# Amendments to Land Titles Ordinance ("LTO") to implement title registration system on "new land"

# Features of "New Land First" Proposal

- 1. Scope of "new land"
- 2. Principle of indefeasible title (abolishment of mandatory rectification)
- 3. Disapplication of adverse possession on "new land"
- 4. Indemnity arrangement
- 5. Pre-emptive measures to prevent property fraud

#### (1) Scope of "new land"

"new land" will be defined in the LTO to mean land held under a Government lease granted on or after the date on which the LTO comes into operation for a term commencing on or after that date including:

- by way of land sale (auction or tender); and
- by private treaty grant; and
- by land exchange

#### (2) Principle of Indefeasible title

#### Loss of title as a result of fraud

- Under common law and existing deeds registration system, an innocent former owner can recover the property in case of fraud
- Under enacted LTO, an innocent former registered owner may rectify the Title Register upon an order by the Court (i.e. mandatory rectification)

#### Legislative proposal

- To achieve title certainty, we propose to abolish the mandatory rectification
- If the purchaser is (i) bona fide and innocent; (ii) for valuable consideration; and (iii) in possession of the property, even in the event of a transfer of property effected through fraud of a third party, the purchaser will enjoy indefeasible title
- Innocent former owner who is unable to recover the property will be entitled to indemnity (subject to cap)

### (3) Disapplication of adverse possession on "new land"

#### Legislative proposal

- Adverse possession: If a person is in adverse possession of land, the owner of the land is barred from bringing an action to recover the land after the expiration of the relevant limitation period prescribed under the Limitation Ordinance (save Government land, 12 years from the date upon which the right of action accrued) and the owner's title to the land will be extinguished
- To uphold the spirit of title certainty, "new land" will not be subject to claims for adverse possession

#### (4) Indemnity arrangement

#### Levy payable on transfer of property:

0.014% of consideration amount of property transfer (with a cap of \$7,000) (0.017% was proposed in 2004)

Purchaser will contribute \$140 to the Indemnity Fund for every \$1m worth of consideration

Government stand-by loan:

\$150m



Land Titles
Indemnity Fund
("Indemnity
Fund"):

To provide indemnity to persons who suffer loss of land interest due to fraud



\$50m

(\$30m was proposed in 2004)

(proposed \$50m covers 99% of property transactions, over 87% of consideration amount in property transaction does not exceed \$10m)





#### (5) Pre-emptive measures to prevent fraud

- Land Registrar ("Registrar") will automatically issue title certificate with anti-forgery features to property owners
- Any application lodged under the LTO for registration of any matter must be verified in accordance with the regulations
  - if a solicitor is acting in good faith and with reasonable diligence in verifying an application, he/she is not liable in damages for any loss occasioned by any inaccuracy caused in the verification
- To claim indemnity from the Indemnity Fund, an order must first be made by the court subsequent to an application for rectification
- Registrar is empowered to make a restriction order prohibiting the registration of disposition of a property if there are reasonable grounds to suspect that a property fraud has occurred or may occur
  - the restriction order will be entered in the Title Register of the property concerned
- Court may make an inhibition order inhibiting the registration of any disposition of property upon application



# Technical Session on Registration of Titles and Land (Miscellaneous Amendments) Bill ("Amendment Bill")



#### **Overview of the Amendment Bill**

#### 4 Parts

Part	Contents
1	Short title and commencement (comes into operation on a date appointed by the Secretary for Development by notice published in the Gazette)
2	Amendments to Land Titles Ordinance (Cap. 585) (LTO)  ➤ consisting 15 Divisions amending 14 Parts (104 sections) and 4 Schedules to LTO
3	Amendments to Land Registration Ordinance (Cap.128) (LRO)
4	<ul> <li>Amendments to Resolution passed under the Trading Funds</li> <li>Ordinance establishing Land Registry Trading Fund (Cap.430A)</li> <li>(LRTF)</li> <li>➤ Schedule 1 sets out services to be provided by the Land Registry Land Trading Fund</li> </ul>



### Part 1 of LTO (1) Preliminary

#### **Summary**

Part 1 of the LTO sets out the definitions and the application of the LTO. Amendments include:

- a) Amend various definitions (e.g. *long term lease*)
- b) Repeal various definitions (e.g. *appointed day*)
- c) Add certain definitions (e.g. *new land*)
- d) Amend the scope of application of LTO

# Part 1 of LTO (2) Preliminary

Ref	Major Amendments	Objective	Sub. Leg.
Interpretat	ion		
s2(1) [Cl 3(30)]	Move the definition of "new land" from section 20 to section 2 with amendments	To implement the "New Land First" proposal	N/A

#### Part 1 of LTO (3) Preliminary

Ref	Major Amendments	Objective	Sub. Leg.
Application	n		
s3(1) [Cl 4(1)]	Amend scope of application of the LTO	To confine application of the LTO to new land	N/A

### Part 2 of LTO (1) Organization and Administration

#### Summary

Part 2 of the LTO concerns the organization and administration of the title registration system, e.g. the Title Register (**TR**) and the functions and powers of the Land Registrar (**LR**). Amendments include:

- a) Set out clearly the types of records and information to be kept in TR and applications register (sections 4 and 5)
- b) Provide for the scenarios under which LR may refuse to process further or refuse an application (section 8(2))
- c) Empower LR to designate and amend lot numbers (new section 8A)

# Part 2 of LTO (2) Organization and Administration

Ref	Major Amendments	Objective	Sub. Leg.
Title Regis	ter		
s4(2) [Cl 5(3)]	Clarify the particulars to be entered in the TR	<ul> <li>TR is to contain the particulars or information in respect of registered land, long term lease and charge</li> <li>Similar to the current land register</li> </ul>	N/A

