

Stamp Duty Ordinance amended to lower transaction cost for primary market ETF activities

The Government published the Stamp Duty Ordinance (Amendment of Schedule 8) Regulation 2020 (Regulation) in the Gazette today (May 15).

The Regulation seeks to amend Schedule 8 to the Stamp Duty Ordinance (Cap. 117) to waive the stamp duty on stock transfers involving the activities of exchange traded fund (ETF) market makers in the course of allotting and redeeming ETF units listed in Hong Kong.

The Secretary for Financial Services and the Treasury, Mr Christopher Hui, said, "The rapid growth of ETF market has brought new opportunities to the development of our securities market. By reducing the transaction cost of ETFs listed in Hong Kong, the new initiative will spur the development of our ETF market and drive the depth and liquidity of our securities market, thereby reinforcing Hong Kong's position as an international financial centre."

"I am pleased to see the Hong Kong Exchanges and Clearing Limited's similar efforts in introducing further measures to lower the transaction cost of ETFs traded in Hong Kong. I am confident that with our concerted efforts, we will be able to attract more ETFs to list on our market and develop Hong Kong as an ETF hub of choice in the region."

In his 2020-21 Budget, the Financial Secretary announced the new initiative of waiving the stamp duty on stock transfers for primary market ETF activities. The stamp duty for trading ETF in the secondary market in Hong Kong has been waived since 2015.

Following the gazettal today, the Regulation will be tabled before the Legislative Council for negative vetting on May 20 and will come into effect on August 1, 2020.