

Dear Sir/Madam:

The joint consultation by the Securities and Futures Commission ("SFC") and the Stock Exchange of Hong Kong Limited ("Exchange") on the Proposed Enhancements to the Exchange's Decision-Making and Governing Structure for Listing Regulation ("proposals" or "proposed structures") as contained in the joint consultation paper dated June 2016 is Skewed towards the SFC.

As participants of the market, we are surprised and concerned that the joint consultation is so skewed towards the SFC. The consultation therefore fails to consider other participants currently practicing in the market.

- The only apparent beneficiary of the proposed changes is the SFC itself, which seeks to gain complete power over the listing process, by removing the involvement of almost all other professionals and experts who can contribute to the continuing success of Hong Kong and its Stock Exchange.

- The changes are entirely unnecessary, as the SFC already has the right to continuously review all companies and listings and to step in at any time. The only reason for the SFC to demand such absolute powers is to remove decisions from public and professional scrutiny so as to avoid accountability and remove transparency.

- The proposals threaten to create a culture of secrecy and fear, in which key decisions are made behind closed doors away from the public gaze or the light of day. Companies would remain in the dark about the basis for decisions, would be less able to mount legal challenges, would be subjected to unequal treatment depending on whether they were arbitrarily judged to be "easy" or "hard" cases, and would remain ignorant of the basis for changes in listing policy.

- The SFC's powers and functions relate to regulation and investor protection – this is appropriate and they should to their legal function. The proposals amount to an SFC power grab which is both illegal and unconstitutional. Under the current Securities and Futures Ordinance the proposed changes would require new legislative changes to be passed through LegCo. The SFC is seeking to hide this in order to avoid public debate as well as legislative and government scrutiny of the details of its scheme."

It is clear that consultation's real intent is reallocate more or even complete power to the SFC, which is clearly not in the interest of the public.

Regards,