



## SFC and HKEx Updates on Hong Kong's Uncertificated Securities Market Regime Launching Early 2026

Hong Kong's Uncertificated Securities Market initiative (**USM**) is scheduled to take effect in early 2026, subject to market readiness. Hong Kong's Securities and Futures Commission (the **SFC**) has confirmed that the Legislative Council has completed the negative vetting process for all USM-related subsidiary legislation,<sup>1</sup> and has launched an [Uncertificated Securities Market Webpage \(USM Webpage\)](#), including [frequently asked questions \(SFC FAQs\)](#), to explain how the new Hong Kong USM regime will work.

The Stock Exchange of Hong Kong Limited (the **HKEx**) has also published an [Information Paper](#) (the **HKEx Information Paper**) highlighting the changes to the Rules Governing the Listing of Securities on the HKEx (the **HKEx Listing Rules**) that will take effect on the launch of the Hong Kong USM regime to reflect the change in the way "Prescribed Securities" will be held, and support the launch of the Issuer Platform, an online platform that will serve as a communication channel between the HKEx and HKEx-listing applicants and HKEx-listed companies (as defined below). The HKEx invites drafting comments on the HKEx Information Paper's draft HKEx Listing Rule amendments by 30 June 2025.

The revised HKEx Listing Rules will apply to companies listed on the HKEx at the date of the USM's implementation (**HKEx-listed companies**) and companies applying to list Prescribed Securities (as defined below) on the HKEx after the USM's implementation (**HKEx-listing applicants**, together with HKEx-listed companies, **HKEx-issuers**).

This newsletter provides a summary of Hong Kong's soon to be implemented USM regime, including its scope and implications for market participants, and the main HKEx Listing Rule amendments.

### Hong Kong's New USM regime

Currently, investors hold and manage securities either: (i) in their own name in paper form; or (ii) through intermediaries (e.g. banks or brokers) and the Central Clearing and Settlement System (**CCASS**).

Under the first method, investors hold physical securities certificates and are recorded as the registered owners of their securities in the relevant company's securities register. Investors have legal title to the securities that are registered in their own name, and are entitled to exercise all rights and receive distributions directly. According to

<sup>1</sup> See the SFC's news publication at: <https://apps.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?ref-No=25PR51>

the SFC, the main disadvantages of this method are that the paper exchange process to transfer legal title typically takes around 10 business days and investors cannot manage their securities online.

The second method, where securities are held by investors through intermediaries and CCASS, has the advantages of allowing securities to be traded and managed electronically via intermediaries and CCASS. However, the securities are issued in the name of HKSCC Nominees Limited (**HKSCC Nominees**), which means that the legal title to the securities is held by HKSCC Nominees as the registered owner of the securities and investors are beneficial owners only. As beneficial owners, investors cannot exercise their rights directly; instead, they must exercise rights, such as the right to requisition and attend shareholders' meetings, vote or receive distributions, through relevant intermediaries and HKSCC Nominees.

Given the limitations of both existing methods of holding securities, the Hong Kong USM regime was proposed to allow securities to be held and managed in investors' own names electronically through platforms operated by approved securities registrars (**ASRs**) and linked with the Hong Kong Securities Clearing Company Limited (**HKSCC**)'s systems, without the use of paper certificates. Two of the key changes introduced by the Hong Kong USM regime are that:

- securities newly listed on HKEx must be issued in paperless form from the listing date; and
- existing securities can still be held in paper form, but certain HKEx-listed companies will be given specific deadlines within a five-year timeline to transition to paperless holdings. Subject to exceptions, after the relevant deadline, HKEx-listed companies will no longer be allowed to issue new paper certificates.

The SFC is collaborating with the Hong Kong Exchanges and Clearing Limited and the Federation of Share Registrars to finalise a five-year implementation plan covering HKEx-listed companies incorporated in Hong Kong, Mainland China, Bermuda and the Cayman Islands. The SFC expects that the Hong Kong USM regime will cover more than 2,500 HKEx-listed companies. Approximately five million existing paper certificates held by HKSCC and approximately 11 million paper certificates held by investors outside of CCASS will be converted to uncertificated form.

### **Potential benefits of the Hong Kong USM regime**

The SFC identifies some of the benefits of the Hong Kong USM regime on the USM webpage as including:

- **Enhanced trading convenience while safeguarding investor interests**

According to the SFC, the Hong Kong USM regime will combine the benefits of the current methods of holding and managing securities, allowing investors to hold securities in their own name, exercise shareholder rights directly without going through an intermediary, deposit and withdraw securities into or out of CCASS and effect transfers of securities electronically through the electronic platforms of ASRs. The SFC anticipates that the transfer of securities will be able to be effected within the same day for securities that are already in uncertificated form, or at the latest within five business days for securities that are not yet in uncertificated form.

