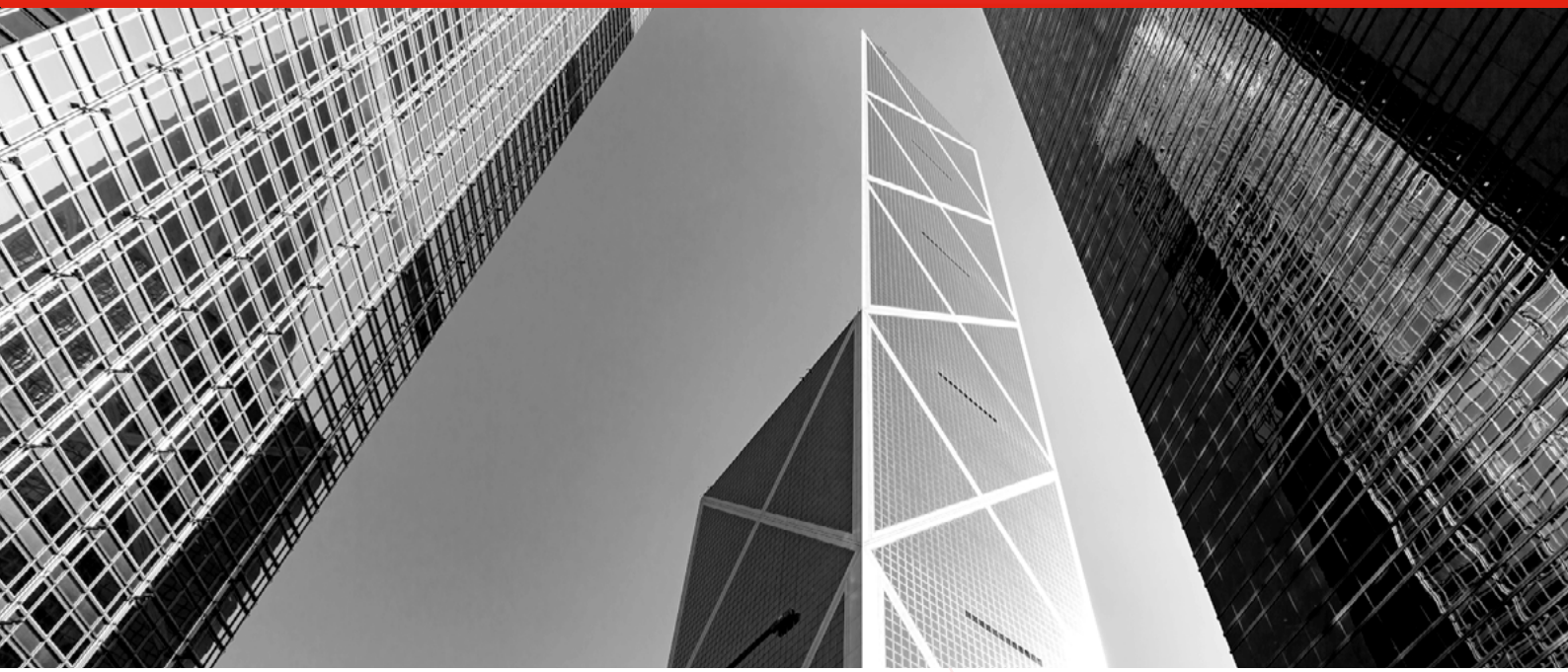


HK SFC Concludes Consultation on Stock Market Listing Rules Amendments

On 12 October 2026, the Securities and Futures Commission (**SFC**) of Hong Kong published its Consultation Conclusions on Proposed Amendments to the Securities and Futures (Stock Market Listing) Rules (the **SMLR Consultation Conclusions**). The SMLR Consultation Conclusions confirm that the SFC will proceed with the amendments to the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) (**SMLR**) proposed in its Consultation Paper on Proposed Amendments to the Securities and Futures (Stock Market Listing) Rules of 28 March 2025 (the **SMLR Consultation Paper**), subject to certain clarifications and minor modifications. The revised form of the amendments to the SMLR is set out in Appendix 2 to the SMLR Consultation Conclusions, and the section numbers referred to in this newsletter are those of the SMLR as revised in Appendix 2.

