



28 January 2019

Joint consultation on the model for an uncertificated securities market

The Securities and Futures Commission (SFC), Hong Kong Exchanges and Clearing Limited (HKEX) and the Federation of Share Registrars Limited (FSR) today jointly issued a [consultation paper](#) proposing a revised operational model for implementing an uncertificated securities market in Hong Kong (Note 1).

In an uncertificated, or paperless, securities market, investors could hold and transfer securities in their own name without share certificates or other paper documents. The digitisation of securities holdings and elimination of manual processes would enhance post-trade settlement and servicing, making our markets more efficient and globally competitive.

The costs of new systems to support the revised model will largely be borne by HKEX and share registrars as part of their commitment to the ongoing technological development of Hong Kong's markets. Many existing processes can also be retained. The cost implications for market participants will therefore be low.

The proposed model strikes a balance between preserving existing efficiencies in the clearing and settlement process and providing options for investors to hold securities in uncertificated form. Implementation would be conducted in phases.

The consultation period will last for three months. Interested parties are invited to submit their comments in writing by 27 April 2019 via the SFC's website (www.sfc.hk), by email to usmconsult@sfc.hk, by post or by fax to 2521 7917.

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Note:

1. With the support of the Government, a working group led by the SFC with representatives from HKEX and the FSR was set up to develop an operational model for implementing an uncertificated securities market in Hong Kong. Today's consultation paper also explains the differences between the proposed operational model and the one set out in a joint consultation conclusions paper issued in 2010.