposals

166. We proposed 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 reports and interim reports in respect of the first six months of its financial year, and include such information in listing documents⁷⁹.

Comments received

- 167. 78% of the respondents (18 respondents) supported the proposal and 22% (five respondents) opposed it. One respondent commented but did not indicate a clear view on the proposal and four respondents did not provide any view or comment.
- 168. Supporting respondents generally agreed the proposal enables investors to have a more comprehensive analysis of the financial condition of the issuers and guarantors as a group on a consolidated basis.
- 169. One supporting respondent suggested amending the Rules (paragraphs 5(1)(a) and (b) of Appendix E5) to clarify that if an issuer or a guarantor is a “holding company”, it would only be required to publish its consolidated financial statements and not also its own financial statements.
- 170. Two opposing respondents commented that it is not necessary to require the publication of consolidated financial statements as investors can refer to the issuers’ and/or the guarantors’ credit ratings or their financial information that is publicly available. Two respondents⁸⁰ sought clarification on whether the guarantor’s consolidated financial statements would suffice if the issuer and the guarantor are part of the same group.

Our response and conclusion

171. We will adopt the proposed amendments to paragraphs 5(1)(a) and (b) of Appendix E5 to the Rules (and corresponding amendments to paragraphs 10, 11, 12 and 27(3) of

⁷⁹ Question 20 of the Consultation Paper.

⁸⁰ Including one opposing respondent and one respondent who did not indicate a clear view on the proposal.

Appendix D1D to the Rules) (see paragraph 169) as they reflect the intention of the proposal.

172. We believe consolidated financial statements provide stakeholders with a comprehensive view of the overall financial condition at a group level. Where an issuer is a subsidiary of the guarantor, the guarantor's consolidated financial statements may not present financial information specific to the issuer and/or its subsidiaries. Therefore, an issuer should be required to publish its consolidated financial statements if it has subsidiaries.
173. Credit ratings represent a CRA's views of the credit position of the issuers and/or guarantors based on the CRAs' own models and assumptions built on primary sources of information such as issuers' consolidated financial statements. Consolidated financial statements themselves, by contrast, are the primary source of information for assessing the overall financial conditions of the issuers and/or guarantors at group level. Further, the relevant financial statements should be included in listing documents for investors' ease of reference, so that investors do not need to spend time and effort locating the relevant information themselves.
174. In view of the majority support from respondents, we will adopt the proposal with the amendments as referred to in paragraph 171.

G. Continuing Obligations to Disclose and Notify the Exchange

G.1 Change in Regulatory Status

Proposals

175. We proposed 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 practicable⁸¹.

Comments received

176. 86% of the respondents (18 respondents) supported the proposal and 14% (3 respondents) opposed it. One respondent commented but did not indicate a clear view on the proposal and six respondents did not provide any view or comment.
177. Supporting respondents generally agreed that the proposal provides useful information to investors. One supporting respondent sought clarification over whether issuers and guarantors are required to inform the Exchange and announce any change in their regulatory status only to the extent such changes may affect the offering of the structured products or their obligations in connection therewith.
178. One opposing respondent commented that the proposal is not practical where issuers or guarantors holding regulatory licences and operating in multiple jurisdictions are required to inform the Exchange and publish an announcement for every change in their

⁸¹ Question 21 of the Consultation Paper.

regulatory status. They suggested that the proposal should be limited to changes in the regulatory status and/or scope applicable to an issuer or a guarantor in Hong Kong or the place of incorporation.

Our response and conclusion

179. The Exchange considers that disclosure of a change in the regulatory status of issuers or guarantors enables investors to make informed investment decisions.
180. As stated in the Consultation Paper⁸², the proposal refers to the proposed Regulated Entity requirement and the status maintained with a regulatory authority for the purposes of compliance with that requirement (see paragraph 106). In view of the respondents' comments (see paragraphs 177 and 178), we will modify the proposed Rule amendments⁸³ to clarify that the requirement applies to any change in the regulatory status of the issuer or the guarantor (if any) that is relied upon for fulfilling the Regulated Entity requirement as disclosed in listing documents.
181. In view of the strong market support, we will adopt the proposal with the amendment as stated in paragraph 180.

G.2 Change in Liquidity Providers and Disruption and Resumption of Liquidity Provision Services

Proposals

182. We proposed to require issuers: (a) to announce a 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 services⁸⁴.

Comments received

183. 86% of the respondents (18 respondents) supported the proposal and 14% (three respondents) opposed it. Two respondents commented but did not indicate a clear view on the proposal and five respondents did not provide any view or comment.
184. Supporting respondents generally agreed with the proposal as the proposed announcement requirements align with the current practice.
185. In respect of the proposed requirement for issuers to announce any 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), two respondents⁸⁵ sought clarification on whether it is intended to formalise the current practice and whether the Exchange will continue to allow flexibility in urgent circumstances. Two

⁸² Paragraph 152 and footnote 122 of the Consultation Paper.

⁸³ Paragraph 8B(3) of Appendix E5 to the amended Rules (see Part B of Appendix III).

⁸⁴ Question 22 of the Consultation Paper.

⁸⁵ Including one supporting respondent and one respondent who did not indicate a clear view.

respondents commented that, in certain circumstances, issuers may need to implement changes immediately to minimise service disruption and only be able to make an announcement subsequently.

186. In respect of the proposed requirement for issuers to inform the Exchange and announce as soon as practicable upon any disruption to, or resumption of, liquidity provision services:
- (a) two respondents⁸⁶ sought clarification on whether a materiality threshold (such as the disruption time) will be applied to determine whether a disruption would require an announcement; and
 - (b) one opposing respondent suggested confining the requirement to disruptions affecting the minimum service levels disclosed in the listing documents.
187. One respondent commented that the proposal may duplicate with the existing guidance titled “Liquidity Provision Interruptions and Pricing Issues” provided by the Exchange in 2016.

Our response and conclusion

188. In view of the strong market support, we will adopt the proposal.
189. With regards to the respondents’ comments and clarification sought on the requirement regarding change of liquidity providers or their particulars (see paragraph 185):
- (a) the proposal is intended to formalise the current practice and will require issuers to announce any change of liquidity providers or their particulars before implementing such a change (in addition to notifying the Exchange); and
 - (b) a liquidity provider temporarily using another broker ID number to provide liquidity for structured products (e.g. due to temporary technical issues) is generally not considered to be a change of liquidity provider or their particulars. In such circumstances, prior announcement would not be required. However, issuers would still be required to inform the Exchange and announce as soon as practicable if there is any disruption to, or resumption of, liquidity provision services (see paragraph 190).
190. With regards to the respondents’ suggestion and clarification sought on the announcement requirement (see paragraph 186):
- (a) the minimum service levels specified in Product Sheets already allow liquidity providers to respond or provide quotations within a certain buffer time period⁸⁷. We will therefore not apply any additional materiality threshold on the

⁸⁶ Including one supporting respondent and one respondent who did not indicate a clear view.

⁸⁷ For example, the maximum quote response time (in the case of QR) and quotation continuity (in the case of AQ) are specified in the Product Sheets.

announcement requirement. The Exchange will provide further guidance on the announcement requirements in its FAQs; and

- (b) our proposal is intended to keep investors informed of any disruption to liquidity provision services, and therefore the announcement requirement should not be limited to disruptions affecting the minimum service levels as disclosed in the listing documents. An issuer should inform the Exchange and announce as soon as practicable upon becoming aware of any events which affect its ability to provide liquidity.

191. With regards to the respondent's comment that the proposal may duplicate existing guidance (paragraph 187), the guidance entitled "Liquidity Provision Interruptions and Pricing Issues" provided by the Exchange in 2016 was superseded and replaced by FAQs in 2024. Pursuant to our proposal, the requirements relating to liquidity provision interruptions will be set out in the Rules⁸⁸ and we will update the FAQs accordingly.

G.3 Corporate and Trading Matters

(a) Item (A) of paragraph 160 of the Consultation Paper

Proposals

192. We proposed to require issuers and/or guarantors to, upon occurrence of the following events concerning issuers or guarantors or their structured products, announce such matters in addition to informing the Exchange as soon as practicable:

- (a) proposed alteration of memorandum or articles of association which would affect the rights of holders;
- (b) change in rights attaching to structured products;
- (c) change in auditors, registered address or registered place of business in Hong Kong;
- (d) change in NAV falling below the level required for meeting issuer eligibility requirement;
- (e) proposed change in the capital structure; or
- (f) change in general character or nature of the business⁸⁹.

Comments received

193. 80% of the respondents (16 respondents) supported the proposal and 20% (four respondents) opposed it. One respondent commented but did not indicate a clear view on the proposal and seven respondents did not provide any view or comment.

⁸⁸ Paragraph 5A(2)(b) of Appendix E5 of the amended Rules (see Part B of Appendix III).

⁸⁹ Question 23 of the Consultation Paper.

194. Supporting respondents generally agreed that the proposal enhances investor protection and market transparency.
195. Two opposing respondents took the view that some of the matters (especially those under paragraphs 192(c), 192(e) and 192(f)) have limited relevance to investors, and the requirement to announce such information will impose an unnecessary administrative burden on issuers. One respondent suggested that the proposed requirement should be limited to events that have a material adverse impact on the holders of the structured products.

Our response and conclusion

196. In view of the strong market support, we will adopt the proposal.
197. As stated in the Consultation Paper⁹⁰, the matters set out in paragraph 192 are relevant for investors' continuous assessment. For example, the proposed requirement to announce any change in auditors, registered address or registered place of business in Hong Kong is important for investors as these are fundamental information relating to issuers or guarantors. Also, the disclosure requirements relating to any proposed change in capital structure⁹¹ and any change in general character or nature of the business⁹² are already subject to materiality qualifiers in the Rules.

(b) Change in credit rating

Proposals

198. We proposed 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 practicable⁹³.

Comments received

199. 67% of the respondents (14 respondents) supported the proposal and 33% (seven respondents) opposed it. Seven respondents did not provide any view or comment.
200. Supporting respondents generally agreed that the proposal enhances transparency and investor protection. It enables investors to receive up-to-date information that is crucial for making informed investment decisions.
201. Four opposing respondents⁹⁴ acknowledged the rationale of the proposal but suggested alternative requirements as summarised below:

⁹⁰ Paragraph 165 of the Consultation Paper.

⁹¹ Paragraph 6(1) of Appendix E5 to the Rules.

⁹² Paragraph 6(2) of Appendix E5 to the Rules.

⁹³ Question 24 of the Consultation Paper.

⁹⁴ One supporting respondent also suggested the same alternative requirements in their responses.

- (a) maintaining the current practice that issuers and guarantors are only required to inform the Exchange of a change in credit rating (rather than also announce it); and
- (b) announcement should only be required if: (i) the relevant change in credit rating constitutes an adverse impact on the issuer's or guarantor's financial position or is necessary for an investor to make an informed investment decision; (ii) any credit rating of the issuer or the guarantor drops below investment grade; or (iii) otherwise requested by the Exchange⁹⁵.

They thought that these alternative suggestions would ensure flexibility and strike a good balance between transparency and relevance for investors' investment decisions.

Our response and conclusion

202. As stated in the Consultation Paper⁹⁶, the aim of the proposal is to ensure timely disclosure of matters that are relevant for investors' continuous assessment of, among other things, issuers' (and/or guarantors') ability to perform their obligations under the structured products. We are therefore of the view that it is inappropriate for the issuers or the Exchange to have the discretion to determine whether a change in credit rating should be announced or to allow certain rating downgrades to be exempted from announcement (e.g. exemptions for a drop in credit rating within investment grades, as suggested).
203. We acknowledge that a downgrade (instead of any change) in credit ratings of an issuer and/or a guarantor would be more relevant for investors' assessments. Therefore, we will modify the proposal to require issuers and/or guarantors to announce any downgrade (instead of any change) in their credit rating as disclosed in the listing documents (including any downgrade in their rating outlook) as soon as practicable⁹⁷. We believe the revised proposal balances the provision of necessary information to investors and the ongoing compliance requirements for issuers.
204. In view of the majority support from respondents, we will adopt the proposal with the amendments as stated in paragraph 203.

(c) Winding up and liquidation

Proposals

205. We proposed to require issuers and/or guarantors to announce matters relating to their winding up and liquidation in addition to informing the Exchange as soon as practicable⁹⁸.

⁹⁵ The same suggestion has also been made by respondents in response to Questions 25 and 27 of the Consultation Paper.

⁹⁶ Paragraph 165 of the Consultation Paper.

⁹⁷ For the avoidance of doubt, issuers and/or guarantors are required to inform the Exchange and announce any downgrade in their rating outlook as soon as practicable. Please refer to paragraphs 219 to 225.

⁹⁸ Question 25 of the Consultation Paper.

Comments received

206. 78% of respondents (14 respondents) supported the proposal and 22% (four respondents) opposed it. One respondent commented but did not indicate a clear view on the proposal and nine respondents did not provide any view or comment.
207. Supporting respondents agreed that the proposal enhances market transparency. Also, the matters relating to issuers' and/or guarantors' winding up and liquidation are relevant for investors' continuous assessment of the issuers' and/or the guarantors' ability to perform their obligations.
208. One opposing respondent suggested removing "as soon as practicable" from the Rules as it may create uncertainty on the timing requirement. One respondent sought clarification on the content to be included in the relevant announcement.

Our response and conclusion

209. In view of the majority support from respondents, we will adopt the proposal.
210. With regards to the respondents' suggestions and clarifications sought (see paragraph 207):
- (a) as stated in the Consultation Paper⁹⁹, the information required under the proposal is relevant for investors' assessment, and the Exchange expects issuers and/or guarantors to inform the Exchange and announce such information as soon as practicable to ensure investors are provided with timely information. We will therefore retain the requirement of "as soon as practicable" to set the Exchange's expectation on the timing of notification and announcement; and
 - (b) in respect of the content of the announcement, the Consultation Paper has set out the events related to winding up and liquidation that are required to be disclosed¹⁰⁰. Issuers and/or guarantors should assess the level of details to be included in the announcement to provide investors with relevant information relating to the matter.
- (d) Publication of trading reports

Proposals

211. We proposed to require issuers to publish the trading reports on the Exchange's website instead of reporting to the Exchange¹⁰¹.

Comments received

212. 80% of the respondents (16 respondents) supported the proposal and 20% (four respondents) opposed it. Eight respondents did not provide any view or comment.

⁹⁹ Paragraphs 160, 165 to 168 of the Consultation Paper.

¹⁰⁰ Paragraphs 160 and 168 of the Consultation Paper.

¹⁰¹ Question 26 of the Consultation Paper.

213. Supporting respondents agreed that the proposal modernises and streamlines the trading report submission and publication process.
214. Two supporting respondents commented that paragraph 10A of Appendix E5 to the Rules does not address the circumstances where there are disruptions to the Exchange's website or other technical failures. They suggested that the Rules should include an exemption clause to mitigate the compliance risks in circumstances beyond the issuers' control.
215. One supporting respondent sought clarification on whether issuers are required to publish pre-listing trading reports.

Our response and conclusion

216. In view of the majority support from respondents, we will adopt the proposal.
217. With regards to the respondents' comments (see paragraph 214), the Exchange will take into account factors and circumstances that may be outside the control of the issuers. In such cases, issuers are expected to demonstrate that they have taken reasonable measures to comply with the requirements under the Rules, despite those circumstances.
218. With regards to the clarification sought by one respondent (see paragraph 215), our proposal does not change current practice. Issuers will still be required to publish pre-listing trading reports if there are pre-listing transactions for the structured products.

(e) Downgrade in rating outlook

Proposals

219. We proposed to require issuers and/or guarantors to inform the Exchange and announce any downgrade in their rating outlook as soon as practicable¹⁰².

Comments received

220. 62% of the respondents (13 respondents) supported the proposal and 38% (eight respondents) opposed it. Seven respondents did not provide any view or comment.
221. Supporting respondents agreed that the proposal enhances market transparency.
222. Opposing respondents disagreed with the proposal on the basis that credit rating outlooks are not stipulated as an issuer eligibility requirement. Five respondents¹⁰³ reiterated the same suggestion made in response to Question 24 regarding the proposed announcement requirement on changes in credit rating (see paragraph 201).

¹⁰² Question 27 of the Consultation Paper.

¹⁰³ Including one supporting respondent and four opposing respondents.

Our response and conclusion

223. In view of the majority support from respondents, we will adopt the proposal.
224. As stated in the Consultation Paper¹⁰⁴, a downgrade in rating outlook generally provides an indication of potential deterioration in credit rating and is therefore relevant for investors in making their investment decisions.
225. With regards to the suggestion regarding the proposed announcement requirement on changes in credit rating, please refer to our response and conclusion in paragraphs 202 to 204.

(f) Change in credit ratings of Holding Companies

Proposals

226. We proposed, where credit ratings of Holding Companies are relied upon by the issuers or the guarantors for their eligibility assessment, to require issuers and/or guarantors to inform the Exchange and announce credit rating changes (as disclosed in listing documents (including any downgrade in rating outlook)) of these Holding Companies as soon as practicable. This would apply if our proposal on credit rating requirement under issuer eligibility assessment was adopted¹⁰⁵.

Comments received

227. 64% of the respondents (14 respondents) supported the proposal and 36% (eight respondents) opposed it. Six respondents did not provide any view or comment.
228. Supporting respondents generally agreed that the proposal enhances market transparency.
229. Opposing respondents mainly reiterated the same suggestion made in response to Question 24 of the Consultation Paper regarding the proposed announcement requirement on changes in credit rating (see paragraph 201) and comment made in response to Question 12 of the Consultation Paper regarding the proposed mandatory credit rating requirement (see paragraphs 116 to 117).

Our response and conclusion

230. In line with our responses with respect to Question 24 of the Consultation Paper regarding the proposed announcement requirement on changes in credit rating (see paragraphs 202 to 204), we will modify the proposal to require issuers and/or guarantors (where credit ratings of Holding Companies are relied upon for their eligibility assessment) to announce any downgrade (instead of any change) in credit rating of the

¹⁰⁴ Paragraph 166 of the Consultation Paper.

¹⁰⁵ Question 28 of the Consultation Paper.

relevant Holding Companies as disclosed in listing documents (including any downgrade in their rating outlook) as soon as practicable¹⁰⁶.

231. With regards to the comment regarding the proposed mandatory credit rating requirements, please refer to our response and conclusion in paragraphs 118 to 120.
232. In view of the majority support from respondents, we will adopt the proposal with the amendments stated in paragraph 230.

(g) Winding up and liquidation events concerning Holding Companies

Proposals

233. We proposed 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 of the Consultation Paper as soon as practicable after the occurrence of such events¹⁰⁷.

Comments received

234. 75% of the respondents (15 respondents) supported the proposal and 25% (five respondents) opposed it. One respondent commented but did not indicate a clear view on the proposal and seven respondents did not provide any view or comment.
235. Supporting respondents generally agreed that the winding up and liquidation events concerning the respective Holding Companies of the issuers and/or guarantors are also relevant for investors' continuous assessment of the issuers' and/or the guarantors' ability to perform their obligations.
236. Opposing respondents mainly reiterated the same suggestion made in response to Question 24 of the Consultation Paper regarding the proposed announcement requirement on changes in credit rating (see paragraph 201) and the same comment made in response to Question 12 of the Consultation Paper regarding the proposed mandatory credit rating requirement (see paragraphs 116 to 117).

Our response and conclusion

237. In view of the majority support from respondents, we will adopt the proposal.
238. With regards to the suggestion regarding the proposed announcement requirement on changes in credit rating and comment regarding the proposed mandatory credit rating requirements, please refer to our responses and conclusions in paragraphs 202 to 204 and paragraphs 118 to 120, respectively.

¹⁰⁶ For the avoidance of doubt, where credit ratings of Holding Companies are relied upon by the issuers or the guarantors for their eligibility assessment, the issuers or guarantors are required to inform the Exchange and announce any downgrade in rating outlook of these Holding Companies as soon as practicable.

¹⁰⁷ Question 29 of the Consultation Paper.

H. The Exchange's Ongoing Assessment and Regulatory Powers

Proposals

239. We sought comment on our proposed amendments to the Rules in relation to the Exchange's ongoing assessment and regulatory powers in the following scenarios:

- (a) in assessing the suitability or capability of an issuer, 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 cases 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 guarantor¹⁰⁸.

¹⁰⁸ Question 30 of the Consultation Paper.

Comments received

240. 71% of the respondents who commented on the proposal (seven respondents) indicated that they agree with or do not have objection to the proposed amendments. They also commented that the proposal amendments provide more clarity and transparency regarding the Exchange's assessment criteria.
241. 29% of the respondents who commented on the proposal (two respondents) sought clarifications on the following aspects of the proposed amendments:
- (a) in respect of paragraph 239(a), whether the assessment criteria would apply to new issuers only or to existing issuers as well;
 - (b) in respect of paragraph 239(b), whether it would apply to new types of structured products only or to existing product types as well;
 - (c) in respect of paragraph 239(c), further details about the specific circumstances under which the Exchange may require an issuer to withdraw the listing of existing products; and
 - (d) in respect of paragraph 239(d), further details about the factors which the Exchange will take into consideration when forming the opinion that an issuer fails to properly issue and manage a structured products issue.

Our response and conclusion

242. We will proceed with the proposed amendments to the Rules.
243. With regards to the clarifications sought by the respondents (see paragraph 241):
- (a) in respect of paragraph 239(a), the suitability and capability assessments will apply to both new issuers and existing issuers on an ongoing basis;
 - (b) in respect of paragraph 239(b), the power to impose restrictions and conditions will apply to both new and existing types of structured products;
 - (c) in respect of paragraph 239(c), the Exchange has currently provided guidance in FAQs regarding the specific circumstances under which the Exchange may require an issuer to withdraw the listing of existing products; and
 - (d) in respect of paragraph 239(d), the Exchange will provide guidance in FAQs regarding the Exchange's consideration when determining whether an issuer has "failed to properly issue and manage a structured products issue". However, the Exchange does not intend to prescribe an exhaustive list of scenarios as it can only be determined based on the facts and circumstances on a case-by-case basis.

III. PROPOSALS TO INCREASE MARKET EFFICIENCY

A. Documentation for Each Product Issuance

Proposals

244. We proposed to amend the Rules such that:

- (a) the requirement to publish a Launch Announcement would be removed;
- (b) the prescribed particulars that are currently required to appear in a Launch Announcement would 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 Date¹⁰⁹.

Comments received

245. 100% of the respondents (22 respondents) supported the proposal. One respondent commented but did not indicate a clear view on the proposal and five respondents did not provide any view or comment.
246. Respondents generally agreed that the proposal would enhance efficiency by streamlining the documentation process for structured products while upholding investor protection. One respondent commented that the Rules should allow flexibility for a stand alone listing document or an SLD to be published on the Launch Date once the Exchange confirmed that it has no comments.

Our response and conclusion

247. In view of the strong market support, we will adopt the proposal. The Exchange will also remove the headline categories relating to Launch Announcements under each of “Callable Bull / Bear Contracts (CBBC)”, “Derivative Warrants (DW)” and “Equity Linked Instruments (ELI)” from the e-Submission System.
248. With regards to the respondent’s comment regarding the timing of publication (see paragraph 246), the proposed Rule 15A.58¹¹⁰ provides the flexibility for a stand alone listing document or an SLD to be published on or after the Launch Date once the Exchange confirmed that it has no comments.

¹⁰⁹ Question 31 of the Consultation Paper.

¹¹⁰ The proposed wording of Rule 15A.58 states that “A stand alone listing document or supplemental listing document (to be read with a base listing document) must be published on the Exchange’s website once the Exchange has confirmed it has no comments as soon as practicable after the structured products are launched and no later than the first business day following the day upon which the structured products are launched.”

B. Further Issues

B.1 Streamlining listing documentation

Proposals

249. We proposed, 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. This would mean that, to the extent 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)¹¹¹.

Comments received

250. 100% of the respondents (24 respondents) supported the proposal. Four respondents did not provide any view or comment.
251. Respondents generally agreed that the proposal streamlines the process and documentation for Further Issues. One respondent suggested that the Exchange provides a standardised template of SLD and remove the template checklist requirement for Further Issues.

Our response and conclusion

252. In view of the strong market support, we will adopt the proposal.
253. The Exchange will provide an updated template checklist to issuers on the content requirements of SLDs for Further Issues. Issuers and market participants may prepare the SLDs in accordance with this template checklist.

B.2 Disclosure requirements

Proposals

254. With the above proposal (as stated in paragraph 249), we proposed 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

¹¹¹ Question 32 of the Consultation Paper.

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 misleading¹¹².

Comments received

- 255. 100% of the respondents (23 respondents) supported the proposal. One respondent commented but did not indicate a clear view on the proposal and four respondents did not provide any view or comment.
- 256. Respondents generally agreed that the proposal would streamline the process and promote the issuance of Further Issues.
- 257. Some respondents made the following comments and suggestions:
 - (a) *Issuer's declaration*: one respondent suggested that the issuer's declaration required under the proposal¹¹³ should align with the statement required to be included in listing documents as set out in paragraph 1(b) of Appendix D1D to the Rules; and
 - (b) *Closing price of existing issues*: one respondent commented that it is not necessary for the closing price of existing issues to be disclosed in SLDs for Further Issues as such information may become outdated upon the publication of SLDs.

Our response and conclusion

- 258. In view of the strong market support, we will adopt the proposal.
- 259. With regards to respondents' suggestions (see paragraph 257):

¹¹² Question 33 of the Consultation Paper.

¹¹³ Paragraph 191(h) of the Consultation Paper.

- (a) the proposed issuer's declaration is based on the existing declaration required by current Rule 15A.69 with enhanced requirements. Issuers are required to declare that, for every subsequent update of the base listing document (by any supplementary listing document or SLD), the information contained therein remains to be up-to-date. This declaration is in addition to the responsibility statement required under paragraph 1(b) of Appendix D1D to the Rules. Since issuers are currently required to disclose details of any changes to the information contained in the base listing document, they should be able to make such a declaration in the relevant supplementary listing document or SLD too; and
- (b) the inclusion of the closing price of existing issues is consistent with the current requirement under the Rules (Rule 15A.59(19)(c)). This reference price information of existing issues is helpful for investors.

B.3 Exemption for guarantors to apply for listing of Further Issues

Proposals

260. We proposed not requiring a guarantor to apply for a listing of Further Issues¹¹⁴.

Comments received

261. 91% of the respondents (21 respondents) supported the proposal and 9% (two respondents) opposed it. Five respondents did not provide any view or comment.
262. Supporting respondents generally agreed that the proposal is consistent with market practice and would reduce the administrative burden on guarantors. They thought it would not affect investor protection as the proposal would not change the roles and obligations of guarantors.
263. One supporting respondent sought clarification on whether issuers would also no longer be required to include Further Issues in the formal application form for listing.
264. Respondents opposing the proposal did not provide substantive reasons.

Our response and conclusion

265. In view of the strong market support, we will adopt the proposal.
266. With regards to the clarification sought by one respondent (see paragraph 263), issuers would still be required to include Further Issues in a formal application form for listing, irrespective of whether the issue is a guaranteed issue or not.

C. Information relating to Underlying Indices

C.1 Conditions for exempting Index Information disclosure

¹¹⁴ Question 34 of the Consultation Paper.

Proposals

267. We proposed 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 a website is included in listing documents¹¹⁵.

Comments received

268. 96% of the respondents (25 respondents) supported the proposal and 4% (one respondent) opposed it. Two respondents did not provide any view or comment.

269. Respondents generally agreed that the proposal would streamline documentation and reduce administrative burden for issuers where Index Information is publicly available.

270. One supporting respondent made the following comments and suggestions:

- (a) the proposed exemption should also apply to Index Information publicly available in languages other than English and Chinese, with appropriate risk disclosure that the Index Information may be in a foreign language;
- (b) the inclusion of a web link to the index compiler's website should not be mandatory as such a web link may change without notification to the issuer; and
- (c) certain information relating to the Index Information (such as historical high/low closing levels, index constituents and previous closing levels) can be removed from the listing documents as such information may become outdated upon publication of the SLDs and therefore be of limited value to investors.

271. One opposing respondent suggested that the Exchange provides a prescribed list of indices which qualify for exemption from disclosure of Index Information.

Our response and conclusion

272. With regards to respondents' comments and suggestions (see paragraph 270):

- (a) considering the high level of retail participation in the Hong Kong structured products market, investors generally expect to receive information from issuers in both English and Chinese. Therefore, at this stage, we do not intend to expand our proposed exemption to include publicly available Index Information in languages other than English and Chinese;
- (b) as stated in the Consultation Paper¹¹⁶, the proposal is intended to reduce administrative burden for issuers where the relevant Index Information is publicly available. The inclusion of a web link to the index compiler's website ensures investors have access to the Index Information when the listing document is published, while removing the need to reproduce such information in the listing

¹¹⁵ Question 35 of the Consultation Paper.

¹¹⁶ Paragraphs 196 and 199 of the Consultation Paper.

document. Although a web link may break over time, the Index Information would still be publicly accessible (e.g. via an internet search engine); and

- (c) Index Information (including historical high/low closing levels, index constituents, previous closing levels etc.) provides reference information and should be included in listing documents as it is relevant to investors' investment decisions, subject to the exemption under the proposal.

273. With regards to one respondent's suggestion (see paragraph 271), we believe that the current proposal already clearly sets out the conditions for exempting Index Information disclosure. Therefore, it is not necessary to have a prescribed list of qualified indices.

