

# Chapter 31

## DEBT SECURITIES

### STATES

#### Preliminary

- 31.01 Chapter 37 applies to debt issues to professional investors only by States. Chapters 22, 24 to 29 and, where relevant, 35 and 36 apply to other debt issues by States subject to the modifications or exceptions detailed in this Chapter.

#### Qualifications for Listing

- 31.02 Chapter 23 does not apply. The basic conditions which have to be met as a pre-requisite to the listing of debt securities issued by States are:—
- (1) the nominal amount of each class of securities for which listing is sought must be at least HK\$50,000,000, or such other amount as the Exchange may from time to time prescribe. Further issues of debt securities which are or are to be uniform in all respects with debt securities of a class already listed are not subject to this limit. In exceptional cases, a lower minimum nominal amount may be acceptable where the Exchange is satisfied as to marketability. In the case of options, warrants or similar rights to subscribe or purchase securities, the same limits will apply as would apply to the underlying securities to be subscribed or purchased;
  - (2) the debt securities for which listing is sought must be freely transferable; and
  - (3) all authorisations needed for the creation and issue of the debt securities for which listing is sought must have been duly given.

#### Application Procedures and Requirements

- 31.03 Rules 24.11(3), (4), (6), (7) and (9) and rules 24.14(2) and (8) do not apply. However, copies of all enabling governmental or legislative acts, authorisations, consents or orders must be lodged with the Exchange.

## Listing Documents

31.04 Some or all of the following additional information may be required by the Exchange to be included:—

- (1) details of the organisation and administration of the State;
- (2) a description of the economic situation (according to category of issuer)
  - (a) States
    - (i) general information;
    - (ii) gross national product by economic sector for the past two years;
    - (iii) production trends in the various economic sectors: breakdown by principal production branches for the past two years;
    - (iv) price, wage and employment trends over the past two years;
    - (v) export and import trends by economic sector and country over the past two years;
    - (vi) balance of payments;
    - (vii) gold and currency reserves;
  - (b) Regional Authorities
    - (i) general information;
    - (ii) description of the principal sources of revenue;
    - (iii) production trends in the various economic sectors: breakdown by principal production branches for the past two years;
  - (c) Local Authorities
    - (i) general information;
    - (ii) description of the principal sources of revenue;
- (3) finances
  - (a) income and expenditure for the past two years and budgetary forecasts for the current year;
  - (b) public debt for the past two years.

31.05 A State may omit the items of information required by the following paragraphs of Part C of Appendix 1:—

2, 4 to 7, 9, 11, 18, 23 to 31, 34 to 53 and 54(1), (3) and (4).

In addition, the Exchange may be prepared to permit the omission of information where it considers it appropriate. States who want to omit any of the prescribed information should therefore consult the Exchange at the earliest possible opportunity.

31.06 Some of the items of information required in Part C of Appendix 1 may be inappropriate. In such a case, the item should be appropriately adapted so that equivalent information is given.

31.07 Rule 25.11 does not apply.