

30 January 2026

Circular to licensed corporations carrying out sponsor work

1. Amid the surge in new listing applications in 2025¹, the Securities and Futures Commission (SFC) and The Stock Exchange of Hong Kong Limited (SEHK) have observed the declining quality of draft listing documents as well as certain substandard conduct of licensed corporations carrying out sponsor work (Sponsors). These may constitute non-compliance with Sponsors' obligations under paragraph 17 of the Code of Conduct², CFA Code³, Sponsor Guidelines⁴ and the Listing Rules⁵.
2. The SFC is concerned that a growing number of Transaction Team⁶ members of the most active Sponsors are unfamiliar with the relevant regulatory requirements and lack adequate experience and resources in handling listing applications for initial public offerings (IPOs) in Hong Kong. This circular highlights the key concerns noted from regulators' review of recent listing applications as well as the analysis of deal and resources information obtained from various active Sponsors. Specific case examples and details of their potential non-compliance with relevant regulatory requirements are set out in the Appendix.
3. In summary, the SFC is concerned about:
 - (a) serious deficiencies in the preparation of some listing documents and responses to regulatory comments as well as failure to attend to key regulatory processes and procedures at the offer stage;
 - (b) over-reliance on experts and third parties, including legal advisers, accountants, valuers and others to perform specific tasks, without adequate assessments of their competency and resources;
 - (c) insufficient capacity of Principals⁷ to supervise the Transaction Teams and participate in the listing engagements;
 - (d) attempts to appoint Principals that are not suitably qualified; and
 - (e) insufficient staff with appropriate levels of knowledge, skills and experience at Sponsors.

¹ From 1 January to 31 December 2025, more than 460 new listing applications were received, with over 110 successful listings raising approximately HK\$286 billion. As at 29 January 2026, there were over 420 active listing applications in the pipeline.

² Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (Code of Conduct).

³ Corporate Finance Adviser Code of Conduct (CFA Code).

⁴ Additional competence requirements for corporations and individuals engaging in sponsor and compliance adviser work (Sponsor Guidelines), which is Appendix A to the Guidelines on Competence.

⁵ Rules Governing the Listing of Securities on SEHK (Main Board Listing Rules) and Rules Governing the Listing of Securities on GEM of SEHK (collectively, Listing Rules).

⁶ Pursuant to paragraph 17.15(s) of the Code of Conduct, "Transaction Team" means the staff appointed by a Sponsor to carry out a listing assignment.

⁷ Pursuant to paragraph 17.15(l) of the Code of Conduct, "Principal" means an individual that meets the criteria stipulated under the Sponsor Guidelines appointed by a Sponsor to act as a Principal; in respect of a listing assignment, a Principal means an individual appointed by a Sponsor to supervise the Transaction Team.

4. In light of the above concerns, the SFC is of the view that certain Sponsors may not have developed a thorough understanding of the listing applicants, some of which may not be adequately prepared for listing and the continuing obligations following listing or fully understand the implications of being listed companies. This suggests that some Sponsors may be adopting a process-driven approach to listing applications, rather than one focused on substantive due diligence and advisory services to the listing applicants. Sponsors should critically examine the readiness of the companies for listing as well as their own resources and management plan before taking on new sponsor mandates.
5. Sponsors perform an important gatekeeping role to uphold the quality of new listings and they will be held accountable for failing to meet the SFC's expectations on Sponsors' conduct discussed in detail in the Appendix as well as the Circular⁸ and the Thematic Report⁹ issued in 2018. Where draft listing documents are severely deficient, the relevant listing applications may be returned or vetting may be suspended. In case of serious failures, the SFC may take regulatory actions including but not limited to restricting the Sponsors' business scope or the number of active listing engagements the Sponsors can undertake.

