

## **Frequently Asked Questions No. 077-2022 (Released on 22 April 2022 and last updated in August 2022)**

### **Consequential changes to the Listing Rules to complement the new Code of Conduct provisions on bookbuilding and placing activities in equity capital market and debt capital market transactions and the sponsor coupling proposal (collectively, the “New Code Provisions”)**

#### **Introduction**

The Securities and Futures Commission (the “**Commission**”) published the “Consultation Paper on (i) the Proposed Code of Conduct on Bookbuilding and Placing Activities in Equity Capital Market and Debt Capital Market Transactions and (ii) the ‘Sponsor Coupling’ Proposal” (“**Consultation Paper**”) on 8 February 2021, whereby the Commission proposed the New Code Provisions in relation to the conduct of intermediaries involved in bookbuilding and placing activities. The Consultation conclusions (“**Conclusions Paper**”) were published on 29 October 2021. The New Code Provisions and consequential changes to the Listing Rules (the “**Rule Amendments**”) will come **into effect on 5 August 2022**.

The Rule Amendments define, among other things, the types of intermediaries involved in initial public offerings (“**IPOs**”) and other offerings of equity securities or interests\* covered under the New Code Provisions, and specify their responsibilities in these transactions in accordance with the New Code Provisions. Parts A and B of this document respectively provide an overview of the composition of the syndicate structure in a typical IPO in Hong Kong and a quick reference to the applicable Rule Amendments for these defined intermediaries. Part C of this document sets out frequently asked questions (the “**FAQs**”) that are designed to help new applicants and issuers to understand and comply with the Rule Amendments.

#### **Status of “Frequently Asked Questions”**

Users of the FAQs should refer to the Listing Rules themselves and, if necessary, seek qualified professional advice. The FAQs are not a substitute for the Listing Rules. If there is any discrepancy between the FAQs and the Listing Rules, the Listing Rules prevail.

In formulating our “responses”, we may have assumed certain underlying facts, selectively summarised the Listing Rules or concentrated on one particular aspect of the question. They are not definitive and do not apply to all cases where the scenario may at first appear similar. In any given case, regard must be given to all the relevant facts and circumstances.

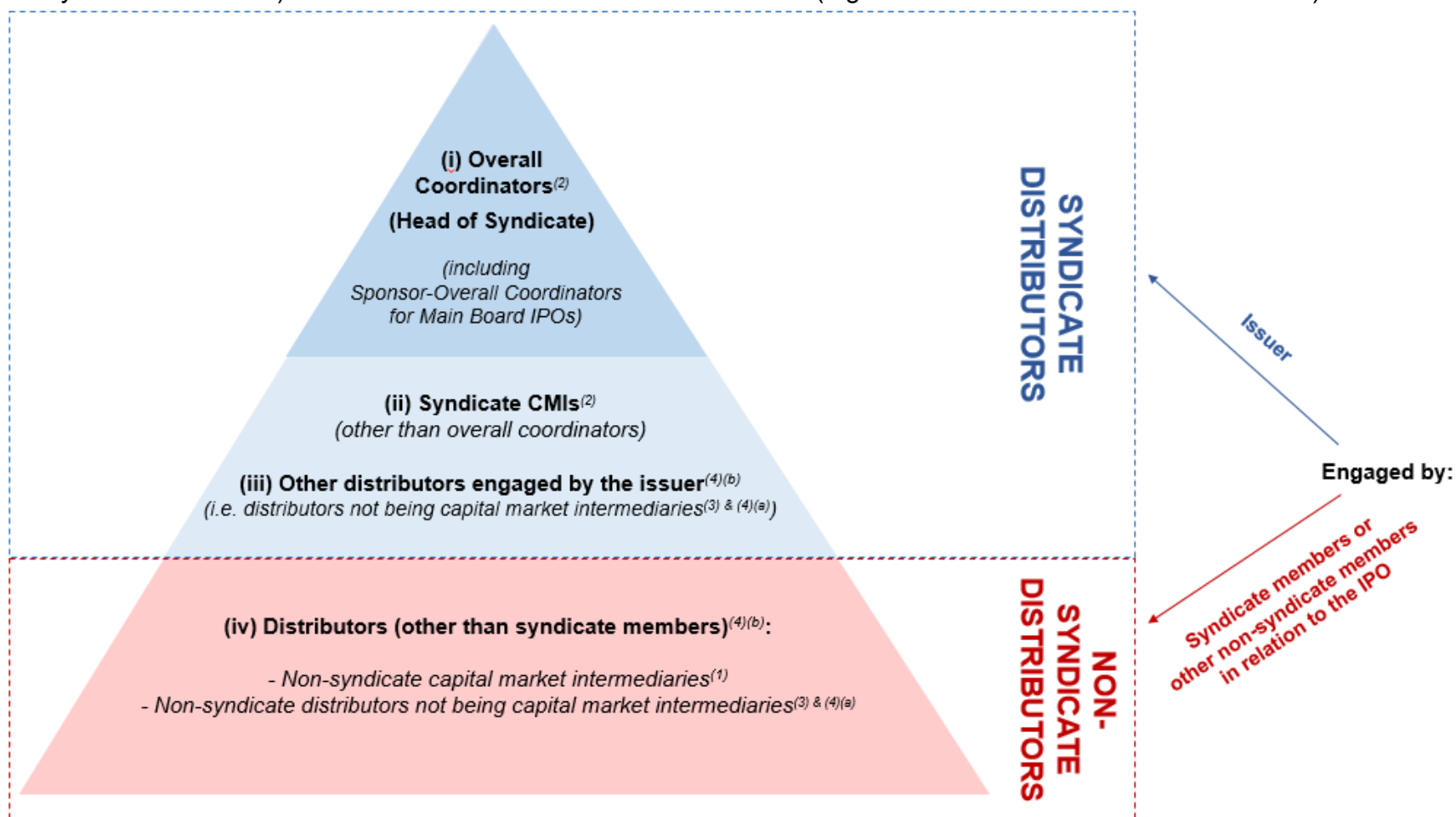
The Listing Division may be consulted on a confidential basis. Please contact the Listing Division at the earliest opportunity with any queries.

*\* For the purpose of this document, “equity securities or interests” shall have the meaning as provided in Note 1 to Rule 3A.32.*

## A. Overview of the composition of the syndicate structure in a typical IPO in Hong Kong

The composition of the syndicate structure in a typical IPO includes (a) **syndicate members** and (b) where engaged, **distributors (other than syndicate members)**. Whether an entity is considered as a syndicate member in an IPO under the Rule Amendments depends on whether it is engaged by the issuer to conduct bookbuilding, placing and/or other related activities (“**Relevant Activities**”) in the IPO. The diagram below shows the intermediaries involved in a typical IPO:

- (a) syndicate members, which comprise syndicate capital market intermediaries and other distributors (i.e. distributors not licensed or registered under the Securities and Futures Ordinance (Cap. 571) (“**SFO**”)) **engaged by the issuer** to conduct the Relevant Activities in the IPO; and
- (b) non-syndicate distributors that are **engaged by entities other than the issuer** (e.g. syndicate members or other non-syndicate members) to conduct the Relevant Activities in the IPO (e.g. sub-distribution of the issuer’s shares).



*Notes:*

1. A capital market intermediary (“**CMI**”) is any corporation or authorised financial institution, licensed or registered under the SFO that engages in the Relevant Activities as referred to in paragraph 21.1.1 of the New Code Provisions (“**specified activities**”).
2. A syndicate CMI is a capital market intermediary that is engaged by an issuer to conduct specified activities. An overall coordinator is a syndicate CMI and includes a sponsor-overall coordinator.
3. Distributors (that are not capital market intermediaries) are distributors not licensed or registered under the SFO, which engage in the Relevant Activities for the IPO outside Hong Kong.
4. In the context of the Rule Amendments, a “distributor” means any distributor conducting a placing of equity securities or interests referred to in Rule 3A.32(1) (GEM Rule 6A.39(1)). Whether a distributor is considered as:
  - (a) a capital market intermediary depends on whether it is licensed or registered under the SFO; and
  - (b) a syndicate member depends on whether it is engaged by the issuer to conduct the Relevant Activities in the relevant placing, and “syndicate distributor” in this FAQ shall be construed accordingly.

## B. Quick reference to the applicable Rule Amendments for defined intermediaries

### 1. Syndicate CMI

The provisions in the Rule Amendments that are relevant to a syndicate CMI include:

Main Board Rules	GEM Rules	Summary	Applies to placings in connection with New Listings only
1.01	1.01	Definition of a capital market intermediary	
3A.33	6A.40	Appointment before a capital market intermediary conducts any specified activities under paragraph 21.1.1 of the New Code Provisions	
3A.34	6A.41	Terms of the written engagement agreement of a capital market intermediary	
3A.46	6A.48	Obligations of a new applicant and its directors to assist the syndicate members	✓
9.11(35), Appendix 5D	12.26(6), Appendix 5D	Submission of (i) a copy of the placing letter; (ii) a marketing statement in the form of Form D in Appendix 5 (Form D in Appendix 5 to the GEM Rules); and (iii) a placee list to the Exchange as soon as practicable after the issue of the listing document but before dealings commence	✓
9.23(2), Appendix 5D	Rule 12.27(6), Appendix 5D	Same requirement as at that in Rule 9.11(35) (GEM Rule 12.26(6)), but applies to placings of equity securities or interests of a class new to listing under Rule 3A.32(1)(a)(ii) (GEM Rule 6A.39(1)(a)(ii)) only.	
12.04(5), Appendix 11 (Forms A & C)	16.09(5), Appendix 10 (Forms A & C)	Disclosure of the names of all syndicate CMIs and any other syndicate members in the formal notice in the case of a placing	
12.08 (Note 2)	Rule 16.13 (Note 3)	Confirmation required to be included in the announcement of the results of the offer	✓
13.28(10)	17.30(10)	Disclosure of the names of syndicate members and principal terms of the underwriting/placing arrangements in a placing.  This applies to placings of equity securities or interests of a class already listed under a general or specific mandate under Rule 3A.32(1)(a)(ii) (GEM Rule 6A.39(1)(a)(ii)) and placings of listed equity securities or interests by an existing holder of equity securities or interests if it is accompanied by a top-up subscription under Rule 3A.32(1)(b) (GEM Rule 6A.39(1)(b)) only.	
Appendix 1 (paragraphs 3 & 3B of Part A, paragraphs 3 & 3B of Part E)	Appendix 1 (paragraphs 3 & 3B of Part A)	Disclosure of (i) the name and address of each syndicate member and (ii) the aggregate of the fees and the ratio of fixed and discretionary fees paid or payable to all syndicate members in the listing document	✓
Appendix 5F (paragraph 10A)	Appendix 5E (paragraph 10A)	Confirmation of determination of the allocation of discretionary fees to be paid, and the time schedule for the payment of the total fees payable, to each syndicate CMI in the issuer's declaration	✓

Main Board Rules	GEM Rules	Summary	Applies to placings in connection with New Listings only
Appendix 6 (paragraphs 5, 8, 9, 10, 11 and 12)	10.12(1A), 10.12(4) (Note 1), 10.12(4A), 10.12(5), 10.12(6), 10.12(7)	Requirements relating to, and restrictions on, placing activities	

## 2. Overall coordinator

An overall coordinator is a syndicate CMI. See section 1 above for the provisions in the Rule Amendments that are relevant to a syndicate CMI. Other requirements relating to an overall coordinator under the Rule Amendments include:

Main Board Rules	GEM Rules	Summary	Applies to placings in connection with New Listings only
1.01	1.01	Definition of an overall coordinator	
3A.30	6A.30	Action required if licence or registration is revoked, suspended, varied or restricted	
3A.35	6A.42	Appointment before an overall coordinator conducts any specified activities under paragraph 21.2.3 of the New Code Provisions	
3A.36	6A.43	Terms of the written engagement agreement of an overall coordinator	
3A.37, Practice Note 22	6A.44, Practice Note 5	Deadline for appointment of an overall coordinator (other than a sponsor-overall coordinator in the case of Main Board new applicants, as set out in Rule 3A.43 referred to in section 3 below) in the case of a New Listing (i.e. no later than 2 weeks following the submission of the listing application), and publication of an OC Announcement on an appointment of an overall coordinator	✓
3A.38	Note to 6A.42	Provision of information by overall coordinator	
3A.39	Note to 6A.42	Additional overall coordinators	
3A.40, 9.11(36), Appendix 5E, Appendix 6	6A.45, 10.12 to 10.16B, 12.26(8), Appendix 7I	Submission of the overall coordinator's declaration in the form of Form E in Appendix 5 (Form I in Appendix 7 to the GEM Rules), pursuant to which each overall coordinator is required to declare, among others, that the placing is in compliance with Appendix 6 (GEM Rules 10.12 to 10.16B).	✓
3A.41, 3A.42, Practice Note 22	6A.46, 6A.47, Practice Note 5	Termination of the overall coordinator's role (other than for a sponsor-overall coordinator, as set out in Rule 3A.45 referred to in section 3 below), and publication of an OC Announcement on a termination of the engagement of an overall coordinator in the case of a New Listing	✓ (obligation to publish OC Announcement only)
9.10B	12.08 (Note 3)	Documents required to be submitted where there is a change of overall coordinator	✓

