



# TechWatch

News at a glance

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TechWatch updates you on technical developments in financial reporting, auditing, regulation and business. The Institute welcomes your comment, emailed to < [commentletters@hkicpa.org.hk](mailto:commentletters@hkicpa.org.hk) >. Click [here](#) for past issues.

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*Financial Reporting, Auditing and Ethics* by:  
Steve Ong (Editor), Selene Ho, Winnie Chan, Katherine Leung, Ben Lo

*Specialist Practices, Business Members and Advocacy* by:  
Peter Tisman (Editor), Elena Chai, Mary Lam, Sharon Yeung

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## Financial Reporting, Auditing and Ethics

### New!

### 1. Technical Training and Support Programme 2011

A new **Technical Training and Support programme** for the first quarter 2011 has been developed to help members stay tune on HKFRS, HKFRS for Private Entities, Clarified HKSA and Revised Code of Ethics. It covers:

- New and revised Accounting Standards/ Guidance 2010/2011
- Risk Assessments and Auditors' Responses under New Clarified HKSA
- Accounting for Financial Instruments
- Fraud and Going Concern Considerations with reference to HKSA 240 *The Auditor's Responsibilities to Consider Fraud in an Audit of Financial Statements* and HKSA 570 *Going Concern*
- Accounting for Group Accounts
- The Revised Code of Ethics
- HKFRS for Private Entities Workshop
- Training for Audit Staff Workshop
- Audit Practice Manual Application Workshop

Click [here](#) for enrolment details and more information on the new programme.

### Members' Handbook

### 2. Handbook Updates No. 97 & No. 98

- (i) **Update No. 97** relates to the issuance of additions to HKFRS 9 *Financial Instruments – Financial Liabilities*.

Additions to HKFRS 9 prescribe requirements on the accounting for financial liabilities. These requirements will be added to the standard and complete the classification and measurement phase of the project to replace HKAS 39 *Financial Instruments: Recognition and Measurement*.

The new requirements address the problem of volatility in profit or loss arising from an issuer choosing to measure its own debt at fair value. This is often referred to as the "own credit" problem.

With the new requirements, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income section of the income statement, rather than within profit or loss.

HKFRS 9 applies to financial statements for annual periods beginning on or after 1 January 2013. Entities are permitted to apply the new requirements in earlier periods, however, if they do, they must also apply the requirements in HKFRS 9 that relate to financial assets.

- (ii) **Update No. 98** relates to the issuance to Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*. Details are set out in item 3 below.

### Financial Reporting

### 3. Hong Kong Interpretation 5

The institute has become aware that over the last two or three years, there has been an increased incidence of the inclusion of unconditional "repayment on demand" clauses in term loan agreements. This has resulted in confusion and inconsistency in disclosure of term loans in financial statements as current or non-current liabilities.

HKAS 1 *Presentation of Financial Statements* requires classification of loans with "repayment on demand" clauses as current liabilities. The Institute is bringing this matter to the attention of the market to encourage all borrowers to re-examine the terms of their borrowings and to discuss or negotiate with their lenders to ensure that contract terms reflect the commercial reality of the loans and that financial statement disclosures correctly and consistently reflect the classification of borrowings, as required by HKAS 1. In some cases, borrowers may be able to obtain "comfort letters" from their lenders indicating that loans will not be called within the next twelve months.

The Institute is taking these steps through the issuance of **HK-Int 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*** to draw attention to the requirements of HKAS 1, summarized as follows:

- The classification of a term loan as a current or non-current liability in accordance with paragraph 69(d) of HKAS 1 shall be determined by reference to the rights and obligations of the lender and the borrower, as contractually agreed between the two parties and in force as of the reporting date. In this regard, the probability of the lender choosing to exercise its rights within the next twelve months after the reporting date is not relevant.
- The classification of a term loan in accordance with paragraph 69(d) of HKAS 1 shall depend on whether or not the borrower has an unconditional right to defer payment for at least twelve months after the reporting period. Consequently, amounts repayable under a loan agreement which includes a clause that gives the lender an unconditional right to call the loan at any time shall be classified by the borrower as current in its statement of financial position. This is because the borrower under such an agreement does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

- In the contractual maturity analysis disclosed by the borrower in accordance with paragraph 39(a) of HKFRS 7 *Financial Instruments: Disclosures*, amounts repayable under a loan agreement that includes a clause which gives the lender an unconditional right to call the loan at any time shall be classified in the earliest time bracket, in accordance with the guidance in paragraph B11C(a) of HKFRS 7.

