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Legislative Council

LC Paper No. CB(1)767/20-21(02)

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Bills Committee on Securities and Futures and Companies Legislation (Amendment) Bill 2021

Background brief

Purpose

This paper provides background information on the Securities and Futures and Companies Legislation (Amendment) Bill 2021 ("the Bill"), and summarizes the views and concerns expressed by Members when related legislative proposals were discussed by the Panel on Financial Affairs ("FA Panel") and scrutinized by the relevant bills committees.

Background

Development of an uncertificated securities market regime

2. Hong Kong's securities market is currently largely paper-based.[1] However, investors can hold and transfer securities in electronic form through the Central Clearing and Settlement System ("CCASS"), which is an immobilized securities settlement system[2] and is operated by Hong Kong Securities Clearing Company Limited ("HKSCC"), a subsidiary company of Hong Kong Exchanges and Clearing Limited ("HKEX"). All securities held

[1] The Companies Ordinance (Cap. 622) requires the issue of paper certificates and the use of paper instruments of transfer in respect of shares and debentures. The Stamp Duty Ordinance (Cap. 117) requires the use of paper instruments of transfer in respect of units in a unit trust scheme.

[2] An immobilized securities system is one in which securities are issued in paper form and deposited with a central depository which is electronically linked with a settlement system. The paper securities are immobilized in the central depository in the sense that they are held by the depository at all times and do not need to be moved or re-registered to effect a transfer within the system. In Hong Kong, the Central Clearing and Settlement System serves as the central depository and securities settlement system.

within CCASS are registered in the name of a single nominee, i.e. HKSCC Nominees Limited ("HKSCC-NOMS"). Investors who hold securities within CCASS hold only the beneficial interest in the securities, i.e. they are not registered holders and do not hold legal title of the securities.

3. According to the Administration, it has been a common trend for international financial centres in the world to move towards uncertificated securities markets ("USM"). The implementation of a USM regime in Hong Kong will ensure that its financial market infrastructure is in line with that in other major international financial centres and capital markets. Furthermore, the USM regime will provide the option for investors to hold securities in their own names and without paper documents. Compared with the current paper-based regime where investors can only hold securities in their own names in certificated form, such option will enable investors to enjoy both better legal protection (through holding securities in their own name) and greater convenience (through holding securities in uncertificated form, i.e. without paper).

4. In order to take forward the USM regime in Hong Kong, the Legislative Council ("LegCo") enacted the Securities and Futures and Companies Legislation (Uncertificated Securities Market Amendment) Ordinance 2015 in March 2015[3] to provide the legal framework for introducing the USM regime based on an operational model formulated in 2010 jointly by the Securities and Futures Commission ("SFC"), HKEX, and the Federation of Share Registrars Limited ("FSR") ("the 2010 Model"). In view of the market concerns about the limitations of the 2010 Model (e.g. it would compromise certain settlement efficiencies currently enjoyed by market participants, and had a significant impact on their liquidity needs), SFC, HKEX and FSR developed a revised operational model ("the Revised Model"), and conducted a consultation in January 2019 to gauge views on the proposals. The main features of the Revised Model are highlighted below –

(a) Nominee structure retained: The existing nominee structure in CCASS will be retained (i.e. investors who hold securities through CCASS in the way they do today, will continue to hold only a beneficial interest as HKSCC-NOMS will remain the registered owner and hold legal title to such securities).

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3 The Securities and Futures and Companies Legislation (Uncertificated Securities Market Amendment) Ordinance 2015 came into operation on 27 March 2015, except section 2(2) and (3), Part 2 (except section 17(7)), Part 3 and Part 4 which will come into operation on a day to be appointed by the Secretary for Financial Services and the Treasury ("SFST") by notice published in the Gazette.

(b) Options for holding securities: Investors can hold legal title to securities in uncertificated form through either (i) a new feature provided by the relevant issuer's share registrar (i.e. the USI feature[4]); or (ii) a new feature provided within the HKEX's clearing and settlement system ("HKEX System") (i.e. the USS feature[5]) and managed by a sponsoring clearing/custodian participant.

