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

Business and Risk Management Questionnaire for Licensed Corporation

(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(1) of the Securities and Futures (Accounts and Audit) Rules (Cap.571P))

1 Central Entity Number ("CE Number"): [BQ17001]

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2 Name of Licensed Corporation: [BQ17002]

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3 Financial year ended: [BQ17003]

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4 Type(s) of regulated activity(ies) for which the Licensed Corporation is licensed.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17004]

- ☐ Type 1 - Dealing in securities
- ☐ Type 2 - Dealing in futures contracts
- ☐ Type 3 - Leveraged foreign exchange trading
- ☐ Type 4 - Advising on securities
- ☐ Type 5 - Advising on futures contracts
- ☐ Type 6 - Advising on corporate finance
- ☐ Type 7 - Providing automated trading services
- ☐ Type 8 - Securities margin financing
- ☐ Type 9 - Asset management
- ☐ Type 10 - Providing credit rating services
- ☐ The Licensed Corporation is subject to the licensing condition that it shall not hold client assets.

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5 Approved by: [BQ17004A]

Name: [BQ17004A_01]

Capacity: [BQ17004A_02]

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6 Please nominate a person that the Securities and Futures Commission should contact in case of enquiries: [BQ17004B]

Name: [BQ17004B_01]

Position: [BQ17004B_02]

Phone no.: [BQ17004B_03]

Completion Notes

For the purpose of compliance with section 156(1) of the Securities and Futures Ordinance ("SFO") (Cap. 571) as amplified by the Securities and Futures (Accounts and Audit) Rules (Cap. 571P), a licensed corporation must complete a business and risk management questionnaire ("BRMQ") and submit it to the Securities and Futures Commission ("SFC") within 4 months after the end of each financial year. The BRMQ should be completed electronically and submitted through WINGS, the SFC's online portal.

The BRMQ aims to obtain information about the business operations of a licensed corporation and the measures adopted by it to ensure sound management of risks, compliance with relevant legal and regulatory requirements and conduct of business activities in a proper manner, including the systems of controls, policies and procedures that it has in place in respect of certain business functions and specific business lines. The SFC recognises that licensed corporations may adopt different controls, policies and procedures to this end given the significant differences that exist in their organisational and legal structures as well as the nature and scope of their business activities. Therefore, the answer options provided in the BRMQ are neither intended to be, nor should it be construed as, an exhaustive or mandatory list of controls, policies and procedures for a licensed corporation's internal control systems.

There are two sections in the BRMQ. Section A consists of questions relating to operational functions and arrangements that are generally relevant to licensed corporations. Section B consists of questions relating to specific business lines, and a licensed corporation is required to answer only those questions that relate to the business activities undertaken or services provided by it during the present financial year as indicated by the licensed corporation under Section A1. When completing the BRMQ in electronic format, licensed corporations will be directed by skip logic[1] to the questions applicable to them.

Licensed corporations are expected to provide responses which most accurately reflect their operations and controls, and should furnish all information requested in the BRMQ (including any statistics and numbers) to the best of their knowledge. If a licensed corporation finds any questions where the available answer options do not completely describe its situation, it may provide additional, relevant information to supplement or clarify its answers to those questions in the "Supplementary Information" section of the BRMQ.

To facilitate completion of the BRMQ, there is an option in WINGS that a licensed corporation may select to start with an electronic form of the BRMQ with some answers to the questions pre-populated based on the BRMQ submitted by the licensed corporation electronically for the previous financial year. Licensed corporations however should review the pre-populated answers carefully to ensure that they remain accurate for the present financial year before submission. Alternatively, a licensed corporation may choose to start with a blank electronic form of the BRMQ.

Unless defined or the context requires otherwise, terms bear the same meanings given to them in the SFO.

If you have any question in relation to the BRMQ, please contact your responsible case officer in the Intermediaries Supervision Department.

[1]Skip logic is an information technology feature that directs the licensed corporation to applicable questions in the BRMQ based on the answer options selected in previous questions.

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Section A

Note: Section A consists of questions relating to operational functions and arrangements that are generally relevant to licensed corporations.

Required	Section Name
☐	**A1 – Business Overview**
☐	**A2 – Management and Supervision**
☐	**A3 – Interconnectedness with Group or Affiliated Companies or Other Related Parties; Remote Booking and Transfer Pricing Arrangements and Other Non-regulated Business Activities**
☐	**A4 – Outsourcing**
☐	**A5 – Compliance**
☐	**A6 – Internal Audit**
☐	**A7 – Finance and Accounting**
☐	**A8 – Handling of Client Accounts and Client Assets Protection**
☐	**A9 – Risk Management**
☐	**A10 – Information Technology**
☐	**A11 – Complaint Handling**
☐	**A12 – Anti-Money Laundering and Counter-Financing of Terrorism**

Section B

Note: Section B consists of questions relating to specific business lines, and a licensed corporation is required to answer only those questions that relate to the business activities undertaken or services provided by it during the present financial year as indicated by the licensed corporation under Section A1.

Required	Section Name
☐	**B1 – Brokerage Businesses**
☐	**B2 – Securities Margin Financing**
☐	**B3 – Short-selling; Securities Borrowing and Lending**
☐	**B4 – Client Facilitation**
☐	**B5 – Prime Services**
☐	**B6 – Placing/ Underwriting Securities**
☐	**B7 – Pre-IPO Trading Platform ("Grey Market")**
☐	**B8 – Leveraged Foreign Exchange Trading**
☐	**B9 – Distribution of Investment Products and/ or Provision of Investment Advisory Services**
☐	**B10 – Investment Research or Analysis**
☐	**B11 – Corporate Finance Advisory Services**
☐	**B12 – Algorithmic Trading and Alternative Liquidity Pools**
☐	**B13 – Discretionary Management Services for Funds and/ or Discretionary Accounts**
☐	**B14 – Dealing in OTCD Products/ Providing Client Clearing Services for OTCD Transactions**
☐	**B15 – Best Execution**

Glossary

Unless defined below or otherwise in the respective sections, terms used in the BRMQ bear the same meanings given to them in the Securities and Futures Ordinance.

Terms used in the Questionnaire		
Terms	**Meaning**	***Applicable Section(s)***
Active clients	Active clients are clients for whom the Licensed Corporation is required to prepare and deliver monthly statement of accounts in accordance with Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules.	*B1 – Brokerage Businesses*
Blanket consent	Consent which is obtained from a client upfront, such that for a specified/ unspecified period of time, orders can be executed by client facilitation desk without obtaining an order-by-order consent from the client.	*B4 – Client Facilitation*
Client facilitation	Using the Licensed Corporation's capital/ balance sheet/ principal risk to assist clients in execution of orders.	*A1 – Business Overview, B4 – Client Facilitation*
Cash deposits	Cash deposits include cash paid by clients to the Licensed Corporation and cash deposited by clients to the bank accounts of the Licensed Corporation.	*A12 – Anti-Money Laundering and Counter-Financing of Terrorism*
Cleared OTCD transactions	OTCD transactions cleared by a central counterparty.	*B14 – Dealing in OTCD Products/ Providing Client Clearing Services for OTCD Transactions*
Complex products	Investment products whose terms, features and risks are not reasonably likely to be understood by retail investors because of their complex structure.	*B9 – Distribution of Investment Products and/ or Provision of Investment Advisory Services*
Discretionary accounts	Discretionary accounts in the form of an investment mandate or a pre-defined model portfolio whereby the Licensed Corporation receive management fee and/ or performance fee as remuneration.	*A1 – Business Overview, B13 – Discretionary Management Services for Funds and/ or Discretionary Accounts*
Established clients	Established clients defined under HKFE Rule 617(b).	*B1 – Brokerage Businesses*
External Clients	Clients other than the Licensed Corporation, group or affiliated companies and their respective shareholders, directors and staff.	*B13 – Discretionary Management Services for Funds and/ or Discretionary Accounts*
Institutional clients	Persons falling under paragraphs (a) to (i) of the definition of "professional investor" in section 1 of Part 1 of Schedule 1 to the SFO.	*A1 – Business Overview, B3 – Short-selling; Securities Borrowing and Lending, B9 – Distribution of Investment Products and/ or Provision of Investment Advisory Services*
Order-by-order consent	Consent which is obtained at order level before client facilitation desks execute specific orders. In cases where clients place a basket order, client consent can be obtained for the entire basket order and does not need to be obtained for each constituent stock.	*B4 – Client Facilitation*
Rehypothecation limit	The upper limit of the aggregate market value of the rehypothecated collaterals over the aggregate receivable amount due from the prime services clients.	*B5 – Prime Services*
Social trading, copy trading and mirror trading	A service or automated trading platform that allows investors to replicate or track trades or trading strategies of other investors or traders.	*B8 – Leveraged Foreign Exchange Trading*
Third-party payments	Payments to third parties in client accounts; but do not include (i) payments to clearing houses or financial intermediaries on behalf of a client for settlement of trades or meeting of margin obligations of the client, or (ii) payments to a financial intermediary on behalf of a client for crediting into the same client's account held with the financial intermediary.	*A12 – Anti-Money Laundering and Counter-Financing of Terrorism*
Third-party transactions	Third-party transactions include: (a) Payments to/ receipts from third parties in client accounts; but do not include (i) payments to clearing houses or financial intermediaries on behalf of a client for settlement of trades or meeting of margin obligations of the client, (ii) receipts from clearing houses or financial intermediaries on behalf of a client resulting from the settlement of the client's trades, (iii) payments to a financial intermediary on behalf of a client for crediting into the same client's account held with the financial intermediary, or (iv) receipts from a financial intermediary on behalf of a client where the relevant funds are from the same client's account held with the financial intermediary; and (b) Securities transfer to/ from third parties in client accounts; but do not include securities transfer to/ from clearing houses or financial intermediaries on behalf of a client for settlement of trades of the client.	*A12 – Anti-Money Laundering and Counter-Financing of Terrorism*

Abbreviations

Abbreviations	**Terms**
AE	Account Executive
AHFT	After-Hours Futures Trading
ALP	Alternative liquidity pool
AML/ CFT	Anti-Money Laundering and Counter-Financing of Terrorism
AUM	Asset under management
CCASS	Central Clearing and Settlement System
CDD	Customer due diligence
CEO	Chief Executive Officer
COO	Chief Operating Officer
Code of Conduct	Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission
CIS	Collective investment scheme
CTA	Commodity trading advisor
DDoS	Distributed Denial of Services
FATF	Financial Action Task Force
GEM	Growth Enterprise Market
Grey Market	Pre-IPO trading platform
HKEX	Hong Kong Exchanges and Clearing Limited
HKFE	Hong Kong Futures Exchange Limited
IFRS	International Financial Reporting Standards
IOIs	Indications of Interest
IPO	Initial Public Offering
JFIU	Joint Financial Intelligence Unit
LFET	Leveraged foreign exchange trading
ML/ TF	Money Laundering/ Terrorist Financing
MLRO	Money Laundering Reporting Officer
NAV	Net asset value
OTC	Over-the-counter
OTCD	Over-the-counter derivative
PI	Professional Investor
PO Box	Post Office Box
SB	Securities borrowing
SBL	Securities borrowing and lending
SEHK	Stock Exchange of Hong Kong Limited
SFO	Securities and Futures Ordinance (Cap. 571)
SL	Securities lending
SMS	Short Message Service
SOAs	Contract notes, statements of account and receipts
SS	Short selling
SSE	Shanghai Stock Exchange
Stock Connect	Shanghai-Hong Kong/ Shenzhen-Hong Kong Stock Connect
SZSE	Shenzhen Stock Exchange
TWAP	Time-weighted average price
US GAAP	Generally Accepted Accounting Principles (United States)
VWAP	Volume-weighted average price

Section A1 - Business Overview (BQ17005)

1 Please indicate the business activities undertaken or services provided by the Licensed Corporation during the financial year. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17005]

Note 1: Underwriting of IPOs of securities to be listed in Hong Kong or rights issues/ open offer of securities listed in Hong Kong; and placing of IPOs of securities to be listed in Hong Kong, rights issues/ open offer or follow-on offering of securities listed in Hong Kong or debt securities listed/ to be listed in Hong Kong.

Note 2: Using the Licensed Corporation's capital/ balance sheet/ principal risk to assist clients in execution of orders.

Note 3: Providing securities dealing services under Shanghai-Hong Kong or Shenzhen-Hong Kong Stock Connect (Stock Connect).

Note 4: Prime services refer to one-stop-shop services, including trade execution and clearing, securities borrowing and lending, custody, financing solutions, reporting, capital introduction, consulting, etc, provided to institutional clients such as hedge fund managers.

Note 5: On securities listed on the Hong Kong Stock Exchange ("HKEX") only.

Note 6: Acts performed by any person belonging to a class of persons, or carrying on a type of business, as prescribed by the Securities and Futures (Leveraged Foreign Exchange Trading - Exemption) Rules are excluded from the definition of "leveraged foreign exchange trading".

Note 7: This does not include investment advice and/ or related research reports provided to the Licensed Corporation's group company (ie, wholly owned subsidiary, holding company which holds all Licensed Corporation's issued shares, or other wholly owned subsidiary of that holding company) for its own consumption (notwithstanding that the group company may rely on such advice or reports to service its clients).

Note 8: Issuing analyses or reports, for the purpose of facilitating the recipients of the analyses or reports to make decision on whether, which, the time at which; or the terms and conditions which, securities should be acquired or disposed of.

Note 9: Inter-dealer brokers typically carry on the business of facilitating transactions between institutional clients and financial institutions in relation to a wide range of financial instruments, including among others, listed securities and futures contracts, listed structured products, unlisted fixed income products and OTC derivatives.

Note 10: On securities to be listed on the HKEX only.

Note 11: Discretionary accounts in the form of an investment mandate or a pre-defined model portfolio whereby the Licensed Corporation receives management fee and/ or performance fee as remuneration.

☐ (a) Brokerage of stock/ debt securities/ equity derivatives/ structured products	Proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism, • B1 – Brokerage Businesses (Part I), • B15 – Best Execution
☐ (b) Brokerage of futures and options contracts	Proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism, • B1 – Brokerage Businesses (Part I & III), • B15 – Best Execution
☐ (c) Placing/ underwriting securities[Note 1]	Proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism, • B6 – Placing/ Underwriting Securities
☐ (d) Market making	Proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism
☐ (e) Client facilitation[Note 2]	Proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism, • B4 – Client Facilitation
☐ (f) Securities margin financing	Proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism, • B2 – Securities Margin Financing, • B15 – Best Execution
☐ (g) Securities dealing under Stock Connect[Note 3]	Proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism, • B1 – Brokerage Businesses (Part II), • B15 – Best Execution
☐ (h) Prime services[Note 4]	Proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism, • B5 – Prime Services, • B15 – Best Execution

(i) Short selling ("SS") services[Note 5]	Proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism, • B3 – Short-selling; Securities Borrowing and Lending if answer option (a) "Brokerage of stock/ debt securities/ equity derivatives/ structured products" and/ or (h) "Prime services" is/ are also chosen, • B15 – Best Execution
(j) Securities borrowing and lending ("SBL") services[Note 5]	Proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism, • B3 – Short-selling; Securities Borrowing and Lending if answer option (a) "Brokerage of stock/ debt securities/ equity derivatives/ structured products" and/ or (h) "Prime services" is/ are also chosen, • B15 – Best Execution
(k) Leveraged foreign exchange trading ("LFET")[Note 6]	Proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism, • B1 – Brokerage Businesses (Part I), • B8 – Leveraged Foreign Exchange Trading, • B15 – Best Execution
(l) Distribution of investment products (including provision of investment advisory[Note 7] and order execution services)	Proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism, • B9 – Distribution of Investment Products and/ or Provision of Investment Advisory Services, • B15 – Best Execution
(m) Distribution of investment products (provision of investment advisory services[Note 7] only)	Proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism, • B9 – Distribution of Investment Products and/ or Provision of Investment Advisory Services
(n) Investment research or analysis[Note 8]	Proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism, • B10 – Investment Research or Analysis
(o) Inter-dealer brokerage[Note 9]	Proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism, • B15 – Best Execution
(p) Introducing brokerage	Proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism, • B1 – Brokerage Businesses (Part IV)
(q) Provision of internet trading platforms	Proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism, • B15 – Best Execution
(r) Direct market access services	Proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism, • B15 – Best Execution

(s) Operating a pre-IPO trading platform ("Grey Market")Note 10	Proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism, • B7 – Pre-IPO Trading Platform, • B15 – Best Execution
(t) Corporate finance advisory services	Proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism, • B11 – Corporate Finance Advisory Services
(u) Algorithmic trading	Proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism, • B12 – Algorithmic Trading and Alternative Liquidity Pools (Part I)
(v) Operating an alternative liquidity pool ("ALP")	Proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism, • B12 – Algorithmic Trading and Alternative Liquidity Pools (Part II), • B15 – Best Execution
(w) Discretionary management services for funds and/ or discretionary accountsNote 11	Scenario 1 If the only option chosen for Q1 is option (w), proceed to Section • A2 – Management and Supervision, • A3 – Interconnectedness with Group or Affiliated Companies or Other Related Parties; Remote Booking and Transfer Pricing Arrangements and Other Non–regulated Business Activities (Part I & III), • A4 – Outsourcing to A8 – Handling of Client Accounts and Client Assets Protection, • A9 – Risk Management (Part IV & V), • A10 – Information Technology to A12 – Anti-Money Laundering and Counter-Financing of Terrorism, • B13 – Discretionary Management Services for Funds and/ or Discretionary Accounts, • B15 – Best Execution Scenario 2 If the only options chosen for Q1 are options (w) and (l); options (w) and (m); or options (w), (l) and (m), proceed to • the Sections specified under Scenario 1 above, • Section B9 – Distribution of Investment Products and/ or Provision of Investment Advisory Services Scenario 3 If the only options chosen for Q1 are options (w) and (u), proceed to • the Sections specified under Scenario 1 above, • Section B12 – Algorithmic Trading and Alternative Liquidity Pools (Part I) Scenario 4 If the only options chosen for Q1 are options (w), (l) and (u); options (w), (m) and (u); or options (w), (l), (m) and (u), proceed to • the Sections specified under Scenario 1 above, • Section B9 – Distribution of Investment Products and/ or Provision of Investment Advisory Services, • Section B12 – Algorithmic Trading and Alternative Liquidity Pools (Part I) Scenario 5 If option (w) is chosen for Q1 with other option(s) which is/ are not option (l), (m) or (u), proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and

	Counter-Financing of Terrorism, • B13 – Discretionary Management Services for Funds and/ or Discretionary Accounts, • B15 – Best Execution
☐ (x) Dealing in over-the-counter ("OTC") derivative products	Proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism, • B14 – Dealing in OTCD Products/ Providing Client Clearing Services for OTCD Transactions, • B15 – Best Execution
☐ (y) Providing client clearing services for OTC derivative transactions	Proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism, • B14 – Dealing in OTCD Products/ Providing Client Clearing Services for OTCD Transactions
☐ (z) Providing credit rating services	If the only option chosen for Q1 is option (z), proceed to Section • A2 – Management and Supervision, • A3 - Interconnectedness with Group or Affiliated Companies or Other Related Parties; Remote Booking and Transfer Pricing Arrangements and Other Non-regulated Business Activities (Part I & III), • A4 - Outsourcing to A7 – Finance and Accounting, • A9 – Risk Management (Part IV & V), • A10 – Information Technology to A11 - Complaint Handling, • A12 – Anti-Money Laundering and Counter-Financing of Terrorism (Part I, II & V) If option (z) is not the only option chosen for Q1, proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism
☐ (aa) None of the above, please provide further details:	Proceed to Section • A2 – Management and Supervision to A12 – Anti-Money Laundering and Counter-Financing of Terrorism

Section A2 - Management and Supervision (BQ17006 - BQ17010)

1 Please indicate the frequency of the Managers-In-Charge and Responsible Officers of the Licensed Corporation discussing the following matters which are properly documented: [BQ17006]

	At least monthly	At least quarterly	At least annually	Less frequent than annually	N/A - no such discussion is made
(a) Setting and implementation of business objectives, strategies and plans [BQ17006_01]					Please provide further details (optional):
(b) Setting and achievement of corporate culture and ethical standards [BQ17006_02]					Please provide further details (optional):
(c) Business performance [BQ17006_03]					Please provide further details (optional):
(d) Risks associated with business operations and financial position [BQ17006_04]					Please provide further details (optional):
(e) Internal control deficiencies that have been identified [BQ17006_05]					Please provide further details (optional):
(f) Compliance issues with laws, regulations and internal policies and procedures [BQ17006_06]					Please provide further details (optional):

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2 (a) Does the board of directors monitor and evaluate the performance of Managers-In-Charge and Responsible Officers of the Licensed Corporation in their respective areas of responsibility? [BQ17007_01]

- Yes
- No
- N/A, please explain:

2 (b) If the answer is "Yes" in (a), how frequently is such performance evaluation conducted? [BQ17007_02]

Skip Q.2(b) if the answer to Q.2(a) is "No" or "N/A".

- At least quarterly
- At least semi-annually
- At least annually
- Less frequent than annually

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3 Please indicate the means adopted by the Licensed Corporation to keep its Managers-In-Charge and Responsible Officers updated with the latest business and compliance knowledge and information that have impact on their respective areas of responsibility, such as development of applicable legal and regulatory requirements, and risks and challenges that affect or will affect the business.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17008]

- (a) Subscription of related industry journals, newspapers and/ or other publications
- (b) Implementation of continuous professional training programs delivered by in-house trainers
- (c) Discussion and reporting of latest business and market developments in regular management meetings
- (d) Request participation in training courses, workshops or seminars delivered by external parties
- (e) Engaging external professionals to conduct studies on new regulatory requirements and give necessary advices
- (f) Others, please specify:
- (g) N/A - the Licensed Corporation does not have any procedure in place to update its Managers-In-Charge and Responsible Officers with the latest business and compliance knowledge and information that have impact on their respective areas of responsibility. Please provide further details (optional):

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4 Does the Licensed Corporation offer any training to its staff carrying out the following functions to ensure that they possess adequate and up-to-date business and compliance knowledge for fulfilling their responsibilities? [BQ17009]

Skip Q.4(a)-(b) if the only option chosen for Q.1 of Section A1 is option (z).

	Yes	No	N/A - there is no such function in the Licensed Corporation.
(a) Sales and dealing [BQ17009_01]			
(b) Settlement [BQ17009_02]			
(c) Risk management [BQ17009_03]			
(d) Compliance [BQ17009_04]			
(e) Internal audit [BQ17009_05]			
(f) Finance and accounting [BQ17009_06]			
(g) Anti-money laundering and counter-financing of terrorism [BQ17009_07]			
(h) Information technology [BQ17009_08]			

5 Please indicate the following remuneration practices for senior management adopted by the Licensed Corporation. [BQ17010]

Skip Q.5 if the only option chosen for Q.1 of Section A1 is option (z).

5 (a) Determine remuneration based on:
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17010_01]

- ☐ (i) Business performance
- ☐ (ii) Factors other than business performance (such as risk profile of the Licensed Corporation)

5 (b) Remuneration structure(s)/ practice(s) that is/ are applied:
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17010_02]

- ☐ (i) Defer payment of remuneration
- ☐ (ii) Remunerate in the form of shares or share options
- ☐ (iii) Adjust remuneration with reference to rating from risk control units
- ☐ (iv) Set a cap on the ratio of variable pay to fixed pay
- ☐ (v) Others, please specify: ______

Section A3 - Interconnectedness with Group or Affiliated Companies or Other Related Parties; Remote Booking and Transfer Pricing Arrangements and Other Non-regulated Business Activities (BQ17011 - BQ17013)

I. Interconnectedness with Group or Affiliated Companies or Other Related Parties

1 Please indicate if the Licensed Corporation has the following off-balance sheet financial arrangement[Note] with group or affiliated companies or other related parties.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17011]

Note: Excluding expense reimbursement arrangements.

- ☐ (a) Provide guarantee for the banking facilities in favour of group or affiliated companies or other related parties
- ☐ (b) Pledge its assets (eg, marketable securities, unquoted shares, deposit, land and building provided by the Licensed Corporation) to secure banking facilities in favour of group or affiliated companies or other related parties
- ☐ (c) Pledge or repledge its client securities/ securities collaterals to secure banking facilities in favour of group or affiliated companies or other related parties
- ☐ (d) Other off-balance sheet financial arrangements, please specify: ______
- ☐ (e) N/A - the Licensed Corporation does not have any off-balance sheet financial arrangement with group or affiliated companies or other related parties.

II. Remote Booking and Transfer Pricing Arrangements

Remote Booking Arrangements

2 (a) Does the Licensed Corporation have in place remote booking arrangements with its group or affiliated companies (ie, Licensed Corporation handling trades or taking positions that are booked to the books and records of its group or affiliated companies ("booking affiliates") or initiating trades to manage risks (eg, entering into hedging positions) of those booking affiliates or vice-versa)? [BQ17012_01]

- ○ Yes
- ○ No

2 (b) In relation to the trades described in Q.2(a), does the Licensed Corporation have the following types of remote booking arrangements in place? [BQ17012_01A]

Skip Q.2(b)-(d) if the answer to Q.2(a) is "No".

	Yes	No
(i) Risk positions taken or trades initiated to hedge the booking affiliates' risks by the Licensed Corporation would be booked to the books and records of the booking affiliates [BQ17012_01A_01]	○	○
(ii) Risk positions taken or trades initiated to hedge the Licensed Corporation's risks by the group or affiliated companies would be booked to the books and records of the Licensed Corporation [BQ17012_01A_02]	○	○

2 (c) Please indicate the licensing and/ or registration status with financial regulatory bodies of the booking affiliates for booking the risk positions taken or trades initiated to hedge the booking affiliates' risks by the Licensed Corporation.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17012_02]

Skip Q.2(c) if the answer to Q.2(b)(i) is "No".

- ☐ (i) Authorized institutions registered or licensed by the Hong Kong Monetary Authority
- ☐ (ii) Licensed corporations licensed by the SFC
- ☐ (iii) Entities registered with or regulated by other financial regulatory bodies (but not registered or licensed by the Hong Kong Monetary Authority or the SFC)
- ☐ (iv) Entities incorporated in Hong Kong and not regulated by any financial regulatory bodies
- ☐ (v) Entities incorporated outside Hong Kong and not regulated by any financial regulatory bodies
- ☐ (vi) Others, please specify: ______

2 (d) Please indicate the role of the Licensed Corporation under the group's remote booking arrangements.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17012_04]

- ☐ (i) The Licensed Corporation would assist in the client account opening process (eg, carrying out know-your-client procedures, customer due diligence procedures)
- ☐ (ii) The Licensed Corporation would enter into a client agreement with clients
- ☐ (iii) The Licensed Corporation would service and interact with clients
- ☐ (iv) The Licensed Corporation would engage in proprietary trading activities
- ☐ (v) The Licensed Corporation is responsible for risk management of the risk positions taken by Licensed Corporation
- ☐ (vi) Others, please specify: ______

Transfer Pricing Arrangements

3 (a) In respect of the remote booking arrangements as identified in Q.2(a), does the Licensed Corporation have any transfer pricing arrangements in place with its group or affiliated companies? [BQ17012A_01]

Skip Q.3(a)-(d) if the answer to Q.2(a) is "No".

- Yes
- No

3 (b) Does the Licensed Corporation have a written policy or agreement which governs the transfer pricing arrangements between the Licensed Corporation and its group or affiliated companies? [BQ17012A_02]

Skip Q.3(b)-(d) if the answer to Q.3(a) is "No".

- Yes
- No

3 (c) Please indicate if the following statements describe the transfer pricing arrangement in place. [BQ17012A_03]

(i) If the answer is "Yes" in Q.2(b)(i),

Skip Q.3(c)(i) if the answer to Q.2(b)(i) is "No".

	Yes	No
(A) Trading profit of risk positions taken or trades initiated to hedge the booking affiliates' risks by the Licensed Corporation which are booked to the books and records of its booking affiliates (and the trading profit of other trading entities) would be shared with the Licensed Corporation in part or in full [BQ17012A_03_01]		
(B) Trading loss of risk positions taken or trades initiated to hedge the booking affiliates' risks by the Licensed Corporation which are booked to the books and records of its booking affiliates (and the trading loss of other trading entities) would be charged to the Licensed Corporation in part or in full [BQ17012A_03_02]		

(ii) If the answer is "Yes" in Q.2(b)(ii),

Skip Q.3(c)(ii) if the answer to Q.2(b)(ii) is "No".

