

Corporate Communications Department
Hong Kong Exchanges and Clearing Limited
8th Floor, Two Exchange Square
8 Connaught Place, Central
Hong Kong

13 September 2019

Dear Sir

**Consultation Paper on Codification of General Waivers and Principles
Relating to IPOs and Listed Issuers and Minor Rule Amendments**

On behalf of ACCA (the Association of Chartered Certified Accountants) Hong Kong, we would like to submit our comments regarding the above-mentioned consultation as below:

1. We agree to most of the proposed codification of waivers.
2. We have reservations on the proposed codification of waiver under Question 11. We have concerns that the proposed codification may not be able to enhance the clarity it seeks to provide, but unintentionally creates an expectation that a waiver will be forthcoming once certain general conditions are met. This could potentially undermine the Exchange's efforts in promoting high standard of corporate governance in Hong Kong, which is fundamental to the status of Hong Kong as an international financial centre.

We consider that properly qualified professionals who are subject to professional disciplines and continuous professional development are more suitable to fulfil the role of company secretary of listed issuers in order to ensure regulatory compliance which is crucial for investor protection.

It is all the more important for an issuer who has principal business activities primarily outside Hong Kong to have a suitably 'qualified' company secretary conversant in Hong Kong Listing Rules and other

Hong Kong regulatory compliance to fill the gap of a board which may not be familiar with the requirements in Hong Kong.

In this connection, we note that the current Listing Rules have already provided sufficient leeway for issuers to fulfill the requirement by appointing a company secretary with certain academic or professional qualifications, or an individual with "relevant experience" capable of discharging the functions of company secretary, which would be assessed by the Exchange taking into account of a number of other factors.

While we acknowledge that the Exchange has granted waivers from Main Board Rule 3.28 / GEM Rule 5.14 in the past to accommodate the practical difficulty of some listed issuers and the Exchange's intention to provide clarity, we note that the proposed codification as set out under paragraph 71(i) to (iii) only spells out a few general factors in the form of a note to the relevant Listing Rule. We doubt whether the inclusion of such general grounds would help provide additional clarity to the market unless specific factors, qualifications and / or terms are codified in the Rules.

Under the existing practice, the Exchange has already had the absolute discretion to determine whether a waiver will be granted or not. The Exchange should seriously exercise its discretion and review the situation of each issuer in detail for each waiver application, and only grant the waiver in exceptional circumstances and on a case by case basis.

Should there be any questions, please do not hesitate to contact the undersigned at [REDACTED].

Yours faithfully

[REDACTED]

Natalie Chan
Chairman