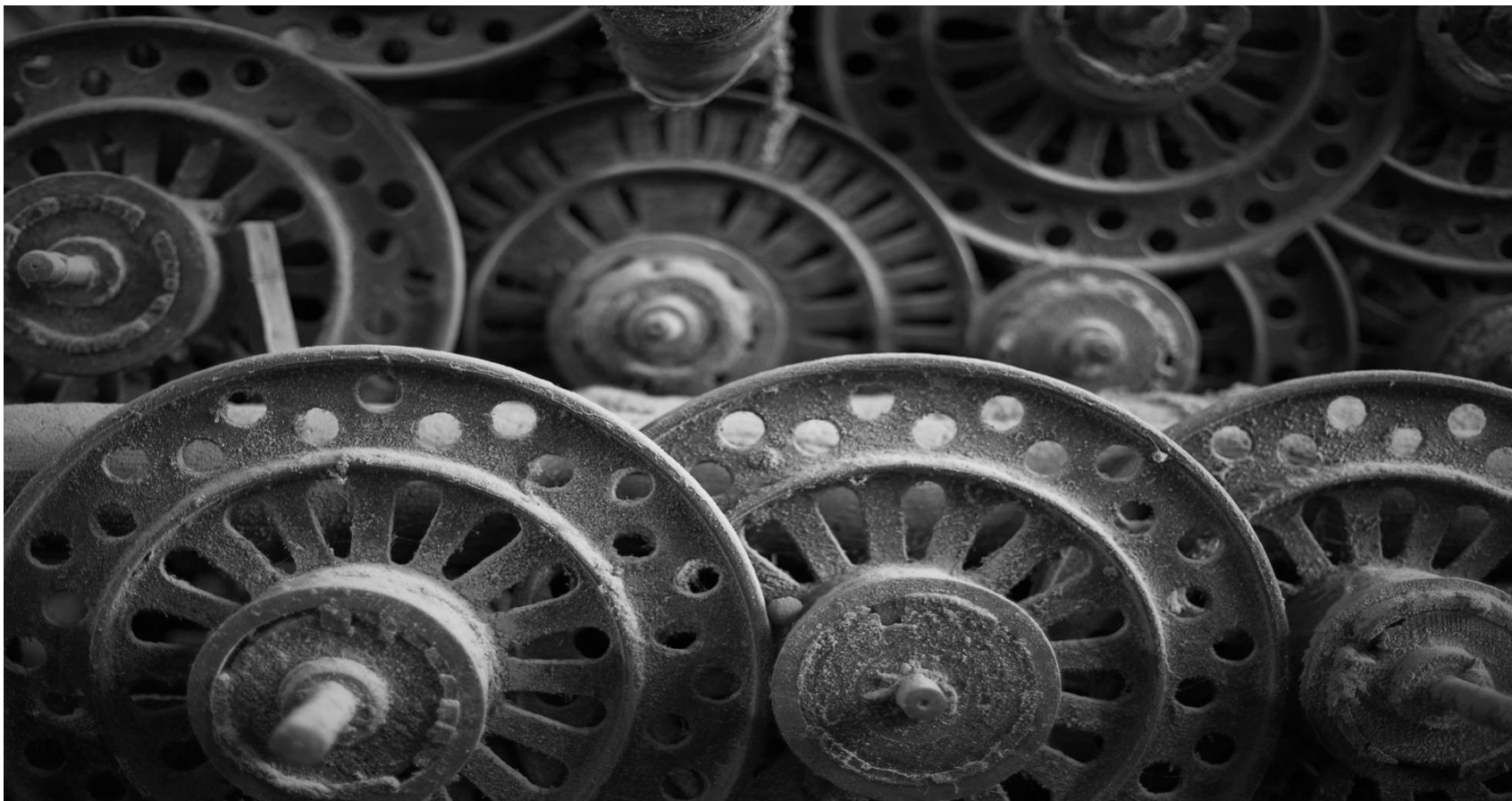


▶ Licensing for commodities related activities



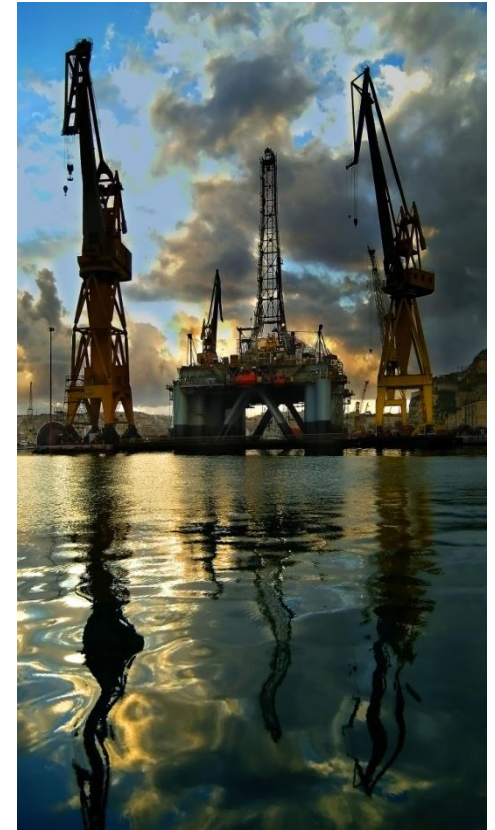
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Derivatives Market in Hong Kong