274. In view of the strong market support, we will adopt the proposal.

C.2 Removal of the specific exemption for HSI

Proposals

275. With the above proposal (as stated in paragraph 267), we proposed to remove the specific exemption for HSI from the Rule¹¹⁷.

Comments received

276. 96% of the respondents (24 respondents) supported the proposal and 4% (one respondent) opposed it. Three respondents did not provide any view or comment.

277. Supporting respondents generally welcomed the aim of the proposal to streamline documentation together with the proposal as stated above (in paragraph 267).

278. One opposing respondent suggested retaining the specific exemption for HSI in the Rules and also including other indices with liquid futures trading in the exemption.

Our response and conclusion

279. In view of the strong market support, we will adopt the proposal.

280. As stated in the Consultation Paper¹¹⁸, we expect that HSI and any other indices that meet the proposed requirements will be exempted from disclosure in listing documents. Therefore, it is not necessary to specify HSI or any other particular index in the Rules in the exemption.

D. Offering of Incentives

Proposals

281. We proposed:

¹¹⁷ Question 36 of the Consultation Paper.

¹¹⁸ Paragraph 200 of the Consultation Paper.

- (a) to allow securities dealers (that are also issuers) to offer Incentives subject to specified safeguards¹¹⁹. In respect of safeguard (c) (see footnote 119), 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 group¹²⁰.

Comments received

282. 100% of the respondents (18 respondents) supported the proposal. Three respondents commented but did not indicate a clear view on the proposal and seven respondents did not provide any view or comment.
283. Respondents generally agreed that the proposal would enhance transparency and ensure fair conduct in the offering of Incentives. They thought the proposal would maintain market integrity while providing commercial flexibility to entities that operate securities dealing businesses in Hong Kong.
284. One respondent sought clarification on the following aspects of the proposal:
- (a) in respect of paragraph 281(b), the meaning of "where the Incentives relate to specific structured products" particularly in light of the specific safeguards, and whether the requirement under the current Rule 15A.24A would remain unchanged;
 - (b) in respect of paragraph 281(c), whether the relevant disclosure is required in all listing documents and publicity materials or only to the extent Incentives are provided; and
 - (c) the definition of "issuer's group" under paragraph 281(d). In particular, they asked whether the proposal intends to expand the scope under the current expectation

¹¹⁹ As stated in paragraph 202 of the Consultation Paper, a member of an issuer's group that is a securities dealer may offer Incentives to its customers provided that:

- (a) the Incentives are not limited solely and exclusively to structured products issued by the issuer;
- (b) the terms of Incentives applicable to structured products issued by the issuer are identical to those applicable to structured products issued by other issuers; and
- (c) the Incentives will not be recovered directly or indirectly by or on behalf of the securities dealer from the issuer.

¹²⁰ Question 37 of the Consultation Paper.

as expanded coverage means it is too difficult for an issuer's group to ensure compliance.

Our response and conclusion

285. In view of the strong market support, we will adopt the proposal.

286. With regards to the clarification sought by the respondent (see paragraph 284):

- (a) the safeguards (see footnote 119) are based on the current Rule 15A.24A(i) and (iii) and apply to incentives relating to structured products or securities trading generally. The proposal under paragraph 281(b) provides additional safeguards to limit the permitted incentives offered by securities dealers to fee discounts in promoting specific structured products. The Exchange will provide further guidance and examples regarding the meaning of "specific structured products" in its FAQs;
- (b) the disclosure requirement under paragraph 281(c) applies to the listing documents and publicity materials in respect of the relevant structured products for which an issuer (or its group company) intends to offer Incentives; and
- (c) our proposed amendment to the definition of "issuer's group" clarifies the scope of coverage by removing the term "close associates". It is not intended to expand the scope beyond that currently required under the Rules.

IV. OTHER RULE CHANGES

A. Structured Product Definition

Proposals

287. We proposed 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 Rules¹²¹.

Comments received

288. 91% of the respondents (20 respondents) supported the proposal and 9% (two respondents) opposed it. Six respondents did not provide any view or comment.

289. Supporting respondents generally agreed that the proposal would ensure consistency across regulatory frameworks. They thought the alignment with the definition under the SFO would provide clarity to market participants and avoid any confusion that could arise from the application of different definitions under the Rules and the SFO. It would also reinforce the fact that structured products listed on the Exchange are also subject to the SFO for law enforcement and investor protection purposes.

¹²¹ Question 38 of the Consultation Paper.

290. The two respondents opposing the proposal did not provide substantive reasons.

Our response and conclusion

291. In view of the strong market support, we will adopt the proposal.

B. Authorised Representatives

Proposals

292. We proposed to replace the requirement that one authorised representative must be a director with the requirement that one authorised representative must be a senior officer of the issuer or guarantor¹²².

Comments received

293. 88% of the respondents (21 respondents) supported the proposal and 12% (three respondents) opposed it. Four respondents did not provide any view or comment.

294. Supporting respondents generally agreed that the proposal was practical and efficient for issuers and guarantors which are international financial institutions. They thought that a senior officer, generally, would be more closely involved in the Hong Kong structured products business and that such proximity would mean they would be more effective in serving as the principal channel of communication with the Exchange.

295. One supporting respondent suggested specifying that the authorised representative could be a senior officer from another entity within the issuer's group or the guarantor's group. They thought that allowing this would provide further flexibility and efficiency to issuers or guarantors that are international financial institutions.

296. One opposing respondent suggested adding a requirement that the senior officer appointed as an authorised representative must be based in Hong Kong.

Our response and conclusion

297. With regards to one respondent's suggestion (see paragraph 295), we agree that a senior officer of the issuer's group or the guarantor's group would be able to fulfil the responsibilities of an authorised representative effectively if he/she is closely involved in the Hong Kong structured products business. We will therefore modify the proposal to also permit a senior officer of the issuer's group or the guarantor's group (if applicable) to be an authorised representative.

298. The Exchange will provide further guidance on the eligibility of authorised representatives in the FAQs. In particular, the Exchange expects an authorised representative to be a senior officer who holds a high-level position within the organisation with significant responsibility, or who is an individual accountable for

¹²² Question 39 of the Consultation Paper.

regulated activities. Issuers are required to declare in the issuer eligibility checklist¹²³ and the annual assessment form that their authorised representatives are senior officers who are closely involved in the Hong Kong structured products business. Issuers are also required to make such confirmation to the Exchange upon any subsequent change and appointment of authorised representative.

299. With regards to one respondent's suggestion (see paragraph 296), we will not further amend the Rules to impose additional requirements. As long as an authorised representative fulfils the requirements and responsibilities under Rules 3.05 to 3.07, he/she should be able to perform the role and functions of an authorised representative.
300. In view of the strong market support, we will adopt the proposal with the amendments as stated in paragraph 297.

C. Legal Opinions

C.1 In respect of Guaranteed Issues

Proposals

301. We proposed that legal opinions in respect 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 established¹²⁴.

Comments received

302. 78% of the respondents (14 respondents) supported the proposal and 22% (four respondents) opposed it. Two respondents commented but did not indicate a clear view on the proposal and eight respondents did not provide any view or comment.

¹²³ A checklist setting out the requisite information to be provided by a new applicant which applies to be an eligible issuer.

¹²⁴ Question 40 of the Consultation Paper.

303. Supporting respondents generally agreed that the proposal provides investors with additional comfort by way of legal confirmations.
304. Opposing respondents made the following comments and suggestions:
- (a) *Renewal of guarantee*: two respondents¹²⁵ suggested that the Exchange should accept a guarantee that remains valid as long as the relevant guaranteed structured products are listed on the Exchange¹²⁶. Issuers will therefore not be required to renew a guarantee annually to reduce the administrative burden for guarantors.
 - (b) *Frequency to provide legal opinion*: two respondents¹²⁷ suggested that updated legal opinions be required only upon material changes to the one submitted previously. This would reduce administrative costs, particularly if the Exchange accepted that issuers are not required to renew a guarantee annually.
 - (c) *Scope of legal opinion*: one respondent¹²⁸ disagreed that legal opinions be required to confirm that: (i) the guarantee is issued in conformity with the laws of the place in which the guarantor is incorporated or established; and (ii) the guarantor is duly incorporated or established under the laws of the place of incorporation or establishment. In particular, they commented that there would be additional costs for obtaining foreign legal opinions for guarantors incorporated or established outside Hong Kong.

Our response and conclusion

305. With regards to the respondents' comments and suggestions (see paragraph 304):
- (a) *Renewal of guarantee*: we agree that issuers and guarantors may use a guarantee to cover not only structured products issued within one year, but also structured products which are issued one year or more from the date of such guarantee pursuant to the relevant base listing documents. This is provided that, with the support of the required legal opinions, such guarantees are properly executed and remain legally enforceable under the relevant governing law. We will further amend the Rules to reflect this; and
 - (b) *Frequency and scope of legal opinion*: despite the amendment stated in paragraph 305(a), guarantors would still be required to submit legal opinions to the Exchange on an annual basis as part of the base listing document update, covering the matters required under Rule 15A.18 (including the proposed matters as set out in paragraph 301).

While we note that legal and administrative costs may be incurred, the legal opinion requirement ensures that the guarantee is regularly reviewed in case of

¹²⁵ Another one respondent who did not indicate a clear view made the same comment in their response.

¹²⁶ Under the current Rule 15A.20, the Exchange does not accept a guarantee as covering structured products issued one year or more from the date of the guarantee.

¹²⁷ Another one respondent who did not indicate a clear view made the same comment in their response.

¹²⁸ Another one respondent who did not indicate a clear view made the same comment in their response.

any change to applicable laws and regulations or the guarantor's corporate status from time to time. We reiterate that the matters required to be addressed in legal opinions intend to provide additional legal assurance, thereby enhancing confidence in the validity and enforceability of the guarantee.

306. For the above reasons and in view of the majority support from respondents, we will adopt the proposal and amend the Rules as stated in paragraph 305(a).

C.2 In respect of Issuers

Proposals

307. We proposed to require issuers to submit to the Exchange legal opinions confirming the following:

- (a) that 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) that: (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) that 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 issuer¹²⁹.

Comments received

308. 64% of the respondents (14 respondents) supported the proposal and 36% (eight respondents) opposed it. Six respondents did not provide any view or comment.

309. Supporting respondents generally agreed that the proposal would provide investors with additional comfort by way of legal confirmations.

310. Opposing respondents made the following comments and suggestions regarding the requirements for legal opinions:

- (a) similar to the comment above (in paragraph 304(b)), seven respondents commented that the requirement for legal opinions as part of the annual base listing document update is burdensome for issuers. They suggested, instead, a requirement to submit legal opinions at the inception of the relevant structured

¹²⁹ Question 41 of the Consultation Paper.

product programme only, followed by the submission of updated legal opinions upon any material change¹³⁰;

- (b) one respondent disagreed that legal opinions should cover the matters set out in paragraphs 307(b) to 307(d) as there would be additional time and costs incurred to obtain foreign legal opinions for issuers incorporated or established outside Hong Kong. One respondent commented that the matters set out in paragraph 307 were addressed in the annual assessment form and therefore a legal opinion should not be required; and
 - (c) in respect of paragraph 307(d), four respondents¹³¹ sought clarification as to what other matters would require a legal opinion.
311. One respondent sought clarification on whether the matter set out in paragraph 307(a) could be covered in the legal opinions in respect of the guarantors.

Our response and conclusion

312. With regards to the respondents' comments and suggestions (see paragraph 310):
- (a) similar to the reasons we state in our response to Question 40 of the Consultation Paper (see paragraph 305(b)), we will maintain the proposal of requiring legal opinions confirming the matters set out in paragraph 307 on an annual basis as part of the base listing document update. This is because this enhances investors' confidence in structured products listed on the Exchange; and
 - (b) regarding the meaning of "such other matters as the Exchange shall require depending on the circumstances of the issuer", the Exchange may request that the legal opinions cover any additional matters material to the issuance of structured products. The Exchange will consider and determine, on a case-by-case basis, whether any additional matters are required to be confirmed in legal opinions, taking into account the specific circumstances of the issuers.
313. With regards to the clarification sought over the form of the legal opinions (see paragraph 311), we have no objection to issuers and guarantors covering the relevant matters in the same set of legal opinions so long as they comply with their respective requirements under the Rules.
314. For the above reasons and in view of the majority support from respondents, we will adopt the proposal.

C.3 In respect of Collateralised Issues

¹³⁰ Another one supporting respondent made the same comment in their response.

¹³¹ Another one supporting respondent made the same comment in their response.

Proposals

315. We proposed that legal opinions for 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 provider¹³².

Comments received

316. 95% of the respondents (18 respondents) supported the proposal and 5% (one respondent) opposed it. One respondent commented but did not indicate a clear view on the proposal and eight respondents did not provide any view or comment.
317. Supporting respondents generally agreed that the proposal would provide investors with additional comfort by way of legal confirmations.
318. One supporting respondent commented that legal opinions should only be required at the inception of the collateralised issuance programme¹³³. Another supporting respondent commented that legal opinions should be provided at the programme level but not be required for every series of issuances under the programme.
319. Similar to the responses described above (in paragraph 310(c)), two supporting respondents asked the Exchange to provide guidance on the meaning of "such other matters as the Exchange shall require depending on the circumstances of the issuer and/or the security provider" (see paragraph 315(c)).
320. The respondent opposing the proposal did not provide substantive reasons.

Our response and conclusion

321. Similar to the reasons in our response to Question 40 of the Consultation Paper (see paragraph 305(b)), legal opinions are required to be submitted on an annual basis as part of the base listing document update for the collateralised issuance programme. This is to ensure that the collateral arrangement will be regularly reviewed in case of any change in applicable laws and regulations.

¹³² Question 42 of the Consultation Paper.

¹³³ A "programme" normally means a structured product issuance programme set up by an issuer for the periodic issuance of structured products.

322. Regarding whether legal opinions would be required for a particular issuance under a collateralised issuance programme, the Exchange will review the terms and structure of the collateralised issuance programme as well as those of the individual particular issuance under the programme, and may impose additional legal opinion requirements as necessary on a case-by-case basis. We will modify the proposed Rule amendments for clarification purpose.
323. With regards to the clarification sought over the meaning of “such other matters as the Exchange shall require depending on the circumstances of the issuer and/or the security provider”, please refer to our response above (in paragraph 312(b)).
324. In view of the strong market support, we will adopt the proposal with the amendments stated in paragraph 322.

C.4 In respect of timing for submission of legal opinions

Proposals

325. We proposed 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 document¹³⁴.

Comments received

326. 85% of the respondents (17 respondents) supported the proposal and 15% (three respondents) opposed it. Two respondents commented but did not indicate a clear view on the proposal and six respondents did not provide any view or comment.
327. Three supporting respondents disagreed with submitting the legal opinions in draft form at the time of submission of the first draft of the listing documents. They suggested that the submission of legal opinions in final form would suffice. If a draft form is required, they suggested the submission timeline should not be specified in the Rules to allow flexibility and time to prepare the draft legal opinions, especially where overseas entities are involved.
328. Four respondents reiterated their comments and suggestions regarding legal opinions in respect of issuers and guarantors (see paragraphs 304(b) and 310).

Our response and conclusion

329. To address respondents’ comments on the submission timeline for draft legal opinions (see paragraph 327) and to provide more flexibility, we will modify the proposed Rule amendments to require legal opinions to be submitted to the Exchange in draft form as

¹³⁴ Question 43 of the Consultation Paper.

soon as practicable without prescribing any specific timeline. Notwithstanding the modification, we expect that the draft legal opinions should be submitted as early as possible to allow sufficient time for the Exchange's review.

330. With regards to the reiterated comments and suggestions on the legal opinions in respect of issuers and guarantors, please refer to our responses above (in paragraphs 305(b) and 312).
331. In view of the strong market support, we will adopt the proposal with the amendments stated above (in paragraph 329).

D. Consolidation of Rules

Proposals

332. We proposed to delete all requirements relating to continuing obligations in Chapter 15A and move them to Appendix E5 to the Rules¹³⁵.

Comments received

333. 96% of the respondents (22 respondents) supported the proposal and 4% (one respondent) opposed it. Five respondents did not provide any view or comment.
334. Supporting respondents generally agreed that the proposed consolidation would make it easier for stakeholders to obtain full knowledge and understanding of the continuing obligations.
335. One opposing respondent commented that the proposed amendments to Appendix E5 to the Rules would result in changes to the issuers' and guarantors' obligations pursuant to the listing agreements that they have entered into¹³⁶. They also reiterated their comments on the scope of guarantors' obligations (see paragraph 129).

Our response and conclusion

336. In view of the strong market support, we will adopt the proposal.
337. With regards to one respondent's comment (see paragraph 335), the listing agreement that an issuer and/or a guarantor have entered into should not be regarded as an exhaustive list of regulatory requirements. Under the listing agreement, issuers and guarantors are required to comply with the requirements under the Rules and as imposed by the Exchange from time to time. Please also refer to our response in paragraph 131 regarding the scope of issuers' and guarantors' obligations.

¹³⁵ Question 44 of the Consultation Paper.

¹³⁶ Prior to 31 December 2023, an issuer is required to sign a listing agreement in a form prescribed and provided by the Exchange before the launch of its first structured product to be listed on the Exchange.

E. Factors for Considering Suitability of Overseas Stocks or ETFs and Other Assets

Proposals

338. We proposed to:

- (a) delete the list of general factors used for considering the suitability of structured products linked to overseas stocks in the Rules and move them to the New Product Guide. This would set 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 assets¹³⁷.

Comments received

- 339. 100% of the respondents (23 respondents) supported the proposal. Five respondents did not provide any view or comment.
- 340. Respondents generally agreed that the proposal would facilitate reference by market participants and allow prompt update to reflect market developments.

Our response and conclusion

- 341. In view of the strong market support, we will adopt the proposal.

F. Publication of Announcements and Listing Documents

F.1 Announcements regarding trading arrangement

Proposals

- 342. We proposed to: (a) remove references to “advertisements” from the Rules; and (b) require issuers to agree 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 publication¹³⁸.

Comments received

- 343. 100% of the respondents (23 respondents) supported the proposal. One respondent commented but did not indicate a clear view on the proposal and four respondents did not provide any view or comment.

¹³⁷ Question 45 of Consultation Paper.

¹³⁸ Question 46 of the Consultation Paper.

344. Respondents generally agreed that the proposal aligns with the Exchange's current practice and streamlines publication of announcements regarding trading arrangements.

Our response and conclusion

345. In view of the strong market support, we will adopt the proposal.

F.2 Announcements published during trading hours

Proposals

346. We proposed to allow publication of announcements during trading hours regarding the disruption and resumption of liquidity provision services, and the expiry of CBBCs due to the occurrence of an MCE¹³⁹.

Comments received

347. 100% of the respondents (22 respondents) supported the proposal. One respondent commented but did not indicate a clear view on the proposal and five respondents did not provide any view or comment.
348. Respondents generally agreed the proposal would allow investors to be informed of any disruption to liquidity provision and the occurrence of an MCE in a timely manner. Three respondents supported the proposal on the basis that it remains optional but not mandatory to publish announcements during trading hours.

Our response and conclusion

349. In view of the strong market support, we will adopt the proposal.
350. The proposal is intended to provide additional flexibility (but not a mandatory obligation) for issuers to publish announcements during trading hours regarding the disruption and resumption of liquidity provision services, and the expiry of CBBCs during trading hours due to occurrence of an MCE.

F.3 Announcements relating to expiry of structured products due to MCE

Proposals

351. We proposed 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 the occurrence of an MCE¹⁴⁰.

¹³⁹ Question 47 of the Consultation Paper.

¹⁴⁰ Question 48 of the Consultation Paper.

Comments received

352. 100% of the respondents (20 respondents) supported the proposal. Three respondents commented but did not indicate a clear view on the proposal and five respondents did not provide any view or comment.
353. Respondents generally agreed that the proposal promotes operational efficiency. A few respondents (who did not indicate a clear view) made the following comments and suggestions¹⁴¹:
- (a) one respondent expressed their preference to continue their current practice of grouping all MCEs and residual value with respect to the same trading session and publishing the announcement after the end of such session; and
 - (b) one respondent sought clarification that, if the MCE announcement is to include both the time of occurrence of the MCE and the residual value, whether the announcement should be published after the MCE valuation period.

Our response and conclusion

354. In view of the strong market support, we will adopt the proposal.
355. We expect that an MCE announcement should be published as soon as practicable after the occurrence of MCE. Where residual value is applicable, such an MCE announcement should be published as soon as practicable after the residual value is determined¹⁴². The Exchange will update its FAQs to provide further guidance on the publication timeline of MCE announcements.

F.4 Announcements relating to exercise of rights of holders of structured products

Proposals

356. We proposed to require an announcement mentioned in paragraph 256 of the Consultation Paper to contain, but not be limited to, information regarding: (a) the commencement of the suspension period; (b) (if known) the end of the suspension period; and (c) how the suspension period will affect the exercise rights under the structured products¹⁴³.

¹⁴¹ One supporting respondent reiterated the same suggestion in response to Question 25 to remove “as soon as practicable” from the Rules (see paragraph 208). Please refer to our response and conclusion in paragraph 210(a).

¹⁴² For example, for an R type CBBC linked to a local underlying: (a) if an MCE occurs during the morning trading session, the issuer must publish an announcement containing both the MCE time and the residual value as soon as practicable after the end of the afternoon trading session on the same day; and (b) if an MCE occurs during the afternoon trading session, the issuer must publish this information as soon as practicable after the end of the morning trading session on the following trading day.

¹⁴³ Question 49 of the Consultation Paper.

Comments received

357. 100% of respondents (18 respondents) supported the proposal. Three respondents commented but did not indicate a clear view on the proposal and seven respondents did not provide any view or comment.
358. Respondents generally agreed that the proposal aligns with the current practice and clarifies the Exchange's expectation.
359. One respondent sought clarification on: (i) whether the proposal refers to a suspension resulting from a suspension of the underlying assets; and (ii) in respect of paragraph 25(2) of Appendix E5 to the Rules, whether an issuer is still required to send notice to holders of the listed securities prior to the commencement of a suspension period if such an issuer has already published the suspension announcement on the Exchange's website.
360. Another respondent sought clarification on whether the proposed requirement would only be applicable to the situation where the underlying assets are subject to a prolonged suspension that affects cash settlement when the structured product expires during such a suspension.

Our response and conclusion

361. With regards to the clarifications sought by the respondents (see paragraphs 359 and 360):
- (a) the proposed requirement covers any type of suspension that could affect the rights of holders of structured products, irrespective of the reason for such suspension; and
 - (b) consistent with the current Rules¹⁴⁴, an issuer is required to also send notice to holders of the structured products prior to the commencement of the suspension period (in addition to the suspension announcement) in the event that the whole or part of such suspension period is prior to and including the last date for exercise of the structured products.
362. In view of the strong market support, we will adopt the proposal.

F.5 Publication time of listing documents

Proposals

363. We proposed to require the publication of listing documents as soon as practicable after the Exchange has confirmed it has no comments on the document¹⁴⁵.

¹⁴⁴ Paragraph 25(2) of Appendix E5 to the Rules.

¹⁴⁵ Question 50 of the Consultation Paper.

Comments received

364. 95% of the respondents (19 respondents) supported the proposal and 5% (one respondent) opposed it¹⁴⁶. Two respondents commented but did not indicate a clear view on the proposal and six respondents did not provide any view or comment.
365. Supporting respondents generally agreed that the proposal aligns with the current practice.

Our response and conclusion

366. In view of the strong market support, we will adopt the proposal.

G. Alignment of Rule Requirements with respect to Issuers and Guarantors

G.1 Due incorporation and acceptance of responsibility for listing document disclosures

Proposals

367. We proposed 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 to be in conformity with those laws and their memorandum and articles of association or equivalent documents; and (b) to accept responsibility for information in relation to the guarantors contained in the listing document¹⁴⁷.

Comments received

368. 100% of the respondents (22 respondents) supported the proposal. Six respondents did not provide any view or comment.
369. Respondents generally agreed that the proposal aligns the requirements with respect to issuers and guarantors in the Rules.

Our response and conclusion

370. In view of the strong market support, we will adopt the proposal.

G.2 Other financial information and standard of interim financial reports

Proposals

371. We proposed to require guarantors to: (a) publish full details of any other financial information they may provide to any other exchange or market; and (b) prepare the

¹⁴⁶ The opposing respondent reiterated the same suggestion to remove “as soon as practicable” from the Rules (see paragraph 208).

¹⁴⁷ Question 51 of the Consultation Paper.

interim financial reports and statement referred to in the Rules in accordance with the guarantors' usual accounting policies and procedures¹⁴⁸.

Comments received

372. 84% of the respondents (16 respondents) supported the proposal and 16% (three respondents) opposed it. Two respondents commented but did not indicate a clear view on the proposal and seven respondents did not provide any view or comment¹⁴⁹.
373. Supporting respondents generally agreed that the proposal aligns the requirements with respect to issuers and guarantors in the Rules.
374. Three opposing respondents disagreed with the proposed requirement to publish "full details of any other financial information the guarantors may provide to any other exchange or market". They commented that the proposal would be burdensome and impractical, especially for international financial institutions subject to different regulatory requirements in multiple jurisdictions.
375. Two respondents sought clarification on whether the proposal refers to the relevant financial information in full text with translation, or whether a web link to such financial information would suffice.
376. Two respondents commented that entities acting as guarantors may not otherwise be required to prepare interim financial reports, and the proposal will therefore impose an additional administrative and compliance burden upon them. One respondent suggested following the other overseas exchanges which do not require the preparation of interim financial reports.

Our response and conclusion

377. The proposed publication requirement will apply to both issuers and guarantors (rather than issuers only under the current Rules). For guarantors that are regulated financial institutions in other jurisdictions and/or listed on other exchanges, a range of routine disclosures and reports may be required under the relevant listing rules and banking regulations. To ensure that investors of structured products have access to information while not imposing undue administrative burden (e.g. translation) and requiring immaterial information, the Exchange will modify the proposed Rule amendments to align with the disclosure standard under Rule 15A.66 of the Rules. Issuers and guarantors (in the case of guaranteed issues) will be required to publish full details of any other financial information they provide to any other exchange or market to the extent such information is necessary to enable an investor to make an informed assessment of the financial position of the issuer or, as the case may be, the guarantor and of the structured products.
378. Notwithstanding that interim financial reports of guarantors may not be required by the Selected Overseas Exchanges, we consider that interim financial reports of guarantors

¹⁴⁸ Question 52 of the Consultation Paper.

¹⁴⁹ One opposing respondent reiterated the same suggestion to remove "as soon as practicable" from the Rules (see paragraph 208).

are important for investors' investment decision making, especially where the issuer is a special purpose vehicle lacking substantive assets or operations itself.

379. In view of the majority support from the respondents, we will adopt the proposal with the amendments stated in paragraph 377. In addition, we will modify the proposed amendments to paragraph 11(1)(c) of Appendix D1D and paragraph 5(3) of Appendix E5 to the amended Rules (see Part B of Appendix III) to clarify that any interim financial reports and statements of an issuer and a guarantor should be prepared in accordance with the issuer's and the guarantor's respective usual accounting policies and procedures.

H. Changes in terms of Structured Products

Proposals

380. We proposed 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 change¹⁵⁰.

Comments received

381. 100% of the respondents (23 respondents) supported the proposal. Two respondents commented but did not indicate a clear view on the proposal and three respondents did not provide any view or comment.
382. Respondents generally agreed that the proposal would facilitate investor protection. One respondent sought clarification on whether "any proposed changes in the terms of conversion or in the terms of the exercise" under the proposal is intended to refer specifically to changes arising from corporate actions affecting the underlying assets.

Our response and conclusion

383. In view of the strong market support, we will adopt the proposal.
384. With regards to the clarification sought by one respondent (see paragraph 382), "any proposed changes in the terms of conversion or in the terms of the exercise" is not confined to changes arising from corporate actions affecting the underlying assets. It is intended to cover any change to the terms of conversion or exercise that may impact the rights of holders of structured products.

¹⁵⁰ Question 53 of the Consultation Paper.

I. Eligible Underlying Assets for Structured Product Issuances

Proposals

385. We proposed 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 Exchange¹⁵¹.

Comments received

386. 100% of the respondents (23 respondents) supported the proposal. Five respondents did not provide any view or comment.
387. Respondents generally agreed that the proposal aligns with the current practice and clarifies the Exchange's expectation.

Our response and conclusion

388. In view of the strong market support, we will adopt the proposal.

J. Marketing of Structured Products

J.1 Compliance with guidelines relating to marketing

Proposals

389. We proposed to require issuers to also comply with guidelines published by other regulatory bodies relating to the marketing of structured products¹⁵².

Comments received

390. 96% of the respondents (22 respondents) supported the proposal and 4% (one respondent) opposed it. One respondent commented but did not indicate a clear view on the proposal and four respondents did not provide any view or comment.
391. Supporting respondents generally agreed that the proposal aligns with the Exchange's current expectation as well as the prevailing market practice and standards. It provides certainty as to issuers' regulatory obligations relating to the marketing of structured products.
392. One opposing respondent commented whether an issuer complies with the guidelines published by any other regulatory body should be subject to discussion between the issuer and the relevant regulatory body only.

¹⁵¹ Question 54 of the Consultation Paper.

