



ASSOCIATION OF HONG KONG CAPITAL MARKET PRACTITIONERS

The following sets out our written response submitted on 12 March 2025 to the HKEX Consultation Paper: Proposals to Optimise IPO Price Discovery and Open Market Requirements.

Question Number	Comments and responses
1.1(a)	<p>Do you agree with our proposal to exclude securities that do not contribute to an open market in trading in Hong Kong from the calculation of the public float by requiring the public float percentage of securities new to listing be calculated normally by reference to the total number of securities of that class only (as set out in paragraph 44 of the Consultation Paper)?</p> <p>Response: Yes</p> <p>We broadly agree with the proposal to calculate the public float by reference only to the total number of securities of that class as stated in paragraph 44 of the Consultation Paper.</p>
1.1(b)	<p>Do you agree with our proposal to exclude securities that do not contribute to an open market in trading in Hong Kong from the calculation of the public float by in the case of a PRC issuer with no other listed shares, requiring the numerator of its public float percentage to be calculated by reference to its H shares only, such that any shares it has in issue that are in the class to which H shares belong would only be included in the denominator (as set out in paragraph 45 of the Consultation Paper)?</p> <p>Response: Yes</p>
1.1(c)	<p>Do you agree with our proposal to exclude securities that do not contribute to an open market in trading in Hong Kong from the calculation of the public float by in the case of a PRC issuer with other listed shares (e.g. A shares listed on a PRC stock exchange), requiring the numerator of its public float percentage to be calculated by reference to its H shares only, such that any other listed shares it has in issue would only be included in the denominator (as set out in paragraph 45 of the Consultation Paper)?</p> <p>Response: No</p> <p>While we appreciate the desire to ensure liquidity in listed H shares, the exclusion of publicly held A shares from the public float calculation may discourage smaller PRC issuers from listing in Hong Kong. It is difficult to see how PRC issuers will benefit from presenting their public float so that it appears significantly smaller than if it were presented aggregated with the A share public float. The change is also contrary to the longstanding approach of the Exchange and the PRC regulators to allow the inclusion of A shares in the public float, which informs investors of issuers' total liquidity across the Hong Kong and PRC markets. The existing approach also reflects the level of cross-border market engagement (facilitated in particular by Stock Connect) and bolsters Hong Kong's position as the financial gateway to the PRC.</p>

1.1(d)	<p>Do you agree with our proposal to exclude securities that do not contribute to an open market in trading in Hong Kong from the calculation of the public float by in the case of an issuer with other share class(es) listed overseas, requiring the numerator of its public float percentage at listing to be calculated by reference to only the shares of the class for which listing is sought in Hong Kong, such that any shares of other classes it has in issue would only be included in the denominator (as set out in paragraph 46 of the Consultation Paper)?</p> <p>Response: Yes</p>
1.2	<p>Do you agree with our proposal to modify the requirement of MB Rule 8.09(1) (GEM Rule 11.23(2)(a)) to clarify that the minimum market value in public hands requirement applies to the securities for which listing is sought (as set out in paragraph 47 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions</p> <p>Response: Yes</p> <p>We agree to the proposed clarification to the requirement of Main Board Rule 8.09(1) (GEM Rule 11.23(2)(a)).</p>
2.1	<p>Do you agree that we should exclude from the definition of “the public” any person whose acquisition of securities has been financed by the issuer and any person who is accustomed to take instructions from the issuer (as set out in paragraph 64 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
	<p>Response: Yes</p> <p>These persons cannot be considered to be independent of the issuer.</p>
2.2	<p>Do you agree with our proposal to regard shares held by an independent trustee which are granted to independent scheme participants and unvested as shares held in public hands (as set out in paragraph 65 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p> <p>Response: Yes</p> <p>The independence of the trustee and scheme participants justify the inclusion of relevant shares in the public float.</p>
3.1	<p>Do you agree that we should replace the current minimum initial public float thresholds with tiered initial public float thresholds according to the expected market value of the class of securities for which listing is sought on the Exchange at the time of listing?</p> <p>Please give reasons for your views and any alternative suggestions.</p> <p>Response: Yes</p> <p>We agree with the proposed introduction of tiered public float thresholds set by reference to the expected market value at listing of the class of securities being listed on the Exchange.</p>

