

**From:** Connie Chung [REDACTED]  
**Sent:** 2016年11月7日星期一 17:05  
**To:** response  
**Subject:** Consultation Paper on Proposed Enhancements to the Exchange's Decision Making and Governance Structure for Listing Regulation

Dear Sir / Madam,

I would like to respond to the Consultation Paper on Proposed Enhancements to the Exchange's Decision Making and Governance Structure on Listing Regulation ( the "Consultation Paper"). I have been working in the investment banking field for over 20 years including a substantial period working in the Listing Department of the Stock Exchange of Hong Kong reviewing listing applications, promoting the Hong Kong market and working with the Listing Committee members on the listing applications.

### **1. Reasons for the Proposals**

According to paragraph 44 of the Consultation Paper, the Hong Kong listing market has experienced significant growth over the past decade and has gained its unique positing on being a premier capital formation centre for the Mainland companies and overseas companies. The growth is spectacular with its market capitalization multiplied from HKD8 billion to 24.6 billion.

This is a proven success of the existing regulatory regime which strikes a sound balance between the authority of the Government, the SFC, the Stock Exchange and the Listing Committee. The Consultation Paper does not explain as to why a system proven to be successful should be replaced.

The Consultation Paper states that the market has continued to grow in size and its complexity, and hence calls for proposals. But why ? How the proposed structure can address the complexity issue much better than the existing regime ?

What are the complex issues that the existing regime cannot solve or anticipate and why the new regime is capable of mastering it ? As such, is there a valid foundation for making such proposal in the first place.

### **2. The Listing Regulatory Committee ( the "LRC")**

With the proposed set-up of LRC, the role of the existing Listing Committee ( the "LC") will be significantly reduced. On matters regarding suitability concerns, the LC can only provide "non-binding views" to the LRC. I believe "suitability" concern is the first and foremost consideration in reviewing and approving each and every listing application at the Listing Department and at the Listing Committee level. Leaving the "suitability concern" to the LRC will, in the extreme, turn all listing applications to the LRC.

The LC is represented by different sectors of the market practitioners which have in the past offered significant market insights into the listing matters. The proposed committee of the LRC is in no way able to replace the market knowledge and insights offered by the LC members. Now with the "rubber-stamp" role of the LC, who else from the market practitioners would seriously like to serve on LC ?

### **3. The Listing Policy Committee ( the "LPC" )**

The proposed role of the LPC is not new. It has been well taken care of by the existing system. The Consultation Paper has not given explanation as to what unique roles that the LPC can do and the existing system cannot as far as policy matters are concerned.

The CEO of the SFC will serve on the LPC as an ex-officio member. Is this appropriate for SFC CEO to sit on such committee since it is the SFC who will ultimately decide and approve the policy changes ? The demarcation line between SFC and the proposed committees are blurring.

### **4. The role of the SFC**

Instead of going down the line of execution and blurring herself with the Stock Exchange of Hong Kong, the SFC should keep herself intact in performing the ultimate market regulator's role. It is the job of the SFC to take prompt and effective actions against the market malpractices and misconduct. The SFC should not lead the market, she should only be the police. The Hong Kong market needs new air coming in for new growth. The proposed committees cannot help but suffocate.

Last but not least, what makes Hong Kong successful is its free market in all aspects. The listing market has always been a disclosure-based regime, being on par with major international markets. The proposal turns Hong Kong back to a regulator-based regime.

Let the market decide and I believe this is the entrepreneurial spirit of Hong Kong.

Thank you for your attention.

Regards,  
Connie Chung