

One year into statutory regime on disclosure of inside information

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Following implementation of the statutory disclosure regime on 1 January 2013, the Securities and Futures Commission (SFC) notes that listed companies have become more vigilant in identifying and disclosing information in a timely manner.

In 2013, corporate announcements about inside information increased by 52% and profit alerts and warnings went up 16% from 2012. Other than inside information, more announcements (an increase of 48%) provided regular updates on companies' trading performance, such as monthly sales figures, production volumes and other key performance indicators. (Note 1)

"We commend listed companies' initiatives to issue regular updates on their trading performance to enhance transparency," said Mr Ashley Alder, the SFC's Chief Executive Officer. "As a matter of good practice, companies should publish trading information on the HKExnews website and their own websites as this will help to ensure that all investors are aware of this important information."

"We would like to remind companies that they still have an obligation to consider whether any information is inside information that is likely to have a material impact on the share price. If it is, then companies must issue an announcement containing all information necessary for investors to make an informed decision, in addition to publishing regular trading information, as soon as reasonably practicable," he added.

The SFC endeavours to work with listed companies to enhance disclosure standards. It posted today additional [Frequently Asked Questions](#) (FAQs) on its website which advise companies to disclose relevant directors' dealings when making an unusual price and trading volume announcement under the Listing Rules of the The Stock Exchange of Hong Kong Limited (SEHK) (Note 2). The FAQs also address issues concerning disclosure obligations in relation to a statutory enquiry or investigation.

End

Notes:

1. Number of corporate announcements:

- Inside information: 3,205 (2012); 4,883 (2013); +52% (change)
- Profit alerts and warnings (a sub-category of inside information announcements): 1,049 (2012); 1,216 (2013); +16% (change)
- Updates on trading performance: 63 (2012); 93 (2013); +48% (change)

2. Under Listing Rule 13.10, SEHK may make an enquiry concerning unusual movements in the price or trading volume of a listed company's securities, the possible development of a false market in its securities or any other matters, and may, where appropriate, request the company to issue an announcement to clarify the matter.