



Set out below are non-exhaustive examples of circumstances where the identities of the actual controllers or beneficial owners of a counterparty to a transaction may be required:

Acquisitions, disposals, capital injections, and formation of joint ventures

In cases where listed issuers acquire or dispose of entire or partial interests in target companies, form joint ventures, or inject capital into target businesses, the identities of the actual controllers or beneficial owners of the counterparty(ies) may be important information that is necessary to enable investors to make an informed assessment of the issuer's activities, for example, by informing investors as to the background, experience, resources or strategy of the party(ies) with whom the issuer is entering into a long term business arrangement. Such information may also be material if the controller or beneficial owner is a prominent business or political figure or entity, or a person who has close business dealings with the issuer



Listed issuers are reminded that they should not employ private fund structures, discretionary accounts or complex arrangements with a view to obfuscating the nature of the transaction and its risk, avoiding or to contravening laws, rules or regulations.

Where it appears to the SFC that (i) any materially false, incomplete or misleading information has been included in any listing document, announcement or other document made or issued by a listed issuer in connection with its affairs, or (ii) it is necessary or expedient in the interest of maintaining an orderly and fair market in any listed securities, or (iii) it is in the interest of the investing public or in the public interest, or it is appropriate for the protection of investors generally or for the protection of investors in any listed securities, the SFC may direct a suspension in dealings of the relevant securities⁷.

The SFC today issued a circular to licensed corporations regarding dubious private fund and discretionary account arrangements or transactions and highlighted potential red flags that may indicate the existence of such arrangements or transactions. Among other things, the circular cautions licensed corporations not to disregard dubious private fund and discretionary account arrangements or transactions, which may facilitate their clients or other entities in avoiding or contravening laws, rules or regulations such as the SFO, the Codes on Takeovers and Mergers and Share Buy-backs and the Listing Rules.

⁷ Section 8(1)(a) of the SMLR