



## Press Release

### **CIMA Supports The Proposed Model of Transferring Listing Functions to SFC. CIMA Considers the Proposed Transfer is One of the Important Pre-requisites for Hong Kong to Maintain its Leading Position as one of the International Financial Market**

15 January 2004, Hong Kong – The Chartered Institute of Management Accountants Hong Kong Division (CIMA) submitted today its view on the consultation paper on The Proposal to Enhance the Regulation of Listing in Hong Kong. CIMA considers out of the four models mentioned in the consultation paper, transferring the listing function to a new division set-up under the SFC is the best solution. CIMA Hong Kong Division believes that following the proposed transfer, it would add strength to the existing regulatory framework.

1. Create a sole accountable and effective corporate regulator

With more Mainland's private and State owned enterprises constituting the bulk of listing candidates on HKEx in the coming years, effective enforcement co-operation between CSRC and SFC is essential for better investor protection. SFC being a member of IOSCO is the only appropriate authority to help maintain investors' confidence in these listing candidates.

2. Synergy within SFC

More synergies can be created within SFC as its various regulatory functions such as monitoring market trading, conducts of issuers and intermediaries etc. will complement each other. For example, a sponsor of an IPO, who is subject to licensing supervision by the Intermediary Division as registered person, will then have its business conduct directly monitored by Listed Division, and its dealing activities (if any) can also be directly investigated by the Enforcement Division. This will result in maximum regulatory efficiency and effectiveness. Corporate maneuvers that have market implication and/or involve intermediaries will all be covered within SFC's investigative ambits.

3. Completely eliminate the HKEx's perceived conflict of interests as both a listed commercial entity and a regulator.

4. Listing Rules and Enforcement

It will pave the way for the listing rules to be given statutory backing which is very important for effective enforcement and better corporate governance.

To address the possible concern of "over-regulation" and "over-concentration of power arising from the proposed transfer, CIMA Hong Kong division suggests reforming the board composition of SFC through the appointment of more independent non-executive directors and demanding more transparency and accountability to the investing public.

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A Brief note on CIMA:

As one of the world's leading accounting bodies CIMA represents Accountants in Business. CIMA members are financial managers and accountants who work in industry, commerce, not-for profit and public sector organisations. CIMA's key activities are related to Business Strategy, Information Strategy and Finance Strategy. CIMA members are not trained in audit. CIMA's focus is to qualify students, support members and employers, and protect the public interest.

CIMA is the voice of over 60,000 members and 77,000 students in 155 countries. Its focus on management functions makes it unique, and it is internationally recognised as offering the financial qualification for business. CIMA recruits and trains management accountants globally and a substantial proportion of members and students are nationals of other countries and live and work in other countries. This is in contrast to bodies (such as ICAEW, ICAS and ICAI) that train predominantly in the UK or Ireland. CIMA prides itself on the commercial relevance of its syllabus, which is continually enhanced to reflect the latest developments in business.

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