



**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]

2 Name of Licensed Corporation: [BQ17002]

3 Financial year ended: [BQ17003]

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.

5 Approved by: [BQ17004A]

Name: [BQ17004A_01]

Capacity: [BQ17004A_02]

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 logic¹ 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.

¹Skip 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.

Index

Section A

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

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

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.

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

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 and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance.

Terms used in the Questionnaire		
Terms	Meaning	Applicable Section(s)
Active clients	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
<u>AML/ CFT compliance checking</u>	<u>Testing of key components of the AML/ CFT systems to ensure staff perform their functions according to the Licensed Corporation's policies and procedures.</u>	<u>A12 – Anti-Money Laundering and Counter-Financing of Terrorism</u>
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
<u>Client fund deposits</u>	<u>Fund deposits made by or on behalf of a client for crediting into the client's account maintained with the Licensed Corporation as available funds. They include fund deposits made by a client or a third party for the client's account, but do not include receipts from clearing houses or financial intermediaries resulting from the settlement of the client's trades.</u>	<u>A12 – Anti-Money Laundering and Counter-Financing of Terrorism</u>
Cleared OTCD transactions	OTCD transactions cleared by a central counterparty.	B14 – Dealing in OTCD Products/ Providing Client Clearing Services for OTCD Transactions
<u>Code of ethics</u>	<u>A set of principles that governs the conducts of the Licensed Corporation's staff.</u>	<u>A12 – Anti-Money Laundering and Counter-Financing of Terrorism</u>
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
<u>Cross-border fund transfer</u>	<u>Fund transfer to/ out of the client account from/ to another jurisdiction, regardless of whether or not a third-party was involved.</u>	<u>A12 – Anti-Money Laundering and Counter-Financing of Terrorism</u>
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 <i>Discretionary Accounts</i>
<u>De-SPAC Transaction</u>	<u>A transaction as defined under the Main Board Listing Rules.</u>	<i>B11 - Corporate Finance Advisory Services</i>
Established clients	Established clients defined under HKFE Rule 617(b).	<i>B1 – Brokerage Businesses</i>
External Clients	Clients other than the Licensed Corporation, group or affiliated companies and their respective shareholders, directors and staff.	<i>B13 – Discretionary Management Services for Funds and/ or Discretionary Accounts</i>
<u>Financial crime</u>	<u>Criminal conduct relating to financial services or markets, which includes any offence involving (i) fraud or dishonesty; (ii) misconduct in, or misuse of information relating to, a financial market; (iii) handling the proceeds of crime; or (iv) the financing of terrorism.</u>	<i>A12 – Anti- Money Laundering and Counter- Financing of Terrorism</i>
<u>Independent review of AML/ CFT systems</u>	<u>Review of the effectiveness of the Licensed Corporation's AML/ CFT systems by, for example, the internal audit department, external specialist consultants or other qualified parties who are not involved in the design, implementation or operation of the AML/ CFT systems.</u>	<i>A12 – Anti- Money Laundering and Counter- Financing of Terrorism</i>
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.	<i>A1 – Business Overview, B3 – Short- selling; Securities Borrowing and Lending</i>
<u>Internal disclosure</u>	<u>Report of ML/ TF suspicion made by staff internally to the MLRO for determination of whether or not it is necessary to make a report to the JFIU. It should include, but not limited to, report of suspicious transactions identified by staff of the AML/ Compliance function or other functions through review of exception reports or transaction monitoring alerts.</u>	<i>A12 – Anti- Money Laundering and Counter- Financing of Terrorism</i>
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.	<i>B4 – Client Facilitation</i>
<u>Overall coordinator</u>	<u>An intermediary that engages in specified activities under the Code of Conduct.</u>	<i>B11 - Corporate Finance Advisory Services</i>
<u>Private fund</u>	<u>A fund which has not been authorized or approved for offering to retail investors by a regulator.</u>	<i>A12 – Anti- Money Laundering and Counter- Financing of Terrorism</i>
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.	<i>B5 – Prime Services</i>
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.	<i>B8 – Leveraged Foreign Exchange Trading</i>
<u>Third-party fund transactions</u>	<u>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</u>	<i>A12 – Anti- Money Laundering and Counter-</i>

	<u>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.</u>	<u>Financing of Terrorism</u>
<u>Third parties that might pose higher risks</u>	<u>Third parties who are not immediate family members (eg, a spouse, parent or child), beneficial owners or affiliated companies of the clients, or regulated custodians or lending institutions.</u>	<u>A12 – Anti-Money Laundering and Counter-Financing of Terrorism</u>

Abbreviations	
Abbreviations	Terms
AE	Account Executive
AHFT	After-Hours Futures Trading
ALP	Alternative liquidity pool
<u>AMLO</u>	<u>Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615)</u>
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
IRA	Institutional risk assessment
JFIU	Joint Financial Intelligence Unit
LEA	Law enforcement agency
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
<u>PEP</u>	<u>Politically Exposed Person</u>
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
STRs	<u>Suspicious transaction reports</u>
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: Bookbuilding and/ or placing activities of (i) offerings of shares listed or to be listed in Hong Kong and (ii) offering of debt securities listed or unlisted, and offered in Hong Kong or otherwise; underwriting activities in relation to IPO (including secondary listing) of shares (including interests in a SFC-authorized real estate investment trust, stapled securities and depositary receipt) to be listed in Hong Kong where the Licensed Corporation has not been involved in the bookbuilding and placing activities; and underwriting activities in relation to rights issues/ open offer of shares 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: For the purpose of this questionnaire, the "distribution of investment products" covers the sale or distribution of investment products in Hong Kong by Licensed Corporation on both solicited (ie, with solicitation or recommendation) and unsolicited basis.

Note 8: 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 9: 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 10: 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 11: On securities to be listed on the HKEX only.

Note 12: 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
- (b) Brokerage of futures and options contracts
- (c) Bookbuilding and/ or placing activities/ underwriting activities^{Note 1}
- (d) Market making
- (e) Client facilitation^{Note 2}
- (f) Securities margin financing
- (g) Securities dealing under Stock Connect^{Note 3}
- (h) Prime services^{Note 4}
- (i) Short selling ("SS") services^{Note 5}
- (j) Securities borrowing and lending ("SBL") services^{Note 5}
- (k) Leveraged foreign exchange trading ("LFET")^{Note 6}
- (l) Distribution of investment products^{Note 7} (including provision of investment advisory^{Note 8} and order execution services)
- (m) Distribution of investment products^{Note 7} (provision of investment advisory services^{Note 8} only)
- (n) Investment research or analysis^{Note 9}
- (o) Inter-dealer brokerage^{Note 10}
- (p) Introducing brokerage
- (q) Provision of internet trading platforms
- (r) Direct market access services
- (s) Operating a pre-IPO trading platform ("Grey Market")^{Note 11}
- (t) Corporate finance advisory services
- (u) Algorithmic trading
- (v) Operating an alternative liquidity pool ("ALP")
- (w) Discretionary management services for funds and/ or discretionary accounts^{Note 12}
- (i) Public funds or listed funds
- (ii) Traditional long-only funds
- (iii) Hedge funds
- (iv) Private equity or venture capital
- (v) Private credit
- (vi) Other alternative investments
- (vii) Discretionary accounts
- (viii) Family office
- (ix) Others, please specify:
- (x) Dealing in over-the-counter ("OTC") derivative products
- (y) Providing client clearing services for OTC derivative transactions
- (z) Providing credit rating services
- (aa) Distribution of virtual asset-related products
- (ab) Providing virtual asset dealing services
- (ac) Virtual asset fund/ discretionary account management
- (ad) Virtual asset trading platform operator
- (ae) None of the above, please provide further details:

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]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
					Please provide further details (optional): <input style="width: 80px; height: 20px;" type="text"/>
(b) Setting and achievement of corporate culture and ethical standards [BQ17006_02]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
					Please provide further details (optional): <input style="width: 80px; height: 20px;" type="text"/>
(c) Business performance [BQ17006_03]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
					Please provide further details (optional): <input style="width: 80px; height: 20px;" type="text"/>
(d) Risks associated with business operations and financial position [BQ17006_04]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
					Please provide further details (optional): <input style="width: 80px; height: 20px;" type="text"/>
(e) Internal control deficiencies that have been identified [BQ17006_05]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
					Please provide further details (optional): <input style="width: 80px; height: 20px;" type="text"/>
(f) Compliance issues with laws, regulations and internal policies and procedures [BQ17006_06]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
					Please provide further details (optional): <input style="width: 80px; height: 20px;" type="text"/>

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]

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

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):

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]

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

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

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:

6 Please state the number of staff (including both licensed and non-licensed^{Note}) of the Licensed Corporation as at last calendar year end, i.e. 31 December.

Note: For the purpose of this question, this includes but not limited to staff employed or appointed by the Licensed Corporation to conduct business on behalf of the Licensing Corporation.

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.

2 (a) Is the Licensed Corporation aware of any of its substantial shareholder(s) which is/ are under financial distress (eg, has net liabilities, fails to repay overdue loans or debts, subject to winding-up petition, under receivership) ? [BQ1711A 01]

- Yes
- No

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

(i) Please state the name(s) of the substantial shareholder(s) which is/ are under financial distress. [BQ1711A 02 01]

(ii) Please state the financial issue(s) of the substantial shareholder(s). [BQ1711A 02 02]

(iii) Has the Licensed Corporation been financially and/ or operationally impacted by the financial stress of the substantial shareholder(s) ? [BQ1711A 02 03]

- Yes
- No

(iv) If the answer is "Yes" in (iii), please state the financial and/ or operational impact to the Licensed Corporation. [BQ1711A 02 04]

3 (a) Does the Licensed Corporation have any recurring operating expenses (eg, staff salary, rental expense) paid on its behalf by group or affiliated companies or other related parties ("Paying Parties") without recharge to the Licensed Corporation (such as in the form of management fee) during the financial year? [BQ17011B_01]

- Yes
- No

3 (b) If the answer is "Yes" in (a), please state (A) the name(s) the Paying Party(ies), (B) the relationship between the Paying Party(ies) and the Licensed Corporation, (C) whether the Paying Party(ies) is/ are a licensed corporation licensed by the SFC and (D) the CE Number(s) of the Paying Party(ies) which is/ are a licensed corporation licensed by the SFC, of the top 2 Paying Parties ranked by the amount of the respective recurring operating expenses. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17011B_02]

	<u>(A) Name(s) of the Paying Party(ies)</u>	<u>(B) Relationship between the Paying Party(ies) and the Licensed Corporation</u>	<u>(C) Whether the Paying Party(ies) is/ are a licensed corporation licensed by the SFC ?</u>	<u>(D) CE Number(s) of the Paying Party(ies) which is/ are a licensed corporation licensed by the SFC</u>
<input type="checkbox"/> <u>(i) Salary and staff benefits</u>	<input type="checkbox"/> <u>Top 1</u> <input type="text"/>	<input type="radio"/> <u>Shareholder/ holding company</u> <input type="radio"/> <u>Fellow subsidiary</u> <input type="radio"/> <u>Others, please specify:</u> <input type="text"/>	<input type="radio"/> <u>Yes</u> <input type="radio"/> <u>No</u>	<input type="text"/>
	<input type="checkbox"/> <u>Top 2</u> <input type="text"/>	<input type="radio"/> <u>Shareholder/ holding company</u> <input type="radio"/> <u>Fellow subsidiary</u> <input type="radio"/> <u>Others, please specify:</u> <input type="text"/>	<input type="radio"/> <u>Yes</u> <input type="radio"/> <u>No</u>	<input type="text"/>
<input type="checkbox"/> <u>(ii) Office rental</u>	<input type="checkbox"/> <u>Top 1</u> <input type="text"/>	<input type="radio"/> <u>Shareholder/ holding company</u> <input type="radio"/> <u>Fellow subsidiary</u> <input type="radio"/> <u>Others, please specify:</u> <input type="text"/>	<input type="radio"/> <u>Yes</u> <input type="radio"/> <u>No</u>	<input type="text"/>
	<input type="checkbox"/> <u>Top 2</u> <input type="text"/>	<input type="radio"/> <u>Shareholder/ holding company</u> <input type="radio"/> <u>Fellow subsidiary</u> <input type="radio"/> <u>Others, please specify:</u> <input type="text"/>	<input type="radio"/> <u>Yes</u> <input type="radio"/> <u>No</u>	<input type="text"/>

(iii) Other expenses which exceeds 30% of the total overheads reported by the Licensed Corporation in its profit and loss accounts for the financial year, please specify:

Top 1

Shareholder/ holding company
 Fellow subsidiary
 Others, please specify:

Yes
 No

Top 2

Shareholder/ holding company
 Fellow subsidiary
 Others, please specify:

Yes
 No

(iv) N/A - the expenses paid by the Paying Party(ies) on behalf of the Licensed Corporation did not fall into any of the categories of (i) salary and staff benefits, (ii) office rental or (iii) other expenses which exceeds 30% of the total overheads reported by the Licensed Corporation in its profit and loss accounts for the financial year.

3 (c) Is the Licensed Corporation aware of any of its Paying Party(ies) identified in (b) above which is/ are under financial distress (eg, has net liabilities, fails to repay overdue loans or debts, subject to winding-up petition, under receivership) ? [BQ17011B 03]

Yes
 No

3 (d) If the answer is "Yes" in (c),

(i) Please state the name(s) of the Paying Party(ies) which is/ are under financial distress. [BQ17011B 04 01]

(ii) Please state the financial issue(s) of the Paying Party(ies). [BQ17011B 04 02]

(iii) Has the Licensed Corporation been financially and/ or operationally impacted by the financial stress of the Paying Party(ies)? [BQ17011B 04 03]

- Yes
 No

(iv) If the answer is "Yes" in (d)(iii), please state the financial and/ or operational impact to the Licensed Corporation. [BQ17011B 04 04]

II. Remote Booking and Transfer Pricing Arrangements

Remote Booking Arrangements

4 (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

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

	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]	<input type="radio"/>	<input type="radio"/>
(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]	<input type="radio"/>	<input type="radio"/>

4 (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]

- (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:

4 (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

5 (a) In respect of the remote booking arrangements as identified in Q.4(a), does the Licensed Corporation have any transfer pricing arrangements in place with its group or affiliated companies?
[BQ17012A_01]

- Yes
 No

5 (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]

- Yes
 No

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

(i) If the answer is "Yes" in Q.4(b)(i),

- | | 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] | <input type="radio"/> | <input type="radio"/> |
| (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] | <input type="radio"/> | <input type="radio"/> |

(ii) If the answer is "Yes" in Q.4(b)(ii),

- | | 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] | <input type="radio"/> | <input type="radio"/> |
| (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] | <input type="radio"/> | <input type="radio"/> |

5 (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]

- Yes, please specify:
 No

III. Other Non-regulated Business Activities

6 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]

- (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).

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]

- (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).

