

LEGISLATIVE COUNCIL BRIEF

Securities and Futures Ordinance (Cap. 571)

Securities and Futures (Uncertificated Securities Market) Rules

Securities and Futures (Approved Securities Registrars) Rules

Securities and Futures (Stock Market Listing) (Amendment) Rules 2025

**Securities and Futures (Open-ended Fund Companies) (Amendment)
Rules 2025**

Securities and Futures Ordinance (Amendment of Schedule 8) Order 2025

Securities and Futures Ordinance (Amendment of Schedule 5) Notice 2025

INTRODUCTION

Further to the enactment of the Securities and Futures and Companies Legislation (Amendment) Ordinance 2021 (17 of 2021) (“Amendment Ordinance”), the following subsidiary legislation would need to be made under the Securities and Futures Ordinance (Cap. 571) (“SFO”) to provide for the implementation of the uncertificated securities market (“USM”) regime –

- (a) the Securities and Futures Commission (“SFC”) has made the following rules, and amendments to relevant existing rules, to provide for detailed operational and regulatory matters under the USM regime –
 - (i) the Securities and Futures (Uncertificated Securities Market) Rules (“USM Rules”, at **Annex A**) under section 101AAM of the SFO;
 - (ii) the Securities and Futures (Approved Securities Registrars) Rules (“ASR Rules”, at **Annex B**) under sections 101AAM and 397 of the SFO;
 - (iii) the Securities and Futures (Stock Market Listing) (Amendment) Rules 2025 (“SML Amendment Rules”, at **Annex C**) under section 36(1) of the SFO; and

- (iv) the Securities and Futures (Open-ended Fund Companies) (Amendment) Rules 2025 (“OFC Amendment Rules”, at **Annex D**) under section 112ZK of the SFO;
- (b) at the meeting of the Executive Council on 11 February 2025, the Council **ADVISED** and the Chief Executive **ORDERED** that the Securities and Futures Ordinance (Amendment of Schedule 8) Order 2025 (“Amendment Order”, at **Annex E**) should be made under section 234 of the SFO; and
- (c) the Financial Secretary (“FS”) has made the Securities and Futures Ordinance (Amendment of Schedule 5) Notice 2025 (“Amendment Notice”, at **Annex F**) under section 142 of the SFO.

JUSTIFICATIONS

Establishment of the USM Regime

2. At present, Hong Kong operates a paper-based securities regime, i.e. paper instruments are used to evidence and transfer legal title to shares and certain other securities. Due to practical considerations, most investors do not choose to hold the legal title to their securities, and instead hold and transfer their securities through the Central Clearing and Settlement System (“CCASS”) operated by Hong Kong Securities Clearing Company Limited (“HKSCC”)¹. Transfer of securities within CCASS only entails a change of beneficial interest and not legal title, and the securities remain registered in the name of a single central nominee (i.e. HKSCC Nominees Limited (“HKSCC Nominees”), a wholly-owned subsidiary of HKSCC). Such transfer is carried out electronically without the need to present paper title document or instrument of transfer.

3. The Amendment Ordinance, which was enacted by the Legislative Council (“LegCo”) in June 2021, establishes a legal framework for implementing the USM regime, and empowers the SFC to make rules to provide for detailed operational and regulatory matters under the regime. The aim is to remove the need to use paper document to evidence and effect transfer of legal title to certain securities (“prescribed securities”²) and to facilitate electronic

¹ HKSCC is a recognized clearing house under section 37(1) of the SFO.

² According to the new section 101AA to be added to the SFO by section 7 of the Amendment Ordinance, the term “prescribed securities” means securities that are (or are to be) listed on a recognized stock market and fall within a class or description of securities specified in the new Schedule 3A to be added to the SFO by section 28 of the Amendment Ordinance. The securities specified in the new Schedule 3A include certain shares, depositary receipts, stapled securities, interests in an authorized collective investment scheme, subscription warrants, and certain rights under a rights issue.

alternatives, thereby further enhancing the financial market infrastructure, efficiency, competitiveness and investor protection.

Operation model of the USM regime

4. Pursuant to the legal framework, the SFC has worked with Hong Kong Exchanges and Clearing Limited (“HKEX”) and the Federation of Share Registrars Limited to develop the technical details and specifications of the operational model for USM. Two public consultations on the proposed subsidiary legislation, codes and guidelines setting out the operational and regulatory arrangements for the regime were conducted in March and October 2023, with consultation conclusions published in July 2024. The salient features of the operational model are outlined below.

Registration and management

5. Uncertificated securities will be evidenced and transferred through an electronic registration and transfer system operated by the issuer’s appointed agent who is required to be approved by the SFC as an approved securities registrar³ (“ASR”). This will enable investors to hold securities in their own name without paper title documents, and to view and manage their securities electronically. Investors will also be able to communicate directly and electronically with issuers via their ASRs to, for example, receive corporate communications, give instructions in respect of corporate actions, etc. These arrangements will provide investors with better choice and protection, facilitating them to exercise their rights and interests while enhancing shareholder transparency of issuers.

Transfer

6. Under the USM regime, the existing nominee structure in CCASS will be maintained⁴. If investors who hold uncertificated prescribed securities in their own names wish to trade the same on the stock exchange of Hong Kong, the process will be similar to the existing arrangements. Hence, they will need to deposit such prescribed securities into CCASS and transfer the legal title to such prescribed securities to HKSCC Nominees. However, the process will become electronic, where investors will need to instruct their brokers to receive the securities and confirm with the relevant ASR through ASR’s electronic system to transfer the securities to HKSCC Nominees. To this end, an

³ A securities registrar is appointed by an issuer of prescribed securities to maintain the register of holders of those securities. Securities registrars are also known as transfer agents and share registrars. ASRs refer to securities registrars that are approved by the SFC under the new section 101AAG to be added to the SFO by section 7 of the Amendment Ordinance.

⁴ Under the existing nominee structure, securities held within CCASS remain at all times registered in the name of a single central nominee (i.e. HKSCC Nominees), and investors who hold securities through CCASS hold only a beneficial interest. This structure will remain in place under the USM regime.

electronic interface will be established between the systems of HKSCC and each ASR.

7. The above arrangements will significantly reduce the time required for depositing securities into or withdrawing them from CCASS (from the current 10 business days or more to within 2 business days). The arrangements will also provide issuers and investors with a more efficient and direct communication channel, facilitating better corporate governance and investor relationship management.

Regulation of securities registrars

8. As set out above, securities registrars and their electronic systems will play a key role in the USM environment, as the systems will be used to evidence and transfer legal title to securities, and facilitate communication between issuers and investors. As such, it is necessary to exercise more direct and stringent regulation of securities registrars, so as to ensure effective market operation and investor protection. A new approval and regulatory regime for securities registrars will be established to require that their systems and facilities, financial conditions, and services to issuers and investors meet relevant standards and requirements.

PROPOSALS

9. To implement the USM regime, relevant subsidiary legislation (at **Annexes A to F**) will need to be made or amended under certain provisions added by the Amendment Ordinance and the existing SFO.

New subsidiary legislation

USM Rules

10. The SFC has made the USM Rules (at **Annex A**) under section 101AAM of the SFO to provide for various operational, technical and procedural matters in the USM environment. Essential matters to be covered include:

- (a) the keeping of registers of holders of prescribed securities;
- (b) the processes and requirements for evidencing and transferring legal title to prescribed securities without paper;
- (c) the authentication of electronic messages in the USM environment, and the rights and responsibilities that flow from using such messages;
- (d) the dematerialisation and rematerialisation of prescribed securities (i.e. their conversion from certificated form to uncertificated form,

and vice versa); and

- (e) the arrangements and timelines for facilitating the market's transition to USM.

ASR Rules

11. Apart from the USM Rules, the SFC has made the ASR Rules (at **Annex B**) under sections 101AAM and 397 of the SFO to provide for the responsibilities, compliance requirements and regulatory arrangements in respect of ASRs. The ASR Rules cover, amongst other things:

- (a) the scope of services that may only be provided by ASRs;
- (b) the systems requirements to be imposed on ASRs;
- (c) the financial and other resources-related requirements to be imposed on ASRs, including in relation to their premises, personnel, internal controls, risk management and contingency arrangements;
- (d) the operational and business requirements to be imposed on ASRs, including in relation to record-keeping, segregation of third-party money and insurance coverage;
- (e) the notification and reporting requirements to be imposed on ASRs to facilitate the SFC's supervision and monitoring of their businesses and operations;
- (f) the SFC's power to appoint, or require an ASR to appoint, a skilled person to make a report on matters concerning the ASR's systems and facilities;
- (g) the statements to be sent by ASRs to registered holders of prescribed securities in uncertificated form; and
- (h) the obligations relating to the handover of responsibilities from one ASR to another when an issuer of prescribed securities changes its appointed ASR.

Amendments to existing subsidiary legislation

SML Amendment Rules and OFC Amendment Rules

12. To facilitate the implementation of the USM regime, the SFC has also made amendments to the Securities and Futures (Stock Market Listing) Rules (Cap. 571 sub. leg. V) and the Securities and Futures (Open-ended Fund

Companies) Rules (Cap. 571 sub. leg. AQ), by making the SML Amendment Rules (at **Annex C**) under section 36(1) of the SFO and the OFC Amendment Rules (at **Annex D**) under section 112ZK of the SFO respectively. The amendments mainly seek to stipulate the requirement for issuers of prescribed securities to appoint ASRs for maintaining in Hong Kong the register of holders of their securities and enable listed open-ended fund companies to participate in the USM regime respectively.

The Amendment Order

13. The ASR Rules will empower the SFC to make certain decisions relating to matters concerning ASRs, including the following:

- (a) Having regard to the importance of the role played by ASRs in the USM environment, and the significant consequences arising from an ASR possibly ceasing to act as the securities registrar in respect of any prescribed securities, it is essential to ensure that any such cessation is handled properly, and that the SFC is duly notified and has sufficient regulatory oversight of the process. In this regard, the ASR Rules (rule 25, at **Annex B**) generally prohibit an ASR from ceasing to act as the securities registrar for any prescribed securities except with the consent of the issuer or permission of the SFC. It is expected that the SFC will give permission only in exceptional cases, such as where the ASR has not been paid by the issuer for an unreasonable period of time.
- (b) To regulate ASRs effectively, the ASR Rules (rule 29, at **Annex B**) empower the SFC to appoint, or to require an ASR to appoint, a skilled person to make a report on matters relating to the service facilities or any other computer systems or facilities used by the ASR in connection with its business and operations as an ASR. The SFC may also, where the skilled person is appointed by the SFC, require the ASR to pay the costs and expenses incurred in making the report.

14. At the meeting of the Executive Council on 11 February 2025, the Council advised and the Chief Executive ordered that the Amendment Order (at **Annex E**) be made under section 234 of the SFO to amend Part 2 of Schedule 8 to the SFO, so that the list of “specified decisions” in that Schedule is extended to cover the following decisions that may be made by the SFC under the ASR Rules, such that an aggrieved ASR may apply to the Securities and Futures Appeals Tribunal (“SFAT”) for a review of the decisions in accordance with Part XI of the SFO:

- (a) a decision to refuse to permit an ASR to cease to act as securities registrar (i.e. rule 25(2) of the ASR Rules);

- (b) a decision to require an ASR to appoint a skilled person to make a report (i.e. rule 29(1) of the ASR Rules); and
- (c) a decision to require an ASR to pay any of the costs and expenses incurred in the making of a report by a skilled person appointed by the SFC (i.e. rule 29(3)(b) of the ASR Rules).

The SFAT is an independent review body established under the SFO as a safeguard to ensure that regulatory decisions made by the SFC are reasonable and fair.

The Amendment Notice

15. Schedule 5 to the SFO specifies 13 types of regulated activity and provides for the relevant definitions. Under that Schedule, the operation of an electronic platform by the ASRs to provide information in relation to public offers of securities by electronic means (“ePO”) as well as to receive and process ePO applications from prospective investors falls within Type 1 regulated activity, namely, dealing in securities. It follows that, under the existing statutory requirements, the ASRs will need to either obtain a licence for Type 1 regulated activity, or partner with a Type 1 licenced corporation, in order to provide ePO services.

16. Under the USM regime, a person is required, under the new section 101AAF of the SFO, to obtain approval from the SFC for being an ASR in order to provide “securities registrar services”, which cover ePO-related activities⁵. As such, there is no longer a need to require the ASRs to obtain a separate licence for Type 1 regulated activity, or to partner with a Type 1 licensed corporation to provide ePO services.

17. Under section 142 of the SFO, the FS has made the Amendment Notice (at **Annex F**) to amend Schedule 5 to the SFO to exclude certain ePO services provided by ASRs from the definition of “dealing in securities” in that Schedule.

⁵ According to the new definition of “securities registrar service” to be added to section 1, Part 1, Schedule 1 to the SFO by section 27 of the Amendment Ordinance, the term, in relation to any prescribed securities, means (a) the maintenance in Hong Kong of a register of holders of the prescribed securities; (b) the provision and operation of an uncertificated securities registration and transfer system in respect of the prescribed securities; and (c) any other service specified in the rules made under the new section 101AAM. Rule 3(1)(a) of the ASR Rules specifies certain services for the purposes of paragraph (c) of this definition, which includes “any service in connection with a public offer of prescribed securities” provided by the securities registrar for those securities to the issuer of those securities, or to any other person (as an agent of the issuer).

Implementation of the USM regime

18. Subject to the vetting of the subsidiary legislation and the preparation by HKEX as well as the trade, we target to implement the USM regime by early 2026. Prescribed securities that are first listed after the regime is implemented (i.e. IPO securities) will have to be in uncertificated form. Prescribed securities that are already listed will participate in the USM regime within five years⁶ and after completing relevant processes⁷.

LEGISLATIVE TIMETABLE

19. The legislative timetable is as follows:

Publication in the Gazette	14 February 2025
Tabling before LegCo	19 February 2025
Commencement	On the day on which section 7 of the Amendment Ordinance comes into operation ⁸

IMPLICATIONS OF THE PROPOSAL

20. The proposals are in conformity with the Basic Law, including the provisions concerning human rights. The proposals do not affect the current binding effect of the SFO and the Amendment Ordinance. They have no financial or civil service implications to the Government, no productivity, sustainability, family and gender implications. The use of an electronic alternative over paper documents will help reduce paper usage, hence giving a positive effect on reducing carbon footprint, and contributing to environmental benefits.

⁶ Arrangements will be made for prescribed securities to be queued for participation in USM so that the process proceeds in an orderly manner.

⁷ Relevant processes include amending the issuer's articles of association or by-laws, completing processes for onboarding the securities onto the relevant ASR's systems for evidencing, transferring securities electronically, etc.

⁸ Section 7 of the Amendment Ordinance (i.e. the provision that adds the new Part IIIAA to the SFO to provide for the main framework of the USM regime) will come into operation on a day to be appointed by the Secretary for Financial Services and the Treasury by notice published in the Gazette in accordance with section 1(3) of the Amendment Ordinance. The subsidiary legislation will come into operation when the USM initiative is implemented, along with the other relevant uncommenced provisions under the Amendment Ordinance.

21. On economic implications, implementation of the USM regime will enhance the efficiency and infrastructure of the Hong Kong securities market, as well as provide better investor protection and transparency. The new approval and regulatory regime for ASRs will facilitate the effective regulation of securities registrars under the regime, with an independent avenue to ensure that the SFC's regulatory decisions are reasonable, proportionate and fair. The proposals will help reinforce Hong Kong's competitiveness and status as an international financial centre.

PUBLIC CONSULTATION

22. The SFC conducted public consultations in March and October 2023 on the various proposed subsidiary legislation, codes and guidelines under the USM regime, and published the consultation conclusions in July 2024. Responses were generally supportive. We consulted the LegCo Panel on Financial Affairs on the above legislative proposals for implementing the USM regime on 6 May 2024. Members generally expressed support.

PUBLICITY

23. We will issue a press release upon the gazettal of the subsidiary legislation. A spokesperson will be available to answer media enquiries.

ENQUIRIES

24. Enquiries on this brief can be directed to Mr Larry Chu, Principal Assistant Secretary for Financial Services and the Treasury (Financial Services), at 2810 2056, or Ms Thrity Mukadam, Senior Director of the Supervision of Markets Division of the SFC at 2231 1209.

**Financial Services and the Treasury Bureau
Securities and Futures Commission
12 February 2025**

Securities and Futures (Uncertificated Securities Market) Rules

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Securities and Futures (Uncertificated Securities Market) Rules

(Made by the Securities and Futures Commission under section 101AAM of the Securities and Futures Ordinance (Cap. 571))

Part 1

Preliminary

1. Commencement

These Rules come into operation on the day on which section 7 of the Securities and Futures and Companies Legislation (Amendment) Ordinance 2021 (17 of 2021) comes into operation.