- ▶ Hong Kong Futures Exchange (**HKFE**), under the Stock Exchange of Hong Kong Limited (**HKEx**), approved market operator for trading futures and option contracts in Hong Kong
- ▶ Traditionally Hong Kong has been an equity-focused market
 - Products traded on HKFE include equity index, stock, interest rate and currency futures
- ▶ 6 December 2012 completion of HKEx and London Metal Exchange (**LME**) merger
- ▶ LME registered a trading volume of 176,231,369 lots for the years 2019. This represents a 4.6% decrease in trading volume from 2018.

Commodity Market in Hong Kong

- ▶ Hong Kong to develop commodity market
 - catering to the demand for commodity risk management to hedge price swings, particularly coming from China
- ▶ HKEx has signed memorandum of understanding on cooperation and the exchange of information with:
 - Dalian Commodity Exchange (on 6 July 2011)
 - Zhengzhou Commodity Exchange (on 14 November 2011)
 - China Financial Futures Exchange (on 11 January 2012)
 - Shanghai Futures Exchange (on 5 March 2012)
 - Bank of China (on 24 June 2013)
 - China Beijing International Mining Exchange (on 27 June 2013)



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The LME-HKEx Merger

- ▶ LME is the world's leading price formation venue for base metals, with a market share of approximately 84.2% in global non-ferrous metals futures trading.
- ▶ Trading volume in 2019 was down 4.6% from 2018. This is in contrast to a big trading volume increase of 17.4% from 2017 to 2018.
- ▶ The total market capitalisation of the securities market (including the Main Board and the Growth Enterprise Market (**GEM**) of the HKEx) at the end of 2019 was \$38,362.0 billion, up from \$37,715.7 in 2018.
- ▶ Hong Kong serves as a gateway to China, the world's biggest producer and consumer of non-ferrous metals, accounting for about 40% of the global total.
- ▶ In 2019, China's output of 10 non-ferrous metals was 58.42 million tons. This represents a year-on-year increase of 3.5% according to the national Reform and Development Commission in China.

The LME-HKEx Merger (Cont'd)

- ▶ Over the past few years, trading on LMEselect, the LME's electronic trading system, has been increasing in the Asian time zones. LMEselect is the electronic member to member trading.
- ▶ The LMEselect trading hours are Monday – Friday (London Time):
 - ▶ 01h00 – 19h00 for Base metals
 - ▶ 01h00 – 20h00 for Precious Metals
- ▶ Pre-trade and post-trade periods of 00h45 – 01h00 and 19h00 – 19h30 (Base metals), 20h00 – 20h30 (Precious metals) respectively.

6	64.95	25.95	43.23	42.74	↓	-0.73	5.22%
0	28.64	07.52	20.34	23.76	↑	+3.42	0.83%
5	00.63	20.52	32.00	36.45	↑	+4.45	2.23%
4	63.05	36.74	22.32	20.75	↓	-2.32	6.73%
9	52.95	28.47	23.09	23.09	=	0.00	0.00%
0	36.74	43.47	03.94	04.23	↑	+0.73	3.55%
6	28.47	24.23	09.63	09.34	↓	-0.32	7.93%
8	48.94	09.75	29.65	29.23	↓	-0.26	0.95%
2	43.53	63.64	07.77	07.99	↑	+0.22	2.54%
2	53.64	25.63	04.65	04.34	↓	-0.29	0.74%
7	73.65	74.37	23.75	22.98	↓	-1.63	2.65%
5	94.54	72.53	22.00	22.87	↑	+0.87	7.65%
0	62.76	39.26	04.29	04.78	↑	+0.52	0.48%
9	23.65	53.37	37.74	37.20	↓	-0.54	5.52%
0	82.54	22.82	33.67	33.67	=	0.00	0.00%
2	09.86	42.43	22.99	22.36	↓	-0.66	3.23%
7	54.65	45.86	32.83	32.64	↓	-0.20	0.89%
4	34.34	23.39	23.80	24.00	↑	+0.20	5.35%

The LME-HKEx Merger (Cont'd)

- ▶ The LME Asian Reference Prices (previously known as LME Benchmark) are discovered and published to coincide with the end of the Asian trading day, giving users in the region greater access to the LME by providing a point of reference to reflect market activity in the Asian time zone.
- ▶ The LME Official Price is used as the global reference for physical contracts. The LME Official Settlement Price is the last cash offer price.

