



SECURITIES AND FUTURES COMMISSION
證券及期貨事務監察委員會

**Report on the Securities and Futures Commission's
2011 annual review of the Exchange's performance
in its regulation of listing matters**

October 2011



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Executive Summary

1. This report summarises the key findings and recommendations of the Securities and Futures Commission's 2011 annual review regarding the performance of The Stock Exchange of Hong Kong Limited (the "Exchange") in its regulation of listing matters during 2010.
2. This report records our assessment of the Exchange's performance for the year 2010.
3. We reviewed the Exchange's operational procedures and decision-making processes in each of the Listing Division's operational departments to assess whether they are adequate to enable the Exchange to meet its statutory obligation under section 21 of the Securities and Futures Ordinance (the "SFO"). The Exchange has a statutory obligation under section 21 to ensure, as far as reasonably practicable, an orderly, informed and fair market.
4. We are of the view that the operational procedures and decision-making processes reviewed were appropriate to enable the Exchange to discharge its statutory obligation under section 21 of the SFO during the period reviewed.
5. We are satisfied that the Exchange has taken steps to address the recommendations in our 2010 report.
6. This report is divided as follows:
 - (a) Section 1 explains the purpose and focus of our review, its scope and the review process;
 - (b) Section 2 sets out our assessment and recommendations in respect of our review of Exchange's operational procedures and decision-making processes in each of the Listing Division's operational departments to assess whether they are adequate to enable the Exchange to meet its statutory obligation under section 21 of the SFO; and
 - (c) Appendix A is a table summarising the results of a survey of the Listing Committee members and the market participants' view of the Exchange's performance.



Section 1

Purpose and focus of our review

7. This is our report on the 2011 review of the Exchange's performance in its regulation of listing matters during 2010.
8. We have a statutory duty under section 5(1)(b) of the SFO to supervise, monitor and regulate the activities carried on by the Exchange. As set out in the Memorandum of Understanding between the Exchange and ourselves dated 28 January 2003 ("Listing Matters MoU"), we have agreed with the Exchange that we should periodically review the Exchange's performance in its regulation of listing-related matters. Our periodic review does not cover the other activities carried on by the Exchange, such as market and product development.
9. In March 2004, the Government published its Consultation Conclusions on Proposals to Enhance the Regulation of Listing. Amongst other matters, the Government recommended that we prepare annual reports on our review of the Exchange's performance of its listing functions and submit these reports to the Financial Secretary. This is our seventh report following the Government's recommendation.
10. As a recognised exchange under the SFO, the Exchange has statutory obligations to:
 - (a) ensure an orderly, informed and fair market, so far as reasonably practicable, and
 - (b) act in the interest of the public, having particular regard to the interest of the investing public¹.

The Exchange is also required under section 21(6)(b) of the SFO to provide and maintain competent personnel for the conduct of its business. It has also agreed in the Listing Matters MoU to maintain an adequate level of staff strength in the Listing Division with an adequate level of professionalism and experience to discharge the responsibilities of the Listing Division.

11. Except for matters specifically reserved by the Listing Committee, most matters concerning the Listing Rules are dealt with by the Listing Division in the first instance. Matters dealt with by the Listing Division include processing listing applications, monitoring and enforcing listed companies' compliance with the Listing Rules.
12. As with our previous review, we reviewed the Exchange's operational procedures and decision-making processes to assess whether they are adequate to enable the Exchange to meet its statutory obligations under section 21 of the SFO.
13. The Exchange's statutory obligation under the SFO is ongoing, and whether it has made necessary arrangements to comply with its obligation in the future cannot be judged merely by reference to its past compliance. Therefore we use the review process to assess whether the Exchange has taken adequate steps to meet its statutory obligation and identify issues that, in our view, should be addressed to ensure ongoing compliance.

¹ Section 21 of the SFO



14. During the course of our review of the Exchange's performance, we may also make observations of the current issues and changes in the Exchange's operational procedures and decision-making processes.