2. Interpretation

(1) In these Rules—

addressee (收訊者), in relation to an authenticated message, has the meaning given by rule 17(1);

attributable (歸因於), in relation to an authenticated message, has the meaning given by rule 16(1);

authenticated message (經認證訊息) has the meaning given by rule 15(1);

authorized CIS (認可集體投資計劃) means a collective investment scheme authorized by the Commission under section 104 of the Ordinance;

corresponding clearing house (相應結算所), in relation to any prescribed securities, means the recognized clearing house providing services and facilities through which transactions in those securities are or may be novated, cleared, settled or guaranteed;

corresponding exchange company (相應交易所), in relation to any prescribed securities, has the meaning given by section 12 of the Securities and Futures (Stock Market Listing) Rules (Cap. 571 sub. leg. V);

corresponding registrar (相應登記機構), in relation to any prescribed securities, means the approved securities registrar acting as the securities registrar (as defined by section 12 of the Securities and Futures (Stock Market Listing) Rules (Cap. 571 sub. leg. V)) for those securities;

corresponding UNSRT system (相應無紙證券登記及轉讓系統), in relation to any prescribed securities that are participating securities, means the UNSRT system through which title to those securities may be evidenced and transferred without an instrument;

dematerialization request (去實物化請求), in relation to any number of units of prescribed securities, means a request to dematerialize that number of units of those securities;

dematerialize (去實物化), in relation to any number of units of prescribed securities, means converting that number of units of those securities from certificated form to uncertificated form;

governing provisions (管限條文), in relation to any prescribed securities, means—

- (a) for shares in a corporation—
 - (i) the provisions of the constitution of the corporation; and
 - (ii) the terms of issue of the shares; and
- (b) for any other prescribed securities—the terms of issue of those securities;

issuer (發行人), in relation to any prescribed securities, means—

- (a) for shares, other than shares that constitute interests in an authorized CIS—the corporation the share capital of which is constituted by such shares;
- (b) for depositary receipts—
 - (i) the person who issues the receipts; and
 - (ii) the person who issues the securities represented by the receipts;
- (c) for stapled securities—the person who issues the securities constituted by the stapling;
- (d) for interests in an authorized CIS—
 - (i) the person who operates the authorized CIS; and
 - (ii) the person who manages the property in respect of which the authorized CIS is operated;
- (e) for subscription warrants—the person who issues the warrants; and
- (f) for rights under a rights issue—the person who issues the rights;

message (訊息) means a message to instruct, elect, accept, confirm, notify or otherwise give information of any kind on a matter relating to prescribed securities;

messaging facilities (訊息傳遞設施), in relation to any prescribed securities, means any electronic facilities provided for communicating messages relating to those securities;

participating securities (參與證券)—see rule 4;

provisional system-member (臨時系統成員), in relation to a UNSRT system operated by an approved securities registrar, means—

- (a) a person who, having yet to complete the registrar's procedures for using the system, is permitted by the registrar to use the system for evidencing (but not

transferring) title to prescribed securities held, or to be held, by the person without an instrument; or

- (b) 2 or more such persons who are so permitted in respect of prescribed securities held, or to be held, by them jointly;

register of holders (持有人登記冊), in relation to any prescribed securities—

- (a) means the register of holders of those securities kept under rule 5; and
- (b) includes a register kept under any applicable law or governing provisions that is, by virtue of rule 5(7), taken as kept under rule 5;

registered holder (登記持有人), in relation to any prescribed securities, means a person entered in the register of holders of those securities as a holder of those securities;

Example—

- (a) for shares in a company—a person entered in the register of members of the company as a member of the company;
- (b) for shares in an open-ended fund company—a person entered in the register of shareholders of the company as a shareholder of the company; and
- (c) for units in a unit trust scheme—a person entered in the register of the holders of registered units under the scheme as a holder of any such unit.

rematerialize (重新實物化), in relation to any number of units of prescribed securities, means converting that number of units of those securities from uncertificated form to certificated form;

specified request (指明請求), in relation to any prescribed securities, means a request for registration of the transfer of those securities that consists of authenticated messages or, to the extent permitted by the issuer of those securities under rule 13(3), written instructions;

system-member (系統成員), in relation to a UNSRT system operated by an approved securities registrar, means—

- (a) a person who, having completed the registrar's procedures for using the system, is permitted by the registrar to use the system for evidencing and transferring title to prescribed securities held, or to be held, by the person without an instrument; or
- (b) 2 or more such persons who are so permitted in respect of prescribed securities held, or to be held, by them jointly;

terms of issue (發行條款), in relation to any prescribed securities, has the meaning given by section 101AAD(3) of the Ordinance;

title instrument (所有權文書), in relation to any prescribed securities, means a certificate or other instrument issued by the issuer of those securities for evidencing title to those securities;

unit (單位), in relation to any prescribed securities, means the smallest possible transferable unit of those securities.

Example—

- (a) a share in a corporation; and
 - (b) a unit in a unit trust scheme.
- (2) For the purposes of these Rules, prescribed securities are in the process of delisting if the corresponding exchange company for those securities—
- (a) has received an application for those securities to cease to be listed;
 - (b) has been directed by the Commission to cancel the listing of those securities; or
 - (c) has decided to cancel the listing of those securities, whether pursuant to an application or direction mentioned in paragraph (a) or (b) or otherwise.

- (3) For the purposes of these Rules, where more than one person is the issuer of any prescribed securities—
- (a) a power conferred on the issuer of those securities may be exercised by any one or more such persons;
 - (b) a duty imposed on the issuer of those securities is regarded as performed by all such persons so long as any one or more of them perform the duty; and
 - (c) a prohibition imposed on the issuer of those securities is regarded as contravened by all such persons if any one or more of them contravene the prohibition.

3. Evidence and transfer of title without instrument

- (1) For the purposes of section 101AAC(1) of the Ordinance, title to prescribed securities may be evidenced without an instrument by a record in the register of holders of those securities as described in rule 11(2).
- (2) For the purposes of section 101AAC(2)(b) of the Ordinance, title to prescribed securities may be transferred without an instrument by a specified request that complies with rule 13(2) or 14(3).

4. Participating securities

- (1) For the purposes of these Rules—
- (a) prescribed securities become participating securities on their participation date; and
 - (b) such securities cease to be participating securities only at the time when they cease to be listed.
- (2) For the purposes of subrule (1)(a)—
- (a) the issuer of any prescribed securities may, in accordance with the rules of the corresponding exchange company for those securities, publish a date (or any revised date) as the

date on which the securities are to become participating securities; and

- (b) the participation date must not be earlier than—
- (i) the date on which the issuer has taken all necessary steps for enabling title to those securities to be evidenced and transferred without an instrument using a UNSRT system operated by an approved securities registrar; and
 - (ii) the date confirmed by the approved securities registrar as the date starting from which the UNSRT system may be used for evidencing and transferring title to those securities without an instrument.

- (3) In this rule—

participation date (參與日期), in relation to any prescribed securities, means the date (or, if such a date is revised, the date last revised) published under subrule (2)(a) in relation to those securities.

Part 2

Register of Holders

5. Issuer must keep register of holders

- (1) The issuer of any prescribed securities must keep in the English or Chinese language a register of holders of those securities.
- (2) The register of holders must contain—
 - (a) the name and address of each holder of the prescribed securities;
 - (b) the date on which each person was entered in the register as a holder of those securities; and
 - (c) the date on which any person ceased to be a holder of those securities.
- (3) The register of holders must also contain, for each person entered as a holder of the prescribed securities, a record indicating—
 - (a) the number of units of those securities held by the person; and
 - (b) subject to subrule (4), the number of any such units held in uncertificated form (*uncertificated holding*).

Note—

For the purposes of the Ordinance (see section 1AB of Part 1 of Schedule 1 to the Ordinance), the Stamp Duty Ordinance (Cap. 117) (see section 2(7) of that Ordinance) and the Companies Ordinance (Cap. 622) (see section 2(3A) of that Ordinance)—

- (a) any units of prescribed securities that are recorded under subrule (3)(b) as being held in uncertificated form are “in uncertificated form”; and
- (b) any units that are not so recorded are “in certificated form”.

- (4) Without limiting any circumstances requiring rectification of the register of holders, a record indicating the uncertificated holding of a person may be added, amended or removed only if that is necessary to reflect—
 - (a) a dematerialization or rematerialization of any units of the prescribed securities, or the issue of any new units of the prescribed securities in uncertificated form, in accordance with these Rules;
 - (b) a transfer, transmission or cancellation of any units of the prescribed securities that are in uncertificated form; or
 - (c) an action taken by the issuer of those securities that relates to any right or interest in or arising from any units of the prescribed securities.
- (5) The issuer must enter in the register of holders the particulars required under subrules (2) and (3) as soon as reasonably practicable after receiving sufficient information and documents to do so.
- (6) For a person mentioned in subrule (2)(c), all entries in the register of holders relating to the person on the date on which the person ceased to be a holder of the prescribed securities may be destroyed after the end of 10 years from that date.
- (7) For the purposes of these Rules, a register kept under any applicable law or governing provisions of any prescribed securities may be taken as a register of holders kept under this rule by the issuer of those securities if the register contains particulars in respect of those securities that are equivalent to the particulars specified in subrules (2) and (3).

Note—

The following are examples of a register kept under applicable law or governing provisions—

- (a) for shares in a company—the register of members of the company kept under section 627 of the Companies Ordinance (Cap. 622);
 - (b) for shares in an open-ended fund company—the register of shareholders of the company kept under rule 67 of the Securities and Futures (Open-ended Fund Companies) Rules (Cap. 571 sub. leg. AQ);
 - (c) for units in a unit trust scheme—the register of the holders of registered units under the scheme kept under section 33 of the Stamp Duty Ordinance (Cap. 117); and
 - (d) for depositary receipts—a register of depositary receipt holders kept under the governing provisions of the receipts (if so provided).
- (8) An issuer that contravenes subrule (1) or (5) commits an offence and is liable on conviction to a fine at level 4 and, in the case of a continuing offence, to a further fine of \$700 for each day during which the offence continues.

6. Issuer must give notice of change in register of holders where uncertificated holding is involved

- (1) This rule applies if—
- (a) the issuer of any prescribed securities effects a change to an entry in the register of holders of those securities; and
 - (b) the entry relates to—
 - (i) any uncertificated holding (within the meaning of rule 5(3)(b)) of a person; or
 - (ii) any other particular (except any number of units of securities held in certificated form) of such a person.
- (2) The issuer must, as soon as reasonably practicable, and in any event within the time specified in subrule (3), after effecting the change, give a notice containing the information specified in subrule (4) to the person, without charge, by—

- (a) sending the notice in electronic form to an electronic address specified by the person; or
 - (b) sending the notice in hard copy form by post to the last known address of the person.
- (3) The time specified for subrule (2) is—
- (a) if the notice is sent in electronic form—1 business day; or
 - (b) if the notice is sent in hard copy form—3 business days.
- (4) The information specified for subrule (2) is—
- (a) a confirmation that the change has been effected;
 - (b) the details of the change effected; and
 - (c) the date on which the change was effected.
- (5) An issuer that, without reasonable excuse, contravenes subrule (2) commits an offence and is liable on conviction to a fine at level 4 and, in the case of a continuing offence, to a further fine of \$700 for each day during which the offence continues.
- (6) In this rule—
- change* (變更), in relation to an entry in a register of holders, includes any revision, addition or deletion of the entry or any particular in the entry.

7. Inspection of entries in register of holders

- (1) A person is entitled, on request and without charge, to—
- (a) inspect any entry made in relation to that person in the register of holders of any prescribed securities; and
 - (b) during the course of the inspection, make a copy of any such entries.
- (2) Subject to subrule (3), the issuer of any prescribed securities must, during business hours, make the register of holders of

those securities available for a person's inspection of their entries under subrule (1)(a).

- (3) For the purposes of subrule (2), the issuer—
 - (a) is not required to make available for inspection any part of the register of holders that is closed in accordance with any applicable law or governing provisions of the prescribed securities; and
 - (b) may impose any reasonable restrictions regarding how the register is made available for inspection, so long as the register is so available for at least 2 hours per day.
- (4) If the issuer makes the register of holders available for a person's inspection of their entries under subrule (1)(a), the issuer—
 - (a) must permit the person to make a copy of any such entries under subrule (1)(b); but
 - (b) is not required to assist the person to make any such copy.
- (5) An issuer that, without reasonable excuse, contravenes subrule (2) or (4) commits an offence and is liable on conviction to a fine at level 4.

8. Request for copy of entries in register of holders

- (1) A person is entitled, on request and payment of a specified fee, to be provided with a copy of—
 - (a) any entry made in relation to that person in the register of holders of any prescribed securities; and
 - (b) subject to subrule (2), any entry made in relation to that person that was—
 - (i) previously included in the register; but
 - (ii) subsequently amended or removed.

- (2) Subrule (1)(b) does not apply to an entry made in relation to a person if—
 - (a) the request made by the person does not contain sufficient particulars to enable identification of the entry; or
 - (b) the entry has been destroyed without contravening any applicable law or governing provisions of those securities.
- (3) The issuer of any prescribed securities must, within 10 business days after receiving a request made by a person under subrule (1) and the specified fee, provide a copy of the entry to which the request relates to the person in the following form—
 - (a) if the person requests the copy to be in hard copy form—in hard copy form; or
 - (b) if the person requests the copy to be in electronic form—in any electronic form that the issuer considers appropriate.
- (4) An issuer that, without reasonable excuse, contravenes subrule (3) commits an offence and is liable on conviction to a fine at level 4.
- (5) In this rule—

electronic form (電子形式) includes in the form of an electronic record as defined by section 2(1) of the Electronic Transactions Ordinance (Cap. 553);

hard copy form (印本形式) means in a paper form or similar form capable of being read;

specified fee (指明費用), in relation to a request made under subrule (1) to an issuer, means a fee specified by the issuer, which must not exceed the aggregate of—

 - (a) \$5 for each 10 entries (or any part of those 10 entries) to which the request relates; and

- (b) any reasonable costs incurred by the issuer in delivering a copy of the entries to the person requesting it.

9. Limit on closure period of register of holders

(1) This rule applies if—

- (a) the register of holders of any prescribed securities may be closed under any applicable law or governing provisions of those securities; and
- (b) the securities are participating securities.

Example—

- (a) the register of members of a company may be closed under section 632 of the Companies Ordinance (Cap. 622); and
- (b) the register of shareholders of an open-ended fund company may be closed under rule 70 of the Securities and Futures (Open-ended Fund) Rules (Cap. 571 sub. leg. AQ).

(2) Subject to subrule (3), the register of holders may be closed each time only for a period of not more than—

- (a) 2 consecutive business days; or
- (b) any longer period during which trading in the prescribed securities is suspended.

(3) The Commission may, by notice in writing served on the issuer of any prescribed securities—

- (a) exempt the securities from subrule (2) for a period specified in the exemption if the Commission is satisfied that—
 - (i) none of the units of those securities is in uncertificated form; and
 - (ii) it would not be in the interest of the investing public or in the public interest to apply that subrule to the closure of the register of holders of those securities;

- (b) impose any condition the Commission considers appropriate in relation to the exemption; and

(c) amend or revoke—

- (i) the exemption; or
- (ii) any condition imposed in relation to the exemption.

(4) In this rule, a reference to the closure of a register of holders includes a closure of any part of it.

10. Power of court to rectify register of holders

(1) A person specified in subrule (2) may apply to the Court of First Instance for rectification of the register of holders of any prescribed securities in respect of any of the following matters—

- (a) that the name of any person is, without sufficient cause, entered in or omitted from the register;
- (b) that default is made or unnecessary delay takes place in entering in the register the fact of any person having ceased to be a holder of those securities; or
- (c) that a record indicating any of the following matters is, without sufficient cause, entered in or omitted from the register—
 - (i) that a number of units of those securities are held by any person;
 - (ii) that a number of units of those securities held by any person are held in uncertificated form.

(2) The person specified for subrule (1) is—

- (a) any person aggrieved;
- (b) any registered holder of the prescribed securities; or
- (c) the issuer of those securities.

- (3) On an application made under subrule (1), the Court of First Instance may—
- (a) refuse the application; or
 - (b) make any of the following orders—
 - (i) an order to rectify the register of holders;
 - (ii) an order on the issuer to pay damages for any loss sustained by any party aggrieved.
- (4) In determining the application under subrule (3), the Court of First Instance may—
- (a) if the application is made in respect of a matter specified in subrule (1)(a) or (c), decide any question relating to the title of any person who is a party to the application, whether the question arises—
 - (i) between holders or alleged holders of the prescribed securities; or
 - (ii) between holders or alleged holders on the one hand and the issuer of those securities on the other hand; and
 - (b) generally decide any question necessary or expedient to be decided for rectification of the register of holders.
- (5) This rule applies to the extent to which the application is neither prohibited under nor in conflict or inconsistent with any other enactment governing the rectification of the register of holders of any prescribed securities.

Example—

- (a) for rectification of the register of members of a company—see section 633 of the Companies Ordinance (Cap. 622); and
- (b) for rectification of the register of shareholders of an open-ended fund company—see rule 71 of the Securities and Futures (Open-ended Fund Companies) Rules (Cap. 571 sub. leg. AQ).

11. Effect of entries on register of holders

- (1) In the absence of evidence to the contrary, the register of holders of any prescribed securities is proof of any matters that are by these Rules required or authorized to be entered in it.
- (2) Without limiting subrule (1), a record in the register of holders indicating that any number of units of the prescribed securities are held by a person in uncertificated form is, in the absence of evidence to the contrary, proof of the person's title to that number of units of those securities.

Part 3

Registration of Transfer

12. Registration of transfer on basis of instrument of transfer

- (1) The issuer of any prescribed securities may refuse to register a transfer of any number of units of those securities (*subject units*) on the basis of an instrument of transfer if—
 - (a) the instrument does not comply with subrule (2); or
 - (b) the subject units are in uncertificated form.
- (2) For subrule (1)(a), an instrument of transfer must specify any particulars reasonably required by the issuer for—
 - (a) updating the register of holders of the prescribed securities to reflect the transfer; or
 - (b) any other purpose relating to—
 - (i) the transfer; or
 - (ii) any right, benefit or privilege attaching to, or arising from, the subject units being transferred.
- (3) Subrule (1) does not limit or otherwise affect any other ground on which the issuer may refuse to register a transfer of the prescribed securities.

Note—

See also the following provisions, which refer to an instrument of transfer as required under these Rules—

- (a) for the registration of a transfer of shares in a company—sections 150 and 151 of the Companies Ordinance (Cap. 622);
- (b) for the registration of a transfer of shares in an open-ended fund company—rules 60 and 61 of the Securities and Futures (Open-ended Fund Companies) Rules (Cap. 571 sub. leg. AQ); and

- (c) for the registration of a transfer of units in a unit trust scheme—section 36 of the Stamp Duty Ordinance (Cap. 117).