The principal amendments which will be made to the SMLR are:

- an express provision confirming that conditions imposed by the SFC on a listing applicant may continue to apply upon and after listing (section 6(3)(b), read with new section 6(3B));
- a new power for the SFC to withdraw its objection to a listing (new section 6(2A));
- a new power for the SFC to impose post-listing conditions on companies listed on The Stock Exchange of Hong Kong Limited (the **HKEX**) (**HKEX-listed companies**) in specified circumstances (new section 7A);
- new powers for the SFC to amend or revoke conditions and to impose new conditions (new sections 6(3A), 7A(4) and 9(2));
- a new power for the SFC to require HKEX-listed companies to supply information (new section 7B);
- revised procedures for the resumption of dealings following an SFC-directed trading suspension (revised section 9);
- a right for aggrieved HKEX-listed companies to a full merits review by the Securities and Futures Appeals Tribunal (**SFAT**) of a wider range of SFC decisions under the SMLR; and
- the removal of the automatic exemptions for pre-emptive pro rata issues and employee share option scheme issues (former sections 4(b) and 4(d)) so that they fall within the definition of "listing application"

and within the scope of the SFC's review under the SMLR.

The notices to make the amendments to the SMLR and to Schedule 8 to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (**SFO**) will be gazetted and tabled before the Legislative Council for negative vetting as soon as practicable. Subject to the legislative process, the amended SMLR and Schedule 8 to the SFO are expected to take effect in the first quarter of 2027.

The SFC has also revised its draft explanatory note on the application of sections 6(3)(b) and 7A(1) of the SMLR in light of the comments received. The revised draft is set out in Appendix 3 to the SMLR Consultation Conclusions, and the final version will be published on the SFC's website. Although it will not have the force of law, the explanatory note sets out the SFC's regulatory approach, illustrative examples of situations in which conditions may be imposed, the process for imposing conditions on HKEX-listing applicants and HKEX-listed companies, the disclosure expected after a condition is imposed, the rights of review and the consequences of breaching a condition.

HK Regulatory Background

The SMLR came into effect on 1 April 2003 and give the SFC tools to deal with false or misleading disclosures by companies applying for listing (**HKEX-listing applicants**) and HKEX-listed companies, and with listings that it considers would not be in the interest of the investing public or the public interest. Since 2017, the SFC has applied a "front-loaded" approach, using its SMLR powers to intervene early in serious cases to prevent or reduce significant financial harm to the investing public. A recurring concern raised by respondents to the Consultation Paper was that the proposals would blur the division of responsibilities between the SFC and the HKEX and create a parallel regulatory regime. In the SMLR Consultation Conclusions, the SFC reaffirms that the respective roles of the two regulators remain clearly delineated. The SFC exercises its statutory powers of investigation, intervention and enforcement under the SFO and the SMLR in cases involving fraud and other serious misconduct, while the HKEX remains the primary front-line regulator responsible for administering and enforcing the HKEX Listing Rules. The SFC notes that the dual filing arrangement, under which listing applications and disclosure materials are filed with the SFC via the HKEX, has operated since 1 April 2003 and will remain unchanged.

Amendments to the Stock Market Listing Rules

1. HKEX IPOs: Continuing Conditions Applicable Post-listing (Section 6(3)(b) and New Section 6(3B) SMLR)

Section 6(3)(b) of the SMLR currently allows the SFC to impose conditions on a listing applicant, but does not expressly provide for those conditions to continue to apply after listing. The SFC will adopt its proposal to add a new section 6(3B), which will expressly confirm its ability to impose conditions on a listing applicant that will continue after listing. The amendment will allow a listing application to proceed on the condition that, after listing, the HKEX-listed company observes or complies with certain obligations or undertakings imposed at the time of listing.

Consequential amendments will be made to section 6(4)(c), so that the HKEX may list the securities only if, where conditions have been imposed, all such conditions have been complied with (or, in the case of continuing conditions requiring ongoing compliance, are being complied with) or revoked.

