



SECURITIES AND FUTURES COMMISSION
證券及期貨事務監察委員會

Invitation to tender

Provision of payroll system

15 May 2017



Invitation to tender

Provision of payroll system

We are pleased to invite your company to submit a proposal in respect of the captioned system and services. A copy of the Invitation to Tender is attached and is available for download from the "Invitations to Tender" section of the SFC website (<http://www.sfc.hk>).

If your company is interested in providing the services described in the Invitation to Tender, please send your proposal to the SFC at the address as shown in the Invitation to Tender by **2:00pm, 2 June 2017**. Late proposals will not be considered.

For and on behalf of the
Securities and Futures Commission

C K Mok
Senior Manager
Information Technology, Corporate Affairs



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1. Background

- 1.1 The Securities and Futures Commission (“SFC”) is an independent non-governmental statutory body outside the civil service, responsible for regulating the securities and futures markets in Hong Kong.

2. Invitation to tender and interpretation

- 2.1 The SFC invites qualified vendors to submit proposals for providing a payroll system along with related implementation and Workday Human Capital Management (“HCM”) & Financial Management (“FM”) integration services to replace the current SAP Payroll system (the “Project”). The requirement specification and the scope of the Project are included in the section “Requirement Specifications” of this tender.
- 2.2 In this document, the following terms shall have the following meanings :
 - 2.2.1 “Contract” means a formal agreement to be entered into between the SFC and those successful Tenderer(s) in relation to the Project containing such terms and conditions as the parties shall agree including (but not limited to) those terms set out in this invitation to tender (unless the same shall have been modified by the SFC);
 - 2.2.2 “Project” means the project described in section “Requirement Specifications” hereof; and
 - 2.2.3 “Tenderer” means the person or persons or corporation tendering for the Project and includes the executors and administrators and permitted assigns of such person or persons or corporation.

3. Project scope

- 3.1 The main scope of the project includes the following:
 - 3.1.1 To supply a payroll software and user licences (“New Payroll System”);
 - 3.1.2 To provide project management, consultancy and implementation services;
 - 3.1.3 To perform data migration, customisation, and integration services; and
 - 3.1.4 To provide system administration and end-user training.

4. Requirement specifications

- 4.1 Note that the specifications outlined in this section is a high level description that provides Tenderers with a preliminary understanding of the basic requirements and does not represent the full functional requirements.
- 4.2 Project management requirement
 - 4.2.1 The Tenderer shall provide a full time project manager (“PM”) as the single point of contact between the Tenderer’s project team (“Project Team”) and SFC in all matters related to the Project.



- 4.2.2 The Tenderer shall provide consultants (“Consultants”) specialising in Workday integration and SAP Payroll data transformation and migration with the New Payroll System. The Consultants should possess knowledge and practical experience with Workday’s Cloud Connect for Third Party Payroll.
 - 4.2.3 The Project Team is expected to work closely with the SFC’s project team, Workday implementation team, SAP consultants and consultants providing change management services;
 - 4.2.4 SFC intends to implement the New Payroll System and fully integrated with Workday HCM and FM modules and fully operable no later than the end of December 2017.
 - 4.2.5 The PM and/or Consultants are expected to advise SFC the best and achievable approach to execute the project, include reviewing of the operations and the current status, and giving advice with pros and cons on implementation approach best suited for the SFC.
 - 4.2.6 The Tenderer shall state clearly in the proposal the composition of the team structure for this Project, including, but not limited to, the number of PMs, Consultants, system analysts and programmers (if any). If there are any sub-contractors involved, their roles and responsibilities must be clearly stated and shall be fully managed by the Tenderer.
 - 4.2.7 The Project Team is required to conduct user requirements gathering meetings and document the business and functional requirements specification.
 - 4.2.8 The Project Team is required to provide project status updates at regular progress meetings and reports.
 - 4.2.9 The User Acceptance Testing (“UAT”) should be performed by SFC with the assistance of the Project Team to develop test scripts, provide support on UAT issues and carry out bug fixing. The test scenarios should include a range of different functions and features to demonstrate the readiness for commissioning.
 - 4.2.10 The Project Team is required to provide training materials and conduct administrators and end-user trainings.
- 4.3 Technical requirements
- 4.3.1 The Tenderer shall specify in details and/or provide supporting materials for the following areas in relation to the respective offering:
 - i. Compliance of standards and guidelines;
 - ii. Performance and reliability;
 - iii. Flexibility and scalability;
 - iv. System infrastructure and specification;



- v. Data security and recoverability;
- vi. Technical design (including network and system diagrams);
- vii. System integration and interface; and
- viii. Backup and disaster recovery solution.

