G.N. 7265

SECURITIES AND FUTURES ORDINANCE (Chapter 571) (the "Ordinance")

Pursuant to section 399 of the Ordinance, the Securities and Futures Commission publishes the following:—

- The Code of Conduct for Approved Securities Registrars ("ASR Code")
- The Guidelines for Electronic Public Offers ("ePO Guidelines")

The ASR Code and ePO Guidelines shall become effective on 16 November 2026 and supersede the Code of Conduct for Share Registrars and the Guidelines for Electronic Public Offerings.

13 November 2026

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Code of Conduct for Approved Securities Registrars

16 November 2026

SFC
證監會

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Explanatory notes

This Code of Conduct for Approved Securities Registrars is published under section 399 of the SFO. The Commission will be guided by this Code in considering whether a person is fit and proper to be or remain an ASR. In this context, the Commission will have regard to the general principles, as well as the letter, of the Code. This Code also, among other matters, provides guidance in relation to the operation of particular statutory provisions. The Code has been published in the Gazette.

Where the Commission has information which suggests that an ASR is not a fit and proper person to remain approved, it may conduct an investigation under section 182(1)(e) of the SFO. This information may refer to how the ASR conducts its business and operations, or it may refer to other matters. The Commission places great importance on ASRs being fit and proper, particularly in light of the significant role that their systems, processes and facilities play in the uncertificated securities market environment.

This Code is to be interpreted sensibly and in accordance with its spirit. When considering whether an ASR has failed to attain any of the standards prescribed in this Code, the Commission will adopt a pragmatic approach, taking into account all relevant circumstances, including whether the ASR has taken any compensatory measures, the nature and scope of its business and operations, as well as its legal and organisational structure.

ASRs should note the various Schedules to this Code. These are part of the Code and provide, among other things, limits on certain fees and charges that are payable by securities holders, and ASRs' obligations when performing certain functions. ASRs are also expected, under section 10.1(a) below, to comply with the rules of any clearing house of which they are participants.

Unless otherwise specified, or the context otherwise requires, words and phrases in this Code (including these explanatory notes) shall be interpreted in accordance with section 1 below.

This Code does not have the force of law and should not be interpreted in a way that would override the provision of any law.

This Code supersedes the *Code of Conduct for Share Registrars* published by the Commission in April 2003.

General principles

GP1 Honesty and fairness

In conducting its business and operations, an ASR should act honestly, fairly, and in the best interests of its issuer-clients and the integrity of the market.

GP2 Diligence

In conducting its business and operations, an ASR should act with due skill, care and diligence, in the best interests of its issuer-clients and the integrity of the market.

GP3 Capabilities

An ASR should have and employ effectively the resources and procedures which are needed for the proper performance of its functions and obligations as an ASR.

GP4 Outsourcing

When outsourcing tasks, an ASR should take into account the degree of materiality or criticality of the task to the ASR's business and operations, and structure the outsourcing arrangements with a view to ensuring that the ASR's business and operations, and all property and information relating to such business and operations, are properly protected.

GP5 Computer systems and facilities

An ASR should set up and maintain its computer systems and facilities to achieve a high degree of reliability, availability and security in respect of its systems, data and networks and incorporate adequate capacity and contingency measures.

GP6 Information for issuer-clients and securities holders

An ASR should make adequate disclosure of relevant material information in its dealings with issuer-clients and securities holders.

GP7 Conflicts of interest

An ASR should try to avoid conflicts of interest, and when they cannot be avoided, should ensure that issuer-clients are treated fairly while also safeguarding the integrity of the market.

GP8 Safeguarding of third-party assets

An ASR should ensure that third-party assets are promptly and properly accounted for and adequately safeguarded.

GP9 Compliance

An ASR should comply with all regulatory requirements applicable to the conduct of its business and operations so as to promote the best interests of its issuer-clients

and the integrity of the market. In addition, an ASR should provide securities registrar services in a manner which assists or facilitates its issuer-clients to comply with their obligations under applicable laws and regulations.

GP10 Responsibilities of senior management

The senior management of an ASR should bear primary responsibility for ensuring the maintenance of appropriate standards of conduct and adherence to proper procedures by the ASR.



1. Interpretation and Application

1.1 Definitions

In this Code, unless otherwise specified, or the context otherwise requires:

annual statement	means the statement that an ASR, who is acting or has acted as the securities registrar for any prescribed securities, is required to send under rule 24 of the ASR Rules;
applicable laws and regulations	in relation to a person, means any laws, rules or regulations (whether statutory or otherwise) applicable to the person, and includes any codes and guidelines issued by the Commission (including this Code) and the rules of any exchange or clearing house applicable to the person;
approved securities registrar / ASR	bears the meaning given by section 1 of Part 1 of Schedule 1 to the SFO;
ASR Rules	means the Securities and Futures (Approved Securities Registrars) Rules (Cap 571, sub leg AT);
authenticated message	bears the meaning given by rule 2 of the USM Rules;
business and operations	in relation to an ASR, means its business and operations as an ASR;
CCASS	means the Central Clearing and Settlement System operated by HKSCC, and includes any other system that may replace it;
this Code	means this Code of Conduct for Approved Securities Registrars;
Commission	means the Securities and Futures Commission;
Companies Ordinance	means the Companies Ordinance (Cap 622);
computer systems and facilities	in relation to an ASR, means the computer systems and facilities used in connection with the ASR's business and operations, irrespective of whether such systems or facilities are provided or operated by the ASR or a service provider, and includes any service facilities, and any

	interface or other connections to the systems or facilities of another person; ***Note**:* *The scope here includes, for example:* *(1) all interface connections between the ASR and other parties (eg, HKSCC, the Stamp Office, other companies within the same group as the ASR, etc); and* *(2) all computer systems and facilities used in connection with the handling of matters and processes relating to prescribed securities (eg, transfers, dematerializations, corporate actions, public offer applications, updating of registers of holders, pre-registration for the use of service facilities, etc).*
EDSP	means an external electronic data storage provider;
ePO channel	means any electronic channel or facility used to display or provide access to prospectuses and collect applications from the public during an initial public offer (or a follow-on public offer) of prescribed securities; ***Note**:* *See also the Commission's Guidelines for Electronic Public Offers, which deal with the provision and operation of ePO channels.*
HKSCC	means Hong Kong Securities Clearing Company Limited;
issuer	bears the meaning given by rule 2 of the USM Rules;
issuer-client	bears the meaning given by rule 2 of the ASR Rules;
operational incident	bears the meaning given by rule 17(6) of the ASR Rules;
outsourcing	in relation to an ASR, means a business practice in which the ASR engages another person (the service provider) to perform tasks that would otherwise be undertaken by the ASR itself, and ***outsource*** is to be construed accordingly;
participating securities	bears the meaning given by rule 2 of the USM Rules;
prescribed securities	bears the meaning given by section 1 of Part 1 of Schedule 1 to the SFO;
register of holders	bears the meaning given by rule 2 of the USM Rules;

securities bears the meaning given by section 1 of Part 1 of Schedule 1 to the SFO;

securities holder bears the meaning given by rule 2 of the ASR Rules;

***Note**:*

The term "securities holder" refers to current registered holders and includes (where the context so permits) former registered holders, as well as persons who are seeking to become registered holders (eg, transferees, subscribers, transmittees).

securities registrar service bears the meaning given by section 1 of Part 1 of Schedule 1 to the SFO and rule 3 of the ASR Rules;

***Note**:*

The provision of securities registrar services includes the provision and/or operation of any related service facilities, such as any UNSRT system and any ePO channel.

senior management in relation to an ASR, means persons involved in the management of the business of the ASR;

***Note**:*

(1) In considering whether a person should be regarded as a member of an ASR's senior management, the Commission will look at all relevant facts and circumstances, including the following:

- *the ASR's organisation and control structure (including its group organisation and control structures where it is part of a group);*
- *the person's seniority and role within such organisation and control structures, including whether the person is a member of the ASR's governing body; and*
- *the level of actual or apparent control, oversight, authority or influence held by the person in respect of the ASR's business and operations.*

(2) The fact that a person is not a member of an ASR's governing body, or is based outside Hong Kong, will not of itself exclude them from being regarded as a member of the ASR's senior management. The Commission's focus will be on the extent of the person's control, authority and influence vis-à-vis the ASR's business and operations.

(3) Under Part IX of the SFO, the Commission may take disciplinary action against persons who are involved in the management of the business of an ASR, i.e. the senior management of an ASR.

service facilities bears the meaning given by rule 2 of the ASR Rules;

***Note**:*

An ASR's service facilities include any UNSRT system and ePO channel used in connection with the ASR's provision of securities registrar services.

service facilities incident	bears the meaning given by rule 17(6) of the ASR Rules;
service provider	in relation to an ASR, means the person to whom the ASR outsources any of its tasks;
SFO	means the Securities and Futures Ordinance (Cap 571);
task	means any task, function, process, service or activity;
third-party assets	in relation to an ASR, means any information, documents or other property (including any securities, seals and impressions, blank title instruments, cheques, stationery or money) received, retained or kept by the ASR for or on behalf of an issuer-client, and includes any information, documents or other property (including any securities, title documents, cheques or money) relating, belonging or payable to a securities holder and received, retained or kept by the ASR as agent for an issuer-client; ***Note**:* *The term "third-party assets" includes any "third-party money", as defined in rule 2 of the ASR Rules.*
title instrument	bears the meaning given by rule 2 of the USM Rules;
uncertificated form	is to be interpreted in accordance with section 1AB of Part 1 of Schedule 1 to the SFO;
UNSRT system	bears the meaning given by section 1 of Part 1 of Schedule 1 to the SFO;
USI facility	means an electronic facility set up with an ASR for the purposes of holding legal title to prescribed securities without title instruments, effecting transfers of legal title to prescribed securities without instruments of transfer, and effecting other transactions and communications relating to prescribed securities electronically;
USM Rules	means the Securities and Futures (Uncertificated Securities Market) Rules (Cap 571, sub leg AS).

1.2 Persons to whom this Code applies

(a) This Code applies to all ASRs in respect of their provision of securities registrar services that they are approved to provide.

(b) This Code also applies to all persons who are members of the senior management of an ASR. In applying this Code to any such person, the Commission will consider the person's level of responsibility within the ASR, any supervisory duties they may perform, and the levels of control and knowledge they may have concerning any failure by the ASR, or by any persons under their supervision, to follow this Code.

1.3 Effects of breaches of this Code

(a) In the absence of extenuating circumstances, breaches of this Code may:

(i) reflect adversely on an ASR's fitness and properness to provide securities registrar services, and/or on any other person's fitness and properness to be involved in the management of the business of an ASR; and

(ii) result in disciplinary action under Part IX of the SFO.

(b) A failure by an ASR or any other person to comply with any provision of this Code that applies to them will not by itself render the ASR or such other person liable to any judicial or other proceedings. However, in any proceedings under the SFO before any court, this Code will be admissible in evidence, and if any provision set out in this Code appears to the court to be relevant to any question arising in the proceedings, it will be taken into account in determining the question.

Note:

(1) While this Code does not apply in relation to an ASR's provision of services other than securities registrar services, or to its business and operations otherwise than as an ASR, the Commission may take into account, among others, any matter concerning the ASR's actual or proposed provision of such other services or conduct of such other business and operations when determining its fitness and properness to provide securities registrar services. Such other services may include related services such as:

- *providing corporate action services in respect of non-prescribed securities issued to securities holders of prescribed securities; and*
- *assisting securities holders to establish trust arrangements for their prescribed securities.*

(2) For avoidance of doubt:

- *the provision of probate services (in so far as it relates to the registration of transmissions) is regarded as falling within paragraph (a) of the definition of "securities registrar services" in section 1 of Part 1 of Schedule 1 to the SFO;*
- *the provision of services in connection with general meetings of an issuer-client is regarded as falling within the definition of "corporate action" under rule 3(3) of the ASR Rules.*

2. GP 1 Honesty and Fairness

In conducting its business and operations, an ASR should act honestly, fairly, and in the best interests of its issuer-clients and the integrity of the market.

2.1 Accurate representations and information

An ASR should ensure that any representations made by it, or information provided by it, to its issuer-clients or to securities holders are accurate and not misleading.

2.2 Fair and reasonable charges

An ASR's fees and charges, particularly if payable by securities holders, should be transparent, fair and reasonable in the circumstances, commensurate with the services provided and work done, and comply with applicable laws and regulations. Additionally, fees and charges for services listed in Schedule 1 to this Code should not exceed the levels set out in that schedule.

Note:

ASRs are expected to make public its fees and charges. However, fees and charges payable by issuer-clients need only be disclosed to the issuer-client concerned.

2.3 Marketing and operation of services

An ASR should market, promote and carry out its services in a proper, appropriate and fair manner that complies with all applicable laws and regulations.

