

香港聯合交易所有限公司
(香港交易及結算所有限公司全資附屬公司)

THE STOCK EXCHANGE OF HONG KONG LIMITED
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

通告 CIRCULAR

Subject: **Exemption of Trading Fee for Securities Market Maker Transactions in Exchange Traded Products and Exemption of trading tariff for transactions in Fixed Income and Money Market Exchange Traded Funds**

Enquiry: Angel Wong (Tel : 2840 3561 E-mail : ETFs@hkex.com.hk)

The Stock Exchange of Hong Kong Limited (the "Exchange") announces that the below changes will be introduced on transactions in Exchange traded products ("ETP")¹ effective from **31 May 2021** ("Effective Date").

1. Exemption of Trading Fee for Securities Market Maker Transactions in Exchange Traded Products

Currently, the Trading Fee in relation to transactions in an ETP (being a Market Making Security) concluded by an Exchange Participant acting in the capacity as a Securities Market Maker for such ETP ("Securities Market Maker Transactions") is exempted in whole.

Starting from the Effective Date, all ETPs will be classified based on their average daily turnover over a 12-month period and their investment exposure, and the classification of all ETPs will be reviewed on a quarterly basis. Different rate of exemption of the Trading Fee will apply to the Securities Market Maker Transactions in different categories of ETPs, as follows:

Categories of ETPs	12-month ADT less than HK\$300 million	12-month ADT not less than HK\$300 million
Domestic Equity ETFs ²	100%	25%
Non-Domestic Equity ETFs	100%	75%
L&I Products	100%	75%
Other ETPs	100%	100%

1. 25% - for ETFs that invest into domestic equity securities and with 12-month ADT of not less than HK\$300 million;
2. 75% - for ETFs that invest into non-domestic equity securities and with 12-month ADT of not less than HK\$300 million;

¹ Includes Exchange Traded Funds ("ETFs") and Leveraged & Inverse Products ("L&I Products")

² Refers to ETFs with Hong Kong listed securities as underlying securities

3. 75% - for L&I Products with 12-month ADT of not less than HK\$300 million; and
4. 100% - for all other ETPs.

The list of ETPs and the applicable rate of Trading Fee exemption is now available on [HKEX website](#) and will be updated from time to time based on the quarterly review.

Securities Market Makers are reminded to exclude the amount of the Trading Fee exempted for Securities Market Maker Transactions from their reporting and payment to the Exchange.

2. Exemption of trading tariff for transactions in Fixed Income and Money Market Exchange Traded Funds

Currently, a trading tariff of HK\$0.50 is payable on each and every purchase or sale transaction³.

Commencing on the Effective Date, all ETPs will be classified based on their asset class. The trading tariff will be exempted in respect of any transaction in an ETF that is classified as Fixed income ETF or money market ETF (collectively, "Fixed Income and Money Market ETF").

The above exemption will be effective until further notice.

The list of Fixed Income and Money Market ETFs is now available on [HKEX website](#) and will be updated from time to time. EPs are reminded to make appropriate change to their internal systems and operational procedures if needed.

3. Waiver of Minimum Stock Settlement Fee for Exchange Trades in Fixed Income and Money Market ETFs

Commencing on the Effective Date, the minimum stock settlement fee payable by each Clearing Participant or Clearing Agency Participant for each Exchange Trade or crossed Exchange Trade cleared and settled through CCASS in respect of a transaction in a Fixed Income and Money Market ETF will be waived. For details, please refer to the circular of Hong Kong Securities Clearing Company Limited of even date (Ref: [CD/CDCO/CCASS/013/2021](#)).

4. Introduction of New ETF Product Types in HKEX Orion Market Data Platform – Securities Market ("OMD-C")

In order to provide clearer information to distinguish the transactions among different types of ETFs, the existing product type "05 – Exchange Traded Fund (ETF)" in OMD-C will be replaced by the following 3 new product types from the Effective Date:

- 16 – Equity ETF;
- 17 – Fixed Income and Money Market ETF; and
- 18 – Commodity ETF.

³ Rule 802(12) of the Rules of the Exchange

5. Participant Readiness

An optional Practice Session and Rollout Test will be arranged for **15 May 2021 (Saturday)** and **29 May 2021 (Saturday)** respectively, for EPs to further familiarize on the change to the product type information.

EPs plan to participate in the Practice Session and/or Rollout Test are required to submit the online registration form (links in the table below) on or before **7 May 2021 (Friday)**. Relevant details will be provided to the enrolled EPs in due course.

Event	Date	Online Registration
Practice Session	15 May 2021	Link
Rollout Test	29 May 2021	Link

EPs relying on information vendor to receive market data should liaise with their respective information vendor to provide market data support during the Practice Session and Rollout Test.

For enquiries relating to the Practice Session and Rollout Test, please contact Participant General Enquiry Hotline at 2840 3626 or email trd@hkex.com.hk. For market data related enquiries, please contact Market Data Hotline at 2211 6558 or email IVSupport@hkex.com.hk. For other enquiries, please email ETFs@hkex.com.hk.

Brian Roberts
Senior Vice President
Head of Exchange Traded Products Development
Markets Division

This circular has been issued in the English language with a separate Chinese language translation. If there is any conflict in the circulars between the meaning of Chinese words or terms in the Chinese language version and English words in the English language version, the meaning of the English words shall prevail.