- **Improved corporate governance and investor engagement for HKEx-listed companies**

The SFC is of the view that as more investors will hold uncertificated securities in their own name, HKEx-listed companies will be able to communicate with investors directly without passing through intermediaries, and that this will enhance direct engagement with investors. The SFC also believes that the increased shareholder transparency will benefit corporate governance.

- **Shaping a more environmentally friendly and efficient Hong Kong securities market**

As mentioned above, according to the SFC's projections, the Hong Kong USM regime should speed up securities transfers, thus making trading and clearing more efficient. The SFC states that this may also contribute to reduced costs and greener markets which is in alignment with international market trends.

### **The Statutory Framework for Hong Kong's USM regime**

In June 2021, the **Securities and Futures and Companies Legislation (Amendment) Ordinance 2021 (2021 USM Amendment Ordinance)** was enacted to allow the implementation of the Hong Kong USM regime. The primary amendment made by the 2021 USM Amendment Ordinance was the addition of sections 101AA to 101AAM of the

Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), which set out the main provisions regulating the Hong Kong USM regime. The 2021 USM Amendment Ordinance also made consequential amendments to various other laws, including without limitation, the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and the Stamp Duty Ordinance (Cap. 117 of the Laws of Hong Kong) (the **SDO**). The Stamp Duty Legislation (Miscellaneous Amendments) Ordinance 2024 introduced further amendments specifically to the SDO in relation to the stamping and stamp duty collection process under the Hong Kong USM regime.

Other subsidiary legislation has been enacted to regulate various operational aspects of the Hong Kong USM regime, including:

- The Securities and Futures (Uncertificated Securities Market) Rules (Cap. 571AS of the Laws of Hong Kong) (the **Hong Kong USM Rules**); and
- The Securities and Futures (Approved Securities Registrars) Rules (Cap. 571AT of the Laws of Hong Kong) – specifically regulating the obligations of ASRs

As regards HKEx-issuers, the HKEx has published HKEx Listing Rule amendments necessary for the implementation of the Hong Kong USM regime, which apply to HKEx-listed companies and HKEx-listing applicants as set out in the HKEx Information Paper. According to the HKEx Information Paper, the Listing Division will also publish guidance to aid compliance with applicable USM-related Listing Rule amendments by HKEx-issuers.

## Scope of the Hong Kong USM Regime

Under the SFC's FAQs on the Hong Kong USM regime (the **SFC FAQs**) and the HKEx Listing Rule changes, the Hong Kong USM regime will only apply to "*Prescribed Securities*" which are securities listed, and securities that will be listed, on the HKEx that are:

- shares of companies incorporated in Hong Kong or overseas;
- depositary receipts;
- stapled securities;
- interests in SFC-authorised collective investment schemes, including listed real estate investment trusts, but excluding exchange-traded funds that are not withdrawable from CCASS;
- subscription warrants to subscribe for any of the above types of securities; and
- rights under a rights issue to subscribe for any of the above types of securities.

Callable bull/bear contracts, derivative warrants and ETFs that are not withdrawable from CCASS will not be regarded as Prescribed Securities.

According to the HKEx Information Paper, Prescribed Securities are further classified into: (a) Participating Securities; (b) Specified Prescribed Securities; (c) Selected Specified Prescribed Securities; (d) Non-Specified Prescribed Securities; and (e) warrants and rights. The applicability of particular requirements and amendments will depend on the classification of Prescribed Securities.<sup>2</sup> The definitions of these classes of Prescribed Securities are set out in the table below:

Participating Securities	Prescribed Securities will become Participating Securities after completing the following steps <sup>3</sup> :
	<ol style="list-style-type: none"><li>1. the relevant HKEx-listed company or HKEx-listing applicant appoints an approved securities registrar to maintain the register of securities holders and provide an Uncertificated Securities Registration and Transfer System (<b>UNSRT system</b>) for evidencing and transferring legal title;</li><li>2. the approved securities registrar ensures full operational readiness of the UNSRT system for legal title management and communication to the HKEx-listed company or HKEx-listing applicant of a specific start date for UNSRT system functionality; and</li></ol>

<sup>2</sup> Section 2 of the HKEx Information Paper.

<sup>3</sup> Question 1.4 of the FAQs about USM.