The Institute has issued a **Financial and Auditing Alert – Issue 11** in relation to the issuance of HK-Int 5.

To assist members and other stakeholders in completing this exercise, the Institute is developing a series of questions and answers on the topic and example disclosures to illustrate the potential effect of restatements if non-current liabilities need to be reclassified as current liabilities.

#### 4. FRSC Minutes

This **FRSC minutes** on 6 October 2010 covers:

- Consultation Paper on Companies Ordinance Rewrite relating to Accounts and Audit
- Report on the National Standard Setters Meeting and the World Standard Setters Meeting
- Report on the Asian-Oceanian Standard-Setter Group Meeting
- IASB Consultation Documents
- IASB ED of Proposed Amendments to IAS 1 – *Presentation of Items of Other Comprehensive Income*

#### 5. Invitation to Comment on IFRS Foundation Paper – Status of Trustee's Strategy Review

The Institute has issued an **Invitation to Comment** on IFRS Foundation Paper for Public Consultation – Status of Trustee's Strategy Review, with comments requested by **31 January 2011**.

The Trustees of the IFRS Foundation, the oversight body of the IASB, published a first-stage consultation document designed to solicit input on the strategy of the IFRS Foundation as it enters its second decade. The Trustees initiated this review as a result of the second constitution review that was completed earlier this year.

In launching the review, the Trustees note that in the ten years since its founding, the IFRS Foundation has succeeded in establishing IFRSs as the accepted set of financial reporting standards in more than 100 countries. As the organization's second decade begins, the goal of a single high-quality globally accepted set of accounting standards is within reach. The objective of the review is to help the organization to consolidate and build on these achievements and achieve its ultimate objective.

The Trustees are seeking views of stakeholders on four strategic fronts – the IFRS Foundation's mission, governance, the standard-setting process, and financing of the IFRS Foundation. The Trustees invite public comment on the consultation document and expect to conclude the strategy review during their meeting in March 2011. The strategy review is designed to be far-reaching and the Trustees have yet to reach any conclusions.

## 6. Institute Comments on IASB ED of *Deferred Tax: Recovery of Underlying Assets*

The Institute made a [submission](#) to IASB ED of *Deferred Tax: Recovery of Underlying Assets (Proposed Amendments to IAS 12 Income Taxes)*.

The Institute has been receiving adverse comments from the local business community and market analysts on the existing IAS 12 since its convergence with IFRSs in 2005, which requires the recognition of deferred tax liabilities on valuation gains arising in respect of investment properties that in practice will never be settled in Hong Kong. Therefore, the Institute is grateful for the IASB's effort in developing these limited amendments. It is considered that the proposed amendments will provide a

practical solution to the long outstanding deferred taxation issue in Hong Kong and other jurisdictions affected by this anomaly in IAS 12.

## Audit & Assurance

### 7. AASC Minutes

This [AASC minutes](#) on 26 October 2010 mainly covers:

- IAAB ED on proposed ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment* and ISA 610 (Revised), *Using the Work of Internal Auditors*
- IAASB ED on IAPS 1000 *Special Considerations in Auditing Complex Financial Instruments* and other IAPS related proposals
- ED on revised Practice Note ("PN") 820 *The Audit of Licensed Corporations and Associated Entities of Intermediaries*
- Revised PN 600.1 *Reports by Auditor under the Hong Kong Companies Ordinance*
- Decision Tree Chart on Types of Reporting

### 8. Invitation to Comment on IAASB ED on Proposed International Standard on Related Services ("ISRS") 4410 (Revised) *Compilation Engagements*

The Institute has issued an [Invitation to Comment](#) on IAASB ED of Proposed ISRS 4410 (Revised) *Compilation Engagements*, with comments requested by **28 February 2011**.