Main Board Rules	GEM Rules	Summary	Applies to placings in connection with New Listings only
9.11A	12.26AA	Obligation to notify the Exchange where there are any material changes to the information previously provided to the Exchange under Rule 9.11 (GEM Rules 12.12 to 12.26)	✓
-	12.23AA	Submission of certain information to the Exchange at least four clear business days prior to listing hearing. This applies to placings in connection with GEM New Listings under GEM Rule 6A.39(1)(a)(i) only	✓ (GEM New Listings only)
Practice Note 18 (paragraph 4.3)	Practice Note 6 (paragraph 5)	Obligation to restrict the extent of any over-allocation of shares to the limit provided under the over-allotment option	✓
Appendix 6 (paragraphs 3 and 19)	10.12(1B), 10.16B	Obligation to make adequate distribution facilities available, run application list and determine a fair basis for allocation when the issue is oversubscribed; obligation to inform the Exchange where decisions made by an issuer amount to non-compliance with the Listing Rules related to, among other things, the placing activities conducted	

### 3. Sponsor-overall coordinator

A sponsor-overall coordinator is also an overall coordinator. See section 2 above for the provisions in the Rule Amendments that are relevant to an overall coordinator. Other requirements relating to a sponsor-overall coordinator under the Rule Amendments (which are only applicable to Main Board new applicants and do not apply to GEM new applicants) include:

Main Board Rules	Summary	Applies to placings in connection with New Listings only
1.01	Definition of a sponsor-overall coordinator	✓
Note to 3A.02	Obligations of a sponsor before accepting an appointment by a new applicant as a sponsor	✓
3A.43	Appointment (i.e. at least 2 months before the submission of the listing application and both appointment of the sponsor independent of the new applicant and the overall coordinator must be made at the same time )	✓
3A.44	Additional sponsor-overall coordinators	✓
3A.45	Termination of the sponsor-overall coordinator's role	✓
3A.36(4), 9.11(23a)	Submission of certain information to the Exchange at least four clear business days prior to listing hearing	✓

#### 4. Syndicate and non-syndicate distributors

- (a) The following provisions in the Rule Amendments are relevant to both (i) syndicate distributors (other than syndicate CMI) and (ii) non-syndicate distributors engaged to conduct the Relevant Activities in a placing of equity securities or interests referred to in Rule 3A.32(1) (GEM Rule 6A.39(1)):

Main Board Rules	GEM Rules	Summary	Applies to placings in connection with New Listings only
3A.46	6A.48	Obligations of a new applicant and its directors to assist the syndicate members	✓
9.11(35), Appendix 5D	12.26(6), Appendix 5D	Submission of (i) a copy of the placing letter; (ii) a marketing statement in the form of Form D in Appendix 5 (Form D in Appendix 5 to the GEM Rules); and (iii) a placee list to the Exchange as soon as practicable after the issue of the listing document but before dealings commence	✓
9.23(2), Appendix 5D	12.27(6), Appendix 5D	Same requirement as at that in Rule 9.11(35) (GEM Rule 12.26(6)), but applies to placings of equity securities or interests of a class new to listing under Rule 3A.32(1)(a)(ii) (GEM Rule 6A.39(1)(a)(ii) only).	
Appendix 6 (paragraphs 5, 8, 9, 10, 11 and 12)	10.12(1A), 10.12(4) (Note 1), 10.12(4A), 10.12(5), 10.12(6), 10.12(7)	Requirements relating to and restrictions on placing activities	

#### Notes:

- (1) Non-syndicate distributors engaged by entities other than the issuer are “distributors (other than syndicate members)” referred to in Rules 3A.46(3), 9.11(35)(a) and 9.23(2)(a), and Appendices 5D and 6 (paragraphs 5(1), 8, 9, 10 and 12) to the Listing Rules (GEM Rules 6A.48(3), 10.12(1A)(a), 10.12(4) (Note 1(g)), 10.12(4A), 10.12(6), 10.12(7) and 12.26(6)(a), 12.27(6)(a) and Appendix 5D to the GEM Rules).
- (2) In respect of a transaction covered under the Rule Amendments, distributors (including both syndicate distributors and non-syndicate distributors) that are not capital market intermediaries are expected to assist the overall coordinators to discharge their obligations under the Listing Rules (“**Required Assistance**”).
- (3) To facilitate the overall coordinators’ discharge of their obligations under the Listing Rules (e.g. providing a declaration (in the form of Form E in Appendix 5 (Form I in Appendix 7 to the GEM Rules)) to the Exchange that,

among others, a bookbuilding was carried out to assess demand for securities and the relevant placing is in compliance with Appendix 6 (GEM Rules 10.12 to 10.16B)), issuers are expected to include the following terms (“**Assistance Terms**”) in the written engagement of each syndicate distributor:

- (i) the obligation of the syndicate distributor to provide the Required Assistance to the overall coordinator(s); and
- (ii) the obligation of the syndicate distributor to require any distributor it engages for the relevant transaction (“**Second Tier Distributor(s)**”) to provide the Required Assistance to the overall coordinator(s) and to assist the syndicate distributor to provide the Required Assistance to the overall coordinator(s), including but not limited to requiring the Assistance Terms to be reflected in the written engagement of each Second Tier Distributor and any distributor that each Second Tier Distributor further engages for the relevant transaction.

(b) In addition to the provisions in the Rule Amendments set out in sub-paragraph 4(a) above, the following provisions in the Rule Amendments are also relevant to syndicate distributors (other than syndicate CMLs) engaged to conduct the Relevant Activities in a placing of equity securities or interests referred to in Rule 3A.32(1) (GEM Rule 6A.39(1)):

Main Board Rules	GEM Rules	Summary	Applies to placings in connection with New Listings only
1.01	1.01	Definition of a syndicate member	
12.04(5), Appendix 11 (Forms A & C)	16.09(5), Appendix 10 (Forms A & C)	Disclosure of the names of all syndicate CMLs and any other syndicate members in the formal notice in the case of a placing	
12.08 (Note 2)	16.13 (Note 3)	Confirmation required to be included in the announcement of the results of the offer	✓
13.28(10)	17.30(10)	Disclosure of the names of syndicate members and principal terms of the underwriting/placing arrangements in a placing. This applies to placings of equity securities or interests of a class already listed under a general or specific mandate under Rule 3A.32(1)(a)(ii) (GEM Rule 6A.39(1)(a)(ii)) and placings of listed equity securities or interests by an existing holder of equity securities or interests if it is accompanied by a top-up subscription under Rule 3A.32(1)(b) (GEM Rule 6A.39(1)(b)) only	
Appendix 1 (paragraphs 3 & 3B of Part A, paragraphs 3 & 3B of Part E)	Appendix 1 (paragraphs 3 & 3B of Part A)	Disclosure of (i) the name and address of each syndicate member and (ii) the aggregate of the fees and the ratio of fixed and discretionary fees paid or payable to all syndicate members in the listing document	✓



*Notes:*

1. *“New Listings” shall have the meaning as defined in Rule 1.01 (GEM Rule 1.01) in the Rule Amendments and “placings in connection with New Listings” shall mean placings referred to in Rule 3A.32(1)(a)(i) (GEM Rule 6A.39(1)(a)(i)) in the Rule Amendments.*
2. *This Part only sets out the provisions in the Rule Amendments that are relevant to the above intermediaries involved in the Relevant Activities. Intermediaries shall continue to observe other requirements that are applicable to them under the Listing Rules.*
3. *Pursuant to Rule 20.23A in the Rule Amendments, in the case of offerings involving bookbuilding activities (as defined under the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (“**Code of Conduct**”)) of interests in a REIT by a new REIT listing applicant or an existing authorised REIT, Chapter 3A and the other relevant Exchange Listing Rule provisions relating to sponsor-overall coordinator, overall coordinator and other capital market intermediaries shall apply.*

### C. FAQs relating to the Rule Amendments

No.	Main Board Rules	GEM Rules	Query	Response
1.	1.01	1.01	What are the new definitions on the role of intermediaries under the Rule Amendments?	The following new definitions on the role of intermediaries are added to the Listing Rules: “capital market intermediary” (or “CMI”), “syndicate CMI”, “overall coordinator”, “sponsor-overall coordinator” (for Main Board Rules only) and “syndicate member”.
2.	1.01	1.01	Despite the introduction of new definitions on the role of intermediaries under the Rule Amendments, can intermediaries still be awarded titles such as “global coordinator”, “bookrunner”, “lead manager”, etc. which is currently the market norm, and disclosed accordingly in listing documents?	Yes, intermediaries may still be awarded titles which are currently used in the market and identified by these titles in the listing documents to be issued in connection with the relevant transactions. The definitions of “capital market intermediary”, “overall coordinator” and “sponsor-overall coordinator” are for the purpose of identifying them based on the specified activities they engage in as stipulated in the New Code Provisions. However, as the definitions under the New Code Provisions relate directly to the specified activities performed, intermediaries should approach with caution being awarded titles that appear to be inconsistent with how their roles are defined under the New Code Provisions.
3.	3A.32, 3A.33, 3A.35	6A.39, 6A.40, 6A.42	Under the Rule Amendments, what are the types of equity capital market transactions that require the appointment of a capital market intermediary to be made under a written agreement before it conducts any of the specified activities?	An issuer is required to appoint a capital market intermediary by way of a written agreement before such capital market intermediary conducts any specified activities in the following types of offering involving bookbuilding activities (as defined under the New Code Provisions) ( <i>Notes 1, 2 and 3</i> ):  (a) a placing of equity securities or interests to be listed on the Exchange, including:  (i) a placing in connection with a New Listing ( <i>Note 4</i> ) (whether by way of a primary listing or secondary listing), including, without limitation, a

No.	Main Board Rules	GEM Rules	Query	Response
				<p>reverse takeover of a listed issuer which is a deemed new listing under Rule 14.54 (GEM Rule 19.54) and a transfer of listing of equity securities or interests from GEM to Main Board under Chapter 9A of the Listing Rules; and</p> <p>(ii) a placing of equity securities or interests (<i>Note 5</i>) of a class new to listing or of a class already listed under a general or specific mandate in accordance with Rule 7.12A (GEM Rule 10.13) or other relevant codes and guidelines; and</p> <p>(b) a placing of listed equity securities or interests (<i>Note 6</i>) by an existing holder of equity securities or interests if it is accompanied by a top-up subscription by the existing holder of equity securities or interests for new equity securities or interests in the issuer.</p> <p>An issuer is not under the above obligations in respect of offerings of equity securities or interests which do not involve bookbuilding activities (as defined under the New Code Provisions), such as:</p> <p>(i) bilateral agreements or arrangements between the issuer and the investors (sometimes referred to as “club deals”);</p> <p>(ii) transactions where only one or several investors are involved and the terms of the offering are negotiated and agreed directly between the issuer and the investors (sometimes referred to as “private placements”);</p> <p>(iii) transactions where equity securities or interests are allocated to investors on a pre-determined basis at a pre-determined price;</p>

No.	Main Board Rules	GEM Rules	Query	Response
				<p>(iv) selling of listed equity securities or interests by existing holders of equity securities or interests, other than a placing as referred to in (b) above (sometimes referred to as “secondary offering”); and</p> <p>(v) an offering of equity securities or interests which has been subscribed by an intermediary as principal deploying its own balance sheet, for onward selling to investors (sometimes referred to as “block transactions”).</p> <p>For the avoidance of doubt, if an equity offering involving bookbuilding or placing activities (as defined in the New Code Provisions) uses a back stop arrangement (where the capital market intermediary provides a guarantee or an underwriting commitment at a minimum price to the issuer), the capital market intermediary in this connection should be appointed under a written agreement before it conducts the specified activities for such transaction under Rule 3A.33 (GEM Rule 6A.40), even if the capital market intermediary may have a right to acquire the equity securities or interests offered as principal under the relevant back stop / underwriting agreement, given that it is uncertain whether any equity securities or interests would be acquired by the capital market intermediary as principal by deploying its own balance sheet, for onward selling to investors.</p> <p><i>Notes:</i></p> <p>1. The scope of offerings to which the Rule Amendments apply is the same as that set out in paragraph 21.1.2(a) of the New Code Provisions.</p>