6	64.95	25.95	43.23	42.74	↓ -0.73 5.22%
0	28.64	07.52	20.34	23.76	↑ +3.42 0.83%
5	00.63	20.52	32.00	36.45	↑ +4.45 2.23%
4	63.05	36.74	22.32	20.75	↓ -1.57 6.73%
9	52.95	28.47	23.09	23.09	= 0.00 0.00%
0	36.74	43.47	03.94	04.23	↑ +0.73 3.55%
6	28.47	24.23	09.63	09.34	↓ -0.32 7.93%
8	48.94	09.75	29.65	29.23	↓ -0.26 0.95%
2	43.53	63.64	07.77	07.99	↑ +0.22 2.54%
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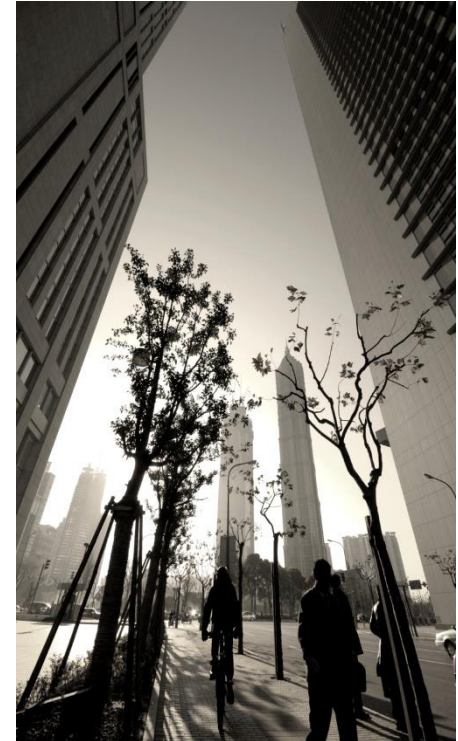
The LME-HKEx Merger (Cont'd)

- ▶ Going forward, we predict that there will be continued increase in Asian trading on the LME due to growing relevance of Asia (in particular, China) in the global commodity markets.
- ▶ Asian trading on LME is encouraged by the increased focus on Asia, notably this is boosted by:
 - continued enhancement of the Asian time zone price discovery mechanism through the LME Reference Prices
 - lowering barriers to access from Asia
 - increase in LME membership from Asia
 - increased use of the bourse as wholesale customers in China are increasingly exposed to international price risk through the import of base metals
 - LME-HKEx's work on RMB clearing in London and expansion of warehouse network in Asia
- ▶ Launch of the USD London Metal Mini Futures in 2019.

The LME-HKEx Merger (Cont'd)

What does this all mean from a Hong Kong legal perspective?

- ▶ with the surge of physical trading and hedging of metals in the region, businesses could capture this market by opening in Hong Kong
- ▶ this usually means obtaining a licence with the Securities and Futures Commission (SFC) to carry out regulated activities, including:
 - marketing, dealing and advising on futures contracts, metal ETFs and metal hedging products
 - This will require a licence to carry out **Type 2** (dealing in futures contracts) and/or **Type 5** (advising in futures contracts) regulated activities
 - management and valuation of metal portfolios
 - This will require a licence to carry out **Type 9** (asset management) regulated activity



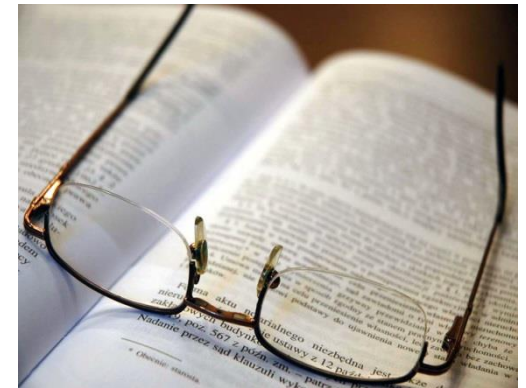
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Licensing in Hong Kong

- ▶ Any person carrying on regulated activities in Hong Kong has to be licensed or registered with the SFC unless specific exemption is provided.
- ▶ You will need a licence if you are not an authorised financial institution (such as a bank or deposit-taking company) and you either:
 - (i) carry on a business in one or more regulated activities
 - (ii) actively market to the public any services that you provide which could constitute a regulated activity if provided in Hong Kong
 - (iii) are an individual performing a regulated function for your principal in relation to any regulated activity.

Licensing in Hong Kong (cont'd)

- ▶ The principal legislation dealing with the licensing of licensed corporations and persons accredited to them is the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (“**SFO**”) and this is administered by the SFC.
- ▶ The SFC also publishes a number of codes and guidances in relation to licensing matters. Some key codes and guidelines are:
 - Guidelines on Competence (of corporations and licensed individuals);
 - Code of Conduct for Persons Licensed by or Registered with the SFC;
 - Management, Supervision and Internal Control Guidelines for Persons Licensed by or Registered with the SFC;
 - Fund Manager Code of Conduct;
 - Fit and Proper Guidelines; and
 - Licensing Handbook.