	Yes	No
(A) Trading profit of risk positions taken or trades initiated to hedge the Licensed Corporation's risks by the group or affiliated companies which are booked to the books and records of the Licensed Corporation would be shared with the group or affiliated companies in part or in full [BQ17012A_04_01]		
(B) Trading loss of risk positions taken or trades initiated to hedge the Licensed Corporation's risks by the group or affiliated companies which are booked to the books and records of the Licensed Corporation would be charged to the group or affiliated companies in part or in full [BQ17012A_04_02]		

3 (d) Are there arrangements in place to monitor the trading profit and loss amount transferred to the Licensed Corporation under the transfer pricing arrangements to ensure the financial performance of the Licensed Corporation would not be negatively impacted (eg, the trading loss that can be transferred to the Licensed Corporation for a particular month is capped with reference to the accumulated trading profit and loss transferred to the Licensed Corporation during the financial year)? [BQ17012A_05]

Skip Q3(d) if the answer to Q3(c)(i)(B) is "No".

- Yes, please specify:
- No

III. Other Non-regulated Business Activities

4 Please indicate the type(s) of non-regulated business activities undertaken by the Licensed Corporation during the financial year. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17013]

- (a) Bullion trading
- (b) Provision of custodian services (other than those incidental to Type 1 regulated activity)
- (c) Broking of insurance products
- (d) Marketing mandatory provident fund products
- (e) Others, please specify:
- (f) N/A - the Licensed Corporation has not undertaken any non-regulated business activities.

Section A4 - Outsourcing (BQ17014 - BQ17014B)

1 (a) Are there any functions fully or partially outsourced by the Licensed Corporation to group or affiliated company(ies) during the financial year? [BQ17014_01]

- Yes
- No

1 (b) If the answer is "Yes" in (a), please indicate the functions that have been fully or partially outsourced to group or affiliated company(ies).
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17014_02]

Skip Q.1(b) if the answer to Q.1(a) is "No".

- (i) Accounting
- (ii) Trade settlement/ Clearing
- (iii) Compliance
- (iv) Information technology
- (v) N/A - the Licensed Corporation has not outsourced the above functions to group or affiliated company(ies).

Skip option (ii) if the only option(s) chosen for Q.1 of Section A1 is/ are option (w); options (w) and (l); options (w) and (m); options (w) and (u); options (w), (l) and (m); options (w), (l) and (u); options (w), (m) and (u); options (w), (l), (m) and (u); or option (z).

---

2 (a) Are there any functions fully or partially outsourced by the Licensed Corporation to external party(ies) during the financial year? [BQ17014A_01]

- Yes
- No

2 (b) If the answer is "Yes" in (a), please indicate the functions that are fully or partially outsourced to external party(ies) and state the name of the top 3 external parties by function (in terms of amount of fee paid).
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17014A_02]

Skip Q.2(b) if the answer to Q.2(a) is "No".

- (i) Accounting
  - (A) Top 1
  - (B) Top 2
  - (C) Top 3
- (ii) Trade settlement/ Clearing
  - (A) Top 1
  - (B) Top 2
  - (C) Top 3
- (iii) Compliance
  - (A) Top 1
  - (B) Top 2
  - (C) Top 3
- (iv) Information technology
  - (A) Top 1
  - (B) Top 2
  - (C) Top 3
- (v) N/A - the Licensed Corporation has not outsourced the above functions to external party(ies).

Skip option (ii) if the only option(s) chosen for Q.1 of Section A1 is/ are option (w); options (w) and (l); options (w) and (m); options (w) and (u); options (w), (l) and (m); options (w), (l) and (u); options (w), (m) and (u); options (w), (l), (m) and (u); or option (z).

---

3 Please indicate the business unit(s)/ or function(s) of the Licensed Corporation that is/ are responsible for overseeing the outsourced functions and activities, and the integration of the outsourced functions and activities with the rest of the Licensed Corporation's operations?
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17014B_01]

Skip Q.3 if none of the answers to Q.1(a), Q.2(a) is "Yes".

- (a) Relevant business unit/ function
- (b) Compliance
- (c) Legal
- (d) Risk management
- (e) Others, please specify:
- (f) N/A - the outsourced functions and activities, and the integration of the outsourced functions and activities are not subject to oversight.

Please provide further details (optional):

Section A5 - Compliance (BQ17015 - BQ17018)

1 (a) Were there any breaches of the Licensed Corporation’s escalation policies for significant matters (such as non-compliance with legal and regulatory requirements, risks posed to the firm’s operations and financial position) during the financial year? [BQ17015_01]

- Yes
- No

1 (b) If the answer is "Yes" in (a), please state the number of breaches during the financial year: [BQ17015_02]

Skip Q.1(b) if the answer to Q.1(a) is "No".

---

2 Does the Licensed Corporation maintain whistleblowing procedures for reporting by staff on any malpractices and unethical behaviors in an appropriate and confidential channel? [BQ17016]

- Yes
- No

---

3 (a) Please state the number of staff [Note] of the Licensed Corporation and its group or affiliated companies that perform compliance function to oversee the Licensed Corporation’s compliance with the applicable rules and regulations as well as the internal policies of the Licensed Corporation as at the end of the financial year? [BQ17017_01]

Note: Please report the number of staff who are stationed in Hong Kong.

3 (b) Please indicate the turnover rate of these staff during the financial year. [BQ17017_02]

- 20% or less
- More than 20% and up to 40%
- More than 40% and up to 70%
- More than 70%

---

4 (a) Does the Licensed Corporation allow its staff to conduct personal dealing? [BQ17018_01]

- Yes
- No

4 (b) If the answer is "Yes" in (a), does the Licensed Corporation require its staff to trade through the Licensed Corporation itself or Licensed Corporations within the same group? [BQ17018_02]

Skip Q.4(b)-(c) if the answer to Q.4(a) is "No".

- Yes
- No

4 (c) If the answer is "Yes" in (a), please indicate the controls that the Licensed Corporation has in place for monitoring staff dealing activities.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17018_03]

- (i) Pre-trade approval

  If (i) is chosen, please indicate the level of management required for approval. [BQ17018_03_01]

  Skip the sub-question options (A)-(F) to option (i) of Q.4(c) if option (i) is not chosen.

  - (A) Director
  - (B) CEO
  - (C) COO
  - (D) Respective business/ unit head
  - (E) Compliance
  - (F) Others, please specify:
- (ii) Post-trade review
- (iii) Minimum holding period
- (iv) Restricted stock list
- (v) Review of statements of account
- (vi) Others, please specify:
- (vii) N/A - the Licensed Corporation does not have any controls in place for monitoring of staff dealing activities. Please provide further details (optional):

Section A6 - Internal Audit (BQ17019 - BQ17022)

Note: For the purpose of this section, an auditor engaged by a Licensed Corporation to prepare an auditor's report to be submitted by a Licensed Corporation under Section 156 of the SFO is not considered to be performing an internal audit function.

1 Does the Licensed Corporation have any internal audit function[Note]? [BQ17019]

Note: A function, whether provided by internal staff or third party, responsible for reviewing the adherence to, and the adequacy and effectiveness of, the Licensed Corporation's internal control.

- Yes
- No

---

2 Please indicate the unit(s) which is/ are responsible for carrying out the internal audit functions for the Licensed Corporation. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17020]

Skip Q.2 if the answer to Q.1 is "No".

- (a) Internal Audit department of the Licensed Corporation
  - (i) If (a) is chosen, please specify the number of staff in the department: [BQ17020_01_01]

Skip Q.2(a)(i) if option (a) of Q.2 is not chosen.

- (b) Other department(s) of the Licensed Corporation

Skip Q.2(b)(i)-(ii) if option (b) of Q.2 is not chosen.

If (b) is chosen,
(i) Please specify the name of the department: [BQ17020_02_01]

(ii) Please specify the number of staff in the department who is responsible for performing the internal audit function: [BQ17020_02_02]

- (c) Internal Audit department of a group or affiliated company
  - (i) If (c) is chosen, please specify the name of the group or affiliated company: [BQ17020_03_01]

Skip Q.2(c)(i) if option (c) of Q.2 is not chosen.

- (d) Third party(ies)
  - (i) If (d) is chosen, please specify the name(s) of the third party(ies): [BQ17020_04_01]

Skip Q.2(d)(i) if option (d) of Q.2 is not chosen.

- (e) Others, please specify:

---

3 Please indicate the frequency that internal audit is carried out. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17021_01]

Skip Q.3 if the answer to Q.1 is "No".

- (a) Periodic review
  - At least annually
  - At least biennially (ie, at least once every two years)
  - Less frequent than biennially
- (b) Ad hoc and/ or event-triggered
- (c) Never

---

4 (a) Were any business and/ or supporting functions of the Licensed Corporation subject to review by internal audit during the financial year? [BQ17022_01]

Skip Q.4 if the answer to Q.1 is "No".

- Yes
- No

4 (b) If the answer is "Yes" in (a), please indicate which of the following business and/ or supporting function(s) was/ were reviewed. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17022_02]

Skip Q.4(b)-(c) if the answer to Q.4(a) is "No".

- (i) Dealing and/ or trading
- (ii) Investment banking
- (iii) Provision of investment research or analysis
- (iv) Wealth management and/ or asset management
- (v) Technology and/ or systems control
- (vi) Risk management
- (vii) Finance and/ or treasury
- (viii) Compliance and/ or internal audit
- (ix) Administration and/ or operations
- (x) Others, please specify:

4 (c) If the answer is "Yes" in (a), were there any material issues identified during the internal audit? [BQ17022_03]

- Yes
- No

4 (d) If the answer is "Yes" in (c), please state the issue(s). [BQ17022_04]

Skip Q.4(d) if the answer to Q.4(c) is "No".

Section A7 - Finance and Accounting (BQ17023)

1 Does the Licensed Corporation have the following finance and accounting controls? [BQ17023]

1 (a) Prepare management accounts at least monthly [BQ17023_01]

- Yes
- No

1 (b) Reconcile house account balances regularly and at least monthly with [BQ17023_02]

Skip Q.1(b)(ii)-(iii) if the only option chosen for Q.1 of Section A1 is option (z).

	Yes	No	N/A
(i) banks [BQ17023_02_01]			
(ii) custodians [BQ17023_02_02]			
(iii) brokers or clearing houses [BQ17023_02_03]			

1 (c) Follow up discrepancies noted in the reconciliation performed [BQ17023_03]

Skip Q.1(c) if each of the answers to Q.1(b)(i)-(iii) is "N/A".

- Yes
- No

(i) If the answer is "Yes" in (c), please indicate how promptly the discrepancies are followed up.

Skip Q.1(c)(i) if the answer to Q.1(c) is "No".

- Immediately
- Within two weeks
- Within one month
- Others, please specify:

1 (d) Review ledger accounts with higher risk of fraud or error, eg, suspense/ dummy account [BQ17023_04]

Skip Q.1(d) if the only option chosen for Q.1 of Section A1 is option (z).

- Yes
- No - the Licensed Corporation does not review ledger accounts with higher risk of fraud or error.
- N/A - the Licensed Corporation does not have ledger accounts with higher risk of fraud or error.

Section A8 - Handling of Client Accounts and Client Assets Protection (BQ17024 - BQ17039)

1 (a) Does the Licensed Corporation receive or hold client money? [BQ17024_01]

- Yes
- No

1 (b) Does the Licensed Corporation receive or hold client securities? [BQ17024_02]

- Yes
- No

1 (c) Is the Licensed Corporation required to provide SOAs to clients under the Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules? [BQ17024_03]

- Yes
- No

---

2 (a) Does the Licensed Corporation allow its clients to authorise its staff, other than a family member of the client, to perform the following without the client's specific instruction? [BQ17025_01]

For Q.2(a)(i)-(iii), skip Column B if the answer indicated in Column A is "No".

	(A)		(B) If the answer is "Yes" in (A), please indicate the number of such authorisation that remains valid as at the end of the financial year									
			(i) Written authorisation					(ii) Verbal authorisation				
	Yes	No	None	1 - 10	11 - 50	51 - 100	101 or above	None	1 - 10	11 - 50	51 - 100	101 or above
(i) Effect transactions for the client's account and/ or												
(ii) Settle transactions for the client's account and/ or												
(iii) Receive SOAs for the client												

Skip Q.2(a)(ii) if none of the answers to Q.1(a)-(b) is "Yes".

Skip Q.2(a)(iii) if the answer to Q.1(c) is "No".

2 (b)(i) If the answer is "Yes" in (a)(i), does the appropriate senior staff member review the activities in such accounts? [BQ17025_02_01]

Skip Q.2(b) if the answer indicated in Column A for Q.2(a)(i) is "No".

- Yes
- No

2 (b)(ii) If the answer is "Yes" in (b)(i), please indicate the frequency of the appropriate senior staff member's review. [BQ17025_02_02]

Skip Q.2(b)(ii) if the answer to Q.2(b)(i) is "No".

- At least daily
- At least monthly
- At least quarterly
- At least semi-annually
- At least annually
- Less frequent than annually

2 (c)(i) If the answer is "Yes" in (a)(ii) and/ or (iii), does the appropriate senior staff member review the activities in such accounts? [BQ17025_03_01]

Skip Q.2(c) if none of the answers indicated in Column A for Q.2(a)(ii)-(iii) is "Yes".

- Yes
- No

2 (c)(ii) If the answer is "Yes" in (c)(i), please indicate the frequency of the appropriate senior staff member's review. [BQ17025_03_02]

Skip Q.2(c)(ii) if the answer to Q.2(c)(i) is "No".

- At least daily
- At least monthly
- At least quarterly
- At least semi-annually
- At least annually
- Less frequent than annually

3 (a) Does the Licensed Corporation allow its clients to authorise a third party, other than a family member of the client, to [BQ17026_01]

For Q.3(a)(i)-(iii), skip Column B if the answer indicated in Column A is "No".

	(A)		(B) If the answer is "Yes" in (A), please indicate the number of such authorisation that remains valid as at the end of the financial year									
			(i) Written authorisation					(ii) Verbal authorisation				
	Yes	No	None	1 - 10	11 - 50	51 - 100	101 or above	None	1 - 10	11 - 50	51 - 100	101 or above
(i) effect transactions for the client's account and/ or												
(ii) settle transactions for the client's account and/ or												
(iii) receive SOAs for the client												

Skip Q.3(a)(ii) if none of the answers to Q.1(a)-(b) is "Yes".

Skip Q.3(a)(iii) if the answer to Q.1(c) is "No".

3 (b) If the answer is "Yes" in (a)(i), (ii), and/ or (iii), does the appropriate senior staff member review the activities in such accounts? [BQ17026_02]

Skip Q.3(b)-(c) if none of the answers indicated in Column A for Q.3(a)(i)-(iii) is "Yes".

- Yes
- No

3 (c) If the answer is "Yes" in (b), please indicate the frequency of the appropriate senior staff member's review. [BQ17026_03]

Skip Q.3(c) if the answer to Q.3(b) is "No".

- At least daily
- At least monthly
- At least quarterly
- At least semi-annually
- At least annually
- Less frequent than annually

4 (a) Does the Licensed Corporation have hold-mail clients? [BQ17027_01]

Skip Q.4 if the answer to Q.1(c) is "No".

For Q.4(a), skip Column B if the answer indicated in Column A is "No".

(A)		(B) If the answer is "Yes" in (A), please indicate the number of hold-mail clients as at the end of the financial year [BQ17027_01_01]			
Yes	No	1-10	11-50	51-100	101 or above

4 (b) If the answer is "Yes" in (a), please indicate the controls that the Licensed Corporation has in place for hold-mail arrangements. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17027_02]

Skip Q.4(b) if the answer indicated in Column A for Q.4(a) is "No".

- (i) Obtain written hold-mail instructions from clients and annually renew the instructions
- (ii) Verify the client's signature on the hold-mail instruction against the signature record or call the client to confirm the instruction by a staff independent of the front office
- (iii) Require approval from appropriate senior staff member for the hold-mail arrangement
- (iv) Control the custody of the withheld SOAs and release of the same to the clients by a staff independent of the front office
- (v) Require the client or a person authorized by him to collect the SOAs to acknowledge in writing the collection of the SOAs
- (vi) Impose a time-limit for withholding the SOAs after which a staff independent of the front office will follow up with the client to collect the SOAs
- (vii) Others, please specify:
- (viii) N/A - the Licensed Corporation does not have any control in place for hold-mail arrangements. Please provide further details (optional):

5 Please indicate the procedures that the Licensed Corporation has in place to ensure the completeness of SOAs dispatched to clients.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17028]

Skip Q.5 if the answer to Q.1(c) is "No".

- (a) Maintain a control log to monitor the dispatch of SOAs to clients
- (b) Reconcile the number of SOAs prepared and dispatched to clients
- (c) Promptly follow up on undelivered/ returned SOAs
- (d) Suspend accounts with undelivered/ returned SOAs after repeated failures to contact the client
- (e) Others, please specify:
- (f) N/A - the Licensed Corporation does not have any procedure in place to ensure the completeness of SOAs dispatched to clients. Please provide further details (optional):

6 Please indicate the means of delivery of SOAs to clients and based on your best estimate, indicate the percentage of total SOAs delivered by the following means as at the end of the financial year.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17029]

Skip Q.6 if the answer to Q.1(c) is "No".

	% of total Below 10%	10% - 50%	Above 50%
(a) By e-mail to client's designated email address			
(b) By mail to client's residential/ correspondence address (other than PO Box)			
(c) By mail to PO Box			
(d) By email/ mail to the Licensed Corporation's address or its staff's address (eg, to AE's residential/ correspondence/ email address)			
(e) Hold mail			
(f) Others, please specify:			

7 Please indicate the controls that the Licensed Corporation has in place to ensure amendments of client particulars in its database are appropriately processed.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17030]

- (a) Verify changes of client particulars against the client's written instruction and/ or relevant supporting documents by an independent staff
- (b) Confirm verbally or in writing the change with the client directly by an independent staff
- (c) Check client's new address (including email address) against client database and staff record to identify any common address
- (d) Approve the amendments by an independent appropriate senior staff member
- (e) Conduct regular review by appropriate senior staff member and monitor the audit log of such amendments
- (f) Control access to client particulars in the client database
- (g) Others, please specify:
- (h) N/A - the Licensed Corporation does not have any control in place to ensure amendments of client particulars in its database are appropriately processed. Please provide further details (optional):
- (i) N/A – controls to ensure amendments of client particulars in the database being appropriately processed are not applicable to the Licensed Corporation given the nature of its business activities. Please explain:

8 (a) Does the Licensed Corporation conduct review to identify dormant client accounts/ inactive client accounts? [BQ17031_01]

- Yes
- No
- N/A, please explain:

Skip Q8(a) if:
- the only option(s) chosen for Q.1 of Section A1 is/ are option (w); options (w) and (l); options (w) and (m); options (w) and (u); options (w), (l) and (m); options (w), (l) and (u); options (w), (m) and (u); or options (w), (l), (m) and (u); and
- each of the answers to Q.1(a)-(b) of Section A8 is "No".

8 (b) If the answer is "Yes" in (a), please indicate the frequency of such review. [BQ17031_02]

Skip Q.8(b)-(c) if the answer to Q.8(a) is "No" or "N/A".

- At least daily
- At least monthly
- At least quarterly
- At least semi-annually
- At least annually
- Less frequent than annually

8 (c) If the answer is "Yes" in (a), does the Licensed Corporation suspend dormant client accounts/ inactive client accounts? [BQ17031_03]

- Yes
- No

8 (d) Please indicate the Licensed Corporation's procedures for reactivating dormant client accounts/ inactive client accounts.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17031_04]

- (i) Obtain client instruction to reactivate the account
- (ii) Verify client identity and client particulars with the client
- (iii) Obtain approval from appropriate senior staff member for the reactivation
- (iv) Others, please specify:
- (v) N/A - the Licensed Corporation does not have any procedure for reactivating dormant client accounts/ inactive client accounts. Please provide further details (optional):

Skip Q8(d) if:
- the only option(s) chosen for Q.1 of Section A1 is/ are option (w), options (w) and (l); options (w) and (m); options (w) and (u); options (w), (l) and (m); options (w), (l) and (u); options (w), (m) and (u) or options (w), (l), (m) and (u); and
- each of the answers to Q.1(a)-(b) of Section A8 is "No".

9 (a) Did the Licensed Corporation carry out direct confirmation (positive or negative confirmation) with clients ("confirmation exercise") on the following during the financial year on their: [BQ17032_01]

	Yes	No	N/A	
(i) account balances? [BQ17032_01A_01]			Please explain:	Skip Q.9(a)(i) if the answer to Q.1(a) is "No".
(ii) securities holdings? [BQ17032_01A_02]			Please explain:	Skip Q.9(a)(ii) if the answer to Q.1(b) is "No".

9 (b) If the answer is "Yes" in (a)(i) or (ii), was the confirmation exercise conducted by staff independent of sales and dealing functions? [BQ17032_02]

Skip Q.9(b)-(e) if none of the answers to Q.9(a)(i)-(ii) is "Yes".

- Yes
- No

9 (c) If the answer is "Yes" in (a)(i) or (ii), please state the number of clients who were covered in the confirmation exercise. [BQ17032_03]

(i) Positive confirmation [BQ17032_03_02]

(ii) Negative confirmation [BQ17032_03_04]

9 (d) If the answer is "Yes" in (a)(i) or (ii), did the Licensed Corporation identify any discrepancy in client account balance or securities holding in the confirmation exercise? [BQ17032_04]

- Yes
- No

9 (e) If the answer is "Yes" in (d), please state the total amount of discrepancies in client account balances and securities holdings discovered (HK$'000). [BQ17032_05]

Skip Q.9(e) if the answer to Q.9(d) is "No".

---

10 Does the Licensed Corporation designate all overseas bank, broker or custodian accounts in which client money is held as trust accounts or client accounts? [BQ17033]

Skip Q.10 if the answer to Q.1(a) is "No".

- Yes
- No
- N/A - the Licensed Corporation does not hold or receive client money overseas.

---

11 Does the Licensed Corporation accept its staff to settle debt on behalf of client who is not the staff's family member? [BQ17034]

Skip Q.11 if the answer to Q.1(a) is "No".

- Yes
- No

---

12 (a) Does the Licensed Corporation allow transfers of account balances among clients? [BQ17035_01]

Skip Q.12 if the answer to Q.1(a) is "No".

- Yes
- No

12 (b) If the answer is "Yes" in (a), does the Licensed Corporation check whether such transfers are [BQ17035_02]

Skip Q.12(b) if the answer to Q.12(a) is "No".

	Yes	No	
(i) authorised by both the transferor and transferee? [BQ17035_02_01]			
(ii) supported with the client's explanation for making the transfer? [BQ17035_02_02]			
(A) If the answer is "Yes" in (ii), does the Licensed Corporation assess the reasonableness of the client's explanation for the transfer? [BQ17035_02_02_01]			Skip Q.12(b)(ii)(A) if the answer to Q.12(b)(ii) is "No".
(iii) properly approved by appropriate senior staff member? [BQ17035_02_03]			

---

13 Does the Licensed Corporation designate all overseas accounts in which client securities are held as trust accounts or client accounts? [BQ17036]

Skip Q.13 if the answer to Q.1(b) is "No".

- Yes
- No
- N/A - the Licensed Corporation does not hold or receive client securities overseas.

---

14 (a) Does the Licensed Corporation allow transfers of securities holdings among clients? [BQ17037_01]

Skip Q.14 if the answer to Q.1(b) is "No".

- Yes
- No

14 (b) If the answer is "Yes" in (a), does the Licensed Corporation check whether such transfers are [BQ17037_02]

Skip Q.14(b) if the answer to Q.14(a) is "No".

	Yes	No	
(i) authorised by both the transferor and transferee? [BQ17037_02_01]			
(ii) supported with the client's explanation for making the transfer? [BQ17037_02_02]			
(A) If the answer is "Yes" in (ii), does the Licensed Corporation assess the reasonableness of the client's explanation for the transfer? [BQ17037_02_02_01]			Skip Q.14(b)(ii)(A) if the answer to Q.14(b)(ii) is "No".
(iii) properly approved by appropriate senior staff member? [BQ17037_02_03]			

15 Does the Licensed Corporation have any clients who use the following services provided by Hong Kong Securities Clearing Company Limited when they deal with the Licensed Corporation? If yes, please also indicate the number of clients using such service(s) respectively. [BQ17038]

Skip Q.15 if the answer to Q.1(b) is "No".

For Q.15(a)-(b), skip Column B if the answer indicated in Column A is "No".

	(A)		(B) No. of clients using the service(s) as at the end of the financial year	
	Yes	No	1 - 100	101 or above
(a) Stock Segregated Account with Statement Service [BQ17038_01]	○	○	○	○
(b) Investor Participant Account [BQ17038_02]	○	○	○	○

16 (a) Is the Licensed Corporation a participant of the Hong Kong Securities Clearing Company Limited? [BQ17039_00]

Skip Q.16 if the answer to Q.1(b) is "No".

○ Yes
○ No

16 (b) If the answer is "Yes" in (a), does the Licensed Corporation have policies and procedures to ensure the following? [BQ17039]

Skip Q.16(b) if the answer to Q.16(a) is "No".

	Yes	No
(i) Authority to input and authorize transactions through CCASS is assigned to separate responsible staff [BQ17039_01]	○	○
(ii) Input and authorisation limits for stock transfers/ withdrawals are assigned to each authorized person as needed [BQ17039_02]	○	○
(iii) CCASS access control is granted to appropriate staff as needed [BQ17039_03]	○	○

Section A9 - Risk Management (BQ17040A - BQ17055)

Note: For the avoidance of doubt, the questions in this section aim to obtain information about the risk management measures adopted in managing the risks to which the Licensed Corporation is exposed.

I. Market Risk

1 Did the Licensed Corporation engage in proprietary trading activities[Note] or provide agency dealing services in securities and/ or futures (including provision of margin lending activities) or leveraged foreign exchange trading during the financial year? [BQ17040A]

Note: For the purpose of this question, proprietary trading activities comprise of those trading activities handled by the Licensed Corporation (including positions arising from market making, hedging activities, etc) for the account of the Licensed Corporation and/ or a group or affiliated company (regardless of whether those positions are booked by the Licensed Corporations or transferred to its group or affiliated companies under remote booking arrangements).

- Yes
- No

---

2 Does the Licensed Corporation have market risk management policies and procedures covering the following areas? [BQ17040]

Skip Q.2 if the answer to Q.1 is "No".

Note: For the purpose of this question, proprietary portfolios comprise those positions arising from trades handled by the Licensed Corporation (including positions arising from market making, hedging activities, etc) for the account of the Licensed Corporation and/ or a group or affiliated company (regardless of whether those positions are booked by the Licensed Corporations or transferred to its group or affiliated companies under remote booking arrangements).

	Yes	No	N/A
(a) Trade mandate and daily exposure limits [BQ17040_01]			
(b) Assessment on requests to trade beyond set limits [BQ17040_02]			
(c) Limits on stress testing and/ or scenario analysis on proprietary portfolios[Note] [BQ17040_03]			
(d) Market risk exposure limits (eg, on certain asset classes, geographic locations, aggregated risk exposures) and review [BQ17040_04]			
(e) Concentration limits on illiquid products [BQ17040_05]			

---

3 Were there any breaches or exceptions by the Licensed Corporation in the following areas during the financial year? [BQ17041]

Skip Q.3 if the answer to Q.1 is "No" or none of the answers to Q2(a)-(e) is "Yes".

Note: For the purpose of this question, proprietary portfolios comprise those positions arising from trades handled by the Licensed Corporation (including positions arising from market making, hedging activities, etc) for the account of the Licensed Corporation and/ or a group or affiliated company (regardless of whether those positions are booked by the Licensed Corporations or transferred to its group or affiliated companies under remote booking arrangements).