¹⁵² Question 55 of the Consultation Paper.

Our response and conclusion

393. In view of the strong market support, we will adopt the proposal.
394. It is the issuers' responsibility to identify all applicable laws, regulations, rules and guidelines that apply to them. Where necessary, issuers are encouraged to seek legal advice to ensure full compliance.

J.2 Continuing compliance with relevant laws and regulations

Proposals

395. We proposed to also require issuers to comply with the relevant laws, regulations, rules and guidelines relating to the marketing of structured products that apply to them at all times¹⁵³.

Comments received

396. 100% of the respondents (24 respondents) supported the proposal. Four respondents did not provide any view or comment.
397. Respondents generally agreed that the proposal aligns with the Exchange's expectation and current practice.

Our response and conclusion

398. In view of the strong market support, we will adopt the proposal.

K. Issuance of structured products linked to an issuer's own securities or the securities of its group companies

Proposals

399. We proposed to prohibit the issuance of structured products linked to an issuer's own securities or the 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 control¹⁵⁴.

Comments received

400. 100% of the respondents (22 respondents) supported the proposal. Six respondents did not provide any view or comment.
401. Respondents generally agreed that the proposal protects investors' interests by reducing conflicts of interests.

¹⁵³ Question 56 of the Consultation Paper.

¹⁵⁴ Question 57 of the Consultation Paper.

Our response and conclusion

402. In view of the strong market support, we will adopt the proposal.

L. Eligibility of government or government-backed entities

Proposals

403. We proposed 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 rating¹⁵⁵.

Comments received

404. 96% of the respondents (23 respondents) supported the proposal and 4% (one respondent) opposed it. Four respondents did not provide any view or comment.

405. Respondents generally agreed that the proposal aligns with the Exchange's expectation that all issuers of non-collateralised structured products (including government or government-backed entities) should fulfil the same issuer eligibility requirements.

406. The respondent opposing the proposal did not provide substantive reasons.

Our response and conclusion

407. In view of the strong market support, we will adopt the proposal.

M. Eligibility of issuers regulated by the HKMA

Proposals

408. We proposed 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 as a condition of the Exchange considering any application it makes for listing structured products¹⁵⁶.

Comments received

409. 100% of the respondents (22 respondents) supported the proposal. One respondent commented but did not indicate a clear view on the proposal and five respondents did not provide any view or comment.

410. Respondents generally agreed that the proposal aligns with the notification requirements with respect to issuers regulated by the Hong Kong regulatory authorities. One

¹⁵⁵ Question 58 of the Consultation Paper.

¹⁵⁶ Question 59 of the Consultation Paper.

respondent sought clarification on whether the proposal is applicable to new applicants only.

Our response and conclusion

411. In view of the strong market support, we will adopt the proposal.
412. With regards to the clarification sought by one respondent (see paragraph 410), the proposed requirements apply to new applicants only.

N. Publication of eligible underlying assets

N.1 Publication of the list of eligible underlying assets

Proposals

413. We proposed to clarify in the Rules that the list of eligible underlying stocks (which include ETFs) that are listed on the Exchange, which is currently published at approximately quarterly intervals, may also be published at shorter intervals as the Exchange may determine from time to time. We sought comments on whether the drafting of the proposed amendments will give rise to any ambiguities or unintended consequences¹⁵⁷.

Comments received

414. 100% of the respondents who commented (nine respondents) agreed with the proposed amendments or did not have any objection. They generally agreed that the proposal would allow the Exchange to update the list of eligible underlying assets at shorter intervals when appropriate, thereby enhancing market responsiveness and promoting efficient product development.
415. Two respondents sought clarification on whether the Exchange will notify issuers before the publication of an updated list. One respondent also commented that the same approach should apply to eligible underlying stocks listed on foreign exchanges.

Our response and conclusion

416. We will proceed with the proposed amendments to the Rules.
417. With regards to the respondents' comments (see paragraph 415), the Exchange will continue the current practice and inform issuers upon publication of such a list on the Exchange's website. Please also refer to paragraph 421 regarding the publication of other lists of eligible underlying assets (e.g. stocks which are listed on foreign exchanges).

N.2 Publication of additional eligible underlying assets

¹⁵⁷ Question 60 of the Consultation Paper.

Proposals

418. In addition to the list that the Exchange currently publishes at approximately quarterly intervals (as referred to in paragraph 413), the Exchange also proposed 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. We sought comments on whether the drafting of the proposed amendments will give rise to any ambiguities or unintended consequences.¹⁵⁸

Comments received

419. 100% of the respondents who commented (nine respondents) welcomed and agreed with the proposed amendments. They generally agreed that the proposal enhances market responsiveness and ensures that issuers and investors have timely access to updated information.
420. Two respondents sought clarification on whether the Exchange will notify issuers before the publication of any updated list of additional eligible underlying assets.

Our response and conclusion

421. In view of the respondents' feedback, we will proceed with the proposed amendments to the Rules. Similar to paragraph 417, the Exchange will inform issuers upon publication on the Exchange's website of any list of additional eligible underlying assets.

O. Content requirement for Launch Announcements

Proposals

422. We proposed to repeal the requirement to include parameters covering implied volatility, gearing, effective gearing, premium and yield in Launch Announcements as they are calculated based on market conditions on the Launch Date and may have changed on the listing date in line with market movements¹⁵⁹.

Comments received

423. 100% of the respondents (23 respondents) supported the proposal. Five respondents did not provide any view or comment.
424. Respondents generally agreed that the proposal will remove the need to disclose outdated information in listing documents. One respondent sought clarification on whether the proposal is also applicable to SLDs.

¹⁵⁸ Question 61 of the Consultation Paper.

¹⁵⁹ Question 62 of the Consultation Paper.

Our response and conclusion

425. In view of the strong market support, we will adopt the proposal.
426. With regards to the clarification sought by one respondent (see paragraph 424), the Exchange will proceed with the proposal to remove the requirement to publish Launch Announcements and will also remove the requirement to disclose the parameters referred to in paragraph 422 in a stand alone listing document and an SLD (see paragraphs 244 to 248). Therefore, such parameters will not be required to be disclosed in SLDs.

P. Content and display requirement for listing documents

P.1 Credit rating

Proposals

427. We proposed to: (a) remove the awarding date of a 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 adopted¹⁶⁰.

Comments received

428. 90% of the respondents (19 respondents) supported the proposal and 10% (two respondents) opposed it. Two respondents commented but did not indicate a clear view on the proposal and five respondents did not provide any view or comment.
429. Two respondents suggested (a) disclosing the credit ratings of the issuers, guarantors, or their respective Holding Companies (as the case may be) in base listing documents and (b) disclosing the most up-to-date credit ratings by way of web links to the websites of the issuers, guarantors, or their respective Holding Companies (or other appropriate source) in the SLDs. This would keep investors informed while avoiding the need to update SLDs every time a credit rating is changed.
430. Two opposing respondents repeated the same comment they made in response to Question 12 of the Consultation Paper regarding the proposed mandatory credit rating requirement (see paragraph 116).

Our response and conclusion

431. In view of the strong market support, we will adopt the proposal.
432. Credit rating information of issuers, guarantors or their respective Holding Companies (where applicable) is required to be disclosed explicitly in the listing documents to

¹⁶⁰ Question 63 of the Consultation Paper.

provide investors with such information as of the date of the listing documents. Issuers are responsible for any material misstatements or omission in the information disclosed in the listing documents¹⁶¹. It would not be sufficient for issuers and (if any) guarantors to discharge their disclosure obligations by referencing the websites only (see paragraph 429), particularly in case of any downgrade. That said, we welcome the additional inclusion in the listing documents of such website references, on a voluntary basis, to provide more information to investors.

433. In respect of the comments regarding the proposed mandatory credit rating requirement, please refer to our response and conclusion in paragraphs 118 to 120.

P.2 Rights of the holders of structured products

Proposals

434. We proposed to also require disclosure, in listing documents, of 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 product¹⁶².

Comments received

435. 95% of the respondents (21 respondents) supported the proposal and 5% (one respondent) opposed it. Two respondents commented but did not indicate a clear view on the proposal and four respondents did not provide any view or comment.
436. Supporting respondents generally agreed that the proposal enhances investor protection.
437. Two respondents¹⁶³ took the view that the current disclosure requirement is sufficient. One opposing respondent commented that requiring additional legal advice on the relevant insolvency laws may be unduly burdensome to issuers. They thought the current disclosure requirements are sufficient to inform investors of the relevant risks, and the further requirements may not bring much additional value while increasing compliance costs.

Our response and conclusion

438. In view of the strong market support, we will adopt the proposal.
439. With regards to the respondents' comments (see paragraph 437), the proposal is intended to enhance current disclosure requirements and clarify the Exchange's

¹⁶¹ In addition, issuers and/or guarantors are required to inform the Exchange and announce any downgrade in credit ratings (including any downgrade in rating outlook) of an issuer and/or a guarantor (and where credit ratings of Holding Companies are relied upon by the issuers or the guarantors for their eligibility assessment, the relevant Holding Companies) as disclosed in the listing documents. Please see paragraphs 198 to 204 and 226 to 232.

¹⁶² Question 64 of the Consultation Paper.

¹⁶³ Including one opposing respondent and one respondent who did not indicate a clear view.

expectation. As stated in the Consultation Paper¹⁶⁴, the proposed requirement helps investors' understanding and awareness of their entitlements and of potential risks in the event of an administration or an analogous action of the issuer.

P.3 Declaration regarding the information in base listing documents

Proposals

440. We proposed to:

- (a) in addition to including details of any changes to the information contained in a base listing document, mandate a declaration by the issuer in an 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 a 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 misleading¹⁶⁵.

Comments received

- 441. 85% of the respondents (17 respondents) supported the proposal and 15% (three respondents) opposed it. One respondent commented but did not indicate a clear view on the proposal and seven respondents did not provide any view or comment.
- 442. Supporting respondents generally agreed with the rationale of the proposal to provide certainty to investors in respect of the truthfulness, accuracy and completeness of the information contained in the SLDs and supplementary listing documents.
- 443. Four respondents¹⁶⁶ suggested deleting "*and there are no other matters the omission of which would make the [supplementary listing document/SLD] or any statement therein misleading*" from the issuer's declaration.
- 444. One supporting respondent reiterated the same suggestion in response to Question 33 of the Consultation Paper (see paragraph 257(a)) to align the issuer's declaration with the responsibility statement required under paragraph 1(b) of Appendix D1D to the Rules.

¹⁶⁴ Paragraph 299 of the Consultation Paper.

¹⁶⁵ Question 65 of the Consultation Paper.

¹⁶⁶ Including one supporting respondent, two opposing respondents and one respondent who did not indicate a clear view.

Our response and conclusion

445. In view of the strong market support, we will adopt the proposal.
446. With regards to the respondents' suggestion (see paragraph 443), the proposed issuers' declaration aligns with the content requirements of supplementary listing documents and SLDs under the Rules and also reflects the Exchange's expectation. Since issuers are required to disclose details of any changes to the information contained in a base listing document, they should be able to declare that there are no other matters the omission of which would make the supplementary listing document/SLD or any statement therein misleading.
447. With regards to the reiterated suggestion in response to Question 33 of the Consultation Paper (see paragraph 444), please refer to our response and conclusion in paragraph 259(a).

P.4 Financial statements

Proposals

448. We proposed, in the case of a guaranteed issue, to require disclosure of financial information set out in paragraph 303 of the Consultation Paper in respect of both the issuer and the guarantor¹⁶⁷.

Comments received

449. 95% of the respondents (20 respondents) supported the proposal and 5% (one respondent) opposed it. Two respondents commented but did not indicate a clear view on the proposal and five respondents did not provide any view or comment.
450. Supporting respondents generally agreed that the proposal enhances investor protection as the financial information of both the issuer and the guarantor is relevant to investors in the case of a guaranteed issue.
451. One respondent sought clarification on whether the proposal applies only to the extent that such financial information is available (e.g. whether consolidated financial statements of the issuer are required if such an issuer does not have any subsidiaries).
452. The respondent opposing the proposal did not provide substantive reasons.

Our response and conclusion

453. As stated in paragraph 171, we will modify the proposed Rule amendments to clarify that an issuer or a guarantor is required to disclose consolidated financial information only if it is a holding company with subsidiary(ies). Please also refer to paragraph 379 regarding the clarification changes to paragraph 11(1)(c) of Appendix D1D to the amended Rules (see Part B of Appendix III).

¹⁶⁷ Question 66 of the Consultation Paper.

454. In view of the strong market support, we will adopt the proposal with the amendments as stated in paragraph 453.

P.5 Display of listing documents

Proposals

455. We proposed 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 Exchange¹⁶⁸.

Comments received

456. 95% of the respondents (18 respondents) supported the proposal and 5% (one respondent) opposed it. Three respondents commented but did not indicate a clear view on the proposal and six respondents did not provide any view or comment.

457. Supporting respondents generally supported the rationale of the proposal. Two respondents who did not indicate a clear view on the proposal commented that there is currently no stand alone issuance in the market.

458. The respondent opposing the proposal did not provide substantive reasons.

Our response and conclusion

459. In view of the strong market support, we will adopt the proposal.

Q. Language requirement for documents

Proposals

460. We proposed to require issuers to publish the documents (as set out in paragraph 309 of the Consultation Paper)¹⁶⁹ in both English and Chinese language¹⁷⁰.

Comments received

461. 64% of the respondents (14 respondents) supported the proposal and 36% (eight respondents) opposed it. One respondent commented but did not indicate a clear view on the proposal and five respondents did not provide any view or comment.

462. Supporting respondents generally agreed that the proposal facilitates investors' access to information.

463. Opposing respondents made the following comments:

¹⁶⁸ Question 67 of the Consultation Paper.

¹⁶⁹ The documents include, where applicable, (a) directors' reports, (b) annual accounts, (c) interim reports, (d) quarterly financial reports, (e) circulars to holders, (f) base listing documents, (g) SLDs and (h) any subsequent amendments to listing documents.

¹⁷⁰ Question 68 of the Consultation Paper.

- (a) three respondents commented that the items under paragraph 309(a) to (d) of the Consultation Paper should not be required to be published in English and Chinese. They noted that the current “offering regime” in Hong Kong already requires updated financial statements included in the product offering documents to be in English and Chinese. This enables investors to make informed investment decisions. Mandating full translation of financial documents beyond what is already included in the product offering documents would impose substantial burden on issuers without commensurate benefits to investors¹⁷¹; and
- (b) two respondents suggested keeping the bilingual publication requirement as a policy expectation of the Exchange instead of a Rule requirement. One respondent suggested that the requirement should not be mandatory, and issuers should have the discretion to provide translation of the documents in any other language as they see fit or upon request by the investors.

Our response and conclusion

464. As stated in the Consultation Paper¹⁷², the publication of documents in English and Chinese is important for investors in Hong Kong (where both English and Chinese are official languages carrying equal legal status) to assess the business and financial conditions of the issuers and guarantors (if applicable) from time to time. We wish to clarify that this proposal on bilingual publication is not intended to expand the scope of information that issuers and guarantors (if applicable) are currently providing to investors in practice.
465. In view of the majority support from the respondents, we will adopt the proposal.

R. Documentary requirement for launching stand alone issuance

Proposals

466. We proposed 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 a 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 date¹⁷³.

Comments received

467. 94% of the respondents (17 respondents) supported the proposal and 6% (one respondent) opposed it. Three respondents commented but did not indicate a clear view on the proposal and seven respondents did not provide any view or comment.

¹⁷¹ Such respondents have not provided further elaboration on the “offering regime” in Hong Kong as referred to in their responses. For reference, the SIP Code has imposed similar dual language requirements on issuers and guarantors (if any) of unlisted structured products to disclose financial reports and accounts in offering documents (e.g. paragraphs 26 to 30 of Appendix C of the SIP Code) and make available financial information to investors on a continuing basis (e.g. paragraph 7.6 of the SIP Code) in English and Chinese languages.

¹⁷² Paragraph 311 of the Consultation Paper.

¹⁷³ Question 69 of the Consultation Paper.

468. Supporting respondents generally agreed with the rationale of the proposal. Three respondents who did not indicate a clear view on the proposal reiterated the same comments regarding stand alone listing documents (see paragraph 457).

469. The respondent opposing the proposal did not provide substantive reasons.

Our response and conclusion

470. In view of the strong market support, we will adopt the proposal.

S. Requirement for collateralised issues

S.1 In respect of issuers' eligibility

Proposals

471. We proposed, 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 opportunity¹⁷⁴.

Comments received

472. 95% of the respondents (19 respondents) supported the proposal and 5% (one respondent) opposed it. One respondent commented but did not indicate a clear view on the proposal and seven respondents did not provide any view or comment.

473. Supporting respondents generally agreed that the proposal enhances the Exchange's regulatory oversight.

474. The respondent opposing the proposal did not provide substantive reasons.

Our response and conclusion

475. In view of the strong market support, we will adopt the proposal.

S.2 In respect of collateral

Proposals

476. We proposed to:

- (a) 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

¹⁷⁴ Question 70 of the Consultation Paper.

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 collateral with a generic reference to “such other party as agreed by the Exchange” and (ii) define such party or independent trustee as “collateral holder”¹⁷⁵.

Comments received

- 477. 94% of the respondents (17 respondents) supported the proposal and 6% (one respondent) opposed it. Two respondents commented but did not indicate a clear view on the proposal and eight respondents did not provide any view or comment.
- 478. Supporting respondents generally agreed that the proposal provides more flexibility to cater for different security arrangements that may be put in place for specific types of collateral and thereby promoting market development.
- 479. One respondent commented that for certain collateralised issuances in the market, the collateral may be dynamically managed within a specific segregated account while the account is collateralised up to the market value of the relevant products. As such, it may not be practical for the collateral to be ring-fenced at all times.
- 480. The respondent opposing the proposal did not provide substantive reasons.

Our response and conclusion

- 481. In view of the strong market support, we will adopt the proposal.
- 482. With regards to one respondent’s comment (see paragraph 479), our proposal requires that the collateral arrangement mechanism (including the title to, and control of, collateral assets, the criteria for eligible collateral assets, etc.) be defined to ensure that the collateral is clearly identified, properly segregated and ring-fenced. The collateral assets do not have to be static, and the composition of the collateral assets can be dynamically managed and changed within the parameters of the collateral arrangement approved by the Exchange.

S.3 In respect of trustee, custodian or depository

Proposal

- 483. We proposed 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 as an institution fulfilling the minimum eligibility criteria under the

¹⁷⁵ Question 71 of the Consultation Paper.

Trustee Ordinance may not be considered sizeable enough to be a trustee for the purposes of Chapter 15A of the Rules¹⁷⁶.

Comments received

484. 94% of the respondents (17 respondents) supported the proposal and 6% (one respondent) opposed it. Three respondents commented but did not indicate a clear view on the proposal and seven respondents did not provide any view or comment.
485. Supporting respondents generally agreed with the proposal and that it also aligns with the requirement under the SIP Code.
486. The respondent opposing the proposal did not provide substantive reasons.

Our response and conclusion

487. In view of the strong market support, we will adopt the proposal.

S.4 In respect of change in collateral arrangements

Proposal

488. We proposed to require an issuer, 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. An issuer must not proceed with any proposed changes until the Exchange has confirmed to the issuer that it has no comments¹⁷⁷.

Comments received

489. 89% of the respondents (17 respondents) supported the proposal and 11% (two respondents) opposed it. One respondent commented but did not indicate a clear view on the proposal and eight respondents did not provide any view or comment.
490. Supporting respondents generally agreed that the proposal enhances investor protection.
491. Opposing respondents commented that the proposal imposes restrictions on the issuers' flexibility to change collateral. While they acknowledged the importance of transparency and regulatory oversight, they took the view that current Rule 15A.48 already provides the Exchange with the power to impose additional requirements and therefore, the proposed amendments to paragraph 8C of Appendix E5 to the Rules may not be necessary.

¹⁷⁶ Question 72 of the Consultation Paper.

¹⁷⁷ Question 73 of the Consultation Paper.

Our response and conclusion

492. In view of the strong market support, we will adopt the proposal.
493. With regards to the respondents' comment (see paragraph 491), the proposed requirement refers to any proposed changes in the collateral arrangement such as the criteria for eligible collateral assets (e.g. the nature or minimum credit ratings of the eligible collateral assets). The proposal does not restrict any change of collateral within the parameters under the collateral arrangement as approved by the Exchange.

S.5 In respect of listing documents

Proposal

494. We proposed to require that, in the case of an issue of collateralised structured products, the listing document must contain such information on 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 products¹⁷⁸.

Comments received

495. 79% of the respondents (15 respondents) supported the proposal and 21% (four respondents) opposed it. One respondent commented but did not indicate a clear view on the proposal and eight respondents did not provide any view or comment.
496. Supporting respondents generally agreed that the proposal provides clarity on the disclosure requirements relating to collateralised structured products.
497. Two opposing respondents noted that it is difficult to assess the practical implications of the proposal as there is currently no issued collateralised structured product in the market. They suggested that the disclosure requirement under the Rules should be generic so that issuers may further discuss with the Exchange the specific content requirement, when necessary.
498. One opposing respondent also commented that the proposed disclosure requirement is not required for unlisted structured products under the SIP Code.

Our response and conclusion

499. In view of the strong market support, we will adopt the proposal.
500. As stated in the Consultation Paper¹⁷⁹, the proposal is intended to clarify the Exchange's regulatory expectation on the content requirements for listing documents concerning collateralised structured products. We believe the proposed requirement is sufficiently generic and does not impose any specific restrictions with respect to any particular type of collateral arrangement.

¹⁷⁸ Question 74 of the Consultation Paper.

¹⁷⁹ Paragraph 330 of the Consultation Paper.

501. With regards to one respondent's comment (see paragraph 498), we note that the SIP Code also requires information on collateral and collateral arrangements to be disclosed in the offering documents for unlisted structured products¹⁸⁰.

T. Requirement for withdrawal of listing

Proposal

502. In respect of the application for withdrawal of listing of a structured product prior to expiry or maturity where the structured product is held entirely by the issuer or members of the issuer's group, we proposed 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 them¹⁸¹.

Comments received

503. 95% of the respondents (21 respondents) supported the proposal and 5% (one respondent) opposed it. One respondent commented but did not indicate a clear view on the proposal and five respondents did not provide any view or comment.
504. Supporting respondents generally agreed that the proposal provides clarity on the issuers' obligations in respect of withdrawal of listing.
505. One respondent sought clarification on whether the Rules would prohibit any withdrawal of listing in the event of early termination as permitted under the terms and conditions of the structured products.
506. The respondent opposing the proposal did not provide substantive reasons.

Our response and conclusion

507. In view of the strong market support, we will adopt the proposal.
508. With regards to the clarification sought by one respondent (see paragraph 505), the Rules allow for early withdrawal of listings of structured products held entirely by the issuer or members of the issuer's group (i.e. no outstanding position). In principle, the Rules do not restrict any contractual rights to early termination or settlement of all outstanding positions under the terms and conditions of the structured products prior to the withdrawal of listing.

U. Requirement for liquidity provider

Proposal

509. We proposed 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

¹⁸⁰ Paragraphs 5.18 to 5.19 of the SIP Code.

¹⁸¹ Question 75 of the Consultation Paper.

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 Exchange¹⁸².

Comments received

- 510. 95% of the respondents (19 respondents) supported the proposal and 5% (one respondent) opposed it. Three respondents commented but did not indicate a clear view on the proposal and five respondents did not provide any view or comment.
- 511. One supporting respondent sought clarification on whether the proposed requirement applies retrospectively to existing liquidity providers.
- 512. The respondent opposing the proposal did not provide substantive reasons.

Our response and conclusion

- 513. In view of the strong market support, we will adopt the proposal.
- 514. With regards to the clarification sought by one respondent (see paragraph 511), the proposal applies to new applicants and will not apply retrospectively to existing issuers and liquidity providers.

V. Remove Rules and requirements which are outdated or redundant

Proposals

- 515. We proposed to streamline the Rules by removing those outdated Rules and requirements set out in items (a) to (s) in paragraph 337 of the Consultation Paper¹⁸³.

Comments received

- 516. 100% of the respondents (20 respondents) supported the proposal. Two respondents commented but did not indicate a clear view on the proposal and six respondents did not provide any view or comment.
- 517. One supporting respondent suggested that the Exchange sets out the requirements regarding operational arrangements with respect to the relevant structured products in the respective Product Sheets.

Our response and conclusion

- 518. In view of the strong market support, we will adopt the proposal.

¹⁸² Question 76 of the Consultation Paper.

¹⁸³ Question 77 of the Consultation Paper.

519. With regards to one respondent's suggestion (see paragraph 517), we have been providing guidance, and will continue to do so, on operational arrangements to the market from time to time where necessary.

W. Housekeeping Rule amendments

Proposals

520. We sought comment on whether the proposed housekeeping Rule amendments as set out in paragraph 338 of the Consultation Paper will give rise to any ambiguities or unintended consequences¹⁸⁴.

Comments received

521. 100% of the respondents who commented (five respondents) indicated that they are supportive or do not object to the proposed housekeeping Rule amendments. One respondent acknowledged that the proposed amendments aim to improve clarity and do not involve any change in the policy direction.

522. Another respondent commented that the proposed amendment to Rule 15A.47(5) appears to apply to European-style products only and does not apply to American-style products.

Our response and conclusion

523. We will proceed with the proposed amendments to the Rules. With regards to one respondent's comment (see paragraph 522), Rule 15A.47(5) (as amended) also applies to American-style products in the scenario of an automatic exercise on expiry or maturity.

524. In addition to the Rule amendments proposed in the Consultation Paper, we will make further housekeeping amendments to the Rules to improve clarity¹⁸⁵. Such amendments do not involve any change in policy direction.

¹⁸⁴ Question 78 of the Consultation Paper.

¹⁸⁵ Rules 15A.13(1) (applicable to the Chinese version only), 15A.30 and 15A.70, paragraphs 1(b) (applicable to the Chinese version only), 11(2), 12, 21 (applicable to the English version only), 22 (applicable to the English version only), 23 (applicable to the Chinese version only), 27(3) and 31(3) (applicable to the English version only) of Appendix D1D, paragraph 5(1)(a), 5(1)(c) (applicable to the Chinese version only), 27C (applicable to the Chinese version only) and note 1 to paragraph 26(2) of Appendix E5 to the amended Rules (see Part B of Appendix III).

APPENDIX I: LIST OF RESPONDENTS

Named Respondents

The following is a list of the nine respondents to the Consultation Paper who have agreed to have their names published:

Organisational respondents

Accounting Firm

Ernst & Young

Law Firm

Deacons

King & Wood (previously named as King & Wood Mallesons)

Professional Body / Industry Association

Asia Securities Industry & Financial Markets Association

Hong Kong Securities Association

The Law Society of Hong Kong

Structured Products Issuer

Guotai Junan Securities (Hong Kong) Limited

Korea Investment & Securities Asia Limited

Macquarie Group

Anonymous Respondents

The following is a breakdown, by category, of the 19 respondents to the Consultation Paper who have opted to remain anonymous:

Category	Number
Organisational respondents	
HKEX Participant	1
Listed Company	2
Structured Products Issuer	7
Others	1
Individual respondents	
Brokerage Firm Staff	1
Listed Company Staff	1
Staff at Structured Products Issuer	2
Investor	3
Others	1

APPENDIX II: QUANTITATIVE ANALYSIS OF RESPONSES

This appendix provides a summary of quantitative responses from the respondents to all questions in the Consultation Paper. The total number of each question includes only respondents who commented on that question. The sum of percentages for each row may not add up to 100% due to rounding.

Consolidated Quantitative Analysis

The table below summaries the quantitative responses to all questions in the Consultation Paper from both organisational and individual respondents.