Our approach

15. Our review process focussed on the Listing Division's laid down procedures and processes as a whole, supplemented by reviews of sample cases in order to understand how the division's policies work in practice and to verify whether the division's practices follow its policies.
16. As part of the review process, we interviewed each of the Heads of Departments, including the Head of Listing, to obtain understanding of their assessment of the effectiveness and efficiency of their respective department's decision-making processes and operational procedures. In 2011, we performed thematic review on the Listing Division's processes and procedures in respect of:
 - (a) listing of overseas companies;
 - (b) listing of Renminbi equity and debt; and
 - (c) waiver applications.
17. We also interviewed the Chairman and Deputy Chairmen of the Listing Committee and selected Listing Committee members to obtain understanding of their assessment of the effectiveness of the Listing Committee's processes and procedures and the performance of the Listing Division.

Scope of our review

18. Our review focussed on the decision-making process and operational procedures in each of the operational departments in the Listing Division.
19. We did not review the quality of the Listing Division's decisions during the annual review process as this forms part of our regular oversight function of the Exchange under section 5(1)(b) of the SFO. We raise and discuss with the Exchange any particular matter which comes to our attention during the course of the year as and when such matter arises.
20. In 2011, we reviewed the operations of the following departments and teams under the Listing Division in the course of 2010:
 - (a) the Initial Public Offers Department (the "IPO Department") whose primary responsibility is to process new listing applications in respect of equity securities;
 - (b) the Compliance and Monitoring Department (the "C&M Department") which is responsible for monitoring listed companies' compliance with the Listing Rules;



- (c) the Listing Enforcement Department (the “Enforcement Department”) which investigates suspected breaches of the Listing Rules and institutes disciplinary action before the Listing Committee for such breaches by companies and their directors; and
- (d) the Listing Operations Department which is responsible for processing listing applications for debt and structured products, such as derivative warrants and callable bull/bear contracts and the dissemination of information concerning listing applicants/listed issuers and providing support for their regulatory filings.

How we conducted the assessment

21. In conducting our assessment, we considered:

- (a) the relevant internal Exchange materials, written policies, procedures and processes documented by the relevant operational departments in the Listing Division and any general practices that have not been documented;
- (b) sample cases, including the relevant operational departments’ internal reports and case files;
- (c) information we receive from the Listing Division in the ordinary course of our dealings with the Division, including its monthly report to us, internal reports and case data;
- (d) the Hong Kong Exchanges and Clearing Limited 2010 annual report, the Exchange’s quarterly newsletter called the “Exchange”, and the 2010 Listing Committee Report;
- (e) the Exchange’s published disciplinary procedures, listing decisions, rejection letters, guidance letters, and other related documents on the HKEx website;
- (f) discussions with senior management of the relevant operational departments in the Listing Division;
- (g) discussions with Chairman and Deputy Chairmen of the Listing Committee and selected Listing Committee members;
- (h) comments made in interviews or discussions with the relevant case officers;
- (i) our continuing interaction with the Exchange under the Listing Matters MoU; and
- (j) a survey of market participants’ views to gauge the market’s perception of the Exchange’s performance in its listing-related functions, as mentioned below.

Gauging market perception of the Exchange’s performance

22. As part of the review process, we conducted a survey of a number of market participants, including sponsors, legal advisers, accountants, investors, listed companies and Listing Committee members, on a private and confidential basis. The purpose of the survey is to establish how they view the Exchange’s performance in its regulation of listing matters and to gauge changes in the market’s perception of the Exchange’s performance over a period of time.



The assessment process

23. Our assessment of the Exchange's performance and our views expressed in this report are a combination of our on-site work, our consultation with market participants and Listing Committee members and our continuing interaction with the Exchange under the Listing Matters MoU.
24. We held an interview with the Head of the Listing Division and discussed our findings with him.
25. We sought the Exchange's comments on both the factual matters set out in this report and our conclusions.
26. The field work and review process were completed in June 2011. Where relevant, we have also made observations of the current issues and changes in the Exchange's operational procedures and decision-making processes in 2011.



