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Reasons for objection to SFC-HKEx joint consultation on listing regulation

(1) *Destroys the existing 3-tier regulatory system*

- The proposed structures give SFC the front- and back-line regulatory authority without proper check-and-balance.

(2) *2 new committees give SFC dominant control*

- The proposed Listing Policy Committee **("LPC")** and Listing Regulatory Committee **("LRC")** above the LC will be dominated by SFC through control of its membership.

(3) *LC being sidelined*

- Listing Committee **("LC")** (which composed of market participants & professionals) is sidelined to preside over routine IPO matters and LC's views are non-binding.

(4) *LPC dominates the Listing Rule regime*

- LPC will have overall control over the Listing Rules which affects all Hong Kong listed companies and the authority of the SFC will be too extensive.

(5) *SFC's absolute power in both IPO approval and policy setting*

- Under the proposed structures, LC is bypassed, and LRC and LPC will make final decisions.

(6) *Slowing down market development*

- The proposed structures will concentrate power in a few hands under control of SFC which is regulator-minded.
- It will protect the regulator by shutting off the door to many companies and would compromise Hong Kong's position as an international financial center.

Conclusion

- The proposals give SFC all-encompassing control over regulatory and listing matters, with power concentrated in a few hands without proper checks and balance.
- The proposals will allow SFC more power on regulatory aspects without proper consideration on business aspects.
- The Listing Rules will become very stringent and neglect listed companies' needs.
- The compliance works of listed companies will become more and more difficult.
- The proposals are detrimental to market development, and would reel Hong Kong back to a regulator-based regime where decisions are made in a small-circle without valuable market input.