HKEX, SFC and CR News Updates: Implementation of Severe Weather Trading in Securities and Derivatives Markets

The Stock Exchange published Consultation Conclusions to its Consultation Paper regarding the implementation of severe weather trading ("SWT") in securities and derivatives markets on 18 June 2024.

The SWT arrangements will be applicable to typhoon signal no. 8 or above, black rainstorm warning signal and "Extreme Conditions" issued by the HKSAR Government.

Hong Kong's securities and derivatives markets, including Stock Connect, derivatives holiday trading, and after-hours trading, will be open during severe weather conditions. The trading, listing, clearing and settlement arrangement of these markets will remain operational.

The related amended Main Board and GEM Listing Rules will come into effect on 23 September 2024.

To view details in respect of the following:

- HKEX's news: please click HERE;
- Overview, Summary of SWT arrangements, FAQ and related documents: please click HERE;
- Amended Main Board Listing Rules: HERE; and
- Amended GEM Listing Rules: HERE.

In view of the Stock Exchange's new SWT arrangements, the Securities and Futures Commission ("SFC") has published the new Practice Note 27 on 28 June 2024 to provide guidance on matters regulated under the Codes on Takeovers and Mergers and Share Buy-backs (collectively the "Codes") in the event of severe weather.

Under the Codes, a business day is defined as "a day on which the Stock Exchange is open for the transaction of business". Therefore, any day (including a SWT day) on which the Stock Exchange is open for trading shall count as a business day.

As electronic submission, disclosure and dissemination of documents and electronic payment of fees are either permitted or mandated under the Codes, the SFC observes that market participants are generally able to follow the timetable prescribed by the Codes regardless of the weather conditions. The SFC should be consulted in case the relevant parties encounter genuine practical difficulties in complying with any Code requirements because of severe weather.

The SFC adopts a pragmatic approach in applying the Takeovers Code requirements in respect of certain deadlines (such as closing date / final date for an offer, last day for an offeror to despatch relevant share certificates etc.) under severe weather conditions, and would expect the deadlines to be postponed to the next business day if any severe weather condition is in effect at 12:00 noon and/or thereafter on a day on which the relevant deadline falls. The SFC also prescribes the announcement and disclosure requirements.

To view details of the Practice Note 27 – Severe Weather Arrangements for Codes-regulated Transactions, please click HERE.

The Companies Registry also published the External Circular No. 2/2024 and announced on 20 September 2024 the arrangement for the submission of prospectus documents in electronic form to the Companies Registry for registration on SWT days starting from 23 September 2024.

Prospectus Documents which are authorized for registration by the Stock Exchange may be delivered to the Companies Registry for registration on SWT days starting from 23 September 2024. All requirements set out in the Companies Registry External Circular No. 7/2023 on "Submission of Prospectus Documents in Electronic Form for Registration" apply to the Prospectus Documents delivered to the Companies Registry for registration on SWT days.

To view the details of the Companies Registry's external circular in respect of the following:

- Submission of Prospectus Documents in Electronic Form for Registration during Severe Weather Conditions (External Circular No. 2/2024): please click HERE; and
- Submission of Prospectus Documents in Electronic Form for Registration (External Circular No. 7/2023): please click HERE.