#### Sample draft individual title register

Sample Individual Title Register (Public View)

土地註冊處 THE LAND REGISTRY 業權註冊紀錄 TITLE REGISTER

查冊管制編號 SEARCH CONTROL NUMBER: 5455413

查冊模式/傳送模式 SEARCH MODE / DELIVERY MODE: PUBLIC SEARCH / PRINTED AT CUSTOMER COUNTER 查冊日期及時間 SEARCH DATE AND TIME: 06/12/2035 14:40 查冊名姓名 NAME OF SEARCHER: CHAN PING WAH

本業權註冊紀錄列明有關下列物業於 06/12/2035 07:30 之資料

THIS TITLE REGISTER CONTAINS INFORMATION OF THE BELOW MENTIONED PROPERTY AS AT 07:30 HOUR ON 06/12/2035.

根據(土地業權條例)所備存的業權紀錄,旨在以供市民確定土地的擁有權益、註冊事項的詳情或業權登記冊過往的資料。業權紀錄內載的資料不得用於與業權紀錄的宗旨無 關之目的。使用所提供的資料須符合 (個人資料(私廳)條例》的規定。

The title records kept under the Land Titles Ordinance are made available to members of the public to ascertain ownership of interests in land, particulars of registered matters or historical information of title register. The information contained in the title records shall not be used for purposes that are not related to the purposes of the title records. The use of information provided is subject to the provisions in the Personal Data (Privacy) Ordinance.

進行任何交易前,應先向土地註冊處查閱最新的土地紀錄。

BEFORE ANY DEALINGS, UP-TO-DATE LAND SEARCH SHOULD BE CONDUCTED WITH THE LAND REGISTRY.

#### 註冊物業 REGISTERED PROPERTY

業權編號 TITLE NUMBER : G6351217 版本編號 EDITION NUMBER : 8 版本日期 EDITION DATE : 05/12/2035

#### 物業詳情 PROPERTY PARTICULARS

地段編號

LOT NO. : INLAND LOT NO. 6563

批約 HELD UNDER : CONDITIONS OF SALE 粗製年期 LEASE TERM : 50 YEARS

相类中期 LEASE TERM : 50 YEARS 開始日期 COMMENCEMENT DATE : 11/03/2027 阻滿日期 EXPIRY DATE : 10/03/2077 每年地稅 RENT PER ANNUM : \$2,000.00

首次註冊日期 DATE OF FIRST REGISTRATION : 18/03/2027

業権編號 TITLE NUMBER : G6351217 ED.8 第 1 頁,共 4 頁 PAGE 1 OF 4

### Part 2 of LTO (3) Organization and Administration

Ref	Major Amendments	Objective	Sub. Leg.
Title Regi	ster (cont'd)		
s4(3) (new) [Cl 5(20)]	Provide that pending applications do not form part of the TR	To make clear that entries of pending applications (e.g. application forms and supporting documents) are not registered matters	N/A

# Part 2 of LTO (4) Organization and Administration

Ref	Major Amendments	Objective	Sub. Leg.
Title Regis	ster (cont'd)		
s4(4) [CI 5(20)]	Set out that the TR is conclusive evidence of title	Move from section 29 (title certificates) to section 4 (TR)	N/A

# Part 2 of LTO (5) Organization and Administration

Ref	<b>Major Amendments</b>	Objective	Sub. Leg.			
Applications register						
s5 [Cl 6]	Provide for what is to be entered in the applications register	To make clear that the applications register contains records of all applications for registration ever lodged and particulars LR considers appropriate to be entered (similar to Memorial Day Book under LRO)	Particulars to be entered include application number, date of lodgement and name of lodging party (similar to r.12 of Cap. 128A)			

### Part 2 of LTO (6) Organization and Administration

Ref	<b>Major Amendments</b>	Objective	Sub. Leg.				
Functions and powers of LR							
s8(2)(d) [Cl 7(9)]	Clarify powers of LR	To set out non-exhaustive scenarios where LR will refuse to process or refuse an application	Scrutiny of applications and procedures to be followed (similar to rr.13 - 15 of Cap. 128A)				

### Part 3 of LTO (1) Registration Procedures and Connected Matters

#### **Summary**

Part 3 of the LTO concerns registration principles and procedures, and connected matters. Amendments include:

- a) Provide that certain matters relating to straddling land are not capable of being registered (new section 13A)
- b) Exempt solicitor acting in good faith and with reasonable diligence from liability in the verification of an application (new section 14(3))
- c) Provide the day on which a registered matter is regarded to have been registered (new section 15A)
- d) Deal with the combination and division of individual title registers (new sections 19 and 19A)
- e) Deal with the allocation or reallocation of undivided shares (new section 19B)

# Part 3 of LTO (2) Registration Procedures and Connected Matters

Ref	Major Amendments	Objective	Sub. Leg.
Matters	capable of being registered	<b>1</b>	
s13 [Cl 12]	Provide for what is capable of being registered under LTO	To make clear what matters are intended to be capable of being registered, as wording used in enacted version appears too restrictive (e.g. court order) and not easy to follow	N/A

# Part 3 of LTO (3) Registration Procedures and Connected Matters

Ref	Major Amendments	Objective	Sub. Leg.
Exception	ons to section 13		
s13A (new) [CI 13]	Prohibit registration of certain matters affecting a joint development involving both existing land and land registered under LTO	To reflect the policy intention as such prohibition is necessary to avoid complication and uncertainty arising from joint development	N/A

