

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

**List of follow-up actions arising from the discussion
at the meeting on 17 November 2014**

Noting that the Securities and Futures Commission ("SFC") is working out with the Hong Kong Exchanges and Clearing Company Limited ("HKEx") and the Federation of Share Registrars on the details of the operation of the proposed uncertificated securities market ("USM") regime, the Administration and/or SFC are requested to provide updated information to the Bills Committee on the subject in due course, including –

- (a) the role of the Hong Kong Securities Clearing Company Limited ("HKSCC") (i.e. a subsidiary of HKEx) and share registrars in the operation of the USM regime, highlighting the differences, if any, between the existing and future arrangements;
- (b) division of work between HKSCC and share registrars with regard to corporate action issues (such as dividend payment arrangements and the relevant fees), and how the arrangements would (i) ensure protection of the interests of both institutional and retail investors; (ii) ensure fair competition between HKSCC and share registrars in the provision of services; and (iii) address concern about possible conflict in roles of HKEx as the frontline regulator of Hong Kong listed companies and a service provider in the USM regime;
- (c) matters for the operation of USM regime which will be specified in subsidiary legislation to be made under the Securities and Futures Ordinance (Cap. 571) and other relevant ordinances, or by other legal instruments (e.g. memorandum of understanding to be signed between HKSCC and share registrars), and the major proposals under such subsidiary legislation and legal instruments; and
- (d) detailed arrangements to enable shares to be charged or mortgaged for margin financing under the USM regime.