



HKEX PUBLISHED

CONCLUSIONS ON PROPOSALS TO EXPAND PAPERLESS LISTING REGIME



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Page	Section
02.	Introduction
03.	Reducing Submission Documents
06.	Mandatory Electronic-Only Submissions
08.	Electronic Dissemination of Corporate Communications by Listed Issuers
12.	Simplification of Appendices to the Listing Rules
15.	Conclusions

HKEX will reduce the number of submission documents required from issuers and mandate electronic means as the only mode of submission.

The Stock Exchange of Hong Kong Limited (the Exchange), a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited (HKEX) has adopted all of the proposals outlined in the [Consultation Paper](#), issued on 16 December 2022, with some minor modifications. Listed issuers, directors, and practitioners in Hong Kong should pay careful attention as these proposals will have a significant practical impact on their daily compliance obligations, and a majority of the amended Hong Kong Listing Rules (the "Listing Rules" as discussed below) will come into effect on 31 December 2023.

What Hong Kong is doing

On 30 June 2023, the Exchange published the conclusions of its consultation on the proposals to expand the paperless listing regime and other rule amendments (["Conclusions"](#)).

63 non-duplicate responses were received from a broad range of respondents. All the proposals received support from a majority of respondents.

HKEX Head of Listing, Katherine Ng, said: "At HKEX, we are committed to adopting sustainable practices across our business operations. We are therefore delighted to implement all our proposals to expand our paperless listing regime, following a solidly-supported consultation response. **The new Listing Rule amendments will significantly reduce the use of paper and improve the efficiency of our regulatory processes, modernising and upgrading communication between issuers, investors and other participants.**"

Key changes to the Rules Governing the Listing of Securities on the HKEX (the Listing Rules) include

- the reduction in the number of submission documents,
- the mandatory submission by electronic means,
- the mandatory electronic dissemination of corporate communications by listed issuers to the extent permitted by applicable laws and regulations, and
- the simplification of the appendices to the Listing Rules.



REDUCING SUBMISSION DOCUMENTS

Removing Unnecessary Submission Documents

HKEX will **remove certain document submission requirements for issuers, e.g. Form M114 (Compliance Adviser's undertaking) and certain items in Form M104 (Additional information to be submitted together with the Form A1)**, as these documents merely reiterate obligations already outlined in the Listing Rules or guidance materials published by HKEX (Guidance Materials), providing no additional value to the assessment of listing applications or regulation of listed issuers.

Some, however, voiced their concerns over the removal of certain documents as they consider submission of these documents contain practical benefits. For example, some respondents believed that **forms M105, M106, M107 and M108 checklists** are “useful tools” for the sponsors and advisers to conduct compliance checks before the submission of listing applications. In response, the **Exchange maintains their view that these documents are unnecessary, and the removal of these documents will not absolve the professional parties of their obligations.**

Further, in response to concerns about disclosure of information (**e.g., details of transactions with top five customers and suppliers in item A1 of Form M104**) which was commercially sensitive and might place listing applicants into competitive disadvantage, the **Exchange reiterated that disclosure of such information is necessary to enable investors to assess the financial position and future prospects of a new applicant.** The new applicant can provide a submission (e.g., pursuant to item E22 of Form M104) to the Exchange for the Exchange to decide whether the non-disclosure is acceptable.

A photograph showing a group of business professionals in a meeting. A man in a blue suit and striped tie is on the left, and a woman in a grey pinstripe blazer is on the right, holding a white tablet. They are both looking at the tablet. The background is blurred.

REDUCING SUBMISSION DOCUMENTS

Codifying Undertakings, Confirmations, and Declarations

HKEX will **codify** various obligations currently found in various undertakings, confirmations, and declarations **into the Listing Rules and Guidance Materials and no longer require the submission of these documents**. For example, the Directors' Undertaking Form (Form B/H/I) will be removed and Part 1 of such form will be combined with the Contact Details Form for Director/Supervisor/Authorised Representatives/Company Secretary/Compliance Office (Form FF004).

This would **streamline the submission requirements and reduce unnecessary paperwork**, while retaining the Exchange's power to take disciplinary action for any breach of obligations following codification into the Listing Rules.

Codifying Listing Agreements

HKEX will repeal the requirement for listing agreements for debt securities (excluding debt issues to professional investors), structured products, and interests in Collective Investment Scheme (CIS) and investment companies by codifying the relevant obligations (as set out in Table 3 of Schedule II to the Consultation Paper). Currently, under the Listing Rules, every such issuer will be required to sign a formal agreement with HKEX in the form prescribed and provided by HKEX.

