

Guiding Note on Free Trial Unit Securities and Derivatives Market Data (for real-time data vendors)

PURPOSE

This guiding note sets out the requirements of HKEX Information Services Limited (“HKEX-IS”) for authorized information vendors (IVs) to provide free trial units to their potential clients. It supersedes any previous guideline/guiding note issued on Free Trial Unit.

DETAILS

In order to assist IV in business development, HKEX-IS has established the Free Trial Unit Policy (“the Policy”) which allows IVs to provide a limited number of free real-time trial units to potential clients for a limited time for marketing purposes. This Policy is only applicable to IV that distribute real-time securities market data and derivatives market data charged on monthly basis. Please note that HKEX has a separate policy for business support units and editorial units for which are used inside an IV’s premises or are under custody of its staff members.

Under the Policy, an IV may, upon prior written approval by HKEX-IS as the case may be, provide real-time data services (that are charged on a monthly basis) to a limited number of users located outside of the IV’s premises for a maximum period of 30 calendar days free of charge. IV that wishes to participate in this Policy must comply with all of the following requirements:

1. Sole purpose: IV shall ensure that all trial units are strictly offered to potential clients who would like to trial real-time data services. Free trial units shall not be used to reduce subscriber fees payable by the IV or any of its subscribers to HKEX-IS, as the case may be.
2. The six-month rule: IV is not allowed to offer free trial services to the same entity (individuals and/or companies) within six calendar months after the termination of the previous service. IV is required to keep a list of potential clients who have previously been given the free trial service in the past six months. IV should also check this particular list before free trial units are offered to potential clients. HKEX-IS, as the case may be, would count any free trial units given to the same client within six calendar months after the termination of the previous service as fee-liable units.
3. Application: Free trial units may only be applied to HKEX-IS approved vendor services which run on identifiable devices or unique user ID’s that disallow multiple user login or concurrent access to real-time data. This Policy is applicable to Continuous Access I or Continuous Access II Services for Securities or Derivatives Market Data that are charged on a monthly basis. However, this Policy is not applicable to datafeed services, interactive voice response (IVR) services or services that are charged on a Per Quote Access or Per Unit Time basis. IV must seek prior approval from HKEX-IS before offering any free trial units. The free trial units approved for a particular service will automatically be terminated upon expiration of that service or upon removal of that service from the Memorandum of Permitted Purpose of the Market Data Vendor Licence Agreement (the Agreement), whichever earlier. If IV wishes to increase/decrease the number of free trial units or change the name of services available for free trial, it has to submit a new application to HKEX-IS, as the case may be. The application form for free trial units is set out as attached.

4. Maximum number of free trial units: IV may consider to apply the number of free trial units based on the schedule below:

| Regular Subscriber Fees per Datafeed | Discounted Monthly Fee for Free Trial units | |
|--|--|--|
| | No. of Subscriber units | Monthly Fee Applicable |
| 1. Securities Market Data Max. HK\$200 | The first 30 units or, by request, 2% of the total number of units in the Reference Month *, whichever higher. By request, further 2% of the total number of units in the Reference Month. | Free of Charge \$24 for Level 1 data \$40 for Level 2 data |
| | <u>The Mainland Region Only</u> 45 units or, by request, 1% of the total number of units in the Reference Month, whichever higher. By request, further 1% of the total number of units in the Reference Month. | Free of Charge \$16 for retail clients \$24 for corporate clients |
| 2. Derivatives Market Data Max. HK\$75 | The first 30 units or, by request, units equivalent to 2% of the total number of units in the Reference Month, whichever higher. By request, further 2% of the total number of units in the Reference Month. | Free of Charge \$5 for data without price depth \$15 for data with price depth |

* The Reference Month is the month with the highest number of subscriber units (as reported in the Monthly Subscriber Reports) in the immediate past six months from the time the IV submits the application for additional Free Trial units and/or Business Support units.

5. To support IV's special marketing campaign or new product launched, IV may apply, once a calendar year, for a further 4% of free trial units for a maximum period of 30 calendar days, also subject to a fee equivalent to 20% of the subscriber fees payable for these additional units. To use the special free trial arrangement, IV will have to prepare a proposal to the Market Data Department of HKEX for consideration and approval. All applications will be considered on a case-by-case basis.

