

Operation Procedures for Stamp Duty Collection

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OPERATION PROCEDURES FOR STAMP DUTY COLLECTION

2. **GENERAL**

2.1 Stamp duty chargeable under the Stamp Duty Ordinance shall be payable to the Exchange on each and every contract note issued in respect of all transactions recognized by the Exchange on a Trading Day (T day) basis unless the transaction is a Market Maker jobbing transaction as specified under Rule 1301.

3. **IDENTIFICATION OF MARKET MAKER JOBBING TRANSACTIONS BY MARKET MAKERS**

3.1 Prior to 10:15 a.m. on the next trading day following T day (T+1 day), a completed Form SD-4 to report Market Maker jobbing transactions of the T day shall be submitted by a Market Maker. The form shall be in the format as notified to the Market Makers by the Exchange from time to time and submitted to the Exchange through the ECP or in any other manner as prescribed by the Exchange from time to time.

3.2 Where the specified form is not received by the Exchange under Clause 3.1, a Market Maker who executes a Market Maker jobbing transaction shall pay to the Exchange stamp duty at the rate stipulated in Clause 2.2 on the transaction and shall be responsible to contact Inland Revenue Department (IRD) directly to obtain a refund or otherwise.

3.3 Without prejudice to Clause 3.1, a Market Maker shall not identify a transaction as a Market Maker jobbing transaction if the transaction concerned does not meet the criteria or directives prescribed by the Collector of Stamp Revenue in accordance with the Stamp Duty (Jobbing Business) (Options Market Makers) Regulation and agreed to by the Exchange from time to time.

3.4 The Exchange may, without prior notice to the Market Maker concerned, notify the Collector of Stamp Revenue immediately whenever it has reasonable grounds to believe that a transaction not satisfying the criteria or directives prescribed in the relevant Regulation as referred to in Clause 3.3 has been identified by a Market Maker as a Market Maker jobbing transaction.