2.4 Anti-bribery guidelines

An ASR should be familiar with the Prevention of Bribery Ordinance (Cap 201) and follow related guidance issued by the Independent Commission Against Corruption. The Prevention of Bribery Ordinance may prohibit an agent (normally an employee) from soliciting or accepting an advantage without the permission of the principal (normally the employer) when conducting the principal's business. A person who offers the advantage may also commit an offence.

2.5 Financial auditor

Under the ASR Rules, an ASR must appoint an independent auditor, within 1 month after it is approved to provide securities registrar services or an auditor ceases to be so appointed, to audit its financial statements. In assessing the independence of an ASR's auditor, the Commission will take into account all relevant facts and circumstances. In general, the following persons will not be regarded as independent:

(a) any person who is an officer, employee or agent of the ASR;

(b) any person who is engaged by the ASR to provide services (other than services as an independent auditor);

(c) any person who is engaged in any work, or subject to any obligation, control or influence that will or may present a conflict (actual or perceived) with the person's obligations as the ASR's auditor.

3. GP 2 Diligence

In conducting its business and operations, an ASR should act with due skill, care and diligence, in the best interests of its issuer-clients and the integrity of the market.

3.1 Performance of services: due skill, care and diligence

(a) An ASR should perform services for its issuer-clients in accordance with the terms and conditions upon which the ASR is appointed by the respective issuer-clients. An ASR should also take all reasonable steps to carry out instructions from its issuer-clients diligently and with reasonable skill and care.

***Note**:*

Compliance with paragraph (a) may require the ASR to be proactive in certain circumstances. For example, where an issuer has changed its appointed ASR:

(1) the incoming ASR will generally be expected to proactively notify affected securities holders of any steps they need to take to continue managing any securities held in uncertificated form (eg, completing the incoming ASR's onboarding process for using any service facilities to transfer such securities); and

(2) the outgoing ASR will generally be expected to proactively notify affected securities holders of any impact that the change may have on the holder (eg, limitations on and arrangements for accessing historical statements and confirmations issued by the outgoing registrar).

(b) In the course of providing securities registrar services, an ASR will (in its capacity as agent of an issuer-client) receive requests, enquiries and instructions from securities holders. The ASR should take all reasonable steps to acknowledge, respond to and process such requests, enquiries and instructions promptly, diligently and with reasonable skill and care.

3.2 Provision of service facilities

An ASR should provide the use of its service facilities in accordance with the terms and conditions notified to and agreed with users of such facilities. In particular, an ASR should take all reasonable steps to ensure that:

(a) such facilities are provided and operated in a fair and orderly manner;

(b) activities, instructions or other things carried out, executed or processed through such facilities are processed promptly and in accordance with such terms and conditions;

(c) appropriate identity checks are conducted when onboarding persons as users of such facilities;

***Note**:*

The ASR is expected to take all reasonable steps to establish the true and full identity of a person seeking to become a user of its service facilities. In the case of an ASR's UNSRT system, this includes, at a minimum, checking the identity document that is first mentioned in the list below (save that where the person does not hold such document, the next mentioned document should be used and so forth), ie:

(1) in the case of a natural person, his or her: (A) Hong Kong identity card; (B) other national identification document; or (C) passport;

(2) in the case of a corporation, its: (A) legal entity identifier (LEI) registration document; (B) certificate of incorporation; (C) certificate of business registration; or (D) other equivalent identity document; and

(3) in the case of a trust, the trustee's information (as described in paragraph (1) or (2) of this note, as applicable).

(d) appropriate systems are in place, and checks conducted, to enable the ASR to establish with reasonable certainty the identity of the person sending instructions or requests through such facilities, and the person's authority to do so; and

Note:

In general, the ASR is expected to adopt authentication methodologies to ascertain the reliability of instructions and requests received. Such methodologies should be in line with industry standards and market practice, and provide a reasonable and appropriate degree of protection to securities holders, taking into account:

(1) the nature of the instruction or request received;

(2) the size and value of any prescribed securities that are the subject of the instruction or request;

(3) the potential impact that the instruction or request may have on the securities holder of those securities if acted upon; and

(4) any pre-existing agreement with such securities holder regarding the sending of such instructions or requests (eg, any limits set, any agent appointed, etc).

(e) where the ASR offers pre-registration in respect of its service facilities (ie, permits persons to become users of such facilities even though they have no immediate need to use the facilities), appropriate checks are conducted to ensure that information provided by a person at the time of pre-registration is, or may be reasonably expected to be, up-to-date at the time that the person uses the facilities to send any instructions or requests.

***Note**:*

In assessing whether any information submitted by a person during the pre-registration process remains up-to-date, the ASR is expected to take into account the length of time that has passed since the person submitted the information, and since the person last used the facilities. Due regard should also be had to:

(1) the nature of the instruction or request received;

(2) the size and value of any prescribed securities that are the subject of the instruction or request; and

(3) the potential impact that the instruction or request may have on the securities holder of those securities if acted upon.

3.3 Best interests of issuer-clients

In performing its services or in carrying out instructions from its issuer-clients, an ASR should act in the best interests of its issuer-clients and the integrity of the market.

Note:

ASRs may be expected to continue complying with this obligation during and after any process for effecting a change in an issuer-client's appointed ASR. In particular:

(1) The outgoing ASR and incoming ASR are expected to cooperate in facilitating the handover process so that it is completed properly and as quickly and efficiently as possible. To that end,

any records to be transferred to the incoming ASR should, as far as reasonably practicable, be transferred electronically (unless the originals are in paper form in which case the original paper form records should be transferred). The format for transferring records electronically should be agreed in advance.

(2) Following a handover, both the outgoing ASR and incoming ASR should render all reasonable assistance to one another that may be required to deal with a matter that occurred prior to the handover and while the outgoing ASR was the issuer's appointed ASR.

4. GP 3 Capabilities

An ASR should have and employ effectively the resources and procedures which are needed for the proper performance of its functions and obligations as an ASR.

4.1 Internal controls, financial and operational resources

An ASR should have satisfactory internal control procedures in place and financial and operational capabilities to ensure its business and operations are properly structured and conducted so that there is reasonable assurance that:

(a) the ASR has adequate financial resources;

***Note**:*

(1) The Commission may specify specific financial resources requirements under rule 8 of the ASR Rules, including a minimum capital level, a minimum liquidity level and a maximum gearing ratio. In specifying such requirements, the Commission will take into account all relevant circumstances (including the scope and size of the ASR's business and operations as well as the nature and impact of any other business activities that it conducts), and the need for reasonable assurance as to the ASR's continued financial viability and ability to wind down in an orderly manner (should that become necessary).

(2) The levels specified may vary from ASR to ASR. However, in general, it is expected that minimum capital levels specified will not be lower than HK$5 million, minimum liquidity levels will be set by reference to the ASR's projected operating expenses for at least the next six months, and maximum gearing ratios specified will not be higher than 70%.

(b) the ASR can carry on its business and operations in an orderly, efficient and effective manner;

(c) proper and adequate safeguards and risk management policies are in place and documented to protect the ASR's business and operations from financial loss arising from theft, fraud, and other dishonest acts, professional misconduct or omissions, and to protect its issuer-clients and securities holders from financial loss arising from misconduct or omissions by the ASR or its employees or agents;

***Note**:*

(1) Safeguards and risk management policies put in place are expected to be commensurate with the nature, size and complexity of the ASR's business and operations, and to be regularly reviewed and updated to ensure their continued effectiveness taking into account any change to the ASR's business and operations, and relevant regulatory developments.

(2) Where an ASR conducts business activities otherwise than as an ASR, or provides services other than securities registrar services, the safeguards to be put in place are expected to take into account and address any risks posed by such other activities or services.

(d) supervisory and other internal review functions (eg, compliance and internal audit) are segregated from operational duties to avoid undetected errors and abuses which may expose the ASR or its issuer-clients to inappropriate risk;

(e) proper records are kept and maintained in relation to the ASR's business and operations;

***Note**:*

This includes complying with requirements under Part 4 of the ASR Rules and other applicable laws and regulations (eg, section 627 of the Companies Ordinance and section 18I of the Stamp Duty Ordinance (Cap 117)).

(f) the ASR can carry on its business and operations in a manner that is compliant with all applicable laws and regulations; and

(g) the ASR can perform its functions and obligations in a manner which assists or facilitates its issuer-clients to comply with all laws and regulatory requirements applicable to them, and which complies with the requirements set out in Schedule 2 to this Code.

***Note**:*

Many functions and obligations of an issuer are, in practice, performed by the issuer's ASR (eg, matters relating to the keeping of registers of holders, the handling of instructions from securities holders including instructions to transfer or dematerialize prescribed securities, etc). Where these are subject to legal or regulatory requirements that are imposed on issuers, it is crucial that the ASR complies with those requirements when performing such functions and obligations (eg, requirements under relevant company law, the USM Rules, etc).

4.2 Human and technical resources

(a) An ASR should have sufficient human and technical resources and experience to ensure the proper performance of its functions and obligations at all times. An ASR should ensure that any person it employs or appoints in connection with its business and operations is qualified, suitably trained or has appropriate experience to act in the capacity and to perform the respective duties and responsibilities for which the person is so employed or appointed.

(b) An ASR should provide suitable training and adequate information to its employees and agents to ensure that they can perform their duties and responsibilities diligently.

***Note**:*

This includes, for example, ensuring that employees and agents are apprised of policies and procedures that are relevant to their respective roles and responsibilities.

(c) An ASR should ensure that it has adequate resources to manage and supervise its employees and agents diligently, and does so supervise them.

4.3 Suitable premises

Under the ASR Rules, an ASR must not use any premises for any of the purposes specified in those Rules unless the premises are suitable for use for that purpose. In assessing the suitability of any such premises (or of any other premises used in connection with its business and operations), the ASR should have due regard to the following:

(a) that the premises are subject to appropriate security measures, and are (as necessary) fire and water-proof;

(b) that the premises are not used for residential purposes;

(c) that any area of the premises used for storing records and documents relating to issuer-clients and/or securities holders is segregated, and subject to appropriate security and access controls;

(d) that if the premises are shared with a third party (whether or not within the same group as the ASR), appropriate measures are taken to restrict access to that part of the premises used by the ASR and to safeguard, and preserve confidentiality in respect of all property, documents and information relating to the ASR's business and operations, or to any of its issuer-clients or any securities holders, as necessary and reasonable in the circumstances;

(e) that any access to the premises by third parties (including any issuer-client, securities holder, or another company within the same group as the ASR) is appropriately restricted so as to safeguard, and preserve confidentiality in respect of all property, documents and information relating to the ASR's business and operations, or to any of its issuer-clients or securities holders, as necessary and reasonable in the circumstances;

(f) that the premises are accessible at all times for the purposes of regulatory visits by the Commission.

Note:

For avoidance of doubt, any premises used by an ASR to process or store information or data under rule 4(1)(b) of the ASR Rules includes premises used to: (i) keep records or documents required under those rules; and (ii) transmit information or data relating to its securities registrar services.

4.4 Capacity

(a) An ASR should ensure that it has adequate systems capacity for the proper performance of its functions and obligations as an ASR.

Note*:*

(1) This includes, for example, ensuring adequate systems capacity in connection with the performance of any services to issuer-clients or securities holders, including the provision of securities registrar services and operation of any service facilities.

(2) In considering the adequacy of systems capacity, an ASR should take into account its service level commitments and obligations regarding the volume, speed and turnaround times for any processes, transactions or other matters. The market's reasonable expectation in respect of these matters should also be taken into account.

(b) An ASR should have an adequate margin above its current capacity to handle its current volume and systematically establish future capacity estimates on a regular basis. In addition, an ASR should conduct periodic stress tests to assess whether its computer systems and facilities can perform adequately in relation to estimated capacity levels, including in the event of heavily subscribed public offers and large increases in the number of securities holders or number of transactions effected by such holders.

4.5 Reliability

An ASR should ensure that the computer and other systems and facilities used in the performance of its functions and obligations are reliable and that both internal and external system/programme developers observe the following requirements:

(a) proper planning, testing and implementation of such systems and facilities, and of any upgrades;

(b) regular monitoring of such systems and facilities, including any equipment;

(c) availability of timely and adequate support in emergencies;

(d) timely rectification of problems;

(e) adequate resolution of recurring problems;

(f) proper and adequate maintenance of written documentation detailing functional and technical specifications of all such systems and facilities; and

(g) maintenance and retention of a continuous and properly documented audit trail of changes and/or repairs to such systems and facilities.

***Note**:*

It is expected that not all systems and facilities may be computer-based, eg, an ASR may put in place systems and facilities for handling enquiries in person. Obligations under this section 4.5 are intended to apply in respect of both computer-based and non-computer-based systems and facilities.

4.6 Contingency planning

(a) An ASR should have an appropriate contingency plan to deal with potential operational failures, emergencies and disasters. The contingency plan should be documented, maintained and periodically tested to ensure that it is viable and adequate. A plan for dealing with media and regulatory enquiries should be formulated and the ASR should have competent and trained staff to deal with such matters.

