Uncertificated Securities Market (USM) Frequently Asked Questions

(Version Date: November 2026)

Note: This document will be updated from time to time to reflect the latest developments and please refer to the latest version for further details.

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General Questions

1 What is USM?

The Uncertificated Securities Market initiative (USM) aims to provide an efficient means for investors to hold and manage securities in their own names and electronically.

Key features of the Operational Model for USM are as follows:

1. Electronic transfer of legal title:
   Legal title of participating securities to be evidenced and transferred without title instruments.

2. Retention of central nominee structure:
   The CCASS central nominee structure will be retained. This means investors who hold their securities through CCASS will continue to hold a beneficial interest and legal title will remain with a central nominee, i.e. HKSCC-NOMS.

3. Scope of securities covered:
   a. shares, other than shares that constitute interests in a collective investment scheme authorized by the SFC under section 104 of the SFO (authorized CIS);
   b. depository receipts;
   c. stapled securities;
   d. interests in an authorized CIS which, under the terms of issue of the authorized CIS, may be withdrawn from a clearing and settlement system operated by, or on behalf of, HKSCC;
   e. subscription warrants issued for capital fund raising purposes that entitle the holder to subscribe for securities (whether issued or unissued) that fall within a class or description of securities specified in sub-paragraphs (a), (b), (c), or (d) above; or
   f. rights under a rights issue to subscribe for securities that fall within a class or description of securities specified in sub-paragraphs (a), (b), (c) or (d) above; and that are listed or to be listed on the SEHK.

   These are collectively referred to as “prescribed securities”.

2 When will USM be implemented?

On 30 March 2026, the SFC announced that the USM regime will be launched on 16 November 2026.

3 How will prescribed securities become USM-enabled? What are participating securities?

The term "participating securities" refers to prescribed securities that are USM-enabled in the sense that all relevant procedures and formalities have been completed in order for investors holding those securities in their own names to be able to evidence and transfer them without paper documents. These procedures and formalities include the following.

a. The issuer of the securities must have appointed an approved securities registrar (ASR) to: (i) maintain the register of holders of those securities; and (ii) provide a computer-based system for evidencing and transferring legal title to those securities without paper instruments (UNSRT system).

b. The appointed ASR must have: (i) completed everything necessary for legal title to the securities to be evidenced and transferred through its UNSRT system; and (ii) confirmed to the issuer a date from when such evidencing and transferring through its UNSRT system may begin.

c. The terms of issue relating to those securities (e.g. the articles of association in the case of shares) must have been amended so that they are consistent and compatible with requirements and obligations under the USM regime (e.g. the articles should not provide for the issue of title instruments in respect of participating securities).

4 What is meant by securities being in "uncertificated form" or in "certificated form"?

Securities are in "uncertificated form" if they can be held or transferred through a UNSRT system without paper documents. For securities to be in "uncertificated form":

a. no current certificate or other title instrument has been issued in respect of them; and

b. they must be recorded in the relevant register of holders as being held in uncertificated form.

Securities that are not in "uncertificated form" are regarded as being in "certificated form".

5 How to identify the participating securities?

Following the implementation of the USM, a list of prescribed securities together with their respective specified dates and participation dates by which those securities must become participating securities will be available on the HKEX USM webpage. The list containing the first batch of such prescribed securities is expected to be available on 19 November 2026.

In addition, the CCASS "Enquire Stock List" function will be enhanced to enable Clearing Participants or Custodian Participants (CPs) to identify participating securities. In the list screen, participating securities will be indicated by the field **"Eligible for Demat/USI Transfer"**, which will be marked as **"Y"**.

For ease of reference, a list of participating securities will also be published on the HKEX USM webpage.

Issuers

1 Will all listed issuers have to participate in USM?

All issuers of prescribed securities will have to participate in USM to a certain extent.

Callable bull/bear contracts, derivative warrants and ETFs that are not withdrawable from CCASS are not prescribed securities and therefore will not fall within the scope of USM.

2 Can issuers of prescribed securities choose when to participate in USM?

Specific deadlines have been set for prescribed securities constituted under the laws of Hong Kong, Chinese Mainland, Bermuda or Cayman Islands. Specifically:

a. For prescribed securities that are first listed after USM is implemented (e.g. IPO securities), they will have to be in uncertificated form from the time they are first listed.

b. For prescribed securities that are already listed when USM is implemented, a five-year timeline (from USM implementation) has been set within which they will have to become participating securities.

