

Legislative amendments for implementation of uncertificated securities market regime and enhancement of over-the-counter derivative regulatory regime gazetted

The Government published the Securities and Futures and Companies Legislation (Amendment) Bill 2021 (the Bill) in the Gazette today (March 19).

The Bill seeks to amend the Securities and Futures Ordinance, the Companies Ordinance and other existing legislation to implement a complete uncertificated securities market (USM) regime under a revised operational model, as well as to clarify the scope of regulated activities for the new over-the-counter (OTC) derivative licensing regime.

"The Government is committed to taking forward a USM regime in Hong Kong. The Bill provides the legal framework which allows investors to, in addition to the prevailing arrangement of holding beneficial interest in securities through nominees, hold and transfer the legal title to securities under a digitalised environment. This enables investors to enjoy better legal protection while allowing us to elevate our financial market infrastructure and thereby further enhance the market efficiency and competitiveness. Subject to the passage of the Bill by the Legislative Council, we aim to commence the phased implementation of the USM regime by end 2022," a spokesman for the Financial Services and the Treasury Bureau said.

"Upon implementation of the USM regime, the Government will no longer charge the \$5 fixed stamp duty on securities transferred without instrument of transfer," the spokesman said.

"We also propose to make technical amendments to the scope of regulated activities under the OTC derivative licensing regime to provide more clarity about the exceptions and to better reflect our policy intent," the spokesman added.

The Bill will be introduced into the Legislative Council for First Reading on March 24.