

29 June 2016

Corporate Communications Department
c/o Hong Kong Exchanges and Clearing Limited
12/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Dear Sirs

Re: Consultation Paper on Proposed Enhancements to the Exchange's Decision-Making and Governance Structure for Listing Regulation (the Consultation Paper)

I am writing in response to the Consultation Paper.

According to the Consultation Paper, the SFC aims to establish closer coordination and collaboration with Exchange in relation to policy regulation and decision making, and intends to create a more efficient route for IPO applications to be vetted and approved. While the current structure for policy regulation and decision making needs to be revisited and enhanced due to (i) the continual growth and complexity of the market, which carries a greater variety of risks and (ii) the need to address emerging market developments, the road to better coordination between the SFC and the Exchange to address future regulatory needs will not be achieved through the creation of two new regulatory committees as proposed as it will not help combat inefficiency nor is the proposal the most effective method to increase involvement of the SFC in policy regulation.

Duplication in structure

Currently, there are only two main regulatory units – the Listing Department and the Listing Committee. The proposed creation of two new committees entails a more complex structure to the current policy regulation and decision-making model. Such a complex structure could lead to inefficient communications among the three regulatory units, namely, the Listing Department, the Listing Regulatory Committee and the Listing Policy Committee. If the SFC is looking to increase efficiency in the decision-making and policy regulating process, then other alternatives ought to be considered which do not complicate the channels of communications.

To align with the aims of the SFC and the Exchange, it would be most practical and effective to increase the number of the members of the existing Listing Committee to include representatives from the SFC. This way, the two existing relatively streamlined regulatory units (namely, the Listing Department and the Listing Committee) are maintained.

Small talent pool

In Hong Kong, there is a small pool of people who have the experience and knowledge to be able to serve as members of the Listing Committee. If two new committees were to be established, it would require a sufficient number of such experienced practitioners and market players to be available.

Over-concentration of power and authority

The proposal suggests that the chairperson of the Takeovers Panel will also be the chairperson of the Listing Policy Committee. The role and function of the Takeovers Panel have no direct relevance to Hong Kong IPOs. If a particular individual serves as the chairman of two regulatory units overseeing Hong Kong takeovers as well as Hong Kong IPOs, the individual may be perceived to have an exceeding level of power.

I would like to remain anonymous in my response.

Yours sincerely

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Legal practitioner