# Part 3 of LTO (4) Registration Procedures and Connected Matters

Ref	Major Amendments	Objective	Sub. Leg.
Lodging	and verification of applications	s for registration	
s14(3) (new) [Cl 14(4)]	Exempt solicitor acting in good faith and with reasonable diligence from liability for any loss occasioned by inaccuracy caused by the solicitor in the verification of an application	To reflect the common law position, in response to the Law Society's suggestion	Verification requirement

# Part 3 of LTO (5) Registration Procedures and Connected Matters

Ref	Major Amendments	Objective	Sub. Leg.					
Registr	Registration							
s15A (new) [CI 16]	Stipulate that date of registration = date of lodgment of application for registration	To provide certainty for date of registration	How date of lodgment is to be determined (similar to r.5 of Cap. 128A)					

# Part 3 of LTO (6) Registration Procedures and Connected Matters

Ref	Major Amendments	Objective	Sub. Leg.
Remov	al of obsolete entries		
s17 [Cl 17]	Amend section 17 providing for removal of obsolete entries on application	<ul> <li>Enacted version already empowers LR to remove obsolete entries</li> <li>To make clear that LR may remove obsolete entries upon application or upon LR's own motion</li> </ul>	N/A

# Part 4 of LTO (1) Registration of Title to Land and Connected Matters

#### **Summary**

Part 4 of the LTO governs how the title to new land, once granted by Director of Lands, is registered

Only textual amendments to ss.21-22 are involved [Cl 22]

### Part 5 of LTO (1) Effect of Registration and Connected Matters

#### **Summary**

Part 5 of the LTO concerns the effect of registration, overriding interests, and abolishment of doctrine of notice. Amendments include:

- a) Revise sections 25 and 26 to stipulate the effect of registration
- b) Revise the list of overriding interests in section 28
- c) Add a new section 28A to abolish doctrine of notice

# Part 5 of LTO (2) Effect of Registration and Connected Matters

Ref	Major Amendments	Objective	Sub. Leg.
	f registration of transfer fregistration of long ter	•	
ss25 & 26 [Cl 24]	Provide for the respective effect of registration of transfer of land and long term lease	<ul> <li>Amendments to sections 25 and 26 are mainly drafting changes</li> <li>Vesting of title by registration remains the core principle</li> <li>Subject to rectification, if a purchaser acquires a property for value and is registered as owner, he is only subject to registered matters and overriding interests (see section 28)</li> </ul>	N/A

# Part 5 of LTO (3) Effect of Registration and Connected Matters

Ref	Major Amendments	Objective	Sub. Leg.
Overridii	ng interests		
s28 [Cl 26]	Make clear the nature and effect of registration of overriding interests (OIs)	<ul> <li>Ols affect land irrespective of whether they are registered</li> <li>Exhaustive list of Ols is provided in section 28, mainly are rights/liabilities under Government lease, various enactments and common law</li> <li>Registration of Ol does not confer any legal effect, unless specifically provided for under other enactment</li> </ul>	N/A

# Part 5 of LTO (4) Effect of Registration and Connected Matters

Ref	Major Amendments	Objective	Sub. Leg.
Overriding	interests (cont'd)		
s28(1)(k) [Cl 26(24)]	Repeal section 28(1)(k) to remove right acquired by virtue of adverse possession as an overriding interest	To dis-apply adverse possession laws to "new land"	N/A

# Part 5 of LTO (5) Effect of Registration and Connected Matters

Ref	Major Amendments	S	Objective	Sub. Leg.
Purc	hasers for valuable co	nsideration n	ot affected by notice etc.	
s28/ (nev [Cl 2	except in the case o	of fraud, ole affected by	<ul> <li>To abolish the doctrine of notice</li> <li>Equitable interest holders should protect their interests by registration (e.g. nonconsent caution)</li> </ul>	N/A

### Part 6 of LTO (1) Certificates, Searches and Evidence

#### **Summary**

Part 6 of the LTO concerns title certificates, public searches and admissibility of documents as evidence in court proceedings. Amendments include:

- a) Revise section 29 to provide for issue of a title certificate (**TC**) in accordance with regulations
- b) Add new sections 29A and 29B to provide for admissibility of TC as evidence and cancellation of TCs
- c) Amend section 30 to deal with public inspection of registers and documents

### Part 6 of LTO (2) Certificates, Searches and Evidence

Ref	Major Amendments	Objective	Sub. Leg.
Issue o	f title certificates		
s29 [Cl 28]	Amend section 29(1) providing for issuance of TC, from issue upon application to automatic issue	<ul> <li>To provide for automatic issuance of TC to property owners in accordance with the regulations</li> <li>To specify the content of a TC which is to show all matters registered in the Title Register as at the date and time specified in the TC</li> <li>A TC will be in a specified form and bear a unique reference number</li> </ul>	<ul> <li>Circumstances in which a TC (or replacement TC) is to be issued (e.g. first registration of new land, and when property changes hands)</li> <li>Persons to whom a TC is to be issued</li> </ul>

#### Sample draft Title Certificate

Sample Title Certificate



#### 土地註冊處 The Land Registry

#### 業權證明書 TITLE CERTIFICATE

業權證明書編號 TITLE CERTIFICATE NO. : TC-G0885679(2) 發出日期 DATE OF ISSUE : 10/10/2032 發給擁有人 ISSUED TO OWNER : 陳大文 CHAN TAI MAN

本業權證明書列明於 10/10/2032 07:30 在業權註冊紀錄之資料。

This title certificate contains information in the Title Register as at 07:30 hour on 10/10/2032.

本業權證明書是根據土地業權條例(第585章)第29(1)條發出。

This title certificate is issued according to s. 29(1) of the Land Titles Ordinance (Cap. 585).