The IAASB's *Strategy and Work Program 2009-2011* ("Work Program") concludes that the IAASB's efforts should include the development of standards to address the needs of small- and medium-sized entities ("SMEs") and small and medium practices. In particular, the Work Program includes the revision of extant ISRS 4410, *Engagements to Compile Financial Statements*, and extant International Standard on Review Engagements 2400, *Engagements to Review Financial Statements*.

The importance of this strategic focus lies in the development in recent years of growing demand for services other than the audit to meet the unique needs of SMEs and the users of their financial information.

The proposed ISRS is the first step in the IAASB'S work to create robust standards for services that can be used by entities that are either not required or do not elect to be audited to meet their business reporting needs. Through a compilation engagement, practitioners can provide significant benefit by applying their expertise in accounting and financial reporting. This expertise is applied to assist the management of an entity in preparing and presenting historical financial information for use by the entity's internal or external stakeholders.

The proposed ISRS 4410 focuses on performance of the engagement in the context of assisting management to prepare and present historical financial information in accordance with the applicable financial reporting framework specified in the engagement terms, and reporting on the engagement performed.

The IAASB identified the following key principles in revising ISRS 4410:

- Clearly distinguishable from audits and reviews of financial statements (that is, assurance engagements).
- Meaningful for users, in context of the benefit delivered from application of professional expertise in accounting and financial reporting, and compliance with relevant professional standards and ethical principles.
- Able to be performed on a cost-effective basis.

The IAASB has determined that proposed ISRS should be focused to apply in the following circumstances:

- When the practitioner is engaged to compile historical financial information in accordance with the proposed ISRS; and

- Where the practitioner provides a report for the engagement in accordance with the requirements of the proposed ISRS.

## 9. Institute Comments on IAASB EDs on Proposed ISA 315 (Revised) and ISA 610 (Revised)

The Institute made a [submission](#) to IAASB on EDs of Proposed ISA 315 (Revised) *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment* and ISA 610 (Revised) *Using the Work of Internal Auditors*.

In general, the Institute supports the proposed plan to revise ISA 315 and ISA 610 to enhance the performance of external auditors.

It is appropriate to require the external auditor to make inquiries of appropriate individuals within the internal audit function to obtain an understanding of the entity and its environment, and in identifying and assessing risks of material misstatement at the financial statement and assertion levels.

Furthermore, the Institute supports the proposal that in determining the planned use of the work of the internal audit function, the external auditor should be required to take into account the amount of professional judgement that would be involved in planning and performing audit procedures, and in evaluating the audit evidence obtained by the internal audit function.

However, it is believed that ISA 610 should be clear on its intention on direct assistance. The Institute considers that there is appropriate level of guidance on direct assistance in the proposed ISA 610, which provides a framework for determining the use of direct assistance. The Institute agrees that external auditor has sole responsibility for the audit opinion expressed.

## International Meetings

### 10. International Accounting Standards Board

The IASB met on 16-18 November 2010, and discussed the following topics:



- Asset and liability offsetting
- Conceptual framework
- Emissions trading schemes
- Fair value measurement
- Financial instruments: hedge accounting
- Financial instruments: impairment
- IFRS 1 *Removal of fixed dates*
- IFRS Interpretations Committee update
- Liabilities: IFRS to replace IAS 37
- Other comprehensive income
- Post-employment benefits
- Revenue recognition
- Technical plan

Click to view the [IASB Update](#) on the meeting on 16-18 November. The IASB next meets in December 2010.

## 11. IFRS Interpretations Committee

The IFRS Interpretations Committee met on 4-5 November 2010, and discussed the following topics:

- Vesting and non-vesting conditions
- Put options written over non-controlling interests
- IFRS Interpretations Committee agenda decisions
- IFRS Interpretations Committee tentative agenda decisions
- Issues considered for *Annual Improvements*
- IFRS Interpretations Committee work in progress

Click to view the [IFRIC Update](#) on the meeting on 4-5 November. The IFRS Interpretations Committee next meets in January 2011.