Section 2

Overall assessment

27. We are of the view during 2010 the Exchange's operational procedures and decision-making processes in each of the Listing Division's operational departments as described in the "Scope of our review" section above, were appropriate during the review period to enable the Exchange to discharge its statutory obligation to ensure, so far as reasonably practicable, an orderly, informed and fair market.

Market perception of the Exchange's performance

28. We sent a questionnaire on the Exchange's performance to 184 (2010: 164) Listing Committee members and market practitioners and received 61 (2010: 45) responses. The response rate is 33.2% (2010: 27.4%).
29. The respondents were asked to rate the performance of the Exchange and each of the operating departments in the Listing Division in various key areas on a scale of 1 to 5 with "5" being wholly satisfied. Please refer to Appendix A for detailed summary of the result of the survey.
30. Overall, there is no significant change in the respondents' view of the Exchange's performance. The average overall score for 2011 is 3.8 compared with 3.7 in 2010. The respondents are generally satisfied with the efficiency and fairness of the Exchange in its vetting process.
31. A few respondents commended the Exchange as being helpful and quick in responding to enquiries relating to new listing applications and compliance with listing rules. A respondent commended the Exchange's efforts in updating the market on its policies and practices by way of Listing Decisions, guidance letters and FAQs. This respondent suggested the Exchange links various guidance materials to the relevant Listing Rules so that a user can get access to the relevant guidance materials by simply clicking on the on-line version of the Listing Rules. A few respondents made similar suggestion in last year's survey. Another respondent commended the smooth implementation of the post vetting regime.
32. A couple of respondents suggested that the Exchange could further improve consistency of its decisions by enhancing communication among teams within the same department and between departments, and communication between teams who develop new /revised policies and operational teams.
33. In general, Listing Committee members, who responded to the survey and whom we have interviewed, are satisfied with the performance of the Listing Division. They are generally satisfied with the quality and timeliness of Listing Division papers and the follow-up actions taken by the Listing Division in respect of Listing Committee comments.

Observations on the Listing Division's performance

34. The Listing Division assesses its efficiency or timeliness of its actions primarily by measuring its turnaround time. Each department has instituted performance pledges as to when they will complete a particular task to improve and ensure efficiency.



- (a) The IPO Department vetted 235 listing applications in 2010, an increase of 85 listing applications or 56.6% from 2009. In 2010, 79.2% (2009: 87.8%) of all applications that were brought to the Listing Committee have been reviewed by Listing Committees (or their delegates) within 120 calendar days; though lower than last year, the level is comparable to that in 2008 and 2007;
- (b) The C&M Department continued its shift in regulatory focus from pre-vetting and clearance of announcements to post-vetting and monitoring. The department further ceased to pre-vet announcements for major transactions and connected transaction from 1 January 2010. As a result, post-vetted announcements increased from 25,999 in 2009 to 31,911 in 2010. In 2010, 4% of the post-vetted announcements resulted in follow-up actions taken by listed companies, mainly by publishing clarification announcements. In terms of timeliness of the department's actions, in 2010, the department made initial response within one business day for 93% (2009: 92%) of the cases. Initial response for 66% (2009: 90%) of the pre-vetted announcements was made within the same day of receipt of the draft announcement by the department. The slower average response time for pre-vetted announcements was attributed to the Exchange's policy of only pre-vetting more complex transactions;
- (c) In order to further improve efficiency of investigations, the Enforcement Department further refined its internal decision-making structures to enable earlier identification of serious misconduct and breaches of the Listing Rules. Training on investigation techniques was also offered to its staff. As a result, ageing of the active cases at 31 December 2010 has been improved. As at 31 December 2010, 76.6% of all active cases were started in 2010 respectively. This compares to 40% in 2009.