4.3.2 The Tenderer shall implement a single-sign-on authentication approach that can be integrated with Microsoft Active Directory.

4.4 General requirements

4.4.1 The following is a list of general requirements of the New Payroll System:

- i. Perpetual user licences for 10 staff. Additional licence can be acquired upon demands in the future;
- ii. Support the payroll of at least 3 companies for a minimum of 900 employees in total, and specify maximum capacity of the proposed New Payroll System;
- iii. Preferable a web-based, on-premise hosting solution. Cloud-based solutions will be considered;
- iv. Able to support all the statutory requirements and policies set forth in the HKSAR laws, including:
 - (a) Employment Ordinance, Cap.57 (“EO”);
 - (b) Employment (Amendment) Ordinance 2007 (“E(A)O 2007”);
 - (c) Minimum Wage Ordinance, Cap.608; and
 - (d) Employees’ Compensation Ordinance, Cap.282.
- v. Able to support the requirements by the Mandatory Provident Funds (“MPF”) Scheme and the Occupational Retirement Schemes Ordinance (“ORSO”).

4.5 Functional requirements

4.5.1 Payroll processing

- i. Able to handle monthly salary, daily, hourly wage, overtime, bonus, double pay, salary adjustment, allowances and deductions (regular or ad-hoc);
- ii. Benefit setting on fixed pay (i.e. salary + rental reimbursement allowance), overtime (“OT”) hourly rate (formula / fixed rate; 1.5 / 2 times), typhoon allowance, MPF/ORSO Scheme, gratuity, OT meal allowance etc.;
- iii. Unlimited setting on pay items, addition and deduction;



- iv. Calculate holiday pay, annual leave pay, sickness allowance, maternity leave pay and paternity leave pay using 12-month average wages automatically;
- v. Allow upload of irregular pay data (such as annual performance pay) from Microsoft Excel ("Excel") file;
- vi. Allow upload of after pay review exercise data, e.g. new fixed pay;
- vii. Auto-calculate the pay increase amount and percentage after inputting the new fixed pay and store such data in the system;
- viii. Able to perform back-date / pro-rata calculation on all pay items including no pay leave and benefits suspension (where appropriate) according to EAO and internal policy;
- ix. Support payroll by both autopay, cheque and cash payment;
- x. Support multiple pay run and pay day;
- xi. Payroll trial run to generate report for verification. Trial Run can be ran by group / individual / entity;
- xii. Unique trial run number is provided for checking of the payroll status e.g. approve/reject/pending (optional);
- xiii. Payroll result can be locked after approval;
- xiv. Generate bank auto-pay output file to bank, i.e. HSBC;
- xv. Generate payslip in batch, in group or individually;
- xvi. Multiple payslips in a month if necessary (e.g. more than one payment in a month);
- xvii. Allow input information / remarks on individual payslip;
- xviii. Payslip can be accessed via Workday's Employee Self Service ("ESS") portal;
- xix. Payroll posting to Workday FM;
- xx. Comprehensive process management for payroll process.

4.5.2 Autopay run and reports

- i. Generate auto-payment diskette according to bank's required file format;
- ii. Bank listing report to generate bank account information of the staff with new payment;
- iii. Payroll detail report to show all pay items for all employees within the month;



- iv. Reconciliation report to check the payment variable between two consecutive months;
- v. Reconciliation report on statutory minimum wage;
- vi. Department report to generate monthly payroll report grouped by department;
- vii. Year to date report to generate yearly payroll report;
- viii. Payroll history report;
- ix. All reports can be exported to Excel.

4.5.3 Overtime pay and meal allowance

- i. OT hours data can be interfaced with Workday ESS and extracted for calculation;
- ii. Automatic calculation of OT payment and meal allowance according to OT hours claimed and hourly rate with reference to the SFC's internal policy;
- iii. Exception / failure report to highlight abnormal case.

4.5.4 ORSO and MPF schemes

- i. Support employee contribution deduction in payroll;
- ii. Support different contribution report formats to facilitate on-line upload via different trustees' platforms;
- iii. Generate different scheme / contribution reports according to employers and auditor's requirements in Excel format or other required file formats;
- iv. User-defined contribution setting – different percentages for ORSO scheme / voluntary contributions by employer and employees;
- v. Support multiple plans with different employer / employee contribution percentage / amount within the same ORSO scheme;
- vi. Support mass upload of employer / employee ORSO contribution percentage / amount change;
- vii. Able to mirror one of the employee ORSO contribution options as prevailing employee's monthly maximum mandatory contribution pursuant to the MPF Schemes Ordinance from time to time;
- viii. Automatically define the progress contribution percentage according to years of service for ORSO;



- ix. User-defined contribution setting for MPF scheme – different percentages for mandatory / voluntary contributions by employer and employees;
- x. User-defined maximum MPF contribution amount (both mandatory & voluntary);
- xi. User-defined maximum and minimum income amount for MPF contribution (both mandatory & voluntary);
- xii. Automatically calculate the date for first MPF contribution;
- xiii. Generate MPF remittance statement.

4.5.5 Inland Revenue Department (“IRD”) tax reporting

- i. Generate IR56 forms including IR56B (Employer’s Return), IR56E (New Employee), IR56F (Terminated Employee) and IR56G (Employee Leaving Hong Kong) according to IRD’s formats;
- ii. Electronic IR56B report delivery according to IRD’s requirement;
- iii. Rental reimbursement amount breakdown in IR56 forms (no limit on the number of rental records);
- iv. The figures on the IR56 forms can be modified;
- v. Facilitate uploading (no timeframe limit) of other taxable income (items not paid via payroll) and include in the IR56 forms;
- vi. Payroll history report to facilitate tax reporting verification.

4.5.6 Total rewards statement

- i. The total rewards statement (“TRS”) is a compensation summary of a staff. It shows both financial and non-financial rewards received by a staff over the previous financial year in descriptive form and graphical form (e.g. pie-chart). The TRS is in PDF format and made available for staff to view and download via ESS;
- ii. Provide an upload tool for uploading a large batch of TRS onto the New Payroll System, with functions to associate/create link between each staff member with the relevant TRS, also edit, overwrite, and delete the linkage. The TRS is compiled and generated offline;
- iii. Optionally, customise a report equivalent to the TRS with a user function to generate the TRS in PDF format by using the data residing in the New Payroll System;
- iv. A sample of the TRS will be provided at request and upon returning a signed copy of Appendix C.



4.5.7 Other payroll related reports

- i. Provide a report to show personal information and payroll history with itemised breakdown;
- ii. Provide a report and/or query function to show the split of a salary package into salary and rental reimbursement;
- iii. Provide a report and/or query function to show the salary package and ORSO/MPF Employer Contribution Rate & Amount at certain point of time to facilitate individual staff cost calculation;
- iv. Provide a data query function to facilitate data extraction.

4.5.8 Personnel records and leave management

- i. The SFC intends to utilise Workday HCM modules for maintaining personnel records (including residential address, phone numbers, marital status, bank account number, etc.) and leave application workflow and records, and allow employees to maintain their personnel particulars and manage their leave entitlement via Workday ESS;
- ii. The SFC expects to maintain and store personnel details and leave records in Workday, and the New Payroll System to use this information for calculating and running the payroll.

4.5.9 Access control and audit trail

- i. Access rights can be set down to function level;
- ii. HR administrators are able to grant and deny users' access to the New Payroll System and set user privileges, such as, execute, check, edit pay run results, and modify/delete data;
- iii. Keep audit logs for all actions including add, change, delete, and information extraction;
- iv. Able to export audit log reports in Excel format when required.

4.6 Implementation requirements

4.6.1 The Project Team is expected to advise the SFC the best and foolproof approach to ensure that pay runs are accurate and error free.

4.6.2 The SFC plans to run the New Payroll System in parallel alongside the existing payroll system for an agreed transition period (e.g. tentatively for seven months). The Project Team is expected to provide ways/solutions to export and import data files from Workday and SAP to the New Payroll System without duplicate data entry.

4.6.3 The implementation timeframe for the New Payroll System is subject to change to the schedule of the Workday implementation project, however,



to minimise any impact or delay to the New Payroll System implementation schedule, a mitigation plan shall be developed amongst the Project Team, and the SFC's project team.

4.7 Data migration requirements

- 4.7.1 The main data sets to be migrated and transformed to the New Payroll System are from SAP HCM and SAP Payroll.
- 4.7.2 The Project Team is expected to perform all the necessary data migration tasks and provide assistance to the SFC and other SFC's hired specialists in the data migration and transformation tasks.
- 4.7.3 The amount and/or the number of years of electronic data to be migrated to the New Payroll System will be discussed and determined by the SFC's project team.

4.8 Integration requirements

- 4.8.1 The proposed New Payroll System can be tightly integrated with Workday and data exchange between the two systems must be accurate and secured.
- 4.8.2 The Project Team is expected to design and provide a solution for integrating the New Payroll System with the SFC's Microsoft Active Directory infrastructure for user authentication, and to achieve single-sign-on.
- 4.8.3 The Project Team is expected to integrate e-mail reminder and alert messages with Microsoft Exchange.
- 4.8.4 The Project Team is expected to assist and liaise with the appointed Workday system implementation partner to implement the integration between relevant Workday modules and the New Payroll System to perform pay run, including but limited to the following:
 - i. Employee personnel and leave data from Workday to the New Payroll System;
 - ii. Payslips, employee tax returns report, and TRS from the New Payroll System to Workday ESS;
 - iii. Payroll summary from the New Payroll System to Workday FM modules;
 - iv. Any other relevant data to perform the payroll.
- 4.8.5 The Project Team is also expected to assist and liaise with the appointed SAP consultants to build an interim interface solution between SAP and the New Payroll system, and between SAP and Workday for data loads and for systems parallel run arrangement.
- 4.8.6 Exception / failure report to highlight abnormal case.



