



Information Paper for Issuers and Shareholders

Implementation of an Uncertificated Securities Market (USM) in Hong Kong

30 March 2026

Market Information Paper

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IMPORTANT INFORMATION: Many new terms are being introduced as part of this change – please refer to the Defined Terms and Glossary in Appendix 1 to assist with the reading of this document.

1. Overview

1.1 What is the background to this program?

Currently Hong Kong (HK) law and regulations require the use of paper-based documents to evidence and transfer the legal title of shares issued and traded on the Stock Exchange of Hong Kong Limited (SEHK). As a result of this, together with other practical business and operational considerations, most investors in listed securities hold and transfer their securities through the Central Clearing and Settlement System (CCASS) under the name of HKSCC Nominees Limited (HKSCC-NOMS).

Globally, there has been an extensive market move to digitise securities processing and remove paper-based documentation and records from financial systems while maintaining holder rights. Technological developments have driven and progressed these initiatives.

HK plans to progressively remove paper-based title instruments (such as share certificates) with electronic book-entry securities and adopt a digital representation of securities ownership commonly known as 'dematerialisation/uncertificated securities', creating an Uncertificated Securities Market (USM).

As securities progressively migrate to USM, they will become participating securities – securities that are USM-enabled in the sense that all relevant procedures and formalities for legal title to the securities to be evidenced and transferred without paper have been completed.

1.2 What is dematerialisation?

Dematerialisation is the replacement of paper-based title instruments (such as share certificates) with electronic book-entry securities, creating USM in HK.

The process of dematerialising securities held in the name of registered holders involves returning any title documents relating to the securities (i.e., share certificates in the case of shares) to the relevant securities registrar for verification and cancellation, and the securities registrar recording in the Register of Holders (ROH) that the securities are held in uncertificated form.

Under USM, this change from certificated to uncertificated securities will occur as participating securities in certificated form are converted into uncertificated form. Importantly, there is typically no provision for rematerialising securities that are in uncertificated form. This means that once securities become uncertificated, they cannot be converted back to certificated securities, except for limited situations, i.e., where the securities are to be delisted or where the SFC is satisfied that highly exceptional circumstances exist which necessitate rematerialisation. Once USM is live, eligible new listing IPO securities are expected to commence trading as USM participating securities.

When an issuer's securities participate in USM, registered holders will ultimately hold their securities in uncertificated form and transact their shares digitally.

1.3 What are the benefits?

The Securities and Futures Commission (SFC) has been working with Hong Kong Exchanges and Clearing Limited (HKEX) and the Federation of Share Registrars Limited (FSR) on implementing USM in Hong Kong and the group has jointly consulted the market on the operational model for implementing USM. The initiative aims to bring the following benefits:

a) Option to enjoy both better investor protection and trading convenience

Investors will have the option to hold participating securities in their own names and without paper certificates. They will thus be able to enjoy full holder rights while also enjoying the convenience of managing and trading their securities electronically.

b) Enhanced corporate governance and investor engagement

Issuers will benefit from greater holder transparency as investors move towards holding participating securities in their own names. This will facilitate better investor communication and engagement, and in turn enhance corporate governance.

c) More efficient, digitalised and greener markets

The removal of paper and manual processes will enhance efficiency for market participants, provide more opportunities for straight-through processing, and contribute to greener markets in line with global trends. Collectively, this will also further elevate Hong Kong's market infrastructure, thus reinforcing its competitiveness and status as an international financial centre.

In 2021, the USM Amendment Ordinance was enacted. This put in place the broad framework for implementing USM. It also anticipated the introduction of subsidiary legislation which would set out relevant details, taking into account the operational model endorsed. Since then, the SFC, HKEX and the FSR have been working on developing the technical details and specifications of the operational model for USM.

This Information Paper provides an initial overview of USM to issuers and their registered holders and explains key processes under the new operational model. The information provided in this paper is based on various SFC consultation papers and consultation conclusions (including the July 2024 Consultation conclusions), the USM Amendment Ordinance, and the USM-related subsidiary legislation, codes and guidelines (including the USM Rules, ASR Rules and ASR Code). The negative vetting process for the USM-related subsidiary legislation was completed in April 2025.

Key points for issuers

- The role of the securities registrar is being expanded and as a regulated entity will be known as an Approved Securities Registrar (ASR).
- Only listed issuers whose securities fall under the scope of prescribed securities and whose home laws are compatible with the requirements under the USM regime are expected to become participating securities within five years of USM being implemented. Currently, all prescribed securities constituted under Hong Kong laws and regulations will be able to participate when USM is implemented. The five-year timeline will also apply to listed issuers incorporated in the Chinese Mainland, Bermuda and the Cayman Islands.
- To participate, issuers will need to:
 - (i) appoint an ASR as your securities registrar;
 - (ii) complete whatever is necessary for your securities to be onboarded into the ASR's UNSRT system;
 - (iii) arrange for your articles to be amended; and
 - (iv) fulfil any related obligations under the Listing Rules, e.g., regarding the issuing of announcements.
- Issuers from the jurisdictions outlined above will be required to convert to participating in USM in tranches which will be defined by ASRs, SEHK and HKSCC. Conversion of eligible issuers must be completed within five years from the implementation of USM. Tranches will be phased and coordinated to manage impact of the conversion process on all market stakeholders. More details on this process will be shared with issuers and the market prior to the implementation of USM.
- Issuers will be directly subject to the SFC's USM Rules and will need to understand what these require. Many of the administrative requirements relating to uncertificated securities will in practice be performed by ASR on their behalf; however, the issuer remains ultimately responsible and must be aware of their obligations.
- Participating in USM will result in a substantial change to services provided by an Issuer's ASR, driven by the new requirements for administering uncertificated securities and operation of USI Facilities. Each ASR will communicate with their clients about these changes.
- Once an issuer is participating in USM, they cannot issue new physical certificates unless granted an exception by the SFC, which would only happen in highly exceptional circumstances.
- Participating in USM will also be a condition of new listings on SEHK for all issuers of prescribed securities from the four eligible jurisdictions i.e., companies incorporated in Hong Kong, the Chinese Mainland, Bermuda and the Cayman Islands. IPO issuers from the four eligible jurisdictions shall seek permission from SEHK if they plan to list using paper certificates during the first year following USM implementation. For a period, there will be a number of IPO issuers whose place of incorporation is not an eligible jurisdiction. These IPO issuers may need to be listed with paper certificates and accept manual transactions for the time-being.

Key points for registered holders

- Existing registered holders holding share certificates will have the option to decide whether they want to dematerialise those certificated holdings or not; once the issuer of the securities is participating in USM. Registered holders are strongly encouraged to dematerialise to gain the benefits of digital access to their securities. If they do not dematerialise, they will need to continue to transact manually via the current paper-based processes. Once an issuer is participating in USM, new holders of that issuer's securities will only be able to hold in uncertificated form. Existing holders who receive new units of the securities will also have to hold the new units in uncertificated form.
- Dematerialisation of share certificates will provide the majority of registered holders with digitally driven services that will allow them to electronically access their holding balances, update holder details, see transaction data, receive more effective e-communications from the issuer and perform digital transfers.
- Dematerialisation is the process of converting securities from paper certificates to paperless. There is no change of ownership relating to the securities' ownership. Registered holders hold legal title to the securities, and these securities are recorded as uncertificated holdings on the issuer's ROH.
- Dematerialisation, which results in an uncertificated holding, will allow transfers of shares, and other share transactions to be done electronically once the registered holder(s) has set up their USI profile with the relevant ASR.

NB: There may be some exceptions to this for certain types of holdings

- Once USM is live, registered holders holding participating securities in uncertificated form will need to set up a USI profile before they can transact on their shares.
- The USI profile consists of information (address, email etc.,) of registered holders recorded on the system of the ASR that represents the issuer or issuers whose securities they are holding.
- The USI profile will then be linked to the registered holders' uncertificated holdings to allow them to see all their shares that are administered by that ASR, and to transact on them. Registered holders may no longer need to travel in person to a securities registrars' office.
- Registered holders may hold securities administered by more than one ASR and once USM is live, they will need to set up a USI profile with each ASR who administers their registered holdings.
- USM will not change any of the registered holders' rights or entitlements, although where the holder has uncertificated securities, the ability to exercise certain rights may be suspended until the process of setting up a USI profile is completed. Please refer to the [SFC website](#) for details of benefits for registered holders, including around shareholder rights.

Please note, ASR processes and requirements may vary and will be communicated by the relevant ASR. Issuers and registered holders who want to further understand the detailed impact of USM for them should contact the relevant issuer's securities

registrar (see Appendix 2). Registered holders can identify the relevant registrar for an issuer by searching the [HKEX website](#). Issuers are also encouraged to seek their own legal advice relevant to matters described in this paper.

Other key parties will be impacted, including brokers that effect trades on the SEHK on behalf of clients. The impact on these parties is explained further in the HKEX Information Paper. Up to date information can be located on the HKEX website on their [USM Uncertificated Securities Market](#) page.

2. Changes to Approved Securities Registrar (ASR)

2.1 Background

Understanding the role of the ASR in USM is important for issuers and registered holders. Currently, securities registrars provide a range of critical services to issuers and their registered holders. Under USM, these services will continue and several new and changed regulated services and obligations will be added.

Each ASR may approach and deliver upon their new obligations differently. ASRs will continue to support issuers with their compliance with the Listing Rules and other regulatory obligations.

Given that ASRs will have increased responsibilities under USM, they will be subject to greater scrutiny. The Securities and Futures (Approved Securities Registrars) Rules (ASR Rules) is the new subsidiary legislation which provides for the regulation of an ASR. The ASR Rules set out the various obligations and requirements for ASRs. The Code of Conduct for Approved Securities Registrars supplements the requirements under the ASR Rules, expanding on the standards and practices expected of an ASR. Ultimately, the SFC will have the power to decide whether a party is fit and proper to be or to remain an ASR.

2.2 ASR expanded role and responsibilities

In performing its services or in carrying out instructions from an issuer, an ASR will be required to act in the best interests of the issuer and the integrity of the market, and to assist and facilitate the issuer's compliance with their legal and regulatory obligations relating to administration of the ROH. ASRs must have a written agreement with each client that details the services to be provided, and the terms and conditions on which they are provided. There may be differences in the service offerings that each ASR will provide to their clients, and therefore issuers should refer to their own ASR for a detailed understanding of their specific services.

The table below outlines the general functions that registrars currently perform on behalf of their issuer clients, and the functions to be undertaken under USM:

Existing securities registrar functions	Additional requirements relating to USM and participating securities
<ul style="list-style-type: none"> • Maintenance of and regulated access to the ROH • Management and completion of the transfer of securities between registered holders • Execution of corporate action activities including registered holder communications, calculation of entitlements, distribution of dividends, allocation of new securities • Coordination of voting and other Annual General Meeting (AGM) activities • Responding to registered holder enquiries • Managing a range of outbound communications with registered holders • Providing services related to Initial Public Offerings (IPOs) 	<ul style="list-style-type: none"> • Undertake obligations relating to the ROH, relating to managing both certificated and uncertificated holdings. This includes the introduction of new types of registered holders with uncertificated holdings: <ul style="list-style-type: none"> ○ System-members (those with a USI identifier); and ○ Provisional system-members (those who do not have a USI identifier but have uncertificated securities) • Operate an electronic interface with CCASS. The electronic interface transmits transfer instructions to/from HKSCC-NOMS, and other reconciliation and corporate action functions to assist with the administration of HKSCC-NOMS' uncertificated holdings • ASRs, as a 'registrar participant', will be bound by a new chapter of HKSCC Rules • Expanded services for IPOs for uncertificated securities • Expanded corporate actions services relating to the issuance of uncertificated securities • Administration of identity verification services to manage registered holders with uncertificated securities • Perform dematerialisation activities for HKSCC-NOMS and registered holders to convert and transact their holdings • Provision of a system for registered holders to view and manage their uncertificated securities • Support digital transfers of uncertificated securities with the ability to allow manual process for registered holders who require it • Issue register update communications and annual statements for registered holders with uncertificated securities

2.3 ASR engagement with registered holders

For registered holders in participating securities, ASRs will continue to provide a range of holder servicing activities relating to managing their security holding. These include:

- registrations of transfers
- maintenance of security holding details
- calculation of entitlements for corporate actions, including dividends
- payment of dividends
- administration of corporate events, including communications and collection and distribution of funds
- distribution of various investor communications
- provision of proxy, AGM and EGM services

The processes for a number of these services will however change significantly under USM with a number of new processes being introduced. These changes are explained throughout this document.