3.2	<p>Do you agree with the proposed tiered initial public float thresholds (as set out in in Table 5 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p> <p>Response: No</p> <p>If the aim is to improve the competitiveness of the Hong Kong market, we would suggest a much lower general public float requirement, for example 10%, with an even lower threshold for listing applicants with very large market capitalisations at listing (e.g., HK\$70 billion as proposed under Tier D). The requirements for a public float with a specified minimum market capitalisation (which could be set at HK\$125 million for all listing applicants, whatever the applicable public float requirement) and for at least 300 shareholders on listing should be sufficient to ensure adequate liquidity.</p>
3.3*	<p>If your answer to question 3.2 is “yes”, do you agree that the proposed tiered initial public float thresholds should be applied to any class of equity securities new to listing on the Exchange, except for (a) the initial listing of A+H issuers (and other prescribed types of issuers); and (b) a bonus issue of a new class of securities (as set out in paragraph 79 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p> <p>Response:</p> <p>Please see our response to question 3.2 above.</p>
3.4	<p>Do you agree that all issuers disclose, in their listing documents, the initial public float threshold that is applicable to the class of securities they seek to list on the Exchange?</p> <p>Please give reasons for your views and any alternative suggestions.</p> <p>Response: Yes</p> <p>Listing document disclosure of the applicable initial public float threshold would provide transparency for prospective investors.</p>
3.5*	<p>If your answer to question 3.2 is yes, do you agree that the same tiered initial public float thresholds (as set out in Table 5 of the Consultation Paper) should be applied to GEM issuers?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
	<p>Response: No</p> <p>Please see our response to question 3.2 which we also suggest applying to the public float requirement for GEM listing applicants.</p>
4.1(a)	<p>If our proposed initial public float thresholds (see proposals in Section I.B.1 and Section I.D.1 of Chapter 1 of the Consultation Paper) are supported by the market, we seek views on the appropriate ongoing public float requirements for issuers, subject to the initial public float tiers proposed (see Table 5 in Section I.B.1 of Chapter 1 of the Consultation Paper).</p> <p>Please give reasons for your views and any alternative suggestions.</p>

	<p>Response:</p> <p>We believe the ongoing public float requirement should be the same as the initial public float requirement suggested in our response to question 3.2 above (i.e., a two-tiered approach setting initial and ongoing public float requirements of 10% for all listing applicants except those with very large market capitalisations which would be subject to a lower public float percentage). Eligibility for the lower ongoing public float applicable to very large cap companies would need to be determined at the time of listing as is currently the case.</p>
4.1(b)	<p>If our proposed initial public float thresholds (see proposals in Section I.B.1 and Section I.D.1 of Chapter 1 of the Consultation Paper) are supported by the market, we seek views on the appropriate ongoing public float requirements for A+H issuers and other prescribed types of issuers (see Section I.D.1 of Chapter 1 of the Consultation Paper).</p> <p>Please give reasons for your views and any alternative suggestions.</p> <p>We believe the ongoing public float requirement should be the same as the initial public float requirement suggested in our response to question 3.2 above (i.e., a two-tiered approach setting initial and ongoing public float requirements of 10% for all listing applicants except those with very large market capitalisations which would be subject to a lower public float percentage). Eligibility for the lower ongoing public float applicable to very large cap companies would need to be determined at the time of listing as is currently the case.</p> <p>Please also see our comments in our response to question 1.1(c) which disagrees with the proposed exclusion of publicly held A shares from the numerator of the public float calculation.</p>
4.2	<p>Should issuers be allowed the flexibility to maintain a lower public float level, after listing, than that required at listing, in view of the issues we have described in the Consultation Paper (see paragraphs 102 to 109 of the Consultation Paper)?</p> <p>Please give reasons for your views.</p> <p>Response: No</p> <p>Please see our response to question 4.1 above.</p>
4.3	<p>Should the existing regulatory approach of suspending trading of issuers with public float below a prescribed level (see paragraph 92(c) of the Consultation Paper) be maintained, in view of the issues we have described in the Consultation Paper (see paragraphs 110 to 111 of the Consultation Paper)?</p> <p>Please give reasons for your views.</p> <p>Response: No</p> <p>We strongly disagree with the existing regulatory approach of suspending trading of issuers in breach of the public float requirement, which does nothing to help issuers or investors. When market conditions are poor, the Listing Rule obligation¹ to restore the public float “<i>at the earliest moment</i>” or risk suspension can force issuers to place shares at deeply discounted prices which only damages the interests of the other shareholders. The current practice of</p>

