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Direct line :

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9 September 2016

By hand

Corporate Communications Department
c/o Hong Kong Exchanges and Clearing Limited
12/F, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

Corporate Finance Division
Securities and Futures Commission
35/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

Dear Sirs,

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

We have read with interest the joint consultation paper issued in June this year and have considered the proposals included therein.

The FRC's Role is to act in the public interest and in considering the proposals we have had regard to their public interest elements. We noted several aspects which the consultation paper has highlighted and which we summarise as follows:

- Hong Kong's market size and regulatory oversight has grown substantially in recent years and there is now a need to adopt a more co-ordinated approach to listing matters.
- Under the current structure, the SFC has the power to veto applications which have been approved by HKEX, which some regard as an inefficient process which

may be exercised too late in the process, particularly where suitability issues or broad policy implications exist.

- A principal thrust of these proposals is to ensure there is an efficient and co-ordinated approach to dealing with suitability considerations and broad policy implications.
- The vast majority of listing applications will continue to be vetted and approved by the listing committee of HKEX and consequently the proposals will not have any identifiable impact on these listings.
- Currently there is a need for a separate set of comments from the SFC's corporate finance division which will be eliminated under the proposals.

We are generally supportive of proposals that will enhance the dual structure and facilitate a more efficient and co-ordinated approval process which we believe are in the public interest.

Yours faithfully

Paul F. Winkelmann
Chief Executive Officer
Financial Reporting Council