(c) Interface between share registrars' and HKSCC's systems: Investors who hold securities in their own names through a USI or USS feature will need to move the securities into the clearing and settlement environment to settle sell transactions conducted on the Stock Exchange of Hong Kong ("SEHK").[6] Similarly, investors who have acquired securities through buy transactions conducted on SEHK and wish to have them registered in their own name will need to move them out of the clearing and settlement environment.[6] Share registrars will become participants of the HKEX System, thus creating an electronic interface between their respective systems. An illustration is in the **Appendix I**.

(d) Enhanced role of share registrars: Share registrars are expected to play a more significant role than at present as they will not only continue to maintain the complete register of members of the listed companies, but also operate the systems for evidencing and effecting transfers of legal title to securities without paper documents. As such, it is necessary for SFC to strengthen the regulation of share registrars.

(e) Migration to full dematerialization of securities: A phased approach will be adopted to implement the USM regime. In terms of products, the regime aims to start first with listed shares of Hong Kong companies and then listed shares of non-Hong Kong companies. In terms of processes, the regime will focus first on Initial Public Offerings ("IPOs"), and then turn to the

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4 The acronym "USI" denotes that the holdings in question belong to an **u**ncertificated **s**ecurities holder, and that the feature is provided by the **i**ssuer's share registrar.

5 The acronym "USS" denotes that the holdings in question belong to an **u**ncertificated **s**ecurities holder, and that the feature is provided by a **s**ponsoring clearing/custodian participant.

6 The process will also constitute a legal title transfer of securities between the relevant investor and HKSCC Nominees Limited.

dematerialization of existing shares. The pace and timetable for migrating to full dematerialization will be stipulated in subsequent subsidiary legislation and contingent on market readiness.

Establishment of an over-the-counter derivative licensing regime

5. The global financial crisis of 2008 highlighted the structural deficiencies in the over-the-counter ("OTC") derivatives market and the systemic risk they pose for the wider market and economy. In the wake of the crisis, the Group of Twenty Leaders committed to reforms that would require, among others, mandatory reporting of OTC derivative transactions to trade repositories, mandatory clearing of standardized OTC derivative transactions through central counterparties ("CCPs"), and mandatory trading of standardized OTC derivative transactions on exchanges or electronic trading platforms.

6. LegCo enacted the Securities and Futures (Amendment) Ordinance 2014 ("the Amendment Ordinance 2014") in March 2014 which introduced an OTC derivative regulatory framework in Hong Kong.[7] Apart from introducing mandatory reporting, clearing and trading obligations of OTC derivative transactions, as well as related record keeping requirements, the framework establishes an OTC derivative licensing regime which includes the introduction of two new regulated activities ("RAs") under Schedule 5 to the Securities and Futures Ordinance (Cap. 571) ("SFO"), namely (a) a new Type 11 RA (dealing in OTC derivative products or advising on OTC derivative products), and (b) a new Type 12 RA (providing client clearing services for OTC derivative transactions). Moreover, the existing Type 9 RA (asset management) and Type 7 RA (provision of automated trading services ("ATS")) are expanded to cover OTC derivative portfolios and transactions respectively. The OTC derivative licensing regime has yet to commence pending the enactment of relevant subsidiary legislation.

7. Section 53(23) of the Amendment Ordinance 2014 prescribes a list of carve-outs from the OTC derivative licensing regime. According to the Administration, in further consultation with market participants, it is necessary to refine the scope of RAs and provide more clarity about the exceptions in order to better reflect the policy intent.

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[7] Details of the implementation of the over-the-counter ("OTC") derivative regulatory framework are prescribed in the rules which are subsidiary legislation subject to the negative vetting procedure of the Legislative Council.