¹ Main Board Listing Rule 13.32(2) and GEM Listing Rule 17.37

	<p>suspending trading of issuers in breach of the public float does not protect shareholders, but rather penalises them by making it difficult for them to exit their investment.</p> <p>We believe the Exchange should remove suspension as the ultimate sanction and explore alternative measures to allow issuers in breach of the public float to continue trading. The focus should be on market-oriented practical steps to prevent the creation of a false market in issuers' shares. In cases of insufficient public float, the objective of protecting investors and the market is best achieved through disclosure. The SFC already publishes announcements warning potential investors when holdings of issuers' shares become overly concentrated, while issuers are required to announce a drop in their public float below the required level. We would suggest that the Exchange consider additional requirements for issuers in breach of the public float to: (i) include a warning statement to that effect in all their announcements and corporate communications; and (ii) keep the Exchange and the market updated as to their ongoing efforts to restore their public float.</p>
4.4.	<p>Do you agree that ongoing public float requirements should be applied to shares only (as set out in paragraph 118 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p> <p>Response: Yes</p>
4.5	<p>Do you agree that an OTC market should be established in Hong Kong (as set out in paragraph 119 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p> <p>Response: Yes</p> <p>We strongly agree that Hong Kong should establish an OTC market and would welcome a further consultation on its scope as soon as possible with a view to its establishment by the end of 2025. This would also need to cover allowing market making in OTC-traded shares.</p> <p>An OTC market that allows the trading of shares suspended or delisted from the Exchange would offer minority shareholders the opportunity to exit their investment, which is currently lacking in Hong Kong. However, the scope of the OTC market must be far wider this and should, in our view, be open to all types of companies, including but not limited to overseas companies and companies unable to meet the Exchange's listing requirements. Rather than provide a narrow list of company types eligible for listing on the OTC market, we would advocate allowing all companies to list subject to meeting basic listing criteria such as due incorporation and the availability of audited accounts, except for companies suspended or delisted for failure to publish financial information as required by the Listing Rules. The OTC listing of companies suspended or delisted for non-compliance with the Main Board or GEM Listing Rules' requirements for publishing financial information could be made conditional on their publication of financial information as required by the OTC's listing rules by a set deadline. Companies suspended or delisted for insufficient operations or insufficient public float, on the other hand, would be under no obligation to rectify that position since the OTC market would not impose sufficiency of operations or public float requirements. An OTC market should be subject to light touch regulation and be a disclosure-based caveat emptor market administered independently of the Exchange, possibly through an independent subsidiary. It should be conceived as a market on which companies choose to list rather than one to which listed companies are relegated. This would offer fundraising opportunities for all companies, widen the range of investment opportunities for investors, and allow Hong Kong to offer a</p>

