|  |  |
| --- | --- |
| **General Business Profile and Internal Control Summary**Specified under section 402 of the Securities and Futures Ordinance (“Ordinance”) (Cap 571) | **Questionnaire****A** |

|  |  |
| --- | --- |
| **Name of licensed corporation/****licensed corporation applicant** |       |
| English |
|       |
| Chinese |
| **CE number (if applicable)** |       |
| **Contact person regarding any queries on this questionnaire** |       |
| English/Chinese name |
|       |
| Business title/Firm name |
|       |
| Relationship with the applicant |
|       |       |
| Mobile number | E-mail address |

|  |
| --- |
| **Interpretations**1. “Code of Conduct” in this questionnaire refers to Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.
2. “AMLO” in this questionnaire refers to Anti-Money Laundering and Counter-Terrorist Financing Ordinance.
3. “You” in this questionnaire refers to the corporation providing information.
4. Unless otherwise specified or the context otherwise required, words and phrases in this questionnaire shall be interpreted by reference to any definition of such word or phrase in Part 1 of Schedule 1 to the Ordinance or Code of Conduct.

**Instructions**1. This questionnaire aims to obtain information about your business profile and internal controls, including policies and control procedures in ensuring compliance with the regulatory requirements. The questionnaire may also be used as a self-assessment tool for you to understand your business profile and assess the relevant risk management measures and internal controls. You are expected to complete the questionnaire to the best of your knowledge in order to accurately reflect your own operations and controls.
2. The Commission recognises that licensed corporations may adopt different policies and control procedures given that significant differences exist in the nature and scope of their business activities, their organisational and legal structures as well as their management and supervisory measures. Therefore, the questions in this questionnaire are not intended to imply, nor should be construed as, a single set of generally acceptable internal control or risk management practices.
3. Please fill in all parts of this questionnaire. Before submission to the Commission, please sign the declaration and ensure that the relevant supporting documents have been enclosed.
4. Incomplete application/notification will increase the time taken for the Commission to process your application/notification or may be returned. Please refer to [Licensing Handbook](https://www.sfc.hk/web/EN/rules-and-standards/codes-and-guidelines/guidelines/?rule=Licensing%20Handbook) on the Commission’s website (www.sfc.hk) for the return policy.
5. If there is not enough space, please use separate sheets of paper and clearly mark each separate sheet of paper with the relevant section number.
6. The information sought in the questionnaire is not meant to be exhaustive. The Commission may request further information, including but not limited to your written policies, procedural manuals and documentation supporting your answers to the questionnaire, during the course of handling your application/notification.
7. If there are any changes to the information provided in, or in support of this questionnaire, you should notify the Commission in writing immediately after the changes take place. Any changes in information may result in delay in processing.
 |

|  |
| --- |
| **Warning****All information and documents submitted to the Commission must be true, accurate and complete.** **Under section 383(1) of the Ordinance, a person commits an offence if ─** * **he, in support of any application made to the Commission under or pursuant to any provision of this Ordinance, whether for himself or for another person, makes a representation, whether in writing, orally or otherwise, that is false or misleading in a material particular; and**
* **he knows that, or is reckless as to whether, the representation is false or misleading in a material particular.**

**Under section 384(1) of the Ordinance, subject to section s384(2), a person commits an offence if ─*** **he, in purported compliance with a requirement to provide information imposed by or under any of the relevant provisions, provides to a specified recipient any information which is false or misleading in a material particular; and**
* **he knows that, or is reckless as to whether, the information is false or misleading in a material particular.**

**Under section 384(3) of the Ordinance, subject to section 384(4), a person commits an offence if ─** * **he, otherwise than in purported compliance with a requirement to provide information imposed by or under any of the relevant provisions but in connection with the performance by a specified recipient of a function under any of the relevant provisions, provides to the specified recipient any record or document which is false or misleading in a material particular; and**
* **he ─**
* **knows that, or is reckless as to whether, the record or document is false or misleading in a material particular; and**
* **has, in relation to the provision of the record or document, received prior written warning from the specified recipient to the effect that the provision of any record or document which is false or misleading in a material particular in the circumstances of the case would constitute an offence under this subsection.**

**A “specified recipient” includes the Commission.** |

**Index**

|  |  |
| --- | --- |
| **Part** | **Details** |
| I | Business Profile |
| II | Corporate Governance |
| III | Risk Management |
| IV | Operational Control and Review |
| V | Know Your Client ("KYC") and Client Onboarding |
| VI | Managing Conflicts of Interest |
| VII | Safeguarding of Client Assets |
| VIII | Compliance |
| IX | Anti-Money Laundering ("AML") and Counter-Terrorist Financing ("CTF") |
| X | Personnel and Training |
| XI | Declaration |

**Part I: Business Profile**

**Please specify the business activity you propose to carry out:**

|  |  |
| --- | --- |
| **Business Activity 1** |       |
| **Business Activity 2** |       |
| **Business Activity 3** |       |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Business Activity****1** | **Business Activity****2** | **Business Activity****3** |
| 1 | Please indicate the types of your clients. |  |  |  |
|  | a) | your group companies |[ ] [ ] [ ]
|  | b) | retail clients |  |  |  |
|  |  | i) | Hong Kong |[ ] [ ] [ ]
|  |  | ii) | overseas |[ ] [ ] [ ]
|  | c) | corporate professional investors |  |  |  |
|  |  | i) | Hong Kong |[ ] [ ] [ ]
|  |  | ii) | overseas |[ ] [ ] [ ]
|  | d) | institutional professional investors |  |  |  |
|  |  | i) | Hong Kong |[ ] [ ] [ ]
|  |  | ii) | overseas |[ ] [ ] [ ]
|  | e) | individual professional investors |  |  |  |
|  |  | i) | Hong Kong |[ ] [ ] [ ]
|  |  | ii) | overseas |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2 | Please indicate the geographical location of your overseas clients. |  |  |  |
|  | a) | Mainland China |[ ] [ ] [ ]
|  | b) | Asia (other than Mainland China) |[ ] [ ] [ ]
|  | c) | Europe |[ ] [ ] [ ]
|  | d) | United States |[ ] [ ] [ ]
|  |  |  | **Business Activity****1** | **Business Activity****2** | **Business Activity****3** |
|  | e) | others, please specify: |[ ] [ ] [ ]
|  |  |       |  |  |  |

|  |  |
| --- | --- |
| 3 | Please indicate the source of your clients. |
|  | a) | walk-in customers |[ ] [ ] [ ]
|  | b) | referral from your group companies, staff members or shareholders |[ ] [ ] [ ]
|  | c) | referral from other licensed corporations, please specify: |[ ] [ ] [ ]
|  |  |       |  |  |  |
|  |  |  |  |  |  |
|  | d) | others, please specify: |[ ] [ ] [ ]
|  |  |       |  |  |  |

