

Frequently asked questions on the notifiable transaction requirements relating to securities transactions

Release Date (Last Update Date)	Main Board Rules	GEM Rules	Series No.	FAQ No.	Query	Response
30/09/2019	14.04(1)(g), 14.22, 14.23	19.04(1)(g), 19.22, 19.23	N/A	057-2019	<p>(a) Does the revenue exemption under Main Board Rule 14.04(1)(g) apply to the acquisitions and disposals of securities that are carried out by a listed issuer for treasury management purposes?</p> <p>(b) Is a listed issuer required to aggregate all its securities transactions within a 12 month period for the purpose of the notifiable transaction Rules?</p> <p>(c) During the last six months, a listed issuer acquired 3,000,000 shares in Company A, which was not a discloseable transaction based on the size tests calculated on an aggregated basis. The issuer subsequently sold 1,000,000 shares in that company to a third party.</p> <p>If the issuer proposes to acquire another 5,000,000 shares in Company A, how should it aggregate the proposed acquisition with the earlier transactions?</p>	<p>(a) No. The revenue exemption applies to securities transactions only if they are carried out by any member of the issuer's group that is (i) a banking company; (ii) an insurance company; or (iii) a securities house that is mainly engaged in regulated activities under the Securities and Futures Ordinance.</p> <p>(b) The securities transactions will be aggregated in accordance with Rules 14.22 and 14.23. Normally the issuer is required to aggregate its securities transactions if they are made within a 12 month period and fall under any one of the following circumstances:</p> <ul style="list-style-type: none"> • they involve acquisition or disposal of securities or an interest in one particular company or group of companies; or • they are entered into by the issuer with the same party or with parties connected or otherwise associated with one another; or • they together lead to substantial involvement by the issuer in a business activity which did not previously form part of the listed issuer's principal business activities. <p>(c) In the circumstances described, the transactions were made within a 12-month period. The issuer should aggregate the proposed acquisition of 5,000,000 shares in Company A with its previous acquisitions of 2,000,000 shares. The numerator of the consideration ratio would be the sum of i) the consideration for the proposed acquisition of</p>

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						5,000,000 shares and ii) the consideration for 2,000,000 shares last acquired by the issuer prior to the current proposed acquisition.