



18 November 2016

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

Dear Sirs,

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

We refer to the Consultation Paper on Proposed Enhancements to the Exchange's Decision-Making and Governance Structure for Listing Regulation and enclose herewith our response for your consideration.

Yours faithfully,

For and on behalf of
**China International Capital Corporation
Hong Kong Securities Limited**

HUANG Zhaohui
Director

Encl.

**RESPONSE TO JOINT CONSULTATION PAPER ON PROPOSED
ENHANCEMENTS TO THE HONG KONG STOCK EXCHANGE'S DECISION-
MAKING AND GOVERNANCE STRUCTURE**

by

China International Capital Corporation Hong Kong Securities Limited

COMMENT LETTER IN RESPONSE TO THE JOINT CONSULTATION PAPER

Opening thoughts

We, China International Capital Corporation Hong Kong Securities Limited, are pleased to submit this response to the joint consultation paper (the *Joint Consultation Paper*) on Proposed Enhancements to the Exchange's Decision-Making and Governance Structure from the Stock Exchange and the Securities and Futures Commission (the *SFC*).

We welcome The Stock Exchange of Hong Kong Limited (the *Stock Exchange*) and the SFC making these Proposals as a means to move towards a more efficient, coordinated, certain (for companies and investors), accountable and transparent listing process. Ensuring an efficient listing regulatory system before and after IPO is crucial to appealing to potential issuers in China.

We regularly work with issuers considering overseas listings and Hong Kong – as an international market that understands Chinese companies. The transparency of the listing process and the ability to clearly communicate requirements are key considerations when our companies decide where to list.

We would like to highlight a few key issues that are important in continuing Hong Kong's development as a strong and appealing listing venue.

Role of the SFC

We support greater involvement of the SFC in the period up to submission of the form A1 in relation to determining the suitability of the listing candidate. In the existing system, the SFC does not normally become involved until the A1 application is filed. It is helpful to have a mechanism that would have the active participation of the SFC in pre-IPO enquiries to make sure that the listing applicant receives a clear and timely view on key issues for the eventual IPO.

Timing considerations

We welcome the Proposals' potential for a more efficient and streamlined listing process. Delivering on that potential must remain a key focus. We hope that these Proposals will shorten the listing timetable – by providing clearer guidance before the A1 application, shortening the review process through the coordination of the regulators and making sure that the marketing timetable after the listing committee hearing remains the same.

Involving market participants in the evaluation of the listing regulation changes

We welcome the accountability outlined in the Proposals for the Listing Department and the Listing Committee. We also think the evaluation process should reflect feedback from market participants. By allowing market participants – sponsors, issuers, investors and other stakeholders – to comment on the performance of the Listing Department and the other committees involved in the listing approving and policy formulating process, Hong Kong will have a strong basis for claiming its place as a listing venue for transparent and efficient regulators that are accountable to market participants while able to provide robust investor protection.

This participation by the market users/ practitioners in the evaluation process will also give the listing authorities direct ideas and clear input on the issues of policy that the market wants to improve.

Role of the LRC and interaction with sponsors and issuers

We think the role of the LRC will require substantial support and investment to make it work efficiently. We would also suggest including participation of market practitioners in the operations of LRC.

The Proposals outline a powerful new set of committees that can help improve the listing regulation process. These Proposals require a significant amount of input from the LRC and its representatives from the SFC. Supporting the LRC's final consideration of matters on an ongoing basis will likely require frequent formal meetings (as regularly as the Listing Committee) and availability of senior staff on a day-to-day basis.

Market participants should have direct access to the LRC on a day to day basis. We suggest making it clear to the market that the LRC will be available for consultation on an ongoing basis.

We think the increased involvement of the SFC representatives and the LRC will require additional staffing to meet the likely market demand for interaction with the LRC. This will require an investment of time and resources by the SFC but will be welcomed by the market.

Pre-IPO enquiries

Guidance provided before the public A1 application is very valuable to issuers and sponsors. We would encourage the LRC to become directly involved in pre-A1 enquiries. When the LRC works together with the Listing Committee and the Listing Department, pre-A1 enquiries deliver greater certainty for the listing candidate.

Market participants should have the right to request that the LRC hear difficult pre-IPO issues directly with the benefit of input from the sponsors and listing candidates.

We would welcome the LRC to issue a binding decision prior to the A1 application – subject to the reasonable carve-out that the decision would not be binding if new information arose.

Transparency of LRC Membership and Decisions

We support the proposal that the membership and decisions of the LRC should be public. This increases the transparency of the listing process and provides a valuable resource for the market to identify important issues early on in the application process.

We hope that the result of these Proposals is a shorter more efficient route to listing for potential issuers.

Conclusion

We support the objectives of Proposals to move Hong Kong towards a more efficient, coordinated, certain (for companies and investors), accountable and transparent listing process and see this as an opportunity to improve the listing regulation in Hong Kong so that it is more efficient, transparent and streamlined.
