



SECURITIES AND  
FUTURES COMMISSION  
證券及期貨事務監察委員會

## **Consultation conclusions on proposed limits for certain fees following implementation of an uncertificated securities market in Hong Kong**

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**13 June 2025**

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## Introduction and executive summary

### **Background**

1. In February 2025, the Securities and Futures Commission (**SFC**) issued a consultation paper ([Consultation Paper](#)) on proposed limits for three types of fees that an approved securities registrar (**ASR**) may charge investors following implementation of the uncertificated securities market (**USM**) regime. These three fees are:
  - (a) a USI set-up fee, ie, the fee for setting up a facility that enables a person to hold and manage **prescribed securities**<sup>1</sup> that are in uncertificated form (**USI Facility**);
  - (b) a dematerialisation fee, ie, the fee for converting any prescribed securities from certificated form to uncertificated form; and
  - (c) a transfer and registration fee (**T&R fee**), ie, the fee for processing and registering transfers of any prescribed securities.
2. The consultation period ended on 23 April 2025. We received a total of 11 submissions. Respondents included industry associations, an intermediary and five individuals. A list of the respondents (other than those who requested to remain anonymous) is set out in [Annex 1](#) and the full text of their comments (unless requested to be withheld from publication) can be accessed via the SFC's website at [www.sfc.hk](http://www.sfc.hk).
3. This Conclusions Paper summarises the feedback received to the consultation, our responses and our conclusions.

### **Feedback received and our responses**

4. In general, respondents continued to express support for the USM initiative, and indicated overall support for the proposed limits. They noted that the proposals establish a fair and transparent fee structure which protects the interests of small shareholders, facilitate investor engagement, and are conducive to the development of USM and the securities market more generally. One respondent noted the cost implications of not having a long-stop date for dematerialisation, and requested the SFC to set such a date as soon as practicable. We confirm that we will keep this under review.

### Level of the proposed limits

5. Major comments on the specific limits proposed for each of the three fees are summarised below:
  - (a) USI set-up fee: The majority of respondents supported the proposed limit of \$50 per USI Facility. Their comments included that such an amount is reasonable and affordable for investors in general, and can encourage early participation in USM, help partially offset operational costs, and facilitate the market's transition to USM.
  - (b) Dematerialisation fee: Most respondents noted that the proposed limit of \$5 per title instrument subject to a \$20 minimum is reasonable and affordable for investors in general, and that the charging basis is clear, transparent and avoids complex

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<sup>1</sup> See the [Glossary](#) for a more detailed explanation of "prescribed securities".

processes, thus making it easy for investors to estimate expenses. However, one respondent noted that investors who have a large number of title instruments may see the fee as a huge burden.

- (c) T&R fee: Many respondents indicated support for the proposed limit of 0.02% of the transaction value and \$20 minimum with no charge for transfers from HKSCC Nominees Limited (**HKSCC-NOMS**). They noted that the proposal is fair, reasonable and consistent with the 'user pays' principle, protects small investors from excessive fees, simplifies administration, and aligns with the underlying operational work, risks and costs. On the other hand, a few respondents expressed concerns that the proposed limit and charging basis will result in significant costs for large-value transactions.
  - (d) Fee limits applied should exclude third-party charges and additional work: One respondent commented that ASRs should have some flexibility to recover third-party charges that they may have to incur, and charge for additional work required in exceptional cases. They suggested that the proposed limits should therefore exclude such charges.
6. We appreciate and welcome the broad support for our proposed limits, and note the comments raised.
- (a) Cost impact for large-value transactions: Regarding the concerns around cost impact for investors who conduct large-value transactions or hold large numbers of title instruments, as mentioned in the Consultation Paper, our objective is that fees imposed on investors should be fair, reasonable and proportionate to the work needed and costs involved.
    - (i) In the case of dematerialisation, the work involved will increase as the number of title instruments increases, and hence a higher total fee amount is justified, in our view.
    - (ii) In the case of transfers, the handling of large-value transactions often involves more extensive validation work and additional risk management processes. A higher total fee amount is therefore justified, in our view. Additionally, if a cap were to be set in respect of large-value transactions, it would have to be set at a sufficiently high level which might render it not particularly meaningful. Alternatively, the ad valorem rate itself would have to be adjusted to cover the overall operating costs, which would mean higher costs for the vast majority of transactions.

Therefore, we consider that our proposals strike an appropriate balance in terms of cost sharing among various stakeholders, while also taking into account the potential impact on different groups of investors. Ultimately, our primary focus in setting fee limits remains on smaller investors, who constitute the majority.

- (b) Limits applied should exclude certain charges: On the issue of whether the limits should exclude certain charges, while we understand the concern, we do not consider that all such charges should be excluded. At the same time, it is difficult to set out an exhaustive list of the charges that should be subsumed by ASRs and those that it would be reasonable to pass on. We expect ASRs to adopt a sensible and reasonable approach in this regard, and act in the interests of investors. In particular, the fee limits should cover the provision of all services generally required

to complete the USI set-up, dematerialisation or transfer process (as applicable). They should also include the provision of reasonable assistance and guidance to investors, and the provision of a reasonable range of options or alternatives, particularly in terms of payment channels.

#### Application of proposed limits to individuals only

7. We received a few comments on the scope and parameters of the proposed limits. Two respondents agreed with our proposal that the limits in respect of the USI set-up fee and dematerialisation fee should apply to individuals only. On the other hand, two other respondents suggested that these limits should also apply to corporates and other non-individuals so that it is fairer and that more stakeholders can benefit and be encouraged to participate in USM.
8. We remain of the view that the proposed limits for the USI set-up fee and dematerialisation fee should apply to individuals only, as the processes and work involved in respect of corporates may vary and could be more complex.

#### Application of proposed limits to baseline services only

9. In general, most respondents agreed that the proposed limits should apply to baseline services only, as this will allow for a flexible charging method when handling more complex processes and offering value-added services.
10. One respondent noted that the definition of baseline services may not be sufficiently clear, and suggested that the SFC allow share registrars flexibility to interpret the scope of their baseline services. In subsequent discussions with us, this respondent clarified that baseline services should not include, for example:
  - (a) the use of paper options where electronic alternatives were available so as to encourage the use of the latter; and
  - (b) exceptional cases that require special handling and the need for substantial additional work (eg, bankruptcy cases where external legal advice may need to be obtained).
11. We note the concerns raised about the scope of “baseline services”. On the point about encouraging the use of electronic options where available, we agree that this is a valid point in the context of transfers, ie, there is value in encouraging and incentivising investors to effect transfers electronically wherever possible. The baseline services for processing transfers should therefore not cover paper transfers where an electronic alternative is available. For better clarity and avoidance of doubt, we will expand the descriptions in Schedule 1 to the Code of Conduct for Approved Securities Registrars (**ASR Code**) (as shown in [Annex 2](#)) to clarify this. As for special handling in exceptional cases, this is covered in the discussion under paragraphs 5(d) and 6(b) above.