(Signed) 土地註冊處處長 The Land Registrar

#### 註冊物業

#### REGISTERED PROPERTY

#### 物業詳情

PROPERTY PARTICULARS

業權編號 地段編號 UNDIVIDE

TITLE NO. LOT NO. SHARES IN LAND 地址/位置 10885679 TSUEN WAN TOWN LOT 10/19000 中文地址不詳 NO.8888

ADDRESS/LOCATION
不詳 FLAT 8 ON 8/F OF TOWER 88
TSUEN KING VILLA
TSUEN KING VILLA

NO.888 TSUEN KING ROAD TSUEN WAN NEW TERRITORIES

#### 擁有人 OWNER

擁有人姓名或名稱 NAME OF OWNER 陳大文

CAPACITY SOLE OWNER

CHAN TAI MAN

申請編號

事項性質 支持文書性質 E OF MATTER NATURE OF SUPPORTING INSTRUMENT

 APPLICATION NO.
 NATURE OF MATTER
 NATURE OF

 A321001-004-011
 TRANSFER
 TRANSFER

產權負擔 ENCUMBRANCES			
申請編號	事項性質	支持文書性質	
APPLICATION NO.	NATURE OF MATTER	NATURE OF SUPPORTING INSTRUMENT	
A300820-005-030	OCCUPATION PERMIT	OCCUPATION PERMIT NO. 888/88	
A300830-009-030	DEED OF MUTUAL COVENANT	DEED OF MUTUAL COVENANT AND MANAGEMENT AGREEMENT	
A320906-005-038	CONSENT CAUTION	AGREEMENT FOR SALE AND PURCHASE	
A321001-004-012	CHARGE	CHARGE	

## Part 6 of LTO (3) Certificates, Searches and Evidence

Ref	Major Amendments	Objective	Sub. Leg.
Cancel	lation of title certific	cates in certain circumstances	S
s29B [Cl 29]	New section 29B providing for the return of TC for cancellation etc.	<ul> <li>To provide that an issued TC must be returned for cancellation when lodging a specified application</li> <li>To provide that LR may dispense with the requirement to return TC (return requirement) in accordance with the regulations</li> </ul>	<ul> <li>Specified applications (including transfer, transmission, change of name of owner)</li> <li>Circumstances in which a TC may be cancelled</li> <li>Circumstances in which the return requirement may be dispensed with</li> </ul>

### Part 6 of LTO (4) Certificates, Searches and Evidence

Ref Major Obje		
Amendments	ective	Sub. Leg.
Public inspection of registers and	documents etc.	
[CI 30] providing for search and inspection of registers and documents  • To he	o set out types of registers and ocuments available for search in ection 30(2)  o provide that a search pplication must be made in ccordance with subsidiary egislation  o set out that a search of istorical records must be lodged y a specified person  o require that search of land ecords that contain personal data an only be made for specified urposes	<ul> <li>How search application is to be made</li> <li>Specified persons who can apply for search of historical records</li> <li>Specified purposes</li> </ul>

#### Sample draft applications register

Sample Applications Register

土地註冊處 THE LAND REGISTRY 申請註冊紀錄 APPLICATIONS REGISTER

日期 DATE: 22/10/2034

REPORT ID : IRISRPTCT2345 PRINT DATE AND TIME : 24/10/2034 14:30

查冊模式 SEARCH MODE : 櫃位查冊 COUNTER SEARCH

以下資料載有在22/10/2034 根據土地業權條例呈遞的申請紀錄。

THE INFORMATION SET OUT BELOW CONTAINS PARTICULARS OF APPLICATIONS UNDER THE LAND TITLES ORDINANCE LODGED ON 22/10/2034

This is a full extract from the applications register kept by the Land Registrar pursuant to the Land Titles Ordinance (Cap.585) in respect of applications lodged on the date above mentioned. The use of data contained in this extract is subject to the provisions of the Personal Data (Privacy) Ordinance (Cap.486). The data must not be used for any unlawful or illegal purpose, or any purpose that is not related to the purposes for which the applications register is kept and made available under the Land Titles Ordinance.

申請編號 APPLICATION NUMBER	申請性質 NATURE OF APPLICATION	支持文書性質 NATURE OF SUPPORTING INSTRUMENT	印花稅署文書編號 STAMP OFFICE INSTRUMENT REFERENCE NO.	印花稅 STAMP DUTY	代價 CONSIDERATION
A341022-002-019	TRANSFER	TRANSFER	1-22-103254-6-5-7	\$270,000.00	\$9,000,000.00
	業権編號 TITLE NUMBER	地段編號 LOT NUMBER	地址/位置 ADDRESS/LOCATION	土地不分割份數 UNDIVIDED SHARES IN LAND	呈遞一方 LODGING PARTY
	G0985688	INLAND LOT NO.789	九龍勝業街 19-21 號 勝業工業大廈 40 樓 50 室	10/7800	H & CC LEE SOLICITORS
			UNIT NO. 50 ON 40TH FLOOR SHING YIP INDUSTRIAL BUILDING NOS.19-21 SHING YIP STREET KOWLOON		
			AND AND USA		
		第1頁	, 共 4 頁 PAGE 1 OF 4		

## Part 7 of LTO (1) Dispositions and Connected Matters

#### Summary

Part 7 of the LTO concerns dispositions, priority of registered matters, and connected matters. Amendments include:

- a) Reaffirm key concepts of dispositions:
  - no disposition of interest by an instrument is effectual unless registered
  - this part does not prevent an interest from taking effect in equity
- b) Clarify priority of registered matters
  - priority according to the order of applications lodged
  - postponement effect of consent caution
- c) Provide expressly for registration of charging order, charge, statutory charge, stamp duty charge, transfer, lease, long term lease, easement, covenant, deed of mutual covenant (**DMC**), the manager of a clan, family or t'ong, and severance of joint tenancy
- d) Modernize drafting and improve clarity for most other changes

