

Rules of the Exchange

CHAPTER 1

INTERPRETATION

101. In these Rules, unless the context otherwise requires:-

“Exchange Traded Funds Market Maker” means an Exchange Participant which is registered as a market maker by the Exchange, as more particularly described in the Securities Market Maker Regulations in the Fourteenth Schedule to these Rules;

“Exchange Traded Fund underlying stock transaction” means a sale or purchase transaction of constituent underlying stocks made to fulfil an allotment order for, or pursuant to the receipt of constituent underlying stocks in connection with a redemption of, shares or units of an Exchange Traded Fund, arising from market making and liquidity providing activities on shares or units of such Exchange Traded Fund, which qualifies for exemption from stamp duty as set out in Schedule 8 of the Stamp Duty Ordinance;

“Exchange Traded Options” means Options Contracts traded on the Exchange pursuant to the Options Trading Rules;

CHAPTER 13

STAMP DUTY COLLECTION

1301. A Participant shall pay to the Exchange in the manner and in accordance with the Operation Procedures for Stamp Duty Collection (“Operation Procedures”) as prescribed by the Exchange from time to time the stamp duty chargeable under the Stamp Duty Ordinance on each and every contract note issued in respect of all transactions recognized by the Exchange under Rule 544, save and except:

(a) Market Maker jobbing transactions for which any applicable stamp duty shall be paid directly to the Collector of Stamp Revenue or in such other way as prescribed in the Stamp Duty Ordinance from time to time; and

(b) Exchange Traded Fund underlying stock transactions.