	<p>comprehensive, diversified market. An OTC market should be open to retail investors. In any event, if it allows trading in suspended and delisted shares, it will have to be open to retail investors if they are to be able to trade out of their positions.</p> <p>We further suggest relaxing the Main Board and GEM reverse takeover rules to allow the re-listing by acquisition of companies previously delisted for insufficient operations once they have sufficient operations. In this situation, we suggest removing the requirement to meet the IPO track record requirement.</p>
4.6(a)	<p>What are your views on the potential benefits and risks of establishing an OTC market? Please give reasons for your views.</p> <p>Response:</p> <p>Please see our response to question 4.5.</p>
4.6(b)	<p>What are your views on functions that an OTC market should serve? Please give reasons for your views.</p> <p>Response:</p> <p>Please see our response to question 4.5.</p>
4.6(c)	<p>What are your views on whether such OTC market should be open to retail investors? Please give reasons for your views.</p> <p>Response:</p> <p>An OTC market should be open to retail investors. In any event, if it allows trading in suspended and delisted shares, it will have to be open to retail investors if they are to be able to trade out of their positions.</p>
5.1	<p>Do you agree with our proposal to mandate disclosure of actual public float in listed issuers' annual reports?</p> <p>Please give reasons for your views and any alternative suggestions.</p> <p>Response: Yes</p> <p>The proposal will create greater transparency for the market.</p>
5.2	<p>Do you agree with the details proposed to be disclosed (as set out in paragraph 126 of the Consultation Paper), including that only persons connected at the issuer level would be required to be identified on an individually named basis in the disclosure of shareholding composition (as set out in paragraph 126(b)(i)(1) and (2) of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p> <p>Response: Yes</p>
5.3	<p>Do you agree that issuers should be required to disclose the relevant information based on information that is publicly available to the issuer and within the knowledge of its directors (as set out in paragraph 127 of the Consultation Paper)?</p>

	Response: Yes
6.1	<p>Do you agree that the Exchange should require a minimum free float in public hands at the time of listing for all new applicants (as set out in paragraph 139 of the Consultation Paper)?</p> <p>Please give reasons for your views.</p>
	<p>Response: Yes</p> <p>We agree with the proposed requirement for a minimum free float at the time of listing to ensure sufficient liquidity for investors. We note, however, that this requirement may prove challenging for listing applicants during adverse market conditions when retail investors' appetite for IPOs is weak. As noted in the Consultation Paper, 30% of the companies that listed on the Main Board between 2020 and 2023 would not have met the proposed free float requirement.</p>
6.2	<p>Do you agree with our proposed initial free float thresholds (as set out in paragraph 140 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
	<p>Response: Yes</p> <p>We suggest in our response to question 3.2 that the initial public float threshold be reduced to 10% with a lower public float percentage requirement for companies with very large capitalisations. If this is adopted, it would only be necessary to stipulate a publicly held free float with an expected market value of HK\$50 million.</p>
6.3	<p>If your answer to Question 6.1 is "yes", do you agree with our proposed modification of the initial free float thresholds to PRC issuers (as set out in paragraphs 142 to 143 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
	<p>Response: Yes</p> <p>Please see our response to question 6.2.</p>
6.4	<p>Do you agree with our proposal to apply the proposed initial free float requirement to shares only (as set out in paragraph 144 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
	Response: Yes
6.5	<p>Do you agree that shares considered to be in public hands that are held by an independent trustee under a share scheme should not be counted towards the proposed initial free float requirement (as set out in paragraph 145 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
	<p>Response: Yes</p> <p>These unvested shares are not available for trading.</p>

