

LEGISLATIVE COUNCIL BRIEF

Securities and Futures Ordinance (Cap. 571)

**SECURITIES AND FUTURES (LEVY)
(AMENDMENT) ORDER 2008**

**SECURITIES AND FUTURES (INVESTOR COMPENSATION –
LEVY)(AMENDMENT) RULES 2008**

INTRODUCTION

At the meeting of the Executive Council on 6 May 2008, the Council ADVISED and the Chief Executive ORDERED that the Securities and Futures (Levy)(Amendment) Order 2008 (“the Amendment Order”) and the Securities and Futures (Investor Compensation – Levy)(Amendment) Rules 2008 (“the Amendment Rules”) at Annex A be made to -

- (a) replace the current approach of granting levy exemptions to market makers of Pilot Programme Securities and Exchange Traded Funds (ETFs) with a new approach of granting levy exemptions to exchange participants holding valid Securities Market Maker permits issued by the Stock Exchange of Hong Kong (SEHK) to streamline the existing regime for granting levy exemptions for market makers; and
- (b) reduce the Securities and Futures Commission transaction levy (“SFC levy”) and the Investor Compensation Fund levy (“ICF levy”) payable in respect of the trading of Mini-Hang Seng China Enterprises Index Futures Contracts (“Mini H-shares Index Futures Contracts”), from HK\$0.8 and HK\$0.5 per transaction to HK\$0.16 and HK\$0.1 per transaction respectively to promote investors’ participation.

JUSTIFICATIONS

(a) Levy Exemption for Market Makers

2. When Pilot Programme Securities were launched in 2000, a number of exchange participants were allowed to act as designated market makers to provide two-way prices on the Automatic Order Matching and Execution System order book. Considering that market makers perform an important market function and service by providing liquidity to the market, and that market makers have to take on additional financial and market risks in the process of providing such services, the Chief Executive in Council made legislative amendments in May 2000 to provide levy exemptions to market makers of Pilot Programme Securities when conducting market making transactions. Similarly, when the Hong Kong Exchanges and Clearing Ltd (“HKEx”) launched its designated ETF market in 2001, by the same rationale of encouraging exchange participants to perform market making function, further legislative amendments were made to provide levy exemptions to ETF market makers.

3. Notwithstanding the legislative amendments made in 2001 for ETF market makers, there are currently market makers of some ETFs not eligible for levy exemptions. This is because those ETFs possess certain features (e.g. in-cash creation and redemption) that cause them to fall outside the present definition of ETF under the relevant legislation, which are currently drafted in “product-specific” terms. It would hence be necessary to make legislative amendments to revise the definition of ETF from time to time in order to grant levy exemption to market makers of ETFs with new features. Moreover, since the current wording of the relevant legislation is that only market makers of Pilot Programme Securities and ETFs are eligible for levy exemptions, legislative amendments would need to be made each time upon the launch of new types of products with market making facilities (other than Pilot Programme Securities and ETFs) in order to provide levy exemptions to the relevant market makers. This may result in delay in the launch of these new products.

4. At present, all market makers of Pilot Programme Securities and ETFs are issued with Securities Market Maker permits by SEHK. To streamline the existing regime of granting levy exemption to market makers, it is recommended that this current approach be replaced by a new approach of granting levy exemptions to exchange participants holding valid Securities Market Maker permits issued by the SEHK.

(b) Reduction of Levy Payable for the Trading of Mini H-Shares Index Futures

5. When the Mini-Hang Seng Index Futures Contract (“Mini-HSI Futures Contract”) was launched in October 2000, legislative amendments were made to reduce the levy payable for the sale and purchase of a Mini-HSI Futures Contract to one-fifth of a standard HSI Futures Contract, having considered that the value of a Mini-HSI Futures Contract was one-fifth of that of a standard futures contract. Similar to the Mini-HSI Futures Contract, a Mini H-shares Index Futures Contract was recently launched in March 2008. While the value and margin requirement of a Mini H-shares Index Futures Contract is also one-fifth of that of a standard futures contract, the levy payable for the trading of this mini futures contract is the same as that for the trading of a standard futures contract under the current legislation.

6. To bring the existing levy arrangement for Mini H-shares Futures Contracts in line with that for Mini-HSI Futures Contracts and to promote investors’ participation, it is recommended that the SFC levy and ICF levy payable for the trading of Mini H-shares Index Futures Contracts be reduced from HK\$0.8 and HK\$0.5 per transaction to HK\$0.16 and HK\$0.1 per transaction respectively.

