

LE Paper 5 (Regulation of Corporate Finance)

Syllabus (Effective from 1 March 2026)

Topic 1: Overview of the legal and regulatory structure and code of conduct

- 1 Regulatory structure
- 2 Governance
- 3 Relevant laws
- 4 Relevant regulations
- 5 Character of the Hong Kong equity capital market

Topic 2: Listing on The Stock Exchange of Hong Kong Limited (“SEHK”)

- 1 Introduction
- 2 The roles and responsibilities of the SEHK
- 3 Issuers’ roles and responsibilities
- 4 Companies Ordinance (“CO”)
- 5 Capital reductions and variations
- 6 Listing requirements for companies incorporated in the People’s Republic of China (“PRC”)
- 7 Offering shares to the public
- 8 Methods of listing
- 9 Listing procedures and criteria for different instruments
- 10 Underwriting/syndication process in an initial public offering or other offerings
- 11 Continuing obligations of a listed company
- 12 Trading halt, suspension, cancellation, withdrawal of listing and winding up
- 13 Disciplinary proceedings

Topic 3: Takeovers and mergers and share buy-backs

- 1 Introduction
- 2 Purpose and basic requirements of the Codes on Takeovers and Mergers and Share Buy-backs (“Codes”)
- 3 Roles and responsibilities
- 4 Mandatory and voluntary offers
- 5 Other laws and rules

- 6 Share buy-backs
- 7 Decision-making process

Topic 4: Miscellaneous

- 1 Convertible bonds
- 2 Rights issues
- 3 Share schemes

Expected Learning Outcomes

Topic 1: Overview of the legal and regulatory structure and code of conduct

At the end of this Topic, candidates should be able to:

- (a) describe the specific Hong Kong laws, regulations, codes and guidelines that have an impact on corporate finance activity;
- (b) explain the roles of the various regulators in the corporate finance area and how they inter-relate to each other;
- (c) explain and apply the relevance of corporate governance to listed companies;
- (d) explain the basic principles that drive legislation and regulation in the area of corporate finance;
- (e) explain and apply the requirements of the Corporate Finance Adviser Code of Conduct;
- (f) describe key characteristics of the Hong Kong equity capital market.

Topic 2: Listing on The Stock Exchange of Hong Kong Limited (“SEHK”)

At the end of this Topic, candidates should be able to:

- (a) describe the basic requirements for listing on the Main Board and GEM;
- (b) explain the roles and responsibilities of the Listing Division, Listing Committee and Listing Review Committee for the Main Board and GEM;
- (c) explain the roles and responsibilities of all parties involved in listings, especially for sponsors, overall coordinators, other capital market intermediaries, as well as compliance advisers;
- (d) explain and apply the requirements of the CO and treasury shares, as well as the laws and regulations that govern variations in share capital and shareholders' rights;
- (e) explain the listing requirements for companies incorporated in the PRC;

- (f) describe the provisions in the Companies (Winding up and Miscellaneous Provisions) Ordinance, Securities and Futures Ordinance and Securities and Futures (Stock Market Listing) Rules etc. for the issue of prospectuses;
- (g) explain the various methods of listing;
- (h) explain the listing procedures and criteria for different instruments;
- (i) explain the process of underwriting/syndication and price stabilization in a public offering;
- (j) explain the key continuing obligations of a listed company;
- (k) determine the circumstances where shares may be halted or suspended from trading, and for a cancellation or withdrawal of listing;
- (l) explain the consequences of a company being wound up;
- (m) determine the disciplinary powers of the SEHK.

Topic 3: Takeovers and mergers and share buy-backs

At the end of this Topic, candidates should be able to:

- (a) determine the codes governing takeovers and share buy-backs, and explain their structure and status;
- (b) describe the ten General Principles of the Codes;
- (c) explain the roles and responsibilities of the board, financial advisers and other professional advisers;
- (d) explain the verification process and the provisions of the Codes that cover shareholder approval and disclosure;
- (e) determine the circumstances that may constitute a "frustrating action";
- (f) explain what a "trigger" and a "creeper" are, and what constitutes persons acting in concert;

- (g) determine the circumstances where the Executive Director of the Corporate Finance Division of the Securities and Futures Commission (“Executive”) may consider granting a waiver from an obligation to make a mandatory offer;
- (h) determine the circumstances that triggers a voluntary offer and a comparable offer;
- (i) explain how to construct a timetable in accordance with the Takeovers Code and apply it to a transaction scenario;
- (j) explain other laws and rules that corporate finance advisers should ensure their clients comply with;
- (k) explain the process of share buy-backs;
- (l) describe the different roles of the Executive, the Takeovers and Mergers Panel and the Takeovers Appeal Committee.

Topic 4: Miscellaneous

At the end of this Topic, candidates should be able to:

- (a) determine the circumstances when convertible debt securities may be listed;
- (b) explain the issue process and listing requirements for a rights issue;
- (c) explain the basic rules for share schemes;
- (d) describe the documentation requirements for listing these securities.