

October 4, 2016

**Re: Joint Consultation Paper on Proposed Enhancements to the Stock Exchange of Hong Kong Limited's Decision Making and Governance Structure for Listing Regulation (Joint Consultation Paper)**

To whom it may concern:

I would like to submit my views on the Joint Consultation Paper as follows. In general, I oppose to the proposals set forth in the Joint Consultation Paper.

1. I believe the current system/structure, though not perfect, has served the market well. The three-tier system balances out the interest of all stakeholders. There is no perfect system/structure. How well a system/structure works also depends on how well participants make use of the framework. For example, one issue the Joint Consultation Paper is trying to address is the coordination between the SFC and the HKEX. There is existing mechanism for the two to communicate. They just don't do it well. I do not think the proposed structure of setting up the Listing Policy Committee and Listing Regulatory Committee that are heavily influenced by the SFC can streamline the process. It is almost like letting one party to dominate because two parties cannot communicate well and make joint decisions. This is apparently detrimental to the market
2. Another issue is the seemingly active making and trading of listed shells. However, having SFC take control would not alleviate the problem. It may be able to reduce such activities but it would hinder normal listing and trading activities as well. It is akin to chemotherapy killing normal and cancer cells altogether and the patient ends up dead. The right approach to fix the problem is through better regulation enforcement and investor/market education
3. Hong Kong has always prided its financial success on its free market. The SFC has served the regime well by being at the backend as the watchdog. Putting it in the forefront would defeat its purposes and render our securities markets highly bureaucratic and inefficient
4. The proposed moves would lead Hong Kong to backtrack on its development. What's worse is that the current proposals would set an unhealthy precedent for the securities markets to be more and more unnecessarily regulated. Hong Kong can completely lose its competitiveness vis-a-vis other financial markets. This is the last thing we want to happen

To conclude, I understand the goals the Joint Consultation Paper is trying to achieve. However, I do not think the Joint Consultation Paper provides the solutions. Therefore, I oppose to the proposals and sincerely hope that they would not be put into force.

Thank you very much.

Yours faithfully,