THE AMENDMENT ORDER AND AMENDMENT RULES

7. The main provisions in the Amendment Order and Amendment Rules are set out as follows -

- (a) **Section 2** of the Amendment Order and Amendment Rules define Mini H-shares Index Futures Contract and Securities Market Maker permits; and repeal the existing definitions of Pilot Programme Securities and ETF.
- (b) **Sections 4 and 5** of the Amendment Order and Amendment Rules repeal the existing provisions that exempt market makers of Pilot Programme Securities and ETFs from SFC levy and ICF levy.
- (c) **Section 6** of the Amendment Order and Amendment Rules provide for the new mechanism for granting SFC levy and ICF levy exemptions to holders of valid Securities Market Maker permits.

- (d) **Section 7** of the Amendment Order and Amendment Rules provide that the SFC levy and ICF levy payable for the sale and purchase of a Mini H-shares Index Futures Contract be set at one-fifth of that of a standard futures contract.

The existing provisions being amended are at **Annex B**.

LEGISLATIVE TIMETABLE

8. The legislative timetable is as follows –

Publication in the Gazette	16 May 2008
Tabling at the Legislative Council	21 May 2008
Commencement	12 July 2008

IMPLICATIONS OF THE PROPOSAL

9. The proposal will encourage exchange participants to provide market making services for Pilot Programme Securities and ETFs and reduce transaction costs for the trading of Mini H-shares Index Futures Contracts, which may enhance liquidity and promote trading of these products on our stock and futures exchanges. This is conducive to enhancing the competitiveness of the Hong Kong securities and futures markets.

10. The proposed amendments under the Amendment Order and Amendment Rules are in conformity with the Basic Law, including the provisions concerning human rights. They do not affect the current binding effect of the existing provisions of the Securities and Futures Ordinance (SFO) and its subsidiary legislation, and have no civil service, environmental or sustainability implications.

11. The proposal has no financial implication for the Government as SFC levy and ICF levy are collected by SFC, which is a self-financed independent statutory body. The proposal may affect marginally the revenue of the SFC but this may be compensated by the possible increase in trading volume of the relevant products following the implementation of the proposal.

PUBLIC CONSULTATION

12. As the amendments are technical in nature and have minimal impact on the investing public by and large, we do not consider public consultation necessary. Nonetheless, the SFC has consulted Pilot Programme Securities and ETF market makers on the proposed streamlining of levy exemption arrangements for holders of Securities Market Maker permits and the proposal was generally welcomed.

PUBLICITY

13. A press release will be issued upon the commencement of the Amendment Order and Amendment Rules. A spokesman will also be available to handle media enquiries.

BACKGROUND

SFC Levy and ICF Levy

14. Pursuant to sections 394 and 244 of SFO, persons who engage in the purchase or sale of securities or futures contracts on HKEx are liable to pay two types of levies, which include a transaction levy payable to the SFC (i.e. SFC levy); and a levy for the purpose of funding the Investor Compensation Fund (i.e. ICF levy). The rates of these levies are specified by the Chief Executive in Council in the Securities and Futures (Levy) Order and the Securities and Futures (Investor Compensation – Levy) Rules.

Market Makers

15. Under the SEHK trading rules, market makers are required to provide trading liquidity by entering two-sided market making orders (i.e. bid and ask) of a specified size within a specified time of the occurrence of a wide spread (e.g. a situation where the existing bid and ask in the queue is wider than specified parameters, where there is only a one-sided quotation or where there are no existing quotations). Market making facilities are necessary for Pilot Programme Securities due to its relatively low turnover. Such facilities are also necessary for the trading of ETFs as these products are normally set up without an initial public offering, and trading at the initial period may be slow. Nearly all overseas ETF markets, such as NASDAQ, have put in place a market making system. As of end April 2008, there were nine Pilot Programme Securities and

17 ETFs listed on SEHK, and a total of nine exchange participants were providing market making services to promote the liquidity of these products. These market makers are all issued with Securities Market Maker permits by SEHK.

Mini H-Shares Index Futures Contract

16. The Mini H-shares Index Futures Contract was launched by HKEx on 31 March 2008 to provide investors with a more affordable trading and hedging alternative to the standard H-shares Index Futures Contract, which has appreciated considerably in value since it was launched in December 2003.

