



Hong Kong General Chamber of Commerce
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30 September 2020

Mr Charles Li Xiaojia
Chief Executive Officer
Hong Kong Exchanges and Clearing Limited
8/F, Two Exchange Square
8 Connaught Place, Central
Hong Kong

Dear Mr Li,

**Consultation Paper on Proposals to Introduce a Paperless Listing &
Subscription Regime, Online Display of Documents and Reduction of the Types
of Documents on Display**

The Hong Kong General Chamber of Commerce welcomes the opportunity to express our views on the subject consultation.

We support the proposal to pursue the various paperless initiatives for the reasons as set out in HKEX's consultation paper. At the same time, we also suggest that consideration be given to a two-pronged approach on documentation requirements whereby the option of paper-based means continues to be made available to cater to the diverse needs of the investing public.

We hope you will find our comments useful to your deliberations.

Yours sincerely,



George Leung
CEO

Encl.

Hong Kong Exchanges and Clearing Limited (“HKEX”) Consultation Paper on Paperless Listing and Documents July 2020 (“the CP”)

Response by the Hong Kong General Chamber of Commerce (“HKGCC”)

HKGCC welcomes the opportunity to comment on this initiative by HKEX to amend and modernise the Listing Rules to reflect the digital age, and to reduce the types of documents that have to be displayed for certain transactions. These proposals would help to reduce the administrative burden and costs of both HKEX and issuers, resulting in greater efficiency. Given the near-ubiquity of internet access in Hong Kong, we hope that it will also be possible to implement them in a way that does not harm the interests of the investing public in Hong Kong, which is of paramount importance.¹

Preliminary Comments

Before answering the specific questions in the CP, we have the following preliminary comments:

1. The proposals would largely dispense with the requirement to make listing documents available physically, so that they would only require to be made available online. It is therefore all the more important for website access to the documents, on both HKEX’s and the issuers’ websites, to be made as easy and user-friendly as possible for potential investors. It is also important that the option of access to the physical documents be made available to potential investors with such preferences.
2. Similarly, the proposal to dispense with paper form subscription applications, and to rely only on electronic subscription channels, makes it even more important that the subscription process is as smooth and user-friendly as possible.
3. We understand that it is not HKEX’s intention to prohibit issuers from making the documents available physically (as well as online) and believe that they should be entitled to do so. We suggest that this be made clear in your consultation conclusions.
4. While the proposals overall should reduce the administrative burden and costs for issuers (as well as HKEX), the new regime will result in significant changes to the current position, with different requirements applying to different types of listings. We would therefore recommend that, at the same time that the proposals are finalised, HKEX publishes detailed guidelines, in a simple and easy-to-use format, explaining how the new regime will operate for the different types of listings and transactions. This would greatly assist both issuers and investors.

¹ Under section 21(2) of the Securities and Futures Ordinance.

Answers to the Consultation Questions

Our answers to the Consultation Questions are set out below, under each question.

Question 1

Do you agree with our proposal to amend the Listing Rules to require (i) all listing documents in a New Listing to be published solely in an online electronic format and cease printed form listing documents; and (ii) except for MMOs, all New Listing subscriptions, where applicable, to be made through online electronic channels only? Please give reasons for your views.

We note the statistics cited in paragraph 53 of the CP showing the minute number of paper subscription applications which were received in 2019; the near-ubiquitous availability of internet access in Hong Kong; and the benefits of the proposal in terms of improved efficiency, and being better for the environment. Nevertheless, potential investors should still be entitled to physical access to the documents, subject to their preferences, and be given the option of receiving physical share certificates if they so wish.

Question 2

As a consequence of our proposal in Question 1, do you agree with our proposal to amend the Listing Rules to remove the requirement for listed issuers to make available physical copies of listing documents to the public at the address(es) set out in a formal notice? Please give reasons for your views.

See our answer to Question 1 above.

Question 3

Do you agree with our proposal to require issuers to only post online on both EPS and the issuer's website the documents listed in Appendix I (save for the changes proposed in Section G below) and to remove the requirement for their physical display? Please give reasons for your views.

See our answer to Question 1 above. Issuers should continue to be entitled to request verification of the identity of those accessing the documents online.

Question 4

Do you agree that documents listed in Appendix I should be displayed online for the periods set out in that appendix except for those documents that are required by the Rules to be made available on an ongoing basis? Please give reasons for your views.

Yes. We do not see any valid reason why the proposed required period of display online should be any longer than the current required period for physical display.

Question 5

Do you agree that the Exchange should continue to allow redaction of documents on display in only very limited circumstances?

By “very limited circumstances”, we understand that the CP is referring to the three criteria in the Waiver Guide referred to in paragraph 90, with the addition of the proposed amendment to the Waiver Guide referred to in paragraph 101 which is designed to accommodate concerns under the Personal Data (Privacy) Ordinance. On this basis, we agree.

Question 6

Do you agree that the current definition of “material contract” remains fit for purpose and that the Exchange should continue to apply it under our proposals?

Yes. We do not see any valid reason for changing the definition, and agree that it should be kept consistent with the definitions in the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code.

Question 7

Do you agree that restrictions should not be placed on downloading and/or printing documents that are published online in accordance with the proposals set out in this paper?

Yes.

Question 8

Do you agree with our proposal not to put in place a system that would enable issuers to record and verify the identity of a person who accesses documents on display online?

Yes.

Question 9

In respect of a relevant notifiable transaction, do you agree with our proposal to:

- 1. i) require the issuer to display the contracts pertaining to the transaction only; and*
- 2. ii) remove the requirement to display all material contracts entered into by the issuer within the last two years before the issue of the circular?*

Yes. We agree with the view expressed in paragraph 122 of the CP that the purpose of these requirements should be to provide investors with information about the proposed transaction and how they should vote, and that it is unnecessary to require the provision of access to other material contracts entered into by the issuer within the last two years.

Question 10

In respect of a connected transaction that is subject to the shareholders' approval requirement, do you agree with our proposal to:

- 1. i) require the issuer to display the contracts pertaining to the transaction only; and*
- 2. ii) remove the requirement to display contracts referred to in the circular and relevant directors' contracts?*

Please give reasons for your views.

Yes, for the same reason given in our answer to question 9 above in relation to a relevant notifiable transaction.

HKGCC Secretariat
September 2020