4.9 Environment specifications

- 4.9.1 If there is any software plug-in, hardware device, pre-installed client, API etc. as part of the proposed solution, your proposal must clearly specify the necessary platform software requirements, hardware requirements, installation procedures, integration requirements, program's programming languages, platforms supported.
- 4.9.2 In addition, any limitations and compatibility issues in relation to the software, hardware or other matters referred to in the last paragraph should be clearly stated in your proposal.

4.10 Compatible with SFC existing architectures

- 4.10.1 The SFC is not intending to modify the existing architectures substantially. Compatibility of the proposed solution with the existing architectures is critical. The solution that has minimum impact on our architecture will be the most desirable. The architectures will be released upon request.

4.11 Tenderer to inform himself fully

- 4.11.1 The Tenderer must examine the technical platform and configuration of the SFC's existing infrastructures and made such other enquiries of the SFC as are reasonably necessary to verify, so far as possible, that the proposals in the tender that it submits are feasible.

4.12 Warranty and maintenance

- 4.12.1 The Tenderer should provide a warranty service for a period of at least 3 months after project completion. The service should include:
 - i. Unlimited 8 by 5 telephone and e-mail support services for problem solving.
 - ii. On-site services for critical problems within 2 hours after the SFC places a service call.
- 4.12.2 For the avoidance of doubt, this warranty extends to cover any changes or modifications that may be made to the Deliverables at any time during such period and the validity and effectiveness of the warranty hereunder shall not in any way be affected or diminished by such changes or modifications.

4.13 Insurance

- 4.13.1 Without prejudice to the Tenderer's liability to indemnify SFC under this tender, the Tenderer shall at its own expense from the date of this Project in effect and maintain for the benefit of, and in the joint names of, Tenderer and SFC the following:
 - i. Public Liability Insurance - in respect of personal injury, death, loss and damage to property, up to an indemnity limit of HK\$10,000,000



per occurrence, arising out of or being caused by the carrying out of this Project by the Tenderer, its employees or agents.

4.14 Investment declaration by individuals

4.14.1 The Tenderer, members of the Project Team and any other person employed or otherwise engaged in the Project for an accumulated period exceeding 6 months and with production access to the SFC systems or data, must:

- i. make a declaration of his/her investments declaring all holdings known to be held by the secondee or related person/entity in Hong Kong securities & futures contracts, leveraged foreign exchange trading, and investment arrangements upon commencement of work at SFC; and
- ii. report to SFC any changes to the declared holdings throughout their engagement with SFC.

4.15 Quality assurance procedures

4.15.1 Tenderers should provide in the technical proposal a clear description of their quality assurance procedures before submitting any project deliverables to SFC. The description should include the role and responsibility of the quality assurance manager in the team, scope and depth of work to be done, and the deliverables that evidence the work done.

4.16 Financial reports

4.16.1 Before signing of the contract, the Tenderer must provide proof of their financial positions for vetting by SFC.

4.17 Timetable and deliverables

4.17.1 The Project start date is subject to mutual agreement between the Tenderer and SFC. Upon awarding the contract to the successful Tenderer, the Tenderer's project team shall provide a project plan with detail timelines outlining all key milestone of deliverables, and a personnel resource plan proposing the required expertise from SFC to assist in the Project, for SFC's consideration.

4.17.2 Below is a list of the key deliverables requiring the SFC signoff by the milestones dates as set out in the proposed project schedule in the proposal:

- i. Functional requirements specification including prototyping
- ii. Technical design specifications
- iii. Project plan
- iv. Data migration and transformation plan



- v. System integration test plan & test results
- vi. Rollout and implementation plan
- vii. Operations and Maintenance manual
- viii. Weekly or bi-weekly progress report
- ix. Training materials
- x. Source code with documentation, if any
- xi. Support log during Warranty Period

4.17.3 All deliverables are properties of the SFC, and they must meet the standards as defined in the SFC's established ISO 9001 procedures for System Development Life Cycle. In particular, all System Integration Test problems/issues must be documented and tracked with a SFC prescribed database to facilitate project progress monitoring.