Reporting to the SFC

6. The SFC is requiring all Sponsors to submit to their respective case officers:
 - (a) within two weeks from the date of this circular, the names and number of appointed Principals and the number of active listing engagements¹⁰ each is engaged in as of the date of this circular. The SFC generally regards any Sponsor that has designated any Principals to simultaneously supervise or participate in six or more active listing engagements (Sponsors with Strained Principal(s)) as lacking adequate or appropriate resources to carry out sponsor duties, unless under very exceptional circumstances with valid justifications to the satisfaction of the SFC; and
 - (b) within one week from the date of this circular, a list of individuals engaged in IPO sponsor work (including ITPs¹¹, temporary licensees, licensed representatives and responsible officers) who, as of the date of this circular, have not passed HKSI LE Paper 16¹² within three years before or within six months after their first engagement in such work.

⁸ See [the Circular to licensed corporations on expected standards for sponsor work](#) dated 26 March 2018 (Circular).

⁹ See [the Report on the Thematic Review of Licensed Corporations Engaged in Sponsor Business](#) dated March 2018 (Thematic Report).

¹⁰ For the purpose of this circular, active listing engagements refer to engagements that fall under one of the following cases:

- (a) a listing application is expected to be filed within two months;
- (b) a listing application has been filed, is still valid, and the Transaction Team is actively addressing comments from the regulators; or
- (c) a listing application has lapsed, but re-submission or re-filing is expected within two months.

¹¹ Pursuant to paragraphs 5.3.8 and 5.3.9 of the [Licensing Handbook](#), itinerant professionals (ITPs) refers to individuals who will repeatedly visit and conduct regulated activities in Hong Kong for not more than 45 days in each calendar year.

¹² The Licensing Examination for Securities and Futures Intermediaries (LE) administered by the Hong Kong Securities and Investment Institute (HKSI).

SFC On-site Thematic Inspections

7. In December 2025, the SFC and SEHK issued a joint letter (Joint Letter) to 13 Sponsors with specific cases of concerns cited from recent listing applications (Concerned Sponsors).
8. The Concerned Sponsors and the Sponsors with Strained Principal(s) should expect the SFC to conduct on-site thematic inspections of their sponsor work and resources in the near future. The targets for inspection are selected on a risk basis. The purpose of these thematic inspections is, among other things, to:
 - (a) identify any breaches of, or non-compliance with, applicable laws and regulatory requirements in conducting sponsor work;
 - (b) ascertain the resources issue of Sponsors, particularly with respect to the supervision of Transaction Teams and the actual involvement of Principals in due diligence work of listing engagements, which will form part of our assessment of Principal submissions; and
 - (c) assess the supervision and governance of sponsor work by the Management¹³ of Sponsors as well as the efficacy of reporting lines on critical matters.

Immediate Internal Review by Selected Sponsors

9. In the meantime:
 - (a) all Concerned Sponsors and all Sponsors who receive written communication from the SFC and/or SEHK about specific cases of concerns in the future are required to complete a comprehensive review of the areas described in paragraph 10(a) and (c) below within three months from the date of this circular and from the date of the further written communication, respectively; and
 - (b) all Sponsors with Strained Principal(s) are required to complete a comprehensive review of the areas, and submit a rectification and resource plan, described in paragraph 10(b) and (c) below within three months from the date of this circular.
10. Review scope:
 - (a) A retrospective review of concerns cited for each listing application in the Joint Letter or written communication, with a focus on identifying any material non-compliance issues related to internal control and corresponding remedial actions. In addition, accountability measures should be determined and documented on a case-by-case basis, including Principal's supervision and Management oversight of these engagements.

¹³ Pursuant to paragraph 17.15(i) of the Code of Conduct, "Management" includes a Sponsor's Board of Directors, Managing Director, Chief Executive Officer, Responsible Officers, Executive Officers and other senior management personnel.

- (b) A comprehensive review of the resources available to the Sponsor for conducting sponsor work as well as the listing engagements that it is currently handling, based on which the Sponsor should submit a rectification and resource plan to the SFC¹⁴. Consideration would be given to the ability and governance of the Management to implement a responsible rectification and resource plan for managing the Sponsor's resources when the SFC considers any new RA6¹⁵ individual applications¹⁶.
 - (c) For Sponsors operating under a group company structure, identify the key group personnel responsible for overseeing the Sponsor's business line and key control functions related to the Sponsor's activities as part of the Sponsor's Management. The SFC may engage these personnel directly regarding any future concerns identified as well as regulatory expectations to be imposed on the Sponsors.
11. The above review should be signed off by the Managers-In-Charge of the Overall Management Oversight (OMOs) of the Sponsors. The SFC may inspect, among other things, the results of the review as part of its thematic inspections.

