

**LegCo Panel on Financial Affairs
Meeting on 6 March 2006**

List of follow-up actions

Consultation on the new structure for listing decision-making — Composition changes to the Listing Committee

1. The Hong Kong Exchanges and Clearing Limited (HKEx) is requested to convey to the Listing Nominating Committee (LNC) the following major concerns expressed by members of the Panel at the meeting:

Existing arrangement

- (a) The maximum period of appointment permitted by the current Main Board Rule 2A.25 (three years for members and four years for Chairman or Deputy Chairman of the Listing Committee) has been exceeded in a number of cases, including the Chairman who has served for nine years. It gives the public the impression that the membership of the Listing Committee is restricted to a small group of persons, thus undermining the credibility of the Committee.
- (b) In connection with item (a) above, there is a lack of transparency in the nomination of members to the Listing Committee as well as factors for consideration and the exceptional circumstances under which LNC may exercise discretion for re-appointment of those members who have already served the maximum term. Such re-appointment should be avoided and more “fresh blood” should be brought in to the Listing Committee.

Rule amendments

- (c) It does not appear to be justified to extend the maximum term for the Chairman, Deputy Chairman and members of the Listing Committee and the Growth Enterprise Market (GEM) Listing Committee to six years.
- (d) Previous service on the Listing Committee should be counted towards the maximum term. If the proposal in item (c) is to be implemented, those

members who have remained in office for six years or more should not be re-appointed when their current term expires in May 2006.

2. In connection with item 1 above, HKEx is requested to provide the Panel with the following information after the next annual re-appointment of Listing Committee members in May 2006:
 - (a) Membership of the Listing Committee;
 - (b) Number of years served by the Chairman, Deputy Chairman and each member on the Listing Committee; and
 - (c) If any of the members have remained in office for six years or more, the factors considered by LNC in exercising its discretion to re-appoint such members to the Listing Committee.

Council Business Division 1
Legislative Council Secretariat
8 March 2006