***Note**:*

(1) At a minimum, an ASR's contingency plan is expected to cover the following:

- *identify and address different contingency scenarios that may pose a significant risk of disrupting normal operations (including cyber-attacks, critical vendor failures, relevant physical disasters or emergencies, etc);*
- *provide a clear business continuity plan and its objectives, and set out details of recovery times and recovery points; and*
- *include clearly defined procedures for crisis and event management (including the management of operational incidents and service facilities incidents).*

(2) In developing its contingency plan, an ASR should take into account that it is expected to make all reasonable efforts to resume the provision of services, particularly critical services, as soon as reasonably practicable following the occurrence of any contingency scenario, and with a view to minimising divergence from service level commitments and obligations. Critical services are expected to include any services affecting:

- *the timely update of registers of holders (eg, following any transfer, dematerialization, corporate action, etc); or*
- *the smooth operation of CCASS (eg, services relating to the transfer of prescribed securities to HKSCC Nominees Limited to settle continuous net settlement (CNS) transactions within the settlement period, timely adjustments to HKSCC Nominees Limited's registered holdings following a corporate action, etc).*

(b) An ASR should ensure that its backup site and systems are protected and operational in the event of systems failure. At a minimum, the ASR should have:

(i) a backup site or other suitable facility which will enable the ASR to maintain critical functions in the event of an emergency;

***Note**:*

Critical functions include any functions that are time critical, such as functions that may affect the timely update of registers of holders or the smooth operation of CCASS.

(ii) backup records, servers and supporting documentation which are located in separate premises;

(iii) backup client and transaction databases which are kept securely in off-line media (such as mass storage devices, standalone database servers, or other offline backup facilities) which enable the ASR to retrieve and access the data in a timely manner;

***Note**:*

(1) Client and transaction databases include, at a minimum, all registers of holders, as well as other databases containing critical data relating to the ASR's issuer-clients, securities holders and transactions conducted through any of the ASR's service facilities.

(2) To enable recovery points for registers of holders to be no more than one business day old, the backup record of each register of holders should be updated to no earlier than the close of business of the immediately preceding business day.

(3) Offsite storage is generally expected to be subject to proper security measures, and to be fire and waterproof.

(iv) backup functions which are performed regularly and monitored to:

(A) ensure information stored in client and transaction databases is securely and completely backed up; and

(B) enable timely remedial action and resolution of errors; and

(v) backup printing facilities or printers for the production of title instruments (where applicable) or other related documentation.

4.7 Insurance

Under the ASR Rules, an ASR must ensure that it is covered by insurance that is necessary to provide reasonable protection against risks associated with its business and operations. Such risks include risks of loss or damage attributable to any of the following:

(a) forgery or fraudulent alteration of any of the following by an employee or agent of the ASR —

(i) a cheque or other negotiable instrument;

(ii) a register of holders of prescribed securities for which the registrar acts as the securities registrar;

(iii) a certificate or other document evidencing title to, or other interests in, prescribed securities; or

(iv) an instrument or other document relating to, or received by the registrar in connection with, the holding, disposal, or other change in title to prescribed securities;

(b) forgery or fraudulent alteration of an instruction or request (whether electronic or otherwise) by an employee or agent of the ASR and relating to or received by the registrar in connection with—

(i) the holding, or any disposal of, or any change in title to, prescribed securities;

(ii) the making, distribution, receipt or any other disposal of any payment relating to prescribed securities; or

(iii) the exercise of rights relating to prescribed securities.

5. GP 4 Outsourcing

When outsourcing tasks, an ASR should take into account the degree of materiality or criticality of the task to the ASR's business and operations, and structure the outsourcing arrangements with a view to ensuring that the ASR's business and operations, and all property and information relating to such business and operations, are properly protected.

5.1 Risk assessment preceding outsourcing arrangements

An ASR should not commence any arrangements for outsourcing its tasks to a service provider unless it has first performed a suitable risk assessment and is satisfied that:

(a) all material risks relating to the arrangements (including to the particular tasks to be outsourced and the particular service provider involved) have been identified;

(b) all material risks identified can and will be adequately managed for so long as the arrangements are and remain effective; and

(c) the arrangements will not impair the effectiveness of the ASR's internal controls nor compromise the interests of issuer-clients or the integrity of the market.

Such risk assessment should be regularly reviewed in light of any material change to the outsourcing arrangements entered into, or to the ASR's business and operations, and relevant regulatory developments.

5.2 Pre-requisites for outsourcing

Where an ASR outsources any of its tasks to a service provider, it should ensure that:

(a) sufficient and appropriate due diligence is carried out as regards the service provider's suitability and ability to carry out the outsourced tasks, and to do so in compliance with the ASR's obligations under applicable laws and regulations;

(b) sufficient and appropriate procedures and controls are in place to monitor the service provider's performance of the outsourced tasks, and to effectively manage any risks posed by the outsourcing arrangements on a continuing basis;

***Note**:*

The monitoring of the service provider's performance of outsourced tasks will be crucial. Accordingly, and taking into account the criticality of the outsourced tasks to the business and operations of the ASR, it is expected that:

(1) the ASR's monitoring will, at a minimum, seek to:

- *ensure that the service provider is in compliance with all material terms of the outsourcing arrangements;*
- *ensure the adequacy of the resources deployed by the service provider for the purposes of the outsourced tasks;*

- *establish whether any incidents or problems have been encountered, and if so, how these have been handled;*
- *establish whether the service provider's contingency plan regarding the outsourced tasks has been suitably updated in light of such incidents or problems; and*
- *review the service provider's risk profile and in particular its continued financial viability;*

(2) the ASR's monitoring will be performed by staff with sufficient relevant knowledge and expertise;

(3) the ASR's senior management will be kept suitably apprised of the service provider's performance, and any issues or incidents of concern will be promptly escalated as necessary; and

(4) the ASR's control procedures for overseeing the outsourced tasks will be regularly reviewed by its audit function.

(c) a binding written contract is entered into with the service provider, the nature and details of which are appropriate to the materiality or criticality of the outsourced tasks to the business and operations of the ASR;

***Note**:*

See also section 5.3 below which expands on the matters that the contract should, at a minimum, cover.

(d) sufficient and appropriate procedures and controls are in place to ensure continuity of service by the service provider to the ASR, including a business recovery plan (with periodic testing of backup facilities) and exit strategies in the event of the termination of any outsourcing arrangements;

***Note**:*

Contingency arrangements relating to any outsourcing will be critical to ensuring the continued smooth performance of the outsourced tasks. The ASR is therefore expected to:

(1) have an adequate understanding of the service provider's contingency arrangements, and consider the implications that these may have on the ASR's own contingency plans and exit strategies in the event that an outsourced task is interrupted due to systems or other failures at the service provider's end;

(2) consider the availability of alternative service providers and/or the arrangements for possibly having to bring the outsourced tasks back in-house in an emergency situation; and

(3) ensure that, when outsourcing arrangements (or any part thereof) are terminated:

- *all relevant data is either retrieved from the service provider or destroyed/deleted; and*
- *the service provider has not retained any copy of it (or of any part of it).*

(e) sufficient and appropriate procedures and controls are in place to protect from loss, damage and unauthorised use or disclosure, any property, information or data belonging or relating to the ASR, its issuer-clients or any securities holders, and in the possession or control of the service provider;

***Note**:*

This includes ensuring that the ASR's outsourcing arrangements (including any sharing of personal data with the service provider or its use by such provider) are in compliance with the Personal Data (Privacy) Ordinance (Cap 486) and with relevant codes,

guidelines and best practices issued by the Office of the Privacy Commissioner for Personal Data from time to time.

(f) sufficient and appropriate procedures and controls are in place to ensure that the service provider will not use the services of a sub-contractor unless the ASR:

(i) has been fully informed of all relevant details, including the name of the sub-contractor, where it will perform the services sub-contracted, and (if applicable) where any data will be stored;

(ii) is able to object to or terminate the sub-contracting if it could have material adverse effects on the performance of a critical or material task or would lead to a material increase in risk; and

(iii) is able to take other appropriate measures against the service provider if it identifies shortcomings as a consequence of any sub-contracting arrangement; and

(g) sufficient and appropriate arrangements are in place to ensure that the ASR (including its auditor) and the Commission are able to obtain promptly, directly and upon request, up-to-date information concerning outsourced tasks including, as necessary, access to any data, systems, premises and staff of the service provider and of any sub-contractor engaged by the service provider.

***Note**:*

Information will be regarded as up-to-date if it is as up-to-date as reasonably practicable in the circumstances. The arrangements mentioned in this paragraph should also cover the obtaining of information following any insolvency, resolution or discontinuation of business operations of the service provider or sub-contractor concerned.

5.3 Outsourcing contract

The written contract mentioned in section 5.2(c) above should, at a minimum:

(a) specify the tasks to be outsourced, the terms of the outsourcing, and the respective rights, responsibilities and liabilities of the ASR and the service provider;

(b) enable the ASR to comply with its obligations under applicable laws and regulations;

(c) be regularly reviewed and revised, as appropriate, to reflect any changes to the outsourcing arrangements (or to risks posed by the outsourcing arrangements), to the ASR's business and operations, and relevant regulatory developments; and

(d) provide for sufficient levels of maintenance and technical assistance to enable the ASR to meet, as far as reasonably practicable, its service level commitments and obligations to issuer-clients and/or securities holders.

5.4 Outsourcing tasks outside Hong Kong

(a) An ASR should, as far as reasonably practicable, avoid outsourcing tasks to a service provider that is located, or that will perform the tasks, outside Hong Kong. Where this is unavoidable, the ASR should as far as reasonably practicable, ensure that the outsourcing arrangements are governed by Hong Kong law.

***Note**:*

In considering whether an overseas outsourcing arrangement is unavoidable, the Commission will take into account all relevant facts and circumstances, and all factors taken into account by the ASR (eg, economic considerations, security considerations, operational considerations, etc).

(b) An ASR should also consider the additional risks posed by engaging a service provider that is located, or that will perform the tasks, outside Hong Kong, and ensure that such risks are appropriately and adequately addressed. At a minimum, the ASR should consider and address the following:

(i) whether the service provider is subject to conflicting requirements under the laws and regulations of a place outside Hong Kong that may materially affect its ability to perform the outsourced tasks as intended;

(ii) whether, in an emergency or contingency situation, it may be more difficult to monitor and control the outsourced task or to implement appropriate responses in a timely manner;

(iii) whether there are any applicable economic, social, or political conditions that might adversely impact the service provider's ability to perform the outsourced tasks effectively for the ASR;

(iv) whether the ASR or Commission (or any auditor appointed by either of them) may be denied prompt and direct access to any books, records, or other material in the possession or control of the service provider and relating to the ASR's business or operations;

(v) whether the regulatory environment for data security and protection is such as to require additional precautionary measures (such as introducing enhanced encryption) to safeguard any confidential information or data relating to the ASR's business or operations (including confidential information or data relating to the ASR, its issuer-clients or any securities holder) that the service provider has access to or control of;

(vi) whether confidential information or data belonging or relating to the ASR, its issuer-clients and/or any securities holders will be accessible by overseas authorities and/or regulators, and if so, whether such access is reasonable in the circumstances, requires authorisation by the ASR, issuer-client or securities holder involved (as appropriate), and (unless prohibited by relevant laws and regulations) will be notified to the Commission; and

***Note**:*

In general, where an overseas authority or regulator has sought access to such data, the ASR should notify the Commission immediately. The Commission may

require the ASR to make alternative arrangements for the outsourced tasks if it considers the access request to be inappropriate or unjustified.

(vii) whether confidential information or data (including any personal data) belonging or relating to the ASR, its issuer-clients or any securities holder will be transferred and/or maintained outside Hong Kong, and if so, whether this will be done in accordance with relevant laws and regulations (including relevant provisions of the Personal Data (Privacy) Ordinance) and with the consent or authority of the ASR, issuer-client and/or securities holder (as appropriate).

***Note**:*

The matters listed in paragraphs (i) to (vii) above should be similarly considered and addressed when the ASR's service provider is seeking to appoint a sub-contractor that is located, or will perform the outsourced tasks, outside Hong Kong and/or outside the jurisdiction where the service provider is located.

5.5 ASRs to remain responsible and liable for outsourced tasks

Notwithstanding any outsourcing of an ASR's tasks to a service provider (or a sub-contractor), the ASR remains fully responsible in respect of any matter to which the outsourced tasks relates, and for ensuring compliance with obligations imposed on the ASR under applicable laws and regulations.

***Note**:*

(1) This section 5 applies irrespective of whether or not the service provider is an affiliate within the same group of companies as the ASR.