The Securities and Futures and Companies Legislation (Amendment) Bill 2021

8. The Bill was published in the Gazette on 19 March 2021 and received its First Reading at the LegCo meeting of 24 March 2021.

9. The Bill seeks to amend SFO, the Companies Ordinance (Cap. 622) ("CO") and other enactments to:

(a) facilitate the establishment and implementation of a USM regime in Hong Kong;

(b) provide for a regulatory regime for persons providing securities registrar services;

(c) refine the scope of certain RAs relating to OTC derivative transactions;

(d) make minor miscellaneous amendments; and

(e) provide for related matters.

Amendments relating to the uncertificated securities market regime

10. Part 2 of the Bill seeks to amend SFO to, among others, provide for a computer-based uncertificated securities registration and transfer ("UNSRT") system, under which title to any securities specified in the proposed new Schedule 3A to SFO (such as certain types of shares and depositary receipts) ("Prescribed Securities") could be evidenced and transferred without an instrument by or through the UNSRT system operated by a securities registrar approved by SFC (approved securities registrar) ("ASR"). SFC would be empowered under the proposed new section 101AAM of SFO to make rules for various matters, including those in respect of Prescribed Securities, the UNSRT system and the regulation of ASRs. These rules would be subsidiary legislation subject to scrutiny of LegCo pursuant to the negative vetting procedure.

11. Under Part 2 of the Bill, it is proposed that SFC must keep a register of ASRs and make it available for public inspection, and regulate these ASRs including conducting investigations into any suspected fraud or misconduct and taking appropriate disciplinary action (such as revoking or suspending the ASR's approval).

12. Part 2 of the Bill also seeks to amend CO to, among others: (a) provide for the allotment and transfer of shares in uncertificated form, with the effect that listed companies could transfer title to any Prescribed Securities by or through the UNSRT system, and would no longer be required to issue paper certificates to evidence the legal title to such securities; (b) provide that if a certificate for shares in a listed company has been lost and such shares may be held in uncertificated form, the registered holder of the shares could apply to the company for the shares to be held in uncertificated form; and (c) repeal section 908 of and Schedule 8 to CO concerning paperless holding and transfer of shares and debentures (which would be superseded by the Bill after its passage).

13. Part 2 of the Bill further seeks to amend, among others: (a) the Stamp Duty Ordinance (Cap. 117) to provide for a new stamping method for the collection of ad valorem stamp duty for certain kinds of contract note made in respect of the sale and purchase of Prescribed Securities; (b) the Securities and Futures (Fees) Rules (Cap. 571AF) to provide for certain fees including the application fee payable to SFC for approval to provide securities registrar services; and (c) CO to provide for a limited number of proxies that could be appointed by an individual member of a listed company.

14. The legislative proposals and main provisions of the Bill relating to the USM regime are explained in paragraphs 13-15 and 21 of the LegCo Brief (File Ref: CO/2/10C(2021) issued on 17 March 2021), and set out in paragraphs 6 to 10 of the Legal Service Division Report on the Bill (LC Paper No. LS61/20-21).

<u>Amendments relating to the over-the-counter derivative licensing regime</u>

15. Part 3 of the Bill mainly seeks to refine the scopes of certain RAs, such as leveraged foreign exchange trading (Type 3 RA) or dealing in or advising on OTC derivative products (Type 11RA), so as to carve out certain acts that are not intended to be covered by the OTC derivative licensing regime under SFO. It also seeks to add new definitions (such as the definitions of "affiliate" and "financial group") to Schedule 5 to SFO.

16. The legislative proposals and main provisions of the Bill relating to the OTC derivative licensing regime are explained in paragraphs 16 and 21 of the LegCo Brief (File Ref: CO/2/10C(2021) issued on 17 March 2021), and set out in paragraph 11 of the Legal Service Division Report on the Bill (LC Paper No. LS61/20-21).

