

參與者及交易權申請之解釋說明

Explanatory Notes for Application for Participantship and Trading Right

注意事項：

Notes :

- 申請人在遞交申請時，須連同所有在解釋說明內所列明的所須費用（如適用）、表格及文件，否則此申請將退回給申請人。
Applicants are requested to submit the application together with all the required fee(s) (if applicable), form(s) and document(s) stated in the Explanatory Notes, otherwise the application will be returned to the applicants.
- 所有款項須以劃線及抬頭為「香港交易及結算所有限公司」的支票繳付。
All payments shall be made by cheques, to be crossed and made payable to "**Hong Kong Exchanges and Clearing Limited**".
- 香港交易所已推出 Client Connect，旨為所有參與者提供一個一站式服務的平台。參與者可以透過電腦、平板電腦或手機上安全的網絡用戶界面連接。申請人須遞交 Client Connect 管理人士權限申請 / 維護表格，於成為參與者後註冊使用。有關 Client Connect 推出的資料及表格下載，請參閱 [Client Connect 網頁](#)。
HKEX introduced Client Connect to unify all Participants' access to HKEX services. Client Connect provides access for Participants through a secure web-based user interface made available via PC, tablet, and mobile. Applicants are required to submit the Client Connect Delegated Administrator Rights Application / Maintenance Form for registration upon being admitted as Participants. Please refer to the [Client Connect web corner](#) for implementation details and [form download](#).

申請成為交易所及結算所參與者的所須文件

Documents Required for Applications for Participantships of Exchanges and Clearing Houses

申請類別 Application Type	所須文件 Required Document
1. 香港聯合交易所（「聯交所」）及香港中央結算所有限公司（「中央結算所」）參與者 Participantship of The Stock Exchange of Hong Kong Limited ("SEHK") and Hong Kong Securities Clearing Company Limited ("HKSCC")	參閱附錄 A 及附錄註釋 Refer to Appendix A and Notes for Appendix
2. 香港期貨交易所有限公司（「期交所」）及香港期貨結算有限公司（「期貨結算所」）參與者 Participantship of Hong Kong Futures Exchange Limited ("HKFE") and HKFE Clearing Corporation Limited ("HKCC")	參閱附錄 B 及附錄註釋 Refer to Appendix B and Notes for Appendix
3. 聯交所期權交易所參與者及聯交所期權結算所有限公司（「聯交所期權結算所」）參與者 Options Exchange Participantship of SEHK and Clearing Participantship of The SEHK Options Clearing House Limited ("SEOCH")	參閱附錄 C 及附錄註釋 Refer to Appendix C and Notes for Appendix

申請交易權

Application for Trading Right

為符合成為相關交易所參與者的要求，所有交易所參與者必須持有至少一個相關交易所交易權。即聯交所參與者須持有一個聯交所交易權，而期交所參與者必須持有一個期交所交易權。所有新交易權是由交易所發行，每個交易權費用為港幣 50 萬元及不可轉讓。

To fulfil the participantship requirement, all Exchange Participants (EPs) are required to hold at least one Trading Right of the respective Exchanges, i.e. a Stock Exchange Participant must hold a Stock Exchange Trading Right (SETR) whereas a Futures Exchange Participant must hold a Futures Exchange Trading Right (FETR). All new Trading Rights are issued by the Exchanges at a fee of HK\$500,000 each and are non-transferable.

申請成為聯交所及中央結算所的參與者，申請人須提交以下文件：

For Participantship of SEHK and HKSCC, the applicant shall provide the following:

1. 表格1 (參與者及交易權申請)¹ ;
Form 1 (Application for Participantship and Trading Right)¹;
2. 每位個人董事之表格4A (收集個人資料聲明書) ;
Form 4A (Personal Information Collection Statement) in respect of each individual director;
3. 申請人的商業登記證之經核證為真實的副本 ;
Certified true copy of the Business Registration Certificate of the applicant;
4. 載有股權百分比的集團結構圖 ;
Group structure chart with percentage of shareholding at each level;
5. 自動轉帳直接付款授權書 (請參閱附件12)⁸ – 適用於聯交所參與者 ;
Autopay Direct Debit Authorisation Form (Attachment 12)⁸ – applicable to SEHK Participant;
6. 申請人之董事會議決案之經核證為真實的副本，議決授權申請人的一名行政人員簽署直接結算 / 全面結算參與者協議書 (請參閱附件1)² ;
Certified true copy of board resolution of the applicant authorising an officer(s) of the applicant to execute the Direct Clearing / General Clearing Participant Agreement. (Attachment 1)²;
7. 直接結算參與者 / 全面結算參與者協議²，一式兩份 ;
Direct Clearing Participant / General Clearing Participant Agreement², in duplicate;
8. 表格11 (簽訂結算協議書及更改結算關係通知)³ ;
Form 11 (Notification of Execution of Clearing Agreement and Change of Clearing Relationship)³;
9. 表格1K (收取新股發行經紀佣金的銀行戶口資料通知)³ ;
Form 1K (Notification of Bank Account Information for Receiving IPO Brokerage)³;
10. 申請費用及按金 (以劃線及抬頭為「香港交易及結算所有限公司」的支票繳付) 港幣
HK\$
(by crossed cheque made payable to "Hong Kong Exchanges and Clearing Limited")
 - i. 每個聯交所交易權的申請費用 500,000
Application fee for each Stock Exchange Trading Right
 - ii. 每一個聯交所交易權的聯交所賠償基金按金 50,000
Compensation Fund deposit in respect of each Stock Exchange Trading Right
 - iii. 每一個聯交所交易權的互保基金按金 50,000
Fidelity Fund deposit in respect of each Stock Exchange Trading Right
 - iv. 印花稅按金 5,000
Stamp duty deposit
 - v. 每一個聯交所交易權的直接結算 / 全面結算參與者參與費² 50,000
Admission Fee of Direct / General Clearing Participant in respect of each Stock Exchange Trading Right²

vi.	保證基金供款 ² Guarantee Fund contribution ²	以較高者計算 the higher of
	– 直接結算參與者 Direct Clearing Participant	(a) \$50,000 ; 或 \$50,000; or (b) 每一個聯交所交易權 \$50,000 in respect of each Stock Exchange Trading Right \$50,000
	– 全面結算參與者 General Clearing Participant	(a) \$150,000 ; 或 \$150,000; or (b) 合計每一個聯交所交易權 \$50,000 及 每一與全面結算參與者簽立結算協議 書的非結算參與者或非中華通結算參 與者 (此後稱為「非結算參與者」) \$50,000 的總數 the aggregate of \$50,000 in respect of Stock Exchange Trading Right held by the applicant and HK\$50,000 in respect of each Non- Clearing Participant or Non-China Connect Clearing Participant (hereinafter referred to as the “NCP”) with whom such General Clearing Participant has entered into a Clearing Agreement

申請人在獲得證監會發出第1類受規管活動牌照後，須提交下列文件作進一步審批：

The followings are required for further review upon the applicant has obtained SFC Type 1 license:-

11. 表格6 (開業申請) ;
Form 6 (Application for Commencement of Trading);
12. 運作及風險控制計劃書 (請參閱附件2) – 只適用於直接結算參與者及全面結算參與者 ;
An Operations and Risk Control Plan (please refer to Attachment 2) – applicable to Direct Clearing Participant and General Clearing Participant;
13. 呈交予證監會的最近期之財務報表之經核證為真實的副本 (適用於持牌法團) 或表格1E (財政狀況表) 及最近期之管理賬目，其結算日期須與財務報表或財政狀況表之結算日期相同，並截至提交日期前一個月內 ;
Certified true copy of the latest Financial Return submitted to the Securities and Futures Commission (applicable to Licensed Corporation) or a Form 1E (Financial Statement) **together** with the latest management accounts which should be made up to a date within one month from the date of submission;
14. 最近3年之已審核年度賬目(如申請人成立少於3年須提供所有已審核年度賬目)及最近12個月之每月管理賬目 (已被最近3年之已審核年度賬目涵蓋的月份除外) – 只適用於直接結算參與者及全面結算參與者 ;
Audited annual financial statements for the last 3 years (or all audited annual financial statements if the applicant was established within the last 3 years) and monthly management accounts for the previous 12 months (excluding months that are already covered in the audited annual financial statements for the last 3 years) – applicable to Direct Clearing Participant and General Clearing Participant;
15. 由證監會簽發予申請人的牌照證書之經核證為真實的副本。
Certified true copy of the Certificate of Licence of the applicant issued by the SFC.

