



香港財經分析師學會  
THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS

9<sup>th</sup> April 2019

Sent by Email and by Post

Supervision of Markets Division  
Securities and Futures Commission  
35/F Cheung Kong Center  
2 Queen's Road Central  
Hong Kong

Dear Sirs/Madams,

**Re: Joint Consultation Paper on A Revised Operational Model For Implementing An Uncertificated Securities Market in Hong Kong**

HKSFA is of the view that the USM initiative could provide better legal protection and transparency for investors who can enjoy a direct relationship with the issuers in a paperless form. The digitization of share certificates shall also allow the streamlining of share registration process and enhance the global competitiveness of the Hong Kong financial market.

Currently, it is reckoned that share issuers do not have a complete record of all registered securities holders. Under the "Revised Model", the register of members (ROM) shall be consolidated into a single record and maintained solely by the share registrar instead of splitting between the registrar and HKSCC, thereby enhancing the accuracy of the ROM and providing better investor protection.

On the other hand, it is suggested that the proposal to require securities holders to provide unique identification numbers (e.g. Hong Kong Identity Card Numbers) should be handled with extreme care. The share registrars and the regulators should provide comfort to the general public that stringent regulations and protocols have been in place so as to ensure that such personal data is used for legitimate reasons and properly protected from unauthorized use. This is to assure our investors that Hong Kong will continue to uphold its economic freedom and efficiency while at the same time maintain the highest standard of personal data and privacy. Should technological skills advance and mature in the future, the share registrars and Hong Kong Exchanges could also explore the feasibility of using block chains in maintaining such data.

Yours sincerely,  
For and on behalf of  
The Hong Kong Society of Financial Analysts

Charles Chui, CFA  
Co-chair, Advocacy Committee

Claudius Tsang, CFA  
Co-chair, Advocacy Committee