

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 Stock Exchange's Decision-Making and Governance Structure for Listing Regulation

I strongly oppose the implementation of the proposal in the captioned consultation paper. The following are my grounds of opposition:

1. The proposal replace the existing practitioner-based regulatory system (with market input and perspective) with the SFC-led regulatory regime which may easily lead to insensitivity to market trends and heavy handed over regulation. More importantly, the check and balance under the existing regulatory system will disappear after implementation of the proposal.
2. The current regulatory system works well for only protection of the investors. Compared with other leading financial centers, the percentage of IPO failure in Hong Kong is roughly the same as that in other financial centers. I do not see any urgent need to reform the existing structure governance.
3. The proposal involves fundamental change to the existing regulatory system by setting up two new committees on top of the Listing Committee (LC): the Listing Regulatory Committee (LRC) and Listing Policy Committee (LPC). LRC and LPC will be controlled by SFC through the nomination process and inherent membership requirement of these two new committees. The proposal will downplay the existing role of LC by transferring its original key functions of vetting of new listings to LRC and formulation of listing policy and listing rules to LPC without recognizing the importance of diverse expertise, experience and market perspectives of LC in the vetting listings and formulation of listing policy and listing rules.
4. The proposal will hinder market development by vesting all the key listing regulation power in SFC which is not the appropriate institution to handle market development, as the regulators tend to be risk adverse and not market orientated.

5. The proposal will move the existing regulatory system towards the merits-based regime from the disclosure-based regime, as the regulators generally favour the merits-based regime, which is not in par with the global trend in the financial market.

6. After all, the proposal will hinder Hong Kong's main advantage as a major global financial centre as potential companies will tend to seek for listing at other stock exchanges because of the implementation of this proposal.

Yours faithfully,