<b>Participating Securities</b>	3. the Prescribed Securities' governing terms (e.g., articles of association for shares) are revised to comply with the USM framework by removing provisions that are incompatible with the paperless processes.
<b>Specified Prescribed Securities</b>	These are Prescribed Securities which are either: <ul style="list-style-type: none"> <li>shares in a body corporate incorporated in Bermuda, Cayman Islands, Hong Kong or Mainland China; or</li> <li>other Prescribed Securities constituted under the laws of Bermuda, Cayman Islands, Hong Kong or Mainland China.</li> </ul>
<b>Selected Specified Prescribed Securities</b>	These are Specified Prescribed Securities excluding warrants and rights that are listed or to be listed.  Selected Specified Prescribed Securities must be converted into Participating Securities within five years of the date of the Hong Kong USM regime's implementation.
<b>Non-Specified Prescribed Securities</b>	The five-year time limit for conversion into Participating Securities does not apply to Prescribed Securities from jurisdictions other than Bermuda, Cayman Islands, Hong Kong and Mainland China.  However, HKEx-issuers of Prescribed Securities from jurisdictions other than those listed above may opt for voluntary participation in the USM, in which case they will be subject to the Hong Kong USM regime and applicable HKEx Listing Rule amendments.
<b>Warrants and Rights</b>	Warrants and rights listed before the implementation date of the Hong Kong USM regime or the date published by the HKEx-issuer on which its Prescribed Securities will become Participating Securities (the <b>Participation Date</b> ) of underlying securities are subject to HKEx Listing Rule amendments applicable to Prescribed Securities only.  Warrants and rights listed on or after the Participation Date will additionally be subject to HKEx Listing Rule amendments applicable to Participating Securities.

## Hong Kong USM regime-related HKEx Listing Rule amendments

### Requirements and HKEx Listing Rule amendments applicable to all HKEx-issuers of Prescribed Securities<sup>4</sup>

Certain USM regime-related HKEx Listing Rule amendments will apply to all HKEx-issuers of Prescribed Shares. Although USM participation is not compulsory for HKEx-issuers that are not incorporated in Bermuda, Cayman Islands, Hong Kong or Mainland China, they will be required to comply with the following requirements even if they do not voluntarily choose to participate in the USM. A summary of the HKEx Listing Rule amendments applicable to all HKEx-issuers of Prescribed Shares are set out in the table below:

<b>Appointment of an ASR</b> (Main Board Listing Rules 8.16, 13.57A, 20.06A, 20.06AA; GEM Listing Rules 11.08, 17.62A; Sections 13 and 14 Securities and Futures (Stock Market Listing) (Amendment) Rules 2025)	<p>Under the Hong Kong USM regime, persons providing securities registrar services (such as maintaining a register of Prescribed Securities holders, and providing a UNSRT system for evidencing and transferring legal title) must be approved by the SFC as an ASR.<sup>5</sup> Please see the section headed "Approved securities registrars" below for a summary of the regulatory requirements for ASRs.</p> <p>Issuers must appoint an ASR (rather than an approved share registrar) as a condition for:</p> <ul style="list-style-type: none"> <li>listing new Prescribed Securities on or after the date of implementation of the Hong Kong USM regime; and</li> <li>continued listing of Prescribed Securities existing at the date of implementation of the Hong Kong USM regime.</li> </ul> <p>Unless special permission has been given by the SFC, once the Hong Kong USM regime is implemented, HKEx will suspend dealings in Prescribed Securities if no ASR is appointed to act as the securities registrar.</p>
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<sup>4</sup> Questions 2.1 to 2.4 of the FAQs about USM, Section 4 of the HKEx Information Paper.

<sup>5</sup> Question 5.1 of the FAQs about USM.

<b>Registration Services, Issue of Certificates and Fees</b> (Main Board Listing Rule 13.59(4); GEM Listing Rules 17.64 to 17.67)	<p>ASRs will be regulated by the new Securities and Futures (Approved Securities Registrars) Rules (Cap. 571AT of the Laws of Hong Kong) and the SFC's Code of Conduct for Approved Securities Registrars (<b>ASR Code</b>), which imposes limits on particular fees that investors may be required to pay to ASRs. Accordingly, the existing HKEx Listing Rules on share registrars' fees and services (such as the issue of certificates, registration and designated accounts) will be repealed.</p> <p>The HKEx Listing Rules will instead require HKEx-issuers to use all reasonable endeavours to prevent HKEx-issuers themselves, their ASRs and other agents from imposing fees above the limits prescribed under the ASR Code for providing services related to dematerialisation, transfer or registration of the HKEx-issuer's listed securities.</p>
<b>Brokerage Fees</b> (Paragraph 7 of the Main Board Fees Rules; Paragraph 6 of the GEM Fees Rules)	<p>Brokerage fees (payable by investors at 1% of the subscription or purchase price) may be paid directly to ASRs that are eligible to receive them. All payments are expected to be completed electronically.</p>
<b>Constitutional Documents</b> (Main Board Listing Rules Appendix G1 Paragraphs 13 and 14; GEM Listing Rules Appendix F1 Paragraphs 13 and 14)	<p>In order to participate in the Hong Kong USM regime, issuers must enable their Prescribed Securities to be evidenced and transferred without the use of instruments.</p> <p>The updated HKEx Listing Rules will require HKEx-issuers to amend their constitutional documents (and/or terms of the Prescribed Securities) to ensure compliance with the USM framework and regulations. For example, the constitutional documents should:</p> <ul style="list-style-type: none"> <li>allow for issuance in uncertificated form;</li> <li>support securities holders in relying on the register of holders as evidence of ownership; and</li> <li>allow for transfers of Prescribed Securities through authenticated messages, rather than physical instruments of transfer.</li> </ul>

