

**Operation Procedures for Stamp Duty Collection**

Updated: ~~July~~November 2014~~5~~

**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)~~ a Market Maker jobbing transaction; ~~or~~
- ~~(b) — an applicable market making transaction of a Securities Market Maker (“SMM Market Making transaction”) which is subject to stamp duty remission or refund under Section 52 of the Stamp Duty Ordinance~~

as specified under Rule 1301.

3. **IDENTIFICATION OF MARKET MAKER JOBBING TRANSACTIONS ~~AND SMM MARKET MAKING TRANSACTIONS~~ BY MARKET MAKERS ~~OR SECURITIES 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 ~~and a completed Form SD-5 to report SMM Market Making transactions of the T day by a Securities Market Maker~~. The forms shall be in the format as notified to the Market Makers ~~or the Securities 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 forms ~~are~~ is not received by the Exchange under Clause 3.1, a Market Maker who executes a Market Maker jobbing transaction, ~~or a Securities Market Maker who executes an SMM Market Making 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, ~~(i)~~ 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;

~~and (ii) a Securities Market Maker shall not identify a transaction as an SMM Market Making transaction if the transaction concerned does not meet the criteria or directives prescribed in the relevant stamp duty remission or refund order pursuant to Section 52 of the Stamp Duty Ordinance.~~

- 3.4 The Exchange may, without prior notice to the Market Maker ~~or the Securities 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 ~~and order~~ as referred to in Clause 3.3 has been identified by a Market Maker as a Market Maker jobbing transaction ~~or by a Securities Market Maker as an SMM Market Making transaction.~~