



Takeovers Bulletin

Highlights

- Reminder on submission channel and requirements
- Securities held by connected exempt principal traders (EPTs) for and on behalf of non-discretionary clients
- Quarterly update on activities of Takeovers Team

Season's Greetings

The Takeovers Team wishes all readers a happy new year!

Reminder on submission channel and requirements

Email address

As mentioned in *Takeovers Bulletin Issue No. 71*, we have introduced a designated email address (Takeovers@sfc.hk) for receiving all email submissions under the Codes on Takeovers and Mergers and Share Buy-backs (**Codes**). With effect from 1 February 2025, Takeovers@sfc.hk has become the only channel for such electronic communications with the Executive.

About one year on, we have noticed that some market practitioners still use our general mailbox for communicating with the Executive regarding offers or share buy-backs. We wish to remind all

parties that all Codes-related submissions for the Executive's review or consideration¹ should be emailed to Takeovers@sfc.hk to ensure timely delivery to the Takeovers Team. No duplicate copy should be sent to our general mailbox as this could cause confusion and unnecessary delays in our handling of the submissions. Market practitioners should update their address books to comply with this protocol.

Revisions to submissions

We have also noticed that some market practitioners fail to follow the detailed submission requirements set out in Practice Note 20 in highlighting changes made to an initial draft document² after receipt of the Executive's comments.

As required under paragraph 35 of Practice Note 20, market practitioners should submit the following materials for each subsequent draft document:

- a table of responses to the Executive's comments setting out the page numbers of the revised pages;

1 For the avoidance of doubt, dealing disclosures under Rule 22 of the Takeovers Code and documents on display under Note 1 on Rule 8 of the Takeovers Code for online publication should be submitted via Rule 22 Dealing Disclosure Online Submission system and the SFC Portal (WINGS) respectively.
2 See the definition of "Document" in the Codes.

- (ii) a compared version of the document showing all changes made since the last draft submitted to the Executive, with additions shown as markups and deletions as strikethroughs;
- (iii) a set of the revised pages (including without limitation those pages revised for reasons other than the Executive's comments); and
- (iv) a clean version of the entire revised document.

It is the responsibility of market practitioners to bring to the Executive's attention any material changes made to the draft document and evaluate their implications under the Codes. Compliance with the above submission requirements helps ensure that any Codes issues arising from the amendments can be identified at an early stage and resolved in a timely manner, which is in the interest of the clients on whose behalf market practitioners act.

Securities held by connected EPTs for and on behalf of non-discretionary clients

Rule 35.4 of the Takeovers Code provides that securities owned by an exempt principal trader (EPT) connected with an offeror or the offeree company must not be voted in the context of the relevant offer. Rule 35.3 of the Takeovers Code further provides that an EPT connected with an offeror must not assent to the offer until such offer becomes or is declared unconditional as to acceptances.

We acknowledge that a connected EPT³ may be holding the relevant securities for and on behalf of clients who might wish to accept the offer

in question or vote in the context of the offer. As explained in *Issues No. 53 and No. 56 of the Takeovers Bulletin*, we would normally disapply Rules 35.3 and 35.4 in respect of the securities that a connected EPT holds as simple custodian for and on behalf of non-discretionary clients, where contractual arrangements are in place to strictly prohibit the EPT from exercising any discretion in voting with such securities or tendering them for acceptance of an offer⁴.

In the above situations, it is important that connected EPTs conduct reasonable due diligence and make appropriate enquiries to ascertain whether the underlying clients are eligible⁵ to vote in the context of the offer or accept the offer.

If a connected EPT expects to use the voting rights attached to the securities held for and on behalf of its clients (Relevant Clients) in the context of an offer, or to tender such securities for acceptance before the acceptance condition is fulfilled, early consultation with the Executive should be made.

The connected EPT should submit⁶ a list of the Relevant Clients and the number of the securities held for or on behalf of each Relevant Client, together with a confirmation of their eligibility to vote in the context of the offer or accept the offer, as well as details of their instructions in this regard.

To allow sufficient time for any necessary follow-up comments or enquiries, we would expect the submission to be made no later than two business days before the date of the relevant shareholders' meeting or the date on which the securities are tendered for acceptance (as the case may be).

³ Regardless of whether the EPT is connected with an offeror, the offeree company or both of them.

⁴ See Issues No. 53 and No. 56 of the *Takeovers Bulletin* for details of the information required to be disclosed or submitted to the Executive in these situations.

⁵ For example, whether they are independent or disinterested shareholders.

⁶ For details, please refer to paragraphs 6.8A to 6.8C of the revised Practice Note 9.

Practice Note 9 has been amended to summarise our practice regarding securities held by connected EPTs as simple custodian for non-discretionary clients. A marked-up version and a clean version of the revised Practice Note 9 can be found in the "[Regulatory functions – Corporates – Takeovers and mergers – Practice notes](#)" section of the SFC website.

Quarterly update on the activities of Takeovers Team

From July to September 2025, we received 22 takeovers-related cases (including privatisations, voluntary and mandatory general offers, and off-market and general-offer share buy-backs), four whitewashes and 78 ruling applications.

Useful links

- [The Codes on Takeovers and Mergers and Share Buy-backs](#)
- [Practice notes](#)
- [Decisions and statements](#)
- [Previous *Takeovers Bulletins*](#)

All issues of the *Takeovers Bulletin* are available under 'Published resources – Newsletters – Takeovers Bulletin' on the SFC website at www.sfc.hk.

Feedback and comments are welcome and can be sent to takeoversbulletin@sfc.hk.

If you want to receive the *Takeovers Bulletin* by email, simply click Subscriptions at www.sfc.hk and select Takeovers Bulletin.

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