(同時，申請人須為其中央結算及交收系統 (「中央結算系統」) 之參與及運作向結算公司呈交各項文件及表格，有關之文件及表格，請參閱附件 4。)

(Applicant should also complete and return various documents and forms to HKSCC in relation to its participation and operations in the Central Clearing and Settlement System ("CCASS"). Please refer to Attachment 4 for the list of the relevant documents and forms.)

申請成為期交所及期貨結算所的參與者，申請人須提交以下文件：

For Participantship of HKFE and HKCC, the applicant shall provide the following:

1. 表格1 (參與者及交易權申請)¹ ;
Form 1 (Application for Participantship and Trading Right)¹ ;
2. 每位個人董事之表格4A (收集個人資料聲明書) ;
Form 4A (Personal Information Collection Statement) in respect of each individual director;
3. 申請人之商業登記證之經核證為真實的副本 ;
Certified true copy of the Business Registration Certificate of the applicant;
4. 載有股權百分比的集團結構圖 ;
Group structure chart with percentage of shareholding at each level;
5. 自動轉帳直接付款授權書 (請參閱附件13)⁸ – 適用於期交所參與者 ;
Autopay Direct Debit Authorisation Form (Attachment 13)⁸ – applicable to HKFE Participant;
6. 自動轉帳直接付款授權書 (請參閱附件14)⁹ – 適用於期貨結算所參與者 ;
Autopay Direct Debit Authorisation Form (Attachment 14)⁹ – applicable to HKCC Participant;
7. 申請參與期交所期權市場的運作, 如適用 (請參閱附件3) ;
Application for trading in the Options Markets of HKFE, if applicable (please refer to Attachment 3);
8. 表格11 (簽訂結算協議書及更改結算關係通知)³ ;
Form 11 (Notification of Execution of Clearing Agreement and Change of Clearing Relationship)³;
9. 申請費用及按金 (以劃線及抬頭為「香港交易及結算所有限公司」的支票繳付) 港幣
HK\$
(by crossed cheque made payable to "Hong Kong Exchanges and Clearing Limited")
 - i. 每個期交所交易權的申請費用 500,000
Application fee for each Futures Exchange Trading Right
 - ii. 期貨結算所參與者按金 4
HKCC Participant deposit⁴
 - 結算參與者 Clearing Participant 1,500,000
 - 全面結算參與者 General Clearing Participant 7,500,000

申請人在獲得證監會發出第2類受規管活動牌照後，須提交下列文件作進一步審批：

The followings are required for further review upon the applicant has obtained SFC Type 2 license:-

10. 運作及風險控制計劃書 (請參閱附件2) – 只適用於結算參與者及全面結算參與者 ;
An Operations and Risk Control Plan (please refer to Attachment 2) – applicable to Clearing Participant and General Clearing Participant;
11. 呈交予證監會的最近期之財務報表之經核證為真實的副本 (適用於持牌法團) 或表格1E (財政狀況表) 及最近期之管理賬目，其結算日期須與財務報表或財政狀況表之結算日期相同，並截至提交日期前一個月內 ;
Certified true copy of the latest Financial Return submitted to the Securities and Futures commission (applicable to Licensed Corporation) or a Form 1E (Financial Statement) together with the latest management accounts which should be made up to a date within one month from the date of submission;
12. 最近3年之已審核年度賬目(如申請人成立少於3年須提供所有已審核年度賬目) 及最近12個月之每月管理賬目 (已被最近3年之已審核年度賬目涵蓋的月份除外) – 只適用於結算參與者及全面結算參與者 ;
Audited annual financial statements for the last 3 years (or all audited annual financial statements if the applicant was established within the last 3 years) and monthly management accounts for the previous 12 months (excluding months that are already covered in the audited annual financial statements for the last 3 years) – applicable to Clearing Participant and General Clearing Participant;
13. 由證監會簽發予申請人的牌照證書之經核證為真實的副本。
Certified true copy of the Certificate of Licence of the applicant issued by the SFC.