(2) When assessing the suitability of outsourcing arrangements between an ASR and an affiliated service provider, the Commission will generally take into account:

- *the group's organisation and control structures, as well as the specific arrangements between the ASR and its affiliates;*
- *the ASR's ability to control or influence the actions of the affiliated service provider;*
- *whether the interests of the ASR (or of its issuer-clients) differ from those of the affiliated service provider;*
- *whether the intra-group relationship may restrict the ability of the ASR to control or influence the affiliated service provider, and by extension, the ability of the Commission to effectively supervise the ASR; and*
- *whether the ASR and/or its affiliate may choose not to enforce with rigour the provisions of the contract between them regarding the outsourcing arrangements.*

(3) The requirements in this section 5 apply according to the degree of materiality or criticality of the outsourced task to the ASR's business and operations and to its regulatory obligations. In general:

- *a task will be regarded as material if it comprises or affects a significant proportion of the activities, operations, clients or market relationships or would introduce a material or unacceptable level of risk to the ASR if it were to fail;*
- *a task will be regarded as critical if it is critical to the ASR's functioning or to the integrity of the market (including therefore the smooth operation of CCASS);*
- *a critical task may be one that is small in scale but without which the ASR is unable to conduct its activities and thus unable to meet its obligations or comply with applicable regulations.*

(4) Even where a task is not material or critical, the ASR is expected to consider the appropriateness of applying these requirements as a matter of good practice.

(5) In assessing what is material or critical, ASRs are expected to consider individual factors as well as the totality of all factors relevant to an outsourced task. The combination of a number of factors, which

are minimal in isolation, may, when considered in aggregate, determine that the outsourced task to which they relate is material or critical.

6. GP 5 Computer systems and facilities

An ASR should set up and maintain its computer systems and facilities to achieve a high degree of reliability, availability and security in respect of its systems, data and networks and incorporate adequate capacity and contingency measures.

6.1 Systems integrity

(a) An ASR should ensure that:

(i) the computer systems and facilities used in connection with its business and operations have sufficient operational integrity, meet business needs, and operate in a secure and adequately controlled environment that seeks to minimise fraud and disruption and account for any unauthorised access and use; and

(ii) key components of its computer systems and facilities are adequately documented, and regularly reviewed and updated to ensure their continued suitability and adequacy taking into account any changes in its business and operations, and relevant regulatory developments.

***Note**:*

At a minimum, the following is expected to be documented in respect of the computer systems and facilities:

(1) its design, development, functions and detailed specifications; and

(2) all testing, reviews, modifications, upgrades and rectifications.

(b) An ASR should ensure that a periodic review programme is established to comprehensively plan, test and monitor the security, reliability and capacity of its computer systems and facilities.

6.2 Systems and data security

An ASR should ensure that the following key aspects of systems and data security are implemented in respect of its computer systems and facilities:

(a) proper segregation of employee duties;

(b) restricted and controlled access to the following, with clear audit logs:

(i) the computer systems and facilities, or any part thereof;

(ii) any programme or data stored in or accessible through or forming part of such systems or facilities; and

(iii) any premises where such systems or facilities are located;

***Note**:*

Restrictions and controls on access should cater for remote access as well and, at a minimum, require:

(1) adoption of robust and effective password rules for access (including the use of multiple passwords and system-generated one-time passcodes, where necessary or appropriate);

(2) change of passwords at regular intervals; and

(3) use of an automatic time-out feature for access.

(c) implementation of policies and procedures for:

(i) granting, modifying and removing user access rights to ensure access is on a need-to-have basis and approved by persons duly authorised to do so; and

(ii) regularly reviewing access rights already granted to ensure they remain appropriate;

(d) storage of data in a safe and secure systems environment protected against data leakage or loss due to system breakdown, cyber-attack or unauthorised access;

(e) use of appropriate encryption technology to ensure secured communication with issuer-clients and securities holders, and to protect the confidentiality of information stored in and transmitted from the computer systems or facilities;

(f) prompt and appropriate notification to users of the computer systems or facilities of material information relating to their (actual or purported) use of such systems or facilities (eg, system login, password resets, changes to personal particulars, etc);

(g) maintenance of audit logs for logging details of user activities on the computer systems and facilities;

***Note**:*

(1) Audit logs kept in respect of access to, and use of, computer systems and facilities serve as important aspects of systems and data integrity. In particular, they: (i) help ensure the integrity of registers of holders; and (ii) account for all access to and activities conducted through such systems and facilities, eg, transactions and processes (such as dematerialization, transfers, corporate action distributions, etc) and systems-related enhancements and activities (such as changes to system configurations and database, software patches, etc). ASRs are thus expected to maintain sufficient audit logs to demonstrate and safeguard the integrity of such registers and account for such access and activities.

(2) At a minimum, audit logs should reflect, in respect of each user activity, the user ID of the user concerned; the date, time and duration of access and of the activity concerned; and the nature of the activity concerned.

(h) regular review of such audit logs by suitably qualified and independent persons to detect potential problems and plan preventive measures, and appropriate reporting of review results to senior management;

(i) implementation of intrusion detection devices to monitor any unauthorised or abnormal access to the computer systems or facilities, and any unauthorised use or modification of any programme or data stored in or accessible through or forming part of such systems or facilities;

(j) implementation of robust and effective fraud monitoring mechanisms to detect suspicious transactions and unusual activities in a timely manner to minimise fraud and forgery; and

(k) deployment of a secure network infrastructure through proper network segmentation (ie, a Demilitarised Zone with multi-tiered firewalls) to protect critical systems and data.

6.3 Cybersecurity

(a) An ASR should monitor and evaluate security patches or hotfixes released by software provider(s) on a timely basis and, subject to an evaluation of the impact, conduct testing as soon as practicable and implement the security patches or hotfixes as soon as practicable following the completion of testing.

(b) An ASR should implement and update anti-virus and anti-malware solutions (including the corresponding definition and signature files) on a timely basis to detect malicious applications and malware on critical components of its computer systems and facilities.

(c) To ensure appropriate contingency procedures can be effectively executed when cybersecurity situations occur, an ASR should make all reasonable efforts to cover possible cyber-attack scenarios (such as distributed denial-of-service (DDoS) attacks, and total loss of business records and/or data belonging or relating to the ASR, its issuer-clients or securities holders resulting from cyber-attacks (eg, ransomware)) in its contingency plan.

(d) An ASR should define a cybersecurity risk management framework and set out key roles and responsibilities of the staff involved.

***Note**:*

In general, the framework should, as far as reasonably practicable (taking into account the nature and extent of potential cybersecurity threats that might be faced given the structure of the ASR's computer systems and facilities), cover the following responsibilities:

(1) conducting a self-assessment of the overall cybersecurity risk management framework on a regular basis;

(2) performing periodic security testing to detect security vulnerabilities in its computer systems and facilities;

(3) monitoring and logging suspicious activities on such systems and facilities to protect them and any data against cyber-attack;

(4) reviewing significant issues escalated from any cybersecurity incident reporting (whether actual or suspected);

(5) reviewing major findings identified from internal or external audits or from cybersecurity reviews, and endorsing and monitoring the completion of remedial actions;

(6) monitoring and assessing the latest cybersecurity threats and attacks; and

(7) where applicable, reviewing and approving contracts with service providers to whom any tasks have been outsourced.

(e) An ASR should establish written policies and procedures specifying the manner in which an actual or suspected cybersecurity incident should be escalated and reported internally and externally (eg, to issuer-clients, securities holders and users of its service facilities, the Commission, etc, as appropriate).

(f) An ASR should provide adequate cybersecurity awareness training to internal users of its computer systems and facilities on a regular basis. When designing the content of the training programme, the ASR should take into account the nature and extent of potential cybersecurity threats it might face.

(g) An ASR should take all reasonable steps to remind and alert issuer-clients, securities holders and users of its service facilities about cybersecurity risks, and to recommend preventive and protection measures when using any of its service facilities (eg, that login credentials should be properly safeguarded and cannot be shared).

6.4 Use of authenticated messages

An ASR should, as far as reasonably practicable, use and advocate the use of authenticated messages in its communications with securities holders where such communications are:

(a) in electronic form;

(b) personal to a particular securities holder; and

(c) material to that holder's rights, interests or obligations as a securities holder.

***Note**:*

In general, and as far as reasonably practicable, an ASR is expected to use and advocate the use of authenticated messages where these materially affect:

(1) any instructions regarding the transfer, dematerialization or rematerialization of prescribed securities;

(2) any corporate action entitlements relating to prescribed securities; and

(3) any proxy instructions relating to prescribed securities.

7. GP 6 Information for issuer-clients and securities holders

An ASR should make adequate disclosure of relevant material information in its dealings with issuer-clients and securities holders.

7.1 Client agreement

An ASR should enter into a written agreement with its issuer-clients before providing services to them. The written agreement should, at a minimum, include a description of the scope and nature of the services to be provided, the terms and conditions on which they are to be provided, and the terms and processes for varying, suspending or terminating such services.

***Note**:*

(1) The terms and conditions must also be compliant with applicable laws and regulations. For example, any suspension or termination of a client agreement must also comply with Part 8 of the ASR Rules.

(2) For avoidance of doubt, compliance with Part 8 of the ASR Rules does not preclude ASRs from retaining an issuer-client's books and records pending settlement of outstanding fees and charges. However, any such retention must be reasonable in all the circumstances.

7.2 User agreement

(a) An ASR should enter into a written agreement with users of its service facilities before making such facilities available to them. The written agreement should set out the terms and conditions on which the facilities are to be made available and, at a minimum, include:

(i) the identity, address and contact details of each party to the agreement;

(ii) a description of the service facilities to be made available to the user, and the purposes for which such facilities may be used (or not used, if applicable); and

(iii) sufficient details and information to ensure users are properly informed of how to use the service facilities, their rights and obligations when doing so, and the risks involved.

***Note**:*

(1) The address(es) provided in the agreement should include:

- *in the case of the ASR, at least one place where users can attend physically to make enquiries with or submit instructions and documents to the ASR or its issuer-clients in person; and*
- *details of any appropriate channels for the parties to make enquiries to verify the identity of the sender of or the authenticity of any messages received.*

(2) The details and information should include, for example:

- *details of operating hours for using the facilities;*
- *details of any applicable pre-requisites, limitations and dependencies for using the facilities;*
- *where the facilities are to be used to send messages to, or receive messages from, the ASR or its issuer-clients, and/or to effect transactions in prescribed securities (eg, to effect transfers, submit dematerialization requests, etc), details*

of the processing procedure, applicable cut-off and turnaround times (and consequences of missing those times), different service levels, etc;

- *details of any fees and charges to be borne by users;*
- *sufficient information for users to understand the risks and responsibilities involved in using the facilities; and*
- *details of any contingency arrangements relating to the provision or use of the facilities.*

(b) An ASR should provide a copy of the User Agreement (including any amendments and any other related or supporting documents) to users, and draw to their attention any relevant risks and risk disclosure statements.

***Note**:*

Where a User Agreement is entered into otherwise than on a face-to-face basis, there is generally a higher risk of impersonation. The ASR is expected to ensure that its checks and procedures are adequate in providing reasonable assurance of the identity of the person concerned. This may include, for example, relying on facial recognition technologies to confirm a person's identity.

7.3 No circumvention of legal requirements

An ASR should ensure that it complies with its obligations under each Client Agreement and User Agreement, and that these agreements:

(a) do not operate to remove, exclude or restrict any rights of an issuer-client or user of its service facilities, or obligations of the ASR, under the law; nor

(b) include any clause, provision or term which is inconsistent with the ASR's obligations under this Code.

7.4 Disclosure of fees, charges and related information

(a) An ASR should disclose to the relevant issuer-client and securities holder the basis and amount of any fees and charges payable for services provided to them or on their behalf.

***Note**:*

(1) Where different levels of fees or charges are payable (eg, based on different service levels), all relevant details should be clearly specified.

(2) Where a percentage-based fee or charge is payable, details of what the percentage is charged against should be clearly specified.

(b) As far as reasonably practicable, an ASR should make public any fees or charges payable by securities holders, including in particular fees or charges payable in connection with the following:

(i) any transactions in prescribed securities handled or processed by the ASR (including any transfer, dematerialization or transmission of prescribed securities); and

(ii) any enquiries or other matters handled by the ASR at the request of a securities holder and relating to securities issued by the ASR's issuer-client or to the ASR's service facilities.

7.5 Annual statements

(a) An ASR that makes annual statements available for access electronically must: (i) notify the recipient when the statement is made available; and (ii) ensure that the recipient of the statement has access to, or is provided information on how to access, the computer systems and facilities through which the statement is to be accessed.

(b) Where prescribed securities cease to be listed, the ASR concerned must, in the annual statement covering the securities, clarify:

(i) the date on which the securities cease, or will cease, to be listed;

(ii) whether the securities holder to whom the statement is sent is entitled to be issued any title instrument in relation to their securities; and

(iii) if so, when and how such title instrument may be obtained.

7.6 Information about the ASR

An ASR should upon request provide its issuer-clients and securities holders adequate and appropriate information about its business and operations.



8. GP 7 Conflicts of interest

An ASR should try to avoid conflicts of interest, and when they cannot be avoided, should ensure that issuer-clients are treated fairly while also safeguarding the integrity of the market.