No.	Main Board Rules	GEM Rules	Query	Response
				<p>2. If a capital market intermediary does not perform, and is not and will not be appointed to perform, the specified activities in an offering set out in points (a) and (b) above, the requirement under Rule 3A.33 (GEM Rule 6A.40) will not apply to that capital market intermediary.</p> <p>3. Placing and bookbuilding activities (as defined under the New Code Provisions) do not include market sounding that is conducted to gauge investors' interest before an issuer has decided to pursue an offering. As the timing at which an issuer makes a decision to pursue an offering is solely within its knowledge and control, the issuer is expected to communicate its decision promptly to any capital market intermediary it has authorised to conduct market sounding and to appoint the capital market intermediary under a written agreement before it conducts the specified activities in accordance with Rule 3A.33 (GEM Rule 6A.40).</p> <p>4. "New Listing" shall have the meaning as defined in Rule 1.01 (GEM Rule 1.01) in the Rule Amendments.</p> <p>5. This refers to new equity securities or interests.</p> <p>6. This refers to existing equity securities or interests.</p>
4.	N/A	N/A	<p>Are there any amendments to the Listing Rules relating to debt capital market ("<b>DCM</b>") transactions?</p>	<p>No, intermediaries engaged in DCM transactions are however reminded to abide by applicable standards of conduct in the New Code Provisions.</p> <p>For the avoidance of doubt, offerings of equity linked convertible or exchangeable bonds where the bookbuilding or placing activities are conducted in Hong Kong would fall</p>

No.	Main Board Rules	GEM Rules	Query	Response
				under the scope of DCM activities. <b><i>(Updated in August 2022)</i></b>
4A.	3A.10(1), 3A.44	6A.10(1), 6A.42	Can the designated sponsor under Rule 3A.10(1) (GEM Rule 6A.10(1)) and the designated sponsor-overall coordinator under Rule 3A.44 (the designated overall coordinator under GEM Rule 6A.42) be two different intermediaries (not within the same group of companies)?	Yes, they could be two different intermediaries (not within the same group of companies).  <b><i>(Added in August 2022)</i></b>
5.	3A.02, 3A.35, 3A.43	N/A	A Main Board new applicant has appointed Entity A to be sponsor to its IPO. If the new applicant subsequently appoints Entity A (or one of its group companies) as an overall coordinator before the expiration of the 2-week period following the submission of its listing application, can Entity A (or its relevant group company) be regarded as a sponsor-overall coordinator?	In the scenario described, while Entity A (or its relevant group company) would be acting as a sponsor and an overall coordinator for the IPO, it would not be a sponsor-overall coordinator under Rule 3A.43. In order to become a sponsor-overall coordinator for the purpose of Rule 3A.43, Entity A and/or its group company must be appointed as sponsor <u>and</u> overall coordinator <u>at the same time</u> and the appointment must be made at least 2 months before the submission of the listing application.  See also FAQ No. 9A in relation to the appointment of a sponsor-overall coordinator for a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with the New Listing of a special purpose acquisition company (“SPAC”). <b><i>(Updated in May 2022)</i></b>
6.	3A.02, 3A.43	N/A	Can a Main Board new applicant contemplating a New Listing on the Exchange which does not fall within the New Code Provisions (e.g.	Yes, in the scenario described, the new applicant can appoint a sponsor-overall coordinator (or other overall coordinators) when it is considering a listing on the Exchange, irrespective of whether the New Code

No.	Main Board Rules	GEM Rules	Query	Response
			<p>listing by introduction or an offer by public subscription only) appoint a sponsor-overall coordinator in accordance with the Listing Rules to prevent the 2-month waiting period in case the new applicant subsequently decides during the listing process to conduct an IPO which will involve a placing tranche instead?</p>	<p>Provisions apply to the initial proposed method of listing. It can rely on the sponsor-overall coordinator appointed to provide advice on the merits of, and the need to adopt, a placing tranche, depending on market conditions and the new applicant's preference for its future shareholder base.</p> <p>Where a new applicant, which had initially planned to list on the Exchange by way of introduction or by public offering only and had not appointed any sponsor-overall coordinator no later than 2 months before the submission of its listing application, subsequently decides to include a placing tranche in its IPO after the submission of its listing application, the new applicant will have to re-file its listing application at least 2 months after the appointment of a sponsor-overall coordinator if it intends to continue with the listing application process.</p> <p>See also FAQ No. 9A in relation to the appointment of a sponsor-overall coordinator for a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with the New Listing of a SPAC. <b>(Updated in May 2022)</b></p>
7.	3A.37, 3A.42, paragraph 17A of Practice Note 22	6A.44, 6A.47, paragraph 16A of Practice Note 5	<p>A new applicant intends to have 3 overall coordinators for its IPO and has appointed them in accordance with the Rule Amendments. If one of the appointed overall coordinators resigns after the 2-week period following the submission of its listing application, can the new applicant appoint another overall coordinator to</p>	<p>In the case of a placing in connection with a New Listing, all overall coordinators must be appointed no later than 2 weeks following the date of the submission (or re-filing) of the listing application.</p> <p>In the scenario described, following the resignation of the outgoing overall coordinator, the new applicant can no longer appoint another overall coordinator due to the expiry of the 2-week period and may only proceed with its existing listing application with the remaining 2 overall coordinators</p>

No.	Main Board Rules	GEM Rules	Query	Response
			replace the outgoing overall coordinator?	<p>for its IPO. The new applicant may however appoint additional syndicate CMI's (other than overall coordinators) to assist with the selling effort of its IPO.</p> <p>If the existing listing application lapses subsequently, the new applicant may consider appointing a new overall coordinator to replace the outgoing overall coordinator before the end of the 2-week period following the re-filing of its listing application.</p>
8.	3A.41(1), 3A.43, 3A.45	N/A	<p>In each of the scenarios below, how would a Main Board new applicant's listing application be affected if a sponsor-overall coordinator resigns after the submission of its listing application:</p> <p>(i) one sponsor-overall coordinator was duly appointed 2 months before the submission of its listing application;</p> <p>(ii) one sponsor-overall coordinator and one sponsor were duly appointed 2 months before the submission of its listing application; and</p> <p>(iii) two sponsor-overall coordinators were duly appointed before the submission of its listing application.</p>	<p>In the scenarios (i) and (ii) described, if the new applicant intends to continue with the listing process, it must file a new listing application with the Exchange not less than 2 months from the date of the formal appointment of a replacement sponsor-overall coordinator, detailing a revised listing timetable together with the initial listing fee. In the event of a termination of the engagement of an overall coordinator, the new applicant and the outgoing overall coordinator must also notify the Exchange in writing, as soon as practicable, of the termination of the engagement of the outgoing overall coordinator together with (a) the reasons therefor and (b) a confirmation on whether it had any disagreement with the new applicant.</p> <p>In the scenario (iii) described, the new applicant may proceed with its existing listing application provided that the remaining sponsor-overall coordinator remains duly appointed.</p> <p>See also FAQ No. 9A in relation to the appointment of a sponsor-overall coordinator for a placing involving bookbuilding activities (as defined under the Code of</p>



No.	Main Board Rules	GEM Rules	Query	Response
				Conduct) in connection with the New Listing of a SPAC. <b><i>(Updated in May 2022)</i></b>
8A.	3A.43	N/A	Is every sponsor-overall coordinator (or one of the companies within its group of companies) also required to be appointed as an independent sponsor, or would it be sufficient for the purpose of Rule 3A.43 where at least one sponsor-overall coordinator (or one of the companies within its group of companies) has been appointed as an independent sponsor?	All criteria in Rule 3A.43 (including the sponsor independence requirement) must be fulfilled for an overall coordinator to qualify as a sponsor-overall coordinator. This means that each sponsor-overall coordinator must either be an independent sponsor or within the same group of companies as an independent sponsor.  A capital market intermediary cannot be appointed as a sponsor-overall coordinator if it is neither a sponsor independent from the issuer nor any entity within the group of companies of an independent sponsor.  <b><i>(Added in August 2022)</i></b>
9.	3A.03, 3A.02, 3A.43	N/A	Under the Note to Rule 3A.02, a sponsor should, before accepting an appointment by a new applicant as sponsor, (a) be independent of the new applicant and fulfill all other criteria in Rule 3A.43, or (b) obtain a written confirmation from the new applicant that at least one sponsor-overall coordinator has been appointed in accordance with Rule 3A.43.  Does this mean, under the Rule Amendments, a sponsor-overall coordinator (or an entity within its group of companies that is	Under Rule 3A.03, a sponsor must provide an undertaking and statement of independence to the Exchange at the same time as a listing application on behalf of a new applicant is submitted to the Exchange. No change has been introduced to this requirement in the Rule Amendments.  We do not expect the current practice to change in regards to the independence confirmation of sponsors under Rule 3A.03. The confirmation of independence is done subject to the outcome of the due diligence exercise to be performed by the sponsor(s) in connection with the listing application.  So if a sponsor accepts an appointment by a new applicant as a sponsor-overall coordinator under Rule 3A.43 on a

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			proposed to be appointed as sponsor, where applicable) will be required to complete its independence check and confirm its independence from the new applicant before accepting its appointment as sponsor, unless another sponsor-overall coordinator (or an entity within its group of companies that is appointed as sponsor, where applicable) had done so?	preliminary basis subject to completion of the due diligence check, in the event the sponsor is concluded to be not independent of the new applicant, another sponsor (or an entity within its group of companies) will need to be appointed as a sponsor-overall coordinator in accordance with Rule 3A.43.
9A.	3A.43	N/A	Does the requirement under Rule 3A.43(2) that a sponsor-overall coordinator must be appointed no less than 2 months before the submission (or re-filing, as the case may be) of a listing application apply in the case of a SPAC New Listing?	<p>For a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with the New Listing of a SPAC, the Exchange would accept the submission (or re-filing, as the case may be) of the listing application where the sponsor-overall coordinator is appointed no less than 1 month (instead of 2 months as required under Rule 3A.43(2)) prior to the submission (or re-filing, as the case may be), which is in line with the modification of the timing requirement on appointment of sponsors for SPAC listing applications under Rule 18B.78.</p> <p>This means that in the transaction described above, the listing application for the New Listing of the SPAC must be submitted no less than 1 month after the date of the formal appointment of the sole sponsor-overall coordinator or (where more than 1 sponsor-overall coordinator is appointed) the last sponsor-overall coordinator.</p> <p><b><i>(Added in May 2022)</i></b></p>
9B.	3A.35, 3A.36 and 3A.43	N/A	Could the Rule Amendments be interpreted as meaning that it would	No, this interpretation is inconsistent with the Rule Amendments. Rule 3A.43(2) requires a sponsor-overall

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			<p>be sufficient to identify and appoint a sponsor-overall coordinator no less than 2 months before the submission (or re-filing, as the case may be) of a listing application for the purpose of Rule 3A.43(2), whereas the fee arrangement of the sponsor-overall coordinator required to be included in the engagement agreement under Rules 3A.35 and 3A.36 could be determined and agreed between the sponsor-overall coordinator and the new applicant after the appointment but no later than 2 weeks after the submission (or re-filing) of the listing application?</p>	<p>coordinator and the affiliated sponsor (either the same firm or its group company) to be appointed as such at the same time and no less than 2 months before the submission (or re-filing) of the listing application. Under Rule 3A.35, the aforementioned appointment shall be made under a written engagement agreement, which must at least specify, among others, the fee arrangements of that sponsor-overall coordinator as required under Rule 3A.36(2).</p> <p><b>(Added in August 2022)</b></p>
9C.	3A.43	N/A	<p>Is the requirement under Rule 3A.43 considered to have been satisfied if the overall coordinator engagement letter of the sponsor-overall coordinators are signed jointly, whilst each sponsor-overall coordinator enters into separate fee letters with the new applicant <u>at the same time</u> as the execution of the joint engagement letter due to confidentiality?</p>	<p>Yes, in the scenario described, the requirement under Rule 3A.43 will be regarded as satisfied.</p> <p><b>(Added in August 2022)</b></p>
9D.	3A.33, 3A.34, 3A.35, 3A.36, 3A.43	6A.40, 6A.41, 6A.42, 6A.43	<p>Is the written engagement agreement of a syndicate CMI (including a sponsor-overall coordinator or any other overall</p>	<p>The written engagement agreement should only be submitted when requested by the Exchange.</p> <p>Where the written engagement agreement (including any supplemental engagement agreement) of a syndicate CMI</p>