ENQUIRIES

17. Enquiries on this brief should be directed to Ms Alice Cheung, Principal Assistant Secretary for Financial Services and the Treasury (Financial Services) (telephone number: 25289161).

Financial Services and the Treasury Bureau

14 May 2008

**SECURITIES AND FUTURES (LEVY)(AMENDMENT)
ORDER 2008**

(Made by the Chief Executive in Council under section 394 of the Securities and Futures Ordinance (Cap. 571))

1. Commencement

This Order shall come into operation on 12 July 2008.

2. Interpretation

(1) Section 2 of the Securities and Futures (Levy) Order (Cap. 571 sub. leg. Z) is amended by repealing the definitions of “exchange traded fund”, “exchange traded funds market maker”, “pilot programme”, “pilot programme market maker” and “pilot programme securities”.

(2) Section 2 is amended by adding –

““Mini-Hang Seng China Enterprises Index Futures Contract” (小型恒生中國企業指數期貨合約) means a futures contract entitled “Mini-Hang Seng China Enterprises Index Futures Contract” for which the contract specifications are set out in the rules of the Futures Exchange Company;

“securities market maker permit” (證券莊家執照) means a permit which is issued to an exchange participant by the Stock Exchange Company in accordance with the rules of the Stock Exchange Company to carry out market making activities in respect of certain securities;”.

3. Securities

Section 4 is amended by repealing “sections 5, 6 and 7” and substituting “sections 5 and 7A”.

4. Pilot programme securities

Section 6 is repealed.

5. Exchange traded funds

Section 7 is repealed.

6. Section added

The following is added immediately before Part 3 –

“7A. Sale and purchase of securities by securities market maker permit holders

For the purposes of section 394(1)(a) of the Ordinance, the levy payable for a sale or purchase of securities by an exchange participant is nil, if the exchange participant –

- (a) holds a securities market maker permit in respect of the securities that is in force at the time of the sale or purchase; and
- (b) makes the sale or purchase in the course of making a market for the securities.”.

7. Mini-Hang Seng Index Futures Contracts and Mini-Hang Seng Index Options Contracts

(1) The heading of section 10 is amended by repealing “**and Mini-Hang Seng Index Options Contracts**” and substituting “**, Mini-Hang Seng Index Options Contracts and Mini-Hang Seng China Enterprises Index Futures Contracts**”.

(2) Section 10 is amended by repealing “or a Mini-Hang Seng Index Options Contract” and substituting “, a Mini-Hang Seng Index Options Contract or a Mini-Hang Seng China Enterprises Index Futures Contract”.

Clerk to the Executive Council

COUNCIL CHAMBER

2008

Explanatory Note

This Order amends the Securities and Futures (Levy) Order (Cap. 571 sub. leg. Z) (“the Order”) to –

- (a) exempt securities market maker permit holders from paying a levy to the Securities and Futures Commission under the Order in respect of the sale or purchase of securities in the course of making a market; and
 - (b) reduce the levy payable to the Securities and Futures Commission under the Order in respect of a sale and purchase of a Mini-Hang Seng China Enterprises Index Futures Contract, from \$0.80 to \$0.16.
2. The exemption previously granted to pilot programme market makers and exchange traded funds market makers is now replaced by the exemption mentioned in paragraph 1(a).

SECURITIES AND FUTURES (INVESTOR COMPENSATION - LEVY)(AMENDMENT) RULES 2008

(Made by the Chief Executive in Council under section 244(1) of the Securities and Futures Ordinance (Cap. 571))

1. Commencement

These Rules shall come into operation on 12 July 2008.

2. Interpretation

(1) Section 2 of the Securities and Futures (Investor Compensation - Levy) Rules (Cap. 571 sub. leg. AB) is amended by repealing the definitions of “exchange traded fund”, “exchange traded funds market maker”, “pilot programme”, “pilot programme market maker” and “pilot programme securities”.

(2) Section 2 is amended, in the Chinese text, in the definition of “轉付”, by repealing the full stop and substituting a semicolon.

(3) Section 2 is amended by adding –

““Mini-Hang Seng China Enterprises Index Futures Contract” (小型恒生中國企業指數期貨合約) means a futures contract entitled “Mini-Hang Seng China Enterprises Index Futures Contract” for which the contract specifications are set out in the rules of the Futures Exchange Company;

“securities market maker permit” (證券莊家執照) means a permit which is issued to an exchange participant by the Stock Exchange Company in accordance with the rules of the Stock Exchange Company to carry out market making activities in respect of certain securities;”.