NO.	QUESTION	YES	%	NO	%	TOTAL
Q1	Do you agree that the minimum issue price for DWs should be lowered from HK\$0.25 to HK\$0.15?	24	100%	0	0%	24
Q2	Do you agree with the proposal to remove the minimum issue price requirement for CBBCs?	23	92%	2	8%	25
Q3	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?	15	68%	7	32%	22
Q4	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?	23	96%	1	4%	24

NO.	QUESTION	YES	%	NO	%	TOTAL
Q5	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?	19	83%	4	17%	23
Q6	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?	22	96%	1	4%	23
Q7	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?	21	95%	1	5%	22
Q8	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?	25	100%	0	0%	25
Q9	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?	22	100%	0	0%	22
Q10	Do you agree that the minimum NAV requirement should be increased from HK\$2 billion to HK\$5 billion?	16	64%	9	36%	25
Q11	Do you agree with the proposal to impose a mandatory requirement that issuers must be Regulated Entities?	22	96%	1	4%	23

NO.	QUESTION	YES	%	NO	%	TOTAL
Q12	<p>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:</p> <p>(a) the issuer (or, in case the issuer is not rated, the issuer's Holding Companies); or</p> <p>(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?</p> <p>and</p> <p>the following disclosures should be included in the listing documents:</p> <p>(c) the credit ratings are for investors' reference only,</p> <p>(d) where the credit rating of the Holding Companies is relied upon by the issuer or the guarantor for eligibility assessment,</p> <p>(i) identify the Holding Companies and describe their relationship with the issuer, and (in case of guaranteed issues) the guarantor; and</p> <p>(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?</p>	12	55%	10	45%	22
Q13	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	16	70%	7	30%	23

NO.	QUESTION	YES	%	NO	%	TOTAL
	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) of the Consultation Paper)?					
Q14	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) of the Consultation Paper); and (b) in such cases, each of the issuer and the guarantor will be required to individually comply with the Rules?	14	64%	8	36%	22
Q15	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?	17	74%	6	26%	23
Q16	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?	19	90%	2	10%	21
Q17	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	21	100%	0	0%	21

NO.	QUESTION	YES	%	NO	%	TOTAL
	the circumstances of the issuer and/or the guarantor as the Exchange may, in its discretion, consider appropriate?					
Q18	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?	15	71%	6	29%	21
Q19	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?	13	57%	10	43%	23
Q20	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?	18	78%	5	22%	23
Q21	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?	18	86%	3	14%	21

NO.	QUESTION	YES	%	NO	%	TOTAL
Q22	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?	18	86%	3	14%	21
Q23	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 of the Consultation Paper in addition to informing the Exchange as soon as practicable?	16	80%	4	20%	20
Q24	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?	14	67%	7	33%	21
Q25	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 of the Consultation Paper in addition to informing the Exchange as soon as practicable?	14	78%	4	22%	18
Q26	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?	16	80%	4	20%	20
Q27	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?	13	62%	8	38%	21

NO.	QUESTION	YES	%	NO	%	TOTAL
Q28	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?	14	64%	8	36%	22
Q29	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 of the Consultation Paper as soon as practicable after the occurrence of such events?	15	75%	5	25%	20
Q30	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 of the Consultation Paper, 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;	N/A	N/A	N/A	N/A	N/A ¹⁸⁶

¹⁸⁶ A total of seven respondents provided comments on this proposal.

NO.	QUESTION	YES	%	NO	%	TOTAL
	<p>(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);</p> <p>(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;</p> <p>(e) the appointment of a liquidity provider that is not a member of the issuer's group requires the Exchange's prior approval; and</p> <p>(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.</p>					

NO.	QUESTION	YES	%	NO	%	TOTAL
	Please provide comments on whether the drafting of the proposed amendments will give rise to any ambiguities or unintended consequences.					
Q31	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?	22	100%	0	0%	22
Q32	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?	24	100%	0	0%	24
Q33	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;	23	100%	0	0%	23

NO.	QUESTION	YES	%	NO	%	TOTAL
	<p>(b) any update to the information as set out in the listing documents for the existing issues;</p> <p>(c) the number of units of the Further Issues to be issued;</p> <p>(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 ;</p> <p>(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;</p> <p>(f) a statement that the Further Issues form a single series with the existing issues;</p> <p>(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</p> <p>(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.</p>					
Q34	Do you agree with the proposal to not require the guarantor to apply for listing of Further Issues?	21	91%	2	9%	23

NO.	QUESTION	YES	%	NO	%	TOTAL
Q35	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?	25	96%	1	4%	26
Q36	With the above proposal, do you agree with the proposal to remove the specific exemption for HSI from the Rule?	24	96%	1	4%	25
Q37	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 of the Consultation Paper. 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?	18	100%	0	0%	18
Q38	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	20	91%	2	9%	22

NO.	QUESTION	YES	%	NO	%	TOTAL
	remove the generic descriptions of structured products and underlying assets in the Rules?					
Q39	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?	21	88%	3	12%	24
Q40	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?	14	78%	4	22%	18
Q41	Do you agree with the proposal to require issuers to submit to the Exchange legal opinions confirming the following:	14	64%	8	36%	22

NO.	QUESTION	YES	%	NO	%	TOTAL
	<p>(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;</p> <p>(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;</p> <p>(c) the issuer is duly incorporated or otherwise established under the laws of the place in which it is incorporated or otherwise established; and</p> <p>(d) such other matters as the Exchange shall require depending on the circumstances of the issuer?</p>					
Q42	<p>Do you agree with the proposal that legal opinions of collateralised issues should also confirm the following:</p> <p>(a) the validity of the proposed trust or other security arrangements and that they are enforceable in accordance with their terms;</p> <p>(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</p> <p>(c) such other matters as the Exchange shall require depending on the circumstances of the issuer and/or the security provider?</p>	18	95%	1	5%	19

NO.	QUESTION	YES	%	NO	%	TOTAL
Q43	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?	17	85%	3	15%	20
Q44	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?	22	96%	1	4%	23
Q45	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?	23	100%	0	0%	23
Q46	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?	23	100%	0	0%	23

NO.	QUESTION	YES	%	NO	%	TOTAL
Q47	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?	22	100%	0	0%	22
Q48	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?	20	100%	0	0%	20
Q49	Do you agree with the proposal to require an announcement mentioned in paragraph 256 to of the Consultation Paper 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?	18	100%	0	0%	18
Q50	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?	19	95%	1	5%	20
Q51	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?	22	100%	0	0%	22
Q52	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	16	84%	3	16%	19

NO.	QUESTION	YES	%	NO	%	TOTAL
	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?					
Q53	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?	23	100%	0	0%	23
Q54	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?	23	100%	0	0%	23
Q55	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?	22	96%	1	4%	23
Q56	Do you agree with the proposal to require issuers to comply with such relevant laws, regulations, rules and guidelines at all times?	24	100%	0	0%	24
Q57	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)	22	100%	0	0%	22

NO.	QUESTION	YES	%	NO	%	TOTAL
	or a company of which the issuer is a controlling shareholder or has effective management control?					
Q58	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?	23	96%	1	4%	24
Q59	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?	22	100%	0	0%	22
Q60	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.	N/A	N/A	N/A	N/A	N/A ¹⁸⁷
Q61	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	N/A	N/A	N/A	N/A	N/A ¹⁸⁸

¹⁸⁷ A total of nine respondents provided comments on this proposal.

¹⁸⁸ A total of nine respondents provided comments on this proposal.

NO.	QUESTION	YES	%	NO	%	TOTAL
	<p>(b) a list of additional eligible underlying assets other than stocks or ETFs that are listed on the Exchange.</p> <p>Please provide comments on whether the drafting of the proposed amendments will give rise to any ambiguities or unintended consequences.</p>					
Q62	Do you agree with the proposal to repeal the requirement to include the parameters as set out in paragraph 291 of the Consultation Paper in Launch Announcements?	23	100%	0	0%	23
Q63	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?	19	90%	2	10%	21
Q64	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?	21	95%	1	5%	22
Q65	<p>Do you agree with the proposal to:</p> <p>(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,</p>	17	85%	3	15%	20

NO.	QUESTION	YES	%	NO	%	TOTAL
	<p>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</p> <p>(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?</p>					
Q66	Do you agree with the proposal that, in the case of a guaranteed issue, the financial information set out in paragraph 303 of the Consultation Paper should be disclosed in respect of both the issuer and the guarantor?	20	95%	1	5%	21
Q67	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?	18	95%	1	5%	19
Q68	Do you agree with the proposal to require issuers to publish the documents as set out in paragraph 309 of the Consultation Paper in both English and Chinese language?	14	64%	8	36%	22
Q69	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	17	94%	1	6%	18

NO.	QUESTION	YES	%	NO	%	TOTAL
	relation to commercial or other information that by its nature can only be finalised and incorporated at a later date?					
Q70	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?	19	95%	1	5%	20
Q71	Do you agree with the proposal to: <ul style="list-style-type: none"> (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”? 	17	94%	1	6%	18

NO.	QUESTION	YES	%	NO	%	TOTAL
Q72	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?	17	94%	1	6%	18
Q73	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?	17	89%	2	11%	19
Q74	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?	15	79%	4	21%	19
Q75	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?	21	95%	1	5%	22
Q76	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?	19	95%	1	5%	20

NO.	QUESTION	YES	%	NO	%	TOTAL
Q77	Do you agree with the proposal to remove the Rules and requirements as set out in items (a) to (s) in paragraph 337 of the Consultation Paper?	20	100%	0	0%	20
Q78	Do you have any comments on whether the proposed housekeeping Rule amendments will give rise to any ambiguities or unintended consequences?	N/A	N/A	N/A	N/A	N/A ¹⁸⁹

¹⁸⁹ A total of five respondents provided comments on this proposal.

Breakdown of Quantitative Analysis

The table below summaries the quantitative responses to all questions in the Consultation Paper, separated by organisational and individual respondents.

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
Q1	Do you agree that the minimum issue price for DWs should be lowered from HK\$0.25 to HK\$0.15?	16	100%	0	0%	16	8	100%	0	0%	8
Q2	Do you agree with the proposal to remove the minimum issue price requirement for CBBCs?	16	94%	1	6%	17	7	88%	1	12%	8
Q3	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?	10	71%	4	29%	14	5	63%	3	37%	8
Q4	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	16	100%	0	0%	16	7	88%	1	12%	8

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	security) in relation to DW and CBBC issuances?										
Q5	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?	13	87%	2	13%	15	6	75%	2	25%	8
Q6	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?	15	100%	0	0%	15	7	88%	1	12%	8
Q7	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?	14	100%	0	0%	14	7	88%	1	12%	8
Q8	Do you agree with the proposal to delete the Prescriptive Product Terms requirements from the Rules and require product issuance be	17	100%	0	0%	17	8	100%	0	0%	8

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	subject to the permitted product terms to be published from time to time by the Exchange?										
Q9	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?	14	100%	0	0%	14	8	100%	0	0%	8
Q10	Do you agree that the minimum NAV requirement should be increased from HK\$2 billion to HK\$5 billion?	10	59%	7	41%	17	6	75%	2	25%	8
Q11	Do you agree with the proposal to impose a mandatory requirement that issuers must be Regulated Entities?	15	100%	0	0%	15	7	88%	1	12%	8
Q12	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	7	50%	7	50%	14	5	63%	3	37%	8

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	<p>the requisite credit ratings should be obtained by:</p> <p>(a) the issuer (or, in case the issuer is not rated, the issuer's Holding Companies); or</p> <p>(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?</p> <p>and</p> <p>the following disclosures should be included in the listing documents:</p> <p>(c) the credit ratings are for investors' reference only,</p> <p>(d) where the credit rating of the Holding Companies is relied upon by the issuer or the guarantor for eligibility assessment,</p> <p>(i) identify the Holding Companies and describe their relationship with the</p>										

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	<p>issuer, and (in case of guaranteed issues) the guarantor; and</p> <p>(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?</p>										
Q13	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) of the Consultation Paper)?	12	80%	3	20%	15	4	50%	4	50%	8
Q14	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) of the	8	57%	6	43%	14	6	75%	2	25%	8

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	Consultation Paper); and (b) in such cases, each of the issuer and the guarantor will be required to individually comply with the Rules?										
Q15	<p>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:</p> <p>(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</p> <p>(b) issuers or (in the case of guaranteed issues) the guarantors shall comply with the Regulated Entity requirement?</p>	11	73%	4	27%	15	6	75%	2	25%	8
Q16	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?	13	93%	1	7%	14	6	86%	1	14%	7

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
Q17	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?	14	100%	0	0%	14	7	100%	0	0%	7
Q18	Do you agree with the following proposals to: <ul style="list-style-type: none"> (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? 	9	64%	5	36%	14	6	86%	1	14%	7

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
Q19	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?	7	44%	9	56%	16	6	86%	1	14%	7
Q20	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?	12	80%	3	20%	15	6	75%	2	25%	8
Q21	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?	11	85%	2	15%	13	7	88%	1	12%	8
Q22	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	11	85%	2	15%	13	7	88%	1	12%	8

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	Exchange and announce as soon as practicable upon any disruption to, or resumption of, liquidity provision services?										
Q23	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 of the Consultation Paper in addition to informing the Exchange as soon as practicable?	10	77%	3	23%	13	6	86%	1	14%	7
Q24	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?	9	64%	5	36%	14	5	71%	2	29%	7
Q25	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 of the Consultation Paper in addition to informing the Exchange as soon as practicable?	9	82%	2	18%	11	5	71%	2	29%	7
Q26	Do you agree with the proposal to require issuers to publish the trading reports on the	11	85%	2	15%	13	5	71%	2	29%	7

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	Exchange's website instead of reporting to the Exchange?										
Q27	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?	8	57%	6	43%	14	5	71%	2	29%	7
Q28	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?	8	57%	6	43%	14	6	75%	2	25%	8
Q29	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 of the Consultation Paper as	9	75%	3	25%	12	6	75%	2	25%	8

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	soon as practicable after the occurrence of such events?										
Q30	<p>The Exchange proposes to clarify in the Rules that:</p> <p>(a) in assessing the suitability or capability of an issuer, in addition to the considerations mentioned in paragraph 169 of the Consultation Paper, 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;</p>	N/A	N/A	N/A	N/A	N/A ¹⁹⁰	N/A	N/A	N/A	N/A	N/A ¹⁹¹

¹⁹⁰ A total of seven organisational respondents provided comments on this proposal.

¹⁹¹ No individual respondent provided comments on this proposal.

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	<p>(b) it may impose restrictions and conditions on the issuance of structured products linked to any eligible underlying assets;</p> <p>(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);</p> <p>(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</p>										

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	<p>and manage structured products issue; or (iii) the issuer is applying to list a new type of structured products;</p> <p>(e) the appointment of a liquidity provider that is not a member of the issuer's group requires the Exchange's prior approval; and</p> <p>(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.</p> <p>Please provide comments on whether the drafting of the proposed amendments will give</p>										

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	rise to any ambiguities or unintended consequences.										
Q31	<p>Do you agree with the proposal to amend the Rules such that:</p> <p>(a) the requirement to publish a Launch Announcement will be removed;</p> <p>(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</p> <p>(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?</p>	14	100%	0	0%	14	8	100%	0	0%	8
Q32	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	16	100%	0	0%	16	8	100%	0	0%	8

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	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?										
Q33	<p>Do you agree with the proposal that the SLDs for Further Issues may contain only the following information:</p> <p>(a) the disclosure specified by the “General Information” and “Other information” sections of Appendix D1D to the Rules;</p> <p>(b) any update to the information as set out in the listing documents for the existing issues;</p> <p>(c) the number of units of the Further Issues to be issued;</p> <p>(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</p>	15	100%	0	0%	15	8	100%	0	0%	8

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	<p>the day on which the Further Issues are launched ;</p> <p>(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;</p> <p>(f) a statement that the Further Issues form a single series with the existing issues;</p> <p>(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</p> <p>(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</p>										

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	the SLD or any statement therein misleading.										
Q34	Do you agree with the proposal to not require the guarantor to apply for listing of Further Issues?	15	100%	0	0%	15	6	75%	2	25%	8
Q35	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?	17	94%	1	6%	18	8	100%	0	0%	8
Q36	With the above proposal, do you agree with the proposal to remove the specific exemption for HSI from the Rule?	16	94%	1	6%	17	8	100%	0	0%	8
Q37	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 of the Consultation Paper. In respect of safeguard (c), the Incentives will not be recovered by the issuers' securities	11	100%	0	0%	11	7	100%	0	0%	7

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	<p>dealing units from their structured product issuance units;</p> <p>(b) where the Incentives relate to specific structured products, such Incentives shall be in the form of fee discounts;</p> <p>(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</p> <p>(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?</p>										
Q38	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	14	100%	0	0%	14	6	75%	2	25%	8

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	descriptions of structured products and underlying assets in the Rules?										
Q39	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?	14	88%	2	12%	16	7	88%	1	12%	8
Q40	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;	8	73%	3	27%	11	6	86%	1	14%	7

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	<p>(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</p> <p>(d) the guarantor is duly incorporated or otherwise established under the laws of the place in which it is incorporated or otherwise established?</p>										
Q41	<p>Do you agree with the proposal to require issuers to submit to the Exchange legal opinions confirming the following:</p> <p>(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;</p> <p>(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</p>	8	53%	7	47%	15	6	86%	1	14%	7

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	<p>creation and issue under such laws or documents have been duly given;</p> <p>(c) the issuer is duly incorporated or otherwise established under the laws of the place in which it is incorporated or otherwise established; and</p> <p>(d) such other matters as the Exchange shall require depending on the circumstances of the issuer?</p>										
Q42	<p>Do you agree with the proposal that legal opinions of collateralised issues should also confirm the following:</p> <p>(a) the validity of the proposed trust or other security arrangements and that they are enforceable in accordance with their terms;</p> <p>(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</p>	12	100%	0	0%	12	6	86%	1	14%	7

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	<p>or equivalent documents have been duly given; and</p> <p>(c) such other matters as the Exchange shall require depending on the circumstances of the issuer and/or the security provider?</p>										
Q43	<p>Do you agree with the proposal to require legal opinions in respect of issuers, guaranteed issues and collateralised issues to be submitted:</p> <p>(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</p> <p>(b) in final form on the date of publication of their respective base listing document or stand alone listing document?</p>	11	85%	2	15%	13	6	86%	1	14%	7
Q44	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?	14	93%	1	7%	15	8	100%	0	0%	8
Q45	Do you agree with the proposal to:	15	100%	0	0%	15	8	100%	0	0%	8

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	<p>(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</p> <p>(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?</p>										
Q46	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?	15	100%	0	0%	15	8	100%	0	0%	8

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
Q47	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?	14	100%	0	0%	14	8	100%	0	0%	8
Q48	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?	12	100%	0	0%	12	8	100%	0	0%	8
Q49	Do you agree with the proposal to require an announcement mentioned in paragraph 256 of the Consultation Paper 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?	11	100%	0	0%	11	7	100%	0	0%	7
Q50	Do you agree with the proposal to require publication of listing documents as soon as	12	92%	1	8%	13	7	100%	0	0%	7

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	practicable after the Exchange has confirmed it has no comments?										
Q51	<p>Do you agree with the proposals to require guarantors:</p> <p>(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</p> <p>(b) to accept responsibility for information in relation to the guarantors contained in the listing document?</p>	15	100%	0	0%	15	7	100%	0	0%	7
Q52	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?	9	75%	3	25%	12	7	100%	0	0%	7

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
Q53	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?	15	100%	0	0%	15	8	100%	0	0%	8
Q54	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?	15	100%	0	0%	15	8	100%	0	0%	8
Q55	Do you agree with the proposal to require issuers to also comply with guidelines	14	93%	1	7%	15	8	100%	0	0%	8

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	published by regulatory bodies relating to the marketing of structured products?										
Q56	Do you agree with the proposal to require issuers to comply with such relevant laws, regulations, rules and guidelines at all times?	16	100%	0	0%	16	8	100%	0	0%	8
Q57	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?	14	100%	0	0%	14	8	100%	0	0%	8
Q58	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?	15	94%	1	6%	16	8	100%	0	0%	8
Q59	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	14	100%	0	0%	14	8	100%	0	0%	8

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	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?										
Q60	<p>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.</p> <p>Please provide comments on whether the drafting of the proposed amendments will give rise to any ambiguities or unintended consequences.</p>	N/A	N/A	N/A	N/A	N/A ¹⁹²	N/A	N/A	N/A	N/A	N/A ¹⁹³
Q61	In addition to the list that the Exchange currently publishes at approximately quarterly intervals, the Exchange also proposes to	N/A	N/A	N/A	N/A	N/A ¹⁹⁴	N/A	N/A	N/A	N/A	N/A ¹⁹⁵

¹⁹² A total of nine organisational respondents provided comments on this proposal.

¹⁹³ No individual respondent provided comments on this proposal.

¹⁹⁴ A total of nine organisational respondents provided comments on this proposal.

¹⁹⁵ No individual respondent provided comments on this proposal.

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	<p>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.</p> <p>Please provide comments on whether the drafting of the proposed amendments will give rise to any ambiguities or unintended consequences.</p>										
Q62	Do you agree with the proposal to repeal the requirement to include the parameters as set out in paragraph 291 of the Consultation Paper in Launch Announcements?	15	100%	0	0%	15	8	100%	0	0%	8
Q63	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	12	92%	1	8%	13	7	88%	1	12%	8

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	listing documents if our proposal on credit rating requirement under issuer eligibility requirements is adopted?										
Q64	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?	13	93%	1	7%	14	8	100%	0	0%	8
Q65	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	10	83%	2	17%	12	7	88%	1	12%	8

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	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?										
Q66	Do you agree with the proposal that, in the case of a guaranteed issue, the financial information set out in paragraph 303 of the Consultation Paper should be disclosed in respect of both the issuer and the guarantor?	13	100%	0	0%	13	7	88%	1	12%	8

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
Q67	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?	11	100%	0	0%	11	7	88%	1	12%	8
Q68	Do you agree with the proposal to require issuers to publish the documents as set out in paragraph 309 of the Consultation Paper in both English and Chinese language?	8	57%	6	43%	14	6	75%	2	25%	8
Q69	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?	10	100%	0	0%	10	7	88%	1	12%	8
Q70	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	13	100%	0	0%	13	6	86%	1	14%	7

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	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?										
Q71	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	11	100%	0	0%	11	6	86%	1	14%	7

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	(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”?										
Q72	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?	10	100%	0	0%	10	7	88%	1	12%	8
Q73	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?	10	83%	2	17%	12	7	100%	0	0%	7

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
Q74	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?	10	83%	2	17%	12	5	71%	2	29%	7
Q75	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?	14	100%	0	0%	14	7	88%	1	12%	8
Q76	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	12	100%	0	0%	12	7	88%	1	12%	8

NO.	QUESTION	ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
	possible of its intention to act as the liquidity provider; and (b) give a copy of such notification to the Exchange?										
Q77	Do you agree with the proposal to remove the Rules and requirements as set out in items (a) to (s) in paragraph 337 of the Consultation Paper?	12	100%	0	0%	12	8	100%	0	0%	8
Q78	Do you have any comments on whether the proposed housekeeping Rule amendments will give rise to any ambiguities or unintended consequences?	N/A	N/A	N/A	N/A	N/A ¹⁹⁶	N/A	N/A	N/A	N/A	N/A ¹⁹⁷

¹⁹⁶ A total of five organisational respondents provided comments on this proposal.

¹⁹⁷ No individual respondent provided comments on this proposal.

APPENDIX III: AMENDMENTS TO THE RULES

Part A

This Part sets out the amendments to the Rules which will come into effect on 1 May 2026.

Chapter 15A

STRUCTURED PRODUCTS

...

Terms and Conditions

15A.36 (1) Structured products listed or to be listed on the Exchange shall be subject to the terms and conditions approved by the Exchange. Modifications to terms and conditions must be approved by the Exchange. Structured products shall be issued in accordance with the permitted product terms for each product type published from time to time by the Exchange. The terms and conditions set out herein are not exhaustive. ~~The Exchange's requirements in respect of minimum issue price and minimum period between listing and expiry or maturity are modified in the case of Emulation Issues.~~

(2) ~~An Emulation Issue~~ emulation issue is a structured product whose product terms (except for issue price and issue size), underlying asset and type (e.g. put or call) are required to be identical to an existing structured product (the "emulated issue") that is ~~already listed on the Exchange at the time the Emulation Issue~~ emulation issue is launched. ~~The expiry or maturity date of the Emulation Issue may be up to five business days before or after that of the emulated issue. Where the underlying asset of the Emulation Issue is a security listed on the Exchange (or listed on another exchange) the exercise or strike price of the Emulation Issue may differ by no more than one spread in the underlying security from that of the emulated issue or by no more than 0.5% in other cases.~~

...

15A.39 ~~[Repealed 1 May 2026]~~ ~~The expected market capitalization of a structured product issue must normally be at least HK\$10 million.~~

...

15A.43 ~~[Repealed 1 May 2026]~~ ~~The minimum issue price of a structured product must be not less than HK\$0.25. The minimum issue price does not apply to the following:—~~

~~(1) Further Issues (as defined in rule 15A.52).~~

~~(2) Emulation Issues (as defined in rule 15A.36(2)) which are subject to a minimum issue price of HK\$0.15.~~

...

Part B

This Part sets out the amendments to the Rules which will come into effect on 1 July 2026.

Chapter 1

GENERAL

INTERPRETATION

...

1.01 Throughout these Rules, the following terms, except where the context otherwise requires, have the following meanings:

...

“structured product”

has the meaning defined in the Securities and Futures Ordinance as amended from time to time

...

Chapter 2

GENERAL

INTRODUCTION

...

Use of Electronic Means

...

2.07C

...

(4) (a) Announcement or notice must not be published on the Exchange's website:

...

except for:

...

(iv) announcements made in response to the Exchange's enquiries of the issuer under rule 13.10 or 37.46A, paragraph 15 of Appendix E3, or paragraph 27 of Appendix E4 or paragraph 26 of Appendix E5 if in the announcement the issuer only provides the negative confirmations required under rule 13.10(2) or 37.46A(b), or paragraph 15 of Appendix E3, or paragraph 27(2) of Appendix E4, or paragraph 26(2) of Appendix E5, or refers to its previously published information; ~~and~~

(v) announcements made in response to media news or reports under rule 13.09(1) or 37.47(b), paragraph 6(3) of Appendix E3 or paragraph 1(1)(a) of Appendix E4 or paragraph 1(1)(a) of Appendix E5 if in the announcement the issuer only denies the accuracy of such news or reports and/or clarifies that only its previously published information should be relied upon; and

(vi) [Repealed 27 June 2025]

(vii) announcements made under paragraph 5A(2)(b) or 12A(3) of Appendix E5.

...

(b) Any publication by an issuer pursuant to this rule 2.07C must be made in both the English and Chinese language unless otherwise stated.

Note: This paragraph does not apply to documents to be published on the Exchange's website and the issuer's own website pursuant to rule 4.14, rule 5.01B(1)(b), rule 5.02B(2)(b), ~~rule 15A.21(4), rule 17.02(2), rule 19.10(5)(e), rule 19.10(6), rule 19C.10B(3), rule 19A.27(4), rule 19A.50, rule 29.09, rule 36.08(3), paragraph 53 of Appendix D1A, paragraph 43 of Appendix D1B, paragraph 54 of Appendix D1C, paragraphs 12 and 27(1) of Appendix D1D, paragraph 76 of Appendix D1E, paragraph 66 of Appendix D1F, and paragraph 9(b)(i) of Appendix A2 and paragraphs 5 and 15 of Appendix E5.~~

...

Chapter 15A

STRUCTURED PRODUCTS

Preliminary

- 15A.01 This Chapter sets out the requirements for the listing of structured products on the Exchange. These products may be listed by the methods, where applicable, set out in Chapter 7. Issuers of structured products are required to provide liquidity for those products. As a consequence, at the time of listing there is no requirement for there to be an adequate spread of holders of the structured product.
- 15A.02 The provisions of this Chapter are not exhaustive. Compliance with the relevant conditions may not of itself ensure the suitability of an issuer, a guarantor (if any), the securities or assets underlying a structured product or of a structured product issue and the Exchange retains an absolute discretion to accept or reject applications for listing. The Exchange may, whenever it considers it appropriate, impose additional requirements, make listing subject to special conditions or ~~or~~ allow waivers from or modifications to the requirements of this Chapter or require an issuer to withdraw the listing of structured 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).
- 15A.03 Prospective issuers should consult the Exchange at the earliest opportunity to seek confidential guidance as to their suitability and the suitability of a guarantor (if any). Approved issuers should consult the Exchange at the earliest opportunity as to the suitability for listing of a proposed structured product.

15A.04 The Listing Committee has delegated to the Executive Director – Listing the power to approve an application for listing of an issue (including Further Issue (as defined in rule 15A.52)) of structured products where the issuer (and, in the case of guaranteed issues, the guarantor) has been approved by the Listing Committee. The Executive Director – Listing may delegate this power within the Listing Division.

Structured Products

15A.05 ~~[Repealed 1 July 2026]~~ Structured products provide the holder of that product with an economic, legal or other interest in another asset (the “underlying asset”) and hence derive their value by reference to the price or value of the underlying asset. Characteristics of these products include, but are not limited to:

- ~~(1) The underlying asset may be a security, index, currency, commodity or other asset or combination of such assets. Where the underlying asset is two or more securities, indices, currencies or other assets the products are generally referred to as “baskets”;~~
- ~~(2) The products may allow investors to purchase the underlying asset at a predetermined price or at a price calculated by reference to a predetermined formula; to sell the underlying asset at a predetermined price or at a price calculated by reference to a predetermined formula; to receive a cash payment (or payments) calculated by reference to the price or value of the underlying asset; or provide holders with other forms of interest in the price or value of the underlying asset;~~
- ~~(3) For the purposes of determining the cash payments to holders of the product the underlying assets may be valued one or more times prior to the final expiry or maturity date, each such time a valuation is performed being referred to in these rules as an interim Valuation Point. Any cash payment calculated at an interim Valuation Point may be distributed to holders after the valuation has been performed or it may be carried forward and aggregated with the cash payments calculated at other Valuation Points (including the Final Valuation Point) before being paid to holders after the final maturity date;~~
- ~~(4) The products may be American style (where exercise is permitted prior to the expiry day), European style (where exercise is only permitted on the maturity date of the product), or other style as approved by the Exchange from time to time;~~
- ~~(5) The products may be collateralised or uncollateralised. Where products are collateralised the issuer owns all of the underlying securities or other assets to which the collateralised product relates and grants a charge over such securities or assets in favour of an independent trustee which acts for the benefit of the holders of that product. Where products are not collateralised the obligations of the issuer are provided for in a form other than by way of a charge over the underlying securities or assets. Non-collateralised products are usually issued by financial institutions which will adopt hedging strategies to provide for their obligations during the life of the non-collateralised product;~~
- ~~(6) The products may require investors to make one or more payments during the life of the product to acquire the underlying securities or assets;~~
- ~~(7) The products may provide for investors to receive an amount equivalent to any dividends (or other distributions) on the underlying asset during the life of the structured product;~~
- ~~(8) The products may or may not be capital protected (i.e. where the issuer guarantees that all or a certain proportion of the initial subscription price for the product will be payable to investors when the product matures);~~

~~(9) The return to investors may be subject to an upper limit (often called a cap) or may also contain “knock in” or “knock out” features-~~

~~Examples of structured products that may be listed on the Exchange include, but are not limited to, derivative warrants and Equity Linked Instruments, both of which are discussed below.~~

15A.06 ~~[Repealed 1 July 2026]~~A derivative warrant gives its holders (“warrantholders”) the right (but not the obligation) either to:—

~~(1) purchase from (“derivative call warrant”) or sell to (“derivative put warrant”) the issuer at a predetermined exercise price or strike price:—~~

~~(a) a specified number of securities issued by a company (or to receive a cash payment calculated by reference thereto); or~~

~~(b) any asset (or to receive a cash payment calculated by reference thereto); or~~

~~(2) receive from the issuer a cash payment equal to the excess (if any) of:—~~

~~(a) in the case of a derivative call warrant, the value of an index relating to securities or assets (or other index) on the date of exercise of the derivative warrant over the exercise price or strike price; or~~

~~(b) in the case of a derivative put warrant, the exercise price or strike price over the value of an index relating to securities or assets (or other index) on the date of exercise of the derivative warrant~~

~~during a predetermined exercise period or on a predetermined date or dates, or any other similar type of instrument.~~

15A.07 ~~[Repealed 1 July 2026]~~Derivative warrants which, upon exercise, entitle warrantholders to purchase from or sell to the issuer two or more securities of a different class, indices or other assets in such proportions as may be specified in the terms and conditions of such derivative warrant, or to receive a cash settlement by reference to the value of such securities, indices or other assets are referred to as “basket warrants”.