**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]**

- (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]

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]

- 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]

 (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]

- (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]

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

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]

- (d) Third party(ies)

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

- (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]

- (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]

- 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]

- (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]

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]

	Yes	No	N/A
(i) banks [BQ17023_02_01]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(ii) custodians [BQ17023_02_02]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(iii) brokers or clearing houses [BQ17023_02_03]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

- Yes
 No

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

- 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]

- 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]

(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 - 11 - 51 - 101
10 50 100 or
above**

**None 1 - 11 - 51 - 101
10 50 100 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**

<input type="radio"/>												
<input type="radio"/>												
<input type="radio"/>												

2 (b)(i) If the answer is "Yes" in (a)(i), does the appropriate senior staff member review the activities in such accounts? [BQ170250201]

- 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. [BQ170250202]

- 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? [BQ170250301]

- 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. [BQ170250302]

- 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]

(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 | <input type="radio"/> |
| (ii) settle transactions for the client's account and/ or | <input type="radio"/> |
| (iii) receive SOAs for the client | <input type="radio"/> |

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]

- 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]

- 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]

(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	
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	

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]

- (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]

- (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]

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

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:

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

- 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):

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]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/> Please explain: <input style="width: 80px; height: 20px;" type="text"/>
(ii) securities holdings? [BQ17032_01A_02]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/> Please explain: <input style="width: 80px; height: 20px;" type="text"/>

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]

- 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]	<input style="width: 80px; height: 20px;" type="text"/>
(ii) Negative confirmation [BQ17032_03_04]	<input style="width: 80px; height: 20px;" type="text"/>

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]

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]

- 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]

- Yes
 No

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

- Yes
 No

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

- | | Yes | No |
|--|-----------------------|-----------------------|
| (i) authorised by both the transferor and transferee? [BQ17035_02_01] | <input type="radio"/> | <input type="radio"/> |
| (ii) supported with the client's explanation for making the transfer? [BQ17035_02_02] | <input type="radio"/> | <input type="radio"/> |
| (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] | <input type="radio"/> | <input type="radio"/> |
| (iii) properly approved by appropriate senior staff member? [BQ17035_02_03] | <input type="radio"/> | <input type="radio"/> |

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

- 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]

- Yes
 No

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

- | | Yes | No |
|--|-----------------------|-----------------------|
| (i) authorised by both the transferor and transferee? [BQ17037_02_01] | <input type="radio"/> | <input type="radio"/> |
| (ii) supported with the client's explanation for making the transfer? [BQ17037_02_02] | <input type="radio"/> | <input type="radio"/> |
| (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] | <input type="radio"/> | <input type="radio"/> |
| (iii) properly approved by appropriate senior staff member? [BQ17037_02_03] | <input type="radio"/> | <input type="radio"/> |

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]

	(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]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(b) Investor Participant Account [BQ17038_02]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

- Yes
 No

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

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

17 (a) Does the Licensed Corporation operate house bank accounts via online banking? [BQ17039A_00]

- Yes
 No

17 (b) If the answer is "Yes" in (a), does the Licensed Corporation have measures to ensure the following? [BQ17039A_01]

- | | Yes | No |
|---|-----------------------|-----------------------|
| (i) <u>Each user's access credential (eg. passwords) should not be disclosed to another person [BQ17039A_01_01]</u> | <input type="radio"/> | <input type="radio"/> |
| (ii) <u>The safe keeping of banking login tokens [BQ17039A_01_02]</u> | <input type="radio"/> | <input type="radio"/> |
-

18 (a) Does the Licensed Corporation operate client bank accounts via online banking? [BQ17039B_00]

- Yes
 No

18 (b) If the answer is "Yes" in (a), does the Licensed Corporation have measures to ensure the following? [BQ17039B_01]

- | | Yes | No |
|---|-----------------------|-----------------------|
| (i) <u>Each user's access credential (eg. passwords) should not be disclosed to another person [BQ17039B_01_01]</u> | <input type="radio"/> | <input type="radio"/> |
| (ii) <u>The safe keeping of banking login tokens [BQ17039B_01_02]</u> | <input type="radio"/> | <input type="radio"/> |
-

19 Please indicate the persons who are the authorised bank account signatories of the Licensed Corporation's client bank accounts. [BQ17039C]

- (i) Responsible Officers
 (ii) Managers-In-Charge
 (iii) Delegates of Responsible Officers or Managers-In-Charge
 (iv) Others, please specify:
 (v) N/A - the Licensed Corporation has not established client bank accounts. Please explain:

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]

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]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(b) Assessment on requests to trade beyond set limits [BQ17040_02]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(c) Limits on stress testing and/ or scenario analysis on proprietary portfolios ^{Note} [BQ17040_03]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(d) Market risk exposure limits (eg, on certain asset classes, geographic locations, aggregated risk exposures) and review [BQ17040_04]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(e) Concentration limits on illiquid products [BQ17040_05]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

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]	<input type="radio"/>	<input type="radio"/>
(b) Assessment procedures for trading beyond set limits (eg, trading beyond set limits without approval) [BQ17041_02]	<input type="radio"/>	<input type="radio"/>
(c) Limits on stress testing and/ or scenario analysis on proprietary portfolios ^{Note} [BQ17041_03]	<input type="radio"/>	<input type="radio"/>
(d) Market risk exposure limits [BQ17041_04]	<input type="radio"/>	<input type="radio"/>
(e) Concentration limits on illiquid products [BQ17041_05]	<input type="radio"/>	<input type="radio"/>

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

	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]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/> Please provide further details (optional): <input type="text"/>
(b) Breach on exposure thresholds or limits [BQ17042_02]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/> Please provide further details (optional): <input type="text"/>
(c) Other breaches identified under Q.3, please specify: [BQ17042_03] <input type="text"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/> Please provide further details (optional): <input type="text"/>

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

	At least monthly	At least annually	Ad hoc and/ or event-triggered	Never	N/A
(a) Trading limits [BQ17043_01]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(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]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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]

- 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]

- Yes
 No

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

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

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]

- 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]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(b) Stress testing and/ or sensitivity analysis [BQ17044_02]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(c) Exception reports generation and escalation to senior management [BQ17044_03]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(d) Concentration limits (on client/ counterparty group and product/ security level) [BQ17044_04]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

	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]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(B) Exposures to a particular security [BQ17044_01_01_02]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(C) Gross financial assets of counterparty/ client [BQ17044_01_01_03]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(D) Net financial assets of counterparty/ client [BQ17044_01_01_04]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(E) Others, please specify: [BQ17044_01_01_05]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="text"/>						

	Yes	No	N/A
(e) Trade mandates on credit-related products/ trades [BQ17044_05]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(f) Credit risk exposure review [BQ17044_06]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(g) Regular credit risk model and model parameters review [BQ17044_07]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(b) Unsettled and/ or bad debt [BQ17045_02]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(c) Concentrated limit breach on counterparty/ client [BQ17045_03]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(d) If the answer is "Yes" in any of the above, did the senior management conclude that appropriate action had been taken? [BQ17045_04]	<input type="radio"/>	<input type="radio"/>	

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]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(b) Intraday liquidity risk exposure [BQ17048_02]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(c) Collateral management [BQ17048_03]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(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]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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:

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]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(ii) Price spike or plummet of individual securities/ securities collateral [BQ17049_02_02]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(iii) Price spike or plummet of a basket of securities/ securities collateral [BQ17049_02_03]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(iv) Default of major clients [BQ17049_02_04]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(v) Call for repayment by banks [BQ17049_02_05]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(vi) Cut down of facilities lines by banks [BQ17049_02_06]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(b) Clients fail to fulfil settlement obligation and/ or fail to repay outstanding loan amount on time [BQ17051_02]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(c) Clients request to sell their securities collateral that have been repledged by the firm [BQ17051_03]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(d) Lower market liquidity under stressed scenarios [BQ17051_04]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

	(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)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(b) When there is a potential material increase in the Licensed Corporation's funding requirements (eg, additional payment obligations required from exchanges)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(c) When there is a material increase in the utilization rate of bank credit facilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(d) When there is a material drop in Liquid Capital	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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]

- (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]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(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]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(c) Independent review of front office trading activities (eg, trade cancellation, trade amendments, error trades, late trades, fail trades) [BQ17054_03_01]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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]

- Yes
 No

20 Does the Licensed Corporation have an exit plan^{Note}? [BQ17055A_01]

Note: A plan for the scenario of an orderly closure of business in any regulated activity setting out details in respect of the process, responsible personnel and funding sources, even when business cessation may not be imminent or anticipated.

- Yes
 No
 N/A, please explain:

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]

- 30% or less
- More than 30% and up to 50%
- More than 50% but less than 75%
- More than 75%

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]

- 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]

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

7 Is/ Are the internet trading platform(s) of the Licensed Corporation developed in-house? [BQ17061A]

- Yes
- No
-

8 (a) Is/ Are the internet trading platform(s) of the Licensed Corporation supplied or maintained by external vendor(s)? [BQ17062_01]

- Yes
- No
-

8 (b) If the answer is "Yes" in (a), please indicate the name of the external vendor(s). (Please choose all options that are applicable to the Licensed Corporation.) [BQ17062_02]

- (i) 2GoTrade Limited
- (ii) eBroker Systems Limited
- (iii) ET Trade Limited
- (iv) Hundsun Ayers Technologies Limited
- (v) iAsia Online Systems Limited
- (vi) Infocast Limited
- (vii) Sharp Point Limited
- (viii) Tele-Trend Konson (Hong Kong) Limited
- (ix) Others, please specify:
-

8 (c) If the answer is "Yes" in (a), has an Application Service Provider (ASP) model^{Note} been adopted? [BQ17062_03]

Note: ASP model refers to a model where a Licensed Corporation has engaged an external vendor to provide and support both application services and underlying infrastructure of the internet trading platform.

- Yes
- No

9 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]

- (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):

10 (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]

- Yes
- No

10 (b) If the answer is "Yes" in (a), please indicate whether the monitoring and surveillance mechanism in place is/ are: [BQ17064_01A]

- System aided review(s)
- Manual review(s)
- Both of the above

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

- Yes
- No

11 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]

- (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]

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

Section A12 - Anti-Money Laundering and Counter-Financing of Terrorism (BQ22A1201 - BQ22A1235)

I. Group-wide AML/ CFT Systems

1 (a) Is the Licensed Corporation incorporated in Hong Kong and has branch(es) or subsidiary undertaking(s) which carry on the same business as a financial institution as defined in the AMLO outside Hong Kong as at the end of the financial year? [BQ22A1201_01]

- Yes
- No
- N/A - the Licensed Corporation is not a Hong Kong incorporated entity.

**1 (b) If the answer is "Yes" in (a), please provide details of each of such branch(es) or subsidiary undertaking(s) below:
(Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1201_02]**

Note: Only those branches or subsidiary undertakings which are active as at the end of the financial year should be reported.

(D) Is such branch or subsidiary subject to group-wide policy and AML/ CFT systems of the Licensed Corporation to apply the customer due diligence and record-keeping requirements similar to those imposed under Schedule 2 to the AMLO?

(A) Please indicate whether a branch or subsidiary is being referred to.

(B) Jurisdiction where such branch or subsidiary is located

(C) Principal business activity of such branch or subsidiary

Yes No

Branch Subsidiary

<input type="checkbox"/> (i) Branch/ subsidiary undertaking 1	<input type="radio"/>	<input type="radio"/>	<input type="text"/>	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (ii) Branch/ subsidiary undertaking 2	<input type="radio"/>	<input type="radio"/>	<input type="text"/>	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (iii) Branch/ subsidiary undertaking 3	<input type="radio"/>	<input type="radio"/>	<input type="text"/>	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (iv) Branch/ subsidiary undertaking 4	<input type="radio"/>	<input type="radio"/>	<input type="text"/>	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (v) Branch/ subsidiary undertaking 5	<input type="radio"/>	<input type="radio"/>	<input type="text"/>	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (vi) Branch/ subsidiary undertaking 6	<input type="radio"/>	<input type="radio"/>	<input type="text"/>	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (vii) Branch/ subsidiary undertaking 7	<input type="radio"/>	<input type="radio"/>	<input type="text"/>	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (viii) Branch/ subsidiary undertaking 8	<input type="radio"/>	<input type="radio"/>	<input type="text"/>	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (ix) Branch/ subsidiary undertaking 9	<input type="radio"/>	<input type="radio"/>	<input type="text"/>	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (x) Branch/ subsidiary undertaking 10	<input type="radio"/>	<input type="radio"/>	<input type="text"/>	<input type="text"/>	<input type="radio"/>	<input type="radio"/>

II. Institutional Risk Assessment

2 (a) Is there any institutional risk assessment ("IRA") conducted to identify, assess and understand the money laundering and terrorist financing ("ML/ TF") risks to which the Licensed Corporation is exposed and to evaluate whether its AML/ CFT systems are adequate and appropriate to reduce its exposure to the ML/ TF risks identified to an acceptable level? [BQ22A1202_01]

- Yes
 No

2 (b) If the answer is "Yes" in (a), please provide the following information in relation to the IRA of the Licensed Corporation.

(i) Please indicate the frequency of the review of the IRA of the Licensed Corporation. (Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1202_02_01]

- (A) Periodic review
- At least annually
 At least biennially (ie, at least once every two years)
 Less frequent than biennially. Please provide further details (optional):
- (B) Ad hoc and/ or event-triggered (eg, a significant breach of the AML/ CFT systems, the acquisition of new customer segments or delivery channels, the launch of new products and services, or a significant change of the operational processes)
- (C) Never

(ii) Please provide the following information in relation to the last IRA of the Licensed Corporation. [BQ22A1202_02_02]

(A) The end date (MM/YY) of the review period covered in the last IRA of the Licensed Corporation:

(B) The date (MM/YY) of senior management's approval of the last IRA of the Licensed Corporation:

(iii) Please indicate the overall ML/ TF risk level of the Licensed Corporation based on the latest IRA of the Licensed Corporation. [BQ22A1202_02_03]

- High or equivalent
 Medium high or equivalent
 Medium or equivalent
 Medium low or equivalent
 Low or equivalent
 Others, please specify:

(iv) Please indicate which of the following risk factor(s) is/ are the key drivers of ML/ TF risks to which the Licensed Corporation is exposed.

(Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1202_02_04]

- (A) Customer risk
 (B) Country risk
 (C) Product/ service/ transaction risk
 (D) Delivery/ distribution channel risk
 (E) Others, please specify:

(v) If the answer "Product/ service/ transaction risk" in (iv) is chosen, please state the top 3 products/ services/ business lines of the Licensed Corporation that is/ are the key sources of ML/ TF risks to which the Licensed Corporation is exposed. [BQ22A1202_02_05]

- (A) Top 1 source of ML/ TF risks:
- (B) Top 2 source of ML/ TF risks:
- (C) Top 3 source of ML/ TF risks:

2 (c) If the answer is "No" in (a), please indicate the reason for not having conducted any IRA. [BQ22A1202_03]

- The Licensed Corporation has not yet commenced business or is inactive (ie, no client or business activity).
- The Licensed Corporation has commenced business for less than two years (as of the date of completion of this questionnaire).
- Others, please specify:

3 (a) Is the Licensed Corporation expected to have any specific events or developments in the coming 12 months that may increase the ML/ TF risk exposure of the Licensed Corporation? [BQ22A1203_01]

- Yes
- No

3 (b) If the answer is "Yes" in (a), please indicate the specific event or development and provide details on how and to what extent the event or development (including the timeline) would impact the ML/ TF risk exposure of the Licensed Corporation.

(Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1203_02]

- | | <u>Details about the event or development</u> |
|--|--|
| <input type="checkbox"/> (A) <u>Change in business model:</u> | <input type="text"/> |
| <input type="checkbox"/> (B) <u>Expansions into new business segments or regions:</u> | <input type="text"/> |
| <input type="checkbox"/> (C) <u>Merger and acquisition:</u> | <input type="text"/> |
| <input type="checkbox"/> (D) <u>Launch of new products and/ or services:</u> | <input type="text"/> |
| <input type="checkbox"/> (E) <u>Expected significant change of the Licensed Corporation's operational processes:</u> | <input type="text"/> |
| <input type="checkbox"/> (F) <u>Others, please specify:</u> | <input type="text"/> |

III. Senior Management Oversight

4 Please indicate whether the Licensed Corporation's senior management received information in relation to any of the following matters relating to AML/ CFT during the financial year. [BQ22A1204]

Note 1: Please choose "No" if the relevant matter described under (a) to (k) was applicable to the Licensed Corporation (eg, an independent review of AML/ CFT systems was concluded, material failure of AML/ CFT systems occurred) during the financial year but the matter was not reported to the senior management.

Note 2: Please choose "N/A" if the relevant matter described under (a) to (l) was not applicable to the Licensed Corporation during the financial year.

	<u>Yes</u>	<u>No</u> ^{Note 1}	<u>N/A</u> ^{Note 2}
<u>(a) IRA results and the action plan for areas identified for enhancement</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<u>(b) Findings from independent review of AML/ CFT systems</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<u>(c) AML/ CFT compliance checking results</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<u>(d) Progress of remediation actions taken for deficiencies identified from independent review of AML/ CFT systems, AML/ CFT compliance checking and/ or regulatory inspection</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<u>(e) Status report on the operation of key AML/ CFT control functions (eg, progress of the periodic review in relation to client accounts due for such review)</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<u>(f) Status report on the operation of the outsourced AML/ CFT control functions</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<u>(g) High risk clients or non-Hong Kong politically exposed persons ("PEPs") identified during client onboarding or ongoing monitoring of business relationships</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<u>(h) Suspicious transactions identified during transaction monitoring or through internal disclosure by staff</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<u>(i) Material failure of AML/ CFT systems or non-compliance with AML/ CFT policies and procedures escalated for senior management's decision on follow-up actions</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<u>(j) AML/ CFT training programmes and status of implementation</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<u>(k) Updates on AML/ CFT statutory or regulatory requirements and emerging ML/ TF risks</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<u>(l) Others, please specify: <input type="text"/></u>	<input type="radio"/>		<input type="radio"/>

IV. Independent Review of AML/ CFT Systems

5 (a) Please indicate who are responsible for the independent review of the Licensed Corporation's AML/ CFT systems to evaluate their effectiveness.

(Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1205_01]

- (i) The Licensed Corporation's/ group's compliance or other designated control function
- (ii) The Licensed Corporation's/ group's internal audit function
- (iii) External consulting/ professional firms
- (iv) Others, please specify:
- (v) N/A - the Licensed Corporation did not have any arrangements for the independent review of its AML/ CFT systems. Please provide further details (optional):

5 (b) Was there an independent review of the Licensed Corporation's AML/ CFT systems conducted during the financial year? [BQ22A1205_02]

- Yes
- No

5 (c) If the answer is "Yes" in (b), please indicate the areas that were covered in the independent review of the Licensed Corporation's AML/ CFT systems conducted during the financial year. (Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1205_03]

	(A) Were there any material non-compliance or deficiencies identified?		(B) Remediation status
	Yes	No	
<input type="checkbox"/> (i) <u>Governance over AML/ CFT systems</u>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
<input type="checkbox"/> (ii) <u>Customer risk assessment</u>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
<input type="checkbox"/> (iii) <u>Customer due diligence</u>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
<input type="checkbox"/> (iv) <u>Sanctions and PEPs screening</u>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
<input type="checkbox"/> (v) <u>Transaction monitoring</u>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
<input type="checkbox"/> (vi) <u>Suspicious transaction reporting</u>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
<input type="checkbox"/> (vii) <u>Others, please specify:</u> <input type="text"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>

V. AML/ CFT Compliance Checking

6 (a) Was there any AML/ CFT compliance checking conducted for the Licensed Corporation during the financial year? [BQ22A1206_01]

- Yes
- No. Please provide further details (optional):
- N/A - AML/ CFT compliance checking is not applicable to the Licensed Corporation given the nature of its business activities. Please explain:

6 (b) If the answer is "Yes" in (a), please indicate the areas that were covered in the Licensed Corporation's AML/ CFT compliance checking conducted during the financial year. (Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1206_02]

	(A) Were there any material non-compliance or deficiencies identified?		(B) Remediation status
	Yes	No	
<input type="checkbox"/> (i) <u>Customer risk assessment</u>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
<input type="checkbox"/> (ii) <u>Customer due diligence</u>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
<input type="checkbox"/> (iii) <u>Sanctions and PEPs screening</u>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
<input type="checkbox"/> (iv) <u>Transaction monitoring</u>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
<input type="checkbox"/> (v) <u>Suspicious transaction reporting</u>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
<input type="checkbox"/> (vi) <u>Others, please specify:</u> <input type="text"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>

VI. Staff Training

7 (a) Does the Licensed Corporation provide induction training on AML/ CFT to its staff? [BQ22A1207_01]

- Yes
- No. Please provide further details (optional):

7 (b) If the answer is "Yes" in (a), please indicate which of the following group(s) of staff are required to attend induction training on AML/ CFT. (Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1207_02]

- (i) Managerial staff (eg, senior management, department heads)
- (ii) Frontline staff who are responsible for dealing with clients/ prospective clients directly
- (iii) Middle and back office staff who are responsible for processing client transactions, maintenance of client information or other control functions
- (iv) Staff who are responsible for compliance or internal audit functions

7 (c) Does the Licensed Corporation provide refresher training on AML/ CFT to its staff? [BQ22A1207_03]

- Yes
- No. Please provide further details (optional):

7 (d) If the answer is "Yes" in (c), please indicate which of the following group(s) of staff are required to attend refresher training on AML/ CFT and the frequency of refresher training. (Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1207_04]

	<u>(A) At least annually</u>	<u>(B) At least biennially (ie, at least once every two years)</u>	<u>(C) Less frequent than biennially</u>
<input type="checkbox"/> (i) <u>Managerial staff (eg, senior management, department heads)</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (ii) <u>Frontline staff who are responsible for dealing with clients/ prospective clients directly</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (iii) <u>Middle and back office staff who are responsible for processing client transactions, maintenance of client information or other control functions</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (iv) <u>Staff who are responsible for compliance or internal audit functions</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

VII. Outsourcing of AML/ CFT Control Functions

8 (a) Does the Licensed Corporation outsource any of the AML/ CFT control functions (including intra-group outsourcing arrangement whereby the outsourced AML/ CFT control function is carried out by an institution in the same financial group as the Licensed Corporation)? [BQ22A1208 01]

- Yes
 No

8 (b) If the answer is "Yes" in (a), please indicate the AML/ CFT control function(s) that was outsourced by the Licensed Corporation for each of the following business activities (where applicable) during the financial year.

(Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1208 02]

	<u>(A) Brokerages</u>	<u>(B) Asset managers</u>	<u>(C) Advisers on investments/ corporate finance</u>	<u>(D) Others</u>
<u>(i) Customer risk assessment</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>(ii) Initial customer due diligence</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>(iii) Ongoing customer due diligence (eg, by periodic and/ or trigger event review)</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>(iv) Sanctions and PEPs screening</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>(v) Transaction monitoring</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>(vi) Others</u>	<u>Please specify:</u> <input type="text"/>	<u>Please specify:</u> <input type="text"/>	<u>Please specify:</u> <input type="text"/>	<u>Please specify:</u> <input type="text"/>
<u>(vii) N/A - the Licensed Corporation did not outsource AML/ CFT control functions for this type of business activities.</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

9 If the answer is "Yes" in Q.8(a), please indicate the measures which the Licensed Corporation has undertaken to monitor the effective performance of the outsourced AML/ CFT control functions. (Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1209]

- (a) Assess the competence of the service provider to perform the required AML/ CFT control function(s)
- (b) Establish a formal service level agreement to set out the scope of the outsourcing arrangement and the roles and responsibilities of the service provider
- (c) Conduct regular sample review of the service provider's work to ensure effective performance of the outsourced AML/ CFT control function(s)
- (d) Establish mechanisms for regular reporting of the operation of outsourced AML/ CFT control function(s) and escalation on significant risk or control issues by the service provider to the Licensed Corporation
- (e) Others, please specify:
- (f) N/A - the Licensed Corporation did not put in place any measures to monitor the effective performance of the outsourced AML/ CFT control function(s). Please provide further details (optional):

VIII. Staff Integrity

10 Please indicate the coverage of pre-employment background checks^{Note} for prospective or new staff by the following group(s) of staff to minimise the Licensed Corporation's exposure to ML/ TF risks. (Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1210]

Note: Pre-employment background checks may entail criminal records check, bankruptcy search and credit check, licensing history with regulatory bodies (including regulatory compliance records), sanctions and PEP check, negative news searches, etc.

- (a) Managerial staff (eg, senior management, department heads)
- (b) Frontline staff who are responsible for dealing with clients or prospective clients directly
- (c) Middle and back office staff who are responsible for processing client transactions, maintenance of client information or other control functions
- (d) Staff who are responsible for compliance or internal audit functions
- (e) N/A - the Licensed Corporation did not conduct any pre-employment background checks for prospective or new staff. Please provide further details (optional):

11 (a) Were there any incidences of disciplinary actions (which may range from verbal warning to summary dismissal) taken by the Licensed Corporation against its staff for breach of the Licensed Corporation's code of ethics or other misconduct (eg, involvement in financial crime), that give rise to concerns about the integrity of the staff during the financial year? [BQ22A1211_01]

- Yes
- No

11 (b) If the answer is "Yes" in (a), please state the number of staff involved in the aforementioned disciplinary actions. [BQ22A1211_02]

IX. Customer Information

Note: For the purpose of Part IX, where the answer is required to be reported in percentage and the reportable percentage is below 1%, please round the percentage to 2 decimal places.

12 (a) Please provide the total number of clients (excluding clients whose accounts are classified as dormant according to the Licensed Corporation's policies and procedures) of the Licensed Corporation as at the end of the financial year. [BQ22A1212 01]

	<u>(A) Number of clients</u>	<u>(B) Number of clients assessed to present high ML/ TF risk</u>
<u>Total number of clients</u>	<input type="text"/>	<input type="text"/>

12 (b) Please indicate whether the Licensed Corporation has the following categories of clients as at the end of the financial year and specify the percentage of the Licensed Corporation's total number of clients reported in (a) that falls under each category. (Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1212 02]

	<u>(A) Percentage of the Licensed Corporation's total number of clients reported in (a) that falls under the client category</u>		<u>(B) Percentage of clients reported in (A) that falls under the client category assessed to present high ML/ TF risk</u>	
<input type="checkbox"/> <u>(i) Individual clients</u>	<input type="text"/>	%	<input type="text"/>	%
<input type="checkbox"/> <u>(ii) Non-individual clients</u>	<input type="text"/>	%	<input type="text"/>	%

12 (c) Does the Licensed Corporation provide services which constitute regulated activities only to financial institutions within the same financial group as the Licensed Corporation? [BQ22A1212 03]

- Yes
- No

13 Please indicate whether the Licensed Corporation has the following types of clients as at the end of the financial year and specify the percentage of Licensed Corporation's total number of clients reported in Q.12(a) that falls under each client type.
(Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1213]

Note: The client type "Clients or beneficial owner of the clients are PEPs (regardless whether they are non-Hong Kong PEPs, Hong Kong PEPs, or international organisation PEPs)" is only applicable to Licensed Corporations which do not classify PEPs into non-Hong Kong PEPs, Hong Kong PEPs, and international organisation PEPs, and apply the special requirements and additional measures for non-Hong Kong PEPs to all types of PEPs.

	(A) Percentage of the Licensed Corporation's total number of clients reported in Q.12(a) that falls under the client type	(B) Percentage of clients reported in (A) that falls under the client type assessed to present high ML/ TF risk
<input type="checkbox"/> (a) Clients or beneficial owner of the clients are Hong Kong PEPs or international organisation PEPs	<input type="text"/> %	<input type="text"/> %
<input type="checkbox"/> (b) Clients or beneficial owner of the clients are non-Hong Kong PEPs	<input type="text"/> %	<input type="text"/> %
<input type="checkbox"/> (c) Clients or beneficial owner of the clients are PEPs (regardless whether they are non-Hong Kong PEPs, Hong Kong PEPs, or international organisation PEPs) ^{Note}	<input type="text"/> %	<input type="text"/> %
<input type="checkbox"/> (d) Clients who have authorised third parties to effect and/ or settle transactions for the client's account	<input type="text"/> %	<input type="text"/> %
<input type="checkbox"/> (e) Cross-border correspondent relationships	<input type="text"/> %	<input type="text"/> %
<input type="checkbox"/> (i) Cross-border correspondent relationships with related foreign financial institutions (ie, foreign financial institutions in the same group of companies as the Licensed Corporation)	<input type="text"/> %	<input type="text"/> %
<input type="checkbox"/> (f) Clients from jurisdictions subject to a call by the Financial Action Task Force to apply enhanced measures or countermeasures	<input type="text"/> %	<input type="text"/> %
<input type="checkbox"/> (g) Virtual asset service providers	<input type="text"/> %	<input type="text"/> %
<input type="checkbox"/> (h) Private funds (including hedge funds)	<input type="text"/> %	<input type="text"/> %
<input type="checkbox"/> (i) Sovereign wealth funds	<input type="text"/> %	<input type="text"/> %

Please indicate the place of domicile of the Licensed Corporation's clients that are sovereign wealth funds.
(Please choose all options that are applicable to the Licensed Corporation.)

- (i) Sovereign wealth funds domiciled in Mainland China
- (ii) Sovereign wealth funds domiciled in Asia (other than Mainland China)
- (iii) Sovereign wealth funds domiciled in Europe and/ or North America
- (iv) Sovereign wealth funds domiciled in Middle East, Africa, Central America, Caribbean, South America and/ or Oceania

14 (a) Please indicate whether the Licensed Corporation has clients residing/ domiciling^{Note} in the following geographical areas as at the end of the financial year and specify the percentage of the Licensed Corporation's total number of clients reported in Q.12(a) that resided/ domiciled in each geographical area.

(Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1214_01]

Note: The place of residence/ domicile of a client is generally determined with reference to the client's residential address in the case of an individual, the client's place of domicile in the case of an investment fund, or the client's principal place of business in the case of other types of clients.

**Percentage of
the Licensed
Corporation's
total number of
clients reported
in Q.12(a) that
resided/
domiciled in
the
geographical
area**

- | | | |
|---|----------------------|---|
| <input type="checkbox"/> (i) Clients resided/ domiciled in Hong Kong | <input type="text"/> | % |
| <input type="checkbox"/> (ii) Clients resided/ domiciled in Mainland China | <input type="text"/> | % |
| <input type="checkbox"/> (iii) Clients resided/ domiciled in other countries or jurisdictions | <input type="text"/> | % |

14 (b) Please indicate the top ten countries or jurisdictions (excluding Hong Kong and Mainland China) with the highest number of clients residing/ domiciling therein and indicate whether any of these countries or jurisdictions are classified as high risk according to the Licensed Corporation's policies and procedures.

(Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1214_02]

	(A) Country or jurisdiction	(B) Is the country or jurisdiction classified as high risk?	
		Yes	No
<input type="checkbox"/> (i) Top 1	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (ii) Top 2	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (iii) Top 3	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (iv) Top 4	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (v) Top 5	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (vi) Top 6	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (vii) Top 7	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (viii) Top 8	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (ix) Top 9	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (x) Top 10	<input type="text"/>	<input type="radio"/>	<input type="radio"/>

15 (a) Did the Licensed Corporation onboard any clients during the financial year? [BQ22A1215_01]

- Yes
 No

15 (b) If the answer is "Yes" in (a), please specify the number of clients onboarded through face-to-face channels and non-face-to-face channels during the financial year.

(i) Number of clients onboarded through face-to-face channels [BQ22A1215 02 01]

(ii) Number of clients onboarded through non-face-to-face channels [BQ22A1215 02 02]

15 (c) Please identify all the approaches adopted by the Licensed Corporation for non-face-to-face client onboarding and indicate whether any of these approaches was one of the top three approaches (in terms of the number of clients onboarded) used by the Licensed Corporation for non-face-to-face client onboarding during the financial year.

(Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1215 03]

Was the approach one of the top three approaches used for non-face-to-face client onboarding during the financial year?

(i) Non-face-to-face onboarding using independent and appropriate person to certify identification documents

(ii) Non-face-to-face onboarding using certification services that are recognized by the Electronic Transactions Ordinance for client identity verification

(iii) Non-face-to-face onboarding using digital identification system recognized by relevant authority, such as iAM Smart, for client identity verification

(iv) Non-face-to-face onboarding using certification services provided by certification authorities outside Hong Kong for client identity verification

Please provide name of the certification authority providing the certification services.

(v) Non face-to-face onboarding of individual clients using mail approach which involves obtaining and encashing a cheque of a minimum amount issued by the client and drawn on the client's Hong Kong bank account

(vi) Online onboarding of individual clients where the client is required to effect a successful transfer of an initial deposit of a minimum amount from the client's Hong Kong bank account which will be designated for making all future deposits and withdrawals

(vii) Remote onboarding of overseas individual clients where technologies are used to identify and verify the client's identity and the client is required to effect a successful transfer of an initial deposit of a minimum amount from the client's overseas bank account in an eligible jurisdiction, which will be designated for making all future deposits and withdrawals

(viii) Others, please specify:

16 (a) Did the Licensed Corporation refuse or terminate any business relationships due to significant financial crime concerns or suspicious transactions/ activities detected during the financial year? [BQ22A1216 01]

- Yes
- No

16 (b) If the answer is "Yes" in (a), please provide the number of business relationships refused or terminated by the Licensed Corporation due to significant financial crime concerns or suspicious transactions/ activities detected during the financial year. [BQ22A1216 02]

	<u>Number of business relationships</u>					<u>Not ascertainable as no such statistics maintained</u>
	<u>None</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>11 - 20</u>	<u>21 or more</u>	
<u>(i) Number of business relationships refused:</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<u>(ii) Number of business relationships terminated:</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

X. Customer Due Diligence ("CDD")

17 (a) Please indicate the enhanced measures applied by the Licensed Corporation to the following types of clients assessed to present high ML/ TF risks. (Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1217 01]

	<u>(A) Non-Hong Kong PEPs, high risk Hong Kong PEPs or high risk international organisation PEPs</u>	<u>(B) Other high risk clients</u>
<u>(i) Take reasonable measures to establish the client's or the beneficial owner's source of wealth and source of funds</u>	<input type="checkbox"/>	<input type="checkbox"/>
<u>(ii) Take additional measures to mitigate the risk of ML/ TF</u>	<input type="checkbox"/>	<input type="checkbox"/>
<u>(iii) Obtain approval from senior management to commence or continue the business relationship</u>	<input type="checkbox"/>	<input type="checkbox"/>
<u>(iv) Others</u>	<input type="checkbox"/>	<input type="checkbox"/>
	<u>Please specify:</u> <input type="text"/>	<u>Please specify:</u> <input type="text"/>
	<input type="checkbox"/>	<input type="checkbox"/>
<u>(v) N/A - the Licensed Corporation does not apply any enhanced measures to such type of clients.</u>	<u>Please provide further details (optional):</u> <input type="text"/>	<u>Please provide further details (optional):</u> <input type="text"/>

17 (b) If the answer "Take additional measures to mitigate the risk of ML/ TF" in (a) is chosen, please indicate the additional measures applied by the Licensed Corporation to mitigate the risk of ML/ TF in its business relationship with the following types of clients assessed to present high ML/ TF risks. (Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1217 02]

(A) Non-Hong Kong PEPs, high risk Hong Kong PEPs or high risk international organisation PEPs

(B) Other high risk clients

(i) Obtain additional information from a wide variety of sources on the client and (where appropriate) the beneficial owner of the client

(ii) Increase the frequency of review of the existing CDD records

(iii) Obtain additional information and corroborating it with other available sources on the purpose and intended nature of the business relationship or transaction

(iv) Increase the number and timing of the controls applied and selecting patterns of transactions that need further examination

(v) Where the client is a financial institution, obtain additional or more particular information about the financial institution's underlying customer base and its AML/ CFT controls

(vi) Evaluate the information provided by the client with regard to destination of funds involved in the transaction and the reason for the transaction to better assess the risk of ML/ TF

(vii) Require investment sale proceeds are paid to the client's bank account from which the funds for investment were originally transferred

(viii) Others

Please specify:

Please specify:

18 Please indicate the additional due diligence measures applied by the Licensed Corporation to cross-border correspondent relationships.

(Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1218]

- (a) Collect sufficient information on a risk sensitive basis about the respondent institution to enable it to understand fully the nature of the respondent institution's business including its management and ownership, the financial group to which it belongs, major business activities, target markets, customer base and locations of customers
- (b) Determine from publicly available information the reputation of the respondent institution and the quality of its regulatory supervision over the respondent institution by authorities in the jurisdiction in which it operates and/ or is incorporated which perform functions similar to those of the relevant authorities in Hong Kong (eg, whether and when it was subject to any targeted financial sanctions, ML/ TF investigation or regulatory action)
- (c) Assess the AML/ CFT controls of the respondent institution and be satisfied that the AML/ CFT controls of the respondent institution are adequate and effective
- (d) Obtain approval from senior management to commence or continue the business relationship
- (e) Understand clearly the respective AML/ CFT responsibilities of the Licensed Corporation and the respondent institution within the cross-border correspondent relationship
- (f) Take appropriate measures to satisfy itself that its respondent institutions do not permit their correspondent accounts to be used by shell financial institutions
- (g) Reliance of group AML/ CFT programme to apply additional due diligence measures and other risk mitigating measures for the cross-border correspondent relationship with related foreign financial institutions
- (h) Others, please specify:
- (i) N/A - the Licensed Corporation did not apply any additional due diligence measures to cross-border correspondent relationships. Please provide further details (optional):

19 (a) Has the Licensed Corporation relied upon an intermediary that is not in the same financial group as the Licensed Corporation to on-board clients during the financial year? [BQ22A1219_01]

- Yes
- No

19 (b) If the answer is "Yes" in (a), please indicate the measures adopted by the Licensed Corporation to ensure that the CDD measures performed by the intermediary are adequate and comply with the relevant statutory and regulatory requirements.

(Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1219_02]

- (i) Assess whether the intermediary satisfies the eligibility criteria set out in Schedule 2 to the AMLO for acting as the Licensed Corporation's intermediary in relation to the performance of CDD measures
- (ii) Obtain written confirmation from the intermediary in relation to which part of the CDD measures the intermediary agrees to perform as well as undertaking from the intermediary to adhere to the record-keeping requirements under the AMLO in relation to the CDD documents and records maintained by the intermediary
- (iii) Perform periodic sample test on CDD documents and records maintained by the intermediary to ensure that they comply with the CDD and record-keeping requirements similar to the requirements imposed under Schedule 2 to the AMLO and they can be made available to the Licensed Corporation upon demand and without undue delay
- (iv) Others, please specify:
- (v) N/A - the Licensed Corporation did not put in place any measures to ensure that the CDD measures performed by the intermediary are adequate and comply with the relevant statutory and regulatory requirements. Please provide further details (optional):

XI. Sanctions Screening

20 Please describe the circumstances under which the Licensed Corporation would conduct screening to prevent terrorist financing and sanctions violations ("sanctions screening"). (Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1220]

Note: For the purpose of this question, a connected party of a client: (a) in relation to a corporation, means a director of the client; (b) in relation to a partnership, means a partner of the client; (c) in relation to a trust or other similar legal arrangement, means a trustee (or equivalent) of the client; and (d) in other cases, means a natural person holding a senior management position or having executive authority in the client.

- (a) Screening of new clients against the current terrorist and sanctions designations at the establishment of business relationship
- (b) Screening of beneficial owners of new clients against the current terrorist and sanctions designations at the establishment of business relationship
- (c) Screening of other connected parties^{Note} of, and persons purporting to act on behalf of, new clients against the current terrorist and sanctions designations at the establishment of business relationship using a risk-based approach
- (d) Screening of existing clients against all new and any updated terrorist and sanctions designations as soon as practicable after they are promulgated by the United Nations Security Council
- (e) Screening of beneficial owners of existing clients against all new and any updated terrorist and sanctions designations as soon as practicable after they are promulgated by the United Nations Security Council
- (f) Screening of other connected parties^{Note} of, and persons purporting to act on behalf of, existing clients against all new and any updated terrorist and sanctions designations as soon as practicable after they are promulgated by the United Nations Security Council using a risk-based approach
- (g) Others, please specify:
- (h) N/A - the Licensed Corporation has not put in place any sanctions screening mechanism. Please provide further details (optional):

XII. Transaction Information

Note: For the purpose of Part XII, where the answer is required to be reported in percentage and the reportable percentage is below 1%, please round the percentage to 2 decimal places.

21 (a) Please provide the total value of client fund transactions handled by the Licensed Corporation during the financial year. [BQ22A1221_01]

	<u>Total value (in HK\$'000)</u>
(i) <u>Client fund deposits</u>	<input type="text"/>
(ii) <u>Client fund withdrawals</u>	<input type="text"/>

21 (b) Does the Licensed Corporation accept the following types of cash transactions for clients? [BQ22A1221_02]

	<u>(A) Client fund deposits in the form of cash</u>	<u>(B) Client fund withdrawals in the form of cash (including bearer cheque, cashier order)</u>
<u>Yes</u>	<input type="radio"/>	<input type="radio"/>
<u>No</u>	<input type="radio"/>	<input type="radio"/>

21 (c) If the answer is "Yes" in Column (A) for (b), please provide the following information on client fund deposits in the form of cash accepted by the Licensed Corporation during the financial year. [BQ22A1221_03]

(i) Number of client fund deposits in the form of cash:

(ii) Value of client fund deposits in the form of cash as a percentage of the Licensed Corporation's total value of client fund deposits reported in (a)(i): %

21 (d) If the answer is "Yes" in Column (B) for (b), please provide the following information on client fund withdrawals in the form of cash handled by the Licensed Corporation during the financial year. [BQ22A1221_04]

(i) Number of client fund withdrawals in the form of cash:

(ii) Value of client fund withdrawals in the form of cash as a percentage of the Licensed Corporation's total value of client fund withdrawals reported in (a)(ii): %

22 (a) Does the Licensed Corporation handle the following types of third-party fund transactions for clients? [BQ22A1222_01]

	<u>(A) Third-party deposits</u>	<u>(B) Third-party payments</u>
<u>Yes</u>	<input type="radio"/>	<input type="radio"/>
<u>No</u>	<input type="radio"/>	<input type="radio"/>

22 (b) Please indicate the percentage of clients that are required to conduct fund deposits and withdrawals through a designated bank account held in the client's own name.

%

22 (c) If the answer is "Yes" in Column (A) for (a), please provide the following information on third-party deposits handled by the Licensed Corporation for clients during the financial year. [BQ22A1222_02]

	<u>(A) Number of third-party deposits</u>	<u>(B) Value of third-party deposits as a percentage of the Licensed Corporation's total value of client fund deposits reported in Q.21(a)(i)</u>
<u>(i) Third-party deposits:</u>	<input style="width: 60px; height: 20px;" type="text"/>	<input style="width: 60px; height: 20px;" type="text"/> %
<u>(ii) Third-party deposits involving third parties that might pose higher risks:</u>	<input style="width: 60px; height: 20px;" type="text"/>	<input style="width: 60px; height: 20px;" type="text"/> %
<u>(iii) Third-party deposits where the due diligence for identifying and assessing a third-party deposit was completed after settling transactions with the deposited funds:</u>	<input style="width: 60px; height: 20px;" type="text"/>	<input style="width: 60px; height: 20px;" type="text"/> %

22 (d) If the answer is "Yes" in Column (B) for (a), please provide the following information on third-party payments handled by the Licensed Corporation for clients during the financial year. [BQ22A1222_03]

	<u>(A) Number of third-party payments</u>	<u>(B) Value of third-party payments as a percentage of the Licensed Corporation's total value of client fund withdrawals reported in Q.21(a)(ii)</u>
<u>(i) Third-party payments:</u>	<input style="width: 60px; height: 20px;" type="text"/>	<input style="width: 60px; height: 20px;" type="text"/> %
<u>(ii) Third-party payments involving third parties that might pose higher risks:</u>	<input style="width: 60px; height: 20px;" type="text"/>	<input style="width: 60px; height: 20px;" type="text"/> %

23 (a) Does the Licensed Corporation handle the following types of client transactions via cross-border fund transfer? [BQ22A1223_01]

	<u>(A) Client fund deposits involving cross-border fund transfer</u>	<u>(B) Client fund withdrawals involving cross-border fund transfer</u>
Yes	<input type="radio"/>	<input type="radio"/>
No	<input type="radio"/>	<input type="radio"/>

23 (b) If the answer is "Yes" in Column (A) for (a), please provide the following information on client fund deposits involving cross-border fund transfer handled by the Licensed Corporation during the financial year. [BQ22A1223_02]

(i) Number of client fund deposits involving cross-border fund transfer:

(ii) Value of client fund deposits involving cross-border fund transfer as a percentage of the Licensed Corporation's total value of client fund deposits reported in Q.21(a)(i): %

23 (c) Please identify the top 10 countries or jurisdictions (in terms of value of fund deposits to client accounts from the country or jurisdiction) during the financial year and indicate whether any of these countries or jurisdictions are classified as high risk according to the Licensed Corporation's policies and procedures.

(Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1223_03]

	<u>(A) Country or jurisdiction</u>	<u>(B) Is the country or jurisdiction classified as high risk?</u>	
		<u>Yes</u>	<u>No</u>
<input type="checkbox"/> (i) <u>Top 1</u>	<input style="width: 80px;" type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (ii) <u>Top 2</u>	<input style="width: 80px;" type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (iii) <u>Top 3</u>	<input style="width: 80px;" type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (iv) <u>Top 4</u>	<input style="width: 80px;" type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (v) <u>Top 5</u>	<input style="width: 80px;" type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (vi) <u>Top 6</u>	<input style="width: 80px;" type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (vii) <u>Top 7</u>	<input style="width: 80px;" type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (viii) <u>Top 8</u>	<input style="width: 80px;" type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (ix) <u>Top 9</u>	<input style="width: 80px;" type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (x) <u>Top 10</u>	<input style="width: 80px;" type="text"/>	<input type="radio"/>	<input type="radio"/>

23 (d) If the answer is "Yes" in Column (B) for (a), please provide the following information on client fund withdrawals involving cross-border fund transfer handled by the Licensed Corporation during the financial year. [BQ22A1223_04]

(i) Number of client fund withdrawals involving cross-border fund transfer:

(ii) Value of client fund withdrawals involving cross-border fund transfer as a percentage of the Licensed Corporation's total value of client fund withdrawals reported in Q.21(a)(ii): %

23 (e) Please identify the top 10 countries or jurisdictions (in terms of value of fund withdrawals from client accounts to the country or jurisdiction) during the financial year and indicate whether any of these countries or jurisdictions are classified as high risk according to the Licensed Corporation's policies and procedures.

(Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1223_05]

	<u>(A) Country or jurisdiction</u>	<u>(B) Is the country or jurisdiction classified as high risk?</u>	
		<u>Yes</u>	<u>No</u>
<input type="checkbox"/> <u>(i) Top 1</u>	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> <u>(ii) Top 2</u>	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> <u>(iii) Top 3</u>	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> <u>(iv) Top 4</u>	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> <u>(v) Top 5</u>	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> <u>(vi) Top 6</u>	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> <u>(vii) Top 7</u>	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> <u>(viii) Top 8</u>	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> <u>(ix) Top 9</u>	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> <u>(x) Top 10</u>	<input type="text"/>	<input type="radio"/>	<input type="radio"/>

24 (a) Does the Licensed Corporation effect securities transfers to/ from third party for clients^{Note?}
[BQ22A1224_01]

Note: "Securities transfers to/ from third party for clients" should exclude transfer of securities to/ from clearing houses or intermediaries on behalf of a client for settlement of trades of the client.

- Yes**
 No

24 (b) If the answer is "Yes" in (a), please provide details of securities transfers to/ from third parties effected for clients by the Licensed Corporation during the financial year. [BQ22A1224_02]

Note: Please estimate the value of securities involved in the transfers with reference to the closing price of the securities on the day of transfer.

(i) Number of transactions involving securities transferred to/ from third party:

(ii) Of which number of transactions involving securities transferred with no cash or other considerations exchanged through the Licensed Corporation:

(iii) Value of securities^{Note} transferred to/ from third party (in HK\$'000):

(iv) Of which value of securities transferred with no cash or other considerations exchanged through the Licensed Corporation (in HK\$'000):

XIII. Transaction Monitoring and Suspicious Transaction Reporting

25 (a) Please indicate the transaction monitoring systems and processes adopted by the Licensed Corporation to assist its staff to identify potentially suspicious transactions in relation to the following types of client transactions or activities. (Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1225 01]

	<u>(A) Transactions in exchange- traded securities/ derivatives</u>	<u>(B) Transactions in non- exchange traded investment products</u>	<u>(C) Movement of funds</u>	<u>(D) Movement of securities</u>
<u>(i) Pre-transaction review and approval based on pre-set evaluation criteria</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>(ii) Use of exception reports, including large/ irregular transaction reports</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>(iii) Use of system-generated transaction monitoring alerts</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>(iv) Provision of a list of ML/ TF red flags for staff to spot and report to Money Laundering Reporting Officer ("MLRO") any unusual or potentially suspicious transactions identified</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>(v) Others</u>	<input type="checkbox"/> Please specify: <input style="width: 80px; height: 20px;" type="text"/>	<input type="checkbox"/> Please specify: <input style="width: 80px; height: 20px;" type="text"/>	<input type="checkbox"/> Please specify: <input style="width: 80px; height: 20px;" type="text"/>	<input type="checkbox"/> Please specify: <input style="width: 80px; height: 20px;" type="text"/>
<u>(vi) N/A - the Licensed Corporation does not handle this type of transactions for clients.</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>(vii) N/A - the Licensed Corporation does not implement systems and processes to monitor this type of client transactions.</u>	<input type="checkbox"/> Please provide further details (optional): <input style="width: 80px; height: 20px;" type="text"/>	<input type="checkbox"/> Please provide further details (optional): <input style="width: 80px; height: 20px;" type="text"/>	<input type="checkbox"/> Please provide further details (optional): <input style="width: 80px; height: 20px;" type="text"/>	<input type="checkbox"/> Please provide further details (optional): <input style="width: 80px; height: 20px;" type="text"/>

25 (b) Please provide the following information in relation to the Licensed Corporation's arrangement for reviewing the adequacy and effectiveness of its transaction monitoring systems and processes, including (where applicable) parameters and thresholds adopted.

(i) Please indicate the frequency of review of the Licensed Corporation's transaction monitoring systems and processes.

(Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1225 03 01]

- (A) Periodic review
- At least annually
- At least biennially (ie, at least once every two years)
- Less frequent than biennially. Please provide further details (optional):
- (B) Ad hoc and/ or event-triggered
- (C) Never

(ii) Please indicate the month and year (MM/YY) in which the last review of the transaction monitoring systems and processes of the Licensed Corporation was completed. [BQ22A1225 03 02]

26 (a) Does the Licensed Corporation provide securities dealing services involving shares of listed companies to non-institutional clients? [BQ22A1226 01]

- Yes
- No

26 (b) If the answer is "Yes" in (a), please indicate the measures adopted by the Licensed Corporation to detect and prevent the use of nominee(s) to conceal share ownership or control to facilitate market misconduct or other activities for illegitimate purposes.

(Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1226 02]

- (i) Implement procedures to monitor client trading activities for identifying transactions indicative of potential market manipulation, insider dealing or other market misconduct for follow-up enquiry and assessment
- (ii) Implement procedures to monitor client transactions for identifying clients whose transaction amounts are incommensurate with their declared profiles for follow-up enquiry and assessment
- (iii) Implement control and approval procedures for opening of third-party operated accounts, critically evaluate the reasons for two or more unrelated clients authorising the same third party to operate their accounts and monitor these accounts for irregularities
- (iv) Implement procedures to identify cross trades between clients, ascertain the reasons for repeated patterns of cross trades between the same group of clients and assess whether these transactions were part of an arrangement indicative of market misconduct or other irregularities
- (v) Implement procedures to monitor client activities for identifying group of seemingly unrelated clients that exhibit the same trading and settlement patterns or share the same personal particulars such as telephone numbers, correspondence or email addresses for follow-up enquiry and assessment
- (vi) Implement procedures for pre-transaction due diligence review and senior management approval before effecting transfer of stocks to and from third parties to evaluate whether the transfer has been concluded on a normal commercial basis
- (vii) Implement procedures for pre-transaction due diligence review and senior management approval before effecting third-party deposits and payments proposed by clients to evaluate whether the transaction is commensurate with the client's profile and normal commercial practices
- (viii) Implement procedures to monitor client transactions for identifying clients who regularly acquire shares through bought and sold notes or on a free-of-payment basis or who receive large third-party deposits in their accounts for follow-up enquiry and assessment
- (ix) Others, please specify:
- (x) N/A - the Licensed Corporation does not have any measures in place to detect and prevent the use of nominee(s) to conceal share ownership or control to facilitate market misconduct or other activities for illegitimate purposes. Please provide further details (optional):

27 (a) Does the Licensed Corporation provide discretionary management services for private funds and/or discretionary accounts? [BQ22A1227 01]

- Yes
 No

27 (b) If the answer is "Yes" in (a), please indicate the number of private funds and discretionary accounts managed by the Licensed Corporation as at the end of the financial year. [BQ22A1227 02]

(i) Number of private funds:

(ii) Number of discretionary accounts:

27 (c) If the answer is "Yes" in (a), please indicate the procedures and controls adopted by the Licensed Corporation to detect and prevent itself from being involved in dubious private fund/ discretionary account arrangement or transaction, which may be used to facilitate market misconduct or other serious misconduct/ illicit activities by the investor or other parties. (Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1227 03]

- (i) Identify and analyse relevant red flags of dubious private fund/ discretionary account arrangements or transactions, including those which are unduly complex or lack a commercial rationale, and those which appear to be used to conceal share ownership or control/ mask connected party transactions, which may be used to facilitate market misconduct or other serious misconduct/ illicit activities by the investor or other parties
- (ii) Identify proposed private fund/ discretionary account arrangement or transaction which appears to deviate from generally accepted market practices, and assess if there is any reason to suspect that the Licensed Corporation is not, or will not be, required or expected to make any investment decisions (apart from mere execution or operational decisions)
- (iii) If there is any reason to suspect that the Licensed Corporation is not, or will not be, required or expected to make any investment decisions (apart from mere execution or operational decisions) in a proposed arrangement or transaction, review the details of the proposed arrangement or transaction for any red flags of dubious private fund/ discretionary account arrangements or transactions
- (iv) Perform enhanced due diligence on the investor, the set up and structure of the private fund/ discretionary account and the transactions directed by the investor, for any proposed arrangements or transactions identified with red flags of dubious private fund/ discretionary account arrangements or transactions
- (v) Senior management review of each proposed arrangement or transaction identified with red flags of dubious private fund/ discretionary account arrangement or transaction and only decides to proceed with the arrangement or transaction when it is satisfied that all the suspicions have been sufficiently addressed, with reasons for approval together with details of any review and due diligence performed in relation to the arrangement or transaction duly documented
- (vi) Others, please specify:
- (vii) N/A - the Licensed Corporation does not have any procedures and controls in place to detect and prevent itself from being involved in dubious private fund/ discretionary account arrangement or transaction. Please provide further details (optional):

28 Please indicate the procedures adopted by the Licensed Corporation to identify cross-border fund transfer into/ out of client accounts that may give rise to grounds for ML/ TF suspicion. (Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1228]

- (a) Identify whether the fund transfer involved jurisdictions posing a higher risk without reasonable explanation, which are not consistent with the client's declared business dealings or interests
- (b) Identify whether the fund transfer involved other financial institutions in different jurisdictions from the financial institutions where the funds were initially received
- (c) Ascertain the reasons for making cross-border fund transfer and assess reasonableness of the transactions against client profile and historical transaction patterns
- (d) Seek senior management's approval before accepting/ effecting the cross-border fund transfer into/ out of client accounts which are found to be suspicious
- (e) Others, please specify:
- (f) N/A - the Licensed Corporation does not have any procedures to identify cross-border fund transfer into/ out of clients accounts that may give risk to grounds for ML/ TF suspicion. Please provide further details (optional):

29 (a) Please indicate the due diligence policies and procedures adopted by the Licensed Corporation to identify client fund deposits in the form of cash or involving third-party deposit ("Due diligence procedures on the source of deposit").
(Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1229_01]

	<u>(A) Deposits in the form of cash</u>	<u>(B) Third-party deposits</u>
<u>(i) Make enquiry with the client to confirm the means of deposit (eg, cash, cheque, bank transfer) and whether the deposit is made by a third party</u>	<input type="checkbox"/>	<input type="checkbox"/>
<u>(ii) Obtain supporting documents (eg, bank deposit slips, cheque copies, etc) from the client to ascertain the means of deposit and name of depositor</u>	<input type="checkbox"/>	<input type="checkbox"/>
<u>(iii) Review bank statements or advices (or obtain information from bank) to ascertain the means of deposit and name of depositor</u>	<input type="checkbox"/>	<input type="checkbox"/>
<u>(iv) Review bank statements or advices (or obtain information from bank) to ascertain whether the funds are deposited through designated bank accounts held in their own names</u>	<input type="checkbox"/>	<input type="checkbox"/>
<u>(v) Others</u>	<u>Please specify:</u> <input type="text"/>	<u>Please specify:</u> <input type="text"/>
<u>(vi) N/A - the Licensed Corporation does not have any due diligence policies and procedures to identify client fund deposits in the form of cash/ involving third-party deposits.</u>	<input type="checkbox"/> <u>Please provide further details (optional):</u> <input type="text"/>	<input type="checkbox"/> <u>Please provide further details (optional):</u> <input type="text"/>

29 (b) Please indicate the scope of application of the due diligence procedures on the source of deposit chosen in (a). [BQ22A1229_02]

- (i) All client fund deposit transactions are subject to the due diligence procedures on the source of deposit
- (ii) Only those client fund deposit transactions meeting certain criteria/ thresholds are subject to the due diligence procedures on the source of deposit
- (iii) Others, please specify:

29 (c) Please indicate the evaluation policies and procedures adopted by the Licensed Corporation to assess whether a third-party deposit or third-party payment request may be accepted. (Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1229_03]

	<u>(A) Third-party deposits</u>	<u>(B) Third-party payments</u>
<u>(i) Clearly define in policies and procedures the exceptional and legitimate circumstances (including examples of acceptable third-party payors or payees) under which third-party deposits or third-party payment requests may be accepted</u>	<input type="checkbox"/>	<input type="checkbox"/>
<u>(ii) Take reasonable measures on a risk-sensitive basis to verify the identity of the third party and ascertain the relationship between the third party and the client</u>	<input type="checkbox"/>	<input type="checkbox"/>
<u>(iii) Critically evaluate the reasons and the need for third-party deposits or payments</u>	<input type="checkbox"/>	<input type="checkbox"/>
<u>(iv) Review if the third-party deposit or third-party payment request falls under the exceptional and legitimate circumstances as stipulated in the Licensed Corporation's policies and procedures</u>	<input type="checkbox"/>	<input type="checkbox"/>
<u>(v) Obtain the approval of the Manager-In-Charge of AML/ CFT, another member of senior management with a relevant role at the Licensed Corporation with respect to AML/ CFT, or the MLRO (collectively "third-party deposit or payment approvers") for the acceptance for a third-party deposit or payment</u>	<input type="checkbox"/>	<input type="checkbox"/>
<u>(vi) Apply enhanced scrutiny to those third parties which might pose higher risks, and require the dual approval of deposits or payments from or to such third parties by the third-party deposit or payment approvers</u>	<input type="checkbox"/>	<input type="checkbox"/>
<u>(vii) Review periodically or upon trigger event for a standing approval given for accepting deposits or payments from or to a particular third-party to ensure that the approval remains appropriate</u>	<input type="checkbox"/>	<input type="checkbox"/>
<u>(viii) Document the findings of inquiries made and corroborative evidence obtained during the evaluation process as well as the approval of a third-party deposit or payment request</u>	<input type="checkbox"/>	<input type="checkbox"/>
<u>(ix) Others</u>	<input type="checkbox"/> <u>Please specify:</u> <input type="text"/>	<input type="checkbox"/> <u>Please specify:</u> <input type="text"/>
<u>(x) N/A - the Licensed Corporation does not have any evaluation policies and procedures to assess whether a third-party deposit or third-party payment request may be accepted.</u>	<input type="checkbox"/> <u>Please provide further details (optional):</u> <input type="text"/>	<input type="checkbox"/> <u>Please provide further details (optional):</u> <input type="text"/>

29 (d) Please indicate the risk management policies and procedures adopted by the Licensed Corporation if it allows clients to utilise their deposited funds prior to the completion of the third-party deposit due diligence (namely due diligence on the source of a deposit or evaluation of a third-party deposit) in exceptional situations.

(Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1229 04]

- (i) Clearly define in policies and procedures the exceptional situations and conditions under which a client may utilise the deposited funds prior to the completion of the third-party deposit due diligence
- (ii) Establish a reasonable timeframe for the completion of the third-party deposit due diligence, and the follow-up actions if the stipulated timeframe is exceeded (eg, to suspend or terminate the business relationship)
- (iii) Place appropriate limits on the number, types, and/ or amount of transactions that can be performed by the client prior to the completion of third-party deposit due diligence on the client's deposited funds
- (iv) Perform enhanced monitoring of transactions carried out by or for the client prior to the completion of third-party deposit due diligence on the client's deposited funds
- (v) Ensure senior management is periodically provided with sufficient information to exercise oversight of all cases involving delay in completing third-party deposit due diligence
- (vi) Others, please specify:
- (vii) N/A - the Licensed Corporation does not allow clients to utilise their deposited funds prior to the completion of the third-party deposit due diligence.
- (viii) N/A - the Licensed Corporation does not have any risk management policies and procedures governing the application of delayed third-party deposit due diligence. Please provide further details (optional):

30 Please indicate the policies and procedures adopted by the Licensed Corporation to identify securities transfers to/ from third parties that may give rise to grounds of ML/ TF suspicion.

(Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1230]

- (a) Understand and document the relationship between the third party and the client
- (b) Ascertain the reasons for the securities transfers to/ from third parties by making enquiry with the client to understand the purpose and background of the securities transfer
- (c) Assess the reasonableness of the securities transfers against client profile and historical transaction patterns and evaluate whether it is commensurate with the client's background and/ or financial profile
- (d) Require senior management's approval for the securities transfers to/ from third parties
- (e) Others, please specify:
- (f) N/A - the Licensed Corporation does not have any policies and procedures to identify securities transfers to/ from third parties that may give rise to grounds of ML/ TF suspicion. Please provide further details (optional):

31 Please describe the procedures in place for the MLRO to evaluate whether the relevant transaction or the relevant client's request as reported in an internal disclosure is suspicious. (Please choose all options that are applicable to the Licensed Corporation.) [BQ22A1231]

- (a) Obtain information about the rationale of the transaction or client request from the client/ other person, to the extent not constituting tipping-off
- (b) Review CDD and ongoing monitoring information concerning the client and its connected accounts (including the screening results in relation to sanctions, PEP and adverse news relating to ML/ TF and other financial crimes)
- (c) Review previous transaction patterns and volumes of the client and its connected accounts
- (d) Evaluate the transaction or client request to ensure that it is consistent with the Licensed Corporation's knowledge of the client, the client's business, risk profile and source of funds
- (e) Document the review process, together with any conclusions drawn
- (f) Others, please specify:
- (g) 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):
- (h) N/A - procedures for the MLRO to evaluate whether the relevant transaction or the relevant client's request as reported in an internal disclosure is suspicious are not applicable to the Licensed Corporation given the nature of its business activities. Please explain:

32 Please indicate the number of (A) transaction monitoring alerts/ alerts captured in exception reports and (B) internal reports of suspicious transactions pending for the Licensed Corporation's review as at the end of the financial year, and analysis by their ageing^{Note}. [BQ22A1232]

Note: The ageing should be determined with reference to the date of alert/ report generation for (A), and to the date of receipt of internal report by the MLRO for (B).

	<u>(A) Transaction monitoring alerts/ alerts captured in exception reports</u>	<u>(B) Internal reports of suspicious transactions</u>
<u>(a) Over one month but within three months</u>	<input type="text"/>	<input type="text"/>
<u>(b) Over three months but within six months</u>	<input type="text"/>	<input type="text"/>
<u>(c) Over six months</u>	<input type="text"/>	<input type="text"/>

33 Please provide the following information in relation to suspicious transaction reporting of the Licensed Corporation for the financial year. [BQ22A1233]

- (a) Number of internal disclosures made by staff to the MLRO:
- (b) Number of internal disclosures reported in (a) above that resulted in filing of suspicious transaction reports ("STRs") to the Joint Financial Intelligence Unit ("JFIU"):
- (c) Number of STRs filed to the JFIU:
- (d) Number of STRs reported in (c) above that received a "no consent" response from the JFIU:
- (e) Number of STRs reported in (c) above analysed by the following categories of offence to which the STRs were related:

Note: Please indicate the most relevant category of offence for each STR if more than one categories were chosen in the STR disclosure.

- (i) Corruption and bribery
- (ii) Fraud
- (iii) Insider dealing/ market manipulation
- (iv) Proliferation financing
- (v) Tax crimes
- (vi) Terrorism/ terrorist financing
- (vii) Others, please specify:
- (viii) Cannot be identified

XIV. Requests from Law Enforcement Agencies ("LEAs")

Note: Requests received from LEAs refer to those received from, eg, the Hong Kong Police, the Custom and Excise Department and the Independent Commission Against Corruption.

34 (a) Did the Licensed Corporation receive any types of requests from LEAs during the financial year? [BQ22A1234 01]

- Yes
- No

34 (b) If the answer is "Yes" in (a), please provide the number of the following types of requests received from LEAs during the financial year. [BQ22A1234 02]

- | | <u>Number of requests received from LEAs</u> |
|---|---|
| (i) <u>Search warrant</u> | <input type="text"/> |
| (ii) <u>Production order</u> | <input type="text"/> |
| (iii) <u>Restraint order</u> | <input type="text"/> |
| (iv) <u>Confiscation order</u> | <input type="text"/> |
| (v) <u>Others, please specify:</u> <input type="text"/> | <input type="text"/> |

XV. Turnover of MLRO

35 (a) Has there been any changes in the personnel responsible for the role of MLRO of the Licensed Corporation during the financial year? [BQ22A1235_01]

- Yes
 No

35 (b) If the answer is "Yes" in (a), please indicate the number of changes. [BQ22A1235_02]

- Once
 Twice
 More than twice

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]

- (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:

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]

- (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]

	(A) % of total commission income contributed by the AE during the financial year	(B) No. of active clients	(C) No. of discretionary account clients
<input type="checkbox"/> (i) Top 1 AE	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> (ii) Top 2 AE	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> (iii) Top 3 AE	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> (iv) Top 4 AE	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> (v) Top 5 AE	<input type="text"/>	<input type="text"/>	<input type="text"/>

**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]**

	(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
<input type="checkbox"/> (i) Top 1 sales team	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> (ii) Top 2 sales team	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> (iii) Top 3 sales team	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> (iv) Top 4 sales team	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> (v) Top 5 sales team	<input type="text"/>	<input type="text"/>	<input type="text"/>

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]**

- (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]**

- (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%
<input type="checkbox"/> (a) By internet trading platform	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (b) By mobile application platform	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (c) FIX channel	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (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.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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):

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]

(a)	<u>(A) Top 3 execution brokers used (by transaction value traded via the execution broker during the financial year)</u>	<u>(B) Country</u>	<u>(C) Is the execution broker a group or affiliated company of the Licensed Corporation?</u>	
			<u>Yes</u>	<u>No</u>
<input type="checkbox"/> <u>(i) Top 1</u>	<input style="width: 60px; height: 20px;" type="text"/>	<input style="width: 60px; height: 20px;" type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> <u>(ii) Top 2</u>	<input style="width: 60px; height: 20px;" type="text"/>	<input style="width: 60px; height: 20px;" type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> <u>(iii) Top 3</u>	<input style="width: 60px; height: 20px;" type="text"/>	<input style="width: 60px; height: 20px;" type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> <u>(iv) N/A - the Licensed Corporation did not use any execution brokers during the financial year.</u>				

(b)	<u>(A) Top 3 backup brokers appointed (by the order of importance)</u>	<u>(B) Country</u>	<u>(C) Is the backup broker a group or affiliated company of the Licensed Corporation?</u>	
			<u>Yes</u>	<u>No</u>
<input type="checkbox"/> <u>(i) Top 1</u>	<input style="width: 60px; height: 20px;" type="text"/>	<input style="width: 60px; height: 20px;" type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> <u>(ii) Top 2</u>	<input style="width: 60px; height: 20px;" type="text"/>	<input style="width: 60px; height: 20px;" type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> <u>(iii) Top 3</u>	<input style="width: 60px; height: 20px;" type="text"/>	<input style="width: 60px; height: 20px;" type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> <u>(iv) N/A - the Licensed Corporation did not appoint any backup brokers during the financial year. Please provide further details (optional):</u> <input style="width: 50px; height: 15px;" type="text"/>				

(c) (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.