#### Other comments

12. We received a range of other comments as well. Some of the more significant ones are set out below.
  - (a) Handling of dormant USI Facilities: One respondent queried whether it should be possible to close USI Facilities if they are inactive for a long time, and impose a

charge when they are subsequently re-established. We see no reason for such closure and charge. This approach may also discourage investors from setting up a USI Facility as soon as possible.

- (b) Impact on market liquidity and brokerage business: A few respondents raised concerns that the proposals may negatively impact market liquidity and the brokerage business as they may encourage investors to hold securities outside the Central Clearing and Settlement System (**CCASS**). We disagree. We do not consider that market liquidity can be impacted simply by where investors choose to hold their securities. As for the impact on the brokerage business, we acknowledge that there may be potential adverse impact, but this can also encourage competition through innovation of services. Moreover, any such impact will also depend on other factors such as the relevant bank's or broker's charges and services, the investor's investment needs and objectives, their trading practices, etc.
- (c) Practical issues and concerns: One respondent raised a number of practical issues relating to the proposals, including: (i) that ASRs should have some flexibility in not returning the entire T&R fee in cases where a transfer request is refused; (ii) the need for more clarity around the reference price for calculating the T&R fee, particularly in the context of transfers to HKSCC-NOMS; and (iii) the need for a standardised approach to handle cases where the T&R fee amount goes beyond two decimal places. We agree that these are all valid issues and provide further clarification as set out in paragraphs 59 to 64 below.
- (d) Market dominance by two share registry businesses: One respondent commented on the market dominance of two share registry businesses in Hong Kong and the need for additional control measures in this regard. We note these concerns. Under USM, we will have greater regulatory oversight of ASRs, and thus be able to better monitor the continued suitability of the fee limits. If necessary, we will propose changes. We also note that ASRs will be subject to the Competition Ordinance which prohibits anti-competitive conduct and practices.
- (e) Investor education and market engagement: Some respondents highlighted the importance of investor education and market engagement for the market's better understanding and smooth transition to USM. We agree. Work in this regard has already started and we will continue to step up efforts in the months leading up to implementation and thereafter.

## **Way forward**

- 13. Given the overall support, we will proceed with the limits proposed in the Consultation Paper subject to revising some of the descriptions in Schedule 1 to the ASR Code as set out in [Annex 2](#). We will also update the SFC's dedicated USM webpage in this regard.<sup>2</sup>
- 14. We take this opportunity to thank all those who took the time and effort to respond to our consultation and engage with us in further discussions. The feedback received has

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<sup>2</sup> The SFC has launched a dedicated [USM webpage](#) to help the market better understand and prepare for this new initiative. The webpage provides one-stop access to all useful information and also includes a set of frequently asked questions to help listed issuers and investors better understand their rights and obligations under USM. The webpage will be regularly updated as work on the USM initiative progresses.



assisted us in finalising our views on the proposals that we consulted on earlier. The conclusion of this consultation also marks an important milestone as it will help facilitate discussions on fees among various stakeholders. We remain on track to launch the USM initiative in early 2026.

## General comments

### *Continued support for USM*

15. The majority of respondents expressed continued support for the USM initiative, with a few noting that the initiative will help reduce manual handling and human errors, and contribute to Hong Kong's position as an international financial centre.

### *Broad support for the proposed limits*

16. The majority of respondents indicated general support for the proposed limits. General comments received included the following.
- (a) **Fair to small shareholders:** The proposal establishes a fairer fee structure to protect the interests of small shareholders. It also highlights the inconvenience of holding securities in paper form, (such as the cumbersome and costly procedures for replacing lost or damaged certificates) and incentivises investors to learn new technology for managing their own holdings.
  - (b) **Lowering investors' costs:** The proposal can significantly reduce various custody and service fees that investors need to pay to brokers and banks, thereby reducing costs and improving investment returns.
  - (c) **Clear and transparent:** The proposal ensures ASRs' fees remain fair and transparent. The fee limits provide clarity and certainty for registered holders, issuers, and registrars.
  - (d) **Conducive to promoting USM and elevating our financial market:** Hong Kong's financial market should embrace digital transformation to keep pace with other major markets. No one should be holding physical shares in this digital era, especially considering the negative impact they can have on timely transactions. The proposed fee model will assist in delivering a share ownership system that not only enables retail investors to own shares electronically in their own names, but also enjoy savings in custodian and administrative fees, as well as significantly faster processing times. The proposal paves the way for strengthening Hong Kong's position as a leading global financial centre.
  - (e) **Better investor protection and facilitating investor engagement:** Standardising these fees will make the investment process more straightforward. The ability to manage investments through a facility registered in one's own name will provide investors with greater control and a sense of security. It is also hoped that listed companies will take the opportunity to enhance their engagement with investors.
  - (f) **Unlikely to cover costs but understandable:** The proposal understandably seeks to provide a voice for investors who might otherwise not have a say on costs under USM. The proposed fee levels will unlikely cover the costs of providing the relevant service, and hence costs will not be borne on a 'user pays' basis. However, it is appreciated that all parties must bear part of the costs.
  - (g) **To keep in view the need for a long-stop date for dematerialisation:** The absence of a long-stop date for legacy shareholders to dematerialise their physical share certificates will result in unnecessary costs for issuers as their ASRs will have



to continue running parallel paper and electronic systems with no tangible benefits. The SFC should monitor progress of the USM regime and, as soon as practicable, set a deadline for shareholders to dematerialise their **participating securities**<sup>3</sup>.

### ***SFC's response***

17. We welcome the broad support from respondents, and also note the concern about issuers having to run parallel systems in the absence of a long-stop date. We confirm that we will monitor the pace of dematerialisation after USM is implemented and review the need for a long-stop date in future.

## **The proposed limits**

### ***USI set-up fee***

18. We proposed in the Consultation Paper that any USI set-up fee charged by an ASR to an investor should not exceed \$50 per USI Facility, and that such limit should apply only where the facility is to be set up in the name of individuals and in respect of an ASR's baseline service level.