5. Guidelines for Tenderers

These guidelines are intended to provide Tenderers with guidance on the procedure for submitting their proposals and the approach that SFC will generally adopt in assessing such proposals. They do not bind, and are not intended to bind, the SFC in any way. The SFC reserves the right to accept or reject all or any part of a proposal.

In view of the large-scale and complexity of the requirements, a proposal that does not fulfill all mandatory requirements might also be considered if the proposed solution is competitive and highly compatible with common technologies.

5.1 Preparation and submission of proposals

5.1.1 What must proposals cover?

- i. In your proposal, the charges for each feature within each phase must be separately quoted and the total cost of each of the phases described above or your proposed phases (if different).
- ii. Tenderers may propose alternatives to the SFC's conditions and requirements if they consider that such conditions and requirements are either not feasible or do not provide the SFC with the best solution in the circumstances.

5.1.2 What form must proposals take?

- i. All proposals in writing must be submitted in both physical and electronic form.
- ii. One hardcopy of each proposal must be provided, together with a softcopy on CD-ROM (email or other media are not accepted). The softcopy should be in Adobe Acrobat® format (version 4 or above), i.e. PDF.
- iii. The SFC will not consider any proposal that is submitted in writing without an accompanying softcopy.

5.1.3 To whom must proposals be submitted?

- i. Written proposals should be marked with the reference "**Provision of Payroll System**" and must be submitted in a sealed envelope and deposited to a TENDER BOX at the following address:

Securities and Futures Commission
30th Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong



5.1.4 What is the deadline for the submission of proposals?

- i. Proposals must be received by the SFC at the above-mentioned address **on or before 2:00pm, 2 June 2017**.
- ii. The SFC will not consider any late proposals.

5.1.5 How must proposals be set out?

- i. Each proposal must be separated into the following parts:
 - (a) a Technical Part describing the proposals;
 - (b) a Price Schedule; and
 - (c) a Letter :
 - (i) offering to carry out the works described in the Technical Part for the prices detailed in the Price Schedule in compliance with the section "Payment and Other terms" of this Invitation to Tender;
 - (ii) stating the period that the offer is to remain open;
 - (iii) undertaking to negotiate in good faith to finalize promptly the Contract and to commence work immediately thereafter;
 - (iv) containing an acknowledgement and agreement that the SFC :
 - is not bound to accept the lowest tender or any tender;
 - reserves the right to make changes to the project requirement; and
 - will not defray any expenses incurred in tendering and/or in negotiating the Contract, whether successful or otherwise
 - (v) signed by the Tenderer (in the case of an individual) or a duly authorised officer of the Tenderer (in the case of a company).
- ii. For the proposal hardcopy as well as its softcopy, the Technical Part the Price Schedule and the letter must be submitted as separate documents and be placed in separate envelopes. The envelope containing the Technical Part must be clearly marked "Technical Proposal". The envelope containing the Price Schedule must be clearly marked "Price Schedule" The envelope containing the Letter must be clearly marked "Offer Letter". Price information must not be specified in the Technical Part.



- iii. Details in relation to what should be specified in each part are set out in Appendix A (Technical Part) and B (Price Schedule) to this document.

5.1.6 How long should Tenderers' offers remain open?

- i. By making a proposal in response to this Invitation to Tender, a Tenderer will be treated as having made an offer to the SFC. A Tenderer should clearly state in its proposal how long this offer will remain open.
- ii. In order to allow the SFC sufficient time to consider all proposals validly submitted, Tenderers should keep their offers open for at least 90 days from the closing date of this Invitation to Tender. If this cannot be done, the reason must be stated in the proposal.

5.2 Queries regarding this invitation to tender or proposals made in response

5.2.1 What if the SFC has any queries about a particular proposal?

- i. If the SFC considers that any aspect of a proposal requires clarification from the Tenderer, the SFC may request that the Tenderer
 - (a) supplement its proposal; or
 - (b) answer the SFC's queries verbally or in writing, or
 - (c) in any manner that the SFC deems fit.

5.2.2. What if a Tenderer has any queries?

- i. Other general enquiries should be made to:

Mr. Kok Hoong HEW
Senior Manager
Human Resources, Corporate Affairs
Telephone : 2231 1461
Email : khhew@sfc.hk

Or

Mr. Chi Kee MOK
Senior Manager
Information Technology, Corporate Affairs
Telephone : 2231 1193
Email : ckmok@sfc.hk

Note: Please sign and return the Confidentiality Acknowledgement (Appendix C) before making any enquiry.

6. Evaluation of proposals

6.1 How does the SFC evaluate valid proposals that it receives?



6.1.1 There are two parts to the SFC's evaluation process: evaluation of the Technical Part and evaluation of the Price Schedule (in that order). The Price Schedule will only be considered after the SFC has evaluated the Technical Part. The SFC will not make any selection based solely on price.