	Yes	No	
(a) Trade mandate and daily exposure limit (eg, non-compliance with trade mandate and/ or set limits) [BQ17041_01]			Skip Q.3(a) if the answer to Q.2(a) is "No" or "N/A".
(b) Assessment procedures for trading beyond set limits (eg, trading beyond set limits without approval) [BQ17041_02]			Skip Q.3(b) if the answer to Q.2(b) is "No" or "N/A".
(c) Limits on stress testing and/ or scenario analysis on proprietary portfolios[Note] [BQ17041_03]			Skip Q.3(c) if the answer to Q.2(c) is "No" or "N/A".
(d) Market risk exposure limits [BQ17041_04]			Skip Q.3(d) if the answer to Q.2(d) is "No" or "N/A".
(e) Concentration limits on illiquid products [BQ17041_05]			Skip Q.3(e) if the answer to Q.2(e) is "No" or "N/A".

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4 Were any of the following cases escalated to senior management and/ or local or overseas regulators during the financial year? [BQ17042]

Skip Q.4 if the answer to Q.1 is "No".

	Yes	No - breaches, errors and/ or exceptions had been identified but no escalation was made by the Licensed Corporation to senior management and/ or local or overseas regulators during the financial year.	N/A - the Licensed Corporation did not identify such case(s) during the financial year.	N/A - the Licensed Corporation does not have relevant control procedures in place to identify the breaches, errors and/ or exceptions.
(a) Exceptions in backtesting report [BQ17042_01]				Please provide further details (optional):
(b) Breach on exposure thresholds or limits [BQ17042_02]				Please provide further details (optional):
(c) Other breaches identified under Q.3, please specify: [BQ17042_03]				Please provide further details (optional):

5 Please indicate the frequency that the Licensed Corporation reviews the following areas. [BQ17043]

Skip Q.5 if the answer to Q.1 is "No".

	At least monthly	At least annually	Ad hoc and/ or event-triggered	Never	N/A
(a) Trading limits [BQ17043_01]	○	○	○	○	○
(b) Concentration limits on illiquid products, non-listed instruments and/ or other products specified in the Licensed Corporation's internal policy or guideline [BQ17043_02]	○	○	○	○	○

6 Does the Licensed Corporation have in place new product review and approval procedures covering the identification and review of inherent market risks of the new product which should be subject to market risk management if the new product is launched? [BQ17043A]

Skip Q.6 if the answer to Q.1 is "No".

○ Yes
○ No
○ N/A – the Licensed Corporation does not plan to introduce new products to any of its businesses.

II. Model Risk

7 (a) Does the Licensed Corporation adopt any internal pricing model(s)? [BQ17043B_01]

Skip Q.7 if the answer to Q.1 is "No".

○ Yes
○ No

7 (b) If the answer is "Yes" in (a), does the Licensed Corporation have policy and procedures covering the following? [BQ17043B_02]

Skip Q.7(b)(i) to (v) if the answer to Q.7(a) is "No".

	Yes	No
(i) Regular pricing model review and/ or backtesting [BQ17043B_02_01]	○	○
(ii) Model parameters review [BQ17043B_02_02]	○	○
(iii) Independent price validation [BQ17043B_02_03]	○	○
(iv) Segregation of duty in inputting model data and validating inputted data [BQ17043B_02_04]	○	○
(v) Segregation of duty in designing model logics and validating model logics [BQ17043B_02_05]	○	○

7 (c) If the answer is "Yes" in (a), were model pricing errors escalated to senior management and/ or local or overseas regulators during the financial year? [BQ17043B_03]

Skip Q.7(c) if the answer to Q.7(a) is "No".

○ Yes
○ No - model pricing errors have been identified but no escalation was made by the Licensed Corporation to senior management and/ or local or overseas regulators during the financial year.
○ N/A - the Licensed Corporation did not identify model pricing errors during the financial year.
○ N/A - the Licensed Corporation does not have relevant control procedures in place to identify model pricing errors. Please provide further details (optional): [ ]

III. Credit Risk

8 Does the Licensed Corporation have credit risk management policies and procedures covering the following areas? [BQ17044]

	Yes	No	N/A
(a) Daily credit exposure limits [BQ17044_01]	○	○	○
(b) Stress testing and/ or sensitivity analysis [BQ17044_02]	○	○	○
(c) Exception reports generation and escalation to senior management [BQ17044_03]	○	○	○
(d) Concentration limits (on client/ counterparty group and product/ security level) [BQ17044_04]	○	○	○

(i) If the answer is "Yes" in (d), please indicate the frequency that the following items are reviewed. [BQ17044_01_01]

Skip Q.8(d)(i) if the answer to Q.8(d) is "No" or "N/A".

	At least weekly	At least monthly	Less frequent than monthly	Ad hoc and/ or event-triggered	Never	N/A
(A) Exposures to a particular counterparty/ client [BQ17044_01_01_01]	○	○	○	○	○	○
(B) Exposures to a particular security [BQ17044_01_01_02]	○	○	○	○	○	○
(C) Gross financial assets of counterparty/ client [BQ17044_01_01_03]	○	○	○	○	○	○
(D) Net financial assets of counterparty/ client [BQ17044_01_01_04]	○	○	○	○	○	○
(E) Others, please specify: [BQ17044_01_01_05] [ ]	○	○	○	○	○	○

	Yes	No	N/A
(e) Trade mandates on credit-related products/ trades [BQ17044_05]	○	○	○
(f) Credit risk exposure review [BQ17044_06]	○	○	○
(g) Regular credit risk model and model parameters review [BQ17044_07]	○	○	○

9 Were any of the following cases escalated to senior management during the financial year? [BQ17045]

	Yes	No	N/A
(a) Breach of credit limit threshold [BQ17045_01]	○	○	○
(b) Unsettled and/ or bad debt [BQ17045_02]	○	○	○
(c) Concentrated limit breach on counterparty/ client [BQ17045_03]	○	○	○
(d) If the answer is "Yes" in any of the above, did the senior management conclude that appropriate action had been taken? [BQ17045_04]	○	○	

Skip Q.9(d) if none of the answers to Q.9(a)-(c) is "Yes".

10 Please indicate the percentage of turnover in the Licensed Corporation's proprietary investments[Note] in derivatives traded OTC over the total turnover in the Licensed Corporation's proprietary investments in derivatives traded both on exchanges and OTC during the financial year (in terms of settlement amount). [BQ17046]

Note: For the purpose of this question, proprietary investments comprise those positions arising from trades handled by the Licensed Corporation (including market making activities, hedging activities, etc) for the account of the Licensed Corporation and/ or a group or affiliated company (regardless of whether those positions are booked by the Licensed Corporations or transferred to its group or affiliated companies under remote booking arrangements).

- 25% or less
- More than 25% and up to 50%
- More than 50% and up to 75%
- More than 75%
- N/A - the Licensed Corporation does not engage in proprietary investments in derivatives traded OTC.

11 Does the standard client agreement of the Licensed Corporation provide a right of disposal of client assets in the event that the client cannot settle his liability owed to the Licensed Corporation? [BQ17047]

- Yes
- No
- N/A

IV. Liquidity Risk

12 Does the Licensed Corporation have liquidity risk management policies and procedures covering the following areas? [BQ17048]

	Yes	No	N/A
(a) Design and use of severely adverse stress test scenarios [BQ17048_01]			
(b) Intraday liquidity risk exposure [BQ17048_02]			
(c) Collateral management [BQ17048_03]			
(d) Strategies of maintaining sufficient level of liquidity (eg, maintenance of a cushion of liquid assets and/ or having credit facilities in place) [BQ17048_04]			

Skip Q.12 if either of Condition 1 or 2 is met:

Condition 1
- the only option(s) chosen for Q.1 of Section A1 is/ are option (w), options (w) and (l); options (w) and (m); options (w) and (u); options (w), (l) and (m); options (w), (l) and (u); options (w), (m) and (u); or options (w), (l), (m) and (u); and
- each of the answers to Q.1(a)-(b) of Section A8 is "No"

Condition 2
- the only option chosen for Q.1 of Section A1 is option (z).

13 (a) Please indicate the frequency that the Licensed Corporation conducts stress test to assess the adequacy of Liquid Capital [Note] under adverse market movement? [BQ17049_01]

Note: As defined under Securities and Futures (Financial Resources) Rules.

- At least daily
- At least weekly
- At least monthly
- Less frequent than monthly
- Never
- N/A - the Licensed Corporation does not need to conduct stress test. Please explain:

Skip Q.13 if either of Condition 1 or 2 is met:

Condition 1
- the only option(s) chosen for Q.1 of Section A1 is/ are option (w), options (w) and (l); options (w) and (m); options (w) and (u); options (w), (l) and (m); options (w), (l) and (u); options (w), (m) and (u); or options (w), (l), (m) and (u); and
- each of the answers to Q.1(a)-(b) of Section A8 is "No"

Condition 2
- the only option chosen for Q.1 of Section A1 is option (z).

13 (b) Does the stress test conducted by the Licensed Corporation cover the following scenarios? [BQ17049_02]

	Yes	No	N/A
(i) Overall market movement [BQ17049_02_01]			
(ii) Price spike or plummet of individual securities/ securities collateral [BQ17049_02_02]			
(iii) Price spike or plummet of a basket of securities/ securities collateral [BQ17049_02_03]			
(iv) Default of major clients [BQ17049_02_04]			
(v) Call for repayment by banks [BQ17049_02_05]			
(vi) Cut down of facilities lines by banks [BQ17049_02_06]			

Skip Q.13(b) if the answer to Q.13(a) is "Never" or "N/A".

14 Please indicate the frequency that the Licensed Corporation performs the following. [BQ17050]

14 (a) Project cash flows: [BQ17050_01]

- At least daily
- At least weekly
- At least monthly
- Less frequent than monthly
- Never
- N/A - the Licensed Corporation does not need to project cash flow. Please explain:

14 (b) Project settlement obligations: [BQ17050_02]

- At least daily
- At least weekly
- At least monthly
- Less frequent than monthly
- Never
- N/A - the Licensed Corporation does not have settlement obligations.

14 (c) Review the Licensed Corporation's banking facilities by senior management: [BQ17050_03]

- At least daily
- At least weekly
- At least monthly
- Less frequent than monthly
- Never
- N/A - the Licensed Corporation does not have banking facilities.

15 Does the Licensed Corporation have policies and procedures to assess the adequacy of funding in the following scenarios? [BQ17051]

	Yes	No	N/A
(a) A drop in bank credit line [BQ17051_01]			
(b) Clients fail to fulfil settlement obligation and/ or fail to repay outstanding loan amount on time [BQ17051_02]			
(c) Clients request to sell their securities collateral that have been repledged by the firm [BQ17051_03]			
(d) Lower market liquidity under stressed scenarios [BQ17051_04]			

Skip Q.15 if either of Condition 1 or 2 is met:

Condition 1
- the only option(s) chosen for Q.1 of Section A1 is/ are option (w), options (w) and (l); options (w) and (m); options (w) and (u); options (w), (l) and (m); options (w), (l) and (u); options (w), (m) and (u); or options (w), (l), (m) and (u); and
- each of the answers to Q.1(a)-(b) of Section A8 is "No"

Condition 2
- the only option chosen for Q.1 of Section A1 is option (z).

16 Does the Licensed Corporation have escalation procedures covering the following scenarios? [BQ17052]

For Q.16(a)-(d), skip Column B if the answer indicated in Column A is "No" or "N/A".

	(A)			(B) If the answer is "Yes" in (A), does the procedure require escalation to be made to:			
				(i) Senior management?		(ii) Staff responsible for liquidity management?	
	Yes	No	N/A	Yes	No	Yes	No
(a) When there is a potential material shortfall of any sources of funding available to the Licensed Corporation (eg, client default in settlement, a drop in bank credit facilities granted to the Licensed Corporation)							
(b) When there is a potential material increase in the Licensed Corporation's funding requirements (eg, additional payment obligations required from exchanges)							
(c) When there is a material increase in the utilization rate of bank credit facilities							
(d) When there is a material drop in Liquid Capital							

17 (a) Did the Licensed Corporation fail to meet the settlement obligations on any settlement date during the financial year? [BQ17053]

- Yes
- No
- N/A

17 (b) If the answer is "Yes" in (a), was the settlement failure caused by the failure of the following parties? (Please choose all options that are applicable to the Licensed Corporation.) [BQ17053_02]

Skip Q.17(b) if the answer to Q.17(a) is "No" or "N/A".

- (i) The Licensed Corporation
- (ii) Group or affiliated company(ies)
- (iii) External counterparty(ies)
- (iv) Others, please specify:

V. Operational Risk

18 Does the Licensed Corporation have policies and procedures covering the following areas? [BQ17054_01]

	Yes	No	N/A
(a) Contingency handling for failures in the risk management system (eg, system blackout, data feeding failure) [BQ17054_01_01]			
(b) Segregation of duties of front office functions (eg, sales and dealing) from back or middle office functions (eg, accounting, trade matching/ reconciliation, settlement, and issuing of client statements) [BQ17054_02_01]			
(c) Independent review of front office trading activities (eg, trade cancellation, trade amendments, error trades, late trades, fail trades) [BQ17054_03_01]			

Skip Q.18(b)-(c) if the only option chosen for Q.1 of Section A1 is option (z).

19 (a) Does the Licensed Corporation have a business continuity plan? [BQ17055_01]

- Yes
- No
- N/A, please explain:

19 (b) If the answer is "Yes" in (a), did the Licensed Corporation implement any drill test on its business continuity plan during the financial year? [BQ17055_02]

Skip Q.19(b) if the answer to Q.19(a) is "No" or "N/A".

- Yes
- No

Section A10 - Information Technology (BQ17056 - BQ17065)

I. General Questions

1 Please indicate if any system incidents impacting more than 1% of the Licensed Corporation's client base or 1% of daily turnover and/ or which the Licensed Corporation deems material took place at the Licensed Corporation during the financial year.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17056]

- (a) Unplanned system outage
- (b) Real or suspected hacking attacks against the firm's networks and systems
- (c) Distributed Denial of Services ("DDoS")
- (d) Ransomware attacks
- (e) Loss or leakage of data (eg, client data, trade data, proprietary data)
- (f) Others, please specify:
- (g) N/A - no such system incidents took place at the Licensed Corporation during the financial year.

---

2 Please indicate the basis of system and data backup performed by the Licensed Corporation during the financial year.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17057]

- (a) Full backup was performed on a periodic basis. Please specify the cycle (eg, weekly, monthly, quarterly, yearly):
- (b) Full backup was performed before making all major system changes
- (c) Full backup was performed after making all major system changes
- (d) Other basis, please specify:
- (e) N/A - no system and data backup was performed. Please provide further details (optional):

---

3 Did the Licensed Corporation provide internet trading services to clients during the financial year? [BQ17058]

- Yes
- No

II. Protection of Clients' Internet Trading Accounts

4 Please indicate the percentage of turnover that was derived from internet trading over the total turnover of the Licensed Corporation during the financial year. [BQ17059]

Skip Q.4 if the answer to Q.3 is "No".

- 30% or less
- More than 30% and up to 50%
- More than 50% but less than 100%
- 100%

---

5 Please indicate which of the following describes the set up of IT team responsible for the internet trading operations of the Licensed Corporation. [BQ17060]

Skip Q.5 if the answer to Q.3 is "No".

- An IT team is set up with designated roles and responsibilities (for example, team members are assigned to different sub-groups/ teams with designated mandates such as application development, database administration, infrastructure maintenance, desktop support)
- A small IT team is set up with shared responsibilities
- Others, please specify:
- N/A - no dedicated IT team is set up. Please provide further details (optional):

---

6 Please indicate the percentage of the Licensed Corporation's annual IT budget over the total annual budget. [BQ17061]

Skip Q.6 if the answer to Q.3 is "No".

- None
- More than 0% and up to 30%
- More than 30% and up to 50%
- More than 50%

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7 Is/ Are the internet trading platform(s) of the Licensed Corporation supplied or maintained by external vendor(s)? [BQ17062]

Skip Q.7 if the answer to Q.3 is "No".

- Yes, please specify the name of the vendor(s):
- No

---

8 Please describe the two-factor authentication solution that the Licensed Corporation has implemented for clients' login of internet trading accounts.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17063]

Skip Q.8 if the answer to Q.3 is "No".

- (a) Hardware token
- (b) Software token
- (c) SMS one-time-password
- (d) Biometrics eg, fingerprint
- (e) Others, please specify:
- (f) N/A - the Licensed Corporation has not implemented any two-factor authentication solution. Please provide further details (optional):

9 (a) Did the Licensed Corporation have any monitoring and surveillance mechanism in place to detect suspicious activities, eg, unauthorized access to trading system/ database or suspicious trading activities? [BQ17064_01]

Skip Q.9 if the answer to Q.3 is "No".

- Yes, please specify:
- No

9 (b) If the answer is "Yes" in (a), did the Licensed Corporation detect any suspicious activities during the financial year? [BQ17064_02]

Skip Q.9(b) if the answer to Q.9(a) is "No".

- Yes
- No

10 Please indicate if the Licensed Corporation notifies clients promptly after the following activities have taken place in the internet trading system.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17065]

Skip Q.10 if the answer to Q.3 is "No".

- (a) System login
- (b) Trade executions
- (c) Password reset
- (d) Change to client and account related information
- (e) Others, please specify:
- (f) N/A - no notification is sent to clients. Please provide further details (optional):

Section A11 - Complaint Handling (BQ17066 - BQ17068)

**1 Please describe the procedures that the Licensed Corporation has in place in relation to complaint handling.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17066]**

- (a) Maintain a complaint log
- (b) Monitor the progress of complaints investigation
- (c) Make regular reports to senior management for review
- (d) Investigate and remedy other relevant issues if the complaint relates to other clients, or raises issues of broader concern, notwithstanding that the other clients may not have filed the complaints with the firm
- (e) Others, please specify:
- (f) N/A - the Licensed Corporation does not have any complaint handling procedures. Please provide further details (optional):

**2 Please describe the type(s) of complaint related information that the Licensed Corporation would provide to clients as part of its complaint handling procedure.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17067]**

- (a) Where and how to lodge a complaint, including the contact details of the Licensed Corporation's complaint officer
- (b) Acknowledgement of receipt of complaint
- (c) Regular updates to clients regarding the progress of investigation of the complaint
- (d) Reply for its decision after assessment
- (e) Where a complaint is not remedied promptly, further step which may be available to the client under the regulatory system including the right to refer a dispute to the Financial Dispute Resolution Centre ("FDRC")
- (f) Others, please specify:
- (g) N/A - the Licensed Corporation does not provide any complaint related information to clients as part of its complaint handling procedure. Please provide further details (optional):

---

3 Please indicate the number of client complaints with the primary nature relating to the following areas during the financial year. [BQ17068]

Skip Q.3 if the only option chosen for Q.1 of Section A1 is option (z).

	Number of complaints received during the financial year			
	None	**1 - 2**	**3 - 5**	**6 or above**
(a) Account opening [BQ17068_01]				
(b) Non-receipt of receipts, contract notes or statements of account [BQ17068_02]				
(c) Unauthorized transactions [BQ17068_03]				
(d) Unauthorized handling of client assets [BQ17068_04]				
(e) Incorrect account balances or stock holding on statement of account [BQ17068_05]				
(f) Trading disputes (eg, dispute over fees and charges, price or pecuniary dispute) [BQ17068_06]				
(g) Bad investment advice [BQ17068_07]				
(h) Internet/ system disruption [BQ17068_08]				
(i) Use of algorithmic trading system(s) [BQ17068_09]				
(j) Operations of ALP(s) [BQ17068_10]				
(k) Mis-selling [BQ17068_11]				
(l) Misleading information [BQ17068_12]				
(m) Standard of service [BQ17068_13]				
(n) Money laundering [BQ17068_14]				
(o) Misappropriation of client asset [BQ17068_15]				
(p) Others, please specify : [BQ17068_16]				

Skip Q.3(j) if the only option(s) chosen for Q.1 of Section A1 is/ are option (w); options (w) and (l); options (w) and (m); options (w) and (u); options (w), (l) and (m); options (w), (l) and (u); options (w), (m) and (u) or options (w), (l), (m) and (u).

Section A12 - Anti-Money Laundering and Counter-Financing of Terrorism (BQ17069 - BQ17087)

I. Client Profile by Money Laundering/ Terrorist Financing ("ML/ TF") Risk Profiling

1 (a) In determining whether special requirements and additional measures should be applied for politically exposed persons, does the Licensed Corporation distinguish between foreign politically exposed persons, domestic politically exposed persons and international organisation politically exposed persons under its policies and procedures? [BQ17069_01]

- Yes
- No
- N/A, please explain:

1 (b) Please indicate the number of clients assessed to have high ML/ TF risk falling under each of the below (i)-(vii) categories of clients as of the end of the financial year by completing the table below. [BQ17069_02]

Note: The term "high net worth clients" refers to professional investors falling under paragraph (j) of the definition of "professional investor" in Part 1 of Schedule 1 to the Securities and Futures Ordinance who has a portfolio or total assets of not less than the applicable monetary threshold specified in the Securities and Futures (Professional Investor) Rules (eg, the HK$8 million minimum portfolio threshold for individuals; the HK$8 million minimum portfolio threshold or the HK$40 million minimum total assets threshold for corporations).

Categories of clients	Number of clients						
	None	1-20	21 - 100	101 - 500	501 - 1,000	1,001 - 3,000	3,001 or more
(i) Politically exposed persons							
(A) Foreign politically exposed persons							
(B) Domestic politically exposed persons							
(C) International organisation politically exposed persons							
(ii) High net worth clients[Note]							
(iii) Clients where a non-face-to-face account opening procedure is used							
(iv) Clients who have opened multiple accounts with the same beneficial owners or controlling parties							
(v) Omnibus accounts opened by overseas financial institution carrying on business in a place which is from a jurisdiction that is not a member of the FATF							
(vi) Clients located/ with residence outside Hong Kong in high risk jurisdictions							
(vii) Other clients assessed to have high ML/ TF risk							

Skip Q.1(b)(i)(A)-(C) if the answer to Q.1(a) is "No" or "N/A".

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2 Regarding the foreign, domestic and international organisation politically exposed persons reported in Q.1(b)(i) above, please describe their relationships with an individual who is or has been entrusted with a prominent (public) function ("Relevant Individual") as a politically exposed person.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17071]

Skip Q.2 if the answer to Q.1(b)(i) is "None".

- (a) A Relevant Individual
- (b) A spouse of the Relevant Individual
- (c) A partner of the Relevant Individual
- (d) A child of the Relevant Individual
- (e) A parent of the Relevant Individual
- (f) A spouse of the child of the Relevant Individual
- (g) A partner of the child of the Relevant Individual
- (h) A close associate of the Relevant Individual, please specify the relationship:

II. Enhanced Measures

3 Please describe the enhanced measures the Licensed Corporation has adopted in dealing with clients assessed to have high ML/ TF risks.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17072]

☐ (a) Obtain additional information on the client
☐ (b) Establish the source of wealth of the client
☐ (c) Establish the source of funds of the client
☐ (d) Obtain the approval of senior management to commence or continue the relationship
☐ (e) Increase the number and timing of the controls applied and selecting patterns of transactions that need further examination
☐ (f) Update more regularly the identification data of customer and beneficial owner
☐ (g) Further verify the client's identity on the basis of documents, data or information not previously used for the purposes of verification of the client's identity
☐ (h) Take supplementary measures to verify information relating to the client
☐ (i) Others, please specify:
☐ (j) N/A - the Licensed Corporation does not adopt any enhanced measures in dealing with clients assessed to have high ML/ TF risks. Please provide further details (optional):
☐ (k) N/A - the Licensed Corporation does not adopt any enhanced measures as there are no clients assessed to have high ML/ TF risks.

4 Please describe the methods the Licensed Corporation has adopted in verifying the identity of a client where the account opening documents are not executed in the presence of an employee of the Licensed Corporation.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17073]

Skip Q.4 if the only option chosen for Q.1 of Section A1 is option (z).

☐ (a) Certification authorities in Hong Kong recognised by the Electronic Transactions Ordinance
☐ (b) Certification authorities outside of Hong Kong whose electronic signature certificates have obtained mutual recognition status accepted by the HKSAR government
☐ (c) Certification by other non-affiliated licensed or registered person
☐ (d) Certification by affiliates which are regulated financial institutions (such as banks and brokers)
☐ (e) Certification by affiliates which are not regulated financial institutions
☐ (f) Certification by a Justice of the Peace, a professional person such as branch manager of a bank, certified public accountant, lawyer or notary public
☐ (g) Obtain a signed physical copy of the client agreement together with a copy of the client's identity document
☐ (h) Obtain an electronic copy of the client agreement which is signed by way of an electronic signature together with a copy of the client's identity document
☐ (i) Effect a successful 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 to the Licensed Corporation's bank account
☐ (j) Obtain and encash a cheque (not less than HK$10,000) issued by the client, and check the signature on the issued cheque against the signature in the client agreement
☐ (k) Others, please specify:
☐ (l) N/A - the Licensed Corporation does not verify the identity of the client where the account opening documents are not executed in the presence of its employee. Please provide further details (optional):
☐ (m) N/A - the Licensed Corporation does not have any clients where the account opening documents are not executed in the presence of its employee.

III. Transaction Monitoring

5 Please describe the measures that Licensed Corporation has in place to identify potentially suspicious transactions.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17075]

☐ (a) Provide a set of circumstances for staff to spot the unusual or potentially suspicious transactions (eg, red flag indicators)
☐ (b) Provide training to staff on identification of suspicious transactions
☐ (c) Regularly review the risk factors, parameters and thresholds used in the transaction monitoring system, with reference to any new and emerging techniques, methods and trends in ML/ TF
☐ (d) Regularly review the training materials, with reference to any new and emerging techniques, methods and trends in ML/ TF
☐ (e) Conduct regular reviews of exception reports or large or irregular transaction reports as well as ad hoc reports made by staff
☐ (f) Ensure Money Laundering Reporting Officer ("MLRO") is of sufficient level of seniority and authority within the Licensed Corporation to discharge his function
☐ (g) Conduct independent review of the AML/ CFT system (eg, conducting sample testing)
☐ (h) Others, please specify:
☐ (i) N/A - the Licensed Corporation does not have any measures in place to identify potentially suspicious transactions. Please provide further details (optional):
☐ (j) N/A - measures for identifying potentially suspicious transactions are not applicable given the nature of the Licensed Corporation's business activities. Please explain:

6 Please describe the steps taken by the MLRO when evaluating whether the relevant transaction as reported in an internal disclosure is suspicious.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17076]

☐ (a) Obtain information about the rationale of the transaction from the client/ other person, to the extent not constituting tipping-off
☐ (b) Review CDD information of the client and its connected accounts
☐ (c) Review previous transaction pattern of the client and its connected accounts
☐ (d) Review transactions for their consistency with the client's nature of business, risk profile and source of funds
☐ (e) Others, please specify:
☐ (f) N/A - the Licensed Corporation does not have any procedures in place to evaluate whether an internal disclosure is suspicious. Please provide further details (optional):
☐ (g) N/A - procedures for evaluating internal disclosure are not applicable to the Licensed Corporation given the nature of its business activities. Please explain:

IV. Suspicious Transaction Reporting

7 Please indicate the percentage of internal disclosure of suspicious transactions of the Licensed Corporation made by staff to the MLRO that were reported to the Joint Financial Intelligence Unit ("JFIU") during the financial year. [BQ17077]

- None of the internal disclosure of suspicious transactions was reported to the JFIU
- More than 0% and up to 50%
- More than 50% and up to 90%
- More than 90% but less than 100%
- 100%
- N/A - no internal disclosure of suspicious transactions was made by staff to the MLRO during the financial year.
- N/A - internal disclosures of suspicious transactions are not applicable to the Licensed Corporation given the nature of its business activities. Please explain:

V. Counter-Financing of Terrorism

8 Please describe the circumstances under which the Licensed Corporation would conduct screening to prevent terrorist financing and sanction violations.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17078]

- (a) At the establishment of business relationship, ie, screening of the new client and any beneficial owners of the client against the current terrorist and sanction designations
- (b) Whenever new terrorists and sanction designations are published by the relevant authorities, ie, screening of these new designations against the Licensed Corporation's entire client base
- (c) Before executing cross-border wire transfer, ie, screening all relevant parties in the cross-border wire transfer against the current database
- (d) Others, please specify:
- (e) N/A - no screening is conducted to prevent terrorist financing and sanction violations. Please provide further details (optional):
- (f) N/A - screening to prevent terrorist financing and sanction violations is not applicable to the Licensed Corporation given the nature of its business activities. Please explain:

9 Please describe the methods employed by the Licensed Corporation to conduct screening of clients and/ or third parties involved in payment/ stock transfer instructions against the updated list of terrorist and sanction designations.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17079]

Skip Q.9 if the only option chosen for Q.1 of Section A1 is option (z).

