SUBMISSION TO JOINT CONSULTATION PAPER OF SFC & HKEx

PROPOSED ENHANCEMENTS TO THE STOCK EXCHANGE OF HONG KONG LIMITED'S DECISION-MAKING AND GOVERNANCE STRUCTURE FOR LISTING REGULATION

By

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(A) Policy development

1) I appreciate all the efforts of the relevant parties at the SFC and HKEx to launch this joint consultation aiming to improve our Hong Kong market. I support reforms designed to improve our systems, while I shall raise some issues and make suggestions in this submission.

2) My personal missions in the public service include, but are not limited to,
(i) contributing to the success of developing Hong Kong, my birth place, as one of the leading international cities in the globe;
(ii) promoting and safeguarding the sustainable development of the financial services industry in Hong Kong; and
(iii) protecting interests and rights of all investors, regardless of how large or small the size of their investment is.

3) I think some of the Proposals of the Consultation are in line with my missions above, thus welcome the Consultation very much.

(B) Listing applications by new applicants

4) I support the Proposal related to this topic.

5) Based on my experiences, vast majority of IPO applications do not present suitability concerns nor give rise to broader policy implications. Under the Proposals, the SFC will no longer as a matter of routine issue a separate set of comments on the statutory filings made by new applicants. Vetting and approval process should thus be streamlined. This should reduce workload of applicants and sponsors in most cases, and thus such reform is welcome.

(C) Composition and Procedures of the Listing Policy Committee

6) Under the Proposals, the policy setting function of the Listing Committee will be transferred to the LPC.

7) The Proposal suggests "the full Listing Committee will put forward non-binding views on the policy matters coming before the Listing Policy Committee so that the Listing Policy Committee has the benefit of their input and expertise." However, how the non-binding views will be put forward to the LPC in practice can potentially lead to substantially different outcomes of policy setting. This can be a challenge in practice.

8) Moreover, there is a concern on the representation. An extreme example can be used to elaborate this point in the following. The proposed LPC will have 3 representatives from the LC (chairperson and 2 deputy chairpersons of the LC). If these 3 representatives happen to have the same view on a policy issue, which in contrast is a completely opposite view to that of the vast majority of the LC, how will the view of the vast

majority of the LC be emphasised sufficiently and represented properly at the LPC meeting? This can be another challenge in practice.

9) To address such potential challenges, I propose that the LPC members should be invited to the policy meetings of the LC at all times as a way to directly engage in discussion with the LC members for consultation. With the exception of the 3 representatives from the LC, the LPC members attending the policy meetings of the LC should not cast any vote at such LC meetings, for the sake of role separation between the LPC and the LC.

Thank you for your consideration.

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