8.1 Conflicts of interest

An ASR should act in the best interests of its issuer-clients and the integrity of the market. An ASR should try to avoid conflicts of interest (whether actual or potential), and when conflicts cannot be avoided, it should ensure that the parties involved are informed of the conflict, that the interests of its issuer-clients are treated fairly, while also safeguarding the integrity of the market.

***Note**:*

While an ASR may be contractually obligated to comply with requests or directions from its issuer-clients, it must also have due regard to safeguarding the integrity of the market. Where requests or directions from an issuer-client might jeopardise the integrity of the market, the ASR is expected to highlight its concerns to the issuer-client and endeavour, as far as reasonably practicable, to find an alternative solution that addresses conflicting interests and concerns.

8.2 Policies and procedures

An ASR should establish, maintain and implement policies and procedures for identifying and dealing with conflicts of interest (whether actual or potential). Such policies and procedures should also specify steps for avoiding such conflicts.

8.3 Confidentiality

An ASR should take all reasonable steps to preserve confidentiality in respect of any personal or confidential information obtained by it in the performance of its functions and obligations as an ASR. In particular, it should not:

(a) disclose information relating to any of its issuer-clients or any securities holder to any person; nor

(b) use such information for any purpose,

other than in the performance of its functions and obligations as an ASR unless such disclosure or use is expressly or impliedly authorised by the relevant issuer-client or securities holder (as the case may be), or is required or permitted by or under any applicable laws and regulations.

9. GP 8 Safeguarding of third-party assets

An ASR should ensure that third-party assets are promptly and properly accounted for and adequately safeguarded.

9.1 Establishment of review processes

An ASR should establish and maintain appropriate procedures (including, where appropriate, regular reconciliation) to prevent or detect errors, omissions, fraud and other unauthorised or improper activities in its business and operations as an ASR.

***Note**:*

The ASR is expected to:

(1) regularly reconcile its internal records and reports with those issued by relevant third parties (eg, HKSCC, banks, etc) to identify and highlight for action any errors, omissions or misplacement of assets; and

(2) ensure that such reconciliations are checked/reviewed and approved by appropriate senior staff member(s).

9.2 Audit trails

Adequate audit trails should be maintained which will enable an ASR to detect and investigate suspected improprieties in its business and operations so as to assist the ASR in the prevention of any improprieties.

9.3 Safekeeping of documents and third-party assets

(a) An ASR should properly store and safe-keep third-party assets. It should also establish appropriate procedures for the distribution of dividends, warrants and other entitlements, and for the handling of documentation (such as blank title instruments or cheques), securities, seals and impressions and information relating to issuer-clients and securities holders.

(b) An ASR should also establish procedures to document the handling or movements of third-party assets. This may include procedures for:

(i) clear identification of staff members and representatives of issuer-clients with authority to make additions, deletions or changes or otherwise part with possession of third-party assets, and the parameters of such authority;

(ii) use of standardised and sequentially numbered documents or other appropriate methods to acknowledge and account for asset movements;

(iii) secure storage of the ASR's assets and third-party assets, as well as other important documents and controlled forms (eg, cheque books, title instruments, etc) which are kept at the ASR's premises;

(iv) prompt depositing of cheques, cashier orders and other negotiable instruments and securities into appropriate account(s);

***Note**:*

During the period when any title instrument or cash is held at the ASR's premises, routine audits should be conducted to ensure proper safeguarding of the ASR's assets and third-party assets.

(v) payments or refunds in relation to dividends, public offer applications, rights issues or other corporate actions, and whether payable to an issuer-client or securities holder;

***Note**:*

(1) In the case of application monies relating to public offers, the ASR is expected to have adequate arrangements to protect such monies until the allotment of the securities concerned to successful applicants and the despatch of refund monies to unsuccessful and partially successful applicants is completed. This includes holding the application monies in a separate account on trust for the applicants so as to ensure that the monies belong beneficially to the applicants, and that the issuer is entitled to receive only the amount representing payment for allotted securities.

(2) Where any payment is made by cheque, such cheque should be crossed "Account Payee Only" and made payable to the relevant securities holder or unsuccessful applicant in a public offer (as applicable).

(vi) maintenance and updating of registers of holders that it is responsible for in a timely and accurate manner;

(vii) clear definition and communication of authorisation requirements and authorised signatories and applicable authority parameters to relevant banks.

***Note**:*

An ASR should consider the need to require two or more authorised signatories, and should not make any payment (whether by cheque or otherwise) unless the date, specified payee and amount portions of the cheque or other payment instruction (as the case may be) are properly filled in.

10. GP 9 Compliance

An ASR should comply with all regulatory requirements applicable to the conduct of its business and operations so as to promote the best interests of its issuer-clients and the integrity of the market. In addition, an ASR should provide securities registrar services in a manner which assists or facilitates its issuer-clients to comply with their obligations under applicable laws and regulations.

10.1 Compliance

(a) An ASR should comply with, and implement and maintain measures to comply with, all applicable laws and regulations. Such measures should also aim to ensure that the ASR's employees and agents comply with such laws and regulations.

***Note**:*

Compliance with applicable laws and regulations includes compliance with this Code, the Commission's Guidelines for Electronic Public Offers, and (where the ASR is a participant of HKSCC) the rules and operational procedures of HKSCC.

(b) In addition, an ASR should provide securities registrar services in a manner which is consistent with any related requirements imposed on its issuer-clients under applicable laws and regulations, and with the requirements set out in Schedule 2 to this Code.

***Note**:*

Many functions and obligations of an issuer are, in practice, performed by the issuer's ASR (eg, matters relating to the keeping of registers of holders, the handling of instructions from securities holders including instructions to transfer, dematerialize or rematerialize prescribed securities, etc). Where these are subject to legal or regulatory requirements that are imposed on issuers (eg, requirements under relevant company law, the USM Rules, the rules of any exchange on which prescribed securities issued by the issuer are listed or traded, etc), or where there are reasonable market expectations as to how such functions or obligations are to be performed, the ASR is expected to:

(1) perform the functions and obligations in a manner that is consistent with such requirements and (as far as reasonably practicable) such expectations; and

(2) advise its issuer-client of any potential or actual breach of such requirements or expectations.

(c) An ASR will be responsible for the acts and omissions of its employees and agents in the conduct of the ASR's business and operations.

10.2 Maintenance of audit function

(a) An ASR should maintain an audit function to evaluate and report on the adequacy and effectiveness of its management, operations and internal controls. The audit function should conduct regular reviews and audits to detect activities or conditions which may breach, or contribute to non-compliance by the ASR and/or its staff of, legal and regulatory requirements, or its own policies and procedures. The work and procedures of the internal audit unit should be periodically reviewed by external auditors.

(b) Wherever possible, an ASR's compliance and internal audit functions should be effectively segregated from and independent of its operational and

supervisory functions, and should report directly to senior management. Where the size of the ASR does not justify a separate internal audit function, the relevant roles and responsibilities should be performed or reviewed by the external auditors.

(c) An ASR should ensure that:

(i) there is adequate planning, control and recording of all audit and review work performed;

(ii) timely reporting of findings, conclusions and recommendations to senior management; and

(iii) matters or risks highlighted in relevant reports are followed up and resolved satisfactorily.

10.3 Handling of complaints and other requests

(a) An ASR should have properly documented policies and procedures in relation to the timely handling of complaints, and requests from issuer-clients or securities holders. The ASR should also review such policies and procedures regularly, and update them as necessary, to ensure their continued suitability and adequacy taking into account changes in the ASR's business and operations, and relevant regulatory developments.

***Note**:*

In general, an ASR should have due regard to the following when assessing the suitability and adequacy of its policies and procedures for handling complaints and other requests:

(1) whether there is sufficient senior management supervision of its complaints handling policies and procedures (including the setup, implementation and on-going monitoring of its complaints handling process);

(2) taking into account the scale of the ASR's operations (eg, the number of issuer-clients it serves, or the number of issuer-clients with a significant number of securities holders, etc) and the nature and volume of complaints and requests received, whether there is a need to put in place dedicated resources to handle complaints and other requests or enquiries;

(3) whether serious or high-impact complaints are properly escalated internally to senior management and/or reported to the Commission (eg, complaints regarding the same or similar issue and involving or affecting multiple securities holders, complaints concerning possible fraud or misconduct by the ASR's staff, etc);

(4) whether key information about the ASR's policies and procedures for handling complaints and other requests (eg, information about how complaints or requests can be lodged, the expected processing timeframes under normal circumstances and when a response may be expected, etc) is disclosed or otherwise readily accessible to the ASR's issuer-clients and securities holders, and presented in clear and understandable language;

(5) whether proper records of all complaints are kept (including details of the substance of each complaint, follow-up actions taken in respect of complaints relating to issuer-clients, securities holders and third-party assets, and how the complaint was resolved); and

(6) whether clear and effective record retention policies are established and maintained to ensure that relevant documents and records are readily accessible and available to senior management, and (where applicable) to the Commission.

(b) An ASR should ensure that:

(i) complaints from issuer-clients and securities holders are handled in a timely and appropriate manner;

(ii) steps are taken to investigate and respond to complaints in a timely and appropriate manner;

(iii) where a complaint cannot be dealt with promptly, the complainant is advised of any further steps which may be available to the complainant, such as advice that the complaint may be made to the Commission; and

(iv) if the complaint cannot be satisfactorily resolved between the ASR and the complainant, the complainant is advised of the option to escalate the complaint to the Commission.

***Note**:*

(1) An ASR is expected to properly review the subject matter of each complaint and ensure that a complaint is investigated and assessed thoroughly, fairly and objectively taking into account all facts and circumstances of the complaint.

(2) If the subject matter of a complaint relates (or may relate) to other issuer-clients and/or securities holders, or raises issues of broader concern, the ASR is expected to take steps to investigate and remedy such issues, notwithstanding that the other clients or holders may not have filed complaints with the ASR.

(3) Where the ASR identifies any recurring or systemic problems, the ASR is expected to investigate to identify the root cause and rectify the problem accordingly.

(4) The ASR is expected to ensure that investigation results are communicated to complainants clearly and promptly.

(c) An ASR should ensure that its policies and procedures for handling complaints and other requests are clearly communicated to all relevant staff and are strictly enforced. Relevant staff should also be provided with adequate training on such policies and procedures. Complaints should be investigated by staff who are not directly involved in the subject matter of the complaint.

***Note**:*

Frequent complaints against an ASR may raise concerns about the adequacy of the ASR's internal controls, conduct, operational capabilities and management supervision.

10.4 Notification

(a) An ASR should promptly notify the Commission of any occurrences of material non-compliance by the ASR, or its employees, agents or service providers, with applicable laws and regulations.

(b) An ASR should establish and maintain policies and procedures for escalating incidences of material non-compliance to senior management and reporting them to the Commission.

10.5 Incidents management

An ASR should establish, maintain and implement incidents management policies and procedures for:

(a) detecting occurrences of operational incidents and service facilities incidents;

(b) assessing and classifying the severity of such incidents as ***major***, ***medium*** or ***minor***;

Note:

In determining the severity of an operational incident or service facilities incident, the ASR is expected to consider, at a minimum, how great an impact the incident will (or is likely to) have on the following:

(1) the ASR's continued smooth provision of securities registrar services (including its continued smooth operation of any service facilities);

(2) the availability, reliability or integrity of information in critical databases (including any client and transaction databases);

(3) the continued operation of fair and orderly markets;

(4) the ASR's ability to comply, or to continue to comply, with its obligations under applicable laws and regulations (including this Code);

(5) the nature and extent of any impact on the property, rights and interests of issuer-clients and/or securities holders, including the number of such clients or holders who are (or are likely to be) affected; and

(6) the likelihood of attracting significant negative media attention, and its potential impact on the reputation of the ASR or the Hong Kong market.

The ASR is generally expected to classify an incident as "major" if its occurrence will have (or is likely to have) a serious or significant adverse impact on any of the above; and as "medium" if its occurrence will have (or is likely to have) an adverse impact on any of the above but not one which is serious or significant. Only incidents whose adverse effect is technical and can be easily and promptly rectified are expected to be classified as "minor".

(c) identifying and implementing response measures to mitigate damage arising from such incidents, and remedial or rectification measures for resolving issues or problems identified;

(d) escalating to senior management, for information and/or decision, the occurrence of, and matters relating to, such incidents; and

(e) keeping the Commission informed of the occurrence of, and matters relating to, such incidents.

Note:

(1) Rule 18 of the ASR Rules deals with the reporting of operational incidents and service facilities incidents to the Commission. In determining whether, and how quickly, any such incident should be reported to the Commission, the ASR should take into account all relevant facts and circumstances, including in particular, the nature and severity of the incident. In general, the Commission expects that:

- *if the severity of an incident is classified as "major" or "medium", it will be reported to the Commission immediately upon the ASR becoming aware of it — ie, as soon as reasonably practicable after the key person-in-charge of monitoring the normal functioning of the service or service facility concerned has become aware and assessed that the time needed to investigate or make*

enquiries exceeds what might be considered reasonable in the circumstances; and

- *in any event, all incidents arising, outstanding or resolved during a half-year period must be reported by the ASR to the Commission in the half-yearly return relating to that half-year.*

(2) In the event where an ASR is uncertain whether an incident should be reported to the Commission immediately upon the ASR becoming aware, it should consult the Commission.