Responsibilities of Sponsors and Management

12. Sponsors are required to discharge a high standard of professionalism and integrity in overseeing new listing applications, including ensuring that listing applicants meet all applicable requirements, maintaining sufficient resources and effective systems and controls for proper implementation and adequate management oversight of the sponsor work, and satisfying themselves that experts and third parties engaged by Sponsors possess adequate expertise and resources to fulfil their respective responsibilities.
13. Sponsors should keep a record of all sponsor work to demonstrate to the SFC their compliance with the relevant regulatory requirements under paragraph 17.10(c) of the Code of Conduct¹⁷. These records should clearly substantiate the basis for appointing Transaction Teams and demonstrate that sufficient resources are allocated to each listing engagement.

¹⁴ The rectification and resource plan should at least include a list of all Transaction Teams within the Sponsor, showing details of all individuals who intend to engage in IPO sponsor work. The details should cover the individuals' full name, CE number, licence status, reporting line, proposed duties, work location, years of experience in Hong Kong IPOs, the number of active listing engagements each individual is involved in and his/her role in such engagement and any other relevant information. The plan should demonstrate, among other things, that (i) no Principal is simultaneously supervising or participating in six or more active listing engagements, unless under very exceptional circumstances with valid justifications to the satisfaction of the SFC; and (ii) the Sponsor's resource arrangements align with paragraph 47 of the Appendix.

¹⁵ Type 6 (advising on corporate finance) regulated activity

¹⁶ While the SFC will consider Principal submissions as a rectification measure, the SFC will not accept such submissions unless they are in good order, and substandard Principal submissions will still be returned as mentioned in paragraph 19.

¹⁷ Pursuant to paragraph 17.10(c) of the Code of Conduct, these records should include supporting documents and correspondence relating to, among other matters, the Transaction Team, due diligence plans, procedures, results and assessments, all significant matters arising in the course of the listing process (including internal discussions and actions taken), as well as the involvement of Management in considering critical matters for each listing engagement.

14. A Sponsor's Management is ultimately responsible for supervising sponsor work and ensuring compliance with all relevant legal and regulatory requirements. Management includes a Sponsor's Board of Directors, Managing Director, Chief Executive Officer, Responsible Officers, Executive Officers and other senior management personnel. While Management may delegate operational functions to its staff, it cannot abrogate its responsibilities. The SFC expects all members of the Board of Directors and key group personnel of a Sponsor, as applicable, as the firm's ultimate decision-making authority to play a critical role in overseeing the Sponsor's operations and pay attention to the requirements under paragraphs 17.11(a), (d), (e)(ii) and (iv) of the Code of Conduct.

Potential Actions and Further Guidance

Vetting of Listing Applications

15. The SFC stresses that if a listing document is considered to be unreasonably lengthy, taking into account the nature of the listing applicant and its business as well as the industry in which it operates, the regulators may put the vetting process on hold as well as explore the option of imposing an overall page limit on listing documents. The SFC would generally expect the main body of a listing document to not exceed 300 pages in total (excluding the experts' reports contained in the appendices).
16. In addition to drafting quality, materially incomplete and/or unsatisfactory responses from Sponsors to regulators' comments may also lead to suspension of the vetting process of the listing application, which may in turn result in a delay to the listing timetable¹⁸.
17. The SFC will also notify its regulatory counterparts that the vetting process has been suspended. In addition, where Sponsors are found to have repeatedly submitted substandard listing documents or unsatisfactory responses to regulators, the SFC will not hesitate to take any action that it considers appropriate under the current regulatory framework.