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Exemptions from Licensing Requirements

- ▶ **The SFC specifies certain common situations in which exemption from licensing requirements may apply under the SFO.**
- ▶ The major applicable exemptions include :
 - incidental exemption
 - advising group company exemption
 - dealing with professional investor exemption



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Exemptions from Licensing Requirements (Cont'd)

▶ **Incidental exemption :**

Licensed for type 1 regulated activity and carry out certain other regulated activities

- If you are licensed for type 1 regulated activity (dealing in securities) and you wish to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and/or type 9 (asset management) regulated activity, you do not need to be licensed for types 4, 6 and 9 provided that these activities are carried out wholly incidental to your futures dealing business.
- The exemption normally applies to stockbrokers who provide investment advice or manage discretionary accounts for their securities clients.

Exemptions from Licensing Requirements (Cont'd)

▶ **Incidental exemption :**

Licensed for type 2 regulated activity and carry out certain other regulated activities

- If you are licensed for type 2 regulated activity (dealing in futures contracts) and you wish to carry out type 5 (advising on futures contracts) and/or type 9 (asset management) regulated activity, you do not need to be licensed for types 5 and 9 provided that these activities are carried out wholly incidental to your futures dealing business.
- The exemption normally applies to futures brokers who provide investment advice or manage discretionary accounts for their futures clients.

Exemptions from Licensing Requirements (Cont'd)

▶ **Incidental exemption:** *(cont'd)*

- * Licensed for type 9 regulated activity and carry out certain other regulated activities
 - If you are licensed for type 9 regulated activity (asset management) and you wish to carry out type 1 (dealing in securities), type 2 (dealing on futures contracts), type 4 (advising on securities) and/or type 5 (advising on futures contracts) regulated activity, you will not need to be licensed for these activities provided that they are carried out solely for the purposes of your asset management business (for types 4 and 5, such asset management business must involve the management of a portfolio under a collective investment scheme).
 - The exemption normally applies to fund managers who place trade orders to dealers or provide investment advice/research reports in the course of managing their clients' portfolios of securities and/or future contracts.

Exemptions from Licensing Requirements (Cont'd)

▶ **Group company exemption :**

- You are not required to be licensed for type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) or type 9 (asset management) regulated activity if you provide the relevant advice or services solely to your wholly owned subsidiaries, your holding company which holds all your issued shares, or other wholly owned subsidiaries of that holding company.

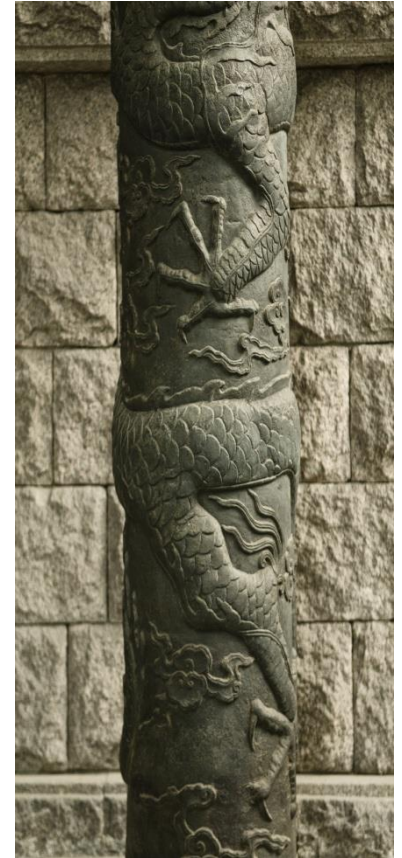
➤ **In relation to advisory activities**

- The exemption should not be applied to a corporation advising its group company in respect of that group company's client assets. However, where the investment advice and/or related research reports are provided to the group company for its own consumption, notwithstanding that the group company may rely, in whole or in part, on such advice/research reports to service its clients, the above exclusion will still apply if the advice/research reports are issued to the clients by the group company in its own name and that group company has assessed the corporation's input before issuing such advice/research reports.



Exemptions from Licensing Requirements (Cont'd)

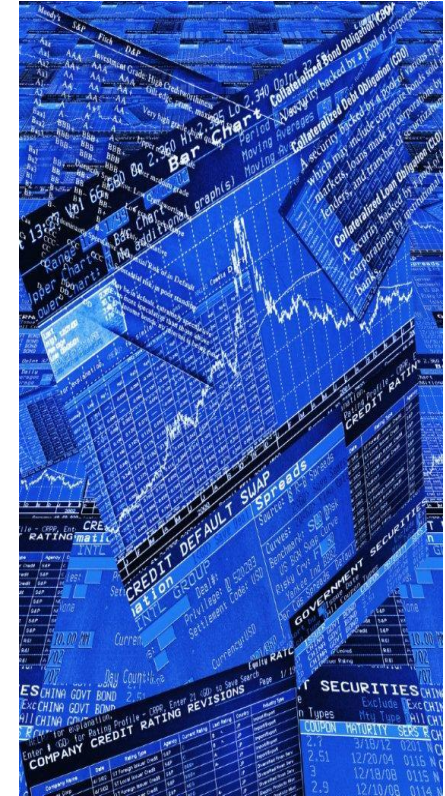
- **In relation to asset management activities**
 - The exemption is only applicable to a corporation providing asset management service to its group company (on a wholly owned basis) in respect of that group company's assets. It should not be read as applying to the management of assets belonging to the group company's clients. Managing assets belonging to third parties would constitute "asset management" and attract a licensing requirement.