In the case of (b) above, to ensure an orderly transition, a more detailed timetable will be worked out among securities registrars, Hong Kong Securities Clearing Company Limited (HKSCC) and the Stock Exchange of Hong Kong Limited (SEHK). This will include specific deadlines for each issuer, taking into account its size, number of title instruments in circulation, any upcoming or planned corporate actions, the need for amendments to its terms of issue, etc.

Issuers should engage with their securities registrars as soon as possible to reflect any concerns they may have regarding their specific deadline. While securities registrars will endeavour to take these into account, it may not always be possible to accommodate all requests.

As for prescribed securities constituted under the laws of other jurisdictions, we will work towards facilitating their participation within the five-year timeline as far as possible. However, in some cases (e.g. for shares of companies incorporated under UK law), this may require amendments to overseas laws, and hence may need more time.

3 What preparatory steps do issuers need to take, and by when? Do issuers need to start taking steps now?

Issuers will need to complete various formalities before their securities become participating securities. These include:

a. amending the terms of issue of their securities (e.g. articles of association in the case of shares) so that they are compatible with the USM regime; and

b. completing all necessary processes for onboarding their securities onto an approved securities registrar's UNSRT system.

Issuers should reach out to their securities registrars as soon as possible to understand what specific steps they need to take and by when. Issuers should also start the process of reviewing their terms of issue with a view to ascertaining what amendments are needed, and then initiate the process for making those amendments.

Investors

1 Will it be mandatory for investors to participate in USM?

For investors who currently hold prescribed securities in certificated (paper) form in their own names:
Investors may continue holding their existing securities in certificated form even after they become participating securities, i.e.:

- there is no obligation to dematerialise their existing holdings (i.e. convert them into uncertificated form); and
- existing certificates will not be invalidated.

However, once those securities become participating securities, no new certificates / title instruments will be issued. Consequently:

- If investors acquire additional units of the same participating securities, they will have to hold the additional units in uncertificated form.
- If investors transfer some of their existing units, they may need to dematerialise the units they have not transferred – e.g. if the units transferred and units not transferred are covered by the same certificate / title instrument.
- If investors lose or damage their certificate / title instrument, they will not be issued a replacement certificate / instrument, and will instead need to dematerialise the securities represented by the lost or damaged certificate / instrument.

For investors who currently hold prescribed securities through a Clearing Participant or Custodian Participant (CP) and in CCASS:
Investors may continue to hold their existing prescribed securities through a CP in CCASS, even after they become participating securities.

If investors acquire any other prescribed securities, they may also hold them in the same way, i.e. through a CP in CCASS.

Operation Changes for Intermediaries

1 Who is eligible to be an Authorized Person (AP) approved by the Inland Revenue Department (IRD)?

Participants of HKSCC, excluding Clearing Agency Participants, Investor Participants, Stock Pledgee Participants and newly introduced Registrar Participants under USM, would be eligible to be an AP approved by the IRD.

To apply to be an AP, please complete and submit the application form IRSD107.

2 Will there be any changes to the current service hours at the CCASS Depository counter?

The service hours of the physical outlet of CCASS Depository will remain unchanged:
For delivery of certificates: 9:30 a.m. to 3:45 p.m.,
For collection of certificates: 9:30 a.m. to 5:00 p.m.
Monday to Friday (except public holidays)

3 Will rush deposit services be available following the implementation of the USM?

Rush services will be available for the deposit of non-participating securities and for demat with transfer of participating securities. All rush services requests are subject to the availability of the ASR. CPs should confirm the availability of rush services directly with the respective

ASR.

4 Will the "Jumbo Certificate Deposit" arrangement be available for USI transfer?

The Jumbo Certificate Deposit is no longer applicable to both paper-based and non-paper-based transactions, including deposits, dematerialization and USI transfers, following the implementation of USM.

5 What else does the USI holder need to do after requesting the broker to execute a trade?

After requesting the broker to execute a trade, the USI holder must transfer the respective securities to HKSCC-NOMS via their broker for subsequent settlement. To initiate the transfer, the broker (CP) needs to submit a "USI Transfer Request" in CCASS. The USI holder will then receive a notification from the respective ASR to affirm the transfer in the corresponding USI facility. For details on the affirmation process, please refer to the FSR's Information Paper.

6 Is it necessary to verify the registered holder (USI holder)'s signature for USI transfers?

Since the USI holder is required to perform the affirmation through the respective ASR to confirm the validity of the transfer, no additional verification of the USI holder's signature is necessary. However, CPs should continue to follow their internal policies regarding signature verification where applicable.

7 What is the expected processing time for demat with transfer, and how will this affect book closure periods?

The relevant ASR is expected to complete any demat with transfer within 5 business days from the date it receives the electronic interface file, the certificates, and the instrument of transfer.

