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STAMPING PROCEDURES AND EXPLANATORY NOTES

Remission or Refund of Stamp Duty Exchange Traded Funds

Introduction

Stamp duty payable or paid under head 2(1)/(3)/(4) in the First Schedule to the Stamp Duty Ordinance (Cap. 117) (“the Ordinance”) in respect of any contract notes or instruments of transfer relating to transactions in certain Exchange Traded Funds as set out in Annex 1 (“Specified ETF”) is to be remitted or refunded in full. The following paragraphs set out the stamping and endorsement procedures of the relevant instruments.

Requirement for Stamping / Denoting

2. A broker who effects any sale or purchase of Specified ETF is required to cause the contract note to be stamped [section 19(1)(b)] and an endorsement (“the Endorsement”) to be made on the related instrument of transfer [section 19(1)(d)]. By virtue of the definition of “stamped” in section 2 of the Ordinance, a stamp/stamp certificate denoting the remission of stamp duty (“remission stamp”) is required for the contract note and instrument of transfer. The duty of the broker to submit such instruments for denoting cannot be abrogated.

3. Without a remission stamp, an instrument to which the remission applies cannot be said to have been “duly stamped” in accordance with the Ordinance. The consequences of non-stamping are that the instrument is inadmissible in court and that it cannot be acted upon, filed or registered [section 15]. In addition, the broker may not have any legal claim to any charge for brokerage, commission or agency with reference to the sale or purchase of Specified ETF [section 19(3)]. However, apart from these, there is no other sanction or fine under the Ordinance on a broker who fails to submit the contract note to the Stamp Office for denoting.

Stamping of Contract Notes

4. It is acknowledged that there are practical difficulties in presenting all contract notes for the sale and purchase of Specified ETF for stamping. Hence, the Stamp Office will not insist that the contract notes be presented for denoting in all cases. It is up to the broker, client or registrar to forward the said contract notes for denoting as they like or as and when it is necessary to show that such contract note is duly stamped. However, to avoid doubts as to whether or not a contract note qualifies for the captioned stamp duty remission and to enable the Stamp Office to denote such a contract note with the remission stamp (especially where the contract note is presented after a long lapse of time), it is necessary for the handling broker to denote on all such contract notes with the following confirmation -

This contract note relates to the sale or purchase of specified securities and qualifies for stamp duty remission under section 52 of the Stamp Duty Ordinance.

(The denotation adopted for the two previously remitted ETFs as shown in Part I of Annex 2 is still valid.)

5. In the case where the contract note used in such a transaction is imprinted with a note certifying that stamp duty in respect of such transaction has been or will be paid through the Hong Kong Exchanges and Clearing Limited, such note should be deleted as inapplicable.

Stamping and Endorsement of Instruments of Transfer

6. An instrument of transfer of Specified ETF not pursuant to a sale and purchase (e.g. gift case) should be presented to the Stamp Office to denote the remission of stamp duty before it is forwarded to the share registrar for registration.

7. For the sale and purchase of Specified ETF, if instruments of transfer are executed, they should either be stamped with \$5 fixed duty (except for withdrawals from recognized clearing house, see case (d) below) or presented to the Stamp Office for denoting the remission stamp, before they are forwarded to the share registrars for registration. Regarding the related contract notes, they will have to be presented to the Stamp Office for denoting the remission stamp if the Endorsement is required. The stamping and endorsement arrangement under different circumstances are set out below:

(a) Where Specified ETF are kept with a recognized clearing house or its nominee

It is **not** obligatory for the Endorsement to be made on an instrument of transfer in respect of the sale or purchase of stocks kept in the custody of or registered in name of a recognized clearing house or its nominee [section 19(1B)]. Thus the related contract notes need not be presented to the Stamp Office for stamping. However, if the Endorsement is desired, the related contract note has to be presented to the Stamp Office for denoting the remission stamp first.

(b) Where Specified ETF are in “street name” (i.e. other than the clearing house) & settlement through the central clearing and settlement system

An instrument to transfer stocks to a recognized clearing house or its nominee, in accordance with the rules of the clearing house, will not be considered as not duly stamped because of not having the Endorsement [section 19(8)(c)]. Therefore, in the case where Specified ETFs in “street name” are sold and that the stocks will be deposited to and registered in the name of the Hong Kong Exchanges and Clearing Ltd. or its nominee, it is **not** necessary for the contract notes to be denoted with the remission stamps to enable the making of the Endorsement.

