Hong Kong Uncertificated Securities Market Regime – SFC Targets Launch on 16 November 2026

Hong Kong's Securities and Futures Commission (the **SFC**) announced on 30 March 2026 that Hong Kong's long-anticipated uncertificated securities market regime (**USM**) is on track to go live on 16 November this year. The announcement represents a decisive moment for the city's capital markets infrastructure. Under the USM, securities will be held and managed in investors' own names electronically through platforms operated by approved securities registrars (**ASRs**).

The USM regime will require all newly listed securities to be issued in dematerialised form from the moment they begin trading. No more freshly printed certificates. Ownership will be recorded electronically, in what the SFC hopes will be a cleaner, faster and more resilient system.

The HKEX published an Information Paper in May 2025 on the HKEX Listing Rule amendments that will be made to implement the USM. For a summary of the Information Paper, please see our June 2025 newsletter.

What makes this shift noteworthy is not merely the technology, but also the breadth of coordination it demands. The SFC has been working with the Hong Kong Exchanges and Clearing Limited and the Federation of Share Registrars Limited (**FSR**) to bring the regime to fruition. Systems are being built and tested. HKEX Listing Rule amendments have been reviewed and approved. Six members of the FSR have applied to become ASRs under the new framework, and the SFC says it will publish updates on those applications in the coming weeks.

A commencement notice is expected to be tabled before the Legislative Council in the current quarter, which would formally bring the enabling legislation into effect.

The transition will not happen overnight, however, and the SFC is mindful of the need for pragmatism. While new listings will be paperless from day one, issuers that are already listed before the November launch and are incorporated in Bermuda, the Cayman Islands, Hong Kong or the PRC will be folded into the regime gradually over a five-year window. Investors holding existing share certificates will not be forced to surrender them immediately; they will have the flexibility to convert to electronic form at a time of their choosing.

Hong Kong USM: Practical Implications for Intermediaries

For intermediaries, the practical implications are more immediate. The SFC has noted that the existing nominee structure within the Central Clearing and Settlement System will remain intact, which limits the scope of operational disruption. Nevertheless, changes to the processes for depositing securities into and withdrawing them from CCASS, together with revised fee structures, mean that brokers and custodians will need to revisit their business models, update client documentation and potentially adjust their pricing.

Hong Kong USM: Practical Implications for HKEX-listed Issuers

Companies listed on the HKEX will need to ensure that their shares can be evidenced and transferred without the use of documents. In particular, they will need to revise their Articles or other constitutional documents to ensure they do not contradict or conflict with the USM's requirements for shares to be held and transferred in paperless form. For example, constitutional documents will need to:

- allow for issuance in uncertificated form;
- support securities holders in relying on the register of holders as evidence of ownership; and
- allow for transfers of Prescribed Securities through authenticated messages, rather than physical instruments of transfer.

Fees

On the question of fees, the picture is nuanced. HKEX's depository and nominee charges to market participants have been revised with SFC approval, following extensive market engagement throughout 2025 and into this year. Meanwhile, the SFC has set caps on three categories of fees that ASRs may levy on investors, a measure born out of a public consultation conducted last year. Further details on fee levels for securities held within CCASS are expected in forthcoming information papers from both the HKEX and the FSR.

Stepping back, it is worth placing Hong Kong's move in a broader context. Dematerialisation of securities is hardly novel. Markets in Australia, the United Kingdom and much of continental Europe made this shift years ago. Even mainland China's exchanges have operated on a paperless basis for some time. Hong Kong, by contrast, has been something of a laggard, in part because the coexistence of its common law heritage, its unique CCASS infrastructure and its vast number of retail shareholders created a web of legal and operational complexity that was not easily untangled.

That the city is now pressing ahead is, in many respects, a reflection of competitive anxiety. As global financial centres race to modernise their market infrastructure, and as digital assets and tokenised securities gain traction, Hong Kong cannot afford to be seen clinging to analogue processes. The USM regime is not about blockchain or decentralised finance; it is something far more prosaic. But it lays the groundwork for a market infrastructure that is better equipped to absorb future innovations.

The SFC has promised continued briefings, updated information papers and ongoing engagement with stakeholders in the months ahead. Market participants would do well to take those opportunities seriously.

This newsletter is for information purposes only

Its contents do not constitute legal advice and it should not be regarded as a substitute for detailed advice in individual cases. Transmission of this information is not intended to create and receipt does not constitute a lawyer-client relationship between Charltons and the user or browser. Charltons is not responsible for any third party content which can be accessed through the website.

If you do not wish to receive this newsletter please let us know by emailing us at **unsubscribe@charltonslaw.com**

CHARLTONS
易周律师行

Hong Kong Office

Dominion Centre 12th Floor
43-59 Queen's Road East Hong Kong

enquiries@charltonslaw.com

www.charltonslaw.com
Tel: + (852) 2905 7888
Fax: + (852) 2854 9596