中國銀行(香港)有限公司
BANK OF CHINA (HONG KONG) LIMITED

Important Notice for

Implementation of an Uncertificated Securities Market ("USM") in Hong Kong

(Implementation Date: 16 November 2026)

1. Securities and Futures Commission ("SFC") announced that the implementation date for the Uncertificated Securities Market ("USM") regime is 16 November 2026 ("Implementation Date"). The USM initiative provides an efficient means for investors to hold and manage securities in their own names and electronically, using platforms that are operated by approved securities registrars ("ASR") and connected to systems of Hong Kong Securities Clearing Company Limited ("HKSCC").

2. Before the USM Implementation Date, investors can hold and manage securities in the following two ways:
   i. In own names of the investors in paper form:
      - Investors hold legal title to securities and are issued paper certificates.
      - Investors are recorded on the issuer's book as the registered owners of the securities, and enjoy full shareholder rights directly.
      - Due to paper and manual processes, effecting transfers of legal title is cumbersome and time-consuming.

   ii. Via intermediaries (banks/brokers) and Central Clearing and Settlement System ("CCASS")
      - Investors who hold securities through intermediaries (banks/brokers) and CCASS do not hold legal title to the securities.
      - HKSCC Nominees Limited ("HKSCC Nominees") is recorded on the issuer's book as the registered owner of the securities.
      - Investors only hold beneficial interest in the securities, and need to rely on intermediaries (banks/brokers) and HKSCC Nominees to exercise shareholder rights (e.g. attend shareholders' meetings, vote, receive dividends, etc.).

3. From the USM Implementation Date, in addition to the two ways mentioned in 2(i) and 2(ii) above, investors can hold and manage securities in their own names without paper certificates (i.e. in uncertificated form) in a new way:
      - Investors hold legal title to securities but in uncertificated form, i.e., no paper certificate is issued to them.

- Investors enjoy full shareholder rights directly, and can transfer and manage their securities electronically online, using platforms that are operated by ASRs and connected to systems of HKSCC.
- This option will be available to all investors, regardless of how they currently hold their securities.

4. Key features of the Operational Model for USM are as follows:
   i. Electronic transfer of legal title:
      - Legal title of participating securities to be evidenced and transferred without title instruments. The term “participating securities” refers to “prescribed securities” (see 4(iii) below) that are USM-enabled in the sense that all relevant procedures and formalities have been completed in order for investors holding those securities in their own names to be able to evidence and transfer them without paper documents.

   ii. Retention of central nominee structure:
      - The CCASS central nominee structure will be retained. This means investors who hold their securities through intermediaries (banks/brokers) in CCASS will continue to hold a beneficial interest and legal title will remain with a central nominee, i.e. HKSCC Nominees.

   iii. Scope of securities covered:
      - The USM initiative applies only to “prescribed securities”, i.e. securities that:
        a. are listed on the Stock Exchange of Hong Kong Limited (“SEHK”); and
        b. fall within one of the following categories:
           - shares – shares of both Hong Kong incorporated and non-Hong Kong incorporated companies are covered;
           - depositary receipts;
           - stapled securities;
           - interests in SFC-authorised collective investment schemes (CIS) – these include listed real estate investment trusts (REITs), but exclude exchange-traded funds (ETFs) unless they are withdrawable from CCASS;
           - subscription warrants to subscribe for any of the above types of securities; and

- rights under a rights issue to subscribe for any of the above types of securities.

Issuers of prescribed securities will have to participate in USM to a certain extent[1]. Issuers of callable bull/bear contracts, derivative warrants and ETFs that are not withdrawable from CCASS will not have to participate as these securities do not come within the scope of "prescribed securities".

5. Specific deadlines have been set for prescribed securities constituted under the laws of the Chinese Mainland, Hong Kong (China), Bermuda or Cayman Islands[2]. Specifically:
    i. For prescribed securities that are first listed after USM is implemented (i.e. IPO securities), they will have to be in uncertificated form from the time they are first listed.
    ii. For prescribed securities that are already listed when USM is implemented, a five-year timeline (from USM implementation) has been set within which they will have to become participating securities.