(同時，申請人須為其衍生產品結算及交收系統之參與及運作向期貨結算所呈交各項文件及表格，有關之文件及表格，請參閱附件 5。) **(Applicant should also complete and return various documents and forms to HKCC in relation to its participation and operations in the Derivatives Clearing and Settlement System ("DCASS"). Please refer to Attachment 5 for the list of the relevant documents and forms.)**

申請成為聯交所期權交易所的參與者及聯交所期權結算所的參與者，申請人須提交以下文件：

For Options Exchange Participantship of SEHK and Clearing Participantship of SEOCH, the applicant shall provide the following:

1. 表格1 (參與者及交易權申請)¹ ;
Form 1 (Application for Participantship and Trading Right)¹;
2. 傳真保證書⁵ ;
Facsimile Indemnity⁵;
3. 申請人之董事會議決案之經核證為真實的副本，議決授權申請人的一名行政人員簽署聯交所期權結算所參與者協議書 (請參閱附件1)⁶ ;
Certified true copy of board resolution of the applicant authorising an officer(s) of the applicant to execute and sign the SEOCH Participantship Agreement. (Attachment 1)⁶;
4. 聯交所期權結算所參與者協議，一式兩份⁶ ;
SEOCH Participantship Agreement, in duplicate⁶;
5. 表格11 (簽訂結算協議書及更改結算關係通知)³ ;
Form 11 (Notification of Execution of Clearing Agreement and Change of Clearing Relationship)³;
6. 與指定期權買賣交易所參與者訂立的期權經紀協議書之經核證為真實的副本⁷ ;
Certified true copy of the Options Broking Agreement entered with an Options Trading Exchange Participant⁷;
7. 儲備基金供款⁶ (以劃線及抬頭為「香港交易及結算所有限公司」的支票繳付) 港幣
HK\$
Contribution to the Reserve Fund⁶
(by crossed cheque made payable to "Hong Kong Exchanges and Clearing Limited")

– 直接結算參與者 Direct Clearing Participant	1,500,000
– 全面結算參與者 General Clearing Participant (若全面結算參與者已訂立三份或以上的其他結算合約，隨後每份結算合約須要繳付額外儲備\$1,500,000) (A GCP is required to pay an additional contribution of HK\$1,500,000 in respect of every Clearing Agreement entered into if that GCP is a party to three or more other Clearing Agreements.)	5,000,000

申請人在獲得證監會發出第1類受規管活動牌照後，須提交下列文件作進一步審批：

The followings are required for further review upon the applicant has obtained SFC Type 1 license:-

8. 運作及風險控制計劃書
An Operations and Risk Control Plan
 - 附件 2 - 適用於直接結算參與者/全面結算參與者
Attachment 2 – applicable to Direct Clearing Participant / General Clearing Participant
 - 附件 10 - 適用於期權買賣交易所參與者
Attachment 10 – applicable to Options Trading Exchange Participant
(同時申請成為直接結算參與者或全面結算參與者的期權買賣交易所參與者申請人並不須要另交計劃書，應將附件10第4及第5部分所要求的資料加進附件2)
(Options Trading Exchange Participant applicant applying also for Direct Clearing Participantship or General Clearing Participantship is not required to prepare a separate Operations and Risk Control Plan. Information requested under Parts 4 and 5 of Attachment 10 should be incorporated into Attachment 2.)
 - 附件 11 - 適用於期權經紀交易所參與者
Attachment 11 – applicable to Options Broker Exchange Participant

9. 呈交予證監會的最近期之財務報表之經核證為真實的副本 (適用於持牌法團) 或表格1E (財政狀況表) 及最近期之管理賬目, 其結算日期須與財務報表或財政狀況表之結算日期相同, 並截至提交日期前一個月內; Certified true copy of the latest Financial Return submitted to the Securities and Futures Commission (applicable to Licensed Corporation) or a Form 1E (Financial Statement) together with the latest management accounts which should be made up to a date within one month from the date of submission;
10. 最近3年之已審核年度賬目(如申請人成立少於3年須提供所有已審核年度賬目) 及最近12個月之每月管理賬目 (已被最近3年之已審核年度賬目涵蓋的月份除外) – 只適用於直接結算參與者及全面結算參與者; Audited annual financial statements for the last 3 years (or all audited annual financial statements if the applicant was established within the last 3 years) and monthly management accounts for the previous 12 months (excluding months that are already covered in the audited annual financial statements for the last 3 years) – applicable to Direct Clearing Participant and General Clearing Participant;

(同時, 申請人須為其衍生產品結算及交收系統之參與及運作向聯交所期權結算所呈交各項文件及表格, 有關之文件及表格, 請參閱附件6。)

(Applicant should also complete and return various documents and forms to SEOCH in relation to its participation and operations in the Derivatives Clearing and Settlement System ("DCASS"). Please refer to Attachment 6 for the list of the relevant documents and forms.)