|  |  |  |
| --- | --- | --- |
| 4 | Please indicate the product types in which you will conduct business activity. |  |
|  | a) | shares, equity derivatives and exchange-traded funds ("ETF") |  |  |  |
|  |  | i) | listed in Hong Kong |[ ] [ ] [ ]
|  |  | ii) | listed in Mainland China |[ ] [ ] [ ]
|  |  | iii) | listed in overseas |[ ] [ ] [ ]
|  |  |  |  |  |  |  |
|  | b) | private equity |[ ] [ ] [ ]
|  |  |  |  |  |  |
|  | c) | futures contracts |[ ] [ ] [ ]
|  |  |  |  |  |  |
|  | d) | debt securities |[ ] [ ] [ ]
|  |  |  |  |  |  |
|  | e) | foreign exchange contracts |[ ] [ ] [ ]
|  |  |  |  |  |  |
|  | f) | over-the-counter derivatives |[ ] [ ] [ ]
|  |  |  |  |  |  |
|  | g) | cash and money market instruments |[ ] [ ] [ ]
|  |  |  |  |  |  |
|  | h) | funds other than ETF |[ ] [ ] [ ]
|  |  |  |  |  |  |
|  | i) | contract for difference |[ ] [ ] [ ]
|  |  |  |  |  |  |
|  | j) | virtual assets  |[ ] [ ] [ ]
|  |  |  |  |  |  |
|  |  |  | **Business Activity****1** | **Business Activity****2** | **Business Activity****3** |
|  |  |  |  |  |  |
|  | k) | others, please specify: |[ ] [ ] [ ]
|  |  |       |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 5 | Please indicate your remuneration model and basis of calculation. |  |  |  |
|  | a) | brokerage fee |[ ] [ ] [ ]
|  |  | basis of calculation: |  |  |  |
|  |  |       |  |  |  |
|  |  |  |  |  |  |
|  | b) | advisory fee |[ ] [ ] [ ]
|  |  | basis of calculation: |  |  |  |
|  |  |       |  |  |  |
|  |  |  |  |  |  |
|  | c) | asset management fee |[ ] [ ] [ ]
|  |  | basis of calculation: |  |  |  |
|  |  |       |  |  |  |
|  |  |  |  |  |  |
|  | d) | performance fee |[ ] [ ] [ ]
|  |  | basis of calculation: |  |  |  |
|  |  |       |  |  |  |
|  |  |  |  |  |  |
|  | e) | commission or rebate |[ ] [ ] [ ]
|  |  | basis of calculation: |  |  |  |
|  |  |       |  |  |  |
|  |  |  |  |  |  |
|  | f) | interest |[ ] [ ] [ ]
|  |  | basis of calculation: |  |  |  |
|  |  |       |  |  |  |
|  |  |  |  |  |  |
|  | g) | others, please specify: |       |[ ] [ ] [ ]
|  |  | basis of calculation: |  |  |  |
|  |  |       |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | **Business Activity****1** | **Business Activity****2** | **Business Activity****3** |
| 6 | Please project the number of staff members during the first six months of your proposed business in respect of |  |  |  |
|  | a) | each of your business activities; and |       |       |       |
|  |  |  |  |  |  |
|  | b) | the following functions. |  |  |
|  |  | i) | overall management oversight |       |  |
|  |  | ii) | operational control and review |       |  |
|  |  | iii) | risk management |       |  |
|  |  | iv) | finance and accounting |       |  |
|  |  | v) | information technology |       |  |
|  |  | vi) | compliance |       |  |
|  |  | vii) | AML and CFT |       |  |

|  |  |  |
| --- | --- | --- |
|  | **Yes** | **No** |
|  |  |  |
| 7 | Please indicate whether you will |  |  |  |
|  | a) | refer or introduce your clients to other financial services entities located outside Hong Kong; |[ ] [ ]
|  | b) | market and introduce the financial services provided by other entities located outside Hong Kong to your clients; and |[ ] [ ]
|  | c) | market your service to or solicit clients outside Hong Kong. |[ ] [ ]
|  |  |  |  |  |
|  | If yes, please provide details of the entities and the related business arrangement. |  |  |
|  |       |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| 8 | Please indicate whether you will receive or hold |  |  |
|  | a) | client monies; and |[ ] [ ]
|  |  |  |  |  |
|  | b) | client securities. |[ ] [ ]
|  |  |  |  |
|  | If yes, please indicate the location where you will hold client monies or securities. |  |  |
|  | a) | accounts maintained with local or overseas clearing houses |[ ] [ ]
|  |  |  |  |  |
|  | b) | authorized financial institutions |[ ] [ ]
|  |  |  |  |  |
|  | c) | other licensed corporations |[ ] [ ]
|  |  |  |  |  |
|  | d) | overseas licensed or authorised intermediaries |[ ] [ ]
|  |  |  |  |  |
|  | e) | associated entities |[ ] [ ]
|  |  |  |  |  |
|  | f) | independent custodians |[ ] [ ]
|  |  |  | **Yes** | **No** |
|  |  |  |  |  |
|  | g) | others, please specify: |[ ] [ ]
|  |  |       |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| 9 | Please indicate whether you will outsource the following functions. |  |  |
|  | a) | conduct of regulated activity |[ ] [ ]
|  |  |  |  |  |
|  | b) | operational control and review |[ ] [ ]
|  |  |  |  |  |
|  | c) | risk management |[ ] [ ]
|  |  |  |  |  |
|  | d) | finance and accounting |[ ] [ ]
|  |  |  |  |  |
|  | e) | information technology |[ ] [ ]
|  |  |  |  |  |
|  | f) | compliance |[ ] [ ]
|  |  |  |  |  |
|  | g) | AML and CFT |[ ] [ ]
|  |  |  |  |  |
|  | h) | others, please specify: |[ ] [ ]
|  |  |       |  |  |
|  |  |  |  |  |  |
|  | If yes, please provide details of the related outsourced functions and the name of the outsourced party. |  |
|  |       |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| 10 | Please indicate whether you intend to set up a branch in the coming 12 months in |  |  |
|  | a) | Hong Kong; and |[ ] [ ]
|  |  |  |  |  |
|  | b) | places other than Hong Kong, please specify: |[ ] [ ]
|  |  |       |  |
|  |  |  |  |
|  | If yes, please indicate the activities that your branch will engage in. |  |
|  |       |  |  |

**Supplementary information**

|  |
| --- |
|       |

**Part II: Corporate Governance**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Yes** | **No\*** | **N/A#** |
|  |  |  |  |
| 1 | Do you have any written policies and control procedures to ensure that your board of directors |  |  |  |
|  | a) | establish a management structure which includes the roles, responsibilities, accountability and reporting lines of your senior management; |[ ] [ ] [ ]
|  | b) | oversee the appointment of your senior management; |[ ] [ ] [ ]
|  | c) | establish systems and controls to supervise your senior management and supervisory staff members who act under the delegated authority by your board of directors; |[ ] [ ] [ ]
|  | d) | establish systems and controls to monitor and regularly evaluate the performance of your senior management in their respective areas of responsibility; and |[ ] [ ] [ ]
|  | e) | establish policies to ensure that the senior management have access to regular training to maintain and enhance their competencies and to keep themselves updated on industry and regulatory developments relevant to their respective areas of responsibility? |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2 | How often will your board of directors evaluate the performance of your senior management in their respective areas of responsibility? |  |  |  |
|  |       |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 3 | Do you have any written policies and control procedures to ensure that your senior management |  |  |  |
|  | a) | have a sound understanding of your business activities and their associated risks; |[ ] [ ] [ ]
|  | b) | oversee the development and implementation of risk management policies and control procedures to ensure that your risks can be identified, monitored and controlled and that financial and management information is reliable, timely and complete; |[ ] [ ] [ ]
|  | c) | establish policies to ensure that your risk management, compliance, operational control and review functions are properly positioned, staffed and resourced and carry out their responsibilities independently, objectively and effectively; and |[ ] [ ] [ ]
|  | d) | review and update regularly your risk management measures to ensure that they remain adequate and consistent with your operating environment, and are able to support business expansion? |[ ] [ ] [ ]

