

We take the pleasure to provide our view on the Joint Consultation Paper titled “Proposed Enhancements to The Stock Exchange of Hong Kong Limited’s Decision-Making and Governance Structure for Listing Regulation” (the “Enhancement Proposal”). Terms used herein shall have the same respective meanings as defined in the Enhancement Proposal, unless otherwise specified.

(a) Policy development

The establishment of LPC can provide a clearer responsibility within the Exchange. In order to protect the interests of the investment public and maintain the market to be operated in a fair, efficient and orderly manner, effective policy development is essential. With a specialised committee in place, it is expected that it can closely identify the new market developments or activities and efficiently address/rectify the issues so arise. Further, the SFC and the Exchange will be equally represented in the LPC as suggested. The SFC will be able provide earlier inputs for the listing policy matters which may accelerate the deliberation process and react to the new market development efficiently.

(b) Listing applications by new applicants

The proposed arrangements will enhance the overall efficiency to process the IPO applications which is favourable to the applicants as the shortened vetting time can therefore reduce the unpredictability to the change of market environment. In addition, new applicants will no longer be required to issue a separate set of statutory filings to the SFC’s Corporate Finance Division for its comments. The simplification the procedural formality will directly save cost and time burden of the new applicants.

As the LRC is specialised in handling the LRC Matters and is dedicated to oversee and decide the applications with suitability concerns or broader policy implications, those listing applications intend to achieve improper purpose may be identified and dealt with by the LRC in an earlier stage.

(c) Matters involving listed issuers

The proposed arrangement is in line with rationale in handling the IPO application involving the LRC Matters. With the LRC specialising in handling the LRC Matters, it is expected better market quality can be maintained.

(d) Reviews of listing decisions

In relation to the LRC, the members' composition would be more diversified with more full time participants. It is expected that different perspective can be given in relation to the review of listing decision.

(e) Disciplinary matters

Members with legal professional background would be more familiar to interpret the provision/rules. It is expected that the decision would be more convincing. It may also raise the transparency in relating to disciplinary matters when an independent legal professional is engaged.

(f) Oversight of the listing function

The formation of LRC to oversee the listing function and the LD's performance would provide a better oversight role and clear responsibility. First, as the LRC has more full time participants, it may be more effective in discharging the oversight role. Second, it is expected that the LRC can ensure the consistence of policy implementation regarding the listing matters.

(g) Publication of decisions

Such arrangement not only raises the transparency of the decision-making process of each committee, but also increases the predictability of the outcomes.

(h) Composition and Procedures of the Listing Policy Committee/ (i) the Listing Regulatory Committee/ (j) the Listing Regulatory (Review) Committee/ (k) the Listing (Disciplinary) Committee, the Listing (Disciplinary Review) Committee and the Listing Disciplinary Chairperson Group

In order to further raise the transparency and avoid any potential conflict between the proposed committees to be established, it may be necessary to further fine-tune the composition of members of the respective committee.