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Joint Consultation Paper "Proposed Enhancements to The Stock Exchange of Hong Kong Limited's Decision-making and Governance Structure for Listing Regulation"

The proposal jointly put forward by HKEX and SFC in enhancing the governance structure and decision-making for listing regulation is a welcome move in the right direction. HKEX has been criticized for the potential conflict of interest in approving companies with questionable quality to be listed in the HKEX as the Listing Department together with the Listing Committee have the de-facto complete discretion in the listing approval process. With the setting up of Listing Regulatory Committee and Listing Policy Committee, and the fact that SFC and HKEX will be equally represented in the committees, the potential conflict of interest issue will be significantly reduced. The presence of the two committees should put more pressure on the HKEX Listing Department and Listing Committee in taking extra care in handling listing approval especially for the companies with questionable or marginal qualities.