6.2 Evaluation of the technical part

6.2.1 The SFC will generally evaluate the technical aspects of each proposal according to the following criteria :

- (a) Completeness and adequacy of the proposal according to the requirements as stipulated in this Invitation to Tender
- (b) Company background and related experience
 - Previous experience which the Tenderer had in conducting similar development service
- (c) Project team (experience, qualifications and skills)
- (d) References

The above criteria are for reference only, which provide Tenderers an indicative guideline of their relative significance. SFC reserves the right to change the criteria and/or the relative percentage weighting of any item without further notifying the Tenderers.

6.3 Notification of results and rejection of proposals

6.3.1 The SFC will notify each Tenderer by post and/or e-mail within 14 days of finalising its shortlist as to whether or not they have been selected by the SFC to appear on such shortlist.

6.3.2 The SFC retains the right to reject any or all tenders(s) submitted.

6.4 Acceptance

6.4.1 No tender (or part thereof) shall be taken to have been accepted unless and until execution of the Contract.

7 Payment and other terms

7.1 Payment terms

7.1.1 The SFC has a performance-based payment policy, under which payments will be made on actual delivery of services or products.

7.1.2 Wherever possible, and if the SFC considers appropriate in the circumstances, the SFC will make payments to the successful Tenderer for each agreed phase of the project as follows:

- i. 10% of the total contract price for each phase upon the SFC and the successful Tenderer entering into a binding contract in relation to that phase;



- ii. 70% of the agreed value of services and/or products provided will be paid on the completion of the acceptance test for that phase of the project to the satisfaction of the SFC;
- iii. 20% of the total contract price will be retained by the SFC and be paid after completion of warranty service for that phase of the project to the satisfaction of the SFC.

7.2 Termination of service

7.2.1 The successful Tenderer shall use its best endeavours to perform the Contract with such due care and skill as is expected of a provider of similar services and products and of a comparable standing in the industry but if for whatever reason, the SFC in its opinion, concludes that the successful Tenderer is in breach of the Contract or does not provide the level of service required by the SFC, the SFC shall have the right to terminate the contract by notice in writing to the successful Tenderer.

7.3 Sub-contracting of services

7.3.1 If a Tenderer wishes to sub-contract any part (or all) of its obligations under its proposal, this must be clearly specified in the proposal. The tender must also clearly specify the person(s) to whom the Tenderer wishes to sub-contract, and the precise services or obligations intended by the Tenderer to be subject to such sub-contract. Sub-contracting of services will not normally be permitted. SFC reserves the right to either accept or reject the subcontracting of services.

7.4 Conflicts of interest

7.4.1 A Tenderer must have no or any potential conflicts of interest with its duties to the SFC under the proposal. If a Tenderer has, or has the potential, conflicts of interest with its duties to the SFC under the proposal, the Tenderer should clearly state this in the proposal. This requirement extends to the Tenderer's associates, associated persons, group companies and each member of the Tenderer's professional staff (and their associates and associated persons).

7.5 The incorporation of proposals into contract signed with the SFC

7.5.1 Any proposals and responses submitted by the successful Tenderer to the SFC's inquiries may form part of the Contract made between the SFC and such Tenderer.

7.5.2 Every representation by the successful Tenderer (whether of fact or performance, and whether set out in the proposal or otherwise) will be incorporated as warranties in any Contract between the SFC and such Tenderer. SFC preserves the right to seek for an indemnity should the awarded Tenderers fails to keep these warranties. Therefore, any statement of fact or performance that the Tenderer does not wish to be treated as a warranty should be clearly indicated.

7.6 Code of conduct for onsite consultants



7.6.1 All employees, sub-contractors and consultants of the successful Tenderer working at the SFC's office on a full-time basis will be bound by the SFC Staff Code of Conduct. They will also be subject to prior police vetting and be required to disclose all dealing in securities and futures to the SFC. Exemption maybe granted on a case by case basis.

7.7 SFC specified contract

7.7.1 The successful Tenderer is expected to enter into the SFC specified contract upon awarding of this project. Any waiver, cancellation, alteration or amendment of or to any of the provisions of the SFC specified contract must be agreed to by both parties and effect in writing by the Tenderer and the SFC. A sample of the contract template is available to Tenderer upon signing of the Confidentiality Acknowledgement (Appendix C).

