



香港證券學會

Hong Kong Securities Professionals Association

31 March 2010

Supervision of Markets Division
Securities and Futures Commission
8/F Chater House
8 Connaught Road Central
Hong Kong

By fax: 2521 7917
By email: scripless@sfc.hk

Total no. of pages : 3 (inclusive)

Dear Sirs,

**Re: Joint Consultation Paper on A Proposed Operational Model for Implementing a
Scripless Securities Market in Hong Kong (the "Consultation Paper")**

As our members are participants of the Stock Exchange, we hereby submit our comments on the Consultation Paper from the perspectives of licensed corporations within the meaning of the SFO ("Licensed Corporations"). Capitalised terms used in this submission shall have the same meanings as defined in the Consultation Paper unless otherwise defined herein.

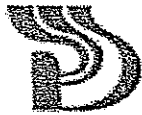
Our comments on the Consultation Paper are set out below by adopting the numberings as used in the Consultation Paper:

Consultation Replies
question no.

1. Agree. We support in principle.
2. No. Although we support the idea of scripless securities market, physical script is still useful as evidence of title. In the event of the shareholders wish to make a loan and use the securities as pledged securities, it is beneficial for both lender and borrower to have the physical script as evidence of title. Also, at the time of turmoil, many investors would prefer to keep physical script to safeguard their assets.

 In any event, paper-based option should always be available.
3. Agree with the proposed phasing.
4. Agree
5. No comment
6. Agree
7. Disagree. Based of the spirits of privacy, stockholders should have the rights to choose whether their names appear to the public
8. No comment
9. Options available under the Consultation Paper are sufficient.





- 10 Yes
- 11 Yes
- 12 Agree to allow investors to have a unique identification number.
- 13 Agree
- 14 Agree
- 15 As the role of share registrars becomes very important under the proposed scripless system, we suggest that a uniform approach should be adopted so that a common standard is applied.
- 16 No comment
- 17, 18 Agree to extend the scope, at least, to all publicly traded securities in Hong Kong.
- 19 Cost:
- 1) Cost involved in enhancement of the existing inhouse system to cater for the scripless environment.
 - 2) More staff training is required in order to be familiarized with the new system.
 - 3) Following the diminishing role of HKSCC especially on the part of corporate actions, CCASS participants may have to increase their manpower to serve their clients on corporate actions (e.g. distributing corporate communications to investors, attending meetings).
 - 4) It is burdensome on CCASS participants to allocate shares to corresponding PSA, IPA, and even ISA on settlement date.
- Benefits:
- 5) Cost-saving for listed companies, investors and shareholders
 - 6) Improved efficiency in share transfer. At present, any deposit in physical share certificates into stockbroker account will take two days or more for CCASS to confirm whether the validity of the transfer.
 - 7) Better investor protection as investors will be registered holders under the PSA, IPA and ISA model.
 - 8) Improved transparency of shareholding of listed companies.
- 20 Agree





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Should you have any queries, please contact the undersigned at

or email to

Yours faithfully,
For and on behalf of
Hong Kong Securities Professionals Association

