

Guiding Note on Reporting and Payment Requirements for Real-time Data Services (for real-time data vendors)

PURPOSE

This Guiding note sets out the reporting and payment requirements for HKEX Information Services (China) Limited (“HKEX-IS (China)”) licensed real-time information vendors (IVs) who disseminate our Securities and/or Derivatives Market Data (“Market Data”) on real-time basis.

DETAILS

In order to facilitate IVs to comply with clauses 5.5 and 5.6 of the Market Data Vendor Licence Agreement (the “Vendor Agreement”) on submission of monthly Subscriber Reports and maintenance of complete and accurate Licence Fees calculation records, please find the requirements below:-

A) General Requirements for all real-time data services

- A1. All IVs must implement proper permissioning system to disallow concurrent access from the same User ID via the same or different device(s) and/or application(s). This rationale applies to all market data services except for the snapshot service without capping charge.
- A2. All IVs must implement linkages among systems in billing Subscribers, permissioning access rights on Subscriber Units (including any device by means of which the Information can be processed or perceived by humans and any Subscriber who has authorization to access the Information) and the reporting of all Subscriber Units to HKEX-IS (China) to eliminate the risk of omission in updating any one of the systems.
- A3. All IVs must implement mechanism to ensure the duration of our streaming Market Data disseminated is in multiple of complete month.
- A4. All IVs must maintain proper database on both Subscriber Units and the details of all those URLs with BMP¹ service as audit trails for at least 7 years.

B) Additional Requirements for Usage Based services (Snapshot and Charge Per Unit Time)

- B1. All IVs must implement proper metering system to count, capture and report each individual snapshot quote to HKEX-IS (China). In situations where each request of a portfolio or watch list displays 10 Market Data stocks, 10 quotes must be reported.
- B2. All IVs must implement proper metering system to count the time usages immediately upon access to our Market Data under the Charge Per Unit Time service and to round up the usage to the nearest minute for each access.
- B3. All IVs must implement proper mechanism to i) prohibit sharing of User ID and ii) ensure the monthly capping charge per User ID is applicable to Joint accounts users only if separate User ID is assigned to each of the Joint accounts users.

¹ All IVs are entitled to launch the Basic Market Prices (BMP) service on a flat-rate basis effective 1 April 2011.

- B4. All IVs must comply with the Guiding Note for Audit Metering System in submitting a 3rd Party Quote Meter Audit report within 90 days upon the initial financial year-end during which with service launch and within 60 days upon financial year-end on an annual basis thereafter.
- B5. All IVs must ensure their metering system is capable to capture and report all fee-liable quotes to HKEX-IS (China). Market Data disseminated within 15 minutes after market close of each trading session is still fee-liable. For the avoidance of doubt, upon the launch of Closing Auction Session (“CAS”), any information of non-CAS securities delayed by less than 15 minutes after the reference price and any information for CAS securities delayed by less than 15 minutes after the trading session status for day close is made available is considered as fee-liable.

C) Marketing and/or Discount Programmes

- C1. All IVs must on-pass the discounts to corresponding subscribers and claim the discounts by no later than the time due for relevant Monthly Subscriber Report submission.
- C2. For IVs who apply for the Mainland China Discount Programme, they must implement both business control (maintenance of documentary evidence in proving China residence) and technical control to ensure each login is originated from the Mainland.
- C3. For IVs who provide 3rd Party Framing Quotation Service, they must display in each 3rd party website i) their logo as service provider; ii) a statement clearly indicating Market Data is provided by them; and iii) an on-line disclaimer at the bottom of each quotation page.

D) Payment and Reporting Requirements

- D1. All IVs are obliged to comply with clause 5.5 of the Vendor Agreement on submission of Monthly Subscriber Reports (both Subscriber Report Summary and Detailed Subscriber Report) to HKEX-IS (China) via ElecReport@hkex.com.hk within 15 days of the end of each month. For Subscriber Report relates to Subscribers outside Hong Kong, it shall be provided within 30 days of the end of the month.

HKEX-IS (China) will send out reporting template in excel format via e-mail around each month-end for IVs' completion and submission purposes.

- D2. Any late payment after 30 days from the due date, interest shall be levied as stipulated in clause 5.10 of the Vendor Agreement. The late interest shall be calculated from the date such sums first become due until settlement at a rate of 40% per annum.
- D3. All IVs are obliged to comply with Schedule 5 of the Vendor Agreement. Moreover, they are obliged to claim discounts by no later than the time due for relevant Monthly Subscriber Report submission.
- D4. All IVs must obtain necessary consent from subscribers so as to ensure compliance with the requirements of Personal Data (Privacy) Ordinance of the Laws of Hong Kong as well as the provisions of the Vendor Agreement (including but not limited to clauses 4.6, 5.6, 5.7 and 5.8) which relate to subscriber information and records that could be accessed by HKEX-IS (China).

Should IVs have any additional concerns or queries, please contact the Data Client Audit team of Market Data Department via DataClientAudit@hkex.com.hk.