3. Securities

Section 4 is amended by repealing “sections 5, 6 and 7” and substituting “sections 5 and 7A”.

4. Pilot programme securities

Section 6 is repealed.

5. Exchange traded funds

Section 7 is repealed.

6. Section added

The following is added immediately before Part 3 –

“7A. No levy on sale and purchase of securities by securities market maker permit holders

For the purposes of the compensation fund, no levy shall be payable to the Commission for the sale or purchase of securities by an exchange participant, if the exchange participant –

- (a) holds a securities market maker permit in respect of the securities that is in force at the time of the sale or purchase; and
- (b) makes the sale or purchase in the course of making a market for the securities.”.

7. Mini-Hang Seng Index Futures Contracts and Mini-Hang Seng Index Options Contracts

(1) The heading of section 10 is amended by repealing “**and Mini-Hang Seng Index Options Contracts**” and substituting “**, Mini-Hang Seng Index Options Contracts and Mini-Hang Seng China Enterprises Index Futures Contracts**”.

(2) Section 10 is amended by repealing “or a Mini-Hang Seng Index Options Contract” and substituting “, a Mini-Hang Seng Index Options Contract or a Mini-Hang Seng China Enterprises Index Futures Contract”.

Clerk to the Executive Council

COUNCIL CHAMBER

2008

Explanatory Note

These Rules amend the Securities and Futures (Investor Compensation - Levy) Rules (Cap. 571 sub. leg. AB) to –

- (a) exempt securities market maker permit holders from paying a levy for the purposes of the Investor Compensation Fund in respect of the sale or purchase of securities in the course of making a market; and
 - (b) reduce the levy payable for the purposes of the Investor Compensation Fund in respect of a sale and purchase of a Mini-Hang Seng China Enterprises Index Futures Contract, from \$0.50 to \$0.10.
2. The exemption previously granted to pilot programme market makers and exchange traded funds market makers is now replaced by the exemption mentioned in paragraph 1(a).

Chapter:	571Z	SECURITIES AND FUTURES (LEVY) ORDER	Gazette Number	Version Date
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Section:	2	Interpretation	L.N. 221 of 2002; L.N. 12 of 2003	01/04/2003
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- In this Order, unless the context otherwise requires-
- "currency futures contract" (貨幣期貨合約) means a futures contract in respect of any currency;
- "exchange traded fund" (交易所買賣基金) means a collective investment scheme that-
- (a) holds portfolios of securities;
 - (b) is designed generally to correspond to the price and yield performance of the underlying portfolios of securities with in kind creation and redemption facilities; and
 - (c) is listed or traded on a recognized stock market operated by the Stock Exchange Company as a single security;
- "exchange traded funds market maker" (交易所買賣基金莊家) means any person who is registered as an exchange traded funds market maker by the Stock Exchange Company in accordance with the rules of the Stock Exchange Company;
- "Mini-Hang Seng Index Futures Contract" (小型恒生指數期貨合約) means a futures contract entitled "Mini-Hang Seng Index Futures Contract" for which the contract specifications are set out in the rules of the Futures Exchange Company;
- "Mini-Hang Seng Index Options Contract" (小型恒生指數期權合約) means a futures contract entitled "Mini-Hang Seng Index Options Contract" for which the contract specifications are set out in the rules of the Futures Exchange Company;
- "new futures contract" (新期貨合約) means a futures contract that-
- (a) has been approved by the Commission for the purposes of section 20(2)(a) of the Ordinance; and
 - (b) has not been traded on a recognized futures market operated by the Futures Exchange Company prior to the commencement of this Order;
- "pilot programme" (試驗計劃) has the meaning assigned to it by the rules of the Stock Exchange Company;
- "pilot programme market maker" (試驗計劃莊家) has the meaning assigned to it by the rules of the Stock Exchange Company;
- "pilot programme securities" (試驗計劃證券) means securities that are traded on a recognized stock market operated by the Stock Exchange Company under the pilot programme;
- "relevant period" (有關期間), in relation to a new futures contract, means the period of 6 months commencing on the first day of trading in the contract on a recognized futures market operated by the Futures Exchange Company;
- "stock futures contract" (股票期貨合約) means a futures contract entitled "Stock Futures Contract" for which the contract specifications are set out in the rules of the Futures Exchange Company.