<u>Commencement of the Bill</u>

17. Part 1 of the Bill, among others, provides for the commencement of the various provisions of the Bill, which if passed, will come into operation in different manner.[8]

Major views and concerns expressed by Members

<u>Issues relating to the uncertificated securities market regime</u>

18. The Administration and SFC briefed FA Panel on the legislative proposals for implementing a USM regime in Hong Kong under the Revised Model at the meeting on 19 March 2019. The major views and concerns expressed by members of the FA Panel and the Bills Committee on Securities and Futures and Companies Legislation (Uncertificated Securities Market Amendment) Bill 2014 are summarized in the ensuing paragraphs.

Timeframe for a fully uncertificated securities market

19. Noting that the initial stage of the USM regime would mainly cover the IPOs of shares of Hong Kong companies, some Members questioned the cost-effectiveness of the regime and enquired about the timetables for extending the regime to cover existing shares and achieving a full USM regime. Given that companies incorporated in other jurisdictions accounted for the majority of listed companies in Hong Kong, some Members considered that there should also be a concrete timetable for expanding the USM regime to cover such companies so as to provide clarity and certainty to market participants and investors, and to facilitate them in making preparation early.

20. The Administration advised that the proposed legislative amendments were to provide a legal framework for implementing a USM regime in Hong Kong under the Revised Model. The USM regime would be taken forward in

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[8] Part 2 (except section 9(2)) and Part 5 of the enacted Ordinance (mainly relating to the USM regime) would come into operation on a day to be appointed by SFST by notice published in the Gazette; while Division 4 of Part 4 (mainly relating to the wavier of fees concerning certain regulated activities ("RAs") under the Securities and Futures (Fees) Rules (Cap. 571AF)) would come into operation on the day on which section 53(3) of the Securities and Futures (Amendment) Ordinance 2014 (which adds a new type of activity in respect of the definition of "advising on futures contracts" under Schedule 5 to the Securities and Futures Ordinance (Cap. 571)) comes into operation (i.e. on a day to be appointed by SFST by notice published in the Gazette). As for the remaining provisions (including the said section 9(2)), they would come into operation on the day on which the enacted Ordinance is published in the Gazette.

a progressive manner taking into account the operational experience, market readiness and investors' acceptance. It was expected that the first batch of securities might begin to be held and transferred without paper documents in around 2022 if the necessary legislative amendments were in place and systems development was ready. While the Administration would not devise a concrete timetable for implementing a full USM regime lest this would compromise flexibility and it might not be feasible to forecast investors' acceptance of the USM regime, the ultimate goal of the Administration was to achieve a full USM regime as early as possible. As regards the timeframe for covering the shares of non-Hong Kong incorporated listed companies under the USM regime, the Administration advised that the issue would depend on when the necessary approvals or law amendments of the jurisdictions concerned would be given or put in place. The Administration and SFC had commenced discussions with the relevant authorities of other jurisdictions in parallel with the legislative exercise in Hong Kong.

21. In response to Members' enquiries about the reasons for excluding listed debentures and units in unit trust schemes from the initial stage of the USM regime, the Administration and SFC advised that unlike shares, unit trusts were seldom held by investors in their own name outside CCASS. Moreover, shares raised the most concerns in terms of corporate governance and investor protection issues (such as investors' interests associated with shareholders' rights like voting rights) as compared to other securities. In view of the complexity and expected larger volume of legislative amendments that were required for dealing with all listed securities at one time, it was considered appropriate to focus the legislative exercise on shares first so as to avoid delaying the schedule of introducing the USM regime.

Implementation of the uncertificated securities market regime

22. Members enquired about possible changes in the existing operation of securities firms upon implementation of the USM regime, including whether securities firms would be required to secure clients' willingness to dematerialize the securities and whether the existing nominee structure in CCASS would be maintained. Some Members also opined that the Administration should be mindful of the fact that some investors might consider holding securities in paper form more secure and as a tangible proof of their holdings. Some other Members further asked if the Administration would consider introducing a grandfathering arrangement so that investors' rights to paper securities already held in their own names could be preserved without the need to change their securities to uncertificated form with full implementation of the USM regime.