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Exemptions from Licensing Requirements (Cont'd)

- ▶ **Dealing with professional investor exemption :**
 - An intermediary or a person carrying on the business of providing investment services which is regulated under the law of any place outside of Hong Kong;
 - An authorised financial institution (i.e. a bank) or a bank which is not an authorised financial institution but it regulated under the law of any place outside Hong Kong.
 - However, definition of “professional investor” in the Securities and Futures (Professional Investor) Rules does not apply in this exemption.



Capital Requirements

- ▶ Depending on the type of regulated activity which a licensing corporation applies for, it must maintain at all times paid-up share capital and liquid capital not less than the specified amounts according to the Securities and Futures (Financial Resources) Rules.
- ▶ For example, a type 5 licensed advisor would be required to have a minimum paid-up share capital of HK\$5 million and minimum liquid capital of HK\$3 million if it holds client assets.
- ▶ If a licensed corporation carries on more than one type of regulated activity, then the highest amount required amongst those regulated activities shall apply.



Capital Requirements (Cont'd)

Regulated activity	Minimum paid-up share capital	Minimum liquid capital
<p>Type 2 –</p> <p>a)in the case where the corporation is an approved introducing agent, a trader or a futures non-clearing dealer</p> <p>b)in any other case</p>	<p>Not applicable</p> <p>HK\$5,000,000</p>	<p>HK\$500,000</p> <p>HK\$3,000,000</p>
<p>Type 5 –</p> <p>a)in the case where in relation to type 5 regulated activity, the corporation is subject to the licensing condition that it shall not hold client assets</p> <p>b)in any other case</p>	<p>Not applicable</p> <p>HK\$5,000,000</p>	<p>HK\$100,000</p> <p>HK\$3,000,000</p>
<p>Type 9 –</p> <p>a)in the case where in relation to type 9 regulated activity, the corporation is subject to the licensing condition that it shall not hold client assets</p> <p>b)in any other case</p>	<p>Not applicable</p> <p>HK\$5,000,000</p>	<p>HK\$100,000</p> <p>HK\$3,000,000</p>

Licensed Persons

▶ **Responsible officers (ROs):**

- A licensed corporation is required to appoint two ROs who have been approved by the SFC as ROs in relation to each of its regulated activities.
- The same individual, however, may be appointed to be an RO for more than one regulated activity.
- At least one of the ROs must be an executive director (defined as a director who actively participates in, or is responsible for directly supervising, the business of a regulated activity for which a corporation is licensed).
- Every executive director of a licensed corporation must be approved by the SFC as an RO in relation to the regulated activity in which he participates or supervises.

Licensed Persons (Cont'd)

▶ **Licensed representative :**

- Any individual who carries on one or more regulated activities on behalf of a licensed corporation is required to apply for approval as a “licensed representative” accredited to that corporation.
- A licensed representative may be accredited to more than one licensed corporation within the same group.

Fit and Proper Requirements

- ▶ The licensing applicant must demonstrate that it has a proper business structure, good internal control systems and have qualified personnel to ensure proper management of risks.
- ▶ In assessing a licensing applicant (whether an individual or corporation), the SFC will examine whether the licensing applicant (and its substantial shareholders in the case of a corporate applicant) and proposed ROs are fit and proper for the purpose of licensing and it shall, in addition to any other matter that it may consider relevant have regard to the following:
 - financial status or solvency;
 - educational or other qualifications or experience having regard to the nature of the functions to be performed;
 - ability to carry on the regulated activity concerned competently, honestly and fairly; and
 - reputation, character, reliability and financial integrity of the applicant and other relevant persons as appropriate.



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Competence Requirements For ROs

- ▶ Generally, proposed ROs must possess the appropriate ability, skills, knowledge and experience to properly manage and supervise the corporation's proposed regulated activities and fulfill four basic elements.
- ▶ A proposed licensed representative should possess a basic understanding of the market in which he is to work as well as the laws and regulatory requirements applicable to the industry and he is expected to fulfill three basic elements.

Competence Requirements For ROs

Four basic elements			Can be compensated by
(1)	Academic / industry / qualification	Passed the relevant and recognised industry qualification papers	<ul style="list-style-type: none"> Degree in accounting, business administration, economics, finance or law; or other degree (with passes in at least two courses in the above disciplines); or Internationally recognised professional qualifications in law, accounting or finance; or Passes in English or Chinese, and Mathematics in HKCEE or equivalent plus an additional 2 years relevant industry experience; or An additional 5 years relevant industry experience. (Applicant may apply for exemption from the recognised industry qualification requirement if he satisfies the exemption criteria.)
(2)	Industry experience	Generally possess 3 years relevant industry experience over the 6 years immediately prior to the date of application	---
(3)	Management experience	Has a minimum of 2 years proven management skill and experience	---
(4)	Regulatory knowledge	Passed the relevant and recognised local regulatory framework papers	<i>Applicant may apply for exemption from taking the recognised local regulatory framework paper if he satisfies the exemption criteria.</i>