2.4 ASR requirement to verify registered holders and establish a USI profile

ASRs will be required to:

- verify the identity of registered holders;
- record additional details for uncertificated registered holders; and
- facilitate the transfer of uncertificated securities for verified registered holders.

This identification requirement is an expansion on existing processes and will require registered holders to provide their government issued identification documents to the ASR for review before uncertificated securities can be transferred. Additional details collected from registered holders will form part of a new USI profile retained by the ASR and will be used as part of future transfers and other holder activities.

The requirements around USI identifiers and USI profiles are outlined in Section 4 – Changes for registered holders in USM.

2.5 ASR USI facility and electronic interface to HKSCC-NOMS

ASRs will provide registered holders with secure access to their systems to view and manage their uncertificated securities and communications related to the administration of those securities.

At a minimum registered holders will be able to:

- view their balance and details of uncertificated securities for an issuer with participating securities;
 - approve or reject transfers to or from HKSCC-NOMS via a broker who has initiated a transfer request in the CCASS;
 - initiate transfers to another registered holder, provided that the other registered holder has a USI profile with that ASR;
- NB:** There may be limitations for joint and corporate holders due to differing processes and legal requirements
- approve or reject transfer requests from another registered holder; and
 - access communications from issuers and the ASR relating to their uncertificated holdings.

The HKSCC, who operates HKSCC-NOMS, will communicate with ASRs via a separate electronic interface to facilitate transfers to and from HKSCC-NOMS' shareholding. This electronic interface will also be used for reconciliation and corporate action-related communications between the HKSCC and listed Issuers, via their ASRs.

2.6 Fee model under the USM regime

This section outlines the three regulated fees that will come into effect when USM is implemented. As outlined in the SFC consultation conclusions (available on the [SFC website](#)), the approach to fees is as follows:

Registered holders

- For registered holders, there are three regulated fees:
 - Transfer and registration fee (T&R fee) (this is an existing fee charged when effecting transfers or requiring the issue of new certificates for other reasons)
 - USI set-up fee (new, one-time)
 - Dematerialisation fee (new, one-time)
- The regulated fees cover the standard service. ASRs can charge differently for premium services (e.g., rush services).

As of the publication date of this paper, the fee levels are:

Fee type	Fee nature	Fee level
Transfer and registration fee	The fee for processing and registering transfers of prescribed securities. This is applied to both non-	Any fee charged should not exceed the higher of: (i) 0.02% of the value of the securities being transferred (based on their last closing price*), rounded to the nearest cent; and (ii) \$20 per transfer request.

Fee type	Fee nature	Fee level
	<p>participating securities and participating securities when USM is implemented.</p>	<p>* Please refer to Schedule 1 Note 7 in the ASR Code for the definition of last closing price.</p> <p>T&R fee is applicable to all transfers other than transfers where the transferor is HKSCC-NOMS and the transferee is someone else (the transfer type outlined in Section 5.3, b. Transfers of uncertificated securities from HKSCC-NOMS to USI holder (NCBO)).</p>
<p>USI set-up fee</p>	<p>The fee for establishing a facility that enables a person to hold and manage prescribed securities in uncertificated form (USI facility).</p>	<p>Any fee charged should not exceed HK\$50 per USI facility.</p> <p>The above limit is applicable to individuals (including, in the case of a USI facility that is to be established by two or more persons jointly, where all such persons are individuals). For corporate USI holders, please refer to the fee schedule of the relevant ASR, which will be available prior to USM going live.</p>
<p>Dematerialisation fee</p>	<p>The fee for converting prescribed securities from certificated to uncertificated form.</p>	<p>Any fee charged should not exceed the higher of:</p> <p>(i) HK\$5 per share certificate or other title instrument; and (ii) HK\$20 per dematerialization request per participating securities.</p> <p>Dematerialisation fee is applicable to a '<i>dematerialisation with transfer</i>' i.e., transfer types mentioned in Section 5.4 and 5.5.</p> <p>The above limit is applicable to individuals (including, in the case of USI joint holders, where joint holders are individuals). For corporate USI holders, please refer to the fee schedule of the relevant ASR, which will be available prior to USM going live.</p>

Investors holding securities in CCASS

- The vast majority of investors hold their securities in CCASS, i.e., either through a Clearing or Custodian Participant (CP) or as an Investor Participant (IP). They are therefore important stakeholders/beneficiaries of USM. HKSCC-NOMS, as the central nominee, is the registered holder of all securities held in CCASS.
- To reflect the above, a one-off set-up fee, will be collected by ASRs on a per participating security per CP/IP basis, which covers:
 - setting up an electronic interface between each ASR and HKSCC for facilitating various processes under USM, and
 - dematerialising the share certificates representing the securities that are held inside HKSCC vault immediately before the participation date for that security. This one-off set-up fee is only payable if a CP/IP holds one or more units of the prescribed security about to become a participating security.
- The fee in respect of each prescribed security will be due when that security becomes a participating security, i.e., on its participation date. As prescribed securities will become participating securities over a 5-year period, it follows that this fee will be due at different times for different securities during that 5-year period.
- The fee amount will differ for IPs and CPs. Also, in the case of CPs, the fee will vary depending on CP's average portfolio value of the CP's stock account with CCASS over the preceding calendar year. Specifically, the fee will be as follows:
 - HK\$50 per participating security for each CP whose average portfolio value is up to HK\$1 billion
 - HK\$100 per participating security for each CP whose average portfolio value is above HK\$1 billion and up to HK\$20 billion
 - HK\$560 per participating security for each CP whose average portfolio value is above HK\$20 billion
 - HK\$20 per participating security for each IP
- The same fee will be charged by all ASRs.
- Please refer to the [HKEX Information Paper](#) for further details (such as how average portfolio value of the CP's stock account is calculated, fee collection mechanism).

3. Changes to an issuer's roles and responsibilities

3.1 Background

3.1.1. What are prescribed securities?

An issuer of prescribed securities listed on SEHK may be able to participate in USM. Examples of prescribed securities are:

- shares, other than shares that constitute interests in an authorised collective investment scheme;
- depositary receipts;
- stapled securities;

- interests in authorised Collective Investment Schemes (CIS), where its units can be withdrawn from a CCASS and registered in an investor's own name;
- subscription warrants issued for capital fund raising purposes that entitle the holder to subscribe for securities for any of the above type of securities; and
- rights under a rights issue to subscribe for any of the above type of securities.

A complete list and description can be located in the [Securities and Futures and Companies Legislation \(Amendment\) Ordinance 2021](#).

3.1.2. What securities will participate?

The ability for an issuer to participate in USM is subject to legal and regulatory requirements based on an issuer's place of incorporation. The issuer's domestic laws must be consistent with the requirements of USM, for example by not mandating the issuance of share certificates. All prescribed securities constituted under Hong Kong law and regulations will have to participate within 5 years from when USM is implemented. Listed issuers incorporated in the Chinese Mainland, Bermuda and the Cayman Islands will have to participate in the USM regime within 5 years once USM is live.

Additionally, to participate in USM, issuers of prescribed securities will need to:

- appoint an ASR who is approved by the SFC to operate a UNSRT system. The function and role of an ASR represent a fundamental change to services already provided by a securities registrar. This changed relationship should be understood and documented by both parties and issuers should consult with their existing securities registrar regarding this;
- understand their obligations under the new USM rules and any changes to Listing Rules. Issuers should ensure they understand the changes to their roles and obligations and agree what services the ASR will provide to facilitate the issuer meeting their obligations;
- review and potentially revise their existing Articles (e.g., if they require physical transfer documents and/or issuing certificates), obtaining permission from registered holders to make those changes, where required. Issuers should work with their securities registrar to ensure sufficient lead time to complete this task;
- announce to registered holders their intention to join USM and specify the participation date, which is the effective date to become participating securities. Issuers should work closely with their ASR on the details of this communication to ensure it adequately explains the changes brought to registered holders by USM.

Further details about the transition to USM are in Section 3.4 – An issuers' transition to USM.

3.1.3. Must an issuer have an ASR appointed at all times?

An issuer of prescribed securities will always need to have an appointed ASR managing their ROH. SEHK may approve an application for the listing of any prescribed securities only if it is satisfied that an ASR is acting as the securities registrar for those securities. If at any time an issuer does not have an ASR, SEHK will suspend dealings in the relevant securities unless the SFC has given permission for the vacancy.

Under USM, there will be no applicable grace period before suspension of dealings. If an issuer intends to change its securities registrar, it should ensure there is no lapse in service.

3.2 What new requirements do issuers have under USM?

In addition to an issuer's existing obligations to registered holders, under USM there will be new requirements that arise through the change in how securities are represented, accessed, and maintained. From the date that an issuer's securities become participating securities the issuer should:

- issue new securities **only in uncertificated form** (i.e., without a paper title instrument or certificate). *This includes new rights issues, scrip dividends and other issuances of new securities*
- no longer **create or issue** physical **certificates** as a result of transfers or other changes to a security holding, unless the SFC has granted an exemption;
- **encourage electronic transfers of uncertificated securities, where applicable**, (i.e., for individual registered holders) as opposed to hard copy transfer forms;
- **dematerialise all securities held in the HKSCC vault to uncertificated form within six months.**

NB: Registered holders will not be able to require issuers or their ASR to contravene these requirements. Registered holders will not be able to demand that title instruments be issued.

Before issuers can issue new units of prescribed securities in uncertificated form, they will need to provide prospective registered holders with notice of their intention. The issuer will then need to, upon issue, record them in the ROH as being in uncertificated form and refrain from issuing any title instruments for them. If the registered holder has not yet set up a USI profile with the relevant ASR, they will become provisional system-members.

3.3 What are an issuer's responsibilities to registered holders?

In general, registered holder rights and entitlements will not change under USM. The principal difference will be the format used to represent a registered security holding and how the security holding can be transacted and accessed by the registered holder using the appointed ASR's USI facility.

There will be two new communications sent to registered holders under USM. These communications will be sent electronically to the details provided by the registered holder in their USI profile. Registered holders can optionally request communications by physical mail by contacting the issuer's appointed ASR, however fees may apply.

NB: Provisional system-members (those who do not have a USI identifier but have uncertificated securities) will receive all USM communications by physical mail.

3.3.1. Register update communication

Issuers of participating securities will be required to communicate to a registered holder any changes to the details of their uncertificated security holding recorded in the ROH. These changes may include changes to the registered name or address, or to a holding balance, such as:

- transfers into a holding;
- transfers out of a holding;
- allocations of new securities, such as a scrip dividend or rights issues; and
- subdivision and consolidation events.

These register update communications will need to be sent within one business day of the transaction for electronic communications to the registered holders with a USI profile, or within three business days for communications by physical mail to the registered holders without a USI profile.

3.3.2. Annual statement

In addition, the issuer's ASR will be required to send an **annual statement** on the uncertificated security holding recorded in the ROH to the registered holder, containing opening and closing balance details for the period. This must be sent within seven business days after the end of the annual reporting period, whether in electronic or paper format.

If the issuer appoints a new ASR in the reporting period, an additional communication will need to be sent covering the period up to the cessation of the original ASR. This will have to be sent within seven business days of the cessation of the ASR appointment.

3.4 An issuer's transition to USM

When the transition to USM begins, issuers of prescribed securities from eligible jurisdictions will be allocated a specific deadline (which will be a date falling within five years from the implementation of USM) to onboard as participating securities under USM. Sufficient advance notice of the allocated deadline will be given to each issuer, and their ASR will work with them to manage the transition.

Specific details will be provided at a later date via the guide published by SEHK.

To facilitate a smooth and orderly transition to USM, the issuer should ensure that they do not schedule any corporate actions close to the participation date, i.e., starting from 13 business days before their participation date to 10 business days after their participation date (moratorium period).

In any event, issuers should ensure that their corporate actions are scheduled in such a way that the following days do not fall within the moratorium period:

- a) the last registration day for the corporate action concerned;
- b) the distribution day for any securities (including rights) to be distributed under the corporate action concerned;
- c) any days on which there is parallel trading in the securities as a result of the corporate action concerned.

In exceptional cases, where issuers are unable to comply with the above, they should approach the ASR as soon as possible to discuss the way forward.

3.5 If an issuer plans to change its appointed ASR

A change of securities registrar refers to the process of transitioning the responsibility of the maintenance of the ROH from one securities registrar to another. Securities registrars will have agreed industry processes for the safe transition of a ROH and related information.

3.5.1 What are an issuer's responsibilities?

Issuers will need to notify the SFC and HKEX at **least three months in advance** if they intend to change their appointed ASR. If there are any subsequent changes to the details provided, issuers will need to notify the SFC and HKEX as soon as reasonably practical and in any event, within one business day after becoming aware of the change.

