

**Submitted via Qualtrics**

**(Anonymous)**

**Company/Organisation view**

**Investment Firm / Asset Manager Focusing on Private Equity**

**Question 1.1(a)**

**Do you agree with our proposal to exclude securities that do not contribute to an open market in trading in Hong Kong from the calculation of the public float by requiring the public float percentage of securities new to listing be calculated normally by reference to the total number of securities of that class only (as set out in paragraph 44 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

The total number of securities of that class only and listed in the specific stock exchange is relevant to the investors of that the same stock exchange, especially when the securities listed where else are infungible.

**Question 1.1(b)**

**Do you agree with our proposal to exclude securities that do not contribute to an open market in trading in Hong Kong from the calculation of the public float by in the case of a PRC issuer with no other listed shares, requiring the numerator of its public float percentage to be calculated by reference to its H shares only, such that any shares it has in issue that are in the class to which H shares belong would only be included in the denominator (as set out in paragraph 45 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

**Question 1.1(c)**

**Do you agree with our proposal to exclude securities that do not contribute to an open market in trading in Hong Kong from the**

**calculation of the public float by in the case of a PRC issuer with other listed shares (e.g. A shares listed on a PRC stock exchange), requiring the numerator of its public float percentage to be calculated by reference to its H shares only, such that any other listed shares it has in issue would only be included in the denominator (as set out in paragraph 45 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

The H shares and A shares are infungible.

**Question 1.1(d)**

**Do you agree with our proposal to exclude securities that do not contribute to an open market in trading in Hong Kong from the calculation of the public float by in the case of an issuer with other share class(es) listed overseas, requiring the numerator of its public float percentage at listing to be calculated by reference to only the shares of the class for which listing is sought in Hong Kong, such that any shares of other classes it has in issue would only be included in the denominator (as set out in paragraph 46 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

Retail investors and investors with limited or no access to other markets might be concerned about only the shares of the class listed in Hong Kong

**Question 1.2**

**Do you agree with our proposal to modify the requirement of MB Rule 8.09(1) (GEM Rule 11.23(2)(a)) to clarify that the minimum market value in public hands requirement applies to the securities for which listing is sought (as set out in paragraph 47 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

See 1.1 (d)

**Question 2.1**

**Do you agree that we should exclude from the definition of “the public” any person whose acquisition of securities has been financed by the issuer and any person who is accustomed to take instructions from the issuer (as set out in paragraph 64 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

Financing is indeed a clear connection with the issuer and any person who is accustomed to take instructions from the issuer

### **Question 2.2**

**Do you agree with our proposal to regard shares held by an independent trustee which are granted to independent scheme participants and unvested as shares held in public hands (as set out in paragraph 65 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

Such shares held by an independent trustee should not be controlled or influenced by the issuer

### **Question 3.1**

**Do you agree that we should replace the current minimum initial public float thresholds with tiered initial public float thresholds according to the expected market value of the class of securities for which listing is sought on the Exchange at the time of listing?**

Yes

**Please give reasons for your views and any alternative suggestions.**

The proposed approach well captures the dynamic changes of market value of the securities.

### **Question 3.2**

**Do you agree with the proposed tiered initial public float thresholds (as set out in Table 5 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

Broadly agree, but 1st threshold at HKD6bn seems too low.

**Question 3.3(a)**

**Do you agree that the proposed tiered initial public float thresholds should be applied to any class of equity securities new to listing on the Exchange, except for the initial listing of A+H issuers (and other prescribed types of issuers)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

**Question 3.3(b)**

**Do you agree that the proposed tiered initial public float thresholds should be applied to any class of equity securities new to listing on the Exchange, except for a bonus issue of a new class of securities (as set out in paragraph 79 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

A bonus issue by nature is less relevant

**Question 3.4**

**Do you agree that all issuers disclose, in their listing documents, the initial public float threshold that is applicable to the class of securities they seek to list on the Exchange?**

Yes

**Please give reasons for your views and any alternative suggestions.**

To give investors more clarity on the basis of calculations

**Question 3.5**

**Do you agree that the same tiered initial public float thresholds (as set out in Table 5 of the Consultation Paper) should be applied to GEM issuers?**

No

**Please give reasons for your views and any alternative suggestions.**

There have been differences between Mainboard and GEM issuers in other aspects due to the size of the issuers in the two boards.

