



By email < response@hkex.com.hk > and by post

7 March 2011

Our Ref.: C/CFC, M75999

Corporate Communications Department
Hong Kong Exchanges and Clearing Limited
12th Floor, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

Dear Sirs,

[Consultation Paper on Proposed Changes to Requirements for the Listing of Debt Issues to Professional Investors Only](#)

The Hong Kong Institute of Certified Public Accountants has considered the above consultation paper. While we support the objective of ensuring that the Hong Kong stock exchange remains competitive as a market for international listings, we should like to offer some general comments on the proposals contained in the consultation paper.

Listing documents

We appreciate that there is less need for detailed and comprehensive disclosure requirements for listing documents for debt issues aimed at professional investors compared with listing documents for retail investors. However, the proposal to replace the requirement for detailed information with a requirement for a document to contain the "information that the investors to whom securities are being offered would customarily expect", could create uncertainty. While it seemingly gives issuers a greater degree of flexibility, it establishes a quasi-objective test of what information should be included. However, it is not clear how this rule could be enforced in practice and, in the event of investors suffering a substantial loss on particular listed debt securities, the proposed test could potentially become contentious.

Definition of "professional investor"

Given the fundamental importance of the definition of "professional investor" in this area of the listing rules, prima facie, it would not enhance clarity to simply cross-refer to another source, namely, Schedule 1 of the Securities and Futures Ordinance for that definition. Furthermore, in the context of the Securities and Futures Commission's recent consultation on the evidential requirement under the Securities and Futures (Professional Investor) Rules, we queried the appropriateness of relying on asset or portfolio thresholds as the main basis for determining whether a particular individual may be regarded as a "high net worth professional investor". The Institute suggested that a more structured set of criteria be developed for this purpose. Unless and until this issue is addressed, the Institute would also have reservations about adopting a definition of "professional investor" in the listing rules, which, by extension, would include persons who would fall within the definition simply on the basis of their asset or portfolio holdings.



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Although we note that the original consultation deadline has passed, we hope, nevertheless, that you will be able to take our views into consideration.

If you have any questions on this submission, please feel free to contact me at the Institute on 2287 7084.

Yours faithfully,

A handwritten signature in black ink that reads 'Peter Tisman'. The signature is written in a cursive, flowing style.

Peter Tisman
Director, Specialist Practices

PMT/ML