NB: There are two exceptions to this notification requirement:

1. If the prescribed security is a subscription warrant or rights issue, the issuer will not need to notify the SFC if:
 - the security has lapsed or expired; and
 - the ASR will continue to act for the underlying securities (i.e., the securities that can be acquired by exercising the warrants or rights).
2. If the ASR resigns with less than three months' notice, the issuer will need to notify the SFC and HKEX as soon as reasonably practicable after it becomes aware of the change.

Taking into account current requirements, prior to the date on which an ASR change takes effect, issuers will be required to publish an announcement setting out relevant details of the change in ASR and its impact on registered holders. Additionally:

- the new ASR will need to inform registered holders of how to set up a USI profile with the new ASR if they do not already have one;
- the existing (outgoing) ASR will need to inform registered holders of any impact of the change on them (e.g., any limitations/arrangements for accessing historical statements and other records issued by the existing (outgoing) ASR).

3.5.2 Is there any impact to registered holders of a switch in ASR?

The critical point under USM is that the **USI profile will not transfer with the ROH**. A registered holder's USI profile and USI identifier will be connected to the ASR with whom the holder established their USI profile. Therefore, the USI profile and USI identifier cannot be transferred to the new ASR.

Each uncertificated holder on the transferred ROH will therefore be required to establish a USI profile with the new ASR, unless they have a pre-existing USI profile with that ASR. If the registered holder does not have a USI profile associated with their security holding, they will not be able to transact on their securities on the new ASR's USI facility. Such registered holders will become provisional system-members of that new ASR.

3.5.3 Special and annual statement arrangements

- a) The existing (outgoing) ASR will generate special statements to all registered holders with uncertificated holdings. The reporting period is from 1 January to cessation day. As noted above, the ASR will also inform registered holders of any limitations/arrangements for accessing historical statements and other records.

- b) At the end of the annual reporting period, the new ASR will generate annual statements to all registered holders with uncertificated holdings. The reporting period will be from the effective date of being the new ASR to 31 December.
- c) USI holders will receive their special/annual statement digitally. Any registered holders who are provisional system-members will receive the special/annual statement in physical form.
- d) The special statement will be sent within seven business days based on cessation day. The annual statement will be sent within seven business days after the end of the annual reporting period.

Issuers are strongly encouraged to educate their registered holders about these when communicating the change of ASR.

4. Changes for registered holders in USM

USM will introduce a number of important changes for registered holders in how they access, transact upon and are notified about their securities. As prescribed securities become participating securities, all registered holders will be asked to consider their transition into USM.

Registered holders will not be forced to dematerialise their existing holdings, however they will need to be aware that new issuances, transfers and the allocation of new securities from events on existing certificated holdings will all result in uncertificated securities. Registered holders are strongly encouraged to dematerialise existing holdings once their securities participate in USM.

4.1 Setting up a USI profile and obtaining a USI identifier

Registered holders will need to set up a USI profile with the relevant ASR to be able to view and transact on their uncertificated securities and will be issued a unique USI identifier.

The USI profile and allocated USI identifier are important to the registered holder's interactions with the ASR, brokers and other market stakeholders. It is important that registered holders keep their details secure and up to date.

The USI identifier will need to be provided to:

- brokers to complete a transfer to or from the registered holder and HKSCC-NOMS;
- other registered holders where there is an agreement to transfer securities to the registered holder; and
- the ASR for the allocation of new securities, such as through an IPO.

The USI profile:

- will be used to populate critical details recorded on the ROH upon the receipt of securities that create a **new holding on the register**.
 - This new holding may be as a result of a transfer of securities from HKSCC-NOMS using the CCASS platform, a transfer from another registered holder using the ASR's UNSRT system, or an allocation of new securities, such as an IPO.
- may be used to ensure the validity of transfer requests to or from the registered holder.
 - These transfers may involve HKSCC-NOMS, other market stakeholders or other registered holders.

In all cases, registered holders will need to ensure they provide the correct USI identifier and name to a broker, other registered holder or the ASR to ensure there are no delays in processing transfers or allocations. The accuracy of the USI identifier and name provided is the responsibility of the registered holders.

NB: If an incorrect USI identifier and/or name is provided to a broker for transfers to/from HKSCC-NOMS, other registered holder for a transfer, or an ASR for an IPO application, e.g., one for a different ASR, or a mis-typed number or name, the registered holder will need to resolve these issues before the transaction can continue.

If a registered holder receives uncertificated securities without having a USI profile and USI identifier, the registered holder will become a provisional system-member. While their holder rights will be maintained (e.g., dividends, voting and other entitlements), access to uncertificated securities to view, manage or transfer will be restricted until they register fully.

NB: Uncertificated securities will not be able to be transferred by the registered holder if they are only a provisional system-member. The USI profile application process will need to be completed and the relevant ASR's Terms and Conditions accepted by the registered holder.

Important facts about USI profiles and USI identifiers

- Registered holders will need to set up a USI profile and obtain a USI identifier from the ASR of each issuer whose participating securities they hold. A USI set-up fee may be applicable. Please refer to the fee schedule of the relevant ASR, which will be available prior to USM going live.
- Registered holders **will need to** set up their USI profile with an ASR **prior to** receiving a transfer for uncertificated securities from another party. A person making a transfer will always have to assign an uncertificated holding with a USI identifier.

- Registered holders **should** set up their USI profile with an ASR **prior to** obtaining uncertificated securities from an IPO or other events such as a scrip dividend. Without this, the registered holder will become a provisional system-member and their ability to view and manage these securities, including transferring them, may be restricted.
- **Joint holdings** will require a USI profile that includes the details of each joint holder to be set up.
- **Corporate holdings** will require a USI profile to represent the legal entity holding the securities.
- Registered holders cannot have multiple holding balances in the same security and same name, under USM. Existing holdings of this nature will need to be consolidated prior to dematerialisation. Registered holders should consult their relevant ASR to take action.
- Registered holders will need to be **18 years or older** to apply for a USI profile.
- Please refer to Section 3.5 – If an issuer plans to change its appointed ASR, for issues related to ASR changes.

The table below provides examples of the type of documentation that a registered holder should provide to register with an ASR and obtain a USI profile and USI identifier. Joint holders will require one form of identity for each holder.

Individuals will need to provide one of the following (or for each member of a joint holding) in the order they are listed	Corporations will need to provide one of the following in the order they are listed
<ol style="list-style-type: none"> 1. Hong Kong Identity Document; 2. Other national identification document; or 3. Passport 	<ol style="list-style-type: none"> 1. Legal Entity Identifier registration document; 2. Certificate of incorporation; 3. Certificate of business registration; or 4. Other equivalent identity document

During the USI profile registration process, a number of details (see table below) will be collected by the ASR to create the USI profile for the registered holder.

NB: Registered holders will need to ensure that all details provided are accurate and kept up to date with each ASR to avoid delays accessing securities or entitlements, such as dividends and other issuer communications.

Individuals (or as part of a joint holding)	Corporations
<ul style="list-style-type: none"> • English character name (mandatory) and Chinese character name (optional). These must match (including the order of the name) those of the identity document/s provided • Date of birth • Gender • Identity document type, number and expiry (where applicable) • Address (one address for a joint holding) • Email address (one email address for a joint holding) • HK Dollar bank account details (bank accounts must be in the name of the registered holder) • Mobile number (at least one mobile number for a joint holding) • Signature specimen (for each joint holder) 	<ul style="list-style-type: none"> • English character name (mandatory) or Chinese character name (optional) of the entity (these must match those of the identity document provided). • Identity document type, number and expiry (where applicable) • Place of incorporation • Address of the entity • Email address • Mobile number • HK Dollar bank account details (bank accounts must match the name of the corporate registered holder) • Board resolution, including authorised person/s' details and signature specimens

4.2 What will ASRs provide to registered holders?

ASRs will provide registered holders with secure access to their systems to view and manage their uncertificated securities and communications related to the administration of those securities.

At a minimum registered holders will be able to:

- view their balance of uncertificated securities for an issuer with participating securities;
- approve or reject transfers to or from HKSCC-NOMS (i.e., transfers initiated by a broker via the CCASS);
- initiate transfers to another registered holder, provided that the other registered holder has also registered a USI profile with that ASR;
- approve or reject transfers from another registered holder, including the payment of Stamp Duty where required; and
- access communications from issuers and the ASR relating to their uncertificated holdings.

NB: There may be limitations for joint and corporate holders in the initiation of or approval/rejection of digital transfers or other transactions

4.3 What happens if a registered holder requests to dematerialise their existing certificates?

Once an issuer's securities become participating securities, registered holders will be able to choose to dematerialise their existing certificated holdings. This will involve the surrender of existing certificates to the ASR so that the units can be converted to uncertificated format.

At a minimum:

- the registered holder will need to have a USI profile and USI identifier registered with the relevant ASR;
- the security holding to be dematerialised will need to be in the same name as the details recorded on the USI profile to be used;
- if an investor has several separate holdings on a ROH due to a slight difference of the registered holder name and/or address for each holding which results in different holder identifiers, these will need to be consolidated into a single holding by the ASR as part of the dematerialisation process;

Within a participating security, it will not be possible to record a USI identifier across several different holdings.

- an entire certificate will need to be dematerialised. The ASR cannot dematerialise a portion of the securities represented by a certificate;

If there are many certificates for a holding, it will be possible to keep a part of a holding certificated as long as it is an entire certificate.

- the registered holder will need to consent to the dematerialisation of their security holding by completing the authorisations required by the ASR. A dematerialisation fee may be applicable. Please refer to the fee schedule of the relevant ASR, which will be available prior to USM going live.
- all certificates to be dematerialised will need to be surrendered to the ASR as part of the dematerialisation request, except in the event of lost certificates.

If all or part of the dematerialisation request is rejected, the ASR will notify the registered holder of the reason for the rejection.

The security holding may remain partially dematerialised while the matter is resolved.

Registered holders cannot be compelled to dematerialise existing certificated units however, **under no circumstances will any new certificates be created once a security becomes a participating security**. The following table presents a number of typical scenarios that require the consent from a registered holder to dematerialise their existing certificates:

Event	Will a registered holder need to submit a dematerialisation request?	Outcome
Existing registered holder chooses to dematerialise their share certificate(s)	<ul style="list-style-type: none"> • Yes, the ASR will require the registered holder to have a USI profile and USI identifier, to provide the share certificates, and to provide consent and authorisation to dematerialise their certificated holdings 	<ul style="list-style-type: none"> • The registered holder will need to follow the dematerialisation process to convert their security holding • Certificated holdings will be updated as being in uncertificated form in the ROH and the relevant certificates cancelled. • Dematerialisation at the request of the registered holder cannot be processed if the registered holder does not have a USI profile and USI identifier with the relevant ASR
Change of name for a registered holder on their share certificate(s)	<ul style="list-style-type: none"> • Yes, the ASR will require the registered holder to have a USI profile and USI identifier, to provide the share certificates, and to provide the consent and authorisation to dematerialise their holding. 	<ul style="list-style-type: none"> • No new certificate will be created • The registered holder will need to follow the dematerialisation process to convert their security holding and apply the name change • Dematerialisation at the request of the registered holder (including where the holder's name on the share certificate(s) is changed) cannot be processed if the registered holder does not have a USI profile and USI identifier with the relevant ASR
Replace damaged share certificate(s)	<ul style="list-style-type: none"> • Yes, the ASR will require the registered holder to have a USI profile and USI identifier, to provide the damaged 	<ul style="list-style-type: none"> • No replacement certificate will be created

Event	Will a registered holder need to submit a dematerialisation request?	Outcome
	<p>certificates, and to provide the consent and authorisation to dematerialise their holding.</p>	<ul style="list-style-type: none"> • The registered holder will need to follow the dematerialisation process to convert their security holding • Dematerialisation at the request of the registered holder (including in respect of damaged share certificate(s)) cannot be processed if the registered holder does not have a USI profile and USI identifier with the relevant ASR
<p>Replace lost share certificate(s) – after completion of the required lost certificate notification process</p>	<ul style="list-style-type: none"> • Yes, the ASR will require the registered holder to have a USI profile and USI identifier, to complete the necessary lost certificate notification process and to provide the consent and authorisation to dematerialise their holding. 	<ul style="list-style-type: none"> • No replacement certificate will be created • The registered holder will need to follow the dematerialisation process to convert their security holding • Dematerialisation at the request of the registered holder (including in respect of lost share certificate(s)) cannot be processed if the registered holder does not have a USI profile and USI identifier with the relevant ASR
<p>Issuance of new securities where the existing holding is fully or partially certificated, for example as a result of a scrip dividend or rights issue.</p>	<ul style="list-style-type: none"> • No, the ASR will calculate entitlements based on the existing holding balance of each registered holder, whether it is wholly certificated, wholly uncertificated or mixed certificated and uncertificated 	<ul style="list-style-type: none"> • No certificate will be created • Additional securities will be uncertificated • The registered holder will become a provisional system-member (those who do not have a USI identifier but have uncertificated securities)

