

香港聯合交易所有限公司
(香港交易及結算所有限公司全資附屬公司)

THE STOCK EXCHANGE OF HONG KONG LIMITED
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

通告 CIRCULAR

Subject: **Updates to Investor Compensation Levy**

Enquiry: **Participant General Enquiry Hotline¹ (Tel : 2840 3626 E-mail : trd@hkex.com.hk)**

Exchange Participants (EPs) are requested to note that the Securities and Futures (Investor Compensation-Levy) (Amendment) Rules 2019, the Securities and Futures (Investor Compensation-Limits) (Amendment) Rules 2019 and the Securities and Futures (Investor Compensation-Claims) (Amendment) Rules 2019 (collectively “the amendment rules”) were published in the Gazette on 11 October 2019 and tabled at the Legislative Council for negative vetting on 16 October 2019. The amendment rules will come into effect on 1 January 2020. Details of the announcement can be found on <https://www.info.gov.hk/gia/general/201910/11/P2019101100233.htm>.

Under the amendment rules, along with other changes, the investor compensation regime will be expanded to cover every purchase or sale of China Connect Securities or Special China Connect Securities through the China Connect Service (i.e. Northbound trading). As a consequence, such purchases and sales may also be subject to an Investor Compensation Levy (ICL), similar to all trading activities conducted in the Hong Kong securities market.

The collection of ICL is currently suspended and no person is required to pay the ICL according to a Securities and Futures Commission (SFC) exemption notice published on 11 November 2005, which continues to have effect until a notice to terminate the exemption notice is published by the SFC. If the SFC is to publish a termination of exemption notice, the effective date of the reinstatement of the ICL, if any, shall not be earlier than 2 months after the date of such publication.

¹ All calls to and from the Participant General Enquiry Hotline may be recorded. HKEX Privacy Policy Statement is available [here](#).

In view of the amendment rules, EPs are reminded to take all necessary actions to prepare for the inclusion of Northbound trading activities in ICL calculation (applicable for China Connect Exchange Participants and Trade-Through Exchange Participants) and make payment of ICL via HKEX in case the ICL is reinstated by the SFC, including enhancing their Broker Supplied Systems, back office systems, relevant applications and operational facilities.

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