Competence Requirements For Licensed Representatives

Three basic elements			Can be compensated by
(1)	Academic qualification	Passes in English or Chinese, and Mathematics in HKCEE or equivalent	<ul style="list-style-type: none"> • Degree in accounting, business administration, economics, finance or law; or other degree (with passes in at least two courses in the above disciplines); or • Internationally recognised professional qualifications in law, accounting or finance; or • An additional 2 years relevant industry experience for lacking either (1) or (2); or • An additional 5 years relevant industry experience for lacking both (1) and (2). <p><i>(Applicant may apply for exemption from the recognised industry qualification requirement if he satisfies the exemption criteria.)</i></p>
(2)	Industry qualification	Passed the relevant and recognised industry qualification papers	
(3)	Regulatory knowledge	Passed the relevant and recognised local regulatory framework papers	<p><i>Applicant may apply for exemption from taking the recognised local regulatory framework paper if he satisfies the exemption criteria.</i></p>

Local Regulatory Framework Papers

- ▶ Subject to exemptions, all ROs and licensed representatives must have passed the relevant and recognised local regulatory framework papers.
- ▶ We normally will review the previous licensing records and the relevant details of the licensing papers so as to assist to assess as to whether any further papers will need to be taken or whether any exemptions can be applied for.

Senior Management

- ▶ Senior Management of a licensed corporation includes:
 - Directors;
 - ROs; and
 - Managers-In-Charge of Core Functions (**MICs**)

- ▶ The above three categories are not mutually exclusive.

- ▶ “MIC” refers to an individual appointed by a licensed corporation to be principally responsible, either alone or with others, for managing any of the following functions of the corporation:
 - Overall Management Oversight;
 - Key Business Line;
 - Operational Control and Review;
 - Risk Management;
 - Finance and Accounting;
 - Information Technology;
 - Compliance;
 - Anti-Money Laundering and Counter-Terrorist Financing.

Senior Management (Cont'd)

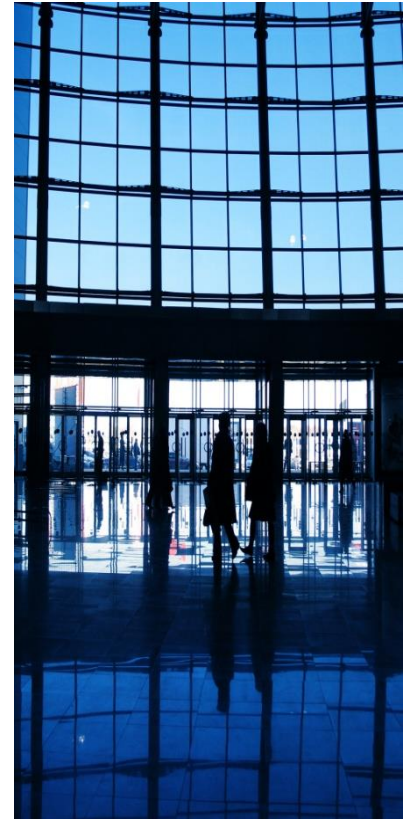
- ▶ MICs of the Overall Management Oversight function or the Key Business Line function must be approved as ROs.
- ▶ A corporation applying for a licence must provide MICs information and an organisational chart.
- ▶ Management structure (including the appointment of MICs) should be approved by the board of directors of the corporation.
- ▶ After the grant of a licence by the SFC, the licensed corporation must notify the SFC of any changes in its appointment of MICs or any changes in the particulars of its MICs within 7 business days of the changes. An updated organisational chart may be required.

Business Structure

- ▶ As part of the licensing application, the SFC would require information on the organisation and corporate structure of the applicant.
- ▶ We usually will review your organisation chart (including all corporations and individuals and relevant percentage of holdings up to the ultimate beneficial shareholders) so as to assist us to determine what forms would need to be filed with.

Office Premises

- ▶ Licensed corporations are required to have suitable office premises to conduct their regulated activities.
- ▶ In assessing whether office premises are appropriate, the SFC will consider the following:
 - the security of the premises and whether there is a proper segregated office area;
 - whether essential office equipment and telecommunication systems are situated in an area accessible only by the firm's personnel;
 - whether the firm has taken sufficient actions/measures to avoid confusion to its clients due to the co-existence of other firms in the same premises;
 - whether confidential or non-public information and client privacy will be sufficiently safeguarded against unauthorised access or leakage; and
 - whether the premises are always accessible for visit by regulators.