(d) (A) Top 3 custodian banks for (B) Country 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)

- (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.

(e) (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]

- 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]

- (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]

- (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]

- (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 or its affiliated companies provide financing to clients for them to meet margin requirements? [BQ17103C01_01]

Note: This question does not cover the concessionary margining applicable to clients pursuant to the rules of an exchange or clearing house, for example the established clients under HKFE Rule 617.

- Yes
 No

20 (b) If the answer is "Yes" in (a), please indicate the number of clients to whom financing was provided for meeting margin requirements during the financial year. [BQ17103C01_02]

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

- Yes
 No

21 (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]

- (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:

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

- Yes
 No

22 (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]

- (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:

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

- Yes
 No

24 (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

24 (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]

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

25 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):

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

- Yes
 No

26 (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]

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

26 (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):

27 (a) Does the Licensed Corporation participate in the trading of HKFE futures and options which can be traded or cleared on Hong Kong public holidays ("Holiday Trading")? [BQ17106A_01]

- Yes
 No

27 (b) If the answer is "Yes" in (a), please indicate the percentage of contracts transacted that belong to Holiday Trading over the total number of contracts transacted by the Licensed Corporation. [BQ17106A_02]

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

27 (c) Please describe the risk management measures that the Licensed Corporation has in place for Holiday Trading. [BQ17106A_03]

- (i) Tightening the forced liquidation policy (eg, immediately close out client's open positions in case of margin deficit during Holiday Trading)
- (ii) Tightening the credit control (eg, higher margin requirements)
- (iii) Specific measures for settlement of margin obligations and variation adjustments on the mutual holidays of Hong Kong and United States (eg, apply haircut to client's margin payment in acceptable currencies other than the settlement currency)
- (iv) Others, please specify:
- (v) N/A - the Licensed Corporation does not have any risk management measures for Holiday Trading. Please provide further details (optional):

IV. Introducing Brokerage Business

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

- Yes
 No

28 (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]

	(A) Name of execution broker	(B) Is the execution broker a group or affiliated company of the Licensed Corporation?	
		Yes	No
<input type="checkbox"/> (i) Top 1	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (ii) Top 2	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (iii) Top 3	<input type="text"/>	<input type="radio"/>	<input type="radio"/>

29 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:

30 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 loans limit? [BQ17110_01]

- Yes
 No

(i) If the answer is "Yes" in (a), please state the basis of determination and the amount of the total margin loans limit (in HK\$'000) in force as at the end of the financial year. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17110_01_01]

Note: As defined in the Guidelines for Securities Margin Financing Activities.

- (A) As a percentage of the Licensed Corporation's capital^{Note}, (please specify the % : , and the limit (in HK\$'000):)
- (B) As a percentage of the Licensed Corporation's shareholders' funds, (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):)

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

- 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]

(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]

- (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 when it reviews the credit limits granted to margin clients? [BQ17111_02_02]

- 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

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]

- Yes
 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):

IV. Haircuts for Securities Collateral

4 Please indicate the frequency of review of its list of acceptable securities collateral and haircut percentages applied to the 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):

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

- Yes
 No

V. Client Concentration Risk Management

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

(Please choose all options that are applicable to the Licensed Corporation.) [BQ17116_01_01]

- (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 connected 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]

- Yes
 No

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

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

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

- Yes
 No

VI. Margin Call Controls

8 (a) Does the Licensed Corporation set the trigger for margin call in its margin lending policy? [BQ17117A_01]

- Yes
 No

(i) If the answer is "Yes" in (a), please describe the trigger for margin call. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17117A_01_01]

- (A) When the outstanding margin loan balance exceeds the margin value of the underlying securities collateral
- (B) When the outstanding margin loan balance exceeds the margin client's credit limit
- (C) Others, please specify:

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

- Yes
 No

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

- Yes
 No

10 (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]

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

10 (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]

- (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:

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

- Yes
 No

10 (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

10 (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]

- Yes
 No

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

- Yes
 No

VII. Forced Liquidation

11 (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]

- (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:

11 (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]

- (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:

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

- Yes
 No

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

- Yes
 No

13 (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]

(A) Position of the person authorized to grant forced liquidation waivers **(B) Monetary limit of forced liquidation waiver authority (HK\$'000)**

- | | |
|---|----------------------|
| <input type="checkbox"/> (i) The staff responsible for executing forced liquidation | <input type="text"/> |
| <input type="checkbox"/> (ii) The Manager-In-Charge of securities dealing business | <input type="text"/> |
| <input type="checkbox"/> (iii) The Manager-In-Charge of credit risk management | <input type="text"/> |
| <input type="checkbox"/> (iv) Responsible Officers | <input type="text"/> |
| <input type="checkbox"/> (v) Chief Operating Officer (or its equivalent) | <input type="text"/> |
| <input type="checkbox"/> (vi) Chief Executive Officer (or its equivalent) | <input type="text"/> |
| <input type="checkbox"/> (vii) Credit Committee (or its equivalent) | <input type="text"/> |
| <input type="checkbox"/> (viii) Others, please specify: <input type="text"/> | <input type="text"/> |

13 (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]

- (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:

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

- Yes
 No

13 (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

13 (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]

- Yes
 No
-

**14 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	<input type="checkbox"/>	<input type="checkbox"/>	
(ii) SB	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(iii) SL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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	<input type="radio"/>	<input type="radio"/>
(ii) SB	<input type="radio"/>	<input type="radio"/>
(iii) SL	<input type="radio"/>	<input type="radio"/>

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

- 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]

- 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]**

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

**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]**

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

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]

- 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]

- (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]**

- (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]**

- (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]**

- (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]

- 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]**

- (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]

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]

- (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]

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]

- (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]

- (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]

(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]

- (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]

- Yes
- No

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

- 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]

(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]

	Yes	No
(a) Making margin call or repayment demand to clients [BQ17147_01]	<input type="radio"/>	<input type="radio"/>
(b) Reviewing and monitoring the outstanding margin calls [BQ17147_02]	<input type="radio"/>	<input type="radio"/>
(c) Following up clients' failure to meet a margin call or a repayment demand [BQ17147_03]	<input type="radio"/>	<input type="radio"/>

(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]

(A) Disposal of collaterals

(B) Suspension of order taking

(C) Closure of account

(D) Others, please specify:

(d) Regular exception reporting to the senior management [BQ17147_04]	<input type="radio"/>	<input type="radio"/>
(e) Keeping records for margin calls and repayment demands [BQ17147_05]	<input type="radio"/>	<input type="radio"/>
(f) Assessing client onboarding and ongoing counterparty risk [BQ17147_06]	<input type="radio"/>	<input type="radio"/>

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]

- (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]

- 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]

- 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]

- 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]

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

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),**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 - Bookbuilding and/ or Placing Activities/ Underwriting Activities (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: For the purpose of this question, offering of new shares refers to a class already listed or a class new to listing.

Note 4: For the purpose of this question, a risk trade refers to a transaction which has been subscribed by an intermediary as principal deploying its own balance sheet, for onward selling to investors.

Note 5: For the purpose of this question, a secondary offering refers to the selling of listed shares by existing shareholders.

Note 6: Only those underwriting activities in relation to IPO (including secondary listing) of shares (including interests in a SFC-authorized real estate investment trust, stapled securities and depositary receipt) to be listed in Hong Kong where the Licensed Corporation has not been involved in the bookbuilding and placing activities.

The business activities the Licensed Corporation was engaged in:	Number of transactions		(C) Income	(D)
	(A) Ongoing	(B) Completed	(HK\$'000) ^{Note 1}	Transaction Amount (HK\$'000) ^{Note 2}
<input type="checkbox"/> (a) Bookbuilding and/ or placing activities				
<input type="checkbox"/> (i) Offering of shares listed or to be listed in Hong Kong				
<input type="checkbox"/> (I) Main Board IPOs				
<input type="checkbox"/> (II) GEM IPOs				
<input type="checkbox"/> (III) Offerings of new shares ^{Note 3} under a general or special mandate				
<input type="checkbox"/> (IV) Top-up placings				
<input type="checkbox"/> (V) Block trades or risk trades ^{Note 4} or secondary offerings ^{Note 5}				
<input type="checkbox"/> (VI) Others, please specify: <input type="text"/>				
<input type="checkbox"/> (ii) Offering of debt securities listed or unlisted, and offered in Hong Kong or otherwise				
<input type="checkbox"/> (b) Underwriting activities in relation to IPO of shares to be listed in Hong Kong ^{Note 6}				
<input type="checkbox"/> (i) Main Board IPOs				
<input type="checkbox"/> (ii) GEM IPOs				
<input type="checkbox"/> (c) Underwriting activities in relation to rights issues/ open offer of shares to be listed in Hong Kong				

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]

- 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]

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]

- 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 Q1.(a)(i)(II)(B) above. [BQ17158_02]

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

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]	<input type="radio"/>	<input type="radio"/>
(b) Spouse and children of the people listed in row (a) above [BQ17159_02]	<input type="radio"/>	<input type="radio"/>
(c) Parents and siblings of the people listed in row (a) above [BQ17159_03]	<input type="radio"/>	<input type="radio"/>
(d) Staff and account executives of the Licensed Corporation ^{Note} [BQ17159_04]	<input type="radio"/>	<input type="radio"/>
(e) Spouse and children of the people listed in row (d) above [BQ17159_05]	<input type="radio"/>	<input type="radio"/>
(f) Parents and siblings of the people listed in row (d) above [BQ17159_06]	<input type="radio"/>	<input type="radio"/>

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]

- (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):

8 Please indicate the number of IPO(s) completed by the Licensed Corporation during the financial year with the following split between fixed and discretionary fees: [BQ17160A]

<u>Ratio of fixed fees to discretionary fees</u>	<u>Number of the completed IPO(s)</u>
(a) <u>Above 75:25</u>	<input type="text"/>
(b) <u>75:25</u>	<input type="text"/>
(c) <u>Below 75:25 and above 50:50</u>	<input type="text"/>
(d) <u>50:50 or below</u>	<input type="text"/>
(e) <u>Total</u>	<input type="text"/>

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]

(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]

- (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]

- (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]

	(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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(ii) The price originally quoted to client	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(iii) The more favourable price (including positive slippage) obtained by the Licensed Corporation plus the usual mark-up/ mark-down (if any)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(iv) Others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Please specify:	Please specify:	Please specify:	Please specify:
	<input style="width: 80px; height: 20px;" type="text"/>			
(b) The more favourable price is requoted to client, and the order will only be executed after client accepts the price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(c) Slippage parameters are built in allowing order to be executed only when the price is within the slippage range specified by:				
(i) Client	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(ii) The Licensed Corporation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(d) Others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Please specify:	Please specify:	Please specify:	Please specify:
	<input style="width: 80px; height: 20px;" type="text"/>			

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]

	(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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(ii) The price originally quoted to client	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(iii) The less favourable price (including negative slippage) obtained by the Licensed Corporation plus the usual mark-up/ mark-down (if any)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(iv) Others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Please specify: <input type="text"/>	Please specify: <input type="text"/>	Please specify: <input type="text"/>	Please specify: <input type="text"/>
(b) The less favourable price is requoted to client, and the order will only be executed after client accepts the price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(c) Slippage parameters are built in allowing order to be executed only when the price is within the slippage range specified by:				
(i) Client	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(ii) The Licensed Corporation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(d) Others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Please specify: <input type="text"/>	Please specify: <input type="text"/>	Please specify: <input type="text"/>	Please specify: <input type="text"/>

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]

- (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]

Risk management

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

- 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]

(A) Position of the person authorized to grant margin call waivers	(B) Monetary limit of margin call waiver authority (HK\$'000)
--	---

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

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.)

- (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]

- 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]

- (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]

- (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]

(A) Position of the person authorized to grant forced liquidation waivers **(B) Monetary limit of forced liquidation waiver authority (HK\$'000)**

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

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]

- (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]

- 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]

- Yes
- No

Section B9 - Distribution of Investment Products and/ or Provision of Investment Advisory Services (BQ17176A - BQ17180)

1 (a) Did the Licensed Corporation distribute investments products^{Note} and/ or provide investment advisory services to the following types of clients during the financial year? [BQ17176A_01]

Note: For the purpose of this questionnaire, the "distribution of investment products" covers the sale or distribution of investment products in Hong Kong by Licensed Corporation on both solicited (ie, with solicitation or recommendation) and unsolicited basis.

	<u>Yes</u>	<u>No</u>
<u>(i) Retail investor and/ or non-Professional Investor</u>	<input type="radio"/>	<input type="radio"/>
<u>(ii) Individual Professional Investor</u>	<input type="radio"/>	<input type="radio"/>
<u>(iii) Corporate Professional Investor, for which the Licensed Corporation is not exempted under the Code of Conduct from complying with the suitability requirement</u>	<input type="radio"/>	<input type="radio"/>
<u>(iv) Other Corporate Professional Investor apart from those included in (iii) above</u>	<input type="radio"/>	<input type="radio"/>
<u>(v) Institutional Professional Investor</u>	<input type="radio"/>	<input type="radio"/>

1 (b) Please indicate the types of investment products that the Licensed Corporation distributed and/ or provided advice on. (Please choose all options that are applicable to the Licensed Corporation.) [BP17176A_02]

- (i) Securities and other exchange traded products listed on a recognized stock/ futures market in Hong Kong
- (ii) Securities and other exchange traded products listed on an exchange in a jurisdiction outside Hong Kong
- (iii) Non-exchange traded collective investment schemes
- (iv) Non-exchange traded fixed income products
- (v) Non-exchange traded structured investment products
- (vi) Others, please specify:

1 (c) Are there any investment products that the Licensed Corporation determined as complex product^{Note}? [BQ17176A_03]

Note: "Complex product" refers to an investment product whose terms, features and risks are not reasonably likely to be understood by a retail investor because of its complex structure; and the Code of Conduct set out factors to determine whether an investment product is complex or not.

- 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 retail investors, non-Professional Investors, Individual Professional Investors and/or Corporate Professional Investors (for which the Licensed Corporation is not exempted under the Code of Conduct from complying with the suitability requirement).

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]

- 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]

(A) Additional measures/ controls	(B) Whether it is a pre-trade/ advice or post-trade/ advice control measure		
	(I) Pre-trade/ advice	(II) Post-trade/ advice	(III) Both pre-trade/ advice and post- trade/ advice
<input type="checkbox"/> (i) Approval from person in charge of the sales and marketing department	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (ii) Approval from person independent from the sales and marketing department	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (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: <input type="text"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (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			

3 (a) Does the Licensed Corporation assign product risk ratings to investment products distributed to clients? [BQ17176B_01]

- 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]

4 (a) Does the Licensed Corporation assess the risk tolerance level of clients before distributing or providing advice on investment products to them? [BQ17177_01]

- 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 clients carried out by the Licensed Corporation. [BQ17177_02]

- 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 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 clients who had the: [BQ17177_03]

	<u>20% or less</u>	<u>More than 20% and up to 40%</u>	<u>More than 40% and up to 60%</u>	<u>More than 60% and up to 80%</u>	<u>More than 80%</u>
<u>(i) Highest risk tolerance level [BQ17177_03_01]</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<u>(ii) Second highest risk tolerance level [BQ17177_03_02]</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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]

- (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_01A]

- Yes
- No

6 (b) Does the Licensed Corporation perform review to ensure the suitability of a product (including complex product) to the client? [BQ17179_01]

- Yes
- No. Please provide further details (optional):

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]

(A) Type(s) of review

(B) Whether it is a pre-trade/ advice or post-trade/ advice control measure

(I) Pre-trade/ advice

(II) Post-trade/ advice

For each transaction event

Ad-hoc, triggered and/ or on a sample basis

For each transaction event

Ad-hoc, 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 clients during the financial year? [BQ17180_01]

- Yes
- No

7 (b) 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] | <input type="radio"/> | <input type="radio"/> |
| (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] | <input type="radio"/> | <input type="radio"/> |
| (c) Prepare and/ or issue any investment research that has influence on the securities as referred in (a) or (b) above? [BQ17181_03] | <input type="radio"/> | <input type="radio"/> |

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]

- (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):

3 (a) Does the firm have any investment banking business? [BQ17183_01]

- 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]

- (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):
-

4 (a) Does the firm conduct any proprietary trading or market making activities? [BQ17184_01]

- 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]

- (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 (A) active (ie, ongoing), (B) completed and (C) lapsed, withdrawn, rejected or other transactions that do not fall within (A) or (B), 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;

(C) Lapsed, withdrawn or rejected transaction(s) refer(s) to the transaction(s) that cannot be categorized into ongoing/ completed transactions, such as the transaction(s) where listing application submitted but not approved due to withdrawal by the client, rejection/ return by the SEHK or rejection by the SFC, time lapse, disagreement between the sponsor and listing applicant, etc.

