



4 November 2016

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

Corporate Communications Department
c/o The Stock Exchange of Hong Kong Limited
12/F, One International Finance Centre
1 Harbour View Street
Hong Kong

Dear Sir or Madam,

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

We refer to the "Joint Consultation Paper on Proposed Enhancements to the Stock Exchange of Hong Kong Limited's Decision-Making and Governance Structure for Listing Regulation" issued in June 2016 (the "**Consultation Paper**"). We strongly urge the SFC and the Exchange to revoke the proposals in relation to the establishment of the Listing Policy Committee (the "**LPC**") and the Listing Regulatory Committee (the "**LRC**") as set out in the Consultation Paper.

Risk of over-regulation

If the proposed restructure of listing function is implemented, the authority over listing matters exercised by the Listing Committee with 28 independent market experts will be transferred to LPC and LRC, which with only 8 and 6 members respectively and of a predominant representation by the SFC. Such regulator-led regime of Hong Kong is a step back against the international trend of moving towards a disclosure-based regime.

With such changes, the SFC will be able to exercise more control over the risk appetite of the listing regime. The SFC, as a regulatory body, will understandably have a more conservative stance with a view to ward off risk and disruptions. However, there are bound to be irregularities in the market attracting public criticism, which will in turn drive regulators to an increasingly conservative attitude, not only to avoid risks of irregularities but also criticism, stifling the market and impeding growth as a result. The potential achievement of the Proposals' original intentions is doubtful.



Effectiveness of the Proposals is doubtful

Additional LRC and LPC positioned above the existing Listing Committee will complicate the listing procedures and at the same time marginalize the Listing Committee. While having the LRC and LPC consist both the SFC and the Exchange members, we are unable to see improvement on clearer responsibility & accountability. The potential achievement of the Proposals' original intentions is doubtful.

As such, we sincerely hope that the SFC and the Exchange could consider and address our concerns and revoke the Proposals in the Consultation Paper as appropriate.

Yours sincerely,
For and on behalf of
Emperor Securities Limited

Wong Chi Mung
Responsible Officer