



Deepening Capital Market Reform Speech at Financial Street Forum 2023

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Good afternoon, everyone. It is a pleasure to be here today.

the steady operation of its capital market. Both the efficiency and predictability of IPO approvals and registrations have improved under the framework where the Mainland stock exchanges review IPOs and the CSRC approves registrations, with different focuses but connected with one another. In the first half of 2023, amid the sluggish global IPO market, the A-share market took the lead globally in both the number of new share issuance and the size of funds raised.

The CSRC emphasised repeatedly in public that the registration system does not mean relaxing quality standards. Rather, it is necessary to establish a comprehensive set of regulatory arrangements covering all aspects of the listing process before, during and after. I fully agree with this.

The Central Financial Work Conference held in Beijing last week highlighted: the financial sector must provide high-quality services for economic and social development; the pivotal role of the capital market must be given full play; the effectiveness of financial regulation must be vigorously enhanced; and Hong Kong as an international financial centre

based on what happens before, during



Implementing dual filing regulatory regime to ensure quality of information disclosures

There is no one-size-fits-all approval or registration model for stock issuance and listing in the world. Each country or region adopts a regime most suited to its needs, taking into account such factors as its development stage, legal system, levels of regulation and enforcement and investor mix. However, in general, a sound system essentially encompasses a set of clear and explicit listing regulatory requirements, with a focus on disclosures and rules to ensure that listing procedures are open, transparent and predictable, emphasising

The dual filing regime isted
companies must file their applications and disclosure materials with the SFC via Hong Kong Exchanges and Clearing Limited (HKEX). The SFC and HKEX



reduction in shell activities has no doubt tipped the balance towards a fairer and more transparent market.

3. Enhancing collaboration with other local law enforcement agencies

We have stepped up our market surveillance and enforcement work to focus on ramp and dump cases, and the scope of our investigations has been expanded to disrupt mastermind syndicates. We have enhanced our collaboration with the Independent Commission Against Corruption, the Commercial Crime Bureau of Hong Kong Police Force as well as overseas regulators to ensure that bad actors have nowhere to hide. Moreover, about HK\$1.8 billion worth of assets have been frozen, involving 10 stocks targeted by the scams. To date, a sizeable number of people have been arrested and prosecuted.

4. Deepening cross-boundary enforcement cooperation with the CSRC

Since the majority of the companies listed in Hong Kong are Mainland-based, we and the CSRC have maintained close regulatory and enforcement cooperation in respect of the listing of these companies in Hong Kong. We also joined forces in combating cross-boundary illegal activities. These efforts are important for ensuring the healthy and stable development of the two capital markets and safeguarding the legitimate interests of investors.

Promoting the sustainable development of Hong Kong stock market ecosystem

We are committed to improving the quality of listed companies and promoting the sustainable development of the Hong Kong stock market ecosystem. For instance, with respect to board independence, transparency and accountability, ongoing amendments have been made to the Listing Rules and the Corporate Governance Code to continuously enhance the corporate governance of listed companies.

Furthermore, in recent years, a growing number of institutional investors demand to access sustainability information and how this affects their profitability, financing ability, investment opportunities and company prospects. Meanwhile, many multinational companies need to calculate the carbon emissions of supply chains, and China is playing a pivotal role in global supply chains. The quality of sustainability information disclosures is particularly important to sustain their business ties with these multinational companies.