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			coordinator) required to be submitted to the Exchange?	<p>is submitted to the Exchange voluntarily, it is at the discretion of the Exchange or the SFC whether to review it or express any comment on its compliance with the Rules or the Code of Conduct, and where no comment on the written engagement agreement is raised, this should not be taken as an indication that the Exchange or the SFC has reviewed the agreement and has no comments on its compliance with the Rules or the Code of Conduct, and should not prevent the Exchange or the SFC from raising comments or enquiries on the agreement(s) afterwards.</p> <p><b><i>(Added in August 2022)</i></b></p>
10.	3A.34, 3A.36	6A.41, 6A.43	How should the fixed fees payable to a capital market intermediary be presented in the written engagement in relation to its appointment by the issuer?	<p>The written engagement must at least specify the fixed fees payable to the relevant capital market intermediary as a percentage ("<b>fixed fee percentage</b>") of the total fees (including both fixed fees and discretionary fees) to be paid to all syndicate CMI's ("<b>Total Fees</b>") (<i>Notes 1, 2 and 3</i>). This will enable each syndicate CMI to know its fixed fee entitlement relative to the Total Fees, which is expected to enable syndicate CMI's to focus their efforts and devote their resources to providing advice to the issuer, conducting bookbuilding and placing activities in compliance with the New Code Provisions, as the case may be, and, in turn, enhance the transparency and credibility of the price discovery and allocation process. Alternatively, it is also acceptable for the written engagement to contain sufficient information for the fixed fee percentage to be calculated. For example, if the written engagement contains the fixed fee payable to the relevant capital market intermediary and the Total Fees, then the fixed fee percentage does not need to be specifically calculated in the written engagement.</p>

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				<p>As specified in Appendix D to the Conclusions Paper, “before the issuer could decide on the fixed fees to be paid to any syndicate CMI, the issuer would need to decide (i) its total fees; and (ii) the fee split ratio”. In order for the issuer to decide how much fixed fee each syndicate CMI is entitled to and determine the fixed fee percentage of each syndicate CMI to be specified in its written engagement, the issuer must have decided, at the time of engagement of the first syndicate CMI, the Total Fees, the total fixed fees payable to all syndicate CMIs and the total discretionary fees (if any) that may be paid to syndicate CMIs (e.g. each as a percentage of the gross proceeds to be raised in the offering). The issuer is expected to maintain proper documentation of the calculation of the fixed fee percentage required to be specified under Rules 3A.34 and 3A.36 (GEM Rules 6A.41 and 6A.43).</p> <p>For the sole purpose of classifying a fee payable to a capital market intermediary (including an overall coordinator) as a “fixed” fee specified in the engagement letter under Rules 3A.34 and 3A.36 (GEM Rules 6A.41 and 6A.43), the general principle is as follows:</p> <ul style="list-style-type: none"> <li>• Assessment is made with respect to each capital market intermediary that is engaged pursuant to the engagement agreement. Therefore, the engagement agreement should enable the capital market intermediary to ascertain the minimum amount of fees payable to it which is not subject to the discretion of the issuer (other than because of changes in the offer price or total offer size) (“<b>fixed fee</b>”).</li> <li>• For a fee to be regarded as "<i>fixed fee</i>" for Rules 3A.34 and 3A.36 (GEM Rules 6A.41 and 6A.43), both the fee entitlement and the identity of the payee CMI (including</li> </ul>

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				<p>an overall coordinator) must be indicated in its written engagement.</p> <ul style="list-style-type: none"> <li>• "<i>Discretionary fee</i>" is any fee other than a fixed fee.</li> </ul> <p>It should be noted that the interpretation of a fee as "fixed" or "discretionary" for the purpose of Rules 3A.34 and 3A.36 (GEM Rules 6A.41 and 6A.43) might not necessarily be the same as the legal nature of the fee from the perspective of the issuer, e.g. under contract law. For example, if an engagement agreement specifies a contracted obligation to pay a fee of 3% of the gross proceeds from the offering to all overall coordinators where the actual allocation to each overall coordinator is to be determined at an issuer's discretion, the fee is not a "fixed fee" from the perspective of each overall coordinator for Rules 3A.34 and 3A.36 (GEM Rules 6A.41 and 6A.43) (<i>Note 4</i>), but the total amount of such fees payable to all overall coordinators remains the issuer's contractual obligation and any disclosure on such fee in the listing document should reflect this nature.</p> <p>In addition to providing information on the fixed fee percentage of a CMI in accordance with the principle described in the first paragraph of this response, the written agreement of the CMI may set out additional formulations of the fixed fee payable to it depending on the commercial negotiation and preferences of the parties involved. For example, <b>in addition to</b> providing information on the fixed fee percentage in its mandate, a CMI may agree with the issuer to <b>also</b> specify its fixed fee as an absolute cash amount, or as a percentage of the gross proceeds to be raised in the offering of equity securities or interests.</p>

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				<p>Where the fixed fee entitlement expressed in an engagement may be increased subject to the discretion of the issuer (other than due to changes in the overall offer size or offer price), the discretionary portion of the fees will be regarded as a discretionary fee for the purpose of the Rules. This is further elaborated in FAQ No. 10A below.</p> <p><i>Notes:</i></p> <ol style="list-style-type: none"> <li data-bbox="1238 563 2051 1023">1. “Total fees” referred to in Rules 3A.34 and 3A.36 (GEM Rules 6A.41 and 6A.43) are commonly referred to as “underwriting fees”, and include both fixed and discretionary fees for providing one or more of the following services to the new applicant: underwriting the offer, providing advice, marketing, bookbuilding, making pricing and allocation recommendations and placing the equity securities or interests with the investors. For the avoidance of doubt, this shall comprise all fixed and discretionary fees to be paid in connection with all activities falling within the scope of the New Code Provisions.</li> <li data-bbox="1238 1070 2051 1414">2. If the issuer has determined at the time of the engagement of the first syndicate CMI that no discretionary fees will be paid to any of its syndicate CMIs, a CMI’s fixed fee percentage to be specified in its written engagement shall be calculated and presented on such basis (i.e. the Total Fees, being the denominator in the formula for calculating the CMI’s fixed fee percentage, will not include any discretionary fees), provided that such basis and any relevant</li> </ol>

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				<p>assumptions for the calculation are clearly set out in the CMI's written engagement.</p> <p>3. Where, for example, (i) it is specified in a CMI's written engagement that the total fixed fee and the total discretionary fee payable to all syndicate CMIs are 3% and 1% of the gross proceeds to be raised in the offering, respectively and (ii) it is agreed that the CMI shall be entitled to 50% of the total fixed fee payable to all syndicate CMIs, it may be specified in the CMI's written engagement for the purpose of Rule 3A.34/ 3A.36 (GEM Rule 6A.41/ 6A.43) that its fixed fee percentage is 37.5% of the Total Fees assuming that the discretionary fee is paid in full.</p> <p>4. For the avoidance of doubt, where it is specified in an overall coordinator's written engagement that a fixed percentage of the Total Fees must be paid by the issuer to the overall coordinators as incentive fee, but the precise allocation of such fee to each overall coordinator is at the sole discretion of the issuer to be exercised at a later stage, such fee would be regarded for the purpose of Rules 3A.34 and 3A.36 (GEM Rules 6A.41 and 6A.43) as a discretionary fee.</p> <p>See also FAQ Nos. 10A to 10F below.</p> <p><b><i>(Updated in August 2022)</i></b></p>
10A.	3A.33, 3A.34, 3A.35, 3A.36, 3A.37, 3A.43	6A.40, 6A.41, 6A.42, 6A.43,	(a) With regard to the fixed fee required to be specified in the written engagement of a CMI (including an overall coordinator)	(a) (i) <b>“no less than [x]%</b> ” of the Total Fees: If this expression is adopted, the fixed fee of the CMI would be regarded as [x]% at the time of its engagement, whereas any fees above [x]%



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		6A.44	<p>under Rule 3A.34(2) (GEM Rule 6A.41(2)) (for a syndicate CMI) or Rule 3A.36(2) (GEM Rule 6A.43(2)) (for an overall coordinator), would it be acceptable for it to be expressed in the form of (i) “no less than” or “no more than” a percentage of the Total Fees; or (ii) a percentage range of the Total Fees (e.g. between [x]% and [y]% of the Total Fees)?</p> <p>(b) Would the answer in (a) be different with regard to any discretionary fee specified in the written engagement agreement of a syndicate CMI or an overall coordinator?</p>	<p>would be regarded for the purpose of the Rules as discretionary fees.</p> <p>(ii) <b>“no more than [x]%</b>” of the Total Fees: If this expression is adopted, there is no certainty as to the minimum amount of fee that the CMI may get after rendering the specified services and all that fee is accordingly, for the purpose of the Rules, discretionary. This does not meet the requirements of Rule 3A.34(2)/ 3A.36(2) (GEM Rule 6A.43(2)/ 6A.41(2)).</p> <p>(iii) <b>a percentage range of the Total Fees:</b> If this expression is adopted, the minimum fee prescribed by the range would be regarded for the purpose of the Rules as the fixed fees of the CMI, while any additional fees within the range would be regarded as its discretionary fees for the purpose of the Rules.</p> <p>Where the fee arrangement is expressed in the form of a tiered commission structure where a higher commission rate will apply when the deal is priced higher, the minimum fee prescribed by the tiered commission structure would be regarded for the purpose of the Rules as the fixed fees of the CMI, whereas any fees above that minimum fee would be regarded as its discretionary fees for the purpose of the Rules. Such fee arrangement should be clearly disclosed in the IPO listing document.</p>

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				<p>The industry is further reminded that, under paragraph 21.4.2(b)(i) of the Code of Conduct, overall coordinators are required to inform the issuer on market practices for the fee split ratio, which is stated to be around 75% fixed and 25% discretionary (“<b>75:25 ratio</b>”) in the Conclusions Paper, and issuers should assess whether they should deviate significantly from the 75:25 ratio. The ratio of fixed and discretionary fees to be paid to all syndicate members is also required to be (a) disclosed in the Application Proof submitted for vetting purposes in accordance with paragraph 3B of Appendix 1A/1E to the Rules (paragraph 3B of Appendix 1A to the GEM Rules), where the relevant fees have already been determined (see Note 8 to HKEX-GL56-13) (see also FAQ No. 11A); and (b) notified to the Exchange four clear business days prior to the date of the expected Listing Committee hearing in accordance with Rule 9.11(23a)(d) (see also FAQ No. 10G). Regulators may make enquiries where the ratio submitted significantly deviates from the 75:25 ratio.</p> <p>(b) The Rule Amendments do not prevent the discretionary fee entitlement of a CMI from being presented in its written engagement in any of the forms referred to in subparagraphs (a)(i), (ii) and (iii) of this FAQ above.</p> <p>However, it should be noted that the time schedule for payment of the fee to a capital market intermediary, which is required to be specified in its written engagement under Rule 3A.34(3) (GEM Rule 6A.41(3)) (for a syndicate CMI) or Rule 3A.36(3) (GEM Rule 6A.43(3)) (for an overall coordinator), is required to cover fixed fees and any discretionary fees. This means</p>

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				<p>that if the new applicant has decided at the time of the engagement of the relevant capital market intermediary that a discretionary fee may be paid to that capital market intermediary, its written engagement is required to specify the timing of payment of such discretionary fee.</p> <p><b>(Added in August 2022)</b></p>
10B.	3A.36	6A.43	<p>A new applicant intends to appoint an overall coordinator before filing its listing application, and to appoint further syndicate CMIs closer to the date of the hearing of its listing application. It is therefore specified in the initial written engagement of the overall coordinator that the overall coordinator is entitled to a fixed fee of 60% of the Total Fees, so that the new applicant could allocate the remaining 40% of the Total Fees to the remaining syndicate CMIs to be appointed at a later stage.</p> <p>(i) If fewer syndicate CMIs are eventually appointed than initially budgeted, could additional fixed fees be subsequently allocated to the overall coordinator?</p> <p>(ii) Could the engagement letter of the overall coordinator include a re-allocation</p>	<p>(i) If it is specified in the overall coordinator’s written engagement that it is entitled to a fixed fee of 60% of the Total Fees, this would be in compliance with the relevant Rule requirements. If the remaining 40% of the Total Fees is further allocated to the overall coordinator in future at the discretion of the issuer, such fee would be regarded as its discretionary fee for the purpose of the Rules.</p> <p>(ii) No, the engagement letter of the overall coordinator shall not include a re-allocation mechanism that would result in an unquantified subsequent reduction of its fixed fee entitlement in the event that more syndicate CMIs than initially budgeted are appointed at a later stage, as the fee percentage of the overall coordinator and the extent of the subsequent reduction are unclear at the time of its engagement, and there is no certainty as to the minimum amount of fixed fees that the overall coordinator may get after rendering the specified services.</p> <p>As the deadline for appointing overall coordinators is earlier than that for appointing other syndicate CMIs (“<b>non-OC CMIs</b>”), in light of the positions set out in (i) and (ii) above, issuers are reminded to make their best estimate as to the</p>

