

Standing Committee on Company Law Reform

The Fortieth Annual Report

2025 / 2026

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	<u>Table of Contents</u>	<u>Page No.</u>
PREFACE		
(i) Terms of Reference of the Standing Committee on Company Law Reform		1
(ii) Membership of the Standing Committee for 2025/2026		1
(iii) Meeting held during 2025/2026.....		4
(iv) Paper circulated during 2025/2026		4
(v) Briefing Session attended during 2025/2026		5
REPORT		6

PREFACE

(i)

Terms of Reference of the Standing Committee on Company Law Reform

- (1) To advise the Financial Secretary on amendments to the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) Ordinance as and when experience shows them to be necessary.
- (2) To report annually to the Financial Secretary on those amendments to the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) Ordinance that are under consideration from time to time by the Standing Committee.
- (3) To advise the Financial Secretary on amendments required to the Securities and Futures Ordinance on matters relating to corporate governance and shareholders' protection.

(ii)

Membership of the Standing Committee for 2025/2026

Chairman: Mr Johnny MOK Shiu-luen, SC, BBS, JP

Members:

Mr Jack CHAN Hoi, JP	
Ms Ivy CHEUNG Wing-han	
Mr Paul CHOW Koon-ying	(up to 31.1.2026)
Mr Keith CHOY Chung-fai	(from 1.2.2026)
Ms CHUI Hoi-yee	(from 1.2.2026)
Ms Loretta FONG Wan-huen	(from 1.2.2026)
Ms Julianne Pearl DOE	(up to 31.1.2026)
Mr Dennis HO Chiu-ping	
Ms Sabrina HO Shuk-ying	
Ms Wendy KAM Mei-ha	
Mr Geoffrey Edward KAO	

Mr Jason KARAS	(up to 31.1.2026)
Mr Ernest LEE Chun-ho	
Ms Janet LI Tze-yan	(from 1.2.2026)
Dr Stefan LO Huoy-cheng	
Mr David John SIMMONDS	
Ms Flora WANG Fang	
Ms WONG Hau-yan	(from 1.2.2026)
Ms Tiffany WONG Wing-sze	(up to 31.1.2026)
Mr YEO Boon-ann	

**Ex-Officio
Members:**

Ms Katherine NG Kit-shuen
Head of Listing
Hong Kong Exchanges and Clearing Limited

Ms Karen Deborah KEMP, JP
General Counsel
Hong Kong Monetary Authority

Ms Annabel LEE Tung-mei
Director, Legal Services Division
Securities and Futures Commission

Ms Majestic YEUNG Sin Ag. Registrar of Companies	(up to 2.7.2025)
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Ms Kinnie WONG Kit-yee, JP Registrar of Companies	(from 3.7.2025)
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Miss Lillian CHOW
Official Receiver

Mr Keith GIANG Tsz-sheung, JP
Deputy Secretary for Financial Services and the
Treasury (Financial Services)

Ms Sandy HUNG Yung-yung Senior Assistant Law Officer (Civil Law) (Commercial)I Department of Justice	(up to 22.3.2026)
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Miss Maggie CHAN Kit-wah Senior Assistant Law Officer (Civil Law) (Commercial)II Department of Justice	(from 23.3.2026)
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<u>Secretary:</u>	Ms Majestic YEUNG Sin	(up to 14.6.2025)
	Mr Henry HUNG Hing-lin	(from 15.6.2025 to 25.1.2026)
	Ms Louisa LIU Sheung-kiu	(from 26.1.2026)

(iii)

Meeting held during 2025/2026

		Date of meeting
Two Hundred and Thirty-Third Meeting	-	28.4.2025
Discussion Paper:	Removal of the Exemption Permitting Mixed Media Offers	
Information Session:	Uncertificated Securities Market Regime	

(iv)

Paper circulated during 2025/2026

Discussion Paper		Date of dissemination
Removal of the Exemption Permitting Mixed Media Offers	-	1.4.2025
Information Paper		
Consultation paper on proposed limits for certain fees following implementation of an uncertificated securities market in Hong Kong	-	30.4.2025
Consultation conclusions on proposed limits for certain fees following implementation of an uncertificated securities market in Hong Kong	-	18.6.2025

