



中華人民共和國香港特別行政區
Hong Kong Special Administrative Region of the People's Republic of China



立法會 LEGISLATIVE COUNCIL

胡經昌議員 Hon. Henry K. C. Wu

Ref. : LC-01/079

October 26, 2001

Dear Sir/Madam,

The economy of Hong Kong has been significantly affected by the world economic recession and it is expected that it would last for at least six to nine months. Likewise, the turnover of the securities market would be significantly affected. If the long established minimum brokerage commission rate is to be abolished beginning next April, it can be expected that competition will get fierce.

In order to minimize cut-throat competition and having discussed with the various industry groups (including the Hong Kong Stockbrokers Association, the Institute of Securities Dealers, and the Hong Kong Securities Professionals Association) and representatives of a group of practitioners, it is our consensus that the Authorities should adopt a "two-tier brokerage commission system" (the "two-tier system"). The "two-tier system" is one where a brokerage rate would be fixed at a specific invoice amount (the "LINE") and brokerage for invoice amount above such LINE would be on a negotiable basis.

In order to better understand the current situation of the industry and to arrive at a reasonable specific invoice amount ("LINE") for the "two-tier system", it is sincerely hope that you can complete the enclosed questionnaire so that the same could be reflected to the Authorities. As the matter is of utmost important, it is hoped that the completed questionnaire could be returned via fax to my office on or before 5:00 pm on November 1, 2001 (fax number 3110-8809). Should you require further elaboration, please do not hesitate to contact me or Ms Chung at 3110-8808.

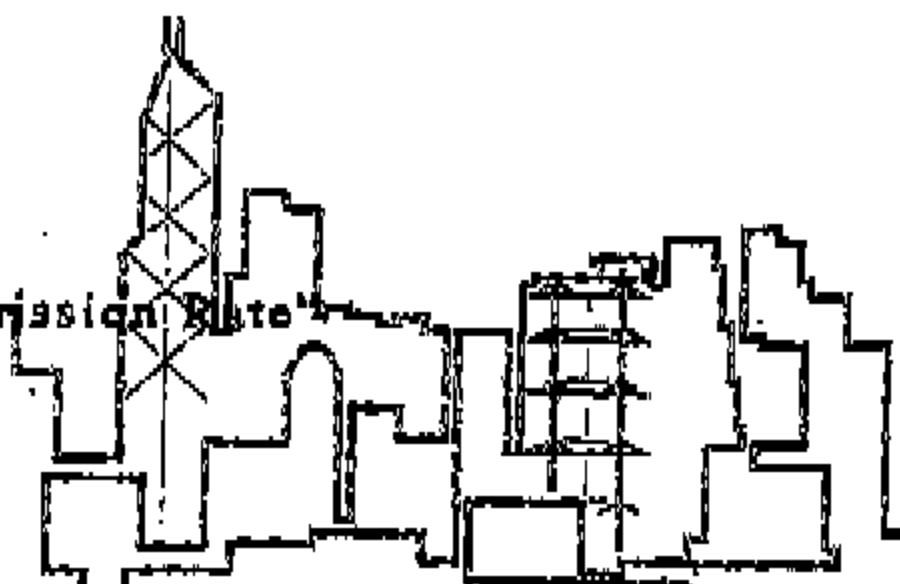
Thank you very much for your kind attention and co-operation.

Yours sincerely,

Henry K.C. Wu

Encl.: Questionnaire on "Abolition of Minimum Brokerage Commission Rate"

繁榮中求增長 ● 穩定時尋理想



Questionnaire on
"Abolition of Minimum Brokerage Commission Rate"
in April 2002

Please complete the questions below by placing a ✓ in the appropriate box after each question. (A suggested calculation for the Actual Average Value per Invoice [AAVI] can be found in the Note below)

1. The "Actual Average Value per Invoice" of your Company in June this year was (M=Million \$):

<0.25M to 0.5M to 0.75M to 1M to 1.25M to 1.5M to 1.75M to 2M >2M									

2. The "Actual Average Value per Invoice" of your Company in September this year was (M=Million \$):

<0.25M to 0.5M to 0.75M to 1M to 1.25M to 1.5M to 1.75M to 2M >2M									

3. Based on the actual data on the above questions and the operations of your Company, what do you suggest the "Value per Invoice" should be adopted as the LINE for the "two-tier brokerage commission system":

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
0.25M	0.5M	0.75M	1M	1.25M	1.50M	1.75M	2M	others (Please specify)

Note:

Que(1) - (2) :

Actual Average Value per Invoice = (A/B)

(A) = Total value of transaction in securities dealing of the month
 (Can be found in the [FRR] Form 5 submitted to SFC)

(B) = Total number of invoices (buy and sell) of the month (Can be found in the "Return of transaction levy and trading fee" submitted to SEHK)

Please complete the following at your discretion for future liaison:

Broker No:		Tel No:		Contact person:	
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(End of the questionnaire. All information provided will be treated with strict confidence and be used for such purposes only.)

Thank you very much for your cooperation. Please return the questionnaire on or before 5:00PM 1 November 2001 by fax to the Legislative Councillor Office of Hon. Henry K. C. Wu, (Fax No: 3110 8609).

<LC-01/079>