

From: [REDACTED]
Sent: 09 September 2016 12:39
To: response
Subject: Consultation Paper on Proposed Enhancements to the Exchange's Decision Making and Governance Structure for Listing Regulation.

Dear Sirs,

I refer to the above consultation paper.

At the outset, I would like to take this opportunity to stress that I strongly support the maintaining the status quo of the existing regime.

The existing regime in Hong Kong works very efficiently and effectively with check and balance in place, striking the delicate balance between protection of investors and the development of Hong Kong as one of leading financing centres for entities to raise funds through IPOs by taking into account the risk control function of SFC as regulator and goalkeeper with veto power on the new listing and listing rules and the expertise and dynamism of market participants and professionals in various key fields.

Indeed, Hong Kong continues to be the most successful financial centre in the recent years by leveraging on the existing regime.

The proposals in the consultation paper give too much powers to SFC in relation to the listing related matter, which will inevitably render the existing check and balance to disappear. On the other hand, SFC with such wide powers does not have expertise and experience in market development, as it is highly specialized in enforcement and regulatory orientated work and it generally tends to place emphasis on compliance and risk control rather than business opportunities and strategic market development.

The proposals will make the fundamental revamp (rather than fine tuning) to the existing regime by setting up two new committees (i.e. Listing Policy Committee (LPC) and the Listing Regulatory Committee (LRC) and requiring the performance of the senior executives of listing department to be evaluated by LPC.

The proposals fail to recognize the importance of diverse background and expertise of 28 member- Listing Committee which is the corner stone of the listing process by ensuring its impartiality, as it is infeasible to control any single group, sector or profession members of very senior ranking in the Listing Committee and above all, the proposals will effectively replace the Listing Committee with a narrow-based 6 member LRC to vet the complicated IPOs. Given its narrow-based memberships, LRC could be more easily pressured or controlled, and in worst scenario it could increase the risk of corruption.

The proposals will only add additional layers of bureaucracy leading to greater inefficiency rather than enhancing the efficiency of the listing process as alleged in the above consultation paper. Indeed, there are two hearings of Listing Committee and LRC under the proposals and this will likely delay the listing process.

The proposals will inevitably move the existing regime towards a merits-based system (rather than the existing disclosure-based system), as the regulators generally prefer the merits-based system and SFC with such wide powers under the proposals can easily force the existing regime to move towards a merits-based system.

I do not see any need to implement any proposals in the above consultation paper nor do I see any need to reform the existing regime. In the circumstance, I think the above consultation paper shall be withdrawn as soon as possible.

Please withheld my name and personal information from publication. Thank you for your attention.

Yours faithfully