According to the USM Rules, the book closure period for participating securities will be limited to no more than two consecutive business days. To support this timeline, CPs are recommended to submit their demat with transfer request and deliver the certificates and the instrument of transfer to CCASS Depository counter at least five business days prior to the start of the book closure period.

8 Is it mandatory that demat with transfer and USI transfer involving HKSCC-NOMS must be No Change of Beneficial Ownership (NCBO)?

Yes, demat with transfer and USI transfer involving HKSCC-NOMS must be conducted on a NCBO basis.

Accordingly, CPs must have appropriate controls in place to ensure that, prior to any participating securities being deposited into or withdrawn from their stock accounts, the name and other particulars of the client(s) transferring the securities match those of the client(s) for whose account the securities were, or will be, held in CCASS immediately before and after the transaction.

CPs must also verify, or obtain confirmation from their clients, that the transfer does not involve any change in beneficial ownership. If the transfer involves CBO, the CP will not be able to proceed with the request in CCASS.

9 How should demat with transfer or USI transfer involving Change in Beneficial Ownership (CBO) be conducted?

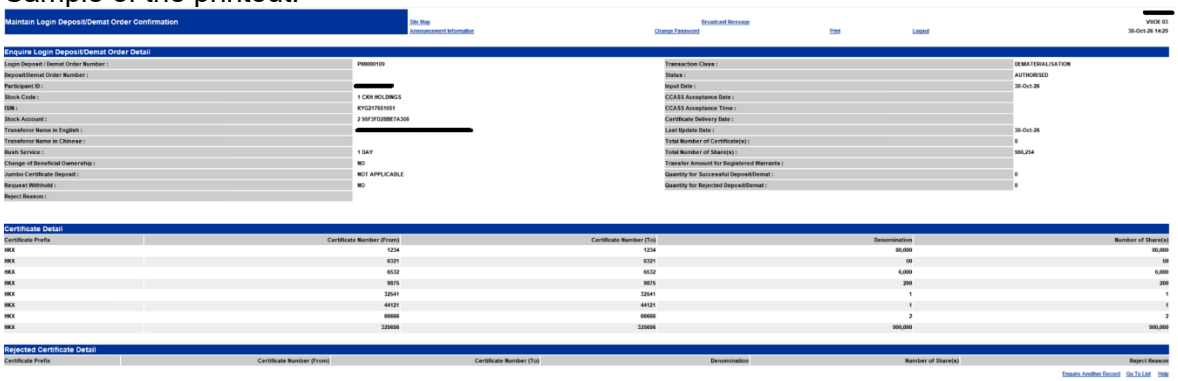
Where a demat with transfer or USI transfer involves a CBO, the transaction must be conducted directly through the relevant ASR.

10 How to deposit securities into CCASS?

Participating securities held in certificated form

CPs must submit a demat with transfer request through "Login Deposit/Demat Order" in CCASS, then deliver the certificates to the CCASS Depository counter with:

- A printout of the CCASS request screen showing the authorized order reference number; and;
  - Sample of the printout:



Maintain Login Deposit/Demat Order Confirmation

Enquire Login Deposit/Demat Order Detail

Login Deposit / Demat Order Number :	P00000109	Transaction Class :	DEMATERIALISATION
Deposit/Demat Order Number :		Status :	AUTHORISED
Participant ID :	[redacted]	Input Date :	30-Oct-26
Stock Code :	1 CKH HOLDINGS	CCASS Acceptance Date :	
ISIN :	KYG217651051	CCASS Acceptance Time :	
Stock Account :	2 [redacted]	Certificate Delivery Date :	
Transferor Name in English :	[redacted]	Last Update Date :	30-Oct-26
Transferor Name in Chinese :		Total Number of Certificate(s) :	8
Rush Service :	1 DAY	Total Number of Share(s) :	986,254
Change of Beneficial Ownership :	NO	Transfer Amount for Registered Warrants :	
Jumbo Certificate Deposit :	NOT APPLICABLE	Quantity for Successful Deposit/Demat :	0
Request Withhold :	NO	Quantity for Rejected Deposit/Demat :	0
Reject Reason :			