15A.08 ~~[Repealed 1 July 2026]~~An Equity Linked Instrument involves an initial payment by an investor, in return for which on maturity of the Equity Linked Instrument the investor will receive a specified cash settlement amount or delivery of a number of securities underlying the issue or a cash payment calculated by reference to the value of those underlying securities. Equity Linked Instruments for the purposes of this Chapter may be “Bull” Equity Linked Instruments, “Bear” Equity Linked Instruments or “Range” Equity Linked Instruments, which are discussed further below:

~~(a) In a “Bull” Equity Linked Instrument an investor will receive on maturity a predetermined cash payment where the closing price of the underlying securities on the Valuation Point is at or above the strike price. If the closing price of the securities on the Valuation Point is below the strike price, the investor will receive delivery of the underlying securities or a cash payment calculated by reference to the value of those underlying securities;~~

~~(b) In a “Bear” Equity Linked Instrument an investor will receive on maturity a predetermined cash payment where the closing price of the underlying securities on the Valuation Point is below the strike price. If the closing price of the securities at the Valuation Point is at or above the strike price, the investor will receive a cash payment calculated by reference to the value of the underlying securities (such that the value of~~

the payment will decrease — but will never be negative — the higher the closing price of the securities is above the strike price);

~~(c) In a “Range” Equity Linked Instrument an investor will receive on maturity a predetermined cash payment where the closing price of the underlying securities at the Valuation Point is at or above the lowest price and below the highest price specified in the range of prices. If the closing price of the securities at the Valuation Point is at or above the highest price specified in the range of prices, the investor will receive a cash payment calculated by reference to the value of the underlying securities (such that the value of the payment will decrease — but will never be negative — the higher the closing price of the securities is above the highest price in the range of prices). If the closing price of the securities on the Valuation Point is below the lowest price in the range of prices, the investor will receive delivery of the underlying securities or a cash payment calculated by reference to the value of those underlying securities.~~

Issuers

- 15A.09 An issuer must be duly incorporated or otherwise established under the laws of the place in which it is incorporated or otherwise established and must be in conformity with those laws and its memorandum and articles of association or equivalent documents.
- 15A.10 An issuer (except in the case of a guaranteed issue under rule 15A.14(1)) must not be a private company within the meaning of section 11 of the Companies Ordinance or equivalent legislation of the jurisdiction in which it is incorporated or established.
- 15A.11 An issuer must be suitable to handle or capable of issuing and managing a structured product issue and listing. In assessing the suitability or capability of an issuer the Exchange will have regard to, inter alia, its the issuer’s and where appropriate, its group (meaning any of the issuer’s holding companies, subsidiaries and fellow subsidiaries and any associated companies of any of them) members’ previous experience in issuing and managing the issue of other similar instruments and their risk management systems and procedures and whether ~~it has~~ they have satisfactory experience to manage the potential obligations under the structured product issue. ~~Where listing of non-collateralised structured products is sought the Exchange will consider the issuer’s risk management systems and procedures.~~
- 15A.12 An issuer of non-collateralised structured products must have ~~a net asset value~~ a total shareholders’ equity (i.e. the aggregate of share capital and reserves attributable to the equity holders of the issuer) of not less than HK\$25 billion as set out in its latest published audited financial statements (or audited consolidated financial statements where the issuer is a holding company) and interim financial statements (or consolidated interim financial statements where the issuer is a holding company) ~~report which an issuer is required to submit to the Exchange in accordance with rule 15A.21. An issuer shall maintain a net asset value of HK\$2 billion whilst any non-collateralised structured product issued by it is listed on the Exchange. An issuer shall inform the Exchange immediately if its net asset value falls below HK\$2 billion.~~
- 15A.13 An issuer of non-collateralised structured products ~~must also:~~
- (1) (or, in case the issuer is not rated, the issuer’s holding company) must also have an investment grade credit rating which is one of the top three investment grades awarded by all credit rating agencies (as recognized by the Exchange) from which it has sought a credit rating. A credit rating which is presently of such grade but which is under review for possible downgrading to less than such grade will not be regarded as fulfilling this criteria; ~~or and~~
 - (2) [Repealed 1 July 2026] ~~be regulated by the Hong Kong Monetary Authority or an~~

~~overseas regulatory authority acceptable to the Exchange, or~~

- (3) must also be regulated by one of the following authorities: (i) the Commission for the conduct of the business of dealing in securities in Hong Kong, (ii) the Hong Kong Monetary Authority or (iii) other regulatory authority acceptable to the Exchange (Note), or.

Note: Corporations which have been either:

- (a) *licensed or registered under section 116(1) or 119(1) of the Securities and Futures Ordinance; or*
- (b) *registered as a securities dealer under the repealed Securities Ordinance, and deemed to be licensed or registered under section 116(1) or 119(1) of the Securities and Futures Ordinance;*

are required to notify the Intermediaries ~~Supervision Department~~ Division of the Commission as soon as possible of their intention to ~~issue any structured products~~ become an issuer of structured products listed on the Exchange and to give to the Commission as much detail of ~~the any proposed issue of structured products~~ as is available at the time of notification.

Corporations regulated by the Hong Kong Monetary Authority are required to notify the Hong Kong Monetary Authority as soon as possible of their intention to become an issuer of structured products listed on the Exchange and to give to the Hong Kong Monetary Authority as much detail of any proposed issue of structured products as is available at the time of notification.

As soon as an applicant intends to become an issuer of structured products listed on the Exchange, such applicant shall procure the Liquidity Provider mentioned in rule 15A.20A to notify the Intermediaries Division of the Commission of the latter's intention to act as the Liquidity Provider.

A copy of ~~such~~ the aforementioned notification(s) must be given to the Exchange before the Exchange will consider any application for listing structured products.

- (4) ~~[Repealed 1 July 2026] be a government or state, or a body which is backed by the full faith and credit of a government or state.~~

15A.14 Where:

- (1) an issuer (or, as the case may be under rule 15A.13(1), its holding company) fails to satisfy any of the criteria in rules 15A.12 ~~or~~ and 15A.13; or
- (2) an issuer that fulfills both rules 15A.12 and 15A.13 would like to issue non-collateralised guaranteed issues.

the Exchange may accept an arrangement whereby the issuer's obligations arising under ~~the~~ its non-collateralised structured products are unconditionally and irrevocably guaranteed or otherwise secured ("guaranteed") by another legal person (the "guarantor") which meets the criteria in rules 15A.12 and 15A.13, provided that in relation to rule 15A.13(1), the Exchange shall require the requisite credit ratings to be obtained by 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.

15A.14A The Exchange will assess ongoing compliance with rules 15A.12 and 15A.13 by the issuer

or the guarantor (in the case of guaranteed issues) as well as the 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 any of its structured products are listed on the Exchange. In particular,

- (1) the issuer or the guarantor (in the case of guaranteed issues) shall continue to comply with rules 15A.12 and 15A.13(3); and
- (2) the issuer or the guarantor (in the case of guaranteed issues) shall continue to, or shall ensure that their respective holding company (which is relied upon by the issuer or the guarantor (in the case of a guaranteed issue) for eligibility assessment under rule 15A.13(1)) will continue to, comply with rule 15A.13(1).

Note: Where an issuer that fulfills both rules 15A.12 and 15A.13 issues non-collateralised guaranteed issues, the Exchange will conduct the assessment described in rule 15A.14A individually on each of the issuer and the guarantor.

15A.14B Where listing of collateralised structured products is sought the Exchange will take into account such other factors as the Exchange may, in its discretion, consider appropriate. Issuers intending to issue collateralised structured products shall contact the Exchange to seek informal and confidential guidance as to their eligibility and suitability for listing at the earliest possible opportunity.

15A.14C Without prejudice to the Exchange's powers under rule 15A.02, the circumstances under which the Exchange may impose additional requirements or conditions on the issuance of structured products by an issuer include, without limitation where:

- (1) in the Exchange's opinion, there has been an adverse change in the financial circumstances of the issuer or the guarantor (in the case of a guaranteed issue) or their holding companies that are relied upon by the issuer or the guarantor (in the case of a guaranteed issue) for eligibility assessment under rule 15A.13(1);
- (2) in the Exchange's opinion, the issuer fails to properly issue and manage structured products issue; or
- (3) the issuer is applying to list a new type of structured products.

15A.15 [Repealed 31 December 2023]

15A.15A Where an issuer that fulfills both rules 15A.12 and 15A.13 issues non-collateralised guaranteed issues, each of the issuer and the guarantor will be required to individually comply with the Exchange Listing Rules, to the extent that such rules are applicable to the respective party.

Guarantors

15A.16 Where listing is sought for structured products which are guaranteed:–

- (1) the guarantor must not be a private company within the meaning of section 11 of the Companies Ordinance or equivalent legislation of the jurisdiction in which it is incorporated or established;
- (1A) the guarantor must be duly incorporated or otherwise established under the laws of the place in which it is incorporated or otherwise established and must be in conformity with those laws and its memorandum and articles of association or equivalent documents;
- (2) the guarantor will normally be required to be the ultimate holding company of the group

to which the issuer belongs; and

Note: 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.

(3) the guarantor will be required to comply with the Exchange Listing Rules to the same extent as if it were the issuer of the structured products whilst any structured products guaranteed by it are listed on the Exchange.

(4) [Repealed 31 December 2023]

15A.17 The guarantee or other security must be 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 must have been duly given.

Legal Opinions on Guarantee

15A.17A The issuer must submit to the Exchange legal opinions acceptable to the Exchange from legal advisers in such jurisdictions as the Exchange shall require, confirming that:–

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

(2) 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;

(3) all authorisations needed for the creation and issue of the structured products under such laws or documents have been duly given;

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

(5) such other matter as the Exchange shall require depending on the circumstances of the issuer.

15A.18 In the case of a guaranteed issue, ~~the issuer and/or the guarantor must submit to the Exchange legal opinions acceptable to the Exchange from competent legal advisers from in such jurisdictions as the Exchange shall require, confirming. Such opinions, which must be acceptable to the Exchange, shall confirm that:–~~

(1) the guarantee or other security constitutes legal, valid and binding obligations of the guarantor and is enforceable in accordance with its terms;

(2) the guarantor is, under the guarantee or other security, unconditionally and irrevocably liable for the due and punctual performance of the obligations of the issuer arising under any structured products as primary obligor in accordance with the terms and conditions of the structured products;

(3) (1) and (2) above will not be affected in the event of the liquidation, administration or analogous action of the issuer, irrespective of the validity, regularity or enforceability of the structured products, any waiver or consent by a holder of that product, any

consolidation, merger, conveyance or transfer by the issuer or other event which would afford to a guarantor relief, legal or equitable, from its obligations under the guarantee or other security;—and

(3A) (in case of structured products issued pursuant to a base listing document of the issuer) the above conditions in rules 15A.18(1) to 15A.18(3) will apply to all structured products to be issued from time to time pursuant to the base listing document;

(3B) 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;

(3C) all authorisations needed for the issue of the guarantee or other security under such laws or documents have been duly given;

(3D) the guarantor is duly incorporated or otherwise established under the laws of the place in which it is incorporated or otherwise established; and

(4) such other matter as the Exchange shall require depending on the circumstances of the issuer/guarantor.

15A.19 ~~[Repealed 1 July 2026]Where a guarantee is issued in relation to a specific structured product issue, the legal opinions must be submitted to the Exchange in draft form at the time of submission to the Exchange of the first proof of the listing document and a copy in its final form must be submitted to the Exchange at the closing of the issue.~~

15A.20 ~~Where a guarantee is intended to cover more than one issue of structured products issued pursuant to a base listing document of the issuer, the conditions in rule 15A.19 above will apply to the first structured product issue under the guarantee. The legal opinions must be submitted to the Exchange in draft form as soon as practicable and a copy in its final form must be submitted to the Exchange on the date of publication of the base listing document or stand alone listing document. The legal opinion must confirm that the conditions in rule 15A.18 will apply to all structured products issued pursuant to the base listing document during the period of the guarantee. The Exchange will not accept a guarantee as covering structured products issued one year or more from the date of the guarantee.~~

Liquidity Providers

15A.20A The issuer must appoint an Exchange Participant (the “Liquidity Provider”) to provide liquidity in each structured product issue in accordance with paragraph 5A of Appendix E5. Where the issuer is an Exchange Participant, it may be the Liquidity Provider for a structured product issue or it may appoint another Exchange Participant as the Liquidity Provider. In all cases, the Liquidity Provider need not be a member of the issuer’s group. An issuer should seek approval from the Exchange before appointing a Liquidity Provider that is not a member of its group. Other than for the purposes of providing back up arrangements there shall be no more than one Liquidity Provider per structured product issue. The issuer may appoint different Exchange Participants to be the Liquidity Providers in different structured product issues.

Continuing Obligations

15A.21 An issuer must comply with the continuing obligations as set out in Appendix E5 (subject to such modifications as shall be agreed to by the Exchange in accordance with rule 15A.26). An issuer shall, whilst any structured products issued by it are listed on the Exchange:—

(1) ~~[Repealed 1 July 2026]deliver to the Exchange, in electronic form:—~~

- ~~(a) as soon as practicable after the date of its publication but, in any event, not later than four months after the date to which they relate, one copy of the issuer's and, where appropriate, the guarantor's annual report including its annual accounts and, where group accounts are prepared, its group accounts, together with the auditor's report thereon;~~
 - ~~(b) [Repealed 1 October 2013]~~
 - ~~(c) as soon as practicable after the date of its publication or preparation but, in any event, not later than four months after the period to which it relates one copy of its interim financial report in respect of the first six months of its financial year;~~
 - ~~(d) where published, as soon as practicable after the date of its publication one copy of its quarterly interim financial report; and~~
 - ~~(e) as soon as practicable after the date of its publication, full details of any other financial information which the issuer may provide to any other exchange or market;~~
- (2) ~~[Repealed 1 July 2026]include either in the interim financial report referred to in rule 15A.21(1)(c) above or in a separate statement delivered at the same time to the Exchange as such interim financial report:–~~
- ~~(a) profits or losses before taxation;~~
 - ~~(b) taxation on profits;~~
 - ~~(c) profits or losses attributable to non-controlling interests;~~
 - ~~(d) profits or losses attributable to shareholders;~~
 - ~~(e) the balance at the end of the period of share capital and reserves; and~~
 - ~~(f) comparative figures for the matters specified in (a) to (e) inclusive for the previous corresponding period;~~
- (3) ~~[Repealed 1 July 2026]prepare the interim financial reports and statement referred to in rule 15A.21(1)(c) and (d) and 15A.21(2) in accordance with the issuer's usual accounting policies and procedures; and~~
- (4) ~~[Repealed 1 July 2026]publish the financial information referred to in rule 15A.21(1) and (2) above on the Exchange's website and the issuer's own website.~~

15A.22 ~~[Repealed 1 July 2026]The Issuer shall be required to provide liquidity in each structured product issue and shall describe in the stand alone listing document or either of the base listing document or supplemental listing document how it proposes to provide that liquidity. The method adopted must be transparent and must be acceptable to the Exchange.~~

Notes:

- ~~1. The Issuer must appoint an Exchange Participant (the "Liquidity Provider") to provide liquidity in each structured product issue. Where the Issuer is an Exchange Participant it may be the Liquidity Provider for a structured product issue or it may appoint another Exchange Participant as the Liquidity Provider. In all cases, the Liquidity Provider need not be a member of the Issuer's group. Other than for the purposes of providing back up arrangements there shall be no more than one Liquidity Provider per structured product issue. The Issuer may appoint different Exchange Participants to be the Liquidity Providers in different structured product issues. The Liquidity Provider must be~~

~~identified in the stand alone, base or supplemental listing document. The Issuer must notify the Exchange if it changes the Liquidity Provider.~~

- ~~2. Liquidity may be provided either by means of continuously inputting orders into the Exchange's trading system ("Continuous Quotes") or by entering orders into the Exchange's trading system in response to requests for quotes ("Quote Request"). The method chosen shall be described in the stand alone, base or supplemental listing document. An issuer which has indicated that it will provide liquidity by means of Quote Request is not thereby precluded from fulfilling that obligation by means of Continuous Quotes. An issuer that responds to a Quote Request by agreeing to conduct a cross trade has fulfilled its obligation. An issuer which has indicated that it will provide liquidity by means of Quote Request must include a telephone number for requesting quotes in the stand alone, base or supplemental listing document.~~
- ~~3. The issuer must specify in the stand alone, base or supplemental listing document when it will provide liquidity in its structured products and when it will not provide liquidity in its structured products. In normal circumstances, an issuer shall provide liquidity in structured products it has issued from five minutes after the market has opened until the market closes.~~
- ~~4. The issuer must specify the minimum quantity of structured products for which it will provide liquidity in the stand alone, base or supplemental listing document. An issuer shall provide liquidity for at least 20 board lots of the structured product. An issuer must specify the maximum spread between its bid and offer prices in the stand alone, base or supplemental listing document.~~
- ~~5. An issuer providing liquidity by means of Quote Request must indicate in the stand alone, base or supplemental listing document the time within which it will respond to requests for quotes and shall respond to Quote Requests within that time.~~
- ~~6. Any dealings by the issuer or by the issuer's group (meaning the issuer and any of the issuer's holding companies, subsidiaries and fellow subsidiaries and any associated companies of any of them), as principal, in structured products that the issuer has listed on the Exchange must be conducted through the Liquidity Provider. A direct business transaction, where an Exchange Participant acts for both buyer and seller, one of whom is a member of the issuer's group, need not be conducted through the Liquidity Provider. A transfer of proprietary ownership of structured products from one member of an issuer's group to another member of the issuer's group is not regarded as dealing for this purpose and should be effected off the Exchange. The Exchange may require an issuer to provide additional transparency for trades conducted by the issuer's group and may prescribe procedures for this purpose from time to time.~~

15A.23 [Repealed 1 July 2026] ~~Dealings by the issuer and any of its holding companies, subsidiaries and fellow subsidiaries and any associated companies of any of them:~~

~~— in structured products between the date of launch and prior to dealings in that structured product commencing on the Exchange, and~~

~~— in the right to receive structured products between the date of launch and prior to dealings in that structured product commencing on the Exchange~~

~~must be reported to the Exchange at least one and half hours before trading commences on the Exchange on the day dealings in the structured product commence on the Exchange in a format suitable for publication on the Exchange's website and any other electronic news dissemination system operated by the Exchange from time to time.~~

15A.24 [Repealed 1 July 2026] ~~The previous day's dealings by the issuer and any of its holding~~

~~companies, subsidiaries and fellow subsidiaries and any associated companies of any of them, as principal, in structured products that the issuer has listed on the Exchange must be reported to the Exchange at least one and a half hours before trading commences on the Exchange each day in a format suitable for publication on the Exchange's website and any other electronic news dissemination system operated by the Exchange from time to time.~~

~~*Note: Transactions shall be included in the report in respect of the day they are entered into the Exchange's trading system.*~~

15A.24A ~~[Repealed 1 July 2026]~~An issuer shall not (either directly or indirectly) offer commission rebates or other incentive schemes in respect of structured products that it has issued. A member of an issuer's group that is a securities dealer may offer commission rebates or other incentives to its customers provided that:—

~~(i) the commission rebates or other incentives are not limited solely and exclusively to structured products issued by the issuer;~~

~~(ii) any commission rebate or other incentive arising in respect of structured products issued by the issuer will not be recovered directly or indirectly by or on behalf of the securities dealer from the issuer;~~

~~(iii) where the commission rebates or other incentives relate to structured products generally or to a class of structured products any commission rebate or other incentive arising in respect of structured products issued by the issuer is on identical terms to that arising on structured products issued by other issuers; and~~

~~(iv) where the commission rebates or other incentives relate to securities trading generally (including structured products) any commission rebate or other incentive arising in respect of structured products issued by the issuer is on identical terms to that arising on structured products issued by other issuers.~~

~~*Note: The Exchange will require issuers to provide periodic declarations of compliance with this requirement by the issuer and its close associates. Any failure by an issuer to comply with this requirement may render that issuer no longer suitable to issue structured products on the Exchange.*~~

15A.25 [Repealed 31 December 2023]

15A.26 The Exchange may agree modifications to or impose additional requirements on the issuer and/or the guarantor (if any) as it considers appropriate in a particular case.

Structured Products

15A.27 The structured products for which listing is sought must be issued in conformity with the laws of the place in which they are issued and in which the issuer is incorporated or otherwise established and in conformity with the issuer's memorandum and articles of association or equivalent documents. All authorisations needed for their creation and issue under such laws or documents must have been duly given.

15A.28 ~~Structured products will not normally be considered suitable for listing if they are issued directly or indirectly by a controlling shareholder of or a person who, in the opinion of the Exchange, has effective management control of the company or any of the companies whose securities underlie the structured products. A financial institution whose business includes issuing structured products may be permitted to~~ An issuer shall not list on the Exchange structured products where the underlying security is or includes securities of that

financial institution issuer or members of its group (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.

- 15A.29 An issuer is prohibited from listing structured products where it; or any of its holding companies, subsidiaries or fellow subsidiaries; or any associated companies of any of them has been retained by a company whose securities will underlie the structured product (or by any of its holding, subsidiary, fellow subsidiary or associated companies) to give advice in relation to a transaction. Where the company whose securities will underlie the structured product is listed on the Exchange, "transaction" refers to matters which would be discloseable to shareholders of the underlying company and the public under Chapters 13, 14 and 14A of the Exchange Listing Rules, the Inside Information Provisions, Rule 3 of the Code on Takeovers and Mergers, or Rule 5 of the Code on Share Buy-backs. Where the company is listed on an overseas exchange, "transaction" refers to matters which would be discloseable under regulations equivalent to those in Chapters 13, 14 and 14A of the Listing Rules, the Inside Information Provisions, Rule 3 of the Code on Takeovers and Mergers, or Rule 5 of the Code on Share Buy-backs. The prohibition ceases to apply where the transaction is abandoned or announced and does not apply where an issuer maintains adequate information management arrangements such as those contemplated in sections 292(2) and 271(2) of the Securities and Futures Ordinance.

Single Stock Structured Products Underlying assets

- 15A.30 Where the structured product relates to a single class of shares or exchange traded funds ("ETFs"), the structured product may only be listed if at the time of issue of the structured product such class of shares or ETFs is or will become at the same time:–

- (1) ~~[Repealed 1 July 2026] listed on the Exchange and is, on the day the structured product is launched, a member of the Hang Seng Index provided that the structured product concerned is a derivative warrant, Equity Linked Instrument or such other type of structured product as may be specified by the Exchange from time to time; or~~
- (2) listed on the Exchange and is, on the day the structured product is launched, a Single Scheduled Stock stock or ETF eligible for the type of structured product proposed to be issued and specified as such by the Exchange pursuant to rule 15A.36(1B), as defined in rule 15A.35 below; In order to be on such list of eligible stocks or ETFs, the capitalisation of shares in the hands of the public ("public float capitalisation") shall be maintained at or above HK\$4 billion (or in the case of ETFs, the assets under management shall be maintained at or above HK\$1 billion) for a qualifying period.

A qualifying period ends on the cut off date for the preparation of the relevant list described in rule 15A.36(1B) and is either (i) a period of 60 consecutive business days during which dealings in the shares of the company or shares or units in the ETF underlying the structured product have not been suspended, or (ii) a period of no more than 70 consecutive business days comprising 60 business days during which dealings in the shares of the company or shares or units in the ETF underlying the structured product have not been suspended and no more than 10 business days during which dealings in the shares of the company or shares or units in the ETF underlying the structured product have been suspended; or

Note: The Exchange may waive compliance with the above requirement for a stock to be a Single Scheduled Stock where the capitalisation of shares in the hands of the public float capitalisation (in the case of stocks) or the assets under management (in the case of ETFs) exceeds HK\$10 billion. Rules 8.08(1) and 8.24 provide guidance on calculating the number of shares "in the hands of the public." Shares which are subject to lock up arrangements will not be considered

as being in the hands of the public until the lock up arrangements expire. The Exchange may amend or vary the basis of determining which stocks or ETFs may be included in the lists of eligible underlying assets as described in rule 15A.36(1B) where it considers appropriate to do so.

- (3) listed or dealt in on another regulated, regularly operating, open stock market recognised for this purpose by the Exchange, and such stocks and ETFs will be specified from time to time in the list of eligible stocks and ETFs described in rule 15A.36(1B).
- (a) ~~[Repealed 1 July 2026]~~is required by the laws, regulations or rules of that market to have a minimum number or percentage of shares in the hands of the public and the public float capitalisation of such shares is not less than HK\$4 billion, or
- (b) ~~[Repealed 1 July 2026]~~if such market does not impose a requirement to have a minimum number or percentage of shares in the hands of the public, the Exchange may allow the listing of the structured products if the market capitalisation of such shares is not less than HK\$10 billion and the Exchange is satisfied with the liquidity of the market in the shares.

15A.31 ~~Factors which the~~The Exchange will specify from time to time the factors that it will consider in determining the suitability of structured products which relate to shares (i) stocks and ETFs listed or dealt in on another regulated, regularly operating, open stock market and (ii) other assets. Such stocks, ETFs and other assets will be specified from time to time in the list of eligible underlying assets described in rule 15A.36(1B). include, but are not limited to, the following:–

- (1) ~~[Repealed 1 July 2026]~~whether the market is regulated on a fair and orderly basis by a body of laws, regulations or rules which are enforced by government or a body having governmental authority, particularly its trading regulations including timely price and volume dissemination;
- (2) ~~[Repealed 1 July 2026]~~whether the market has adequate and pre-determined trading hours and days the suspension of which is provided for only by the laws, regulations or rules regulating it;
- (3) ~~[Repealed 1 July 2026]~~whether the jurisdiction in which the market is situated restricts foreign investors in the trading of securities listed or dealt in on that market or the remittance of any proceeds from a disposal through, e.g., foreign exchange controls or foreign ownership restrictions;
- (4) ~~[Repealed 1 July 2026]~~the quality of the reporting requirements such as the timely reporting of adequate financial information and the price and volume of transactions whether on or off exchange, timely dissemination of inside information and the availability of the foregoing to investors in Hong Kong;
- (5) ~~[Repealed 1 July 2026]~~the availability of price information in Hong Kong particularly on a real-time basis; and
- (6) ~~[Repealed 1 July 2026]~~the arrangements by the issuer for requesting suspension of trading in the structured products whenever trading in the underlying securities or assets are suspended in the market on which such securities or assets are listed or dealt in.