Event	Will a registered holder need to submit a dematerialisation request?	Outcome
		<ul style="list-style-type: none"> The registered holders' rights and entitlements will not be affected, however their ability to view and manage uncertificated securities will be restricted. The registered holder will be unable to trade or transfer the uncertificated securities if they do not have a USI profile and USI identifier with the relevant ASR
<p>Issuance of new securities to a new holder or new ROH, for example, as a result of an IPO, distribution in specie, takeover consideration</p>	<ul style="list-style-type: none"> No, the ASR will allot the uncertificated securities to the registered holders on the allotment date 	<ul style="list-style-type: none"> No certificate will be issued New securities must be uncertificated The registered holder will become a provisional system-member (those who do not have a USI identifier but have uncertificated securities) Registered holders' rights and entitlements are not affected, however their ability to view and manage uncertificated securities will be restricted. The registered holder will be unable to trade or transfer the uncertificated securities if they do not have a USI profile and USI identifier with the relevant ASR
<p>A corporate action that results in a restructure of securities on the register, such as a subdivision or</p>	<ul style="list-style-type: none"> Yes, the ASR will require the registered holder to have a USI profile and USI identifier, to provide the share certificates, and to provide consent 	<ul style="list-style-type: none"> No replacement certificate(s) will be created as part of the event. Existing certificates will remain valid until they are cancelled, e.g., following a

Event	Will a registered holder need to submit a dematerialisation request?	Outcome
<p>consolidation; and the registered holder requests a replacement certificate.</p>	<p>and authorisation to dematerialise their holding.</p>	<p>dematerialisation with transfer or dematerialisation of the securities covered by the certificates.</p> <ul style="list-style-type: none"> • When required, the registered holder will need to follow the dematerialisation process to convert their security holding. This conversion will occur for the revised balance. • Dematerialisation cannot occur unless the registered holder submits a dematerialisation request and completes the dematerialisation process. The holder must establish a USI profile and USI identifier with the relevant ASR.
<p>Transfers between two registered holders where the registered holder (transferor) holds share certificates <i>(This is considered a 'dematerialisation with transfer' request)</i></p>	<ul style="list-style-type: none"> • Yes, the ASR will require the registered holder (transferee) to have a USI profile and USI identifier, to provide the share certificates, and to provide the consent and authorisation for the securities to become uncertificated. 	<ul style="list-style-type: none"> • The registered holders can follow the steps outlined in Section 5.4 and 5.5 to submit a 'dematerialisation with transfer' request • No certificate will be created • Existing certificated holdings will be updated as being in uncertificated form in the ROH • Dematerialisation and transfer cannot occur if the registered holder (transferee) does not have a USI profile and USI identifier with the relevant ASR

Initial details on dematerialisation of certificates in the HKSCC vault can be found in the [HKEX Information Paper](#). The latest information and circulars from HKEX can be located on the HKEX website on their [USM Uncertificated Securities Market](#) page.

5. Changes to transfers

5.1 Background

A transfer is the movement of the legal title of securities on the ROH from one entity to another.

There are two forms of ownership for listed securities.

1. Legal title ownership	The registered owners of the security hold the legal title of the securities directly on the ROH
2. Beneficial ownership	The beneficial owners have a beneficial interest to the securities but not the legal title. These owners usually hold their securities under a nominee who holds the legal title.

Stamp Duty requirements

In Hong Kong, transfers involving Change of Beneficial Ownership (CBO), regardless of whether there is also a legal title change, need to pay stamp duty in accordance with the Stamp Duty Ordinance (Cap. 117). Where applicable, the arrangement for payment of Stamp Duty is incorporated into the systems requirements and processes of USM.

Instrument of transfer

Currently, transferring securities is a paper-based process that requires a hard copy document called the '*Instrument of Transfer*' being submitted to the relevant securities registrar, along with the share certificate(s). Signature verification takes place. If the transfer validation requirements are met, the ROH is updated and a new certificate is issued. This process can take up to ten business days due to physical document handling and certificate printing.

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If the securities are beneficially held as part of CCASS Depository, legal title is held by HKSCC-NOMS. Transfers within HKSCC-NOMS only involve a transfer of beneficial ownership with no change of legal title.

What is changing?

In USM, transfers can be performed digitally, subject to the steps outlined below.

Currently, transfers typically require authorisation by both the transferee and transferor via signatures on an '*Instrument of Transfer*' before they can be processed. In USM, this principle will remain the same: one party will typically initiate the transfer,

and another will affirm it using the relevant ASR's USI facility. For transfers involving HKSCC-NOMS, HKSCC-NOMS will always transmit the transfer via the electronic interface between the HKSCC and the ASR. The registered holder will then affirm the transfer. A transfer and registration fee (T&R fee) may also be applicable. Please refer to the fee schedule of the relevant ASR, which will be available prior to USM going live.

The following outlines the key process to be followed for a range of different transfer transactions under USM:

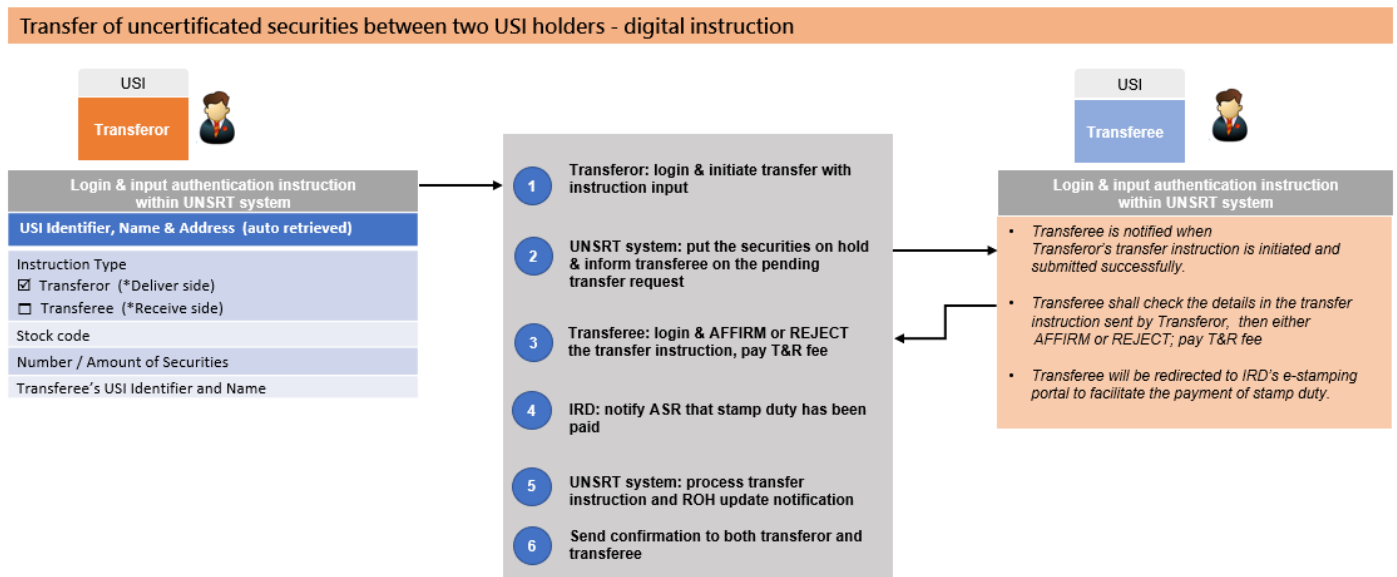
- 5.2 Transfers of uncertificated securities between two USI holders
- 5.3 Transfers of uncertificated securities to and from HKSCC-NOMS
- 5.4 Transfers from a certificated holding in a participating security to a USI holder
- 5.5 Transfers from a certificated holding in a participating security to HKSCC-NOMS

5.2 Transfers of uncertificated securities between two USI holders

NB: This section refers to transfers between registered holders other than HKSCC-NOMS.

Transfers of uncertificated securities between two USI holders will result in a change of legal title on the ROH.

The process flow of the transfer will be conducted entirely through the corresponding UNSRT system as illustrated below.



The following generic process assumes that the parties to the transfer have already agreed the terms of their transaction.

Step	Role	Action
1.	Registered holder, transferor	<p>Will log into the ASR's USI facility for the ASR managing the participating security and initiate a transfer to the transferee. The transferor must provide the correct USI identifier and name of transferee, as well as other transfer details such as stock code and quantity.</p> <p>The transferee must already have a USI profile established with the relevant ASR and must provide their USI identifier and name details to the transferor.</p> <p>The accuracy of the USI identifier and name of transferee provided is the responsibility of the transferee and transferor.</p>
2.	ASR	<p>Will perform validation on the request, including that the USI identifier and name provided for the transferee match.</p> <p>Will inform the transferee about the pending transfer request for affirmation.</p>
3.	Transferee	<p>Will log into the ASR's USI facility to affirm or reject the transfer request and will be required to pay the T&R fee via the ASR's USI facility after the affirmation.</p> <p>As part of the approval, a transferee who uses the USI facility will be redirected to the IRD's e-Stamping portal to pay the relevant Stamp Duty online or will arrange to pay it separately offline. (For details, please refer to point (b) - Instant stamping service under Section 5.6 – Special arrangements for Stamp Duty payment under USM).</p> <p>If the transfer request is rejected by transferee, both transferor and transferee will be notified.</p> <p>If the transfer request is not affirmed within five business days of the request being initiated at Step 1, the transfer request will be regarded as having lapsed and both transferor and transferee will be notified.</p>
4.	IRD	<p>If a transferee accesses the IRD's e-Stamping portal via the ASR's platform and pays the relevant Stamp Duty, the IRD will notify the ASR that Stamp Duty has been paid after the payment is successfully completed.</p>
5.	ASR	<p>If the confirmation of Stamp Duty payment is not received by the ASR within five business days for local transfer, or 30 calendar days for an overseas transfer; based on the date that transfer is affirmed at Step 3, the transfer request will be regarded as having lapsed by the ASR and both transferor and transferee will be notified.</p>

Step	Role	Action
		When confirmation of Stamp Duty payment is received, the ASR will perform relevant validation and process the transfer. The ROH will be updated. Both the transferor and the transferee will be advised of the transfer's completion.
	Processing time	<p>Transactions which use an end-to-end digital process will be processed as soon as possible, and in any event within two business days after the day affirmation is received, and confirmation of Stamp Duty payment.</p> <p>Processing periods will be subject to business hours and other operational dependencies. The parties to the transfer should consider the relevant processing periods when evaluating their respective obligations.</p>

NCBO transfer between two USI holders (other than HKSCC-NOMS)

The ASR's USI facility will access the IRD's e-Stamping portal to facilitate the payment of stamp duty. However, NCBO transfer between two USI holders does not involve the transfer of beneficial interest and no stamp duty payment is required.

- For NCBO transfers which are not subject to stamp duty, the transferor and/or transferee may need to provide documentation support (e.g., adjudication record from the IRD) to the ASR for registering the transfer, which is similar to the existing manual process.
- For NCBO transfers involving a nominee that is a custodian bank recognised by the IRD, the nominee will be able to initiate the transfer via the USI facility and confirm that such a transfer is not subject to stamp duty as there is no transfer of beneficial interest. The details of transfers that have been registered will be passed to the IRD for audit later.