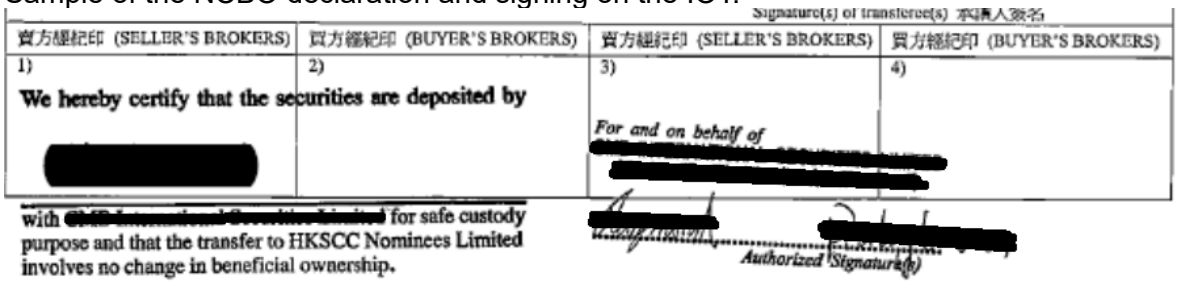
Certificate Detail

Certificate Prefix	Certificate Number (From)	Certificate Number (To)	Denomination	Number of Share(s)
HKX	1234	1234	50,000	50,000
HKX	6321	6321	50	50
HKX	6532	6532	6,000	6,000
HKX	9875	9875	200	200
HKX	32641	32641	1	1
HKX	44121	44121	1	1
HKX	66666	66666	2	2
HKX	326666	326666	900,000	900,000

Rejected Certificate Detail

Certificate Prefix	Certificate Number (From)	Certificate Number (To)	Denomination	Number of Share(s)	Reject Reason

- An instrument of transfer (IOT) containing an NCBO declaration.
  - Sample of the NCBO declaration and signing on the IOT:



賣方經紀印 (SELLER'S BROKERS)	買方經紀印 (BUYER'S BROKERS)	賣方經紀印 (SELLER'S BROKERS)	買方經紀印 (BUYER'S BROKERS)
1) We hereby certify that the securities are deposited by [redacted] with [redacted] for safe custody purpose and that the transfer to HKSCC Nominees Limited involves no change in beneficial ownership.	2)	3) For and on behalf of [redacted] Authorized Signature(s)	4)

Signature(s) of transferee(s) 承讓人簽名

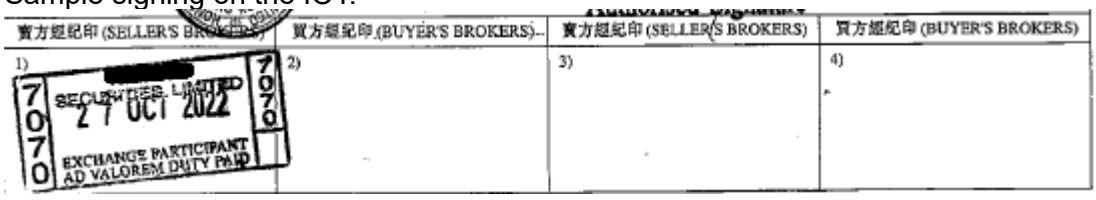
Participating securities held in uncertificated form

CPs must submit a request through "USI Transfer Request" in CCASS. The USI holder name and number must match the relevant ASR's records; otherwise, the ASR will reject the request. CPs must also remind their clients (USI holders) to promptly affirm the transfer request with the relevant ASR.

Non-participating securities held in certificated form

CPs must submit a deposit request through "Login Deposit/Demat Order" in CCASS, then deliver the certificates to the CCASS Depository counter with:

- A printout of the CCASS request screen showing the authorized order reference number; and
- An IOT.
  - Sample signing on the IOT:



賣方經紀印 (SELLER'S BROKERS)	買方經紀印 (BUYER'S BROKERS)	賣方經紀印 (SELLER'S BROKERS)	買方經紀印 (BUYER'S BROKERS)
1) [redacted] SECURITIES LIMITED 27 OCT 2022 EXCHANGE PARTICIPANT AD VALOREM DUTY PAID 7070 7070	2)	3)	4)

11 Is the stock deposit form required for deposit of share certificates?

No. The stock deposit will be replaced by CCASS function "Login Deposit/Demat Order".

12 Apart from delisting, are there any scenarios in which securities can be rematerialized?

There would not be an option to rematerialize securities that are in uncertificated form in any circumstances, except the prescribed securities are in the process of delisting or when the SFC grants an exemption under rule 32 of the USM Rules.

13 How should CPs prepare for the implementation of USM?

CPs are strongly encouraged to review the relevant published documentation to support their operational and system readiness. This includes, among others, the Information Paper and the CCASS Terminal User Guides.

All relevant documentation is available on the HKEX USM webpage.

IPO

1 Under the USM regime, how will investors receive securities in connection with allotment for an IPO in uncertificated form?