## Part 7 of LTO (2) Dispositions and Connected Matters

Ref	Major Amendments	Objective	Sub. Leg.
Priority – p	oostponement effect of consen	t caution	
s35(1A), s35(3) [Cl 36(1), Cl 36(6)]	<ul> <li>Amend existing provisions providing for postponement effect for consent caution (CC) in relation to agreement for sale and purchase (renumbered as s35(1A))</li> </ul>	To extend the postponement effect to every CC in relation to an agreement for disposition	N/A
	<ul> <li>Amend existing provisions providing circumstances when 2<sup>nd</sup> CC will enjoy same priority as 1<sup>st</sup> CC (renumbered as s35(3))</li> </ul>	To include 2 <sup>nd</sup> CC will enjoy same priority as 1 <sup>st</sup> CC when 1 <sup>st</sup> agreement ceases to be chargeable to stamp duty	

# Part 7 of LTO (3) Dispositions and Connected Matters

Ref	Major Amendments	Objective	Sub. Leg.
Priority –	other priority rule		
s35A – s35B (new) [CI 37]	<ul> <li>Add provisions to allow alteration of priority of registered charges by agreement</li> </ul>	To reflect common law position as suggested by the Law Society	N/A

# Part 7 of LTO (4) Dispositions and Connected Matters

Ref	Major Amendments	Objective	Sub. Leg.
Re-registra	ation requirement		
s36 [CI 38]	Repeal provisions requiring re-registration of charging orders, judgements, orders and lis pendens	Re-registration is considered not necessary under title registration	N/A

# Part 7 of LTO (5) Dispositions and Connected Matters

Ref	Major Amendments	Objective	Sub. Leg.
Stamp dut	y charge		
s41A (new) [CI 43]	Add provisions regarding stamp duty charge: to dispense with an application for registration if supported by an instrument pending adjudication of stamp duty	To streamline procedure	N/A

# Part 7 of LTO (6) Dispositions and Connected Matters

Ref	Major Amendments	Objective	Sub. Leg.
Provisions	as between vendor and pu	urchaser	
s46(1)(a) [Cl 46]	Amend provisions governing documents to be provided by a vendor to a purchaser at completion	To provide that documents are to be prescribed by regulations	Documents to be provided by a vendor to a purchaser will be set out in the Land Titles Regulation

# Part 7 of LTO (7) Dispositions and Connected Matters

Ref	Major Amendments	Objective	Sub. Leg.
Deed of m	utual covenant		
s53 [CI 50]	Refine the definition of DMC in the LTO	To expand the original definition of DMC (i.e. based on undivided shares of ownership) to one which covers also house-type developments (i.e. based on 2 or more owners) (e.g. Fairview Park in Yuen Long and Hong Lok Yuen in Tai Po), and cases involving development by parts and sub-DMC	N/A

# Part 7 of LTO (8) Dispositions and Connected Matters

Ref	Major Amendments	Objective	Sub. Leg.
Manager o	of t'ong		
s58A (new) [CI 53]	Add provisions relating to the registration of the manager of a clan, family or t'ong for land held in the name of the clan, family or t'ong	<ul> <li>To expressly provide for clarity sake</li> <li>Similar practice exists under LRO</li> </ul>	N/A

# Part 7 of LTO (9) Dispositions and Connected Matters

Ref	Major Amendments	Objective	Sub. Leg.
Severance	of joint tenancy		
s58B (new) [CI 53]	Add provisions regarding registration of severance of joint tenancy	<ul> <li>To expressly provide for clarity sake</li> <li>Similar practice exists under LRO</li> </ul>	N/A

## Part 8 of LTO (1) Instruments

#### **Summary**

Part 8 of the LTO concerns instruments. Amendments include:

- (a) provide for filing and incorporation of standard terms documents (STD)
- (b) provide for other matters relating to instruments.

### Part 8 of LTO (2) Instruments

Ref	Major Amendments	Objective	Sub. Leg.
Standard t	terms document		
s61A- s61C (new) [CI 57]	Add provisions regarding filing and incorporation of STD	To reduce bulk of instrument submitted to support an application for registration	N/A

## Part 9 of LTO (1) Transmissions and Trusts

#### **Summary**

Part 9 of the LTO concerns transmissions (Note 1) and trusts (Note 2). Amendments include:

- a) Provide for the manner of registration for different types of transmission (death, bankruptcy, death or retirement of trustee)
- b) Provide for the manner of registration for trusts
- c) Modernize drafting and improve clarity for most other changes

Note 1: Transmission means the passing of title to land from one person to another under a court order or by operation of law. Passing of title takes effect upon happening of the events. Registration confirms the change of ownership and owner will be amended to reflect change in title.

Note 2: When a person holds a property as trustee (either he becomes the transferee as trustee or holds on trust upon a declaration of trust), he will be registered as an owner under the capacity "as trustee". He holds the property for the interest of the beneficiary.

