



聯合證券登記有限公司  
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30 March 2010

Total : 3 pages

By Fax 2521-7917 and by hand

Supervision of Markets Division  
8/F Chater House  
8 Connaught Road Central  
Hong Kong

Dear Sirs

**Joint Consultation Paper on a proposed operational model  
for implementing a scripless securities market in Hong Kong**

We refer to the above consultation paper and provide below our response to some of the issues raised in the consultation paper.

**Question 1:**

Do you agree that investors should be given the option to hold securities in paper form and to rematerialize securities that have been dematerialized? If not, why not?

Yes. Dematerialization is needed if the securities industry is to move to a scripless environment. During the initial stage of dematerialization, investors should be given an option to rematerialize their securities if they choose to keep their securities in a paper form.

**Question 2:**

Do you agree that the scripless system should eventually be made compulsory and the paper-based option removed altogether? If not, why not?

Yes, Total elimination of physical certificates is a long term objective.

**Question 3:**

Do you agree that implementation of a scripless securities market should proceed in phases? If not, why not?

We agree.

**Question 4:**

Do you agree with the proposed phasing, i.e. dematerializing securities in batches, and dematerializing Hong Kong securities first? If not, why not?

We agree dematerializing securities in batches with Hong Kong securities first.



聯合證券及期貨登記有限公司  
union services and registrars



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**Question 6:**

Do you agree with the proposal that the formal register comprises two parts as discussed in paragraphs 49 to 53 above? If not, why not?

Based on the proposal in paragraphs 49 to 57, the register will comprise two parts – uncertificated sub-register (i.e. CCASS records) and the certificated register to be maintained by the share registrar. If share registrars are provided with only day-end record of all holdings on the uncertificated sub-register (without records of all intra-day transfers which will constitute legal transfers as mentioned in paragraph 54), the share register to be maintained by the share registrar is not a “complete” register. We consider that share registrars should also be provided with record of intra-day transfers so as to maintain a complete record of registered transfers.

**Question 7:**

Do you agree with the proposal to facilitate name on register within CCASS? If not, why not?

We agree. Investors can easily have their names registered on the sub-register while at the same time retaining full control of their securities themselves.

**Question 8:**

Do you consider that the proposed arrangements for addressing any concerns arising from the removal of the immediate credit arrangement are adequate? If not, why not?

Yes, provided that the processing of electronic instructions between the two sub-registers is done at least in multiple batches in a day.

**Question 10:**

Should broker/bank/custodian nominees in CCASS be allowed to appoint multiple representatives so that their investor-clients can attend and vote at meetings? If not, why not?

Yes. We are of the view that investors holding securities in the name of CCASS Participants should have the same right to attend and vote at shareholders meetings. Accordingly, CCASS Participants should be allowed to appoint multiple representatives for their client-investors to attend and vote at shareholders meetings. To facilitate the work of CCASS Participants, electronic voting is a solution.

**Question 11:**

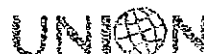
Should broker/bank/custodian nominees in CCASS be allowed to appoint both proxies and multiple representatives in respect of the same meeting? If not, why not?

Yes, if the law of the relevant jurisdiction of the listed issuers or their constitutional documents permit such arrangement.

**Question 12:**

Do you agree that investors should be required to provide a unique identification number irrespective of whether they obtain their securities by way of a transfer or through an IPO?

Yes, a unique identification number will be more convenient to investors.



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**Question 13:**

Do you agree with the proposal to introduce a new Registrar Participant category in CCASS? If not, why not?

We agree.

**Question 14:**

Do you agree that share registrars who provide scripless related services should be more directly and robustly regulated than they are today? If not, why not?

The role and function of share registrars will become more important in a scripless environment. We believe that share registrars, as participants of CCASS, will need at least to fulfill the technical and operational requirements as stipulated by HKSCC for other participants of CCASS.

**Question 15:**

Do you consider that a graduated approach should be taken towards regulating share registrars (i.e. that the level of regulation should vary according to the type and range of scripless related services provided), or that a uniform approach should be taken such that a common standard is applied in all cases?

We consider that a graduated approach would be more adequate. The level of regulation should depend on the type and range of service that share registrars provide to listed issuers, e.g. some registrars are not involved in IPO work.

**Question 16:**

Do you have any views on the proposed changes to the IPO process?

We agree to the proposed changes to the IPO process.

**Question 17:**

Do you agree that the scope of the scripless operational model should extend to all publicly traded securities in Hong Kong (including therefore securities such as derivative warrants and CBBCs)?

We agree.

Yours faithfully

For and on behalf of  
Union Registrars Limited



聯合證券商務及證券登記  
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