

**The progress and timetable of the reviews and consultations
relating to the Companies Ordinance (Cap. 32)**

<u>Consultation/Review</u>	<u>Progress</u>	<u>Legislative Timetable</u>
<p>1. Consultation on the draft Companies Bill (CB)</p>	<ul style="list-style-type: none"> ● As part of the Companies Ordinance (CO) rewrite exercise, a three-month first phase consultation on the draft CB was launched on 17 December 2009 and will end in mid-March 2010. The first phase consultation covers roughly half of the draft CB. 	<ul style="list-style-type: none"> ● The Administration aims to introduce the CB into LegCo by the end of 2010.

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	<ul style="list-style-type: none"> ● The second phase consultation will be launched in March 2010. 	
<p>2. Consultation Paper on Possible Reforms to the Prospectus Regime in the CO and the Offers of Investments Regime in the Securities and Futures Ordinance (SFO)</p>	<ul style="list-style-type: none"> ● Regarding the proposal to transfer the regulation of public offers of structured products in the form of debentures from the CO prospectus regime to the Offers of Investments regime of the SFO, the SFC has conducted a two-month consultation, which ended on 31 December 2009. <p>The SFC has received 13 submissions from market</p>	<ul style="list-style-type: none"> ● The Administration intends to introduce the bill into the Legislative Council within this year, to amend relevant provisions of the CO and SFO to give effect to the proposal to transfer the regulation of public offers of structured products in the form of debentures from the CO prospectus regime to the Offers of Investments regime of the SFO.

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	<p>participants. In general, the market is supportive of the proposed transfer, with comments on certain specific aspects. The SFC will revise the proposal as appropriate having regard to the comments received and submit its recommendations to the Administration for consideration, with a view to publishing the consultation conclusions in Q2 2010.</p>	

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	<ul style="list-style-type: none">● As regards the remaining reform proposals (including transferring the whole prospectus regime from the CO to the SFO; changing the regulatory focus of the prospectus regime from the documents containing the offer to the act of offering; and other measures to modernize the regime), the SFC aims to issue a consultation paper in the first half of 2011.	

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<p>3. Joint Consultation Paper on the Development of a Scripless Securities Market in Hong Kong</p>	<ul style="list-style-type: none"> ● The 3-month consultation on the proposed operational model for implementing a scripless securities market in Hong Kong was launched jointly by the Securities and Futures Commission, Hong Kong Exchanges and Clearing Limited and the Federation of Share Registrars Limited on 30.12.2009 until 31.3.2010. 	<ul style="list-style-type: none"> ● As a first step, technical amendments will be introduced to the CO, as part of the Companies (Amendment) Bill 2010, to provide exceptions to limitations arising from provisions that compel the use of paper certificates and instruments of transfer. These technical legislative amendments aim to facilitate the market to focus discussions on the proposed operational model for implementing a scripless securities market in

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		<p>Hong Kong, which is the subject under consultation at present.</p> <p>These will also lay the foundation for implementing a scripless securities market in Hong Kong.</p> <ul style="list-style-type: none">● Further amendments – including to the SFO and the CO – will be needed to provide for the regulation of the scripless environment and those that play a key role in that environment. These amendments will need to take into account the

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		operational model that is eventually agreed upon.