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Submission By Email: response@hkex.com.hk

Ladies and Gentlemen:

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

We welcome the review by The Securities and Futures Commission (SFC) and The Stock Exchange of Hong Kong Limited (**Exchange**) of the listing regulatory regime. We also welcome efforts to enhance the structure in which listing regulation is carried out to make access to, and regulation of, the Hong Kong market *transparent, effective, efficient and attractive* (**Reform Objectives**).

However, we have strong reservations with the Proposals as outlined in the Consultation Paper, as we do not see them as being able to achieve the Reform Objectives. In particular, the addition of two committees, the Listing Policy Committee and the Listing Regulatory Committee, is likely to bring the SFC to, or at least nearer to, the frontline of the listing vetting process, thereby adding to the existing duplicative process. We consider that the existing framework to be effective, subject to enhancements of some of its elements. The creation of more committees is not desirable.

To achieve the Reform Objectives, we would welcome the following:

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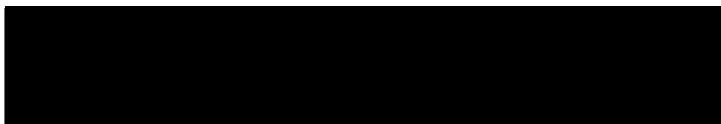
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- Reviewing the current composition of the Listing Committee to include representatives of the SFC as *ex officio* members, together with a streamlining of the number of members of the Listing Committee. Policy formulation will continue to be within the remit of the Listing Committee.
- Granting the Listing Division with the authority to approve cases that do not involve suitability issues or the granting of special waivers (**Significant Cases**), without having to go through the Listing Committee. In particular,
 - The Listing Division should be given the authority to decide when cases are considered Significant Cases (following guidance approved by the Listing Committee).
 - Listing applicants may, in prescribed circumstances (similar to a review or appeal), request that cases be submitted to the Listing Committee.
 - Listing Decisions and Guidance Letters have become very helpful to market participants. Issues that conform with Listing Decisions and Guidance Letters should not need to be considered by the Listing Committee.
 - In the run-up to hearings of the Listing Committee, listing applicants often receive numerous verbal and/or email comments that apparently address disclosure concerns (or preferences) of members of the Listing Committee. We believe that if routine cases do not need to be submitted to the Listing Committee, the vetting process will be more efficient without compromising on the quality of disclosure.
- Looking at the way the SFC and the Listing Division coordinate comments on listing applications. The SFC should focus on an overall quality of a listing application, and provide “vetting pointers” (if any) to the Exchange on specific cases rather than issue comments directly to the listing applicant (via the Listing Division). We recognize that there are cases where the SFC should “set the tone” (*e.g.*, because of the quality of the disclosure, the perceived risks to investors, etc.) and the way to do this is for the SFC to issue “vetting pointers” to let the Listing Division know of its concerns. In giving “vetting pointers” to the Listing Division, we believe that there will be close coordination between the SFC and the Listing Division and will avoid conflicting or duplicative comments issued by the SFC and the Listing Division.

We hope the SFC and the Exchange can adopt a solution that achieves the Reform Objectives. We are active participants of the listing process, and would be very happy to engage in further discussions with you. Thank you.

Very truly yours,

A large black rectangular redaction box covering the signature area.

Simpson Thacher & Bartlett