(v)

Briefing Session attended during 2025/2026

Discussion Topic	Date of briefing session
Company Re-domiciliation Regime	- 26.6.2025

REPORT

The Standing Committee on Company Law Reform (“SCCLR”) was formed in 1984. It advises the Financial Secretary (“FS”) on amendments to the Companies Ordinance (Chapter 622) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32) (“CWUMPO”), as well as on amendments to the Securities and Futures Ordinance (Chapter 571) on matters relating to corporate governance and shareholders’ protection. The SCCLR reports annually to the FS through the Secretary for Financial Services and the Treasury on amendments that are under consideration.

2. From 1 April 2025 to 31 March 2026, the SCCLR –
 - (a) held one meeting during the year to (i) discuss the legislative proposal for removal of the exemption permitting mixed media offers and (ii) brief members on the uncertificated securities market (“USM”) regime;
 - (b) received one Discussion Paper from the Securities and Futures Commission (“SFC”) on the proposed removal of the exemption permitting mixed media offers; and
 - (c) received two Information Papers from the SFC respectively on the (i) consultation paper and (ii) consultation conclusions on proposed limits for certain fees following implementation of an USM in Hong Kong.

Discussion Paper on “Removal of the Exemption Permitting Mixed Media Offers”

Background

3. The Discussion Paper, titled “Removal of the Exemption Permitting Mixed Media Offers”, was circulated to members on 1 April 2025 for review.

4. At the 233rd meeting held on 28 April 2025, representatives from the SFC gave an overview of the proposal for removal of the exemption permitting mixed media offers by outlining the background, policy objectives and proposed legislative amendments for the proposal.

5. Members were advised that under the CWUMPO, it was not lawful for a company conducting a public offering to issue any form of application unless the application form was issued together with a prospectus that complied with the relevant requirements. The provisions of CWUMPO had been interpreted as requiring the publication and distribution of both application forms and prospectuses in the same medium. As a result, issuers conducting a public offering in physical form had to publish a large number of paper prospectuses that remained unutilised after the end of the offering period.

6. It was noted that in 2011, with a view to reducing paper wastage and promoting a more environmental-friendly practice, the SFC introduced an exemption to the said provisions of CWUMPO by adding section 9A to the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L) (“Section 9A”) to allow issuers to adopt a mixed media offer by distributing a printed application form together with an electronic prospectus, subject to specified conditions. However, the mixed media offers had not gained popularity among issuers.

7. Members were further briefed on the following major developments since the introduction of mixed media offers –

- (a) In 2021, The Stock Exchange of Hong Kong Limited introduced a paperless listing and subscription regime which required all issuers of new listings to conduct their public offering through electronic

subscription channels together with the publication of an electronic prospectus except for listing applicants adopting a mixed media offer. Since then, no issuer had adopted a mixed media offer.

- (b) In 2023, Fast Interface for New Issuance (“FINI”), a new digital platform for processing subscriptions and allotments electronically, was launched. As FINI did not support printed application forms, order placed through printed application forms would need to be manually inputted into the relevant system if the issuers adopted a mixed media offer.
- (c) In 2024, Hong Kong Exchanges and Clearing Limited (“HKEX”) implemented severe weather trading arrangements to ensure that securities and derivatives markets would continue to operate under severe weather conditions. However, listing applicants that adopted a mixed media offer must make printed application forms available from the start of and throughout the public offer period and this would delay their listing timetable if severe weather condition occurred on the first day of the public offer period.

8. Members were advised that in light of the above developments, mixed media offers were largely obsolete and did not align with paperless initiatives, including the USM regime which would be launched imminently. It was considered that the removal of the exemption permitting mixed media offers would not jeopardise the interests of the investing public.

9. Members were informed that the SFC would introduce an amendment bill to the Legislative Council to repeal Section 9A.

Discussion Outcomes

10. Upon discussion, members were generally in support of the proposal. Members also emphasised the importance of ensuring that professional firms and practitioners were informed of the proposal.