13. Registration of transfer on basis of specified request

- (1) The issuer of any prescribed securities may refuse to register a transfer of any number of units of those securities (*subject units*) on the basis of a specified request if—
 - (a) the request does not comply with subrule (2);
 - (b) the subject units are in certificated form;
 - (c) the securities are in the process of delisting; or
 - (d) it is not reasonably practicable for the transfer to be registered on the basis of a specified request.
- (2) For subrule (1)(a), a specified request must—
 - (a) subject to subrule (3), consist of—
 - (i) an authenticated message attributable to the transferor; and
 - (ii) an authenticated message attributable to the transferee; and
 - (b) specify any particulars reasonably required by the issuer for—
 - (i) updating the register of holders of the prescribed securities to reflect the transfer; or
 - (ii) any other purpose relating to—
 - (A) the transfer; or
 - (B) any right, benefit or privilege attaching to, or arising from, the subject units being transferred.
- (3) The issuer may permit a specified request to consist of a written instruction in place of an authenticated message mentioned in subrule (2)(a)(i) or (ii) if the issuer is satisfied that—

- (a) it is not reasonably practicable in the circumstances for such an authenticated message to be sent; and
 - (b) the written instruction is given by, or with the authority of, the transferor or transferee (as the case may be).
- (4) Subrule (1) does not limit or otherwise affect any other ground on which the issuer may refuse to register a transfer of the prescribed securities.

Note—

See also the following provisions, which refer to a specified request as required under these Rules—

- (a) for the registration of a transfer of shares in a company—sections 150 and 151 of the Companies Ordinance (Cap. 622);
- (b) for the registration of a transfer of shares in an open-ended fund company—rules 60 and 61 of the Securities and Futures (Open-ended Fund Companies) Rules (Cap. 571 sub. leg. AQ); and
- (c) for the registration of a transfer of units in a unit trust scheme—section 36 of the Stamp Duty Ordinance (Cap. 117).

14. Acquisition of shares on buying out of minority shareholders

- (1) This rule applies in relation to an offeror who is, by virtue of section 695(2) of the Companies Ordinance (Cap. 622), entitled and bound to acquire any shares in a company that are prescribed securities from the holder of those shares (*shareholder*).
- (2) An instrument of transfer of shares sent under section 696(3A)(a) of the Companies Ordinance (Cap. 622) must—
- (a) be executed on behalf of the shareholder by a person appointed by the offeror; and
 - (b) specify any particulars reasonably required by the company for—

- (i) updating the register of members of the company to reflect the acquisition; or
 - (ii) any other purpose relating to—
 - (A) the acquisition; or
 - (B) any right, benefit or privilege attaching to, or arising from, the shares being acquired.
- (3) A specified request in relation to shares sent under section 696(3A)(b) of the Companies Ordinance (Cap. 622) must—
- (a) consist of—
 - (i) an authenticated message attributable to a person acting on behalf of the shareholder and appointed by the offeror; and
 - (ii) an authenticated message attributable to the offeror; and
 - (b) specify any particulars reasonably required by the company for—
 - (i) updating the register of members of the company to reflect the acquisition; or
 - (ii) any other purpose relating to—
 - (A) the acquisition; or
 - (B) any right, benefit or privilege attaching to, or arising from, the shares being acquired.

Part 4

Authenticated Message

Division 1—Use of Authenticated Message

15. What is authenticated message

- (1) A message is an authenticated message if—
- (a) the message relates to prescribed securities that are participating securities;
 - (b) the message is sent using messaging facilities provided by—
 - (i) the corresponding clearing house for those securities; or
 - (ii) the corresponding registrar for those securities;
 - (c) the message is sent in accordance with the operating rules of those facilities; and
 - (d) the message is, in accordance with the operating rules of those facilities, expressed or otherwise identifiable as a communication between—
 - (i) the issuer and a registered holder;
 - (ii) the issuer and a transferee; or
 - (iii) an offeror and a registered holder.
- (2) In this rule—
- issuer** (發行人), in relation to a message relating to any prescribed securities, means the issuer of those securities;
- offeror** (要約人), in relation to a message relating to any prescribed securities, means a person who makes an offer in relation to

those securities that is regulated by, and made in accordance with—

- (a) a code published under section 399(2) of the Ordinance; or
- (b) any applicable law or other regulatory requirement of a jurisdiction outside Hong Kong on matters of a nature similar to those mentioned in that section;

operating rules (運作規則), in relation to any messaging facilities, means—

- (a) if the facilities are operated by a recognized clearing house—any rules of the recognized clearing house that govern the communication of messages using those facilities; or
- (b) if the facilities are operated by an approved securities registrar—any rules, procedures, terms of use or any other specifications adopted by the registrar that govern the communication of messages using those facilities;

registered holder (登記持有人), in relation to a message relating to any prescribed securities, means a registered holder of those securities;

transferee (受讓人), in relation to a message relating to any prescribed securities, means a person to whom the securities are, according to the message, to be transferred.

16. Attribution of authenticated message

- (1) An authenticated message relating to prescribed securities is attributable to a person if the message is, in accordance with the operating rules (as defined by rule 15(2)) of the messaging facilities used to send the message, expressed or otherwise identifiable as being sent by or on behalf of the person.
- (2) To avoid doubt—

- (a) an authenticated message may be attributable to more than one person; and
- (b) if an authenticated message is expressed or otherwise identifiable as being sent by a person on behalf of another person, the message is attributable to both persons.

17. Addressee of authenticated message

- (1) A person is an addressee of an authenticated message relating to prescribed securities if the message is, in accordance with the operating rules (as defined by rule 15(2)) of the messaging facilities used to send the message, expressed or otherwise identifiable as being addressed to the person, whether as an agent of another person or not.
- (2) To avoid doubt—
 - (a) an authenticated message may have more than one addressee; and
 - (b) if an authenticated message is expressed or otherwise identifiable as being addressed to a person as an agent of another person, both persons are the addressees of the message.

Division 2—Effect of Authenticated Message

18. Application of this Division

- (1) This Division applies in relation to an authenticated message relating to—
 - (a) a right, benefit or privilege attaching to, or arising from, the prescribed securities to which the message relates; or
 - (b) the particulars of a registered holder of those securities (whether such particulars are required to be entered into the register of holders of those securities or not).

- (2) Subject to rule 21(4), this Division has effect without prejudice to the liability of any person for causing or permitting a message—
 - (a) to contain information that is incorrect;
 - (b) to be expressed or otherwise identifiable as being sent by a person who did not send the message; or
 - (c) to be sent without authority.

19. Authenticated message sent by oneself

- (1) This rule applies if—
 - (a) an authenticated message is attributable to a person because the message is expressed or otherwise identifiable as being sent by the person; and
 - (b) the message is not expressed or otherwise identifiable as being sent on behalf of another person.
- (2) The person mentioned in subrule (1)(a) is not entitled to deny to the addressee any of the following—
 - (a) that the information contained in the authenticated message is correct;
 - (b) that the person has sent the message.

20. Authenticated message sent on behalf of another person

- (1) This rule applies if an authenticated message is expressed or otherwise identifiable as being sent on behalf of a person (*principal*) by another person (*agent*) and, accordingly, attributable to both the principal and the agent.
- (2) The principal is not entitled to deny to the addressee any of the following—
 - (a) that the authenticated message was sent with the principal's authority;

- (b) that the information contained in the message is correct.
- (3) The agent is not entitled to deny to the addressee any of the following—
 - (a) that the agent has authority to send the authenticated message;
 - (b) that the agent has sent the message.

21. Right of addressee to rely on authenticated message

- (1) An addressee who receives an authenticated message may, subject to subrule (2), accept that at the time when the message was sent and at any time after that—
 - (a) the information contained in the message was correct; and
 - (b) the following applies in respect of any person to whom the message is attributable—
 - (i) if the message is attributable to a person as described in rule 19—the person has sent the message; or
 - (ii) if the message is attributable to a principal and an agent as described in rule 20—
 - (A) the message was sent with the principal's authority; and
 - (B) the agent has sent the message.
- (2) Subject to subrule (3), an addressee may not accept any of the matters specified in subrule (1) in respect of an authenticated message if, at the time when the addressee received the message or at any time after that, the addressee had actual notice that—
 - (a) any information contained in the message was incorrect; or
 - (b) the following applies in respect of any person to whom the message is attributable—

- (i) if the message is attributable to a person as described in rule 19—the person did not send the message; or
 - (ii) if the message is attributable to a principal and an agent as described in rule 20—
 - (A) the message was not sent with the principal's authority; or
 - (B) the agent did not send the message.
- (3) Despite an addressee having actual notice of a matter mentioned in subrule (2) in respect of an authenticated message (*known matter*), the addressee may accept the matters specified in subrule (1) if, at the time when the known matter came to the addressee's actual notice, it was not reasonably practicable for the addressee to stop processing the message.
- (4) A person who is permitted by this rule to accept any matter is not liable in damages or otherwise to any person by reason of relying on the matter.

Part 5**Dematerialization on Request****22. Dematerialization at request of registered holder**

- (1) This rule applies if—
 - (a) any prescribed securities are participating securities; and
 - (b) any units of those securities held by a registered holder of those securities are in certificated form (*certificated units*).
- (2) The issuer of the prescribed securities may, at the request of the registered holder, dematerialize any number of the certificated units (*subject units*) if—
 - (a) the registered holder is a system-member of the corresponding UNSRT system for those securities; and
 - (b) the issuer has received—
 - (i) a dematerialization request made by the registered holder in relation to the subject units; and
 - (ii) subject to subrule (3), a valid title instrument issued to the registered holder covering the subject units.
- (3) The issuer is not required to have received a valid title instrument mentioned in subrule (2)(b)(ii) if—
 - (a) in accordance with the governing provisions of the prescribed securities, no such title instrument has been issued; or
 - (b) the issuer is satisfied that the valid title instrument is lost or damaged.
- (4) On receiving the dematerialization request and, if applicable, the title instrument mentioned in subrule (2)(b), the issuer must,

as soon as reasonably practicable, decide whether to accept or refuse the request.

- (5) If the issuer decides to accept the dematerialization request, the issuer must, as soon as reasonably practicable—
 - (a) dematerialize the subject units by recording in the register of holders of the prescribed securities that the subject units are held by the registered holder in uncertificated form; and
 - (b) if applicable—
 - (i) cancel the title instrument received in relation to the request or that is lost or damaged; and
 - (ii) record the cancellation of the title instrument in the register.
- (6) If the issuer decides to refuse the dematerialization request, the issuer must, as soon as reasonably practicable, give the registered holder a notice of the decision with reasons.
- (7) An issuer that, without reasonable excuse, contravenes subrule (4), (5) or (6) commits an offence and is liable on conviction to a fine at level 4 and in the case of a continuing offence, to a further fine of \$700 during each day that the offence continues.

23. Dematerialization at request of transferee

- (1) This rule applies if—
 - (a) any prescribed securities are participating securities;
 - (b) any units of those securities held by a person (*transferor*) are in certificated form (*certificated units*); and
 - (c) the issuer of those securities is requested to register a transfer of any number of the certificated units from the transferor to another person (*transferee*).

- (2) The issuer of the prescribed securities may, at the request of the transferee, dematerialize any number of the certificated units being transferred (*subject units*) if—
 - (a) the transferee is a system-member of the corresponding UNSRT system for those securities;
 - (b) the issuer has received—
 - (i) a dematerialization request made by the transferee in respect of the subject units; and
 - (ii) subject to subrule (3), valid title instruments issued to transferor that are sufficient to cover the subject units; and
 - (c) the issuer is satisfied that the transfer may be registered.
- (3) The issuer is not required to have received a valid title instrument mentioned in subrule (2)(b)(ii) that covers a number of the subject units if—
 - (a) in accordance with the governing provisions of the prescribed securities, no such title instrument has been issued; or
 - (b) the issuer is satisfied that the valid title instrument is lost or damaged.
- (4) Subrule (3) does not affect the operation of subrule (2)(b)(ii) in respect of any other valid title instruments required for covering any number of the subject units other than those covered by subrule (3).
- (5) On receiving the dematerialization request and, to the extent applicable, the title instruments mentioned in subrule (2)(b), the issuer must, as soon as reasonably practicable, decide whether to accept or refuse the request.
- (6) If the issuer decides to accept the dematerialization request, the issuer must, as soon as reasonably practicable—

- (a) register the transfer;
 - (b) dematerialize the subject units by recording in the register of holders of the prescribed securities that the subject units are held by the transferee in uncertificated form; and
 - (c) to the extent applicable—
 - (i) cancel the title instruments received in relation to the request or that are lost or damaged; and
 - (ii) record the cancellation of the title instruments in the register.
- (7) If the issuer decides to refuse the dematerialization request, the issuer must, as soon as reasonably practicable—
 - (a) give the transferee a notice of the decision with reasons; and
 - (b) refuse to register the transfer.
- (8) An issuer that, without reasonable excuse, contravenes subrule (5), (6) or (7) commits an offence and is liable on conviction to a fine at level 4 and in the case of a continuing offence, to a further fine of \$700 during each day that the offence continues.

24. Form etc. for dematerialization request

- (1) The issuer of any prescribed securities may specify the form and manner in which a dematerialization request relating to those securities is to be made.
- (2) Without limiting any other ground on which a dematerialization request relating to the prescribed securities may be refused, the issuer may refuse such a request if the request—
 - (a) is not made in the form or manner specified under subrule (1); or

- (b) is not accompanied by the fee, if any, charged by the corresponding registrar for those securities in relation to the request.
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Part 6

Issuer's Authority on Dematerialization etc.

25. Dematerialization without request

- (1) This rule applies if—
- (a) any prescribed securities are participating securities; and
 - (b) any units of those securities that are held, or to be held, by a person (*subject person*) are in certificated form (*certificated units*).
- (2) The issuer of the prescribed securities may, on its own initiative and without a dematerialization request, dematerialize any number of the certificated units (*subject units*) if—
- (a) the subject person is a system-member or provisional system-member of the corresponding UNSRT system for those securities; and
 - (b) subject to subrule (3), the issuer has received a valid title instrument covering the subject units that was issued to—
 - (i) the subject person; or
 - (ii) the person from whom the subject person will receive the subject units.
- (3) The issuer is not required to have received a valid title instrument mentioned in subrule (2)(b) if—
- (a) in accordance with the governing provisions of the prescribed securities, no such title instrument has been issued; or
 - (b) the issuer is satisfied that the valid title instrument is lost or damaged.

- (4) Without limiting subrule (2), the issuer may dematerialize the subject units under that subrule in any of the following circumstances—
 - (a) where the issuer is requested to register a transfer of—
 - (i) the subject units; or
 - (ii) any other units of the prescribed securities that are covered by the same valid title instrument as the subject units;
 - (b) where the issuer is requested to issue a title instrument in replacement of a lost or damaged one that covers the subject units;
 - (c) where an event occurs that, but for these Rules, would require or entitle the issuer to issue a title instrument to cover the subject units.
- (5) If the issuer decides to dematerialize the subject units, the issuer must, as soon as reasonably practicable—
 - (a) dematerialize the subject units by recording in the register of holders of the prescribed securities that the subject units are held by the subject person in uncertificated form; and
 - (b) if applicable—
 - (i) cancel the title instrument received or that is lost or damaged; and
 - (ii) record the cancellation of the title instrument in the register.
- (6) An issuer that, without reasonable excuse, contravenes subrule (5) commits an offence and is liable on conviction to a fine at level 4 and in the case of a continuing offence, to a further fine of \$700 during each day that the offence continues.

26. Issue of new units in uncertificated form

- (1) This rule applies if—
 - (a) any prescribed securities are participating securities; and
 - (b) any units of those securities (*new units*) are to be issued to a person.
- (2) The issuer of the prescribed securities may issue the new units to the person mentioned in subrule (1)(b) as units in uncertificated form if the person is a system-member or provisional system-member of the corresponding UNSRT system for those securities.
- (3) If the issuer decides to issue any new units to a person as units in uncertificated form under subrule (2), the issuer—
 - (a) must, as soon as reasonably practicable, record in the register of holders of the prescribed securities that the new units are held by the person in uncertificated form; and
 - (b) must not issue any title instrument to cover the new units.
- (4) An issuer that, without reasonable excuse, contravenes subrule (3) commits an offence and is liable on conviction to a fine at level 4 and in the case of a continuing offence, to a further fine of \$700 during each day that the offence continues.

27. Rematerialization in contemplation of delisting

- (1) This rule applies if—
 - (a) any prescribed securities are in the process of delisting; and
 - (b) any units of those securities held by a registered holder of those securities are in uncertificated form (*subject units*).
- (2) The issuer of the prescribed securities must—
 - (a) before the securities cease to be listed, rematerialize the subject units by removing from the register of holders of

those securities all records that the subject units are held by the registered holder in uncertificated form; and

- (b) if the governing provisions of those securities so require, issue to the registered holder one or more title instruments covering the subject units as soon as reasonably practicable after the rematerialization.
- (3) For the purposes of subrule (2)(b), if the registered holder is a recognized clearing house or its nominee and so specifies, the title instruments must be in the number, and each in the denomination, specified by the clearing house or nominee.
- (4) The issuer must also, in the notice it gives under rule 6(2) in respect of the removal of records under subrule (2)(a), state—
 - (a) whether the registered holder is entitled to be issued any title instrument in relation to the subject units; and
 - (b) if so, when and how such title instrument may be obtained.
- (5) An issuer that, without reasonable excuse, contravenes subrule (2), (3) or (4) commits an offence and is liable on conviction to a fine at level 4 and in the case of a continuing offence, to a further fine of \$700 during each day that the offence continues.