Applications made via HKSCC EIPO channel: Same as current practice, the allotted shares will be held in HKSCC-NOMS' name and credited to the CCASS stock account of the relevant CPs. Investors will see the balance of the allotted shares reflected in their securities accounts with their brokers (CPs), allowing the shares to be traded on the first day of listing.

Application made via White Form eIPO service: The allotted shares will be issued in the name of the investors. Investors will see the balance of the allotted shares reflected in their USI profiles within the relevant ASR's USI facility on the first day of listing.

2 Do investors need to set up a USI profile with the respective ASR for IPO purposes?

For applications made via HKSCC EIPO channel, investors will make IPO applications with their brokers (CPs) and are not required to setup their USI profiles.

For applications made via White Form eIPO service, investors should set up their USI profiles with the respective ASR to receive the allotted securities in uncertificated form. Without USI profiles, the registered holder will become a provisional system-member, and access to these securities may be restricted.

Corporate Actions

1 If the registered holder is holding participating securities in certificated form, how can they receive bonus shares in uncertificated form during CA events?

If the registered holder has not yet set up a USI profile, the issuer’s ASR will set up a temporary or provisional USI profile in the investor’s name, thus safeguarding the investor’s right to receive the participating securities concerned and any entitlements flowing from such securities. However, the investor will be restricted from viewing or transferring such entitlements until they have completed the necessary procedures and formalities to set up a USI profile.

2 How can registered holders of participating securities inform their brokers to sell bonus shares, and what information needs to be provided?

If the registered holder needs to sell the bonus shares that are being held in his/her USI profile, he/she needs to ask his/her broker (CP) to submit a USI Transfer request in CCASS to transfer

such securities to HKSCC-NOMS. The registered holder must provide his/her USI profile name and USI holder number to his/her broker (CP) for the USI transfer. Please also note that dealing in distributed shares of participating securities typically commences on the allotment date.

Stamp Duty (Transfer of securities to/from HKSCC-NOMS via USI Transfer/Demat with Transfer)

1 What are the stamp duty requirements (e.g., the HK$5 Transfer Deed Stamp Duty) and the available payment channels for USI transfers?

Only transfers involving No Change of Beneficial Ownership (NCBO) are permitted for demat with transfers and USI transfers to or from HKSCC-NOMS. Accordingly, USI transfers to or from HKSCC-NOMS would not be subject to stamp duty.

In addition, transfer deed stamp duty is independent of the quantity of shares traded. The Government levies a fixed stamp duty of HK$5 on each new transfer deed, payable by the registered holder of the relevant share certificate(s) (i.e. the seller). As USI transfers do not involve physical share certificates or transfer deeds, transfer deed stamp duty is not applicable.

2 Will Exchange Participants (EPs) continue to pay stamp duty through the existing process, or will they use the new CCASS function?

Yes, EPs will continue to pay stamp duty through the existing process. There would be no change to EPs' existing stamp duty process. Separately, for an SI transaction involving a CBO transfer (hence stampable), CPs which are authorised by the Stamp Office will have the additional option of paying stamp duty for such SI transaction via the new "Stamp Duty Payment Request" function on CCASS.

3 Can the new CCASS function “Stamp Duty Payment Request” be used for Bought/Sold Notes?

The new CCASS function will facilitate the stamp duty payment in respect of SI transaction of participating securities which is subject to stamp duty. In addition, the function supports the contract note types of “Buy”, “Sell” and “Both”.

4 What is the deadline for an AP to submit a Stamp Duty Payment Request?

The submission deadline depends on where the sale or purchase is effected:

- For a sale or purchase effected in Hong Kong: no later than 1 Day after the date on which such sale or purchase is effected.
- For a sale or purchase effected outside Hong Kong: no later than 28 calendar days after the date on which such sale or purchase is effected.

Where “Day” here means every day excluding any day on which CCASS is not open for business.

For example, if a sale or purchase is effected in Hong Kong on 1 December 2026, the Stamp Duty Payment Request must be submitted by 2 December 2026, provided that 2 December 2026 is a day on which CCASS is open for business.

Investor Participant (IP)

1 What are the anticipated effects of the USM on Investor Participants?

Operational changes relating to Investor Participant (IP) are summarised in Appendix A of the Information Paper.

Fees and Tariffs

1 What changes are expected in the overall fee structure under the USM?

HKSCC has not changed the depository services fee structure since 2005. As a result, it may no longer reflect prevailing market practices or expectations, particularly when compared to international Central Securities Depositories (CSDs). In light of this, HKEX is leveraging the implementation of the USM as a pivotal opportunity to modernise the fee structure to ensure:

i. Simplicity and predictability for market participants
ii. Fairness in cost distribution
iii. Alignment with USM objectives, particularly in reducing barriers for investors to make transfers.