### The proposed limit

19. **General support and comments:** Many respondents indicated that they supported the proposed limit. Respondents noted the following.
- (a) The proposed limit is reasonable and affordable for investors in general. The USI set-up fee (as well as the dematerialisation fee) can be viewed as a modest contribution towards investing in the future and supporting environmental protection.
  - (b) The proposed limit for the one-off USI set-up is sensible. This fee serves to partially offset the operational costs that registrars will incur for transitioning to the USM environment, while maintaining affordability for retail investors.
  - (c) The one-time and relatively low fee can facilitate the market's rapid transition to USM by lowering the threshold for individual investors and encouraging their early participation.
  - (d) As most investors will only need to set up one or two USI Facilities, the total cost will be between \$50 and \$100, which is relatively manageable for individuals. However, if the actual costs for setting up a USI Facility exceeds \$50, then ASRs might pass on such costs through charges for other services, which would undermine the effectiveness of the \$50 limit.
20. **Our response:** We welcome respondents' overall support for the proposed \$50 limit for setting up a USI Facility. We note the concerns about costs exceeding the \$50 limit proposed and being passed on in other ways. In proposing the \$50 limit, we have sought to strike an appropriate balance in terms of how costs are shared among various parties. In the context of the USI set-up fee, we expect any costs exceeding \$50 to be generally

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<sup>3</sup> See the [Glossary](#) for a more detailed explanation of "participating securities".

borne by ASRs and/or issuers. We also do not see much opportunity for them to pass such costs down to investors in other ways. That said, upon implementation of USM, we will have direct oversight of ASRs' operations, and hence be able to better assess whether and to what extent costs are being passed down through other means. Where necessary, we will take steps to address the matter.

21. **Limit applied should exclude third-party charges and additional work:** One respondent noted that ASRs should be permitted to charge for additional work subject to relevant requirements under the ASR Code. This was echoed by another respondent who noted that, apart from processing time, service levels can also be defined by other factors (such as payment methods and channels, the handling of special requests, etc). They noted that some of these may require additional work or be subject to third-party charges (such as in the case of some credit card services). They suggested therefore that the proposed \$50 limit should not preclude ASRs from charging for such additional work and costs as this would allow more choices to be offered to retail investors.
22. **Our response:** We note the concerns about ASRs being able to charge for additional work or costs so that investors may enjoy a wider range of options. However, it is difficult to set out an exhaustive list of the charges that should be subsumed by ASRs and those that it would be reasonable to pass on, either to investors or issuers. We expect ASRs to adopt a sensible and reasonable approach in this regard. In general, we expect as follows:
- (a) ASRs should offer a reasonable range of options/channels for paying the USI set-up fee, including in cash physically, by cheque, by commonly used credit card services and via commonly used electronic payment channels. Costs associated with providing such options should also generally be subsumed by ASRs.
  - (b) The provision of services for setting up a USI Facility should include the completion of all steps and procedures that the set-up process generally entails, as well as the provision of all reasonable guidance and assistance to the investor concerned regarding the setting up of the facility and its use afterwards.
  - (c) The proposed limit of \$50 is not intended to cover the provision of services that are not part of or integral to the setting up of a USI Facility. It is therefore open to ASRs to charge for such additional services, although any fees for such services must be fair, reasonable and commensurate with the work done and service provided (as required under section 2.2 of the ASR Code).

### The scope and parameters

23. **Application to individuals and baseline services only:** A few respondents agreed that the proposed limit should only apply to individuals and in respect of baseline services. However, two other respondents suggested that the limit should also apply to corporates and other non-individuals so that it is fairer, and that more stakeholders can benefit and be encouraged to participate in USM.
24. **Our response:** We note the mixed feedback, but remain of the view that the limit should apply to individuals only. As explained in the Consultation Paper, the processes and work involved in setting up a USI Facility may vary in the case of non-individuals, and could also be more complex. For example, it may include obtaining and reviewing relevant documents regarding their structure, governance and authorised signatories to ensure that instructions received can be reliably acted upon. The costs involved can therefore be

higher than in the case of individuals, thus justifying the need for higher fees as well. That said, any USI set-up fee charged to non-individuals will in any event have to be fair, reasonable and commensurate with the work done and service provided (as required under section 2.2 of the ASR Code).

25. **Need for more tiered services:** One respondent commented that the proposal to apply the \$50 limit irrespective of how the investor applies for a USI Facility (eg, in person, by post, or electronically) is fair and will avoid unequal treatment based only on the mode of application. They also noted that it will allow flexible pricing for expedited services, thus balancing efficiency with market demand. However, they noted that more tiered options may be needed to address varying market demand as the requirement under the current proposal to complete the set-up within five days may lead to processing delays when market demand surges.
26. **Our response:** On the point about needing more tiered options to address varying market demands, we clarify that it remains open to ASRs to offer different service levels and charge different fees for the same. In the case of expedited services, we appreciate that ASRs may charge more. However, in doing so, they will still need to ensure that any higher fee charged is fair, reasonable and commensurate with the work done and service provided (as required under section 2.2 of the ASR Code).

#### Other comments

27. **Handling of dormant USI Facilities:** One respondent suggested that it should be possible to close an inactive facility (ie, one with no balance over time) and made subject to a charge when subsequently re-established.
28. **Our response:** We see no reason to close a USI Facility simply because an investor holds no balance, even if for a prolonged period. Doing so may also discourage investors from setting up a USI Facility as soon as possible rather than waiting till they acquire securities in uncertificated form. The costs of maintaining a dormant USI Facility may also be negligible. That said, if the maintenance of dormant USI Facilities is subsequently shown to impose an undue burden on issuers or their ASRs, we will consider how best to deal with the matter at that time.
29. **Clarification of questions raised:** One respondent also raised the following questions regarding the set-up and maintenance of a USI Facility, which we clarify below.
- (a) Need to set up more than one USI Facility: Do investors need to open a USI Facility with different ASRs if their holding involves different ASRs? The answer is yes. As mentioned in paragraph 15 of the Consultation Paper, a USI Facility may only be used to hold and manage prescribed securities that are handled by the ASR with whom the facility is set up. Investors who hold multiple securities may therefore have to set up multiple USI Facilities.
- (b) Guidelines on setting up a USI Facility: Will the SFC provide guidelines on the setting up of a USI Facility for non-individuals such as sole proprietorships, partnerships, and limited companies? The answer is no. The setting up of a USI Facility is an operational matter and the process and logistics may differ to some extent from ASR to ASR. The SFC is therefore not in a position to provide guidelines in this regard. We expect however that each ASR will provide relevant

information and assistance to facilitate the set-up process. Additionally, we note that the Federation of Share Registrars Limited (**FSR**) issued an information paper on 4 November 2024 ([Information Paper For Issuers and Shareholders – Implementation of an Uncertificated Securities Market \(USM\) in Hong Kong](#)) which provides some guidance on setting up a USI Facility (see Section 4.1 of the paper). If further information is needed, investors should contact the relevant ASR.

