

Corporate Communications Department
c/o Hong Kong Exchanges and Clearing Limited
12/F, One International Finance Centre
1 Harbour View Street
HONG KONG

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

15 November 2016

Dear Sirs,

I am writing to you on behalf of BMO Global Asset Management (EMEA), the European asset management hub of BMO Global Asset Management. BMO GAM (EMEA) is an investment management firm whose institutional and retail clients collectively represent over \$102 billion of assets.

Thank you for the opportunity to respond to the Joint Consultation Paper. We support many of the proposals in the paper to improve the listing process and governance of the listing regulatory structure. We believe a sounder governance framework will serve to address concerns related to possible conflicts of interest in the current framework where the Exchange acts as both the profit-driven market operator and the frontline regulator for listing matters. It will also reinforce the regulatory role of the SFC and help improve the efficiency of communication surrounding the listing process. If implemented effectively, the proposals will ultimately prepare the SFC and HKEx to better address the needs and challenges of Hong Kong's increasingly complex and dynamic market.

We would like to take this opportunity to make further comments on ways in which we believe a number of elements could be strengthened under the new regime.

We strongly encourage a transparent and open nomination process for members of the Listing Committee be established. Specifically, we recommend the development of a "skills matrix" to guide Committee member selection and evaluation. A more robust process will help enhance commitment and meeting attendance rates, as well as eligibility of members to perform their duties.

Referral of cases to the new Listing Regulatory Committee (LRC) should not be the exclusive right of the Listing Department. With most advanced markets having an independent regulator overseeing the listing regime, we believe the SFC should also be responsible for referring problematic cases to the LRC when it sees fit.

Under the Proposals, the Listing Policy Committee (LPC) will replace the Listing Committee as the body responsible for oversight of the listing function and the Listing Department's performance. To address potential challenges with this responsibility, we recommend greater transparency be provided on the nature of the

objectives that will be used to evaluate the Listing function. We call for the LPC and the HKEx Remuneration Committee to develop objectives and performance indicators that would align incentives with the goals articulated in the Joint Consultation Paper.

We would greatly appreciate it if the points we have set out above were taken into consideration as you seek to enhance the Listing process. We would be pleased to discuss any of the issues raised in this letter.

Yours sincerely,

Juan Salazar
Associate Director, Governance and Sustainable Investment