Licence Applications and Eligibility Criteria

18. The SFC's assessment of the fitness and properness of a Sponsor and its Principals and their ability to carry out sponsor work is a continuous process. In conducting the assessment, the SFC will have regard to their listing application records and their compliance with the relevant provisions of the Code of Conduct, CFA Code and Sponsor Guidelines, including whether their listing applications have been subject to any adverse comments from the SFC and/or SEHK.
19. Sponsors should also take note that any Principal submissions which are incomplete and/or have fundamental issues will be returned in line with paragraph 7.5 of the Licensing Handbook, including submissions:

¹⁸ As at 31 December 2025, (i) vetting of 16 listing applications remained suspended; and (ii) the vetting process had resumed in respect of two listing applications which had been suspended earlier.

- (a) without concrete supporting documents demonstrating the Principal's actual role in listing engagements;
 - (b) with incomplete information regarding the Principal's relevant corporate finance experience over a continuous five-year period; or
 - (c) with information suggesting that arrangements were made for other individuals to claim experience from the same IPO transaction(s) once the first individual's Principal submission was returned.
20. Furthermore, specific cases of concern cited in the Joint Letter or similar written communications from the SFC and/or SEHK should not be included as supporting cases for Principal submissions. Repeated substandard Principal submissions by Sponsors will negatively impact any further submissions.
21. Going forward, licence applications of RA6 individuals who intend to engage in IPO sponsor work from all Sponsors must be accompanied by a document, signed off by all OMOs of the Sponsor, demonstrating that (i) no Principal is simultaneously supervising or participating in six or more active listing engagements, unless under very exceptional circumstances with valid justifications to the satisfaction of the SFC; and (ii) the Sponsor's resource arrangements align with paragraph 47 of the Appendix.
22. Currently, all individuals engaging in IPO sponsor work are required to pass HKSI LE Paper 16 not more than three years prior to and not later than six months after the date of their first engagement in such work.
23. In view of the concern that certain Sponsors have been engaging individuals who do not meet such eligibility criteria, the SFC now requires all individuals engaging in IPO sponsor work¹⁹ (including ITPs, temporary licensees, licensed representatives, responsible officers) to pass HKSI LE Papers 1 and 16²⁰ not more than three years before their first engagement in IPO sponsor work, unless otherwise exempted²¹. This examination requirement may also be imposed as a licensing condition.
24. For Sponsors with individuals who have not passed the above HKSI LE Papers but are already engaging in IPO sponsor work:
- (a) if the six-month window after the date of the first engagement in IPO sponsor work has not yet passed, these individuals should pass the examination within the original window. If these individuals failed to pass the examination within the original window, Sponsors should replace such

¹⁹ The Sponsor should also ensure any person it employs or appoints to conduct IPO sponsor work outside Hong Kong complies with the same examination requirements.

²⁰ Individuals may also choose to take HKSI LE Paper 15 which requires more in-depth knowledge of sponsor work.

²¹ For the avoidance of doubt, ITPs and temporary licensees are now required to take both HKSI LE Papers 1 and 16 before they can engage in IPO sponsor work.

individuals by suitably qualified individuals to work on their engagements;
and

- (b) if the aforementioned six-month window has already passed and these individuals are still engaged in IPO sponsor work, these individuals have breached paragraphs 4.1 and 4.4 of the Sponsor Guidelines and are prohibited from engaging in any sponsor work. As a rectification measure, upon submitting the list set out in paragraph 6(b) above, the identified individuals should be taken out from all Transaction Teams with immediate effect.

Supervisory and Enforcement Actions

25. In addition to the above, where warranted, the SFC will restrict a Sponsor's business scope and the number of active listing engagements a Principal, responsible officer or licensed representative can supervise or participate in by imposing conditions on their licences.
26. The SFC will also commence investigation and/or disciplinary action in serious cases of misconduct against the Sponsor and its Principals as well as Management who are accountable for the Sponsor's failures.

Should you have any queries regarding this circular, please contact your case officer.

Corporate Finance Division and Intermediaries Division
Securities and Futures Commission

Enclosure

End

SFO/IS/004/2026