## 12. International Auditing and Assurance Standards Board

The IAASB next meets in December 2010. Click [here](#) for the next meeting's details and previous meeting summary.

## 13. International Ethics Standards Board for Accountants

The IESBA next meets in February 2011. Click [here](#) for the next meeting's details and previous meeting summary.

## Useful Resources

### 14. Publications

The following are publications on various topics:

- (i) IAASB [Staff Q&A](#) on Audit considerations regarding significant unusual or highly complex transaction
- (ii) [IFRS disclosure checklist](#) by Ernst & Young
- (iii) The Seoul Summit of G20:
  - Paragraph 38 of [Declaration](#) by G20 to support for a single set of high quality global accounting standards
- (iv) [Ninth extract from European Enforcers Co-ordination Sessions' database of enforcement decisions](#) by Committee of European Securities Regulators
- (v) Disclosures – Transfers of Financial Assets:
  - [Staff summary](#) by the Institute
  - [HKFRS update](#) by BDO
  - [IFRS in focus](#) by Deloitte
  - [Supplement to IFRS outlook](#) by Ernst & Young

➤ **Briefing sheet** by KPMG

➤ **HKFRS news** by PwC

(vi) IFRS 9 for financial liabilities:

➤ **IFRS in focus** by Deloitte

➤ **Supplement to IFRS outlook** by Ernst & Young

➤ **Briefing sheet** by KPMG

(vii) **Staff summary** by the Institute on conceptual framework for financial reporting 2010

### Comment Due Dates

**11 January 2011:** ED on Proposed International Auditing Practice Statement and Related Proposals

**17 January 2011:** IASB Request for Views on Effective Dates and Transition Methods

**31 January 2011:** IFRS Foundation Paper for Public Consultation – Status of Trustee's Strategy Review

**28 February 2011:** IAASB ED on Proposed International Standard on Related Services ("ISRS") 4410 (Revised) *Compilation Engagements*

## Specialist Practices, Business Members and Advocacy

### Professional Accountants in Business

#### 15. Results of the 2010 Best Corporate Governance Disclosure Awards

The Best Corporate Governance Disclosure Awards 2010 (the "Awards") was successfully concluded with the presentation ceremony held at a luncheon on 30 November 2010. The guest of honour, secretary for financial services and the treasury, Professor KC Chan, addressed the audience and presented the awards to the winners.

The results of the 2010 Awards were announced at a **media briefing** held on 29 November 2010. At the briefing, the Institute's president and the chairman of the organizing committee reported on the overall standard of the entries, some of the positive corporate governance practices of the winning companies/organizations, and also areas for improvement. Diamond awards were not presented in all categories. The judges reserved the top awards for companies and organizations which reflected the very best practices in the Hong Kong market. The judges wanted to encourage listed companies of all sizes and complexions and public sector organizations to continue to raise their standards and strive for excellence in corporate governance.

The winners of the 2010 Awards are:

#### Hang Seng Index Category

Diamond – CLP Holdings Limited

Platinum – Hong Kong Exchanges and Clearing Limited

Gold – HSBC Holdings plc

#### Non-Hang Seng Index (Large Market Capitalization) Category

Diamond – Standard Chartered PLC

Platinum – Transport International Holdings Limited

Gold – Hysan Development Company Limited

**Non-Hang Seng Index (Mid-to-small Market Capitalization) Category**

Platinum – Ta Yang Group Holdings Limited  
 Gold – CIMC Enric Holdings Limited

**H-share Category**

Diamond – China Shenhua Energy Company Limited  
 Platinum – Industrial and Commercial Bank of China Limited  
 Gold – China Telecom Corporation Limited  
 Special Mention – China Life Insurance Company Limited

**Public Sector/Not-for-profit Category**

Platinum – Airport Authority Hong Kong  
 Gold – Mandatory Provident Fund Schemes Authority  
 Special Mention – Securities and Futures Commission

The **judges' report** contains the judges' commentaries on the winning annual reports, the general observations of the judges and reviewers, as well as other background information.

