

Hong Kong Capital Markets Update

ISSUE 2025-03 | February 2025



HKEX's consultation conclusion on further expanding paperless regime

On 24 January 2025, the Stock Exchange of Hong Kong Limited (the "Exchange") published the **consultation conclusion**¹ ("Conclusion") on its proposals to further expand the paperless listing regime and other rule amendments.

The key amendments and their implementation timelines are summarised below:

Proposals adopted	Implementation date	Transitional period
Issuers to provide securities holders with an option to send instructions to issuers electronically	On the date when Securities and Futures (Uncertificated Securities Market) Rules come into effect ("USM Effective Date")	Standardised Requested Communications ² : Ending one year after the USM Effective Date Non-standardised Requested Communications: Ending five years after the USM Effective Date
Issuers to provide securities holders with an option to receive corporate action proceeds (e.g. dividends) electronically		Ending one year after the USM Effective Date
Issuers to provide securities holders with an option to pay subscription monies for offers to existing securities holders electronically ³		
To remove the availability of Mixed Media Offers ⁴ to issuers	On the date when the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L) permitting Mixed Media Offers is repealed	N/A
Issuers to ensure their constitutional documents enable them to hold hybrid general meetings and provide electronic voting	10 February 2025	Issuers will have to implement the proposal on or before their next annual general meeting held after 1 July 2025
Minor and housekeeping Rule amendments		N/A

1 HKEX's consultation conclusion, <https://www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Present/August-2024-Further-Expand-the-Paperless/Conclusions-Jan-2025/cp202408cc.pdf>

2 Instructions regarding a meeting of securities holders (e.g. proxy-related instructions) and dividend election.

3 Including open offers, rights issues, preferential offers and bonus issues of securities to existing securities holders.

4 A Mixed Media Offer is an offer process whereby an issuer or an offeror of a collective investment scheme ("CIS") can distribute paper application forms for public offers of certain securities without a printed prospectus, so long as, among other matters, the prospectus is available on the HKEX website and the website of the issuer / CIS offeror and it makes printed prospectuses publicly available free of charge upon request at specified locations (which do not have to be the same locations as where the printed application forms are distributed).

Background

The Exchange published a **consultation paper**⁵ (the “Consultation Paper”) on 16 August 2024 seeking views and comments on proposed changes to further expand its paperless listing regime (please refer to our [Capital Markets Update Issue 2024-04](#) for a summary). The consultation period ended on 18 October 2024.

All proposals outlined in the Consultation Paper received support from a majority of respondents. After considering the feedback, the Exchange has decided to implement the proposals set out in the Consultation Paper as proposed with minor modifications and clarifications.

Minor modifications from the original proposals

The modifications to the original proposals in the Consultation Paper are listed below.

Electronic instructions from securities holders to issuers

The Exchange had noted respondents’ concerns regarding the additional cost and effort that may be incurred by issuers and securities registrars to implement the Non-standardised Requested Communications proposals and has decided on a transitional period for Non-standardised Requested Communications of five years after the USM Effective Date.

The Exchange would like to reiterate that the issuer does not need to develop sophisticated online solutions for Non-standardised Request Communications, and the requirement can be met by setting up an email inbox for receipt of Non-standardised Request Communications if they wish. For this reason, the proposal will apply to all issuers, including issuers whose securities are not “eligible” prescribed securities under the USM regime (e.g. UK-incorporated issuers).

Real-time electronic payment of Corporate Action Proceeds

Issuers will be allowed to provide the electronic payment option of their choice to pay Corporate Action Proceeds, instead of requiring the use of the Clearing House Automated Transfer System (“CHATS”). Example of alternative electronic payment options include, but are not limited to: FPS, autopay and telegraphic transfer. The Listing Rules will be modified to state that issuers must ensure that the payment option they provide can result in good funds being received by securities holders on the payment date specified for the relevant corporate action.

Hybrid general meetings & E-voting

Having considered respondent’s feedback, the Exchange will provide issuers with more time to prepare for implementation of hybrid general meetings and e-voting. Issuers are required to amend their constitutional documents (as necessary) to enable them to hold hybrid general meetings and allow E-voting on the before the issuers’ first annual general meeting held after 1 July 2025.

⁵ HKEX’s consultation paper, <https://www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Present/August-2024-Further-Expand-the-Paperless/Consultation-Paper/cp202408.pdf>

If you have any questions about the matters discussed in this publication, please feel free to contact the following capital market partners.

Paul Lau

Partner, Head of Capital Markets and Professional Practice
KPMG China
+852 2826 8010
paul.k.lau@kpmg.com

Louis Lau

Partner, Head of Hong Kong Capital Markets Group
KPMG China
+852 2143 8876
louis.lau@kpmg.com

Mike Tang

Partner, Capital Markets Group
KPMG China
+852 2833 1636
mike.tang@kpmg.com

Terence Man

Partner, Capital Markets Group
KPMG China
+86 10 8508 5548
terence.man@kpmg.com

Elton Tam

Partner, Capital Markets Group
KPMG China
+852 2978 8188
elton.tam@kpmg.com

kpmg.com/cn

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2025 KPMG, a Hong Kong (SAR) partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation.