

**Rules of the Exchange**

**CHAPTER 11**

**TRANSACTION AND INVESTOR COMPENSATION LEVIES**

1101. A Transaction Levy shall be payable to the Exchange on every purchase or sale of securities admitted to trading, listed, or approved to be listed on the Exchange carried out by a Participant whether as principal or agent and whether the transaction is arranged or concluded in Hong Kong or elsewhere. For the avoidance of doubt, the buyer and the seller shall each pay the Transaction Levy in accordance with Rule 1103.
- 1101A. An Investor Compensation Levy shall be payable to the Exchange on every purchase or sale of:-
- (a) securities admitted to trading, listed, or approved to be listed on the Exchange carried out by an Exchange Participant; and
  - (b) China Connect Securities through the use of the China Connect Service by a China Connect Exchange Participant,
- in each case, whether as principal or agent and whether the transaction is arranged or concluded in Hong Kong or elsewhere. For the avoidance of doubt, the buyer and the seller shall each pay the Investor Compensation Levy in accordance with Rule 1103.
1102. (a) Every Exchange Participant which operates a business of dealing in securities shall collect the Transaction Levy and the Investor Compensation Levy payable pursuant to Rules 1101 and 1101A from its clients, or shall be liable itself if it deals as principal. In the event that an Exchange Participant fails to collect the Transaction Levy and/or the Investor Compensation Levy from its clients, that Exchange Participant shall nevertheless be liable to the Exchange for payment of the Transaction Levy and/or the Investor Compensation Levy.
- (b) Every Special Participant shall collect the Transaction Levy payable pursuant to Rule 1101 from the relevant China Connect Market Participants. In the event that a Special Participant fails to collect the Transaction Levy from such China Connect Market Participants, the Special Participant shall nevertheless be liable to the Exchange for payment of the Transaction Levy.
1104. (b) A Special Participant shall state in every contract note the amount of the Transaction Levy payable to the Exchange.
1105. (b) A Special Participant shall keep complete and true records of the Transaction Levy actually paid by it to the Exchange under Rule 1102(b). A Special

Participant shall whenever called upon by the Board so to do produce its books and records for inspection by any person authorised by the Board.

1106. (a) Within 7 days from the beginning of each month, an Exchange Participant shall submit to the Exchange a complete and signed return of the Transaction Levy and the Investor Compensation Levy payable pursuant to Rules 1101 and 1101A in respect of transactions carried out as principal or agent during the previous month and shall separately show the amounts it collected from clients during that month, in such form as specified by the Board from time to time. Without prejudice to the foregoing, the Board shall have the power to require an Exchange Participant to make such returns at such other time(s) and in respect of such other period(s) as the Board may require.
- (b) Within 7 days from the beginning of each month, a Special Participant shall submit to the Exchange a complete and signed return of the Transaction Levy payable pursuant to Rule 1101 payable in respect of transactions carried out by it during the previous month in such form as specified by the Board from time to time. Without prejudice to the foregoing, the Board shall have the power to require a Special Participant to make such returns at such other time(s) and in respect of such other period(s) as the Board may require.
1107. (a) An Exchange Participant shall remit within 15 days from the beginning of each month the total Transaction Levy and Investor Compensation Levy as stated in its return under Rule 1106(a) to the Exchange in such manner as the Board may from time to time specify. Without prejudice to the foregoing, upon demand by the Exchange, immediate payment of all Transaction Levy and Investor Compensation Levy due from an Exchange Participant or its clients referred to in Rule 1102(a), whether collected or not, relating to transactions of any period prior to the date of payment, shall be effected.
- (b) A Special Participant shall remit within 15 days from the beginning of each month the total Transaction Levy as stated in its return under Rule 1106(b) to the Exchange in such manner as the Board may from time to time specify. Without prejudice to the foregoing, upon demand by the Exchange, immediate payment of all Transaction Levy due from a Special Participant referred to in Rule 1102(b), whether collected from the relevant China Connect Market Participants or not, relating to transactions of any period prior to the date of payment, shall be effected.
1112. Without prejudice to Rule 1103, the Transaction Levy payable for a sale and purchase of Exchange Traded Options is payable by the seller and the buyer, and is 0% of the consideration for each sale or purchase in accordance with the Securities and Futures (Levy) Order and no Investor Compensation Levy is payable in accordance with the Securities and Futures (Investor Compensation – Levy) Rules.
1113. Without prejudice to Rule 1103, the Transaction Levy payable for a sale or purchase of securities by an Exchange Participant acting in the capacity as a

Securities Market Maker for a Market Making Security is nil in accordance with the Securities and Futures (Levy) Order and no Investor Compensation Levy is payable in accordance with the Securities and Futures (Investor Compensation – Levy) Rules.

## **CHAPTER 14**

### **CHINA CONNECT SERVICE**

#### **Fees and Charges on the Trading of China Connect Securities**

- 1429A. China Connect Exchange Participants shall pay the Investor Compensation Levy on their China Connect Securities Trades to the Exchange in accordance with Chapter 11.