23. HKEX advised that with the implementation of the USM regime, the transfer of securities within CCASS as well as all IPO securities would be in uncertificated form. As regards possible changes to the nominee structure in CCASS, in order to preserve the existing settlement efficiencies and relatively low intraday liquidity needs that market participants currently enjoyed, the nominee structure in CCASS would be retained under the USM regime. Investors would be allowed to continue holding only the beneficial interest of the securities in CCASS and the legal title to the securities would be vested in the CCASS nominee (i.e. HKSCC-NOMS). With the full implementation of the USM regime, investors would need to convert their paper securities into uncertificated form.

24. Some Members enquired whether the settlement period of IPO securities would be shortened upon the implementation of the USM regime. SFC advised that it was exploring in collaboration with HKEX possible options for shortening the IPO settlement timetable. Since the IPO securities would be in uncertificated form under the USM regime, and with the electronic platforms and electronic payment options made available, it was believed that there would be room for shortening the settlement period.

Cost impact on investors, Hong Kong Exchanges and Clearing Limited and market participants

25. Members expressed concerns about the cost impact of the USM regime on investors and market participants. Some Members also enquired about the room for lowering the custodian fees payable by investors with the implementation of the USM regime, and the estimated cost for HKEX to develop the new systems required for supporting the Revised Model.

26. HKEX explained that under the Revised Model, the fees and charges would remain the same if investors continued to hold securities through CCASS in the way they did at present. If investors opted to hold securities in their own names and in uncertificated form, the relevant fees and charges would be determined by the market participants, and it was expected that market competition could help drive down the fees and charges. Regarding the cost impact on HKEX, HKEX would need to upgrade its existing systems in order to support the implementation of the USM regime under the Revised Model. The relevant system requirements would be included in HKEX's system enhancement project and the cost would be absorbed by HKEX.

27. As regards the cost implications on market participants, FSR advised that under the USM regime, the electronic systems for evidencing, and effecting transfers of, the legal title to securities would be operated by share

registrars. As such, share registrars would need to invest and upgrade their systems to support the implementation of the USM regime under the Revised Model. Moreover, it would also be necessary to invest and establish an electronic interface between HKSCC's system and share registrars' systems in order to ensure secure and efficient transfers between the systems.

Issues relating to the over-the-counter derivative licensing regime

28. The Administration has provided an information paper to the FA Panel on the legislative proposal to refine the scope of RAs under the OTC derivative licensing regime as provided for in SFO, and the related fee proposals.[9] Panel members have not raised enquiries on the paper. The views expressed by Members on related issues during the scrutiny of Securities and Futures (Amendment) Bill 2013 are summarized in the ensuing paragraphs.

Scope of the new regulated activities and expanded regulated activities

29. Members enquired about SFC's considerations in introducing new types of RAs (i.e. Types 11 and 12 RAs) and expanding the scope of existing RAs (i.e. Types 7 and 9 RAs) as there were concerns from some industry players, in particular the small and medium securities firms, about the need for them to apply for several RAs under their licences for carrying out businesses.

30. SFC explained that the intention of the proposed changes to the scope of RAs was to regulate persons who served as intermediaries in the OTC derivative market. As the existing licences for Type 1 and Type 2 RAs covered dealing in securities and futures contracts respectively but not OTC derivatives, and in order to tie in with the requirements for the proposed mandatory clearing of OTC derivative transactions through designated CCPs, it was necessary to introduce the new Type 11 RA to cover the activities of dealers and advisers on OTC derivative products and the new Type 12 RA to cover the activities of persons who provided client clearing services for OTC derivative transactions. The services relating to the new Type 11 and 12 RA licences would mainly be provided by large financial institutions. On the other hand, the existing Type 9 RA (asset management) and Type 7 RA (providing ATS) would be expanded to cover OTC derivative portfolios and transactions respectively. The definitions of the new RAs were cast along the lines of the existing definitions of the relevant RAs and carve-outs were provided so that where the existing RAs overlapped with the new RAs, a person engaging in such activities would not be required to be licensed or

[9] The information paper was circulated to Panel members vide LC Paper No. CB(1)306/20-21(01) on 1 December 2020.

registered for both RAs. This approach would keep the scope of the existing RAs intact, while also avoiding duplicate licensing or registration by market participants.