**Taxation**

**16. Double Taxation Agreements**

In November, Hong Kong signed a comprehensive double taxation agreement ("DTA") with **Japan** and a protocol to upgrade the exchange of information article with **Luxembourg**. In addition, DTAs with **New Zealand** and **Switzerland** have also been signed within the last two weeks, making a total of 18 DTAs in all.

**17. Measures to Curb Property Speculation**

On 19 November 2010, the government **announced** the introduction of a special stamp duty on residential properties to curb speculation. While this will require legislative changes to be made, the government is proposing that it will be applicable to transactions taking place from 20 November onwards. Click for FAQs on **details** and **illustrative examples** relating to this stamp

duty. For more related questions and answers, click the following links:

- **[Financial secretary's remarks at press conference on new anti-property speculation measures](#)**
- **[Measures to curb speculation on residential properties \(legislative council question\)](#)**
- **[Levy of profits tax on profits arising from property speculation \(legislative council question\)](#)**

**18. Government's Stand on Depreciation Allowances for Plant & Machinery**

Click to view the latest **question and reply**, in the long series of exchanges in the legislative council ("LegCo") relating to depreciation allowances on plant and machinery ("P&M") used in the Mainland, and section 39E of the Inland Revenue Ordinance. In this latest reply, the secretary for financial services and the treasury makes it clear that, following a review of the position, the government does not intend to relax the existing restrictions under s. 39E and allow full or partial depreciation allowances on P&M in "import processing" cases.

**19. Prosecution Case on Charitable Donations**

On its website, the Inland Revenue Department reports a **recent case** of a taxpayer who was convicted of making false claims in respect of deductions for charitable donations.

**Corporate Finance**

**20. Consultation on Streamlining Property Valuation Requirements**

On 3 December 2010, the SFC and HKEx jointly issued a **consultation paper** on proposals to streamline requirements for property valuation disclosure in listing applicants' prospectuses and listed issuers' circulars.



As regards listing applicants, for business activities that involve property development and investments, the property valuation requirements are maintained unless the property has a carrying amount below 1% of the applicant's total assets, and the total carrying amount of property interests not valued does not exceed 10% of total assets. For other business activities, which usually involve properties for own use, a valuation is required only if the carrying amount of a property is at least 15% of its total assets.

As regards listed issuers, the proposals drop the property valuation requirements for an acquisition or disposal of companies listed on the Stock Exchange, except where it is a connected transaction. For an acquisition or disposal of an unlisted company, the property valuation requirements are maintained, except for property interests with a carrying amount below 1% of the issuer's total assets, and provided the total carrying amount of property interests not valued is no more than 10% of total assets.

The consultation period will end on 11 February 2011. Members are welcome to reflect their views to the Institute, by email sent to <[commentletters@hkicpa.org.hk](mailto:commentletters@hkicpa.org.hk)>, under the heading "Consultation on Property Valuation Requirements", **on or before 21 January 2011**.

## 21. Institute's Views on HKEx and SFC Consultations

- (i) Proposed Change to the Minimum Number of Shareholders for the Market Capitalization/Revenue Test

The Institute's **submission** supports the HKEx proposal to change the minimum shareholder requirement for main board listing under the market capitalization/revenue test, from 1,000 to 300 shareholders, so as to bring the market capitalization/revenue test in line with the minimum shareholder requirements for listing under the other two tests, namely, profit test and the market capitalization/revenue/cash flow test.