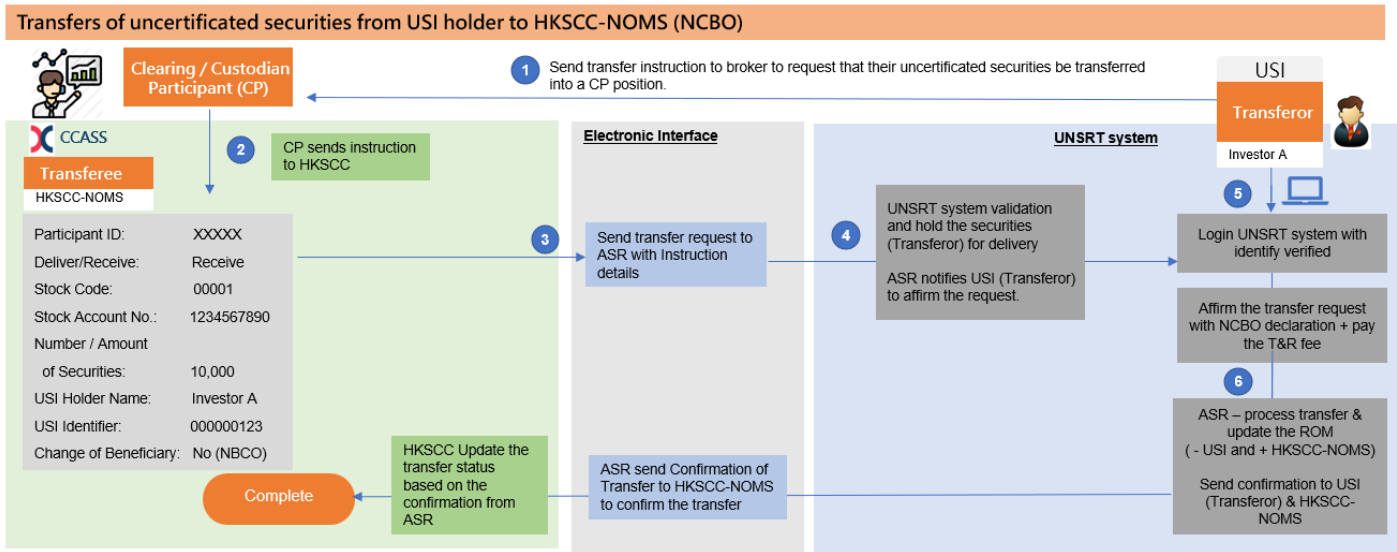
A request to register the transfer of uncertificated securities on the basis of an 'Instrument of Transfer' will generally be refused save in highly exceptional cases. USI holders who wish to use the '*Instrument of Transfer*' should first consult the relevant ASR to confirm whether it will be accepted. The ASR will review such requests on a case-by-case basis.

5.3 Transfers of uncertificated securities to and from HKSCC-NOMS

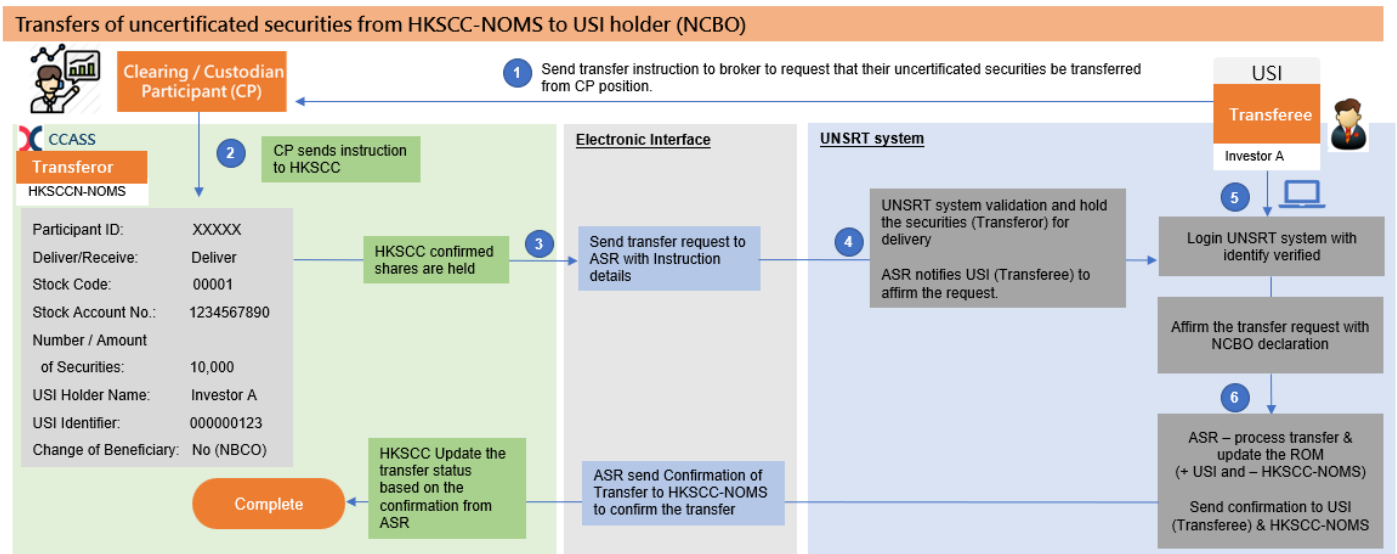
All transfers to and from HKSCC-NOMS will be submitted by the Clearing Participant or the Custodian Participant (CP) (who must be authorised by the IRD as an Authorized Person) and then initiated digitally by HKSCC through the electronic interface with the relevant ASR. The investor on whose behalf the transfer is initiated (i.e., the USI holder who is or will be the registered holder of the securities being transferred) will also be required to affirm the transfer.

The diagrams below illustrate the process flow of the transfer of uncertificated securities to and from HKSCC-NOMS.

a) Transfers of uncertificated securities from USI holder to HKSCC-NOMS (NCBO)



b) Transfers of uncertificated securities from HKSCC-NOMS to USI holder (NCBO)



The following generic process assumes that the investor (i.e., the USI holder) who is the transferor or transferee has a pre-existing relationship with the broker.

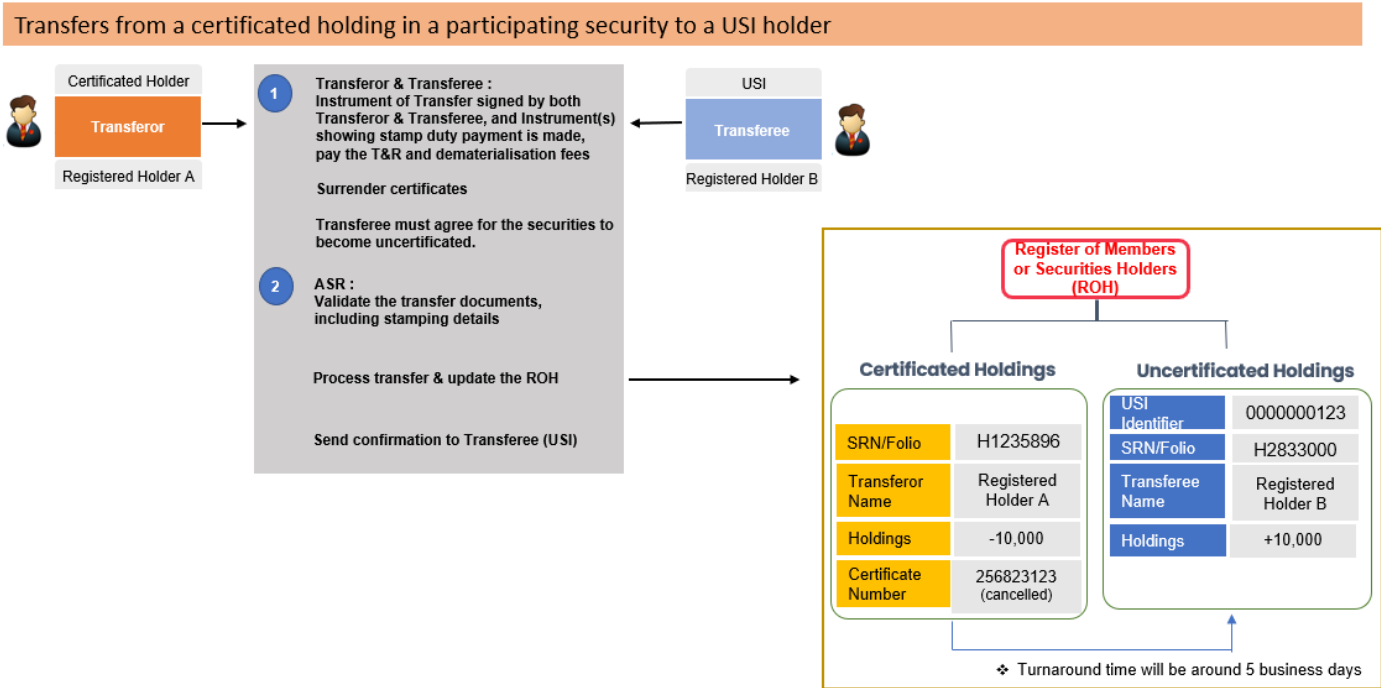
Step	Role	Action
1.	Investor	<p>Will request their broker to transfer their uncertificated securities into/from a CP position under HKSCC-NOMS.</p> <p>Provides their USI identifier and name (as recorded on the ROH of the relevant ASR) to the CP as well as other transfer details such as stock code and quantity.</p> <p>The accuracy of the USI identifier and name provided are the responsibility of the investor.</p>

Step	Role	Action
2.	CP/broker	Will ensure that the name of the requesting investor (as recorded or to be recorded on the ROH) is the same as the name of the client on whose account the securities are held/are to be held by the broker, and that there is no change in beneficial owner involved in this transfer instruction. Will submit a transfer instruction with a declaration of No Change in Beneficial Owner (NCBO) via CCASS. This request will include the USI identifier and name of the requesting investor.
3.	HKSCC-NOMS	Will forward the request to the relevant ASR through the dedicated electronic interface.
4.	ASR	Will perform validation on the request, including that the USI identifier and name provided match and NCBO declaration. Will inform the investor about the pending transfer request for affirmation.
5.	Investor	Will log into the ASR's USI facility to affirm or reject the transfer request and provide an NCBO declaration when affirming the request. The transfer request will not be able to continue if the NCBO declaration is not provided. For transfers of uncertificated securities to HKSCC-NOMS, the T&R fee will have to be paid at the time of making the affirmation and via the ASR's USI facility. If the transfer request is rejected by the investor, HKSCC-NOMS and the investor will be notified. If approval is not given within five business days of the request being received at Step 4, the transfer request will be regarded as having lapsed and HKSCC-NOMS and the investor will be notified.
6.	ASR	Will perform relevant validation and processes the transfer. The ROH will be updated. HKSCC-NOMS and the investor will be advised of the transfer's completion.
Processing time		Transactions which use an end-to-end digital process will be processed as soon as possible, and in any event within two business days after the day affirmation is received. Processing periods are subject to business hours and other operational dependencies. Investors should consider the relevant processing periods when evaluating their trading and settlement obligations.

5.4 Transfers from a certificated holding in a participating security to a USI holder (excluding HKSCC-NOMS)

If a certificated holding of a participating security is to be transferred to a new or existing registered holder (other than HKSCC-NOMS), this transaction will need to be performed manually with delivery of the '*Instrument of Transfer*' and the certificate to the ASR for cancellation and processing. A '*dematerialisation with transfer*' will be performed by the ASR.

The diagram below illustrates the operational flow for handling of a 'dematerialisation with transfer':



The following generic process assumes that the parties to the transfer have already agreed the terms of their transaction.

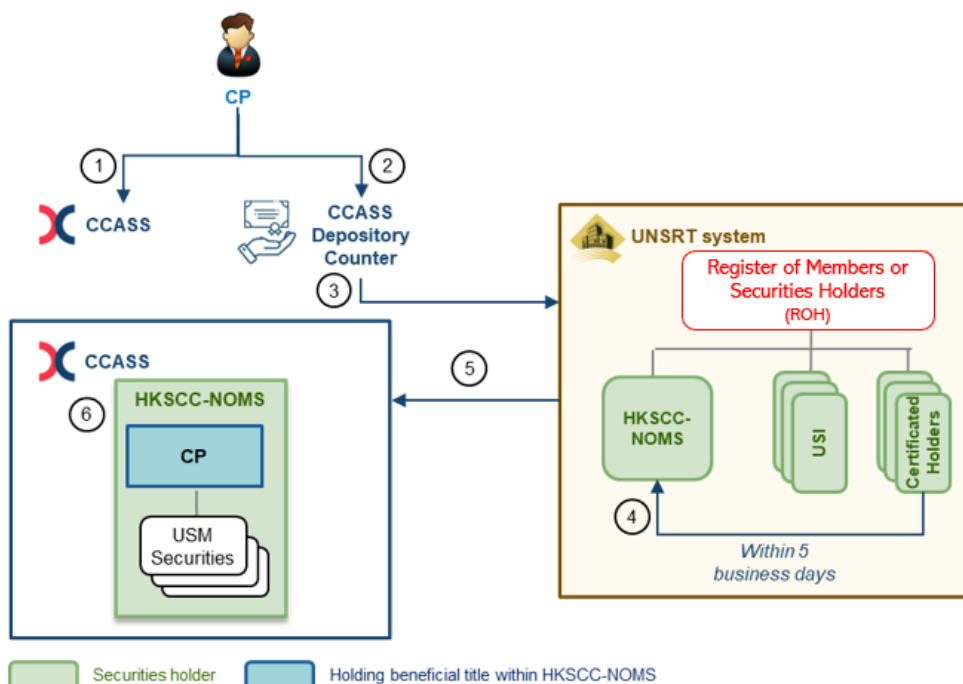
Step	Role	Action
1.	Both transferor and transferee	<p>Will complete an 'Instrument of Transfer' to request the transfer of certificated securities from the transferor to the transferee. Proof of identity for both parties may be required.</p> <p>The transferee must already have a USI profile established with the relevant ASR and have included the USI identifier in the 'Instrument of Transfer'. The transferee will also have to consent and authorise the dematerialisation of the securities to be transferred by filling out a request form.</p> <p>The form and certificate issued in the name of the transferor will need to be submitted to the ASR with 'Instrument of transfer' showing Stamp Duty already paid, including fixed duty of HK\$5 and the endorsement / stamps showing that ad valorem stamp duty was paid. If transfer is exempt from stamp duty (such as claiming intra-group relief under section 45 of the Stamp Duty Ordinance), the adjudication record from the IRD will be required. T&R and dematerialisation fees will also be applicable and will need to be paid when the request is submitted to the ASR.</p> <p>The accuracy of all information provided, including the parties' names and the transferee's USI identifier, is the responsibility of the transferor and the transferee.</p>