Transitional arrangements for the new regulated activities and expanded regulated activities

31. Some Members were concerned about how the proposed transitional arrangements for the new RAs and expanded RAs[10] would work in minimizing disruption to the market. The Administration advised that the purpose was to allow serving intermediaries in the OTC derivative market to continue their businesses for a limited period of time while their applications to be licensed or registered for the new or expanded RAs were being considered by SFC. This would facilitate market players to migrate to the new licensing regime with minimum disruption to their existing businesses, as well as facilitate the winding down process or the transfer process for corporations who might not wish to, or were not able to, apply for the new or expanded RAs.

32. In response to Members' enquiries about the fees to be paid by applicants for licence or registration in respect of the new or expanded RAs, SFC advised that applicants were required to pay application fees upon submission of the applications, which might also be regarded as the annual fees for the first year from the deeming date. As the annual fees on the licence or registration for any of the new or expanded RAs were only payable at the end of the first year from the deeming date, the applicants would not be required to pay the annual fees at all if their applications were rejected within the six-month transitional period. If the applications could not be determined by SFC within one year from the deeming date, the applicants concerned would need to pay the annual fees for continuing to carry on the new or expanded RAs in the second year. The annual fees, once collected, would not be refunded to the applicants if the applications were subsequently rejected within the second year. This was consistent with the current practice of regular licence applications.

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[10] In gist, the transitional arrangements would comprise (a) an application period (which would last three months from the date of implementation of the new RAs and during which persons must submit their application to be licensed for the new RAs if they wished to benefit from the transitional arrangements) and (b) a transitional period (which would last six months from the date of implementation, and during which anyone might carry on the new RAs without being licensed to do so.) A person who submitted an application to be licensed for any of the new RAs during the application period and met certain qualification criteria would be deemed to be licensed for the relevant new RAs with effect from the expiry of the transitional period.