- (a) Eye-ball screening against the updated list of designations
- (b) Use of computer aids for screening against the updated list of designations maintained by the Licensed Corporation in its own electronic database
- (c) Screening against vendor-supplied databases which contain the relevant designations
- (d) Others, please specify:
- (e) N/A - no screening is conducted against clients nor third parties involved in payment/ stock transfer instructions. Please provide further details (optional):
- (f) N/A - screening of clients and/ or third parties involved in payment/ stock transfer instructions against the updated list of terrorist and sanction designations is not applicable to the Licensed Corporation given the nature of its business activities. Please explain:

VI. Cash Transactions

10 (a) Does the Licensed Corporation accept the following types of cash transaction by clients? [BQ17080_01]

	Yes	No	N/A - the Licensed Corporation does not receive or hold client money
(i) Cash deposits made by clients directly to the Licensed Corporation [BQ17080_01_01]			
(ii) Cash deposits made by clients directly to the Licensed Corporation's bank accounts [BQ17080_01_02]			
(iii) Cash withdrawals [BQ17080_01_03]			

10 (b) If the answer is "Yes" in (a)(ii), please indicate the procedures that the Licensed Corporation has in place to identify cash deposited by clients to the Licensed Corporation's bank accounts.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17080_02]

Skip Q.10(b) if the answer to Q.10(a)(ii) is "No" or "N/A".

- (i) Review the transaction description from bank statements
- (ii) Make enquiry or request the client to indicate the means of deposit (eg, cash, cheque, bank transfer) when notifying the Licensed Corporation of the deposit by client
- (iii) Obtain and review the supporting document provided by the client to identify the means of deposit (eg, bank deposit slip)
- (iv) Others, please specify:
- (v) N/A - the Licensed Corporation does not have any procedures in place to identify cash deposited by clients to the Licensed Corporation's bank accounts. Please provide further details (optional):

10 (c) If the answer is "No" in (a)(ii), please indicate the procedures that the Licensed Corporation has in place to prevent cash from being deposited by clients to the Licensed Corporation's bank accounts.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17080_03]

Skip Q.10(c) if the answer to Q.10(a)(ii) is "Yes" or "N/A".

- (i) Arrangements have been made with one or more banks to prevent cash from being deposited to the Licensed Corporation's bank accounts
- (ii) Notifications have been made to clients informing them cash deposited to the Licensed Corporation's bank accounts will not be accepted
- (iii) Others, please specify:
- (iv) N/A - the Licensed Corporation does not have any procedures in place to prevent cash from being deposited by clients to the Licensed Corporation's bank accounts. Please provide further details (optional):

11 If the answer is "Yes" in Q.10(a)(i), (a)(ii) and/ or (a)(iii), please describe the procedures that the Licensed Corporation has in place to identify cash deposits/ withdrawals by client that give rise to potentially suspicious transactions.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17081]

Skip Q.11 if none of the answers to Q.10(a)(i)-(iii) is "Yes".

- (a) Understand and document the reasons for making large or frequent cash deposits/ withdrawals and assess reasonableness of the transactions
- (b) Set up alerts to monitor client accounts with frequent or unusual patterns of cash deposits/ withdrawals
- (c) Conduct independent reviews of cash deposit/ withdrawal samples for quality control of the suspicious transaction monitoring procedures
- (d) Make further enquires when clients make requests for executing transactions that are not in accordance with the customer's known reasonable practice
- (e) Others, please specify:
- (f) N/A - the Licensed Corporation does not have any procedures in place to identify cash deposits/ withdrawals by client that give rise to potentially suspicious transactions. Please provide further details (optional):

VII. Cross-border Remittance

12 (a) Does the Licensed Corporation accept the following types of cross-border remittance? [BQ17082_01]

	Yes	No	N/A - the Licensed Corporation does not receive or hold client money
(i) Cross-border remittance into client accounts [BQ17082_01_01]			
(ii) Cross-border remittance out of client accounts [BQ17082_01_02]			

12 (b) If the answer is "Yes" in (a)(i) and/ or (a)(ii), please describe the procedures that the Licensed Corporation has in place to identify cross-border remittance into/ out of client accounts that give rise to potentially suspicious transactions.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17082_02]

Skip Q.12(b) if none of the answers to Q.12(a)(i)-(ii) is "Yes".

- (i) Ascertain and document the geographical origin/ destination of a remittance received or paid
- (ii) Understand and document the reasons for making cross-border remittance and assess reasonableness of the transactions against client profile and historical transaction patterns
- (iii) Set up alerts to monitor client accounts with frequent or unusual patterns of cross-border remittance transactions
- (iv) Conduct independent reviews of cross-border remittance samples for quality control of the suspicious transaction monitoring procedures
- (v) Others, please specify:
- (vi) N/A - the Licensed Corporation does not have any procedures in place to identify cross-border remittance into/ out of client accounts that give rise to potentially suspicious transactions. Please provide further details (optional):

VIII. Third-party Transactions

13 Does the Licensed Corporation allow the following types of third-party transactions by clients? [BQ17084]

Note 1: Payments to third parties does not include (i) payments to clearing houses or financial intermediaries on behalf of a client for settlement of trades or meeting of margin obligations of the client and (ii) payments to a financial intermediary on behalf of a client for crediting into the same client's account held with the financial intermediary.

Note 2: Receipts from third parties does not include (i) receipts from clearing houses or financial intermediaries on behalf of a client resulting from the settlement of the client's trades and (ii) receipts from a financial intermediary on behalf of a client where the relevant funds are from the same client's account held with the financial intermediary.

Note 3: Securities transfer to/ from third parties in client accounts does not include securities transfer to/ from clearing houses or financial intermediaries on behalf of a client for settlement of trades of the client.

	Yes	No	N/A - the Licensed Corporation does not receive or hold client assets
(a) Payments to third parties[Note 1] [BQ17084_01]			
(b) Receipts from third parties[Note 2] [BQ17084_02]			
(c) Securities transfers to/ from third parties[Note 3] [BQ17084_03]			

14 If the answer is "Yes" in Q.13(b), please indicate the procedures that the Licensed Corporation has in place to identify receipts from third parties.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17085]

Skip Q.14 if the answer to Q.13(b) is "No" or "N/A".

- (a) Make enquiry with the client to confirm whether the deposit is made from a third party source
- (b) Review the depositor's name in the supporting documents (eg, bank deposit slips, cheque copies, etc) provided by the client against the client's name
- (c) Review the depositor's name available from bank statements (including bank advices and other details provided by the bank) against the client's name
- (d) Perform fund tracing to banks to establish the identity of the depositor
- (e) Others, please specify:
- (f) N/A - the Licensed Corporation does not have any procedures in place to identify receipts from third parties. Please provide further details (optional):

15 If the answer is "Yes" in Q.13(a), (b) and/ or (c), please describe the controls that the Licensed Corporation has over third-party transactions and/ or the procedures in place to identify third-party transactions that give rise to potentially suspicious transactions.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17087]

Skip Q.15 if none of the answers to Q.13(a)-(c) is "Yes".

- ☐ (a) Understand and document the relationship between the third-party and the client
- ☐ (b) Assess the reasonableness of the client's explanations for making third-party transactions
- ☐ (c) Verify the client's identity and/ or signature on the instruction (eg, fund withdrawal direction) against the signature record by an independent staff
- ☐ (d) Require senior management approval for third-party payments or third-party transactions
- ☐ (e) Set up alerts to monitor client accounts with frequent or unusual patterns of third-party transactions
- ☐ (f) Conduct independent reviews of third-party transaction samples for quality control of the suspicious transaction monitoring procedures
- ☐ (g) Others, please specify:
- ☐ (h) N/A - the Licensed Corporation does not have any controls over third-party transactions nor have any procedures in place to identify third-party transactions that give rise to potentially suspicious transactions. Please provide further details (optional):

Section B1 - Brokerage Businesses (BQ17088 - BQ17109)

I. Dealing (general)

1 (a) Does the Licensed Corporation serve its clients by Account Executives ("AEs")? [BQ17088_01]

- Yes
- No

1 (b) Please describe the remuneration structure for AEs who handle client orders.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17088_02]

Skip Q.1(b) if the answer to Q.1(a) is "No".

- (i) Fixed monthly salary
- (ii) Commission basis (remuneration for an individual AE is linked to the performance of the individual AE)
- (iii) Commission basis (remuneration for an individual AE is linked to the overall performance of the AE's sales team)
- (iv) Discretionary bonus
- (v) Others, please specify:

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2 Please indicate which of the following functions the AEs are involved in.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17089]

Skip Q.2 if the answer to Q.1(a) is "No".

- (a) Account opening
- (b) Change of clients' information, eg, address
- (c) Order receiving and trade execution
- (d) Delivery of client trade documents
- (e) Handling of fund deposit and withdrawal
- (f) Handling of stock deposit and withdrawal
- (g) Handling client complaints
- (h) Others, please specify:

---

3 (a) Please identify the top 5 AEs (in terms of trading turnover of the clients of the AE) during the financial year, and state the respective commission income contributed (as a percentage of total commission income of the Licensed Corporation), the number of active clients and out of which the number of discretionary account clients, if any.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17090]

Skip Q.3(a) if option (ii) of Q.1(b) is not chosen.

	(A) % of total commission income contributed by the AE during the financial year	(B) No. of active clients	(C) No. of discretionary account clients
(i) Top 1 AE			
(ii) Top 2 AE			
(iii) Top 3 AE			
(iv) Top 4 AE			
(v) Top 5 AE			

3 (b) Please identify the top 5 sales team (in terms of trading turnover of the clients of the sales team) during the financial year, and state the respective commission income contributed (as a percentage of total commission income of the Licensed Corporation), the number of active clients and out of which the number of discretionary account clients, if any.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17090A]

Skip Q.3(b) if option (iii) of Q.1(b) is not chosen.

	(A) % of total commission income contributed by the sales team during the financial year	(B) No. of active clients	(C) No. of discretionary account clients
(i) Top 1 sales team			
(ii) Top 2 sales team			
(iii) Top 3 sales team			
(iv) Top 4 sales team			
(v) Top 5 sales team			

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4 (a) Does the Licensed Corporation have any branch(es) in Hong Kong? [BQ17091_01]

- Yes
- No

4 (b) Please indicate the area(s) that the branch(es) of the Licensed Corporation is/ are directly responsible for.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17091_02]

Skip Q.4(b) if the answer to Q.4(a) is "No".

- (i) Account opening
- (ii) Update of clients' information, eg, address
- (iii) Safeguarding of client assets, eg, keep physical scrips
- (iv) Order placing
- (v) Dealing
- (vi) Credit control
- (vii) Settlement
- (viii) Delivery of contract notes, statements of account and receipts
- (ix) Handling of client money/ securities, eg, deposit or withdrawal
- (x) Handling of client complaints
- (xi) Others, please specify:

**5 Please describe the type(s) of regular review that the branch(es) of the Licensed Corporation is/ are subject to.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17092]**

Skip Q.5 if the answer to Q.4(a) is "No".

- (a) Head office management onsite visit
- (b) Internal audit
- (c) Compliance department review
- (d) Others, please specify:
- (e) N/A – the Licensed Corporation does not perform regular review on its branch(es). Please provide further details (optional):

**6 Please indicate the types of controls that the Licensed Corporation has in place to ascertain the completeness of order records.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17093]**

- (a) Use pre-numbered order tickets
- (b) Use telephone recording facilities
- (c) Adopt straight through online order placing
- (d) Time stamp order records
- (e) Prohibit AE from receiving client orders through mobile phones on the office premises
- (f) Require AE to call back to the telephone recording system immediately to record orders received outside of the office premises by AE
- (g) Others, please specify:
- (h) N/A - the Licensed Corporation does not have any controls in place to ascertain the completeness of order records. Please provide further details (optional):

**7 Please indicate the order receiving channel(s) that the Licensed Corporation received orders from clients and based on your best estimate, indicate the proportion that each channel was used during the financial year.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17094]**

	(A) Proportion of client orders placed through each channel during the financial year (by turnover)			
	25% or less	More than 25% and up to 50%	More than 50% and up to 75%	More than 75%
(a) By internet trading platform				
(b) By mobile application platform				
(c) FIX channel				
(d) Other order receiving channels, including telephone, mobile phone, in writing (eg, emails, Bloomberg chat), SMS, instant messaging applications (eg, Whatsapp, WeChat), in person on office premises, etc.				

**8 Please describe the items that the Licensed Corporation would check before order execution.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17095]**

- (a) Unusually large order quantity
- (b) Price deviation from market
- (c) Client's cash holdings
- (d) Client's position holdings
- (e) Client's credit limit
- (f) Client's order size limit
- (g) Others, please specify:
- (h) N/A - the Licensed Corporation does not have pre-trade checking. Please provide further details (optional):

**9 Please describe the controls that the Licensed Corporation has in place for handling of client orders.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17096]**

- (a) Require senior management approval for overriding credit and/ or order limits
- (b) Require senior management approval for trade cancellation/ amendment
- (c) Prohibit reallocation of executed trades to different client accounts
- (d) Confirm executed trades with clients upon order execution
- (e) Others, please specify:
- (f) N/A - the Licensed Corporation does not have any control measures in place for handling of client orders. Please provide further details (optional):

**10 Please describe the areas of post-trade review conducted by the Licensed Corporation to detect non-adherence to its dealing policies and procedures.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17097]**

- (a) Unauthorized trading
- (b) Prompt execution
- (c) Order recording
- (d) Others, please specify:
- (e) N/A - the Licensed Corporation does not have any post-trade review. Please provide further details (optional):

11 Please describe the controls that the Licensed Corporation has in place to ensure that transactions carried out on a discretionary basis are in accordance with the investment guidelines, objectives and restrictions agreed by the client with the Licensed Corporation.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17098]

- (a) Review by independent staff
- (b) Automated exception reports for checking
- (c) Senior management review

  (i) Please indicate the frequency that senior management perform such review. [BQ17098_01]

  - At least daily
  - At least monthly
  - At least quarterly
  - At least semi-annually
  - At least annually
  - Less frequent than annually

- (d) Others, please specify:
- (e) N/A - the Licensed Corporation does not provide discretionary account services.
- (f) N/A - the Licensed Corporation does not have any controls in place for transactions carried out on a discretionary basis. Please provide further details (optional):

Skip Q.11(c)(i) if option (c) of Q.11 is not chosen.

12 (a) Please indicate the number of error trades of the Licensed Corporation (including error trades originated or handled by the Licensed Corporation and booked to group or affiliated companies) during the financial year. [BQ17099_01]

- None
- 1 - 20
- 21 - 100
- 101 or more

12 (b) Please indicate the frequency that the Licensed Corporation reviews and follows up on error trades. [BQ17099_02]

- At least daily
- At least weekly
- At least monthly
- Less frequent than monthly
- N/A - the Licensed Corporation does not review and follow up on error trades. Please provide further details (optional):

13 Please provide the following information about the counterparties of the Licensed Corporation and the exchanges that the Licensed Corporation traded in during the financial year. [BQ17100]

Skip Q.13 if option (a) of Q.1 of Section A1 is not chosen.

(a)	(A) Top 3 execution brokers used (by transaction value traded via the execution broker during the financial year)	(B) Country	(C) Is the execution broker a group or affiliated company of the Licensed Corporation? Yes	No
☐ (i) Top 1			○	○
☐ (ii) Top 2			○	○
☐ (iii) Top 3			○	○

☐ (iv) N/A - the Licensed Corporation did not use any execution brokers during the financial year.

(b)	(A) Top 3 exchanges traded in (by transaction value traded in the exchange as an exchange participant or member during the financial year)
☐ (i) Top 1	
☐ (ii) Top 2	
☐ (iii) Top 3	

☐ (iv) N/A - the Licensed Corporation did not trade in any exchanges during the financial year.

(c)	(A) Top 3 custodian banks for depositing client securities (by value of client securities maintained with the custodian bank as at the end of the financial year, excluding repledged securities and repledged securities collateral)	(B) Country
☐ (i) Top 1		
☐ (ii) Top 2		
☐ (iii) Top 3		

☐ (iv) N/A - the Licensed Corporation did not use any custodians for depositing client securities during the financial year.

(d)	(A) Top 3 settlement banks for clearing house settlement (by amount settled via the settlement bank during the financial year)	(B) Country
☐ (i) Top 1		
☐ (ii) Top 2		
☐ (iii) Top 3		

☐ (iv) N/A - the Licensed Corporation did not use any settlement banks for clearing house settlement during the financial year.

14 Please indicate the number of off-exchange trades in securities (eg, bought/ sold note transaction) conducted or arranged by the Licensed Corporation during the financial year. [BQ17101]

Skip Q.14 if option (a) of Q.1 of Section A1 is not chosen.

○ None
○ 1 - 20
○ 21 - 100
○ 101 or more

II. Stock Connect

15 Please describe the type(s) of information that the Licensed Corporation provides to clients relating to the arrangement of Stock Connect.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17102]

- (a) The terms & conditions and risk disclosure in relation to Stock Connect
- (b) Eligible stocks for Northbound trading
- (c) Daily quota
- (d) Trading restrictions
- (e) Different securities and money settlement day
- (f) Shareholding disclosure obligations
- (g) Foreign investor shareholding restrictions
- (h) Forced-sale arrangements
- (i) Others, please specify:
- (j) N/A - the Licensed Corporation does not provide any information to clients relating to the arrangement of Stock Connect. Please provide further details (optional):

16 Please describe the controls that the Licensed Corporation has in place for dealing in securities via Stock Connect.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17103]

- (a) Pre-trade checking and controls to prevent day trading and ensure compliance with the short-selling requirements
- (b) Arrangements to monitor and alert clients to comply with the applicable shareholding disclosure obligations and shareholding restrictions
- (c) Measures to ensure margin trading is confined to the eligible securities published by the HKEX from time to time
- (d) Measures to ensure prompt segregation of SSE/ SZSE Securities of the clients into designated accounts
- (e) Controls to prevent any trading or providing services to facilitate the trading of SSE/ SZSE Securities held within CCASS through any venue other than through the market system of the Stock Connect
- (f) Others, please specify:
- (g) N/A - the Licensed Corporation does not have any controls in place for dealing in securities via Stock Connect. Please provide further details (optional):

III. Futures and Options Brokerage

17 (a) Does the Licensed Corporation obtain written objective proof of net worth or net income prior to granting position limit to clients? [BQ17103A_01]

- Yes
- No

17 (b) If the answer is "Yes" in (a), please indicate the type(s) of written objective proof the Licensed Corporation obtains.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17103A_02]

Skip Q.17(b) if the answer to Q.17(a) is "No".

- (i) Tax returns
- (ii) Salary advices
- (iii) Bank/ broker/ custodian statements
- (iv) Audited financial statements
- (v) Others, please specify:

18 (a) Does the Licensed Corporation communicate its policies and procedures in relation to margin call and forced liquidation to its clients? [BQ17103B_01]

- Yes
- No

18 (b) If the answer is "Yes" in (a), please indicate how the policies and procedures are communicated to clients.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17103B_02]

Skip Q.18(b) if the answer to Q.18(a) is "No".

- (i) Included in the client account agreement
- (ii) Included in the risk disclosure statement
- (iii) Included in the Licensed Corporation's website
- (iv) Verbally explained to the client by staff of the Licensed Corporation
- (v) Others, please specify:

19 (a) Does the Licensed Corporation allow waiving of margin call? [BQ17103C_01]

- Yes
- No

19 (b) If the answer is "Yes" in (a), please indicate the position of the person(s) authorized to grant margin call waivers.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17103C_02]

Skip Q.19(b) if the answer to Q.19(a) is "No".

- (i) The staff responsible for making margin calls
- (ii) The Manager-In-Charge of dealing business
- (iii) The Manager-In-Charge of credit risk management
- (iv) Responsible Officers
- (v) Chief Operating Officer (or its equivalent)
- (vi) Chief Executive Officer (or its equivalent)
- (vii) Credit Committee (or its equivalent)
- (viii) Others, please specify:

20 (a) Does the Licensed Corporation allow waiving of forced liquidation? [BQ17103D_01]

- Yes
- No

20 (b) If the answer is "Yes" in (a), please indicate the position of the person(s) authorized to grant forced liquidation waivers. (Please choose all options that are applicable to the Licensed Corporation.)[BQ17103D_02]

Skip Q.20(b) if the answer to Q.20(a) is "No".

- (i) The staff responsible for executing forced liquidation
- (ii) The Manager-In-Charge of dealing business
- (iii) The Manager-In-Charge of credit risk management
- (iv) Responsible Officers
- (v) Chief Operating Officer (or its equivalent)
- (vi) Chief Executive Officer (or its equivalent)
- (vii) Credit Committee (or its equivalent)
- (viii) Others, please specify:

21 (a) Does the Licensed Corporation notify its clients prior to the execution of forced liquidation? [BQ17103E_01]

- Yes
- No

21 (b) If the answer is "Yes" in (a), please indicate the means of notification. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17103E_02]

Skip Q.21(b) if the answer to Q.21(a) is "No".

- (i) By email
- (ii) By SMS or other instant messaging applications (such as WhatsApp, WeChat)
- (iii) Verbal notification by phone or in person
- (iv) By letter
- (v) Others, please specify:

22 Does forced liquidation require prior senior management approval? [BQ17103F_01]

- Yes
- No

23 (a) Please indicate the number of established clients that were active as at the end of the financial year. [BQ17104_01]

- None
- 1 - 100
- 101 - 500
- 501 or more

23 (b) Please indicate the percentage of contracts transacted that belong to day trades of established clients over the total number of contracts transacted by the Licensed Corporation. [BQ17104_02]

Skip Q.23(b) if the answer to Q.23(a) is "None".

- 10% or less
- More than 10% and up to 50%
- More than 50% and up to 80%
- More than 80%

24 Please describe the controls that the Licensed Corporation has in place to ensure that the client has adequate margin deposits in his/ her account prior to accepting orders. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17105]

- (a) The client is automatically forbidden to open new positions by the trading system when there is a margin deficit in his/ her account
- (b) Manual control executed by the AE/ dealer through checking the client's net equity balance in the trading system/ report prior to accepting orders
- (c) Others, please specify:
- (d) N/A - the Licensed Corporation does not have any controls in place to ensure that the client has adequate margin deposits in his account prior to accepting orders. Please provide further details (optional):

25 (a) Does the Licensed Corporation participate in after-hours futures trading in HKFE during the financial year? [BQ17106_01]

- Yes
- No

25 (b) If the answer is "Yes" in (a), please indicate the percentage of contracts transacted that belong to after-hours futures trading in HKFE over the total number of contracts transacted by the Licensed Corporation. [BQ17106_02]

Skip Q.25(b)-(c) if the answer to Q.25(a) is "No".

- 10% or less
- More than 10% and up to 30%
- More than 30%

25 (c) Please describe the risk management measures that the Licensed Corporation has in place for after-hours trading in HKFE. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17106_03]

- (i) Additional intraday margin call to clients
- (ii) Tightening the forced liquidation policy (eg, immediately close out client's open position in case of margin deficit during the AHFT session)
- (iii) Tightening the credit control (eg, higher margin requirements)
- (iv) Others, please specify:
- (v) N/A - the Licensed Corporation does not have any risk management measures for after-hours trading in HKFE. Please provide further details (optional):

IV. Introducing Brokerage Business

26 (a) Did the Licensed Corporation introduce any client to any execution broker during the financial year? [BQ17107_01]

- Yes
- No

26 (b) Please state the name of the top 3 execution brokers (in terms of number of clients introduced) and indicate whether they are a group or affiliated company of the Licensed Corporation. [BQ17107_02]

Skip Q.26(b) if the answer to Q.26(a) is "No".

	(A) Name of execution broker	(B) Is the execution broker a group or affiliated company of the Licensed Corporation?	
		Yes	No
(i) Top 1			
(ii) Top 2			
(iii) Top 3			

**27 Please indicate the role(s) of the Licensed Corporation as an introducing broker.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17108]**

- (a) Introduce clients to execution broker
- (b) Communicate client orders in the client's name
- (c) Others, please specify:

**28 Please indicate the type(s) of information that the Licensed Corporation discloses to its clients in writing in relation to the introducing arrangement.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17109]**

- (a) Description of the respective services provided by the Licensed Corporation and the execution broker to its clients
- (b) Roles and responsibilities of the Licensed Corporation in the dealing, settlement and custody processes
- (c) Roles and responsibilities of the execution broker in the dealing, settlement and custody processes
- (d) Roles and responsibilities of the Licensed Corporation in handling client assets
- (e) Others, please specify:
- (f) N/A - the Licensed Corporation does not provide any information to its clients in writing in relation to the introducing arrangement. Please provide further details (optional):

Section B2 - Securities Margin Financing (BQ17110 - BQ17123)

I. Total Margin Loans Limit Monitoring

1 (a) Does the Licensed Corporation monitor the total outstanding margin loans against a total margin loan limit? [BQ17110_01]

- Yes
- No

(i) If the answer is "Yes" in (a), please state the amount of the total margin loan limit (in HK$'000) in force as at the end of the financial year. [BQ17110_01_01]

Skip Q.1(a)(i) if the answer to Q.1(a) is "No".

1 (b) Was there any incident of breach of the total margin loan limit during the financial year? [BQ17110_02]

Skip Q.1(b) if the answer to Q.1(a) is "No".

- Yes
- No

If the answer is "Yes" in (b),
(i) please state the highest amount of breach (in HK$'000) during the financial year. [BQ17110_02_01]

Skip Q.1(b)(i)-(ii) if the answer to Q.1(b) is "No".

(ii) please indicate the follow up action(s) that the Licensed Corporation took to rectify the breach of the limit.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17110_02_02]

- Collect margin loans
- Stop granting new credit facilities or increasing existing credit facilities to margin clients
- Reduce credit limits granted to margin clients
- Others, please specify:
- N/A - the Licensed Corporation did not take any follow up action. Please provide further details (optional):

II. Client Credit Limit Control

2 (a) Does the Licensed Corporation obtain written objective proof of net worth or net income prior to granting credit limit to margin clients? [BQ17111_01]

- Yes
- No

(i) If the answer is "Yes" in (a), please indicate the type(s) of written objective proof the Licensed Corporation obtains.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17111_01_01]

Skip Q.2(a)(i) if the answer to Q.2(a) is "No".

- (A) Tax returns
- (B) Salary advices
- (C) Bank/ broker/ custodian statements
- (D) Audited financial statements
- (E) Others, please specify:

2 (b) Please indicate the frequency that the Licensed Corporation review the credit limits granted to margin clients. [BQ17111_02]

- At least annually
- Less frequent than annually, please specify:
- Never

2 (c) Does the Licensed Corporation obtain an updated written objective proof of the major margin clients' net worth or net income? [BQ17111_02_02]

Skip Q.2(c) if the answer to Q.2(b) is "Never".

- Yes
- No

III. Securities Collateral Concentration Risk Management

3 (a) Does the Licensed Corporation control exposures to individual securities collateral by securities collateral concentration limit(s) to avoid building up excessive exposure to individual securities collateral? [BQ17112_01]

- Yes
- No

Skip Q.3(a)(i)-(ii) if the answer to Q.3(a) is "No".

If the answer is "Yes" in (a),
(i) please indicate how the Licensed Corporation measures exposure to a securities collateral.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17112_01_01]

- (A) By total amount of margin loans secured by the securities collateral concerned
- (B) By total market value of the securities collateral concerned received from all margin clients
- (C) By total marginable value of the securities collateral concerned received from all margin clients
- (D) By impact on the Licensed Corporation's excess liquid capital under the scenario of the securities collateral concerned being assigned zero value for FRR calculation purpose
- (E) Others, please specify:

(ii) please describe the basis of determination and the amount of the securities collateral concentration limit(s) which were in force as at the end of the financial year.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17112_01_02]

- (A) As a percentage of the Licensed Corporation's shareholders' funds, (please specify the %: , and the limit (in HK$'000):)
- (B) As a percentage of the Licensed Corporation's total margin loans, (please specify the %: , and the limit (in HK$'000):)
- (C) As a percentage of the impact on the Licensed Corporation's excess liquid capital under the scenario of the securities collateral concerned being assigned zero value for FRR calculation purpose, (please specify the %:)
- (D) As a percentage of the total market value of collateral of all margin clients, (please specify the %: , and the limit (in HK$'000):)
- (E) As a percentage of the total marginable value of collateral of all margin clients, (please specify the %: , and the limit (in HK$'000):)
- (F) As a percentage of the market capitalization of the securities collateral concerned, (please specify the %:)
- (G) Others, (please specify the basis: , and the limit (in HK$'000):)
- (H) No specific basis (please specify the limit (in HK$'000):)

3 (b) Was there any incident of breach of the securities collateral concentration limit(s) during the financial year? [BQ17112_02]

Skip Q.3(b) if the answer to Q.3(a) is "No".