Step	Role	Action
		<p>An ASR will reject an ‘Instrument of Transfer’ that requests the transfer of a partial balance of a certificate. If a transferor wishes to transfer only a portion of the securities represented by a certificate, the transferor must set up a USI profile (if the transferor has not already done so) and submit the certificate together with a dematerialisation request. After dematerialisation, the transferor can log into the ASR’s USI facility and initiate a transfer to the transferee for the required quantity of the uncertificated securities (The details of the digital transfer transaction are outlined in Section 5.2 - Transfers of uncertificated securities between two USI holders).</p>
2.	ASR	<p>Will perform validation on the request, including that the USI identifier and name provided for the transferee match; will cancel the existing certificates in the name of transferor, and will process the transfer and the dematerialisation. The ROH will be updated, and a confirmation will be sent to the transferee.</p>
	Processing time	<p>As soon as possible, and in any event within five business days after submission of all relevant documents as described in Step 1 above; assuming confirmation of Stamp Duty payment and payment of the ASR’s fee are received at Step 1.</p> <p>ASR will arrange the return of the ‘Instrument of Transfer’ and certificates if the request is rejected.</p> <p>Processing periods are subject to business hours and other operational dependencies. The parties to the transfer should consider the relevant processing periods when evaluating their respective obligations.</p>

5.5 Transfers from a certificated holding in a participating security to HKSCC-NOMS

All transfers of certificated holdings of a participating security to HKSCC-NOMS will be initiated digitally through CCASS and the relevant certificate/s and supporting documentation, such as the ‘Instrument of Transfer’ signed by both the transferor and HKSCC-NOMS will have to be submitted to the ASR. A ‘dematerialisation with transfer’ will be performed by the ASR.

The diagram below illustrates the operational flow in handling of a 'dematerialisation with transfer':



The following generic process assumes that the registered holder has a pre-existing relationship with the broker.

Step	Role	Action
1.	Registered holder	<p>Will request their broker to transfer their certificated securities into a CP position under HKSCC-NOMS. They will deliver to the broker relevant certificates and supporting documentation, such as the 'Instrument of Transfer', signed by the registered holder as transferor. T&R and dematerialisation fees will be applicable and collected through the broker and HKSCC.</p> <p>An ASR will reject an 'Instrument of Transfer' that requests the transfer of a partial balance of a certificate. If a transferor wishes to transfer only a portion of the securities represented by a certificate, the transferor must set up a USI profile (if the transferor has not already done so) and submit the certificate together with a dematerialisation request. After dematerialisation, the transferor can request their broker to transfer the required quantity of the required quantity of the uncertificated securities into CP position under HKSCCN-NOMS (The details of the digital transfer transaction are outlined in Section 5.3 - Transfers of uncertificated securities to and from HKSCC-NOMS).</p>

Step	Role	Action
2.	CP/broker	Will submit a ' <i>dematerialisation with transfer</i> ' instruction via the CCASS. Supporting certificates and documentation will be prepared and delivered to the CCASS Depository counter.
3.	HKSCC-NOMS	HKSCC-NOMS will need to sign the transferee section of the ' <i>Instrument of Transfer</i> '. Will forward the digital request to the relevant ASR through the dedicated electronic interface and deliver the supporting certificates and documentation to the ASR.
4.	ASR	Await delivery of the supporting certificate and documentation. Will perform relevant validation, cancel the certificates in the name of the transferor, and process the transfer and the dematerialisation. The ROH will be updated, and confirmation will be sent to HKSCC-NOMS. If the supporting certificates and documentation are not received on the same business day as the digital request mentioned in step 3, the digital request will be regarded as having lapsed and HKSCC-NOMS notified.
Processing time		As soon as possible, and in any event within five business days after the submission of the digital request, supporting certificates and documents as described in Step 3 above. ASR will arrange the return of the supporting certificates and documentation to HKSCC-NOMS if the request is rejected. Processing periods are subject to business hours and other operational dependencies. Registered holders and brokers should consider the relevant processing periods when evaluating their trading and settlement obligations.

5.6 Special arrangements for Stamp Duty payment under USM

There will be two options available to registered holders to pay Stamp Duty on transfers of uncertificated securities:

- a) **Conventional stamping:** Transferors and transferees will need to prepare and submit signed paper contract notes and the '*Instrument of Transfer*' to the IRD for stamping. This process will be similar to the current practice for transferring certificated securities.
- b) **Instant stamping service:** This service is only available as part of the online transfer process between two USI holders using the ASR's UNSRT system (outlined in Section 5.2 - Transfers of Uncertificated Securities between two USI holders). Transferees will be directed, via the USI facility, to the IRD's e-Stamping service which will then calculate the Stamp Duty and any applicable penalties. Transferees can choose to make the payment online (i.e., FPS, PPS and credit card) or offline

(e.g., Internet banking, FPS, PPS, Bank ATM, payment at HK Post or convenience store, etc) through the IRD e-Stamping service.

As USM aims to remove the use of paper-based title instruments (such as share certificates) as far as possible, any contract note stamped by way of a stamp certificate and which is then pursuant to the instant stamping service described above should not need to be physically signed. With the removal of the physical signature, the contract note will be able to be prepared and executed in electronic form by transferors and transferees.

Upon receipt of the stamp certificate or confirmation of Stamp Duty payment from the IRD, the ASR will proceed with processing the transfer of uncertificated securities. In the online transfer process between two USI holders under the corresponding UNSRT system, the transferee will be redirected to the IRD e-Stamping System after online affirmation and payment of the T&R fee in the UNSRT system. The IRD e-Stamping System will provide the transferee with information regarding the amount of Stamp Duty and the late stamping penalty (if imposed); available payment options and payment due date.

If the Stamp Duty is settled through online payment, the IRD System will send a confirmation message back to the ASR. However, if the Stamp Duty is settled through offline payment on or before the due date, the ASR will confirm the payment against a daily confirmation record which will be provided by the IRD System before proceeding with the transfer. If the Stamp Duty is settled through offline payment but after the due date, the IRD System will not provide any daily confirmation to ASR as this transfer will have already incurred a late stamping penalty. Transferor and transferee should reach out to the IRD directly to settle the penalty and provide the confirmation of Stamp Duty payment to the ASR so that the ASR can proceed with processing the transfer within the processing timeframe.

The two business days (for local transfer) or 30 calendar days (for overseas transfer) stamping requirements will remain unchanged. In a USM context, this means that registered holders will still have two business days or 30 calendar days (as the case may be) from the execution date of the contract note to complete the stamping process. Where the transfer involves a change in legal title (and hence requires registration on the ROH), Stamp Duty will need to be paid before or at the time of submitting the transfer for registration. In both cases, however:

- the Stamp Duty payment will need to be completed within the due date for stamping; and
- the transfer will only be able to be registered after such payment is completed and confirmed by the IRD, regardless of whether online or offline Stamp Duty payment method is used.

a) Requirement and process for online Stamp Duty payment:

1. The Stamp Duty payment amount of the transfer instruction (with/without penalty) should not exceed the payment limits set in the IRD e-Stamping System.
2. If the transfer instruction fulfils point 1. above, the transferee will be able to select to pay online in the IRD e-Stamping System.

b) Requirement and process for offline Stamp Duty payment:

1. The Stamp Duty payment of the transfer instruction must not involve a penalty.
2. The Stamp Duty payment amount of the transfer instruction should not exceed the payment limits set in the IRD e-Stamping System.
3. If the transfer instruction fulfils point 1 and 2 above, the transferee will be able to select to pay offline and download the Payment Notice in the IRD e-Stamping System for payment.

- If the transfer instruction cannot fulfil the above-mentioned requirements or the transfer requires adjudication, or the execution date was more than four years ago, the transferor/transferee will need to go to the IRD for conventional stamping, and submit the stamped paper contract note, *'Instrument of Transfer'* or other required document to the ASR for registration of the securities.

NCBO transfer between two USI holders (other than HKSCC-NOMS)

For NCBO transfers involving a nominee that is a custodian bank recognised by the IRD, the nominee will be able to initiate the transfer via the USI facility and confirm that such a transfer is not subject to stamp duty as there is no transfer of beneficial interest. The details of transfers that have been registered will be passed to the IRD for audit later.

6. Corporate Actions

6.1 Background

Corporate actions are events initiated by a listed company that affect the rights attached to the company's issued shares.

Corporate actions can be either mandatory or voluntary for participating securities and non-participating securities. Mandatory corporate actions are automatically applied to all registered holders without any additional action by the holder; whereas voluntary corporate actions require holders to respond or provide instructions to participate. Examples include:

Mandatory corporate actions	Voluntary corporate actions
<ul style="list-style-type: none"> • Cash dividend • Scrip dividend • Bonus issue of shares/warrants • Sub-division and consolidation 	<ul style="list-style-type: none"> • Dividend payments with a choice between different options • Rights issues • Registered warrants • Takeover and share buy-back

6.2 Essential information for communicating corporate action events

6.2.1 The latest time for lodging a transfer request / record date / book closure period

Similar to today, issuers should disclose information relating to a corporate action to allow holders to understand the implications of the corporate action on their securities holdings. The key dates, such as the latest time for lodging a transfer request for registration, the record date and the book closure period, should be disclosed to holders so that they can take appropriate action.

The book closure period will be restricted to no more than two consecutive business days.

For each impacted corporate action, issuers will be required to disclose the submission cut-off date and time for all dematerialisation and transfer requests for certificated or uncertificated holdings. There may be differences between the times available for different channels and holding types.

The requirements around transfer registration are outlined in Section 5 – Changes to transfers.

6.2.2 Entitlements and new securities in uncertificated form and communications

Any entitlement, such as rights/warrants and new securities issued for participating securities must only be issued in uncertificated form (i.e., without a paper title instrument or certificates). Issuers should disclose the entitlement calculation methodology that will be adopted for all holders.

On the allotment of the entitlements, register update communications will be sent either electronically to registered holders with a USI profile, or via physical mail to registered holders without a USI profile.

The details on timing and the methods in which the communication may be sent to registered holders are outlined in Section 3.3.1 – Register update communication.

If a registered holder has not yet set up a USI profile with the relevant ASR, they will become provisional system-members upon the allocation of the entitlement or the new securities. While their holder rights will be maintained (e.g., dividends, voting and other entitlements); their access to uncertificated securities to view, manage or transfer will be restricted until they set up a USI profile with the relevant ASR.

The details of setting up a USI profile are outlined in Section 4.1 – Setting up a USI Profile and obtaining a USI identifier.

6.3 Key changes in corporate action events for participating securities

The following lists some key changes when an issuer with participating securities is performing certain corporate actions.

6.3.1 Scrip dividend / Bonus issue of shares / Distribution in specie

The distribution of new securities must be in uncertificated form. Issuers of participating securities will be required to send a register update communication to a registered holder once the uncertificated securities are recorded in the ROH.

The details on timing and the methods in which the communication may be sent to registered holders are outlined in Section 3.3.1 – Register update communication.

6.3.2 Open offer / Preferential offer

New securities issued under an open offer/preferential offer must be in uncertificated form. Registered holders who participate in the open offer/preferential offer will be notified of the subscription result and will be allocated uncertificated securities. Register update communications advising registered holders about the allotment of the uncertificated securities will be sent electronically to registered holders with a USI profile or to registered holders without a USI profile via physical mail.

The details on timing and the methods by which the communication may be sent to registered holders are outlined in Section 3.3.1 – Register update communication.

