

Received date: 26 April 2019

Pls find below our comment to the consultation paper on USM :

Q1 Agreed

Q2 No concern from . As long as the existing account type/model is still one of the options we can use, we are fine with the revised one.

Q3 The concept of the USS account is good as this will provide better protection to investors and at the same time increase transparency in the market.

Q4 No concern

Q5 We are in supportive of this measure.

Q6 Agreed

Q7 NA. do not engage in retail clients business

Q8 Yes. Cash entitlements received generally will be used by the sponsoring CP to net-off other cash activities of the client on the same day. If the cash will not be credited to the sponsoring CP's bank a/c but to the USS acct holder designated bank acct direct:

- i. the USS acct holder needs to open a separate bank a/c and manage the account himself. The USS acct holder may need to instruct a fund transfer to the sponsoring CP in order to use this fund.
- ii. the cash entitlements received cannot be used by the CP to net-off other cash activities of the USS acct holder. Additional funding cost may incur at the CP which will charge back to the USS acct holder.

Q9 No concern

Q10 We support the idea of calculating the secs entitlements separately in the case of USS holders with multiple USS accounts. With this, one CP, for example, can easily validate the entitlements rec'd based on the USS acct holder's positions with the CP.

Q11 We are in support of this proposal. Common platform standardizes processes and reduces potential risk.

Q12 No concern

Q13 No concern

Q14 No concern

Q15 No concern

Q16 Yes. An investor may execute an on-exchange trade followed by an off-exchange transaction on the same T/D. As there is no on-exchange trade

settlement service, this off-exchange transaction is expected to be failed due to the lack of shs received/available.

The opposite party of this off-exchange trade will face an un-expected fail etc. Only provide part of the settlement service is not ideal.

Q17 No concern on this arrangement

Q18 No concern on this arrangement

Q19 No concern

Q20 No concern

Q21 Agreed to provide the optionality to the investor on various products.

Q22 We are in supportive of full dematerialization.

Q23 No concern. Moving to paperless is the world trend.

Q24 Agreed. No concern

Q25 No concern. We support this.

Q26 No concern. We support this proposal and would like to see the parallel trading arrangement to cease in the market as soon as possible.

Q27 No concern. We support this proposal.

Kind rgds,