Charltons - Hong Kong Law Newsletter - 29 March 2005

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# Proposed Amendments To The Securities And Futures Ordinance To Give Statutory Backing To Major Listing Rules

## Codification Of The More Important Listing Rules

The amendments will codify the more important of the Exchange's Listing Rules into statutory listing requirements under the SFSMLR. The statutory listing rules will cover 3 principal areas:

### i. Disclosure of Price-Sensitive Information and Specific Events including:

* the general obligation of disclosure of price-sensitive information;
* disclosure of substantial advances to a person or group of persons;
* disclosure of substantial amounts due from affiliates;
* disclosure of change in directors;
* disclosure of change of auditors;
* disclosure of issue of shares under general mandate (not including the rules on limits and shareholders' approvals).

### ii. Disclosure/Publication of Annual and Periodic Reports including:

* timing of publication of annual reports (with audited annual accounts), interim reports (with unaudited interim accounts), and preliminary announcements of financial results;
* content of the disclosure in annual reports, interim reports, and preliminary announcements of financial results.

### iii. Disclosure and Shareholders' Approval Requirements for Notifiable and Connected Transactions including:

* classification of transactions;
* disclosure of transactions by announcements and circulars;
* content of the disclosure in announcements and circulars;
* independent financial advice requirements for certain transactions;
* shareholders' approval requirements for certain transactions;
* with respect to discloseable transactions, the proposals contain 2 options, one including discloseable transactions in the statutory rules and the other excluding them.

The listing rules which will be codified into statutory requirements in the SFSMLR relate only to disclosure. The new statutory listing rules will not deal with matters relating to corporate governance.

*This note is intended as a summary only of the proposals contained in the FSTB's Consultation Paper on Proposed Amendments to the Securities and Futures Ordinance to Give Statutory Backing to Major Listing Rules and the SFC's Consultation Paper on Proposed Amendments to the Securities and Futures (Stock Market Listing) Rules. Specific advice should be sought in relation to any particular situation.*

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