

香港聯合交易所有限公司
(香港交易及結算所有限公司全資附屬公司)

THE STOCK EXCHANGE OF HONG KONG LIMITED
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

Our Ref: CRO20160617-014

17 June 2016

To: Main Board Listed Issuers (Attn: Authorised Representatives)
GEM Listed Issuers (Attn: Authorised Representatives)
Market Practitioners

Dear Sirs

Joint Consultation Paper on Proposed Enhancements to the Stock Exchange of Hong Kong Limited's Decision-Making and Governance Structure for Listing Regulation

The Securities and Futures Commission (SFC) and Hong Kong Exchanges and Clearing Limited (HKEX) today jointly issued a consultation on proposed enhancements to The Stock Exchange of Hong Kong Limited's (Exchange) decision-making and governance structure for listing regulation.

"These enhancements mean that the SFC, working closely with the Exchange through two newly-established committees, will concentrate on those listing policies and decisions which are important for market quality, market competitiveness and development," said Mr Ashley Alder, the Chief Executive Officer of the SFC. "Other listing decisions, which are expected to be the large majority, will continue to be made by the Listing Department and the Listing Committee. This will enable us to redouble our focus on the crucial issues and clarify the roles of the SFC and Exchange. Listing regulation will be more proactive and efficient whilst the listing process for most companies will be simpler."

"The current decision-making structure for listing regulation has served the market well. We have a unique model that reflects Hong Kong's good balance between market development and a trusted regulatory regime. However, as the market has become increasingly large and complex and the global landscape has become more competitive, coordinated regulatory efforts and foresight in policy formulation are required to address new market developments. The proposed enhancements would streamline the processes for making important or difficult listing decisions, and enable the SFC and the Exchange to better coordinate and address future regulatory needs while maintaining Hong Kong's competitiveness as an international financial centre," said Charles Li, the Chief Executive of HKEX.

Under the proposals:

- two new Exchange Committees on which the SFC and the Exchange are equally represented will be established – the Listing Policy Committee, which will initiate, steer and decide listing policy with participation by representatives of the HKEX Board and the Takeovers and Mergers Panel, and the Listing Regulatory Committee, which will decide on IPO and post-IPO matters that have suitability concerns or broader policy implications;
- the Listing Committee will provide a non-binding view to both the Listing Policy Committee and the Listing Regulatory Committee on their decisions;
- the listing function will remain within the Exchange which will continue to be the frontline regulator for listing matters;
- the Listing Committee, together with the Listing Department, will continue to decide a large majority of initial listing applications and post-listing matters; and
- the SFC's powers and functions in relation to listing matters will remain unchanged, but the ways in which those powers and functions are exercised and performed will be enhanced.

The enhancements aim to:

- achieve, through the Listing Policy Committee, closer coordination and cooperation between the SFC and the Exchange on listing policy formation and provide the SFC with earlier and more direct input on listing policy matters and listing regulation;
- streamline, through the Listing Regulatory Committee, the processes for important or difficult listing decisions that raise suitability issues or have broader policy implications. This would allow the SFC to have earlier and more direct input on these decisions and to collaborate with the Exchange on decision-making;
- simplify the process for initial listing applications so that they can be vetted and approved more efficiently; as part of the proposals, the SFC will no longer as a matter of routine issue a separate set of comments on draft IPO prospectuses under the dual filing regime; and
- establish clearer accountability for decision-making in listing regulation and for oversight of the administration of the Listing Rules.

The three-month consultation ends on 19 September 2016. Interested parties are invited to submit comments to the SFC or HKEX. The joint consultation paper can be downloaded from the [SFC website](#) or the [HKEX website](#).

Yours faithfully
For and on behalf of
The Stock Exchange of Hong Kong Limited

[Signed]

David Graham
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