- (ii) Proposed Changes to Requirements for Qualified Property Acquisitions ("QPA") and Formation of Joint Ventures ("JV")

As reported in **TechWatch no. 96**, HKEx consulted the market on proposals to:

- relax the listing rule requirements on notifiable and connected transactions where property developers acquire government land through public auctions or tenders, in the ordinary and usual course of business ("QPA exemption"); and
- exempt the formation of a JV, in the ordinary course of business, from notifiable transaction rules, if the JV is to engage in a single-purpose project of a revenue nature to the issuer ("revenue JV projects exemption")

In the **submission**, while the Institute, in principle, does not object to extend the QPA exemption to acquisitions of land or property development projects by property developers in the mainland through the PRC government auction process, it is of the view that, in order to qualify for QPA exemption, the relevant sales should be subject to a structure, rules and procedures that are clear and meet essentially the same or an equivalent standard, at whatever level of PRC government they take place.

The Institute further considers that, in order for Hong Kong to maintain its status as a major international finance centre and capital market, there should be a level-playing field for all jurisdictions. Accordingly, the QPA exemption should be extended to acquisition of land or property development projects by property developers in any other jurisdictions that meet the requisite criteria.

Although the Institute agrees with the proposed revenue JV projects exemption, for the reasons set out in the consultation paper, the rationale for requiring that a JV must be restricted to a single purpose project in order to qualify for this exemption is not clear. The Institute points out that,

once a reliable JV partner has been identified, an issuer may wish to undertake multiple projects with that partner, without the inconvenience of having to set up a separate JV in each instance.

(iii) Consultation on the Evidential Requirements under the Securities and Futures (Professional Investor) Rules

Under this consultation, the SFC sought comments on amendments to the requirements for establishing whether a person qualifies as a high-net-worth professional investor. Under the SFC's proposal, it would be up to firms to exercise their professional judgement to determine whether it would be sufficient and appropriate to rely on particular information or evidence to satisfy themselves that clients have the required assets or portfolio threshold at the relevant date, taking into account all the relevant circumstances.

In its [submission](#), while the Institute accepts that the proposed principles-based approach will allow greater flexibility for firms, it has reservations on how this approach will work in practice.

The Institute considers that it is important for firms to have a clear understanding of what methods or documentary evidence the SFC would normally expect to see to prove the status of a high-net-worth professional investor. The SFC should be in a position to provide further indicative guidance as to what general methods or documentary evidence is acceptable. This would enable firms to have a clearer understanding of their responsibilities, and help towards ensuring an orderly market.

The Institute further suggests that consideration should also be given to developing a more structured system and criteria to determine whether a person, particularly an individual investor, should be classified as a "professional investor". High-net-worth may be one of the relevant criteria but it should not be the sole factor. Another relevant factor, for example, may be the

previous history and pattern of investing by an investor.

## 22. HKEx to Extend Trading Hours

On 23 November 2010, HKEx [released](#) a set of [conclusions](#) drawn from a public consultation, announcing a two-phase approach to extending the trading hours of the securities and derivatives markets, subject to regulatory approval and market readiness. See [TechWatch no. 97](#) for the Institute's submission.

Starting on 7 March 2011 (the first Monday of the month), the continuous trading session ("CTS") of the securities market will be from 9:30 am to 12:00 noon and from 1:30 pm until 4:00 pm (i.e., with 1.5 hour lunch break). Beginning on 5 March 2012 (also the first Monday of the month), the CTS of the securities market will be from 9:30 am to 12:00 noon and from 1:00 pm until 4:00 pm. (i.e., with a one-hour lunch break). The derivatives markets and the auction sessions of both the securities and derivatives markets will start earlier along with the CTS of the securities market.

## 23. Consultation Conclusions on Allowing the Issuing of Electronic Prospectuses

On 26 November 2010, the SFC and the HKEx jointly [released](#) conclusions to allow companies seeking to list shares and debentures on the Stock Exchange of Hong Kong by public offers to distribute paper application forms without paper listing documents, as long as the documents are available on the Internet, subject to certain conditions. Similar waivers will be granted to issuers of SFC-authorized collective investment schemes to be listed on the Stock Exchange. The conclusions were drawn from a joint SFC and HKEx public consultation on the subject conducted in 2008. The proposals received wide support. See [TechWatch no. 68](#) for the Institute's submission.