Level of activities

35. The following table indicates the level of activity in the four operational departments of the Listing Division in 2007, 2008, 2009 and 2010².

	2007	2008	2009	2010
Number of listing applications accepted by the IPO Department	125	137	123	204
Number of compliance and monitoring actions handled by the C&M Department ³	33,163	33,124	38,341	39,823
Number of investigations handled by the Enforcement Department	167	171	147	133
Number of listing applications processed by the Listing Operations Department	7,426	9,312	12,555	14,870
- derivative warrants	7,025	5,031	4,434	8,236
- Callable Bull/Bear Contracts (more commonly known as CBBCs)	401	4,281	8,121	6,634

² Source: HKEx 2010 Annual Report, pages 34-41

³ Compliance and monitoring actions include announcements and circulars vetted, share price and trading volume monitoring actions undertaken, press enquiries raised and complaints handled.



36. The number of listing applications accepted by the IPO Department increased by 65.8% from 2009 to 2010. The average time between receipt of application and issuance of first comment letter in 2010 was 20 calendar days (2009: 19 calendar days). As we discussed earlier, 79.2% (2009: 87.8%) of all applications that were brought to the Listing Committee have been reviewed by Listing Committees (or their delegates) within 120 calendar days.
37. We noted, from interviews with some staff, that the workload of the operational teams increased significantly between July 2010 and June 2011. At the peak, each team had to handle 20 listing applications at the same time.
38. The heavy workload of the teams is also reflected in one survey respondent's comments that the Listing Division has shown flexibility in working late nights and weekends to review listing applications. Some Listing Committee members also remarked that due to the increasing number of IPO applications and new jurisdictions seeking recognition, the work pressure faced by the staff of the Listing Division is tremendous.
39. Under the Listing Matters MoU the Exchange is required to "maintain an adequate strength of staff in the Listing Division with an adequate level of professionalism and experience to discharge the responsibilities of the Listing Division". Our review indicates that the staff resources within the IPO Department were stretched in 2010. It seems there is still an increasing trend in the number of listing applications. The number of listing applications accepted in the first six months of 2011 was 137, which is about 67% of 2010's total number of listing applications accepted by the department.
40. We noted the IPO Department's budgeted professional staff headcount for 2010 remained at a similar level to that for 2009. In light of the continued high level of the number of listing applications, the senior management of the Listing Division has recognised the need to increase resources within the IPO Department to handle listing applications. The Exchange has advised us that they increased the 2011 budgeted professional staff headcount of IPO Department by about 19%. Recruitment of new staff is in process. In the meantime, staff had been redeployed from other activities such as policy development to help handling IPO cases.
41. In the course of 2010, the C&M Department saw a 4.1% increase in the number of compliance and monitoring actions. In 2010, the department continued to fine-tune its post-vetting process. It continued to conduct a high-level review of all announcements and notices before commencement of each trading session. Detailed reviews of announcements which related to more significant transactions or which posed a higher risk of non-compliance was performed. Certain categories of announcements with a good record of issuer compliance were shifted from detailed vetting to high-level review only.
42. The Enforcement Department handled 133 investigations in 2010 (2009: 147). The department completed 9 (2009: 9) disciplinary cases, issued 27 (2009: 28) warning and caution letters and closed a further 20 (2009: 41) cases by way of "no further action".

	Warning/Caution letters issued	Cases closed by way of "no further action"	Disciplinary cases	Total
2007	63	34	16	113
2008	68	41	15	124
2009	28	41	9	78
2010	27	20	9	56



43. The Debts and Derivatives Team saw an increase of 18.4% from 12,555 in 2009 to 14,870 in 2010 in the total number of derivative warrants and CBBCs listing applications processed.

