

Modernising HKEX's securities market

HKEX's new Stock Settlement Fee structure for Exchange Trades adopts an updated basis point rate with no minimum or maximum thresholds, ensuring an equitable and deterministic fee.

	Previous fee structure	New fee structure
Fee rates	0.20 bps (0.0020%) with HK\$2 minimum and HK\$100 maximum fees	0.42 bps (0.0042%) for Exchange Trades 0.20 bps (0.0020%) for eligible market making trades for Exchange Traded Products (ETPs)
Minimum/maximum fees	HK\$2 minimum and HK\$100 maximum	No minimum or maximum fees
Cost impact	Cost is higher for small trades	Cost is consistent across all trade sizes

What is the Stock Settlement Fee?

The fee is charged to participants of the Hong Kong Securities Clearing Company Limited for services relating to novation, settlement guarantee, risk management, and netting.

What prompted the change?

The fixed minimum and maximum components of the previous fee structure resulted in inconsistent costs, with higher cost for smaller value trades.

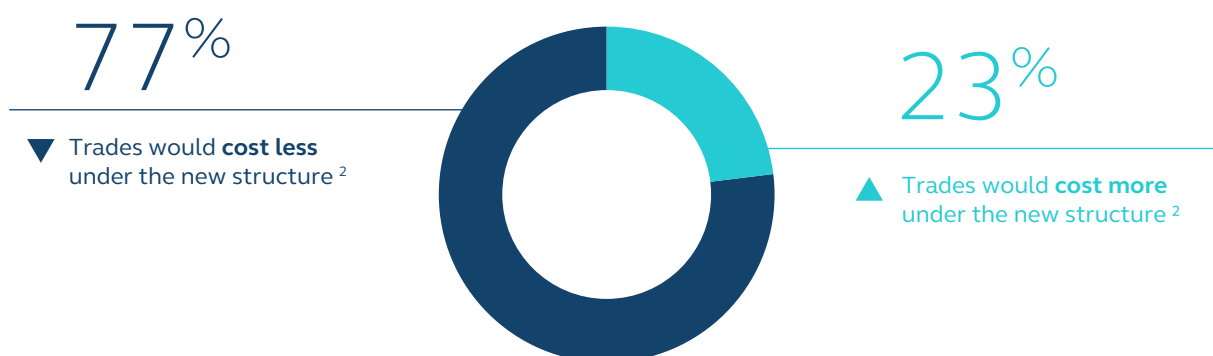
Removing the minimum and maximum components creates a more equitable structure, where the fee is proportional to the total notional value traded.

How will this impact the overall cost of trading?

The overall cost of trading will not change, but going forward the stock settlement cost will be more evenly distributed across all trade sizes.



Since 2019, the average Stock Settlement Fee cost across all trades has been 0.42 bps. However, small trades paid more than the average, and large trades paid less than the average.



Under the new structure, **all Exchange Trades³ are charged the same rate of 0.42 bps**, resulting in equitable costs across all trade sizes while still aligning with the historical average paid by the market. 77% of Exchange Trades made since 2019 would have seen reduced costs under the new structure.²

To align the Stock Settlement Fee cost for ETP market makers with their historical Stock Settlement Fee cost of approximately 0.20 bps, which is lower than the market average, a separate provision of a 0.20 bps fee rate has been made for eligible ETP market making trades.

HKEX is committed to the continual enhancement of our dynamic and liquid cash market. By restructuring the Stock Settlement Fee, we are taking another significant step to ensure a vibrant trading environment for all participants.

For more information, please contact clearingps@hkex.com.hk

¹ Average effective rate for all Exchange Trades, including those charged a minimum of HK\$2, a maximum of HK\$100, and a rate of 0.20 bps. Source: 2019-2024 HKEX trading data

² Source: 2019-2024 HKEX trading data

³ Excluding eligible market making trades for ETPs

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