20 May 2021

Joint statement on IPO-related misconduct

This statement sets out the general approach taken by the Securities and Futures Commission (SFC) and The Stock Exchange of Hong Kong Limited (SEHK) to some causing substantial losses for many investors, and afterwards trading turnover usually shrank to a negligible level.

Example:

Whilst these schemes more commonly involve IPOs of companies with small market capitalisations (particularly those which barely meet the minimum market capitalisation threshold under the Listing Rules)[2], the regulatory approach set out in this statement targets IPO-related misconduct to the brokers in an IPO exceeded 20%, with some of the brokers receiving an

Example:

Features of problematic IPOs which

(iv) Shareholding is highly concentrated in a limited number of shareholders, particularly where the value of the public float is small and the spread of shareholders barely meets the minimum thresholds set out in the Listing Rules[5].

The above list is non-exhaustive and the SFC and SEHK in their review of listing applications and subsequent investigations

Separately, the SFC will take into account any issue raising public interest concerns in assessing