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Yes** | **No\*** | **N/A#** |
|  |  |  |  |
| 4 | Do you have any written policies and control procedures on the following functions? If yes, please indicate how often such policies and control procedures will be reviewed and updated by your senior management. |[ ] [ ] [ ]
|  | a) | each of your key business lines |[ ] [ ] [ ]
|  |  | frequency of review: |  |  |  |  |  |
|  |  |       |  |  |  |
|  |  |  |  |  |  |
|  | b) | operational control and review |[ ] [ ] [ ]
|  |  | frequency of review: |  |  |  |  |  |
|  |  |       |  |  |  |
|  |  |  |  |  |  |
|  | c) | risk management |[ ] [ ] [ ]
|  |  | frequency of review: |  |  |  |  |  |
|  |  |       |  |  |  |
|  |  |  |  |  |  |
|  | d) | finance and accounting |[ ] [ ] [ ]
|  |  | frequency of review: |  |  |  |  |  |
|  |  |       |  |  |  |
|  |  |  |  |  |  |
|  | e) | information technology |[ ] [ ] [ ]
|  |  | frequency of review: |  |  |  |  |  |
|  |  |       |  |  |  |
|  |  |  |  |  |  |
|  | f) | compliance |[ ] [ ] [ ]
|  |  | frequency of review: |  |  |  |  |  |
|  |  |       |  |  |  |
|  |  |  |  |  |  |
|  | g) | AML and CFT |[ ] [ ] [ ]
|  |  | frequency of review: |  |  |  |  |  |
|  |  |       |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | **Yes** | **No\*** | **N/A#** |
|  |  |  |  |  |  |
| 5 | Do you have any written policies and control procedures to ensure that your senior management provide regular, adequate and comprehensive information to your board of directors in relation to the following matters? If yes, please indicate how often such matters will be reported to your board of directors. |[ ] [ ] [ ]
|  |  |  |  |  |  |
|  | a) | implementation of, and adherence to business objectives, strategies and plans |[ ] [ ] [ ]
|  |  | frequency of reporting: |  |  |  |
|  |  |       |  |  |  |
|  |  |  |  |  |  |
|  | b) | business performance |[ ] [ ] [ ]
|  |  | frequency of reporting: |  |  |  |
|  |  |       |  |  |  |
|  |  |  |  |  |  |
|  | c) | risks associated with business operations and financial position |[ ] [ ] [ ]
|  |  | frequency of reporting: |  |  |  |
|  |  |       |  |  |  |
|  |  |  |  |  |  |
|  | d) | internal control deficiencies identified |[ ] [ ] [ ]
|  |  | frequency of reporting: |  |  |  |
|  |  |       |  |  |  |
|  |  |  |  |  |  |
|  | e) | compliance issues with laws, rules, regulations, codes and internal policies and control procedures |[ ] [ ] [ ]
|  |  | frequency of reporting: |  |  |  |
|  |  |       |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 6 | Do you have any written policies and control procedures to ensure that |  |  |  |
|  | a) | a management structure that clearly defined reporting lines of staff members with supervisory and reporting responsibilities appropriately assigned is implemented; |[ ] [ ] [ ]
|  | b) | authorisations and approvals, and the authority of key positions are clearly defined and communicated to and followed by staff members; |[ ] [ ] [ ]
|  | c) | only persons, who are fit and proper to perform the duties for which they are employed, are employed and that such persons are duly registered with all applicable regulatory bodies as required; |[ ] [ ] [ ]
|  | d) | management and supervisory functions are performed by qualified and experienced individuals; and |[ ] [ ] [ ]

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | **Yes** | **No\*** | **N/A#** |
|  |  |  |  |  |  |
|  | e) | adequate training suitable for the specific duties which staff members perform is provided both initially and on an ongoing basis? |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 7 | How often will your senior management evaluate the performance of your staff members performing management and supervisory functions? |  |  |  |
|  |       |  |  |  |

**Supplementary information**

|  |
| --- |
|       |

**\* Where the answer to any question above is "No", please describe in detail in the space provided below any alternative or compensating controls which can meet the same objective as the controls mentioned in the question.**

|  |
| --- |
|       |

**# Where the answer to any question above is "N/A", please explain in the space provided below why the question is not applicable.**

|  |
| --- |
|       |

**Part III: Risk Management**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Yes** | **No\*** | **N/A#** |

Risk management policies and control procedures

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1 | Do your risk management policies and control procedures cover |  |  |  |
|  | a) | the appointment of a risk manager who has the appropriate qualifications to oversee and monitor the risk exposures and systems; |[ ] [ ] [ ]
|  | b) | the presence of clear reporting lines for the risk manager; |[ ] [ ] [ ]
|  | c) | the way that risk exposure limits are set and communicated to the responsible persons; |[ ] [ ] [ ]
|  | d) | the way that risks are being measured and monitored; |[ ] [ ] [ ]
|  | e) | the procedures to deal with exceptions to risk limits; and |[ ] [ ] [ ]
|  | f) | processes to ensure that you regularly carry out stress testing using appropriate measures? |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2 | Do you have any written policies and control procedures to ensure that your risk management policies will be |  |  |  |
|  | a) | monitored by a risk management function which consists of a sufficient number of suitably qualified and experienced professionals; and |[ ] [ ] [ ]
|  | b) | subject to comprehensive reviews at suitable intervals, and wherever there is significant change in the business, operations or key personnel, to ensure that your risk of suffering losses, whether financial or otherwise, as a result of fraud, errors and omissions, interruptions or other operational or control failures are maintained at acceptable and appropriate levels? |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 3 | Who will be responsible for reviewing your risk management policies and control procedures? (Please specify title and name if available.) |   |   |   |
|  |       |  |  |  |

|  |  |
| --- | --- |
| 4 | Do you have any written policies and control procedures to ensure that your staff members performing risk management function are independent of the front office and reporting directly to senior management? |[ ] [ ] [ ]

