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15 April 2002

Mr. Gerald Greiner
Securities and Futures Commission,
12/F., Edinburgh Tower,
The Landmark,
15 Queen's Road,
Central,
Hong Kong.

Dear Mr. Greiner,

Consultation Paper on Proposals for a Scripless Securities Market

I am writing in reply your letter of 8 February 2002 to the President of the Society, Mr. Alvin Wong, regarding the above Consultation Paper.

We welcome the Commission's initiative to propose a scripless securities market and agree in principle with the general direction proposed. We would suggest that market practitioners would be better placed to comment on the detailed aspects of the proposals and in this regard, we would make only one observation, which relates to paragraph 62 of the paper. The proposed amendment to section 100 of the Companies Ordinance, to remove the power of the court to rectify the register of members, would appear to represent a significant legal change. Although the certain other jurisdictions are quoted as examples of where the legal position is comparable with that being proposed, the situation that exists in other major jurisdictions, in Europe and elsewhere, is not made clear in the paper. Under the circumstances, we would suggest that more justification may be required to support this aspect of the proposals.

Yours sincerely,

PETER TISMAN
DEPUTY DIRECTOR
(BUSINESS & PRACTICE)
HONG KONG SOCIETY OF ACCOUNTANTS

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Encl.