Baskets

15A.32 ~~[Repealed 1 July 2026]~~ Where the basket relates to shares listed on the Exchange:

- ~~(1) each class of shares in the basket must be eligible in accordance with rule 15A.30(1) or rule 15A.30(2) or must be a Basket Scheduled Stock eligible for the type of structured product proposed to be issued as defined in rule 15A.35 below; and~~
- ~~(2) the minimum weighting for each constituent share in a basket shall be as set out below, unless each share in the basket is eligible in accordance with rule 15A.30(1) or rule 15A.30(2) in which case the minimum weightings shall not apply:~~

Number of underlying securities comprised in a basket	Minimum weighting of each constituent share
--	--

Two	25.0%
Three	12.5%
Four or more	10.0%, and

~~Note: Weightings for constituent shares in a basket are calculated in accordance with rule 15A.32(3)(b) below.~~

- ~~(3) where any share in the basket is a Basket Scheduled Stock, as defined in rule 15A.35 below:~~

~~(a) the weighting of shares of that class per basket (calculated and expressed as a percentage in accordance with the formula below) shall not exceed~~

~~(i) 20% in the case of Category 1 Basket Scheduled Stocks;~~

~~(ii) 30% in the case of Category 2 Basket Scheduled Stocks; and~~

~~(iii) 45% in the case of Category 3 Basket Scheduled Stocks.~~

~~(b) Weighting = $\frac{N \times M}{P} \times 100$~~

~~where:~~

~~N: is the number of shares (whether a whole or a fraction) of that class per basket,~~

~~M: is the closing price of one share of the class in N, and~~

~~P: is the total market value of all of the shares of each class per basket obtained by multiplying the number of shares (whether a whole or a fraction) of each class therein by their respective closing prices.~~

~~(c) The closing price referred to in M and P above shall be the closing price as derived from the Daily Quotation Sheet of the Exchange on the business day prior to the date of launch of the basket.~~

15A.33 ~~[Repealed 1 July 2026]~~ Where the basket is comprised of:—

- ~~(1) shares which are not listed on the Exchange each share in the basket must meet the requirements set out in rule 15A.30(3) above, the basket must comprise no more than ten shares and minimum and maximum weightings shall not apply; or~~

~~(2) other securities, indices or assets the weighting of each of the securities, indices or assets in the basket must first be approved by the Exchange.~~

15A.34 ~~[Repealed 1 July 2026]The underlying shares of a basket must be such that it allows the holders to gain exposure to a sector, industry, market or other theme recognizable by investors.~~

Single Scheduled Stocks and Basket Scheduled Stocks

15A.35 ~~[Repealed 1 July 2026](1) The Exchange will publish a schedule (the “Stock Eligibility Schedule”) of those stocks that are listed on the Exchange, which are eligible for structured product issuance and indicate whether the Exchange has imposed any restrictions on the types of structured product for which those stocks are eligible. The Stock Eligibility Schedule will generally be published at approximately quarterly intervals. The stocks appearing on the Stock Eligibility Schedule will be divided in to two categories: Single Scheduled Stocks and Basket Scheduled Stocks.~~

~~(2) Single Scheduled Stocks are those which are eligible as underlying securities for structured products issued over either a single class of shares or over a basket of shares. Basket Scheduled Stocks are those which are only eligible as underlying securities for structured products issued over a basket of shares.~~

~~(3) Basket Scheduled Stocks are further divided into Category 1 Basket Scheduled Stocks, Category 2 Basket Scheduled Stocks and Category 3 Basket Scheduled Stocks. These classifications determine the maximum weightings of these stocks as provided in rule 15A.32(3) above.~~

Notes:

~~(1) The Exchange will generally prepare the Stock Eligibility Schedule as set out below but may amend or vary the basis of preparation where it considers it appropriate to do so.~~

~~(2) Single Scheduled Stocks are those where the capitalisation of such shares in the hands of the public (“public float capitalisation”) is at least HK\$4 billion. Basket Scheduled Stocks are those where the public float capitalisation is at least HK\$1 billion.~~

~~(3) The public float capitalisation requirements of HK\$4 billion and HK\$1 billion for shares underlying a structured product must be maintained for a qualifying period. A qualifying period ends on the cut off date for the preparation of the Stock Eligibility Schedule and is either:~~

~~(i) a period of 60 consecutive business days during which dealings in the shares of the company underlying the structured product have not been suspended; or~~

~~(ii) a period of no more than 70 consecutive business days comprising 60 business days during which dealings in the shares of the company underlying the structured product have not been suspended and no more than 10 business days during which dealings in the shares underlying the structured product have been suspended.~~

~~(4) Rules 8.08(1) and 8.24 provide guidance on calculating the number of shares “in the hands of the public.” Shares which are subject to lock up arrangements will not be considered as being in the hands of the public until the lock up arrangements expire.~~

~~(5) The public float capitalisation as at the cut off date for preparation of the Stock Eligibility Schedule will be used to classify Basket Scheduled Stocks into Category 1, Category~~

2 or Category 3 Basket Scheduled Stocks as follows:

- (i) stocks with a public float capitalisation of HK\$1 billion up to and including HK\$2 billion will generally be classified as Category 1 Basket Scheduled Stocks;*
- (ii) stocks with a public float capitalisation of above HK\$2 billion up to and including HK\$3 billion will generally be classified as Category 2 Basket Scheduled Stocks; and*
- (iii) stocks with a public float capitalisation of above HK\$3 billion but less than HK\$4 billion will generally be classified as Category 3 Basket Scheduled Stocks.*

Terms and Conditions

15A.36 (1) Structured products listed or to be listed on the Exchange shall be subject to the terms and conditions (including but not limited to issue price, expiry period, entitlement ratio, market capitalisation, settlement and valuation method) approved by the Exchange. Modifications to terms and conditions must be approved by the Exchange. Structured products shall be issued in accordance with the permitted product terms for each product type published from time to time by the Exchange. The terms and conditions set out herein are not exhaustive. The structured products for which listing is sought must be freely transferable.

(1A) Structured products may relate to a single class of shares (or ETF) or a basket of shares (or ETFs). The Exchange will publish, as part of the permitted product terms, the criteria for shares and ETFs listed on the Exchange that are eligible as underlying securities for issuance over a single class of shares (or ETF) and a basket of shares (or ETFs). For structured products relating to the same underlying securities listed on the Exchange, the Exchange may limit the number of such products which expire or mature on any one day.

(1B) For each type of structured products, the Exchange will prepare and publish lists of eligible underlying assets (approximately quarterly or at shorter intervals as the Exchange may determine in the case of stocks and ETFs listed on the Exchange and from time to time in the case of other assets). The Exchange may from time to time publish further lists of stocks and ETFs listed on the Exchange that become eligible underlying assets between two scheduled publications. Issuers may only issue structured products relating to the underlying assets that are approved and specified as such from time to time by the Exchange. Notwithstanding the foregoing, the Exchange may impose restrictions and conditions on the issuance of structured products linked to any eligible underlying assets. Issuers 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.

(2) An emulation issue is a structured product whose product terms (except for issue price and issue size), underlying asset and type (e.g. put or call) are required to be identical to an existing structured product (the “emulated issue”) that is listed on the Exchange at the time the emulation issue is launched.

15A.37 ~~[Repealed 1 July 2026]~~The structured products for which listing is sought must be freely transferable.

15A.38 ~~[Repealed 1 July 2026]~~(1) Derivative warrants must normally expire or mature not less than 6 months from the date of listing. Emulation Issues (as defined in rule 15A.36(2)) must normally expire or mature not less than three months from the date of listing.

- ~~(2) Equity Linked Instruments must normally expire or mature not less than 28 days from the date of listing and not more than two years from the date of listing.~~
- ~~(3) For other structured products the minimum period between the date of listing and the expiry or maturity date shall be as agreed by the Exchange.~~
- ~~(4) The requirements in relation to the minimum period between date of listing and expiry or maturity date do not apply to Further Issues (as defined in rule 15A.52).~~
- ~~(5) Structured products (except Equity Linked Instruments) shall expire or mature no more than five years from the date of listing.~~

~~Note: For structured products relating to the same underlying securities listed on the Exchange, the Exchange may limit the number of such products which expire or mature on any one day.~~

15A.39 [Repealed 1 May 2026]

15A.40 ~~[Repealed 1 July 2026] Structured products relating to shares (or other securities) shall normally be issued in the ratio of one, five, ten, 50, 100 or 500 structured products for one share (or other security); or one structured product for one, ten or 100 shares (or other security). The Exchange may permit other ratios, where the number of structured products for one share (or other security), or the number of shares (or other security) for one structured product is an integral power of ten, for structured products other than derivative warrants.~~

15A.41 ~~[Repealed 1 July 2026] When the underlying securities of a structured product (excluding baskets) are normally traded in board lots, the board lots of the structured product at the time of listing shall be such that on exercise or maturity of one board lot of the structured product, the holder of that structured product is entitled to a whole number of board lots of the underlying securities. Structured products that provide for settlement wholly in cash may be issued such that one board lot of the structured product on exercise or maturity entitles the holder to one tenth of a board lot of the underlying security.~~

15A.42 ~~[Repealed 1 July 2026] The trading board lot of structured products relating to index, currency or a basket of shares must be 10,000.~~

15A.43 [Repealed 1 May 2026]

15A.44 (1) The issuer must, at the time of launch, specify the settlement method of the structured product upon exercise or maturity. Options for the issuer to elect for settlement either in shares or cash, upon exercise (or maturity) of the structured product will not be acceptable.

(2) ~~[Repealed 1 July 2026] Options for the issuer to elect for settlement either in shares or cash, upon exercise (or maturity) of the structured product will not be acceptable.~~

(3) ~~[Repealed 1 July 2026] Options for the holder of an Equity Linked Instrument to elect for settlement in either shares or cash on maturity will not be acceptable.~~

~~Note: [Repealed 1 July 2026] The terms and conditions for Equity Linked Instruments must provide that if the Equity Linked Instrument provides for settlement in shares the holder on maturity shall receive a cash amount from the issuer in relation to any number of underlying shares which is less than one board lot. The terms and conditions of other structured products that provide for settlement by delivery of shares may provide that the holder, upon exercise (or maturity) of the structured product, shall receive a cash amount from the issuer in relation to any number of~~

underlying shares which is less than a board lot. In all cases the cash amount shall be delivered as soon as practicable.

- 15A.45 ~~[Repealed 1 July 2026]~~A structured product relating to securities not listed on the Exchange must be settled wholly in cash. Where the structured product is traded on the Exchange in Hong Kong dollars, settlement shall be in Hong Kong dollars.
- 15A.46 In relation to structured products which are, or which may be, settled by delivery of the underlying securities or assets the terms and conditions must:—
- (1) where the issuer transfers the underlying securities or assets to the holder of the structured product, treat the holder as the beneficial owner of the underlying securities or assets and entitled to all rights, enjoyment, entitlement and benefit in respect thereof which exists as at or which arises as from the date such holder pays the exercise price, if any, and the delivery expenses, if any, (including any stamp duty on the transfer of securities) in accordance with the terms and conditions; and
 - (2) where the holder transfers the underlying securities or assets to the issuer, treat the issuer as the beneficial owner of the underlying securities or assets and entitled to all rights, enjoyment, entitlement and benefit in respect thereof which exists as at or arises as from the date the issuer pays to a holder the cash settlement amount; and
 - (3) provide for either settlement by physical delivery of documents of title (including certificates in the name of the holder or its nominee) to the holder (or its nominee) or settlement by way of electronic transfer through CCASS or other settlement platforms approved by the Exchange within such period following a valid exercise as shall be agreed to by the Exchange.
- 15A.47 In relation to structured products over securities or assets which are to be settled wholly in cash:—
- (1) ~~[Repealed 1 July 2026]~~where there is only one Valuation Point (see rule 15A.05(3)) the valuation method for determining the amount of the cash settlement on expiry or maturity shall be:—
 - (a) ~~in the case of derivative warrants relating to securities listed on the Exchange, the average of the closing prices of the underlying securities (as derived from the Daily Quotation Sheet of the Exchange, subject to any adjustments as may be necessary to such closing prices to reflect any capitalisation, rights issue, distribution or the like) for the 5 business days prior to and up to and including the business day before the expiry or maturity date;~~
 - (b) ~~in the case of other structured products or where the structured product relates to securities which are not listed on the Exchange or to other assets, such formula as shall be permitted by the Exchange from time to time; and~~
 - (2) ~~[Repealed 1 July 2026]~~Where there are two or more Valuation Points the valuation method for determining the amount of the cash settlement on expiry or maturity shall be such formula as shall be permitted by the Exchange;
 - (3) ~~[Repealed 1 July 2026]~~Where a structured product is exercised prior to maturity or expiry the valuation method for determining the cash settlement amount shall be:
 - (a) ~~in the case of structured products relating to securities listed on the Exchange, the closing price of the underlying security (as derived from the Daily Quotation Sheet of the Exchange) on the day that the structured product is exercised, provided that the product is exercised before the earlier of the commencement of the morning~~

~~trading session or any pre-opening session on that day. If the product is exercised after such time, the closing price (as derived from the Daily Quotation Sheet of the Exchange) on the day following the day that the structured product is exercised shall be used;~~

~~(b) in the case of other structured products such method as shall be permitted by the Exchange;~~

~~(4) the net cash settlement to be paid to the holder within such period following a valid exercise as shall be agreed to by the Exchange. An exercising holder shall not be required to deliver the exercise money at the time of exercise; and~~

~~(5) the terms and conditions must provide for automatic settlement exercise on expiry or maturity (i.e., so that holders are not required to serve a notice of exercise) if the structured products are "in the money" at expiry or maturity.~~

Collateralised Structured Products

15A.48 In addition to the other requirements which apply generally to structured products, the following requirements apply to an issuer of collateralised structured products must:-

~~(1) demonstrate that the proposed security arrangements must be are for the benefit of and must adequately protect the interests of holders of the structured product. In particular, the ~~underlying securities or assets (or rights to acquire the underlying securities or assets)~~ collateral must normally be held as security for the performance of the issuer's obligations under the collateralised structured product by an independent trustee, ~~custodian or depository~~ or such other party as agreed by the Exchange ("collateral holder") for the benefit of holders of the structured product;~~

~~(2) the collateral must 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 grant a charge over such securities or assets in favour of an independent trustee, custodian or depository on behalf of holders of the structured product to secure the issuer's obligations to deliver such securities or assets upon valid exercise of the collateralised structured products; and~~

~~(3) [Repealed 1 July 2026] deposit such securities or assets with the trustee, custodian or depository in order to secure performance by the issuer of such obligations and authorise the trustee, custodian or depository to deliver the underlying securities or assets to holders of the structured product upon valid exercise of the collateralised structured product in the event that the issuer is unable to discharge its obligations under the collateralised structured products; and~~

~~(4) provide a warranty to the trustee, custodian or depository for the benefit of holders of the structured product that the underlying securities or assets collateral are must be unencumbered, that the securities or assets collateral are being must be held by the trustee, custodian or depository collateral holder for the benefit of holders of the structured product and that the issuer will must, upon a valid exercise in the event that it is unable to discharge its obligations under the collateralised structured products, be able to convey to holders of the structured product good title to the underlying securities or assets collateral free from all claims, charges, encumbrances, liens, equities and other third party rights whatsoever.~~

Note: The requirements set out in rule 15A.48 are not intended to be exhaustive. The Exchange may impose additional requirements in a particular case (including but not limited to a Further Issue as defined in rule 15A.52 below).

15A.49 For the purposes of rule 15A.48 the Exchange will normally require the ~~trustee, custodian or depositary collateral holder~~ to be:–

- (1) a bank licensed under section 16 of the Banking Ordinance;
- (2) a trust company which is a subsidiary of such a bank; or
- (3) ~~[Repealed 1 July 2026] a trust company registered under Part VIII of the Trustee Ordinance; or~~
- (4) a banking institution or trust company incorporated outside Hong Kong which is acceptable to the Exchange.

However, the Exchange may in exceptional cases accept an alternative person to be ~~trustee, custodian or depositary collateral holder~~.

15A.50 In the case of an issue of collateralised structured products, in addition to the legal opinions required under rule 15A.17A, the issuer must submit to the Exchange legal opinions ~~upon acceptable to the Exchange~~ from legal advisers in such jurisdictions as the Exchange shall require, confirming:

- (1) the validity and legally binding effect and enforceability of the proposed trust or other security arrangements and that they are enforceable in accordance with their terms;
- (2) 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
- (3) such other matter as the Exchange shall require depending on the circumstances of the issuer and/or the security provider.

The required legal opinions must be submitted to the Exchange in draft form as soon as practicable and a copy in its final form must be submitted to the Exchange on the date of publication of the base listing document (and if required by the Exchange, each supplemental listing document) or stand alone listing document.

Disclosure of Agreements

15A.51 An issuer must disclose to the Exchange any agreement, arrangement or understanding (direct or indirect) in place at the date of structured product issue between the issuer ~~and or any member of the issuer's its group~~ (meaning ~~the issuer and any of the issuer's holding companies, subsidiaries and fellow subsidiaries and any associated company of any of them~~) and any substantial shareholder of the company whose securities underlie the structured product.

Further Issue

15A.52 An issuer may ~~make issue~~ a further issue or issues of structured products ("Further Issue") to form a single series with a structured product ("Existing Issue") which has been approved for listing by the Exchange. An issuer shall not issue a Further Issue unless it has applied for its listing. The issuer must comply with the following requirements for a Further Issue:

- (1) ~~An issuer must demonstrate that the~~ The terms and conditions of the Existing Issue ~~either permit the Further Issue so as to form a single series with the Existing Issue or have been properly amended so that the right to issue one or more Further Issues is~~

created.

- (2) The terms and conditions of the Further Issue and the Existing Issue must be identical.
- (3) ~~[Repealed 1 July 2026] Drafts of the supplemental agreements amending the instrument, the registrar's agreement or other documents relating to the Existing Issue must be submitted to the Exchange for review.~~
- (4) ~~[Repealed 1 July 2026] The issuer shall have regard to the prevailing market conditions and the interests of the holders of the Existing Issue when determining the issue price of the Further Issue.~~
- (5) An issuer may only launch a Further Issue when it holds, at the date of the launch of the Further Issue, no more than 50% of the Existing Issue. An issuer may retain up to 100% of the Further Issue at launch. In calculating the proportion of the total issue retained by an issuer, structured products held by any member of the issuer's group (meaning the issuer and any of the issuer's holding companies, subsidiaries and fellow subsidiaries and any associated company of any of them) for the account of the issuer or for their own respective accounts shall be counted as belonging to the issuer.
- (6) ~~[Repealed 1 July 2026] Approval to the listing of a Further Issue may be granted by the Executive Director – Listing. The Executive Director – Listing may delegate this power within the Listing Division.~~
- (7) ~~[Repealed 1 July 2026] The application procedure for the listing of a Further Issue will follow the same procedure as a listing of structured products. The issuer shall publish a formal announcement regarding the launch of the Further Issue as prescribed in rule 15A.59.~~
- (8) The listing fee prescribed in the Fees Rules for an issue of structured products is applicable and shall be paid by the issuer to the Exchange in respect of each Further Issue.
- (9) ~~[Repealed 1 July 2026] Where there is a change to the information in the listing document (including any supplemental listing document) for the Existing Issue, a further listing document, which may take the form of a supplemental listing document, must be prepared.~~

Marketing of Structured Products

- 15A.53 ~~An issuer may, prior to or during the launch of an issue of structured products and subject to compliance with all relevant laws, regulations, and rules and guidelines, release publicity material in relation to an issue of such structured products.~~
- 15A.54 ~~[Repealed 1 July 2026] Issuers are reminded that legislation may apply to the marketing of some structured products to the public in Hong Kong.~~

Application Procedures and Requirements

- 15A.55 An applicant must obtain the Exchange's clearance as to its suitability and the suitability of the structured product for which listing is sought prior to the launch of that structured product. Clearance on the suitability of a structured product may be obtained by submitting an indicative term sheet, setting out the principal features of that structured product, to the Exchange for its consideration.
- 15A.56 A listing of structured products pursuant to this Chapter must be supported by a listing

document. An issuer may use a base listing document (as may be supplemented by a supplementary listing document from time to time) supported by a supplemental listing document (see rules 15A.68 to 15A.70) or a “stand alone” listing document.

- (1) An issuer using a base listing document may not launch ~~be restricted from launching~~ structured products until the base listing document has been finalised. One copy of each of the English language version and the Chinese language version of the publication version of the base listing document (dated and signed by a duly authorised officer of the issuer) must be submitted to the Exchange.
- (2) An issuer using a stand alone listing document (which shall be dated and signed by a duly authorised officer of the issuer) may not launch ~~be restricted from launching~~ the structured products to which that listing document relates until the Exchange has reviewed a draft of the such listing document in a reasonably advanced form that is substantially complete except in relation to commercial or other information that by its nature can only be finalised and incorporated at a later date.

15A.57 An issuer may launch an issue of structured products relating to securities listed on the Exchange before trading on the Exchange on the day of launch has ceased. ~~An issuer may also make any announcement relating thereto before trading on the Exchange on the day of launch has ceased.~~

15A.58 ~~A formal announcement stand alone listing document or supplemental listing document (to be read with a base listing document) stating the information set out in rule 15A.59 must be published on the Exchange’s website once the Exchange has confirmed it has no comments thereon as soon as possible practicable after the structured products are launched and no later than the first business day following the day upon which the structured products are launched.~~

15A.59 ~~[Repealed 1 July 2026]~~ ~~A formal announcement must include at least the following:~~

- ~~(1) the full name and country of incorporation or other establishment of the issuer (and the guarantor, if any);~~
- ~~(2) the nature, amount and title of the structured products for which listing is sought (Note);~~

~~Note: The description of the structured product must indicate the nature of the product as follows:~~

- ~~(a) type (e.g. call, put or other)~~
- ~~(b) single or basket~~
- ~~(c) style (e.g. American, European or other)~~
- ~~(d) underlying~~
- ~~(e) settlement method.~~

- ~~(3) the date of publication of the announcement;~~
- ~~(4) a statement that the formal announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the structured products;~~
- ~~(5) a disclaimer statement as follows (“prescribed form”):~~

~~“Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.”;~~

- ~~(6) — where the structured products are to be settled wholly in cash:—
 - ~~(a) details of the formula for calculating the cash settlement amount; and~~
 - ~~(b) a statement that the products will be automatically settled on the expiry date or maturity date without the need for holders of the products to deliver a notice of exercise;~~~~
- ~~(7) — a summary of the terms of the structured product including (where applicable) the issue price, the strike price or level, the exercise period or date and the expiry or maturity date;~~
- ~~(8) — for derivative warrants, the implied volatility, gearing, effective gearing and premium of the product with a note indicating that these values may not be comparable to similar information provided by other issuers. For Equity Linked Instruments, yield of the Equity Linked Instrument or other relevant information as the Exchange shall require. For other structured products, such information as the Exchange shall require;~~
- ~~(9) — a statement whether the issuer (and the guarantor, if any) is regulated by a body specified in rule 15A.13(2), (3) or (4);~~
- ~~(10) — in the case of a guaranteed issue, a statement that the obligations of the issuer are unconditionally and irrevocably guaranteed by the guarantor;~~
- ~~(11) — where applicable, a statement that the structured products constitute general unsecured obligations of the issuer (and the guarantor, if any);~~
- ~~(12) — a statement that application has been made to the Exchange for listing of and permission to deal in the structured products and the expected date of commencement of dealings in the structured products;~~
- ~~(13) — the web site at which the listing document will be available to the public;~~
- ~~(14) — if applicable, the name of the sponsor/manager, distributor(s) or placing agent(s);~~
- ~~(15) — if applicable, the credit rating of the issuer (and the guarantor, if any);~~
- ~~(16) — the name and broker number of the Liquidity Provider appointed to provide liquidity for the structured product;~~
- ~~(17) — the method (i.e. Continuous Quotes or Quote Request) by which liquidity will be provided for the structured product;~~
- ~~(18) — where liquidity is provided by Quote Request a telephone number for requesting quotes;~~
- ~~(19) — in the case of a Further Issue, the following additional information:
 - ~~(a) the number of units of the Further Issue to be issued;~~~~

~~(b) the issue price of the Further Issue;~~

~~(c) the closing price of the Existing Issue on either the day on which the Further Issue is launched or, if the Further Issue is launched before trading on the Exchange has ceased for the day, the day preceding the day on which the Further Issue is launched;~~

~~(d) a statement that the Further Issue forms a single series with the Existing Issue; and~~

~~(20) such other information as the Exchange shall require.~~

~~*Note: An announcement may contain the prescribed information in respect of more than one structured product issue provided that all the structured product issues were launched on the same day.*~~

15A.60 The application procedure for the listing of a Further Issue will follow the same procedure as a listing of Existing Issue, except that in relation to a Further Issue where the Existing Issue is non-collateralised and issued pursuant to a base listing document, the supplemental listing document may contain only the information set out in paragraph 31 of Appendix D1D. ~~A formal announcement containing the information in rule 15A.59 must be made in respect of any Further Issue.~~

15A.61 [Repealed 1 September 2008]

15A.62 ~~[Repealed 1 July 2026]An issuer is not required to submit a listing application form in accordance with rule 9.03.~~

15A.63 The items referred to below must be lodged with the Exchange for review as soon as practicable after the structured product is launched to allow sufficient time for review and clearance by the Exchange before the proposed listing date:

(1) a draft of the supplemental or ~~stand alone~~ stand alone listing document in ~~reasonably advanced form, with full details of the terms and conditions of the structured products, marked in the margin to indicate compliance with the requirements of this Chapter and Appendix D1D;~~ and

(2) ~~[Repealed 1 July 2026]a completed checklist (obtainable from the Exchange) which specifies the information required by this Chapter and Appendix D1D regarding the issuer and the issue.~~

15A.64 The following documents must be supplied to the Exchange as soon as practicable after the launch of the structured product but before the listing of the structured product:–

(1) completed application form available from the Exchange signed by a duly authorised officer of the issuer; and

(2) a remittance in respect of the listing fee, levy and trading fees as determined pursuant to the Fees Rules; and

(3) ~~[Repealed 1 July 2026]each of the English language version and the Chinese language version of the publication version of the supplemental or stand alone listing document;~~

(4) [Repealed 31 December 2023]

(5) ~~[Repealed 1 July 2026]in the case of a stand alone listing document in respect of a~~

~~guaranteed or collateralised issue, legal opinions required pursuant to rules 15A.19 and 15A.50 respectively. In the case of a supplemental listing document supporting a base document in respect of a collateralised issue, the legal opinion required by 15A.50.~~

(6) [Repealed 31 December 2023]

(7) [Repealed 31 December 2023]

Placing

15A.65 Where structured products are listed on the Exchange by way of a placing, the guidelines set out in Appendix F1 shall not apply.

Listing Documents

15A.66 ~~A listing of structured products pursuant to this Chapter must be supported by a listing document. Listing documents (including any base listing document, stand alone listing document, supplemental listing document or supplementary listing document) must contain all of the specific items of information which are set out in this Chapter and Appendix D1D and must, as an overriding principle, contain such particulars and information necessary to enable an investor to make an informed assessment of the assets and liabilities and financial position of the issuer and the guarantor (if any) and of the structured products. The Exchange may require the inclusion in the listing document of such additional or alternative items of information as it considers appropriate. Conversely, the Exchange may be prepared to permit the omission or modification of certain items of information if, in its absolute discretion, it considers it appropriate. Issuers who wish to omit any of the prescribed information should consult the Exchange at the earliest opportunity.~~

15A.67 An issuer may use a “base listing document”—containing the information required by this Chapter and Appendix D1D in relation to the issuer and the structured products and which the issuer considers will apply generally in respect of all structured products or in relation to a particular type of structured product in respect of which listing is sought on the Exchange during such period in which the base listing document is valid. Such base listing document may be updated by a supplemental listing document or a supplementary listing document from time to time.

15A.68 If an issuer uses a base listing document (as may be supplemented by a supplementary listing document from time to time), it shall be supported by a “supplemental listing document” containing the information required by this Chapter and Appendix D1D and which the issuer considers is specific to the structured product in respect of which listing is sought.

15A.69 ~~The base listing document, and the supplemental listing document and the supplementary listing document must together contain all the information required by this Chapter and Appendix D1D in relation to the issuer, the guarantor (if any), their respective holding company that is relied upon by the issuer or the guarantor (if any) for eligibility assessment under rule 15A.13(1) and the structured products. The supplemental listing document must contain a declaration by the issuer that the information contained in the base listing document is up to date and is true and accurate as at the date of the supplemental listing document or include details of any changes to the information contained in the base listing document.~~

15A.70 A base listing document shall be valid for a period of 12 months from the date on which it is published or (if earlier) until such date as the issuer publishes ~~submits~~ its annual financial statements ~~accounts to the Exchange~~ in accordance with rule 15A.24 paragraph 5(1)(a) of Appendix E5 whereupon an issuer must file a further base listing document. A base listing document may not be amended without the prior approval of the Exchange. A base listing

document may be amended to allow the inclusion of ~~Interim Reports~~ interim financial reports or quarterly interim financial reports.

15A.71 If, at any time after the issue of the listing document (~~including any base listing document, stand alone listing document or supplemental listing document~~) and before the commencement of dealings in the structured products for which listing is sought, the issuer becomes aware that:–

- (1) there has been a significant change affecting any matter contained in the listing document; or
- (2) a significant new matter has arisen, the inclusion of information in respect of which would have been required to be included in such listing document if it had arisen before such listing document was issued,

the issuer (unless the Exchange agrees otherwise) shall, as soon as practicable, submit to the Exchange for its review a supplementary listing document giving details of the change or new matters. For this purpose “significant” means significant for the purpose of making an informed assessment of the matters mentioned in rule 15A.66.

15A.72 No amendment to the final proof of the listing document (~~including any base listing document, stand alone listing document, supplemental listing document or supplementary listing document~~) shall be made without the prior consent of the Exchange.

15A.73 A listing document (~~including any base listing document, stand alone listing document, supplemental listing document or supplementary listing document~~) shall not be issued until the Exchange has confirmed to the issuer that it has no comments ~~thereon~~. Listing documents must be published on the Exchange’s website as soon as practicable after the Exchange has confirmed it has no comments.