2. Withdrawal of an SFC Objection Notice (New Section 6(2A) SMLR)

At present, the SFC cannot withdraw an objection to a listing issued under section 6(2), so that an HKEX-listing applicant which has addressed the SFC's concerns must submit a fresh listing application. New section 6(2A) will allow the SFC, by notice to the HKEX-listing applicant and the HKEX, to withdraw an objection made under section 6(2), enabling the applicant to proceed with its original application. Under revised section 6(4)(c)(i), the HKEX may list the securities only if any such objection has been withdrawn.

3. Post-listing Conditions on HKEX-listed Companies (New Section 7A SMLR)

The SFC will introduce new section 7A, which will allow it to impose conditions on an HKEX-listed company as an alternative to directing a suspension of trading under section 8(1). Under section 7A(1), the SFC will be able to impose conditions on an HKEX-listed company where the SFC considers that any of the following circumstances specified in section 7A(2) exists:

- members, or any part of the members, of the HKEX-listed company have not been provided with any information relating to its business or affairs that is necessary to make an informed decision regarding an investment in the securities (section 7A(2)(a));

- the company's business or affairs have involved misconduct, misfeasance or improper practice, towards the company, its members or any part of its members (section 7A(2)(b)); or

- imposing the conditions is in the interest of the investing public or in the public interest, or is appropriate for the protection of investors generally or of investors in any securities listed on a recognised stock market (section 7A(2)(c)).

The SFC can amend or revoke any condition it imposes. The SFC may also impose conditions on a company whose shares are already suspended, for example where the company has suspended trading voluntarily or the HKEX has suspended it (section 7A(3)(a)). This allows the SFC to require the company to make specific disclosures to investors while its shares are suspended. However, the SFC cannot impose section 7A conditions where it has itself directed the suspension under section 8(1) (section 7A(3)(b).

Where trading is continuing, the company must comply with the conditions for trading in its shares to continue (section 7A(1)). If it fails to do so, the SFC may direct the HKEX to suspend trading under section 8(1)(d). According to the SFC's explanatory note, the company will first be given an opportunity to rectify the breach within an appropriate period.

Some respondents considered that section 7A would duplicate the SFC's powers under section 214 of the SFO. The SFC disagrees, explaining that section 214 is generally invoked where misconduct or harm has already occurred and may lead to much broader court-ordered remedies, such as disqualification orders, share repurchases or compensation, whereas section 7A is intended to provide a more targeted and proportionate tool to address emerging risks at an earlier stage. In response to concerns that the section 7A(2) grounds are too broad, the SFC stresses that its power is not unfettered, may be exercised only where one of the statutory grounds is met and must be exercised reasonably and proportionately in accordance with common law principles. Before imposing any condition, the SFC will give the HKEX-listed company an opportunity to address its concerns, and decisions under section 7A will be subject to full merits review by the Securities and Futures Appeals Tribunal (**SFAT**).

4. Amendment, Revocation and Imposition of New Conditions (New Sections 6(3A), 7A(4) and 9(2) SMLR)

The SFC will have powers to amend or revoke conditions, and to impose new conditions, as follows:

Stage	Power to amend or revoke conditions	Power to impose new conditions
Listing applications	Section 6(3A)(a)	Section 6(3A)(b)
Post-listing matters	Section 7A(4)	Section 7A(1)
Resumption of dealings	Section 9(2)(a)	Section 9(2)(b)

HKEX-listing applicants and HKEX-listed companies may notify the SFC in writing of changes in circumstances, with supporting documents or information, and the SFC will consider whether the relevant conditions should be amended or revoked. Following any amendment, revocation or imposition of new conditions, issuers are expected to make appropriate announcements.

Once listing has taken place, conditions imposed before listing may not be amended and no further conditions may be imposed under section 6(3A) (section 6(3B)(b)). If circumstances subsequently change, the SFC may instead impose new conditions under section 7A. The same principle applies to resumption of dealings under new section 9(3), discussed below.

