

Dear Sir/Madam,

The current 3-tier regulatory structure – (Front line regulator: Hong Kong Exchange and its Listing Committee; Back line regulator: SFC; Upper line regulator: Government) has been working well since 2003. Hong Kong has become the home market for China Enterprises. SFC has praised the HKEx listing function with higher and higher marks in 2012, 2013, 2014, 2015 in its yearly appraisal. Hong Kong was No. 1 in the world in 2015 in capital raised.

I oppose to the proposal, the reasons as below.

It seems that the Proposed Structure will give SFC the Front and Back Regulatory authority without check and balance of its all encompassing power. The will lead to a regulator led regulatory regime or a merit based regime, as opposed to a market led regulatory regime which is practiced in most jurisdictions globally. The Stock Exchange will only have minimal humdrum role in the listing function of the stock market.

Market Development is a most worrisome point with the SFC effectively taking over front line regulation. The regulator mindset that would take center stage in the proposed structure would 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 China's exchanges, and we must open the market more, instead of shutting it.

Yours sincerely,