- Yes
- No

Skip Q.3(b)(i)-(ii) if the answer to Q.3(b) is "No".

If the answer is "Yes" in (b),
(i) please state:

(A) The total number of incidents of breach during the financial year:

(B) The total number of securities collateral concerned in the incident(s):

(C) The highest amount of breach of the securities collateral concentration limit(s) (in HK$'000) during the financial year:

(ii) please indicate the follow up action(s) that the Licensed Corporation took to rectify the breach of the limit(s).
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17112_02_02]

- (A) Collect margin loans secured by the securities collateral concerned
- (B) Stop granting new credit facility or increasing existing credit facility against the securities collateral concerned
- (C) Review the margin lending ratio of the securities collateral concerned
- (D) Others, please specify:
- (E) N/A - the Licensed Corporation did not take any follow up action. Please provide further details (optional):

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4 Please indicate the frequency of review of its list of acceptable securities collateral by the Licensed Corporation. [BQ17114]

- At least quarterly
- At least semi-annually
- At least annually
- Less frequent than annually
- Ad hoc, eg, according to market conditions
- Others, please specify:
- N/A - the Licensed Corporation does not maintain any list of acceptable securities collateral. Please provide further details (optional):

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5 Does the Licensed Corporation apply a flat haircut for all kinds of securities collateral? [BQ17115]

- Yes
- No

IV. Client Concentration Risk Management

6 (a) Does the Licensed Corporation control exposures to individual margin clients or groups of related margin clients by a client concentration limit(s) to avoid building up excessive exposures to each margin client or each group of related margin clients? [BQ17116_01]

- Yes
- No

If the answer is "Yes" in (a),
(i) please indicate how the Licensed Corporation measures exposure to a margin client or a group of related margin clients. (Please choose all options that are applicable to the Licensed Corporation.)[BQ17116_01_01]

Skip Q.6(a)(i)-(ii) if the answer to Q.6(a) is "No".

- (A) Equal to the outstanding amount(s) of the margin loan of the margin client or aggregate outstanding balance of the margin loans of the group of related margin clients
- (B) Others, please specify:

(ii) please describe the basis of determination and the amount of the client concentration limit(s) which were in force as at the end of the financial year. [BQ17116_01_02]

- (A) As a percentage of the Licensed Corporation's shareholders' funds, (please specify the %: , and the limit (in HK$'000):)
- (B) As a percentage of the Licensed Corporation's total margin loans, (please specify the % : , and the limit (in HK$'000):)
- (C) Others, (please specify the basis: , and the limit (HK$'000):)
- (D) No specific basis (please specify the limit (in HK$'000):)

6 (b) Was there any incident of breach of the client concentration limit(s) during the financial year? [BQ17116_02]

Skip Q.6(b) if the answer to Q.6(a) is "No".

- Yes
- No

If the answer is "Yes" in (b), please state:
(i) The total number of incidents of breach during the financial year:

Skip Q.6(b)(i)-(iv) if the answer to Q.6(b) is "No".

(ii) The total number of clients concerned in the incident(s):

(iii) The highest amount of breach of the limit(s) (in HK$'000) during the financial year:

(iv) Please indicate the follow up action(s) that the Licensed Corporation took to rectify the breach of the limit(s). (Please choose all options that are applicable to the Licensed Corporation.) [BQ17116_02_04]

- (A) Collect margin loan from the margin client(s) concerned
- (B) Stop granting further margin loan to the margin client(s) concerned
- (C) Others, please specify:
- (D) N/A - the Licensed Corporation did not take any follow up action. Please provide further details (optional):

---

7 (a) Does the Licensed Corporation conduct any assessment of the impact on its excess liquid capital before granting a significant margin loan? [BQ17117]

- Yes
- No

(b) If the answer is "Yes" in (a), please describe the basis of determination and the threshold in determining a significant margin loan as at the end of the financial year.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17117_02]

Skip Q.7(b) if the answer to Q.7(a) is "No".

- (i) As a percentage of the Licensed Corporation's shareholders' funds, (please specify the % : , and the threshold (in HK$'000):)
- (ii) As a percentage of the Licensed Corporation's total margin loans, (please specify the % : , and the threshold (in HK$'000):)
- (iii) Others, (please specify the basis: , and the threshold (HK$'000):)
- (iv) No specific basis (please specify the threshold (in HK$'000):)

V. Margin Call Controls

8 Does the Licensed Corporation have any policy to stop providing further advances to a client with unsettled margin call? [BQ17118]

- Yes
- No

---

9 (a) Does the Licensed Corporation allow grant of margin call waivers to margin clients? [BQ17119_01]

- Yes
- No

9 (b) Please indicate (A) the position of the person(s) authorized to grant margin call waivers and (B) the monetary limit of the person's authority as at the end of the financial year.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17119_02]

Skip Q.9(b)-(g) if the answer to Q.9(a) is "No".

(A) Position of the person authorized to grant margin call waivers	(B) Monetary limit of margin call waiver authority (HK$'000)
☐ (i) The staff responsible for making margin calls	
☐ (ii) The Manager-In-Charge of securities dealing business	
☐ (iii) The Manager-In-Charge of credit risk management	
☐ (iv) Responsible Officers	
☐ (v) Chief Operating Officer (or its equivalent)	
☐ (vi) Chief Executive Officer (or its equivalent)	
☐ (vii) Credit Committee (or its equivalent)	
☐ (viii) Others, please specify:	

9 (c) Is the grant of margin call waiver subject to independent review by senior management of the Licensed Corporation? [BQ17119_03]

- ○ Yes
- ○ No

(i) If the answer is "Yes" in (c), please indicate the level of management performing the independent review.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17119_03_01_01]

Skip Q.9(c)(i) if the answer to Q.9(c) is "No".

- ☐ (A) Senior management staff (eg, CEO, COO) independent of the person granting the margin call waiver
- ☐ (B) Credit Committee (or equivalent)
- ☐ (C) Board of directors (or equivalent)
- ☐ (D) Others, please specify:

9 (d) Is the justification for margin call waiver required to be documented? [BQ17119_04]

- ○ Yes
- ○ No

9 (e) Is the grant of margin call waiver subject to a set of pre-determined approval criteria and satisfactory completion of a credit risk assessment process? [BQ17119_05]

- ○ Yes
- ○ No

9 (f) If the answer is "Yes" in (e), are the approval criteria and credit risk assessment process clearly set out in the margin lending policy? [BQ17119_06]

Skip Q.9(f) if the answer to Q.9(e) is "No".

- ○ Yes
- ○ No

9 (g) Does the Licensed Corporation stop granting further advances to a client who has already been granted margin call waiver? [BQ17119_07]

- ○ Yes
- ○ No

VI. Forced Liquidation

10 (a) Does the Licensed Corporation communicate its forced liquidation policies and procedures to its margin clients? [BQ17120_01]

- ○ Yes
- ○ No

(i) If the answer is "Yes" in (a), please indicate how the policies and procedures are communicated to margin clients.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17120_01_01]

Skip Q.10(a)(i) if the answer to Q.10(a) is "No".

- ☐ (A) Included in the client account agreement
- ☐ (B) Included in the risk disclosure statement
- ☐ (C) Included in the Licensed Corporation's website
- ☐ (D) Verbally explained to the client by staff of the Licensed Corporation
- ☐ (E) Others, please specify:

10 (b) Does the Licensed Corporation notify its clients before carrying out forced liquidation? [BQ17120_02]

- ○ Yes
- ○ No

(i) If the answer is "Yes" in (b), please indicate the means of notification.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17120_02_01]

Skip Q.10(b)(i) if the answer to Q.10(b) is "No".

- ☐ (A) By email
- ☐ (B) By SMS or other instant messaging applications (such as WhatsApp, WeChat)
- ☐ (C) Verbal notification by phone or in person
- ☐ (D) By letter
- ☐ (E) Others, please specify:

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11 Does forced liquidation require prior senior management approval? [BQ17121]

- ○ Yes
- ○ No

12 (a) Does the Licensed Corporation allow grant of forced liquidation waivers to margin clients? [BQ17122_01]

- Yes
- No

12 (b) Please indicate (A) the position of the person(s) authorized to grant forced liquidation waivers and (B) the monetary limit of the person's authority as at the end of the financial year.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17122_02]

Skip Q.12(b)-(f) if the answer to Q.12(a) is "No".

(A) Position of the person authorized to grant forced liquidation waivers	(B) Monetary limit of forced liquidation waiver authority (HK$'000)
(i) The staff responsible for executing forced liquidation	
(ii) The Manager-In-Charge of securities dealing business	
(iii) The Manager-In-Charge of credit risk management	
(iv) Responsible Officers	
(v) Chief Operating Officer (or its equivalent)	
(vi) Chief Executive Officer (or its equivalent)	
(vii) Credit Committee (or its equivalent)	
(viii) Others, please specify:	

12 (c) Is the grant of forced liquidation waiver subject to independent review by senior management of the Licensed Corporation? [BQ17122_03]

- Yes
- No

(i) If the answer is "Yes" in (c), please indicate the level of management performing the independent review.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17122_03_01_01]

Skip Q.12(c)(i) if the answer to Q.12(c) is "No".

- (A) Senior management staff (eg, CEO, COO) independent of the person granting the forced liquidation waiver
- (B) Credit Committee (or its equivalent)
- (C) Board of directors (or its equivalent)
- (D) Others, please specify:

12 (d) Is the justification for granting forced liquidation waiver required to be documented? [BQ17122_04]

- Yes
- No

12 (e) Is the grant of forced liquidation waiver subject to a set of pre-determined approval criteria and satisfactory completion of a credit risk assessment process? [BQ17122_05]

- Yes
- No

12 (f) If the answer is "Yes" in (e), are the approval criteria and credit risk assessment process clearly set out in the margin lending policy? [BQ17122_06]

Skip Q.12(f) if the answer to Q.12(e) is "No".

- Yes
- No

---

13 Please indicate the factors that the Licensed Corporation would take into consideration in ensuring forced liquidation is executed on the best available terms to the client.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17123]

- (a) Prevailing market conditions
- (b) Prevailing trading price of the collateral to be liquidated
- (c) Quantity of the collateral to be liquidated relative to its market turnover
- (d) Possibility of selling the collateral at a better price over-the-counter than on the exchange
- (e) Client's instruction (such as client's preference on the item(s) of collateral to be liquidated, priority of liquidation or market on which the collateral is to be sold)
- (f) Others, please specify:

Section B3 - Short-selling; Securities Borrowing and Lending (BQ17124 - BQ17134)

Note 1: For the avoidance of doubt, the questions in this section aim to obtain information on the Licensed Corporation's short-selling, securities borrowing and securities lending services of agency nature.
Note 2: For the purpose of Part I, II and III, only securities listed on the Hong Kong Stock Exchange are included.

I. Overview for Short-Selling ("SS"), Securities Borrowing ("SB") and Securities Lending ("SL") Services Provided

1 (a) Please indicate the type(s) of clients to whom the Licensed Corporation provided the following services during the financial year. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17124_01]

	(A) Institutional clients	(B) Clients other than Institutional clients	(C) N/A - such service was not provided.	
(i) SS	☐	☐		Skip Q.1(a)(i) if option (i) of Q.1 of Section A1 is not chosen.
(ii) SB	☐	☐	☐	Skip Q.1(a)(ii)-(iii) if option (j) of Q.1 of Section A1 is not chosen.
(iii) SL	☐	☐	☐	

1 (b) Please indicate the type(s) of clients which accounted for a larger turnover in the following service(s) during the financial year. [BQ17124_02]

	(A) Institutional clients	(B) Clients other than Institutional clients	
(i) SS	○	○	Skip Q.1(b)(i) if any of the options in Column A and B for Q.1(a)(i) is not chosen.
(ii) SB	○	○	Skip Q.1(b)(ii) if any of the options in Column A and B for Q.1(a)(ii) is not chosen.
(iii) SL	○	○	Skip Q.1(b)(iii) if any of the options in Column A and B for Q.1(a)(iii) is not chosen.

---

2 (a) Please indicate the percentage of total turnover attributed by SS activities (agency trades) during the financial year. [BQ17125_01]

Skip Q.2(a) if none of the options in Column A and B for Q.1(a)(i) is chosen.

- ○ 1% or less
- ○ More than 1% and up to 5%
- ○ More than 5% and up to 10%
- ○ More than 10%

2 (b) Please indicate the range of total nominal value of SBL activities (agency trades) during the financial year. [BQ17125_02]

Skip Q.2(b) if none of the options in Column A and B for Q.1(a)(ii)-(iii) is chosen.

- ○ HK$100 million or less
- ○ More than HK$100 million and up to HK$1 billion
- ○ More than HK$1 billion and up to HK$10 billion
- ○ More than HK$10 billion

---

3 Please indicate the level(s) of senior management who would be involved in regular monitoring (eg, reviewing exception reports) of the following activities.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17126]

For Q.3(a)-(g), skip Column A if none of the options in Column A and B for Q.1(a)(i) is chosen.

For Q.3(a)-(g), skip Column B if none of the options in Column A and B for Q.1(a)(ii)-(iii) is chosen.

	(A) SS	(B) SB, SL
(a) Responsible Officer	☐	☐
(b) Head of Dealing/ Head of Trading	☐	☐
(c) Head of Operations/ Head of Settlement	☐	☐
(d) Head of Risk Management	☐	☐
(e) Head of Compliance	☐	☐
(f) Others	☐ Please specify: ____	☐ Please specify: ____
(g) N/A - the activity is not subject to senior management review.	☐ Please provide further details (optional): ____	☐ Please provide further details (optional): ____

4 Please indicate the department(s)/ function(s) of the Licensed Corporation that is (are) responsible for monitoring the securities availability to avoid naked SS and/ or over-lending.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17127]

For Q.4(a)-(f), skip Column A if none of the options in Column A and B for Q.1(a)(i) is chosen.

For Q.4(a)-(f), skip Column B if none of the options in Column A and B for Q.1(a)(iii) is chosen.

	(A) SS - Monitoring securities availability to avoid naked SS	(B) SL - Monitoring securities availability to avoid over-lending
(a) Front Office	☐	☐
(b) Compliance	☐	☐
(c) Risk Management	☐	☐
(d) Operations/ Settlement	☐	☐
(e) Others	☐ Please specify:	☐ Please specify:
(f) N/A - securities availability is not monitored by the Licensed Corporation.	☐ Please provide further details (optional):	☐ Please provide further details (optional):

II. Short-selling Activities

5 (a) Please indicate the frequency that the Licensed Corporation performs regular post-trade checking to monitor its compliance with the regulatory requirements regarding clients' SS orders on securities listed in Hong Kong which are executed by the Licensed Corporation, directly or indirectly (eg, through another broker), via SEHK. [BQ17129_01]

Skip Q.5 if none of the options in Column A and B for Q.1(a)(i) is chosen.

- ○ At least daily
- ○ At least weekly
- ○ At least monthly
- ○ Less frequent than monthly
- ○ N/A - the Licensed Corporation does not perform regular checking to monitor its compliance with the regulatory requirements regarding clients' SS orders on securities listed in Hong Kong which are executed by the Licensed Corporation, directly or indirectly (eg, through another broker), via SEHK. Please provide further details (optional):

5 (b) Please indicate the type(s) of regular checking performed by the Licensed Corporation.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17129_02]

Skip Q.5(b)-(c) if the answer to Q.5(a) is "N/A".

- ☐ (i) Whether a SS order is properly marked as such when inputting it into the SEHK trading system or when passing on the order to another person for execution
- ☐ (ii) Whether the seller's confirmation/ documentary assurance that the sale is "covered" is obtained before relaying or executing a SS order
- ☐ (iii) Whether the seller's confirmation/ documentary assurance that the sale is "covered" is retained for at least 12 months from the date of the transaction
- ☐ (iv) Others, please specify:

5 (c) Please indicate the department(s)/ function(s) of the Licensed Corporation that is (are) responsible for performing the procedures mentioned in (b) above.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17129_03]

- ☐ (i) Compliance
- ☐ (ii) Internal Audit
- ☐ (iii) Risk Management
- ☐ (iv) Operations/ Settlement
- ☐ (v) Front Office
- ☐ (vi) Others, please specify:

III. Securities Borrowing and Lending Activities

6 Please indicate the source(s) of securities available for SBL.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17130]

Skip Q.6 if none of the options in Column A and B for Q.1(a)(ii)-(iii) is chosen.

- ☐ (a) House positions
- ☐ (b) Client securities
- ☐ (c) External lenders, please state the top 3 external lenders:
  - ☐ (i) Top 1
  - ☐ (ii) Top 2
  - ☐ (iii) Top 3
- ☐ (d) Others, please specify:

7 Please indicate the amount of collateral, in terms of a percentage of the current market value of the relevant uncovered securities borrowing position, required to be deposited by the securities borrower to the Licensed Corporation.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17131]

Skip Q.7 if none of the options in Column A and B for Q.1(a)(iii) is chosen.

- ☐ (a) Less than 105%
- ☐ (b) 105% - 120%
- ☐ (c) More than 120%

8 Please describe the method(s) that the Licensed Corporation provides confirmation of the securities availability to the securities borrower.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17132]

Skip Q.8 if none of the options in Column A and B for Q.1(a)(iii) is chosen.

- ☐ (a) Provide a hold notice to the securities borrower
- ☐ (b) Provide a blanket assurance to the securities borrower
- ☐ (c) Others, please specify:
- ☐ (d) N/A - the Licensed Corporation does not provide any confirmation of the securities availability to the securities borrower. Please provide further details (optional):

9 Is the securities lender always entitled to receive dividend or other income on the securities being lent in the securities lending transaction? [BQ17133]

Skip Q.9 if none of the options in Column A and B for Q.1(a)(ii)-(iii) is chosen.

- Yes
- No

10 (a) Please indicate the control(s) that the Licensed Corporation has in place to minimise the risk of securities recall failure from securities borrowers.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17134_01]

Skip Q.10 if none of the options in Column A and B for Q.1(a)(iii) is chosen.

- (i) Maintain buffer by lending out only certain percentage of the total securities inventory available to lend out (including house positions, client securities and securities from external lender where applicable)
- (ii) Limit SBL activities to clients with sound credit record
- (iii) Limit SBL collaterals to cash or other highly liquid collaterals only
- (iv) Conduct regular monitoring on the mark-to-market value of borrower's collaterals and ensure strict compliance with the Licensed Corporation's collateral requirements
- (v) Conduct regular review to ensure that appropriate procedures are in place to recall lent securities from borrowers
- (vi) Others, please specify:
- (vii) N/A - the Licensed Corporation does not have any controls in place to minimise the risk of securities recall failure from securities borrowers. Please provide further details (optional):

10 (b) Please indicate the action(s) that the Licensed Corporation would take when it failed to recall from the borrower on the securities due for return to the lender.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17134_02]

- (i) Buy the same quantity of the securities in the market for settlement to the lender
- (ii) Extend the settlement date of the return of securities to the lender (eg, extend from T+2 to T+3)
- (iii) Borrow the same quantity of the securities from other securities lenders
- (iv) Offer to indemnify the lender
- (v) Others, please specify:
- (vi) N/A - the Licensed Corporation would not take any actions when it failed to recall from the borrower on the securities due for return to the lender. Please provide further details (optional):

Section B4 - Client Facilitation (BQ17135 - BQ17139)

1 Please indicate the percentage of total transaction volume arising from client facilitation trades, including client facilitation trades handled by Licensed Corporation for the account of the Licensed Corporation and/ or a group or affiliated company (regardless of whether those positions are booked to the books and records of the Licensed Corporations or to its group or affiliated companies under remote booking arrangements) during the financial year. [BQ17135]

- Less than 10%
- 10% - 30%
- More than 30%

---

2 Please indicate which of the following best describes the transaction volume arising from client facilitation trades during the financial year. [BQ17136]

- Pre-dominantly reactive
- Pre-dominantly pro-active
- Approximately equally split between reactive and pro-active

---

3 (a) Does the Licensed Corporation obtain consent from clients prior to executing client facilitation trades (including trades originated from clients of the Licensed Corporation's group or affiliated companies)? [BQ17137_01]

- Yes
- No

3 (b) If the answer is "Yes" in (a), please indicate the type of consent obtained from clients. [BQ17137_02]

Skip Q.3(b) if the answer to Q.3(a) is "No".

Note 1: Order-by-order consent refers to the consent which is obtained at order level before client facilitation desks execute specific orders. In cases where clients place a basket order, client consent can be obtained for the entire basket order and does not need to be obtained for each constituent stock.

Note 2: Blanket consent refers to the consent which is obtained from a client upfront, such that for a specified/ unspecified period of time, orders can be executed by client facilitation desk without obtaining an order-by-order consent from the client.

- Order-by-order consent[Note 1]
- Blanket consent[Note 2]
- Both of the above

---

4 Please describe the controls and/ or procedures that the Licensed Corporation has in place for client facilitation services. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17138]

- (a) Checking whether client's consent has been obtained prior to trade
- (b) Identifying misconduct such as front-running
- (c) Preventing information leakage between agency and facilitation desks

(i) If (c) is chosen, please indicate if the following procedures are adopted. [BQ17138_01_01]

Skip Q.4(c)(i) if option (c) of Q.4 is not chosen.

- (A) Physical segregation between agency and facilitation desks
- (B) System segregation restricting facilitation traders' access to agency flow information
- (C) Monitoring of communication channels, including chatrooms and shared drives
- (D) Others, please specify:

- (d) Others, please specify:
- (e) N/A - the Licensed Corporation does not have any controls in place to for client facilitation services. Please provide further details (optional):

---

5 (a) Does the Licensed Corporation provide any staff training relating to client facilitation services? [BQ17139_01]

- Yes
- No

5 (b) If the answer is "Yes" in (a), is the training provided to staff: [BQ17139_02]

Skip Q.5(b) if the answer to Q.5(a) is "No".

	Yes	No
(i) As they join the Licensed Corporation? [BQ17139_02_01]		
(ii) On a regular basis? [BQ17139_02_02]		

Section B5 - Prime Services (BQ17140 - BQ17153)

I. Business Profile

**1 Please describe the type(s) of prime services provided by the Licensed Corporation.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17140]**

- (a) Trading and execution
- (b) Clearing and settlement
- (c) Margin financing/ lending
- (d) Securities borrowing and lending
- (e) Custody services
- (f) Capital introduction
- (g) Business consulting
- (h) Synthetic prime brokerage
- (i) Account management
- (j) Others, please specify:

---

2 (a) Please indicate the number of prime services clients[Note] served by the Licensed Corporation as at the end of the financial year. [BQ17141]

Note: Licensed Corporation should report the number of investment managers served by the Licensed Corporation but not the number of funds under management by these investment managers.

- None
- 1-50
- 51-100
- 101-150
- 151-200
- 201 or more

2 (b) Please specify the name of the top 3 contracting parties whom such clients are contracted with (in terms of number of clients): [BQ17141_03]

Skip Q.2(b) if the answer to Q.2(a) is "None".

- (i) Top 1
- (ii) Top 2
- (iii) Top 3

II. Trading and Execution

Note: For the purpose of Part II, only clients identified in Q.2 are included.

**3 Please describe the type(s) of trading and execution services provided by the Licensed Corporation or its group or affiliated companies to the prime services clients.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17142]**

Skip Q.3 if option (a) of Q.1 is not chosen.

- (a) Internet trading
- (b) Algorithmic trading
- (c) Direct Market Access
- (d) Alternative liquidity pool
- (e) Others, please specify:

III. Margin Financing/ Lending

Note: For the purpose of Part III, only clients identified in Q.2 are included.

4 Please state the total amount of loans extended to the prime services clients by the Licensed Corporation or its group or affiliated companies and their total collateral value as at the end of the financial year. [BQ17143]

Skip Q.4 if option (c) of Q.1 is not chosen.

(a) Total loan amount (HK$):

(b) Total collateral value (HK$):

5 Please describe the type(s) of acceptable collaterals from the prime services clients.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17144]

Skip Q.5 if option (c) of Q.1 is not chosen.

- (a) Cash, please specify the currencies accepted:
- (b) Bonds, please specify the types/ range of credit ratings of bonds accepted:
- (c) Stocks, please specify the types/ range of market capitalization of stocks accepted:
- (d) Other asset classes, please specify the asset classes and asset quality requirements:

6 (a) Do the Licensed Corporation or its group or affiliated companies apply different haircut percentage when accepting different classes of collaterals from prime services clients? [BQ17145_01]

Skip Q.6 if option (c) of Q.1 is not chosen.

- Yes
- No

6 (b) If the answer is "Yes" in (a), please indicate the frequency that the haircut percentage is reviewed? [BQ17145_02]

Skip Q.6(b) if the answer to Q.6(a) is "No".

- At least monthly
- At least quarterly
- At least annually
- Others, please specify:

7 Please indicate the frequency that the Licensed Corporation or its group or affiliated companies review the credit limits of the prime services clients.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17146]

Skip Q.7 if option (c) of Q.1 is not chosen.

- (a) Periodic review
  - At least monthly
  - At least quarterly
  - At least annually
- (b) Ad hoc and/ or event-triggered. Please provide further details (optional):
- (c) Others, please specify:

8 Does the Licensed Corporation or its group or affiliated companies perform the following in Hong Kong? [BQ17147]

Skip Q.8 if option (c) of Q.1 is not chosen.

	Yes	No
(a) Making margin call or repayment demand to clients [BQ17147_01]		
(b) Reviewing and monitoring the outstanding margin calls [BQ17147_02]		
(c) Following up clients' failure to meet a margin call or a repayment demand [BQ17147_03]		

(i) If the answer is "Yes" in (c), please describe the follow up actions taken.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17147_01_01]

Skip Q.8(c)(i) if the answer to Q.8(c) is "No".

- (A) Disposal of collaterals
- (B) Suspension of order taking
- (C) Closure of account
- (D) Others, please specify:

	Yes	No
(d) Regular exception reporting to the senior management [BQ17147_04]		
(e) Keeping records for margin calls and repayment demands [BQ17147_05]		
(f) Assessing client onboarding and ongoing counterparty risk [BQ17147_06]		

IV. Custody Services

Note: For the purpose of Part IV, only clients identified in Q.2 are included.

9 Please indicate with whom the assets of the prime services clients were deposited during the financial year. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17148]

Skip Q.9 if option (e) of Q.1 is not chosen.

- (a) A group or affiliated company which is a bank
- (b) A group or affiliated company which is a broker dealer
- (c) An external party which is a bank
- (d) An external party which is a broker dealer
- (e) Others, please specify:

10 Please indicate the frequency that the Licensed Corporation or its group or affiliated companies perform reconciliations of assets of the prime services clients. [BQ17149]

Skip Q.10 if option (e) of Q.1 is not chosen.

- At least daily
- At least weekly
- At least monthly
- Others, please specify:

V. Rehypothecation

Note: For the purpose of Part V, only clients identified in Q.2 are included.

11 Do all investment and cash held by the Licensed Corporation or its group or affiliated companies for the prime services clients constitute collateral? [BQ17150]

- Yes
- No

12 (a) Does the Licensed Corporation or its group or affiliated companies have any rights of rehypothecation over the collaterals of the prime services clients? [BQ17151_01]

- Yes
- No

12 (b) If the answer is "Yes" in (a), does the Licensed Corporation or its group or affiliated companies obtain authorization of collateral rehypothecation from the prime service clients? [BQ17151_02]

Skip Q.12(b) if the answer to Q.12(a) is "No".

- Yes
- No

12 (c) If the answer is "Yes" in (b), please indicate the frequency that the authorization of collateral rehypothecation is renewed with the prime services clients. [BQ17151_03]

Skip Q.12(c) if the answer to Q.12(b) is "No".

