

Dear Sirs,

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

I think any implementation of the consultation paper which will bring about an utter set-back to our existing regulatory system.

SFC does not see its own problem in enforcement against the wrongdoers in IPO process but considers that the Stock Exchange needs to be substantially reformed as the Stock Exchange did not follow its words in Alibaba case, such mindset is enshrined in the consultation paper.

To echo with the set back remark mentioned above, I would elaborate the deficiencies in the proposals in the consultation paper as follows:-

- removes check and balance in the existing regulatory system.
- brings about merits-based regime (instead of the existing disclosure-based regime) which puts Hong Kong in a disadvantage position.
- fails to consider the crucial issue of market development.

Yours faithfully,