11. GP 10 Responsibilities of senior management

The senior management of an ASR should bear primary responsibility for ensuring the maintenance of appropriate standards of conduct and adherence to proper procedures by the ASR.

11.1 Responsibilities

The senior management of an ASR should:

(a) understand the nature of the ASR's business and operations (including any outsourcing arrangements);

(b) understand and properly manage the risks associated with the ASR's business and operations, including performing periodic evaluation of its risk management processes; and

(c) ensure that appropriate and adequate internal control and risk management policies and procedures are in place in accordance with applicable laws and regulations and to guard against such risks.

***Note**:*

Internal control and risk management policies and procedures are expected to be updated on an on-going basis as necessary, and to seek to protect all aspects of the ASR's business and operations, maintain the continued smooth functioning of its services and facilities, and ensure compliance with its obligations under applicable laws and regulations (including this Code).

11.2 Access to information and advice

The senior management of an ASR should clearly understand the extent of their authority and responsibilities, and in that respect:

(a) have access to all relevant information about the ASR's business and operations on a timely basis; and

(b) have available to them, and seek where appropriate, all necessary advice on such business and operations and on their own responsibilities.

11.3 Responsibility of individuals

In determining the degree of responsibility of a particular individual, the Commission will give due regard to the factors referred to in section 1.2(b) above.

Schedule 1: Limits for certain fees and charges that may be charged by an ASR to current or prospective registered holders

	Description of service	Service level to which the limit applies	Limit for the fee / charge
1.	Processing a request to set up a USI facility with an ASR	Baseline service level, ie, the service level under which the set-up process is to be completed within five business days after the day of receiving the application to set up a USI facility and all relevant information and documents. *(See also **Note 1** below.)*	Any fee charged (ie, "USI set-up fee") should not exceed $50 per USI facility. *(See also **Note 2** below.)*
	***Note 1**: The baseline service level must provide alternative means for:* ▪ *submitting an application to set up a USI facility, including at least the option to submit it electronically, by post and in person; and* ▪ *paying the USI set-up fee, including at least the option to pay in cash physically, by cheque (drawn on a bank in Hong Kong), by commonly used credit card services, and via widely available electronic payment channels.* ***Note 2**: This limit applies:* ▪ *only if the USI facility is set up in the name of: (i) a single holder who is an individual; or (ii) joint holders who are all individuals; and* ▪ *irrespective of how the application is submitted (ie, electronically, by post, in person, etc).*		
2.	Processing a request to dematerialize prescribed securities	Baseline service level, ie, the service level under which the dematerialization is to be completed (ie, accepted and reflected in the register of holders, or rejected) within five business days after the day of receiving the request for dematerialization and all relevant information and documents. *(See also **Note 3** below.)*	Any fee charged (ie, "dematerialization fee") should not exceed the higher of: (i) $5 per certificate or other title instrument; and (ii) $20 per dematerialization request per stock/line of securities. *(See also **Note 4** below.)*
	***Note 3**: The baseline service level must provide alternative means for paying the dematerialization*		

	fee, including at least the option to pay in cash physically, by cheque (drawn on a bank in Hong Kong), by commonly used credit card services, and via widely available electronic payment channels. ***Note 4**: This limit applies:* ▪ *only in respect of certificates and title instruments that are registered in the name of: (i) a single holder who is an individual; or (ii) joint holders who are all individuals; and* ▪ *irrespective of how the application is submitted (eg, electronically, by post, in person, etc).*		
3.	Processing a request to register a transfer of prescribed securities	Baseline service level, ie, the following service level. (i) For a request to register a transfer of participating securities, the service level under which the transfer is to be registered (or rejected) as soon as reasonably practicable (as expanded in section 2.1(b) of Schedule 2 to this Code). *(See also **Note 5** below.)* (ii) For a request to register a transfer of non-participating securities, the service level under which the transfer is to be registered (or rejected) within 10 business days after the day of receiving all relevant information and documents (eg, the properly executed and stamped instrument of transfer, the relevant title instrument, etc). *(See also **Note 6***	For transfers where the transferor is HKSCC Nominees Limited and the transferee is someone else, no fee should be charged. For all other transfers, any fee charged (ie, "transfer and registration fee") should not exceed the higher of: (i) 0.02% of the value of the securities being transferred (based on their last closing price), rounded to the nearest cent; and (ii) $20 per transfer request. *(See also **Notes 7 and 8** below.)*

		below.)	
	***Note 5**: The baseline service level for processing a request to register a transfer of participating securities must provide alternative means for paying the transfer and registration fee, including at least the option to pay by commonly used credit card services, and via widely available electronic payment channels.* ***Note 6**: The baseline service level for processing a request to register a transfer of non-participating securities must provide alternative means for paying the transfer and registration fee, including at least the option to pay in cash physically, by cheque (drawn on a bank in Hong Kong), by commonly used credit card services, and via widely available electronic payment channels.* ***Note 7**:* *(1) The last closing price of the securities being transferred refers to their closing price as stated below:* ▪ *for a transfer where the transferee is HKSCC Nominees Limited (ie, where the securities are to be deposited into CCASS) — the closing price of the securities on their last trading day before the day on which all relevant information and documents relating to the transfer submitted (or deemed to have been submitted) by the transferor's HKSCC participant are accepted by HKSCC; and* ▪ *for any other transfer — the closing price of the securities on their last trading day before the day on which all relevant information and documents relating to the transfer are accepted by the ASR.* *In each case, the closing price of any securities on a particular trading day refers to the price posted on the website of the Stock Exchange of Hong Kong Limited as the closing price of those securities on that trading day.* *(2) Where there is no last trading day, the closing price refers to: (i) in the case of securities listed by way of initial public offer, the final offer price for the securities; and (ii) in the case of securities listed by way of introduction, the net asset value (NAV) of the securities.* ***Note 8**: The above limits do not preclude an ASR from charging an additional fee (subject to section 2.2 of this Code) where:* ▪ *the transfer is of participating securities in uncertificated form;* ▪ *the ASR is able to receive and process the transfer electronically (ie, by receiving and processing a specified request in respect of such transfer); and* ▪ *the parties to the transfer have instead opted to effect the transfer in paper form (ie, by means of an instrument of transfer) and submitted such paper form to the ASR for processing.*	

Schedule 2: Requirements relating to obligations of issuer-clients

1. Maintenance of issuer-clients' register of holders

1.1 Compliance with statutory and other requirements

A number of statutory and other requirements are imposed on issuers in respect of how their registers of holders should be kept (**Issuer's ROH requirements**). These include requirements under the Companies Ordinance (or equivalent legislation in other jurisdictions), the USM Rules and the Securities and Futures (Stock Market Listing) Rules (Cap 571V). In practice, such registers (where they relate to prescribed securities) are kept and maintained by the issuer's ASR. Where this is the case, the ASR must ensure that:

(a) each register of holders is kept and maintained in Hong Kong;

***Note**:*

(1) Insofar as the ASR is concerned, a register of holders will be regarded as being "maintained in Hong Kong" if any changes to the register are initiated and controlled in Hong Kong and by persons located in Hong Kong. Such changes should be final, and not dependent on the need for further input or adjustments elsewhere.

(2) Where the servers that store data comprising a register of holders are physically located outside Hong Kong, the Commission will take into account all relevant facts and circumstances to determine if the register can still be regarded as being maintained in Hong Kong, including:

- *the actual systems set-up, and any arrangements and interdependencies between the ASR's systems in Hong Kong and any systems outside Hong Kong;*
- *the data that will be stored in Hong Kong, and the extent to which matters relating to maintenance of the register will be controlled and decided in Hong Kong;*
- *the location of employees and agents responsible for the operation of systems used in connection with the maintenance of the register;*
- *the respective roles of the ASR's senior management and IT personnel in Hong Kong and overseas; and*
- *all related risk management and contingency arrangements.*

A key focus will be to establish whether the register of holders will be fully accessible and controlled from Hong Kong at all times, and whether any systems issues that arise can be resolved promptly (notwithstanding any time zone differences) and with minimal impact to investors in Hong Kong.

(3) The Commission will generally regard the following as indicating that a register of holders is not maintained in Hong Kong:

- *if access to the register of holders can be controlled or denied by a person located or an event occurring outside Hong Kong;*
- *if key processes (such as transfers, dematerialization, or corporate actions) affecting entries in the register are substantively conducted or handled by systems or persons located outside Hong Kong;*

- *if changes to the register cannot be regarded as final pending some action or confirmation from a person located outside Hong Kong; or*
- *if key IT support is located outside Hong Kong, or if systems issues affecting accessibility or proper maintenance of the register cannot be identified or resolved without assistance from persons located outside Hong Kong and those persons cannot be reached promptly.*

(b) each register of holders is kept and maintained properly, accurately and in a manner which complies with all applicable laws and regulations, including the Issuer's ROH requirements and this Code;

***Note**:*

In particular, the ASR should ensure that registers properly and accurately reflect prescribed securities as being in uncertificated form where this is the case. The ASR should also ensure that registers are kept for the duration required under applicable laws and regulations. Where different laws and regulations prescribe different durations, the ASR should ensure that the most stringent requirement (ie, longest duration) is fulfilled. Where the listing status of the prescribed securities is in the process of being cancelled, the ASR should ensure that the register is updated up to the time of its ceasing to be the securities registrar for those securities.

(c) each register of holders is updated in a timely manner, and the management of information in the register is assigned to qualified and experienced staff;

(d) all reasonably necessary procedures are adopted to:

(i) guard against falsification of any entries in a register of holders, and to facilitate discovery of any such falsification; and

(ii) identify and promptly rectify any errors, inaccuracies or omissions of any entries in a register of holders;

***Note**:*

*In this regard, the ASR is expected to take all reasonable steps to comply with arrangements agreed with HKSCC for ensuring the accuracy of HKSCC's records of prescribed securities held by it or its nominee (**HKSCC records**), including arrangements for:*

(1) notifying or confirming to HKSCC details of any changes to entries in a register of holders reflecting prescribed securities held by HKSCC or its nominee (eg, following a transfer, dematerialization, corporate action, etc); and

(2) facilitating HKSCC's reconciliation of entries in the HKSCC records with entries in relevant registers of holders.

(e) all reasonable assistance is rendered to facilitate the inspection and taking of copies of entries in any register of holders as permitted by applicable laws and regulations; and

Note:

In this regard, and taking into account issuers' obligations regarding the inspection and taking of copies of entries in a register of holders, the ASR is expected to make transparent: (i) any restrictions regarding how any register of holders is made available for inspection; (ii) the particulars to be provided by a person when requesting copies of any entries in a register of holders; and (iii) details of when entries will no longer be available.

(f) registers of holders are not closed for any period that is longer than that permitted by applicable laws and regulations.

1.2 External electronic data storage provider

Where an ASR uses the services of an external electronic data storage provider (ie, EDSP) to store data constituting or relating to a register of holders, the ASR must:

(a) conduct:

(i) proper initial due diligence on the EDSP, and the EDSP's controls vis-à-vis infrastructure, personnel and processes for delivering data storage services; and

(ii) regular monitoring of the EDSP's service delivery,

which due diligence and monitoring should be commensurate with the criticality, materiality, scale and scope of the EDSP's service, and take into account requirements under sections 5 and 6 of this Code (on, outsourcing and on computer systems and facilities, respectively);

(b) ensure that the EDSP is suitable and reliable having regard to the EDSP's operational capabilities, technical expertise and financial soundness; and

(c) ensure that all contents of registers of holders stored using the EDSP's services remain fully and promptly accessible at the ASR or Commission's reasonable request, and that an offline backup copy is maintained as required under section 4.6(b) of this Code.

1.3 Delisting

The USM Rules impose various obligations on issuers of prescribed securities when the listing status of such securities has been, or is in the process of being, cancelled. This includes the obligation to issue title instruments if the governing provisions of those securities so require. In such event, the ASR will be under no obligation to assist the issuer in arranging for the preparation and issue of such title documents unless it has been specifically contracted by the issuer to do so.

2. Transfer and dematerialization of prescribed securities

2.1 Compliance with statutory and other requirements

A number of statutory and other requirements are imposed on issuers in respect of the processes for transferring or dematerializing prescribed securities (**Issuers' transfer and dematerialization requirements**). These include requirements under the Companies Ordinance (or equivalent legislation in other jurisdictions), and the USM Rules. In practice, such processes will be handled by the issuer's ASR. Where this is the case, the ASR must ensure that:

(a) all transfers and dematerialization requests submitted to the ASR for registration are acknowledged and processed promptly and in a manner

that complies with all applicable laws and regulations, including the Issuer's transfer and dematerialization requirements and this Code;

***Note**:*

In particular:

(1) The ASR should ensure that transfers to be effected without an instrument of transfer are processed only: (i) upon receipt of a valid specified request (as defined in rule 2 of the USM Rules); and (ii) through the ASR's UNSRT system.