Listing of overseas companies

44. Chapter 19 of the Main Board Listing Rules and Chapter 24 of the GEM Listing Rules provide the general framework applicable to all overseas companies seeking a listing in Hong Kong.
45. An applicant which is incorporated overseas seeking a listing in Hong Kong has to demonstrate that it is subject to appropriate standards of shareholder protection in its home jurisdiction, which are at least equivalent to those required under Hong Kong law.
46. In March 2007, the SFC and the Exchange published a Joint Policy Statement (“JPS”) to clarify Listing Rules requirements governing the listing of overseas companies in Hong Kong and to provide a clear roadmap to assist foreign companies incorporated outside the PRC (“Peoples Republic of China”), Bermuda and Cayman Islands wishing to list in Hong Kong.
47. The JPS clarified that the jurisdiction in which the overseas company is incorporated must have appropriate standards of shareholder protection that are at least equivalent to those required under Hong Kong law in 25 specified areas. Where there is any shortfall in the shareholder protection standards of the company’s home jurisdiction, the company is expected to compensate for the shortfalls by making changes to its constitutional documents.
48. A listing application from a company incorporated in a new overseas jurisdiction is normally processed in two phases. First, the Exchange determines whether the new jurisdiction’s shareholder protection standards are at least equivalent to those required under Hong Kong law. If it does, the second phase involves vetting of the listing application in respect of compliance with all applicable new listing requirements.
49. At present, in considering whether it is appropriate to accept a new jurisdiction as an acceptable jurisdiction, the Exchange requires, among other things, the applicant to prepare a detailed line-by-line comparison of the shareholder protection matters in the JPS. The applicant is required to address any shortfall in the shareholder protection standards of the company’s home jurisdiction.
50. When the Listing Division is satisfied that the applicant has addressed all shortfalls identified in the comparison of shareholder protection matters in the JPS, it recommends that the Listing Committee of the Exchange approves the jurisdiction as an acceptable jurisdiction. The power to approve an acceptable jurisdiction rests with the Listing Committee. To enhance transparency, the Exchange normally publishes a listing decision shortly after a jurisdiction has been approved by the Listing Committee.
51. For subsequent applicants from the same jurisdiction who apply for a listing in Hong Kong, the Exchange does not require each applicant to prepare a line-by-line comparison of the shareholder protection matters in the JPS.
52. Instead, where the jurisdiction was accepted on the basis that differences in shareholder protection standards were addressed by the first issuer amending its constitutional document or by other means, the Exchange will accept the subsequent applicants adopting similar arrangements. In so doing, the subsequent applicants must consider their own



constitutional documents and circumstances and decide what amendments to their constitutional documents are necessary or what other means are available to address the shareholder protection differences.

53. The Exchange has introduced certain measures to strengthen investors' awareness of listings of overseas companies:
- (a) With effect from 1 December 2010, stock short names for secondary listings must carry the suffix "S"; and for depository receipt listings must carry the suffix "DR".
 - (b) Overseas companies need to make prominent disclosure in the listing document and corporate communications regarding the specific risks associated with investing in overseas companies.
 - (c) Information relating to listing of overseas companies was posted in a dedicated section on the HKEx website "*Listing of Overseas Companies*" (http://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/listoc/overseas_if.htm) to enable easy search by investors and market participants of information about listed companies from overseas. Information includes:
 - (i) A list of all accepted overseas jurisdictions, with links to the relevant listing decisions and prospectuses;
 - (ii) An education document "Understanding the risks of investing in overseas issuers" which highlights some basic facts and characteristics of investing in securities of overseas companies.
 - (d) A new secondary listed company is required to publish, through the HKEx website, a company information sheet that contains the Listing Rule waivers it obtained, a summary of its constitutive documents, a summary of applicable laws and regulations and other information requested by the Exchange. The company needs to update the information annually.
54. We reviewed the operational processes and procedures of the Listing Division in respect of listings of overseas companies. The processes and procedures adopted by the Exchange for vetting and approving a new listing of overseas company are the same as new listings of other companies. As we discussed earlier, the Exchange determines whether or not the new jurisdiction satisfies the requirements in the JPS as an acceptable jurisdiction before it continues vetting the listing application in respect of compliance with all applicable new listing requirements.
55. The Listing Division of the Exchange vets and comments on all materials relating to a listing application and administers the listing process under the Listing Rules. When the Listing Division is satisfied that the applicant complies with all applicable new listing requirements, it recommends that the Listing Committee of the Exchange approves the new listing application. The power to approve a listing application rests with the Listing Committee.
56. There is an increasing demand from overseas companies seeking a listing in Hong Kong. The number of overseas jurisdictions accepted by the Exchange increased from 4 in 2008 to 10 in 2009 to 15 in 2010.