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			mechanism that would allow its fixed fee entitlement to be subsequently reduced if more syndicate CMIs than initially budgeted are eventually appointed?	number of non-OC CMIs to be appointed when they communicate to an overall coordinator at the time of entering into its engagement letter how much of the Total Fees will be awarded to it as its fixed fee.  <b><i>(Added in August 2022)</i></b>
10C.	3A.34, 3A.36, 9.11(23a) (Note 2), 9.11A, paragraph 3B of Part A of Appendix 1, paragraph 3B of Part E of Appendix 1	6A.41, 6A.43, 12.23AA (Note 2), 12.26AA, paragraph 3B of Part A of Appendix 1	Is it permissible under the Rule Amendments for the fixed fees specified in the written engagement of a CMI (including an overall coordinator) to be subsequently amended, for example by way of a supplemental agreement? Are these changes required to be notified to the Exchange?	Where any change proposed to the original fee structure may potentially result in the contravention of the Listing Rules / the Code of Conduct, regulators shall be consulted as early as possible and before the changes are made.  Where there is any material change to previously submitted information on fee arrangements of syndicate CMIs (including overall coordinators), including the following, the Exchange should also be notified and be provided with the updated information and the reasons for such change as soon as practicable under Rule 9.11A (GEM Rule 12.26AA):  <ul style="list-style-type: none"> <li>• the aggregate of the fees and the ratio of fixed and discretionary fees paid or payable to all syndicate members required to be included in the Application Proof submitted for vetting purposes under paragraph 3B of Appendix 1A/1E to the Rules (paragraph 3B of Appendix 1A to the GEM Rules), in cases where the relevant fees have already been determined (see Note 8 to HKEX-GL56-13). See also FAQ No. 11A; and</li> <li>• information including, among others, the allocation of the fixed portion of the fees paid by the issuer to each overall coordinator and the ratio of fixed and discretionary fees to be paid to all syndicate CMIs required to be submitted by no later than four clear business days prior to the Listing Committee hearing</li> </ul>

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				<p>under Rule 9.11(23a) (GEM Rule 12.23AA). See also FAQ No. 10G.</p> <p>In addition, regulators may request supporting documents at any time during the listing application process in order to assess whether the fee arrangement of any syndicate CMI or any change to the terms of its engagement complies with the applicable Rule / Code of Conduct requirements.</p> <p>Where the regulators become aware that a material change has been made to the fee arrangement, the regulators will assess such change on a case-by-case basis having regard to the scale of, and the reasons for, the change. Depending on the circumstances of the case, the regulators might make enquiries to assess whether the original incentive arrangements for the CMIs involved have been fundamentally changed (e.g. the fixed fee entitlement to some existing overall coordinators is reduced significantly to the effect that a significant percentage of the fee pool is now allocated to a few CMIs appointed at a very late stage) and hence whether such change should be treated as constituting a new engagement. Examples of situations where subsequent material adjustments to fees may be regarded as justifiable include (a) resignation of an overall coordinator which necessitates a re-allocation of fees and (b) a significant reduction in offer size, which results in a commercial negotiation of revised fee arrangements.</p> <p>Overall coordinators should document in writing the reasons for any changes to the fee arrangements in their internal records.</p> <p><b><i>(Added in August 2022)</i></b></p>

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10D.	3A.33, 3A.34, 3A.35, 3A.36, 3A.37, 3A.43	6A.40, 6A.41, 6A.42, 6A.43, 6A.44	Where there is a material change to the terms of the engagement of an overall coordinator, will the date of the change be regarded as the date of its appointment for the purpose of Rules 3A.35 and 3A.37 (GEM Rules 6A.42 and 6A.44) (for an overall coordinator (other than a sponsor-overall coordinator in a Main Board transaction)), or Rule 3A.43(2) (for a sponsor-overall coordinator in a Main Board transaction)?	<p>If the material change is treated as a new engagement, the date on which such material change is made will be regarded as the date of appointment of the overall coordinator for the purpose of Rules 3A.35 and 3A.37 (GEM Rules 6A.42 and 6A.44) (for an overall coordinator (other than a sponsor-overall coordinator in a Main Board transaction)), or Rule 3A.43(2) (for a sponsor-overall coordinator in a Main Board transaction). This is subject to (i) the terms of the new engagement complying with the relevant Rules, and (ii) FAQ No. 10F.</p> <p>If the material change results in, among other things, the requirements under Rule 3A.37 /3A.43 (GEM Rule 6A.44) not being complied with, the new applicant may be required to delay its listing timetable until the relevant requirements have been re-complied with.</p> <p>As set out in FAQ No. 10C above, where the regulators become aware that a material change has been made to the fee arrangement of an overall coordinator, they might make enquiries to assess, among others, whether the material change should be treated as constituting a new engagement.</p> <p><b>(Added in August 2022)</b></p>
10E.	3A.43, 3A.36	N/A	(a) Where a new applicant engages more than one sponsor-overall coordinator through a joint engagement agreement (the “ <b>First Written Agreement</b> ”), whether specifying a joint fee arrangement (including the	<p>(a) No. Under Rule 3A.36(2), the fixed fee to be paid to each overall coordinator as a percentage of the Total Fees should be specified in the joint engagement agreement. See also FAQ Nos. 10 and 10A above.</p> <p>(b) Subject to FAQ No. 10F, the 2-month period required under Rule 3A.43(2) shall commence on the date when</p>

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			<p>aggregate fixed fee to be paid to all the appointed <u>joint</u> sponsor-overall coordinators but without specifying the fee split between or among them) in the joint engagement agreement would be sufficient to satisfy the requirements under Rule 3A.36(2)?</p> <p>(b) If the answer to (a) is no, and the same parties enter into a supplemental engagement agreement to clarify the fee split among such joint sponsor-overall coordinators, whether the Exchange will regard the date of the First Written Agreement as the date of appointment of the joint sponsor-overall coordinators for the purpose of calculating the 2-month period required under Rule 3A.43(2)?</p>	<p>the sponsor-overall coordinator is appointed in strict compliance with the Rules. In the scenario described, the date of the latest supplemental engagement agreement will be regarded as the date of appointment of the joint sponsor-overall coordinators.</p> <p><b>(Added in August 2022)</b></p>
10F.	3A.33, 3A.34, 3A.35, 3A.36, 3A.37, 3A.43	6A.40, 6A.41, 6A.42, 6A.43, 6A.44	<p>Could a syndicate CMI (or overall coordinator) whose fixed fee entitlement was not presented in compliance with Rule 3A.34/ 3A.36 (GEM Rule 6A.41/ 6A.43) (see FAQ Nos. 10 and 10A above for details) enter into a supplemental engagement agreement with the</p>	<p>If the fixed fee entitlement of a syndicate CMI (including an overall coordinator) was not presented as an acceptable fixed fee formulation in accordance with the responses to FAQ Nos. 10 or 10A above, the CMI will not be considered as having been appointed in compliance with the Rules.</p> <p>The new applicant shall enter into a supplemental engagement with the CMI to comply with Rule 3A.34/ 3A.36 (GEM Rule 6A.41/ 6A.43). The appointment of the</p>

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			<p>new applicant to re-comply with the relevant Rule requirements?</p> <p>In that case, would the date of engagement of the relevant syndicate CMI (or overall coordinator) be taken as the date of the initial engagement agreement or that of the supplemental engagement agreement for the purpose of determining compliance with the relevant timing requirement under the Rules (e.g. the 2-week deadline under Rule 3A.37 (GEM Rule 6A.44) for overall coordinators (other than sponsor-overall coordinators) or the 2-month deadline under Rule 3A.43 (for sponsor-overall coordinators))?</p>	<p>CMI for the purpose of the Rules will only be regarded as having commenced on the date when the CMI is appointed in strict compliance with the Rules, i.e. the date of the supplemental engagement. For example, where the CMI in the scenario described is a sponsor-overall coordinator, the 2-month period required under Rule 3A.43(2) shall only be regarded as having commenced on the date of the supplemental engagement.</p> <p>If the initial written engagement was entered into on or before 4 August 2022 and the supplemental engagement was entered into within 1 month from 4 August 2022, the Exchange would accept the date of the initial written engagement as the date of engagement of the relevant CMI for the purpose of the Rules. However, if the initial written engagement was entered into after 4 August 2022 and/or the supplemental engagement was entered into more than 1 month after 4 August 2022, the date of the supplemental engagement agreement will be taken as the date of engagement of the relevant CMI for the purpose of the Rules.</p> <p>Please refer to FAQ No. 21 where a new applicant intends to make use of the transitional arrangement.</p> <p><b><i>(Added in August 2022)</i></b></p>
10G.	9.11(23a)	12.23AA	How should the information required to be submitted to the Exchange under Rule 9.11(23a)(b), (c) and (d) (GEM Rule 12.23AA(b), (c) and (d)) be presented?	<p><b><u>Rule 9.11(23a)(b) (GEM Rule 12.23AA(b))</u></b></p> <p>Rule 9.11(23a)(b) (GEM Rule 12.23AA(b)) requiring a confirmation of the “fixed fees to be paid by the issuer to each overall coordinator” does not prescribe the form in which the fixed fee information should be presented. The</p>



No.	Main Board Rules	GEM Rules	Query	Response
				<p>Exchange would expect this to include (i) the fees to which each overall coordinator is entitled as a percentage of the Total Fees (<i>Note 1</i>) and (ii) the fixed fees as a percentage of the offer size for all overall coordinators (which is consistent with the presentation of the Total Fees as a percentage of the gross proceeds to be raised from the New Listing in respect of both the public subscription and the placing tranches as required under Rule 9.11(23a)(c) (GEM Rule 12.23AA(c))).</p> <p><b><u>Rule 9.11(23a)(c) (GEM Rule 12.23AA(c))</u></b></p> <p>Rule 9.11(23a)(c) (GEM Rule 12.23AA(c)) requires the Total Fees (as a percentage of the gross proceeds to be raised from the New Listing) in respect of both the public subscription and the placing tranches to be paid to all syndicate CMIs. The Exchange would expect this to include both (a) the percentage calculated on the basis that the over-allotment option (if any) is not exercised; and (b) the percentage calculated on the basis that the over-allotment option (if any) is exercised in full (<i>Note 1</i>).</p> <p><b><u>Rule 9.11(23a)(d) (GEM Rule 12.23AA(d))</u></b></p> <p>Rule 9.11(23a)(d) (GEM Rule 12.23AA(d)) requires the ratio of fixed and discretionary fees to be paid to all syndicate CMIs for both the public subscription and the placing tranches (in percentage terms). The Exchange would expect this to include:</p> <p>(a) the total fixed fees (as a percentage (<i>Note 2</i>) of the Total Fees) paid or to be paid to all syndicate CMIs for both the public subscription and the placing tranches (<i>Notes 1 and 3</i>); and</p>

No.	Main Board Rules	GEM Rules	Query	Response
				<p>(b) the total discretionary fees (as a percentage (<i>Note 2</i>) of the Total Fees) paid or to be paid to all syndicate CMIs for both the public subscription and the placing tranches (<i>Notes 1 and 4</i>).</p> <p><i>Notes:</i></p> <ol style="list-style-type: none"> <li>1. If any information required to be submitted under Rule 9.11(23a) (GEM Rule 12.23AA) is calculated and/or presented on the basis that the discretionary fees (if any) will be fully paid, such basis should be clearly stated in the submission.</li> <li>2. Both (a) the percentage calculated on the basis that the over-allotment option (if any) is not exercised; and (b) the percentage calculated on the basis that the over-allotment option (if any) is exercised in full shall be submitted.</li> <li>3. The fixed fee percentages shall be expressed in compliance with FAQ Nos. 10 and 10A above.</li> <li>4. For the avoidance of doubt, the payment of discretionary fees (if any) to any syndicate member is at the absolute discretion of the issuer and therefore it would be acceptable for the discretionary fee percentages to be subject to language such as "up to" or "no less than" a particular percentage.</li> </ol> <p><b>(Added in August 2022)</b></p>
11.	9.11(23a), 9.11(37), paragraph 10A	12.23AA, 12.26(7), paragraph 10A of	Under the Rule Amendments, the fixed fees payable to syndicate CMIs shall be determined at the time of their respective	<p><b>Total discretionary fees to syndicate CMIs:</b> At the time of engagement of the first syndicate CMI, an issuer should consider the total amount of discretionary fees that it might, at its discretion, pay to syndicate CMIs,</p>