Part 7

Transition to Full Dematerialization

28. Prescribed securities to become participating securities

- (1) The issuer of any specified prescribed securities (except subscription warrants or rights under a rights issue) the listing date of which falls on or before the implementation date must ensure that those securities become participating securities on or before the earlier of—
 - (a) the specified date for those securities; and
 - (b) the participation deadline.
- (2) The issuer of any specified prescribed securities (except subscription warrants or rights under a rights issue) the listing date of which falls after the implementation date must ensure that those securities become participating securities on or before—
 - (a) the listing date; or
 - (b) if a notice is given under subrule (5) in respect of those securities—the earlier of—
 - (i) the specified date for those securities; and
 - (ii) the participation deadline.
- (3) The issuer of any prescribed securities that are subscription warrants or rights under a rights issue must, if their underlying securities are participating securities at the time when the warrants or rights are issued, ensure that the warrants or rights become participating securities on or before the listing date of those warrants or rights.
- (4) For the purposes of subrule (1)(a)—

- (a) a date must be specified for any specified prescribed securities to which that subrule applies as the date by which those securities must become participating securities; and
- (b) such a date must be specified, by notice in writing served on the issuer of those securities—
 - (i) by the corresponding parties for those securities; or
 - (ii) if the corresponding parties notify the Commission that they are unable to agree on such a date—by the Commission.
- (5) For the purposes of subrule (2)(b), within 1 year after the implementation date and before the listing date of any specified prescribed securities to which that subrule applies, the corresponding exchange company for those securities may, if it is satisfied of the matters specified in subrule (6), by notice in writing served on the issuer of those securities—
 - (a) allow those securities to become participating securities on a date later than the listing date of those securities; and
 - (b) specify a date as the date by which those securities must become participating securities.
- (6) The matters specified for subrule (5) are—
 - (a) that there are exceptional circumstances justifying the securities becoming participating securities after the listing date; and
 - (b) that requiring the securities to become participating securities on the listing date would cause unreasonable delay to the intended listing date.
- (7) A person who specifies a date under subrule (4) or (5) in relation to any specified prescribed securities may, in addition to any other matter the person considers relevant, have regard to—

- (a) the number of title instruments that are issued in respect of those securities and still in circulation;
- (b) the number of registered holders of those securities;
- (c) any time reasonably needed for amending the governing provisions of those securities to allow those securities to become participating securities;
- (d) any impact an intended specified date may have on the proper and orderly completion of any pending event (such as an entitlement distribution, consolidation or subdivision) concerning those securities; and
- (e) any factor relevant to arranging for all specified prescribed securities to become participating securities on or before the participation deadline in an orderly manner.
- (8) A date specified under subrule (4) or (5) in respect of any specified prescribed securities may be revised or cancelled in the same manner as it was specified.
- (9) An issuer that, without reasonable excuse, contravenes subrule (1), (2) or (3) commits an offence and is liable on conviction to a fine at level 4 and in the case of a continuing offence, to a further fine of \$700 during each day that the offence continues.
- (10) In this rule—
 - corresponding parties* (相應人士), in relation to any prescribed securities, means—
 - (a) the corresponding registrar for those securities;
 - (b) the corresponding clearing house for those securities; and
 - (c) the corresponding exchange company for those securities;
 - implementation date* (實施日期) means the date on which these Rules come into operation;
 - listing date* (上市日期), in relation to any prescribed securities, means the first date on which dealings in those securities on the

recognized stock market operated by the corresponding exchange company for those securities is allowed to take place;

participation deadline (參與期限) means the expiry of 5 years after the implementation date;

specified date (指明日期), in relation to any prescribed securities to which subrule (1) or (2) applies, means—

- (a) the date specified under subrule (4) or (5) in respect of those securities; or
- (b) if such a date is revised under subrule (8)—the date as revised;

specified prescribed securities (指明訂明證券) means—

- (a) prescribed securities that are shares in a body corporate incorporated in a place specified in the Schedule; or
- (b) any other prescribed securities that are constituted under the law of a place specified in the Schedule;

underlying securities (相關證券), in relation to any prescribed securities that are subscription warrants or rights under a rights issue, means the securities that the holder of those warrants or rights is entitled to subscribe for.

29. New units not to be issued in certificated form

- (1) The issuer of any prescribed securities that are participating securities must not issue any units of those securities as units in certificated form.
- (2) An issuer that, without reasonable excuse, contravenes subrule (1) commits an offence and is liable on conviction to a fine at level 4 and in the case of a continuing offence, to a further fine of \$700 during each day that the offence continues.

30. No issue of title instrument

- (1) The issuer of any prescribed securities that are participating securities must not issue any title instrument to cover any units of those securities.
- (2) An issuer that, without reasonable excuse, contravenes subrule (1) commits an offence and is liable on conviction to a fine at level 4 and in the case of a continuing offence, to a further fine of \$700 during each day that the offence continues.

31. Dematerialization of securities held by recognized clearing house

- (1) This rule applies to units of prescribed securities—
 - (a) the registered holder of which is a recognized clearing house or its nominee; and
 - (b) covered by a valid title instrument held in the custody of the recognized clearing house in accordance with its rules.
- (2) Each of the following persons must ensure that the units of prescribed securities mentioned in subrule (1) (*target units*) are dematerialized within 6 months after the date on which those securities become participating securities—
 - (a) the issuer of those securities; and
 - (b) the recognized clearing house which is, or the nominee of which is, the registered holder of the target units.
- (3) An issuer or a recognized clearing house that, without reasonable excuse, contravenes subrule (2) commits an offence and is liable on conviction to a fine at level 4 and in the case of a continuing offence, to a further fine of \$700 during each day that the offence continues.

32. Exemptions

- (1) This Part does not apply in relation to any prescribed securities that are in the process of delisting.

- (2) The Commission may also, on application of a specified person and being satisfied of the matters specified in subrule (3), exempt any prescribed securities from a provision in this Part.
- (3) The matters specified for subrule (2) are—
 - (a) that there are exceptional circumstances justifying the exemption; and
 - (b) that the exemption would prejudice neither the interest of the investing public nor the public interest.
- (4) An exemption under subrule (2)—
 - (a) must be given by notice in writing served on the specified person applying for the exemption;
 - (b) may be subject to any condition the Commission considers appropriate as specified in the exemption; and
 - (c) may, where the provision requires an act to be done by a particular time, take the form of a deferral of such a time, either to another time or until the exemption is revoked.
- (5) The Commission may, by notice in writing served on the specified person to whom an exemption under subrule (2) is given, amend or revoke—
 - (a) the exemption; or
 - (b) any condition imposed in relation to the exemption.
- (6) In this rule—

specified person (指明人士), in relation to any specified securities, means—

 - (a) for rule 28, 29 or 30—the issuer of those securities; or
 - (b) for rule 31—
 - (i) the issuer of those securities; or

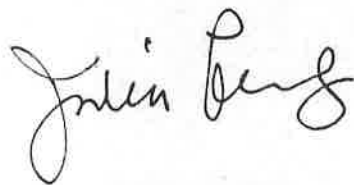
- (ii) the recognized clearing house mentioned in that rule in relation to those securities.

Schedule

[r. 28]

Places Specified for Specified Prescribed Securities

1. Bermuda
2. Cayman Islands
3. Hong Kong
4. Mainland of China



Julia LEUNG
Chief Executive Officer,
Securities and Futures Commission

22 January 2025

Explanatory Note

The Securities and Futures and Companies Legislation (Amendment) Ordinance 2021 (17 of 2021) introduces an uncertificated securities market regime (*USM regime*) for Hong Kong through, among other amendments, adding a new Part IIIAA to the Securities and Futures Ordinance (Cap. 571) (*SFO*).

2. The main object of these Rules is to provide for the following matters which are integral to the implementation of the USM regime—
 - (a) matters concerning the register of holders of prescribed securities (basically securities to which the new Part IIIAA of the SFO applies);
 - (b) matters concerning the registration of transfer of prescribed securities;
 - (c) matters concerning the use and effect of an authenticated message in relation to prescribed securities; and
 - (d) matters concerning the dematerialization and, in limited circumstances, rematerialization of prescribed securities.

Part 1—Preliminary

3. Part 1 sets out preliminary matters. For instance, rule 1 provides for the commencement date of these Rules, which in effect will be the same day as that of the new Part IIIAA of the SFO, while rule 2 provides for the interpretation of terms used in these Rules.
4. One of the major features of the USM regime is the evidence and transfer of titles to prescribed securities without an instrument. In connection with this—
 - (a) rule 3 provides the link between the provisions in the new Part IIIAA of the SFO that enable such evidence and transfer and the provisions in these Rules that set out the

specific requirements for doing so (see paragraphs 11(b) and 15(a)); and

- (b) rule 4 provides for how prescribed securities may participate in the USM regime, i.e. becoming participating securities.

Part 2—Register of Holders

5. Part 2 provides for matters concerning the register of holders of prescribed securities.
6. Rule 5 requires an issuer of prescribed securities to keep a register of holders of those securities. The register must contain particulars of the holders of those securities and records indicating the number of units of securities held by each holder and, where applicable, the number of such units held in uncertificated form.
7. A unit of securities recorded as being held in uncertificated form in the register is regarded as “in uncertificated form” for the USM regime, and title to such unit (*uncertificated unit*) may be evidenced and transferred without an instrument. In view of this—
 - (a) rule 5 also restricts the change of a record in the register that indicates any uncertificated units to cases such as where it is necessary to reflect a dematerialization or rematerialization of units or a transfer, transmission or cancellation of uncertificated units; and
 - (b) rule 6 requires an issuer to notify the holder concerned if the issuer effects a change to a record in the register where any uncertificated units are involved.
8. Rule 7 requires an issuer to make the register of holders available for a person to inspect any entries made in relation to that person in the register, and make a copy of such entries, without charge. An issuer is also required under rule 8 to provide, subject to a reasonable fee,

copies of such entries (and historical entries that have yet to be lawfully destroyed) to the person concerned.

9. Rule 9 limits the closure of the register of holders of any prescribed securities that are participating securities to not more than 2 consecutive business days (or any longer period during which trading in the securities is suspended) each time.
10. Rule 10 provides for the power of the Court of First Instance to rectify the register of holders of any prescribed securities.
11. Rule 11 deals with the legal effect of an entry in a register of holders. For instance—
 - (a) it provides that the register of holders of any prescribed securities is, subject to evidence to the contrary, proof of any matters required or authorized by these Rules to be entered into it; and
 - (b) in particular, a person’s title to a number of units of prescribed securities may be proved by way of a record in the register indicating that such number of units are held by the person in uncertificated form—this corresponds to the evidence of title without an instrument as mentioned in rule 3(1).

Part 3—Registration of Transfer

12. Part 3 provides for matters concerning the registration of transfer of prescribed securities.
13. Rule 12 deals with the registration of transfer on the basis of an instrument of transfer. For instance—
 - (a) it specifies the requirements with which an instrument of transfer must comply in order for it to be accepted by an issuer for registration of the transfer concerned; and

- (b) it also enables an issuer to refuse to register a transfer on the basis of an instrument of transfer if the units concerned are in uncertificated form.
- 14. Such power to refuse means that if units are converted into uncertificated form, the issuer has the power to mandate that a transfer of such units is to be effected without an instrument. The transfer will then have to be effected by way of a specified request.
- 15. Rule 13, on the other hand, deals with the registration of transfer on the basis of a specified request, which is basically an electronic request consisting of authenticated messages. For instance—
 - (a) it specifies the requirements with which a specified request must comply in order for it to be accepted by an issuer for registration of the transfer concerned—this corresponds to the transfer of title without an instrument as mentioned in rule 3(2); and
 - (b) it also enables an issuer to refuse to register a transfer on the basis of a specified request if the units concerned are not in uncertificated form, the securities are in the process of delisting or it is not reasonably practicable to do so.
- 16. If an issuer refuses to register a transfer on the basis of a specified request, the transfer will have to be effected by way of an instrument of transfer.

Part 4—Authenticated Message

- 17. Part 4 provides for matters concerning the use and effect of an authenticated message in relation to prescribed securities that are participating securities. An authenticated message is basically a message sent in accordance with the operating rules of messaging facilities provided by the corresponding clearing house or registrar.
- 18. Division 1 of Part 4 provides for matters relating to the use of an authenticated message, including the meaning of an authenticated

- message (rule 15), to whom an authenticated message is attributable (rule 16) and who an addressee of an authenticated message is (rule 17).
- 19. Division 2 of Part 4 provides for matters relating to the effect of an authenticated message. For instance—
 - (a) a person to whom an authenticated message is attributable cannot deny the fact that the message was sent or the correctness of the information contained in the message (rules 19 and 20), while an addressee of an authenticated message can generally rely on the message in these regards (rule 21); and
 - (b) the scope of authenticated messages to which such effect applies is set out in rule 18.

Part 5—Dematerialization on Request

- 20. Part 5 provides for matters concerning the dematerialization (basically the conversion of units into uncertificated form) of prescribed securities by the issuer on request.
- 21. Basically, an issuer of prescribed securities may dematerialize units of those securities at the request of the registered holder (rule 22) or the transferee (rule 23) if—
 - (a) the securities are participating securities;
 - (b) the registered holder or transferee is a system-member of the corresponding UNSRT system (basically the computer-based system through which title to those securities may be evidenced and transferred without an instrument); and
 - (c) if applicable, the issuer has received valid title instruments covering such units.

22. The dematerialization has to be followed by the cancellation of the title instruments, which has to be recorded in the register of holders of the securities concerned.
23. An issuer may refuse a dematerialization request if the request is not made in the form or manner specified by the issuer or not accompanied by the fee, if any, specified by the corresponding registrar (rule 24).

Part 6—Issuer's Authority on Dematerialization etc.

24. Part 6 provides for matters concerning the dematerialization of prescribed securities by the issuer without request and some other matters.
25. Similar to the case of a dematerialization on request, an issuer of prescribed securities may dematerialize units of those securities on its own initiative (rule 25) if—
 - (a) the securities are participating securities;
 - (b) the person who holds or will hold the units is a system-member or provisional system-member of the corresponding UNSRT system; and
 - (c) if applicable, the issuer has received valid title instruments covering such units,and similar requirements regarding cancellation of the title instruments apply.
26. Rule 26 enables an issuer of prescribed securities to issue new units of those securities in uncertificated form if—
 - (a) the securities are participating securities; and
 - (b) the person to whom the units are issued is a system-member or provisional system-member of the corresponding UNSRT system.

27. Rule 27 enables an issuer of prescribed securities to rematerialize (basically to convert units back to certificated form) if the securities are in the process of delisting. Following the rematerialization, the issuer has to issue title instruments to cover the units if the governing provisions of the securities so require.

Part 7—Transition to Full Dematerialization

28. Part 7 provides for matters concerning the transition to a full dematerialization for all prescribed securities generally.
29. Rule 28 provides for the obligation of an issuer of prescribed securities to ensure that the securities become participating securities by a certain deadline.
30. In particular, for prescribed securities other than subscription warrants or rights under a rights issue—
 - (a) if they are already listed when the USM regime is implemented—they have to become participating securities by the date specified by the corresponding registrar, clearing house and exchange company or, if such parties cannot agree on such a date, by the Commission;
 - (b) if they are listed after the USM regime is implemented—they have to become participating securities by their listing date, unless the corresponding exchange company allows and specifies a later date,and any date specified is subject to an overall participation deadline for such securities, which is 5 years after the USM regime is implemented.
31. The above arrangement applies to prescribed securities of a place specified in the Schedule, which currently includes Bermuda, Cayman Islands, Hong Kong and Mainland China.

32. For prescribed securities that are subscription warrants or rights under a rights issue—
 - (a) if their underlying securities are already participating securities when the warrants or rights are issued—they also have to become participating securities by their listing date;
 - (b) if not—they need not become participating securities even if their underlying securities become participating securities before they expire.
33. On becoming participating securities, the following restrictions apply such that the securities concerned will migrate to dematerialization—
 - (a) no new units may be issued in certificated form (rule 29); and
 - (b) no title instrument may be issued to cover any units (rule 30).
34. Rule 31 provides for the specific obligation to dematerialize securities held by a recognized clearing house or its nominee (usually on behalf of investors having beneficial ownership of the securities). The units must be dematerialized within 6 months after the securities becoming participating securities.
35. Rule 32 provides for exemptions, including the Commission's power to exempt, from any requirement under Part 7.

Schedule—Places Specified for Specified Prescribed Securities

36. The Schedule specifies places for the purposes of the arrangement mentioned in paragraph 30.

Securities and Futures (Approved Securities Registrars) Rules

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Securities and Futures (Approved Securities Registrars) Rules

(Made by the Securities and Futures Commission under sections 101AAM and 397 of the Securities and Futures Ordinance (Cap. 571))

Part 1

Preliminary

1. Commencement

These Rules come into operation on the day on which section 7 of the Securities and Futures and Companies Legislation (Amendment) Ordinance 2021 (17 of 2021) comes into operation.

2. Interpretation

(1) In these Rules—

available liquidity (可動用流動資金), in relation to an approved securities registrar, means the aggregate of—

- (a) its cash and cash equivalents; and
- (b) any sums receivable by it in the ordinary course of business within 90 days;

capital (資本), in relation to an approved securities registrar, includes the issued share capital and retained earnings of the registrar;

corresponding exchange company (相應交易所), in relation to any prescribed securities, has the meaning given by section 12 of the Securities and Futures (Stock Market Listing) Rules (Cap. 571 sub. leg. V);

external borrowings (外部借貸), in relation to an approved securities registrar, means the amount calculated in accordance with the following formula—

$$A - B$$

where—

A = the amount of the registrar's total outstanding borrowings; and

B = the amount of the registrar's outstanding borrowings from its members;

gearing ratio (槓桿比率), in relation to an approved securities registrar, means the ratio, expressed as a percentage, calculated in accordance with the following formula—

$$\frac{A}{B}$$

where—

A = the amount of the registrar's external borrowings; and

B = the amount of the registrar's total equity;

issuer (發行人), in relation to any prescribed securities, has the meaning given by rule 2(1) of the Securities and Futures (Uncertificated Securities Market) Rules;

issuer-client (發行人客戶), in relation to an approved securities registrar, means an issuer of any prescribed securities in respect of which the registrar provides a securities registrar service;

maximum gearing ratio (槓桿比率上限), in relation to an approved securities registrar, means the percentage mentioned in rule 8(3)(c) as specified or amended by the Commission in respect of the registrar;

minimum capital level (資本水平下限), in relation to an approved securities registrar, means the amount mentioned in rule 8(3)(a)

as specified or amended by the Commission in respect of the registrar;

minimum liquidity level (流動資金水平下限), in relation to an approved securities registrar, means the amount mentioned in rule 8(3)(b) as computed by reference to the number of months specified or amended by the Commission in respect of the registrar;

securities holder (證券持有人), in relation to an approved securities registrar, means a person who is or was entered, or is seeking to be entered, in the register of holders of any prescribed securities in respect of which the registrar provides a securities registrar service as a holder of those securities;

securities registrar (證券登記機構), in relation to any prescribed securities, has the meaning given by section 12 of the Securities and Futures (Stock Market Listing) Rules (Cap. 571 sub. leg. V);

senior employee (高級僱員), in relation to an approved securities registrar, has the meaning given by section 101AAG(8) of the Ordinance;

service facilities (服務設施), in relation to an approved securities registrar, means any electronic facilities, including a UNSRT system, used in the registrar's provision of securities registrar services, whether or not the facilities are owned or used by the registrar;

surplus liquidity (流動資金盈餘), in relation to an approved securities registrar, means the amount calculated in accordance with the following formula—

$$A - B$$

where—

A = the amount of the registrar's available liquidity; and

B = the amount of the registrar's minimum liquidity level;

third party money (第三方款項), in relation to an approved securities registrar, means any money—

- (a) received by or on behalf of the registrar that is so received from or on behalf of an issuer-client or securities holder of the registrar; or
- (b) held by or on behalf of the registrar that is so held on behalf of an issuer-client or securities holder of the registrar;

total operating expenses (營運開支總額), in relation to an approved securities registrar, means the aggregate of—

- (a) its operating expenses (excluding depreciation and amortization); and
- (b) its financing costs, if any.

