

The following sets out, in tabular form, information on the scripless arrangements for the securities markets in the UK and Australia and those proposed for Hong Kong -

	<b>UK</b>	<b>Australia</b>	<b>Proposal for HK</b>
<b>System</b>	CREST Co Limited ("CREST")	The Clearing House Electronic Sub-Register System ("CHES")	The Central Clearing and Settlement System ("CCASS")
<b>Voluntary vs compulsory</b>	Voluntary - investors have the option to hold domestic securities in paper form	Compulsory - investors do not have the option to hold domestic securities in paper form	Voluntary - investors will have the option to hold domestic securities in paper form
<b>Register</b>	Register is made up of two parts, and uncertificated securities must be held within CREST	Register is made up of two parts, and uncertificated securities may be held within or outside CHES	Register will be made up of two parts, and uncertificated securities must be held within CCASS
<b>Name on register</b>	Securities in CREST can be held in the name of the investor	Securities in CHES can be held in the name of the investor	Securities in CCASS can be held in the name of the investor
<b>Corporate action</b>	Share registrars provide all corporate action services and corporate action communications are sent via CREST to uncertificated holders and in electronic or paper form to certificated holders	Most communications between issuers and investors occur directly between the issuer's share registrar and the investor without the involvement of CHES	To be discussed further within the Working Group - see paragraph 72 of the Joint Consultation Paper on a Proposed Operational Model for Implementing a Scripless Securities Market in Hong Kong (the "Consultation Paper") <sup>1</sup>
<b>Overseas securities</b>	Investors cannot directly hold and transfer overseas securities through CREST, and must instead hold and transfer depository interests	Investors cannot directly hold and transfer overseas securities through CHES, and must instead hold and transfer depository interests	To the extent that the laws of the jurisdictions outside HK allow, investors will be able to directly hold and transfer overseas securities through CCASS

<sup>1</sup> The Consultation Paper was issued by the Working Group on Scripless Securities Market on 30 December 2009, a copy of which was attached to the paper for the Legislative Council Panel on Financial Affairs for discussion at its meeting on 1 February 2010.

*Note: The above is a brief comparison only. For further details of the UK and Australian models, please see Annex 1 of the Consultation Paper.*

**Working Group on Scripless Securities Market**

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