Other general HKEx Listing Rules amendments ensure that the HKEx Listing Rules as a whole reflect the paperless nature of the Hong Kong USM regime, and include new and revised definitions, and changes to relevant rules on certifying transfers against certificates or temporary documents, the split and return of renounceable documents, temporary documents of title and definitive documents of title.

### Requirements and HKEx Listing Rule amendments applicable to HKEx-listing applicants only<sup>6</sup>

HKEx-listing applicants of Specified Prescribed Securities that are listed after the Hong Kong USM regime's implementation date will be required to issue these securities as uncertificated Participating Securities from the time of listing. The HKEx Information Paper clarified that this requirement applies to Selected Specified Prescribed Securities, or warrants and rights listed or to be listed with underlying securities that are Participating Securities at the time the warrants and rights are listed. HKEx-listing applicants of Prescribed Securities from jurisdictions other than Bermuda, Cayman Islands, Hong Kong and Mainland China who participate in the USM voluntarily must also observe these requirements. These requirements are summarised below:

<b>HKEx's Power to Permit Non-Participation in USM</b> (Rule 28(2), (3), (5) of the Hong Kong USM Rules (Cap. 571AS of the Laws of Hong Kong))	<p>The HKEx may allow HKEx-listing applicants to not take part in the USM at the time of listing (i.e., allow them to list in certificated form) within the year after the date the Hong Kong USM regime is implemented.</p> <p>HKEx-listing applicants who wish to seek HKEx's permission to not participate must submit a formal request to the HKEx. Permission will only be granted in exceptional cases, and only if it is necessary to maintain fairness and order in the Hong Kong market. On granting the permission, the HKEx will also impose a condition mandating that the relevant securities become Participating Securities by a specified date, which must be within five years of the date of the Hong Kong USM regime's implementation.</p>
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<sup>6</sup> Section 5 of the HKEx Information Paper.

<b>SFC's Power to Exempt Participation in the USM</b> (Rule 32(2), (3) of the Hong Kong USM Rules)	On application by the HKEx-listing applicant, the SFC is also empowered to exempt HKEx-listing applicants from any requirements under Part 7 of the Hong Kong USM Rules, provided that the exemption is justified by exceptional circumstances and would not prejudice the interest of the investing public or public interest.
<b>Listing Document Disclosure Requirements</b> (Main Board Listing Rules Appendix G1 Paragraph 3; GEM Listing Rules Appendix F1 Paragraph 3)	HKEx-listing applicants of Selected Specified Prescribed Securities, and others who voluntarily opt to participate in the USM, must include the following information in their listing documents: <ul style="list-style-type: none"> <li>that the securities will be Participating Securities on the listing date;</li> <li>a summary of the actual and potential impacts of the securities being Participating Securities on securities holders, including any required actions and consequences of inaction on their part;</li> <li>a statement that if the HKEx-listed issuer issues any warrants or rights that are listed or to be listed, and the underlying securities are Participating Securities when the warrants or rights are listed, the HKEx-listed issuer must make sure that the warrants or rights become Participating Securities by the listing date;</li> <li>contact details for enquiries regarding Prescribed Securities;</li> <li>any other information materially relevant to any of the above; and</li> <li>a hyperlink to a dedicated page on its website regarding USM matters, incorporating the above matters.</li> </ul>
<b>Disclosure Required if HKEx Grants Permission for Non-participation in USM at Listing</b> (Main Board Listing Rules Appendix G1 Paragraph 4; GEM Listing Rules Appendix F1 Paragraph 4)	Where the HKEx grants an HKEx-listing applicant permission not to participate in the USM, as outlined above, the HKEx-listing applicant must provide the following information in its listing document: <ul style="list-style-type: none"> <li>that it has been served a notice from the HKEx permitting it to list the relevant Specified Prescribed Securities in certificated form;</li> <li>the date specified in that notice by which the securities must become Participating Securities;</li> <li>the reasons why the securities will only become Participating Securities after the listing date;</li> <li>a statement that the HKEx-listing applicant will make all necessary arrangements to enable the securities to be issued, transferred and held in uncertificated form by the relevant deadline;</li> <li>the steps the HKEx-listing applicant will take or has taken to enable conversion into Participating Securities;</li> <li>a summary of the actual and potential impacts of the permission on securities holders;</li> <li>a summary of the actual and potential impacts of the securities becoming Participating Securities on securities holders, including any required actions and consequences of inaction on their part;</li> <li>a statement that it will keep the market informed and updated of its transition to USM, through disclosures as required by Main Board Listing Rules Appendix G1 Paragraphs 7 to 12, or GEM Listing Rules Appendix F1 Paragraphs 7 to 12, as applicable;</li> <li>contact details for enquiries about Prescribed Securities;</li> <li>any other information materially relevant to the above; and</li> </ul>

