

Dear Sirs,

**Consultation Paper on Proposed enhancements to the Stock Exchange's Decision Making and Governance Structure for Listing Regulation**

I strongly oppose the Consultation Paper and the salient points of the underlying reasons of the opposition are as follows:

- (a) Substantial alteration (rather than minor refinement) to the current regulatory system
- The existing regulatory system works effectively and efficiently.
  - Many substantial changes will be introduced to the existing regulatory system, especially the transfer of two principal functions of the Listing Committee as proposed in the Consultation Paper.
  - There are no concrete justifications or logic for introducing such changes in the Consultation Paper.
  - It is highly doubtful that the objectives of such substantial changes can be attained and the related benefits can be obtained.
  - If such substantial changes eventually turn out to be non-workable or have adverse impact to Hong Kong stock market eventually, Hong Kong is not affordable to bear such consequence, especially the damage is not reversible.
- (b) Moving towards the merits-based regime
- Almost all the global listing functions are based on the disclosure-based regime (rather than merits-based regime).
  - The changes will tip the balance of moving the existing regulatory system towards regulators' mindset, it is likely that the merits-based regime will be promulgated with such regulators' mindset despite the above global trend.
- (c) No check and balance
- Under the existing regulatory system, there is check and balance: the Listing Committee supervises the Listing Division of the Stock Exchange and SFC in turn oversees the Listing Committee by reserving its veto power on new listings and listing rules.
  - The changes, if implemented, will vest almost all the listing related power into SFC and this will effectively remove the above check and balance.
- (d) Reduction in market development activity

- With regulators' mindset as mentioned above is in place, this will inevitably hinder the market development.
- Any reduction in the market development activity will adversely affect the competitiveness of Hong Kong stock market.

In the circumstance I consider that it is not the right timing for introducing the changes in Consultation Paper to the existing regulatory system and the withdrawal of the Consultation paper is highly welcome.

Thank you for your attention.

Regards