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The proposed structures are a fundamental change to the existing listing regulatory regime of Hong Kong and will shake the foundation of our system upon which our market success has relied. It is not a fine-tuning of the existing structure. It gives the Securities and Futures Commission ("SFC") the front- and back-line regulatory authority without check-and-balance of its all-encompassing power. At the core of the proposals is the creation of two new committees: The Listing Policy Committee ("LPC") and Listing Regulatory Committee ("LRC"). On the surface, the SFC and HKEx have equal representation in these committees, but in effect the SFC has a dominant control. Of the eight members of the LPC, four are from the SFC and four from HKEx. The LRC is composed of 6 members with three from the SFC and three from the Exchange. While nominally there is equal participation, SFC has great influence on who can become members of these committees. It should be noted that all appointments to the Listing Committee ("LC") are made by the Listing Nominating Committee ("LNC"), composed of three non-executive directors of the Board of the Exchange and the Chairman and two Executive Directors of the SFC. The LNC also nominates the Chairperson and the two Deputy Chairpersons of the LC. As such, the SFC has effective veto power over who can become the LC Chairperson and Deputy Chairpersons. Through this veto power, the SFC can control who will eventually enter the LPC and LRC, thus ensuring it will have a dominant influence in these committees. The primary role of the SFC is to regulate and not to lead market development. The disadvantage of the SFC playing frontline gatekeeper (in a SFC-led set-up) is that the regulator mindset may dominate and shut out companies and innovations based on subjective and conjectural beliefs. This is not beneficial for overall market progress and international competitiveness of our market as an international financial centre. The proposed structures will concentrate power in a few hands under control of the SFC which is regulator-minded. The regulator mindset that would take center stage in the proposed structures may lessen the focus on market development for Hong Kong. This is the future of Hong Kong as an international financial centre. We are getting severe competition from the mainland's and other exchanges, and we must open the market more, instead of shutting it. Without counter-balance and being lopsided towards the SFC, the proposed structures would only accentuate the regulator mindset which is not conducive in developing the market and products. Eventually, Hong Kong would slowly diminish its significance as an international financial centre. I object to the proposals in that they give the SFC all-encompassing control over

regulatory and listing matters, with power concentrated in a few hands without proper checks and balances; they are detrimental to market development, where decisions are made in a small-circle without valuable market input. I worry that the regulator-mindset would stifle the market if the proposal is enacted. Collectively, these will harm Hong Kong's position as an international financial centre. Therefore, I propose that the current three-tier regulatory structure be continued.