



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

## Form

**(Made for the purposes of compliance with the requirements of section 156(1)(a) of the Securities and Futures Ordinance (Cap.571) as amplified in section 3(3) of the Securities and Futures (Accounts and Audit) Rules (Cap.571P))**

### **Business and Risk Management Questionnaire For Associated Entity**

Name of Associated Entity:

\_\_\_\_\_

("The Associated Entity")

Name of Intermediary:

\_\_\_\_\_

("The Intermediary")

Financial year ended:

\_\_\_\_\_

Completed by:

Name:

\_\_\_\_\_

Position:

\_\_\_\_\_

Phone No.:

\_\_\_\_\_

Approved by:

Name:

\_\_\_\_\_

Position:

\_\_\_\_\_

Phone No.:

\_\_\_\_\_



## Foreword

Associated Entities are required under the Securities and Futures (Accounts and Audit) Rules to complete a Business and Risk Management Questionnaire (“BRMQ”) and submit it within 4 months after the end of the financial year to the Securities and Futures Commission (“SFC”) together with their audited accounts. The BRMQ aims to obtain information about the business operation and risk management measures of the Associated Entity, including controls and procedures in ensuring compliance with the regulatory requirements applicable to the Associated Entity. The BRMQ may also be used as a self-assessment tool for the Associated Entity to understand its business operation and assess the relevant risk management measures and internal controls. The Associated Entity is expected to complete the questionnaire to the best of its knowledge in order to accurately reflect its own operations and controls.

The SFC recognises that Associated Entities may adopt different policies and procedures given significant differences that exist in the nature and scope of their business activities, organizational and legal structures as well as degree of management supervision. Therefore, the questions in the BRMQ are not intended to imply, nor should be construed as, a single set of generally acceptable internal control or risk management practices.

Space is provided in each section for the Associated Entity to supplement its answers with additional information. Please use additional sheets where required.

Unless defined or the context requires otherwise, terms bear the same meanings given to them in the Securities and Futures Ordinance. If you have any question in relation to this questionnaire, please contact your responsible case officer in the Intermediaries Supervision Department.

Completed BRMQ should be submitted to:

Intermediaries Supervision Department  
Securities and Futures Commission  
35/F, Cheung Kong Center  
2 Queen’s Road Central  
Hong Kong



## Securities and Futures Commission

### Business and Risk Management Questionnaire For Associated Entity

#### I. Business Overview

| Management and Supervision  | Yes                      | No                       | N/A                      |
|---|--------------------------|--------------------------|--------------------------|
| 1. Does the Associated Entity have policies and procedures for the safekeeping of client assets?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. How promptly does the management of the Associated Entity review the management information or reports relating to safekeeping of client assets? |                          |                          |                          |

Supplementary Information

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#### II. Risk Management

##### Operational Risk

##### Handling of Client Accounts

|  |                          |                          |                          |
|--|--------------------------|--------------------------|--------------------------|
| 3. Where the Associated Entity receives or holds client assets as nominee on behalf of clients of the intermediary, does it issue any statement of account to the clients? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Does the Associated Entity have any clients who are professional investors?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| If yes, please specify the number of clients who are professional investors as at the end of financial year.   |                          |                          |                          |
| 5. Does the Associated Entity have any clients who have given hold mail instructions to the Associated Entity?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| If yes,  |                          |                          |                          |
| (i) please specify the number of such clients as at the end of the financial year.   |                          |                          |                          |
| (ii) does the Associated Entity have procedures which are designed to  |                          |                          |                          |
| (a) obtain or renew written hold mail instructions from the client?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (b) verify the client's signature on the instructions against the signature records?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (c) require the client or person authorized by him to acknowledge the collection of the receipts and/or statements of account?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Supplementary Information

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**Asset Protection**

Bank and Cash

6. (i) How frequently does the Associated Entity perform bank reconciliations for
- (a) segregated account? \_\_\_\_\_
- (b) other bank account? \_\_\_\_\_
- (ii) How promptly are the discrepancies in the bank reconciliation followed up? \_\_\_\_\_

**(Questions 7 to 10 below are only applicable to an Associated Entity of a Licensed Corporation which receives or holds client money in Hong Kong)**

|  | Yes                      | No                       | N/A                      |
|--|--------------------------|--------------------------|--------------------------|
| 7. Does the Associated Entity have the following procedures which are designed to ensure that all payments involving client money are appropriately processed by                           |                          |                          |                          |
| (i) obtaining proper instruction from the client?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (ii) verifying the client's signature on the instruction against the signature records?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (iii) if the instruction is provided in the form of an electronic record, ensuring that the requirements provided in the Electronic Transactions Ordinance are satisfied?                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (iv) checking the availability of funds in the client account?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (v) obtaining management approval?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (vi) ensuring payment is made only to the client or any person to whom the client has instructed in writing the money to be paid?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Does the Associated Entity issue cash or third party cheques to clients?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| If yes, before issuing cash or third party cheques, does the Associated Entity require to obtain   |                          |                          |                          |
| (i) written client authorization?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (ii) management approval?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Does the Associated Entity have procedures which are designed to ensure that cheque / money deposited by a client is correctly credited to the respective client account as instructed? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Does the Associated Entity allow transfer of account balances among different clients?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| If yes, does the Associated Entity have procedures to check that such transfers are appropriately processed?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |



Supplementary Information

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**Securities (Questions 11 to 13 below are only applicable to an Associated Entity of an Intermediary which receives or holds client securities in Hong Kong)**

11. (i) How frequently does the Associated Entity perform stock reconciliation? \_\_\_\_\_
- (ii) How promptly are the discrepancies in the stock reconciliation followed up? \_\_\_\_\_
- |  | Yes                      | No                       | N/A                      |
|--|--------------------------|--------------------------|--------------------------|
| 12. Does the Associated Entity have procedures which are designed to require clients to provide proof of ownership if the clients deposit physical scrip with the Associated Entity? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. Does the Associated Entity allow transfer of securities among different clients?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| If yes, does the Associated Entity have procedures to check that such transfers are appropriately processed?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Supplementary Information

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**Compliance Risk**

14. Does the Associated Entity have a designated function overseeing and handling the following areas?
- |                            |                          |                          |                          |
|----------------------------|--------------------------|--------------------------|--------------------------|
| (i) client's complaints    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (ii) regulatory compliance | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (iii) money laundering     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
- If no, please state the alternative arrangement: \_\_\_\_\_
15. Does the Associated Entity have the following functions?
- |                    |                          |                          |                          |
|--------------------|--------------------------|--------------------------|--------------------------|
| (i) internal audit | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (ii) compliance    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
- If yes, please specify the reporting line of the internal audit and/or compliance function.
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|   | Yes                      | No                       | N/A                      |
|---|--------------------------|--------------------------|--------------------------|
| 16. Has the Associated Entity received any serious client complaints relating to the following areas in the last 12 months alleging |                          |                          |                          |
| (i) non-receipt of receipt(s) and/or statement(s) of account?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (ii) unauthorized transactions?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (iii) incorrect account balances and/or stock holding on statement(s) of account (except for disputes over price and fee charges)?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Supplementary Information

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