- At least semi-annually
- At least annually
- Others, please specify:

13 (a) Did the Licensed Corporation or its group or affiliated companies rehypothecate any collaterals of the prime services clients during the financial year? [BQ17152_01]

- Yes
- No

13 (b) If the answer is "Yes" in (a), please state the total value of collaterals (HK$) rehypothecated as at the end of the financial year. [BQ17152_02]

Skip Q.13(b) if the answer to Q.13(a) is "No".

14 (a) Does the Licensed Corporation or its group or affiliated companies set a rehypothecation limit[Note] for the prime services clients? [BQ17153_01]

Skip Q.14 if the answer to Q.13(a) is "No".

Note: The rehypothecation limit refers to the upper limit of the aggregate market value of the rehypothecated collaterals over the aggregate receivable amount due from the prime services clients.

- Yes
- No

14 (b) If the answer is "Yes" in (a),

Skip Q.14(b) if the answer to Q.14(a) is "No".

	Yes	No
(i) Is the limit standardised across all clients? [BQ17153_02_01]		
(ii) Is the limit individually negotiated and agreed with each client? [BQ17153_02_02]		

(iii) Please indicate the range of rehypothecation limit that the Licensed Corporation or its group or affiliated companies agreed with the prime services clients. [BQ17153_02_03]

- Less than 100%
- 100% - 140%
- More than 140%
- Others, please specify the rehypothecation limit and its basis of setting such limit:

Section B6 - Placing/ Underwriting Securities (BQ17154 - BQ17160)

1 Please describe the type(s) of business activities engaged by the Licensed Corporation and state the number of transactions, income arising from and total transaction amount for each type of business activities for the financial year. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17154]

Note 1: Please fill in the total income recognised during the financial year.
Note 2: Please fill in the transaction amount underwritten or placed by the Licensed Corporation for completed transactions.
Note 3: Including (i) block trade or (ii) placement of primary or secondary shares.

The capacity the Licensed Corporation was engaged in:	Number of transactions (A) Ongoing	(B) Completed	(C) Income (HK$'000)[Note 1]	(D) Transaction Amount (HK$'000)[Note 2]
☐ (a) Underwriter				
☐ (i) Main Board IPOs				
☐ (ii) GEM IPOs				
☐ (iii) Rights issues/ Open offer of securities listed in Hong Kong				
☐ (b) Placing agent				
☐ (i) Main Board IPOs				
☐ (ii) GEM IPOs				
☐ (iii) Rights issues/ Open offer of securities listed in Hong Kong				
☐ (iv) Follow-on offering of securities listed in Hong Kong[Note 3]				
☐ (v) Debt securities listed or to be listed in Hong Kong				

Skip the sub-question options (i)-(iii) to option (a) of Q.1 if option (a) is not chosen.

Skip the sub-question options (i)-(v) to option (b) of Q.1 if option (b) is not chosen.

2 Please describe the measures that the Licensed Corporation has in place for senior management to supervise different transaction teams. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17155]

☐ (a) Senior management is involved in deal execution as part of the transaction teams
☐ (b) Committee comprising senior management signs off at launch and pricing
☐ (c) Senior management participates in regular team meetings
☐ (d) Senior management participates in ad hoc team discussions
☐ (e) Senior management is involved when issues are escalated by staff
☐ (f) Others, please specify: ____
☐ (g) N/A - the Licensed Corporation does not have any measures in place for senior management to supervise different transaction teams.
Please provide further details (optional): ____

3 Does the Licensed Corporation notify all clients of each GEM IPO placing opportunity and record all client demands received? [BQ17156]

Skip Q.3 if option (b)(ii) of Q.1 is not chosen.

○ Yes
○ No

4 Please state the percentage (%) of your clients who have signed an acknowledgement of a cautionary statement on the higher investment risk in GEM stocks [Note]. [BQ17157]

Skip Q.4 if option (b)(ii) of Q.1 is not chosen.

Note: GEM Rule 2.12.

____

5 (a) Was there any GEM IPO placing during the financial year where the Responsible Officer(s)/ account executive(s)/ salesperson(s) who sourced the placing transaction was/ were also responsible for allocating a substantial portion (>50%) of the placing shares to his/ her/ their clients? [BQ17158_01]

Skip Q.5 if option (b)(ii) of Q.1 is not chosen.

○ Yes
○ No

5 (b) If the answer is "Yes" in (a), please state the number of such GEM IPO placing transactions out of the completed GEM IPO placing transactions reported in Q.1(b)(ii)(B) above. [BQ17158_02]

Skip Q.5(b) if the answer indicated in Column B for Q.1(b)(ii) is "0" or the answer to Q.5(a) is "No".

____

6 Please indicate if the following people are allowed to participate in the placings conducted by the Licensed Corporation. [BQ17159]

Skip Q.6 if option (b) of Q.1 is not chosen.

Note: Include those accounts that they hold beneficial interests in.

	Yes	No
(a) Shareholders, directors (other than non-executive directors), and senior management of the Licensed Corporation[Note] [BQ17159_01]	○	○
(b) Spouse and children of the people listed in row (a) above [BQ17159_02]	○	○
(c) Parents and siblings of the people listed in row (a) above [BQ17159_03]	○	○
(d) Staff and account executives of the Licensed Corporation[Note] [BQ17159_04]	○	○
(e) Spouse and children of the people listed in row (d) above [BQ17159_05]	○	○
(f) Parents and siblings of the people listed in row (d) above [BQ17159_06]	○	○

7 (a) Please describe the measures that the Licensed Corporation has in place to check the independence of prospective clients of placing transactions to identify any potential and/ or actual conflicts of interest.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17160_01]

Skip Q.7 if option (b) of Q.1 is not chosen.

- [ ] (i) Rely on self-declaration of clients that they are independent
- [ ] (ii) Conduct desktop search and review information of prospective clients of placing transactions
- [ ] (iii) Others, please specify:
- [ ] (iv) N/A - the Licensed Corporation does not have any measures in place to identify conflicts of interests. Please provide further details (optional):

7 (b) Please describe the measures that the Licensed Corporation has in place to identify any relationship between prospective clients and the employees involved in the placing transactions.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17160_02]

- [ ] (i) On a deal by deal basis, require employees to declare that they (as well as their family and household members) have no connection with the prospective clients of a particular placing transaction
- [ ] (ii) Conduct desktop search and review information of prospective clients of placing transactions
- [ ] (iii) Comparison with an internal database of outside business interests/ business relationship of employees
- [ ] (iv) Others, please specify:
- [ ] (v) N/A - the Licensed Corporation does not have any measures in place to identify the relationship between prospective clients and the employees involved in the placing transactions. Please provide further details (optional):

Section B7 - Pre-IPO Trading Platform ("Grey Market") (BQ17161 - BQ17162)

1 Please describe the controls that the Licensed Corporation has in place to obtain assurance that the seller has the shares for settlement.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17161]

- [ ] (a) Obtain verbal confirmation from clients
- [ ] (b) Check to the Licensed Corporation's internal records
- [ ] (c) Obtain a copy of physical share certificate from clients
- [ ] (d) Check to the allotment announcement result in the HKEX website
- [ ] (e) Others, please specify:
- [ ] (f) N/A - the Licensed Corporation does not have any controls in place to obtain assurance that the seller has the shares for settlement.

Please provide further details (optional):

---

2 Please indicate the type(s) of information provided by the Licensed Corporation to clients regarding the pre-IPO trading platform.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17162]

- [ ] (a) Trading and operational arrangement
- [ ] (b) Policies and procedures for handling outstanding orders and executed transactions under contingency situations, for example, the suspension of the trading platform
- [ ] (c) Order execution or matching methodology
- [ ] (d) User priority
- [ ] (e) Risks associated with trading through the pre-IPO trading platform
- [ ] (f) Others, please specify:
- [ ] (g) N/A - the Licensed Corporation does not provide any information to clients regarding the pre-IPO trading platform. Please provide further details (optional):

Section B8 - Leveraged Foreign Exchange Trading (BQ17163 - BQ17175)

1 Please indicate which of the following best describes the Licensed Corporation's business model. [BQ17163_01]

- (a) Market-maker - the Licensed Corporation operates a dealing desk and takes positions against its clients
- (b) Straight-through processing - the Licensed Corporation does not operate a dealing desk and passes client orders automatically to liquidity providers for quotation and execution, and enters into equal but opposite transactions with the liquidity providers (ie, creating offsetting positions in the name of the Licensed Corporation on a back-to-back basis against the client transaction)
  - (i) Please state the name of the top 3 liquidity providers (in terms of turnover during the financial year) used by the Licensed Corporation.
    (Please choose all options that are applicable to the Licensed Corporation.) [BQ17163_02]

    Skip Q.1(b)(i) if option (b) of Q.1 is not chosen.

    - (A) Top 1
    - (B) Top 2
    - (C) Top 3
- (c) Introducing broker - the Licensed Corporation introduces clients and/ or communicates client orders to execution broker(s)
- (d) Others, please specify:

---

2 Please indicate the source(s) of prices quoted to clients.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17164]

- (a) Market information vendors (eg, Bloomberg, Reuters)
- (b) Liquidity providers
- (c) Others, please specify:

---

3 Please indicate the type(s) of products that the Licensed Corporation offers to its clients.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17165_01]

- (a) Rolling foreign exchange spot contracts (ie, foreign exchange spot contracts rolled over on a daily basis)
- (b) Foreign exchange spot contracts
- (c) Foreign exchange forward contracts
  - **(i) Please indicate the tenor of the contracts offered: [BQ17165_02]**

    Skip Q.3(c)(i) if option (c) of Q.3 is not chosen.

    - (A) ≤ 1 month
    - (B) > 1 month and ≤ 3 months
    - (C) > 3 months and ≤ 6 months
    - (D) > 6 months and ≤ 12 months
    - (E) > 12 months
- (d) Foreign exchange swaps
- (e) Contracts for difference
- (f) Over-the-counter foreign exchange options
  - **(i) Please indicate the type(s) of options offered: [BQ17165_04]**

    Skip Q.3(f)(i) if option (f) of Q.3 is not chosen.

    - (A) Plain vanilla options
    - (B) Binary options
    - (C) Options with knock in/ out features
    - (D) Others, please specify:
- (g) Others, please specify:

---

4 Please indicate the type(s) of information that the Licensed Corporation collects and documents during the know-your-client process.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17166]

- (a) Age group
- (b) Net worth/ Annual income
- (c) Occupation and employment status
- (d) Nature of business
- (e) General investment experience
- (f) Investment experience in forex trading
- (g) Investment experience or knowledge in derivatives
- (h) Investment objective
- (i) Education background
- (j) Risk tolerance level
- (k) Others, please specify:

---

5 Does the Licensed Corporation offer "social trading", "copy trading" or "mirror trading" service to its clients? [BQ17167]

- Yes
- No

Order execution

6 Please indicate the Licensed Corporation's treatment of positive slippage arising in the following situations for each type of client orders set out below. [BQ17168]

Skip Q.6 if option (b) of Q.1 is not chosen.

	(A) Market order	(B) Limit order	(C) Stop order	(D) Liquidation order
(a) Without requoting the more favourable price to the client, the client order is executed at:				
(i) The client's originally requested price	○	○	○	○
(ii) The price originally quoted to client	○	○	○	○
(iii) The more favourable price (including positive slippage) obtained by the Licensed Corporation plus the usual mark-up/ mark-down (if any)	○	○	○	○
(iv) Others	○ Please specify:	○ Please specify:	○ Please specify:	○ Please specify:
(b) The more favourable price is requoted to client, and the order will only be executed after client accepts the price	○	○	○	○
(c) Slippage parameters are built in allowing order to be executed only when the price is within the slippage range specified by:				
(i) Client	○	○	○	○
(ii) The Licensed Corporation	○	○	○	○
(d) Others	○ Please specify:	○ Please specify:	○ Please specify:	○ Please specify:

7 Please indicate the Licensed Corporation's treatment of negative slippage arising in the following situations for each type of client orders set out below. [BQ17169]

Skip Q.7 if option (b) of Q.1 is not chosen.

	(A) Market order	(B) Limit order	(C) Stop order	(D) Liquidation order
(a) Without requoting the less favourable price to the client, the client order is executed at:				
(i) The client's originally requested price	○	○	○	○
(ii) The price originally quoted to client	○	○	○	○
(iii) The less favourable price (including negative slippage) obtained by the Licensed Corporation plus the usual mark-up/ mark-down (if any)	○	○	○	○
(iv) Others	○ Please specify:	○ Please specify:	○ Please specify:	○ Please specify:
(b) The less favourable price is requoted to client, and the order will only be executed after client accepts the price	○	○	○	○
(c) Slippage parameters are built in allowing order to be executed only when the price is within the slippage range specified by:				
(i) Client	○	○	○	○
(ii) The Licensed Corporation	○	○	○	○
(d) Others	○ Please specify:	○ Please specify:	○ Please specify:	○ Please specify:

8 Please indicate the type(s) of slippage information that the Licensed Corporation discloses to its clients.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17170_01]

Skip Q.8 if option (b) of Q.1 is not chosen.

- ☐ (a) Nature of slippage and its risks
- ☐ (b) Treatment of positive and negative slippages for different types of orders
- ☐ (c) Clients' right to set slippage parameters
- ☐ (d) Others, please specify:
- ☐ (e) N/A - the Licensed Corporation does not disclose any slippage information to its clients. Please provide further details (optional):

9 (a) Apart from correction of error trade or cancellation of trade due to insufficient margin in the client's account, did the Licensed Corporation cancel or amend any executed client order after the execution had been confirmed with the client or the position had been booked in the client's account during the financial year? [BQ17171_01]

- ○ Yes
- ○ No

9 (b) Please state the number of cancelled or amended orders (apart from correction of error trade or cancellation of trade due to insufficient margin in the client's account) during the financial year. [BQ17171_02]

Skip Q.9(b) if the answer to Q.9(a) is "No".

Risk management

10 Please indicate the hedging strategy used by the Licensed Corporation. [BQ17172]

Skip Q.10 if option (a) of Q.1 is not chosen.

- ○ Full hedging of all client orders
- ○ Partial hedging of client orders, eg, hedging above a specific limit or hedging for only a sub-set of clients
- ○ No hedging of client orders

11 Please describe the Licensed Corporation's margin requirements for the leveraged foreign exchange contracts entered into by clients.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17173]

- ☐ (a) Initial margin requirement is set as [ ] % of the gross principal value of the contract
- ☐ (b) Maintenance margin requirement is set as [ ]% of the gross principal value of the contract
- ☐ (c) Other margin requirement, please specify the type(s) of contract and the margin requirement: [ ]

12 Does the Licensed Corporation have any policy to take follow up action with a client, eg, reduce or liquidate the client's positions, if he/ she has not settled outstanding margin call within a specified period of time? [BQ17173A]

- ○ Yes
- ○ No

13 (a) Does the Licensed Corporation allow grant of margin call waivers to its clients? [BQ17173B_01]

- ○ Yes
- ○ No

13 (b) Please indicate (A) the position of the person(s) authorized to grant margin call waivers and (B) the monetary limit of the person's authority as at the end of the financial year.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17173B]

Skip Q.13(b)-(f) if the answer to Q.13(a) is "No".

(A) Position of the person authorized to grant margin call waivers	(B) Monetary limit of margin call waiver authority (HK$'000)
☐ (i) The staff responsible for making margin calls	[ ]
☐ (ii) The Manager-In-Charge of dealing business	[ ]
☐ (iii) The Manager-In-Charge of credit risk management	[ ]
☐ (iv) Responsible Officers	[ ]
☐ (v) Chief Operating Officer (or its equivalent)	[ ]
☐ (vi) Chief Executive Officer (or its equivalent)	[ ]
☐ (vii) Credit Committee (or its equivalent)	[ ]
☐ (viii) Others, please specify: [ ]	[ ]

13 (c) Is the grant of margin call waiver subject to independent review by senior management of the Licensed Corporation? [BQ17173B_03]

- ○ Yes
- ○ No

(i) If the answer is "Yes" in (c), please indicate the level of management performing the independent review.
(Please choose all options that are applicable to the Licensed Corporation.)

Skip Q.13(c)(i) if the answer to Q.13(c) is "No".

- ☐ (A) Senior management staff (eg, CEO, COO) independent of the person granting the margin call waiver
- ☐ (B) Credit Committee (or equivalent)
- ☐ (C) Board of directors (or equivalent)
- ☐ (D) Others, please specify: [ ]

13 (d) Is the justification for margin call waiver required to be documented? [BQ17173B_04]

- ○ Yes
- ○ No

13 (e) Is the grant of margin call waiver subject to a set of pre-determined approval criteria and satisfactory completion of a credit risk assessment process? [BQ17173B_05]

- ○ Yes
- ○ No

13 (f) If the answer is "Yes" in (e), are the approval criteria and credit risk assessment process clearly set out in the margin policy? [BQ17173B_06]

Skip Q.13(f) if the answer to Q.13(e) is "No".

- ○ Yes
- ○ No

14 Please describe the Licensed Corporation's triggering level for forced liquidation of a leveraged foreign exchange contract entered into by clients.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17174]

- ☐ (a) Triggering level is set as [ ] % of the gross principal value of the contract
- ☐ (b) Other triggering level, please specify the type(s) of contract and the triggering level: [ ]
- ☐ (c) N/A - the Licensed Corporation does not prescribe any triggering level for forced liquidation of leveraged foreign exchange contracts.

Please provide further details (optional): [ ]

15 (a) Does the Licensed Corporation communicate its forced liquidation policies and procedures to its clients? [BQ17174A_01]

- Yes
- No

(i) If the answer is "Yes" in (a), please indicate how the policies and procedures are communicated to its clients. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17174A_01_01]

Skip Q.15(a)(i) if the answer to Q.15(a) is "No".

- (A) Included in the client account agreement
- (B) Included in the risk disclosure statement
- (C) Included in the Licensed Corporation's website
- (D) Verbally explained to the client by staff of the Licensed Corporation
- (E) Others, please specify:

15 (b) Does the Licensed Corporation notify its clients before carrying out forced liquidation? [BQ17174A_02]

- Yes
- No

(i) If the answer is "Yes" in (b), please indicate the means of notification. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17174A_02_01]

Skip Q.15(b)(i) if the answer to Q.15(b) is "No".

- (A) By email
- (B) By SMS or other instant messaging applications (such as WhatsApp, WeChat)
- (C) Verbal notification by phone or in person
- (D) By letter
- (E) Others, please specify:

16 Is forced liquidation conducted on a real-time basis electronically? [BQ17174B]

- Yes
- No

17 (a) Does the Licensed Corporation allow grant of forced liquidation waivers to its clients? [BQ17174C_01]

- Yes
- No

17 (b) Please indicate (A) the position of the person(s) authorized to grant forced liquidation waivers and (B) the monetary limit of the person's authority as at the end of the financial year. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17174C]

Skip Q.17(b)-(f) if the answer to Q.17(a) is "No".

(A) Position of the person authorized to grant forced liquidation waivers	(B) Monetary limit of forced liquidation waiver authority (HK$'000)
(i) The staff responsible for executing forced liquidation	
(ii) The Manager-In-Charge of dealing business	
(iii) The Manager-In-Charge of credit risk management	
(iv) Responsible Officers	
(v) Chief Operating Officer (or its equivalent)	
(vi) Chief Executive Officer (or its equivalent)	
(vii) Credit Committee (or its equivalent)	
(viii) Others, please specify:	

17 (c) Is the grant of forced liquidation waiver subject to independent review by senior management of the Licensed Corporation? [BQ17174C_03]

- Yes
- No

(i) If the answer is "Yes" in (c), please indicate the level of management performing the independent review. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17174C_03_01]

Skip Q.17(c)(i) if the answer to Q.17(c) is "No".

- (A) Senior management staff (eg, CEO, COO) independent of the person granting the forced liquidation waiver
- (B) Credit Committee (or equivalent)
- (C) Board of directors (or equivalent)
- (D) Others, please specify:

17 (d) Is the justification for granting forced liquidation waiver required to be documented? [BQ17174C_04]

- Yes
- No

17 (e) Is the grant of forced liquidation waiver subject to a set of pre-determined approval criteria and satisfactory completion of a credit risk assessment process? [BQ17174C_05]

- Yes
- No

17 (f) If the answer is "Yes" in (e), are the approval criteria and credit risk assessment process clearly set out in the forced liquidation policy? [BQ17174C_06]

Skip Q.17(f) if the answer to Q.17(e) is "No".

- Yes
- No

18 (a) Does the Licensed Corporation set trading limits for clients? [BQ17175_01]

- Yes
- No

18 (b) Does the Licensed Corporation monitor clients' trading limits on a real-time basis electronically? [BQ17175_02]

Skip Q.18(b) if the answer to Q.18(a) is "No".

- Yes
- No

Section B9 - Distribution of Investment Products and/ or Provision of Investment Advisory Services (BQ17176A - BQ17180)

1 Did the Licensed Corporation distribute investments products and/ or provide investment advisory services to non-institutional clients during the financial year? [BQ17176A]

- Yes
- No

Note: For the avoidance of doubt, Q.2 to Q.7 aim to obtain information on the Licensed Corporation's operations and controls on the distribution of investments products and/ or provision of investment advisory services to non-institutional clients.

2 (a) Does the Licensed Corporation distribute or provide advice on investment products which are not on the list of products approved by the senior management of the Licensed Corporation ("approved product list")? [BQ17176_01]

Skip Q.2 if the answer to Q.1 is "No".

- Yes
- No
- N/A - the Licensed Corporation does not maintain an approved product list.

2 (b) If the answer is "Yes" in (a), please indicate the additional measures/ controls that the Licensed Corporation has in place over the distribution or provision of advice on investment products which are not on the approved product list.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17176_02]

Skip Q.2(b) if the answer to Q.2(a) is "No" or "N/A".

(A) Additional measures/ controls	(B) Whether it is a pre-trade/ advice or post-trade/ advice control measure		
	Pre-trade/ advice	Post-trade/ advice	Both pre-trade/ advice and post-trade/ advice
(i) Approval from person in charge of the sales and marketing department			
(ii) Approval from person independent from the sales and marketing department			
(iii) Other measures/ controls (eg, distribution or provision of advice is allowed on investment products which meet the specified criteria under a framework approved by the senior management of the Licensed Corporation), please provide supplementary information:			
(iv) No additional measures/ controls are in place over the distribution or provision of advice on investment products which are not on the approved product list			

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3 (a) Does the Licensed Corporation assign product risk ratings to investment products distributed to non-institutional clients? [BQ17176B_01]

Skip Q.3 if the answer to Q.1 is "No".

- Yes
- No

3 (b) If the answer is "Yes" in (a), please state the number of product risk ratings the Licensed Corporation would categorise the investment products into. [BQ17176B_02]

Skip Q.3(b) if the answer to Q.3(a) is "No".

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4 (a) Does the Licensed Corporation assess the risk tolerance level of non-institutional clients before distributing or providing advice on investment products to them? [BQ17177_01]

Skip Q.4 if the answer to Q.1 is "No".

- Yes
- No

4 (b) If the answer is "Yes" in (a), please indicate which of the following best describes the assessment of the risk tolerance level of non-institutional clients carried out by the Licensed Corporation. [BQ17177_02]

Skip Q.4(b)-(d) if the answer to Q.4(a) is "No".

- Adopting a risk profiling questionnaire which consists of a set of questions to assess the risk tolerance level of clients
- Asking clients to indicate their risk tolerance level by choosing one option from a list of given options
- Sales consultants assessing a client's risk tolerance level based on his/ her understanding of the client's circumstances
- Others, please specify:

4 (c) If the answer is "Yes" in (a), please indicate the number of risk tolerance levels the Licensed Corporation would categorise its non-institutional clients into. [BQ17177_02A]

- (i) 2
- (ii) 3
- (iii) 4
- (iv) 5
- (v) More than 5

4 (d) If the answer is "Yes" in (a), please indicate the percentage of non-institutional clients who had the: [BQ17177_03]

	20% or less	More than 20% and up to 40%	More than 40% and up to 60%	More than 60% and up to 80%	More than 80%
(i) Highest risk tolerance level [BQ17177_03_01]					
(ii) Second highest risk tolerance level [BQ17177_03_02]					

Skip Q.4(d)(ii) if none of the options (iii), (iv), (v) of Q.4(c) is chosen.

5 Please indicate the departments/ parties involved in the review and approval process of investment products distributed or advised by the Licensed Corporation.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17178]

Skip Q.5 if the answer to Q.1 is "No".

- (a) Sales and Marketing
- (b) Dealing/ Execution
- (c) Legal
- (d) Compliance
- (e) Internal Audit
- (f) Operations/ Settlement
- (g) Risk Management
- (h) Others, please specify:
- (i) N/A - there was no review or approval process of investment products distributed or advised by the Licensed Corporation. Please provide further details (optional):

6 (a) Are sales consultants involved in the distribution of investment products and/ or provision of investment advice to non-institutional clients? [BQ17179_01]

Skip Q.6 if the answer to Q.1 is "No".

- Yes
- No

6 (b) If the answer is "Yes" in (a), does the Licensed Corporation have measures in place to perform review in ensuring the suitability of a product to the client? [BQ17179_01]

Skip Q.6(b) if the answer to Q.6(a) is "No".

- Yes
- No

6 (c) If the answer is "Yes" in (b), please indicate the type(s) of review that the Licensed Corporation perform to ensure the suitability of a product to the client.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17179_02]

Skip Q.6(c)-(d) if the answer to Q.6(b) is "No".

(A) Type(s) of review	**(B) Whether it is a pre-trade/ advice or post-trade/ advice control measure**			
	Pre-trade/ advice		**Post-trade/ advice**	
	For each recommendation made	**Ad-hoc, event triggered and/ or on a sample basis**	**For each recommendation made**	**Ad-hoc, event triggered and/ or on a sample basis**
(i) Review by supervisors or responsible officers				
(ii) Review by the compliance department or departments other than the sales department				

6 (d) If the answer is "Yes" in (b), please indicate if the Licensed Corporation has procedures in place to identify or assess the following in the review.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17179_03]

- (i) Inconsistency between the investment product risk and the client's risk tolerance level
- (ii) Inconsistency between the product features and the client's investment experience/ knowledge/ objective
- (iii) Recommendations on complex investment products made to elderly or unsophisticated clients or those who may not be able to make independent decisions
- (iv) A client's concentration risk
- (v) None of the above

7 (a) Did the Licensed Corporation use online platform to distribute or provide advice on investment products to non-institutional clients during the financial year? [BQ17180_01]

Skip Q.7 if the answer to Q.1 is "No".

- Yes
- No

7 (b) If the answer is "Yes" in (a), please indicate the types of investment products made available on the online platform.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17180_02]

Skip Q.7(b)-(d) if the answer to Q.7(a) is "No".

- (i) Listed stocks
- (ii) Collective investment schemes
- (iii) Fixed income products
- (iv) Structured investment products
- (v) Others, please specify:

7 (c) If the answer is "Yes" in (a), are there any investment products available on online platform that the Licensed Corporation considered as complex products[Note]? [BQ17180_03]

Note: Complex products refer to investment products whose terms, features and risks are not reasonably likely to be understood by retail investors because of their complex structure.

- Yes
- No

7 (d) Please indicate if the following tools are available on the online platform.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17180_04]

- (i) Risk profiling tools that allow investors to determine their risk tolerance levels
- (ii) Filtering function showing a list of investment products at risk rating levels which correspond to the client's risk tolerance level
- (iii) Lists of recommended investment products to the investors and/ or recommended portfolios of component investment products distributed by the Licensed Corporation
- (iv) A linkage that enable the investors to subscribe the relevant investment product online
- (v) Robo-advisory services
- (vi) None of the above

Section B10 - Investment Research or Analysis (BQ17181 - BQ17184)

Note: For the purpose of this section, the term "firm" refers to the definition provided under the Code of Conduct.

1 Does the Licensed Corporation: [BQ17181]

	Yes	No
(a) Prepare and/ or issue any investment research on securities that are traded in Hong Kong? [BQ17181_01]	○	○
(b) Prepare and/ or issue any pre-deal investment research on securities that are issued/ to be issued by any new listing applicant that are to be traded in Hong Kong? [BQ17181_02]	○	○
(c) Prepare and/ or issue any investment research that has influence on the securities as referred in (a) or (b) above? [BQ17181_03]	○	○

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2 Please indicate the controls that the Licensed Corporation has in place for issuance of research.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17182]

Skip Q.2 if none of the answers to Q.1(a)-(c) is "Yes".