### **Dematerialisation fee**

30. We proposed in the Consultation Paper that any dematerialisation fee charged by an ASR to an investor should not exceed the higher of: (i) \$5 per certificate/title instrument; and (ii) \$20 per dematerialisation request per stock/line of securities. We also proposed that such limit should apply only where the dematerialisation is of certificates or title instruments in the name of individuals and in respect of an ASR's baseline service level.

### Proposed limit

31. **General support and comments:** Many respondents indicated that they supported the proposed limit. Respondents noted the following.
- (a) The proposed limit is reasonable and affordable for investors in general. The dematerialisation fee (as well as the USI set-up fee) can be viewed as a modest contribution towards investing in the future and supporting environmental protection.
  - (b) The actual costs of dematerialisation are likely to be significantly higher than \$5. Nevertheless, capping the fees for one-off dematerialisation at an affordable level is essential to encourage wider adoption among investors. The proposed limit is a reasonable approach that balances cost recovery with affordability. It also provides certainty to both registered holders and registrars, ensuring that the costs associated with dematerialisation are predictable for all parties.
  - (c) The proposal to charge on a per certificate/title instrument basis makes calculations clearer, avoids complex processes, and makes it easy for investors to estimate expenses. The minimum charge of \$20 is also friendly to small investors (such as those holding one to four certificates/title instruments), and will facilitate the market's transition to USM.
  - (d) For investors holding more than 50 certificates/title instruments, a fee of \$250 might be seen as a huge burden. Conversely, the proposed minimum charge of \$20 might cause discontent to those investors who hold only one certificate/title instrument, given that it is eight times the current charge of \$2.50 per certificate/title instrument.
32. **Our response:** We welcome the broad support for our proposed limit on the dematerialisation fee. We appreciate that in some cases registered holders may be holding large numbers of certificates/title instruments. However, the work involved increases with the number of certificates/title instruments involved, and so it is only reasonable that the total dematerialisation fee payable should be higher in such cases. As for concerns about the \$20 minimum being much higher than the current \$2.50, we do not consider this a fair or appropriate comparison given that the current \$2.50 has been in place for over 20 years and is hence considerably outdated.

33. **Limit insufficient to cover costs:** Two respondents noted that the proposed limit of \$5 per certificate/title instrument will not cover the costs involved, with one adding that it nevertheless understood the sentiment that individual holders seeking a baseline service level should not be charged a significant sum, and therefore the rationale behind the fee proposal. That said, the respondent asked the SFC to consider market consensus before determining the final fee level.
34. **Our response:** As noted in the Consultation Paper, dematerialisation will benefit both issuers and investors, and hence it is reasonable to expect both to bear a portion of the costs involved. We consider that the proposed limit is a reasonable and affordable amount for investors, and can contribute to lowering the costs that issuers and their ASRs may otherwise have to bear.
35. **Time costs not adequately factored:** On a related issue, one respondent commented that the process for verifying title instruments for dematerialisation is time-consuming, and if ASRs' costs rise, it may affect service quality or result in other hidden charges.
36. **Our response:** We disagree. We accept that the process for validating certificates/ title instruments will take time. However, this was factored in when developing the proposed limit for the dematerialisation fee. Additionally, as indicated in paragraph 34 above, the dematerialisation fee is only expected to contribute to lowering the costs of dematerialisation rather than fund it in full.
37. **Limit applied should exclude certain charges:** Similar to the point discussed under paragraph 21 above in the context of the USI set-up fee, one respondent noted that the fee limit for dematerialisation should exclude potential payment processing fees.
38. **Our response:** We note the concerns raised, and propose to adopt the same approach as described in paragraph 22 above in respect of the USI set-up fee, ie, in general, we expect as follows:
- (a) ASRs should offer a reasonable range of options/channels for paying the dematerialisation fee, including in cash physically, by cheque, by commonly used credit card services and via commonly used electronic payment channels. Costs associated with providing such options should also generally be subsumed by ASRs.
  - (b) The provision of services for dematerialising certificates/title instruments should include the completion of all processes that a dematerialisation generally entails, as well as the provision of all reasonable guidance and assistance to the investor concerned.
  - (c) The proposed limit of \$5 per certificate/title instrument with a \$20 minimum is not intended to cover the provision of services that are not part of or integral to the processing of a dematerialisation request. It is therefore open to ASRs to charge for such additional services, although any fees for such services must in any event comply with section 2.2 of the ASR Code.

### Scope and parameters

39. **Application to individuals and baseline services only:** A few respondents agreed that the proposed limit should only apply to individuals and in respect of baseline services. One noted that this will allow for a flexible charging method to accommodate the more

complex procedures that may be needed in the case of non-individuals. However, two other respondents raised concerns. One commented that the proposed limit should also apply to non-individuals (including brokers) so that more stakeholders can benefit, and the other noted that it expected ASRs to promote fair competition and comparability to corporates including HKSCC-NOMS.

40. **Our response:** We note the mixed feedback. However, as with the USI set-up fee (discussed under paragraphs 23 and 24 above), we remain of the view that the limit should apply to individuals only. As explained in the Consultation Paper, the processes and work involved in the case of corporates and other non-individuals may be more complex and involve more work. The costs involved can therefore be higher, thus justifying the need for higher fees as well. That said, any dematerialisation fee charged to non-individuals will in any event have to be fair, reasonable and commensurate with the work done and service provided (as required under section 2.2 of the ASR Code).

### ***T&R fee***

41. We proposed in the Consultation Paper that:

- (a) any T&R fee charged by an ASR to an investor should not exceed the higher of: (i) 0.02% of the transaction value; and (ii) \$20 per transfer request; and
- (b) no T&R fee should be charged by an ASR in respect of any transfer to investors from HKSCC-NOMS (ie, no T&R fee should be payable to an ASR when withdrawing securities from CCASS and registering them in an investor's own name).

42. We also proposed that the above should apply:

- (a) to both transfers of participating securities and transfers of non-participating securities; and
- (b) irrespective of whether the transfer is effected using a paper-based process or an electronic process,

but only in respect of the ASR's baseline service level for transfers.

### **Proposed limit**

43. **General support and comments:** Many respondents indicated support for the proposed limit. They also noted the following.

- (a) Following dematerialisation, it will no longer be possible to charge on the basis of the number of certificates/title instruments involved. The proposal to charge on the basis of the transaction value is consistent with the 'user pays' principle, and the proposed fee levels appear to be appropriate.
- (b) The proposed limit is fair and the fee structure protects small investors from excessive fees while appropriately charging for larger transfers.
- (c) The proposed ad valorem approach ensures that smaller transactions are not subject to excessive fixed fees, and that costs for larger transactions are reasonable.



