



8 April 2020

## **Joint consultation conclusions 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 released [consultation conclusions](#) on a proposed operational model for implementing an uncertificated securities market (USM) in Hong Kong (Note 1).

The consultation was triggered by market concerns that the operational model proposed earlier (Note 2) would compromise some of the settlement efficiencies enjoyed by the market and have a significant impact on participants' funding needs. The model put forward in the consultation aims to address these concerns while still offering investors an option to hold securities in their own names and without paper.

Feedback on the consultation indicated strong support for the proposals. The proposed operational model will:

- enable securities to be moved into and out of the clearing and settlement system much more efficiently and cost effectively than today;
- address concerns about settlement efficiencies being compromised, and the potential impact on market participants' funding needs; and
- result in less market disruption and costs as it builds on existing processes, operational flows and infrastructure.

The SFC, HKEX and FSR will further develop the model and the regulatory framework to support it with a view to implementing the USM regime from 2022.

End

Notes:

1. On 28 January 2019, the SFC, HKEX and the FSR issued a [joint consultation paper](#) on a revised operational model for implementing the USM initiative in Hong Kong. A total of 43 submissions were received from brokers, custodians, investors, law firms, representatives of listed companies as well as professional and industry bodies.
2. The January 2019 joint consultation paper explained the differences between the proposed operational model and the one set out in a joint consultation conclusions paper issued in 2010.

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