

I. Background

Institute of Financial Technologists of Asia (IFTA) is a Non-Profit Organization established in Hong Kong on September 2017. Our mission is to create a globally recognized standard and become the largest association for FinTech profession: nurturing talents, unclosing international opportunities, and promoting continued development of the industry with the highest ethical standard. In the witness of Innovation and Technology Bureau (ITB), Hong Kong Monetary Authority (HKMA), Financial Services and the Treasury Bureau (FSTB), and City of London, IFTA entered into a collaboration agreement with the Certificate of Finance and Technology (CFT) from the United Kingdom to introduce the first CFT certificate program to Asia.

Along with the support of our corporate founding members including Coherent Capital Advisors, Deloitte China, Hang Seng Bank, Haifu International Finance Holding Group, iFast, Link Asset Management, The Chinese Gold and Silver Exchange Society, and Value Partners etc, IFTA strives to gather each party's contribution and constructive advises towards Hong Kong's pathway of becoming next FinTech hub of Asia.

II. Opinion

In response to the consultation paper "A Listing Regime for Companies from Emerging and Innovative Sectors," we welcome the long overdue expansion of the existing listing regime to include companies from emerging and innovative sectors so as to maintain Hong Kong's status as a world leading listing destination. We believe that by allowing Biotech companies that do not meet any of the financial eligibility tests, high growth and innovative companies with WVR structures and also qualifying issuers who seek a secondary listing here, Hong Kong would be able to maintain its competitiveness and not lose out to other leadings exchanges like NYSE and NASDAQ.

The only problem that lies with this expansion is the safeguard it provides investors. For Biotech companies, we believe the requirements set out by the paper to be sufficient for investors to be able to judge the value of the company. Investing in new biotech companies that do not meet any of the financial eligibility test represent an investment towards its technology/R&D and its exciting future and we believe that investors should not be stripped away of this opportunity just because it does meet traditional requirements. As long as these companies are sufficiently marked and identified, we believe investors should be able to choose on their own freewill on what to invest in.

As for high growth and innovative companies with WVR structures, this is a much more complex question. We agree that WVR structures maybe ripe for abuse by founders who may exert total control over the company without regards to opposition by minority

shareholders as long as they hold all the voting power. However, we believe that despite the possibility, investors around the world are all very excited to invest in such companies and they are willing to forgo their power so as to be able to profit from the growth of these companies.

Furthermore, by not allowing such structures, Hong Kong will only lose its competitiveness to other global exchanges who have progressed to such a stage. Looking at the extreme example of snapchat, if investors still knowingly invest into these companies despite having zero voting power, we believe this essentially boils down to an individual's choice on whether or not to invest and give away their rights in exchange for possible growth. However, we still propose that legal funding to be set up by the company so as to allow investors with no/minimal voting rights to settle major grievances/mishandling through courts on the company's expense.

As for the allowing of secondary listing of qualifying issuers, we believe this to be a major benefit for the Hong Kong markets as this would attract back a number of large mainland and non-mainland companies from emerging and innovative companies who have listed in the US or other major international exchanges to possibly comeback. This would not only increase the transactions through Hong Kong, but at the same time afford local investors the possibility of investing in these companies.

The only holdback we have with this proposal lies not with its content but rather its structure. We have long believed that the HKEX has a conflict of interest by both serving as a regulator and also the lister of companies, as this conflict may lead to a laxer standard in listing. Furthermore, the current board for proposed listings are mainly comprised of established figures who may not fully understand the new industries that they are expanding into. We propose to set up a different board for the proposed listings of these emerging and innovating companies which comprise of a mixture of the current established figures and an equal amount of industry leadings figures in said emerging and innovative industries.