The proposal for the special free trial arrangement should include:

- o The details of the product/service for this campaign. The product/service should be an approved product/service by HKEX-IS;
- o The details of the marketing campaign, e.g. duration, free trial period, arrangement after the free trial period, expected number of subscribers and expected successful rate of conversion from free trial units to permanent units, etc.;
- o If there are any deviations from the standard recording or reporting procedures, they must be highlighted in the proposal; and
- o Other relevant information.

6. Annual Review: The free trial units will be subject to an annual review by HKEX-IS. The number of units will be revised and approved based on the Reference Month.

7. Free Trial Period: The free trial period for any individual potential client is limited to a maximum of 30 calendar days. The free trial period may be applied on a rolling basis; beginning on the date the subscriber is entitled for a trial and ending no later than 30 consecutive calendar days.

8. Subscriber agreement: Each IV must enter into a subscriber agreement to make sure that it will comply with, inter alia, the Free Trial Unit Policy, the Personal Data (Privacy) Ordinance in Hong Kong and the terms and

conditions of the Agreement, in particular, clause 4. Each IV must also take necessary measures to make sure its potential clients comply with these agreements.

9. Proper internal record keeping: IV who wants to claim free trial units are required to implement proper procedures to establish the true and full identity of each user that receives the free trial service. IV must have internal systems that are able to keep clear and proper records of user identification, subscription agreements, name of service offered, assignment and entitlement of the trial units, the trial's start and end date, the date when the trial unit was successfully converted to a normal subscription unit and audit trail on actual usage for HKEX-IS audit purposes. IV shall make all necessary arrangements to make sure that they would be able to demonstrate, upon request of HKEX-IS, that the devices were used for the 'sole purpose' in item 1 and that it fully complies with the Policy.
10. Reporting: IV that is authorized to provide free trial units to clients must submit a monthly detailed report for free trial units. In its Monthly Subscriber Report a summary of the total number of free trial units by service types offered and the number of free trial units successfully converted to subscriber units in that month is required. Report templates for the monthly Summary Subscriber Report and detailed monthly report on free trial units may be obtained from the Market Data Department of HKEX via e-mail to marketdata@hkex.com.hk. Any retrospective claims that are filed beyond the due date for monthly reporting may not be considered. Each IV should seek consent from its potential clients about releasing their personal information to HKEX-IS for record keeping purposes. HKEX-IS will keep all clientele information confidential.
11. On-site Audit: HKEX-IS shall have the right to inspect the internal systems and records of the IV in order to establish that the IV is offering free trial units in accordance with the terms and conditions of this Policy and other relevant terms and conditions of the Agreement. IV approved to offer free trial units must allow HKEX-IS to access the related systems and records promptly upon receipt of written request from HKEX-IS.
12. HKEX-IS shall have the authority to suspend, terminate or bar the rights of any user with respect to the use of the free trial service offered by IV immediately by sending a written notice to the IV specifying the name and relevant information of that user. IV shall immediately suspend, terminate or refrain from providing free trial units service to the user upon receipt of such notice from HKEX-IS.
13. HKEX-IS shall have the *absolute discretion* over the approval or rejection of an IV's application for free trial units. HKEX-IS also reserves the right to withdraw any previous approval granted under the Policy as it sees appropriate.
14. HKEX-IS shall have the right to amend, suspend or terminate this Policy at any time as it sees appropriate. HKEX-IS may demand subscriber fees together with interest payments on any unpaid free trial units if the offering of such units, in the reasonable belief of HKEX-IS, are in violation of the Policy. The subscriber fees and interest payable will be calculated according to the terms and conditions of the Agreement.

For IV interested in applying for free trial units, please refer to the attached application form for more details. HKEX-IS reserve the right to approve or reject applications, to suspend IV's free trial application if the terms of the Agreement are violated, and to grant fewer than the maximum number of units attainable under the free trial programme. Applications will be processed within four weeks upon receipt of a completed application form.

If IV wants to apply or have any questions regarding free trial unit, please contact MarketData@hkex.com.hk.