No.	Main Board Rules	GEM Rules	Query	Response
	of Form F in Appendix 5	Form E in Appendix 5	appointments by the issuer. What is the position on discretionary fees payable to syndicate CMIs? When is the latest time by which the total discretionary fees which may be paid to syndicate CMIs and the allocation of discretionary fees to each syndicate CMI (including an overall coordinator), if any, must be determined by the issuer?	<p>for the purpose of arriving at the Total Fees to be paid to syndicate CMIs in the determination of the fixed fee percentage of each syndicate CMI to be specified in its written engagement. See also FAQ No. 10.</p> <p><b>Allocation of discretionary fees to each syndicate CMI:</b>  A new applicant is required to have determined the allocation of discretionary fees to <b><u>each syndicate CMI (including each overall coordinator)</u></b> by the time it submits its Issuer's Declaration (Form F in Appendix 5 (Form E in Appendix 5 to GEM Rules)), that is after the issue of the listing document but in any event before the grant of the final listing approval. Specifically, the Issuer's Declaration includes a confirmation that, among other things, the following has been determined and communicated in writing to each syndicate CMI at the time of the declaration:</p> <ul style="list-style-type: none"> <li>(i) the allocation of discretionary fees, that is, the absolute amount to be paid, to each syndicate CMI (<i>Note 1</i>); and</li> <li>(ii) the time schedule for the payment (<i>Note 1</i>) of the Total Fees (<i>see Note 1 to FAQ No. 10</i>) payable to each syndicate CMI has been determined (<i>Note 2</i>).</li> </ul> <p>For the avoidance of doubt, information on the discretionary fee which may be payable to <b>each</b> overall coordinator / other syndicate CMI is not required to be submitted at least 4 clear business days before the expected hearing date under Rule 9.11(23a) (GEM Rule 12.23AA). See also FAQ 10G.</p> <p><i>Notes:</i></p>

No.	Main Board Rules	GEM Rules	Query	Response
				<p>1. The issuer may not make payment of any portion of the Total Fees subject to a condition to be satisfied following listing. The exception to this is fees in relation to the New Listing of a SPAC if, in accordance with a common market practice, the syndicate members are to be paid a portion of their fees at the time of the New Listing of the SPAC, and the remaining portion is to be paid on a deferred basis only following successful de-SPAC. For the avoidance of doubt, the Rule Amendments are not applicable to the fees that are payable to a SPAC promoter for its services in relation to the New Listing of the SPAC or the de-SPAC transaction provided that the services do not fall within the scope of activities described in paragraph 21.1.1 of the New Code Provisions.</p> <p>2. For the avoidance of doubt, if the new applicant has decided at the time of the engagement of a capital market intermediary that its fee arrangement should include a discretionary fee, the capital market intermediary's written engagement is required to specify the timing of payment of such discretionary fee under Rule 3A.34(3)/ 3A.36(3) (GEM Rule 6A.41(3)/ 6A.43(3)).</p> <p><b><i>(Updated in August 2022)</i></b></p>
11A.	Paragraph 3B of Part A of Appendix 1, paragraph 3B of Part E of Appendix 1	Paragraph 3B of Part A of Appendix 1	Is the Application Proof submitted at the time of the filing of the listing application required to fulfill the disclosure requirements under paragraph 3B of Appendix 1A/1E to the Rules (paragraph 3B of Appendix 1A to the GEM Rules) (i.e.	As the Application Proof submitted for vetting purposes should be substantially complete (except for offer-related information and information that by its nature can only be finalised and incorporated at a later date under Rule 9.03(3) (GEM Rule 12.09(1)) (see Note 8 to HKEX-GL56-13), it shall include information required to be disclosed under paragraph 3B of Appendix 1A/1E to the Rules (paragraph

No.	Main Board Rules	GEM Rules	Query	Response
			(1) the aggregate of the fees paid or payable to all syndicate members (as a percentage of the gross amount of funds proposed to be raised) and (2) the ratio of fixed and discretionary fees paid or payable to all syndicate members)?	<p>3B of Appendix 1A to the GEM Rules) <b>in cases where the relevant fees have already been determined</b>. However, such information must be redacted from the publication version of the Application Proof given the fees are expressed as a percentage of the gross offer proceeds.</p> <p>If any information required to be disclosed in the prospectus under paragraph 3B of Appendix 1A/1E to the Rules (paragraph 3B of Appendix 1A to the GEM Rules) is calculated and/or presented on the basis that the discretionary fees (if any) will be fully paid, such basis should also be clearly disclosed.</p> <p><b>(Added in August 2022)</b></p>
12.	3A.34, paragraph 10A of Form F in Appendix 5	6A.41, paragraph 10A of Form E in Appendix 5	Under the Rule Amendments, what information in relation to fee arrangements does an issuer need to provide to capital market intermediaries involved in the Relevant Activities in the issuer's proposed placing?	<p>The issuer shall provide the following in relation to fee arrangements to the capital market intermediaries:</p> <ul style="list-style-type: none"> <li>(i) at the time of engagement of a capital market intermediary by the issuer, the issuer must specify, among others, the following in the capital market intermediary's written engagement agreement: <ul style="list-style-type: none"> <li>(a) the fee arrangement (including the capital market intermediary's fixed fee percentage); and</li> <li>(b) the time schedule for payment of the fees (<i>Note 1</i>) to the capital market intermediary; and</li> </ul> </li> <li>(ii) before commencement of dealings in the equity securities or interests to be placed in the transaction, the issuer must determine and communicate in writing to the syndicate CMI the allocation of discretionary fee, that is, the absolute amount to be paid (<i>Note 2</i>), and the</li> </ul>

No.	Main Board Rules	GEM Rules	Query	Response
				<p>time schedule for the payment (<i>Note 2</i>) of the total fees payable, to the syndicate CMI.</p> <p><i>Notes:</i></p> <ol style="list-style-type: none"> <li>1. This includes fixed and (if any) discretionary fees.</li> <li>2. See Notes 1 and 2 to FAQ No. 11.</li> </ol> <p><b><i>(Updated in August 2022)</i></b></p>
13.	Paragraph 3B of Part A and paragraph 3B of Part E of Appendix 1	Paragraph 3B of Part A of Appendix 1	What needs to be disclosed in the prospectus on fees payable to syndicate members in placings in connection with New Listings? For example, are the fee splits amongst the CMIs (or overall coordinators) required to be disclosed in the prospectus?	<p>In respect of a placing in connection with a New Listing, the prospectus shall at least disclose (i) the aggregate sum of the fees (as a percentage (<i>Note 1</i>) of the gross proceeds from the New Listing) paid or payable to all syndicate members in respect of both the public subscription and the placing tranches; and (ii) the ratio of fixed and discretionary fees paid or payable to all syndicate members (<i>Note 2</i>). The absolute amount of the fees paid or payable to each syndicate member is not required to be disclosed in the prospectus.</p> <p>The fee split amongst the syndicate members is not required to be disclosed in the prospectus.</p> <p>Based on the specific circumstances of each listing application, the Exchange may require further information to be disclosed if it considers that such disclosure will enable potential investors to make an informed assessment of the new applicant or the New Listing.</p> <p><i>Notes:</i></p> <ol style="list-style-type: none"> <li>1. See Note 2 to FAQ No. 10G.</li> </ol>

No.	Main Board Rules	GEM Rules	Query	Response
				<p>2. For this purpose, the following shall be disclosed: (a) the total fixed fees (as a percentage (<i>see Note 1 above</i>) of the Total Fees) paid or to be paid to all syndicate members for both the public subscription and the placing tranches and (b) the total discretionary fees (as a percentage (<i>see Note 1 above</i>) of the Total Fees) paid or to be paid to all syndicate members for both the public subscription and the placing tranches. The fixed fee percentages shall be expressed in compliance with FAQ Nos. 10 and 10A above. For the avoidance of doubt, the payment of discretionary fees (if any) to any syndicate member is at the absolute discretion of the issuer and therefore it would be acceptable for the discretionary fee percentages to be subject to language such as "up to" or "no less than" a particular percentage.</p> <p><b><i>(Updated in August 2022)</i></b></p>
14.	3A.46	6A.48	<p>Under the Rule Amendments, a new applicant and its directors shall provide each syndicate member with a list of the directors and existing shareholders of the new applicant, their respective close associates and any person who is engaged by or will act as a nominee for any of the foregoing persons to subscribe for, or purchase shares in connection with a New Listing ("<b>Restricted Investors</b>").</p>	<p>(i) In the case of a placing in connection with a New Listing, the Listing Rules prohibit Restricted Investors from subscribing for the equity securities or interests of a new applicant unless with consent from the Exchange. The provision of the required information set out in Rule 3A.46 (GEM Rule 6A.48) is to assist the syndicate members to identify such Restricted Investors.</p> <p>A new applicant seeking a secondary listing or a dual primary listing with an offering on the Exchange has the same obligation under Rule 3A.46 (GEM Rule 6A.48) to assist their syndicate members to meet their general obligation to take all reasonable steps to identify Restricted Investors.</p>

No.	Main Board Rules	GEM Rules	Query	Response
			<p>(i) Does this requirement apply to new applicants with a primary listing on an overseas exchange given they may have a large shareholder base and the compilation of the list of Restricted Investors may be cumbersome?</p> <p>(ii) Does the requirement apply to a placing of shares by a listed issuer that falls under Rules 3A.32(1)(a)(ii) or 3A.32(1)(b) (GEM Rule 6A.39(1)(a)(ii) or 6A.39(1)(b))?</p>	<p>Under the current practice, given there may be material changes in the Restricted Investors during the listing process of a new applicant seeking a secondary listing or a dual primary listing on the Exchange, it may apply for the Exchange's consent under paragraphs 5(1) and (2) of Appendix 6 to the Listing Rules (GEM Rule 10.12(1A)(a) and (b)) and a waiver of Rule 10.04 (GEM Rule 13.02(1)) in order to allow certain existing shareholders of the new applicant to subscribe for equity securities or interests in its IPO.</p> <p>Guidance Letter HKEX-GL85-16 provides that the Exchange will consider giving the above consent and granting the above waiver to a new applicant's existing shareholders or their close associates to participate in an IPO if any actual or perceived preferential treatment arising from their ability to influence the listing applicant during the allocation process can be addressed (for example, where all the conditions set out in paragraph 4.20 of the above guidance letter are fulfilled, the Exchange may consider that the actual or perceived preferential treatment given to the relevant existing shareholders or their close associates by virtue of their relationship with the new applicant can be addressed and will ordinarily give its consent for allocation of securities to such shareholders or their close associates).</p> <p>(ii) No, this requirement only applies to a placing in connection with a New Listing.</p> <p>However, listed issuers are reminded to comply with the requirement of the Listing Rules in connection with the placing of (a) equity securities or interests of a</p>



No.	Main Board Rules	GEM Rules	Query	Response
				<p>class new to listing or of a class already listed under a general or specific mandate or (b) listed equity securities or interests (if it is accompanied by a top-up subscription) to any “connected person” as defined in Chapter 14A of the Listing Rules. For example, a listed issuer may provide information to assist the syndicate members to identify the listed issuer’s connected persons.</p>
15.	2.07C(6)(a), 3A.37, 3A.41(2), 9.08(2), 12.01C, Practice Note 22	16.19(1), 6A.44, 6A.46(2), 12.10(2), 16.01C, Practice Note 5	When does a new applicant need to publish an OC Announcement (as defined in Rule 1.01 (GEM Rule 1.01)) and what is the content requirement of such announcement?	<p>The requirement to publish an OC Announcement only applies to a placing involving bookbuilding activities in connection with a New Listing (Refer to Rule 3A.32(1)(a)(i) (GEM Rule 6A.39(1)(a)(i)).</p> <p>Publication of an OC Announcement is required:</p> <p>(i) on the same date as the new applicant files the listing application (<i>Note</i>) and publishes the Application Proof (or in the case of a listing of interests in a REIT, on the same date as it files an authorisation application with the Commission and publishes the Application Proof) (“<b>Submission of the Application</b>”).</p> <p>A new applicant that is allowed to make a confidential filing under the Listing Rules is required to publish an OC Announcement on the same date as it publishes its PHIP instead. For the avoidance of doubt, the OC Announcement shall be published immediately after and on the same date as the publication of the Application Proof (or PHIP, where applicable). Such OC Announcement shall set out the name(s) of all overall coordinator(s) appointed by the new applicant as at the date of the announcement;</p>

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				<p>(ii) each time an additional overall coordinator is appointed after the Submission of the Application. In such a case, the OC Announcement shall be published as soon as practicable after the appointment is made and in any event no later than the first business day after the date of the appointment (which appointment shall be no later than the 14<sup>th</sup> day after the date of Submission of the Application). Each OC Announcement shall disclose the appointment and set out the name(s) of <u>all</u> overall coordinator(s) appointed by the new applicant as at the date of the announcement; and</p> <p>(iii) each time the appointment of an overall coordinator is terminated after the Submission of the Application (or after the publication of the <u>first</u> OC Announcement for applicants allowed to make a confidential filing). In such circumstances, the OC Announcement shall be published as soon as practicable after the termination takes place, and is expected to be published no later than the first business day after the date of the termination of the appointment. Each such OC Announcement shall disclose the termination and set out the name(s) of <u>all</u> overall coordinator(s) that remain appointed by the new applicant as at the date of the announcement.</p> <p>For the purpose of publication on the Exchange’s website, an OC Announcement must, among other things, be accompanied by appropriate disclaimer and warning statements and not contain any information regarding the proposed offering or other information that would result in it</p>