(2) In respect of a transfer of prescribed securities in uncertificated form where the transferor is HKSCC or its nominee, the ASR should ensure that the information received from HKSCC about the transfer (including particulars of the transferee and the declaration provided) matches the information in the ASR's own records or otherwise received from the transferee. The same applies, correspondingly, where the transferee is HKSCC or its nominee.

(3) Save in exceptional cases where it is not reasonably practical to do so, the ASR should refuse to register a transfer of prescribed securities on the basis of an instrument of transfer if the securities are in uncertificated form.

(b) transfers of prescribed securities in uncertificated form are, as soon as reasonably practicable, either registered in the register of holders, or rejected with reasons for the rejection notified to the transferor and transferee;

***Note**:*

In this regard, the Commission considers that "as soon as reasonably practicable" means:

(1) in respect of a transfer of prescribed securities held by the transferor in uncertificated form, and where the transferee is HKSCC or its nominee, within the time period agreed with HKSCC;

(2) in respect of a transfer of prescribed securities held by the transferor in uncertificated form, and where the transferee is not HKSCC or its nominee, either:

- *(where the transfer is to be registered) as soon as reasonably practicable after receiving confirmation from the Stamp Office that stamp duty payable in respect of the transfer has been received, and provided such confirmation is received within five business days after the transferor and transferee have submitted transfer instructions in the requisite form and manner; or*
- *(where the transfer is to be rejected because no confirmation is received from the Stamp Office within five business days after the transferor and transferee submitted transfer instructions in the requisite form and manner) as soon as reasonably practicable after the expiry of such five business days;*
- *(where the transfer is to be rejected for any other reason) as soon as reasonably practicable after the decision to reject is made; and*

(3) in respect of a transfer of prescribed securities held by the transferor in certificated form, and to be held by the transferee in uncertificated form, within five business days after receiving all relevant documents and information from the transferor and transferee.

(c) all requests to dematerialize prescribed securities are, as soon as reasonably practicable, either accepted and the dematerialization

reflected in the register of holders, or rejected with reasons for the rejection notified to the person requesting the dematerialization.

***Note**:*

In this regard, the Commission considers that "as soon as reasonably practicable" means:

(1) in respect of a dematerialization of prescribed securities where the title instrument is submitted through HKSCC or its nominee (and irrespective of whether or not the securities are registered in the name of HKSCC or its nominee), within the time period agreed with HKSCC; and

(2) in any other case, within five business days after receiving all relevant documents and information relating to the securities sought to be dematerialized.

2.2 Dematerializing once securities become participating securities

Under the USM Rules, once prescribed securities become participating securities, issuers may:

(a) no longer issue title instruments in respect of such securities; and

(b) dematerialize the securities at a securities holder's request or at its own initiative.

To facilitate the early dematerialization of participating securities, ASRs should exercise best endeavours to obtain either their issuer-clients' or the relevant securities holder's instructions to dematerialize prescribed securities wherever possible.

***Note**:*

The following are examples of situations where ASRs should seek instructions to dematerialize:

(1) where a securities holder seeks to dematerialize some but not all of the units covered by the title instrument that has been submitted in connection with a transfer request;

(2) where a transferee seeks to dematerialize some but not all of the securities that it is acquiring;

(3) where the title instrument submitted in relation to a transfer is for more units than are to be transferred, and the transferor has not requested to dematerialize the portion to be retained by the transferor;

(4) where, following a corporate event or action (eg, a split or consolidation exercise or a change in name of the issuer or the securities holder), a securities holder, or other person entitled to do so, submits their existing title instruments and a request to replace such instruments;

(5) where a securities holder, or other person entitled to do so, submits a request to replace a lost or damaged title instrument;

(6) where title instruments have not been issued, and are not required to be issued, in respect of any securities.

3. Communications with securities holders

3.1 Distribution to registered and non-registered securities holders

An ASR should ensure that all communications that an issuer-client has instructed the ASR to send or distribute on its behalf to any person who is:

(a) a securities holder of securities issued by such client; or

(b) a person who holds such securities through HKSCC or its nominee, and who has requested to receive communications from the issuer-client directly (**non-registered holders**),

are sent or distributed in a timely, accurate and appropriate manner. These communications may include: (i) the sending of any notice of change in the register of holders under the USM Rules; and (ii) the distribution of title instruments (eg, from an initial public offer or a rights issue), the company's interim/annual reports, notifiable transactions circulars, and documents relating to corporate actions (eg, bonus issues, mergers and acquisitions, cash offers, preferential share offers, meetings convened under the direction of the Courts, etc).

***Note**:*

Where a securities holder is also a user of an ASR's UNSRT system, the ASR should, as far as reasonably practicable, ensure that all communications to be sent or distributed to the holder on behalf of an issuer-client are sent or distributed electronically.

3.2 Procedures for handling communications, payments, etc

An ASR should ensure that it has documented procedures for the handling of communications and payments between an issuer-client and a securities holder, and that such procedures are properly followed and implemented. In particular, these procedures should:

(a) address how the ASR handles changes of instructions in relation to payments to securities holders and the return of important communications; and

(b) require any deviation from instructions to be supported by written documentation from the relevant securities holder or issuer-client (as the case may be).

***Note**:*

Procedures relating to the return of important communications should clarify the criteria and procedures for determining:

(1) whether the address of a securities holder, as recorded in the relevant register of holders, may no longer be accurate; and if so

(2) whether communications to such holder should no longer be sent to that address so as to avoid undue nuisance to new occupants at the address.

3.3 Investigation in unusual or suspicious circumstances

The Commission expects an ASR to, as far as practicable, conduct reasonable investigations when:

(a) important communications to a securities holder are returned in unusual or suspicious circumstances; or

(b) the ASR receives notification that indicates that a securities holder no longer resides at a particular address.

***Note**:*

The ASR's procedures for handling the return of important communications (as mentioned in paragraph 3.2 above) should clarify when circumstances should be regarded as unusual or suspicious and provide guidance as to the nature and extent of the investigation to be conducted. The ASR's procedures for handling notifications of a securities holder's ceasing to reside at a particular address should clarify what steps can be taken and in what circumstances to minimise inconvenience or disturbance to the occupants of that address.

3.4 Arrangements for handling enquiries

An ASR should ensure that it has arranged to make available facilities, adequate resources and, as far as possible, documented procedures for the handling of enquiries (such as obtaining shareholding histories, dividend claims, lost items applications, title disputes, instructions to be taken in corporate actions and general questions about corporate announcements and dividend timetables) from securities holders and (to the extent appropriate) non-registered holders via telephone calls, letters, faxes, personal visits or other communication methods. An ASR should handle enquiries in a timely and appropriate manner as well as ensure that the reasonable instructions of securities holders and (to the extent appropriate) non-registered securities holders, relating to the enquiries, are properly carried out.

4. Provision of ePO channel

4.1 Compliance with Guidelines for Electronic Public Offers

When an ASR provides an ePO channel to collect applications from the public during an initial public offer (or a follow-on public offer) of prescribed securities, it must display or provide access to the relevant prospectus and supplemental prospectus (if any) in accordance with the Commission's Guidelines for Electronic Public Offers.

SECURITIES AND
FUTURES COMMISSION
證券及期貨事務監察委員會

Guidelines for Electronic Public Offers

16 November 2026

1. Introduction

1.1 For the purpose of these Guidelines, an electronic public offer (**ePO**) takes place where electronic facilities (particularly the Internet) are used to display or provide access to prospectuses[1] and to collect applications from the public (**applicants**) during an initial public offer (**IPO**) or a follow-on public offer.

1.2 These Guidelines aim at providing guidance to persons who offer ePO services in respect of prescribed securities.[2] Such persons should also refer to and comply with any other codes or guidance issued by the Commission, and applicable to such persons, in respect of their use of electronic systems or facilities to provide services.

1.3 The Commission would like to stress that investors should be encouraged to make informed investment decisions and takes the view that intermediaries, approved securities registrars (**ASRs**) and other industry participants should assist investors in this respect, including facilitating their access to relevant documents. Therefore, persons offering electronic facilities to collect applications in an ePO should ensure that facilities enabling the collection of applications (eg, in the case of the Internet, the application input screen) are accompanied by, or provide ready access to, a copy of the relevant prospectus (and any supplemental prospectus relating to the offer).

1.4 These Guidelines do not have the force of law. A failure by any person to comply with any provision of the Guidelines that applies to the person may reflect adversely on the person's fitness and properness to perform or offer relevant functions or services.

1.5 These Guidelines supersede the Guidelines for Electronic Public Offerings published by the Commission in April 2003.

1.6 In these Guidelines, unless the context otherwise requires, terms defined in the Securities and Futures Ordinance (Cap 571, **SFO**) bear the same meaning when used here.

Background

1.7 In practice, the process for public offers of prescribed securities in Hong Kong is electronic.

1.7.1 The Listing Rules[3] no longer require paper prospectuses to be issued. Instead, it is sufficient for issuers to make available prospectuses in electronic form on both the

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[1] In these Guidelines, "prospectus":
- in the case of prescribed securities that are shares, bears the meaning given in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32); and
- in the case of any other prescribed securities, refers to any equivalent document issued or proposed to be issued in connection with a public offer of such securities.

[2] The list of "prescribed securities" is set out in Schedule 3A to the Securities and Futures Ordinance (Cap 571).

[3] In these Guidelines, "Listing Rules" refers to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (**Main Board Listing Rules**) and the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (**GEM Listing Rules**).

issuer's website and on the website of Hong Kong Exchanges and Clearing Limited (**HKEX**).[4]

1.7.2 Additionally, given that the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) requires application forms for shares to be issued together with the relevant prospectus, application channels also tend to be electronic.

1.8 With the implementation of a new regime for the regulation of securities registrars[5], there are now the following two main forms of ePO.

1.8.1 **Issuer-driven ePO**: An "issuer-driven" ePO is where the issuer decides to offer an ePO mechanism through an ASR that acts as its agent. Investors may subscribe for prescribed securities electronically via facilities made available by the ASR. The securities successfully subscribed for will then be held and registered in the investors' own name. As the ASR acts as the issuer's agent, the issuer will have some role in or control over the provision of this service.

1.8.2 **Intermediary-driven ePO**: An "intermediary-driven" ePO is where an intermediary offers ePO services but is not part of an issuer's syndicate. The intermediary collects applications from its clients (either electronically or otherwise[6]) and then submits them (on behalf of the investors concerned) through HKEX's FINI platform.[7] The prescribed securities successfully subscribed for will then be held on behalf of such investors but registered in the name of the central nominee (ie, HKSCC Nominees Limited). Because the intermediary does not act as the issuer's agent, the issuer will have little or no role in or control over the provision of this service.

2. Issuer-driven ePO

2.1 *General*

2.1.1 In an issuer-driven ePO, responsibility for the coordination, the capacity of systems, testing, contingency planning and decision-making etc of all aspects of the ePO fall on the issuer, the sponsor and the issuer's ASR. In practice, the sponsor would be expected to drive and coordinate the ePO.

2.1.2 The need for and the level of coordination, contingency planning and capacity testing etc will vary according to the scale of the ePO and the preferences of the issuer. These should be carefully considered by the issuer and the sponsor. Additionally, sponsors and ASRs acting for issuers should refer to other SFC codes applicable to them (eg,

[4] See Rule 12.11 of the Main Board Listing Rules and Rule 16.04C of the GEM Listing Rules.

[5] The regime is set out in the Securities and Futures (Approved Securities Registrars) Rules (Cap 571 sub leg AT). Under this regime, the provision of ePO services by ASRs as agents of an issuer constitutes a "securities registrar service".

[6] Where application data is collected otherwise than electronically (eg, by phone or in paper form), the 'electronic' element in the ePO process may be the electronic display or distribution of the prospectus via the Internet, on or through the intermediary's ePO channel.

[7] FINI stands for Fast Interface for New Issuance. It is an online platform, operated by HKEX, which enables market participants and regulators to manage workflows during the settlement process of a new listing.

paragraph 17 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission, the Corporate Finance Adviser Code of Conduct and the Code of Conduct for Approved Securities Registrars) for additional guidance in relation to public offers.

2.1.3 The following sections set out some of the issues that an issuer, sponsor or ASR should consider in an ePO. Issuers who collect applications from investors through their websites, including any standalone website for a public offer, should also have regard to the issues, where applicable, in paragraph 2.6.

2.2 *Preparation of Prospectus*

2.2.1 The issuer should prepare the prospectus (and any supplemental prospectus) in electronic form. The electronic form of such documents should be prepared in a format that cannot be tampered with.