## Part 9 of LTO (2) Transmissions and Trusts

Ref	Major Amendments	Objective	Sub. Leg.
Transmiss	sion - general		
s62 (CI 58)	Improve the drafting of s.62 to make clear the policy intent	Registration of transmission under the LTO only confirms the passing of title / the change of ownership	N/A

## Part 9 of LTO (3) Transmissions and Trusts

Ref	Major Amendments	Objective	Sub. Leg.
Transmis	sion on bankruptcy		
s67B (new) [CI 63]	Add a new provision to give the LR discretionary power to decide whether to register a transmission by the trustee in bankruptcy if the name of the debtor is no longer entered in the TR as the owner of the property	Where the debtor has disposed of the property and the property is registered in the name of a third party, the LR may refuse to register the transmission lodged by the trustee in bankruptcy as that will affect the interest of the third party	N/A

## Part 9 of LTO (4) Transmissions and Trusts

Ref	Major Amendments	Objective	Sub. Leg.
Disposition	s by personal representatives,	trustees in bankruptcy, etc	
s68B (new) [CI 65]	Provide for exceptions to the general rule that only a person whose name is entered in the TR as owner may dispose of his property	Exceptions for the following are necessary as transmission already takes place upon happening of events, so flexible arrangement will enable more efficient handling: (i) personal representative; (ii) change of appointment of personal representative; (iii) change of appointment of trustee in bankruptcy; and (iv) sale of bona vacantia by the Government particularly if it involves only a change of previous appointment under (ii) and (iiii).	N/A

## Part 9 of LTO (5) Transmissions and Trusts

	T T WITH THE		
Ref	Major Amendments	Objective	Sub. Leg.
Protection o	f purchaser dealing with trustee,	personal representative, trustee in ban	kruptcy
ss66(1), 67A(1), 69(4) [Cl 62, 63 and 66]	Improve the drafting of existing provisions to make clear the protection to third parties dealing with trustees	<ul> <li>Any bona fide purchaser with valuable consideration dealing with a trustee will enjoy indefeasible title. A trustee is deemed to have all rights of an owner.</li> <li>The same principle applies to a personal representative and a trustee in bankruptcy.</li> </ul>	N/A

## Part 10 of LTO (1) Cautions and Restraints on Disposition

#### **Summary**

Part 10 of the LTO concerns cautions<sup>(Note 1)</sup> and restraints on disposition<sup>(Note 2)</sup>. Amendments include:

- a) Amend the circumstances cautions may be registered, withdrawn or removed and the effect of registration
- b) Amend the making of restriction order by LR prohibiting registration of disposition if there is suspected fraud, and its variation and removal<sup>(Note 2)</sup>

Note 1: Cautions are means to protect holders or claimants of interests in land. Two types of cautions: (a) Consent caution (**CC**) serves to protect interest of a person who has entered into an agreement for effecting a disposition / transaction; (b) Non-consent Caution (**NCC**) serves to give notice of a claim of interest in land and an action to claim it.

Note 2: Two forms of restraints on dispositions: (a) Inhibition Order by Court; and (b) Restriction Order by LR.

## Part 10 of LTO (2) Cautions and Restraints on Disposition

Ref	Major Amendments	Objective	Sub. Leg.
Require	ments for registration of a CC		
s71 [CI 67]	<ul> <li>Provide that a person who has entered into an agreement for effecting a disposition with owner may register a CC</li> </ul>	<ul> <li>With the postponement effect under the amended s.35(1A), s.71 is amended so that a person who has entered into an agreement for disposition may register a CC</li> <li>An agreement for disposition is needed before registering a CC. Mere intention to effect a dealing is not sufficient</li> </ul>	N/A
	<ul> <li>Remove the requirement for obtaining consent for registering a CC</li> </ul>	<ul> <li>"Consent" is considered implicitly given in the agreement, hence, the requirement for obtaining consent for registering a CC is removed</li> </ul>	N/A

## Part 10 of LTO (3) Cautions and Restraints on Disposition

Ref	Major Amendments	Objective	Sub. Leg.
Withdrawal	and removal of cautions		
s73 and s73A(new) [CI 67 and 68]	Provide that a CC and an NCC may be removed if:-  • cautioner consents;  • court orders; or  • LR satisfies	The respective grounds for removal of a CC and NCC set out in section 73(2)(b) and section 73(2)(c) of the enacted LTO applies to both types of cautions in common	N/A
	Provide the relevant circumstances that the LR is to take into account in determining an application for withdrawal or removal of a CC	To cater for withdrawal or removal of a CC in sub-sale situations	N/A

## Part 10 of LTO (4) Cautions and Restraints on Disposition

Ref	M	ajor Amendments	Objective	Sub. Leg.
Restriction	orc	der by LR		
s78-s80A (new) [Cl 71 and 72]	•	Revise existing provisions so that LR may make a restriction order, on her own volition, prohibiting registration of disposition if there is suspected fraud	To maintain the integrity of the TR and to manage the Indemnity Fund's risk exposure to claims arising from property fraud cases	N/A
	•	Revise existing provisions to provide that interested parties can make written submission to the LR or apply to the Court to vary or remove the restriction order		

## Part 11 of LTO (1) Rectification

#### **Summary**

Part 11 of the LTO concerns the rectification of the TR by the LR and the court. Amendments include:

- a) Repeal the provision regarding mandatory rectification
- b) Add a new provision to provide that if an application is made to the court for an order of rectification, a NCC relating to the application must be registered within the prescribed time
- c) Add a new provision to provide for the effect of an order of rectification

### Part 11 of LTO (2) Rectification

Ref	Major Amendments	Objective	Sub. Leg.
Rectification	on by the court		
s82 (s82(3) in the enacted LTO is deleted) [CI 74]	Repeal section 82(3) of the enacted LTO which provides the mandatory rectification rule ("MR rule")	To abolish the MR rule and align with the principle of "indefeasible title" for new land	N/A