    Prescribed securities will become participating securities in phases over a five-year period from the launch of USM. The market will receive advance notice of each stock's participation date, and investors should refer to the relevant issuers' announcements. Following the implementation of the USM, a list of prescribed securities together with their respective specified dates and participation dates will be available on the Hong Kong Exchanges and Clearing Limited ("HKEX") USM webpage.

6. If an investor wishes to hold "participating securities" in his/her own name and in uncertificated form, he/she should set up a USI profile at the USI facility of the ASRs appointed by the issuers of the relevant securities. If an investor holds multiple securities and the issuers of such securities have appointed different ASRs, the investor will need to set up multiple USI profiles. For details on the setup of the USI profile, please check with the relevant ASRs.

[1] USM will initially apply only to prescribed securities that are constituted under the laws of the Chinese Mainland, Hong Kong (China), Bermuda or the Cayman Islands (the four specified jurisdictions). As for prescribed securities constituted under the laws of jurisdictions outside the four specified jurisdictions, participation in USM is voluntary and not mandatory.

[2] As for prescribed securities constituted under the laws of other jurisdictions, HKEX will work towards facilitating their participation within the five-year timeline as far as possible. However, in some cases (e.g. for shares of companies incorporated under UK law), this may require amendments to overseas laws, and hence may need more time.

7. USI holders[3] who hold securities in their own names and in uncertificated form in their USI profiles at the issuers' ASRs will need to deposit the securities into CCASS if they wish to use them to settle trades executed on the SEHK (this means the securities have to be transferred to HKSCC Nominees). Please note that USI transfers involving HKSCC Nominees must be "No change of Beneficial Ownership". Afterward, the USI holder will receive a notification from the respective ASR, the USI holder needs to complete the affirmation of the transfer in the USI profile of the corresponding ASR as soon as possible before the deadline. Otherwise, it may result in the transfer instruction being cancelled by the ASR (for details, please check with the respective ASR for further information). Upon the completion of all procedures by the relevant parties, securities are deposited into CCASS, and investor can use them to settle trades executed on the SEHK.

8. If a USI holder wants to withdraw securities from CCASS and transferring them from HKSCC Nominees into the USI holder's own name. The USI holder should instruct intermediaries (banks/brokers) of intention to withdraw securities from CCASS (i.e. to transfer securities from HKSCC Nominees to the USI holder). Please note that USI transfers involving HKSCC Nominees must be "No change of Beneficial Ownership". Afterward, the USI holder will receive a notification from the respective ASR, USI holder needs to complete the affirmation of the transfer in the USI facility of the corresponding ASR as soon as possible before the deadline. Otherwise, it may result in the transfer instruction being cancelled by the ASR (for details, please contact the respective ASR for further information). Upon the completion of all procedures by the relevant parties, securities are withdrawn from CCASS and are in the USI holder's name. The USI holder can then hold and manage the securities electronically online via the ASR's platform.

9. Investors who set up USI profiles at ASRs and hold and manage securities in their own names electronically, may incur charges from the relevant ASRs. For details, please check with the relevant ASRs.

10. There is no obligation for investors to set up a USI profile unless they intend to hold participating securities in their own names and in uncertificated form. Investors may continue to hold securities through their intermediaries (banks/brokers) in CCASS. Investors who hold securities through the Bank of China (Hong Kong) Limited ("the Bank") in CCASS

[3] An individual, joint holder or corporate who has set up a USI profile on a particular USI facility via an ASR. They may or may not hold participating securities at any particular time

are subject to the Safe Custody Fee. For details regarding the Safe Custody Fee, please refer to the "Safe Custody Fee" item in the "Account Maintenance" section under "20. Securities Services" of our "General Banking Services Charges".

11. If investors hold prescribed securities through intermediaries (banks/brokers) in CCASS, investors may continue to hold their existing prescribed securities through intermediaries (banks/brokers) in CCASS, even after they become participating securities. If investors acquire any other prescribed securities, they may also hold them in the same way, i.e. through intermediaries (banks/brokers) in CCASS.

12. If investors hold prescribed securities in certificated (paper) form in their own names, they may continue holding their existing securities in certificated form even after they become participating securities. There is no obligation to dematerialise their existing holdings (i.e. convert them into uncertificated form); and existing physical certificates will remain valid.