57. To enhance efficiency, a dedicated team of staff in the IPO Department handles the vetting of a new jurisdiction as an acceptable jurisdiction. Once the jurisdiction has been accepted, the vetting of the listing application is performed by a separate operational team in the IPO department.
58. For subsequent applicants from the same jurisdiction, the operational team is responsible for vetting:
 - (a) whether the applicant has adopted similar arrangements as the first applicant to address the shortfalls in that jurisdiction's shareholder protection standards; and
 - (b) all applicable new listing requirements.
59. We reviewed the Exchange's records on all IPO applications of overseas companies listed in 2010. Our review indicates that in vetting the subsequent applicants from a previously accepted overseas jurisdiction the operational team requires the listing applicant to submit, among others, sponsor's confirmation that it has considered and reviewed all material shareholder protection areas in its due diligence review and that it is independently satisfied that the level of shareholder protection offered in the overseas jurisdiction is at least equivalent to that in Hong Kong. In each case reviewed, the documentation on the file was insufficient to explain the work undertaken by the Exchange's staff to assess the sponsor's submission.
60. We interviewed four senior case officers of IPO Department who vetted overseas listing applications in 2010. When we asked about how the Exchange ensured that subsequent applicants in a previously accepted jurisdiction have made appropriate arrangements to address the shortfalls in shareholder protection standards identified in the first applicant's review, some case officers advised that they referred to the relevant published Listing Decision for guidance while some case officers advised that they reviewed the sponsor's submissions on a stand-alone basis.
61. Some case officers also advised that, where necessary, they would consult the team responsible for vetting a new jurisdiction on issues arising from the review of standards of shareholder protection offered in a particular overseas jurisdiction, including questions arising from reviewing the sponsors' submissions regarding analysis of shortfalls in standards of shareholder protection and the proposals to deal with the shortfalls.
62. With the increasing number of acceptable jurisdictions in the last couple of years, it is important that Listing Division staff keep abreast of the development of the policy on listings of overseas companies, including the approach and decisions taken in the review of each new accepted overseas jurisdiction and overseas listing applicant.
63. We recommend that the Exchange develops specific guidance for each accepted overseas jurisdiction to assist its staff to properly implement the Listing Rules requirements specified in the JPS when vetting subsequent applicants from the same jurisdiction. The guidance should set out all pertinent information for vetting overseas applicants in respect of compliance with the JPS requirements. The guidance should specifically discuss changes which are required to be made by an overseas listing applicant to address the shortfalls in shareholder protection standards and the underlying rationale. Where the Exchange accepted that no changes were required to address the shortfalls, the guidance should explain the thought process behind each decision.



64. The guidance should make it clear that it may not be appropriate to apply the same reasoning for accepting the first applicant to subsequent applicants because in some cases the decision in accepting a jurisdiction was based on the particular facts and circumstances of the relevant listing applicant. The shareholder protection measures in a jurisdiction for listed companies may be different from those apply to an unlisted company. Accordingly an assessment of the shareholder protection measures in a jurisdiction based on submissions by a listed company would need to be revisited for an unlisted company.