- (d) The ad valorem approach simplifies administration and is inherently more equitable to market participants than a flat fee. It helps to ensure that the aggregate fees collected align more closely with the underlying operational workload, as well as the maintenance of technology infrastructure, and the necessary exception handling when required.
  - (e) The proposed model appropriately accounts for the elevated risks associated with large transfers. A value-based pricing system reflects these increased risks, ensuring registrars receive fees commensurate with the complexity involved in processing substantial transactions.
  - (f) The proposal to not set a cap on the amount payable is sensible due to its simplicity. It is also consistent with the 'user pays' principle and enables cost recovery to be averaged out.
  - (g) The proposal that no T&R fee be charged for transfers from HKSCC-NOMS reduces the cost of withdrawing securities from CCASS, encourages investors to hold securities in their own names, and promotes the development of USM. However, it would not be unreasonable for investors to pay a T&R fee on withdrawal as well given that a tangible service is being performed.
  - (h) The adoption of a unified approach for both participating and non-participating securities reduces confusion and simplifies operational processes. However, the new charging basis is significantly different from the current \$2.50 per certificate fee. It is necessary to educate investors to help them adapt to the new pricing model.
44. **Our response:** We welcome the broad support for our proposals in respect of the T&R fee. We agree that investor education will be critical to ensuring the market's smooth transition to the USM environment. We will be stepping up efforts in this regard as we near implementation. Meanwhile, we have launched a [dedicated USM webpage](#) on the SFC's website to help increase awareness and understanding of this initiative, and will be updating this regularly as the USM initiative progresses. As for the point about also requiring a T&R fee for transfers from HKSCC-NOMS, we disagree and remain of the view that this would be unduly burdensome to investors. This is because such investors will likely have to bear other fees (eg, withdrawal fees payable to Hong Kong Securities Clearing Company Limited (**HKSCC**) and to the investor's brokers). By eliminating the T&R fee in such cases, we hope such investors may be encouraged to hold securities in their own names, thus advancing the development of USM.
45. **Concerns about cost impact on large transactions:** Two respondents raised concerns about the cost impact on large transactions. Their comments included the following.
- (a) Costs for larger transactions may increase, which could lead to dissatisfaction among institutions. Non-individual investors, such as corporations, may also face a higher cost due to the absence of a fee cap.
  - (b) It is recommended that the SFC conduct a more detailed cost assessment and engage in thorough communication with stakeholders to ensure that the policy can be implemented in practice.
  - (c) Given that the ASR's work is administrative in nature, the T&R fee should either not be charged on an ad valorem basis or be subject to a cap.

46. **Our response:** We note the concerns around increased costs for large transactions, and the comment about ASR's work being administrative. However, we remain of the view that an ad valorem approach provides a more equitable charging basis overall as it enables the vast majority of transfers to enjoy lower costs. This is only possible if larger transactions are subject to a higher fee (in dollar terms). A higher fee is also justified given the more extensive validation and risk management work involved in the case of large-value transactions. That said, we will monitor the impact of the ad valorem approach following implementation, particularly in respect of large transactions, and consider whether any adjustment is needed. As for engaging with stakeholders, the SFC, together with Hong Kong Exchanges and Clearing Limited (**HKEX**) and the FSR, has been engaging with different stakeholder groups and will continue to do so in the coming months as we approach implementation. We also welcome interested parties to approach us to discuss any concerns they may have.
47. **Limit applied should exclude certain charges:** Similar to the point discussed under paragraph 21 above (in the context of the USI set-up fee) and paragraph 37 above (in the context of the dematerialisation fee), one respondent proposed that the limit should exclude payment processing fees and other costs associated with providing special handling services.
48. **Our response:** We note the concerns raised, and expect ASRs to adopt a reasonable and pragmatic approach along the lines discussed under paragraphs 22 and 38 above, ie, in general, we expect as follows.
- (a) ASRs should offer a reasonable range of options/channels for paying the T&R fee, including by commonly used credit card services and via commonly used electronic payment channels. In the case of transfers effected by instruments of transfer, additional physical options should also be provided, including payment in cash and by cheque. Costs associated with providing such options should also generally be subsumed by ASRs.
  - (b) The provision of services for handling requests to register a transfer should include the completion of all processes that such registration generally entails, as well as the provision of all reasonable guidance and assistance to the investor concerned.
  - (c) The T&R fee is not intended to cover the provision of services that are not part of or integral to the handling of a request to register a transfer. It is therefore open to ASRs to charge for such additional services, although any fees for such services must in any event comply with section 2.2 of the ASR Code.

### Scope and parameters

49. **Application to baseline services only:** A few respondents agreed that the proposed limit should apply to ASRs' baseline services only, with one noting that this will allow for higher fees for expedited services in the case of non-participating securities. The other respondent added that the scope or definition of baseline services may not be immediately obvious and recommended that the SFC allow ASRs some flexibility in defining this. In subsequent discussions with us, this respondent clarified that baseline services should not include, for example:
- (a) the use of paper options where electronic alternatives are available so as to encourage the use of the latter; and



- (b) exceptional cases that require special handling and the need for substantial additional work (eg, bankruptcy cases where external legal advice may need to be obtained).
50. We appreciate the concern raised and the need for more clarity on what constitutes baseline services. On the point about promoting the use of electronic channels where available, we agree that this is a valid concern in the context of transfers, ie, there is value in encouraging and incentivising investors to effect transfers electronically wherever possible. The baseline services for processing transfers should therefore not cover paper transfers where an electronic alternative is available. We will expand the descriptions in Schedule 1 to the ASR Code (as set out in [Annex 2](#)) to put this beyond doubt. As for handling exceptional cases, this is already covered under paragraphs 47 and 48 above.

