

Securities & Futures Commission,
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Charter House,
8 Connaught Rd., C.,
Hong Kong.

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Dear Sir,

Joint Consultation Paper on a
Proposed Operational Model for
Implementing a Scripless Securities
Market in Hong Kong.

I am a investor in the listed shares in Hong Kong and I have an Investor A/C No. with Hong Kong Exchange and Clearing Co. Ltd.

As from my point of interest, I object to a scripless securities system in Hong Kong on the following ground:-

- (1) The listed company have to issue a document showing the name of the shareholder as evidence of payment of capital, or under the Companies Ordinance.
- (2) The shareholder has the right to entitle to paper share certificate, and other organizations (The Securities & Future Commission (SFC), HK Exchange & Clearing Ltd. (HKEX) and Federation of Share Registrars Ltd. (FSR)) have no authority to deprive the right of the shareholders.
- (3) The cost of holding paper share certificate is zero, whereas the investor account will incur additional cost \$20.00 per month. It would be a great cost for long term investment without paper share certificate in shareholder's name.
- (4) Shareholder prefers to have paper share certificate as HK Exchange and Clearing Co. Ltd. will incur handling charge, so as brokers and bankers. In some case, shareholder will receive negative dividend, if the dividend is extremely low.
- (5) Shareholder prefers to have paper share certificate in his own name as the "H" share will be deducted 10% income tax.
- (6) Shareholder may transfer part of the share to spouse or son or daughter during life time, and the cost is only stamp duty. The beneficiary of the deceased would be easily to locate the whole paper share certificate under his custody earlier in the safe box or at home and is simple and cheaper to inherit his/her wealth.

Worth to mention, the existing HK securities clearing system is recorded under the name of stock brokers and not individual owner. Should the share be recorded under the name of investor, and not the brokers' name, there would be no problem with the transparency of ownership.

Yours faithfully,

LAU KAM CHEUK