附錄註釋 Notes for Appendix

1. 若同時申請超過一類別的參與者，申請人只須填寫一份申請表格。
Applicants who applying for more than one type of Participantships at the same time are only required to complete one application form.
2. 只適用於中央結算所參與者申請人。
Applicable to HKSCC Participantship applicants only.
3. 只適用於不欲申請成為中央結算所，期貨結算所或聯交所期權結算所參與者之聯交所，期交所或期權買賣交易所參與者申請人。
Applicable to SEHK Exchange Participantship, HKFE Exchange Participantship or Options Trading Exchange Participantship applicants who do not wish to apply for HKSCC, HKCC or SEOCH Participantship.
4. 只適用於期貨結算所參與者申請人。
Applicable to HKCC Participantship applicants only.
5. 只適用於期權買賣交易所參與者申請人。
Applicable to Options Trading Exchange Participantship applicants only.
6. 只適用於聯交所期權結算所參與者申請人。
Applicable to SEOCH Participantship applicants only.
7. 只適用於期權經紀交易所參與者申請人。已根據期權交易規則第401A(2)條訂立之期權經紀協議書的副本須經由指定的期權買賣交易所參與者交予聯交所，並由該期權買賣交易所參與者之負責人員核證為真實的副本。
Applicable to Options Broker Exchange Participantship applicants only. The designated Options Trading Exchange Participant shall submit a copy of the executed Options Broking Agreement pursuant to Options Trading Rule 401A(2) to SEHK and such copy shall be certified by a Responsible Officer of that Options Trading Exchange Participant.
8. 由 2015 年 6 月起，聯交所及期交所將強制性規定所有繳付聯交所及期交所的費用及收費（除聯交所交易費），必須以自動轉帳繳付。所有聯交所及期交所參與者申請人，需填寫並提供直接付款授權書以作安排。
With effect from June 2015, it is mandatory that all fees and charges payable to SEHK and HKFE (except SEHK Exchange trading fees) will be collected by autopay. All SEHK and HKFE Participantship applicants are required to complete and submit the Direct Debit Authorisation Form for arrangement.
9. 由 2019 年 4 月起，期貨結算所將強制性規定所有繳付期貨結算所的費用及收費，必須以自動轉帳繳付。所有期貨結算所參與者申請人，需填寫並提供直接付款授權書以作安排。
With effect from April 2019, it is mandatory that all fees and charges payable to HKCC will be collected by autopay. All HKCC Participantship applicants are required to complete and submit the Direct Debit Authorisation Form for arrangement.

(SAMPLE RESOLUTION)

CERTIFIED TRUE EXTRACT of Minutes of the Meeting of the Board of Directors of (name of Applicant) (the "Company") held on (date) at (Place) at (time) .

APPLICATION FOR ADMISSION AS A *DIRECT CLEARING/ GENERAL CLEARING PARTICIPANT OF *HONG KONG SECURITIES CLEARING COMPANY LIMITED ("HKSCC") / THE SEHK OPTIONS CLEARING HOUSE LIMITED ("SEOCH")

IT WAS RESOLVED THAT (name of Authorised Person) be authorised to execute and sign on behalf of the Company all relevant documents, including the Participant Agreement, in relation to the admission as a *Direct Clearing / General Clearing Participant of *HKSCC / SEOCH.

* Please delete where inappropriate

Dated this day of , (Year).

I / We hereby certify that this is a true and correct extract of this original Minutes of the Meeting of Directors of the Company.

Director/Company Secretary

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application) for the 24 months after commencement of new participantship.

2. Organization and Personnel		All Applicants	Ref
2.1	Please attach a group structure diagram that shows, at a minimum, the Applicant's direct and indirect holding companies, subsidiaries and branches and any other Affiliates that hold regulatory licenses or registrations and/or exchange or clearing house memberships.	()	
2.2	Please list all entity(ies) / individual(s) that hold 10% or more of the voting shares in the Applicant and provide brief background for each entity/individual.	()	
2.3	Please list the members of the Applicant's board of directors.	()	
2.4	Please provide the organization structure, including an organization chart with key departments, the approximate size of and the key positions and the job description thereof in such departments.	()	
2.5	Please provide the CV which clearly states the background and experience of each of the key staff members [Note 1], including Responsible Officers and their management (e.g. CEO), Head of Accounting/Finance, and Head of Settlement.	()	
2.6	Please describe the segregation of key duties and functions implemented to manage any potential conflict, including that between (1) trading and settlement and (2) operation and risk oversight/compliance.	()	
2.7	Please specify a designated person to be responsible for ensuring compliance with the Rules of the Exchange and the clearing houses. Please elaborate his/her relevant experience particularly on compliance functions in the securities industry. [Note 1]. Please also describe how will the designated person or your compliance department perform checks and reviews to ensure compliance with the Clearing Documentation?	()	