- ☐ (a) Ensuring the personal account dealings of analysts do not prejudice their investment recommendation, in particular, analysts do not deal in securities in a manner contrary to their recommendation
- ☐ (b) Imposing on analysts a trading blackout period before and/ or after issuance of investment research
- ☐ (c) Instituting procedures to monitor if the threshold which would trigger disclosure of relevant relationships and financial interests by analysts and firm in the investment research is reached
- ☐ (d) Prohibiting provision of any assurance of favourable review or change of coverage or rating in investment research
- ☐ (e) Instituting controls to ensure that the issuance of investment research comply with the restrictions under the quiet periods
- ☐ (f) Others, please specify: ______
- ☐ (g) N/A - the Licensed Corporation does not have any controls in place for issuance of investment research. Please provide further details (optional): ______

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3 (a) Does the firm have any investment banking business? [BQ17183_01]

Skip Q.3 if none of the answers to Q.1(a)-(c) is "Yes".

- ○ Yes
- ○ No

3 (b) If the answer is "Yes" in (a), please indicate the controls that the Licensed Corporation has in place to manage any potential or actual conflicts of interest.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17183_02]

Skip Q.3(b) if the answer to Q.3(a) is "No".

- ☐ (i) Restricting access of investment banking personnel to the office of the research function or information owned by the research function
- ☐ (ii) Prohibiting analysts to solicit investment banking business
- ☐ (iii) Prohibiting analysts' compensation being linked with any specific investment banking transaction
- ☐ (iv) Avoiding pre-approval of investment research by investment banking personnel
- ☐ (v) Ensuring proper disclosure of relevant investment banking relationship with the issuer or the new listing applicant which its investment research covers
- ☐ (vi) Monitoring communications between analysts and investment banking personnel
- ☐ (vii) Prohibiting issuance of investment research immediately following determination of the price of any initial or secondary public offering (where applicable)
- ☐ (viii) Ensuring analysts are not provided with any material information concerning the new listing applicant that is not reasonably expected to be publicly available or included in the prospectus (where applicable)
- ☐ (ix) Others, please specify: ______
- ☐ (x) N/A - the Licensed Corporation does not have any controls in place to manage any potential or actual conflicts of interest. Please provide further details (optional): ______

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4 (a) Does the firm conduct any proprietary trading or market making activities? [BQ17184_01]

Skip Q.4 if none of the answers to Q.1(a)-(c) is "Yes".

- ○ Yes
- ○ No

4 (b) If the answer is "Yes" in (a), please indicate the controls that the Licensed Corporation has in place to manage any potential or actual conflicts of interest.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17184_02]

Skip Q.4(b) if the answer to Q.4(a) is "No".

- ☐ (i) Ensuring the firm does not deal or trade ahead in the securities which its investment research covers
- ☐ (ii) Making proper disclosure of the relevant market making activities in the investment research
- ☐ (iii) Monitoring of proprietary trading or market making activities for potential conflicts of interest
- ☐ (iv) Others, please specify: ______
- ☐ (v) N/A - the Licensed Corporation does not have any controls in place to manage any potential or actual conflicts of interest. Please provide further details (optional): ______

Section B11 - Corporate Finance Advisory Services (BQ17185 - BQ17192)

1 Please describe the type(s) of corporate finance advisory work engaged by the Licensed Corporation concerning securities listed or to be listed in Hong Kong and state the number of transactions, income arising from and total transaction amount for each type of advisory work during the financial year.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17185_03]

Note 1: Including any transaction that was active or completed at the end of the financial year; for compliance advisory, please state the number of listed company clients.
Note 2: Please fill in the total income recognised during the financial year.
Note 3: Please fill in the total transaction amount (where applicable) for completed transactions.
Note 4:
(A) Ongoing transaction(s) refer(s) to listing application(s) that is/ are: (a) in preparation for submission to the SEHK; or (b) submitted to the SEHK and in the process of vetting, or approved but not completed (ie, the listing applicant(s) has/ have not been listed) as at the end of the financial year;
(B) Completed transaction(s) refer(s) to listing application(s) that has/ have been submitted to the SEHK and the listing applicant(s) has/ have been listed as at the end of the financial year.
For the purpose of this question, listing application(s) which has/ have been submitted to the SEHK but not approved due to reasons stated in Q.6(d) below as at the end of the financial year are excluded.
Note 5: Sponsor's income excludes any underwriting fee.

The Licensed Corporation was engaged as a/ an:	Number of transactions[Note 1] (A) Ongoing	(B) Completed	(C) Income (HK$'000)[Note 2]	(D) Transaction Amount (HK$'000)[Note 3]
☐ (a) Sponsor[Notes 4,5]				
☐ (b) Financial advisor				
☐ (c) Independent financial advisor				
☐ (d) Compliance advisor				N/A
☐ (e) Other type of advisory role, please specify:				
		(f) Total income:		

---

2 Was the Licensed Corporation engaged in any advisory work on valuations in corporate transactions involving Hong Kong listed companies during the financial year? [BQ17186]

Skip Q.2 if option (b) of Q.1 is not chosen.

○ Yes
○ No

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3 In respect of the clients to whom the Licensed Corporation provided advisory work as identified in Q.1, please indicate if the Licensed Corporation or its group or affiliated companies also conducted the following type(s) of business activities and state the number of transactions and income (if applicable) arising from each type of activities during the financial year.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17187]

Note 1: Please fill in the total income recognised during the financial year.
Note 2: Please complete Section B6 – Placing/ underwriting securities or remind the Licensed Corporation's group or affiliated company to do so.

	Number of transactions (A) Ongoing	(B) Completed	(C) Income (HK$'000)[Note 1]
☐ (a) Underwriting/ placing under Type 1 regulated activity[Note 2]			
☐ (b) Publication of pre-deal research reports under Type 4 regulated activity			
☐ (c) None of the above			

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4 Please describe the measures that the Licensed Corporation has in place for sponsor principals to supervise the sponsor transaction team.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17188]

Skip Q.4 if option (a) of Q.1 is not chosen.

☐ (a) A committee involving the sponsor principals signs off at various milestones
☐ (b) The sponsor principals participate in weekly team meetings
☐ (c) The sponsor principals participate in monthly team meetings
☐ (d) The sponsor principals participate in informal discussions within the team
☐ (e) The sponsor principals are involved when issues are escalated by staff
☐ (f) Others, please specify:
☐ (g) N/A - the Licensed Corporation does not have any measures in place for sponsor principals to supervise the sponsor transaction team.
Please provide further details (optional):

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5 Please provide the number of sponsor principals and licensed representatives (other than sponsor principals) who worked on transactions involving the listing of securities for which the Licensed Corporation acted as sponsor as at the end of the financial year. [BQ17189]

Skip Q.5 if option (a) of Q.1 is not chosen.

(a) The number of sponsor principals: [BQ17189_01]

(b) The number of licensed representatives (other than sponsor principals): [BQ17189_02]

6 Please provide a breakdown of the number of listing applications handled by the Licensed Corporation as a sponsor during the financial year, by their respective status as at the end of the financial year. [BQ17190]

Skip Q.6 if option (a) of Q.1 is not chosen.

Note: A listing application is completed when the listing applicant is listed.

Status of the listing applications as at the end of the financial year	Number of listing applications
(a) Listing application in preparation for submission	
(b) Listing application submitted and in the process of vetting, or approved but not completed[Note]	
(c) Listing application completed[Note]	
(d) Listing application submitted but not approved due to:	
(i) withdrawal by the client	
(ii) rejection/ return by the SEHK or rejection by the SFC	
(iii) time lapse	
(iv) disagreement between the sponsor(s) and listing applicant	
(v) other reasons, please specify:	
(e) Total	

7 Please provide a breakdown of the number of listing applications submitted by the Licensed Corporation as a sponsor during the financial year, by the respective duration of due diligence work undertaken before submitting the listing applications. [BQ17191]

Skip Q.7 if option (a) of Q.1 is not chosen or each of the answers to Q.6(b), (c), (d)(i)-(v) is "0".

Duration of due diligence work undertaken before submitting the listing applications	Number of listing applications submitted
(a) Less than 1 month	
(b) 1 - 2 months	
(c) More than 2 months and up to 6 months	
(d) More than 6 months	
(e) Total	

8 Please indicate the frequency that the Licensed Corporation provides advice on the appointment of underwriters, placing agents or lead managers/ bookrunners to clients applying for listing in Hong Kong when the Licensed Corporation acts as sponsor for the IPO transactions. [BQ17192]

Skip Q.8 if option (a) of Q.1 is not chosen.

- Always
- From time to time
- Never

Section B12 - Algorithmic Trading and Alternative Liquidity Pools (BQ17193A - BQ17215)

I. Algorithmic Trading

1 Please indicate whether the algorithmic trading system(s) and trading algorithm(s) were used by the Licensed Corporation or provided to clients for use or both during the financial year? [BQ17193A]

- (a) Algorithmic trading system(s) and trading algorithms were used by the Licensed Corporation
- (b) Algorithmic trading system(s) and trading algorithms were provided by the Licensed Corporation to clients for use
- (c) Both of the above

**2 Please indicate the top three algorithmic strategies (by transaction volume) during the financial year.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17193]**

For Q.2, skip Column (A) if option (b) of Q.1 is chosen or skip Column (B) if option (a) of Q.1 is chosen.

	(A) For algorithmic trading system(s) and/ or trading algorithms used by the Licensed Corporation	(B) For algorithmic trading system(s) and/ or trading algorithms provided to clients
(a) VWAP		
(b) TWAP		
(c) Others	Please specify:	Please specify:

---

3 (a) Does the Licensed Corporation have governance forum(s)/ committee(s) in place to oversee algorithmic trading related matters? [BQ17194_01]

For Q.3, skip Column (A) if option (b) of Q.1 is chosen or skip Column (B) if option (a) of Q.1 is chosen.

	(A) For algorithmic trading system(s) and/ or trading algorithms used by the Licensed Corporation	(B) For algorithmic trading system(s) and/ or trading algorithms provided to clients
Yes		
No		

3 (b) If the answer is "Yes" in (a), please indicate if the forum/ committee comprises representatives from the following functions. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17194_02]

Skip Q.3(b) if the answer to Q.3(a) is "No".

	(A) For algorithmic trading system(s) and/ or trading algorithms used by the Licensed Corporation	(B) For algorithmic trading system(s) and/ or trading algorithms provided to clients
(i) Responsible Officers		
(ii) Sales and trading		
(iii) Risk and control		
(iv) Legal and compliance		
(v) Information technology		
(vi) Internal audit		
(vii) Other representatives	Please specify:	Please specify:

3 (c) If the answer is "No" in (a), please describe how the Licensed Corporation ensures that adequate management and supervision over algorithmic trading activities is in place. [BQ17194_03]

Skip Q.3(c) if the answer to Q.3(a) is "Yes".

(A) For algorithmic trading system(s) and/ or trading algorithms used by the Licensed Corporation	(B) For algorithmic trading system(s) and/ or trading algorithms provided to clients

---

4 (a) Does the Licensed Corporation have pre-trade control(s) in place for the algorithmic trading system(s)? [BQ17195_01]

For Q.4, skip Column (A) if option (b) of Q.1 is chosen or skip Column (B) if option (a) of Q.1 is chosen.

	(A) For algorithmic trading system(s) and/ or trading algorithms used by the Licensed Corporation	(B) For algorithmic trading system(s) and/ or trading algorithms provided to clients
Yes		
No		

**4 (b) If the answer is "Yes" in (a), please indicate the type(s) of pre-trade controls in place.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17195_02]**

Skip Q.4(b) if the answer to Q.4(a) is "No".

	(A) For algorithmic trading system(s) and/ or trading algorithms used by the Licensed Corporation	(B) For algorithmic trading system(s) and/ or trading algorithms provided to clients
(i) Price control for order input	☐	☐
(ii) Maximum notional value control	☐	☐
(iii) Maximum order quantity control	☐	☐
(iv) Maximum message limits	☐	☐
(v) Others	☐ Please specify:	☐ Please specify:

---

5 (a) Does the Licensed Corporation perform post-trade review on trading activities conducted through the algorithmic trading system(s)? [BQ17196_01]

For Q.5, skip Column (A) if option (b) of Q.1 is chosen or skip Column (B) if option (a) of Q.1 is chosen.

	(A) For algorithmic trading system(s) and/ or trading algorithms used by the Licensed Corporation	(B) For algorithmic trading system(s) and/ or trading algorithms provided to clients
Yes	○	○
No	○	○

**5 (b) If the answer is "Yes" in (a), please indicate if the Licensed Corporation has procedures in place to identify the following in the post-trade review.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17196_02]**

Skip Q.5(b) if the answer to Q.5(a) is "No".

	(A) For algorithmic trading system(s) and/ or trading algorithms used by the Licensed Corporation	(B) For algorithmic trading system(s) and/ or trading algorithms provided to clients
(i) Layering/ spoofing	☐	☐
(ii) Front running	☐	☐
(iii) Order inputs near the open/ close of trading session with the intent of influencing the price of the securities	☐	☐
(iv) Trades which are executed outside of the prevailing best bid/ offer on the exchange	☐	☐
(v) Others	☐ Please specify:	☐ Please specify:

---

6 (a) Does the Licensed Corporation have kill switch procedures enabling it to immediately prevent the algorithmic trading system(s) from generating and sending orders to the market, and to cancel any unexecuted orders that are in the market? [BQ17197_01]

For Q.6, skip Column (A) if option (b) of Q.1 is chosen or skip Column (B) if option (a) of Q.1 is chosen.

	(A) For algorithmic trading system(s) and/ or trading algorithms used by the Licensed Corporation	(B) For algorithmic trading system(s) and/ or trading algorithms provided to clients
Yes	○	○
No	○	○

**6 (b) If the answer is "Yes" in (a), please indicate the level(s) at which such control can be activated.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17197_02]**

Skip Q.6(b) if the answer to Q.6(a) is "No".

	(A) For algorithmic trading system(s) and/ or trading algorithms used by the Licensed Corporation	(B) For algorithmic trading system(s) and/ or trading algorithms provided to clients
(i) Order level	☐	☐
(ii) Client level	☐	☐
(iii) Algorithmic strategy level	☐	☐
(iv) Exchange connectivity level	☐	☐
(v) Others	☐ Please specify:	☐ Please specify:

7 (a) Are changes/ modifications to the algorithmic trading system(s) and trading algorithm(s) being tested before use by the Licensed Corporation or its clients? [BQ17198_01]

For Q.7, skip Column (A) if option (b) of Q.1 is chosen or skip Column (B) if option (a) of Q.1 is chosen.

	(A) For algorithmic trading system(s) and/ or trading algorithms used by the Licensed Corporation	**(B) For algorithmic trading system(s) and/ or trading algorithms provided to clients**
Yes	○	○
No	○	○

7 (b) If the answer is "Yes" in (a), please indicate the type(s) of test performed.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17198_02]

Skip Q.7(b) if the answer to Q.7(a) is "No".

	(A) For algorithmic trading system(s) and/ or trading algorithms used by the Licensed Corporation	**(B) For algorithmic trading system(s) and/ or trading algorithms provided to clients**
(i) Unit test	☐	☐
(ii) Integration Test	☐	☐
(iii) Regression Test	☐	☐
(iv) Others	☐ Please specify:	☐ Please specify:

8 (a) Does the Licensed Corporation perform capacity stress testing on the algorithmic trading system(s)? [BQ17199_01]

For Q.8, skip Column (A) if option (b) of Q.1 is chosen or skip Column (B) if option (a) of Q.1 is chosen.

	(A) For algorithmic trading system(s) and/ or trading algorithms used by the Licensed Corporation	**(B) For algorithmic trading system(s) and/ or trading algorithms provided to clients**
Yes	○	○
No	○	○

8 (b) If the answer is "Yes" in (a), please indicate the frequency of such testing. [BQ17199_02]

Skip Q.8(b) if the answer to Q.8(a) is "No".

	(A) For algorithmic trading system(s) and/ or trading algorithms used by the Licensed Corporation	**(B) For algorithmic trading system(s) and/ or trading algorithms provided to clients**
(i) At least monthly	○	○
(ii) At least quarterly	○	○
(iii) At least annually	○	○
(iv) Others	○ Please specify:	○ Please specify:

9 (a) Does the Licensed Corporation have a written contingency plan in place to cope with emergencies and disruptions related to the algorithmic trading system(s)? [BQ17200_01]

For Q.9, skip Column (A) if option (b) of Q.1 is chosen or skip Column (B) if option (a) of Q.1 is chosen.

	(A) For algorithmic trading system(s) and/ or trading algorithms used by the Licensed Corporation	**(B) For algorithmic trading system(s) and/ or trading algorithms provided to clients**
Yes	○	○
No	○	○

9 (b) If the answer is "Yes" in (a), please indicate the area(s) covered in the written contingency plan.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17200_02]

Skip Q.9(b) if the answer to Q.9(a) is "No".

	(A) For algorithmic trading system(s) and/ or trading algorithms used by the Licensed Corporation	**(B) For algorithmic trading system(s) and/ or trading algorithms provided to clients**
(i) Secondary operational locations	☐	☐
(ii) Backup arrangements	☐	☐
(iii) Escalation and actions upon contingency	☐	☐
(iv) Contact information of relevant personnel	☐	☐
(v) Others	☐ Please specify:	☐ Please specify:

10 (a) Did the Licensed Corporation have any material services interruption or other significant issues related to the algorithmic trading system(s) during the financial year? [BQ17201_01]

For Q.10, skip Column (A) if option (b) of Q.1 is chosen or skip Column (B) if option (a) of Q.1 is chosen.

	(A) For algorithmic trading system(s) and/ or trading algorithms used by the Licensed Corporation	(B) For algorithmic trading system(s) and/ or trading algorithms provided to clients
Yes	○	○
No	○	○

10 (b) If the answer is "Yes" in (a), please indicate the type(s) of the interruptions.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17201_02]

Skip Q.10(b) if the answer to Q.10(a) is "No".

	(A) For algorithmic trading system(s) and/ or trading algorithms used by the Licensed Corporation	(B) For algorithmic trading system(s) and/ or trading algorithms provided to clients
(i) Power or network outage	☐	☐
(ii) Human error causing system outage	☐	☐
(iii) Others	☐ Please specify:	☐ Please specify:

II. Alternative Liquidity Pools ("ALP")

11 Please indicate the type(s) of products which are crossed in the ALP(s) operated by the Licensed Corporation.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17202]

☐ (a) Securities listed in Hong Kong
☐ (b) Securities listed in overseas
☐ (c) Others, please specify:

12 Please state the total number of users of the ALP(s) operated by the Licensed Corporation as at the end of the financial year. [BQ17203]

13 Please indicate the type(s) of users of the ALP(s) operated by the Licensed Corporation.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17204]

Note: High frequency traders as classified by the Licensed Corporation's internal policy or guideline.

☐ (a) Broker-dealers
☐ (b) Asset managers
☐ (c) High-frequency traders[Note]
☐ (d) Market makers
☐ (e) Others, please specify:

14 Please indicate the measures adopted by the Licensed Corporation to ensure that only qualified investors [Note] are permitted to be users of the ALP(s) operated by the Licensed Corporation. [BQ17205]

Note: Qualified investors as defined under the Code of Conduct.

☐ (a) Rely on the attestation provided by the users that qualified investor requirements are met
☐ (b) Perform assessments to verify that the users meet the qualified investor requirements
☐ (c) Others, please specify:
☐ (d) N/A - the Licensed Corporation does not adopt any measures to ensure that only qualified investors are permitted to be users of the ALP(s). Please provide further details (optional):

15 Please indicate the order prioritization mechanism for orders having the same input price in the ALP.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17206]

Note: Proprietary orders as defined under the Code of Conduct.

☐ (a) Proprietary orders[Note] and non-proprietary orders have the same priority
☐ (b) Proprietary orders[Note] have priority over non-proprietary orders
☐ (c) Non-proprietary orders have priority over proprietary orders
☐ (d) Others, please specify:

16 (a) Does the Licensed Corporation have governance forum(s)/ committee(s) in place to oversee ALP activities? [BQ17207_01]

- Yes
- No

16 (b) If the answer is "Yes" in (a), please indicate the composition of the forum(s)/ committee(s).
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17207_02]

Skip Q.16(b) if the answer to Q.16(a) is "No".

- (i) Responsible Officers
- (ii) Sales and trading representatives
- (iii) Risk control representatives
- (iv) Compliance representatives
- (v) Information technology representatives
- (vi) Other representatives, please specify:

16 (c) If the answer is "No" in (a), please describe how the Licensed Corporation ensure that adequate management and supervision over ALP activities is in place. [BQ17207_03]

Skip Q.16(c) if the answer to Q.16(a) is "Yes".

---

17 Please indicate the area(s) covered under the ALP Guideline(s) of the Licensed Corporation.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17208]

Note: Proprietary orders as defined under the Code of Conduct.

- (a) Trading and operational matters
- (b) User restrictions
- (c) Opt-out arrangement
- (d) User priority, order routing and execution methodology
- (e) Transaction pricing
- (f) Order cancellation
- (g) Internal control procedures to ensure fair and orderly functioning
- (h) Potential risks
- (i) Transaction of proprietary orders[Note]
- (j) Aggregation of orders of different users, where applicable
- (k) Identity of staff with access to ALP
- (l) Others, please specify:

---

18 Please indicate the control(s) that the Licensed Corporation has in place to ensure that only appropriate staff have access to information concerning orders placed or transactions conducted in the ALP(s).
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17209]

- (a) Senior management approval for granting access
- (b) Regular review of access to ALP(s)
- (c) Prompt removal of access for leavers or employees who have changed roles
- (d) Others, please specify:
- (e) N/A - the Licensed Corporation does not have controls relating to the access to the ALP(s). Please provide further details (optional):

---

19 (a) Does the Licensed Corporation have pre-trade control(s) in place for the ALP(s)? [BQ17210_01]

- Yes
- No

19 (b) If the answer is "Yes" in (a), please indicate the type(s) of pre-trade controls in place.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17210_02]

Skip Q.19(b) if the answer to Q.19(a) is "No".

- (i) Ensure order priority
- (ii) Ensure the cross price is within bid/ ask spread
- (iii) Ensure only orders with quantity above a prescribed threshold are crossed
- (iv) Prevent wash trades
- (v) Others, please specify:

---

20 (a) Does the Licensed Corporation perform post-trade review on the transactions conducted in the ALP(s)? [BQ17211_01]

- Yes
- No

20 (b) If the answer is "Yes" in (a), please indicate if the Licensed Corporation has procedures in place to identify the following in the post-trade review.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17211_02]

Skip Q.20(b) if the answer to Q.20(a) is "No".

- (i) Possible pinging
- (ii) Layering/ spoofing
- (iii) Marking the close
- (iv) Wash trade
- (v) Others, please specify:

---

21 (a) Does the Licensed Corporation have kill switch procedures enabling it to immediately prevent transactions from being conducted in the ALP(s)? [BQ17212_01]

- Yes
- No

21 (b) If the answer is "Yes" in (a), please indicate the level(s) at which such control can be activated. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17212_02]

Skip Q.21(b) if the answer to Q.21(a) is "No".

- (i) Order level
- (ii) User level
- (iii) Trader level
- (iv) Smart Order Router level
- (v) Others, please specify:

---

22 (a) Are changes/ modifications to the ALP(s) tested before launching into production? [BQ17213_01]

- Yes
- No

22 (b) If the answer is "Yes" in (a), please indicate the type(s) of test performed. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17213_02]

Skip Q.22(b) if the answer to Q.22(a) is "No".

- (i) Unit test
- (ii) Integration Test
- (iii) Regression Test
- (iv) Others, please specify:

---

23 (a) Does the Licensed Corporation has a written contingency plan in place to cope with emergencies and disruptions related to the operation of ALP(s)? [BQ17214_01]

- Yes
- No

23 (b) If the answer is "Yes" in (a), please indicate the area(s) covered in the written contingency plan. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17214_02]

Skip Q.23(b) if the answer to Q.23(a) is "No".

- (i) Secondary operational locations
- (ii) Backup arrangements
- (iii) Escalation and actions upon contingency
- (iv) Contact information of relevant personnel
- (v) Others, please specify:

---

24 (a) Did the Licensed Corporation have any material services interruption or other significant issues related to the operation (impacting more than 1% of the Licensed Corporation's client base or 1% of daily turnover and/ or which the Licensed Corporation deems material) of the ALP(s) during the financial year? [BQ17215_01]

- Yes
- No

24 (b) If the answer is "Yes" in (a), please indicate the type(s) of the interruptions. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17215_02]

Skip Q.24(b) if the answer to Q.24(a) is "No".

- (i) Power or network outage
- (ii) Human error causing system outage
- (iii) Others, please specify:

Section B13 - Discretionary Management Services for Funds and/ or Discretionary Accounts (BQ17216 - BQ17229A)

1		(i) Funds		(ii) Discretionary accounts	
		Yes	No	Yes	No
(a)	**Did the Licensed Corporation manage any funds and/ or discretionary accounts with External Clients Note during the financial year? [BQ17216_01_01]** *Note: Clients other than the Licensed Corporation, group or affiliated companies and their respective shareholders, directors and staff.*	○	○	○	○
	If the answer is "Yes" in (a), in respect of the funds and/ or discretionary accounts with External Clients,	Yes	No	Yes	No
(b)	**was the Licensed Corporation responsible for the overall operation of any funds and/ or discretionary accounts during the financial year? [BQ17216_01_02]**	○	○	○	○
(c)	**was the Licensed Corporation being delegated the responsibility for the valuation of any funds and/ or discretionary accounts during the financial year? [BQ17216_01_03]**	○	○	○	○
(d)	**amongst the funds managed by the Licensed Corporation, were any of these unauthorized funds? [BQ17216_01_04]**	○	○		

Skip Q.1(b)(i), (c)(i), (d) if the answer to Q.1(a)(i) is "No".

Skip Q.1(b)(ii), (c)(ii) if the answer to Q.1(a)(ii) is "No".

I. Use of Service Providers

2

Note: For the purpose of this question, (i) funds without External Clients and (ii) discretionary accounts are excluded.

Skip Q.2 if any of the answers to Q.1(a)(i), (d) is "No".

2 (a) Please name the top 3 service providers ranked by the Licensed Corporation's AUM in unauthorized funds as at the end of the financial year, and indicate, for each of the service providers, whether it is a licensed corporation, authorized financial institution or an associated entity as defined in SFO.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17217]

(i)	(A) Top 3 fund administrators engaged	(B) Please indicate if it is a licensed corporation, an authorized financial institution or an associated entity as defined in SFO. Yes	No
☐ (A) Top 1	[ ]	○	○
☐ (B) Top 2	[ ]	○	○
☐ (C) Top 3	[ ]	○	○
☐ (D) N/A - no fund administrator was engaged.			

(ii)	(A) Top 3 custodians engaged	(B) Please indicate if it is a licensed corporation, an authorized financial institution or an associated entity as defined in SFO. Yes	No
☐ (A) Top 1	[ ]	○	○
☐ (B) Top 2	[ ]	○	○
☐ (C) Top 3	[ ]	○	○
☐ (D) N/A - no custodian was engaged.			

(iii)	(A) Top 3 fund auditors engaged	(B) Please indicate if it is a licensed corporation, an authorized financial institution or an associated entity as defined in SFO. Yes	No
☐ (A) Top 1	[ ]	○	○
☐ (B) Top 2	[ ]	○	○
☐ (C) Top 3	[ ]	○	○
☐ (D) N/A - no fund auditor was engaged.			

(iv)	(A) Top 3 prime brokers engaged	(B) Please indicate if it is a licensed corporation, an authorized financial institution or an associated entity as defined in SFO. Yes	No
☐ (A) Top 1	[ ]	○	○
☐ (B) Top 2	[ ]	○	○
☐ (C) Top 3	[ ]	○	○
☐ (D) N/A - no prime broker was engaged.			

2 (b) Are all fund investors institutional PIs? [BQ17217_05]

○ Yes
○ No

3

Note: For the purpose of this question, (i) funds without External Clients and (ii) discretionary accounts without External Clients are excluded.