HKSCC has identified three fees that would be impacted by USM: (1) stock withdrawal fee, (2) stock custody fee, and (3) registration and transfer fee (also known as “scrip fee”). The revised fee structure will take effect upon the implementation of USM. Further details of these changes are set out in Chapter 6 of the Information Paper.

2 When will the scrip fee be removed?

The scrip fee will be fully removed with effect from the implementation date of USM (i.e. 16 November 2026). However, corporate actions with a Last Registration Date (LRD) on or before 13 November 2026 will remain subject to the scrip fee.

3 Will scrip fee concession be retained after the USM implementation?

No, the scrip fee concessions will not be retained after the USM implementation.

The existing scrip fee concessions were introduced to address limitations in the current fee calculation methodology, which is based on increases in holdings between two book close dates. This approach may lead to unintended double charging, particularly in cases such as transfers between CPs or corporate restructuring.

To mitigate this, HKSCC currently provides:

- General scrip fee concessions to avoid double charging
- A specific concession for jumbo certificates (≥1,000 board lots), where such holdings are excluded from normal scrip fee calculations to encourage bulk deposits

With the implementation of the USM:

- The scrip fee will be fully abolished, removing the root cause of double charging
- Consequently, all related concessions (including jumbo certificate arrangements) will become unnecessary

As these concessions were designed specifically to offset the limitations of the existing fee regime, they will be discontinued under USM, as they are no longer aligned with the new operational and fee structure.

4 How is the stock withdrawal fee calculated?

The stock withdrawal fee is based on the gross value of Eligible Securities, calculated using the closing price on the trading day immediately preceding the date on which the securities are debited from the Stock Account. For Debt Securities, the fee is calculated based on their nominal value.

5 Will withdrawal fee concession be retained after the USM implementation?

Partially retained.

Following the implementation of the USM, part of the existing withdrawal fee concessions will be discontinued, as they no longer aligned with the updated operational framework. In particular:

- The concession for "jumbo certificates" will be removed, since its original purpose (to encourage bulk deposits of physical certificates) will become obsolete in a dematerialised environment

However, certain withdrawal fee concessions will continue to be retained, specifically for:

- Exercising shareholder rights
- Transfers to overseas registrars

These retained concessions will:

- Remain subject to HKSCC's discretion
- Require compliance with applicable criterial or conditions
- Continue to be subject to a handling fee of HK$1,000 per application

In summary, while part of withdrawal fee concessions will be discontinued under USM, a limited set of concessions will continue to apply in specific scenarios.

6 How is the stock custody fee calculated?

The stock custody fee will be restructured to accrue on a daily basis at a fixed cumulative annual percentage, applied to a CP's total daily stock portfolio value of registered securities. An illustrative example is provided below:

Daily portfolio value for all listed registered securities of CP

- On 1 December: HK$25 billion
- From 2 to 4 December: HK$32 billion
- From 5 to 31 December: HK$55 billion

Date	Applicable Tier Level	Total Custody Fee (HK$)
1 December	• Tier 1: HK$10 billion x 0.006250% / 365 • Tier 2: HK$10 billion x 0.006000% / 365 • Tier 3: HK$5 billion x 0.005000% / 365	$4,041.10
2 December	• Tier 1: HK$10 billion x 0.006250% / 365 • Tier 2: HK$10 billion x 0.006000% / 365 • Tier 3: HK$10 billion x 0.005000% / 365 • Tier 4: HK$2 billion x 0.004500% / 365	$4,972.60

3 December	• Same as 2 December	$4,972.60
4 December	• Same as 2 December	$4,972.60
5 to 31 December	• Tier 1: HK$10 billion x 0.006250% / 365 • Tier 2: HK$10 billion x 0.006000% / 365 • Tier 3: HK$10 billion x 0.005000% / 365 • Tier 4: HK$10 billion x 0.004500% / 365 • Tier 5: HK$15 billion x 0.003500% / 365	$7,397.26 x 27 = $199,726.02
	Total for the month	***$218,684.92***

The stock custody fee within each tier supports tariff rates up to 8 decimal places, and no rounding is applied at the individual tier level. The daily fee is calculated by summing the fees across all applicable tiers, and the total amount is then rounded to 2 decimal places using standard rounding (i.e. 4-round-down, 5-round-up).

For participant classified as Investor Participant (IP), the same calculation above applies, but it is subject to a minimum stock custody fee of HK$20 per month and a maximum stock custody fee of HK$3,000 per month per Stock Account of the IP. For the avoidance of doubt, IP who do not hold any registered securities in CCASS on any day in a given month will not be subject to the stock custody fee for that month.