Market risk

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 5 | Does your market risk management function cover the following areas? |  |  |  |
|  | a) | performance evaluation |[ ] [ ] [ ]
|  |  |  |  |  |  |
|  | b) | price verification |[ ] [ ] [ ]
|  |  |  |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Yes** | **No\*** | **N/A#** |

|  |  |  |
| --- | --- | --- |
|  | c) | model risk monitoring |[ ] [ ] [ ]
|  |  |  |  |  |  |
|  | d) | risk management methodology and system |[ ] [ ] [ ]
|  |  |  |  |  |  |
|  | e) | new products |[ ] [ ] [ ]

|  |  |
| --- | --- |
| 6 | Will you adopt any risk pricing model (e.g. value-at-risk, economic value of equity models, etc.) as primary risk measurement and management tool? |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 7 | If you answer “Yes” to section 6, do you have any written policies and control procedures for |  |  |  |
|  | a) | testing and authorisation of risk pricing models and valuation systems used by front and back office personnel; |[ ] [ ] [ ]
|  | b) | controlling any alteration, release, update and maintenance of the risk pricing model; and |[ ] [ ] [ ]
|  | c) | verification of accuracy of the risk pricing model through regular backtesting programme? |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 8 | Do you have any written policies and control procedures in relation to the following areas of your proprietary trading? |  |  |  |
|  | a) | clearly defined trading authority |[ ] [ ] [ ]
|  | b) | setting up trading and exposure limits |[ ] [ ] [ ]
|  | c) | management supervision to ensure proprietary trading is within limit |[ ] [ ] [ ]
|  | d) | measures to be taken in case of exceeding the limits and applicable sanctions |[ ] [ ] [ ]
|  | e) | hedging strategy for your proprietary trading positions |[ ] [ ] [ ]
|  |  |  |  |
|  | f) | performing regular stress testing to quantify the impact from changing market conditions |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 9 | Do you have any written policies and control procedures to ensure that information is available for the senior management to monitor the following areas of your proprietary trading? |  |  |  |
|  | a) | profit and loss |[ ] [ ] [ ]
|  |  |  |  |  |  |
|  | b) | exposure level |[ ] [ ] [ ]
|  |  |  |  |  |  |
|  | c) | value-at-risk |[ ] [ ] [ ]
|  |  |  |  |  |  |
|  | d) | limit utilisation |[ ] [ ] [ ]
|  |  |  |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Yes** | **No\*** | **N/A#** |
|  |  |  |  |  |  |
|  | e) | stress test or simulation |[ ] [ ] [ ]
|  |  |  |  |  |  |
|  | f) | risk adjusted performance |[ ] [ ] [ ]

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 10 | a) | How often will you perform review on your market risk measures? |   |   |   |
|  |  |       |  |  |  |
|  |  |  |  |  |  |
|  | b) | Who will be responsible for managing your market risks? (Please specify title and name if available.) |   |   |   |
|  |  |       |  |  |  |

Credit risk

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 11 | Do you have any written policies and control procedures in relation to the following areas? |  |  |  |
|  | a) | assessing and monitoring the credit status of each client or counterparty |[ ] [ ] [ ]
|  | b) | making a margin call or a repayment demand to a client in a timely manner |[ ] [ ] [ ]
|  | c) | dealing with the consequence of a client’s failure to meet a margin call or a repayment demand |[ ] [ ] [ ]
|  | d) | regular exception reporting to the senior management |[ ] [ ] [ ]
|  | e) | compulsory closing out a client’s position |[ ] [ ] [ ]
|  | f) | record keeping for margin calls or repayment demands |[ ] [ ] [ ]
|  | g) | regular review of lending ratios on securities accepted by you |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 12 | Do you have any written policies and control procedures to |  |  |  |
|  | a) | ensure that clients or counterparties are not allowed to trade when there is a significant unsettled transaction or long overdue balance (except for the rolling balance cash clients and margin clients with adequate collateral); and |[ ] [ ] [ ]
|  | b) | manage any concentration in the following exposures and report to senior management on a regular basis? |  |  |  |
|  |  | i) | exposures to a particular client or group of related clients |[ ] [ ] [ ]
|  |  | ii) | exposures to a particular counterparty or group of related counterparties |[ ] [ ] [ ]
|  |  | iii) | exposures to a particular investment product |[ ] [ ] [ ]
|  |  |  |  |  |  |  |
| 13 | a) | How often will you perform credit review? |  |  |  |  |
|  |  |       |  |  |  |
|  |  |  |  |  |  |
|  | b) | Who will be responsible for managing your credit risks? (Please specify title and name if available.) |   |
|  |  |       |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Yes** | **No\*** | **N/A#** |

Liquidity risk

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 14 | Do you have any written policies and control procedures to alert the senior management and the staff members responsible for liquidity management to |  |  |  |
|  | a) | any potential material shortfall of any sources of funding available to you; and |[ ] [ ] [ ]
|  | b) | any potential material increase in your funding requirements? |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 15 | Do you have any written policies and control procedures to ensure that |  |  |  |
|  | a) | your capital position is monitored to ensure compliance with the regulatory capital requirements at all times; and |[ ] [ ] [ ]
|  | b) | notification is made to the Commission as soon as practicable if you become aware of a required liquid capital deficit? |[ ] [ ] [ ]

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 16 | a) | How often will you |  |  |  |
|  |  | i) | project cash flows; |   |   |   |
|  |  |  |       |  |  |  |
|  |  | ii) | project settlement obligations; and |   |   |   |
|  |  |  |       |  |  |  |
|  |  | iii) | review your available funding? |   |   |   |
|  |  |  |       |  |  |  |
|  |  |  |  |  |  |  |
|  | b) | Who will be responsible for managing your liquidity risks? (Please specify title and name if available.)  |  |
|  |  |       |  |  |  |

**Supplementary information**

|  |
| --- |
|       |

**\* Where the answer to any question above is "No", please describe in detail in the space provided below any alternative or compensating controls which can meet the same objective as the controls mentioned in the question.**

|  |
| --- |
|       |

**# Where the answer to any question above is "N/A", please explain in the space provided below why the question is not applicable.**

|  |
| --- |
|       |

**Part IV: Operational Control and Review**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Yes** | **No\*** | **N/A#** |

Operational control

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1 | Do you have any written polices and control procedures to ensure that your operations are regularly reviewed so that your risk of losses resulting from fraud, errors and omissions, and the following operational and compliance matters are adequately managed? |  |  |  |
|  | a) | physical and functional segregation of incompatible duties (e.g. trade, settlement, risk management and accounting) |[ ] [ ] [ ]
|  | b) | maintenance and timely production of proper and adequate accounting and other records, and ability to detect fraud, errors and omissions, and other non-compliance with external and internal requirements |[ ] [ ] [ ]
|  | c) | security and reliability of accounting and other information (e.g. exception reports which should accurately highlight unusual activities and facilitate the detection of fraud, errors and significant trends) |[ ] [ ] [ ]
|  | d) | maintenance of effective record retention policies which enable you, your auditors and the Commission to carry out routine and ad hoc comprehensive reviews or investigations |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2 | Do you have any written policies and procedures to ensure that |  |  |  |
|  | a) | management of information, both in physical and electronically stored form, is assigned to qualified and experienced staff member(s); |[ ] [ ] [ ]
|  | b) | your operating and information management systems meet your needs and operate in a secure and adequately controlled environment; |[ ] [ ] [ ]
|  | c) | information management reporting requirements are clearly defined to ensure the adequacy and timeliness of production of required internal and external reports including those required by relevant regulatory and self-regulatory bodies; |[ ] [ ] [ ]
|  | d) | key components of the information management system design and implementation programme are adequately documented and regularly reviewed for effectiveness; and |[ ] [ ] [ ]
|  |  | i) | how often will you perform such review? |  |  |  |
|  |  |  |       |  |  |  |
|  |  | ii) | who will be responsible for performing the review? (Please specify title and name if available.) |  |  |  |
|  |  |  |       |  |  |  |
|  |  |  |  |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Yes** | **No\*** | **N/A#** |
|  |  |  |  |  |  |  |
|  | e) | appropriate and effective information management systems and data security policies and procedures are implemented to prevent and detect the occurrence of errors, omissions or unauthorised insertion, alteration or deletion of, or intrusion into, your data processing system (electronic or otherwise) and data? |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 3 | Do you have a business continuity plan which includes the following areas to ensure that you are protected from the risk of interruption to your business continuity? |  |  |  |
|  | a) | business impact study |[ ] [ ] [ ]
|  |  |  |  |  |  |
|  | b) | identification of likely scenarios involving interruptions |[ ] [ ] [ ]
|  | c) | documentation and regular testing of your disaster recovery plan |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 4 | In respect of outsourced functions as set out in section 9 in Part I of this questionnaire, do you have any written policies and control procedures to ensure that |  |  |  |
|  | a) | proper due diligence is performed in the selection and monitoring of the service providers to ensure they have the ability and capacity to undertake the provision of the service effectively; and |[ ] [ ] [ ]
|  | b) | proper approval of premises for keeping records or documents is obtained from the Commission if such premises will be used for keeping records or documents relating to the carrying on of the regulated activity? |[ ] [ ] [ ]

