The HK Association of Online Brokers
香 港 網 上 經 紀 協 會

January 15th 2021

Mr. Paul Chan Mo-po
Financial Secretary of Hong Kong

Dear Mr. Chan,

The Hong Kong stamp duty of 0.2% (0.1% on both buyer and seller) on listed securities came into effect on September 1, 2001. It has remained unchanged for the past twenty years. During this period of twenty years, the Hong Kong market average daily turnover has increased from HK$8.1billion in year 2001 to over HK$129 billion in year 2020. This represents an increase of 1,600% (16 times). Despite such an increase in turnover volume, the Hong Kong Government has not undertaken to review the reasonableness of the stamp duty in comparison to the rest of the world. Stamp duty collected based on increases in stock market turnover has become a key revenue source for the Hong Kong Government.

In comparison, other major financial markets have taken an approach to reduce stamp duty to stimulate and encourage higher market turnover. As a result, Hong Kong has now become one of the major financial centers with the highest rate of stamp duty. This high rate of stamp duty in Hong Kong has been a constant discussion point for the international investor community.

We strongly believe there is a need to review the reasonableness of the existing rate of stamp duty. We shouldn't just purely look at this from a simple perspective of increasing the rate to achieve an increase in revenue income for the Hong Kong Government. It should be from a totality view point of achieving global market competitiveness for the Hong Kong financial market. This should be achieved by reducing stamp duty rate to stimulate market turnover, thus achieving a higher revenue income for both market participants and the Hong Kong Government, and most importantly : generate benefit to the investor community as a whole.

Sincerely yours,

Oliver Ng
Chairman