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Insurance

- ▶ The Securities and Futures (Insurance) Rules (“**Rules**”) set out the insurance requirements and the Rules are applicable to all licensed corporations other than one which is (i) not an exchange participant; and (ii) hold a licence subject to condition that it shall not hold client’s assets.
- ▶ Section 4 of the Rules further provides that a licensed corporation governed by the Rules shall take out and maintain insurance for that regulated activity where the SFC has approved a master policy of insurance.
- ▶ Currently, there are two master policies of insurance respectively applicable to stock exchange participants licensed for type 1 regulated activity and futures exchange participants licensed for type 2 regulated activity.
- ▶ As far as we are aware, no such policies are applicable to types 5 and 9 regulated activities to date.

Application Process

- ▶ A licensing applicant is required to submit an application together with:
 - prescribed fee; and
 - all the required supporting documents (including, inter alia, business plans, compliance manuals, application forms and supplements) in connection with the licensing applicant and its proposed ROs and substantial shareholders.
- ▶ How long the SFC takes to process the application will depend on the quality and completeness of the application submitted.
- ▶ The SFC's performance pledge for processing applications from the date the application is formally accepted by the SFC are currently:
 - 15 weeks (for licensed corporation application)
 - 8 weeks (for normal licensed representative application)
 - 10 weeks (for RO application)

Recent Licensing Experience

- ▶ We regularly assist and make submissions to the SFC on behalf of clients for obtaining of licenses to carry out regulated activities in Hong Kong.
- ▶ Selected licensing work:
 - advised a Swiss headquartered asset management firm in connection with an application for a licence to carry on Types 4 and 9 regulated activities
 - advised a Hong Kong asset management firm in connection with removal of licensing conditions
 - advised a Korea headquartered financial services firm in connection with an application for a licence to carry on Type 1, 4 and 9 regulated activities
 - advised on a UK affiliated financial services firm in connection with an application for a licence to carry on Type 1 regulated activity
 - advised a US headquartered financial-services firm in connection with its establishment of a Hong Kong subsidiary or branch for the set up of a futures contracts dealing practice in Hong Kong and the establishment of its leveraged foreign exchange business in Hong Kong

Recent Licensing Experience

- ▶ Selected licensing work (cont'd):
 - advised on the approval for change of substantial shareholder and approval of new nominated responsible officer of a fund management and securities advisory firm following its acquisition by a Thai private banking group
 - advised on the approval for change of substantial shareholders following the global merger of our client, an independently-owned private capital investment management firm, with a locally-based private investment group
 - advised on the approval to carry out asset management and securities advisory services in connection with a US-based group focusing on global energy and investments funds, which we were also advising in connection with its Chapter 21 listing on the Hong Kong Stock Exchange
 - advised on licensing obligations of overseas individual/corporation outside Hong Kong introducing overseas potential investors outside Hong Kong to hedge funds based in Hong Kong under Securities and Futures Ordinance

Recent Licensing Experience

- ▶ Selected licensing work (cont'd):
 - advised a Hong Kong licensed corporation in relation to an application to the Securities and Futures Commission for addition of Type 5 (advising on future contracts) regulated activity
 - advised a Hong Kong licensed corporation in relation to an application to the Securities and Futures Commission for licences to carry out Type 1 Regulated Activity (Approved Introducing Agent) and Type 4 Regulated Activity (Advising on Securities), and to propose changes to the substantial shareholders of the Company
 - advised on the merger of Hong Kong offices of a Taiwanese financial services and securities firm (which we assisted in setting up) with the Hong Kong subsidiary of another listed Taiwanese financial group

Other Related Experience

- ▶ On an ongoing basis, we provide licensing compliance advice, such as :
 - ongoing satisfaction of capital requirements and response to regulatory enquiries; and
 - notifications of changes in the licensed corporation and licensed persons.
- ▶ We also advise on non-contentious matters including :
 - employment matters; and
 - corporate governance.
- ▶ We have excellent links and networks with law firms both domestically and internationally. Our associated firm **Boase Cohen & Collins** offers advice on contentious matters such as tax matters, employment matters and commercial disputes.

What Can Charltons Do For You?

- ▶ Charltons has extensive licensing, private equity, listing and funds experience and we can:
 - assist you in setting up your business in Hong Kong to capture the growth in the metals industry in Hong Kong; and
 - advise you on establishing and structuring of funds and metals-backed securities to leverage opportunities and use of commodities derivatives to manage risk.
- ▶ Charltons advises clients constantly in terms of licensing and regularly compliance, whether on specific complex issues or on an ongoing-basis.
- ▶ Charltons also provide corporate establishment and other legal administration services which makes us your ideal “one-stop” shop for establishing a business presence in Hong Kong.
- ▶ Charltons is increasingly mandated by overseas financial services firms, securities advisory and investment management firms to assist them with licensing applications with the Securities and Futures Commission as well as related structuring matters.
- ▶ Charltons also keeps a close eye on changes to the regulatory requirements – in particular in the LME-HKEx context, the possible development of mutual product listing/licensing arrangements with leading exchanges and regulators.