6.6	<p>If your answer to Question 6.1 is “yes”, do you agree that existing free float related requirements for Biotech Companies and Specialist Technology Companies should be replaced with the proposed initial free float requirement so that the same requirement applies to all issuers (as set out in paragraph 146 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions</p> <p>Response: Yes</p> <p>Please see our response in question 6.1.</p>
7.1	<p>Do you agree with our proposed revised minimum thresholds on shares to be listed on the Exchange for A+H issuers and other prescribed types of issuers (as set out in paragraph 162 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p> <p>Response: Yes</p>
7.2	<p>Do you agree that the minimum initial public float thresholds for A+H issuers and other prescribed types of issuers should be the same as the minimum thresholds on shares to be listed on the Exchange (as set out in paragraph 164 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p> <p>Response: Yes</p> <p>We agree the minimum initial public float thresholds should be the same. However, notwithstanding the reduction in public float to 10% of all issued shares of the same class (which means that a PRC issuer’s A shares and unlisted shares will remain in the denominator), please note our reservations about excluding publicly held A shares from the numerator in the calculation of public float in our response to question 1.1(c).</p> <p>We note that the reduction in the number of H shares (as a percentage of total issued shares) required to be listed on the Exchange aims to make a Hong Kong listing more attractive for very large market capitalisation A+H issuers (paragraph 158 of the Consultation Paper). However, if the numerator of the public float calculation will exclude publicly held A shares, this risks making it harder for smaller PRC issuers to list in Hong Kong.</p>
7.3	<p>Do you agree with our proposal to remove the minimum market value requirement for the class sought to be listed by issuers with other share class(es) listed overseas and H shares of PRC issuers (as set out in paragraph 166 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p> <p>Response: Yes</p> <p>This provision will become redundant due to the proposal in paragraph 47 of the Consultation Paper.</p>
8	<p>In respect of the lock-up requirement on IPO securities placed to cornerstone investors, would you prefer to:</p>

	<p>(a) retain the existing six-month lock-up (as set out in Option A in paragraph 205 of the Consultation Paper); or</p> <p>(b) allow a staggered release of the six-month lock-up (as set out in Option B in paragraph 205 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
	<p>Response:</p> <p>A six-month lock-up is too long. We suggest replacing it with a three-month lock-up requirement.</p>
9.1	<p>Do you agree that at least 50% of the total number of shares initially offered in an IPO should be allocated to investors in the bookbuilding placing tranche (as set out in paragraphs 227 and 228 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
	<p>Response: No</p> <p>We do not agree with the proposal to require 50% of IPO shares to be allocated to the bookbuilding placing tranche. Given the diverse and evolving nature of the Hong Kong market, we consider that issuers and sponsor/OCs/bookrunners should be allowed to retain the flexibility to allocate IPO shares based on investor demand and market conditions. We do not consider it necessary to mandate an allocation to the placing tranche given that on large IPOs, the sponsor/OC will almost certainly want to conduct bookbuilding. Conversely, smaller listing applicants, which are essential to maintaining the market's diversity, may find it difficult to attract institutional investors. The proposal also risks creating the impression that the Hong Kong market is becoming increasingly institutionalised, which may further depress retail investor interest.</p>
9.2*	<p>If your answer to Question 9.1 is "yes", do you agree that the proposed requirement should not be applied to the initial listing of Specialist Technology Companies (as set out in paragraphs 229 of the Consultation Paper)?</p> <p>Please give reasons for your views.</p>
	<p>Response: Yes</p>
10.1	<p>Do you agree with the proposed removal of the guideline on minimum spread of placees, being not less than three holders for each HK\$1 million of the placing, with a minimum of 100 holders in an IPO placing tranche (as set out in paragraph 230 of the Consultation Paper)?</p> <p>Please give reasons for your views.</p>
	<p>Response: Yes</p> <p>We agree that the existing minimum spread requirement (300 shareholders for the Main Board and 100 shareholders for GEM) is sufficient. We consider that issuers and sponsor/OCs should be allowed to allocate shares to meet this requirement based on their assessment of demand and market conditions.</p>

