



**By email ([listedcis-consultation@sfc.hk](mailto:listedcis-consultation@sfc.hk))**

27 May 2024

Our Ref.: C/CFC, M139612

Securities and Futures Commission  
54/F, One Island East  
18 Westlands Road  
Quarry Bay  
Hong Kong

Dear Sirs,

**[Re: Consultation on proposals to \(i\) introduce a statutory scheme of arrangement and compulsory acquisition arrangement for real estate investment trusts and \(ii\) enhance the SFO market conduct regime for listed collective investment schemes](#)**

The Corporate Finance Committee (“CFC”) of the Hong Kong Institute of Certified Public Accountants has considered the above-referenced consultation paper (“CP”).

CFC members are generally supportive of the proposals contained in the CP and for the reasons set out in therein. This proposed enhancement of the regime for Hong Kong real estate investment trusts (REITs), as suggested by the Financial Services Development Council among others, will align the regime with that of listed companies in relation to acquisitions, with appropriate modifications to take account of the specific nature and features of REITs.

In the absence of a compulsory acquisition mechanism for REITs like that for listed companies, there is little opportunity for a REIT to be acquired. Given this, there have been no mergers and acquisitions (“M&As”) for REITs in the last 20 years. The proposals will provide a route for REITs to be subject to M&As and privatisations, and for undervalued REITs to be better able to realise their fair value, as in the case of listed companies.

The proposals in relation to REITs, therefore, will help support the REIT market in Hong Kong.

As regard the details, the proposals will presumably need to take on board the consultation conclusions on proposed amendments to listing rules relating to share buybacks and treasury shares, published on 12 April 2024, and the new treasury share regime, which will come into effect on 11 June 2024.

As the CP notes, the proposals in relation to enhancing the Securities and Futures Ordinance (Cap. 571) market conduct regime for listed collective investment schemes are long-standing proposals that already found support over a decade ago. However, they were not implemented at that time, due to technical complexities identified during the legislative drafting process, which required further deliberation. The current proposals address these issues, so there seems to be no reason to object to implementing the changes now.

Yours faithfully,

Peter Tisman  
Director, Advocacy & Practice Development

PMT/pk