(c) Where Specified ETF are in “street name” (i.e. other than the clearing house) & settlement by physical delivery of stocks from the seller to the buyer (remission stamp by Stamp Office required)

The Sold Note and Bought Note should be presented to the Stamp Office to denote the remission of stamp duty before the selling and buying brokers can imprint their usual endorsement chops signifying the payment of stamp duty¹. Alternatively, they may present the whole set of contract notes and instrument of transfer to the Stamp Office for stamping and endorsement in one go.

(d) Where Specified ETF are withdrawn from recognized clearing house or its nominee (Endorsement by Stamp Office required)

The buying broker who withdraws the stock for his client has to forward the instrument of transfer to the Stamp Office for endorsement. He is also required to submit the Stock Withdrawal Form and to make the following certificate on the instrument of transfer for verification purpose -

¹ Under section 52(2) of the Ordinance, the amount of stamp duty remitted is deemed to have been paid.

This is to certify that the securities herein (with stamp duty remission) were held on behalf of _____ (Name)	
for custody purpose on _____ (Date).	
_____ Signature and chop of Exchange Participant	_____ Broker Number / Firm I.D.

(The certification adopted for the two previously remitted ETFs as shown in Part II of Annex 2 is still valid.)

The Stamp Office will denote a “no ad valorem duty payable” stamp on the instrument of transfer and it can then be submitted to the Registrar for registration. The \$5 fixed duty is not required for a transfer of stock from a recognized clearing house or its nominee [Note to head 2(4) in the First Schedule to the Ordinance].

Presentation of instruments to Stamp Office

8. To stamp or endorse instruments relating to this remission, the relevant contract notes and/or instruments of transfer together with a completed requisition form (I.R.S.D. 20) as per specimen in Annex 3 should be forwarded to the Stamp Office.

Claim for refund

9. Any claim for refund of stamp duty within the scope of this remission should be made to the Stamp Office directly together with the instruments and proof of payment of stamp duty.

Stamp duty waiver for transactions of ETF shares or units

10. The above procedures are only applicable to the transactions of shares or units of ETFs effected before 13 February 2015. Following the enactment of the Stamp Duty (Amendment) Ordinance 2015, any contract notes and instruments of transfer for the transactions of shares or units of ETFs effected on or after 13 February 2015 are no longer required to be stamped or endorsed under the Ordinance.

11. These notes replace the one [I.R.S.D.128(E)] issued on 11 February 2015.

Stamp Office
February 2015

Specified ETF

<u>Name</u>	<u>Stock Code</u>
1. iShares FTSE A50 China Index ETF	2823
2. ABF Hong Kong Bond Index Fund	2819
3. ABF Pan Asia Bond Index Fund	2821
4. iShares S&P BSE SENSEX India Index ETF	2836
5. W.I.S.E. - CSI 300 China Tracker	2827
6. W.I.S.E. – SSE50 China Tracker	3024
7. Polaris Taiwan Top 50 Tracker Fund (H.K.)	3002
8. iShares CSI 300 A-Share Index ETF	2846
9. iShares CSI 300 A-Share Financials Index ETF	2829
10. iShares CSI 300 A-Share Energy Index ETF	3050
11. iShares CSI 300 A-Share Materials Index ETF	3039
12. iShares CSI 300 A-Share Infrastructure Index ETF	3006
13. CICC-SZSE 100 Index Tracker	3051
14. PARagon CSI RAFI 50 ETF	2818
15. Da Cheng CSI China Mainland Consumer Tracker	3071
16. iShares CSI A-Share Consumer Discretionary Index ETF	3001
17. iShares CSI A-Share Consumer Staples Index ETF	2841
18. Value Gold ETF	3081
19. Mirae Asset TIGER KOSPI 200 ETF	2835
20. HSBC MSCI Taiwan ETF	3083
21. Mirae Asset TIGER S&P Emerging Asia Consumer ETF	3054
22. Mirae Asset TIGER S&P Global Consumer Brands ETF	3056
23. Mirae Asset TIGER S&P Asia ex JANZ IT ETF	3066
24. Mirae Asset TIGER S&P Asia ex JANZ Industrials ETF	3075
25. Mirae Asset TIGER S&P Asia ex JANZ Materials ETF	3078
26. Hang Seng RMB Gold ETF	83168
27. XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF	3029
28. XIE Shares Taiwan (TAIEX) ETF	3089
29. XIE Shares Korea (KOSPI 200) ETF	3090
30. XIE Shares Thailand (SET50) ETF	3069
31. XIE Shares India (S&P CNX Nifty) ETF	3091
32. XIE Shares Indonesia (LQ45) ETF	3031
33. XIE Shares Philippines (PSEi) ETF	3037