Internal review

|  |  |
| --- | --- |
| 5 | Do you have any written policies and control procedures to ensure that your staff members performing the internal review function are independent of the core business functions and reporting directly to an independent and high level of authority? |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 6 | Do you have any written policies and control procedures to ensure that |  |  |  |
|  | a) | there is adequate planning, control and recording of all review work performed; |[ ] [ ] [ ]
|  | b) | findings, conclusions and recommendations are timely reported to your senior management; |[ ] [ ] [ ]
|  | c) | matters or risks highlighted in the relevant reports are followed up and resolved satisfactorily; |[ ] [ ] [ ]
|  | d) | all review findings that are not resolved within established time frames are reported to your senior management; and |[ ] [ ] [ ]
|  | e) | periodic risk assessment is performed and various levels of risk are ascribed to an appropriate review cycle? |[ ] [ ] [ ]

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 7 | a) | How often will you review your business contingency arrangement? |  |  |  |
|  |  |       |  |  |  |
|  |  |  |  |
|  | b) | Who will be responsible for managing your operational risks? (Please specify title and name if available.) |  |
|  |  |       |  |  |  |

**Supplementary information**

|  |
| --- |
|       |

**\* Where the answer to any question above is "No", please describe in detail in the space provided below any alternative or compensating controls which can meet the same objective as the controls mentioned in the question.**

|  |
| --- |
|       |

**# Where the answer to any question above is "N/A", please explain in the space provided below why the question is not applicable.**

|  |
| --- |
|       |

**Part V: KYC and Client Onboarding**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Yes** | **No\*** | **N/A#** |
|  |  |  |  |
| 1 | Do you have any written policies and control procedures to ensure that |  |  |  |
|  | a) | all relevant client information which includes the following items, related specimen signatures, and supporting documentation are recorded and retained for future reference; |  |  |  |
|  |  | i) | identity |[ ] [ ] [ ]
|  |  | ii) | financial background |[ ] [ ] [ ]
|  |  | iii) | investment experience |[ ] [ ] [ ]
|  |  | iv) | investment objective |[ ] [ ] [ ]
|  | b) | client information gathered are reviewed and confirmed using the criteria approved by your senior management; |[ ] [ ] [ ]
|  | c) | your client is provided with adequate information about you and the services to be provided to the client, together with other relevant documents (e.g. relevant risk disclosure statements) and the nature and scope of fees, penalties and other charges you may levy; |[ ] [ ] [ ]
|  | d) | your client is provided with adequate information regarding his rights (including, if applicable, coverage under one of the investor compensation fund arrangements); |[ ] [ ] [ ]
|  | e) | execution of applicable client agreements is procured as required under relevant law, rules, regulations and codes; and |[ ] [ ] [ ]
|  | f) | new account applications and amendments to existing accounts, along with related supporting documentation are reviewed and approved by designated staff members? |[ ] [ ] [ ]
|  |  | i) | who will be responsible for the review and approval of the new account applications and amendments to existing accounts? (Please specify title and name if available.) |   |   |   |
|  |  |  |       |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2 | If you onboard individual clients online, do you have the following procedures to verify clients' identities? |  |  |  |
|  | a) | obtaining a client agreement which is signed by a client by way of an electronic signature together with a copy of the client’s identity document (e.g. an identity card or relevant sections of the client’s passport) |[ ] [ ] [ ]
|  | b) | receiving a transfer of an initial deposit of not less than HK$10,000 from a bank account in the client’s name maintained with a licensed bank in Hong Kong ("Designated Bank Account") to your bank account |[ ] [ ] [ ]

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Yes** | **No\*** | **N/A#** |
|  |  |  |  |  |  |
|  | c) | conducting all future deposits and withdrawals for the client’s trading account through the Designated Bank Account(s) only |[ ] [ ] [ ]
|  | d) | maintaining proper records of the account opening process for each client which are readily accessible for compliance checking and audit purposes |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 3 | In respect of discretionary accounts, do you have any written policies and control procedures to ensure that |  |  |  |
|  | a) | a discretionary account agreement which sets out the investment objectives and strategies of the client is executed and the precise terms and conditions under which such discretion will be exercised; |[ ] [ ] [ ]
|  | b) | regular reviews of the performance of the account are conducted by designated staff members independent of the staff handling the account; |[ ] [ ] [ ]
|  |  | i) | how often will you perform such reviews? |  |  |  |
|  |  |  |       |  |  |  |
|  |  | ii) | who will be responsible for conducting the regular review of the performance of the account? (Please specify title and name if available.) |  |  |  |
|  |  |  |       |  |  |  |
|  |  |  |  |  |  |  |
|  | c) | your clients are provided with regular statements and timely ad hoc reports on account balance and transaction details, especially when the account balance falls below agreed levels or when large orders for the account are pending or executed; and |[ ] [ ] [ ]
|  | d) | the investment decision making process is clearly delineated from the dealing process? |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 4 | If you allow third party to operate your client’s account, do you have any written policies and control procedures to ensure that |  |  |  |
|  | a) | the opening of a third party operated account is approved on an exceptional basis after |  |  |  |
|  |  | i) | making proper enquiries to ascertain the relationship between the client and the third party operator; |[ ] [ ] [ ]
|  |  | ii) | obtaining evidence as proof of the relationship between the client and the third party operator in case of doubt; |[ ] [ ] [ ]
|  |  | iii) | critically evaluating the reasons for such arrangement; and |[ ] [ ] [ ]
|  |  | iv) | diligently reviewing the evidence of client's written authorisation; |[ ] [ ] [ ]

