



24 September 2014

By Fax (3529 2837) and By Post

Bills Committee
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

中電控股有限公司
CLP Holdings Limited

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Dear Sirs,

**Bills Committee on Securities and Futures and Companies Legislation
(Uncertificated Securities Market Amendment) Bill 2014 (Bill)**

We refer to the Securities and Futures and Companies Legislation (Uncertificated Securities Market Amendment) Bill 2014 and before going further, we would like to mention that the development of a scripless regime (in dual system) is a welcome development in line with international developments and the position of Hong Kong being a leading international financial hub.

In terms of good corporate governance, there should be equality of treatment of all shareholders – whether with or without scrips. Proper checks and balances should also be established with respect to the functions of the registrar and the clearing house for investor protection. Legislative safeguard is therefore welcome.

As regards costs, we believe that there is no reason for listed issuers themselves to absorb the cost of a choice made by individual shareholders, which is purely optional. The user-pays principle should apply to the handling of dematerialisation requests. In addition, the potential increased costs of share registration services as a result of the requirement to keep two sets of registers relating to certificated and uncertificated securities should be spread amongst investors as users of the uncertificated securities regime.

Finally, there are risks, at least initially, associated with the implementation of the scripless regime, and therefore, there is a need to set up a speedy and cost effective mechanism to allow disputes to be resolved timely. There should be supporting infrastructures such as panel mechanism to achieve this objective instead of the traditional way of relying solely in the Court system to resolve disputes in the first instance.

Should you have any questions, please feel free to contact the undersigned on 2678 8511.

Yours faithfully,
For and on behalf of
CLP Holdings Limited

April Chan
Company Secretary