34.	Value Korea ETF	3041
35.	Value Taiwan ETF	3060
36.	Value Japan ETF	3084
37.	ChinaAMC CSI 300 Index ETF	83188/03188
38.	E Fund CSI 100 A-Share Index ETF	83100/03100
39.	CSOP FTSE China A50 ETF	82822/02822
40.	Harvest MSCI China A Index ETF	83118/03118
41.	ETFs Physical Gold ETF	02830
42.	ETFs Physical Silver ETF	03117
43.	ETFs Physical Platinum ETF	03119
44.	iShares MSCI Emerging Asia Index ETF	2802
45.	Vanguard FTSE Asia ex Japan Index ETF	2805
46.	Harvest MSCI China A 50 Index ETF	83136/03136
47.	iShares RMB Bond Index ETF	83139/03139
48.	C-Shares CSI 300 Index ETF	83008/03008
49.	ChinaAMC CES China A80 Index ETF	83180/03180
50.	CSOP CES China A80 ETF	83137/03137
51.	Hang Seng China A Industry Top Index ETF	83128/03128
52.	Bosera FTSE China A50 Index ETF	82832/02832
53.	CSOP China 5-Year Treasury Bond ETF	83199/03199
54.	Haitong CSI300 Index ETF	82811/02811
55.	E Fund Citi Chinese Government Bond 5-10 Years Index ETF	82808/02808
56.	C-Shares CSI Healthcare Index ETF	83132/03132
57.	C-Shares CSI Consumer Staples Index ETF	83107/03107
58.	Vanguard FTSE Developed Europe Index ETF	3101
59.	Vanguard FTSE Japan Index ETF	3126
60.	Horizons CSI 300 ETF	83127/03127
61.	BMO Asia USD Investment Grade Bond ETF	3141
62.	CSOP China Ultra Short-term Bond ETF	03122/83122
63.	CSOP MSCI T50 ETF	3021
64.	KODEX HSI Futures ETF	3124
65.	KODEX HSI Futures RMB FX ETF	3134

Part I
Brokers' denotation on contract notes

1. iShares FTSE/Xinhua A50 China Tracker

<p>This contract note relates to the sale or purchase of Exchange Traded Funds with no Hong Kong Stock in its underlying portfolio of securities and qualifies for stamp duty remission under section 52 of the Stamp Duty Ordinance.</p>

2. ABF Hong Kong Bond Index Fund

<p>This contract note relates to the sale or purchase of Fixed-Income ETFs and qualifies for stamp duty remission under section 52 of the Stamp Duty Ordinance.</p>

Part II
Certification on the instrument of transfer

1. iShares FTSE/Xinhua A50 China Tracker

<p>This is to certify that the Exchange Traded Funds with no Hong Kong Stock in its underlying portfolio of securities herein were held on behalf of _____ (Name) _____ for custody purpose on _____ (Date) _____.</p>	
<p>_____ Signature and chop of Exchange Participant</p>	<p>_____ Broker Number / Firm I.D.</p>

2. ABF Hong Kong Bond Index Fund

<p>This is to certify that the Fixed-Income ETFs herein were held on behalf of _____ (Name) _____ for custody purpose on _____ (Date) _____.</p>	
<p>_____ Signature and chop of Exchange Participant</p>	<p>_____ Broker Number / Firm I.D.</p>

Specimen of Form I.R.S.D.20



此項印花稅係由.....評計
Duty Assessed by


稅務局 印花稅署
購買印花或加蓋稅印申請表
INLAND REVENUE DEPARTMENT – STAMP OFFICE
REQUISITION FOR REVENUE STAMPS

姓名

Name *XXXX Co. Ltd.*

電話號碼

Tel. No. *XXXX XXXX*

種類 Description	數目 No.	稅額 Rate	總額 Total
< <i>Name of the securities</i> > <i>Contract Notes</i> <i>Instruments of Transfer</i> 	<i>XX</i> <i>XX</i>	<i>Remission</i>	<i>NIL</i>

I.R.S.D.表格第 20 號
I.R.S.D.20

機印所示金額收訖

REVEIVED the sum here stated in printed figures

(備註：如以支票付款，須在支票首次提交予付款銀行獲得兌現後，此收據才屬有效。)
(N.B. In the case of payment made by cheque, this receipt is valid only when the cheque is honoured on the first presentation to the drawee bank.)

姓名：

Name *XXXX Co. Ltd.*

文件種類：

Description of Document *Contract Notes / Instruments of Transfer*