
Hong Kong Securities Professionals Association

Views on Proposals to Enhance the Governance of the SFC

In line with the enhancement of good governance of the Securities and Futures Commission (SFC), the Hong Kong SAR government has recently proposed to split the current responsibilities of the SFC Chairman into two: the Chairman will concentrate in the development of the SFC as an effective governance body, and to represent the SFC publicly; while a new post of Chief Executive Officer (CEO) will be created to take the responsibility of supervising the day-to-day regulatory work of the SFC.

Our Association fully agrees with the restructuring proposal. We believe that if the responsibilities and authorities of the SFC top management are more clearly defined, and the transparency of its governance and regulatory activities is further increased, the image of the Commission will be boosted and the day-to-day operations will be more effective. In turn, the efficient governance of the SFC will carry tremendous effect on the development of the local securities and futures industries.

While our Association supports the restructuring of the SFC top management, we nevertheless are very much concerned in regard to the processes and the standards of this restructure. In particular, we would like to call the attention of the proper authorities that they should be very cautious in choosing the candidates for the positions of the chairmanship and the CEO. No matter the SFC promotes from its own rank or recruits from the local talent market to assume the positions of Chairman and CEO of the Commission, these candidates, aside from being independent thinkers and free from any conflict of material interests, should also be familiar with the Hong Kong securities and futures markets. They should fully understand the traditions and practices of the local financial services industry. The ideal SFC leadership should encompass the dual and balanced objectives of developing the local industry and the promotion of the Hong Kong SAR as an international financial market. They should also possess the zeal to contribute to the economic development of China by endeavoring to create an effective platform for the listing of the mainland enterprises.

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