

**香港酒店業主聯會**The Federation of
Hong Kong Hotel Owners

September 9, 2016

Corporate Finance Division Securities and Futures Commission
35/F., Cheung Kong Center
2 Queen's Road Central
Hong Kong
BY FAX (2810 5385) AND BY POST

Dear Sirs,

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

We refer to the above consultation paper.

At the outset, we would like to take this opportunity to stress that we strongly support maintaining the status quo of the existing regime.

The existing regime in Hong Kong works very efficiently and effectively with check and balance in place. It strikes the delicate balance between protection of investors and the development of Hong Kong as one of leading financing centers for entities to raise funds through IPOs by taking into account the risk control function of SFC as regulator and gatekeeper with veto power on the new listing and listing rules.

Indeed, Hong Kong continues to be the most successful financial centre in the recent years by leveraging on the existing regime.

The proposals will make the fundamental revamp (rather than fine tuning) to the existing regime by setting up two new committees (i.e. Listing Policy Committee (LPC) and the Listing Regulatory Committee (LRC) and requiring the performance of the senior executives of listing department to be evaluated by LPC.

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The proposals fail to recognize the importance of diverse background and expertise of 28 member- Listing Committee which is the corner stone of the listing process by ensuring its impartiality, as it is infeasible to control any single group, sector or profession members of very senior ranking in the Listing Committee and above all, the proposals will effectively replace the Listing Committee with a narrow-based 6-member LRC to vet the complicated IPOs. Given its narrow-based memberships, LRC could be more easily pressured or controlled, and in worst scenario it could increase the risk of corruption.

The proposals in the consultation paper give too much powers to SFC in relation to the listing related matters, which will inevitably render the existing check and balance to disappear. On the other hand, SFC with such wide powers does not have expertise and experience in market development, as it is highly specialized in enforcement and regulatory orientated work and it generally tends to place emphasis on compliance and risk control rather than business opportunities and strategic market development.

We do not see any need to implement any proposals as set out in the above consultation paper nor do we see any need to implement any drastic change to the existing regime. In the circumstance, we recommend that the above consultation paper shall be withdrawn as soon as possible.

Yours faithfully,

Michael Li
Executive Director