

**Submitted via Qualtrics****Federation of Share Registrars Limited****Company/Organisation view****Professional Body / Industry Association****Question 1****Do you agree with the Electronic Instructions Proposal as detailed in paragraphs 29 to 45 of the Consultation Paper?**

No

**Please give reasons for your views.**

The FSR is supportive of the Exchange's commitment to sustainability and the reduction of paper in communications, along with improving the engagement, speed, and efficiency of interactions between issuers and investors. We note that it is important, in taking further steps to facilitate paperless communications, that the Exchange's proposals adequately balance the administrative and cost burden on issuers, with the benefit delivered to securities holders via more efficient communications.

We are particularly mindful of the considerable industry effort currently focused on delivery of USM. Any additional development requirements for issuer's share registrars to support Paperless III proposals will create delivery risk for USM. We are also mindful that delivery of electronic communications for securities holders is a key element of USM, and a benefit to them dematerialising their securities and establishing a USI Profile. It is critical that the Exchange's proposals are implemented in a manner that supports the successful implementation of USM rather than detracting from it.

With these considerations in mind, we agree with the Electronic Instructions Proposal only with respect to the Standardised Requested Communications, i.e. limited solely to Dividend Election Instructions and Meeting Instructions, and subject to the following:

- a clear definition of Meeting Instructions would be beneficial to ensure certainty for issuers; and
- applicable to USI holders only, as issuers commence participating in USM, it should be clarified that they can comply with the Electronic Instructions Proposal by making electronic instruction facilities available only to USI holders, i.e. those securities holders that dematerialise their securities and utilise the issuer's Approved

Securities Registrar's (ASR's) UNSRT facilities; and remaining certificated holders would first need to dematerialise their securities in order to participate in the Electronic Instructions Proposal.

The Standardised Requested Communications are the most common forms of instructions from holders to issuers, and thus will deliver a considerable proportion of the benefit of the paperless initiative. They are also the type of events more readily adapted to a standard-form of instruction, reducing the cost to issuers, and minimising the need for bespoke development.

In our view, all other Requested Communications should be classified as Non-standardised Requested Communications. We do not agree that the Exchange should include these within the proposal to require issuers to make available mechanisms to allow securities holders to send instructions electronically at this time. We note that the Exchange has contemplated a longer transitional period for the Non-standardised Requested Communications. However, in our view, the Non-standardised Requested Communications should be addressed by encouraging issuer facilitation of electronic instruction while nonetheless allowing issuer discretion to determine whether this is appropriate for their specific corporate event, based on assessment of the cost/benefit in their individual circumstances.

There are practical barriers to facilitating electronic instructions for certain types of corporate actions; this is not a requirement in other jurisdictions; and it is not, on balance, cost-effective to expect all issuers to cater for every type of corporate action. Key considerations that impact the benefit of facilitating electronic instructions include:

- Once USM is live, for issuers whose securities are not yet USM-participating, the surrender of paper certificates remains a requirement for various corporate actions. Mandating the provision of an electronic instruction channel for such holders is not practical or cost-effective.
- Issuers with small numbers of registered holders may face disproportionate costs in creating bespoke solutions for electronic instructions for non-standardised corporate actions. These costs include the technology solution (e.g. custom websites) as well as additional legal and other advisory fees to create appropriate text and information to guide securities holders in their election.

## **Question 2**

**Do you agree with the implementation timeline (including the availability of transitional arrangements) for the Electronic Instructions Proposal as set out in paragraphs 47 to 54 of the Consultation Paper?**

No

**Please give reasons for your views.**

The FSR is broadly supportive of the implementation timeline for Standardised Requested Communications, while noting our response to question 1 with respect to the relevant scope and conditions of these. We do not agree that issuers should be required to make available electronic instructions for Non-standardised Requested Communications, regardless of the length of a transitional period.

**Question 3**

**Do you agree with the Real-time Electronic Payment Proposal as detailed in paragraphs 69 to 74 of the Consultation Paper?**

No

**Please give reasons for your views.**

The FSR broadly agrees with the requirement for issuers to provide an electronic payment option, however we do not agree that issuers should be required to offer CHATS as a channel to comply with this. To do so would be contrary to the latest handling practices in the banking industry, where all banks are migrating relevant autopay transactions (e.g. dividend payments) to Faster Payment System (FPS). As payment details are currently provided to paying banks at least 2-3 days in advance of the payment date, such payments are scheduled to be received on the payment date even via autopay.

CHATS is a more costly method for both issuers and their securities holders and is not required to achieve the same outcome. The cost to an issuer could be considerable, depending on the paying bank and number of electing holders, being charged on a per individual payment basis. Depending on a securities holder's banking arrangements, the cost for receiving a CHATS payment may be borne by securities holders themselves and in that case, unlikely to see widespread adoption. We therefore consider that CHATS should remain an option for issuers to voluntarily offer securities holders based on their circumstances, rather than being required for all issuers.

**Question 4**

**Do you agree with the Electronic Subscription Monies Proposal as detailed in paragraphs 83 to 89 of the Consultation Paper?**

Yes

**Please give reasons for your views.**

The FSR is supportive of the Electronic Subscription Monies Proposal given its implementation will create a more efficient and convenient payment mechanism for those that elect to pay subscription monies electronically.

