

## **Vetting and Processing of Listing Applications for the Growth Enterprise Market**

1. All applications for listing on the Growth Enterprise Market (the “GEM”) are processed by the GEM Listing Division of the SEHK and all applications must be approved for listing by the GEM Listing Committee. This is in line with the SEHK’s role as the frontline regulator for listed companies and is consistent with the approach taken in relation to the Main Board.
2. The Rules Governing the Listing of Securities on the Growth Enterprise Market (the “GEM Rules”) provide that in order to allow the SEHK sufficient time to consider the application for listing on the basis of its supporting documents and to maintain an orderly new issues market, a listing applicant must apply to the GEM Listing Division on the prescribed application form at least 25 clear business days before the date on which the applicant wishes the GEM Listing Committee to consider its application (the “provisional hearing date”). Under the GEM Rules, the SEHK has the right to change the provisional hearing date.
3. The GEM Rules contain detailed provisions on what kind of documents should be submitted together with the listing application. These include the draft prospectus/listing document, the accountant’s report and copies of material contracts required by the Companies Ordinance to be registered with the prospectus. All such documents must be prepared in anticipated final form, pending review by the GEM Listing Division principally based on the requirements of the GEM Listing Rules and the Companies Ordinance. In the normal course of event, therefore, a listing application should be heard by the GEM Listing Committee within a 25 business days period.
4. The processing period, however, may be delayed for a number of reasons. Circumstances under which the listing process is delayed include the following:
  - (i) Where the SEHK considers that the draft documents submitted for vetting are insufficiently finalised, it has the right not to commence review of the listing application and require the postponement of the provisional hearing date.

- (ii) If the draft prospectus/listing document is substantially revised during the vetting process.
  - (iii) If there is a change in sponsor or the addition of sponsor during the vetting process.
  - (iv) There are fundamental legality issues relating to the issuer and its business which might prejudice public interest upon listing.
  - (v) Application for waivers from compliance with the GEM Listing Rules in respect of which the GEM Listing Division requires additional information or time for consideration.
5. The SEHK also has discretion to shorten the processing time as it has the power to fix the provisional hearing date earlier than the normal 25 business days period. The GEM Listing Division has done so in relation to a few applications which it considered to have complied with the relevant provisions prior to expiry of the 25 days period.
6. The standard processing period of 25 clear business days also applies to the Main Board. The SFC is not aware of the market raising any concerns on this. The reason for stipulating a minimum processing period in the listing rules is to ensure that the SEHK has sufficient time to consider the listing application with the view to providing the market with all relevant information to make investment decisions and maintaining an orderly market. Such processing duration is competitive compared to other major markets – In the US, for example, where registration statements have to be filed for NASDAQ listings, the Securities and Exchange Commission requires at least 40 days for vetting.