**Question 4.1(a)**

**If our proposed initial public float thresholds (see proposals in Section I.B.1 and Section I.D.1 of Chapter 1 of the Consultation Paper) are supported by the market, we seek views on the appropriate ongoing public float requirements for issuers, subject to the initial public float tiers proposed (see Table 5 in Section I.B.1 of Chapter 1 of the Consultation Paper). Please give reasons for your views and any alternative suggestions.**

We agree to the practice adopted by most international peer stock exchanges, the ongoing public float requirements for issuers should be more relaxed than the initial public float thresholds to allow flexibility for corporate actions.

**Question 4.1(b)**

**If our proposed initial public float thresholds (see proposals in Section I.B.1 and Section I.D.1 of Chapter 1 of the Consultation Paper) are supported by the market, we seek views on the appropriate ongoing public float requirements for: A+H issuers and other prescribed types of issuers (see Section I.D.1 of Chapter 1 of the Consultation Paper). Please give reasons for your views and any alternative suggestions.**

Same as 4.1(a)

**Question 4.2**

**Should issuers be allowed the flexibility to maintain a lower public float level, after listing, than that required at listing, in view of the issues we have described in the Consultation Paper (see paragraphs 102 to 109 of the Consultation Paper)?**

Yes

**Please give reasons for your views.**

The ongoing public float requirements for issuers should be more relaxed than the initial public float thresholds to allow flexibility for corporate actions.

**Question 4.3**

**Should the existing regulatory approach of suspending trading of issuers with public float below a prescribed level (see paragraph 92(c) of the Consultation Paper) be maintained, in view of the issues we have described in the Consultation Paper (see paragraphs 110 to 111 of the Consultation Paper)?**

No

**Please give reasons for your views.**

Suspension of trading deprives shareholders of their ability to trade, which further deteriorates the situation for other shareholders

**Question 4.4**

**Do you agree that ongoing public float requirements should be applied to shares only (as set out in paragraph 118 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

Agree with the rationale listed in paragraph 118 of the Consultation Paper

**Question 4.5**

**Do you agree that an OTC market should be established in Hong Kong (as set out in paragraph 119 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

To increase trading volume and activities

**Question 4.6(a)**

**What are your views on the potential benefits and risks of establishing an OTC market? Please give reasons for your views.**

**Question 4.6(b)**

**What are your views on functions that an OTC market should serve?  
Please give reasons for your views.**

**Question 4.6(c)**

**What are your views on whether such OTC market should be open to retail investors? Please give reasons for your views.**

**Question 5.1**

**Do you agree with our proposal to mandate disclosure of actual public float in listed issuers' annual reports?**

Yes

**Please give reasons for your views and any alternative suggestions.**

Transparent disclosure is beneficial to investors

**Question 5.2**

**Do you agree with the details proposed to be disclosed (as set out in paragraph 126 of the Consultation Paper), including that only persons connected at the issuer level would be required to be identified on an individually named basis in the disclosure of shareholding composition (as set out in paragraph 126(b)(i)(1) and (2) of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

The said information is quite important for investors to understand the basis of calculation of actual public float

**Question 5.3**

**Do you agree that issuers should be required to disclose the relevant information based on information that is publicly available to the issuer and within the knowledge of its directors (as set out in paragraph 127 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

**Question 6.1**

**Do you agree that the Exchange should require a minimum free float in public hands at the time of listing for all new applicants (as set out in paragraph 139 of the Consultation Paper)?**

Yes

**Please give reasons for your views.**

To ensure reasonable liquidity post listing

**Question 6.2**

**Do you agree with our proposed initial free float thresholds (as set out in paragraph 140 of the Consultation Paper)?**

No

**Please give reasons for your views and any alternative suggestions.**

The thresholds seem low

**Question 6.3**

**Do you agree with our proposed modification of the initial free float thresholds to PRC issuers (as set out in paragraphs 142 to 143 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

Consistent with the fundamental principle that A and H shares are infungible.

**Question 6.4**

**Do you agree with our proposal to apply the proposed initial free float requirement to shares only (as set out in paragraph 144 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

**Question 6.5**

**Do you agree that shares considered to be in public hands that are held by an independent trustee under a share scheme should not be counted towards the proposed initial free float requirement (as set out in paragraph 145 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

Shares held by an independent trustee under a share scheme are managed independent and should not be influenced by the issuer or its connected persons

**Question 6.6**

**Do you agree that existing free float related requirements for Biotech Companies and Specialist Technology Companies should be replaced with the proposed initial free float requirement so that the same requirement applies to all issuers (as set out in paragraph 146 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

To maintain consistency across the market

**Question 7.1**

**Do you agree with our proposed revised minimum thresholds on shares to be listed on the Exchange for A+H issuers and other prescribed types of issuers (as set out in paragraph 162 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