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Yes** | **No\*** | **N/A#** |
|  |  |  |  |  |  |
|  | b) | the third party authorisations are only accepted after approval have been obtained from senior management; |[ ] [ ] [ ]
|  |  | i) | who will be responsible for the approval of the third party authorisations? (Please specify title and name if available.) |  |  |  |
|  |  |  |       |  |  |  |
|  |  |  |  |  |  |
|  | c) | the factors taken into account in approving the opening of a third party operated account and the evidence obtained are properly documented; and |[ ] [ ] [ ]
|  | d) | the third party operated account is properly monitored for irregularities? |[ ] [ ] [ ]
|  |  | i) | who will be responsible for monitoring the third party operated account? (Please specify title and name if available.) |  |  |  |
|  |  |  |       |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 5 | In respect of clients who give hold mail instructions to you, do you have any written policies and control procedures which are designed to |  |  |  |
|  | a) | obtain or renew written hold mail instruction from client; |[ ] [ ] [ ]
|  | b) | verify the client’s signature on the instruction against the signature records by a staff member who is independent of the front office; and |[ ] [ ] [ ]
|  | c) | require the client or person authorised by him to acknowledge the collection of the client’s contract notes, statements of account and receipts? |[ ] [ ] [ ]

|  |  |
| --- | --- |
| 6 | Do you have any written policies and control procedures to ensure that you will enter into a written agreement which contains the minimum content as set out under the Code of Conduct with your clients before services are provided? |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 7 | Who will be responsible for overseeing your client onboarding function? (Please specify title and name if available.) |  |  |  |
|  |       |  |  |  |

**Supplementary information**

|  |
| --- |
|       |

**\* Where the answer to any question above is "No", please describe in detail in the space provided below any alternative or compensating controls which can meet the same objective as the controls mentioned in the question.**

|  |
| --- |
|       |

**# Where the answer to any question above is "N/A", please explain in the space provided below why the question is not applicable.**

|  |
| --- |
|       |

**Part VI: Managing Conflicts of Interest**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Yes** | **No\*** | **N/A#** |
|  |  |  |  |
| 1 | Do you have any written Chinese Walls policies including wall crossing procedures to |  |  |  |
|  | a) | ensure the separation of dealers handling client funds or discretionary orders from those handling proprietary or staff accounts; |[ ] [ ] [ ]
|  | b) | ensure that price-sensitive information privy to the research staff members or staff members handling corporate finance matters like a takeover and merger should not be available to staff members outside those departments, except on a “need-to-know” basis; and |[ ] [ ] [ ]
|  | c) | address conflicts of interest issues arising from carrying on more than one type of regulated activities or other business concurrently in you or your group companies? |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2 | Do you have any written policies and control procedures to ensure that |  |  |  |
|  | a) | the potential for the existence of conflicts of interest between you or your staff members and clients is minimised, and further, in circumstances where actual or apparent conflicts of interest cannot reasonably be avoided, that clients are fully informed of the nature and possible ramifications of such conflicts and are in all cases treated fairly; and |[ ] [ ] [ ]
|  | b) | other conflicts of interest issues such as the followings are properly addressed? |  |  |  |
|  |  | i) | employee dealing |[ ] [ ] [ ]
|  |  | ii) | client priority |[ ] [ ] [ ]
|  |  | iii) | interconnectedness with your group companies |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 3 | Where you represent yourself as being independent, or use any other terms with similar inference, when distributing an investment product, do you have any written policies and procedures to ensure that |  |  |  |
|  | a) | you will not receive fees, commissions, or any monetary benefits, paid or provided (whether directly or indirectly) by any party in relation to such distribution of investment product to clients; and |[ ] [ ] [ ]
|  | b) | you will not have any close links or other legal or economic relationships with product issuers, or receive any non-monetary benefits from any party, which are likely to impair your independence to favour a particular investment product, a class of investment products or a product issuer? |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 4 | Who will be responsible for monitoring and reviewing the policies and control procedures over conflicts of interest? (Please specify title and name if available.) |   |   |   |
|  |       |  |  |  |

**Supplementary information**

|  |
| --- |
|       |

**\* Where the answer to any question above is "No", please describe in detail in the space provided below any alternative or compensating controls which can meet the same objective as the controls mentioned in the question.**

|  |
| --- |
|       |

**# Where the answer to any question above is "N/A", please explain in the space provided below why the question is not applicable.**

|  |
| --- |
|       |

**Part VII: Safeguarding of Client Assets**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Yes** | **No\*** | **N/A#** |
|  |  |  |  |
| 1 | Do you have any written policies and control procedures to ensure proper handling of the assets of you and your clients, including the following areas? |  |  |  |
|  | a) | clearly identifying your staff members and representatives of clients (for client assets) with authority to acquire, dispose of, lend, pledge or otherwise part with possession of, the assets of you and your clients, and the parameters of such authority, and that such authority will be checked with respect to each asset movement and client withdrawal request |[ ] [ ] [ ]
|  | b) | use of standardised and sequentially numbered receipts and despatch notes or other appropriate methods to acknowledge and account for asset movements |[ ] [ ] [ ]
|  | c) | securely storing the assets of you and your clients, other important documents and controlled forms (e.g. cheque books, contract notes, etc.) while at your premises, and promptly depositing cheques, cashier orders and other negotiable instruments and securities into the appropriate account at banks or securities depositories |[ ] [ ] [ ]
|  | d) | during the period that physical scrip or cash is held at your premises, routine counts will be conducted to ensure proper safeguarding of the assets of you and your clients |[ ] [ ] [ ]
|  | e) | maintaining reliable and adequate audit trails which enable you to thoroughly investigate suspected improprieties |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2 | Do you have any written policies and control procedures to ensure that all payments involving client money are appropriately processed by |  |  |  |
|  | a) | obtaining proper instruction from client; |[ ] [ ] [ ]
|  | b) | verifying the client’s signature on the instruction against the signature records by a staff member who is independent of the front office; |[ ] [ ] [ ]
|  | c) | if the instruction is provided in the form of an electronic record, ensuring that the requirements in the Electronic Transactions Ordinance are satisfied; |[ ] [ ] [ ]
|  | d) | checking the availability of funds in the client account; |[ ] [ ] [ ]
|  | e) | obtaining management approval; and |[ ] [ ] [ ]
|  | f) | ensuring payment is only made to the client or any person to whom the client has instructed in writing the money to be paid? |[ ] [ ] [ ]

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Yes** | **No\*** | **N/A#** |
|  |  |  |  |
| 3 | Do you have any written policies and control procedures to |  |  |  |
|  | a) | ensure that cash or third party cheques for making payments to clients are |  |  |  |
|  |  | i) | authorised by client in writing; and |[ ] [ ] [ ]
|  |  | ii) | approved by designated senior staff member; |[ ] [ ] [ ]
|  | b) | identify third party cheques deposited by clients; |[ ] [ ] [ ]
|  | c) | ensure that cheque or money deposited by a client is correctly credited to the respective client account as instructed; and |[ ] [ ] [ ]
|  | d) | ensure transfer of account balances and securities among different clients are appropriately processed? |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 4 | Do you have any written policies and control procedures to ensure that  |  |  |  |
|  | a) | a client asset register is properly maintained and updated with movement of client asset; |[ ] [ ] [ ]
|  | b) | the client asset register is used to prepare regular statements which are mailed directly to the client at the address recorded in the client information file; and |[ ] [ ] [ ]
|  | c) | the client asset register is used for reconciliation with statements of asset holdings issued by third parties (e.g. the clearing houses, banks and custodians) and, where applicable, confirmation documents provided by counterparties or execution brokers? |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 5 | Do you have any written policies and control procedures to ensure that |  |  |  |
|  | a) | bank reconciliation is performed regularly; and |[ ] [ ] [ ]
|  | b) | discrepancies identified in the bank reconciliation are promptly followed up? |[ ] [ ] [ ]