Chapter:	571Z	SECURITIES AND FUTURES (LEVY) ORDER	Gazette Number	Version Date
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Section:	4	Securities	L.N. 142 of 2006	01/12/2006
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Subject to sections 5, 6 and 7, for the purposes of section 394(1)(a) of the Ordinance, the levy payable for a sale and purchase of securities-

- (a) is payable by the seller and purchaser; and
 - (b) is-
 - (i) in the case of the seller, 0.004% of the consideration for the sale; or
 - (ii) in the case of the purchaser, 0.004% of the consideration for the purchase.
- (L.N. 142 of 2006)

Chapter:	571Z	SECURITIES AND FUTURES (LEVY) ORDER	Gazette Number	Version Date
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Section:	6	Pilot programme securities	L.N. 142 of 2006	01/12/2006
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For the purposes of section 394(1)(a) of the Ordinance, the levy payable for a sale and purchase of pilot programme securities-

- (a) is payable by the seller and purchaser; and
 - (b) is-
 - (i) in the case of the seller-
 - (A) subject to sub subparagraph (B), 0.004% of the consideration for the sale;
 - (B) where the seller is a pilot programme market maker, 0% of the consideration for the sale; or
 - (ii) in the case of the purchaser-
 - (A) subject to sub subparagraph (B), 0.004% of the consideration for the purchase;
 - (B) where the purchaser is a pilot programme market maker, 0% of the consideration for the purchase.
- (L.N. 142 of 2006)

Chapter:	571Z	SECURITIES AND FUTURES (LEVY) ORDER	Gazette Number	Version Date
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Section:	7	Exchange traded funds	L.N. 142 of 2006	01/12/2006
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For the purposes of section 394(1)(a) of the Ordinance, the levy payable for a sale and purchase of an exchange traded fund-

- (a) is payable by the seller and purchaser; and
- (b) is-
 - (i) in the case of the seller-
 - (A) subject to sub subparagraph (B), 0.004% of the consideration for the sale;

- (B) where the seller is an exchange traded funds market maker, 0% of the consideration for the sale; or
- (ii) in the case of the purchaser-
 - (A) subject to sub subparagraph (B), 0.004% of the consideration for the purchase;
 - (B) where the purchaser is an exchange traded funds market maker, 0% of the consideration for the purchase. (L.N. 142 of 2006)

Chapter:	571Z	SECURITIES AND FUTURES (LEVY) ORDER	Gazette Number	Version Date
Section:	10	Mini-Hang Seng Index Futures Contracts and Mini-Hang Seng Index Options Contracts	L.N. 142 of 2006	01/12/2006

For the purposes of section 394(1)(b) of the Ordinance, the levy payable for a sale and purchase of a Mini-Hang Seng Index Futures Contract or a Mini-Hang Seng Index Options Contract-

- (a) is payable by the seller and purchaser; and
- (b) is-
 - (i) in the case of the seller, \$0.16; or
 - (ii) in the case of the purchaser, \$0.16. (L.N. 142 of 2006)

Chapter:	571AB	SECURITIES AND FUTURES (INVESTOR COMPENSATION- LEVY) RULES	Gazette Number	Version Date
Section:	2	Interpretation	L.N. 191 of 2005	28/10/2005

In these Rules, unless the context otherwise requires-
 "Exchange Company" (交易所)-

- (a) in relation to a levy payable under Part 2, means the Stock Exchange Company;
- (b) in relation to a levy payable under Part 3, means the Futures Exchange Company;

"exchange traded fund" (交易所買賣基金) means a collective investment scheme that-

- (a) holds portfolios of securities;
- (b) is designed generally to correspond to the price and yield performance of the underlying portfolios of securities with in kind creation and redemption facilities; and
- (c) is listed or traded on a recognized stock market operated by the Stock Exchange Company as a single security;

"exchange traded funds market maker" (交易所買賣基金莊家) means any person who is registered as an exchange traded funds market maker by the Stock Exchange Company in accordance with the rules of the Stock Exchange Company;

"exemption notice" (豁免付款公告) means a notice published under section 25(1); (L.N. 108 of 2005)

"levy" (徵費) means a levy payable under Part 2 or Part 3;