Consistent with A / H shares are infungible as discussed before

**Question 7.2**

**Do you agree that the minimum initial public float thresholds for A+H issuers and other prescribed types of issuers should be the same as the minimum thresholds on shares to be listed on the Exchange (as set out in paragraph 164 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

For consistency sake

**Question 7.3**

**Do you agree with our proposal to remove the minimum market value requirement for the class sought to be listed by issuers with other share class(es) listed overseas and H shares of PRC issuers (as set out in paragraph 166 of the Consultation Paper)?**

No

**Please give reasons for your views and any alternative suggestions.**

The market value in HK is more relevant to investors with limited or no access to other markets

**Question 8**

**In respect of the lock-up requirement on IPO securities placed to cornerstone investors, would you prefer to:**

allow a staggered release of the six-month lock-up (as set out in Option B in paragraph 205 of the Consultation Paper)

**Please give reasons for your views and any alternative suggestions.**

Under Option B, essentially 50% of the IPO securities placed to cornerstone investors are only locked up for 3 months, which would incentivize more investors to participate in IPOs and create better liquidity for the securities from Month 4 to 6 post listing.

**Question 9.1**

**Do you agree that at least 50% of the total number of shares initially offered in an IPO should be allocated to investors in the bookbuilding placing tranche (as set out in paragraphs 227 and 228 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

Agree a meaningful allocation to investors in the bookbuilding placing tranche would help optimise IPO price discovery as bookbuilding placees are key “price setters” in an IPO, but whether 50% is the right threshold should be further revisited.

**Question 9.2**

**Do you agree that the proposed requirement should not be applied to the initial listing of Specialist Technology Companies (as set out in paragraphs 229 of the Consultation Paper)?**

No

**Please give reasons for your views.**

We shouldn't single out Specialist Technology Companies, as the bookbuilding process is consistent with other companies.

**Question 10.1**

**Do you agree with the proposed removal of the guideline on minimum spread of placees, being not less than three holders for each HK\$1 million of the placing, with a minimum of 100 holders in an IPO placing tranche (as set out in paragraph 230 of the Consultation Paper)?**

Yes

**Please give reasons for your views.**

In practice, a minimum of 100 holders in an IPO placing tranche has been technically satisfied without sufficing the original purpose.

**Question 10.2**

**Do you consider that other safeguarding measures should be implemented to ensure an adequate spread of holders in the placing**

**tranche, in light of the proposal (as set out in paragraph 230 of the Consultation Paper)?**

No

**Please give reasons for your views and any alternative suggestions.**

**Question 11.1**

**Do you agree with the proposal to require issuers to adopt either Mechanism A or Mechanism B with respect to a minimum allocation of offer shares to the public subscription tranche (as set out in paragraphs 248 to 250 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

The uncertainty derived from clawback can indeed deter participation in IPOs by institutional investors

**Question 11.2**

**Do you agree with the proposal to require Specialist Technology Companies to only adopt the existing initial allocation and clawback mechanism designed for them, i.e. Mechanism A (as set out in paragraph 251 of the Consultation Paper)?**

No

**Please give reasons for your views.**

Shouldn't single out any category of companies as the bookbuilding process is largely similar.

**Question 12.1**

**Do you agree that we should retain the Allocation Cap?**

No

**Please give reasons for your views.**

The public investors should be trusted with the right amount of competence and experience to make investment decisions.

**Question 12.2**

**Subject to the proposals on minimum allocation of offer shares to the public subscription tranche (as set out in paragraph 248 of the Consultation Paper) being adopted, do you agree with the proposed consequential amendments to the triggering conditions of the restrictions on Reallocation and PO Over-allocation (as set out in paragraph 262 of the Consultation Paper)?**

**Please give reasons for your views and any alternative suggestions.**

**Question 12.3**

**Subject to the proposals on minimum allocation of offer shares to the public subscription tranche (as set out in paragraph 248 of the Consultation Paper) being adopted, do you agree with the proposed consequential amendments to lower the proposed Maximum Allocation Cap Percentage Threshold from 30% to 15% (as set out in paragraph 263 of the Consultation Paper)?**

**Please give reasons for your views and any alternative suggestions.**

**Question 13.1**

**Do you agree that the Existing Pricing Flexibility Mechanism should be amended to include upward pricing flexibility?**