5. Requisition of Information from HKEX-listed Companies (New Section 7B SMLR)

New section 7B will allow the SFC, by notice to an HKEX-listed company, to require it to supply any information the SFC reasonably requires for the performance of its functions under the SMLR. Under amended section 8(1)(d), a failure to comply with a requirement imposed under section 7B will be a ground on which the SFC may direct a trading suspension.

In response to respondents who questioned the need for section 7B given the SFC's existing powers under Main Board Listing Rule 2.12A and section 179 of the SFO, the SFC explains that section 7B simply extends its existing power under section 6(1) to post-listing matters. The SFC may request information or documents under either section 7B or section 179 of the SFO, as appropriate. The SFC will not prescribe a fixed period for responding to a request for information; instead, HKEX-listed companies will be given a reasonable period to respond, having regard to the facts and circumstances of each case.

6. Suspension and Resumption of Dealings (Sections 8 and 9 SMLR)

Section 8(1) continues to empower the SFC to direct the HKEX to suspend all dealings in specified securities. Revised section 8(1)(d) extends the failure-to-comply ground so that it covers any condition or requirement imposed by the SFC under sections 6(3)(b) or 6(3A)(b), 7A(1), 7B or 9(1)(a) or 9(2)(b). Under revised section 8(2), a suspension direction takes effect immediately and the HKEX must comply with it without delay.

The SFC will adopt its proposals to streamline the resumption procedures by replacing the existing representation-based procedures under sections 9 and 10. Under revised section 9(1), where the SFC has given a suspension direction under section 8(1), it may:

- by notice to the HKEX-listed company and the HKEX, permit dealings to recommence, subject to any conditions it thinks fit of the nature specified in section 9(4) (section 9(1)(a));
- subject to section 9(5), by notice to the HKEX-listed company, refuse a request by the company to permit dealings to recommence (section 9(1)(b)); or
- subject to sections 9(5) and 9(6), by notice to the HKEX-listed company and the HKEX, direct the HKEX to cancel the listing of the securities (section 9(1)(c)).

Section 9(4) sets out the nature of the conditions that may be imposed on resumption, which depend on the ground under section 8(1) on which the suspension was directed. Section 9(5) requires the SFC to give the HKEX-listed company a reasonable opportunity of being heard before refusing resumption or directing cancellation of the listing. Under section 9(6), the SFC may direct cancellation only if it is satisfied that there has been a failure to comply with a listing requirement under the SMLR or other rules made under section 36 of the SFO, or considers cancellation necessary to maintain an orderly market in Hong Kong. Under section 9(7), the HKEX may allow dealings to recommence only if all resumption conditions have been complied with (or, in the case of conditions requiring ongoing compliance, are being complied with) or revoked. A refusal to permit resumption takes effect immediately (section 9(8)), and the HKEX must comply with a cancellation direction without delay once it takes effect (section 9(9)). The restriction on re-listing in section 11 is amended to refer to cancellations under section 9(1)(c).

New section 9(3) provides that resumption conditions imposed under section 9(1)(a) or 9(2)(b) may continue to apply after dealings recommence, but that no such condition may be imposed or amended under section 9(2) after recommencement. Sections 8(1), 9(1)(a), 9(1)(c) and 9(2) have also been revised so that any notice given by the SFC to the HKEX concerning a trading suspension, resumption of dealings or cancellation of listing must also be given to the HKEX-listed company concerned.

The SFC clarifies that its ability to initiate resumption procedures of its own volition is intended to address situations where a suspended HKEX-listed company fails or refuses to apply for resumption. Under the simplified procedures, once the company has satisfactorily addressed the SFC's concerns, the responsible Division (usually the Corporate Finance Division or the Enforcement Division) may recommend to the SFC Board that trading resume, with or without conditions. The SFC Board will consider the recommendation and hear the case as presented by the responsible Division before deciding whether to allow resumption, refuse resumption or direct cancellation of the listing. The "reasonable opportunity of being heard" may be provided through written submissions, oral representations or both, as the SFC considers appropriate.

