

Press release

**Securities and Futures and Companies Legislation
(Uncertificated Securities Market Amendment) Ordinance
2015 gazetted**

Friday, March 27, 2015

The Government published in the Gazette today (March 27) the Securities and Futures and Companies Legislation (Uncertificated Securities Market Amendment) Ordinance 2015 (Amendment Ordinance), which provides for a legal framework to enable the introduction of an uncertificated (i.e. paperless) securities market regime.

The Amendment Ordinance mainly amends the Securities and Futures Ordinance (SFO) and the Companies Ordinance to stipulate the broad framework for the regulation of the uncertificated securities market. Its main provisions will commence operation on a date to be appointed by the Secretary for Financial Services and the Treasury in a Gazette Notice.

A Government spokesman said, "The development of an uncertificated securities market regime in Hong Kong will increase overall market efficiency and competitiveness, enhance corporate governance and secure an improved level of investor choice and protection."

The spokesman added, "Enactment of the Amendment Ordinance marks an important step forward for Hong Kong in moving towards the regime."

The details relating to the operation and regulation of the uncertificated securities market regime will be set out in new subsidiary legislation (the Rules) to be made by the Securities and Futures Commission (SFC) under the SFO.

The SFC will oversee the regulatory and operational matters of the new uncertificated securities market environment. It will continue to work out the operational details of the uncertificated securities market with relevant stakeholders, and make the Rules after public consultation.

Currently, the law requires the issue of paper certificates and the use of paper instruments of transfer for certain securities. Under the new uncertificated

securities market regime, investors will be able to choose to hold and transfer securities without paper documents and register the securities in their own names, thus enjoying the full benefits of legal ownership.

The initial stage of the uncertificated securities market regime will cover shares of Hong Kong companies that are listed or to be listed on the Stock Exchange of Hong Kong. The Government and the SFC are initiating discussion on this with the relevant jurisdictions and studying their laws, so that companies from more jurisdictions may be covered by the uncertificated securities market regime.