- (2) In these Rules, a reference to an approved securities registrar's business and operations is, except in rule 7(1)(b), a reference to the registrar's business and operations as an approved securities registrar.

3. Specification of securities registrar service

- (1) For the purposes of paragraph (c) of the definition of *securities registrar service* in section 1 of Part 1 of Schedule 1 to the Ordinance, each of the following is specified as a securities registrar service—
 - (a) any service in connection with a public offer of prescribed securities, where the service is provided—
 - (i) by the securities registrar for those securities; and
 - (ii) to the issuer of those securities or to any other person as an agent of the issuer;

- (b) any service in connection with a corporate action in respect of prescribed securities, where the service is provided—

- (i) by the securities registrar for those securities; and
 - (ii) to the issuer of those securities or to any other person as an agent of the issuer.

- (2) For subrule (1), a person (*provider*) may be taken as providing a service to another person (*recipient*) regardless of—

- (a) whether the service is provided pursuant to an arrangement between the provider and the recipient; and
 - (b) whether any fee is payable by the recipient to the provider for the service.

- (3) In this rule—

corporate action (公司行動), in relation to any prescribed securities, means an action taken, or to be taken, by the issuer of those securities that relates to any right or interest in or arising from those securities;

public offer (公开发售), in relation to any prescribed securities, means—

- (a) an offer of those securities to the public for purchase; or
- (b) an invitation to the public to make offers to purchase those securities.

Part 2

General Requirements

4. Premises

- (1) An approved securities registrar must not use any premises for any of the following purposes unless the premises are suitable for being used for that purpose—
 - (a) providing securities registrar services;
 - (b) processing or storing information or data relating to its business and operations.
- (2) An approved securities registrar must ensure that—
 - (a) any premises at which it provides securities registrar services are at all times adequate and properly equipped for the smooth operation of its business and operations; and
 - (b) any premises at which it processes or stores information or data relating to its business and operations are at all times adequate and properly equipped for maintaining the security, integrity and ready accessibility of such information or data.

5. Service facilities

An approved securities registrar must ensure that its service facilities are equipped with the following for providing securities registrar services—

- (a) adequate capacity;
- (b) facilities to meet contingencies or emergencies;
- (c) security arrangements; and
- (d) technical support.

6. Management and governance

- (1) An approved securities registrar must ensure that there are at all times—
 - (a) competent personnel for managing and supervising its business and operations;
 - (b) effective internal control procedures, as well as risk management systems and policies, for ensuring that risks associated with its business and operations are managed prudently; and
 - (c) effective contingency measures and business continuity arrangements for minimizing disruption to its business and operations.
- (2) An approved securities registrar must—
 - (a) establish suitable standards and practices regarding the governance, management and conduct of its provision of securities registrar services; and
 - (b) maintain adequate arrangements to monitor and enforce compliance with such standards and practices.

7. Insurance coverage

- (1) An approved securities registrar must ensure that it is covered by insurance that is—
 - (a) necessary to provide reasonable protection against risks associated with its business and operations; and
 - (b) adequate having regard to the size, structure and nature of all of its businesses and operations, whether as an approved securities registrar or not.
- (2) Without limiting subrule (1), the risks to be insured against under that subrule include risks of loss or damage attributable to any of the following—

- (a) fraudulent or dishonest conduct, or gross negligence, by an officer or employee (including a former officer or employee) of—
 - (i) the approved securities registrar; or
 - (ii) any other person engaged by the registrar to assist in its provision of securities registrar services;
 - (b) robbery, theft or leakage of any property or information held by the registrar;
 - (c) unauthorized or fraudulent access to, or use of, the service facilities of the registrar;
 - (d) any incident or attempt at compromising the normal functioning of the service facilities of the registrar.
-

Part 3

Financial Resources

8. Financial resources

- (1) An approved securities registrar must at all times maintain financial resources that comply with the requirements specified or amended under this rule in respect of it.
- (2) For the purposes of subrule (1), the Commission may, by notice in writing served on an approved securities registrar, specify—
 - (a) requirements as to the amount of financial resources to be maintained by the registrar; and
 - (b) any other requirements in accordance with which such financial resources are to be maintained.
- (3) Without limiting subrule (2), the Commission may, in relation to an approved securities registrar, specify all or any of the following as a requirement under that subrule—
 - (a) that its capital must not fall below a specified amount;
 - (b) that its available liquidity must not fall below an amount equivalent to its total operating expenses projected for a specified number of months;
 - (c) that its gearing ratio must not exceed a specified percentage.
- (4) The Commission may, by notice in writing served on an approved securities registrar, amend or revoke any requirement specified under subrule (2) in respect of the registrar.
- (5) A requirement specified under subrule (2), or an amendment or revocation of a requirement under subrule (4), takes effect at the later of—

- (a) the time at which the notice is served on the approved securities registrar; and
- (b) the time specified in the notice.

9. Notification regarding financial resources

- (1) If an approved securities registrar becomes aware of its inability to comply with, or ascertain whether it complies with, rule 8(1), it must, as soon as reasonably practicable and in any event within 1 business day after becoming aware of that matter, notify the Commission in writing of that matter.
- (2) If an approved securities registrar becomes aware of any of the following matters, it must, as soon as reasonably practicable and in any event within 1 business day after becoming aware of that matter, notify the Commission in writing of that matter—
 - (a) its capital falls below 110% of its minimum capital level;
 - (b) its available liquidity falls below 120% of its minimum liquidity level;
 - (c) its gearing ratio exceeds 50%;
 - (d) its surplus liquidity falls below 50% of the level as at the end of the immediately preceding month;
 - (e) the aggregate of the amounts it has drawn down on any loan, advance, credit facility or other financial accommodation provided to it by banks exceeds the aggregate of the credit limits of such financial accommodations;
 - (f) it has been or will be unable, for 3 consecutive business days, to meet in whole or in part any calls or demands for payment or repayment (as the case may be), from any of its lenders, credit providers or financial accommodation providers;

- (g) any of its lenders or any person who has provided credit or financial accommodation to it has exercised, or has informed it that the person will exercise, the right to liquidate security provided by it to the person in order to reduce its liability or indebtedness to the person under any outstanding loan, advance, credit facility balance or other financial accommodation provided to it by the person;
 - (h) the aggregate of the maximum amounts that can be drawn down against it under any guarantee, indemnity or any other similar financial commitment provided by it—
 - (i) exceeds its minimum capital level; or
 - (ii) would, if deducted from its available liquidity, cause its available liquidity to fall below 120% of its minimum liquidity level;
 - (i) the aggregate of amounts of any outstanding claim made in writing by it or against it (whether disputed or not) exceeds or is likely to exceed its minimum capital level;
 - (j) the aggregate of amounts of any outstanding claim made in writing by it or against it (whether disputed or not) would, if deducted from its available liquidity, cause its available liquidity to fall below 120% of its minimum liquidity level;
 - (k) any claim is made by it under any professional indemnity or other insurance policy that it maintains in respect of any of its businesses;
 - (l) any information contained in any of its financial statements or returns submitted to the Commission under rule 16(1) or (2) or 17(1) has become false or misleading in a material particular.
- (3) If an approved securities registrar intends to change any of its accounting policies in a way that may materially affect any of

the following, it must notify the Commission in writing of the intended change not less than 5 business days prior to effecting the change—

- (a) its total equity;
- (b) its available liquidity;
- (c) its minimum liquidity level;
- (d) its gearing ratio;
- (e) its total operating expenses.

10. Requirements regarding notification under rule 9

- (1) An approved securities registrar that is required under rule 9 to notify the Commission of a matter must include in the notification (*required notification*) full details of the matter and the reasons for it.
- (2) If the required notification relates to one of the following matters, the approved securities registrar must also include in the notification full details of any steps it is taking, or has taken or proposes to take, to—
 - (a) for a matter mentioned in rule 9(1)—redress the inability concerned;
 - (b) for a matter mentioned in rule 9(2)(a)—prevent its capital from falling below its minimum capital level;
 - (c) for a matter mentioned in rule 9(2)(b), (d), (e), (f) or (g)—prevent its available liquidity from falling below its minimum liquidity level or to improve its liquidity; or
 - (d) for a matter mentioned in rule 9(2)(c)—prevent its gearing ratio from exceeding its maximum gearing ratio.
- (3) After giving a required notification, an approved securities registrar must also—

- (a) provide the Commission with any additional information or document it reasonably requires in connection with the matter to which the notification relates; and
- (b) provide such information or document in the form and manner, and within the time, specified by the Commission.

Part 4**Keeping of Records****11. Keeping of records**

- (1) An approved securities registrar must, in relation to its business and operations, keep accounting and other records that are sufficient to—
 - (a) explain, and reflect the financial position and operation of, the business and operations of the registrar;
 - (b) enable financial statements that comply with rule 16 to be prepared from time to time;
 - (c) account for all information required to be contained in a return under rule 17(1);
 - (d) demonstrate compliance by it with Parts 3 and 6;
 - (e) account for all property and information received from, or held on behalf of, the issuer-clients and securities holders of the registrar;
 - (f) enable all movements of such property and information to be traced through its accounting systems and, where applicable, service facilities;
 - (g) enable all activities, transactions, communications, instructions and other things in respect of prescribed securities that are carried out, executed or processed by or through its service facilities to be traced; and
 - (h) account for all entries, including changes effected to such entries, in the registers of holders of prescribed securities for which the registrar acts as the securities registrar.
- (2) An approved securities registrar must retain the records that it is required to keep under this rule—

- (a) for a period of not less than 7 years; or
 - (b) for any such record that is, before the expiry of that period, required under rule 26(1) to be transferred—until the record is so transferred.
- (3) An approved securities registrar must adopt all reasonably necessary procedures to—
 - (a) guard against falsification of any of the records that it is required to keep under this rule; and
 - (b) facilitate discovery of any such falsification.
- (4) An entry in the records of an approved securities registrar is, in the absence of evidence to the contrary, deemed to have been made by or with the authority of the registrar.
- (5) In this rule—
change (變更), in relation to an entry in a register of holders, means any revision, addition or deletion of the entry or of any particular in the entry.

12. Manner in which records are to be kept

- (1) An approved securities registrar must—
 - (a) keep the records that it is required to keep under rule 11 (*required records*) in a manner that will enable an audit to be conveniently and properly carried out; and
 - (b) where applicable, make entries in those records in accordance with generally accepted accounting principles.
- (2) An approved securities registrar must keep the required records—
 - (a) in writing in the Chinese or English language; or

- (b) in a manner that enables them to be readily accessible and readily convertible into written form in the Chinese or English language.

13. Falsification, destruction, etc. of records

- (1) A person commits an offence if the person, with intent to defraud—
 - (a) enters, records or stores, or causes to be entered, recorded or stored, in any records kept in compliance with, or in purported compliance with, rule 11, any matter that the person knows to be false or misleading in a material particular;
 - (b) deletes, destroys, removes or falsifies, or causes to be deleted, destroyed, removed or falsified, any matter that has been entered, recorded or stored in any records kept in compliance with, or in purported compliance with, rule 11; or
 - (c) fails to enter, record or store in any records kept in compliance with, or in purported compliance with, rule 11, as soon as reasonably practicable, any matter that should be so entered, recorded or stored.
- (2) A person who commits an offence under subrule (1) is liable—
 - (a) on conviction on indictment—to a fine of \$1,000,000 and to imprisonment for 7 years; or
 - (b) on summary conviction—to a fine of \$500,000 and to imprisonment for 1 year.

Part 5**Audit and Reporting****14. Appointment of auditor and notification of change of auditor**

- (1) An approved securities registrar must, within 1 month after each of the following events, appoint a practice unit (as defined by section 2(1) of the Accounting and Financial Reporting Council Ordinance (Cap. 588)) that is independent from the registrar as an auditor to audit its financial statements—
 - (a) it is approved to provide securities registrar services;
 - (b) an auditor appointed under this subrule ceases to be its auditor.
- (2) An approved securities registrar must, within 7 business days after it appoints an auditor under subrule (1), notify the Commission in writing of the name and address of the auditor.
- (3) An approved securities registrar must, within 1 business day after each of the following events, notify the Commission in writing of that event—
 - (a) it gives notice to its members of a motion, to be moved at its general meeting—
 - (i) to remove an auditor appointed under subrule (1) before the auditor's term of office expires; or
 - (ii) to replace with another auditor, or not to reappoint, an auditor appointed under subrule (1) when the auditor's term of office expires;
 - (b) an auditor appointed under subrule (1) ceases to be its auditor before the auditor's term of office expires, otherwise than in consequence of a motion mentioned in paragraph (a).

15. Approval regarding financial year

- (1) An approved securities registrar must not, without the approval of the Commission under subrule (2)—
 - (a) alter the date on which its financial year ends; or
 - (b) adopt any period that exceeds 12 months as its financial year.
- (2) On application made in writing by an approved securities registrar, the Commission may approve, subject to any condition it considers appropriate—
 - (a) the alteration of the date on which the financial year of the registrar ends; or
 - (b) the adoption of any period that exceeds 12 months as the financial year of the registrar.

16. Audited financial statements etc.

- (1) An approved securities registrar must, in respect of each financial year (except a financial year mentioned in subrule (2)), submit to the Commission within 4 months after the last day of that financial year financial statements that—
 - (a) are prepared in accordance with generally accepted accounting principles;
 - (b) are made up to and including the last day of that financial year; and
 - (c) give a true and fair view of—
 - (i) the financial position of the registrar as at the end of that financial year; and
 - (ii) the financial performance and cash flows of the registrar for that financial year.
- (2) An approved securities registrar that ceases to provide securities registrar services must, in respect of the financial

year during which the cessation occurs, submit to the Commission within 4 months after the date of the cessation financial statements that—

- (a) are prepared in accordance with generally accepted accounting principles;
 - (b) are made up to and including the date of the cessation; and
 - (c) give a true and fair view of—
 - (i) the financial position of the registrar as at the date of the cessation; and
 - (ii) the financial performance and cash flows of the registrar for that financial year.
- (3) An approved securities registrar must submit to the Commission, together with the financial statements required under subrule (1) or (2), an auditor's report that includes a statement by the auditor as to whether, in the auditor's opinion, the financial statements—
 - (a) are in accordance with the records kept by the registrar under rule 11; and
 - (b) comply with subrule (1) or (2) (as the case may be).
 - (4) An approved securities registrar must also submit to the Commission, together with the financial statements required under subrule (1)—
 - (a) the registrar's total capital expenses projected for the 12 months beginning after the last day of the financial year to which the statements relate, together with a breakdown of such expenses; and
 - (b) a description of the registrar's plan to finance the expenses mentioned in paragraph (a), together with—
 - (i) details of any capital injection, or borrowing, obtained or to be obtained for that purpose; and

- (ii) documentation evidencing the plan.
- (5) The Commission may, on application in writing by an approved securities registrar and being satisfied that there are special reasons for doing so—
 - (a) extend the time by which the matters mentioned in subrule (1), (2), (3) or (4) must be submitted for any period it considers appropriate; and
 - (b) impose any condition it considers appropriate in respect of the extension.

17. Periodic returns

- (1) An approved securities registrar must—
 - (a) in respect of each quarter at the end of which it remains approved—submit to the Commission a return that contains the information specified in subrule (2); and
 - (b) in respect of each half-year at the end of which it remains approved—submit to the Commission a return that contains the information specified in subrule (3).
- (2) The information specified for subrule (1)(a) is—
 - (a) the approved securities registrar's available liquidity as at the end of the quarter to which the return relates;
 - (b) the registrar's total operating expenses for that quarter;
 - (c) the registrar's minimum liquidity level as at the end of that quarter;
 - (d) the registrar's total equity as at the end of that quarter; and
 - (e) the registrar's external borrowings as at the end of that quarter.
- (3) The information specified for subrule (1)(b) is information concerning—

- (a) issuer-clients and securities holders of the approved securities registrar during the half-year to which the return relates;
 - (b) activities, transactions, communications, instructions or other things in respect of prescribed securities that were carried out, executed or processed in the course of the registrar's provision of securities registrar services during that half-year, whether by or through the registrar's service facilities or otherwise;
 - (c) enquiries and complaints in relation to the registrar's provision of securities registrar services that are relevant to that half-year;
 - (d) service facilities incidents that are relevant to that half-year;
 - (e) operational incidents that are relevant to that half-year; and
 - (f) cases where the registration of a transfer of prescribed securities was refused during that half-year while the registrar was acting as the securities registrar for those securities.
- (4) A return under subrule (1)(a) or (b) must be—
 - (a) signed on behalf of the approved securities registrar by 2 of its designated signatories; and
 - (b) submitted—
 - (i) within 3 weeks after the end of the quarter or half-year to which the return relates; and
 - (ii) in the form and manner specified by the Commission.
 - (5) In subrule (3), a reference to enquiries, complaints or incidents that are relevant to a half-year includes enquiries, complaints

or incidents arising, outstanding or resolved during that half-year.