The current restriction on delegation of the SFC's resumption powers will be removed. The SFC Board will remain the primary decision maker in all resumption decisions, but may delegate decision-making in appropriate and uncontroversial cases to, for example, an Executive Director or an Executive Committee of the SFC. Decisions that could be detrimental to HKEX-listed companies, such as refusing a resumption application or directing cancellation of a listing, will be made by the SFC Board.

7. Review of SFC Decisions by the SFAT

The SFAT will become the single review body for SFC decisions under the SMLR, replacing the existing review mechanism under which resumption decisions are made by the SFC Board. In addition to the SFC decisions that are currently reviewable by the SFAT (an objection to a listing application under section 6(2) and the imposition of conditions under section 6(3)(b)), an aggrieved HKEX-listed company will be entitled to a full merits review by the SFAT of:

- the imposition of conditions under section 7A(1);

- a direction to the HKEX to suspend dealings under section 8(1);
- the imposition of resumption conditions under section 9(1)(a);
- a refusal to permit resumption of dealings under section 9(1)(b);
- a direction to the HKEX to cancel a listing under section 9(1)(c); and
- an amendment or revocation of any condition under sections 6(3A)(a), 7A(4) and 9(2)(a), or the imposition of new conditions under sections 6(3A)(b) and 9(2)(b).

These decisions will be added to the list of specified decisions within the SFAT's jurisdiction by an amendment to Schedule 8 to the SFO.

8. Removal of Exemptions for Pre-emptive Pro Rata Issues and Employee Share Option Schemes (Section 4 SMLR)

Section 4 of the SMLR currently disapplies sections 3 and 5 (and therefore the SFC's powers in relation to listing applications) to certain issues of securities. The SFC will adopt its proposal to delete the exemptions in:

- section 4(b), for securities offered on a pre-emptive basis pro rata to existing holdings (such as rights issues and open offers); and
- section 4(d), for shares issued on the exercise of options granted to existing employees under a shareholder-approved scheme.

These issues will therefore fall within the scope of a "listing application". The exemptions for capitalisation issues, scrip dividend schemes (section 4(a)) and shares issued in substitution for listed shares (section 4(c)) are retained.

In response to respondents who argued that the HKEX Listing Rules already provide sufficient safeguards, the SFC notes that transactions which appear to comply with the HKEX Listing Rules may still raise concerns where investors are not given sufficient, clear or accurate information, for example as to the use of proceeds or working capital sufficiency. The SFC reiterates that it will intervene only in egregious circumstances, and that the removal of the exemptions is unlikely to result in any practical change, or additional disclosure or compliance obligations, for the vast majority of HKEX-listed companies undertaking such issues.

9. Revised Explanatory Note (Appendix 3 to the SMLR Consultation Conclusions)

The SFC has revised its draft explanatory note on the application of sections 6(3)(b) and 7A(1) of the SMLR in light of the comments received. The revised explanatory note confirms that HKEX-listing applicants will be required to disclose in their prospectuses any conditions imposed by the SFC before listing, and that HKEX-listed companies are expected to announce conditions imposed under section 7A(1). For post-IPO matters, the SFC will typically first write to the HKEX-listed company setting out its preliminary concerns, usually with a direction to provide information under section 7B of the SMLR or section 179 of the SFO, and may then issue a "show cause letter" before imposing conditions under section 7A(1). A breach of a continuing condition after listing will not invalidate the HKEX's listing approval. Instead, the SFC will first issue a warning letter and give the HKEX-listed company an opportunity to explain or rectify its conduct within an appropriate period, failing which the SFC may direct a suspension of trading under section 8.

Next Steps

The SFC continues to emphasise that the amendments target the most serious cases of misconduct and are not expected to affect HKEX-listed companies which make adequate, timely and complete disclosure. HKEX-listing applicants, HKEX-listed companies and their advisers should nevertheless familiarise themselves with the amended SMLR and the final explanatory note ahead of commencement. Particular attention should be paid to the SFC's new power to impose post-listing conditions under section 7A and the removal of the exemptions for rights issues, open offers and employee share option scheme issues.

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