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 6 | a) | How often will you conduct bank reconciliation for |  |  |  |
|  |  | i) | segregated account; and |   |   |   |
|  |  |  |       |  |  |  |
|  |  | ii) | other bank account? |   |   |   |
|  |  |  |       |  |  |  |
|  |  |  |  |  |  |  |
|  | b) | How promptly will you follow up on the discrepancies in the bank reconciliation? |   |   |   |
|  |  |       |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Yes** | **No\*** | **N/A#** |
|  |  |  |  |
| 7 | Do you have any written policies and control procedures to ensure that |  |  |  |
|  | a) | standing authority is obtained from clients to pledge, lend or otherwise deal with clients’ securities, securities collateral or both, such as |  |  |  |
|  |  | i) | to maintain a log which ensures that all authorisations remain currently in force; and |[ ] [ ] [ ]
|  |  | ii) | to establish procedures which ensure that client securities are repledged or lent only if there is valid authorisation; and |[ ] [ ] [ ]
|  | b) | proof of ownership is obtained from clients if the clients deposit physical scrip with you? |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 8 | Do you have any written policies and control procedures to ensure that |  |  |  |
|  | a) | securities reconciliation is performed regularly; and |[ ] [ ] [ ]
|  | b) | discrepancies identified in the securities reconciliation are promptly followed up? |[ ] [ ] [ ]

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 9 | a) | How often will you perform securities reconciliation? |   |   |   |
|  |  |       |  |  |  |
|  |  |  |  |  |  |
|  | b) | How promptly will you follow up on the discrepancies in the securities reconciliation? |   |   |   |
|  |  |       |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 10 | Do you have any written policies and control procedures |  |  |  |
|  | a) | with respect to access to internet and facsimile transmission, where such devices or channel are used to transmit important information; and |[ ] [ ] [ ]
|  | b) | regarding confidentiality of passwords (e.g. passwords are regularly changed and relevant passwords are disabled upon a staff member(s) leaving you)? |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 11 | Who will be responsible for overseeing the client asset handling function? (Please specify title and name if available.) |  |  |  |
|  |       |  |  |  |

**Supplementary information**

|  |
| --- |
|       |

**\* Where the answer to any question above is "No", please describe in detail in the space provided below any alternative or compensating controls which can meet the same objective as the controls mentioned in the question.**

|  |
| --- |
|       |

**# Where the answer to any question above is "N/A", please explain in the space provided below why the question is not applicable.**

|  |
| --- |
|       |

**Part VIII: Compliance**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Yes** | **No\*** | **N/A#** |

Compliance function

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1 | Do you have a compliance function which |  |  |  |
|  | a) | is independent of all operational and business functions; |[ ] [ ] [ ]
|  | b) | reports directly to your senior management; and |[ ] [ ] [ ]
|  | c) | covers all relevant aspects of your operations, including the unfettered access to necessary records and documentation? |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2 | Do you have compliance policies and control procedures to ensure that |  |  |  |
|  | a) | all applicable legal and regulatory requirements, such as the following items, are covered; |  |  |  |
|  |  | i) | registration or licensing and financial resources requirements |[ ] [ ] [ ]
|  |  | ii) | record keeping (for management and regulatory reporting, audit and investigations) |[ ] [ ] [ ]
|  |  | iii) | business practices (e.g. codes of conduct, commission rebates and soft dollar practices, and preparation, approval and dissemination of research reports) |[ ] [ ] [ ]
|  |  | iv) | AML and CTF |[ ] [ ] [ ]
|  |  | v) | relevant client, proprietary and staff dealing requirements |[ ] [ ] [ ]
|  |  | vi) | requirement to notify the Commission about changes in the unregulated business within your group which might impose risk or material impact to your business |[ ] [ ] [ ]
|  | b) | staff members performing the compliance function promptly escalate all occurrences of material non-compliance by you or your staff members with legal and regulatory requirements as well as with your own policies and procedures; |[ ] [ ] [ ]
|  | c) | notification is promptly made to the Commission, applicable exchanges, clearing houses of occurrences of material non-compliance by you or your staff members with relevant legal and regulatory requirements; and |[ ] [ ] [ ]
|  | d) | all compliance issues that are not resolved within established time frames are reported to senior management? |[ ] [ ] [ ]

|  |  |
| --- | --- |
| 3 | If you have a branch outside Hong Kong, do you have any written policies and control procedures to ensure compliance with applicable rules and regulations of such other jurisdictions? |[ ] [ ] [ ]

|  |  |
| --- | --- |
| 4 | Do you have any written policies and control procedures to ensure that your staff members performing the compliance function are independent of the core business functions and reporting directly to an independent and high level of authority? |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 5 | Who will be responsible for overseeing your compliance function? (Please specify title and name if available.) |   |   |   |
|  |       |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Yes** | **No\*** | **N/A#** |

Complaint handling

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 6 | Do you have any written policies and control procedures to ensure that |  |  |  |
|  | a) | complaints from clients relating to your business are handled in a timely and appropriate manner; |[ ] [ ] [ ]
|  | b) | steps are taken to investigate and respond promptly to the complaints; |[ ] [ ] [ ]
|  | c) | where a complaint has been received, the subject matter of the complaint is properly reviewed; and |[ ] [ ] [ ]
|  | d) | where possible, complaints are investigated by staff members performing the compliance function who are not directly involved in the subject matter of complaint? |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 7 | Who will be responsible for overseeing your complaint handling function? (Please specify title and name if available.) |   |   |   |
|  |       |  |  |  |

**Supplementary information**

|  |
| --- |
|       |

**\* Where the answer to any question above is "No", please describe in detail in the space provided below any alternative or compensating controls which can meet the same objective as the controls mentioned in the question.**

|  |
| --- |
|   |

**# Where the answer to any question above is "N/A", please explain in the space provided below why the question is not applicable.**