The restructured stock custody fee will take effect on 1 December 2026. The fee for November 2026 will be based on the aggregate stock quantity balances in the CP's stock accounts as of 15 November 2026.

7 How is the CCASS membership fee calculated?

The CCASS membership fee is determined based on the average daily stock portfolio value of register securities held in a CP's stock accounts over the preceding calendar year.
An illustrative example is provided below:

Scenario 1: From 16 November (the implementation date) to 31 December.

Date	Daily Portfolio Value of the CP in HK market
On 16 November 2026	HK$20.8 billion
On 17 November 2026	HK$20.8 billion
On 18 November 2026	HK$0 billion
On 19 November 2026	HK$20.4 billion
…	HK$20.4 billion
On 31 December 2026	HK$20.4 billion
	Total: HK$918.8 billion

Average portfolio value of 2026:
HK$918.8 billion / 46 calendar days
= HK$19.97 billion (round to the nearest 2 decimal places)

The average portfolio value falls in tier 2, therefore, the CP will pay a pro-rata of CCASS membership fee of HK$50,000 per year:
HK$50,000/12 x 2 (for 2 months starting in November 2026)
= HK$8,333.33 (round to the nearest 2 decimal places)

Scenario 2: Full year calculation

Date	Daily Portfolio Value of the CP in HK market
On 1 January 2027	HK$20.8 billion
On 2 January 2027	HK$20.8 billion
On 3 January 2027	HK$0 billion
On 4 January 2027	HK$20.4 billion
…	HK$20.4 billion
On 31 December 2027	HK$20.4 billion
	Total: HK$7,426.4 billion

Average portfolio value of 2027:
HK$7,4626.4 billion / 365 calendar days
=HK$20.35 billion (round to the nearest 2 decimal places)

The average portfolio value falls in tier 3, therefore, the CP will pay a CCASS membership fee of HK$150,000 for year 2027.

Scenario 3: New CP joining after the implementation date

For a new CP that joins after the USM implementation date, the CCASS membership fee will be calculated based on the average daily stock portfolio value from the date of admission to the end of that calendar year.

Date	Daily Portfolio Value of the CP in HK market
On 14 December 2026	HK$20.8 billion
On 15 December 2026	HK$20.8 billion
On 16 December 2026	HK$0 billion
On 17 December 2026	HK$20.4 billion
…	HK$20.4 billion
On 31 December 2026	HK$20.4 billion
	Total: HK$347.6 billion

Average portfolio value of 2026:
HK$347.6 billion / 18 calendar days
=HK$19.31 billion (round to nearest 2 decimal places)

The average portfolio value falls in tier 2, the CP will pay a pro-rata CCASS membership fee of HK$50,000 per year:
HK$50,000/12 x 1 (for 1 month starting from December)

=HK$4,166.67 (round to nearest 2 decimal places)

8 What is the stock custody fee for delisted securities?

Follow the existing stock custody fee arrangements on the delisted securities, HKSCC will waive the stock custody fee for:

- Securities whose listing has been cancelled by The Stock Exchange of Hong Kong Limited (the Stock Exchange, a wholly-owned subsidiary of HKEX) in accordance with the delisting procedures stipulated in the Listing Rules.

- Securities that have been suspended from trading on the Stock Exchange for three months or more as included in the "Prolonged Suspension Status Report" posted in the Listing Matters and Listed Companies section on the HKEX website.

Before the securities are included in the “Prolonged Suspension Status Report”, their last available closing price will continue to be used daily portfolio value calculation and the corresponding stock custody fee.

ASR Fees Implication

1 Which ASR fees are payable by CPs?

There are three main types of ASR fees payable by CPs:

i. One-off set-up fee
ii. Transactional dematerialisation fee
iii. Transfer and registration (T&R) fee

These fees are charged by ASRs and collected via CCASS.

2 What is the one-off set-up fee?

The one-off set-up fee is charged when a prescribed security becomes a participating security. It covers:

- The dematerialisation of all units of the prescribed securities held in CCASS immediately before the participation date; and
- The establishment of a facility with the relevant ASR, through which HKSCC may hold and manage those securities in uncertificated form.

The fee is payable by CPs who hold the relevant prescribed securities in CCASS immediately prior to the securities becoming participating securities.

In summary:

- A CP that holds a position in a security at the time it transitions into the USM (i.e. on the participation date) will be charged the one-off set-up fee.
- A CP that does not hold the security at that time will not be charged the fee.
- No one-off set-up fee will be charged to a CP that acquires or holds the security only after the participation date.