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				<p>being deemed as (i) a prospectus under section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance as amended from time to time (Cap. 32) (“<b>CWUMPO</b>”); (ii) an advertisement under section 38B(1) of the CWUMPO; or (iii) an invitation to the public in breach of section 103(1) of the SFO, as stipulated under paragraphs 4(d) and 5A of Practice Note 22 (paragraphs 3(d) and 4A of Practice Note 5 of the GEM Rules).</p> <p>Also, for the avoidance of doubt, while intermediaries appointed may be awarded titles such as “global coordinator”, “bookrunner”, “lead manager”, etc., if they fall within the definition of “overall coordinators” under the Rule Amendments by virtue of the activities they conduct or are engaged to conduct, each OC Announcement shall clearly identify them as “overall coordinators”, in addition to any other titles of these intermediaries which the new applicant may intend to disclose in the OC Announcement.</p> <p><i>Note: This includes a re-filing of a listing application.</i></p>
16.	2.07C(6)(a), 3A.37, 3A.41(2), 9.08(2), 12.01C, Practice Note 22	16.19(1), 6A.44, 6A.46(2), 12.10(2), 16.01C, Practice Note 5	What should a new applicant do if it failed to publish an OC Announcement at the prescribed timing under the Listing Rules?	<p>The new applicant shall publish the OC Announcement as soon as practicable and clearly state the following in the announcement:</p> <ul style="list-style-type: none"> <li>(i) when the OC Announcement should have been published under the Listing Rules;</li> <li>(ii) the reasons for the delay in publication; and</li> <li>(iii) that the Exchange may take action in respect of the new applicant’s listing application on the breach of the relevant Listing Rule.</li> </ul>

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17.	2.07C(6)(a), 3A.37, 3A.41, 9.08(2), 12.01C, Practice Note 22	16.19(1), 6A.44, 6A.46, 12.10(2), 16.01C, Practice Note 5	Does a new applicant need to publish an OC Announcement on an appointment or termination of an overall coordinator that takes place <u>before</u> the submission of its listing application?	<p>No, the obligation to publish an OC Announcement arises only when a new applicant submits a listing application. See FAQ No. 15.</p> <p>However, the new applicant is required to notify the Exchange in writing, as soon as practicable, of a termination of an overall coordinator that takes place before the submission of the listing application, and provide the information required under Rule 3A.41(1) (GEM Rule 6A.46(1)) to the Exchange.</p> <p><i>Note:</i> A new applicant that is allowed to make a confidential filing under the Listing Rules is not required to publish the first OC Announcement on the same date as it files the listing application and publishes the Application Proof. Instead, such new applicant shall publish its first OC Announcement on the same date as it publishes its PHIP.</p>
18.	2.07C(6)(a), 3A.37, 3A.41, 9.08(2), 12.01C, Practice Note 22	16.19(1), 6A.44, 6A.46, 12.10(2), 16.01C, Practice Note 5	Does a listed issuer need to publish an OC Announcement on an appointment or termination of an overall coordinator in relation to the placings <u>other than in connection with a New Listing</u> ?	<p>No, the requirement for publication of an OC Announcement only applies to a new applicant effecting a placing involving bookbuilding activities in connection with a New Listing and does not apply to an offering by a listed issuer under Rule 3A.32(1)(a)(ii) or 3A.32(1)(b) (GEM Rule 6A.39(1)(a)(ii) or 6A.39(1)(b)).</p> <p>However, in an offering by a listed issuer under Rule 3A.32(1)(a)(ii) or 3A.32(1)(b) (GEM Rule 6A.39(1)(a)(ii) or 6A.39(1)(b)), it is required to notify the Exchange of the termination of an overall coordinator in writing as soon as practicable under Rule 3A.41(1) (GEM Rule 6A.46(1)).</p>

No.	Main Board Rules	GEM Rules	Query	Response
18A.	3A.34, 3A.36	6A.41, 6A.43	<p>If market conditions deteriorate in the course of a <u>secondary placing</u> that falls within Rule 3A.42 (GEM Rule 6A.39), can the placing agents agree with the issuer to reduce their fees so that the net proceeds from the placing would not be substantially reduced despite that the placing shares are priced below the bottom end of the initial price range?</p> <p>If a reduction of fee arrangement is permitted, must such reduction of fee arrangement be included in the engagement letter and if not, do the placing agents need to consult the regulators before changes are made to the fee structure?</p> <p>What disclosure is required in the announcement on the secondary placing in respect of the placing agents' fees?</p>	<p>We understand that it is not a common market practice for placing agents to agree at the time of engagement that they shall reduce their fees in the event that the placing price is set below the indicative price range in a placing. However, in the event that such fee reduction arrangements have been agreed at the time of the engagement, the arrangements should be reflected in the engagement letter.</p> <p>The placing agents are not required to consult the regulators before changes are made to the fee structure given the tight timeline to complete a secondary placing.</p> <p>The announcement on the secondary placing should disclose the final rate paid/ payable to the placing agents (after discount) based on the placing price, which should have been determined by the time the relevant announcement is made. Where a placing agent agrees to waive part or all of the fee <u>after the announcement</u>, the issuer is normally expected to update the market on this subsequent fee waiver as a material change in information previously announced.</p> <p><b>(Added in August 2022)</b></p>
19.	2.07C(6)(a), 3A.37, 3A.41, 9.08(2), 12.01C, Practice Note 22	16.19(1), 6A.44, 6A.46, 12.10(2), 16.01C, Practice Note 5	<p>(i) Where will OC Announcements be posted?</p> <p>(ii) Do OC Announcements need to be pre-vetted by the Exchange prior to publication?</p>	<p>(i) OC Announcements will be posted on the "New Listings" page of the HKEXnews website.</p> <p>(ii) No</p> <p>(iii) As in the case of publication of Application Proofs and PHIPs, a new applicant shall submit the OC Announcement through HKEx-ESS for publication on</p>

No.	Main Board Rules	GEM Rules	Query	Response
			(iii) What are the publication requirements for OC Announcements?	the Exchange's website, and is not required to publish the OC Announcement on its own website.
<b>Effective date and transitional arrangements</b>				
20.	-	-	The effective date of the New Code Provisions and Rule Amendments is 5 August 2022 (" <b>Effective Date</b> "). Which listing applications will the Rule Amendments apply to?	<p>In respect of equity securities or interests to be issued in connection with placings specified under Rule 3A.32(1) (GEM Rule 6A.39(1)), listing applications submitted by new applicants or listed issuers (<i>Note</i>):</p> <p>(A) <b>on or after the Effective Date:</b> The Rule Amendments will fully apply to these listing applications, subject to the transitional arrangements described in FAQ No. 21.</p> <p>For placings in connection with New Listings, these include listing applications which have previously lapsed or been withdrawn and re-filed on or after the Effective Date.</p> <p>(B) <b>before the Effective Date:</b> The Rule Amendments will not apply to these listing applications, even if the Relevant Activities conducted in relation thereto take place on or after the Effective Date.</p> <p>In the event that these listing applications lapse, are withdrawn or are otherwise terminated, the relevant new applicants or listed issuers who re-file their listing applications on or after the Effective Date will need to comply with the applicable Rule Amendments, subject to the transitional arrangements described in FAQ No. 21.</p>

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				<p>For the avoidance of doubt, if the current listing application of a new applicant is due to lapse on or after the Effective Date, the new applicant is not permitted to seek to re-file before the Effective Date. <b>(Updated in August 2022)</b></p> <p>See FAQ No. 21 below for transitional arrangements in relation to the requirement on sponsor-overall coordinators under Rule 3A.43(2) in the Rule Amendments (only applicable to Main Board New Listings).</p> <p><i>Note:</i> In the case of a New Listing, this refers to a listing application under Form A1 in Appendix 5 (or Form A in Appendix 5 for a GEM new applicant) for listing of equity securities, or Form A2 in Appendix 5 for listing of interests in a collective investment scheme. In other cases, this refers to a listing application under Form C1 in Appendix 5 (or Form B in Appendix 5 for a GEM new applicant) for listing of equity securities, Form C3 in Appendix 5 for listing of interests in a collective investment scheme, or Form C3Z in Appendix 5 for listing of interests in an investment company (as defined in Rule 21.01).</p>
21.	3A.43	N/A	In the event that a Main Board new applicant has already appointed a sponsor for its proposed New Listing (that involves a placing) before the Effective Date, is it required to terminate the existing sponsor engagement and re-appoint the relevant intermediary	<p>In general, sponsors are reminded of their responsibilities to advise their issuer clients on compliance with the rules and regulations that are expected to apply to the relevant listing applications at the relevant times.</p> <p><b>(A) Re-filings of listing applications of Main Board new applicants submitted before the Effective Date (“Pre-existing Listing Applications”)</b></p>

No.	Main Board Rules	GEM Rules	Query	Response
			<p>as a sponsor and an overall coordinator (or re-appoint the relevant intermediary as a sponsor and appoint an intermediary within its group of companies (“<b>group company</b>”) as an overall coordinator) at the same time for the purpose of complying with the requirement on sponsor-overall coordinators under Rule 3A.43(2) if the new applicant (A) re-files its listing application on or after the Effective Date after the previous listing application lapses, or (B) files its listing application for the first time on or after the Effective Date?</p>	<p>As set out in the “Information Paper on (i) Rule amendments on bookbuilding and placing activities in equity capital market transactions and sponsor coupling to complement the SFC’s new Code of Conduct provisions; and (ii) housekeeping Rule amendments” published by the Exchange on 22 April 2022 and FAQ No. 20 above, the Rule Amendments will not apply to Pre-existing Listing Applications.</p> <p>This means that Main Board new applicants are not required to appoint an overall coordinator or a sponsor-overall coordinator or comply with Rule 3A.43(2) in respect of such Pre-existing Listing Applications. In the event that the Pre-existing Listing Application lapses and is re-filed (<i>Note 1</i>) on or after the Effective Date, provided that:</p> <ul style="list-style-type: none"> <li>(i) the existing <u>independent sponsor</u> has been appointed as such <u>before the Effective Date and at least 2 months before</u> the submission of the re-filing, and the notification of the sponsor engagement has been submitted to the Exchange in accordance with Rule 3A.02A(1) and in any event <u>before the Effective Date</u> (<i>Notes 2 and 4</i>);</li> <li>(ii) the independent sponsor referred to in condition (i) above or its group company has also been appointed as an overall coordinator for the purpose of Rule 3A.43 <u>before the Effective Date and at least 2 months before</u> the submission of the re-filing (<i>Notes 3 and 5</i>);</li> </ul>



No.	Main Board Rules	GEM Rules	Query	Response
				<p>(iii) the engagements of such sponsor and overall coordinator remain valid and effective as at the time of the re-filing; and</p> <p>(iv) the re-filing is submitted <u>within 3 months</u> from the lapse of the last listing application,</p> <p>we would accept the overall coordinator referred to in condition (ii) above as having been duly appointed as a sponsor-overall coordinator for the purpose of Rule 3A.43 even though its appointment as an overall coordinator was not made at the same time as it or its group company was appointed as a sponsor.</p> <p><b>(B) Certain listing applications submitted by Main Board new applicants for the first time on or after the Effective Date and their subsequent re-filings</b></p> <p>In the event that a Main Board new listing application is submitted for the first time on or after the Effective Date, the Rule Amendments shall apply. This means that, amongst other things, the Main Board new applicant whose listing is expected to involve a placing should appoint at least one sponsor-overall coordinator in accordance with the New Code Provisions and the Rule Amendments.</p> <p>However, we acknowledge that where a sponsor mandate has been entered into before the publication of the Rule Amendments (i.e. 22 April 2022) (“<b>Publication Date</b>”) but the listing application is only ready for submission on or after the Effective</p>