Listing of Renminbi equity and debt securities

65. As stated in the Strategic Plan 2010 – 2012, Hong Kong Exchanges and Clearing Limited (“HKEx”), the holding company of the Exchange, expects to expand its product platform, investor base and geographic coverage over time by, among others, introducing Renminbi (“RMB”) products.
66. The Exchange plays a supporting role in respect of HKEx’s strategy to develop the RMB market. As at end of June 2011, three RMB bonds were listed on the Exchange.
67. The processes and procedures for vetting and approving a listing application are normally currency neutral. All IPOs, including RMB IPOs, are subject to the same processes and procedures. Similarly, the processes and procedures for vetting and approving listings of RMB debt are the same as those apply to listings of Hong Kong dollar debt.
68. In June 2011, HKEx briefed the market on the proposed models for RMB IPOs. A list of frequently asked questions and answers in respect of RMB equities was posted on the HKEx website.
69. To facilitate the development of the RMB market, HKEx has worked closely with the SFC in developing and revising processes and procedures in respect of trading and clearing of RMB products. A dedicated section on the HKEx website “*Preparation for Trading and Clearing of Renminbi Products*” http://www.hkex.com.hk/eng/market/sec_tradinfra/preparermb/preparermb.htm sets out all information relating to trading and clearing of RMB products to enable investors and market participants to access to the relevant information.

Transparency

70. We are of the view that the Exchange has continuously made significant efforts to improve the transparency of its work. We commented in the last year’s report that the Exchange reviews how it can further improve the manner in which the information it discloses about its practices, procedures and decisions can be more readily accessible to both experienced market professionals and less frequent users of its many disclosures.
71. We note the section containing guidance and relevant information on listing of overseas companies was added to the HKEx website in 2011 to enable easy search of information relating to listing of overseas companies. As mentioned earlier in the report, a respondent commended the Exchange’s efforts in updating the market of its policies and practices by way of Listing Decisions, guidance letters and FAQs and suggested the Exchange links various guidance materials to the relevant Listing Rules.



72. In 2010, the Exchange continued its market outreach to issuers and other stakeholders to enhance mutual understanding of regulatory issues through dialogue. The Exchange organised a series of 9 seminars in Hong Kong and 2 seminars in Beijing in 2010. The Exchange also conducted 9 meet-and-greet sessions for the Listing Division staff to meet 148 issuers' representatives and market practitioners at breakfast or lunch meetings to promote better communication.

Recommendations

73. We recommend that the Exchange develops specific guidance for each accepted overseas jurisdiction to assist its staff to properly implement the Listing Rules requirements specified in the JPS when vetting subsequent applicants from the same jurisdiction. The guidance should set out all pertinent information for vetting of overseas applicants in respect of compliance with the JPS requirements.
74. We recommend that the Exchange continues its effort to further improve the manner in which the information it discloses about its practices, procedures and decisions can be more readily accessible to both experienced market professionals and less frequent users of its many disclosures.
75. The Exchange advised that it is developing a search engine that would facilitate users to locate the relevant guidance materials as regards a specific Listing Rule. The Exchange expects to roll out the search engine by the end of 2011.



Appendix A

The table below sets out the weighted average scores given by the survey respondents. The respondents were asked to rate the Exchange's performance in various key areas on a scale of 1 to 5 with "5" being wholly satisfied and "1" being wholly dissatisfied. Some questions were asked starting from the 2011 survey and hence the scores for previous years are stated "N/A".