Note 5: Sponsor's income excludes any underwriting fee.

Note 6: Including but not limited to transfers of listing from GEM to the Main Board and reverse takeover transactions.

	Number of transactions ^{Note 1}			(D) Income	(E)
	(A) Ongoing	(B) Completed	(C) Lapsed, withdrawn, rejected or others	(HK\$'000) ^{Note 2}	Transaction Amount (HK\$'000) ^{Note 3}
The Licensed Corporation was engaged as a/ an:					
<input type="checkbox"/> (a) Sponsor ^{Notes 4,5}	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> (i) Main Board IPOs	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> (ii) GEM IPOs	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> (iii) De-SPAC Transactions	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> (iv) Others ^{Note 6} , please specify: <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> (b) Financial advisor	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> (c) Independent financial advisor	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> (d) Compliance advisor	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	N/A
<input type="checkbox"/> (e) Other type of advisory role, please specify: <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
			(f) Total income:	<input type="text"/>	

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]

- Yes
 No

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 – Bookbuilding and/ or placing activities/ underwriting activities or remind the Licensed Corporation's group or affiliated company to do so.

Note 3: Overall coordinator as defined in the Code of Conduct.

	Number of transactions		(C) Income
	(A) Ongoing	(B) Completed	(HK\$'000)^{Note 1}
<input type="checkbox"/> (a) <u>Bookbuilding and/ or placing activities/ underwriting activities^{Note 2}</u> , of which:	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> (i) <u>The Licensed Corporation or its group or affiliated companies was appointed as an overall coordinator^{Note 3}</u>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> (ii) <u>The Licensed Corporation or its group or affiliated companies was not appointed as an overall coordinator^{Note 3}</u>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> (b) <u>Publication of pre-deal research reports under Type 4 regulated activity</u>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> (c) <u>None of the above</u>			

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]

- (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):

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]

(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]

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

	<u>(A) Main Board IPOs</u>	<u>(B) GEM IPOs</u>	<u>(C) De-SPAC Transactions</u>	<u>(D) Others</u>
<u>(a) Listing application in preparation for submission</u>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<u>(b) Listing application submitted and in the process of vetting, or approved but not completed^{Note}</u>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<u>(c) Listing application completed^{Note}</u>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<u>(d) Listing application submitted but not approved due to:</u>				
<u>(i) withdrawal by the client</u>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<u>(ii) rejection/ return by the SEHK or rejection by the SFC</u>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<u>(iii) time lapse</u>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<u>(iv) disagreement between the sponsor(s) and listing applicant</u>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<u>(v) other reasons, please specify:</u>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<u>(A) Main Board IPOs:</u>	<input type="text"/>			
<u>(B) GEM IPOs:</u>	<input type="text"/>			
<u>(C) De-SPAC Transactions:</u>	<input type="text"/>			
<u>(D) Others:</u>	<input type="text"/>			
<u>(e) Total</u>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

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]

<u>Duration of due diligence work undertaken before submitting the listing applications</u>	<u>Number of listing applications submitted</u>
<u>(a) Less than 1 month</u>	<input type="text"/>
<u>(b) 1 - 2 months</u>	<input type="text"/>
<u>(c) More than 2 months and up to 6 months</u>	<input type="text"/>
<u>(d) More than 6 months</u>	<input type="text"/>
<u>(e) Total</u>	<input type="text"/>

8 Please indicate the frequency that the Licensed Corporation provides advice on the syndicate composition (eg, capital market intermediaries^{Note} in Hong Kong as well as those conducting equivalent or similar duties elsewhere) to clients applying for listing in Hong Kong when the Licensed Corporation acts as sponsor for the IPO transactions. [BQ17192]

Note: Capital market intermediaries as defined in the Code of Conduct.

- 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]

(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]

(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]**

(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]

(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]

(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]

	(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	<input type="checkbox"/>	<input type="checkbox"/>
(ii) Maximum notional value control	<input type="checkbox"/>	<input type="checkbox"/>
(iii) Maximum order quantity control	<input type="checkbox"/>	<input type="checkbox"/>
(iv) Maximum message limits	<input type="checkbox"/>	<input type="checkbox"/>
(v) Others	<input type="checkbox"/>	<input type="checkbox"/>
	Please specify: <input style="width: 80px; height: 20px;" type="text"/>	Please specify: <input style="width: 80px; height: 20px;" type="text"/>

5 (a) Does the Licensed Corporation perform post-trade review on trading activities conducted through the algorithmic trading system(s)? [BQ17196_01]

	(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	<input type="radio"/>	<input type="radio"/>
No	<input type="radio"/>	<input type="radio"/>

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]

	(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	<input type="checkbox"/>	<input type="checkbox"/>
(ii) Front running	<input type="checkbox"/>	<input type="checkbox"/>
(iii) Order inputs near the open/ close of trading session with the intent of influencing the price of the securities	<input type="checkbox"/>	<input type="checkbox"/>
(iv) Trades which are executed outside of the prevailing best bid/ offer on the exchange	<input type="checkbox"/>	<input type="checkbox"/>
(v) Others	<input type="checkbox"/>	<input type="checkbox"/>
	Please specify: <input style="width: 80px; height: 20px;" type="text"/>	Please specify: <input style="width: 80px; height: 20px;" type="text"/>

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]

(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]

(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]

(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]

	(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	<input type="checkbox"/>	<input type="checkbox"/>
(ii) Integration Test	<input type="checkbox"/>	<input type="checkbox"/>
(iii) Regression Test	<input type="checkbox"/>	<input type="checkbox"/>
(iv) Others	<input type="checkbox"/>	<input type="checkbox"/>
	Please specify: <input style="width: 80px; height: 20px;" type="text"/>	Please specify: <input style="width: 80px; height: 20px;" type="text"/>

8 (a) Does the Licensed Corporation perform capacity stress testing on the algorithmic trading system(s)? [BQ17199_01]

	(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	<input type="radio"/>	<input type="radio"/>
No	<input type="radio"/>	<input type="radio"/>

8 (b) If the answer is "Yes" in (a), please indicate the frequency of such testing. [BQ17199_02]

	(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	<input type="radio"/>	<input type="radio"/>
(ii) At least quarterly	<input type="radio"/>	<input type="radio"/>
(iii) At least annually	<input type="radio"/>	<input type="radio"/>
(iv) Others	<input type="radio"/>	<input type="radio"/>
	Please specify: <input style="width: 80px; height: 20px;" type="text"/>	Please specify: <input style="width: 80px; height: 20px;" type="text"/>

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]

	(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	<input type="radio"/>	<input type="radio"/>
No	<input type="radio"/>	<input type="radio"/>

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]

(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]

(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]

(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]

- (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]

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]

- (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]

- (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]

- (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]**

- (i) Unit test
 - (ii) Integration Test
 - (iii) Regression Test
 - (iv) Others, please specify:
-

23 (a) Does the Licensed Corporation have 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]**

- (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]**

- (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 - BQ17229)

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]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Note: Clients other than the Licensed Corporation, group or affiliated companies and their respective shareholders, directors and staff.</i>				
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]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(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]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(d) amongst the funds managed by the Licensed Corporation, were any of these unauthorized funds? [BQ17216_01_04]	<input type="radio"/>	<input type="radio"/>		

I. Use of Service Providers

2

Note: For the purpose of this question, (i) funds without External Clients and (ii) discretionary accounts are excluded.

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 the 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 the SFO.	
		Yes	No
<input type="checkbox"/> (A) Top 1	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (B) Top 2	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (C) Top 3	<input type="text"/>	<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> (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 the SFO.
		Yes No
<input type="checkbox"/> (A) Top 1	<input style="width: 80px; height: 20px;" type="text"/>	<input type="radio"/> <input type="radio"/>
<input type="checkbox"/> (B) Top 2	<input style="width: 80px; height: 20px;" type="text"/>	<input type="radio"/> <input type="radio"/>
<input type="checkbox"/> (C) Top 3	<input style="width: 80px; height: 20px;" type="text"/>	<input type="radio"/> <input type="radio"/>
<input type="checkbox"/> (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 the SFO.
		Yes No
<input type="checkbox"/> (A) Top 1	<input style="width: 80px; height: 20px;" type="text"/>	<input type="radio"/> <input type="radio"/>
<input type="checkbox"/> (B) Top 2	<input style="width: 80px; height: 20px;" type="text"/>	<input type="radio"/> <input type="radio"/>
<input type="checkbox"/> (C) Top 3	<input style="width: 80px; height: 20px;" type="text"/>	<input type="radio"/> <input type="radio"/>
<input type="checkbox"/> (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 the SFO.
		Yes No
<input type="checkbox"/> (A) Top 1	<input style="width: 80px; height: 20px;" type="text"/>	<input type="radio"/> <input type="radio"/>
<input type="checkbox"/> (B) Top 2	<input style="width: 80px; height: 20px;" type="text"/>	<input type="radio"/> <input type="radio"/>
<input type="checkbox"/> (C) Top 3	<input style="width: 80px; height: 20px;" type="text"/>	<input type="radio"/> <input type="radio"/>
<input type="checkbox"/> (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 are excluded.

3 (a) In respect of unauthorized funds for which the Licensed Corporation is responsible for the overall operation, please indicate if there is any fund with: [BQ17217A]

Note 1: For avoidance of doubt, prime brokers which are not named as custodians as per fund documents should be excluded for the purpose of Q3.(a)(ii).

	Yes	No
(i) No external custodian [BQ17217A_01]	<input type="radio"/>	<input type="radio"/>
(ii) More than one custodian at the fund level as per fund documents ^{Note 1} [BQ17217A_02]	<input type="radio"/>	<input type="radio"/>

3 (b) Of those unauthorized funds identified in (a)(i) and/ or (a)(ii), please state each of the following as at the most recent month-end: [BQ17217A_03]

(i) Total number of funds:	
(ii) Total fund AUM (HK\$'000):	
(iii) Total number of investors:	

4

Note: For the purpose of this question, (i) funds without External Clients and (ii) discretionary accounts without External Clients are excluded.

4 (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

4 (b) If the answer is "No" in (a), please state the name of the accounts: [BQ17218_03]

II. Regular Audit of Funds under Management of the Licensed Corporation

5

Note: For the purpose of this question, (i) funds without External Clients and (ii) discretionary accounts are excluded.

5 (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

5 (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]

	(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		
<input type="checkbox"/> (i) Top 1 fund		<input type="radio"/>	<input type="radio"/>		
<input type="checkbox"/> (ii) Top 2 fund		<input type="radio"/>	<input type="radio"/>		
<input type="checkbox"/> (iii) Top 3 fund		<input type="radio"/>	<input type="radio"/>		
	(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	
<input type="checkbox"/> (iv) Other fund(s) of which annual audit was/ were not conducted		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	

6

Note: For the purpose of this question, (i) funds without External Clients and (ii) discretionary accounts are excluded.

6 (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

6 (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]

	(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	
<input type="checkbox"/> (i) Top 1 fund		<input type="radio"/>	<input type="radio"/>	
<input type="checkbox"/> (ii) Top 2 fund		<input type="radio"/>	<input type="radio"/>	
<input type="checkbox"/> (iii) Top 3 fund		<input type="radio"/>	<input type="radio"/>	
	(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
<input type="checkbox"/> (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		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

III. Pricing and Valuation of Investments

7

Note: For the purpose of this question, (i) funds without External Clients and (ii) discretionary accounts without External Clients are excluded.

7 (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

7 (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]

	(A) % of total AUM	(B) Product type	(C) Reasons for being hard-to-value
<input type="checkbox"/> (i) Top 1 investment	<input type="text"/>	<input type="checkbox"/> Listed equity <input type="checkbox"/> Unlisted equity <input type="checkbox"/> Investment grade ("IG") bond <input type="checkbox"/> Non-IG bond <input type="checkbox"/> Equity linked derivatives <input type="checkbox"/> Credit linked derivatives <input type="checkbox"/> Rate linked derivatives <input type="checkbox"/> Others, please specify: <input type="text"/>	<input type="text"/>
<input type="checkbox"/> (ii) Top 2 investment	<input type="text"/>	<input type="checkbox"/> Listed equity <input type="checkbox"/> Unlisted equity <input type="checkbox"/> Investment grade ("IG") bond <input type="checkbox"/> Non-IG bond <input type="checkbox"/> Equity linked derivatives <input type="checkbox"/> Credit linked derivatives <input type="checkbox"/> Rate linked derivatives <input type="checkbox"/> Others, please specify: <input type="text"/>	<input type="text"/>

(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:

8

Note: For the purpose of this question, (i) funds without External Clients and (ii) discretionary accounts without External Clients are excluded.

8 (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.5(b) above during the financial year? [BQ17222_01]

- Yes
 No

8 (b) If the answer is "Yes" in (a), were all hard-to-value assets valued by external valuation agent(s)? [BQ17222_02]

- 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

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 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).

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]

9 (a) Top 3 funds without External Clients [BQ17223 01]

	<u>(A) Primary strategy</u>	<u>(B) Primary geographical location of underlying investments</u>	<u>(C) Annualised return (%) as of the end of the current financial year</u>	<u>(D) Annualised return (%) as of the end of the preceding financial year (ie, 12 months preceding the current financial year)</u>	<u>(E) Annualised return (%) as of the end of two years preceding the current financial year (ie, 24 months preceding the current financial year)</u>
<input type="checkbox"/> <u>(i) Top 1 fund</u>	<input type="text"/>	<input type="text"/>	<input type="text"/> %	<input type="radio"/> <input type="text"/> % <input type="radio"/> <u>N/A - the fund had not been launched.</u>	<input type="radio"/> <input type="text"/> % <input type="radio"/> <u>N/A - the fund had not been launched.</u>
<input type="checkbox"/> <u>(ii) Top 2 fund</u>	<input type="text"/>	<input type="text"/>	<input type="text"/> %	<input type="radio"/> <input type="text"/> % <input type="radio"/> <u>N/A - the fund had not been launched.</u>	<input type="radio"/> <input type="text"/> % <input type="radio"/> <u>N/A - the fund had not been launched.</u>
<input type="checkbox"/> <u>(iii) Top 3 fund</u>	<input type="text"/>	<input type="text"/>	<input type="text"/> %	<input type="radio"/> <input type="text"/> % <input type="radio"/> <u>N/A - the fund had not been launched.</u>	<input type="radio"/> <input type="text"/> % <input type="radio"/> <u>N/A - the fund had not been launched.</u>
<input type="checkbox"/> <u>(iv) N/A - all the funds managed by the Licensed Corporation had External Clients.</u>					
<input type="checkbox"/> <u>(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.</u>					

9 (b) Top 3 discretionary accounts without External Clients [BQ17223_03]

	<u>(A) Primary strategy</u>	<u>(B) Primary geographical location of underlying investments</u>	<u>(C) Annualised return (%) as of the end of the current financial year</u>	<u>(D) Annualised return (%) as of the end of the preceding financial year (ie, 12 months preceding the current financial year)</u>	<u>(E) Annualised return (%) as of the end of two years preceding the current financial year (ie, 24 months preceding the current financial year)</u>
<input type="checkbox"/> <u>(i) Top 1 discretionary account</u>	<input type="text"/>	<input type="text"/>	<input type="text"/> %	<input type="radio"/> <input type="text"/> % <input type="radio"/> N/A - the discretionary account had not been set up.	<input type="radio"/> <input type="text"/> % <input type="radio"/> N/A - the discretionary account had not been set up.
<input type="checkbox"/> <u>(ii) Top 2 discretionary account</u>	<input type="text"/>	<input type="text"/>	<input type="text"/> %	<input type="radio"/> <input type="text"/> % <input type="radio"/> N/A - the discretionary account had not been set up.	<input type="radio"/> <input type="text"/> % <input type="radio"/> N/A - the discretionary account had not been set up.
<input type="checkbox"/> <u>(iii) Top 3 discretionary account</u>	<input type="text"/>	<input type="text"/>	<input type="text"/> %	<input type="radio"/> <input type="text"/> % <input type="radio"/> N/A - the discretionary account had not been set up.	<input type="radio"/> <input type="text"/> % <input type="radio"/> N/A - the discretionary account had not been set up.
<input type="checkbox"/> <u>(iv) N/A - all the discretionary accounts managed by the Licensed Corporation had External Clients.</u>					
<input type="checkbox"/> <u>(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.</u>					

10

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).