8 Grievance procedures

- 8.1 SFC, as a public body, has a duty to conduct its affairs in a responsible and transparent manner. We have therefore put in place the Grievance Procedures with effect from 1 April 2004. The policy on Public Interest Grievances is intended to assist persons who are engaged by or to work in/with SFC who believes that they have discovered improper practices or misconduct relating to the running of SFC or work related activities of employees of SFC to report these in a constructive manner.
- 8.2 This policy is for any person who has an employment contract with SFC, is on secondment to SFC, is engaged as an independent consultant by SFC or is a contractor or supplier of services to SFC. Public Interest Grievances might include:
- 8.2.1 Criminal activity, such as accepting a bribe;
 - 8.2.2 Financial or administrative malpractice;
 - 8.2.3 Misconduct or improper behaviour;
 - 8.2.4 Failure to comply with legal obligations such as those set out in the Securities and Futures Ordinance;
 - 8.2.5 Endangering occupational health or safety;
 - 8.2.6 Attempts to suppress or conceal information relating to any of the above.
- 8.3 The Policy on Public Interest Grievances can be found on the SFC website under "Lodge a complaint -> Against the SFC -> Staff/contractor complaints against the SFC or its staff". Please contact the Commission Secretary of the SFC if you have any questions.



Appendix A – The technical part

The Tenderer is free to include any information that it considers to be relevant to its proposal. However, **as a minimum**, this part should contain all of the following:

Table of contents

1. Executive summary
 - 1.1 This section should provide a full summary of the proposed solution.
2. The proposed solutions and service plan
 - 2.1 This section should describe the proposals in detail and explain how the proposals meet the conditions and requirements set out in the section “Requirement Specifications”, and describe any limitations and compatibility issues associated with the proposals.
3. Exceptions to the SFC’s conditions and requirements
 - 3.1 If a Tenderer wishes to propose alternatives to the SFC’s conditions and requirements, these alternatives should be specified here. The Tenderer should explain:
 - 3.1.1 why the SFC’s conditions and requirements do not provide the SFC with the best solution in the circumstances; and
 - 3.1.2 the ways in which their alternatives are better.
4. Vendor profile
 - 4.1 The Tenderer should provide full details of its company profile. This should include the following matters:
 - 4.1.1 the company’s background and history;
 - 4.1.2 the company’s financial strength, supported by an audited report or financial summary;
 - 4.1.3 its experience in similar projects;
 - 4.1.4 references for similar projects (please provide the Scope, Team Size, Type of Services Provided etc.); and
 - 4.1.5 other relevant information.
5. Appendices
 - 5.1 Project team and structure
 - 5.1.1 Names, detailed qualifications and work experience to be assigned to implement the project and the team structure.
 - 5.2 Other relevant information
 - 5.2.1 The Tenderer can include any other information that it considers to be relevant to its proposal.



Appendix B – The price schedule

This part should contain all of the following:

1. Executive summary
 - 1.1 This part should provide a full summary of the project fees structure, and any payment arrangements.
2. Fees schedule
 - 2.1 All fees must be quoted in Hong Kong Dollars.
 - 2.2 All fees should be properly itemised and explained and include all amounts payable by way of royalty, licence fee, software licence fee or otherwise for patent any copyright design or other intellectual property rights. The fee on hardware, software and consultancy services must be separately stated.
3. Payment terms and arrangements
 - 3.1 Payment must correlate with major milestone/achievements or deliveries; in accordance with the SFC's performance-based payment policy (see "Payment And Other Terms" of this tender).



Appendix C – Confidentiality Acknowledgement

Acknowledgement and Undertaking

Acknowledgment in relation to the preservation of secrecy pursuant to section 378 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”) and avoidance of conflict of interests pursuant to section 379 of the SFO.

Terms in this acknowledgement shall have the same meaning as defined in the SFO, unless otherwise defined herein.

Section 378 of the SFO binds you and in particular subsection (1) of that section which provides as follows:

- (1) Subject to subsection 13(A), except in the performance of a function under, or for the purpose of carrying into effect or doing anything required or authorized under, any of the relevant provisions, a specified person -
 - (a) shall preserve and aid in preserving secrecy with regard to any matter coming to his knowledge by virtue of his appointment under any of the relevant provisions, or in the performance of any function under or in carrying into effect any of the relevant provisions, or in the course of assisting any other person in the performance of any function under or in carrying into effect any of the relevant provisions;
 - (b) shall not communicate any such matter to any other person; and
 - (c) shall not suffer or permit any other person to have access to any record or document which is in his possession by virtue of the appointment, or the performance of any such function under or the carrying into effect of any such provisions, or the assistance to the other person in the performance of any such function under or in carrying into effect any such provisions.

TAKE NOTICE THAT IF YOU CONTRAVENE SECTION 378(1) OF THE SFO YOU COMMIT AN OFFENCE UNDER SECTION 378(10) OF THE SFO. ANY PERSON WHO COMMITS AN OFFENCE UNDER SECTION 378(10) IS LIABLE:

- (a) on conviction on indictment to a fine of HK\$1,000,000 and to imprisonment for two years; or
- (b) on summary conviction to a fine of HK\$100,000 and to imprisonment for six months.

