



Consultation Paper on Proposal on Severe Weather Trading of Hong Kong Securities and Derivatives Markets

The Law Society's Submissions

The Stock Exchange of Hong Kong Limited (the "Exchange") issued the "Consultation Paper on Proposal on Severe Weather Trading of Hong Kong Securities and Derivatives Markets" on 30 November 2023 ("Consultation Paper").

In response, the Law Society provides the following submissions. Unless otherwise defined, the same abbreviations and definitions appearing in the Consultation Paper are used in this paper.

Q1: Do you have any comments or concerns on the proposed arrangements for the Hong Kong securities market?

Law Society's response:

The Hong Kong securities market is an international market and it should not be the case that the market automatically closes because of local weather factors in circumstances where the market is able to function satisfactorily as that is disadvantageous to investors. The Exchange states that it has systems in place to ensure that its online platforms and systems will function as usual during a severe weather event and so we support the proposed arrangements.

Q2: Do you have any comments or concerns on the proposed arrangements for Northbound Trading under Stock Connect?

Law Society's response:

We do not have significant concerns regarding the proposed arrangements. Clearing participants based in Hong Kong will need to have systems in place to enable their staff to work remotely to carry out the required functions during periods when the office in

Hong Kong is closed. This is an issue generally for a number of the proposals set out in the Consultation Paper.

Q3: Do you have any comments or concerns on the proposed arrangements for Hong Kong derivatives market?

Law Society's response:

We have no significant concerns.

Q4: Do you have any comments or concerns on the proposed arrangements for new listings and new products?

Law Society's response:

We do not have concerns regarding the proposed arrangements. We note that the Companies Registry has issued a circular in respect of the introduction of a process to enable the submission of prospectus documents to the Companies Registry in electronic form. This process is for registration of prospectuses which have been so authorised by the Stock Exchange. This is a very positive and timely development.

Q5: Do you have any comments or concerns on the proposed money transfer arrangements:

- (i) Cheque clearing
- (ii) Banking services

Law Society's response:

The use of online payment methods is now the norm and should not be impacted by severe weather events.

Q6: Do you agree with the proposed arrangements for listing applicants and listed issuers as set out in paragraphs 90 – 91 [in the Consultation Paper], where (a) no change should be made to the existing definition of “business day” under the Listing Rules; and (b) consequential amendments (where necessary) should be made to the Listing Rules to remove any current time extension? Please provide reasons for your view.

Law Society's response:

We agree.

Q7: Do you agree with the proposed arrangements for listing applicants and listed issuers as set out in paragraphs 92 – 94 [in the Consultation Paper], and that consequential amendments (where necessary) should be made to the Listing Rules to accommodate situations where there are practical difficulties in complying with a Listing Rule obligation on a SWT Day? Please provide reasons for your view.

Law Society's response:

We agree. We suggest that another consultation paper be issued to seek the market's views once the detailed proposed amendments to the Listing Rules are available.

Q8: Do you envisage there being any material practical difficulty in complying with any particular Listing Rule requirements (e.g. those identified in paragraph 93 [of the Consultation Paper]) if a SWT Day is counted as a “business day”? If so, please explain the practical difficulty with reference to the relevant Listing Rules.

Law Society's response:

During Covid, companies had to adapt to staff working remotely and it is not unrealistic to expect that issuers would be able to put measures into place to ensure that staff would be able to prepare and upload announcements and documents onto the Exchange's platform during a severe weather event. The physical despatch of documents may be problematic during severe conditions as the post office in Hong Kong may not be open.

Q9: Do you agree that consequential amendments to the Listing Rules should be made to reflect any arrangements proposed under this chapter and the relevant trading and clearing arrangements proposed under Chapter 2?

Law Society's response:

We agree and again suggest that another consultation paper be issued in respect of such consequential amendments.

Q10: Under the proposed model, do you foresee any insurmountable difficulties for implementing SWT? If yes, please specify.

Law Society's response:

We do not foresee any insurmountable difficulty.

Q11: Would there be adequate time to prepare for SWT to come effective in July 2024 under the proposed model? If not, what would be a reasonable length and why?

Law Society's response:

We believe there should be adequate time to prepare for SWT to become effective in July 2024.

**The Law Society of Hong Kong
30 January 2024**