Practice Areas

▶ **Capital Markets**

- Global offerings and GDRs
- IPOs and Placings
- Listing on the Hong Kong, Shanghai, Shenzhen, London and Luxembourg stock exchanges

▶ **Corporate and Commercial**

- Mergers and Acquisitions
- Joint ventures
- Stock exchange advisory
- Corporate governance
- Stock options
- Employment law

▶ **Securities**

- Compliance and disclosure
- Dealing and advisory authorisations in Hong Kong and Mainland China
- Options

▶ **Investment Funds: China and Offshore**

- Authorised and unauthorised funds
- Stock exchange listing (including Hong Kong, Dublin, London, Cayman, Bermuda stock exchanges)
- Closed-end and open-ended structures
- Hedge funds

▶ **Mergers and Acquisitions**

- Hong Kong Code on Takeovers and Mergers
- Public offerings
- Reverse takeovers
- Private acquisitions
- Due diligence in China and elsewhere in Asia

▶ **Derivatives**

- Structuring listed and unlisted derivatives
- Placings on Hong Kong and Luxembourg listed warrants and other structured products
- Compliance and regulatory

▶ **Restructuring**

- Schemes of arrangement
- Workouts
- Corporate recovery
- Asset injections

▶ **Investment**

- China investment regulations
- Structuring a major foreign direct investment projects
- Evaluation and due diligence

▶ **Private Equity and Venture Capital**

- Optimum PRC and offshore structures
- Preferred stock financing
- PRC regulations
- Exit Strategies



- ▶ Charltons' extensive experience in corporate finance makes us uniquely qualified to provide a first class legal service
- ▶ Extensive initial public offering and listing experience
- ▶ Representative offices in Shanghai, Beijing and Yangon
- ▶ **"Boutique Transactional Law Firm of the Year"** by Asian legal Business 2017
- ▶ **"Boutique Firm of the Year"** was awarded to Charltons by Asian Legal Business for the years 2002, 2003, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016 and 2017.
- ▶ **Hong Kong Best National Firm for Work-Life Balance by Euromoney Legal Media Asia Women in Business Law Awards 2017, 2018, and 2019.**
- ▶ **"Hong Kong's Top Independent Law Firm"** was awarded to Charltons in the Euromoney Legal Media Group Asia Women in Business Law Awards 2012 and 2013
- ▶ **"Corporate Finance Law Firm of the Year in Hong Kong"** awarded to Charltons in the INTL Magazine Global Award 2014
- ▶ **"Equity Market Deal of the Year"** was awarded to Charltons in 2011 by Asian Legal Business for advising on the AIA IPO

- ▶ Excellent links and networks with law firms worldwide.
- ▶ **“Asian Restructuring Deal of the Year”** 2000 awarded to Charltons by International Financial Law Review for their work with Guangdong Investment Limited.
- ▶ Finalist for China Law & Practice’s **“Deal of the Year (M&A)”** 2007 for their work on Zijin Mining Group Co Ltd.’s bid for Monterrico Metals plc.



Charltons Approach

- ▶ **Commitment:** Charltons is committed to apply a fresh solution-oriented approach to the provision of legal services to our clients. We seek to combine legal excellence with efficiency and economy
- ▶ **Commercial:** our lawyers who give legal advice is sensitive to the clients' relevant business or industry environment
- ▶ **Cutting-Edge:** our lawyers regularly contribute to legal and business publications as well as government consultations. We can provide seminars and in-house education for clients and always available to discuss ways we can help our clients
- ▶ **Efficient & Accessible:** our lawyers seek to achieve high levels of efficiency in communicating with clients and to be accessible and responsive at all times
- ▶ **Exceeding Expectations:** our lawyers aim to exceed clients' expectations – we achieve this by understanding clients' needs, committing and planning to meet those needs, creatively resolving issues faced by clients, meeting clients' timetables and regular monitoring and reviewing our performance



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The Charltons Team

- ▶ The Charltons team is composed of individuals with the following knowledge and skills:
 - detailed knowledge of Hong Kong law and practice
 - extensive experience of providing legal services for Hong Kong, PRC-related and cross-border transactions
 - indepth knowledge of the Hong Kong regulations (including the Listing Rules, Securities and Futures Ordinance, Takeovers Code, Share Repurchase Code, Companies Ordinances, and other rules, codes and guidelines) relevant to private and public companies, licensed corporations as well as listed issuers

Team Profile : Julia Charlton

Julia Charlton – Partner

- ▶ Julia, LL.B (1st class Honours), A.K.C (Kings College, London) was admitted as a solicitor in England & Wales in 1985 and has practised as a solicitor in Hong Kong since 1987.
- ▶ Julia is a Chairman, Planning and Lands Branch Appeal Tribunal Panel and a member of the Takeovers and Mergers Panel and the Takeovers Appeal Committee of the SFC.
- ▶ Julia was named a “**Leading Lawyer**” by Asia Law & Practice for the years 2002, 2003, and 2006 to 2019.
- ▶ Julia was named a “**Leading Advisor**” by Acquisition International for 2013.
- ▶ Julia was also named the “**Capital Markets Lawyer of the Year – Hong Kong**” in the Finance Monthly Global Awards 2014.
- ▶ Julia has extensive experience in China work and is a Mandarin speaker.



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