"Mini-Hang Seng Index Futures Contract" (小型恒生指數期貨合約) means a futures contract entitled "Mini-Hang Seng Index Futures Contract" for which the contract specifications are set out in the rules of the Futures Exchange Company;

"Mini-Hang Seng Index Options Contract" (小型恒生指數期權合約) means a futures contract entitled "Mini-Hang Seng Index Options Contract" for which the contract specifications are set out in the rules of the Futures Exchange Company;

"net asset value" (淨資產值), in relation to the compensation fund, means the balance after deducting the total liabilities of the compensation fund from its total assets and, for the purposes of this definition, net asset value may be a negative figure; (L.N. 108 of 2005)

"pilot programme" (試驗計劃) has the meaning assigned to it by the rules of the Stock Exchange Company;

"pilot programme market maker" (試驗計劃莊家) has the meaning assigned to it by the rules of the Stock Exchange Company;

"pilot programme securities" (試驗計劃證券) means securities that are traded on a recognized stock market operated by the Stock Exchange Company under the pilot programme;

"remittance" (轉付) means a payment, by way of remittance, by the Exchange Company to the Commission under section 13;

"stock futures contract" (股票期貨合約) means a futures contract entitled "Stock Futures Contract" for which the contract specifications are set out in the rules of the Futures Exchange Company; (L.N. 108 of 2005)

"termination of exemption notice" (終止豁免公告) means a notice published under section 26(1). (L.N. 108 of 2005)

Chapter:	571AB	SECURITIES AND FUTURES (INVESTOR COMPENSATION- LEVY) RULES	Gazette Number	Version Date
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Section:	4	Securities	L.N. 223 of 2002; L.N. 12 of 2003	01/04/2003
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Subject to sections 5, 6 and 7, for the purposes of the compensation fund, a levy for a sale and purchase of securities shall be payable to the Commission-

- (a) by the seller at the rate of 0.002% of the consideration for the sale; and
- (b) by the purchaser at the rate of 0.002% of the consideration for the purchase.

Chapter:	571AB	SECURITIES AND FUTURES (INVESTOR COMPENSATION- LEVY) RULES	Gazette Number	Version Date
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Section:	6	Pilot programme securities	L.N. 223 of 2002; L.N. 12 of 2003	01/04/2003
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For the purposes of the compensation fund, the levy payable to the Commission for a sale and purchase of pilot programme securities is-

- (a) in the case of the seller-
 - (i) subject to subparagraph (ii), at the rate of 0.002% of the consideration for the sale;
 - (ii) where the seller is a pilot programme market maker, at the rate of 0% of the consideration for the sale; or
- (b) in the case of the purchaser-
 - (i) subject to subparagraph (ii), at the rate of 0.002% of the consideration for the purchase;
 - (ii) where the purchaser is a pilot programme market maker, at the rate of 0% of the consideration for the purchase.

Chapter:	571AB	SECURITIES AND FUTURES (INVESTOR COMPENSATION- LEVY) RULES	Gazette Number	Version Date
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Section:	7	Exchange traded funds	L.N. 223 of 2002; L.N. 12 of 2003	01/04/2003
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For the purposes of the compensation fund, the levy payable to the Commission for a sale and purchase of an exchange traded fund is-

- (a) in the case of the seller-
 - (i) subject to subparagraph (ii), at the rate of 0.002% of the consideration for the sale;
 - (ii) where the seller is an exchange traded funds market maker, at the rate of 0% of the consideration for the sale; or
- (b) in the case of the purchaser-
 - (i) subject to subparagraph (ii), at the rate of 0.002% of the consideration for the purchase;

- (ii) where the purchaser is an exchange traded funds market maker, at the rate of 0% of the consideration for the purchase.

Chapter:	571AB	SECURITIES AND FUTURES (INVESTOR COMPENSATION- LEVY) RULES	Gazette Number	Version Date
Section:	10	Mini-Hang Seng Index Futures Contracts and Mini-Hang Seng Index Options Contracts	L.N. 223 of 2002; L.N. 12 of 2003	01/04/2003

For the purposes of the compensation fund, the levy payable to the Commission for a sale and purchase of a Mini-Hang Seng Index Futures Contract or a Mini-Hang Seng Index Options Contract is-

- (a) in the case of the seller, in the amount of \$0.10; or
- (b) in the case of the purchaser, in the amount of \$0.10.