**Question 5**

**Do you agree that MMOs should no longer be available to issuers as set out in paragraph 99 of the Consultation Paper?**

**Please give reasons for your views.**

**Question 6**

**Do you agree with the Hybrid General Meeting and E-voting Proposal as detailed in paragraphs 129 to 134 of the Consultation Paper?**

No

**Please give reasons for your views.**

The FSR is supportive of the benefits of hybrid meetings. However, we consider that rather than requiring issuers to ensure constitutional documents enable them to facilitate hybrid general meetings and E-voting, a preferred option would be for the Exchange to continue its current approach of encouraging issuers to provide the flexibility of enabling hybrid meetings and E-voting, allowing issuers to choose whether it is in the best interests of the relevant company, its securities holders, and proceed on that basis. We are concerned that the requirement to change articles for those issuers that are not planning to conduct hybrid meetings will impose an unnecessary cost burden. However, if the Exchange chooses to proceed with this proposal, we would recommend a gradual approach for implementation, where issuers have a grace period of a number of years to amend articles in order to comply, ideally aligning them with their own timing for USM participation, that will allow them to manage changes to articles with other requirements.

**Question 7**

**Should issuers be required to provide securities holders with an option to attend general meetings remotely and vote via electronic means (as set out in paragraph 135 of the Consultation Paper)?**

No

**Please give reasons for your views.**

The FSR is supportive of the benefits of hybrid meetings. However, in our view, it is important that issuers retain the discretion to determine the most appropriate method for conducting their general meetings based on their individual circumstances. We do not therefore consider that issuers should be required to provide an option for holders to attend general meetings remotely and would prefer to see the continuation of the Exchange's current approach of encouraging issuers to provide flexibility in this regard. We note that the ability to submit proxy votes via electronic means is addressed in the Electronic Instructions Proposals. We also note that the Exchange is inviting feedback on this topic to consider future direction, and the FSR is happy to participate in further dialogue once the Exchange collates feedback. In any case we would advocate that any movement towards requiring the provision of this option should be done in a phased manner, and post USM implementation, to allow issuers to assess its full impact.

### **Question 8**

**Should web accessibility guideline(s) (e.g. WCAG) be incorporated into, or referred to, in the Listing Rules (for example, the CG Code) or the Exchange's guidance, such that any corporate communications made available on issuers' website under the Rules should conform to such guideline(s), as set out in paragraph 146 of the Consultation Paper?**

**Please give reasons for your views.**

### **Question 9**

**Do you agree with adding a new note to MB Rule 13.46(1) to clarify that the conditions for granting waivers from the publication and distribution requirements of annual results/reports also apply to issuers that are neither overseas issuers nor PRC issuers (see paragraph 151 of the Consultation Paper)?**

**Please give reasons for your views.**

### **Question 10(a)**

**Do you agree with the following proposed amendments to align requirements:**

**To amend paragraph 12B of Appendix D2 to the MB Rules (GEM Rule 18.39B) to remove the annual affirmation requirement for independent non-executive director (see paragraph 152 of the Consultation Paper)?**

**Please give reasons for your views.**

**Question 10(b)**

**Do you agree with the following proposed amendments to align requirements:**

**Amend MB Rule 9.11(33) (GEM Rule 12.25(2)) to more accurately reflect the documentary requirements for the registration of a prospectus of C(WUMP)O (see paragraph 154 of the Consultation Paper)?**

**Please give reasons for your views.**

**Question 10(c)**

**Do you agree with the following proposed amendments to align requirements:**

**To remove GEM Rule 18.50C to align the requirement on the timeframe for submission of annual report with the MB Rules (see paragraph 155 of the Consultation Paper)?**

**Please give reasons for your views.**

**Question 10(d)**

**Do you agree with the following proposed amendments to align requirements:**

**To align the market capitalisation information required on Main Board and GEM listing application forms (see paragraph 157 of the Consultation Paper)?**

**Please give reasons for your views.**

**Question 11**

**Do you agree with the proposal to amend MB Rule 2.07C to cover the types of announcements mentioned in paragraphs 158 and 159 of the Consultation Paper?**

**Please give reasons for your views.**

**Question 12**

**Do you agree with the proposal to amend MB Rule 37.06 as mentioned in paragraphs 161 to 164 of the Consultation Paper?**

**Please give reasons for your views.**

**Question 13**

**Do you agree with the proposal to clarify the scope of Professional Debt Issuers' continuing obligation to notify the Exchange of their proposals to amend trust deed (see paragraphs 165 and 166 of the Consultation Paper)?**

**Please give reasons for your views.**

**Question 14**

**Do you agree with the proposal to clarify the scope of Professional Debt Issuers' continuing obligation to submit financial statements to the Exchange (see paragraphs 167 and 168 of the Consultation Paper)?**

**Please give reasons for your views.**

**Question 15**

**Do you agree with the proposal to revise the scope of Public Debt Issuers' continuing obligation to inform and submit drafts to the Exchange with respect to their proposal to amend documents that affect the rights of the holders of**

**their listed debt securities (see paragraphs 169 to 171 of the Consultation Paper)?**

**Please give reasons for your views.**

**Question 16**

**Do you agree with the proposal to clarify the validity period of a debt programme under MB Rule 37.41 (GEM Rule 30.34) (see paragraphs 172 and 173 of the Consultation Paper)?**

**Please give reasons for your views.**

**Question 17**

**Do you agree with the proposal to revise the definition of supranationals under the MB Rules (see paragraphs 174 and 175 of the Consultation Paper)?**

**Please give reasons for your views.**

**Question 18**

**Do you agree with the proposal to require all Public Debt Issuers (except States and supranationals) to publish the English and Chinese versions of their financial statements (see paragraphs 176 to 178 of the Consultation Paper)?**

**Please give reasons for your views.**

**Question 19**

**Do you agree with the proposal to replace references to “general meeting” with “meeting of holders of the debt securities” in paragraph 9 of Appendix A2 to the MB Rules (paragraph 9 of Appendix A2 to the GEM Rules) (see paragraphs 179 and 180 of the Consultation Paper)?**



**Please give reasons for your reviews.**