

# Hong Kong Capital Markets Update

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## HKEX's consultation on expanding paperless listing regime

On 16 December 2022, the Stock Exchange of Hong Kong Limited (the "Exchange") published a [consultation paper](#) ("Consultation") seeking market views and comments on proposals to expand the paperless listing regime and other rule amendments. The deadline for submissions is 28 February 2023.

### Key Proposals

#### Streamlining the document submission process

- Removing submission of documents that are unnecessary to the Exchange's regulatory objectives
- Codifying obligations into the Listing Rules to replace standalone undertakings and confirmations
- Removing unnecessary signature and certification requirements
- Mandating electronic submission for a majority of submission documents

#### Electronic dissemination of corporate communications

- Mandating that listed issuers should disseminate corporate communications electronically to the extent permitted by the laws and regulations

#### Simplification of Listing Rules appendices

- Restructuring the appendices to the Listing Rules to simplify navigation and enhance the online experience for Listing Rules users

### Background

Following the Listing Rules amendments on paperless listing and subscription regime, online display of documents and reduction of the types of documents on display which took effect in 2021, the Exchange continued to review on other documentary requirements to further simplify the administrative procedures and reduce the use of paper.

In this Consultation, the Exchange proposed the following changes to expand the paperless listing regime.

#### Streamlining the document submission process

Currently, new applicants and listed issuers are required to submit a considerable number of documents to the Exchange. However, some submission documents are not essential to the Exchange's regulatory objectives and need not be submitted, or can be streamlined or codified into the Listing Rules or consolidated with other submission or disclosure requirements.

Therefore, the Exchange proposed to reduce the number of submission documents by taking the following actions:

- to remove submission documents that simply reiterate parties' obligations already set out in the Listing Rules or guidance materials, overlap with other submission or disclosure requirements or have become unnecessary;
- to codify obligations contained in various undertakings, listing agreements and other standalone confirmations or declarations into the Listing Rules and to remove documents that become duplicative as a result; and to codify an issuer's obligations to obtain necessary authorisation and consents for its actions into the Listing Rules and to no longer require submission of the underlying authorisation documents; and

(iii) to consolidate certain requirements into existing forms.

For those signature and certification requirements that only (a) evidence the sponsors' approval of the contents or (b) certify that the submissions are true copies of their originals, the Exchange proposed to remove them as they are not essential.

In addition, the Exchange proposed to mandate electronic-only submission for all documents currently required to be submitted in hard copy form unless otherwise stated in the Listing Rules or required by the Exchange. In this regard, the Exchange will establish a new online platform as a designated channel for two-way communication. Also, the Exchange is exploring with the Companies Registry the feasibility of digitalising the prospectus authorisation and registration processes.

The proposed new documentary requirements are set out in Schedule II of the Consultation.

### **Electronic dissemination of corporate communications**

Considering the internet is broadly used in Hong Kong and other markets where most investors in shares listed on the Exchange are based, the dissemination of corporate communications via the internet is now a feasible and well accepted alternative to hard copy dissemination.

Hence, the Exchange has proposed to (a) mandate that listed issuers must disseminate corporate communications to their securities holders electronically to the extent permitted by the laws and regulations that are applicable to them and their constitutional documents; and (b) enable listed issuers to choose their own consent mechanism for disseminating corporate communications electronically to the extent that the chosen mechanism is permissible under the laws and regulations applicable to them and their constitutional documents.

### **Simplification of Listing Rules appendices**

To streamline and enhance online experience of the Listing Rules users, the Exchange proposed to restructure the current appendices to the Listing Rules.

The proposed new structure of the appendices is set out in Schedule IV of the Consultation.

### **Other Listing Rules amendments**

The Exchange also proposed Listing Rules amendments that do not involve any change in policy direction, including (a) removal of the requirement for physical attendance by committee members at meetings of the Listing Committee and Listing Review Committee; and (b) other minor amendments.

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