3. Risk Management		All Applicants	Yes No NA	Ref
3.1 Trading, credit and position limits				
3.1.1	Please describe how the following limits are implemented (e.g. whether one single limit is set for all products or limits are determined separately for different product groups/different client categories): <ul style="list-style-type: none"> • Trading limit • Credit limit • Position limit If one or more of the above limit types is not implemented, please provide the reason and advise whether alternative limits or measures are in place.		()	
3.1.2	Please provide the assessment, review and approval process of new and existing trading, credit and/or position limits, including how a margin client's credit limit will be determined.		()	
3.1.3	Will there be a maximum trading, credit and/or position limit set for each individual client? If yes, please specify the amount or percentage.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	()	
3.1.4	Will there be any aggregate trading, credit and/or position limit set at the firm level? If yes, please advise how will these limits be monitored at the firm level.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	()	
3.1.5	Will the monitoring of clients' trading, credit and/or position limits be performed automatically by system and on a real-time basis? If no, please describe the process.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	()	
3.1.6	Will a client be allowed to trade beyond the trading, credit and/or position limits granted? If yes, please describe the follow up actions that would be taken once the limits granted are exceeded.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	()	

3.1.7	Will the applicant engage in proprietary trading? <i>[Note 2]</i> If yes, please go to questions 3.1.7a-d. If no, please go to question 3.2.1.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	
3.1.7a	Please advise the expected percentage of total revenue generated by proprietary trading activities.		()
3.1.7b	Please advise the policies in setting the proprietary trading limit. How do you determine these limits?		()
3.1.7c	Please advise how will the exposure of proprietary trading (e.g. by system on real time basis or manual monitoring etc.) be monitored.		()
3.1.7d	What is the risk control mechanism on your traders? How do you prevent rogue trading in your trading books?		
3.1.7e	Please describe the arrangement and associated control measure to ensure sufficient funding is available to support proprietary trading.		()
3.2	Concentration risk monitoring and management		
3.2.1	Please describe the controls and procedures to identify, monitor and manage the risk of concentration in a particular product and/or collateral type at individual and aggregated client level (e.g. the basis of determining concentrated client positions / concentrated collateral and the follow-up actions thereof etc.). For HKSCC applicant, if there are separate controls and procedures for cash clients and margin clients, please provide both.		()
3.3	Ability to meet financial requirements and obligations of clearing houses		
3.3.1	Please describe the process to ensure there is adequate capital to meet the HKEX and SFC/HKMA requirements on an on-going basis and the steps (including notification to HKEX/SFC/HKMA) that would be taken if the actual liquid capital (or Tier 1 Capital for a Registered Institution) falls below a certain level (e.g. 120% for a licensed corporation) of the required capital level <i>[Notes 3 & 4]</i> . Will the shareholders provide funding support in case of liquid capital deficit? If yes, what is the expected duration within which good funds could be available from the shareholders to address the liquid capital deficit?	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	()
3.3.2	Please describe the cash flow projection process and indicate the frequency at which it is undertaken, and confirm that there will be a maker-checker control in place to review and validate the cash flow projection. <i>[Note 5]</i>		()
3.3.3	Please describe the procedures to monitor and review CCASS/DCASS reports and / or broadcast messages such as the estimated Marks and Margin at specific time via CCASS terminal and margin/IDM at specific time via DCASS terminal. <i>[Notes 6 & 7]</i>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> *	()
3.3.4	Please describe the actions that would be taken in case of cash flow shortfall? Will the shareholders inject funds to address the problem? If yes, what is the expected duration within which good funds could be available from the shareholders? If no, please describe the measures that would be taken to address the cash flow shortfall.		()
3.4	Manage funding, payment and other obligations during a client default event		
3.4.1	Please describe the procedures in handling a client default event.		()
3.4.2	Please advise how long the defaulting client will be allowed to arrange adequate funds to cover the margin shortfall after being notified. Please also advise the actions that will be taken when the margin shortfall is still not covered within the allowed timeframe.		()
3.4.3	Please advise the circumstances and the timing of which the liquidation of a defaulting client's portfolio would be triggered.		()
3.4.4	When there is a client default, what is the arrangement in place to bridge the funding gap and ensure the settlement obligation to the clearing house is met?		()