#### Other comments

51. **Concerns about impact on liquidity and brokerage business:** Two respondents raised concerns about potential impact on liquidity. One noted that shares and other financial instruments issued in the primary market have to be transferred from investors to HKSCC-NOMS before they can be traded. The proposal that no T&R fee be charged for transfers from HKSCC-NOMS but that an ad valorem T&R fee be charged for other transfers can thus hinder liquidity in the market, and runs contrary to the Government's policy to enhance market liquidity. Separately, another commented that as the T&R fee is expected to encourage investors to hold stocks in their own names rather than keep them with intermediaries, this will highly affect the trading service of banks, bring a detrimental impact on market liquidity in the long run, and adversely affect the brokerage business of banks.
52. **Our response:** We disagree.
- (a) In general, when investors acquire securities in the primary market, they may do so directly or through a broker. If the securities are acquired through a broker, they can be held in CCASS from the outset and hence no T&R fee will be incurred. However, the investor may of course be subject to various broker fees pending sale of the IPO securities (eg, custody fees, dividend collection fees, etc). Such fees would not apply if the securities were acquired directly rather than through a broker. In general, therefore, there are pros and cons to both options, and we expect investors to weigh these before deciding whether to acquire IPO securities directly or through a broker.
  - (b) In terms of affecting liquidity, we do not consider that market liquidity can be impacted simply by where investors choose to hold their securities. Additionally, as the transfer process will be much quicker in the USM environment, it will be possible for investors to deposit their securities into CCASS very quickly and easily.
  - (c) As for impact on the brokerage business, we acknowledge that there may be potential adverse impact if investors increasingly opt to hold securities in their own name through a USI Facility. However, we consider the provision of choice and flexibility to be in the wider interests of investors and the market. It may also encourage further innovation of services and greater competition among banks/broker firms. It is also worth noting that investors will consider different factors when deciding whether to hold their securities directly or in CCASS. While the T&R fee may be a factor, it will not be the only factor. Other considerations may include

the bank/broker firm's charges and services, the investor's investment needs and objectives, their trading practices, etc.

53. **Real-time access to market price:** One respondent noted that real-time access to market price data for securities during the execution process may increase system development costs and technical risks.
54. **Our response:** We clarify that there should be no need for access to real-time data, as the proposal requires the T&R fee to be calculated by reference to historical prices (ie, the closing price of the securities on their last trading day rather than real-time prices) — see also paragraphs 61 to 62 below. We note that such prices are widely available, including on HKEX's website. Such closing prices are also currently adopted for calculating other charges, such as stamp duty. We therefore do not consider this aspect of the proposal to present significant challenge.
55. **Concerns about hidden fees:** One respondent asked whether there might be any other hidden fees, in addition to the three types of fees listed in the Consultation Paper, that investors need to be aware of.
56. **Our response:** We clarify that the three fees in question (ie, the USI set-up fee, dematerialisation fee and T&R fee) are the most common fees that ASRs may charge investors under the USM environment. However, there are other fees that ASRs may also charge for specific services, such as for handling cases involving deceased securities holders, registering court orders or other similar documents, arranging inspection or providing copies of the register of holders, replacing lost certificates, etc. These are generally one-off or occasional charges rather than regular or recurring ones. As is the practice today, we will leave it to individual ASRs to determine such fees. However, as per section 2.2 of the ASR Code, these fees will have to be made public, and must also be fair, reasonable and commensurate with the work done and services provided. Also, apart from fees payable to the ASR, investors may be subject to fees and charges payable to their banks/brokers and/or HKSCC. For example, brokerage commission, trading fees and settlement fees may be payable when conducting trades on the Stock Exchange of Hong Kong Limited (**SEHK**). Investors should check with their banks/brokers for further information in this regard.
57. **Deceased cases:** One respondent asked whether the T&R fees will affect the ability of an investor's descendants to inherit shares after the investor passes away.
58. **Our response:** Under USM, it will still be possible for an investor to pass stocks to his/her descendants. In general, we do not expect the T&R fee to be charged in respect of cases involving transmission by operation of law (ie, the passing of shares to the investor's surviving joint holder(s) or to his/her executor or personal representative), although the ASR may charge a specific fee for handling such cases (similar to the current practice), as well as the dematerialisation fee (if the securities are participating securities and in certificated form). In all other cases, we expect that an instrument of transfer or specified request will be required, in which case the T&R fee may be charged.

#### Practical issues raised

59. **Option not to return entire T&R fee despite refusal of transfer request:** One respondent noted that in the event that the registration of a transfer cannot be completed

after the T&R fee has been collected, registrars should retain flexibility to determine whether and how much of the fee should be refunded based on the specific circumstances of the case, such as the party responsible for failure to complete the registration.

60. **Our response:** We agree in principle that ASRs should have some discretion in retaining a portion of the T&R fee if the transfer is rejected for reasons beyond the issuer's or ASR's control. We expect ASRs to act reasonably in this regard and to ensure that any amount retained is fair, reasonable and commensurate with the work done and services provided (as required under section 2.2 of the ASR Code).
61. **Reference price for calculating the T&R fee:** One respondent noted the need for more clarity around the reference price for calculating the T&R fee, particularly in the context of transfers to HKSCC-NOMS. We note that the concern here is to facilitate consistency and predictability, given that, in such cases, the transfer documents and/or instructions would be submitted via the transferor's brokers and HKSCC-NOMS, rather than to the ASR directly. As such, there may be a few days' interval between the investor (ie, transferor) submitting the documents to his/her broker and the documents reaching the ASR, during which time the share price may have fluctuated.
62. **Our response:** We agree that further clarity is needed as regards the reference price to be used when determining the limit on the T&R fee. We have accordingly discussed this matter further with HKEX and the FSR and the initial thinking (subject to finalising technical details) is as follows:
- (a) For any transfer to HKSCC-NOMS, the reference price should be the closing price of the securities on their last trading day before the day on which all relevant documents and/or information required for the purposes of registering the transfer are accepted by HKSCC.
  - (b) For any other transfer, the reference price should be the closing price of the securities on their last trading day before the day on which all relevant documents and/or information required for the purposes of registering the transfer are accepted by the ASR.
  - (c) In each case, the closing price of any securities on a particular trading day refers to the price posted on the website of the Stock Exchange of Hong Kong Limited as the closing price of those securities on that trading day.

We will amend Schedule 1 to the ASR Code to make this clear. (A tentative draft in this regard is set out in [Annex 2](#) for reference – see Note 7 there.)

63. **Rounding decimal places when calculating fees:** One respondent noted that some fee amounts may go beyond two decimal places based on the proposed ad valorem charging basis, rendering them impractical for collection. They proposed that the T&R fee be rounded up to the nearest dollar, in alignment with the current method for calculating Stamp Duty. They added that a prescribed methodology in this regard will ensure consistency among different registrars, enhancing predictability for those paying the fees, especially when intermediaries/HKSCC-NOMS collect fees on behalf of registrars.
64. **Our response:** We agree that there is benefit in setting a uniform approach for rounding the T&R fee when it exceeds two decimal places. This will provide better clarity and

certainty for the market. However, rather than rounding up to the nearest dollar, we propose rounding to the nearest cent (which means it may be rounded up or down depending on which is the nearest cent). This approach would be consistent with the approach for rounding levies payable under the Securities and Futures Ordinance (**SFO**) (eg, levies payable to the SFC). We will amend Schedule 1 to the ASR Code (as set out in [Annex 2](#)) to make this clear.

