STAMPING PROCEDURES AND EXPLANATORY NOTES

Partial Remission of Ad Valorem Stamp Duty on Contract Notes for the Sale or Purchase of Designated Exchange Traded Funds by Market Makers

Introduction

Pursuant to the Remission or Refund by Class Order (“Remission Order”) given by the Secretary for the Treasury on 28 September 2001, stamp duty payable under head 2(1) in the First Schedule to the Stamp Duty Ordinance (Cap. 117) (“the Ordinance’) on the following type of contract notes on or after that date is partially remitted to $5:

Contract notes for the sale or purchase of any Designated Exchange Traded Fund (“DETF”) by an ETF Market Maker in the course of acting as a market maker, pursuant to the permit to make a market for the DETF granted to him by the Exchange Company under its Rules.

The following paragraphs set out the procedures of stamping the relevant documents.

Stamping of Contract Notes of DETFs by ETF Market Makers

2. Contract notes under this Remission Order should bear a self-explanatory note for identification purpose as follows which can be imprinted by any reprographic method -

This contract note relates to the sale or purchase of a Designated Exchange Traded Fund by an ETF Market Maker in the course of acting as a market maker pursuant to the permit granted to him by the Exchange Company.

3. These contract notes should be forwarded to the Stamp Office on 3/F, Revenue Tower, 5 Gloucester Road, Hong Kong for stamping not later than 2 days after the sale or purchase is effected.

4. The ETF Market Makers are requested to forward their contract notes for DETFs to Counter Number 18 of the Stamp Office for stamping on a daily basis (or if DETFs contract notes of more than one trade day are submitted together, the contract notes for different trade days should be separately bundled) before 5:00 p.m. from Monday to Friday. The contract notes should be submitted under cover of the following:
(a) a completed “Requisition For Revenue Stamps” [Form No. IRSD20, blank form is available from the Stamp Office] as per Annex A attached;

(b) a summary statement showing the aggregate information on the contract notes submitted for stamping as per Annex B; and

(c) a cheque drawn in favour of “the Government of the Hong Kong Special Administrative Region” for the total amount of contract note duties (and for the penalties for late stamping where applicable) for the pile of DETFs contract notes attached.

The stamped contract notes will be ready for collection on the second working day after the day of presentation.

Specimen of the Remission Stamp

5. The remission stamp used for the purpose of this Remission Order will bear the wordings as per the following specimen –

```
| The Stamp Duty chargeable on this instrument relating to Designated Exchange Traded Funds has been partially remitted to $5 under Section 52 of the Stamp Duty Ordinance (Cap.117). |
| signed |
| (date) |
| Asst. Collector |
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Claim for refund of wrong payment of remitted stamp duty

6. Any claim for refund of stamp duty within the scope of this Remission Order 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

7. 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.

Enquiries

8. Any enquiry concerning the procedures laid down in this document can be directed to the Stamp Office at telephone numbers 2594 3178 or 2594 3165.

STAMP OFFICE
February 2015

U3/SOG/PN05A(02/2015)
**INLAND REVENUE DEPARTMENT – STAMP OFFICE**

**REQUISITION FOR REVENUE STAMPS**

<table>
<thead>
<tr>
<th>Description</th>
<th>No.</th>
<th>Rate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>由莊家在 _____日期_____簽立的有關指定交易所買賣基金交易的文書 XXX 份 XXX Instruments for DETF transactions by Market Maker executed on __<em><strong>(date)</strong></em></td>
<td>XXX</td>
<td>$5</td>
<td>$XXXX</td>
</tr>
</tbody>
</table>

应缴印花税 Duty Payable

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: "交易所買賣基金莊家姓名及經紀 / 公司編號"
Name: "Name of ETF Market Maker and Broker / Firm No."

文件種類: "XXX 份文書中包括 XXX 份指
Description of Document: "XXX instruments for XXX DETF Contract Notes (transactions)"
Summary Statement of Contract Notes for the Sale or Purchase of Designated Exchange Traded Funds by Market Maker presented for stamping

交易所參與者名稱 Exchange Participant Name: ____________________________________________

經紀 / 公司編號 Broker / Firm No.: ____________________________________________

交易日期 Transaction Date: ____________________________________________

<table>
<thead>
<tr>
<th>文件類別 Nature of Document</th>
<th>數量 Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>加蓋印花文書 Instruments to be stamped</td>
<td></td>
</tr>
<tr>
<td>所涉及的成交單據(交易) Number of contract notes (transactions) involved</td>
<td></td>
</tr>
<tr>
<td>所有交易的價值 / 代價總額 Aggregate value / consideration of all transactions HK$</td>
<td></td>
</tr>
</tbody>
</table>

交易所參與者公司印章
Company Chop of Exchange Participant: ____________________________________________

簽署 Signature: ____________________________________________

日期 Date: ____________________________________________