(6) In this rule—

designated signatory (指定簽署人), in relation to an approved securities registrar, means a person who is—

- (a) an officer or senior employee of the registrar;
- (b) involved in the management of the registrar's business and operations; and
- (c) designated by the registrar, and notified to the Commission, as a person responsible for signing a return under subrule (1)(a) or (b);

half-year (半年度) means a period of 6 consecutive months ending on the last day of June or December of a year;

operational incident (營運事故), in relation to an approved securities registrar, means any matter (including an unplanned interruption or emerging event) that has caused, or could cause, an adverse effect on any part of the normal provision of securities registrar services by the registrar, whether resulting from malicious activity or not;

quarter (季度) means a period of 3 consecutive months ending on the last day of March, June, September or December of a year;

service facilities incident (服務設施事故), in relation to an approved securities registrar, means any matter (including an unplanned interruption or emerging event) that has caused, or could cause, an adverse effect on—

- (a) the normal functioning of any part of its service facilities, whether resulting from malicious activity or not; or
- (b) the availability, security, confidentiality, authenticity or integrity of—

- (i) any activity, transaction, communication, instruction or other thing in respect of prescribed securities that is carried out, executed or processed by or through its service facilities; or
- (ii) any information or data processed, transmitted or stored by or through its service facilities.

18. Reportable matter

(1) An approved securities registrar must—

- (a) notify the Commission of a reportable matter immediately after becoming aware of the matter; and
- (b) submit in accordance with subrule (2) to the Commission any report the Commission reasonably requires explaining the matter.

(2) A report under subrule (1)(b) must—

- (a) contain the information specified by the Commission; and
- (b) be submitted in the form and manner, and within the time, specified by the Commission.

(3) In this rule—

reportable matter (須報告事項), in relation to an approved securities registrar, means any of the following incidents other than one the adverse effect of which is technical and can be easily and promptly rectified—

- (a) a service facilities incident (as defined by rule 17(6));
- (b) an operational incident (as defined by rule 17(6)).

19. Notification of change

(1) This rule applies if—

- (a) an approved securities registrar becomes aware of a change specified in Part 2 of the Schedule in relation to it; and
 - (b) the registrar has previously provided the information that is the subject of the change to the Commission under Part IIIAA of the Ordinance or these Rules.
- (2) The approved securities registrar must, within 7 business days after becoming aware of the change mentioned in subrule (1)(a)—
- (a) notify the Commission in writing of the change; and
 - (b) include in the notification—
 - (i) a full description of the change; and
 - (ii) any other information the Commission reasonably requires in relation to the change.
- (3) For the purposes of item 6 of Part 2 of the Schedule—
- (a) that item does not require disclosure of information concerning an ongoing criminal investigation by a regulatory body or criminal investigatory body if such disclosure is prohibited by any statutory provision in Hong Kong or elsewhere; but
 - (b) the approved securities registrar must notify the Commission of the results of the investigation within 7 business days after the registrar becomes aware of the completion of the investigation.

Part 6

Handling of Third Party Money

20. Application of Part 6

- (1) Subject to subrules (2) and (3), this Part applies to third party money of an approved securities registrar that is received or held by or on behalf of the registrar in the course of its provision of securities registrar services.
- (2) This Part does not apply to third party money held outside Hong Kong, except any such money that was received in Hong Kong and transferred outside Hong Kong in contravention of this Part.
- (3) This Part does not apply to third party money of an approved securities registrar that is in a bank account established and maintained by an issuer-client of the registrar and in that client's name.

21. Segregation of third party money

- (1) An approved securities registrar must—
 - (a) establish and maintain in Hong Kong with an authorized financial institution one or more segregated accounts for third party money; and
 - (b) designate each such account as a trust account or third party account.
- (2) An approved securities registrar must, within 1 business day after any third party money is received in the course of its provision of a securities registrar service, pay the amount specified in subrule (3)—
 - (a) into a segregated account established and maintained under subrule (1)(a);

- (b) to the issuer-client or securities holder from whom or on whose behalf it has been received; or
 - (c) subject to subrule (4), in accordance with a written direction.
- (3) The amount specified for subrule (2) is the amount of third party money that is received from or on behalf of an issuer-client or securities holder in the course of the provision of the securities registrar service, less the amount of any fee that may be lawfully charged by the approved securities registrar from the client or holder for that service.
- (4) An approved securities registrar must not pay, or permit to be paid, under subrule (2)(c) any amount of its third party money to a connected person unless that person is the issuer-client or securities holder of the registrar on whose behalf such third party money is being held.
- (5) In this rule—
- connected person* (有關連人士), in relation to an approved securities registrar, means—
- (a) an officer or employee of the registrar; or
 - (b) an officer or employee of a corporation that is a member of a group of companies to which the registrar belongs;
- written direction* (書面指示), in relation to an amount of third party money of an approved securities registrar, means a written notice that—
- (a) is given to the registrar by the issuer-client or securities holder of the registrar—
 - (i) from whom or on whose behalf that amount of third party money was received; or
 - (ii) on whose behalf that amount of third party money is being held; and

- (b) directs the registrar to pay that amount of third party money in a particular manner.

22. Payment of money out of segregated account

- (1) An approved securities registrar that holds any amount of third party money in a segregated account established and maintained under rule 21(1)(a) (*segregated account*) must retain it there until it is—
- (a) paid to the issuer-client or securities holder on whose behalf it is held; or
 - (b) subject to subrule (2), paid in accordance with a written direction (as defined by rule 21(5)).
- (2) An approved securities registrar must not pay, or permit to be paid, under subrule (1)(b) any amount of its third party money to a connected person (as defined by rule 21(5)) unless that person is the issuer-client or securities holder of the registrar on whose behalf such third party money is being held.
- (3) If an approved securities registrar becomes aware that it is holding an amount of money in a segregated account that is not third party money of the registrar, it must, within 1 business day of becoming so aware, pay that amount of money out of the segregated account.

23. Reporting of non-compliance

An approved securities registrar must, within 1 business day after becoming aware that it does not comply with rule 21 or 22, notify the Commission of that fact in writing.

Part 7

Communication in respect of Prescribed Securities in Uncertificated Form

24. Annual statement of uncertificated holding

- (1) This rule applies if—
 - (a) an approved securities registrar is acting or has acted as the securities registrar for any prescribed securities; and
 - (b) a person holds or has held during an annual reporting period any units of those securities that are or were in uncertificated form (*uncertificated units*).
- (2) The approved securities registrar must send to the person mentioned in subrule (1)(b) (*recipient*) a statement that contains the following information within 7 business days after the end of the annual reporting period—
 - (a) the name under which the registrar acts as the securities registrar for the prescribed securities;
 - (b) the address of the registrar's principal place of business in Hong Kong for acting as the securities registrar for those securities;
 - (c) the name and address of the recipient that are or were entered on the register of holders of those securities;
 - (d) a unique identification number assigned to the recipient by the registrar for maintaining the register of holders;
 - (e) the date on which the statement is prepared;
 - (f) the annual reporting period to which the statement relates (including a description of the start or end date if the period does not start on the first day of a year or end on the last day of a year); and

- (g) the number of uncertificated units held by the recipient as at the beginning and as at the end of that period.
- (3) The approved securities registrar must send the statement required under subrule (2) to a recipient (*required statement*)—
 - (a) in electronic form by—
 - (i) making it available for access by the recipient electronically and notifying the recipient accordingly; or
 - (ii) sending it to an electronic address specified by the recipient; or
 - (b) if the recipient so requests—in hard copy form by post to the address specified by the recipient.
- (4) An approved securities registrar must not charge a recipient—
 - (a) for a required statement sent in electronic form—any fee; or
 - (b) for a required statement sent in hard copy form—any fee that is more than necessary for—
 - (i) recovering the cost of sending the statement in hard copy form; and
 - (ii) providing a reasonable disincentive for using paper documents.
- (5) In this rule—

annual reporting period (年度申報期), in relation to an approved securities registrar, means a period that—

 - (a) begins on—
 - (i) the first day of a year; or
 - (ii) if the registrar begins to act as the securities registrar for the prescribed securities during that year—the day on which the registrar so begins to act; and

(b) ends on—

- (i) the last day of that year; or
- (ii) if the registrar ceases to act as the securities registrar for the prescribed securities during that year—the day on which the registrar so ceases to act;

Note—

Examples of when an approved securities registrar ceases to act—

- (a) when the registrar's appointment as the securities registrar is terminated; or
- (b) when the prescribed securities cease to be listed.

unit (單位) has the meaning given by rule 2(1) of the Securities and Futures (Uncertificated Securities Market) Rules.

Part 8

Duties in respect of Change in Securities Registrar

25. Duty not to cease to act as securities registrar

- (1) Subject to subrule (4), an approved securities registrar that is the securities registrar for any prescribed securities must not cease to act as the securities registrar for those securities unless it does so—
 - (a) with the issuer's consent and after completing the transfer specified in rule 26(2);
 - (b) in accordance with a permission given by the Commission under subrule (2); or
 - (c) to avoid contravening a requirement of, or imposed under, the Ordinance.
- (2) For the purposes of subrule (1)(b), the Commission may, on application in writing by an approved securities registrar, permit the registrar to cease to act as the securities registrar for any prescribed securities if the Commission is satisfied that it would be impracticable, unreasonable or unduly burdensome for the registrar to continue to act as the securities registrar for those securities.
- (3) A permission under subrule (2)—
 - (a) must be given by notice in writing served on the approved securities registrar;
 - (b) may be subject to any condition specified in the notice; and
 - (c) takes effect at the time specified in the notice (*specified time*) or, if any condition is specified in the notice, the

later of the specified time and the time at which all such conditions are fulfilled.

- (4) An approved securities registrar is not to be regarded as contravening subrule (1) if the registrar ceases to act as the securities registrar for any prescribed securities only because the securities are no longer prescribed securities.
- (5) In this rule—

issuer's consent (發行人的同意), in relation to an approved securities registrar ceasing to act as the securities registrar for any prescribed securities, includes the termination (otherwise than by the registrar), or the expiry, of the registrar's appointment as the securities registrar.

26. Duty to transfer records etc. on change of securities registrar

- (1) Subject to subrule (4), an approved securities registrar ceasing to act as the securities registrar for any prescribed securities (*outgoing registrar*) must take all reasonable steps to—
- complete the transfer specified in subrule (2) before the cessation; and
 - if the transfer is not completed before the cessation—complete the transfer as soon as reasonably practicable.
- (2) The transfer specified for subrule (1) is the transfer of the records specified in subrule (3) to—
- the approved securities registrar that is to succeed the outgoing registrar in acting as the securities registrar for the prescribed securities (*incoming registrar*); or
 - if there is no incoming registrar—
 - the issuer of those securities; or
 - any other person specified by the issuer.
- (3) The records specified for subrule (2) (*specified records*) are—

- the register of holders of the prescribed securities; and
 - any other records kept by the outgoing registrar in respect of—
 - the current and former holders of those securities; and
 - any subscription warrants or rights under a rights issue that have lapsed or expired and that, prior to such lapse or expiry—
 - entitled their holders to subscribe for the prescribed securities mentioned in paragraph (a); and
 - were prescribed securities.
- (4) Subrule (1) does not apply to an outgoing registrar that ceases to act as described in rule 25(4) if—
- the registrar—
 - continues to maintain the register of holders of the securities concerned after they cease to be prescribed securities; and
 - has included a statement to that effect in its notification given under rule 27(1)(a) to the Commission in respect of the cessation; or
 - the securities are subscription warrants or rights under a rights issue, and the registrar—
 - ceases to act as the securities registrar for those warrants or rights by reason of their having lapsed or expired; and
 - maintains, and continues to maintain, the register of holders of the securities that the holders of those warrants or rights are entitled to subscribe for.

- (5) Within 1 business day after the transfer specified in subrule (2) is completed—
- (a) the outgoing registrar must give the Commission and the corresponding exchange company a notification in writing containing the information specified in subrule (6); and
 - (b) if applicable, the incoming registrar must give the Commission and the corresponding exchange company a notification in writing containing the information specified in subrule (7).
- (6) A notification under subrule (5)(a) must specify—
- (a) the prescribed securities to which the notification relates;
 - (b) the name and address of the outgoing registrar;
 - (c) the date on which the outgoing registrar ceased or will cease to act as the securities registrar for those securities;
 - (d) that all specified records have been transferred in accordance with subrule (2);
 - (e) the name and address of the person to whom the records were transferred; and
 - (f) the date on which the transfer was completed.
- (7) A notification under subrule (5)(b) must specify—
- (a) the prescribed securities to which the notification relates;
 - (b) the name and address of the incoming registrar;
 - (c) the date on which the incoming registrar began or will begin to act as the securities registrar for those securities;
 - (d) that the incoming registrar has received all specified records from the outgoing registrar;
 - (e) the name and address of the outgoing registrar; and
 - (f) the date on which the transfer was completed.

27. Duty to notify change of status as securities registrar

- (1) Subject to subrule (6), an approved securities registrar must notify the Commission and the corresponding exchange company in writing of each of the following changes in accordance with subrule (2)—
 - (a) the registrar's ceasing to act as the securities registrar for any prescribed securities;
 - (b) the registrar's beginning to act as the securities registrar for any prescribed securities.
- (2) A notification under subrule (1) must—
 - (a) be given no later than 3 months before the change takes effect or as soon as reasonably practicable after the approved securities registrar becomes aware of the change, whichever is the later; and
 - (b) specify—
 - (i) the prescribed securities to which the change relates;
 - (ii) the date on which the change takes effect; and
 - (iii) the name and address of the registrar.
- (3) An approved securities registrar must notify the Commission and the corresponding exchange company in writing of any change in the information specified in a notification given by the registrar under subrule (1) as soon as reasonably practicable, and in any event within 1 business day, after becoming aware of the change.
- (4) The Commission may, by notice in writing, require an approved securities registrar to provide any information relating to a change notified under subrule (1) or (3) it reasonably requires for performing its functions.
- (5) For the purposes of this rule, if an approved securities registrar ceases to act pursuant to rule 25(1)(b), the application made for

the permission mentioned in that rule is taken to be a notification given under subrule (1)(a) by the registrar to the Commission in respect of the cessation.

- (6) An approved securities registrar that ceases to act as described in rule 25(4)—
- (a) is not required to notify the corresponding exchange company of the cessation; and
 - (b) where the prescribed securities are subscription warrants or rights under a rights issue, is also not required to notify the Commission of the cessation if—
 - (i) it ceases to act as the securities registrar for those warrants or rights by reason of their having lapsed or expired; and
 - (ii) the registrar is, and continues to be, the securities registrar for the securities that the holders of those warrants or rights are entitled to subscribe for.

Note—

See section 15 of the Securities and Futures (Stock Market Listing) Rules (Cap. 571 sub. leg. V) for the requirement on the issuer of prescribed securities to give notification of a change in the securities registrar for those securities.

Part 9

Supervision of Approved Securities Registrars

28. Provision of information or document on request

- (1) The Commission may, by notice in writing served on an approved securities registrar, require the registrar to provide the Commission with any information or document the Commission reasonably requires for performing any function of the Commission.
- (2) Without limiting subrule (1), the Commission may require from an approved securities registrar under that subrule—
 - (a) any information or document relating to—
 - (i) the registrar's provision of securities registrar services or service facilities; or
 - (ii) a matter notified (whether in the form of a notification, statement, return, report or otherwise) by the registrar to the Commission under Part IIIAA of the Ordinance or these Rules; or
 - (b) any records kept by the registrar under rule 11 or otherwise in connection with, or for the purposes of, its business and operations.
- (3) An approved securities registrar must provide to the Commission the information or document required in a notice under subrule (1) in the form and manner, and within the time, specified in the notice.

29. Reports by skilled person

- (1) The Commission may, by notice in writing served on an approved securities registrar, require the registrar to—

- (a) appoint a skilled person to make a report on any applicable matter of the registrar; and
 - (b) submit the report in the form and manner, and within the time, specified in the notice to the Commission.
- (2) The Commission may also appoint a skilled person to make a report on any applicable matter of an approved securities registrar.
- (3) If a person is appointed under subrule (2) to make a report on an applicable matter of an approved securities registrar, the Commission—
- (a) must give notice of that appointment to the registrar; and
 - (b) may, after the report is made, by notice in writing served on the registrar, require the registrar to pay, in the manner and within the time specified in the notice, the whole or a part of the costs and expenses incurred in making the report if—
 - (i) the Commission is of the opinion that it is appropriate to do so having regard to the conduct (whether before or after the appointment) of the registrar; and
 - (ii) the registrar has been given a reasonable opportunity of being heard.
- (4) An approved securities registrar must—
- (a) comply with a notice served on it under subrule (1) or (3)(b); and
 - (b) give a person appointed under subrule (1)(a) or (2) to make a report in relation to it all assistance the person reasonably requires to make the report.

- (5) The Commission may recover any outstanding sum that an approved securities registrar fails to pay in accordance with a notice served on it under subrule (3)(b) as a civil debt due to it.
- (6) In this rule—
- applicable matter*** (適用事宜), in relation to an approved securities registrar, means a matter relating to—
- (a) the service facilities of the registrar; or
 - (b) any other computer system or facilities used in connection with the registrar's business and operations;
- skilled person*** (具相關技能人士), means a person who—
- (a) in the opinion of the Commission, has the skills necessary to make a report on the applicable matter; and
 - (b) if the person is to be appointed by an approved securities registrar—is nominated or approved by the Commission.

Part 10**Miscellaneous****30. Communication by means of electronic transmission system**

- (1) A specified communication is, unless otherwise accepted by the Commission, regarded as duly made to the Commission only if it is made—
 - (a) by means of an electronic transmission system approved under subrule (2)(a); and
 - (b) in accordance with the directions and instructions for the use of that system published under subrule (2)(b).
- (2) The Commission—
 - (a) may, for the purposes of subrule (1)(a), approve an electronic transmission system; and
 - (b) must, as soon as reasonably practicable after approving an electronic transmission system under paragraph (a), publish directions and instructions for the use of that system in a manner it considers appropriate.
- (3) In this rule—
specified communication (指明通訊) means any application, notification, statements, return or other communication under Part IIIA of the Ordinance or these Rules.

31. Modification or waiver of requirements

- (1) The Commission may, by notice in writing served on an approved securities registrar, modify or waive, subject to any condition it considers appropriate, any requirement of these Rules if the Commission is of the opinion that—

- (a) the requirement has no relevance to the circumstances of the registrar; and
- (b) the modification or waiver would prejudice neither of the following—
 - (i) the interests of any holder of the prescribed securities in respect of which the registrar provides a securities registrar service;
 - (ii) the interest of the investing public.
- (2) The Commission may, by notice in writing served on an approved securities registrar to whom a modification or waiver under subrule (1) is given, amend or revoke—
 - (a) the modification or waiver; or
 - (b) any condition imposed in relation to the modification or waiver.