15A.74 Every issuer is required to accept responsibility for the information contained in a listing document (~~including any base listing document, stand alone listing document, supplemental listing document or supplementary listing document~~) and every guarantor is required to accept responsibility for the information in relation to the guarantor contained in a listing document and, unless otherwise required by law, this statement may be given on a corporate basis.

15A.75 A listing document may include illustrations of a pictorial or graphic nature provided that such illustrations are not misleading or likely to mislead in the form and context in which they are included.

15A.76 Any base listing document in respect of structured product issues, stand alone listing document or supplemental listing document in respect of a specific structured product, that is a prospectus must be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The procedures for registration are set out in Chapter 11A and rule 9.11(33). The requirement to notify the Exchange at least 14 days in advance of the date on which it is proposed to register a prospectus, set out in rule 11A.09, will not apply in the cases of supplemental listing documents.

Documents of Title and Admission into CCASS

15A.77 ~~Subject to rule 15A.81,~~ structured products may be represented by global or definitive documents of title, which may be in bearer or registered form. ~~Equity Linked Instruments shall be represented by a global document of title, in registered form.~~ Alternative forms of documents of title and alternative settlement arrangements may be used by agreement with the Exchange.

- 15A.78 Subject to rule 15A.77~~9~~ and rule 15A.84, structured products must be Eligible Securities from the date on which dealings in them are to commence.
- 15A.79 ~~[Repealed 1 July 2026]~~An issuer shall ensure that all necessary arrangements are made in order to comply with rule 15A.78 above. The Exchange may, in its absolute discretion, waive compliance with this rule.
- 15A.80 ~~[Repealed 1 July 2026]~~An issuer shall ensure, so far as it is able, that its structured products remain Eligible Securities.
- 15A.81 ~~[Repealed 1 July 2026]~~Alternative forms of documents of title and alternative settlement arrangements may be used by agreement with the Exchange. The Exchange should be consulted at the earliest opportunity if alternative forms of documents of title or alternative arrangements are proposed.

Expiry or Maturity of Structured Products

- 15A.82 ~~[Repealed 1 July 2026]~~(1) Except as provided below an issuer shall, not less than 7 business days prior to the expiry or maturity date in relation to any of its structured products, publish on the Exchange's website a notice containing, inter alia, the following:—
- ~~(a) the date of expiry or maturity, the last expected date of dealings and the date of withdrawal from listing of the structured products;~~
 - ~~(b) if applicable, the exercise price;~~
 - ~~(c) if applicable, the method of calculation of the cash payment;~~
 - ~~(d) the expected date of payment or delivery (as the case may be);~~
 - ~~(e) the most recent closing price of the underlying security or asset; and~~
 - ~~(f) such other information as the Exchange shall require.~~
- ~~(2) An issuer shall not be required to publish a notice in respect of a structured product expiring or maturing on its normal expiry or maturity date if the terms and conditions in respect of that structured product provide for net cash settlement on an automatic basis (i.e. without the holder serving an exercise notice).~~
- ~~(3) The notice in respect of the expiry or maturity of a structured product arising as a consequence of a mandatory call event (a "knockout") shall be published on the day the mandatory call event occurs.~~

Withdrawal of Listing

- 15A.83 An issuer may apply to withdraw the listing of a structured product prior to its expiry or maturity if the structured product is held entirely by the issuer or members of the issuer's its group (including any of the issuer's holding companies, subsidiaries and fellow subsidiaries and any associated company of any of them).
- 15A.84 Where a structured product has been fully exercised prior to expiry or maturity, an issuer is required to notify the Exchange of the full exercise as soon as practicable so that the Exchange may delist the structured product accordingly.

Trading halt or suspension of trading

- 15A.85 ~~[Repealed 1 July 2026]~~In addition to rules 6.02 to 6.10 and 13.10A, and other relevant provisions of the Listing Rules, where the securities or assets underlying structured products listed on the Exchange are halted or suspended from trading for whatever reason on the market on which they are listed or dealt in (including the Exchange), trading on the Exchange in structured products relating to such securities or assets must also be halted or suspended.
- 15A.86 ~~[Repealed 1 July 2026]~~The Exchange shall, save in exceptional circumstances, suspend from trading on the Exchange baskets which have one or more of their underlying securities suspended from trading in the market or exchanges on which such suspended security or securities are listed and the value or aggregate value of such suspended security or securities represents 30 per cent (“Specified Percentage”) or more of the total value of all securities comprised in the basket, or such other Specified Percentage as announced by the Exchange from time to time. The value of the suspended security or securities shall be determined by reference to the price of such securities immediately prior to their suspension on the market or exchanges in which they are listed.

Register

- 15A.87 If the structured product is to be represented by definitive documents of title in registered form, the issuer must be an approved share registrar or employ an approved share registrar to maintain the register.

Listing Fees

- 15A.88 ~~[Repealed 1 July 2026]~~Details of the listing fee are set out in the Fees Rules.

Authorised Representatives

- 15A.89 Every issuer is required to appoint two authorised representatives in accordance with rules 3.05 to 3.07 save that one of the two authorised representatives must be a senior officer of the issuer, the guarantor (if any) or members of their group (including any of their holding companies, subsidiaries and fellow subsidiaries) and the other one must be a senior officer of the compliance department of the issuer ~~or~~, the guarantor (if any) or members of their group (including any of their holding companies, subsidiaries and fellow subsidiaries).

...

Appendix D1D

Contents of Listing Documents

Structured Products

Note: A stand alone listing document in relation to a structured product issue should contain all the information required by this Appendix. A base listing document and supplemental listing document (each as may be supplemented from time to time) should, between them, contain all the information set out in this Appendix. In the case of a guaranteed issue, references in this Appendix to the “issuer” should be read as applying equally to the guarantor.

General Information

1. Each base listing document, stand alone listing document, ~~or~~ supplemental listing document or supplementary listing document shall on the front cover or inside front cover contain the

following prominent and legible statements:–

- (a) “Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.”;
- (b) “This document, for which the issuer [and the guarantor] accept[s] full responsibility [(in the case of the guarantor, only in respect of the information in relation to the guarantor [and (the guarantor’s holding company that it relies on for eligibility assessment under rule 15A.13(1))] in such document)], includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer [and the guarantor] [and (the holding company relied upon for eligibility assessment under rule 15A.13(1))]. The issuer [and the guarantor], having made all reasonable enquiries, confirm[s] that to the best of [its] [their] knowledge and belief the information contained in this document [(in the case of the guarantor, only in respect of the information in relation to the guarantor [and (the guarantor’s holding company that it relies on for eligibility assessment under rule 15A.13(1))])] is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document [(in the case of the guarantor, only in respect of the statement and information in relation to the guarantor [and (the guarantor’s holding company that it relies on for eligibility assessment under rule 15A.13(1))])] misleading.”;

Note The above statement shall be modified according to whether the issue is or is not a guaranteed issue or whether the issuer or the guarantor (if any) relies on their respective holding company for eligibility assessment under rule 15A.13(1).

- (c) “Investors are warned that the price of the structured products may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand the nature of the structured products and carefully study the risk factors set out in this document and, where necessary, seek professional advice, before they invest in the structured products.”; and

Note: This disclosure may be modified in the case of capital protected products.

The expression ‘structured products’ may be replaced by the name of the product (for example derivative warrants ~~or equity-linked instruments~~) where the listing document relates solely to an issue or issues of that type of product.

- (d) in the case of non-collateralised structured products:

“The structured products constitute general unsecured contractual obligations of the issuer and of no other person and if you purchase the structured products you are relying upon the creditworthiness of the issuer [and the guarantor] [and have no rights under the structured products against the company which has issued the underlying securities].”

Note: The above statement shall be modified according to whether the issue is or is not a guaranteed issue and whether or not there are any securities underlying the issue.

The expression ‘structured products’ may be replaced by the name of the product (for example derivative warrants ~~or equity-linked instruments~~) where the listing document relates solely to an issue or issues of that type of product.

2. The names and addresses of the registrars (if any), trustees (if any), warrant agent (if any) and the transfer office.

3. A statement that:
 - (1) application has been or will be made to the Exchange for listing of, and permission to deal in, the structured products.
 - (2) all necessary arrangements have been made enabling the structured products to be admitted into CCASS or an appropriate negative statement.
4. If known, the date on which dealings in the structured product will commence.
5. Where the listing document includes a statement purporting to be made by an expert, a statement:–
 - (a) specifying the qualifications of such expert and whether such expert has any shareholding in the issuer or any member of ~~the issuer's~~ its group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the issuer or any member of ~~the issuer's~~ its group, and, if so, a full description thereof;
 - (b) that the expert has given and has not withdrawn his written consent to the issue of the listing document with the expert's statement included in the form and context in which it is included; and
 - (c) of the date on which the expert's statement was made and whether or not it was made by the expert for incorporation in the listing document.
6. A statement as to the tax implications for Hong Kong investors who wish to invest in the structured products including, if applicable, a reference to any duties or taxes payable on exercise, expiry or maturity of the structured products.

Information on the Issuer and, where applicable, its holding company

7. For all listing documents the full name of the issuer and, if applicable, the guarantor.
8. The country of incorporation or other establishment of the issuer and, if applicable, the guarantor and the authority under which the issuer and, if applicable, the guarantor was incorporated or otherwise established.
9. In the case of an issuer and, if applicable, a guarantor, not incorporated or otherwise established in Hong Kong, the address of the head office and of the principal place of business (if any) in Hong Kong and of the place of business in Hong Kong registered under Part 16 of the Companies Ordinance, and the name(s) and address(es) of the person(s) in Hong Kong authorised to accept service of process and notices on its behalf.
10. The issuer's ~~or~~ and, in the case of a guaranteed issue, the guarantor's published audited ~~consolidated~~ financial statements or, where the issuer and/or the guarantor is a holding company, the issuer's and/or the guarantor's published audited consolidated financial statements (including the accompanying notes thereto) and the auditor's report ~~thereon~~, for the last two financial years.
11. (1) (a) ~~Where~~ An interim financial report (the "Interim Report") in respect of the first six months of the issuer's and, in the case of guaranteed issues, the guarantor's financial year (where published, or if more than 40-9 months have elapsed since the date to which the its latest published audited consolidated financial statements or, where it is a holding company, its latest published audited consolidated financial statements of the issuer or, in the case of guaranteed issues, the guarantor are made up), an interim financial report (the "Interim Report") in respect of the first 6 months of its financial

year including the issuer's and/or the guarantor's interim financial statements or, where the issuer and/or the guarantor are holding companies, the issuer's and/or the guarantor's consolidated interim financial statements, each containing the following information:–

- (i) profits or losses before taxation,
- (ii) taxation on profits,
- (iii) profits or losses attributable to non-controlling interests,
- (iv) profits or losses attributable to shareholders,
- (v) the balance at the end of the period of share capital and reserves, and
- (vi) comparative figures for the matters specified in (i) to (v) inclusive for the corresponding previous period.

(b) ~~[Repealed 1 July 2026] Where the Interim Report does not include items of information referred to in paragraph 11(1)(a) above, the issuer or, in the case of guaranteed issues, the guarantor shall include a statement in respect of the same period as the Interim Report referred to in paragraph 11(1)(a) above which sets out the information specified in paragraph 11(1)(a) above which is not included in the Interim Report.~~

(c) A statement that the Interim Report ~~and the statement in paragraphs 11(1) (a) and (b) above~~ has have been prepared in accordance with the issuer's or, as the case may be, the guarantor's usual accounting policies and procedures.

(2) ~~Where published, the~~ The issuer's or and, in the case of guaranteed issues, the guarantor's latest quarterly interim financial report, where published. Where the quarterly interim financial report is made up to a date subsequent to the date of the Interim Report above and contains the information required by paragraph 11(1)(a), the Interim Report may be omitted. The quarterly interim financial report may be omitted where it is made up to a date prior to the date of any Interim Report included in accordance with paragraph 11(1)(a) above.

12. A statement that the issuer undertakes to, during the period that any structured products issued by it are listed on the Exchange, publish the issuer's, ~~or and,~~ in the case of a guaranteed issue, the guarantor's, published annual report including audited consolidated annual financial statements (or audited consolidated annual financial statements where required under paragraph 5(1)(a) of Appendix E5) and any more recent published interim financial statements (or consolidated interim financial statements where required under paragraph 5(1)(b) of Appendix E5) and quarterly financial statements on the Exchange's website and the issuer's own website and give the address of each website.

13. In the case of an issue of non-collateralised structured products, a description of the issuer's activities in relation to its use of structured products, derivative warrants, options, futures, swaps and similar instruments covering the following matters:–

- (1) the purpose for which such instruments are used;
- (2) the methods employed by the issuer to monitor, evaluate, manage and mitigate the risk arising including market risk, credit risk, concentration risk and operational risk;
- (3) the role of senior management in the supervision of the risk management process including, the functions and independence of its risk management, credit, finance, internal

audit and compliance units;

- (4) the policy with respect to obtaining collateral, counterparty selection criteria and monitoring; and
- (5) the imposition of and monitoring of trading and credit limits including the procedures and authorizations necessary for such limits to be exceeded and the procedures in relation to and action which would be taken if limits are exceeded without due authority.

This information is to be included in the same listing document as the ~~annual~~ auditor's report in paragraph 10 above.

14. A statement of any material adverse change in the financial or trading position of the issuer's and, in the case of a guaranteed issue, the guarantor's group since the end of the period reported on in the auditor's report disclosed pursuant to paragraph 10 to appear in all listing documents. Where there has been no material adverse change an appropriate negative statement must be included in all listing documents.
15. Particulars of any litigation or claims of material importance pending or threatened against the issuer or any member of ~~the issuer's~~ its group or an appropriate negative statement. Where particulars are provided in the base listing document they should be updated in the supplemental listing document or supplementary listing document. Where there are no particulars to disclose an appropriate negative statement must be included in all listing documents.
16. (1) ~~If a statement that the issuer and/or the guarantor (if any) is regulated by one of the bodies indicated in rule 15A.13(2) or (3), a statement of that fact, identifying the regulatory body, or, if the issuer is not so regulated, a statement of that fact.; and~~
(2) ~~If the issuer has been rated by a credit rating agency, a statement of that fact, in respect of the credit rating(s) of the issuer, the guarantor and their respective holding company that is relied upon by the issuer or the guarantor for eligibility assessment under rule 15A.13(1), a statement identifying the each relevant credit rating agency and the rating and the date it was awarded. This information shall appear in all listing documents.~~

Note: Existing issuers and guarantors with either non-collateralised structured products listed on the Exchange, or a valid base listing document, as at 30 June 2026 would have a transitional period until (and including) 30 June 2027 to comply with paragraph 16. During such transitional period, such issuers and guarantors will be required to comply with paragraph 16 (as in force on 30 June 2026) in the manner prescribed by the Exchange from time to time.

- 16A. A statement that credit ratings of the issuer, the guarantor or their respective holding company are for investors' reference only. Where the credit rating of the holding company of the issuer or the guarantor is relied upon by the issuer or the guarantor for eligibility assessment under rule 15A.13(1), the name of such holding company, the relationship between such holding company and the issuer and (in the case of guaranteed issues) the guarantor, and a statement that investors shall have no recourse against such holding company and shall determine the relevance and significance of credit ratings of such holding companies.

Information on the Structured Products

17. The following information:
 - (1) The nature, ~~and~~ amount and title of the issue including the total number of units which have been or will be created and issued (Note).

Note: The description of the structured product must indicate the nature of the product as follows:

- (a) type (e.g. call, put or other)
 - (b) single or basket
 - (c) style (e.g. American, European or other)
 - (d) underlying
 - (e) settlement method.
- (2) A full description of, including the terms attaching to, the structured products for which listing is sought.
 - (3) The issue price or offer price of the structured products.
 - (4) If applicable, the ~~The~~ maximum number of securities or assets which the issuer or holders (as the case may be) are obliged to transfer upon exercise of the structured products.
 - (5) If applicable, the period during which the structured products may be exercised and the date when this right commences and the date when the structured products mature or expire.
 - (6) If applicable, the amount payable on the exercise of the structured products.
 - (7) The arrangements for transfer of the structured products.
 - (8) The rights of the holders of the structured product on the liquidation, administration or an analogous action of the issuer.
 - (9) A summary of any other material terms of the structured products.
 - (10) Particulars of any other stock exchange on which the structured products are or will be listed or an appropriate negative statement.
 - (11) The identity of the Liquidity Provider for the issue of the structured product, and the Broker identification number of that Liquidity Provider. A statement that the Liquidity Provider is regulated by the Exchange and the Commission and an explanation of the relationship between the issuer and the Liquidity Provider emphasizing that the Liquidity Provider is acting as agent for the issuer.
 - (12) A statement of the method by which liquidity is to be provided for the structured product issue; in particular whether this will be by means of Quote Request or Continuous Quotes.
 - (13) Where liquidity is to be provided by means of Quote Request, a telephone number for requesting quotes and the time within which a response will be provided to a quote request.
 - (14) A statement of when liquidity will be provided for the structured product and when liquidity will not be provided for the structured product.

Note: ~~[Repealed 1 July 2026] In normal circumstances an issuer shall provide liquidity in structured products that it has issued from five minutes after the Exchange~~

~~has opened for trading until it closes.~~

- (15) A statement of the minimum ~~quantity~~ size of structured products for which the liquidity will be provided.

Note: ~~[Repealed 1 July 2026] In normal circumstances an issuer shall provide liquidity for a minimum of 20 board lots of the structured product.~~

- (16) A statement of the maximum spread between the bid and offer prices when liquidity is provided.

(16A) Other minimum service levels in relation to liquidity provision which shall comply with the minimum service levels as required by the Exchange from time to time.

- (17) Whether the Liquidity Provider will offer to purchase structured products at less than one cent.

- (18) If applicable, a statement that neither the issuer nor the guarantor (if any) is the ultimate holding company of the group to which the issuer belongs and with which the issuer's name is identified.

18. A statement of all risks which are material for an investor to make an informed decision in respect of investing in the structured product.

19. For structured products which provide for settlement wholly in cash, a statement of the issuer's obligation to provide for automatic exercise upon expiry or maturity, ~~and~~ a statement of the period in which the issuer may deliver the requisite cash settlement amount, details of the formula for calculating the cash settlement amount and a statement that the products will be automatically settled on the expiry date or maturity date without the need for holders of the products to deliver a notice of exercise.

19A. If applicable, the name of the sponsor/manager, distributor(s) or placing agent(s).

Information on the underlying securities, indices or assets

20. In the case of structured products relating to securities of a company or companies, the listing document shall include the following information in respect of each of the underlying companies:–

- (1) in the case of a company listed on the Exchange, an indication of where investors may obtain information on that company including its published audited consolidated financial statements and interim financial statements;
- (2) in the case of any other company, an indication of where investors may obtain information on that company including its published audited consolidated financial statements and interim financial statements;
- (3) in the case of companies which are not listed on the Exchange, a description of the principal activities of the relevant companies and their subsidiaries;
- (4) in the case of companies which are not listed on the Exchange, details of their issued share capital;
- (5) in the case of companies which are not listed on the Exchange, details of the substantial shareholders' interests;
- (6) in the case of companies which are not listed on the Exchange, market statistics covering

at least the price of the securities at the latest most practicable date, the market capitalisation, the historic price earnings multiple and dividend yield and a brief trading history of the securities over the two years immediately preceding the issue of the listing document;

- (7) in the case of companies which are not listed on the Exchange, any other information concerning the relevant companies which has been published generally and which is necessary to enable an investor to make an informed assessment of the value of the structured products;
 - (8) the date of and arrangements for adjusting the amount payable on the exercise of such rights or the entitlement due upon exercise to (where applicable) take account of any rights issue, bonus issue, sub-division, consolidation or other alteration to the share capital of the company whose securities underlie the structured product;
 - (9) the rights (if any) of the holders to participate in any distributions and/or offers of further securities made by the company whose securities underlie the structured products; and
 - (10) the rights (if any) of the holders of the structured products on the liquidation, administration or an analogous action of the company whose securities underlie the structured products.
21. In relation to structured products which provide for physical settlement of the underlying Exchange listed securities or assets, a statement of the period in which the issuer may deliver documents of title (including certificates in the name of the exercising holder) or deliver the underlying Exchange listed securities by electronic transfer, to the holder following a valid exercise or following expiry or maturity.
22. In the case of structured products in respect of other securities or assets, the listing document must contain that information which is necessary to enable an investor to make an informed assessment of the value of the structured products.
23. In the case of structured products relating to indices:—
- (1) a description of the index;
 - (2) a description of the constituent stocks (if applicable);
 - (3) the identity of the party which sponsors and/or calculates the index;
 - (4) a description of the method of calculation;
 - (5) the arrangements for calculation if the index is not published by the normal party;
 - (6) the historic highs or lows for the last five years; and
 - (7) the closing spot level at the latest most practicable date.

The information in paragraphs 23(1) to 23(7) may be omitted where (i) such information is publicly available in English and Chinese on the web site of the index compiler and a web link to such web site is included in the listing document, or (ii) the underlying index is the Hang Seng Index or such other index as may be prescribed by the Exchange from time to time.

Information on the Guarantee

24. The full text of the guarantee. A statement that the obligations of the issuer are unconditionally and irrevocably guaranteed by the guarantor.

Information on the collaterals and security arrangements

24A. In the case of an issue of collateralised structured products, the listing document must contain such information on collaterals, 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.

Language

25. Each listing document in a single language, either English or Chinese, must include in a prominent place a description in the other language of how the investor may obtain a listing document in that other language.

Updating

26. In a base listing document, ~~the date of the document and a statement that the base listing document may be updated from time to time.~~ In a supplemental or supplementary listing document, include details of any changes to the information contained in the base listing document and a declaration by the issuer that the information contained in the base listing document (as supplemented by the supplemental listing document and any supplementary listing document) is, as at the date of the supplemental or supplementary listing document, up-to-date, true, accurate and complete in all material respects and there are no other matters the omission of which would make the supplemental or supplementary listing document or any statement therein misleading.

Display of documents

27. The following are published on the Exchange's website and the issuer's own website for so long as any structured products issued under a listing document are listed on the Exchange:–

- (1) all reports, letters or other documents, ~~balance sheets,~~ valuations and statements by any expert any part of which is extracted or referred to in the listing document;
- (2) any current and future base listing documents, stand alone listing documents and supplemental listing documents or subsequent amendments to the listing document(s); and
- (3) the latest published audited ~~consolidated annual~~ financial statements of the issuer and guarantor (if any) or where the issuer and/or the guarantor is a holding company, the issuer's and/or the guarantor's latest published audited consolidated annual financial statements and any more recent published interim financial statements (or consolidated interim financial statements where it is a holding company) and quarterly financial statements.

Other information

28. The date of the listing document.

29. The web sites at which the listing document will be available to the public.

30. Other information as the Exchange shall require.

Non-collateralised further issue issued pursuant to a base listing document

31. In relation to a further issue where the existing issue is non-collateralised and issued pursuant

to a base listing document, the supplemental listing document may contain only the following:–

- (1) the date of publication of the base listing document, any supplementary listing document and supplemental listing document for the existing issue and the web link at which each such listing document is available to the public;
- (2) a statement that the supplemental listing document for the further issue shall be read in conjunction with the base listing document, any supplementary listing document and supplemental listing document for the existing issue;
- (3) the disclosure specified by “General Information” and “Other information” in this Appendix;
- (4) the following information:
 - (a) the number of units of the further issue to be issued;
 - (b) the closing price of the existing issue on either the day on which the further issue is launched or, if the further issue is launched before trading on the Exchange has ceased for the day, the day preceding the day on which the further issue is launched;
and
 - (c) a statement that the further issue forms a single series with the existing issue;
- (5) any update to the information as set out in the listing documents for the existing issue;
and
- (6) a declaration by the issuer that the information contained in the base listing document (as supplemented by any supplementary listing document and the supplemental listing documents for both the existing and further issues) is, as at the date of the supplemental listing document, up-to-date, true, accurate and complete in all material respects and there are no other matters the omission of which would make the supplemental listing document or any statement therein misleading.

...

Appendix E5

Continuing Obligations: Structured Products

~~An~~ Each of the issuer and the guarantor (if any) of structured products as defined under Chapter 15A shall comply with the following ongoing obligations:

DISCLOSURE

General matters

1. An issuer and the guarantor (if any) must comply with the following: –
 - (1) (a) Without prejudice to paragraph 26, where in the view of the Exchange there is or there is likely to be a false market in the issuer’s ~~listed securities~~ structured products, the issuer and the guarantor (if any) must, as soon as reasonably practicable after consultation with the Exchange, announce the information necessary to avoid a false market in the ~~securities~~ structured products;

Notes: 1. *This obligation exists whether or not the Exchange makes enquiries under paragraph 26 below.*

2. *If the issuer believes that there is likely to be a false market in its ~~listed securities-structured products~~, it must contact the Exchange as soon as reasonably practicable.*

3. *Any obligation to inform holders of the issuer's ~~listed securities-structured products~~ or the public will be satisfied by the information being published on the web site of the Exchange except where Chapter 15A or this Appendix requires some other form of notification. ~~Certain such announcements must first have been reviewed by the Exchange in accordance with paragraph 13 below.~~*

(b) (i) Where the issuer is required to disclose inside information under the Inside Information Provisions of the Securities and Futures Ordinance, the issuer and the guarantor (if any) must also simultaneously announce the information.

(ii) The issuer and the guarantor (if any) must simultaneously copy to the Exchange any application to the Commission for a waiver from disclosure under the Inside Information Provisions, and promptly upon being notified of the Commission's decision copy the Exchange with the Commission's decision.

(c) The issuer and the guarantor (if any) must take all reasonable steps to maintain strict confidentiality of inside information until it is announced.

(d) The issuer and the guarantor (if any) must not divulge any information in such a way as to place in a privileged dealing position any person or class or category of persons. They must not release any information in such a way that Exchange transactions may be entered into at prices which do not reflect the latest available information.

(e) The issuer and the guarantor (if any) must seek to ensure that dealings do not take place between parties one of whom does not have inside information which the other possesses.

(2) inform the Exchange of, and release to the Hong Kong market, information at the same time as the information is released to any other stock exchange on which the ~~Issuer's securities-issuer's structured products~~ are listed; and

(3) ~~[Repealed 1 July 2026]notify the Exchange where the net asset value of the issuer or the guarantor, as the case may be, has fallen below the level as prescribed in rule 15A.12;~~

(4) ~~[Repealed 1 July 2026]notify the Exchange of any change in the issuer's or the guarantor's credit rating; and~~

(5) the Exchange Listing Rules in force from time to time.

2. The issuer, and where the ~~securities-structured products~~ are guaranteed, the guarantor must, as soon as reasonably practicable, announce any information which may have a material effect on its ability to meet the obligations under the ~~securities-structured products~~.

Changes in the terms of ~~listed securities-structured products~~

3. The issuer and the guarantor (if any) shall, if there is a proposed change in the terms of conversion or in the terms of the exercise of any of the issuer's ~~listed securities-structured products~~, notify the Exchange of, and publish on the web site of the Exchange an announcement as to announce, the proposed change, its effective date and the effect of any

such change ~~wherever practicable~~, prior to the effective date of such change and, if not so practicable, as soon as possible thereafter. The issuer must not proceed with such change until the Exchange has confirmed that it has no comments.

Closure of books

4. The issuer shall, as early as practicable before such closure, notify the Exchange in writing and publish on the Exchange web site a notice of the closure of its transfer books or any register of holders of its ~~listed securities~~ structured products in respect of the listed securities. In cases where there is an alteration of book closing dates, the issuer shall, as soon as practicable, notify the Exchange in writing of such alteration and give further notice by way of publication on the Exchange web site.

4.1 *See Practice Note 8 for emergency share registration arrangements during a typhoon and/or a black rainstorm warning Bad Weather Signals.*

MATTERS RELATING TO THE ISSUER

Ongoing compliance

4A. Whilst any of the issuer's non-collateralised structured products are listed on the Exchange:

- (1) the issuer or the guarantor (in the case of guaranteed issues) shall comply with rules 15A.12 and 15A.13(3); and
- (2) the issuer or the guarantor (in the case of guaranteed issues) shall, or shall ensure that their respective holding company (which is relied upon by the issuer or the guarantor for eligibility assessment under rule 15A.13(1)) will, comply with rule 15A.13(1).

Note: Existing issuers and guarantors with either non-collateralised structured products listed on the Exchange, or a valid base listing document, as at 30 June 2026 would have a transitional period until (and including) 30 June 2027 to comply with paragraph 4A. During such transitional period, such issuers and guarantors will be required to comply with the continuing obligations under the Exchange Listing Rules (as in force on 30 June 2026) in the manner prescribed by the Exchange from time to time.