10.2	<p>Do you consider that other safeguarding measures should be implemented to ensure an adequate spread of holders in the placing tranche, in light of the proposal (as set out in paragraph 230 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
	<p>Response: No</p>
11.1	<p>Do you agree with the proposal to require issuers to adopt either Mechanism A or Mechanism B with respect to a minimum allocation of offer shares to the public subscription tranche (as set out in paragraphs 248 to 250 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
	<p>Response: No</p> <p>We agree that removing the maximum 50% clawback will reduce selling pressure at the time of the IPO and produce a more stable aftermarket, which will be attractive to institutional investors and benefit the market overall. However, we consider the reduction in the minimum allocation to the subscription tranche to 5% under Mechanism A is too low since it will be unfair for retail investors on “hot” IPOs. We suggest increasing the minimum allocation under Mechanism A to 10% increasing to a maximum of 20% under the clawback and amending Mechanism B to provide for a minimum subscription tranche allocation of 20% with no clawback.</p>
11.2*	<p>If your answer to Question 11.1 is “yes”, do you agree with the proposal to require Specialist Technology Companies to only adopt the existing initial allocation and clawback mechanism designed for them, i.e. Mechanism A (as set out in paragraph 251 of the Consultation Paper)?</p> <p>Please give reasons for your views.</p>
	<p>Response: Yes</p>
12.1	<p>Do you agree that we should retain the Allocation Cap?</p> <p>Please give reasons for your views.</p>
	<p>Response: Yes</p> <p>We agree the Allocation Cap should be retained to protect retail investors from being “stuffed” with IPO shares at a price that is undesirable to placing tranche participants.</p>
12.2	<p>Subject to the proposals on minimum allocation of offer shares to the public subscription tranche (as set out in paragraph 248 of the Consultation Paper) being adopted, do you agree with the proposed consequential amendments to the triggering conditions of the restrictions on Reallocation and PO Over-allocation (as set out in paragraph 262 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
	<p>Response: Yes</p>

12.3	<p>Subject to the proposals on minimum allocation of offer shares to the public subscription tranche (as set out in paragraph 248 of the Consultation Paper) being adopted, do you agree with the proposed consequential amendments to lower the proposed Maximum Allocation Cap Percentage Threshold from 30% to 15% (as set out in paragraph 263 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p> <p>Response: No</p> <p>While we agree that consequential changes to the Allocation Cap will be required, please note that we do not agree with the minimum percentage allocations to the subscription tranche proposed under Mechanisms A and B. Please see our response to question 11.1 above. We therefore suggest setting the Maximum Allocation Cap Percentage Threshold at a level appropriate to our suggested minimum percentage allocations.</p>
13.1	<p>Do you agree that the Existing Pricing Flexibility Mechanism should be amended to include upward pricing flexibility?</p> <p>Please give reasons for your views and any alternative suggestions.</p> <p>Response: Yes</p>
13.2	<p>Do you agree with our proposals to adopt an offer price adjustment limit of 10% in both directions (as set out in paragraph 281 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p> <p>Response: Yes</p>
13.3	<p>In respect of the initial offer price range, would you prefer adjustment to be made:</p> <ul style="list-style-type: none"> (a) up to 30% of the bottom of that range (as set out in Option A of paragraph 282 of the Consultation Paper); or (b) up to 20% of the bottom of that range (as set out in Option B of paragraph 282 of the Consultation Paper)? <p>Please give reasons for your views and any alternative suggestions.</p> <p>We prefer Option A “not more than 30% of the bottom of that range” as this will give issuers maximum flexibility on pricing.</p>
13.4	<p>Do you agree with the Proposed Opt-in Arrangement (as set out in paragraphs 283 to 284 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p> <p>Response: Yes</p>

