

香港中央結算有限公司

(香港交易及結算所有限公司全資附屬公司)

HONG KONG SECURITIES CLEARING COMPANY LIMITED

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

通告 CIRCULAR

Subject: Information Paper and Introductory Briefings for the Implementation of
Uncertificated Securities Market (USM)

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Currently, Hong Kong laws and regulations still require the use of paper documents to evidence and transfer legal title to shares and certain securities. The USM regime seeks to remove the need for manual and paper-based processes, thereby enhancing operational efficiencies and elevating Hong Kong's financial market infrastructure. Investors will have the capability to hold prescribed securities in their own names and in uncertificated form, thus granting them direct legal ownership of their securities electronically. This advancement will provide investors with improved shareholder protection and the convenience of managing their portfolios electronically. Additionally, other market participants, including issuers and intermediaries, will benefit from increased efficiencies through streamlined and automated processes.

In July 2024, the SFC released [consultation conclusions](#) in response to the consultation papers issued in March and October 2023 on the proposed subsidiary legislation, code and guidelines for implementing USM in Hong Kong. Subject to completing the legislative process, the USM regime is expected to be implemented towards the end of 2025. To prepare the market for the USM regime, the SFC, together with Hong Kong Exchanges and Clearing Limited (HKEX) and the Federation of Share Registrars Limited (FSR) will engage with issuers, investors and other market participants to facilitate their understanding of the new regime, its impact, and the steps needed to participate.

To facilitate Clearing Participants and Custodian Participants (CPs) to prepare for USM, an information paper has been published on [HKEX website](#) to provide an overview of USM and explain the process for securities to participate in the USM regime. The information paper also explains changes to the operational procedures for the transfer of securities to and from HKSCC Nominees Limited (HKSCC-NOMS), and other technical changes under USM. Further details on implementation, market rehearsal and compliance / documentation will be included in the information paper in due course. CPs should read through the information paper and make all necessary arrangements to ensure proper operational procedures and technical support are available on implementation of USM.

To facilitate CPs to prepare for the implementation of USM, HKSCC will host 3 briefings on 12 November 2024 (Tuesday), 13 November 2024 (Wednesday) and 14 November 2024 (Thursday) to provide an overview of USM and key information on the changes to the operational procedures under USM. CPs should register via the Event section in Client Connect on [HKEX Access Management Portal](#) by **5 November 2024 (Tuesday)**. Details of the briefings are as follows:

Date	Mode of Briefing	Time	Language
12 November 2024 (Tuesday)	Microsoft Teams video conferencing*	16:30 – 17:45	Cantonese
13 November 2024 (Wednesday)			Cantonese
14 November 2024 (Thursday)			English

**Confirmation email together with the webinar login information will be sent to those who have successfully registered,*

The implementation of USM would have minimal impact on CPs' operations and system development needs. CPs are highly recommended to coordinate with their IT teams and/or system vendors for necessary preparation.

Vicky Chan
Head of Post Trade
Operations Division

This circular has been issued in the English language with a separate Chinese language translation. If there is any conflict in the circulars between the meaning of Chinese words or terms in the Chinese language version and English words in the English language version, the meaning of the English words shall prevail.