## Other comments

### ***Fees charged to issuers***

65. One respondent noted that the share registry business in Hong Kong is largely dominated by two share registrars and that the bargaining power of issuers and investors is thus limited. The respondent suggested that some form of scheme of control agreement be introduced in future to limit the profit margin, debt and dividends of share registrars. The respondent also proposed that a certain percentage of their revenue go to investments in USM, human resources and other infrastructure for their daily operations.
66. We are mindful of the relatively dominant position currently held by the two largest share registrars. Going forward, we will have direct regulatory oversight of ASRs and their operations. We will therefore be able to closely monitor and review the continued suitability of the proposed fee limits, taking into account factors such as the pace of dematerialisation and USI set-up, and the costs of providing the services in question. If necessary, we will propose changes. It is also worth noting that ASRs will be subject to the Competition Ordinance which prohibits anti-competitive conduct and practices, including the abuse of a substantial degree of market power.

### ***Sequencing arrangement and related matters***

67. One respondent sought further clarity on the sequencing of issuers for participation in USM. They emphasised that issuers must have sufficient time to negotiate the fee arrangements with their ASRs, and ideally, should learn of their participation at least six months in advance. They also noted that amendments to the issuers' articles of association may be needed and sufficient lead time should be allowed for this as it required shareholders' approval at a general meeting.
68. We generally agree, and accordingly urge issuers to start discussions with their share registrars as soon as possible. We understand that share registrars have started to engage with their issuer-clients regarding both the issue of fees and the timing of their participation in USM. The SEHK, HKSCC and FSR are also discussing the detailed logistical arrangements for sequencing issuers' participation. Further details will be announced at a later stage.
69. Separately, the SFC is working on a guidance note for issuers to facilitate their participation in USM. This will include information on the preparatory steps needed for securities to become participating securities, and information about ongoing obligations thereafter. Some sample provisions for inclusion in articles/by-laws will also be included for issuers' use and reference.

### **Market education and training**

70. Several respondents noted the importance of investor education for the market's better understanding of the new fee structure and smooth transition to USM. One respondent also suggested that the SFC provide more training for intermediaries to facilitate their transition.
71. We agree that market education and training will be important to enhance understanding of the USM initiative and its implications for different stakeholder groups. To that end, the SFC, HKEX and the FSR have already started to engage with issuers and intermediaries to increase their awareness and understanding of the USM initiative and the steps they need to take ahead of its implementation and thereafter. In particular:
- (a) As mentioned above, we have launched a [dedicated USM webpage](#) on the SFC's website and will be updating this regularly as the USM initiative progresses.
  - (b) The SFC, HKEX and the FSR, have participated in various seminars to help issuers and other market participants and practitioners better understand the USM initiative and its implications, as well as the preparatory work needed before its implementation. We will continue our efforts on this front.
  - (c) HKEX has issued an [Information Paper](#) to provide information on operational matters for participants. We understand that further papers may be issued, as necessary, to facilitate their participants' transitioning to the USM environment.
  - (d) The FSR has also issued an [Information Paper](#) to provide information on operational matters for issuers and investors. Again, we understand that further papers may be issued, as necessary, to facilitate issuers' and investors' transitioning to the USM environment.
72. The SFC will continue to step up its marketing and investor education efforts in the coming months, and both before and after USM is implemented.

### **Next steps and concluding remarks**

73. Given the overall support, we will proceed to adopt the limits and parameters proposed in the Consultation Paper subject only to revising some of the descriptions in Schedule 1 to the ASR Code as set out in [Annex 2](#). We will also update the SFC's dedicated USM webpage in this regard.
74. We take this opportunity to thank all respondents for their time and effort in responding to our fees consultation. The feedback received has assisted us in finalising our views on the proposals that we consulted on earlier. The conclusion of this consultation on fee limits is critical as it will facilitate various stakeholders to consider their own fee structures under USM, and help advance and finalise discussions around fees and charges among relevant parties.
75. We remain on track to launch the USM regime in early 2026. In the coming months, we will increase engagement efforts together with HKEX and the FSR, to help stakeholders understand how the new regime operates, its benefits and impact, as well as next steps for their participation.

## Glossary

<b>ASR / approved securities registrar</b>	an approved securities registrar, ie, a person approved by the SFC to provide securities registrar services under new section 101AAG of the SFO introduced under section 7 of the Securities and Futures and Companies Legislation (Amendment) Ordinance 2021
<b>ASR Code</b>	the SFC's Code of Conduct for Approved Securities Registrars (to be implemented upon the USM regime coming into effect), the latest draft of which is at Annex 4 of the Consultation Conclusions on proposed subsidiary legislation, code and guidelines for implementing an uncertificated securities market in Hong Kong issued in July 2024 ( <b>July 2024 Conclusions</b> )
<b>CCASS</b>	the Central Clearing and Settlement System operated by HKSCC
<b>FSR</b>	the Federation of Share Registrars Limited
<b>FSR's Information Paper</b>	the FSR's 4 November 2024 <a href="#"><u>Information Paper For Issuers and Shareholders – Implementation of an Uncertificated Securities Market (USM) in Hong Kong</u></a>
<b>HKEX</b>	Hong Kong Exchanges and Clearing Limited
<b>HKEX's Information Paper</b>	HKEX's 2 October 2024 <a href="#"><u>Information Paper for Intermediaries – Implementation of an Uncertificated Securities Market (USM) in Hong Kong</u></a>
<b>HKSCC</b>	Hong Kong Securities Clearing Company Limited, a recognized clearing house under the SFO and wholly owned subsidiary of HKEX
<b>HKSCC-NOMS</b>	HKSCC Nominees Limited, the central nominee that is the registered holder of all securities held in CCASS
<b>IPO</b>	an initial public offer of securities
<b>July 2024 Conclusions</b>	the SFC's July 2024 <i>Consultation Conclusions paper on proposed subsidiary legislation, code and guidelines for implementing an uncertificated securities market in Hong Kong</i>
<b>March 2023 Consultation</b>	the SFC's March 2023 <i>Consultation paper on proposed subsidiary legislation for implementing an uncertificated securities market in Hong Kong</i>
<b>participating securities</b>	prescribed securities that are USM-enabled in the sense that all relevant procedures and formalities for legal title to the securities to be evidenced and transferred without paper have been completed – see paragraph 50 of the March 2023 Consultation and paragraphs 29 and 30 of the July 2024 Conclusions
<b>prescribed securities</b>	the six categories of securities that are listed on the Stock Exchange of Hong Kong Limited and may participate in the USM



regime – see paragraph 23(a) of the March 2023 Consultation for more details

**SEHK**

the Stock Exchange of Hong Kong Limited

**SFC**

the Securities and Futures Commission

**SFO**

the Securities and Futures Ordinance (Cap 571)