	<p>However, we do not consider it necessary to require retail investors to opt-in in the event of a downward price adjustment. This is not a current requirement and investors would not reject the opportunity to acquire the shares at a lower price.</p>
13.5	<p>If your answer to Question 13.1 is “yes”, do you agree with our proposal to extend the current disclosure requirements (as set out in paragraph 285 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p> <p>Response: Yes</p>
14	<p>Do you agree with our proposals to make consequential and house keeping amendments to the Placing Guidelines (as set out in paragraphs 302 and 303 of the Consultation Paper and Appendices I and II to the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p> <p>Response: Yes</p>
15	<p>Do you agree with our proposal to disapply the proposed initial public float requirement in the case of a bonus issue of a new class of securities involving options, warrants or similar rights to subscribe for or purchase shares (as set out in paragraph 306 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p> <p>Response: Yes</p> <p>We consider that the public float requirement is unnecessary if the securities are issued as a bonus issue pro rata to existing shareholders.</p>
16	<p>Do you agree with our proposal to add new provisions under Appendices D1A and D1B to the Main Board Listing Rules to require disclosure of the minimum prescribed percentage of public float in listing documents (as set out in paragraph 311 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p> <p>Response: Yes</p>
17	<p>Do you agree with our proposal to waive the initial free float requirement for overseas issuers that have, or are seeking, a secondary listing on the Exchange (as set out in paragraph 315 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p> <p>Response: Yes</p> <p>Since overseas issuers applying for a secondary listing on the Exchange are not required to comply with the public float requirement, it is logical that the proposed free float requirement should also be disappplied for these listing applicants.</p>
18	<p>Do you agree with our proposal to repeal the requirement that PRC issuers list H-shares that have an expected market value, at the time of listing, of HK\$50 million (as set out in paragraph 319 of the Consultation Paper)?</p>

	Please give reasons for your views and any alternative suggestions.
	<p>Response: Yes</p> <p>We agree to repeal this requirement which will be superseded by the requirement for the publicly held H shares to have a minimum market capitalisation of HK\$125 million (HK\$45 million for GEM applicants).</p>
19	<p>Subject to the proposals on minimum allocation of offer shares to the public subscription tranche (as set out in paragraph 248 of the Consultation Paper) being adopted, do you agree with the proposed consequential amendment to enable GEM listing applicants to choose either Mechanism A or Mechanism B (as set out in paragraph 325 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
	<p>Response: No</p> <p>Please see our comments on Mechanisms A and B in our response to question 11.1 above. However, we agree that GEM issuers should be offered the same mechanisms as Main Board issuers for structuring their IPOs.</p>
20.1	<p>Do you agree with our proposals on the determination of market capitalisation for new applicants that have other classes of shares apart from the class for which listing is sought or are PRC issuers (as set out in paragraph 333 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
	Response: Yes
20.2	<p>Do you agree with our proposal to introduce an equivalent GEM Listing Rule provision on the basis for determining the market value of other class(es) of shares for a new applicant (as set out in paragraph 335 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
	<p>Response: Yes</p> <p>This will provide clarity for GEM listing applicants.</p>
21	<p>Do you agree with our proposal to amend the Listing Rules (MB Rule 12.02 (GEM Rule 16.07)) to require issuers to publish a formal notice on the date of issue of a listing document for offers or placings where any amount placed is made available directly to the general public (as set out in paragraph 339 of the Consultation Paper)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
	Response: Yes
22.1	Do you agree with our proposal to amend Chapter 18B of the Main Board Listing Rules so that the open market requirements of MB Rule 8.08 do not apply to Successor Company's warrants (as set out in paragraph 349(a) of the Consultation Paper)?

	Please give reasons for your views and any alternative suggestions.
	Response: Yes
22.2	Do you agree with our proposal to amend Chapter 18B of the Main Board Listing Rules so that the minimum market value requirement of MB Rule 8.09(4) does not apply to SPAC Warrants and Successor Company's warrants (as set out in paragraph 349(b) of the Consultation Paper)? Please give reasons for your views and any alternative suggestions.
	Response: Yes
23	Do you agree with our proposal to amend MB Rule 18C.08 so that the 50% minimum requirement is to be determined by reference to the total number of shares initially offered in the IPO (as set out in paragraph 352 of the Consultation Paper)? Please give reasons for your views and any alternative suggestions.
	Response: Yes

*Responses marked with an asterisk * were not included in the submitted response because the format of the online questionnaire did not allow responses where the preceding question was answered in the negative.*