2.3 *Information to ASRs*

2.3.1 The issuer should provide detailed instructions, a timetable and other information relevant to the ASR's role in the ePO to the ASR prior to the commencement of the ePO. Such information should include:

(a) details of the documents that will be provided to the ASR for displaying on the ASR's ePO channel[8] (normally, the electronic prospectus and any supplemental prospectus and, where applicable, the application forms (all such documents, collectively, **the public offer documents**));

(b) whether, and if so, the date on which, the public offer documents will be sent by the issuer to the ASR for the purposes of uploading the documents onto the ASR's ePO channel;

(c) whether hyperlinking to the public offer documents on the issuer's website[9] is permitted and the issuer's requirements, if any, for hyperlinking;

(d) the date, procedures and media (eg, CD-ROM, USB or other mass storage device, or file transfer) for the ASR to collect the public offer documents from the issuer;

(e) specific instructions, if any, as to how the public offer documents and application input screen should be made available or displayed on the ASR's ePO channel;

(f) the date(s) and time(s) on which the ASR should post the public offer documents and application input screen on its ePO channel;

(g) disclosure statements, warnings or legends, if any, which the issuer requires the ASR to post on the ASR's ePO channel; and instructions, if any, if the ASR is required to obtain consent from the issuer to posting the issuer's logo on such channel;

[8] In these Guidelines, a person's "ePO channel" refers to any electronic channel or facility used by the person to provide ePO services, and includes any website, mobile app or other electronic facility provided by the person and via which prospectuses may be displayed or accessed and applications collected.

[9] This will include any standalone website for the public offer which the issuer may set up for the duration of the offer.

(h) the dates and times from when the ASR:

(i) may begin to collect applications; and

(ii) must cease to collect applications;

(i) details of how and when relevant information (ie, regarding the completed applications and payments) should be uploaded to HKEX's FINI platform and submitted to the issuer, the sponsor or the receiving bank (as applicable); and

(j) procedures for the re-submission of application data[10], if this is permitted.[11]

2.4 ***Information to the public***

2.4.1 If the issuer has its own website (including any standalone website set up by the issuer for the public offer), it should consider posting on such website details of the ASR appointed to provide ePO services, as well as a timetable and other procedural details of the public offer (including the ePO).

2.4.2 The availability of ePO services and details of the ASR appointed to provide such services should also be set out in the prospectus, application form and in any formal notice or announcement detailing the application procedures for the public offer.

2.5 ***Contingency and Planning***

2.5.1 Issuers and sponsors should have a contingency plan to deal with emergency situations relating to the ePO.

2.5.2 Issuers and sponsors should also ensure that there is a central point for the coordination of all parties involved in the ePO. The coordination team should consist of representatives of all parties involved in the ePO.

2.5.3 The level of contingency planning and coordination may vary according to the scale of each public offer, the potential popularity of the public offer and the preferences of the issuer.

2.6 ***The ASR's role***

2.6.1 The ASR appointed to provide ePO services is responsible for the compliance and system integrity of its ePO channel. This would include the processes for the collection and handling of applications received via such channel, and the electronic interface(s) of such channel.

2.6.2 An ASR should ensure that:

(a) it adheres to the sponsor's and the issuer's instructions in relation to the overall

[10] This would apply, for example, where the application information initially submitted is found to contain errors or incomplete information and the issuer, the sponsor or the ASR accepts re-submission of application data.

[11] Ideally this should be communicated prior to the commencement of the ePO. However, if subsequent to the commencement, it is decided that re-submission of application data is permitted, this should be communicated to the ASR as soon as possible.

coordination and timing of the ePO;

(b) the public offer documents and the application input screen are readily accessible on its ePO channel;

(c) the public offer documents displayed or accessible on its ePO channel are identical to those provided by the issuer;

(d) the public offer documents and application input screen are complete, located close to each other and cannot be tampered with;

(e) where a hyperlink to the public offer documents on the issuer's website is provided, the matters in paragraph 4.2 are satisfied;

(f) the public offer documents (or a hyperlink to these documents) are first displayed or made available on its ePO channel at the same time as the prospectus is made available to the public by the issuer;

(g) information on its ePO channel relating to the ePO is in both English and Chinese;

(h) a statement is posted on its ePO channel to the effect that no applications or monies can be accepted once the public offer closes, or where the ASR has any reason to believe that: (i) the electronic public offer documents or processes for collection and handling of applications have been tampered with; or (ii) where applicable, duplicate or multiple applications have been made to the issuer;

(i) information reasonably required by the sponsor or the issuer to enable it to monitor the ePO, including information in relation to the number and size of applications received, is given to the sponsor or the issuer upon request;

(j) the design and operation of its ePO channel:

  (i) gives applicants access to free software to download, extract compressed files (if necessary), view and print the public offer documents and application input screen;

  (ii) gives applicants contact information for technical support or enquiries in connection with the operation of the ePO channel and service;

  (iii) gives applicants an opportunity to read or access the public offer documents before they are given access to the webpages or mobile app screens where the particulars relating to their application (eg, number of prescribed securities to be applied for, selection of payment methods, etc) are collected;

  (iv) requires applicants to confirm each of the following separately before they are given access to the webpages or mobile app screens where their application information is collected, ie:

    - that they have been provided sufficient opportunity to access the public offer documents and the information disclosed in the documents;
    - that they have read and agree to be bound by the terms and conditions set out in the ASR's ePO channel;
    - that they are eligible to apply; and
    - that they consent to the use of their personal information in accordance with the personal information collection statement in the relevant prospectus;

(v) requires the input and validation of applicants' HK identity card details, or other identity information, as required by the issuer and consistent with any related requirements for using HKEX's FINI platform;[12]

(k) if the ASR intends to incorporate into an investor's application instructions any particulars or other information previously provided by the investor (eg, as part of a pre-registration service[13] provided by the ASR), the ASR has taken reasonable steps to ensure that such particulars and information are up-to-date;

(l) a confirmation is given to the applicant as soon as possible once the ASR has received the application submitted by them;

(m) applicants are able to print a copy of the relevant webpages or mobile app screens containing the details of application information inputted by them and the confirmation message;

(n) the design and presentation of ePO information on the ePO channel encourages investors to make investment decisions based only on the contents of the public offer documents rather than other information, particularly promotional or marketing materials and media coverage;

(o) there are sufficient procedures to monitor the ePO service it provides, and to ensure the ePO service is offered in accordance with the sponsor's and the issuer's instructions;

(p) there are reasonable measures to ensure that its computer systems have sufficient capacity and security to protect the integrity of transactions, and that documented contingency plans are in place to deal with the situation where the securities application collection service or the display/download of the public offer documents provided through its ePO channel is disrupted;

(q) information is provided on its ePO channel to enable potential applicants to determine whether the service is suitable for them, including:

(i) the types of persons who are eligible to use the service (eg, existing clients);

(ii) a clear delineation of the area containing the public offer documents and a warning to applicants that any information falling outside those areas is not part of the public offer documents and the prescribed securities are offered solely on the basis of the information in the public offer documents;

(iii) the procedures which an applicant must go through to make a valid application, including accepting the issuer's terms and conditions;

(iv) dates and timing for various stages of the ePO, including deadlines for submitting applications and making payments;

(v) detailed instructions and information in relation to the application procedures, including any requirements or arrangement which applicants must have in place so that they can use the service, eg:

- a list of payment methods;

[12] These may require the use of specific identity document types when inputting identity information.

[13] "Pre-registration service" refers to any service provided by an ASR to an investor whereby the investor may submit personal particulars and other information to the ASR in advance in the expectation that such particulars and information will be incorporated by the ASR as part of the investor's application instructions when he/she next applies for prescribed securities in a public offer through the ASR's ePO channel.

- limitations associated with the payment methods (such as service lead time, transaction limits, etc);
- circumstances and procedures for refunding monies to applicants;
- procedures for distributing and registering prescribed securities;
- description of the fees and charges that may be payable by applicants; and
- deadlines for submission of the application;

(vi) a statement that potential applicants should:

- read the public offer documents prior to making an investment decision; and
- make their investment decision based on the public offer documents rather than on other information, particularly promotional or marketing materials and media coverage that may accompany the public offer; and

(vii) warnings that, in using the ePO service, the applicant assumes the risks associated with conducting transactions over the Internet (eg, that transactions may be subject to interruption, transmission blackout, delayed transmission due to Internet traffic or incorrect data transmission due to the public nature of the Internet).

3. Intermediary-driven ePO

3.1 *General*

3.1.1 An intermediary-driven ePO differs from an issuer-driven ePO in that the issuer has little or no responsibility towards the intermediary.

3.1.2 The intermediary's responsibilities in this type of ePO are almost the same as an ASR's in an issuer-driven ePO (namely, the matters set out in paragraph 2.6 except 2.6.2(a) and (i)). In addition, the intermediary proposing to display (or through a hyperlink to the issuer's website, provide access to) the electronic prospectus should seek the issuer's prior consent to do so.[14] This is to ensure that the intermediary displays or provides access to all necessary public offer documents and to ensure that the electronic version of the public offer documents are identical to those provided or issued by the issuer. An intermediary choosing to display or provide access to public offer documents without the issuer's consent should ensure that the documents displayed or to which access is given include all relevant public offer documents and that these are first displayed or made available on its ePO channel at the same time as or as soon as practicable after they are made available to the public by the issuer.

3.1.3 In intermediary-driven ePOs, applicants submit application instructions to their intermediaries, after which the intermediaries submit the applications on or through the

[14] While the SFC considers that it is good practice to obtain consent from the issuer (or third party) prior to creating a hyperlink, this is not an SFC requirement. Intermediaries who wish to create a hyperlink to other persons' websites, may also wish to consider whether there are any other legal issues involved (for example, whether there are any intellectual property issues).

HKEX's FINI platform on behalf of all clients who have applied. Intermediaries offering this type of service should ensure that the matters stated in paragraph 2.6 (except 2.6.2 (a) and (i)), are addressed and also provide a clear explanation as to the nature of the service being offered and of any particular risks associated with this type of application that do not normally arise under an issuer-driven ePO or the traditional paper-based application process that was previously used. Where applicable, it should explain that facilities enabling the collection of such application instructions may not result in any application being made on behalf of the investor and no legal relationship may exist between the investor and the issuer.

4. Other matters

4.1 *Electronic prospectus*

4.1.1 The following enhancements or differences between the paper version and an electronic version of any public offer documents are acceptable:

(a) a search facility for defined expressions;

(b) hypertext links within the prospectus;

(c) prompts to assist readers to use and find information in the document which should not contain any information that does not appear in the registered paper document; and

(d) a zoom facility so that readers may enlarge or reduce the information displayed.

4.1.2 The issuer is expected to inform and provide its ASR with electronic supplemental prospectuses in an issuer-driven ePO. However, in an intermediary-driven ePO, the intermediary is expected to ensure that a copy of any supplemental prospectus is provided or made available on its ePO channel at the same time as or as soon as practicable after it is made available to the public by the issuer.

4.2 *Hyperlinking to electronic prospectuses*

4.2.1 As an alternative to providing a copy of the public offer documents on its ePO channel, an ASR or intermediary providing ePO services may establish a hyperlink from its ePO channel to the website of the issuer (or any standalone website set up by the issuer for the duration of the public offer) or that of a suitable third party. Any ASR or intermediary wishing to use this method should:

(a) consider obtaining prior consent from the issuer (or the third party) to establish the hyperlink[15], and indicate on the webpage or mobile app screen containing the hyperlink whether consent has been obtained;

(b) ensure that the webpage or mobile app screen or icon containing the hyperlink contains a clear message to inform applicants that they are leaving the ASR's or intermediary's ePO channel and entering the website of the other person;

(c) ensure that the webpage or mobile app screen or icon containing the hyperlink

[15] Please refer to footnote 14 above.

clearly describes where the hyperlink leads;

(d) ensure that, subject to paragraph (b) above, a hyperlink described as leading to the prospectus (or other public offer document, as the case may be) provides direct access to the front cover or table of contents of the relevant document;[16]

(e) put in place procedures to monitor the performance of the hyperlink to ensure that applicants using the ASR's or intermediary's webpage or mobile app screen can access the electronic public offer documents on the relevant website or mobile app screen for the duration of the public offer or for so long as applications are being accepted by that ASR or intermediary; and

(f) immediately cease to accept applications through its ePO channel if the hyperlink fails to provide applicants with proper access to the public offer documents on the issuer or third party's website.

4.3 *Non-prescribed securities*

4.3.1 Securities that are not prescribed securities may also be the subject of an ePO. Any person (including any intermediary or issuer) who chooses to provide ePO services in respect of such securities is also expected to comply with the requirements under these Guidelines. An ASR that intends to provide ePO services in respect of such securities will need to take measures to comply with the SFO, such as working with an intermediary which is licensed for Type 1 regulated activity, given that the provision of such services would constitute "dealing in securities" under Schedule 5 to the SFO. Such ASRs should approach the Commission as early as reasonably practicable.

[16] Hyperlinks described as leading to the prospectus (or other public offer document) but leading to webpages or mobile app screens containing information other than the relevant document, or to certain parts of the document, are not acceptable for these purposes.