<b>Disclosure Required if HKEx Grants Permission for Non-participation in USM at Listing</b> (Main Board Listing Rules Appendix G1 Paragraph 4; GEM Listing Rules Appendix F1 Paragraph 4)	<ul style="list-style-type: none"> <li>• a hyperlink to a dedicated page on its website regarding its Prescribed Securities becoming Participating Securities and other USM matters, including the above.</li> </ul>
<b>Disclosure required if SFC has Granted Exemption from USM Participation</b>	<p>Where the SFC has granted the HKEx-listing applicant an exemption from USM participation, the HKEx-listing applicant must provide the following information in its listing document:</p> <ul style="list-style-type: none"> <li>• that the exemption has been granted regarding the relevant Specified Prescribed Securities;</li> <li>• a summary of the exemption's content;</li> <li>• the circumstances justifying the exemption;</li> <li>• details of any conditions imposed;</li> <li>• a summary of the actual and potential impacts of the exemption on securities holders;</li> <li>• a summary of the actual and potential impacts of the securities becoming Participating Securities on securities holders, including any required actions and consequences of inaction on their part;</li> <li>• a statement that it will keep the market informed and updated of its transition to USM, through disclosures as required by Main Board Listing Rules Appendix G1 Paragraphs 7 to 12, or GEM Listing Rules Appendix F1 Paragraphs 7 to 12, as applicable;</li> <li>• contact details for enquiries about Prescribed Securities;</li> <li>• any other information materially relevant to the above; and</li> <li>• a hyperlink to a dedicated page on its website regarding its Prescribed Securities becoming Participating Securities (and/or any Prescribed Securities which will not become Participating Securities, as applicable) as well as other USM matters, including the above.</li> </ul>

### Requirements and HKEx Listing Rule amendments applicable to HKEx-listed companies only<sup>7</sup>

All Selected Specified Prescribed Securities that exist as at the date of implementing the Hong Kong USM regime must be converted into Participating Securities within five years of the Hong Kong USM regime's implementation date. HKEx-listed companies from jurisdictions other than Bermuda, Cayman Islands, Hong Kong and Mainland China are not required to participate in the USM. However, if they choose to participate in the USM, the following requirements will apply equally to these companies. The requirements relevant to HKEx-listed companies only are set out in the table below:

<b>Transition Process</b>	Selected Specified Prescribed Securities will be transitioned in batches, by a sequence determined by HKSCC, the relevant ASR and the HKEx (Rule 28(4) Hong Kong USM Rules)  HKEx-listed companies are required to inform the market of their transition plan, and their progress in enacting that plan (Main Board Listing Rules Appendix G1 Paragraphs 8, 9; GEM Listing Rules Appendix F1 Paragraphs 8, 9)
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<sup>7</sup> Section 6 of the HKEx Information Paper.