Information session regarding the USM regime

11. At the same meeting, representatives from the SFC briefed members on the USM regime.

12. Members were briefed on the limitations of the current Hong Kong paper-based securities regime under which some companies issued paper certificates and legal title transfers were still required to be done by a paper instrument. If investors were to hold securities in their own name, they would have to hold and store paper certificates, and go through a manual and cumbersome process when trading their securities. As such, most investors held their securities through the Central Clearing and Settlement System, which operated as a central nominee in whose name the legal title to securities was vested, leaving the investors with only a beneficial interest.

13. Members were advised that the USM regime sought to address these limitations by enabling investors to hold and transfer legal title to their securities electronically. From the issuer's perspective, the USM regime would enhance corporate governance through better shareholding transparency and investor engagement. For other market participants, in particular brokers, the USM regime would facilitate straight-through processing and enhance efficiency.

14. Members were advised that the Securities and Futures and Companies Legislation (Amendment) Ordinance was enacted in 2021 to establish a legal framework for implementing the USM regime. The Securities and Futures (Uncertificated Securities Market) Rules provided for procedural and operational details for the USM regime while the Securities and Futures (Approved Securities Registrars) Rules established the regulatory parameters for approved securities registrars.

15. Once the USM regime is implemented, all initial public offering securities must be in uncertificated form. A five-year transitional timeline would be implemented for existing securities with an initial focus on companies incorporated in four jurisdictions, namely Bermuda, the Cayman Islands, Chinese Mainland and Hong Kong, which would make up over 90% of listed companies.

16. Members were advised that while the laws had been enacted, they were not yet in operation. The SFC was working with both HKEX and the Federation of

Share Registrars to develop the necessary systems, with an aim to implement the USM regime in early 2026.

Information Paper: “Consultation paper on proposed limits for certain fees following implementation of an uncertificated securities market in Hong Kong”

17. The Information Paper, titled “Consultation paper on proposed limits for certain fees following implementation of an uncertificated securities market in Hong Kong”, was shared with members on 30 April 2025 for information.

18. On 24 February 2025, the SFC issued a consultation paper on the proposed limits for three types of fees that an approved securities registrar may charge investors after the implementation of the USM regime –

- (a) a USI¹ set-up fee of HK\$50 for setting up a facility that enables a person to hold and manage prescribed securities that are in uncertificated form;
- (b) a dematerialisation fee of HK\$5 per title instrument, subject to a HK\$20 minimum, for converting any prescribed securities from certificated form to uncertificated form; and
- (c) a transfer and registration fee for all transfers (other than transfers from HKSCC Nominees Limited) of 0.02% of the transaction value, subject to a HK\$20 minimum, for processing and registering transfers of any prescribed securities

(collectively, the “Proposed Limits”).

Information Paper: “Consultation conclusions on proposed limits for certain fees following implementation of an uncertificated securities market in Hong Kong”

19. The Information Paper, titled “Consultation conclusions on proposed limits for certain fees following implementation of an uncertificated securities market

¹ “USI” stands for uncertificated securities that are held and managed by their registered holder through a facility set up with and issuer’s approved securities registrar.

in Hong Kong”, was circulated to members on 18 June 2025 for information.

20. The SFC conducted a public consultation on the Proposed Limits. This consultation, held from 24 February 2025 to 23 April 2025, attracted 11 submissions from different stakeholders. The consultation results revealed general support for the USM initiative and overall support for the Proposed Limits with respondents offering comments on different aspects. The SFC summarised the major comments and provided responses. The SFC confirmed that they would proceed with the Proposed Limits, subject to revising Schedule 1 to the Code of Conduct for Approved Securities Registrars.

Briefing Session on Company Re-domiciliation Regime

21. Members were invited to and attended a briefing session on company re-domiciliation regime held by the Financial Services and the Treasury Bureau (“FSTB”) on 26 June 2025. The session targeted companies incorporated outside Hong Kong, especially those interested in re-domiciling to Hong Kong using the newly launched regime. Representatives from the FSTB, the Companies Registry and the Inland Revenue Department briefed the audience on the procedural details and tax implications applicable to all incoming companies.