The Companies Ordinance exemption notice, subject to negative vetting by the LegCo, will become effective on 1 February 2011. The Listing Rules amendments will take effect when the exemption notice becomes effective.

See the [consultation conclusions report](#) for details. Amendments to the [Main Board Listing Rules](#) and [GEM Listing Rules](#) are available on the HKEx and Growth Enterprise Market ("GEM") websites, while a set of [frequently asked questions](#) is available on the SFC, HKEx and GEM websites.

## 24. New Measures to Raise Investors' Awareness of Synthetic ETFs

On 18 November 2010, the SFC and the HKEx jointly announced new efforts to raise investors' awareness of Exchange Traded Funds ("ETFs") that primarily adopt synthetic replication strategy ("synthetic ETFs"). Unlike traditional ETFs ("physical ETFs"), which invest in securities replicate or represent the composition of the index it tracks, synthetic ETFs use financial derivative instruments to track index performance. See the [press release](#) for details of the new measures that have been or will be implemented by the SFC and the HKEx to help investors better differentiate between index tracking strategies of ETFs.

In order to assist managers of ETFs in complying with the ongoing disclosure obligations under the Code on Unit Trusts and Mutual Funds and/or Listing Agreement, the SFC and the HKEx have issued a joint [circular](#) containing a list of example potential events that may trigger such obligations.

A full list of all ETFs can be found in the ETF section of the HKEx website ([ETF "product corner"](#)) and the [SFC's InvestEd website](#).

### Legislation & Other Initiatives

## 25. Combating Money Laundering/Terrorist Financing

Members may wish to note the following notices in relation to anti-money laundering/ combating terrorist financing ("AML/CFT"):

- [The Anti-Money Laundering and Counter-Terrorist Financing \(Financial Institutions\) Bill](#): The bill, which seeks to improve Hong Kong's anti-money laundering regime for the financial sectors

to better align with the prevailing international standards, was introduced into the LegCo on 10 November 2010. Click to read the [FAQs](#) relating to this bill.

- [Government notice 6476](#): A list of relevant persons and entities specified under the United Nations Sanctions (Eritrea) Regulation. The regulation was made under the United Nations Sanctions Ordinance that was published as [legal notice 111 of 2010](#) in the gazette.
- [US executive order 13224](#): Changes to the list relating to "Blocking property and prohibiting transactions with persons who commit, threaten to commit or support terrorism".
- [FATF public statement & Improving global AML/CFT compliance: update on-going process](#): Draws attention to jurisdictions with deficiencies that pose money laundering/ terrorist financing risks in the international financial system.

For more background information on the current law in Hong Kong relating to anti-money laundering, see the Institute's [Legal Bulletin 1](#), "Requirements on anti-money laundering, anti-terrorist financing and related matters".

### Useful Resources

## 26. Library Resources

[Featured titles](#) and [new books](#) of high reference value for members are now available. In addition, members can [login](#) to the [e-Library](#) and access e-journals and e-books on a wide range of business subjects.

## 27. Other Publications

The following articles/publications on topical issues may be of interest to members:

- (i) In November 2010, HKEx published
  - a [listing decision](#) on the State of California as an acceptable jurisdiction of an issuer's incorporation (LD111-1)

- two **listing decisions** on the shareholder approval requirement under Chapter 14 of the Listing Rules (LD112-1 and LD 112-2)
- **Report** on Initial Public Offering Applications, Delisting and Suspensions (as at 30 November 2010)
- (ii) On 1 December 2010, HKEx published **revised FAQ Series 6** (with addition of Questions D2, E5, E11, new sections G, H and I)
- (iii) SFC has published Nov 2010 issue of **InvestEd Intelligence**, a bi-monthly e-newsletter with a diverse range of educational information about investing to enhance investor protection
- (iv) The Standing Committee on Company Law Reform **released** its **2009-10 Annual Report** on 29 November 2010.
- (v) Articles on corporate governance by Deloitte:
  - **Management Succession Planning: Focusing on the Leadership Pipeline**
  - **Asia Pacific Economic Outlook: China, India, Philippines, Singapore**