13. If the registered holder is holding the securities certificates of participating securities and has not yet set up a USI profile, for corporate action events involving bonus share distributions, the issuer's ASR will set up a temporary or provisional USI profile in the investor's name, for safeguarding the investor's right to receive the participating securities concerned and any entitlements flowing from such securities. However, the investor will be restricted from viewing or transferring such entitlements until they have completed the necessary procedures and formalities to set up a USI profile.

14. Shareholders' rights in respect of securities held in certificated form will not be affected, whether or not the relevant securities have become participating securities under USM. However, once those securities become participating securities, no new certificates / title instruments will be issued. Consequently:
    i. If investors acquire additional units of the same participating securities, they will have to hold the additional units in uncertificated form.
    ii. If investors transfer some of their existing units, they may need to dematerialise the units they have not transferred – e.g. if the units transferred and units not transferred are covered by the same certificate / title instrument.
    iii. If investors lose or damage their certificate / title instrument, they will not be issued a replacement certificate / instrument, and will instead need to dematerialise the securities represented by the lost or damaged certificate /

instrument.

15. Following the USM implementation, if investors deposit participating securities in certificated form into CCASS (i.e., to transfer securities into HKSCC Nominees), these securities will then be dematerialised and recorded on the ROM[4] under HKSCC Nominees name in uncertificated form. Please note that only transfers involving "No change of Beneficial Ownership" are permitted for dematerialisation with transfers.

16. There would not be an option to rematerialize securities that are in uncertificated form in any circumstances, except delisting.

17. Following the USM implementation, when customers deposit securities in certificated form into CCASS through the Bank, in addition to the "Transfer Deed Stamp Duty (HKD 5.00 per transfer deed/certificate)" levied by the HKSAR Government, the other fees charged by the Bank are as follows:

Fees payable by Customers	**Participating Securities**	**Non-participating Securities**
<u>Physical Scrip Handling Fee</u> • 0.02% of the value of the physical scrip to be deposited, subject to a minimum charge of HK$20.00 per securities code. • The value of the securities is calculated based on the closing price of the trading day immediately preceding the date on which the customers completed the procedures for depositing physical scrip at branches. • Fee (including minimum charge) is calculated for each securities code	Payable	
<u>Dematerialisation Fee</u> • HK$5.00 per certificate, subject to a minimum charge of HK$20.00	Payable	Not applicable

[4] the register of members (in the case of shares) or register of holders (in the case of other prescribed securities)

18. After the USM implementation, the fees and charges for transfer-in/deposit and transfer-out/withdrawal of securities via the Bank are as follows:

Transfer-in/ Deposit Securities	The Bank's Fee Items
Deposit Securities in Certificated Form	• Physical Scrip Handling Fee; • Dematerialisation Fee (only applicable to "Participating Securities"); and • Transfer Deed Stamp Duty (levied by the HKSAR Government)
Transfer Uncertificated Securities from USI profile[5]	No fees are levied by the Bank; however, customers may incur charges by other third-party institutions. Please check with the relevant third-party institutions for further information.
Transfer Securities from other Intermediaries (Banks/Brokers) (via CCASS)	

Transfer-out / Withdraw Securities	The Bank's Fee Item
Withdraw Securities in Certificated Form	• Stock Withdrawal Fee
Transfers of Uncertificated Securities to USI profile	
Transfer Securities to other Intermediaries (Banks/Brokers) (via CCASS)	

For details regarding the fees and charges of the Bank, please refer to the "Handling of physical scrip and settlement-related services" and "Nominee services and corporate actions" sections under the "Local Securities" section under "20. Securities Services" of our "General Banking Services Charges".

[5] USI holder may need to pay the transfer and registration fee directly to the relevant ASR.

The fees listed above reflect only the Bank's charges. Customers may incur additional charges from third-party institutions (e.g. ASR and other intermediaries). Please contact the relevant institutions directly for detailed information.

19. Existing physical certificates will remain valid after USM implementation. Investors can retain physical certificates and enjoy the same shareholder rights after USM. Investors are not required to deposit, withdraw or dematerialise physical certificate solely because of USM.

20. Dematerialisation of existing physical certificates is optional and does not have a time limit. Investors may continue to choose the arrangement for holding their stocks that best suits their own needs.

For further details, please visit the "Uncertificated Securities Market" web corners on the HKEX and the SFC website.

Should there be any inconsistency between the English and Chinese versions, the Chinese version shall prevail.