



Comparison of shareholding methods under the Uncertificated Securities Market (USM)

The Securities and Futures Commission (SFC) has released consultation conclusions on the implementation of the Uncertificated Securities Market (USM) in Hong Kong, setting a clear implementation timeline. This follows the consultation papers issued in March and October 2023, which covered the proposed subsidiary legislation, code and guidelines. Subject to the completion of legislative process, the USM regime is expected to be implemented in 2026.

The USM initiative aims to eliminate manual and paper-based processes, thereby enhancing operational efficiencies and strengthening Hong Kong's financial market infrastructure. Investors will be able to hold prescribed securities in their own names and in uncertificated form, thus granting them direct legal ownership of their securities electronically. This advancement will enhance shareholder protection and provide investors with greater convenience in managing their portfolios electronically. Additionally, other market participants, including issuers and intermediaries, will benefit from increased efficiencies through streamlined and automated processes.

Once the USM is implemented, only the Approved Securities Registrar (ASR) licensed and regulated by SFC can provide the securities registration services for both USM securities and non-USM securities. Vistra's IPO and Share Registry team is well-prepared to serve as an ASR under the USM regime.



Advantages of uncertificated securities

Benefits for issuers

- Enhanced investor transparency, enabling more effective communication with investors
- Optimised corporate governance
- Increased investor engagement
- Reduced paper usage, supporting an environmentally friendly trading market and aligning with government/HKEX environmental policies
- Cost savings from reduced printing and mailing expenses

Benefits for investors

- Enhanced investor protection
- Ability to transfer USI shares to stock brokers on the same day (provided there is no change in beneficial ownership) enable more convenient trading
- Lower shareholding costs
- More efficient shareholding management, allowing investors to view all their holdings on the USI platform
- Secure full shareholder rights by holding shares in investors' own names with convenience of managing and trading shares electronically without paper certificates

Which shareholding method is best for you under the Uncertificated Securities Market? Below is a comparison between USI Shareholding and Nominee Shareholding for investors' reference.

	USI shareholding	Nominee shareholding
Legal ownership	<ul style="list-style-type: none"> • Shares are registered under the name of the investor, meaning the investor is the legal owner and enjoys full investor rights and protections. 	<ul style="list-style-type: none"> • Shares are registered under the nominee's name, making the nominee the legal owner while the investor is the beneficial owner. As a result, the investors must exercise their rights through the nominee.
Receipt of dividend	<ul style="list-style-type: none"> • Directly received by the investor. • No transaction fees. • Automatically credited to the investor's bank account. • Individual investors holding H shares may benefit from a lower withholding tax rate. 	<ul style="list-style-type: none"> • Received via the nominee. • May subject to transaction fees.
Physical distributions and other corporate actions (e.g. bonus shares, rights subscriptions, etc.)	<ul style="list-style-type: none"> • Directly received by the investor. • No transaction fees. 	<ul style="list-style-type: none"> • Received via the nominee. • May subject to transaction fees and earlier response deadlines.
Exercise of voting rights	<ul style="list-style-type: none"> • Exercised directly by the investor. 	<ul style="list-style-type: none"> • Exercised through the nominee. • May subject to transaction fees and earlier response deadlines.
Corporate communications	<ul style="list-style-type: none"> • Received directly by the investor. 	<ul style="list-style-type: none"> • Received through the nominee upon request.
Subscription for new shares	<ul style="list-style-type: none"> • Investor applies directly as the registered shareholder, using USI. 	<ul style="list-style-type: none"> • Investor applies by instructing the nominee. • May subject to transaction fee.
Shareholding management	<ul style="list-style-type: none"> • Manage different shares on the basis of ASR. • Manage full shareholding portfolio through the ASR's USI account. 	<ul style="list-style-type: none"> • Manage multiple shareholding portfolios via securities accounts of different nominees.

How to set up a USI



Investors need to set up a USI with an approved securities registrar (ASR).



Investors holding multiple stocks with different ASRs appointed will need to set up separate USI



After setting up the USI, if the issuer of the held shares plans to participate in the USM, investors can convert their shares into electronic form.

Why Vistra excels in IPO and Share Registry services

Expert team

Our IPO and Share Registry division comprises 130 professionals with share registry and IT expertise. Ninety per cent of our Team Leads are Chartered Secretaries or CPAs, ensuring clients benefit from our extensive experience and industry knowledge. Our processes are ISO9001 accredited for processes / data integrity and confidentiality.

Proven track records

We serve as the share registrar for over 1,300 listed issuers in Hong Kong, accounting for more than 51% of all listed companies on the market.

Tailor-made Share Registration system

Our tailor-made share registration system enables us to swiftly address ad hoc requests during the IPO processes.

Beyond IPO and Share Registry services

Beyond IPO and Share Registry, we offer full-service solutions across 50+ global markets, providing synergies in entity management, cross-border compliance and international expansion through a single provider.



Vistra's IPO and Share Registry solutions that help your business progress

Vistra's IPO and Share Registry team can serve as an Approved Securities Registrar under the USM regime, providing the following services to issuers and their investors:

- Assisting issuers in converting securities into uncertificated form;
- Offering a regulatory-approved uncertificated securities registration system and issuer platform;
- Setting up USI for investors, enabling them to quickly deposit their held securities into their brokerage or bank accounts online before trading;
- Providing USM listing services for newly listed companies.

Wherever your ambition takes you

9,000+

experts

170+

countries

580k

legal entities managed

US\$1 trillion

assets under administration

Nearly half

of Fortune Global 500 companies and **two-thirds** of the Private Equity International (PEI) 300 global – the biggest investors in the world consider Vistra their partner of choice

About **Vistra**

Here at Vistra, **our purpose is progress**. As a close ally to our clients, our role is to remove the friction that comes from the complexity of global business.

We partner with companies and private capital managers along the corporate and private capital lifecycle. From HR to tax and from legal entity management to regulatory compliance, we quietly fix the operational and administrative frustrations that hamper business growth. With over 9,000 experts in more than 170 countries, we can accelerate progress, improve processes and reduce risk, wherever your ambition takes you.



Talk to an expert

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Scan the QR code to visit our website and get in touch – we'd love to discuss how our IPO and Share Registry services can support your business.