[redacted]

18 December 2022

The Stock Exchange of Hong Kong Limited
8/F, Two Exchange Square
8 Connaught Place
Central, Hong Kong

Submitted online via email to: response@hkex.com.hk

RE: Listing Regime for Specialist Technology Companies (the "Consultation Paper")

Dear Sirs,

[redacted] is pleased to have the opportunity to respond to the Consultation Paper, issued by The Stock Exchange of Hong Kong Limited (the Exchange), but kindly note that we do not wish our name to be disclosed to members of the public.

[redacted] supports a regulatory regime that increases transparency, protects investors, and facilitates responsible growth of capital markets while preserving consumer choice and assessing benefits versus implementation costs.

As a market participant, we welcome the Exchange's efforts to expand the range of companies that can access Hong Kong's capital markets. We are supportive of the Exchange's approach, as articulated in the Consultation Paper, in striking a balance between upholding the quality of listings in Hong Kong and creating a commercially viable venue to support the capital raising needs of specialist technology companies that are not yet able to fully satisfy listing requirements for a traditional listing.

Whilst we are broadly in support with the Exchange's proposals, we would also like to take this opportunity to provide our views on two specific issues that we, as an asset manager and fiduciary to our clients, consider are important and should be addressed as part of the proposed new listing regime. We set out our views in further detail below for your consideration.

We welcome further discussion on any of the points that we have raised.

Yours faithfully,

[redacted]

[redacted]

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[1] [redacted] is one of the world's leading asset management firms. We manage assets on behalf of institutional and individual clients worldwide, across equity, fixed income, liquidity, real estate, alternatives, and multi-asset strategies. Our client base includes pension plans, endowments, foundations, charities, official institutions, insurers and other financial institutions, as well as individuals around the world.

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We have reviewed the Consultation Paper and we fully appreciate the HKEx's efforts in expanding the range of companies that can access the Hong Kong capital markets. We also agree in principle with the HKEx's objective and approach in striking a balance between upholding the quality of listed companies and creating a commercially viable venue to support the capital raising needs of these specialty technology companies that do not currently meet the traditional listing requirements. Externally, we are one of the leading voices in drafting the formal response from ASIFMA. Through a broad working group that includes participates from the buy and sell sides, we understand that there is general industry consensus on the Consultation Paper and that members are also supportive of the proposals. To be efficient, our feedback on the Consultation Paper will be reflected through the formal submission by ASIFMA and [redacted] will not be submitting a full independent response to consultation paper. Instead, we would like to take this opportunity to emphasize two specific items that we, as an asset manager and fiduciary to our clients, consider important but believe they have not been adequately addressed by the list of questions in the consultation paper.

1. **Double Dipping**

- We appreciate the HKEx's efforts in allowing existing (pre-IPO) investors to take part in the IPO bookbuild, either as a cornerstone or the placee, but we believe the HKEx have overlooked a different type of 'double dipping' which relates to an investor participating in both the cornerstone and placee tranches of an IPO. For context, the existing listing rules does not allow 'institutional investors" (defined at the asset manager level) to participate both as a cornerstone investor and as a placee in an IPO. It is important to recognise that investment decisions by institutional investors are typically made at the individual portfolio manager level, with a clear internal separation of investment decision making between different mandates within a single asset manager, which is supported by robust compliance policies and Chinese walls. The decision whether to participate in an IPO by separate mandates that may have different risk appetites, costs of capital and liquidity restrictions can in turn provide additional useful feedback on the IPO bookbuilding and price discovery processes, whereby the investment underwrite is established independently across different decision makers within the same platform/asset manager.
- We propose that the Exchange should relax the existing restrictions on double dipping and allow institutional investors that are able to demonstrate to the HKEx clear internal separation of decision making (eg. Chinese walls, compliance polices) between different mandates to participate with separate bids in the cornerstone tranche and in the placee tranche of Specialist Technology Listings.

2. **Governance and specialist INED**

- We are cognizant that products and/or services of Specialist Technology Companies generally do not require the validation/approval of a Competent Authority, which increases the difficulty for investors to assess claims by companies on their novel technologies. We believe it would be important that INEDs of these Specialist Technology companies have the capability to exercise effective oversight for investors.
- We recommend a requirement for at least one INED with relevant technology background or expertise to be able to assess the technological development of the company for outside shareholders. This should also be in line with a tech company's strategic needs.

We believe the careful implementation of the Specialist Technology listing regime can potentially further enhance the importance of Hong Kong capital markets on the global stage. At the same time, this can provide Special Technology Companies with an attractive listing venue as they consider the next stage of their capital raising journey.