ANNUAL ACCOUNTS FINANCIAL STATEMENTS

Distribution of directors' report and annual accounts **Publication and preparation of financial reports**

5. For so long as any of the listed securities are outstanding, the issuer and the guarantor will make available to holders of its listed securities, its most recent audited financial statements and interim and, if published, quarterly financial statements by publishing them on the Exchange's website and the issuer's own website. An issuer (and, in the case of guaranteed issues, the guarantor) shall, whilst any structured products issued by the issuer are listed on the Exchange:–

(1) publish on the Exchange's website:–

- (a) as soon as practicable after its publication elsewhere but, in any event, not later than four months after the period to which it relates, the issuer's and, in the case of guaranteed issues, the guarantor's annual report including its audited annual financial statements or, where the issuer and/or the guarantor are holding companies, the issuer's and/or the guarantor's audited consolidated annual financial statements, each

together with the auditor's report;

- (b) as soon as practicable after its publication elsewhere or the date of its preparation but, in any event, not later than three months after the period to which it relates, the issuer's and, in the case of guaranteed issues, the guarantor's interim financial report in respect of the first six months of its financial year including its interim financial statements or, where the issuer and/or the guarantor are holding companies, the issuer's and/or the guarantor's consolidated interim financial statements;
 - (c) where published, as soon as practicable after its publication elsewhere, the issuer's and, in the case of guaranteed issues, the guarantor's quarterly interim financial report; and
 - (d) as soon as practicable after its publication elsewhere, full details of any other financial information which the issuer and/or the guarantor may provide to any other exchange or market, to the extent such information is necessary to enable an investor to make an informed assessment of the financial position of the issuer or, as the case may be, the guarantor and of the structured products;
- (2) include in the interim financial report referred to in paragraph 5(1)(b) of this Appendix E5:–
- (a) profits or losses before taxation,
 - (b) taxation on profits,
 - (c) profits or losses attributable to non-controlling interests,
 - (d) profits or losses attributable to shareholders,
 - (e) the balance at the end of the period of share capital and reserves, and
 - (f) comparative figures for the matters specified in (a) to (e) inclusive for the previous corresponding period; and
- (3) prepare the interim financial reports and statements referred to in paragraphs 5(1)(b), 5(1)(c) and 5(2) of this Appendix E5 in accordance with the issuer's or, as the case may be, the guarantor's usual accounting policies and procedures.

LIQUIDITY PROVISION

- 5A. (1) The issuer shall be required to provide liquidity in each structured product issue and shall describe in the stand alone listing document or any of the base listing document, supplemental listing document or supplementary listing document how it proposes to provide that liquidity. The method adopted must be transparent and must be acceptable to the Exchange.
- (2) The issuer shall inform the Exchange and announce:
- (a) any change of liquidity providers or their particulars before implementing such change; and
 - (b) as soon as practicable upon any disruption to, or resumption of, liquidity provision services.

Notes:

1. The liquidity provider must be identified in the stand alone, base, supplemental or

supplementary listing document.

2. Liquidity may be provided either by means of continuously inputting orders into the Exchange's trading system ("Continuous Quotes") or by entering orders into the Exchange's trading system in response to requests for quotes ("Quote Request"). The method chosen shall be described in the stand alone, base, supplemental or supplementary listing document. An issuer which has indicated that it will provide liquidity by means of Quote Request is not thereby precluded from fulfilling that obligation by means of Continuous Quotes. An issuer that responds to a Quote Request by agreeing to conduct a cross trade has fulfilled its obligation. An issuer which has indicated that it will provide liquidity by means of Quote Request must include a telephone number for requesting quotes in the stand alone, base, supplemental or supplementary listing document.
3. An issuer shall specify the minimum service levels in relation to liquidity provision in the stand alone, base, supplemental or supplementary listing document which comply with the minimum service levels as published by the Exchange from time to time. An issuer shall comply with the minimum service levels for liquidity provision specified in the listing documents.
4. Any dealings by the issuer or any member of its group (meaning any of the issuer's holding companies, subsidiaries and fellow subsidiaries and any associated companies of any of them), as principal, in structured products that the issuer has listed on the Exchange must be conducted through the liquidity provider. A direct business transaction, where an Exchange Participant acts for both buyer and seller, one of whom is a member of the issuer's group, need not be conducted through the liquidity provider. A transfer of proprietary ownership of structured products from one member of an issuer's group to another member of the issuer's group is not regarded as dealing for this purpose and should be effected off the Exchange. The Exchange may require an issuer to provide additional transparency for trades conducted by the issuer's group and may prescribe procedures for this purpose from time to time.

INCENTIVE SCHEMES

- 5B. An issuer shall not (either directly or indirectly) offer commission rebates or other incentive schemes in respect of structured products that it has issued. Notwithstanding the foregoing, an issuer (that is a securities dealer), and a member of its group (which means any of the issuer's holding companies, subsidiaries and fellow subsidiaries) that is a securities dealer, may offer commission rebates or other incentive schemes in respect of structured products that the issuer has issued, provided that in each case:–
- (1) the commission rebates or other incentive schemes are not limited solely and exclusively to structured products issued by the issuer;
 - (2) any commission rebate or other incentive schemes arising in respect of structured products issued by the issuer will not be recovered directly or indirectly: (a) by its securities dealing unit from its structured product issuance unit (where such commission rebate or other incentive scheme is offered by an issuer), or (b) by or on behalf of the securities dealer from the issuer (where such commission rebate or other incentive scheme is offered by a member of an issuer's group that is a securities dealer);
 - (3) where the commission rebates or other incentive schemes relate to structured products generally or securities trading generally, the terms of any commission rebate or other incentive schemes applicable to structured products issued by the issuer are identical to those applicable to structured products issued by other issuers;
 - (4) where the incentives relate to specific structured products, such incentive shall be in the

form of fee discounts and the terms of the fee discount applicable to structured products issued by the issuer are identical to those applicable to structured products issued by other issuers; and

- (5) disclosure will be included in the relevant listing documents and publicity materials alerting investors to the fact that an issuer or its group company intends to offer commission rebates or other incentive schemes and that investors should make investment decisions with respect to structured products without regard to the benefit of any such commission rebates or other incentive schemes.

Note: The Exchange will require an issuer to provide periodic declarations of compliance with these requirements by the issuer and members of its group (which means any of the issuer's holding companies, subsidiaries and fellow subsidiaries). Any failure by an issuer to comply with these requirements may render that issuer no longer suitable to issue structured products on the Exchange.

ANNOUNCEMENT AND NOTIFICATION

After board meetings

6. The issuer and the guarantor (if any) shall inform the Exchange and announce as soon as practicable after approval by or on behalf of the board of: –
- (1) any proposed change in the capital structure of the issuer or the guarantor (if any) which may reasonably be expected to be material or which will affect the rights of the holders of the ~~listed securities~~ structured products or its suitability as an issuer or a guarantor (if any) under Chapter 15A of the Exchange Listing Rules, including any adjustment or alteration to the terms and conditions of its ~~listed securities~~ structured products; and
 - (2) any decision to change the general character or nature of the business of the ~~issuer~~ issuer or its group in any material respect, taken as a whole.

6.1 [Repealed 1 July 2026] ~~The statement is to be provided by way of information only.~~

7. When requested by the Exchange, provide a list of all issues of derivative securities by the issuer or the guarantor (if any), whether such further securities are to be listed or not, by way of a statement containing the brief terms and a description of each such issue.

Changes

8. The issuer and the guarantor (if any) shall inform the Exchange ~~immediately~~ and announce as soon as practicable giving full details of any decision made in regard to: –
- (1) any proposed alteration of the issuer's or the guarantor's (as the case may be) memorandum or articles of association or equivalent documents which would affect the rights of holders of its ~~listed securities~~ structured products;
 - (2) any change in the rights attaching to any class of ~~listed securities~~ structured products; and
 - (3) any change in its ~~authorized representatives~~, auditors, registered address or registered place of business in Hong Kong.
- 8A. The issuer and the guarantor (if any) shall inform the Exchange immediately giving full details of any decision made in regard to any change in its authorised representatives.

- 8B. Whilst any of its non-collateralised structured products are listed on the Exchange, the issuer

and, in the case of a guaranteed issue, the guarantor shall:–

(1) inform the Exchange and announce as soon as practicable where:–

(a) the total shareholders' equity of the issuer or the guarantor, as the case may be, has fallen below the level as prescribed in rule 15A.12; and

(b) the regulatory status of the issuer or the guarantor (if any) that is relied upon for eligibility assessment under rule 15A.13(3) as disclosed in the listing documents has changed;

(2) inform the Exchange as soon as practicable where the credit rating of the issuer or the guarantor (if any) (or their respective holding company, where such credit rating is relied upon by the issuer or the guarantor (if any) for eligibility assessment under rule 15A.13(1)) as disclosed in the listing documents has changed (including any downgrade in rating outlook); and

(3) announce as soon as practicable where the credit rating of the issuer or the guarantor (if any) (or their respective holding company, where such credit rating is relied upon by the issuer or the guarantor (if any) for eligibility assessment under rule 15A.13(1)) as disclosed in the listing documents has been downgraded (including any downgrade in rating outlook).

8C. Whilst any of its collateralised structured products are listed on the Exchange, the issuer shall inform the Exchange and announce as soon as practicable where there is any proposed change in the collateral arrangements, trusts or other security arrangements. The issuer must not proceed with such change until the Exchange has confirmed that it has no comments.

Basis of allotment

9. The issuer shall inform the Exchange of the basis of allotment of its ~~listed securities~~ structured products offered to the public for subscription or sale, not later than the morning of the next business day after the allotment letters or other relevant documents of title are posted.

Sale and Purchase of ~~listed securities~~ structured products

10. ~~The issuer and the guarantor shall inform the Exchange on a periodic basis as required by the Exchange in respect of any purchase or sale, by the issuer and the guarantor, or any member of the group, of its listed securities and the issuer and the guarantor hereby authorises the Exchange to disseminate such information to such persons and in such manner as the Exchange may think fit.~~ Dealings by the issuer, guarantor (if any) and any of the issuer's holding companies, subsidiaries and fellow subsidiaries and any associated companies of any of them:

(1) in structured products between the date of launch and prior to dealings in that structured product commencing on the Exchange, and

(2) in the right to receive structured products between the date of launch and prior to dealings in that structured product commencing on the Exchange

must be published on the Exchange's website at least one and a half hours before trading commences on the Exchange on the day dealings in the structured product commence on the Exchange.

10A. The previous day's dealings by the issuer, guarantor (if any) and any of the issuer's holding companies, subsidiaries and fellow subsidiaries and any associated companies of any of them, as principal, in structured products that the issuer has listed on the Exchange must be published on the Exchange's website at least one and a half hours before trading commences

on the Exchange each day.

Note: Transactions shall be included in the report in respect of the day they are entered into the Exchange's trading system.

Winding-up and liquidation

11. (1) The issuer and the guarantor (if any) shall inform the Exchange ~~on the happening of any event and announce as soon as practicable after the occurrence of the following events as soon as the same shall come to the attention of the issuer or the guarantor (as the case may be):~~ –
- (a) the appointment of a receiver or manager either by any court having jurisdiction or under the terms of a debenture or any application to any court having jurisdiction for the appointment of a receiver or manager, or equivalent action in the country of incorporation or other establishment, in respect of the business or any part of the business of the issuer or the guarantor (if any) or their respective holding companies or the property of the issuer or that of the guarantor (if any), or their respective holding companies or any major subsidiary;
 - (b) the presentation of any winding-up petition, or equivalent application in the country of incorporation or other establishment, or the making of any winding-up order or the appointment of a provisional liquidator, or equivalent action in the country of incorporation or other establishment, against or in respect of the issuer or the guarantor (if any) or their respective holding companies or any major subsidiary;
 - (c) the passing of any resolution by the issuer or the guarantor (if any), or their respective holding companies or any major subsidiary that it be wound-up by way of members' or creditors' voluntary winding-up, or equivalent action in the country of incorporation or other establishment;
 - (d) the entry into possession of or the sale by any mortgagee of a portion of the issuer's or the guarantor's (if any) or their respective holding companies' assets which in aggregate value represents an amount in excess of 15 per cent. of the consolidated net tangible assets of the respective group; or
 - (e) the making of any final judgment, declaration or order by any court or tribunal of competent jurisdiction whether on appeal or at first instance which is not subject to any or further appeal, which may adversely affect the issuer's or the guarantor's (if any) or their respective holding companies' ownership or enjoyment of any portion of its assets which in aggregate value represents an amount in excess of 15 per cent. of the consolidated net tangible assets of their respective group.
- (2) For the purposes of (1) above, a "major subsidiary" means a subsidiary representing 15 per cent. or more of the consolidated net tangible assets or pre-tax trading profits of the group.

Other listings

12. The issuer and the guarantor (if any) shall inform the Exchange immediately if any part of the ~~listed securities~~ structured products of the issuer becomes listed or dealt in on any other stock exchange, stating which stock exchange.

Expiry or maturity of structured products

- 12A. (1) Except as provided below an issuer shall, not less than 7 business days prior to the expiry or maturity date in relation to any of its structured products, publish on the Exchange's

website a notice containing, inter alia, the following:–

- (a) the date of expiry or maturity, the last expected date of dealings and the date of withdrawal from listing of the structured products;
 - (b) if applicable, the exercise price;
 - (c) if applicable, the method of calculation of the cash payment;
 - (d) the expected date of payment or delivery (as the case may be);
 - (e) the most recent closing price of the underlying security or asset; and
 - (f) such other information as the Exchange shall require.
- (2) An issuer shall not be required to publish a notice in respect of a structured product expiring or maturing on its normal expiry or maturity date if the terms and conditions in respect of that structured product provide for net cash settlement on an automatic basis (i.e. without the holder serving an exercise notice).
- (3) Information relating to the expiry or maturity of a structured product arising as a consequence of a mandatory call event (a “knockout”), including when it occurred and the residual value (if applicable), shall be announced as soon as practicable after the mandatory call event occurs.

ANNOUNCEMENTS, CIRCULARS AND OTHER DOCUMENTS

Review of documents

13. In addition to the specific requirements set out in the Exchange Listing Rules, the issuer and the guarantor (if any) shall: –
- ~~(1) [Repealed 1 July 2026]submit to the Exchange a draft, for review before they are issued, of any announcements or advertisements the subject matter of which may involve a change in or relate to or affect arrangements regarding trading in its listed securities (including a suspension of dealings);~~
 - (2) submit to the Exchange a draft for review before they are issued, of any proposed amendment to its memorandum or articles of association or equivalent documents which would affect the rights of holders of its ~~listed securities~~ structured products; and
 - (3) not issue any of such documents until the Exchange has confirmed to the issuer or the guarantor (as the case may be) that it has no further comments ~~thereon~~.
- 13.1 Each document should be submitted in sufficient time for review and, if necessary, re-submission prior to finalisation ~~printing~~.*
- 13.2 The Exchange reserves the right to require an issuer or the guarantor (as the case may be) to issue a further announcement or document, particularly if the original announcement or document was not required by the Exchange Listing Rules to be reviewed by the Exchange, or if the original announcement or document is misleading or is likely to create a false or misinformed market.*
- ~~13.3 [Repealed 1 July 2026]Every announcement or advertisement which has been reviewed by the Exchange in accordance with the provisions of paragraph 13(1) must contain on the front cover or on the top of the announcement or advertisement~~

~~a prominent and legible disclaimer statement as follows:—~~

~~“Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this advertisement/announcement make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this advertisement/announcement.”~~

14. The issuer hereby authorises the Exchange to file “applications” (as defined in section 2 of the Securities and Futures (Stock Market Listing) Rules) and those corporate disclosure materials within the meaning of sections 7(1) and (2) of the Securities and Futures (Stock Market Listing) Rules received by the Exchange with the Commission pursuant to sections 5(2) and 7(3) of the Securities and Futures (Stock Market Listing) Rules respectively. Applications and relevant corporate disclosure materials shall be filed with the Exchange in such manner as the Exchange may from time to time prescribe. The authorisation aforementioned shall not be altered or revoked in any way unless prior written approval has been obtained from the Exchange and the Exchange shall have the absolute discretion to grant such approval. In addition, the issuer undertakes to execute such documents in favour of the Exchange perfecting the above authorisation as the Exchange may require.

Forwarding of documents, circulars, etc.

15. The issuer shall forward to the Exchange: –
- (1) all circulars to holders of its ~~listed securities structured products~~ at the same time as they are despatched to holders of the issuer’s ~~listed securities structured products~~ with registered addresses in Hong Kong or published on the Exchange’s website and the issuer’s own website; ~~and~~
 - (2) ~~[Repealed 1 July 2026](a) — the directors’ report and its annual accounts;~~
~~(b) — the interim report; and any quarterly interim financial report in accordance with the time prescribed in Rule 15A.21.~~

TRADING AND SETTLEMENT

Certification of transfers

16. For any ~~listed security structured product~~ which is represented by definitive documents of title not in bearer form the issuer shall:
- (1) certify transfers against certificates or temporary documents and return them by the seventh day after the date of receipt; and
 - (2) split and return renounceable documents by the third business day after the date of receipt.

16.1 Documents of title lodged for registration of probate should be returned with the minimum of delay, and, if possible, on the next business day following receipt.

Registration services

17. For any ~~listed security structured product~~ which is represented by definitive documents of title not in bearer form:—
- (1) The issuer (or its registrar) must provide a standard securities registration service in

relation to its ~~listed securities~~ structured products in accordance with paragraph 18(1). The issuer (or its registrar) may, but shall not be obliged to, provide an optional securities registration service in accordance with paragraph 18(2) and/or an expedited securities registration service in accordance with paragraph 18(3). The issuer (or its registrar) must also provide a bulk securities registration service in accordance with paragraph 18(4) and a certificate replacement service in accordance with paragraph 18(5). Subject to sub-paragraph (2) below, the issuer shall ensure that where the issuer (or its registrar) charges a fee for registering transfers or cancelling, splitting, consolidating or issuing definitive certificates relating to the issuer's ~~listed securities~~ structured products, such fee must not exceed, in total, the applicable amounts prescribed in paragraph 18.

- (2) The issuer shall ensure that where the issuer (or its registrar) charges a fee for registering other documents relating to or affecting the title to the issuer's ~~listed securities~~ structured products (e.g. probate, letters of administration, certificates of death or marriage, powers of attorney or other instruments or memoranda and articles of association in respect of a new corporate holder) or for marking or noting documents, such fee must not exceed HK\$5 per item per register:

17.1 "per item" shall be defined to mean each of such other documents submitted for registration.

- (3) It is the responsibility of an issuer whose registrar, as its agent, is in breach of any of the above provisions or the provisions of paragraphs 16, 18 or 19 of this Appendix to report such breach to the Exchange as soon as it becomes aware of the breach and the Exchange reserves the right to communicate such information to the Commission.
- (4) Save as provided above or in paragraph 18 the issuer shall ensure that neither it nor its registrar or other agents will charge investors or holders any other fees for any dealings with them in connection with the transfer or transmission of its ~~listed securities~~ structured products.

Issue of certificates, registration and other fees

18. (1) (a) Standard securities registration service: Where paragraph 17 applies the issuer shall (or shall procure that its registrar shall) issue definitive certificates arising out of a registration of transfer or the canceling, splitting, consolidating or issuing (otherwise than pursuant to paragraph 18(5)) of certificates within: –
- (i) 10 business days of the date of expiration of any right of renunciation; or
 - (ii) 10 business days of the receipt of properly executed transfer or other relevant documents or the relevant certificates.
- (b) The fee for registration pursuant to the standard securities registration service shall not exceed, in total, the higher of the following:
- (i) HK\$2.50 multiplied by the number of certificates issued; or
 - (ii) HK\$2.50 multiplied by the number of certificates cancelled.
- (2) (a) Optional securities registration service: The issuer (or its registrar) may, but shall not be obliged to, provide an optional securities registration service under which definitive certificates are required to be issued within: –
- (i) 6 business days of the date of expiration of any right of renunciation; or
 - (ii) 6 business days of the receipt of properly executed transfer or other relevant

documents or the relevant certificates.

- (b) The fee for registration pursuant to the optional securities registration service shall not exceed, in total, the higher of the following: –
 - (i) HK\$3.00 multiplied by the number of certificates issued; or
 - (ii) HK\$3.00 multiplied by the number of certificates cancelled.
- (c) If the issuer (or its registrar) fails to effect any registration within the period of 6 business days specified in sub-paragraph (a) above, the fee for such registration shall be that determined in accordance with paragraph 18(1)(b).
- (3) (a) Expedited securities registration service: The issuer (or its registrar) may, but shall not be obliged to, provide an expedited securities registration service under which definitive certificates are required to be issued within: –
 - (i) 3 business days of the date of expiration of any right of renunciation; or
 - (ii) 3 business days of the receipt of properly executed transfer or other relevant documents or the relevant certificates.
- (b) The fee for registration pursuant to the expedited securities registration service shall not exceed, in total, the higher of the following: –
 - (i) HK\$20.00 multiplied by the number of certificates issued; or
 - (ii) HK\$20.00 multiplied by the number of certificates cancelled.
- (c) If the issuer (or its registrar) fails to effect any registration within the period of 3 business days specified in sub-paragraph (a) above, the registration shall be performed free of charge.
- (4) (a) Bulk securities registration service: The issuer shall (or shall procure that its registrar shall) provide a bulk securities registration service, for transfers of ~~listed securities-structured products~~ representing 2,000 or more board lots of the issuer's ~~listed securities-structured products~~ where the ~~securities-structured products~~ are being transferred from the name of a single holder into the name of another or the same single holder. Certificates shall be issued pursuant to the bulk securities registration service within 6 business days of the receipt of properly executed transfers or other relevant documents or the relevant certificates.
- (b) The fee for registration pursuant to the bulk securities registration service shall not exceed, in total, the higher of the following: –
 - (i) HK\$2.00 multiplied by the number of certificates issued; or
 - (ii) HK\$2.00 multiplied by the number of certificates cancelled.
- (5) Certificate replacement service: The issuer shall (or shall procure that its registrar shall) provide a certificate replacement service. The fee for replacing certificates: –
 - (a) representing ~~securities-structured products~~ with a market value of HK\$200,000 or less (at the time the request for replacement is made) for a person named on the register shall not exceed HK\$200.00, plus the costs incurred by the issuer (or its registrar) in publishing the required public notice; or

- (b) either: –
- (i) representing ~~securities-structured products~~ with a market value of more than HK\$200,000 (at the time the request for replacement is made); or
 - (ii) for a person not named on the register (irrespective of the market value of the ~~securities-structured products~~ concerned);

shall not exceed HK\$400.00, plus the costs incurred by the issuer (or its registrar) in publishing the required public notice.

- (6) For the purposes of this paragraph 18: –
- (a) the expression “business day” shall exclude Saturdays, Sundays and public holidays in Hong Kong; and
 - (b) in computing any period of business days, such period shall be inclusive of the business day on which the relevant transfers, certificates or other documents were received (or, if such documents were not received on a business day, the business day next following their receipt) and of the business day on which the relevant certificates were delivered or otherwise made available.
- (7) References in paragraphs 17 and 18 to the issuer’s registrar providing a service, or to the issuer procuring that its registrar shall provide a service, shall not relieve the issuer of any obligations in respect of any acts or omissions of its registrar.

Designated accounts

19. For any ~~listed security-structured product~~ which is represented by definitive documents of title not in bearer form the issuer or failing it, the guarantor (if any) shall, if requested by holders of its ~~listed securities-structured products~~, arrange for designated accounts.

Registration arrangements

20. In connection with paragraphs 16, 17, 18 and 19 if the issuer does not maintain its own registration department, the issuer, or failing which the guarantor (if any), shall make appropriate arrangements with the registrars to ensure compliance with the provisions of such paragraphs.

Trading limits

21. Where the market price of the ~~listed securities-structured products~~ of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Exchange reserves the right to require the issuer, or failing which the guarantor (if any), to arrange either a change in the trading method or proceed with a consolidation or splitting of the issuer’s ~~listed securities-structured products~~.

GENERAL

Subsequent listing

22. ~~[Repealed 1 July 2026]The issuer and the guarantor shall apply for the listing of any further securities which are of the same class (i.e. the same maturity carrying the same rights) as the listed securities, prior to their issue, and shall not issue such securities unless it has applied for the listing of those securities.~~

Notices to overseas holders of ~~listed securities~~ structured products

23. The issuer and the guarantor (if any) shall send notices to all holders of the ~~listed securities~~ structured products whether or not their registered address is in Hong Kong.

Equality of treatment

24. The issuer and the guarantor (if any) shall ensure equality of treatment for all holders of the ~~listed securities~~ structured products of the same class who are in the same position.

Exercise of rights

25. (1) The issuer and the guarantor (if any) shall ensure that all the necessary facilities and information are available to enable holders of the ~~listed securities~~ structured products to exercise their rights.
- (2) The issuer, failing whom the guarantor (if any), shall ~~give notice to holders of the listed securities~~ announce prior to the commencement of any suspension period ~~(as defined in the terms and conditions of the listed securities)~~ which will affect the exercise rights ~~thereof~~ under the structured products. Such announcement shall contain information on, 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.

~~Such notice shall be in the form of an announcement published on the web site of the Exchange. In the event that the whole or part of a suspension period (as so defined) shall be prior to and including the last date for exercise of the listed securities~~ structured products, the issuer shall also send the notice to holders of the ~~listed securities~~ structured products prior to the commencement of such suspension period.

Response to enquiries

26. Where the Exchange makes enquiries concerning unusual movements in the price or trading volume of the issuer's ~~listed securities~~ structured products, the possible development of a false market in the ~~securities~~ structured products, or any other matters, the issuer and/or guarantor (if any) shall respond promptly as follows:
- (1) provide to the Exchange and, if requested by the Exchange, announce, any information relevant to the subject matter(s) of the enquiries which is available to the issuer and the guarantor (if any); or
- (2) if, and only if, the issuer and/or the guarantor (as the case may be), having made such enquiry with respect to the issuer and/or the guarantor (if any) as may be reasonable in the circumstances, are not aware of any matter or development that is or may be relevant to the unusual trading movement of its ~~listed securities~~ structured products, or information necessary to avoid a false market, or any inside information which needs to be disclosed under the Securities and Futures Ordinance, and if requested by the Exchange, make an announcement containing a statement to that effect (see note 1 below).

Notes: 1. The form of the announcement referred to in paragraph 26(2) is as follows:

"This announcement is made at the request of The Stock Exchange of Hong Kong Limited.

We have noted [the recent increases/decreases in the price [or trading volume] of the structured products issued by the ~~Company~~Issuer] or [We refer to the subject matter of the Exchange's enquiry]. Having made such

enquiry with respect to the Issuer and/or Guarantor as is reasonable in the circumstances, we confirm that we are not aware of [any reasons for such increases/decreases] or of any information which must be announced to avoid a false market in the Issuer's structured products or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance."

The above statement may be given on a corporate basis.

2. *The issuer and/or the guarantor (if any) does not need to disclose inside information under the Rules if disclosure of the information is exempted under the Inside Information Provisions.*
3. *The Exchange reserves the right to direct a trading halt of the ~~Issuer's securities~~ issuer's structured products if an announcement under paragraph 26(1) or 26(2) cannot be made promptly.*

Trading halt or trading suspension

27. Without prejudice to the Exchange's ability to direct the halt, suspension and resumption of trading in the issuer's ~~listed securities~~ structured products, the issuer and/or the guarantor (if any) must, as soon as reasonably practicable, apply for a trading halt or a trading suspension in any of the following circumstances where an announcement cannot be made promptly:
- (1) the issuer and/or the guarantor (if any) has information which must be disclosed under paragraph 1(1)(a) or 2 in this Appendix; or
 - (2) the issuer and/or the guarantor (if any) reasonably believes that there is inside information which must be disclosed under the Inside Information Provisions; or
 - (3) circumstances exist where the issuer and/or the guarantor (if any) reasonably believes or it is reasonably likely that confidentiality may have been lost in respect of inside information which:
 - (a) is the subject of an application to the Securities and Futures Commission for a waiver; or
 - (b) falls within any of the exceptions to the obligation to disclose inside information under the Inside Information Provisions in section 307D(2) of the SFO.

Note: The issuer and/or the guarantor (if any) does not need to disclose inside information under the Rules if disclosure of the information is exempted under the Inside Information Provisions.

27A. In addition to rules 6.02 to 6.10 and 13.10A, and other relevant provisions of the Listing Rules, where the securities or assets underlying structured products listed on the Exchange are halted or suspended from trading for whatever reason on the market on which they are listed or dealt in (including the Exchange), trading on the Exchange in structured products relating to such securities or assets must also be halted or suspended.

27B. The Exchange shall, save in exceptional circumstances, suspend from trading on the Exchange structured products referencing baskets which have one or more of their underlying securities suspended from trading in the market or exchanges on which such suspended security or securities are listed and the value or aggregate value of such suspended security or securities represents 30 per cent ("Specified Percentage") or more of the total value of all securities comprised in the basket, or such other Specified Percentage as announced by the Exchange from time to time. The value of the suspended security or

securities shall be determined by reference to the price of such securities immediately prior to their suspension on the market or exchanges in which they are listed.

27C. Where an issuer is proposing to publish an announcement that involves a change in, or relates to, or affects arrangements regarding trading in the issuer's structured products (including a suspension, halt or resumption of dealings), the change must be agreed in advance with the Exchange. Such announcement must contain on the front cover or on the top of the announcement a prominent and legible disclaimer statement as follows: –

“Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.”

Stamp duty

28. For a new or novel structured product, the issuer may be required to establish whether stamp duty is payable on trading on the Exchange of the proposed structured product.

Definitions

29. In this Appendix, unless the context otherwise requires:-

- (1) “group” means the issuer, and any of the issuer’s holding companies, subsidiaries and fellow subsidiaries and any associated companies of any of them;
- (2) “issuer” means the issuer of the structured products;
- (3) ~~[Repealed 1 July 2026] “listed securities” means such structured products as shall be issued by the issuer and unconditionally and irrevocably guaranteed by the guarantor and listed on the Exchange from time to time.~~