<b>Transition Process</b>	<p><b>Announcement of Specified Date</b></p> <p>HKSCC, the relevant ASR and HKEx will specify a date for each listed HKEx-issuer to transition to USM (the <b>Specified Date</b>). A written notice of the Specified Date will be issued by HKEx to the HKEx-listed issuer, who must announce receipt of such notice within one business day of service. (Rule 28(4) Hong Kong USM Rules; Main Board Listing Rules Appendix G1 Paragraph 7; GEM Listing Rules Appendix F1 Paragraph 7)</p> <p><b>Announcement of Participation Date and USM transition plan</b></p> <p>HKEx-listed companies must publish an announcement containing their Participation Date (which must be on or before the Specified Date or within five years of the Hong Kong USM regime implementation date, whichever is earlier) and other specified details of their transition plan, as soon as reasonably practicable once they finalise their transition plan. The same announcement should be used to announce the Participation Date and Specified Date, if the listed issuer is able to announce its USM transition plan upon receipt of notice of its Specified Date. (Main Board Listing Rules Appendix G1 Paragraphs 7, 8 and Note 2 to paragraph 8(8); GEM Listing Rules Appendix F1 Paragraphs 7, 8 and Note 2 to paragraph 8(8))</p> <p><b>Announcement of Reminder of upcoming Participation Date</b></p> <p>HKEx-listed companies must announce a reminder to securities holders of their Participation Date and USM transition plan no later than 21 business days before their Prescribed Securities become Participating Securities. (Main Board Listing Rules Appendix G1 Paragraph 10; GEM Listing Rules Appendix F1 Paragraph 10)</p>
<b>Changes to Transition Plan</b>	<p><b>Change to Specified Date</b></p> <p>The decisions on sequencing of HKEx-issuers' transition to the USM (including the Specified Date) by the HKSCC, ASR and HKEx are not reviewable under the Listing Rules. However, HKEx-issuers may submit a request to its ASR, HKSCC and the HKEx to seek revision or cancellation of the Specified Date. Alternatively, HKEx-issuers may submit a request to the SFC for exemption from any provisions in Part 7 Hong Kong USM Rules. HKEx-issuers are expected to discuss their proposed arrangements with their ASR before doing so. (Rules 28(8), 32 Hong Kong USM Rules)</p> <p><b>Material change, including change to Participation Date</b></p> <p>For any material changes to their transition plan (including changes to the Participation Date), HKEx-issuers should notify their ASR of the changes at the earliest opportunity. They must also announce the changes as soon as reasonably practicable after finalising the relevant decision or change. (Main Board Listing Rules Appendix G1 Paragraph 9; GEM Listing Rules Appendix F1 Paragraph 9)</p>
<b>Participating Securities</b>	<p><b>Corporate actions</b></p> <p>HKEx-listed companies are required to disclose the deposit, registration, dematerialisation, transfer, trading and clearing arrangements that apply to their Participating Securities, including details of any cut-off periods, actions required by securities holders and the consequences of inaction. (Main Board Listing Rules Appendix G1 Paragraph 13; GEM Listing Rules Appendix F1 Paragraph 13)</p> <p><b>Terms of document of title to be displayed on website</b></p> <p>HKEx-listed companies must include on their website any information that would otherwise be included on temporary documents of title, and information relating to their Participating Securities that would otherwise be included in their definitive documents of title. (Main Board Listing Rules Appendix G1 Paragraphs 16 and 17; GEM Listing Rules Appendix F1 Paragraphs 16 and 17)</p>

Participating Securities	Warrants and rights with underlying Participating Securities
	<p>If the underlying securities of warrants or rights that are listed or to be listed have become Participating Securities, the HKEx-listed company must disclose the USM status of those warrants and rights in the listing document, relevant circulars and announcements of any Prescribed Securities issued after the Participation Date of the underlying securities (Main Board Listing Rules Appendix G1 Paragraph 12; GEM Listing Rules Appendix F1 Paragraph 12)</p>

To prepare for the Hong Kong USM regime, the SFC advises HKEx-listed companies to contact their share registrars to better understand the preparatory work required, and to refer to the [Information Paper published by the Federation of Share Registrars](#) for more details.<sup>8</sup> The SFC also stated that there may be cost implications for HKEx-listed companies who may be asked by the HKEx and individual share registrars to bear a portion of the initial development and ongoing operational costs in implementing the USM, and that HKEx-listed companies should contact their share registrars to ascertain the costs that may stem from their participation in the Hong Kong USM regime.<sup>9</sup>

### **Issuer Platform related HKEx Listing Rule amendments<sup>10</sup>**

The HKEx Information Paper also lays out certain administrative amendments to the HKEx Listing Rules and listing application forms to facilitate the implementation of the Issuer Platform and streamline the listing application process. Building on the HKEx Listing Rule amendments in December 2023 that require HKEx-issuers to submit information to the HKEx electronically (through email, the HKEx-ESS system or “SPRINTS” platform), the Issuer Platform is designed to be a one-stop communication channel between the Listing Division of the HKEx and HKEx-listed companies, allowing HKEx-issuers to manage changes to their corporate information (for example, their board composition and the identity of their auditors).

The following amendments, along with other general housekeeping amendments, will take effect on the official launch day of the Issuer Platform (in mid-2026, tentatively), to be announced in the second half of 2025.

