

Changing the Listing Landscape: HKEx publishes Listing Rule changes to complement the new sponsor regime

The Stock Exchange of Hong Kong Limited (**the Exchange**) has published the amended Listing Rules and a series of new / revised guidance letters (click [here](#)) to enhance the listing regime. Such changes will apply to listing applications filed on or after 1 October 2013. Key changes are summarised below:

1. **Publication of A-1 proof of prospectus (Application Proof) will not be required until 1 April 2014** - all the new rules and guidelines will be effective from 1 October 2013, except for the public filing requirement for the Application Proof and the requirement to file the Application Proof in Chinese. Applicant will need to submit a bilingual Application Proof from 1 April 2014 and the Application Proof will be made public once the Exchange accepts the application for detailed vetting.
2. **Exemption from publication of the Application Proof:**
 - a. an applicant listed on one of the 15 recognised overseas stock exchanges¹ for at least 5 years with a market capitalisation of at least US\$200 million will automatically be exempt from the public filing requirement; and
 - b. the Exchange may consider granting waivers in spin-off listings on a case-by-case by basis.
3. **Returned applications cannot be re-filed within 8 weeks** - starting from 1 October 2013, if the Exchange returns a listing application because it considers the Applicant Proof "not being substantially complete", the applicant can only make a re-filing after 8 weeks.
4. **"Name and shame" on returned applications** - starting from 1 April 2014, if the Exchange returns a listing application, it will disclose the applicant's name, the sponsor's name and the return date on the HKExnews Website.

¹ The Amsterdam Stock Exchange; The Australian Stock Exchange; The Brazilian Securities, Commodities and Futures Exchange; The Frankfurt Stock Exchange; The Italian Stock Exchange; The London Stock Exchange; The Madrid Stock Exchange; NASDAQ; The New York Stock Exchange; The Paris Stock Exchange; The Singapore Stock Exchange; The Stockholm Stock Exchange; The Swiss Stock Exchange; The Tokyo Stock Exchange; and The Toronto Stock Exchange.

5. ***Application Proof may not be regarded as "substantially complete" for any of the following reasons (by way of example):***
- a. non-compliance with paragraph 17 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission;
 - b. no cover design;
 - c. if there will be selling shareholder(s), but information about their identity is not yet included;
 - d. if prospectus will have a profit forecast, but the draft profit forecast information (including bases and assumptions) and the draft letters from the sponsor and the reporting accountants are not yet included; and
 - e. draft accountants' report and other expert reports are not accompanied by a confirmation from the accountants and expert(s) that no material changes or no significant adjustments / modifications will be made to their respective reports, based on the work done to date.
6. ***Initial 3-day screening process for the first year*** - from 1 October 2013 to 30 September 2014, the Exchange will carry out an initial 3-day check on each Application Proof filed, before deciding whether it will accept the listing application for detailed vetting and if not, the application will be returned. The Exchange and the Securities and Futures Commission (**the SFC**) will decide whether to continue or remove this initial review process after the first 6 months.
7. ***Profit forecast and cash flow memoranda to be filed with A-1*** - the profit forecast memorandum and cash flow memorandum are required to be filed together with A-1 filing.
8. ***Increased standard of sponsor's responsibility for expert sections*** - the Exchange has tightened the standard of responsibility of sponsor over the expert sections of the prospectus by imposing the same standard of responsibility as for the non-expert sections of the prospectus, i.e. the sponsor must confirm that, having made reasonable due diligence inquiries, it has reasonable grounds to believe and do believe that the contents of the **entire** prospectus (expert and non-expert sections) is true, accurate, complete and not misleading in all material respects.
9. ***Listing application and vetting process will be streamlined:***
- a. the number of checklists to be compiled for a listing application will be cut down by 30%;
 - b. regulatory comments will focus on major issues such as eligibility, suitability, sustainability, compliance and any material disclosure deficiencies; and
 - c. the Exchange and the SFC have committed to work together with a view to avoid duplication of comments.
10. ***Sponsor should be engaged 2 months before A-1 filing*** - sponsor is required to notify the Exchange of its engagement 2 months ahead of the A-1 filing. Hence, for an application to be filed on 1 October 2013, sponsor's engagement letter should be executed latest by **1 August 2013**.

For our briefing on SFC's consultation conclusions on enhancing the regulatory regime of sponsors, please click [here](#).

Contacts

Amy Lo

T: +852 2826 3420

E: amy.lo@cliffordchance.com

Tim Wang

T: +86 106535 2266

E: tim.wang@cliffordchance.com

Virginia Lee

T: +852 2826 3451

E: virginia.lee@cliffordchance.com

Jean Thio

T: +86 212320 7229

E: jean.thio@cliffordchance.com

Cherry Chan

T: +852 2826 3484

E: cherry.chan@cliffordchance.com

Edward Bradley

T: +852 2826 2466

E: edward.bradley@cliffordchance.com

Jean Yu

T: +86 106535 2216

E: jean.yu@cliffordchance.com

John Baptist Chan

T: +852 2826 2418

E: john.chan@cliffordchance.com

This publication does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

www.cliffordchance.com

Clifford Chance, 28th Floor, Jardine House, One Connaught Place, Hong Kong

© Clifford Chance 2013

Clifford Chance

Abu Dhabi ■ Amsterdam ■ Bangkok ■ Barcelona ■ Beijing ■ Brussels ■ Bucharest ■ Casablanca ■ Doha ■ Dubai ■ Düsseldorf ■ Frankfurt ■ Hong Kong ■ Istanbul ■ Kyiv ■ London ■ Luxembourg ■ Madrid ■ Milan ■ Moscow ■ Munich ■ New York ■ Paris ■ Perth ■ Prague ■ Riyadh* ■ Rome ■ São Paulo ■ Seoul ■ Shanghai ■ Singapore ■ Sydney ■ Tokyo ■ Warsaw ■ Washington, D.C.

*Clifford Chance has a co-operation agreement with Al-Jadaan & Partners Law Firm in Riyadh.