Authorisation and Consent

An issuer's obligations, along with those of other relevant parties, to obtain required authorisations and consents for their actions will also be codified. **For instance, board minutes authorising the submission of a Form A1 and resolution(s) in general meetings authorising the issue of securities are codified** into new obligations for applicants and sponsors to ensure that submission of Form A1 and a new applicant's undertakings have been duly authorised and approved.



REDUCING SUBMISSION DOCUMENTS

Consolidating Sponsors' and New Applicants' Obligations into Overarching Undertakings

In light of the removal of various documents, HKEX will add to Form A1 (Listing Application Form) a consolidated set of overarching undertakings, as follows:

- A new applicant must undertake to submit, or procure the submission of on its behalf, accurate and complete information to HKEX throughout the listing application process.
- Sponsors must undertake on compliance with applicable Listing Rules and Guidance Materials on due diligence and the provision of advice and guidance to a new applicant and its directors on compliance with applicable Listing Rules and Guidance Materials.

Consolidating Requirements for Personal Particulars of Directors/Supervisors in Form FF004

HKEX will consolidate the submission requirements for personal details of directors and supervisors by **combining Part 1 of the Directors' Undertaking Form with Form FF004 and renaming the form the Personal Details Form**. For a new listing of debt securities, HKEX has also decided to advance the submission deadline for the form, requiring such form to be submitted with the listing application form.

Removing Unnecessary Signature or Certification Requirements

HKEX will remove the signature and certification requirements for certain submission documents, **including e-Form M112** (Application for waiver from strict compliance with the Listing Rules/GEM Listing Rules) **and e-Form M201** (Completed checklist on the new listing particulars of the new applicant).

Mandatory Electronic- Only Submissions

The initiative of mandating electronic submission was generally welcomed and the Exchange will incorporate the feedback respondents have provided regarding the implementation of the proposed issuer platform into the design of the system including (i) providing sufficient market guidelines, (ii) functionality, and (iii) support services (e.g., a hotline service).

HKEX will mandate electronic submission of all documents unless otherwise specified in the Listing Rules or as required by HKEX. To facilitate this, HKEX plans to ***launch an online “Issuer Platform” as a two-way communication channel between HKEX and listed issuers, new applicants, and their professional parties to electronically submit all documents, emails, and e-Forms.*** The platform will also incorporate digital signature features designed to comply with the Electronic Transactions Ordinance (Cap. 553).

Additionally, HKEX will **replace the requirement for the submission of multiple hard copies of certain documents (as listed in Table 6 of Schedule II to the Consultation Paper) with a requirement for the submission of one electronic copy of those documents.**

Before the launch of the Issuer Platform, issuers should submit their documents electronically via email or the HKEX-ESS system.

Digitalisation of HKEX’s Authorisation of Prospectus Registration

HKEX proposed to mandate the digitalisation of the prospectus authorisation process. HKEX will explore with the Companies Registry in Hong Kong the feasibility of digitalising the prospectus authorisation and registration processes and ***will issue guidance to inform the market of the final arrangements.***





ELECTRONIC DISSEMINATION OF CORPORATE COMMUNICATIONS BY LISTED ISSUERS

Such approach is in line with the market practice of other exchanges as well as the global trend towards digital communication and could further improve the efficiency and cost-effectiveness of listed issuers' communications with their securities holders.

Mandating Electronic Dissemination of Corporate Communications Relying on Implied Consent

HKEX will amend the Listing Rules to mandate that listed issuers must disseminate corporate communications to their securities holders electronically, provided that such dissemination is permitted by their applicable laws and regulations.

Listed issuers can devise their own electronic dissemination arrangements so long as they comply with applicable laws and regulations ***and their constitutional documents, and they must indicate on their websites how they will send or make corporate communications available*** to securities holders. ***A listed issuer can only provide printed corporate communications to a securities holder upon request.*** Each listed issuer must disclose on its website the process for requesting a hard copy.

Listed issuers intending to introduce new arrangements that alter the mode of dissemination must send a one-time notification to their securities holders either in hard copy or electronically. The notification should (1) notify holders of the upcoming changes and (2) request the email addresses of securities holders. HKEX will update its Guidance Materials to reflect this requirement.

To facilitate the above, HKEX will also ***remove the current consent mechanism for disseminating corporate communications electronically to enable listed issuers to rely on securities holders' implied consent***, provided that it is permitted by the laws and regulations applicable to them. HKEX acknowledges that almost 90% of Hong Kong-listed issuers are incorporated in the PRC, Bermuda, or the Cayman Islands where there are no restrictions on implied consent for electronic dissemination of corporate communications.

