

Government introduces bill into Legislative Council for implementing title registration system on new land

The Government announces today (February 27) that the Registration of Titles and Land (Miscellaneous Amendments) Bill 2025 will be introduced to the Legislative Council (LegCo) to amend the Land Titles Ordinance (Cap. 585) (LTO), which has not yet come into operation, in order to implement the title registration system on newly granted land first.

A spokesperson for the Government said, "Hong Kong is among the few economies that still run a deeds registration system. The Government's policy objective is to progressively replace the deeds registration system, which has been in place in Hong Kong for more than 180 years, with the title registration system. That is because the title registration system provides certainty in land ownership and simplifies property transfer procedures, thereby providing an even more favourable business environment and bringing Hong Kong's land registration system in line with other jurisdictions. The Bill proposed by the Government to implement the title registration system on new land first is a milestone in the development of Hong Kong's land registration system, and an important step for Hong Kong to convert to the title registration system."

The current deeds registration system in Hong Kong gives no guarantee of title to the property. Therefore, during the property transfer process, it is necessary to thoroughly check the historical title documents to establish title to the property, complicating and lengthening the property transaction procedures. Property owners also need to safe-keep the title deeds of properties. In this regard, the Government enacted the LTO in 2004 to introduce the title registration system in place of the deeds registration system. However, as substantial changes were made during the scrutiny of the bill, the Government and the LegCo agreed that a thorough review should be conducted before commencement of the LTO. As a result, the LTO has not yet been put into operation as of today. Notwithstanding lengthy discussions and public consultations in the past years, consensus could still not be reached among various parties on major issues, most notably the mechanism for converting existing land to the title registration system. After consulting stakeholders, the Government proposes the approach of resolving simple matters first before tackling the difficult ones, and to implement the title registration system on new land first (i.e. the "New Land First" proposal) while dealing with conversion of existing land subsequently.

The Bill defines "new land" to mean land held under a government lease granted on or after the date on which the LTO comes into operation (operation date), and generally speaking, will include land granted on or after the operation date by way of land sale (auction or tender), by private treaty grant, and by land exchange (i.e. land re-granted after surrender).

Other major proposals in the Bill include:

(i) principle of indefeasible title: To provide title certainty and to align with the arrangements in other jurisdictions, it is proposed that the mandatory rectification rule in the enacted LT0 be abolished. This is in line with the principle that the Title Register is conclusive evidence of title under the title registration system (i.e. the Title Register prevails). In other words, a bona fide and innocent purchaser for valuable consideration and in possession of the property will enjoy indefeasible title even in the event of a transfer of property through the fraud of a third party. The innocent former owner who loses the property will be entitled to compensation under the Land Titles Indemnity Fund (Indemnity Fund);

(ii) disapplication of adverse possession on new land: As the purpose of the title registration system is to give certainty to title, it is proposed that claims for adverse possession will not arise for new land under the "New Land First" proposal;

(iii) cap on Indemnity Fund and levy: The LT0 has made reference to the arrangements in other jurisdictions and proposed the establishment of a self-financing Indemnity Fund based on the user-pay principle for the payment of indemnity to persons who suffer loss of interests in land to which the title registration system applies due to fraud. The Indemnity Fund will be built up by levy on transfers of properties registered under the title registration system, and a levy rate of 0.014 per cent of the consideration amount of each property being transferred is recommended. It is proposed that the indemnity be capped at \$50 million; and

(iv) minimising the risk of property fraud: It is proposed to put in place a series of measures to minimise the risk of fraud, including that a certificate of verification from a solicitor is required for an application for registration; property owners will be issued title certificates with advanced anti-forgery features; an application for a rectification order must first be made to the Court before claiming indemnity from the Indemnity Fund; the Land Registrar will be empowered to make a restriction order prohibiting the registration of a disposition of a property if there are reasonable grounds to suspect that a property fraud has been or is about to be committed; and a person who fraudulently lodging an application for registration or for indemnity payment will commit an offence.

â€œIf the Bill is passed by the LegCo, the Government will formulate and introduce six pieces of subsidiary legislation into the LegCo for negative vetting next year. The Government will also prepare for the implementation of the legislation and launch publicity and educational activities with the industry and the public in the same year, with a view to implementing the enacted legislation in the first half of 2027.

The spokesman added, "The 'New Land First' proposal adopts a pragmatic strategy of resolving simple matters first before tackling the difficult ones to reap the benefits of the title registration system as early as possible.

We expect that the experience gained after the implementation of the title registration system on new land will enable various parties to reach a consensus on extending the implementation of title registration system to existing land. Indeed, parallel running of two registration systems for a considerable period of time is not uncommon in overseas jurisdictions. Regarding the conversion of existing land, we have kick-started internal research to assess the extent and types of problematic registers in the existing 2.9 million land registers to formulate recommendations on conversion. We will start discussion with stakeholders after the implementation of the legislation in the first half of 2027, with a view to progressively implementing the LTO on a wider scale."

The Government consulted the LegCo Panel on Development twice on December 19, 2022, and January 24, 2025. Members generally supported the introduction of the Bill into the LegCo.

The Bill will be gazetted tomorrow (February 28) and introduced into the LegCo for first reading on March 19. For details, please refer to the LegCo Brief issued today.