6.3.3 Rights issues / Registered warrants

The allocation of entitlement to rights/warrants will be issued as uncertificated securities. Provisional Allotment Letters/Warrant Certificates will no longer be issued. A separate application form will be available for registered holders to submit

their exercise instruction. Issuers should disclose the requirements related to the exercising of the entitlement of rights/warrants and the available ways to make the payment.

Securities that are acquired by the exercising of rights/warrants will be issued as uncertificated securities and will be accompanied by updated communications that will be sent to registered holders electronically or physical mail.

An ASR, on behalf of the issuer, will be required to send register update communications to registered holders when there is change in the ROH during each of the following stages:

- Allotment of the entitlement of rights/warrants
- Removal of the entitlement of rights/warrants, if the exercise application is accepted
- Lapse of the remaining entitlement of rights /warrants after the exercise period
- Allotment of the securities that are acquired due to the exercise instruction application

There is no requirement to dematerialise rights/warrants that are issued before the underlying securities become participating securities. However, once the underlying securities become participating securities, any new rights or warrants issued, and any units of the underlying securities issued to the rights/warrant holder, must be in uncertificated form.

6.3.4 Sub-division or consolidation

The sub-division or consolidation process changes for companies with participating securities under USM.

Currently, the sub-division or consolidation calculation is applied to the total number of securities owned by registered holders. Following the calculation, any fractional shares are forfeited. Once the sub-division or consolidation is effective, registered holders currently submit their existing certificates to the securities registrar in exchange for new certificates with a recalculated balance.

The following outlines the changes once a security is participating in USM under different holder scenarios.

a) Wholly certificated holdings

For registered holders with wholly certificated holdings, the sub-division or consolidation calculation will be performed on the total certificated balance, with fractional shares forfeited. Importantly, certificate exchange will no longer be available. Existing certificates remain valid title evidence until they are transferred or dematerialised and the unit value on the

certificate remains as a pre-sub-division or consolidation value. The balance maintained digitally by the ASR will reflect the updated balance. Registered holders with a USI profile can dematerialise these certificated holdings at any time.

b) Wholly uncertificated holdings

For registered holders with wholly uncertificated holdings, the sub-division or consolidation calculation will be performed on the total uncertificated balance in the same way described previously and fractional shares will be forfeited. Register update communications will be issued following the adjustment and update of the ROH, showing the latest uncertificated holding balance.

c) Mixed certificated and uncertificated holdings

Importantly, for registered holders with a mix of both certificated and uncertificated securities, the sub-division or consolidation calculation will be performed separately on the certificated and uncertificated portions. Fractional shares that result from each calculation will be forfeited. Issuers will be required to disclose the calculation methodology if their register contains a mix of certificated and uncertificated holdings and describe the impact on registered holders. Issuers should encourage impacted registered holders to dematerialise their certificated securities ahead of the event, so they are not adversely impacted.

For registered holders with a mix of both certificated and uncertificated securities, certificate exchange will no longer be available. Existing certificates remain valid title evidence and the unit value on the certificate remains as a pre-sub-division or consolidation value. Registered holders can reach out to the ASR to enquire about the post-sub-division or consolidation value. Register update communications will be issued with the latest uncertificated holding balance only; the entire holding balance will not be reflected.

6.3.5 Delisting

If participating securities are to be delisted, the ASR will need to issue an annual statement that reflects the holder's uncertificated balance as at the point of delisting. The annual statement will be dispatched within seven days of the delisting or of the ASR ceasing to be the securities registrar for those securities (whichever occurs first).

The issuer of the participating securities will be required to rematerialise any uncertificated units in the ROH as part of the delisting process, by removing the records of the registered holders in uncertificated form and sending register update communications to the registered holders electronically or via physical mail.

Unless there is a reasonable excuse (refer to SFC's USM Rules, Rule 27, 'Rematerialisation in contemplation of delisting'), the issuer should issue the title instruments on those uncertificated units that have been rematerialised and let registered holders know when and how title instruments can be obtained from the issuer. These securities will no longer be part of USM and will not be able to be transferred digitally.

6.3.6 Share removal and/or repositioning procedure between an overseas register and a Hong Kong register

Registered holders with securities registered on an overseas register can remove/reposition their securities to the Hong Kong register or move them from the Hong Kong register to an overseas register. Registered holders are required to provide a request form, together with the corresponding physical certificates (applicable for certificated securities) and payment of relevant charges to the securities registrar of origin. Once the removal/repositioning procedure is completed, registered holders will receive the physical certificate and/or confirmation (if the certificate is not provided) issued by the relevant receiving registrar.

Under USM, the submission of the remove/reposition request will be subject to each overseas and Hong Kong registrars' agreed channels for submission.

Once an issuer is participating in USM, the issuer can no longer issue certificates or other paper title instruments. Thus, the securities being removed/repositioned from an overseas register to a Hong Kong register will have to be dematerialised and recorded in the Hong Kong register as being in uncertificated form. Registered holders will receive register update communications once their uncertificated security holdings have removed/repositioned to the Hong Kong register. Registered holders will be strongly encouraged to have their USI profile ready with the relevant ASR before the submission of the removal/reposition request to avoid any delay/impact on any transaction of their securities.

a) Removal/repositioning of shares on an overseas register to a Hong Kong register

Registered holders will need to include their correct USI identifier and name in the removal/reposition request and provide this information to the relevant overseas registrar. Once the shares on the overseas register are removed/repositioned to the Hong Kong register, the shares will be recorded in the ROH as uncertificated securities. Register update communications will be sent electronically to the registered holders, and they will be able to transact their uncertificated securities digitally.

The details of obtaining a USI identifier are outlined in Section 4.1 – Setting up a USI Profile and obtaining a USI identifier.

b) Removal/repositioning of shares on a Hong Kong register to an overseas register

(i) Registered holders with certificated securities

Registered holders with certificated securities on a Hong Kong register are not required to have a USI profile established for these securities if they want to remove/reposition the entire balance of the certificate to an overseas register. They can follow the existing practice to submit the removal/reposition request, corresponding physical certificates and payment for the relevant charges to a Hong Kong register. The Hong Kong registrar and the overseas registrar will then process the request.

However, if the registered holders would like to remove/reposition *a portion of the securities represented by a certificate* to an overseas register; they must have their USI profile ready, and submit a dematerialisation request, the certificates and the removal/reposition request together. The Hong Kong registrar will first process the dematerialisation request, then the removal/reposition request. After dematerialisation, the quantity of securities specified in the removal/reposition request form will be removed/repositioned on the overseas register in accordance with the issuer's local registration requirements. The Hong Kong registrar will update the Hong Kong register for the removal/repositioning and with respect to the ROH movements, send a register update communication electronically to the registered holders.

If the dematerialisation request is rejected by the Hong Kong registrar, the Hong Kong registrar will notify the registered holder of the reason for the rejection. The removal/reposition request will also not be processed. Thus, the registered holders are strongly encouraged to submit a dematerialisation request and physical certificates once the issuer has participated in USM in order not to delay or impact the processing on subsequent transactions.

The details of the process for the dematerialisation of certificates are outlined in Section 4.3 – What happens if a registered holder requests to dematerialise their existing certificates?

(ii) Registered holders with uncertificated securities

Registered holders with uncertificated securities on the Hong Kong register will need to have their USI profile established with the relevant ASR before the submission of the removal/reposition request. They will need to include their USI identifier and name and the quantity of uncertificated securities to be transferred/repositioned on the request form and submit it together with payment for the relevant charges. Once the removal/reposition request is

completed by the Hong Kong registrar, register update communications will be sent electronically to the registered holders.

6.3.7 Takeover and share buy-back

a) Non-participating securities

There are no changes to this current process for non-participating securities under USM. Currently, a paper-based Acceptance and Transfer Form is used to allow registered holders of the offeree company to submit their acceptance during a takeover event. Holders can submit their acceptance by providing a completed Acceptance and Transfer Form together with the physical share certificates to the offeror's receiving agent. If the holders would like to tender a portion of the securities represented by a certificate, they approach the Issuer's securities registrar to arrange for certificate splitting before submitting their acceptance.

The offeror's receiving agent forwards the received Acceptance and Transfer Forms and physical share certificates to the Issuer's securities registrar for validation, as well as for transfer registration when the offer becomes unconditional. In the case of a partial offer or a partial acceptance, a new certificate is issued by the Issuer's securities registrar for the certificated units that are not acquired by the offeror, and this new certificate is returned to the registered holders.

b) Participating securities

When the offeree company is participating in USM, the paper-based Acceptance and Transfer Form will still be used for the holders of an offeree company to submit their acceptance. The following section details the processes, including those that will change due to USM:

(i) No certificate splitting under USM

Registered holders with a physical certificate who plan to tender a portion of the securities represented by a certificate will first need to approach the issuer's ASR for dematerialisation. Once this is completed, the quantity of uncertificated securities that they plan to tender can be accurately filled in on the Acceptance and Transfer Form.

(ii) Using paper-based Acceptance and Transfer Form for the acceptance submission for certificated and uncertificated holdings

- 1) Registered holders with certificated holdings will need to follow the current practice to submit their acceptance by providing a completed Acceptance and Transfer Form together with the physical share certificates to the

offeror's receiving agent. Registered holders who plan to tender a portion of the securities represented by a certificate will need to follow the procedure described in point b(i) above (No certificate splitting under USM).

2) Registered holders with uncertificated holdings will need to specify the quantity of the uncertificated securities that they are tendering on the Acceptance and Transfer Form and submit it to the offeror's receiving agent.

3) Registered holders with both certificated and uncertificated holdings

Additional requirements may apply in respect of registered holders with both certificated and uncertificated holdings in the offeree company, e.g., they may have to sign separate Acceptance and Transfer Forms for each type of holding; the offeree company's ASR may reject either or both forms; etc. As such matters may differ from case to case, registered holders should refer to the relevant offer document and/or announcement for details.

(iii) [New process to lock accepted uncertificated holdings after validation is performed by the offeree company's ASR](#)

1) The offeror's receiving agent will pass the paper-based Acceptance and Transfer Form to the offeree company's ASR for validation, such as checking the completeness and accuracy of the information provided on the form, verifying the signature, etc. If the validation is completed successfully, the offeree company's ASR will place a lock on the accepted uncertificated units, preventing holders with a USI profile from transferring their accepted uncertificated holdings to another party.

2) However, for registered holders with uncertificated holdings who do not have a USI profile for the offeree company at the time that their paper-based Acceptance and Transfer Form is under validation, the offeree company's ASR will reject the Acceptance and Transfer Forms received from them and will not place any lock on such holders' uncertificated holding.

(iv) [Accepting holders with uncertificated units must have a USI profile with the offeree company's ASR prior to accepting into a takeover.](#)

This restriction will be enforced by the offeree company's ASR because the transfer for completing the takeover event cannot be executed if registered holders do not have a USI profile with that ASR. Provisional system members are restricted from transferring their uncertificated securities.

(v) Partial offer on the acceptance for a certificated holding and return of uncertificated units

- 1) If there is a partial offer and the offeror will only acquire a portion of the securities represented by a certificate, the offeree company's ASR cannot issue any new certificates to represent the certificated units that are not acquired by the offeror. The ASR can only return uncertificated units.
- 2) The offeree company's ASR will rely on the issuer's authorisation to dematerialise a certificate. The uncertificated units will first be reflected in the ROH in the name of the registered holder as uncertificated units. Registered holders will receive a register update communication from the offeree company's ASR on the dematerialisation of the certificate and the transfer of the uncertificated units acquired by the offeror. The offeror will also receive a register update communication once the transfer of uncertificated units is completed.

This holder will become a provisional system member and will need to establish a USI profile to transact the remainder of their holding.

- 3) If the offeror will only acquire a specified number of certificated units from an accepting holder in a partial offer, the consideration together with the certificates representing units not acquired by the offeror will (subject to paragraphs (1) and (2) above) be delivered to the registered holder within the timeframe specified in the Takeovers Code. For the certificates being acquired by the offeror, a 'dematerialisation with transfer' will be performed by the offeree's ASR. The dematerialisation request will be instructed by the offeror, in the capacity as the transferee. The offeror will receive a register update communication once the transfer from the certificated holding to the uncertificated holding is completed.

7. ASR Services under USM during severe weather and extreme conditions

7.1 Background

Today, securities registrar counters are closed under severe weather conditions, such as a Typhoon No. 8 signal or above, black rainstorm warning signal, and/or extreme conditions. Registered holders can submit their requests, such as transfer requests, change of particulars requests, etc., when counter service resumes.

For requests sent by mail to a securities registrar, there are often delays in delivery as postal services are typically unavailable under severe weather and extreme conditions.

The table below lists the operating hours of the securities registrar counters under severe weather and extreme conditions.