#### **Equity securities**

HKEx-listed companies will have to submit listing application forms through the Issuer Platform by authorised personnel or professional advisers, by using the platform’s authority delegation function. Accordingly:

- The requirement for submission of information already publicly available via Main Board Regulatory Form C1 and GEM Regulatory Form B will be removed. This may cover HKEx-issuers’ authorised share capital, shareholdings of substantial shareholders, qualifications of key personnel and other information already disclosed in the HKEx-issuer’s announcements and/or circulars (for example, information on use of proceeds);
- The signature requirement under Main Board Listing Rule 9.18 will be removed. Main Board Regulatory Form C1 and GEM Regulatory Form B will also be amended to require HKEx-issuers to provide the identity and role of personnel responsible for submitting and approving their listing application, instead of requiring the signature of the HKEx-issuer’s authorised officer; and
- A new check box will allow HKEx-issuers to indicate whether a “qualifying transaction” under the Fees Rules is involved in the listing application.

#### **Collective Investment Schemes under Main Board Listing Rules Chapter 20**

With regards to collective investments schemes (**CIS**), Main Board Regulatory Form C3 will be amended to remove the requirement for submission of information that is already publicly available, including the qualification and experience of the CIS operator’s directors, information about the CIS, the investment adviser, persons responsible for the CIS’s portfolio investment management and investment advisory services, as applicable.

Unlike for equity securities, the signature requirement in Main Board Regulatory Form C3 will not be removed, as CIS listing applications may require parties such as the trustee or custodian to complete compliance undertakings.

<sup>8</sup> Question 2.3 of the FAQs about USM.

<sup>9</sup> Question 2.4 of the FAQs about USM.

<sup>10</sup> Section 7 of the HKEx Information Paper.

## Implications of the Hong Kong USM regime on intermediaries<sup>11</sup>

Although intermediaries can continue to provide custody services to investors opting to hold securities in CCASS, the procedures for depositing or withdrawing the Participating Securities into or out of CCASS will become primarily electronic under the Hong Kong USM regime. The SFC reminds intermediaries to visit the HKEx's website and relevant publications for more information on the Hong Kong USM regime and to participate in various programmes organised by the HKEx to prepare for the implementation of the Hong Kong USM regime.

## Implications of the Hong Kong USM regime for investors

### Steps to sell securities held in investors' own names in uncertificated form on the HKEx

The process to sell securities on the HKEx will be largely similar to the current practice where investors are required to deposit the securities into CCASS and transfer them to HKSCC Nominees in order to settle trades on the HKEx. However, transfers will be conducted electronically rather than through a paper-based process, which will allow the transfer process to be completed as early as within the same day of receiving all relevant information. The SFC estimates that the transfer process can be shortened by up to 10 business days compared to the current paper-based process.

The transfer process will be initiated by the investor instructing the selected bank or broker to deposit the securities into CCASS and transfer the securities to HKSCC Nominees. The relevant bank or broker will then enter the transfer details into CCASS, and subsequently HKSCC will transmit the transfer details to the ASR who will be responsible for performing validation checks and sending the transfer details to the investor to affirm the transfer. The investor will then affirm the transfer details electronically upon receiving notification from the ASR, and the ASR will register the transfer in the books of the HKEx-listed company, after which the HKSCC and the investor will be informed of the successful registration. The investor can then trade the securities deposited into CCASS on HKEx.

### Steps investors should take to hold securities already deposited in CCASS in their own name

Under the Hong Kong USM regime, the investor can withdraw the securities from CCASS by transferring the securities from the HKSCC Nominees' name to the investor's own name electronically. The transfer can be completed as early as within the same day of receiving all relevant information, potentially expediting the current process by 10 business days according to the SFC's estimates.

The process is similar to the transfer process set out in the preceding section, except that the securities will be transferred from HKSCC Nominees to the investor. After the securities are registered in the HKEx-listed company's books in the name of the investor, the investor can hold and manage the securities electronically online using the platform operated by the ASR.