|  |
| --- |
|       |

**Part IX: AML and CTF**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Yes** | **No\*** | **N/A#** |
|  |  |  |  |
| 1 | In fulfilling your obligation to comply with the requirements under the AMLO, and to mitigate money laundering or terrorist financing ("ML/TF") risks, |  |  |  |
|  | a) | do you have internal AML or CTF policies and control procedures ("AML/CTF systems"); |[ ] [ ] [ ]
|  | b)  | do your AML/CTF systems take into account factors including products and services offered, delivery and distribution channels, types of customers, countries and geographical locations involved; and |[ ] [ ] [ ]
|  | c) | do your AML/CTF systems cover, among others, the following? |  |  |  |
|  |  | i) | identify and verify the identity of different types of customers, beneficial owners and a person purporting to act on behalf of the customer |[ ] [ ] [ ]
|  |  | ii) | identify whether a customer or a beneficial owner is a politically exposed person ("PEP") and the enhanced due diligence measures applied to a customer or beneficial owner who is identified to be a PEP |[ ] [ ] [ ]
|  |  | iii) | identify and report suspicious transactions to a Money Laundering Reporting Officer ("MLRO") and to the Joint Financial Intelligence Unit ("JFIU") |[ ] [ ] [ ]
|  |  | iv) | maintain records as required under the AMLO and Guideline on Anti-Money Laundering and Counter-Terrorist Financing including, among others, records of customer risk assessment, registers of suspicious transaction reports and training records |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2 | To ensure proper implementation and effectiveness of the AML/CTF systems, |  |  |  |
|  | a) | do you |  |  |  |
|  |  | i) | appoint an appropriate staff member as a Compliance Officer ("CO") and a MLRO; |[ ] [ ] [ ]
|  |  | ii) | ensure that the CO and MLRO are fully conversant in the statutory and regulatory requirements and ML/TF risks arising from your business; |[ ] [ ] [ ]
|  |  | iii) | establish a central point at supervisory management level for receiving suspicious transactions from individual staff members for review and onward reporting to the JFIU; |[ ] [ ] [ ]
|  |  | iv) | establish an independent compliance and audit function which regularly reviews your AML/CTF systems, and has a direct line of communication to senior management; |[ ] [ ] [ ]
|  |  | v) | review regularly your AML/CTF systems to ensure that they remain up-to-date and meet current statutory and regulatory requirements; and |[ ] [ ] [ ]
|  |  | vi) | provide appropriate AML/CTF training to your staff members? |[ ] [ ] [ ]
|  | b) | how often will you provide AML/CTF training to your staff members? |  |  |  |
|  |  |       |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Yes** | **No\*** | **N/A#** |
|  |  |  |  |  |
| 3 | In determining the extent of Customer Due Diligence ("CDD") measures and ongoing monitoring, |  |  |  |
|  | a) | do you use a risk-based approach ("RBA") depending upon the background of the customer and the product, transaction or service used by that customer; |[ ] [ ] [ ]
|  | b)  | does your RBA identify and categorise ML/TF risks at the customer level and establish reasonable measures based on risks identified; |[ ] [ ] [ ]
|  | c) | do you consider the following risk factors when determining the ML/TF risk rating of customers; and |  |  |  |
|  |  | i) | country risk |[ ] [ ] [ ]
|  |  | ii) | customer risk |[ ] [ ] [ ]
|  |  | iii) | product or service risk |[ ] [ ] [ ]
|  |  | iv) | delivery or distribution channel risk |[ ] [ ] [ ]
|  | d)  | do you adjust your risk assessment of customers from time to time or based upon information received from a competent authority, and review the extent of the CDD and ongoing monitoring to be applied? |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 4 | Who will be responsible for overseeing your AML/CTF controls and measures? (Please specify title and name if available.) |   |   |   |
|  |       |  |  |  |

**Supplementary information**

|  |
| --- |
|       |

**\* Where the answer to any question above is "No", please describe in detail in the space provided below any alternative or compensating controls which can meet the same objective as the controls mentioned in the question.**

|  |
| --- |
|       |

**# Where the answer to any question above is "N/A", please explain in the space provided below why the question is not applicable.**

|  |
| --- |
|       |

**Part X: Personnel and Training**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Yes** | **No\*** | **N/A#** |
|  |  |  |  |
| 1 | Do you have any arrangements to ensure that |  |  |  |
|  | a) | operational and control policies and procedures which should include those relating to internal controls and staff dealing are communicated to new recruits; |[ ] [ ] [ ]
|  | b) | updated operational and control policies and procedures are distributed to staff members and being accessible at all times; and |[ ] [ ] [ ]
|  | c) | any changes to operational and control policies and procedures are communicated to staff members? |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2 | Do you have any written policies and control procedures to ensure that |  |  |  |
|  | a) | your staff members are communicated in writing on whether they are permitted to deal or trade for their own accounts in securities, futures contracts or leveraged foreign exchange contracts; |[ ] [ ] [ ]
|  | b) | in the event that your staff members are permitted to deal or trade for their own accounts, |  |  |  |
|  |  | i) | the conditions on which staff members may deal for their own accounts are specified in your staff dealing policy; |[ ] [ ] [ ]
|  |  | ii) | staff members identify all related accounts and report them to your senior management; |[ ] [ ] [ ]
|  |  | iii) | staff members deal through you or your group companies; |[ ] [ ] [ ]
|  |  | iv) | if you provide services in listed securities, futures contracts or derivatives, duplicate trade confirmations and statements of account are provided to your senior management if your staff members are permitted to deal through other dealer; |[ ] [ ] [ ]
|  |  | v) | any transactions for staff members’ accounts and related accounts are separately recorded and clearly identified in the records; and |[ ] [ ] [ ]
|  |  | vi) | transactions of staff members’ accounts and related accounts are reported to and actively monitored by your senior management; and |[ ] [ ] [ ]
|  | c) | you will not knowingly deal in securities or futures contracts for another licensed or registered person's staff member unless you have received written consent from that licensed or registered person? |[ ] [ ] [ ]
|  |  |  |  |
| 3 | Do you have employee training policies and procedures to ensure that |  |  |  |
|  | a) | adequate training which is suitable for the specific duties that staff members perform both initially and on an ongoing basis is provided; and |[ ] [ ] [ ]
|  | b) | staff members possess or acquire appropriate and practical experience through “on-the-job” training and, where appropriate, structured courses? |[ ] [ ] [ ]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 4 | Who will be responsible for overseeing your personnel and training matters? (Please specify title and name if available.) |  |  |  |
|  |        |  |  |  |

**Supplementary information**

|  |
| --- |
|       |

**\* Where the answer to any question above is "No", please describe in detail in the space provided below any alternative or compensating controls which can meet the same objective as the controls mentioned in the question.**

|  |
| --- |
|       |

**# Where the answer to any question above is "N/A", please explain in the space provided below why the question is not applicable.**

|  |
| --- |
|       |

**Part XI: Declaration**

**We:**

* **Declare** that all the information provided in this questionnaire and any associated documentation is complete, true and correct.
* **Understand** that providing false or misleading information in, or in support of this questionnaire could be an offence under section 383 and/or 384 of the Ordinance.
* **Understand** that the Commission may take criminal and/or disciplinary action against a person who has made a false or misleading representation in, or in support of, this questionnaire.
* **Understand** that if any information contained in this questionnaire, or any associated documentation changes prior to the Commission making a decision in respect of any relating application, we should notify the Commission in writing immediately of the changes.
* **Understand** that the Commission may make such enquiries and seek such further information as it thinks appropriate.

**(To be signed by two directors\* or persons authorised by the Board of Directors of the corporation.)**

|  |  |
| --- | --- |
| **For and on behalf of:** |       |
|  | Name of corporation applying for a licence/licensed corporation |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|       |  |  |  |       |
| Name of director/person authorised by the board of directors\*\* |  | Signature |  | Date |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|       |  |  |  |       |
| Name of director/person authorised by the board of directors\*\* |  | Signature  |  | Date |

\* Can be signed by one director if the corporation has only one director.

\*\* Delete where not applicable.