Latest development

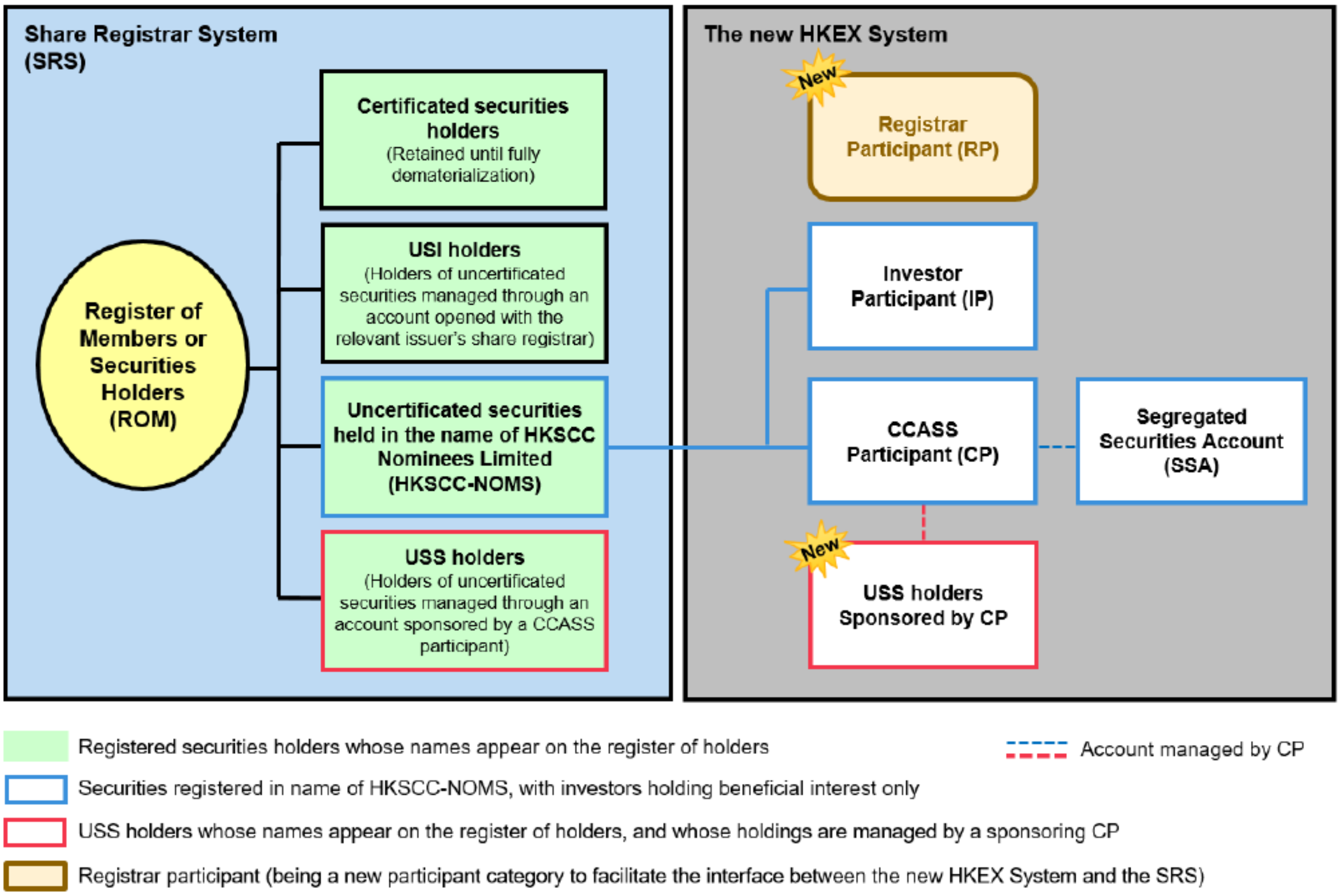
33. At the House Committee meeting on 26 March 2021, Members agreed to form a Bills Committee to study the Bill.

Relevant papers

34. A list of relevant papers is in the **Appendix II**.

Council Business Division 1
Legislative Council Secretariat
9 April 2021

Revised operational model for the implementation of the uncertificated securities market regime



(Source: Adapted from para. 37 of the joint consultation paper on a revised operational model for implementing an uncertificated securities market in Hong Kong.)

Appendix II

List of relevant papers

Date	Event	Paper/Minutes of meeting
30 December 2009 and 21 September 2010	Joint consultation paper and consultation conclusions on a proposed operational model for implementing a scripless securities market in Hong Kong	Consultation paper Consultation conclusions
1 February 2010	The Panel on Financial Affairs ("FA Panel") was briefed by the Administration on the development of a scripless securities market	Administration's paper (LC Paper No. CB(1)978/09-10(05)) Minutes (LC Paper No. CB(1)1493/09-10)
1 November 2010	FA Panel was briefed by the Administration on the joint consultation conclusions on a proposed operational model for implementing a scripless securities market in Hong Kong	Administration's paper (LC Paper No. CB(1)217/10-11(05)) Minutes (LC Paper No. CB(1)906/10-11)
3 January 2011	FA Panel was briefed by the Administration on the latest developments in regulating the over-the-counter ("OTC") derivatives market	Discussion paper (LC Paper No. CB(1)763/10-11(02)) Minutes (LC Paper No. CB(1)1336/10-11)