However, in the case of Hong Kong–incorporated listed issuers, the Companies Ordinance (Cap. 622) does not permit implied consent for disseminating corporate communications and, as such, express consent or deemed consent must be obtained. ***HKEX will collaborate with relevant parties to facilitate the amendment of the Companies Ordinance for Hong Kong–incorporated listed issuers to disseminate corporate communications relying on implied consent.***

Actionable Corporate Communications

Actionable Corporate Communications refers to “any corporate communication that seeks instructions from an issuer’s securities holders on how they wish to exercise their rights or make an election as the issuer’s securities holders.”

HKEX will mandate that issuers send Actionable Corporate Communications individually to securities holders in electronic form, such as via email with weblinks to the relevant pages on the listed issuer’s website, if they possess functional electronic contact details.

Issuers cannot meet this requirement by solely publishing Actionable Corporate Communications on their website or HKEX’s website. ***In a case where the listed issuer does not have electronic contact details for a shareholder, it must send hard copies and request electronic contact details.***



Transition Arrangements

Listed issuers should therefore take action to review whether they will be required to amend their constitutional documents in the event that they contain any restrictions limiting electronic dissemination of corporate communications.

For issuers listed before the effective date of 31 December 2023, the following transitional arrangements will apply:

- If the issuers are not restricted by applicable laws and regulations from disseminating corporate communications electronically, they will have until their first annual general meeting after 31 December 2023 to amend their constitutional documents to allow such dissemination.
- If the issuers are unable to disseminate corporate communications electronically due to restrictions under applicable laws and regulations, they will have until their first annual general meeting following the removal of the restrictions from the applicable laws and regulations to amend their constitutional documents to allow such dissemination.

Listing applicants who plan to be listed on HKEX after 31 December 2023 must comply with the amended Listing Rules upon listing in accordance with their applicable laws and regulations.





SIMPLIFICATION OF APPENDICES TO THE LISTING RULES



The Exchange will adopt a holistic approach to organising and streamlining the Appendices in a more thematic manner, and will remove Appendices that have been superseded, repealed and are otherwise unnecessary so that users could navigate requirements more efficiently and effectively.

It is believed that the ***simplification of the Listing Rules would enhance corporate governance for issuers and improve transparency*** by:

a) Moving “Fees Rules” and “Regulatory Forms” out of the Appendices

The Exchange will adopt the proposal to move “Fee Rules” and “Regulatory Forms” ***to new sections on the Exchange’s website for easier accessibility***. The Exchange reiterated this will not affect their status as mandatory requirements of the Listing Rules.

b) Repealing and Deleting Appendices

The Exchange will ***repeal Appendices that are administrative in nature and separately display their contents outside the Listing Rules section of the HKEX website***. In addition, the Exchange shall ***delete Appendices that have already been superseded, repealed or are otherwise unnecessary***. The Exchange will continue to make available the historical versions of the Listing Rules on Exchange’s website.

c) Reorganising the remaining Appendices by theme

To avoid confusions for users, the Exchange will group the Appendices together to form a broad topic without material gaps or overlaps in theme so that users can easily locate them.

OTHER RULE AMENDMENTS

HKEX also decided to proceed with other rule amendments, including those that may be of a housekeeping nature. These include

- removing the requirement for physical attendance by committee members to meet the quorum for committee meetings of the Listing Committee and Listing Review Committee,
- aligning the references to “company secretary” in Rule 3.05 of Main Board Listing Rules and Rule 5.24 of GEM Listing Rules,
- consequential changes in connection with GEM issuers’ payment arrangement on subsequent issue fees, and
- removing references to “structured products” in the GEM Listing Rules.

The above-listed other rule amendments already came into effect on 8 July 2023.



Conclusions



Given the prevalence of internet use today, the Exchange's effort to expand its paperless listing initiatives is in line with the global trend of digital communication. These initiatives can enhance environmental sustainability, modernise Hong Kong's listing regime, and contribute to paving a greener path in Hong Kong.

It is expected that the Exchange will continue to provide guidance and support for both issuers and securities holders when expanding the paperless listing regime. The proposed issuer platform, which is a designated channel for two-way communication between the Listing Division and new applicants/listed issuers, is also expected to enhance the efficiency and accuracy of communication.

In the face of voluminous changes to the Rules, listing/listed Issuers are advised to consult lawyers or professional parties on compliance implications and make the necessary arrangements.



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