

Professional Seminar on “Disclosure of Inside Information”

On 6 June 2020, Mr. P.H. CHIK, Adjunct Professor in the Department of Accountancy, gave a talk on the disclosure of inside information. Mr. Chik was a partner of Baker McKenzie, Beijing office, from 2007 to 2012 and a partner of Linklaters, Beijing office, between 2012 and 2016. Hoping to share his knowledge and expertise in the legal field, Mr. Chik gave a three-hour lecture via Zoom to postgraduate students. He shared his knowledge of legal compliance and legal obligations to disclose inside information.

The attending students learned about the role of the Securities and Futures Commission (SFC), the Hong Kong Stock Exchange, and the legal obligations of listed companies to disclose inside information. Mr. Chik started his lecture with an introduction to the main laws and regulations in Hong Kong on the disclosure of inside information, explained the meaning of “inside information,” the importance of establishing reasonable disclosure and confidentiality measures for inside information, and the obligations of listed companies to avoid a “false market” under the Hong Kong Listing Rules. According to Part XIVA of the Securities and Futures Ordinance (SFO), inside information refers to specific information that is not generally known and, if generally known, would have a significant effect on the price of listed securities. With Part XIVA of the SFO in effect since 2013, listed companies in Hong Kong are legally required to disclose inside information to the public as soon as reasonably possible. An officer of a listed company who has inside information and fails to take reasonable measures to prevent a breach of disclosure obligations by the listed company is also personally liable under the SFO.

Mr. Chik also stressed that the officers of listed companies, including directors, financial controllers, and company secretaries, have an obligation to take all reasonable measures to prevent a breach of disclosure obligations by listed companies. He also urged students to take an interest in relevant laws and regulations, including the Hong Kong Listing Rules, and to increase their awareness of the legal environment and requirements.