No.	Main Board Rules	GEM Rules	Query	Response
				<p>Date, the new applicant might not be able to strictly comply with the requirement to appoint the sponsor and the overall coordinator at the same time for the purpose of complying with the requirement on sponsor-overall coordinators under Rule 3A.43(2) when it submits the listing application for the first time on or after the Effective Date.</p> <p>The purpose of the Rule Amendments is not to require such new applicant to terminate the existing sponsor engagement and re-appoint the relevant intermediary as a sponsor and an overall coordinator (or re-appoint the relevant intermediary as a sponsor and appoint its group company as an overall coordinator) in connection with such application and subsequent re-filings, provided that:</p> <ul style="list-style-type: none"> <li>(i) the new applicant has already appointed an independent sponsor <u>before the Publication Date</u>, and the notification of the sponsor engagement has been submitted to the Exchange in accordance with Rule 3A.02A(1) <u>before the Publication Date</u> (<i>Note 4</i>);</li> <li>(ii) the independent sponsor referred to in condition (i) above or its group company has also been appointed as an overall coordinator (<i>Note 3</i>) for the purpose of Rule 3A.43 <u>before the Effective Date and at least 2 months</u> before the submission of the initial application or re-filing (where applicable) (<i>Note 5</i>);</li> <li>(iii) the engagements of such sponsor and overall coordinator remain valid and effective as at the</li> </ul>

No.	Main Board Rules	GEM Rules	Query	Response
				<p>time of the submission of the initial application or re-filing (where applicable); and</p> <p>(iv) where applicable, the re-filing is submitted <u>within 3 months</u> from the lapse of the last listing application.</p> <p>Provided that the four conditions described above in Part (B) are met, we would accept the overall coordinator referred to in condition (ii) above as having been duly appointed as a sponsor-overall coordinator for the purpose of Rule 3A.43.</p> <p>Under the circumstances where the conditions described above in Part (A) or (B) (as the case may be) are met, no application is required to be submitted by a new applicant or its sponsor for the Exchange's consent for following the relevant transitional arrangement). However, where a new applicant intends to make use of the transitional arrangement in Part (A) or (B) above (as the case may be), the sponsor of the new applicant shall notify the Exchange in writing of the appointment of the overall coordinator under condition (ii) in Part (A) or (B) as soon as practicable after such appointment is made.</p> <p>If the fee arrangement in the initial written engagement for the appointment of the overall coordinator under condition (ii) above was not presented in compliance with the Rules (as detailed in FAQ Nos. 10 and 10A) and a supplemental engagement is entered into pursuant to FAQ No. 10F, the sponsor of the new applicant shall notify the Exchange in writing that such supplemental engagement has been entered into, the dates of the initial engagement and the</p>

No.	Main Board Rules	GEM Rules	Query	Response
				<p>supplemental engagement and the changes made pursuant to the supplemental engagement. For the avoidance of doubt, if the Exchange had already been notified of the initial engagement, the sponsor of the new applicant would be required to notify the Exchange where a supplemental engagement has been entered into pursuant to FAQ No. 10F, even if the new applicant may eventually be unable to make use of the transitional arrangement.</p> <p>The above notification(s) shall be made in writing by email to the relevant vetting team (where the listing application has already been filed) or to <a href="mailto:ipoteamadmin@hkex.com.hk">ipoteamadmin@hkex.com.hk</a> (where the initial listing application has yet to be filed).</p> <p><i>Notes:</i></p> <ol style="list-style-type: none"> <li>1. This applies to subsequent re-filings as well provided that the conditions set out in Part (A) above are met.</li> <li>2. For the avoidance of doubt, if the notification of the initial sponsor engagement of the existing independent sponsor had previously been submitted to the Exchange in accordance with Rule 3A.02A(1), such notification will not need to be re-submitted to the Exchange for the purpose of fulfilling condition (i) of Part (A) above.</li> <li>3. For the avoidance of doubt, in respect of a sponsor-overall coordinator other than that referred to in condition (ii) in Parts (A) and (B) above (e.g. if the engagement of the sponsor-overall coordinator referred to in condition (ii) above ceases and another intermediary or intermediaries is/are engaged as a replacement sponsor-overall coordinator), a Main</li> </ol>

No.	Main Board Rules	GEM Rules	Query	Response
				<p>Board new applicant shall comply fully with, <i>inter alia</i>, Rule 3A.43, including the requirement under Rule 3A.43(2) to make sure that the appointments of the sponsor and the overall coordinator in respect of such sponsor-overall coordinator are made at the same time.</p> <p>4. In line with Rule 18B.78, references to “2 months” in condition (i) in Parts (A) and (B) above shall be modified to 1 month in the case of a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with the New Listing of a SPAC.</p> <p>5. References to “2 months” in condition (ii) in Parts (A) and (B) above shall be modified to 1 month in the case of a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with the New Listing of a SPAC. See also FAQ No. 9A above.</p> <p>Considering the new obligations and additional responsibilities under the Rule Amendments, Main Board new applicants are reminded to take into account the conditions set out above if they wish to rely on the transitional arrangements to avoid any unintended delay in their listing timetables and be mindful of, among others, (a) the timing for negotiating and entering into a new/additional engagement with their existing independent sponsor (or its group company) and/or overall coordinator; (b) the preparation required in advance for a re-filing to be submitted within 3 months from the lapse of the last listing application; and (c) any contingencies which may result in a re-filing on or after the Effective Date (e.g. delay of the listing date to after the Effective Date and lapse of the listing application shortly before it).</p>

No.	Main Board Rules	GEM Rules	Query	Response
				<p>We have set out some illustrative examples highlighting the key dates in respect of the transitional arrangements in the Appendix.</p> <p><b><i>(Last updated in August 2022)</i></b></p>
22.	2.07C(6)(a), 3A.37, 3A.41(2), 9.08(2), 12.01C, Practice Note 22	16.19(1), 6A.44, 6A.46(2), 12.10(2), 16.01C, Practice Note 5	A new applicant has submitted a listing application before the Effective Date, which remains valid as at the Effective Date. If the new applicant appoints or terminates the engagement of an overall coordinator after the Effective Date, does it need to publish an OC Announcement?	<p>In the scenario described, the new applicant will not be required to publish an OC Announcement on the appointment or termination of the engagement of an overall coordinator that takes place after the Effective Date, as the Rule Amendments are not applicable to listing applications submitted prior to the Effective Date. For example, if a new applicant submits a listing application 1 week before the Effective Date, it will not be required to publish an OC Announcement in respect of the appointment of an overall coordinator during the 2-week period following the submission date of the listing application (even if such appointment takes place in the first week following the Effective Date).</p> <p>In the event the new applicant re-files a listing application on or after the Effective Date, it will need to comply with the applicable Rule Amendments, including those in relation to the publication of OC Announcements.</p>
23.	9.11(23a)	12.23AA	In the event that a Pre-existing Listing Application which has passed the hearing is refiled after the Effective Date and assuming that a new hearing is not required, at what point in time should the information required under Rule 9.11(23a) (GEM	<p>In the scenario described, the required information should be submitted when the listing application is re-filed.</p> <p>However, if such information had been submitted in the previous application and there is no material change to the information previously submitted, it would not be required to be re-submitted during the re-filing of the listing application.</p>

No.	Main Board Rules	GEM Rules	Query	Response
			Rule 12.23AA) be submitted to the Exchange?	<b>(Added in August 2022)</b>
24.	3A.43, 3A.36	N/A	<p>Where a new applicant who had submitted a listing application before the Effective Date (i.e. a Pre-existing Listing Application not subject to the Rule Amendments) has entered into an overall coordinator engagement agreement with the existing sponsor (or its group company) before the Effective Date to ensure that it could make use of the transitional arrangement in Part (A) of FAQ No. 21 above in case the listing application needs to be re-filed on or after the Effective Date, would it be acceptable to specify in the overall coordinator engagement letter that the provisions relating to the existing sponsor's (or its group company's) appointment as a sponsor-overall coordinator and other terms required under Rule 3A.36 (“<b>OC Appointment Provisions</b>”) would not apply if listing takes place before the lapse of the Pre-existing Listing Application?</p>	<p>As stated in the SFC's Consultation Paper and Conclusions Paper, the major aim of the “sponsor-coupling” proposal was to ensure that, among others, (i) at least one sponsor would be free of potential incentives to compromise its due diligence in order to secure an overall coordinator role; and (ii) at least one sponsor-overall coordinator would have obtained a good understanding of the new applicant through its due diligence work and be in a good position to give comprehensive advice to the new applicant throughout the transaction.</p> <p>In the scenario described, this is acceptable as there appears to be no uncertainty over the existing sponsor's (or its group company's) appointment as a sponsor-overall coordinator and the terms of its sponsor-overall coordinator engagement for the purpose of the re-filing on or after the Effective Date, given that (i) the existing sponsor (or its group company) is appointed before the Effective Date as a sponsor-overall coordinator for the potential re-filing on or after the Effective Date; (ii) the OC Appointment Provisions required under Rule 3A.36 have been determined and set out in the overall coordinator engagement letter before the Effective Date; and (iii) the OC Appointment Provisions would apply once the Pre-existing Listing Application lapses (where listing does not take place).</p> <p><b>(Added in August 2022)</b></p>

## Appendix

If a Main Board new applicant expects a potential need to re-file or submit its first listing application\* on or after the Effective Date, the following examples# illustrate the key dates that should be noted for fulfilling the conditions in Part (A) (“**Part (A)**”) or Part (B) (“**Part (B)**”) in FAQ No. 21 above in order to follow the transitional arrangements in relation to compliance with Rule 3A.43(2) in the Rule Amendments:

	<i>(For illustration only)</i> Date of lapse of the last listing application	<i>(For illustration only)</i> Date of appointment of the existing independent sponsor <i>(referred to in condition (i) in Part (A) or (B)*)</i> (“Existing Sponsor”)	<i>(For illustration only)</i> Date of appointment of the Existing Sponsor or its group company as an overall coordinator for the purpose of Rule 3A.43	Earliest date** of re-filing or first submission* under Part (A) or (B)*:
<b>Re-filing under Part (A)</b>	5 May 2022	1 May 2021	5 June 2022	5 August 2022
	4 July 2022		4 August 2022	4 October 2022
	4 July 2022		5 August 2022	N/A (Note 1)
	4 May 2022		5 June 2022	N/A (Note 2)
<b>First submission under Part (B)</b>	N/A	21 April 2022	5 June 2022	5 August 2022
		21 April 2022	4 August 2022	4 October 2022
		22 April 2022	4 August 2022	N/A (Note 3)
		21 April 2022	5 August 2022	N/A (Note 4)

\* As the case may be

\*\* Earliest date in order to comply with the requirement of appointing the overall coordinator in condition (ii) of Part (A) or Part (B)\* in FAQ No. 21 at least 2 months before the re-filing or first submission\*

#For the avoidance of doubt, the illustrative examples in this Appendix do not apply to a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with the New Listing of a SPAC. Please refer to Notes 4 and 5 to FAQ No. 21 for details. **(Added in May 2022)**



Notes:

1. As the date of appointment of the Existing Sponsor or its group company as an overall coordinator is 5 August 2022, i.e. not before the Effective Date, condition (ii) of Part (A) is not met and the re-filing could not be made in reliance of the transitional arrangements in Part (A).

Accordingly, for a new applicant which intends to rely on the transitional arrangements in Part (A) to comply with Rule 3A.43 and re-file its listing application on or after the Effective Date, the Existing Sponsor or its group company must be duly appointed as an overall coordinator for the purpose of Rule 3A.43 latest by **4 August 2022** (provided that the re-filing date is at least 2 months after such appointment date, but within 3 months from the date of lapse of the last listing application).

2. As Part (A) provides that the overall coordinator appointment should be made at least 2 months before the re-filing, the earliest date\*\* on which the re-filing could be made is 5 August 2022 in this example. However, this would result in the new applicant in this example not meeting condition (iv) of Part (A) (which requires the re-filing to be made by 4 August 2022, i.e. within 3 months from 4 May 2022, the date of lapse of the last listing application). Thus, re-filing could not be made in reliance of the transitional arrangements in Part (A) in this example.

3. As the Existing Sponsor is appointed as a sponsor on 22 April 2022, i.e. not before the Publication Date, condition (i) of Part (B) is not met and the first submission of the listing application could not be made in reliance of the transitional arrangements in Part (B).

Accordingly, for a new applicant which intends to rely on the transitional arrangements in Part (B) to comply with Rule 3A.43 and submit its initial listing application on or after the Effective Date, the Existing Sponsor must be duly appointed, together with the notification of the sponsor engagement submitted to the Exchange in accordance with Rule 3A.02A(1), no later than **21 April 2022**.

4. As the date of appointment of the Existing Sponsor or its group company as an overall coordinator is 5 August 2022, i.e. not before the Effective Date, condition (ii) of Part (B) is not met and the first submission could not be made in reliance of the conditions in Part (B).

Accordingly, for a new applicant which intends to rely on the transitional arrangements in Part (B) to comply with Rule 3A.43 and submit its initial listing application on or after the Effective Date, the Existing Sponsor or its group company must be duly appointed as an overall coordinator for the purpose of Rule 3A.43 latest by **4 August 2022** (provided that the submission date of its listing application is at least 2 months after such appointment date).