### Part 11 of LTO (3) Rectification

Ref	Major Amendments	Objective	Sub. Leg.
Rectif	ication by the court (c	ont'd)	
s82(5) [Cl 74]	Amend the 82(2) of the enacted LTO to set out the conditions necessary for registered owner to enjoy indefeasible title	A registered owner will enjoy indefeasible title if (in case of fraud/mistake or omission/void or voidable instrument):  a) in possession b) acquired the property for valuable consideration and c) is bona fide	The procedures for applying to the court for rectification

### Part 11 of LTO (4) Rectification

Ref	Major Amendments	Objective	Sub. Leg.
Rectificat	on by the court (cont'd)		
s82(6) (new) (CI 74)	Add provision to prohibit parties to the rectification proceedings (original application) to make further application to the court for rectification of the entries not pleaded in the original application	To prevent successive rectification proceedings for the same incident	N/A

### Part 11 of LTO (5) Rectification

Ref	Major Amendments	Objective	Sub. Leg.
Rectificati	on by the court (cont'd)		
s82(10) [Cl 74]	Amend section 82(9) of the enacted LTO to elaborate the meaning of "in possession of a property" by including the scenarios of trust, tenancy, mortgagee in possession and licence	For better clarity, the meaning of "in possession of a property" is expanded. A property is considered to be in possession of the registered owner if it is in his physical possession or in the physical possession of the person mentioned in section 82(10) (b) to (d)  (with reference to Land Registration Act 2002 of England and Wales)	N/A

### Part 11 of LTO (6) Rectification

Ref	Major Amendments	Objective	Sub. Leg.
Rectificati	on by the court (cont'd)		
s82A (new) [Cl 75]	Add provision to require registration/withdrawal of a NCC relating to an application for rectification and after the court has made an order within the prescribed time	To promptly alert person dealing with the property to have knowledge of the rectification action and to keep the TR up-to-date	N/A

## Part 12 of LTO (1) Indemnity

#### **Summary**

Part 12 of the LTO concerns the mechanism for indemnity. Amendments include:

- a) Right to indemnity in cases of fraud and LR's mistake or omission ("M&O")
- b) Determination of the amount of indemnity and payment of indemnity
- c) Provision of interests on indemnity
- d) Time limit for claiming indemnity
- e) Reimbursement of certain costs and expenses

### Part 12 of LTO (2) Indemnity

Ref	Major Amendments	Objective	Sub. Leg.	
Right to indemnity				
s84, s84A and s84B (new) [CI 76 and 77]	Add provisions to provide the criteria for indemnity in cases of fraud and M&O	To clarify what constitutes a right to indemnity and circumstances that are not entitled to indemnity in cases of fraud and M&O [section 84A(2) to (4); section 84B(2) to (4)]	N/A	

### Part 12 of LTO (3) Indemnity

Ref	Major Amendments	Objective	Sub. Leg.	
Amount	int of indemnity payable			
s85 and s85D (new) [CI 78 and 79]	Amend section 85 of the enacted LTO and add provision to provide the nature of indemnifiable loss and the date of assessment of indemnity (if the loss involves interest in land) in fraud and M&O cases	<ul> <li>In fraud cases, indemnity is payable for loss of interest in land as at the date of the rectification decision order ("RDO") [section 85]</li> <li>In M&amp;O cases, indemnity is payable for the loss suffered that is actual and reasonably foreseeable as a result of M&amp;O and the value of interest in land be assessed as at the specified dates (a preceding RDO date/LR rectification date/application date) [section 85D]</li> </ul>	Valuation of the ownership interest in land and other factors which may affect the assessment	

### Part 12 of LTO (4) Indemnity

Ref	Major Amendments	Objective	Sub. Leg.	
Amount	unt of indemnity payable (cont'd)			
s85A (new) [CI 79]	Add provision to provide the apportionment of indemnity payable in fraud cases with multiple claimants	To provide that in fraud cases with multiple claimants, if the total amount of indemnity payable exceeds the indemnity cap, each claimant would be paid an indemnity amount in proportion to the value of his loss	N/A	

### Part 12 of LTO (5) Indemnity

Ref	Major Amendments	Objective	Sub. Leg.
Apportionment relating to registered charges			
s85B and s85E (new) [Cl 79]	Add provision to provide apportionment of indemnity in claims involving a registered owner and an owner of a registered charge in fraud and M&O cases	To provide that the owner and the chargee would be sharing the indemnity in accordance with the written agreement between them	N/A

### Part 12 of LTO (6) Indemnity

Ref	Major Amendments	Objective	Sub. Leg.	
Interests on indemnity				
s85F (new) (CI 79)	Add provision providing for the payment of interest on indemnity	To provide that any sum payable as indemnity is to bear interest in accordance with the regulations	Detailed arrangements on the provision of interest on indemnity	

### Part 12 of LTO (7) Indemnity

maominy			
Ref	Major Amendments	Objective	Sub. Leg.
Indemnity ap	plications		
s86 and s86A (new) [CI 80 and 81]	Amend section 86 of the enacted LTO and add provisions to provide for the time limit and extension of time limit for making indemnity applications	<ul> <li>To provide the time limits for making applications to LR for indemnity [section 86(1) and (2) and section 86A(1) and (2)]</li> <li>To provide that LR may, upon application, grant an extension of time limit if the application is preceded by an RDO [sections 86(3) and 86A(3)]</li> </ul>	The procedures and timelines for processing the indemnity applications by LR

## Part 12 of LTO (8) Indemnity

Ref	Major Amendments	Objective	Sub. Leg.
Reimburse	ement of costs		
s86B and s86C (new) [CI 81]	Add provisions providing for reimbursement of reasonable costs incurred in • rectification proceedings ("rectification costs") and • in engaging a professional in indemnity application ("application costs")	To provide that eligible claimants may apply for reimbursement of rectification costs and application costs in accordance with regulations	Conditions for the reimbursement of costs and procedures for claiming reimbursement of costs
			65