Yes

**Please give reasons for your views and any alternative suggestions.**

To allow flexibility on both sides

**Question 13.2**

**Do you agree with our proposals to adopt an offer price adjustment limit of 10% in both directions (as set out in paragraph 281 of the Consultation Paper)?**

No

**Please give reasons for your views and any alternative suggestions.**

10% might be too limited

**Question 13.3**

**In respect of the initial offer price range, would you prefer adjustment to be made:**

up to 30% of the bottom of that range (as set out in Option A of paragraph 282 of the Consultation Paper)

**Please give reasons for your views and any alternative suggestions.**

To allow more flexibility on pricing

**Question 13.4**

**Do you agree with our Proposed Opt-in Arrangement (as set out in paragraphs 283 to 284 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

provide public offer subscribers with the flexibility to decide whether or not to participate in the pricing flexibility mechanism according to their risk appetite

**Question 13.5**

**Do you agree with our proposal to extend the current disclosure requirements (as set out in paragraph 285 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

For consistency

**Question 14**

**Do you agree with our proposals to make consequential and housekeeping amendments to the Placing Guidelines (as set out in paragraphs 302 and 303 of the Consultation Paper and Appendices I and II to the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

To align with latest market practice

### **Question 15**

**Do you agree with our proposal to disapply the proposed initial public float requirement in the case of a bonus issue of a new class of securities involving options, warrants or similar rights to subscribe for or purchase shares (as set out in paragraph 306 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

It's pro rata to existing shareholders already

### **Question 16**

**Do you agree with our proposal to add new provisions under Appendices D1A and D1B to the Main Board Listing Rules to require disclosure of the minimum prescribed percentage of public float in listing documents (as set out in paragraph 311 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

To ensure better alignment

### **Question 17**

**Do you agree with our proposal to waive the initial free float requirement for overseas issuers that have, or are seeking, a secondary listing on the Exchange (as set out in paragraph 315 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

To be consistent public float requirement not being applicable

**Question 18**

**Do you agree with our proposal to repeal the requirement that PRC issuers list H-shares that have an expected market value, at the time of listing, of HK\$50 million (as set out in paragraph 319 of the Consultation Paper)?**

No

**Please give reasons for your views and any alternative suggestions.**

HK\$50m is a very low threshold already

**Question 19**

**Subject to the proposals on minimum allocation of offer shares to the public subscription tranche (as set out in paragraph 248 of the Consultation Paper) being adopted, do you agree with the proposed consequential amendment to enable GEM listing applicants to choose either Mechanism A or Mechanism B (as set out in paragraph 325 of the Consultation Paper)?**

**Please give reasons for your views and any alternative suggestions.**

**Question 20.1**

**Do you agree with our proposals on the determination of market capitalisation for new applicants that have other classes of shares apart from the class for which listing is sought or are PRC issuers (as set out in paragraph 333 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

Provides a fair approach

**Question 20.2**

**Do you agree with our proposal to introduce an equivalent GEM Listing Rule provision on the basis for determining the market value of other class(es) of shares for a new applicant (as set out in paragraph 335 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

For consistency

**Question 21**

**Do you agree with our proposal to amend the Listing Rules (MB Rule 12.02 (GEM Rule 16.07)) to require issuers to publish a formal notice on the date of issue of a listing document for offers or placings where any amount placed is made available directly to the general public (as set out in paragraph 339 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

A very important source of such information

**Question 22.1**

**Do you agree with our proposal to amend Chapter 18B of the Main Board Listing Rules so that the open market requirements of MB Rule 8.08 do not apply to Successor Company's warrants (as set out in paragraph 349(a) of the Consultation Paper)?**

**Please give reasons for your views and any alternative suggestions.**

**Question 22.2**

**Do you agree with our proposal to amend Chapter 18B of the Main Board Listing Rules so that the minimum market value requirement of MB Rule 8.09(4) does not apply to SPAC Warrants and Successor Company's warrants (as set out in paragraph 349(b) of the Consultation Paper)?**

**Please give reasons for your views and any alternative suggestions.**

**Question 23**

**Do you agree with our proposal to amend MB Rule 18C.08 so that the 50% minimum requirement is to be determined by reference to the total number of shares initially offered in the IPO (as set out in paragraph 352 of the Consultation Paper)?**

**Please give reasons for your views and any alternative suggestions.**

**Overall Comments**

**Please provide your overall comments (if any) regarding the Consultation Paper which have not been covered in the questions above.**

We agree with most proposals in the Consultation Paper that can further enhance the liquidity, flexibility and competitiveness of Hong Kong Stock Exchange and attract both institutional and public investors in a fair and effective manner.