



香港交易所

THE STOCK EXCHANGE OF HONG KONG LIMITED

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

NEWS RELEASE

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Amendments to the Main Board Listing Rules and GEM Listing Rules to dispense with the Exchange's portion of the transaction levy and introduce a trading fee

With effect from 1 September 2001, The Stock Exchange of Hong Kong ("the Exchange") will cease to be entitled to its portion of the transaction levy and will introduce a trading fee of an equivalent amount. The trading fee will be calculated at the rate of 0.005% per side of the consideration of the transaction, payable by each of the buyer and the seller, or 0.01% of the total consideration of the transaction.

At the same time, the transaction levy payable to the SFC will increase from 0.005% to 0.007% per side of the consideration of the transaction, payable by each of the buyer and the seller, or 0.014% of the total consideration of the transaction. The income which reflects the increase in the levy will be used to fund a new Investor Compensation Fund.

The legislation to reduce the amount of the transaction levy from 0.01% to 0.007% per side of the consideration, and the listing rule amendments to reflect the change and introduce the new trading fee, will both come into effect on 1 September 2001.

Background

Pursuant to Section 52(1) of the Securities and Futures Commission Ordinance, the buyer and seller in a securities transaction recorded on or notified to the Exchange are each liable to pay to the Securities and Futures Commission a transaction levy at such rate as may be specified by order of the Chief Executive in Council. At present, the transaction levy is charged at 0.01% per side of the consideration of a securities transaction and the levy income collected is shared equally (i.e., 0.005% each) between the SFC and the Exchange.

On 4 April 2001, the Government announced the proposed gazetting of the Revenue (Amendment) No.3 Bill which, among other things, was designed to remove the Exchange's entitlement to a share of the transaction levy and reduce the amount of the levy per side of the consideration from 0.01% to 0.007%. On the same date, HKEx announced that subject to SFC approval amendments would be made to the Main Board Listing Rules and GEM Listing Rules to reflect the removal of the Exchange's share of the transaction levy and to introduce a trading fee of the same amount. The Government has today announced the passing into law of the above legislation and stated that the relevant change would take effect on 1 September 2001.

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香港交易及結算所有限公司
Hong Kong Exchanges and Clearing Limited

香港中環港景街一號國際金融中心一期12樓 12/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
電話 Tel: (852) 2522 1122 傳真 Fax: (852) 2295 3106 網址 Website: www.hkex.com.hk 電郵 E-mail: info@hkex.com.hk

The practical result of the Main Board Listing Rules and GEM Listing Rules changes, which have been approved by the SFC, are described briefly below. The SFC's approval is valid for the period of one year from the effective date of the change, and any renewal would require the agreement of the SFC.

Trading Fee

The Exchange will no longer receive a portion of the transaction levy and has introduced a trading fee in its place. The trading fee is calculated at the rate of 0.005% (rounded to the nearest cent) per side of the consideration of the transaction, payable by each of the buyer and the seller, or 0.01% of the total consideration of the transaction. The trading fee is equal to the Exchange's current share of the transaction levy.

Transaction levy

The SFC alone will be entitled to receive the transaction levy. The levy is calculated at the rate of 0.007% (rounded to the nearest cent) per side of the consideration of the transaction, payable by each of the buyer and the seller, or 0.014% of the total consideration of the transaction. The transaction levy includes an additional levy of 0.002% per side of the consideration (or 0.004% of the total consideration) of the transaction for a limited period of time for the purpose of setting up a new Investor Compensation Fund. The transaction levy will continue to be collected by the Exchange on behalf of the SFC.

Effective date

The rule amendments will come into effect on 1 September 2001, and will apply to securities transactions on and from that date.

Reprinted pages of the Main Board Listing Rules and GEM Listing Rules will be distributed in due course. The revised Main Board Listing Rules and GEM Listing Rules will also be available for viewing on HKEx's websites at <http://www.hkex.com.hk> and <http://www.hkgem.com> from 20 July 2001.

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