**title instrument**

the paper certificate or other document issued as evidence of title to any prescribed securities

**USI Facility**

a facility for holding / evidencing prescribed securities in uncertificated form, and managing them directly and electronically – see paragraph 23(d)(i) of the March 2023 Consultation

**USM**

the initiative or regime for implementing an uncertificated securities market in Hong Kong

## **Annex 1 – List of respondents**

(in alphabetical order)

China Merchants Securities Company Limited

Federation of Share Registrars Limited

Hong Kong Securities & Futures Professionals Association

The Hong Kong Association of Banks

The Hong Kong Chartered Governance Institute

The Hong Kong Trustees' Association

5 other respondents (all individuals), each of whom requested that their names be withheld from publication



## Annex 2 – Further amendments to the ASR Code (marked-up version showing changes to the version attached in the Consultation Paper)

### Schedule 1: Limits for certain fees and charges that may be charged by an ASR to current or prospective registered holders

	Description of service	Service level to which the limit applies	Limit for the fee / charge
1.	Processing a request to <del>Setting up of</del> a USI facility with an ASR	Baseline service level, ie, the service level under which <del>requires</del> the set-up process is to be completed within five business days after the day of receiving the application to set up a USI facility and all relevant information and documents. (See also <b>Note 1</b> below.)	Any fee charged (ie, “USI set-up fee”) should not exceed \$50 per USI facility. (See also <b>Note 2</b> below.)
	<p><b>Note 1:</b> The baseline service level must provide alternative means for:</p> <ul style="list-style-type: none"> <li>submitting an application to set up a USI facility, including at least the option to submit it electronically, by post and in person; and</li> <li>paying the USI set-up fee, including at least the option to pay in cash physically, by cheque (drawn on a bank in Hong Kong), by commonly used credit card services, and via widely available electronic payment channels.</li> </ul> <p><b>Note 2:</b> This limit <del>only</del> applies:</p> <ul style="list-style-type: none"> <li>only if the USI facility is set up in the name of: (i) a single holder who is an individual; or (ii) joint holders who are all individuals; and</li> <li>irrespective of how the application is submitted (ie, electronically, by post, in person, etc).</li> </ul>		
2.	Processing a request to <del>Dematerialization of</del> prescribed securities	Baseline service level, ie the service level <del>that requires</del> under which the dematerialization is to be completed (ie, accepted and reflected in the register of holders, or rejected) within five business days after the day of receiving the request for dematerialization and all relevant information and documents. (See also <b>Note 3</b> below.)	Any fee charged (ie, “dematerialization fee”) should not exceed the higher of: (i) \$5 per certificate or other title instrument; and (ii) \$20 per dematerialization request per stock/line of securities. (See also <b>Note 4</b> below.)
	<p><b>Note 3:</b> The baseline service level must provide alternative means for paying the dematerialization fee, including at least the option to pay in cash physically, by cheque (drawn on a bank in Hong Kong), by commonly used credit card services, and via widely available electronic payment channels.</p> <p><b>Note 4:</b> This limit <del>only</del> applies:</p> <ul style="list-style-type: none"> <li>only in respect of certificates and title instruments that are registered in the name of: (i) a single</li> </ul>		

	<p>holder who is an individual; or (ii) joint holders who are all individuals; and</p> <ul style="list-style-type: none"> <li>irrespective of how the application is submitted (eg, electronically, by post, in person, etc).</li> </ul>		
3.	<p>Processing a request to <del>and registering a</del> transfers of prescribed securities</p>	<p>Baseline service level, ie the following service level. <del>Where the transfer is:</del></p> <p>(i) For a request to register a transfer of participating securities, the service level under which the transfer is to be registered (or rejected) as soon as reasonably practicable (as expanded in section 2.1(b) of Schedule 2 to this Code). <del>effected by way of a specified request (as defined in section 2 of the USM Rules); or</del> (See also <b>Note 5</b> below.)</p> <p>(ii) For a request to register a transfer of non-participating securities, the service level under which <del>effected by way of an instrument of transfer, and</del> the transfer process is to be registered (or rejected) <del>completed</del> within 10 business days after the day of receiving all relevant information and documents (eg, the properly executed and stamped instrument of transfer, the relevant title instrument, etc). (See also <b>Note 6</b> below.)</p>	<p>For transfers where the transferor is HKSCC Nominees Limited and the transferee is someone else, no fee should be charged.</p> <p>For all other transfers, any fee charged (ie, “transfer and registration fee”) should not exceed the higher of:</p> <p>(i) 0.02% of the <del>transaction-value</del> of the securities being transferred (based on their market last closing price <del>of the securities transferred as at the close of their last trading day</del>), rounded to the nearest cent; and</p> <p>(ii) \$20 per transfer request.</p> <p>(See also <b>Notes 7 and 8</b> below.)</p>
<p><b>Note 5:</b> The baseline service level for processing a request to register a transfer of participating securities must provide alternative means for paying the transfer and registration fee, including at least the option to pay by commonly used credit card services, and via widely available electronic payment channels.</p> <p><b>Note 6:</b> The baseline service level for processing a request to register a transfer of non-participating securities must provide alternative means for paying the transfer and registration fee, including at least the option to pay in cash physically, by cheque (drawn on a bank in Hong Kong), by commonly used credit card services, and via widely available electronic payment channels.</p> <p><b>[Note 7:</b> The last closing price of the securities being transferred refers to their closing price as stated below:</p>			

- *for a transfer where the transferee is HKSCC Nominees Limited (ie, where the securities are to be deposited into CCASS) — the closing price of the securities on their last trading day before the day on which all relevant information and documents relating to the transfer submitted (or deemed to have been submitted) by the transferor's HKSCC participant are accepted by HKSCC; and*
  - *for any other transfer — the closing price of the securities on their last trading day before the day on which all relevant information and documents relating to the transfer are accepted by the ASR.*
- In each case, the closing price of any securities on a particular trading day refers to the price posted on the website of the Stock Exchange of Hong Kong Limited as the closing price of those securities on that trading day.]*

**Note 8:** *The above limits do not preclude an ASR from charging an additional fee (subject to section 2.2 of this Code) where:*

- *the transfer is of participating securities in uncertificated form;*
- *the ASR is able to receive and process the transfer electronically (ie, by receiving and processing a specified request in respect of such transfer); and*
- *the parties to the transfer have instead opted to effect the transfer in paper form (ie, by means of an instrument of transfer) and submitted such paper form to the ASR for processing.*