## Part 12 of LTO (9) Indemnity

Ref	Major Amendments	Objective	Sub. Leg.				
Provisiona	Provisional payment of indemnity						
s86D (new) [CI 81]	Add provision empowering LR to make provisional payment of indemnity	To provide that LR may, subject to regulations, make provisional payment of indemnity pending the determination of the indemnity application	Detailed arrangement on the making of provisional payment of indemnity				

# Part 13 of LTO (1) Appeals and Rules

#### **Summary**

Part 13 of the LTO concerns application to court against LR's decisions and the power to make court rules for court applications under the LTO. Amendments include:

- a) Amend provisions on court proceedings for appeals against LR's decisions
- b) Amend provisions on the power to make rules of court

#### Part 13 of LTO (2) Appeals and Rules

Ref	Major Amendments	Objective	Sub. Leg.
Appea	ls against decisions mad	le by LR	
s91 [CI 86]	Amend section 91 providing for appeals against decisions made by LR	To remove LR's power to grant time extension for an appeal under s.91. Such power should rest with the Court	Procedures of court proceedings

## Part 14 of LTO (1) Miscellaneous

#### **Summary**

Part 14 of the LTO concerns miscellaneous matters, e.g. address for service on cautioners, offences under LTO, LR's power to specify forms, and making of regulations. Amendments include:

- a) Repeal the provision on determination of lot boundaries (section 94)
- b) Revise section 98 to create new offences for certain acts relating to false or misleading statement and information
- c) Revise the provisions on LR's power to specify forms
- d) Revise the provisions on regulation making powers

#### Part 14 of LTO (2) Miscellaneous

Ref	Major Amendments	Objective	Sub. Leg.	
Address for service on cautioners				
s95 [Cl 89]	Amend section 95 for address of service	<ul> <li>To require a cautioner of a CC or NCC to provide an address for service of a removal application under section 73 or 73A</li> <li>To provide for change of address for service and effect of service of a removal application at the address</li> </ul>	N/A	

#### Part 14 of LTO (3) Miscellaneous

Ref	Major Amendments	Objective	Sub. Leg.
Offences			
s98(1)(i) (new) [CI 91(13)]	Add new provisions to criminalise fraudulent application for indemnity	To better safeguard indemnity fund	N/A
s98(3) & (3A) (new) [Cl 91(17) & (18)]	Amend provisions to criminalise making statement or furnishing information that is false or misleading in an application to LR	To better protect the integrity of TR and privacy	N/A

#### Schedules to LTO (1)

#### Summary

The four Schedules to LTO are amended as follows:

- Repeal Schedule 1 and Schedule 4
- Amend Schedule 2 which sets out the sections in the LTO which the LR shall not delegate her functions and powers
- Amend Schedule 3 which sets out updated consequential and related amendments to other enactments

## Schedules to LTO (2)

Ref	Major Amendments	Objective	Sub. Leg.
Conversion	on of LRO land		
Sch 1 [Cl 99]	Repeal Schedule 1 regarding conversion of LRO land	To remove provisions relating to conversion of LRO land	N/A

#### Schedules to LTO (3)

Ref	Major Amendments	Objective	Sub. Leg.
Specified	provisions for purposes of se	ection 10	
Sch 2 [Cl 100]	Amend Schedule 2 to repeal "section 9" and "section 41" of the LTO referred to in Schedule 2	To remove the references to those sections referred to in Schedule 2 which have been repealed	N/A

## Schedules to LTO (4)

Ref	<b>Major Amendments</b>	Objective	Sub. Leg.
Conseque	ential and related amendment	S	
Sch 3&4 [Cl101& 102]	Amend Schedule 3 regarding consequential and related amendments to other enactments	To include reference to LTO, to provide for registration under the LTO, in addition to references to registration under LRO (mostly technical in nature)	N/A
	Repeal Schedule 4	Consequential amendments to LRO to be provided in Part 3 of Amendment Bill	

# Part 3 of Amendment Bill – Amendments to LRO

#### **Amendments to LRO (1)**

#### **Summary**

Major amendments to the LRO are made to:

- a) Cater for electronic lodgement under LRO
- b) Prohibit joint development of LRO and LTO land
- c) Provide for incorporation of STD to instruments to be registered under LRO
- d) Extend the scope of regulation making powers under LRO

#### **Amendments to LRO (2)**

Ref	<b>Major Amendments</b>	Objective	Sub. Leg.
Interpreta	ntion		
s1A [CI 103]	Revise definitions of "image", "image record", "imaging", "imaging method", and add new definition of "electronic record"	To provide for electronic lodgement under LRO	N/A

#### Amendments to LRO (3)

Ref	<b>Major Amendments</b>	Objective	Sub. Leg.
Exception	ns to registration of instrumer	nts provided in section 2	
s2AA (new) [Cl 105]	Prohibit registration of instruments affecting joint development of LRO and LTO land	To mirror section 13A of LTO	N/A

#### **Amendments to LRO (4)**

Ref	<b>Major Amendments</b>	Objective	Sub. Leg.
Standard	terms document		
s21A (new) [CI 106]	Provide for incorporation of STD	To mirror section 61C of LTO	N/A

#### **Amendments to LRO (5)**

Ref	Major Amendments	Objective	Sub. Leg.
Regulation	ons		
s28 [Cl 108]	Extend the scope of regulation power under LRO	<ul> <li>To allow electronic lodgement under the LRO</li> <li>To provide for search arrangements</li> </ul>	Detailed arrangements for electronic lodgement and search of land records