Signal type	Time	Counter service
Typhoon No. 8 signal or above Black rainstorm warning signal	Issued before 9 am and NOT lowered / cancelled at or after 1 pm	<ul style="list-style-type: none"> • Are closed for whole day.
Typhoon No. 8 signal or above Black rainstorm warning signal	Issued before 9 am and lowered / cancelled before 1 pm	<ul style="list-style-type: none"> • Are not available in the morning. • Will resume normal within two hours once the signal is lowered/ cancelled.
Typhoon No. 8 signal or above	Issued after 9 am	<ul style="list-style-type: none"> • Are closed immediately once the signal is issued.
Black rainstorm warning signal	Issued after 9 am	<ul style="list-style-type: none"> • Remain open, no impact on counter services.
Extreme conditions	Announced anytime in the morning by the HKSAR Government	<ul style="list-style-type: none"> • Are closed for whole day.

7.2 ASR services

ASR counters will be closed during severe weather and extreme conditions, but an ASR's USI facility will remain accessible. Eligible USI holders can continue submitting their requests such as transfer requests and transfer affirmations online, via the ASR's USI facility. Registered holders can submit paper-based transfer requests (transfer types mentioned in Section 5.4 and 5.5) once counter services resume. ASRs will continue to process the requests collected prior to severe weather and extreme conditions, but the processing time may be extended by the number of days the weather conditions impacted market operations.

As Hong Kong's securities and derivatives markets are open when a Typhoon No. 8 signal or above or black rainstorm warning signal is hoisted, there is no impact on the transfers of uncertificated securities to and from HKSCC-NOMS (transfer type mentioned in Section 5.3). Transfer requests can still be submitted by a CP in CCASS and then initiated digitally by HKSCC through the electronic interface with the relevant ASR. Registered holders can confirm these transfers digitally using an ASR's USI facility. If the transfer request requires additional validation performed by ASR staff, the validation will be performed on the next business day once the signal is cancelled.

Under extreme conditions, HKEX will make an announcement as to whether Hong Kong's securities and derivatives markets will be closed on any given business day. If the markets are closed, ASRs will not receive any transfer requests (transfer types mentioned in Section 5.3 and 5.5) from HKSCC as HKSCC will not send any transfer requests through the electronic interface on that day. Consequently, any transfer requests submitted by investors to their CP or by CPs to CCASS prior to this day, and not yet processed by HKSCC, will be transmitted to ASRs through the electronic interface once the markets resume normal operations. ASRs will then process the received transfer requests as per Section 5.3 and 5.5.

7.3 Issuer's announcement

Currently, issuers are required to publish the details of any handling changes in the event of typhoon, black rainstorm or extreme conditions in their corporate action announcement. HKEX offers various guidance / practice notes for issuers on the best practice handling if severe weather and extreme conditions occur on the key dates of a corporate action. If an issuer chooses to not follow HKEX's best practice handling, they will need to include their own handling arrangements in their corporate action announcement. Registered holders should always refer to the corporate action announcement for the details.

If there is a Typhoon No. 8 signal or above, black rainstorm warning signal and/or extreme conditions in force on the deadline for submitting share registration requests, registered holders will need to refer to the latest corporate action announcement to ascertain if the deadline for loading share registration requests will be extended or deferred.

If the official deadline is extended to the following business day (which does not have any weather warnings in force), registered holders can submit transfer requests and the process flow mentioned in Section 5.2 to 5.5 must be completed by the revised deadline so that the ASR can process the transfer requests and change the legal title to transferee in the ROH.

The ASR will assign an expiry date for transfer requests mentioned in Section 5.2 and 5.3. Registered holders are required to complete the process flow on/before the expiry date, otherwise the transfer request will lapse. If the expiry date has the same date as the original official deadline but the process flow is not completed by the original official deadline, it will be at each ASR's discretion whether to lapse the transfer request or extend the expiry date to a revised deadline. Handling may vary between ASRs.

Appendix 1 – Other topics, defined terms, and glossary

Other topics

Pledging

'Share Pledging' or equitable mortgages over registered securities in USM

Share pledging happens where a borrower wants to use their security holding as collateral for a loan. In the certificated environment, lenders can take physical possession of the certificate along with a transfer form signed by the borrowing registered holder. These documents are held by the lender as collateral for the loan, referred to as an equitable mortgage. If the borrower defaults on the terms of the loan, the lender can take ownership of the securities by counter-signing the transfer form and submitting to the securities registrar for registration of the transfer of title. Physical possession is therefore considered to provide control to the lender, although this is imperfect.

In an uncertificated holding, this physical possession is not possible. In other dematerialised markets, lenders have commonly adapted their arrangements to take direct custody of the collateralised securities. However, ASRs may also consider offering a service that provides an equivalent form of control for uncertificated securities, compared to the current pledging arrangement, via a tripartite agreement with the lender and the registered holder and the 'locking' of the uncertificated securities. As this would be a commercial service offering that may vary between ASRs, registered holders and lenders interested in making such arrangements should consult the relevant ASR to discuss their service option.

Defined terms

Term	Definition
AGM	Annual General Meeting
CBO	Change of Beneficial Ownership
CCASS	The Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on SEHK
CIS	Collective Investment Scheme
CP	Clearing Participants or Custodian Participant
EGM	Extraordinary General Meeting
FPS	Faster Payment System
FSR	Federation of Share Registrars Limited
HK	Hong Kong
HKEX	Hong Kong Exchanges and Clearing Limited
HKSCC	Hong Kong Securities Clearing Company Limited
HKSCC-NOMS	HKSCC Nominees Limited
IRD	Inland Revenue Department
IPO	Initial Public Offer
NCBO	No Change in Beneficial Ownership
PPS	Phone and online bill payment solution offered by EPS Company (Hong Kong) Limited and Hong Kong Telecommunications (HKT) Limited
ROH	The register of members (in the case of shares) or register of holders (in the case of prescribed securities)
SFC	Securities and Futures Commission
UNSRT	Uncertificated Securities Registration and Transfer
USM	The initiative or regime for implementing an uncertificated securities market in Hong Kong

Glossary

Term	Definition
Affirm	The process by which one party acknowledges and affirms a transfer request initiated by a broker via the electronic interface with HKSCC-NOMS or another registered holder via the ASR's USI facility
Approved Securities Registrar (ASR)	An Approved Securities Registrar, i.e., an entity approved by the SFC to provide securities registrar services under new Section 101AAG of the Securities and Futures Ordinances introduced under Section 7 of the USM Amendment Ordinance
ASR Code	The SFC's Code of Conduct for Approved Securities Registrar, the latest proposed draft of which is at Annex 4 of the July 2024 Consultation conclusions
ASR Rules	The Securities and Futures (Approved Securities Registrars) Rules (Cap 571AT)
CCASS Depository	One or more securities depositories for CCASS, providing safe-keeping facilities for securities that are eligible to be held in CCASS as well as to cater for withdrawals and deposits of Eligible Securities by Participants
Certificated securities	Shares of securities that are issued, transferred, and held with paper-based documents
Clearing Participant	A Participant admitted to participate in CCASS as a Direct Clearing Participant or a General Clearing Participant
Corporate action	Corporate actions are events initiated by a listed company that affects the rights attaching to the company's issued shares. Some events are simple, mandatory and no action is required from registered holders e.g., cash dividend, while others are more complex, options and a response from registered holders is required (e.g., rights issue, privatisation)
Custodian Participant	A Participant admitted to participate in CCASS as a Custodian Participant
Distribution <i>in Specie</i>	Distribution <i>in specie</i> refers to the distribution of assets or securities by a company to its registered holders without converting them into cash
Electronic interface to HKSCC	A secure electronic interface between HKSCC and each ASR which transmits transfer instructions, registers update notifications and a range of corporate action interactions relating to the HKSCC-NOMS holding on the ROH
HKSCC vault	A depository facility for the safekeeping by HKSCC of securities certificates
HKSCC Nominees Limited	The central nominee that is the registered holder of all securities held in CCASS
Instrument of Transfer	An instrument by means of which any Hong Kong stock is transferred, and includes a letter of renunciation
Issuer	A corporation or other body whose securities are listed or proposed to be listed (on the SEHK)
July 2024 Consultation conclusions	The SFC's July 2024 Consultation conclusions on proposed subsidiary legislation, code and guidelines for implementing an uncertificated securities market in Hong Kong
Legal title	Investors hold legal title to securities if they are registered with the issuer as the legal owner of the securities, and therefore have a direct relationship with the issuer, and receive rights and entitlements from the issuer directly
Listing Rules	The Rules Governing the Listing of Securities on the SEHK

Term	Definition
Local transfer	A transfer executed in Hong Kong
Overseas transfer	A transfer executed outside Hong Kong
Participating securities	Prescribed securities that are USM-enabled in the sense that all relevant procedures and formalities for legal title to the securities to be evidenced and transferred without paper have been completed
Participation date	In relation to any prescribed securities, the date on which those securities are to become participating securities
Prescribed securities	The six categories of securities that are: <ol style="list-style-type: none"> 1. listed on the SEHK; and 2. may participate in the USM regime; namely: <ol style="list-style-type: none"> a) shares; b) depositary receipts; c) stapled securities; d) interests in authorised CIS; e) subscription warrants; and f) rights under a rights issue.
Provisional system-member	An investor in respect of whom an ASR has set up a temporary or provisional USI facility to enable the investor to hold (but not otherwise manage prescribed securities electronically through a UNSRT system operated by the ARS
Registered holder	In relation to any prescribed securities, a person entered in the register of holders of those securities as a holder of those securities
Register of holders	In relation to any prescribed securities: <ol style="list-style-type: none"> a) means the register of holders of those securities kept under the USM Rules; and b) includes a register kept under any applicable law or governing provisions
Rights Issue	A Right Issue refers to a company offers its existing registered holders the right to purchase additional shares in proportion to their existing shareholding
Securities registrar	A person/entity who maintains, in Hong Kong, the ROH for any prescribed securities
Securities Registrar Services	Services that can only be provided by the ASRs
Security	See prescribed security
SEHK	The Stock Exchange of Hong Kong Limited, a recognised exchange company under the SFO and wholly owned subsidiary of HKEX
Share	See prescribed security
Stock	See prescribed security
System-member	1. In relation to a UNSRT system operated by an approved securities registrar, means: a person who, having completed the registrar's procedures to set up a USI facility for using the system, is

Term	Definition
	<p>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</p> <p>2. Two or more such persons who are so permitted in respect of prescribed securities held, or to be held, by them jointly.</p>
Transact	To transfer the shares in uncertificated forms
Transferor	A Transferor is a party who transfers or conveys ownership or rights to another party
Transferee	A Transferee is a party who receives ownership or rights transferred from the transferor
Uncertificated securities	Securities held without paper-based documents and recorded in the ROH as being held in uncertificated form
Unit	A single share, stock or security
UNSRT system	Uncertificated Securities Registration and Transfer (UNSRT) system operated by ASRs. A computer-based system, together with procedures and other facilities, that enables title to prescribed securities to be evidenced and transferred without paper-based documents; and facilitates supplementary and incidental matters
USI facility	A facility for managing prescribed securities that are in uncertificated form, and which requires the holder of the securities to manage those securities directly
USI holder	An individual, joint holder or corporate who has set up a USI profile on a particular USI facility via an ASR. They may or may not hold participating securities at any particular time
USI identifier	A unique number assigned to a USI holder by each ASR
USI profile	<p>Information collected for the purposes of</p> <ol style="list-style-type: none"> 1. creation and maintenance of ROH; 2. operational purposes; 3. authenticating identification and instructions; and 4. digital communication.
USM Amendment Ordinance	The Securities and Futures and Companies Legislation (Amendment) Ordinance 2021
USM Rules	The Securities and Futures (Uncertificated Securities Market) Rules (Cap 571AS)

Appendix 2 – Share Registrar contact details

Name of Share Registrar	Address	Tel	Fax	Website and Email Address
BoardRoom Share Registrars (HK) Limited	2103B, 21/F, 148 Electric Road, North Point, Hong Kong	(852) 2153 1688	(852) 3020 1533	W: https://www.boardroomlimited.com/hk E: srinfo.hk@boardroomlimited.com
Computershare Hong Kong Investor Services Limited	17M/F Hopewell Centre, 183 Queen's Rd E, Wan Chai, Hong Kong	(852) 2862 8555		W: https://www.computershare.com/hk E: hkinfo@computershare.com.hk
Tricor Investor Services Limited	17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong	(852) 2980 1888	(852) 2810 8185	W: https://srhk.vistra.com/ E: is-usm-enquiries@vistra.com
Union Registrars Limited	Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong	(852) 2849 3399	(852) 2849 3319	W: http://unionregistrars.com.hk E: info@unionregistrars.com.hk