32. Offence to destroy, conceal or alter accounts, records or documents, etc.

- (1) A person commits an offence if the person, with intent to prevent, delay or obstruct the making of a report on a matter by a person appointed under rule 29(1)(a) or (2)—
 - (a) deletes, destroys, mutilates, falsifies, conceals, alters or otherwise makes unavailable any accounts, records or documents related to that matter;
 - (b) disposes or procures the disposal, in any manner and by any means, of any property related to that matter; or
 - (c) leaves, or attempts to leave, Hong Kong.
- (2) A person who commits an offence under subrule (1) is liable—
 - (a) on conviction on indictment—to a fine of \$1,000,000 and to imprisonment for 7 years; or

- (b) on summary conviction—to a fine of \$500,000 and to imprisonment for 1 year.

Schedule

[r. 19]

Notification of Change

Part 1

Interpretation

1. Interpretation

In this Schedule—

basic information (基本資料)—see section 2 of this Schedule;

criminal investigatory body (刑事調查機構) means—

- (a) the Hong Kong Police Force;
- (b) the Independent Commission Against Corruption established under section 3 of the Independent Commission Against Corruption Ordinance (Cap. 204); and
- (c) any public body in Hong Kong or elsewhere carrying out criminal investigations;

minor offence (輕微罪行) means—

- (a) an offence punishable by a fixed penalty under any enactment; or
- (b) an offence of a similar nature committed in a place outside Hong Kong;

permanent identity card (永久性居民身分證) has the meaning given by section 1A of the Registration of Persons Ordinance (Cap. 177);

regulatory body (規管機構) includes—

- (a) the Commission;
- (b) the Monetary Authority;
- (c) a recognized exchange company;
- (d) a recognized clearing house;
- (e) a professional body or association;
- (f) an inspector appointed under any enactment; and
- (g) any other equivalent body or person in Hong Kong or elsewhere;

relevant information (有關資料)—see section 3 of this Schedule;

valid business registration certificate (有效商業登記證) has the meaning given by section 2(1) of the Business Registration Ordinance (Cap. 310).

2. **Meaning of basic information**

- (1) A reference to the basic information of an individual is a reference to the following particulars, in so far as applicable, of the individual—
- (a) title and full personal name and surname in Chinese and English;
 - (b) date and place of birth;
 - (c) gender;
 - (d) the following information of the individual's identification document—
 - (i) the Chinese commercial code and the number on the individual's identity card issued under the Registration of Persons Ordinance (Cap. 177); and
 - (ii) if the individual is not the holder of a permanent identity card—the number, the name of the issuing

agency and the date of expiry, of the individual's passport, travel or other document issued by a competent government agency providing proof of identity;

- (e) nationality;
 - (f) business, residential and correspondence addresses; and
 - (g) contact telephone and fax numbers and email address.
- (2) A reference to the basic information of a corporation is a reference to the following particulars, in so far as applicable, of the corporation—
- (a) corporate name and business name in Chinese and English;
 - (b) former names and periods during which those names were used;
 - (c) date and place of incorporation;
 - (d) the number of its valid business registration certificate;
 - (e) for a corporation incorporated outside Hong Kong—the date of the certificate of registration issued in respect of the corporation under—
 - (i) Part XI of the relevant Ordinance; or
 - (ii) section 777 of Part 16 of the Companies Ordinance (Cap. 622);
 - (f) address of its registered office;
 - (g) addresses of its places of business;
 - (h) correspondence address; and
 - (i) telephone and fax numbers, email address and website address.

3. **Meaning of *relevant information***

- (1) A reference to the relevant information of an individual is a reference to information on whether or not the individual is or has been, in Hong Kong or elsewhere—
- (a) convicted of or charged with any criminal offence (other than a minor offence) whether or not evidence of such conviction is admissible in proceedings in Hong Kong or elsewhere;
 - (b) subject to any disciplinary action or investigation by a regulatory body or criminal investigatory body (as the case may be);
 - (c) subject to any order of the court or other competent authority for fraud, dishonesty or misfeasance;
 - (d) a substantial shareholder or director of a corporation or business that is or has been subject to any disciplinary action or investigation by a regulatory body or criminal investigatory body (as the case may be), or involved in the management of such corporation or business;
 - (e) a substantial shareholder or director of a corporation or business that is or has been subject to any order of the court or other competent authority for fraud, dishonesty or misfeasance, or involved in the management of such corporation or business;
 - (f) engaged in any judicial or other proceedings;
 - (g) a party to a scheme of arrangement, or any form of compromise, with the individual's creditors;
 - (h) in default of compliance with any judgement or court order;
 - (i) a substantial shareholder or director of a corporation or business that was wound up otherwise than by way of a

- members' voluntary winding up, or involved in the management of such corporation or business;
 - (j) a partner of a firm that was dissolved other than with the consent of all the partners;
 - (k) bankrupt or aware of the existence of any matters that might render the individual insolvent or lead to the appointment of a provisional trustee of the individual's property under the Bankruptcy Ordinance (Cap. 6);
 - (l) refused or restricted from the right to carry on any trade, business or profession for which a specific licence, registration or other authorization is required by law;
 - (m) a substantial shareholder or director of a corporation that has been refused or restricted from the right to carry on any trade, business or profession for which a specific licence, registration or other authorization is required by law, or involved in the management of such corporation; and
 - (n) disqualified from holding the office of director.
- (2) A reference to the relevant information of a corporation is a reference to information on whether or not the corporation is or has been, in Hong Kong or elsewhere—
- (a) convicted of or charged with any criminal offence (other than a minor offence) whether or not evidence of such conviction is admissible in proceedings in Hong Kong or elsewhere;
 - (b) subject to any disciplinary action or investigation by a regulatory body or criminal investigatory body (as the case may be);
 - (c) subject to any order of the court or other competent authority for fraud, dishonesty or misfeasance;

- (d) a substantial shareholder or director of a corporation or business that is or has been subject to any disciplinary action or investigation by a regulatory body or criminal investigatory body (as the case may be), or involved in the management of such corporation or business;
- (e) a substantial shareholder or director of a corporation or business that is or has been subject to any order of the court or other competent authority for fraud, dishonesty or misfeasance, or involved in the management of such corporation or business;
- (f) engaged in any judicial or other proceedings;
- (g) a party to a scheme of arrangement, or any form of compromise, with its creditors;
- (h) in default of compliance with any judgement or court order;
- (i) a substantial shareholder or director of a corporation or business that was wound up otherwise than by way of a members' voluntary winding up, or involved in the management of such corporation or business;
- (j) a partner of a firm that was dissolved other than with the consent of all the partners;
- (k) insolvent or aware of the existence of any matters that might render it insolvent or lead to the appointment of a liquidator;
- (l) refused or restricted from the right to carry on any trade, business or profession for which a specific licence, registration or other authorization is required by law; and
- (m) a substantial shareholder or director of a corporation that has been refused or restricted from the right to carry on any trade, business or profession for which a specific

licence, registration or other authorization is required by law, or involved in the management of such corporation.

Part 2

Changes to be Notified

Item	Description of change
1.	Any change in the basic information in respect of—
	(a) the approved securities registrar;
	(b) an officer or senior employee appointed or employed by the registrar;
	(c) a person with whom the registrar is associated in the course of providing securities registrar services;
	(d) a director or substantial shareholder of—
	(i) the registrar; or
	(ii) a substantial shareholder of the registrar that is a corporation;
	(e) a person in accordance with whose directions or instructions the registrar is, or its officers or senior employees are, accustomed or obliged to act; or
	(f) a subsidiary or related corporation of the registrar the business or operations of which may have a material impact on the registrar's fitness and properness to provide any securities registrar service.
2.	Any change in the persons mentioned in item 1(b), (c), (d), (e) and (f).

Item	Description of change
3.	Any change in the name, correspondence address, contact telephone or fax number or email address of— <ul style="list-style-type: none">(a) a contact person appointed by the approved securities registrar as the person whom the Commission may contact in the event of a market emergency or any other urgent need;(b) a person appointed by the registrar to handle complaints made to the registrar; or(c) a designated signatory (as defined by rule 17(6)) of the registrar.
4.	Any change in the status of any authorization (however described) to provide services similar to securities registrar services by an authority or regulatory organization outside Hong Kong in respect of a person mentioned in item 1.
5.	Any change in the status of the membership (however described) of a clearing house, central securities depository, stock exchange or futures exchange in Hong Kong or elsewhere in respect of a person mentioned in item 1.
6.	Any change in the relevant information in respect of a person mentioned in item 1.
7.	Any significant change in— <ul style="list-style-type: none">(a) the nature of any business carried on, or to be carried on, by the approved securities registrar;(b) the types of services and facilities provided, or to be provided, by the registrar;

Item	Description of change
	<ul style="list-style-type: none">(c) the business plan of the registrar covering human and technical resources, operational procedures, internal controls, risk management processes, organizational structure, contingency measures, business continuity plans and related matters; or(d) any outsourcing arrangement entered into by the registrar.
8.	Any change in the share capital and shareholding structure of the approved securities registrar.
9.	Any change relating to the fees charged by the approved securities registrar in relation to its provision of securities registrar services (except a fee payable by an issuer-client).
10.	For an approved securities registrar that is a member of a group of companies—any change in the group structure.
11.	Any significant change in the service facilities of the approved securities registrar, or any other computer system or facilities used in connection with the registrar's business and operations, including— <ul style="list-style-type: none">(a) their operations, functions, capabilities, performance, availability and security; and(b) the registrar's policies and procedures in relation to such facilities or system.
12.	Any change in the information in respect of any assets of the approved securities registrar that are subject to any charge (including pledge, lien or encumbrance).

- | Item | Description of change |
|------|--|
| 13. | <p>Any change relating to a bank account used by the approved securities registrar in relation to its provision of securities registrar services and concerning—</p> <ul style="list-style-type: none">(a) whether the account has been opened or closed or has become dormant or ordered to be frozen by a competent authority;(b) the name of the bank with which the account has been opened or closed or has become dormant or ordered to be frozen by a competent authority;(c) the number of the account;(d) the date of opening or closing of the account; or(e) whether the account is or was a trust account. |
| 14. | <p>Any change in—</p> <ul style="list-style-type: none">(a) the premises used by the approved securities registrar for a purpose mentioned in rule 4; or(b) the circumstances concerning such premises that are relevant to the registrar's compliance with that rule. |
| 15. | <p>Any change in any insurance covering the approved securities registrar as required by rule 7.</p> |



Julia LEUNG
Chief Executive Officer,
Securities and Futures Commission

22 January 2025

Explanatory Note

The Securities and Futures and Companies Legislation (Amendment) Ordinance 2021 (17 of 2021) (*Amendment Ordinance*) introduces an uncertificated securities market regime (*USM regime*) for Hong Kong through, among other amendments, adding a new Part IIIAA to the Securities and Futures Ordinance (Cap. 571) (*SFO*).

2. The main object of these Rules is to provide for the regulation of approved securities registrars as part of the implementation of the USM regime. An approved securities registrar is basically a person approved by the Securities and Futures Commission (*Commission*) to provide securities registrar services, which include in particular the maintenance in Hong Kong of registers of holders of prescribed securities (basically securities to which the new Part IIIAA of the SFO applies).

Part 1—Preliminary

3. Part 1 sets out preliminary matters. For instance, rule 1 provides for the commencement date of these Rules, which in effect will be the same day as that of the new Part IIIAA of the SFO, while rule 2 provides for the interpretation of terms used in these Rules.
4. Rule 3 specifies 2 further types of securities registrar services in addition to the 2 types already specified in paragraphs (a) and (b) of the definition of *securities registrar service* in section 1 of Part 1 of Schedule 1 to the SFO as amended by the Amendment Ordinance.

Part 2—General Requirements

5. Part 2 sets out general requirements regarding approved securities registrars, including suitability of the premises used for providing securities registrar services (rule 4), capabilities of their service

facilities (rule 5), matters concerning their management and governance (rule 6) and the insurance coverage required (rule 7).

Part 3—Financial Resources

6. Part 3 sets out requirements concerning the financial resources of approved securities registrars.
7. Rule 8 requires an approved securities registrar to maintain financial resources that comply with the requirements specified by the Commission under that rule. Such requirements may include a minimum capital level, a minimum liquidity level and a maximum gearing ratio.
8. Rule 9 requires an approved securities registrar to notify the Commission of its inability to comply with (or to ascertain whether it complies with) the requirements specified by the Commission under rule 8, as well as certain circumstances concerning its financial resources that may indicate risks of such inability. Rule 10 elaborates the requirements regarding such a notification under rule 9.

Part 4—Keeping of Records

9. Part 4 sets out requirements concerning the keeping of records by approved securities registrars.
10. Rule 11 requires an approved securities registrar to keep accounting and other records in relation to its business and operations that are sufficient for various purposes, including to enable financial statements to be prepared and to account for the property and information handled by the registrar.
11. Rule 12 specifies the manner in which the records required under rule 11 are to be kept, while rule 13 prescribes offences against the falsification, destruction, etc. of such records.

Part 5—Audit and Reporting

12. Part 5 sets out requirements concerning the audit and reporting of approved securities registrars.
13. An approved securities registrar is required to appoint an independent auditor to audit its financial statements (rule 14), which must give a true and fair view of the financial position, etc. of the registrar and be submitted to the Commission in respect of each financial year (rule 16). Such financial year may not be altered or longer than 12 months without the Commission's approval (rule 15).
14. An approved securities registrar is also required to submit periodic returns about its financial and business matters to the Commission (rule 17), notify the Commission of any reportable matter (rule 18) and any specified change (see paragraph 27) in respect of information previously provided (rule 19).

Part 6—Handling of Third Party Money

15. Part 6 sets out requirements concerning the handling of third party money (basically money received from or on behalf of issuer-clients or securities holders) by approved securities registrars.
16. An approved securities registrar is required under rule 21 to maintain in Hong Kong one or more segregated bank accounts for holding third party money. The handling of any third party money received and the payment of any money out of such segregated bank accounts must be done in accordance with rules 21 and 22.
17. Rule 20 sets out the scope of third party money to which the requirements apply, while rule 23 requires an approved securities registrar to notify the Commission of any non-compliance with rules 21 and 22.

Part 7—Communication in respect of Prescribed Securities in Uncertificated Form

18. Part 7 sets out requirements concerning communication in respect of prescribed securities that are in uncertificated form. A unit of securities is in uncertificated form if it is recorded as being held in such form in the register of holders of the securities, and title to such unit (*uncertificated unit*) may be evidenced and transferred without an instrument.
19. Rule 24 requires an approved securities registrar to send annual statements to holders of uncertificated units giving information on the number of uncertificated units held by such holders as at the beginning and end of the annual reporting period. The annual reporting period aligns with the period of a calendar year during which an approved securities registrar acts as the securities registrar (see paragraph 20) for the prescribed securities concerned.

Part 8—Duties in respect of Change in Securities Registrar

20. Part 8 sets out the duties of an approved securities registrar in respect of a change in the securities registrar (basically a person appointed to maintain in Hong Kong the register of holders) for prescribed securities.
21. Rule 25 provides that an approved securities registrar must not cease to act as the securities registrar for any prescribed securities for which the registrar is appointed, unless it does so with the issuer's consent or the Commission's permission, etc.
22. Where there is a change in the securities registrar of any prescribed securities—
 - (a) rule 26 requires the outgoing registrar to transfer the records it keeps in respect of the holders of those securities to the incoming registrar; both the outgoing and

- incoming securities registrars are required to notify the Commission of the completion of such transfer; and
- (b) rule 27 requires an approved securities registrar to notify the Commission of its ceasing or beginning to act as the securities registrar for any prescribed securities.

Part 9—Supervision of Approved Securities Registrar

23. Part 9 sets out certain provisions relevant to the supervision of approved securities registrars.
24. Rule 28 empowers the Commission to require an approved securities registrar to provide any information or document the Commission reasonably requires for performing its function.
25. The Commission is also empowered under rule 29 to require an approved securities registrar to appoint a skilled person to make a report on any matter relating to the service facilities etc. of the registrar or, if the skilled person is appointed directly by the Commission, pay the costs and expenses incurred in making the report.

Part 10—Miscellaneous

26. Part 10 provides for miscellaneous matters, including—
- (a) a requirement to use an electronic communication system approved by the Commission for making any application, notification, etc. under the new Part IIIAA of the SFO or these Rules (rule 30);
- (b) the Commission's power to modify or waive any requirement under these Rules (rule 31); and
- (c) an offence against the destruction, concealment, etc. of accounts, records or documents related to a matter required to be reported by a skilled person under rule 29 (rule 32).

Schedule—Notification of Change

27. The Schedule sets out changes required to be notified to the Commission under rule 19.

Securities and Futures (Stock Market Listing) (Amendment) Rules 2025

(Made by the Securities and Futures Commission under section 36(1) of the Securities and Futures Ordinance (Cap. 571) after consultation with the Financial Secretary and The Stock Exchange of Hong Kong Limited)

1. Commencement

These Rules come into operation on the day on which section 7 of the Securities and Futures and Companies Legislation (Amendment) Ordinance 2021 (17 of 2021) comes into operation.

2. Securities and Futures (Stock Market Listing) Rules amended

The Securities and Futures (Stock Market Listing) Rules (Cap. 571 sub. leg. V) are amended as set out in sections 3 and 4.

3. Section 2 amended (interpretation)

(1) Section 2—

Repeal the definition of *issuer*

Substitute

“*issuer* (發行人)—

- (a) except in Part 4—means a corporation or other body the securities of which are listed, or proposed to be listed, on a recognized stock market; and

- (b) in Part 4—see section 12.”.

(2) Section 2—

- (a) definition of *approved share registrar*;
- (b) definition of *share registrar*—

Repeal the definitions.