		2007	2008	2009	2010	2011
Views on the Exchange's performance in its regulation of listing related matters						
1.	Communications to the market of the Exchange's policies and practices under the Listing Rules as regards their clarity, adequacy and timeliness	3.4	3.8	3.7	4.0	3.8
2.	Timely response to the market developments	3.3	3.4	3.5	3.7	3.5
3.	Acting in the interests of the investing public	3.9	4.0	3.8	3.9	3.9
4.	Provision of a fair, orderly and efficient market for the trading of the securities	3.9	4.0	3.9	3.9	4.0
5.	Success in ensuring that the disclosure of price sensitive information made by listed companies is on a timely basis	3.9	4.0	3.8	3.8	3.7
6.	Equal and fair treatment of all holders of listed companies	3.6	3.7	3.7	3.8	3.8
7.	Quality of companies listed	3.9	3.8	3.6	3.7	3.3
Views on the Listing Division's performance						
8.	Consistency in interpretation and application of the Listing Rules	3.5	3.7	3.6	3.7	3.8
9.	Impartiality	3.8	3.8	3.8	3.9	4.0
10.	Timeliness of responses	3.6	3.6	3.6	3.8	4.1
11.	Pertinence of enquiries and comments raised during the vetting process or investigation process	3.5	3.6	3.5	3.6	3.9
12.	Experience and knowledge of the Listing Rules as regards its understanding of the policy issues behind the Listing Rules	3.9	3.9	4.0	4.0	4.0
13.	Experience and knowledge of the Listing Rules as regards its understanding of the requirements of the relevant provisions in the Listing Rules	3.9	4.0	4.1	4.1	4.2



		2007	2008	2009	2010	2011
Views on the various aspects of the IPO and C&M Departments' work						
14.	Handling general enquiries	3.6	3.7	3.6	3.9	4.1
15.	Handling requests for guidance on the application of a particular Listing Rule	3.5	3.5	3.6	3.8	4.0
16.	Processing applications for waivers	3.6	3.8	3.7	3.7	3.8
17.	Processing listing applications	3.6	3.8	3.7	3.9	4.0
18.	Clearing draft announcements, circulars and other corporate information	3.7	3.7	3.7	3.9	4.1
19.	Handling complaints	3.5	3.6	3.5	3.6	3.5
20.	Handling short term suspension	3.4	3.6	3.7	3.8	3.9
21.	Handling long term suspension	3.3	3.2	3.6	3.4	3.5
22.	Handling of pre-IPO enquiries	N/A	N/A	N/A	N/A	4.0
Views on the quality of disclosure documents vetted by the Exchange						
23.	Clarity of prospectuses, announcements, circulars and other corporate information	3.6	3.9	3.6	3.6	3.6
24.	Adequacy of information in these documents to enable investors and shareholders (where relevant) to make properly informed assessment of the relevant issuer	3.7	3.9	3.7	3.7	3.8
25.	Ease of understanding of these documents	3.2	3.5	3.5	3.4	3.5
26.	Timeliness of issue of announcements and circulars	3.7	3.8	3.8	3.9	3.9
Views on the Exchange's performance in monitoring compliance with and enforcement of the Listing Rules						
27.	Success in monitoring compliance with the Listing Rules by listed companies and directors	3.6	3.7	3.6	3.7	3.7
28.	Timeliness of disciplinary action taken against listed companies and directors	2.9	3.0	3.0	3.2	3.3
29.	Transparency of policy on disciplinary actions	3.1	3.3	3.3	3.4	3.4
30.	Consistency in approach taken in disciplinary cases	N/A	N/A	N/A	N/A	3.8



		2007	2008	2009	2010	2011
Views on the Exchange's performance in conducting consultations						
31.	Comprehensibility of the issues and proposals in the consultation papers	N/A	N/A	N/A	N/A	3.9
32.	Adequacy of the consultation period to consider and respond to the consultation papers	N/A	N/A	N/A	N/A	3.9
33.	Adequacy of guidance and measures to facilitate transition to amended rules	N/A	N/A	N/A	N/A	3.7
34.	Adequacy of publicity to raise awareness of new or amended rules	N/A	N/A	N/A	N/A	3.7
35.	Adequacy of explanation and discussion of the issues raised, the arguments and the proposals in the consultation papers	N/A	N/A	N/A	N/A	3.6
Overall average scores		3.6	3.7	3.6	3.7	3.8