

Hong Kong Capital Markets Update

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HKEX's consultation conclusions on expanding paperless listing regime

On 30 June 2023, the Stock Exchange of Hong Kong Limited (the "Exchange") published the [conclusions](#) of its consultation on the proposals to expand the paperless listing regime and other rule amendments ("Conclusions"). The key changes to the Listing Rules are summarised below:

Key Changes

Streamlining the document submission process

- Reducing submission requirements.
- Removing unnecessary signature or certification requirements.
- Mandating submissions by electronic means.
- Digitalisation of the Exchange's authorisation of prospectus registration.

Electronic dissemination of corporate communications by listed issuers

- Mandating that listed issuers disseminate corporate communications electronically to the extent permitted under applicable 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.

Effective dates

- 31 December 2023: For the above key changes with transitional arrangements.
- 8 July 2023: For other minor and housekeeping amendments as set out in the Conclusions.

Background

To further simplify administrative procedures and reduce the use of paper, the Exchange published a [consultation paper](#) ("Consultation Paper") on 16 December 2022, which set out proposals to expand the paperless listing regime and other rule amendments (for a summary, please refer to our [Capital Markets Update Issue 2023-01](#)). The consultation period ended on 28 February 2023.

Having considered the responses received, the Exchange will implement the proposals outlined in the Consultation Paper with minor modifications in response to market comments.

Key modifications and clarifications

The key modifications and clarifications to the original proposals in the Consultation Paper are summarised as follows:

Reducing submission requirements

- Forms M105, M106, M107 and M108 will continue to be displayed on the Exchange's website for practitioners' reference for the time being, but submission of these checklists should no longer be required.
- Submitting CD-ROMs containing Form A1 documents is no longer required given that those documents shall also be submitted through HKEX-ESS system.

- It is clarified that relevant profit forecast information is still required to be disclosed in the notifiable transaction announcement given the usefulness of such information.
- To help ensure each newly appointed director has obtained legal advice, disclosure is required of the dates of training of newly appointed directors in an issuer's corporate governance report.

Removing unnecessary signature or certification requirements

- The signature requirement for Form M119 will be removed.

Mandating electronic dissemination of corporate communications

- Listed issuers should send a one-time notification to their holders individually in hard copy or electronically to: (a) inform them of the new arrangements on dissemination of corporate communications (before implementation) and (b) solicit the email addresses of securities holders.
- Minor modifications to the definition of Actionable Corporate Communications as "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".
- The Exchange will publish relevant market guidance on several operational obstacles in relation to sending Actionable Corporate Communications to securities holders individually and in electronic form.

Effective dates

The revised Listing Rules will take effect on 31 December 2023, except for several minor and housekeeping amendments to the Listing Rules as set out in the Conclusions will come into effect on 8 July 2023.

Transitional arrangements in respect of electronic dissemination of corporate communications

Prior to 31 December 2023, existing listed issuers and listing applicants seeking to list on the Exchange must ascertain whether their constitutional documents contain any provision that may prohibit them from disseminating corporate communications to their securities holders electronically in accordance with the relevant Listing Rules.

Issuers that are not prohibited by applicable laws and regulations from complying with the relevant amended Listing Rules but are required to amend their constitutional documents to remove any restriction to that effect (e.g., any provision that mandates hardcopy dissemination as the only means of dissemination of corporate communications) will have until their first annual general meeting following 31 December 2023 to make the necessary amendments to their constitutional documents to facilitate electronic dissemination of corporate communications.

Issuers that are unable to comply with the requirements set out in the amended Listing Rules due to any restrictions under applicable laws and regulations would have until their first annual general meeting following the date on which the relevant restrictions are removed from the applicable laws and regulations to make the necessary amendments to their constitutional documents to facilitate their compliance with the relevant Listing Rules.

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If you have any questions about the matters discussed in this publication, please feel free to contact the following capital markets partners and directors.

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