4. Part 4 substituted

Part 4—

Repeal the Part

Substitute

“Part 4

Securities Registrar for Prescribed Securities

12. Interpretation of Part 4

In this Part—

corresponding exchange company (相應交易所), in relation to any prescribed securities, means the recognized exchange company operating the recognized stock market on which those securities are listed or proposed to be listed;

issuer (發行人), in relation to any prescribed securities, has the meaning given by rule 2(1) of the Securities and Futures (Uncertificated Securities Market) Rules;

securities registrar (證券登記機構), in relation to any prescribed securities, means the person appointed to maintain in Hong Kong the register of holders of those securities that the issuer of those securities is required to keep under Part 2 of the Securities and Futures (Uncertificated Securities Market) Rules.

13. Prescribed securities to be listed only if approved securities registrar acting as securities registrar

A corresponding exchange company may approve an application for the listing of any prescribed securities only if it

is satisfied that an approved securities registrar is acting as the securities registrar for those securities.

14. Dealings in prescribed securities to be suspended if no approved securities registrar acting as securities registrar

- (1) If there is no approved securities registrar acting as the securities registrar for any prescribed securities, the corresponding exchange company must, unless the Commission has given a permission under subsection (3)(a) in respect of the vacancy, suspend dealings in those securities no later than the beginning of the first trading session after the vacancy arises or its becoming aware of the vacancy, whichever is the later.
- (2) Where dealings in any prescribed securities are suspended under subsection (1), the corresponding exchange company may permit the recommencement of dealings in those securities if—
 - (a) it is satisfied that an approved securities registrar is acting as the securities registrar for those securities; or
 - (b) the Commission has given a permission under subsection (3)(b) in respect of the vacancy concerned.
- (3) If the Commission is of the opinion that exceptional circumstances exist to justify the continuation or recommencement of dealings in any prescribed securities despite a vacancy mentioned in subsection (1), the Commission may, by notice to the corresponding exchange company—
 - (a) if dealings in those securities are yet to be suspended under subsection (1)—permit the continuation of dealings in those securities despite that vacancy; or

- (b) if dealings in those securities are suspended under subsection (1)—permit the recommencement of dealings in those securities despite that vacancy.
- (4) The Commission may, in a notice under subsection (3) or by another notice to the corresponding exchange company—
 - (a) impose any condition in respect of a permission given by the notice; or
 - (b) amend or revoke any such condition.
- (5) The Commission may, by notice to the corresponding exchange company, withdraw a permission given under subsection (3) in respect of any prescribed securities if it is of the opinion that—
 - (a) the exceptional circumstances mentioned in subsection (3) no longer exist in respect of those securities; or
 - (b) there has been a failure to comply with any condition imposed or amended under subsection (4).
- (6) If a notice is given under subsection (5), the corresponding exchange company must suspend dealings in those securities no later than the beginning of the first trading session after the notice is given or, if a direction regarding such suspension is specified in the notice, in accordance with the direction.
- (7) The Commission must notify the issuer of any prescribed securities of—
 - (a) a permission given under subsection (3) in respect of a vacancy concerning those securities;
 - (b) any condition imposed, and any amendment or revocation of a condition, under subsection (4) in respect of such a permission; and

- (c) the withdrawal of such a permission under subsection (5).

(8) In this section—

trading session (交易時段), in relation to any prescribed securities, means a separate period of a day during which the recognized stock market on which those securities are listed is open for trading.

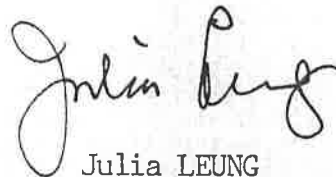
15. Notification of change in securities registrar

- (1) Subject to subsection (5), the issuer of any prescribed securities must notify the Commission and the corresponding exchange company in writing of each of the following changes in accordance with subsection (2)—
 - (a) a person's ceasing to act as the securities registrar for those securities;
 - (b) a person's beginning to act as the securities registrar for those securities.
- (2) A notification under subsection (1) must—
 - (a) be given no later than 3 months before the change takes effect or as soon as reasonably practicable after the issuer becomes aware of the change, whichever is the later; and
 - (b) specify—
 - (i) the prescribed securities to which the change relates;
 - (ii) the date on which the change takes effect; and
 - (iii) the name and address of the person ceasing or beginning to act as the securities registrar.

- (3) The issuer of any prescribed securities must notify the Commission and the corresponding exchange company in writing of any change in the information specified in a notification given by the issuer under subsection (1) as soon as reasonably practicable, and in any event within 1 business day, after becoming aware of the change.
- (4) The Commission may, by notice in writing, require the issuer of any prescribed securities to provide any information relating to a change notified under subsection (1) or (3) it reasonably requires for performing its functions.
- (5) For a cessation mentioned in subsection (1)(a), if the person ceases to act only because the securities are no longer prescribed securities, the issuer—
 - (a) is not required to notify the corresponding exchange company of the cessation; and
 - (b) where the securities are subscription warrants or rights under a rights issue, is also not required to notify the Commission of the cessation if—
 - (i) the person ceases to act as the securities registrar for those warrants or rights by reason of their having lapsed or expired; and
 - (ii) the person is, and continues to be, the securities registrar for the securities that the holders of those warrants or rights are entitled to subscribe for.
- (6) An issuer that, without reasonable excuse, contravenes subsection (1) or (3), or a requirement made under subsection (4), commits an offence and is liable on conviction to a fine at level 5.

Note—

See rule 27 of the Securities and Futures (Approved Securities Registrars) Rules for the requirement on an approved securities registrar to give notification of a change in its status as the securities registrar for any prescribed securities.”.



Julia LEUNG
Chief Executive Officer,
Securities and Futures Commission

22 January 2025

Explanatory Note

The Securities and Futures and Companies Legislation (Amendment) Ordinance 2021 (17 of 2021) (*Amendment Ordinance*) introduces an uncertificated securities market regime (*USM regime*) for Hong Kong through, among other amendments, adding a new Part IIIAA to the Securities and Futures Ordinance (Cap. 571) (*SFO*).

2. The main object of these Rules is to amend the Securities and Futures (Stock Market Listing) Rules (Cap. 571 sub. leg. V) (*principal Rules*) as part of the implementation of the USM regime. In particular, Part 4 of the principal Rules, which currently relates to approved share registrars, is updated to align with the regulatory framework for approved securities registrars under the USM regime.
3. Section 1 provides for the commencement date of these Rules, which in effect will be the same day as that of the new Part IIIAA of the SFO.
4. Section 3 amends section 2 of the principal Rules to repeal the definitions of *approved share registrar* and *share registrar*, the concepts of which will be replaced by *approved securities registrar* (see paragraph 5(a)) and *securities registrar* (see paragraph 5(b)) respectively.
5. Section 4 replaces Part 4 of the principal Rules. In particular—
 - (a) Under the existing section 12 of the principal Rules, the Securities and Futures Commission (*Commission*) may approve an association of persons, whose members are then approved share registrars for the purposes of the principal Rules. This section is repealed because under the USM regime, securities registrars will be directly approved and regulated by the Commission under the new Part IIIAA of the SFO as “approved securities registrars”

- (see the definition of *approved securities registrar* in section 1 of Part 1 of Schedule 1 to the SFO as amended by the Amendment Ordinance).
- (b) New section 12 of the principal Rules, on the other hand, provides for interpretation of terms used in the new Part 4 of the principal Rules. In particular, a *securities registrar* is basically a person appointed to maintain in Hong Kong the register of holders of “prescribed securities”, i.e. securities covered by the USM regime. This is largely the same as a share registrar; the change in the name is to reflect the fact that the securities in relation to which a securities registrar is appointed are not limited to shares.
- (c) Under the existing sections 13 and 14 of the principal Rules, securities may be listed, and dealings in such securities may continue, only if there is an approved share registrar appointed for the securities. These requirements are retained in the new sections 13 and 14 of the principal Rules which apply to prescribed securities, subject to the following modifications—
- (i) The provisions under the existing section 14 of the principal Rules that allow a period of at least 3 months for an approved share registrar to be appointed to fill a vacancy before dealings may be suspended is removed.
- (ii) Instead, under the new section 14 of the principal Rules, the recognized exchange company must suspend dealings in the securities no later than the first trading session after the vacancy arises (or its becoming aware of the vacancy), except if the Commission has given a permission for dealings in the securities to continue despite the vacancy.

- (d) Existing sections 15 and 16 of the principal Rules, which concern the Commission’s power to exempt securities from a requirement under Part 4 of the principal Rules and appeal against a suspension of dealings, are repealed, because the Commission is already empowered under the new section 14 of the principal Rules to permit dealings to recommence despite a vacancy.
- (e) A new section 15 is added to the principal Rules to require issuers of prescribed securities to notify the Commission and the recognized exchange company of any change in the securities registrar appointed for the securities.

Securities and Futures (Open-ended Fund Companies) (Amendment) Rules 2025

(Made by the Securities and Futures Commission under section 112ZK of the Securities and Futures Ordinance (Cap. 571))

1. Commencement

These Rules come into operation on the day on which section 7 of the Securities and Futures and Companies Legislation (Amendment) Ordinance 2021 (17 of 2021) comes into operation.

2. Securities and Futures (Open-ended Fund Companies) Rules amended

The Securities and Futures (Open-ended Fund Companies) Rules (Cap. 571 sub. leg. AQ) are amended as set out in rules 3 to 8.

3. Rule 58 amended (nature and transferability of shares)

After rule 58(2)—

Add

“(3) However, shares or other interests that are prescribed securities are transferable in accordance with the company’s instrument of incorporation, subject to—

- (a) Part IIIAA of the Ordinance; and
- (b) the Part IIIAA rules.”.

4. Rule 60 amended (requirement for instrument of transfer)

(1) Rule 60, heading—

Repeal

“instrument”

Substitute

“registration”.

(2) Rule 60(1)—

Repeal

everything after “in the company”

Substitute

“unless—

- (a) if the shares are not prescribed securities—a proper instrument of transfer has been delivered to the company; or
- (b) if the shares are prescribed securities—either of the following as required under the Part IIIAA rules in respect of the shares has been delivered to the company in accordance with those rules—
 - (i) a proper instrument of transfer;
 - (ii) a specified request.”.

(3) After rule 60(2)—

Add

“(3) In subrule (1)—

specified request (指明請求), in relation to shares in an open-ended fund company, means a request that complies with the requirements set out in the Part IIIAA rules for registration of the transfer of the shares.”.

5. Rule 61 amended (registration of transfers)

(1) Rule 61(1)—

Repeal

everything after “an open-ended fund company”

Substitute

“may, in respect of the transfer of the shares—

- (a) if the shares are not prescribed securities—lodge with the company the instrument of transfer; or
- (b) if the shares are prescribed securities—lodge with the company either of the following as required under the Part IIIAA rules in respect of the shares—
 - (i) the instrument of transfer;
 - (ii) a specified request as defined by rule 60(3).”.

(2) Rule 61(2)—

Repeal

“is lodged”

Substitute

“or specified request is lodged under subrule (1)(a) or (b)”.

(3) Rule 61(5)—

Repeal

“This rule does”

Substitute

“Subrules (2), (3) and (4) do”.

6. **Rule 62 amended (refusal to register transfer of shares)**

(1) Rule 62(1)—

Repeal

“is lodged”

Substitute

“or specified request is lodged under rule 61(1)(a) or (b)”.

(2) Rule 62(2)—

Repeal

“is lodged”

Substitute

“or specified request is lodged under rule 61(1)(a) or (b)”.

7. **Rule 67 amended (register of shareholders)**

At the end of rule 67—

Add

“Note—

For matters relating to the register of shareholders of an open-ended fund company any shares in which are prescribed securities, see also the Part IIIAA rules.”.

8. **Rule 70 amended (power to close register of shareholders)**

Rule 70—

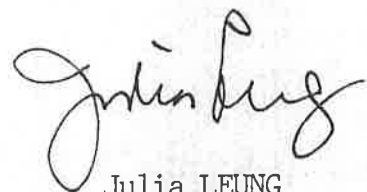
Repeal

everything after “periods”

Substitute

“in each year—

- (a) for a company other than a company referred to in paragraph (b)—not exceeding in the whole 30 days; or
- (b) for a company any shares in which are prescribed securities—
 - (i) not exceeding in the whole 30 days; or
 - (ii) if a number of days is specified in the Part IIIAA rules for the purposes of this rule—not exceeding in the whole that number of days.”.



Julia LEUNG
Chief Executive Officer,
Securities and Futures Commission

22 January 2025

Explanatory Note

The Securities and Futures and Companies Legislation (Amendment) Ordinance 2021 (17 of 2021) (*Amendment Ordinance*) introduces an uncertificated securities market regime (*USM regime*) for Hong Kong through, among other amendments, adding a new Part IIIAA to the Securities and Futures Ordinance (Cap. 571) (*SFO*).

2. The main object of these Rules is to amend the Securities and Futures (Open-ended Fund Companies) Rules (Cap. 571 sub. leg. AQ) (*principal Rules*) as part of the implementation of the USM regime. In particular, the provisions of the principal Rules that relate to the transfer etc. of shares in an open-ended fund company (*OFC shares*) are updated to align with similar provisions relating to the transfer etc. of shares in a conventional company under the Companies Ordinance (Cap. 622) (*CO*) as amended by the Amendment Ordinance.
3. Rule 1 provides for the commencement date of these Rules, which in effect will be the same day as that of the new Part IIIAA of the SFO.
4. Rule 3 amends rule 58 of the principal Rules (similar to section 134 of the CO) to subject the transfer of OFC shares (or other interests of a shareholder of an open-ended fund company) that are “prescribed securities”, i.e. securities covered by the USM regime, to the new Part IIIAA of the SFO and rules made under that Part (*Part IIIAA rules*).
5. Rules 4, 5 and 6 amend rules 60, 61 and 62 of the principal Rules (similar to sections 150 and 151 of the CO) to enable the transfer of OFC shares that are prescribed securities to be effected by means of a “specified request”, i.e. a request that complies with the requirements set out in the Part IIIAA rules for registration of the transfer of the shares, as an alternative to an instrument of transfer.

6. Rule 7 amends rule 67 of the principal Rules (similar to section 627 of the CO) to add a note to draw the reader's attention to further requirements relating to the register of shareholders for OFC shares that are prescribed securities under the Part IIIAA rules.
7. Rule 8 amends rule 70 of the principal Rules (similar to section 632 of the CO) to limit the closure of the register of shareholders for OFC shares that are prescribed securities to the number of days for each year as specified in the Part IIIAA rules (if so specified).

**Securities and Futures Ordinance (Amendment of
Schedule 8) Order 2025**

(Made by the Chief Executive in Council under section 234 of the
Securities and Futures Ordinance (Cap. 571))

1. Commencement

This Order comes into operation on the day on which section 7 of the
Securities and Futures and Companies Legislation (Amendment)
Ordinance 2021 (17 of 2021) comes into operation.

2. Securities and Futures Ordinance amended

The Securities and Futures Ordinance (Cap. 571) is amended as set
out in section 3.


3. Schedule 8 amended (Securities and Futures Appeals Tribunal)

Schedule 8, Part 2, Division 1, after item 78—

Add

- | | | |
|------|--|--|
| “79. | Rule 25(2) of the
Securities and Futures
(Approved Securities
Registrars) Rules | Refusal to give a
permission. |
| 80. | Rule 29(1) of the
Securities and Futures
(Approved Securities
Registrars) Rules | Requirement to appoint a
skilled person to make a
report on an applicable
matter and to submit the
report. |
| 81. | Rule 29(3)(b) of the
Securities and Futures | Requirement to pay any of
the costs and expenses |

(Approved Securities
Registrars) Rules incurred in making a report
on an applicable matter.”.


Clerk to the Executive Council

COUNCIL CHAMBER

11 February 2025

Explanatory Note

This Order amends Division 1 of Part 2 of Schedule 8 to the Securities and Futures Ordinance (Cap. 571) to add certain decisions of the Securities and Futures Commission to the list of specified decisions which may be reviewed by the Securities and Futures Appeals Tribunal.

Securities and Futures Ordinance (Amendment of Schedule 5) Notice 2025

(Made by the Financial Secretary under section 142 of the Securities and Futures Ordinance (Cap. 571))

1. Commencement

This Notice comes into operation on the day on which section 7 of the Securities and Futures and Companies Legislation (Amendment) Ordinance 2021 (17 of 2021) comes into operation.

2. Securities and Futures Ordinance amended

The Securities and Futures Ordinance (Cap. 571) is amended as set out in section 3.

3. Schedule 5 amended (regulated activities)

Schedule 5, Part 2, definition of *dealing in securities*, after paragraph (xia)—

Add

“(xib) is an approved securities registrar and, solely for the purposes of providing any service in connection with a public offer of prescribed securities (as described in rule 3(1)(a) of the Securities and Futures (Approved Securities Registrars) Rules), the person—

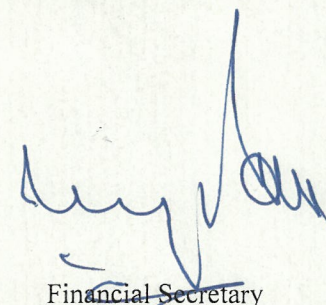
- (A) makes available (whether by providing copies of, facilitating access to, or otherwise)—
 - (I) a prospectus referred to in paragraph (vii), (ix)(A) or (x) in respect of the public offer;
 - (II) a document referred to in paragraph (viii) or (ix)(B) in respect of the public offer;

(III) an advertisement, invitation or document referred to in paragraph (xi) or (xia) in respect of the public offer; or

(IV) any means for making an application for the prescribed securities pursuant to the public offer;

(B) receives, processes or confirms an application for the prescribed securities made pursuant to the public offer; or

(C) provides or operates an electronic platform (regardless of whether the platform provides any other function) through which an application for the prescribed securities may be made pursuant to the public offer;”.



Financial Secretary

11 FEB 2025

Explanatory Note

The purpose of this Notice is to amend the definition of *dealing in securities* in Part 2 of Schedule 5 to the Securities and Futures Ordinance (Cap. 571). That definition explains what activities constitute Type 1 regulated activity for the purposes of that Ordinance.

2. The amendment excludes from that definition certain acts performed by an approved securities registrar for providing any service in connection with a public offer of prescribed securities (being one that is specified as a securities registrar service in the Securities and Futures (Approved Securities Registrars) Rules).