

Listing Decisions Series 12-3 -- Whether Company B could apply for shares in Company A's initial public offering (March 2000) (Updated in January 2013)

Summary	
Name of Parties	Company A - an applicant for new listing Company B - Company A's sponsor/underwriter
Subject	Whether Company B could apply for shares in Company A's initial public offering
Listing Rules	General principles Main Board Rule 3A.07 GEM Rule 6A.07
Decision	Company B could make an application for shares in Company A's initial public offering provided that such details were properly disclosed in the allotment results announcement

Summary of Facts

Company B made an application for shares in the public tranche of Company A's initial public offering resulting in such tranche being slightly oversubscribed. Without Company B's application, such tranche would be undersubscribed.

Analysis

There was no provision in the Listing Rules prohibiting a sponsor/underwriter from making an application in the initial public offering of an applicant for new listing for which it is acting. Furthermore, Company B was prepared to disclose such details in the allotment results announcement.

Decision

Company B (and any of its associated parties) could make an application for shares in Company A's initial public offering provided that such details were properly disclosed in the allotment results announcement.

Note: A sponsor in situation mentioned above should ensure that its independence under Main Board Rule 3A.07 (GEM Rule 6A.07) will not be affected by the subscription of shares in Company A by Company B (and any of its associated parties). (*Added January 2013*)