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]

10 (a) Top 3 funds with External Clients [BQ17224 01]

	<u>(A) Primary strategy</u>	<u>(B) Primary geographical location of underlying investments</u>	<u>(C) Annualised return (%) as of the end of the current financial year</u>	<u>(D) Annualised return (%) as of the end of the preceding financial year (ie, 12 months preceding the current financial year)</u>	<u>(E) Annualised return (%) as of the end of two years preceding the current financial year (ie, 24 months preceding the current financial year)</u>
<input type="checkbox"/> <u>(i) Top 1 fund</u>	<input type="text"/>	<input type="text"/>	<input type="text"/> %	<input type="radio"/> <input type="text"/> %	<input type="radio"/> <input type="text"/> %
<input type="checkbox"/> <u>(ii) Top 2 fund</u>	<input type="text"/>	<input type="text"/>	<input type="text"/> %	<input type="radio"/> N/A <input type="radio"/> <input type="text"/> %	<input type="radio"/> N/A <input type="radio"/> <input type="text"/> %
<input type="checkbox"/> <u>(iii) Top 3 fund</u>	<input type="text"/>	<input type="text"/>	<input type="text"/> %	<input type="radio"/> N/A <input type="radio"/> <input type="text"/> %	<input type="radio"/> N/A <input type="radio"/> <input type="text"/> %
<input type="checkbox"/> <u>(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.</u>				<input type="radio"/> N/A	<input type="radio"/> N/A

10 (b) Top 3 discretionary accounts with External Clients [BQ17224_03]

	<u>(A) Primary strategy</u>	<u>(B) Primary geographical location of underlying investments</u>	<u>(C) Annualised return (%) as of the end of the current financial year</u>	<u>(D) Annualised return (%) as of the end of the preceding financial year (ie, 12 months preceding the current financial year)</u>	<u>(E) Annualised return (%) as of the end of two years preceding the current financial year (ie, 24 months preceding the current financial year)</u>
<input type="checkbox"/> (i) Top 1 discretionary account	<input type="text"/>	<input type="text"/>	<input type="text"/> %	<input type="radio"/> <input type="text"/> % <input type="radio"/> N/A <input type="radio"/> <input type="text"/> %	<input type="radio"/> <input type="text"/> % <input type="radio"/> N/A <input type="radio"/> <input type="text"/> %
<input type="checkbox"/> (ii) Top 2 discretionary account	<input type="text"/>	<input type="text"/>	<input type="text"/> %	<input type="radio"/> N/A <input type="radio"/> <input type="text"/> % <input type="radio"/> N/A	<input type="radio"/> N/A <input type="radio"/> <input type="text"/> % <input type="radio"/> N/A
<input type="checkbox"/> (iii) Top 3 discretionary account	<input type="text"/>	<input type="text"/>	<input type="text"/> %	<input type="radio"/> N/A <input type="radio"/> <input type="text"/> % <input type="radio"/> N/A	<input type="radio"/> N/A <input type="radio"/> <input type="text"/> % <input type="radio"/> N/A
<input type="checkbox"/> (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

11

Note: For the purpose of this question, (i) funds without External Clients and (ii) discretionary accounts are excluded.

11 (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

11 (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]

- (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:

12

Note: For the purpose of this question, (i) funds without External Clients and (ii) discretionary accounts are excluded.

Were there any unauthorized funds managed by the Licensed Corporation suspended for redemption during the financial year? [BQ17226]

- Yes, please specify the reason:
- No

13

Note 1: For the purpose of this question, (i) funds without External Clients and (ii) discretionary accounts without External Clients are excluded.

Note 2: For the purpose of this question, a single investment exposure means that the aggregate of underlying exposures within the same group of companies across individual investments held by the respective fund or discretionary account, irrespective of the form or structure the individual investments take.

13 (a) In respect of unauthorized funds and discretionary accounts, are there any funds or discretionary accounts with top 3 investment exposures constituting 50% or more of the AUM of the respective fund and discretionary accounts? [BQ17226B_01]

- Yes
- No

13 (b) Of those unauthorized funds and discretionary accounts identified in (a), [BQ17226B_02]

- | | <u>Yes</u> | <u>No</u> |
|---|-----------------------|-----------------------|
| <u>(i) Are there any common investment exposures among those top 3 investment exposures across the unauthorized funds and discretionary accounts?</u> | <input type="radio"/> | <input type="radio"/> |
| <u>(ii) Is the Licensed Corporation aware whether any of the investors/ underlying investors is/ are a group company or related party to any of top 3 investment exposures?</u> | <input type="radio"/> | <input type="radio"/> |
| <u>(iii) Are any of the unauthorized funds or discretionary accounts invested only by a single investor/ single underlying investor?</u> | <input type="radio"/> | <input type="radio"/> |

13 (c) Of those unauthorized funds and discretionary accounts identified in (a), are there any unauthorized funds and/ or discretionary accounts: [BQ17226B_03]

Note: For the purpose of this question, unauthorized funds and discretionary accounts should be reported without overlap in (c)(i), (c)(ii) and (c)(iii), and the Licensed Corporation should follow the order of (c)(i), (c)(ii) and (c)(iii) in reporting its respective unauthorized funds and discretionary accounts. For example, if an unauthorized fund's top 1, top 2 and top 3 investment exposure constitutes 51%, 25% and 5% of its AUM respectively, the Licensed Corporation should indicate "Yes" to (c)(i) and "No" to both (c)(ii) and (c)(iii) even though the unauthorized fund meet the criteria under all (c)(i), (c)(ii) and (c)(iii). In another example, if a discretionary account's top 1, top 2 and top 3 investment exposure constitutes 35%, 15% and 10% of its AUM respectively, the Licensed Corporation should indicate "No" to (c)(i), "Yes" to (c)(ii) and "No" to (c)(iii) even though the discretionary account meet the criteria under both (c)(ii) and (c)(iii).

	(A)		(B) If the answer is "Yes" in (A), please indicate each of the following as at the most recent month-end:		
	Yes	No	(I) Number of unauthorized funds and/ or discretionary accounts	(II) Total AUM (HK\$'000)	(III) Total number of investors
<u>(i) With a single investment exposure constituting 50% or more of the AUM of the respective unauthorized fund or discretionary account</u>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<u>(ii) With top 2 investment exposures constituting 50% or more of the AUM of the respective unauthorized fund or discretionary account (other than those unauthorized funds or discretionary accounts reported under (c)(i) above)</u>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<u>(iii) With top 3 investment exposures constituting 50% or more of the AUM of the respective unauthorized fund or discretionary account (other than those unauthorized funds or discretionary accounts reported under (c)(i) or (c)(ii) above)</u>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

VI. Direct Distribution/ Solicitation of Funds to External Clients who are Individuals

14 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]

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

No. of staff

15 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]

(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

16

Note: For the purpose of this question, (i) funds without External Clients and (ii) discretionary accounts are excluded.

For the top 3 unauthorized funds managed by the Licensed Corporation, please state the percentage AUM of investments in the domestic markets in mainland China as at the end of the financial year. (Please choose all options that are applicable to the Licensed Corporation.) [BQ17229]

- | | | <u>% AUM</u> |
|-----|--|----------------------|
| (a) | <input type="checkbox"/> <u>Exchange traded equities (excluding investments via Stock Connect)</u> | <input type="text"/> |
| (b) | <input type="checkbox"/> <u>Bonds</u> | <input type="text"/> |
| (c) | <input type="checkbox"/> <u>Commodities</u> | <input type="text"/> |
| (d) | <input type="checkbox"/> <u>Exchange traded derivatives</u> | <input type="text"/> |
| (e) | <input type="checkbox"/> <u>OTC derivatives</u> | <input type="text"/> |
| (f) | <input type="checkbox"/> <u>Private equity</u> | <input type="text"/> |
| (g) | <input type="checkbox"/> <u>Private debt</u> | <input type="text"/> |
| (h) | <input type="checkbox"/> <u>Others, please specify:</u>
<input type="text"/> | <input type="text"/> |
| (i) | <input type="checkbox"/> <u>N/A - the top 3 unauthorized funds did not hold any investments in the domestic markets in mainland China as at the end of the financial year.</u> | |

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:

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]

- Yes
- No

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

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

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]

	(A) For Licensed Corporation acting as an execution broker	(B) For Licensed Corporation acting as an asset manager
Yes	<input type="radio"/>	<input type="radio"/>
No	<input type="radio"/>	<input type="radio"/>

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]

	(A) For Licensed Corporation acting as an execution broker	(B) For Licensed Corporation acting as an asset manager
(i) Listed equities	<input type="checkbox"/>	<input type="checkbox"/>
(ii) Fixed income products	<input type="checkbox"/>	<input type="checkbox"/>
(iii) OTC derivatives	<input type="checkbox"/>	<input type="checkbox"/>
(iv) Others	<input type="checkbox"/>	<input type="checkbox"/>
	Please specify: <input style="width: 80px; height: 20px;" type="text"/>	Please specify: <input style="width: 80px; height: 20px;" type="text"/>

2 (a) Does the Licensed Corporation have a designated person or group responsible for reviewing best execution issues? [BQ17236_01]

	(A) For Licensed Corporation acting as an execution broker	(B) For Licensed Corporation acting as an asset manager
Yes	<input type="radio"/>	<input type="radio"/>
No	<input type="radio"/>	<input type="radio"/>

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]

	(A) For Licensed Corporation acting as an execution broker	(B) For Licensed Corporation acting as an asset manager
(i) Sales and trading	<input type="checkbox"/>	<input type="checkbox"/>
(ii) Legal and compliance	<input type="checkbox"/>	<input type="checkbox"/>
(iii) Information technology	<input type="checkbox"/>	<input type="checkbox"/>
(iv) Risk and control	<input type="checkbox"/>	<input type="checkbox"/>
(v) Product development	<input type="checkbox"/>	<input type="checkbox"/>
(vi) Internal audit	<input type="checkbox"/>	<input type="checkbox"/>
(vii) Others	<input type="checkbox"/>	<input type="checkbox"/>
	Please specify: <input style="width: 80px; height: 20px;" type="text"/>	Please specify: <input style="width: 80px; height: 20px;" type="text"/>

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	<input type="radio"/>	<input type="radio"/>
(ii) At least quarterly	<input type="radio"/>	<input type="radio"/>
(iii) At least semi-annually	<input type="radio"/>	<input type="radio"/>
(iv) At least annually	<input type="radio"/>	<input type="radio"/>
(v) Less frequent than annually	<input type="radio"/>	<input type="radio"/>
	Please specify: <input style="width: 80px; height: 20px;" type="text"/>	Please specify: <input style="width: 80px; height: 20px;" type="text"/>
(vi) Never	<input type="radio"/>	<input type="radio"/>
(vii) N/A - the Licensed Corporation has a designated person (ie, not a designated group) responsible for reviewing best execution issues.	<input type="radio"/>	<input type="radio"/>

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	<input type="checkbox"/>	<input type="checkbox"/>
(b) Cost	<input type="checkbox"/>	<input type="checkbox"/>
(c) Nature of order	<input type="checkbox"/>	<input type="checkbox"/>
(d) Size of transaction	<input type="checkbox"/>	<input type="checkbox"/>
(e) Speed of execution	<input type="checkbox"/>	<input type="checkbox"/>
(f) Speed of settlement	<input type="checkbox"/>	<input type="checkbox"/>
(g) Likelihood of execution	<input type="checkbox"/>	<input type="checkbox"/>
(h) Likelihood of settlement	<input type="checkbox"/>	<input type="checkbox"/>
(i) Others	<input type="checkbox"/>	<input type="checkbox"/>
	Please specify: <input style="width: 80px; height: 20px;" type="text"/>	Please specify: <input style="width: 80px; height: 20px;" type="text"/>

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	<input type="checkbox"/>	<input type="checkbox"/>
(b) Real-time monitoring	<input type="checkbox"/>	<input type="checkbox"/>
(c) Post-trade monitoring	<input type="checkbox"/>	<input type="checkbox"/>
(d) N/A - the Licensed Corporation does not have any monitoring in place to ensure best execution.	<input type="checkbox"/>	<input type="checkbox"/>
	Please provide further details (optional): <input style="width: 80px; height: 20px;" type="text"/>	Please provide further details (optional): <input style="width: 80px; height: 20px;" type="text"/>

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	<input type="radio"/>	<input type="radio"/>
No	<input type="radio"/>	<input type="radio"/>

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	<input type="radio"/>	<input type="radio"/>
No	<input type="radio"/>	<input type="radio"/>

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	<input type="radio"/>	<input type="radio"/>
No	<input type="radio"/>	<input type="radio"/>

7 (a) Does the Licensed Corporation use any third party brokers to execute orders? [BQ17241_01]

	(A) For Licensed Corporation acting as an execution broker	(B) For Licensed Corporation acting as an asset manager
Yes	<input type="radio"/>	<input type="radio"/>
No	<input type="radio"/>	<input type="radio"/>

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	<input type="checkbox"/>	<input type="checkbox"/>
(ii) Market access	<input type="checkbox"/>	<input type="checkbox"/>
(iii) Cost of execution to the Licensed Corporation	<input type="checkbox"/>	<input type="checkbox"/>
(iv) Disciplinary actions taken by regulators in respect of execution related issues	<input type="checkbox"/>	<input type="checkbox"/>
(v) Arrangements put in place by the third party brokers to fulfil their obligation to deliver best execution	<input type="checkbox"/>	<input type="checkbox"/>
(vi) Others	<input type="checkbox"/>	<input type="checkbox"/>
	Please specify: <input style="width: 80px; height: 20px;" type="text"/>	Please specify: <input style="width: 80px; height: 20px;" type="text"/>
(vii) N/A - no assessment would be carried out (in relation to best execution) by the Licensed Corporation before onboarding the third party brokers.	<input type="checkbox"/>	<input type="checkbox"/>
	Please provide further details: (optional) <input style="width: 80px; height: 20px;" type="text"/>	Please provide further details: (optional) <input style="width: 80px; height: 20px;" type="text"/>

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	<input type="radio"/>	<input type="radio"/>
No	<input type="radio"/>	<input type="radio"/>

8 (a) Does the Licensed Corporation aggregate orders of different accounts? [BQ17242_01]

	(A) For Licensed Corporation acting as an execution broker	(B) For Licensed Corporation acting as an asset manager
Yes	<input type="radio"/>	<input type="radio"/>
No	<input type="radio"/>	<input type="radio"/>

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	<input type="radio"/>	<input type="radio"/>
No	<input type="radio"/>	<input type="radio"/>
	Please specify the allocation basis: <input type="text"/>	Please specify the allocation basis: <input type="text"/>

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	<input type="radio"/>	<input type="radio"/>
No	<input type="radio"/>	<input type="radio"/>

9 (a) Does the Licensed Corporation issue Indications of Interest ("IOIs")? [BQ17243_01]

(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]

(A) For Licensed Corporation acting as an execution broker

	Yes	No
(i) Categorise IOIs as natural or non-natural?	<input type="radio"/>	<input type="radio"/>
(ii) Obtain client consent, where applicable, for issuance of IOIs?	<input type="radio"/>	<input type="radio"/>
(iii) Review the accuracy of IOIs before issuance?	<input type="radio"/>	<input type="radio"/>
(iv) Update the content of IOIs after issuance?	<input type="radio"/>	<input type="radio"/>

10 Is the Licensed Corporation able to provide any documentation to demonstrate best execution upon client request? [BQ17244]

(A) For Licensed Corporation acting as an execution broker

(B) For Licensed Corporation acting as an asset manager

Yes	<input type="radio"/>	<input type="radio"/>
No	<input type="radio"/>	<input type="radio"/>

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
<input type="text"/>	<input type="text"/>	<input type="text"/>