Section 379 of the SFO binds you and in particular subsections (1), (2) and (3) of that section which provide as follows:

- (1) Subject to subsection (2), any member of the Commission or any person performing any function under any of the relevant provisions shall not directly or indirectly effect or cause to be effected, on his own account or for the benefit of any other person, a transaction regarding any securities, structured product, futures contract, leveraged foreign exchange contract, or an interest in any securities, structured product, futures contract, leveraged foreign exchange contract or collective investment scheme -
 - (a) which transaction he knows is or is connected with a transaction or a person that is the subject of any investigation or proceedings by the Commission under any of the



relevant provisions or the subject of other proceedings under any provision of the SFO; or

- (b) which transaction he knows is otherwise being considered by the Commission.
- (2) Subsection (1) does not apply to any transaction which a holder of securities or a structured product effects or causes to be effected by reference to any of his rights as such holder -
- (a) to exchange the securities or structured product or to convert the securities or structured product to another form of securities or structured product;
 - (b) to participate in a scheme of arrangement sanctioned by the Court of First Instance under the Companies Ordinance (Cap. 622) or the relevant Ordinance;
 - (c) to subscribe for other securities or another structured product or dispose of a right to subscribe for other securities or another structured product;
 - (d) to charge or pledge the securities or structured product to secure the repayment of money;
 - (e) to realize the securities or structured product for the purpose of repaying money secured under paragraph (d); or
 - (f) to realize the securities or structured product in the course of performing a duty imposed by law.
- (3) Any member of the Commission or any person performing any function under any of the relevant provisions shall forthwith inform the Commission if, in the course of performing any function under any such provisions, he is required to consider any matter relating to –
- (a) any securities, futures contract, leveraged foreign exchange contract, structured product, or an interest in any securities, futures contract, leveraged foreign exchange contract, collective investment scheme or structured product -
 - (i) in which he has an interest;
 - (ii) in which a corporation, in the shares of which he has an interest, has an interest; or
 - (iii) which -
 - (A) in the case of securities, is of or issued by the same issuer, and of the same class, as those in which he has an interest;
 - (B) in the case of a futures contract, is interests, rights or property based upon securities of or issued by the same issuer, and of the same class, as those in which he has an interest; or
 - (C) in the case of a structured product, is interests, rights or property based on a structured product of or issued by the same issuer, and of the same class, as that in which he has an interest; or
 - (b) a person -
 - (i) by whom he is or was employed;
 - (ii) of whom he is or was a client;
 - (iii) who is or was his associate; or
 - (iv) whom he knows is or was a client of a person with whom he is or was employed or who is or was his associate.



TAKE NOTICE THAT IF YOU CONTRAVENE SECTION 379(1) AND/OR SECTION 379(3) OF THE SFO YOU COMMIT AN OFFENCE UNDER SECTION 379(4) OF THE SFO. ANY PERSON WHO COMMITS AN OFFENCE UNDER SECTION 379(4) IS LIABLE:

- (a) on conviction on indictment to a fine of HK\$1,000,000 and to imprisonment for two years; or
- (b) on summary conviction to a fine of HK\$100,000 and to imprisonment for six months.

The term “specified person” is defined in section 378(15) of the SFO and means-

- (a) the Commission;
- (b) any person who is or was a member, an employee, or a consultant, agent or adviser, of the Commission; or
- (c) any person who is or was -
 - (i) a person appointed under any of the relevant provisions;
 - (ii) a person performing any function under or carrying into effect any of the relevant provisions; or
 - (iii) a person assisting any other person in the performance of any function under or in carrying into effect any of the relevant provisions.

The term “person” has the meaning attributed to it in section 3 of the Interpretation and General Clauses Ordinance (Cap. 1) which provides that “person” includes any public body and any body of persons, corporate or unincorporate, and this definition shall apply notwithstanding that the word “person” occurs in a provision creating or relating to an offence or for the recovery of any fine or compensation.



I/We acknowledge that I/we have received and read carefully a copy of sections 378 and 379 of the Securities and Futures Ordinance (Cap. 571), and understand that these sections (in particular, sections 378(1) and 379(1), (2) and (3)) impose statutory obligations on me/us. I/We further confirm that I/we understand and agree to be bound by the provisions of sections 378 and 379 of the Securities and Futures Ordinance (Cap. 571).

Signature

Name / Entity name (as applicable)

Name of authorized signatory (in the case of an entity)

Title of authorized signatory (in the case of an entity)

Date

Witnessed by:

Signature

Name

Title

Date