Skip Q.3 if each of the answers to Q.1(a)(i)-(ii) is "No".

3 (a) Are all the assets (excluding OTC derivatives, private equity, private debt, non-listed CIS) of the funds and/ or discretionary accounts kept at a bank, custodian/ trustee, prime broker, execution broker or law firm? [BQ17218_01]

○ Yes
○ No

3 (b) If the answer is "No" in (a), please state the name of the accounts: [BQ17218_03]

[ ]

Skip Q.3(b) if the answer to Q.3(a) is "Yes".

II. Regular Audit of Funds under Management of the Licensed Corporation

4

Note: For the purpose of this question, (i) funds without External Clients and (ii) discretionary accounts are excluded.

Skip Q.4 if the answer to Q.1(a)(i) is "No".

4 (a) Was annual audit conducted for the funds under management by the Licensed Corporation in the past financial year of the funds? [BQ17219_01]

- Yes, annual audit was conducted for all the funds under management by the Licensed Corporation
- Annual audit was conducted only for some funds under management by the Licensed Corporation
- No, annual audit was not conducted for all of the funds under management by the Licensed Corporation

4 (b) Amongst the funds of which annual audit was not conducted, please (A) state the AUM of the top 3 funds respectively and the total AUM of other funds, (B) indicate if the funds were wholly managed by the Licensed Corporation, and (C) state the reason(s) why annual audit was not conducted for the fund(s).
(Please choose all options that are applicable to the Licensed Corporation). [BQ17219_02]

Skip Q.4(b) if the answer to Q.4(a) is "Yes".

	(A) AUM of the fund (HK$'000)	(B) Is the fund wholly managed by the Licensed Corporation?		(C) Reasons why annual audit was not conducted for the fund
		Yes	No	
(i) Top 1 fund				
(ii) Top 2 fund				
(iii) Top 3 fund				

	(A) Total AUM of the fund(s) (HK$'000)	(B) Is/ Are the fund(s) wholly managed by the Licensed Corporation?			(C) Reasons why annual audit was/ were not conducted for the fund(s)
		Yes	No	Some funds are wholly managed by the Licensed Corporation and some are not	
(iv) Other fund(s) of which annual audit was/ were not conducted					

5

Note: For the purpose of this question, (i) funds without External Clients and (ii) discretionary accounts are excluded.

Skip Q.5 if any of the answers to Q.1(a)(i), Q.4(a) is "No".

5 (a) For the funds under management by the Licensed Corporation of which annual audit was conducted in the past financial year of the funds, were there any audited financial statements not issued within 6 months after the end of the financial year of the respective funds? [BQ17220_01]

- Yes
- No

5 (b) Amongst the funds whose audited financial statements were not issued within 6 months after the end of the financial year, please (A) state the AUM of the top 3 funds respectively and the total AUM of other funds, (B) indicate if the funds were wholly managed by the Licensed Corporation, and (C) state the reason(s) why the audited financial statements were not issued within 6 months after the end of the financial year of the respective funds.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17220_02]

Skip Q.5(b) if the answer to Q.5(a) is "No".

	(A) AUM of the fund (HK$'000)	(B) Is the fund wholly managed by the Licensed Corporation?		(C) Reasons why audited financial statement was not issued within 6 months after the end of the financial year of the fund
		Yes	No	
(i) Top 1 fund				
(ii) Top 2 fund				
(iii) Top 3 fund				

	(A) Total AUM of the fund(s) (HK$'000)	(B) Is/ Are the fund(s) wholly managed by the Licensed Corporation?			(C) Reasons why audited financial statement was not issued within 6 months after the end of the financial year of the respective funds
		Yes	No	Some funds are wholly managed by the Licensed Corporation and some are not	
(iv) Other fund(s) whose audited financial statements was/ were not issued within 6 months after the end of the financial year of the respective funds					

III. Pricing and Valuation of Investments

6

Note: For the purpose of this question, (i) funds without External Clients and (ii) discretionary accounts without External Clients are excluded.

Skip Q.6 if each of the answers to Q.1(a)(i)-(ii) is "No" or each of the answers to Q.1(b)(i)-(ii), (c)(i)-(ii) is "No".

6 (a) Were there any hard-to-value investments[Note 1] invested by the funds and/ or discretionary accounts managed by the Licensed Corporation for clients who were not institutional PIs or corporate PIs[Note 2] as at the end of the financial year? [BQ17221_01]

Note 1: Hard-to-value investments may include Level 3 fair value measurements as defined in ASC820 under US GAAP and IFRS 13 as well as stale price instruments as defined in the Licensed Corporation's valuation policy.
Note 2: Institutional PIs or corporate PIs as defined under the Code of Conduct.

- Yes
- No

6 (b) If the answer is "Yes" in (a), please state (A) the absolute value of the top 3 hard-to-value investments mentioned above as a percentage of the Licensed Corporation's total AUM as at the end of the financial year, (B) product type, and (C) reason(s) for being hard-to value.
(Please choose all options that are applicable to the Licensed Corporation).
Please aggregate the absolute values of the same investment across all funds managed by the Licensed Corporation. [BQ17221_02]

Skip Q.6(b) if the answer to Q.6(a) is "No".

	(A) % of total AUM	(B) Product type	(C) Reasons for being hard-to-value
(i) Top 1 investment		Listed equity Unlisted equity Investment grade ("IG") bond Non-IG bond Equity linked derivatives Credit linked derivatives Rate linked derivatives Others, please specify:	
(ii) Top 2 investment		Listed equity Unlisted equity Investment grade ("IG") bond Non-IG bond Equity linked derivatives Credit linked derivatives Rate linked derivatives Others, please specify:	
(iii) Top 3 investment		Listed equity Unlisted equity Investment grade ("IG") bond Non-IG bond Equity linked derivatives Credit linked derivatives Rate linked derivatives Others, please specify:	

7

Note: For the purpose of this question, (i) funds without External Clients and (ii) discretionary accounts without External Clients are excluded.

Skip Q.7 if
- each of the answers to Q.1(a)(i)-(ii) is "No";
- each of the answers to Q.1(b)(i)-(ii), (c)(i)-(ii) is "No"; or
- the answer to Q.4(a) is "Yes".

7 (a) Was the Licensed Corporation responsible for the overall operation of the fund/ discretionary account or had been delegated responsibility for fund valuation for the funds listed under Q.4(b) above during the financial year? [BQ17222_01]

- Yes
- No

7 (b) If the answer is "Yes" in (a), were all hard-to-value assets valued by external valuation agent(s)? [BQ17222_02]

Skip Q.7(b) if the answer to Q.7(a) is "No".

- Yes
- No, please state the reason:
- N/A - there were no hard-to-value-assets in the funds.

IV. Annualised Return of Funds/ Discretionary Accounts under Management

8
Note: *For the purpose of this question, please exclude a fund/ discretionary account where the AUM managed by the Licensed Corporation in its role as the sub-manager as of the end of the last three financial years on average was less than 50% of the AUM of the respective funds/ discretionary accounts. Please also include those funds/ discretionary accounts which the Licensed Corporation has delegated its investment management duties to its group or affiliated companies (ie, its group or affiliated companies to act as sub-manager).*

Skip Q.8 if each of the answers to Q.1(a)(i)-(ii) is "No".

Please state the gross of fees annualised return of the top 3 funds and discretionary accounts without External Clients (in terms of AUM) managed by the Licensed Corporation for each of the last 3 financial years. Please also state their primary strategy and geographical location of their underlying investments.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17223]

8 (a) Top 3 funds without External Clients [BQ17223_01]

Skip Q.8(a) if the answer to Q.1(a)(i) is "No".

	(A) Primary strategy	(B) Primary geographical location of underlying investments	(C) Annualised return (%) as of the end of the current financial year	(D) Annualised return (%) as of the end of the preceding financial year (ie, 12 months preceding the current financial year)	(E) Annualised return (%) as of the end of two years preceding the current financial year (ie, 24 months preceding the current financial year)
☐ (i) Top 1 fund			%	○ % ○ N/A - the fund had not been launched.	○ % ○ N/A - the fund had not been launched.
☐ (ii) Top 2 fund			%	○ % ○ N/A - the fund had not been launched.	○ % ○ N/A - the fund had not been launched.
☐ (iii) Top 3 fund			%	○ % ○ N/A - the fund had not been launched.	○ % ○ N/A - the fund had not been launched.

☐ (iv) N/A - all the funds managed by the Licensed Corporation had External Clients.
☐ (v) N/A - the funds without External Clients were all managed by the Licensed Corporation in its role as the sub-manager, and the AUM of these funds managed by the Licensed Corporation in the last 3 financial years on average was less than 50% of the total AUM of the respective funds.

8 (b) Top 3 discretionary accounts without External Clients [BQ17223_03]

Skip Q.8(b) if the answer to Q.1(a)(ii) is "No".

	(A) Primary strategy	(B) Primary geographical location of underlying investments	(C) Annualised return (%) as of the end of the current financial year	(D) Annualised return (%) as of the end of the preceding financial year (ie, 12 months preceding the current financial year)	(E) Annualised return (%) as of the end of two years preceding the current financial year (ie, 24 months preceding the current financial year)
☐ (i) Top 1 discretionary account			%	○ % ○ N/A - the discretionary account had not been set up.	○ % ○ N/A - the discretionary account had not been set up.
☐ (ii) Top 2 discretionary account			%	○ % ○ N/A - the discretionary account had not been set up.	○ % ○ N/A - the discretionary account had not been set up.
☐ (iii) Top 3 discretionary account			%	○ % ○ N/A - the discretionary account had not been set up.	○ % ○ N/A - the discretionary account had not been set up.

☐ (iv) N/A - all the discretionary accounts managed by the Licensed Corporation had External Clients.
☐ (v) N/A - the discretionary accounts without External Clients were all managed by the Licensed Corporation in its role as the sub-manager, and the AUM of these discretionary accounts managed by the Licensed Corporation in the last 3 financial years on average was less than 50% of the total AUM of the respective discretionary accounts.

9

Note: *For the purpose of this question, please exclude a fund/ discretionary account where the AUM managed by the Licensed Corporation in its role as the sub-manager as of the end of the last three financial years on average was less than 50% of the respective funds/ discretionary accounts. Please also include those funds/ discretionary accounts which the Licensed Corporation has delegated its investment management duties to its group or affiliated companies (ie, its group or affiliated companies to act as sub-manager).*

Skip Q.9 if each of the answers to Q.1(a)(i)-(ii) is "No".

Please state the gross of fees annualised return of the top 3 funds and discretionary accounts with External Clients (in terms of AUM) managed by the Licensed Corporation for each of the last 3 financial years. Please also state their primary strategy and geographical location of their underlying investments.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17224]

9 (a) Top 3 funds with External Clients [BQ17224_01]

Skip Q.9(a) if the answer to Q.1(a)(i) is "No" or any of the options (iv)-(v) of Q.8(a) is chosen.

	(A) Primary strategy	(B) Primary geographical location of underlying investments	(C) Annualised return (%) as of the end of the current financial year	(D) Annualised return (%) as of the end of the preceding financial year (ie, 12 months preceding the current financial year)	(E) Annualised return (%) as of the end of two years preceding the current financial year (ie, 24 months preceding the current financial year)
☐ (i) Top 1 fund			%	○ % ○ N/A	○ % ○ N/A
☐ (ii) Top 2 fund			%	○ % ○ N/A	○ % ○ N/A
☐ (iii) Top 3 fund			%	○ % ○ N/A	○ % ○ N/A

☐ (iv) N/A - the funds with External Clients were all managed by the Licensed Corporation in its role as the sub-manager, and the AUM of these funds managed by the Licensed Corporation in the last 3 financial years on average was less than 50% of the total AUM of the respective funds.

9 (b) Top 3 discretionary accounts with External Clients [BQ17224_03]

Skip Q.9(b) if the answer to Q.1(a)(ii) is "No" or any of the options (iv)-(v) of Q.8(b) is chosen.

	(A) Primary strategy	(B) Primary geographical location of underlying investments	(C) Annualised return (%) as of the end of the current financial year	(D) Annualised return (%) as of the end of the preceding financial year (ie, 12 months preceding the current financial year)	(E) Annualised return (%) as of the end of two years preceding the current financial year (ie, 24 months preceding the current financial year)
☐ (i) Top 1 discretionary account			%	○ % ○ N/A	○ % ○ N/A
☐ (ii) Top 2 discretionary account			%	○ % ○ N/A	○ % ○ N/A
☐ (iii) Top 3 discretionary account			%	○ % ○ N/A	○ % ○ N/A

☐ (iv) N/A - All discretionary accounts with External Clients were all managed by the Licensed Corporation in its role as the sub-manager, and the AUM of these discretionary accounts managed by the Licensed Corporation in the last 3 financial years on average was less than 50% of the total AUM of the respective discretionary accounts.

V. Liquidity

10

Note: For the purpose of this question, (i) funds without External Clients and (ii) discretionary accounts are excluded.

Skip Q.10 if any of the answers to Q.1(a)(i), (b)(i), (d) is "No".

10 (a) Did any of the unauthorized funds managed by the Licensed Corporation impose fund-level redemption gates during the financial year? [BQ17225_01]

- Yes
- No

10 (b) If the answer is "No" in (a), please indicate the reasons why fund-level redemption gates were not imposed. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17225_02]

Skip Q.10(b) if the answer to Q.10(a) is "Yes".

- (i) Past redemptions were above redemption gate threshold, but redemption gate was not imposed at discretion
- (ii) Past redemptions were below redemption gate threshold
- (iii) Funds are not subject to redemption gate
- (iv) Others, please specify:

11

Note: For the purpose of this question, (i) funds without External Clients and (ii) discretionary accounts are excluded.

Skip Q.11 if any of the answers to Q.1(a)(i), (b)(i), (d) is "No".

Were there any unauthorized funds managed by the Licensed Corporation suspended for redemption during the financial year? [BQ17226]

- Yes, please specify the reason:
- No

VI. Direct Distribution/ Solicitation of Funds to External Clients who are Individuals

12 During the financial year, was the Licensed Corporation involved in direct distribution or making solicitation of the unauthorized funds managed by it to External Clients who are individuals? [BQ17227]

Skip Q.12 if the answer to Q.1(d) is "No".

- Yes, the % of AUM as of the financial year end invested by External Clients who are individuals was:
- No

VII. Size of the Licensed Corporation

13 Please state the number of staff performing the following functions in the Licensed Corporation as at the end of the financial year. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17228]	No. of staff
(a) Staff performing portfolio management or dealing functions only	
(b) Staff performing operation support/ control functions (eg, settlement, risk management, valuation and compliance) only	
(c) Staff performing any of the functions in (a) and (b). Please state the reason(s) for this:	

VIII. Fund Investment in China

14

Note: For the purpose of this question, (i) funds without External Clients, (ii) discretionary accounts and (iii) CIS marketed as private equity funds are excluded.

Skip Q.14 if the answer to Q.1(a)(i) is "No".

For the top 3 funds managed by the Licensed Corporation, please state the percentage of their investment (in absolute terms) in the following non-exchange traded asset classes in China out of their aggregate NAV as at the end of the financial year. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17229]

	Asset classes not traded on the exchange (exclude investments in China Interbank Bond Market (CIBM) and bond connect, cash or cash equivalents).	% of top 3 funds' aggregate NAV
(a)	Equity	
(b)	Credit/ debt	
(c)	Other asset classes, please specify:	
(d)	N/A - the top 3 funds did not hold any investments in non-exchange traded asset classes in China (excluding investments in CIBM and bond connect, cash or cash equivalents) as at the end of the financial year.	

IX. Distributed Ledger Technology

15 Please indicate if there is any use of distributed ledger technology by the Licensed Corporation, by any discretionary account managed by the Licensed Corporation, or by any CIS managed by the Licensed Corporation. [BQ17229A]

- Yes
- No

Section B14 - Dealing in OTCD Products/ Providing Client Clearing Services for OTCD Transactions (BQ17230 - BQ17234)

Note: OTCD transactions cleared and not cleared by a central counterparty are referred to herein as "cleared OTCD transactions" and "non-cleared OTCD transactions" respectively.

1 Please describe the type(s) of activities relating to OTCD transactions that the Licensed Corporation is engaged in. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17230]

- ☐ (a) The Licensed Corporation is a contracting party to the OTCD transactions
- ☐ (b) The Licensed Corporation originates trades in Hong Kong and the trades are booked in one or more group or affiliated companies which are not Licensed Corporations
- ☐ (c) The Licensed Corporation advises on OTCD products
- ☐ (d) The Licensed Corporation provides clearing agency services for OTCD transactions
- ☐ (e) Others, please specify: ______

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2 Where the Licensed Corporation was a contracting party to OTCD transactions, did the Licensed Corporation participate in the compression of non-cleared OTCD transactions during the financial year? [BQ17231]

Skip Q.2 if option (a) of Q.1 is not chosen.

- ○ Yes
- ○ No

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3 Did the Licensed Corporation clear clients' OTCD transactions through clearing member(s) which are not group or affiliated companies during the financial year? [BQ17232]

- ○ Yes
- ○ No

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4 Did the Licensed Corporation provide portfolio margining covering both cleared and non-cleared OTCD transactions of clients during the financial year? [BQ17233]

- ○ Yes
- ○ No

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5 Did the Licensed Corporation provide portfolio margining covering both cleared OTCD transactions and exchange traded derivative transactions of clients during the financial year? [BQ17234]

- ○ Yes
- ○ No

Section B15 - Best Execution (BQ17235 - BQ17244)

Note: For the purpose of this section, execution broker also includes those securities margin financier licensed to carry on Type 8 regulated activity.

1 (a) Does the Licensed Corporation have a specific written policy or guidance on best execution for clients? [BQ17235_01]

For Q.1,
- skip Column (A) if none of the options (a), (b), (f), (g), (h), (i), (j), (k), (l), (o), (q), (r), (s), (v) or (x) in Q.1 of Section A1 is chosen; or
- skip Column (B) if option (w) of Q.1 of Section A1 is not chosen.

	(A) For Licensed Corporation acting as an execution broker	(B) For Licensed Corporation acting as an asset manager
Yes	○	○
No	○	○

1 (b) If the answer is "Yes" in (a), please indicate the asset classes covered by the policy or guidance.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17235_02]

Skip Q.1(b) if the answer to Q.1(a) is "No".

	(A) For Licensed Corporation acting as an execution broker	(B) For Licensed Corporation acting as an asset manager
(i) Listed equities	☐	☐
(ii) Fixed income products	☐	☐
(iii) OTC derivatives	☐	☐
(iv) Others	☐ Please specify:	☐ Please specify:

---

2 (a) Does the Licensed Corporation have a designated person or group responsible for reviewing best execution issues? [BQ17236_01]

For Q.2,
- skip Column (A) if none of the options (a), (b), (f), (g), (h), (i), (j), (k), (l), (o), (q), (r), (s), (v) or (x) in Q.1 of Section A1 is chosen; or
- skip Column (B) if option (w) of Q.1 of Section A1 is not chosen.

	(A) For Licensed Corporation acting as an execution broker	(B) For Licensed Corporation acting as an asset manager
Yes	○	○
No	○	○

2 (b) If the answer is "Yes" in (a), please indicate if the designated person or the group comprises representatives from the following functions.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17236_02]

Skip Q.2(b)-(c) if the answer to Q.2(a) is "No".

	(A) For Licensed Corporation acting as an execution broker	(B) For Licensed Corporation acting as an asset manager
(i) Sales and trading	☐	☐
(ii) Legal and compliance	☐	☐
(iii) Information technology	☐	☐
(iv) Risk and control	☐	☐
(v) Product development	☐	☐
(vi) Internal audit	☐	☐
(vii) Others	☐ Please specify:	☐ Please specify:

2 (c) If there is a designated group responsible for reviewing best execution issues, please indicate the frequency that a meeting is held to review best execution issues by the designated group. [BQ17236_03]

	(A) For Licensed Corporation acting as an execution broker	(B) For Licensed Corporation acting as an asset manager
(i) At least monthly	○	○
(ii) At least quarterly	○	○
(iii) At least semi-annually	○	○
(iv) At least annually	○	○
(v) Less frequent than annually	○ Please specify:	○ Please specify:
(vi) Never	○	○
(vii) N/A - the Licensed Corporation has a designated person (ie, not a designated group) responsible for reviewing best execution issues.	○	○

3 Please describe the execution factors that the Licensed Corporation considers in delivering best execution. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17237]

	(A) For Licensed Corporation acting as an execution broker	(B) For Licensed Corporation acting as an asset manager
(a) Price	☐	☐
(b) Cost	☐	☐
(c) Nature of order	☐	☐
(d) Size of transaction	☐	☐
(e) Speed of execution	☐	☐
(f) Speed of settlement	☐	☐
(g) Likelihood of execution	☐	☐
(h) Likelihood of settlement	☐	☐
(i) Others	☐ Please specify:	☐ Please specify:

For Q.3,
- skip Column (A) if none of the options (a), (b), (f), (g), (h), (i), (j), (k), (l), (o), (q), (r), (s), (v) or (x) in Q.1 of Section A1 is chosen; or
- skip Column (B) if option (w) of Q.1 of Section A1 is not chosen.

4 Please describe the type(s) of monitoring that the Licensed Corporation has in place to ensure best execution. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17238]

	(A) For Licensed Corporation acting as an execution broker	(B) For Licensed Corporation acting as an asset manager
(a) Pre-trade monitoring	☐	☐
(b) Real-time monitoring	☐	☐
(c) Post-trade monitoring	☐	☐
(d) N/A - the Licensed Corporation does not have any monitoring in place to ensure best execution.	☐ Please provide further details (optional):	☐ Please provide further details (optional):

For Q.4,
- skip Column (A) if none of the options (a), (b), (f), (g), (h), (i), (j), (k), (l), (o), (q), (r), (s), (v) or (x) in Q.1 of Section A1 is chosen; or
- skip Column (B) if option (w) of Q.1 of Section A1 is not chosen.

5 Does the Licensed Corporation use any post-trade report to compare execution results against certain benchmark (eg, VWAP) to help achieve best execution? [BQ17239]

	(A) For Licensed Corporation acting as an execution broker	(B) For Licensed Corporation acting as an asset manager
Yes	○	○
No	○	○

For Q.5,
- skip Column (A) if none of the options (a), (b), (f), (g), (h), (i), (j), (k), (l), (o), (q), (r), (s), (v) or (x) in Q.1 of Section A1 is chosen; or
- skip Column (B) if option (w) of Q.1 of Section A1 is not chosen.

6 (a) Does the Licensed Corporation place trade orders with affiliated/ connected parties? [BQ17240_01]

	(A) For Licensed Corporation acting as an execution broker	(B) For Licensed Corporation acting as an asset manager
Yes	○	○
No	○	○

For Q.6,
- skip Column (A) if none of the options (a), (b), (f), (g), (h), (i), (j), (k), (l), (o), (q), (r), (s), (v) or (x) in Q.1 of Section A1 is chosen; or
- skip Column (B) if option (w) of Q.1 of Section A1 is not chosen.

Skip Q.6(b) if the answer to Q.6(a) is "No".

6 (b) If the answer is "Yes" in (a), is there any monitoring in place to ensure that the affiliated/ connected parties deliver best execution? [BQ17240_02]

	(A) For Licensed Corporation acting as an execution broker	(B) For Licensed Corporation acting as an asset manager
Yes	○	○
No	○	○

7 (a) Does the Licensed Corporation use any third party brokers to execute orders? [BQ17241_01]

For Q.7,
- skip Column (A) if none of the options (a), (b), (f), (g), (h), (i), (j), (k), (l), (o), (q), (r), (s), (v) or (x) in Q.1 of Section A1 is chosen; or
- skip Column (B) if option (w) of Q.1 of Section A1 is not chosen.

Skip Q.7(b)-(c) if the answer to Q.7(a) is "No".

	(A) For Licensed Corporation acting as an execution broker	(B) For Licensed Corporation acting as an asset manager
Yes	○	○
No	○	○

7 (b) If the answer is "Yes" in (a), please describe the factors that the Licensed Corporation would assess (in relation to best execution) before onboarding the third party brokers.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ17241_02_01_01]

	(A) For Licensed Corporation acting as an execution broker	(B) For Licensed Corporation acting as an asset manager
(i) Range of products offered	☐	☐
(ii) Market access	☐	☐
(iii) Cost of execution to the Licensed Corporation	☐	☐
(iv) Disciplinary actions taken by regulators in respect of execution related issues	☐	☐
(v) Arrangements put in place by the third party brokers to fulfil their obligation to deliver best execution	☐	☐
(vi) Others	☐ Please specify:	☐ Please specify:
(vii) N/A - no assessment would be carried out (in relation to best execution) by the Licensed Corporation before onboarding the third party brokers.	☐ Please provide further details: (optional)	☐ Please provide further details: (optional)

7 (c) If the answer is "Yes" in (a), does the Licensed Corporation perform due diligence (in relation to best execution) on the third party brokers on an on-going basis? [BQ17241_02_02]

	(A) For Licensed Corporation acting as an execution broker	(B) For Licensed Corporation acting as an asset manager
Yes	○	○
No	○	○

8 (a) Does the Licensed Corporation aggregate orders of different accounts? [BQ17242_01]

For Q.8,
- skip Column (A) if none of the options (a), (b), (f), (g), (h), (i), (j), (k), (l), (o), (q), (r), (s), (v) or (x) in Q.1 of Section A1 is chosen; or
- skip Column (B) if option (w) of Q.1 of Section A1 is not chosen.

Skip Q.8(b)-(c) if the answer to Q.8(a) is "No".

	(A) For Licensed Corporation acting as an execution broker	(B) For Licensed Corporation acting as an asset manager
Yes	○	○
No	○	○

8 (b) If the answer is "Yes" in (a), does the Licensed Corporation allocate the orders to clients on a pro-rata basis? [BQ17242_02_01]

	(A) For Licensed Corporation acting as an execution broker	(B) For Licensed Corporation acting as an asset manager
Yes	○	○
No	○ Please specify the allocation basis:	○ Please specify the allocation basis:

8 (c) If the answer is "Yes" in (a), does the Licensed Corporation aggregate client orders with a proprietary order[Note] or a staff order? [BQ17242_02_02]

Note: For the purpose of this question, proprietary order refers to an order which is handled or initiated by the Licensed Corporation (including positions arising from market making, hedging activities, etc) for the account of the Licensed Corporation and/ or a group or affiliated company (regardless of whether those positions are booked by the Licensed Corporations or its group or affiliated companies under remote booking arrangements).

	(A) For Licensed Corporation acting as an execution broker	(B) For Licensed Corporation acting as an asset manager
Yes	○	○
No	○	○

9 (a) Does the Licensed Corporation issue Indications of Interest ("IOIs")? [BQ17243_01]

Skip Q.9 if none of the options (a), (b), (f), (g), (h), (i), (j), (k), (l), (o), (q), (r), (s), (v) or (x) in Q.1 of Section A1 is chosen.

	(A) For Licensed Corporation acting as an execution broker
Yes	○
No	○

9 (b) If the answer is "Yes" in (a), does the Licensed Corporation [BQ17243_02]

Skip Q.9(b) if the answer to Q.9(a) is "No".

	(A) For Licensed Corporation acting as an execution broker	
	Yes	No
(i) Categorise IOIs as natural or non-natural?	○	○
(ii) Obtain client consent, where applicable, for issuance of IOIs?	○	○
(iii) Review the accuracy of IOIs before issuance?	○	○
(iv) Update the content of IOIs after issuance?	○	○

10 Is the Licensed Corporation able to provide any documentation to demonstrate best execution upon client request? [BQ17244]

For Q.10,
- skip Column (A) if none of the options (a), (b), (f), (g), (h), (i), (j), (k), (l), (o), (q), (r), (s), (v) or (x) in Q.1 of Section A1 is chosen; or
- skip Column (B) if option (w) of Q.1 of Section A1 is not chosen.

	(A) For Licensed Corporation acting as an execution broker	(B) For Licensed Corporation acting as an asset manager
Yes	○	○
No	○	○

Supplementary Information (BQ17245A)

If the Licensed Corporation finds any questions where the available answer options do not completely describe its situation, it may provide additional, relevant information to supplement or clarify its answers to those questions in the table below. [BQ17245A]

Section reference (eg, B11)	Relevant question (eg, 5(b))	Supplementary information