Date	Event	Paper/Minutes of meeting
2 April 2012	FA Panel was briefed by the Administration on the progress in the regulation of OTC derivatives market	Discussion paper (LC Paper No. CB(1)1411/11-12(05)) Minutes (LC Paper No. CB(1)2028/11-12)
4 March 2013	FA Panel was briefed by the Administration on the legislative proposal on the regulation of OTC derivatives market	Discussion paper (LC Paper No. CB(1)599/12-13(03)) Minutes (LC Paper No. CB(1)1131/12-13)
April 2013	Special meeting of Finance Committee for examination of Estimates of Expenditure 2013-2014	Written question raised by Hon Christopher CHEUNG (Reply serial number: FSTB(FS)035)
6 January 2014	FA Panel was briefed by the Administration on the legislative proposal to provide an enabling environment for the introduction of an uncertificated securities regime	Administration's paper (LC Paper No. CB(1)625/13-14(06)) Minutes (LC Paper No. CB(1)1310/13-14)
26 March 2014	The Legislative Council ("LegCo") passed the Securities and Futures (Amendment) Bill 2013	Hansard The Bill passed Report of the Bills Committee (LC Paper No. CB(1)1112/13-14)
18 March 2015	LegCo passed the Securities and Futures and Companies Legislation (Uncertificated Securities Market Amendment) Bill 2014	Hansard The Bill passed Report of the Bills Committee (LC Paper No. CB(1)629/14-15)

Date	Event	Paper/Minutes of meeting
20 May 2015	The first batch of subsidiary legislation relating to OTC derivative transactions was tabled at LegCo	Legislative Council Brief (File Ref: SF&C/1/2/11/6C) Legal Service Division reports (LC Paper No. LS66/14-15) and (LC Paper No. LS70/14-15) Report of the Subcommittee (LC Paper No. CB(1)1032/14-15)
17 February 2016	The second batch of subsidiary legislation relating to OTC derivative transactions was tabled at LegCo	Legislative Council Brief (File Ref: SF&C/1/2/11/6C) Legal Service Division report (LC Paper No. LS33/15-16) Report of the Subcommittee (LC Paper No. CB(1)745/15-16)
29 March 2017	The Securities and Futures (Amendment) Ordinance 2014 (Commencement) Notice 2017 was tabled at LegCo	The Notice Legal Service Division report (LC Paper No. LS50/16-17)
28 February 2018	The Securities and Futures (Stock Markets, Futures Markets and Clearing Houses) (Amendment) Notice 2018 and the Securities and Futures (OTC Derivative Products) Notice were tabled at LegCo	Content of the subsidiary legislation 1 and 2 Legislative Council Brief Legal Service Division report (LC Paper No. LS37/17-18)

Date	Event	Paper/Minutes of meeting
12 December 2018	The Securities and Futures (OTC Derivative Transactions-Clearing and Record Keeping Obligations and Designation of Central Counterparties) (Amendment) Rules 2018 were tabled at LegCo	The Rules Legislative Council Brief (File Ref: SF&C/1/2/11/6/1C(2017)Pt.4) Legal Service Division report (LC Paper No. LS31/18-19)
January to April 2019	The Securities and Futures Commission, Hong Kong Exchanges and Clearing Limited and the Federation of Share Registrars Limited conducted a consultation on the revised operational model for implementing an uncertificated securities market in Hong Kong	Consultation paper Consultation conclusions
19 March 2019	FA Panel was briefed by the Administration on the consultation on uncertificated securities market regime	Administration's paper (LC Paper No. CB(1)695/18-19(05)) Minutes (LC Paper No. CB(1)1108/18-19)
1 December 2020	The Administration provided a paper entitled "Legislative proposal to refine the scope of regulated activities and provide for licensing fees under the OTC derivative regulatory framework in Hong Kong" to FA Panel	Administration's paper (LC Paper No. CB(1)306/20-21(01))

Date	Event	Paper/Minutes of meeting
24 March 2021	The Securities and Futures and Companies Legislation (Amendment) Bill 2021 received its First reading	Legislative Council Brief (File Ref: CO/2/10C(2021)) Legal Service Division Report (LC Paper No. LS61/20-21)