The applicable tier rate is based on the CP’s average daily portfolio value during the relevant reference period. Illustrative scenarios with assumptions of different participation dates:

<u>Scenario 1: Existing CPs</u>
For one-off set-up fees incurred from January 2027 to December 2027, the tier is determined based on the CP’s average daily portfolio value from 16 November 2026 (USM regime implementation date) to 31 December 2026.

For one-off setup fees incurred from January 2028 to December 2028, the tier is determined

based on the CP's average daily portfolio value from 1 January 2027 to 31 December 2027.

Scenario 2: New CPs joining on 2 January 2027
If the CP holds securities with a participation date of 11 January 2027, the tier is determined based on the average daily portfolio value from 2 January 2027 to 10 January 2027.

If the CP holds securities with a participation date of 11 February 2027, the tier is determined based on the average daily portfolio value from 2 January 2027 to 31 January 2027.

For one-off setup fees incurred from January 2028 to December 2028, the tier is determined based on the CP's average daily portfolio value from 2 January 2027 to 31 December 2027.

3 What is the transactional dematerialisation fee?

The transactional dematerialisation fee applies when physical certificates are converted into electronic form (dematerialisation).

This fee is payable by CPs who submit a demat with transfer request to CCASS.

4 What is the transfer and registration fee?

The T&R fee applies when securities are transferred and registered (e.g. into HKSCC-NOMS).

This fee is payable by CPs who submit a demat with transfer request or a Deposit request to CCASS. The fee is calculated based on the previous closing price at the time the CP delivers the certificates and supporting documentation for the relevant demat with transfer or Deposit request.

5 How do I know which ASR fee is required?

The table below summarises the applicable ASR fees based on the type of transaction involved:

Transaction Type	Security Type	Action	Applicable ASR Fees
Deposit into CCASS	Non-participating securities	Deposit	✓ T&R fee
	Participating securities	Demat with Transfer	✓ Transactional dematerialisation fee ✓ T&R fee
		USI Transfer	T&R fee *(paid directly by the USI holder to the relevant ASR)*
Withdrawal from CCASS	All securities	Not applicable	Not applicable
Prescribed securities becoming participating securities	Participating securities	Not applicable	✓ One-off set-up fee

6 How are ASR fees collected?

The ASR fees will be debited from CPs' designated bank accounts through Electronic Payment Instruction (EPI).

The transactional dematerialisation fee and T&R fee will be debited on the first business day of the week following the submission of the relevant documents to the ASR.

The one-off set-up fee will be debited on the first business day of the week following the business day immediately preceding its participation date for those securities.

Fee Calculation and Posting Process

1 When will the fees be calculated and posted?

The following table summarizes when the relevant fees are calculated and posted.

	HKSCC Fees	ASR Fees *(collected via HKSCC)*
Deposit into CCASS		
Non-participating securities		
Physical deposit		✓**T&R fee** •The fee will be calculated based on the previous closing price when the request status is updated to "Accepted". •The fee will be reflected in the ASR Fees Report (CCVUM39) when the request status is updated to "To Registrar".
Participating securities		
Demat with transfer		✓**Transactional dematerialisation fee** ✓**T&R fee** •The T&R fee will be calculated based on the previous closing price when the request status is updated to "Accepted". •Both fees will be reflected in the ASR Fees Report (CCVUM39) when the request status is updated to "To Registrar".
USI transfer		T&R Fee *(paid directly by the USI holder to the ASR)*
Withdrawal out from CCASS		
Non-participating securities		
Physical withdrawal	✓**Stock withdrawal fee** •The fee will be calculated based on the previous closing price when the request status is updated to "Accepted. •The fee will be reflected in the Daily Stock Withdrawal Fee (for Physical Withdrawal) Collection Report (CCVWD17) when the request status is updated to "Accepted"	
Participating securities		
USI transfer	✓**Stock withdrawal fee** •The fee will be calculated based on the previous closing price when the request status is updated to "Completed. •The fee will be reflected in the Daily Stock Withdrawal Fee (for Physical Withdrawal) Collection Report (CCVWD17) when the request status is updated to "Completed"	
Prescribed securities becoming participating securities		✓**One-off set-up fee** •The fee will be reflected in the ASR Fees Report (CCVUM39) one day prior to the participation date of the relevant prescribed securities.
Securities held in CCASS	✓**Stock custody fee** •The fee will be reflected in the Monthly Stock Custody Fee Collection Report (CCDPC03) at the end of each month.	
Membership	✓**Membership fee** •The fee will be reflected in CCASS Membership Fee Collection Report (CCDPC04) at the end of each year.	