

## Questionnaire for Intermediaries Providing Margin Lending

- For completion by intermediaries intending to provide margin financing services to clients.

Name of Corporation	CE No. _____
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In respect of our securities margin financing services, the following policy, procedures and systems are in place *(please check against the appropriate boxes and provide additional information if any of the reply below is “no”)*:

### Section 1: Margin Policy

- 1.1 Written margin policy including any management override authority?  
 Yes.  No. Remark \_\_\_\_\_
- 1.2 Margin policy is set by a committee (if the answer is no, please indicate the person who set the policy)?  
 Yes.  No. Remark \_\_\_\_\_
- 1.3 Margin policy communicated to staff and clients?  
 Yes.  No. Remark \_\_\_\_\_
- 1.4 Listed out the circumstances and procedures for margin calls including intra-day call?  
 Yes.  No. Remark \_\_\_\_\_
- 1.5 Treatment of undercollateralised margin loan?  
 Yes.  No. Remark \_\_\_\_\_
- 1.6 Prominent display of the margin ratio assigned to individual securities?  
 Yes.  No. Remark \_\_\_\_\_
- 1.7 Prominent display of the prevailing interest rate charged?  
 Yes.  No. Remark \_\_\_\_\_

### Section 2: Margin Account Agreement

- 2.1 Exhibit that it is a margin account?  
 Yes.  No. Remark \_\_\_\_\_
- 2.2 Contained provisions in accordance with paragraph 6.2(g) of the Code of Conduct for Persons Licensed by or Registered With the SFC (“the Code of Conduct”)?  
 Yes.  No. Remark \_\_\_\_\_
- 2.3 Included risk disclosure statements?  
 Yes.  No. Remark \_\_\_\_\_
- 2.4 Included a section for client to acknowledge that he has read and understood the terms and risks?  
 Yes.  No. Remark \_\_\_\_\_
- 2.5 Written authority obtained from clients pursuant to and in compliance with section 4 of the Securities and Futures (Client Securities) Rules, including a validity period not exceeding 12 months?  
 Yes.  No. Remark \_\_\_\_\_

### Section 3: Procedural Manual

- 3.1 Procedures in identifying and grouping related clients?  
 Yes.  No. Remark \_\_\_\_\_
- 3.2 System to monitor expiry of each written authority and ensure prompt renewal?  
 Yes.  No. Remark \_\_\_\_\_
- 3.3 Management review process?  
 Yes.  No. Remark \_\_\_\_\_
- 3.4 Internal audit functions?  
 Yes.  No. Remark \_\_\_\_\_
- 3.5 Written complaint handling procedures?  
 Yes.  No. Remark \_\_\_\_\_
- 3.6 Record of staff declaring that the terms and purpose of each signed document and risks involved have been fully explained to clients?  
 Yes.  No. Remark \_\_\_\_\_
- 3.7 Procedures to communicate the relevant rules and regulations, including the Code of Conduct, to all staff?  
 Yes.  No. Remark \_\_\_\_\_

### Section 4: Accounting System

- 4.1 Timely production of contract notes and statements of account?  
 Yes.  No. Remark \_\_\_\_\_
- 4.2 Capable of ensuring all requirements under the Financial Resources Rules are met?  
 Yes.  No. Remark \_\_\_\_\_
- 4.3 Capable of ensuring adequate margin level is maintained?  
 Yes.  No. Remark \_\_\_\_\_
- 4.4 Installed with early warning signals?  
 Yes.  No. Remark \_\_\_\_\_
- 4.5 Capable of flagging irregularities?  
 Yes.  No. Remark \_\_\_\_\_
- 4.6 Included detailed records of securities/collateral held on behalf of clients?  
 Yes.  No. Remark \_\_\_\_\_
- 4.7 Segregation of transactions and assets booked under cash accounts from that booked under margin accounts?  
 Yes.  No. Remark \_\_\_\_\_
- 4.8 Management reporting for monitoring margin lending business?  
 Yes.  No. Remark \_\_\_\_\_
- 4.9 Keeping records of margin calls and management override of margin policy?  
 Yes.  No. Remark \_\_\_\_\_

### Section 5: Risk Management System

- 5.1 Procedures in assessing clients' credit worthiness?  
 Yes.  No. Remark \_\_\_\_\_
- 5.2 Procedures to limit excess exposure to individual clients or related clients?  
 Yes.  No. Remark \_\_\_\_\_
- 5.3 Procedures to limit excess exposure to individual securities or related securities?  
 Yes.  No. Remark \_\_\_\_\_
- 5.4 Procedures to ensure prudent bank borrowing secured by repledging of margin client securities collateral?  
 Yes.  No. Remark \_\_\_\_\_
- 5.5 Other procedures to guard against all kinds of risks, including credit, market, liquidity, operational and legal risks?  
 Yes.  No. Remark \_\_\_\_\_

### Section 6: Declaration

We confirm that the information provided in this questionnaire is complete, true and correct, and that we will comply with Schedule 5 to the Code of Conduct.

\_\_\_\_\_  
Name of director/responsible  
Officer/executive officer/chief executive

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Contact person and telephone no.: \_\_\_\_\_