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# HKEx Consultation Paper On Proposed Changes To Filing And Checklist Requirements For Listing Equity Securities

## Introduction

On 26 June 2009, the Stock Exchange of Hong Kong Limited (the "**Exchange**") published a Consultation Paper on Proposed Changes to Filing and Checklist Requirements for the Listing of Equity Securities (the "**Consultation Paper**").

The Consultation Paper is available on the Exchange's website ([www.hkex.com.hk](http://www.hkex.com.hk/index.htm)) or by clicking [*here*](http://www.hkex.com.hk/consul/paper/cp200906_e.pdf). The Exchange has provided a questionnaire which is available at [*here*](http://www.hkex.com.hk/consul/paper/cp200906q_e.doc) for participants to submit their written comments. Written comments on the proposals should be submitted to the Exchange no later than **31 August 2009**.

## The proposals

The proposals are intended for both new listing applicants and the listing of equity securities by listed issuers. It aims to enhance the Exchange's current vetting process by streamlining and simplifying:

1. the Main Board filing and checklist requirements for IPOs; and
2. the filing requirements for listing of additional equity securities by listed issuers.

A brief summary of the proposals is set out below:

### 1. Main Board filing and checklist requirements

The current IPO filing and checklist requirements are spread over 8 stages and state the various documents that are required. In practice, the provision of such documents may be of little relevance either because they were provided too late in the vetting process or too soon before the fundamental issues have been resolved, thus leading to substantial changes to the information already submitted. Market practitioners have opined that the multi-phased submission of documents is onerous and burdensome.

The Exchange has adopted a thematic approach to reviewing the documentary requirements under the Main Board Listing Rules and the relevant checklists so as to improve the efficiency in vetting new listing applications under the following three main themes:

1. *Simplifying the requirements for PRC issuers* - A number of the provisions on IPO documentary requirements for shareholder protection under Chapter 19A of the Main Board Listing Rules are now redundant. The Exchange proposes to remove these provisions so that there will ultimately only be one set of documentary requirements for all applicants regardless of their place of incorporation.
2. *Criticism of the Exchange for being too "paternalistic"* - The Exchange proposes to shift the responsibility of compliance with the relevant Listing Rules to the listing applicant, its sponsor or the appropriate professional parties, by removing those provisions that may be interpreted as its endorsement of the work of these parties.
3. *Environmental protection* - The Exchange proposes to remove the requirements for the submission of documents or hard copies which are unnecessary so as to conserve time and paper.

Appendix I of the Consultation Paper sets out eight checklists for filing a Main Board IPO along with the Exchange's proposed changes to the filing requirements and reasons for the proposed changes. Briefly, the Exchange is proposing to:

1. condense the current 8 stage checklists into 5 stages by merging the documentary requirements involved in the 20-, 15- and 10-day Documents to be submitted together, either with the A1 Documents or 4-day Documents;
2. remove the requirements to provide copies, and provide alternative arrangements as set out in Appendix I;
3. incorporate minor amendments to codify the current practices in applying the rules; and
4. amend the Main Board Listing Rules accordingly.

Appendix I.A sets out the anticipated formats of the checklists taking into consideration the proposed changes in Appendix I.

Appendix III contains the proposed amendments to the Main Board Listing Rules, notably to Chapters 9 and 19A.

At the time of publication, the Exchange does not intend to review the GEM IPO filing and checklist requirements, however, a review will be conducted should there be sufficient support.

### 2. Filing requirements for listing of additional equity securities by listed issuers

The Exchange is aware that the current Listing Rules primarily reflect the practice and time-table for new applicants and hence, are of limited relevance to listed issuers. It is also noted that there are certain ambiguities when determining whether some rules apply to listed issuers. Furthermore, some documentary requirements do not reflect the recent amendments made to the Listing Rules and market practice, for example, issuers are no longer required to submit hard copies of notices and general meetings resolutions in the process of listing applications and recent changes have been made to remove the pre-vetting requirements for various announcements.

Appendix II provides the Exchange's proposals and reasons for streamlining the requirements for issuers' listing applications under the Main Board Listing Rules:

1. removing the submission of draft documents that are not subject to the Exchange's vetting under the Listing Rules (inc. draft formal notices and proof prints of document of title);
2. removing the submission of documents that are published by issuers under the Listing Rules;
3. removing the submission of documents that are filed to the Exchange for record purposes only, such as, certified copies of contracts or reports mentioned in the listing documents;
4. ensuring the timeframe for submitting documents are in line with the current practice and operational needs;
5. reducing the number of document copies for submission for environmental purposes;
6. issuing separate rules for documentary requirements for listed issuers so as to ensure clarity; and
7. making minor amendments to codify current practices in applying the rules.

Appendix III provides the draft rule amendments to the Main Board Listing Rules.

*The purpose of this note is to provide a summary only of information included in the Hong Kong Stock Exchange's "Consultation Paper on Proposed Changes to Filing and Checklist Requirements for Listing of Equity Securities (June 2009)". Its contents do not constitute legal advice and specific advice should be sought in relation to any particular situation.*

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