



## **Maintaining financial well-being against systemic risks Hong Kong Chinese Enterprises Association Seminar**

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Good morning, ladies and gentlemen.

The theme of today



Second, with a view to reinforcing Hong Kong's position as a preferred overseas capital-raising platform for Mainland companies and enhancing our appeal to new economy companies, Hong Kong Exchanges and Clearing Limited (HKEX) allowed listings of companies with weighted voting rights structures and pre-revenue biotech firms. During the first six months of this year, 98 companies made their listing debuts in Hong Kong, 50% higher than the same period last year. A total of \$51.6 billion was raised through



Currently, we also apply the front-loaded regulatory approach to listing applications. Pursuant to the powers conferred by sections 6 and 8 of the Securities and Futures (Stock Market Listing) Rules (SMLR) to object to listing applications and suspend dealings in securities, coupled with the powers under the Securities and Futures Ordinance (SFO) to conduct inquiries and take investigative actions in respect of cases, we would intervene in serious cases at an early stage to safeguard the investing public and suppress illegal, dishonourable and improper market practices.

This also means that when we suspect a potential breach of the SMLR, we may, at the listing application stage, conduct investigations into the listing applicant, the sponsors and other parties involved in the listing process. If it is confirmed that there is a breach of the SFO, we would take enforcement action accordingly, whether or not the listing application is withdrawn. We have seen a significant increase in the number of cases involving potential or actual exercise of the powers under the SMLR from two or three cases per year in the past to approximately 40 cases in 2017.

The second area is to enhance the regulation of sponsors. Over the past five years, 44 listing applications were returned or rejected. In a number of cases, the sponsors' work or the listing application materials were below the expected standard. It is also noteworthy that some individual sponsors handled a relatively large number of the listing applications which were returned or rejected.

Depending on the circumstances, more frequent inspection visits will be made to sponsors with a history of returned or rejected listing applications or serious deficiencies and instances of non-compliance which cast doubt on a sponsor's capability to discharge



Some may ask why the SFC needs to regulate the size of brokers' financing business and why it bothers to govern these trivialities. They believe that Hong Kong is a free society, where people are free to grow a business and when a wrong bet is placed they naturally have to bear the consequences of failure on thei



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