### Holding and managing securities in uncertificated form

As mentioned above, under the Hong Kong USM regime, investors can hold and manage securities in uncertificated form, which means that the securities can be held or transferred through an UNSRT System without any paper certificate or title instruments and they will be recorded in the HKEx-listed company's books as being held in uncertificated form.<sup>12</sup>

Investors will then be able to view, hold and manage the Participating Securities under the Hong Kong USM regime through a USI Facility, which is an electronic or online facility that is set up by an investor with an ASR and is handled by the ASR. Investors can then engage with the relevant HKEx-listed company directly through the USI Facility to receive communications, effect and confirm securities transfer instructions and submit their instructions on corporate actions electronically.<sup>13</sup>

### Investors' Participation in the Hong Kong USM regime<sup>14</sup>

It is generally not mandatory for investors who hold Prescribed Securities in paper form in their own names or through a bank or broker in CCASS to participate in the Hong Kong USM regime. For investors who hold Prescribed Securities in paper form in their own names, the existing certificates will not be invalidated. However, if those

11 Question 4.1 of the FAQs about USM.

12 Question 1.5 of the FAQs about USM.

13 Question 1.6 of the FAQs about USM.

14 Questions 3.1 to 3.6 of the FAQs about USM.

securities become Participating Securities under the Hong Kong USM regime, investors who acquire additional units of the same participating shares can only hold the additional units in uncertificated form as no new certificates will be issued. Additionally, investors who transfer a part of their units may need to convert the remaining part of their units to uncertificated form, especially when the units that are transferred and units that are retained are represented by the same certificate. No replacement certificates will be issued and investors who have lost or damaged their paper certificates will need to convert their holdings into uncertificated form.

Investors should also note that if Participating Securities are held through a bank or broker in CCASS, once these securities are withdrawn from CCASS, they can only be held in the investors' own name in uncertificated form.

#### *Preparatory steps for investors*

The SFC encourages investors to set up a USI Facility with the relevant ASR(s) and take steps to hold their securities in uncertificated form as soon as possible after the Hong Kong USM regime is implemented. Although setting up a USI Facility is not mandatory, a USI Facility is required when the investor wishes to dematerialise their Participating Securities, transfer uncertificated Participating Securities, and submit corporate action instructions with respect to uncertificated Participating Securities. Investors who have not set up a USI Facility can only receive entitlements in uncertificated form in a "temporary" USI Facility and will not be able to exercise or transfer those entitlements until they have set up a USI Facility with the relevant ASR.

Investors may also need to set up more than one USI Facility if they hold multiple securities with different ASRs or when the HKEx-listed company that issued the Participating Securities held by the investor appoints more than one ASR. The SFC anticipates that most investors will need to set up a maximum of two USI Facilities.

#### *Costs*

The SFC anticipates that the Hong Kong USM regime will save costs in effecting transfers and managing securities in the long term, in particular, costs in relation to manual or paper-based processing and the fees paid for intermediaries' services.

The SFC also published a [Consultation paper on proposed limits for certain fees following the implementation of an uncertificated securities market in Hong Kong](#) in February 2025, which sets out its proposals to limit the fees that can be charged to investors for setting up a USI Facility, dematerialising Prescribed Securities and processing and registering transfers of Prescribed Securities. The consultation period closed on 23 April 2025.

## **Approved securities registrars<sup>15</sup>**

As mentioned above, the holding, management and transfer of uncertificated securities will involve systems and facilities handled by the ASR. Under the SFC FAQs, persons must obtain approval from the SFC to provide securities registrar services which include:

- maintenance of the official register of holders for Prescribed Securities;
- UNSRT system operation;
- public offering services as the agent and securities registrar of the relevant HKEx-listed company; and
- corporate action services as the agent and securities registrar of the relevant HKEx-listed company.

Entities that are currently providing similar services are also required to submit their application with relevant documentation and information to the SFC for approval by June 2025 in order to continue to provide securities registrar services after the implementation of the Hong Kong USM regime. Entities currently not providing similar services that wish to become an ASR should reach out to the SFC's Supervision of Markets Division for further guidance.

## **Implementation timeline of the Hong Kong USM regime**

Currently, the SFC is working with the Hong Kong Exchanges and Clearing Limited and the Federation of Share Registrars Limited to perform the required technical preparations and system upgrades, and formulate the five-year implementation plan. The SFC anticipates announcing the confirmed commencement date of the Hong Kong USM regime by the end of 2025, which is expected to be in early 2026. As mentioned, the SFC will also implement

<sup>15</sup> Questions 5.1 to 5.2 of the FAQs about USM.

a five-year transition period after the launch up to early 2031 for HKEx-listed companies issuing Prescribed Securities. The relevant ASR, HKSCC and HKEx will determine the Specified Date for each HKEx-listed company considering factors such as the size of the HKEx-listed company, the number of title instruments in circulation, any forthcoming corporate actions and whether amendments are required to its terms of issue or constitutional documents.

The SFC encourages market participants to begin preparations and HKEx-listed companies to consult their share registrars about transition timelines. The SFC will continue to work towards ensuring that stakeholders understand the benefits, operational details and next steps for the adoption of the Hong Kong USM regime.

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