3.4.5	Will further transaction be allowed if a client has outstanding margin call? If yes, under what circumstance will this be allowed and the rationale thereof?	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	
3.4.6	Please advise the follow up action that will be taken for long outstanding margin amount from clients.		()
3.4.7	Will there be any waiver of margin calls? If yes, please describe the factors that would be considered in granting the waiver.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	()
3.5 Others			
3.5.1	Please describe the risk governance framework, including the committees and monitoring tools to enable proper escalation of and senior management oversight over key risks.		()
3.5.2	Please describe the process and procedures, in determining and reviewing the risk appetite of market risk and liquidity risk.		()
3.5.3	All Clearing Members must have back office computer systems that are compatible with and adequate to support their clearing activities with HKSCC/HKCC/SEACH. Please briefly describe your back office systems.		()
3.5.4	Please describe the volume of trades that you expect to clear through HKCC & SEACH and explain how your trading and clearing infrastructure is sufficient to handle this volume.		()
3.5.5	Please advise the policy on system access rights and measures (including both system and physical security measures) to prevent unauthorised access to trading/settlement systems and clearing house terminals.		()
3.5.6	Please advise the expected percentage of total revenue generated by dealing/execution activities.		()
3.5.7	Does the applicant have plans to engage in high frequency trading activities? If yes, please advise the expected percentage of total revenue generated by high frequency trading activities.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	()
3.5.8	Does the applicant have plans to engage in market making activities? If yes, please advise the expected percentage of total revenue generated by market making trading activities.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	()
3.5.9	Does the applicant have plans to engage in advisory activities? If yes, please advise the expected percentage of total revenue generated by advisory activities.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	()
3.5.10	Do you have any business continuity plan in place? If yes, please provide details.		()

3A. Risk Management HKSCC Applicants Only		<u>Yes</u> <u>No</u> <u>NA</u>	<u>Ref</u>
3.6 HKSCC - Intraday exposure controls			
3.6.1	Please confirm that there will be a process to identify a client as being an active day trade client. Please describe the process and the additional risk measures (such as the intraday exposure limit) applicable to active day trade clients.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> *	()
3.7 HKSCC - Payment, collection, settlement and custodian risk and collateral management			
3.7.1	If the applicant accepts cheque from clients for settlement obligations for CNS positions, would banking facility such as “drawing against unclear effect” be arranged to bridge the funding gap? If the answer is no, please advise how to ensure that there will be sufficient funding to fulfil its settlement obligations to HKSCC if a client’s cheque is subsequently not cleared by the bank.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	()
3.7.2	Please advise how the applicant would check the quantity of a client’s shareholding under custody before placing a sell order, and whether this will be performed by system or manually.		()

3.7.3	Would a client still be allowed to place a sell order if the shareholding under custody is insufficient? If yes, please advise the action(s) that will be taken (e.g. to require additional evidence from client regarding its other shareholding) before accepting such sell order.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	()
3.7.4	Will Marks, Margin and / or other collateral be collected from clients? If yes, please provide the relevant procedures, e.g. how is the amount calculated for each client, how is the client notified for payment and what is the settlement deadline.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	()
3.7.5	For Marks, Margin and / or other collateral not collected from clients in 3.7.4, will the applicant use its internal funding to fulfil its obligations to HKSCC? If not, please advise how the settlement obligation towards HKSCC can be met. [Notes 8 & 9] Please also advise the plan to meet the obligations arising from unexpected Marks under extremely volatile market situations. [Note 10]	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	()
3.7.6	Will the applicant consider placing Specific Stock Collateral and Specific Cash Collateral? Please describe the process and procedure. [Note 11]	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	()
3.7.7	Please confirm that there is a process to monitor the sufficiency of liquid funds (such as monitoring on gross turnover as compared to liquid funds available e.g. unencumbered bank balance and bank line). Please describe the process and procedure.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> *	()
3.7.8	Please advise how the applicant would meet its settlement obligation (e.g. using internal funding, arranging bank facilities etc.) if settlement with clients is on a delivery versus payment basis?		()
3.7.9	Will the applicant register for the use of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (China Connect Market) in this application? [Note 2] If yes, please go to questions 3.7.9a-3.7.9f. If no, please go to question 3.7.10.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	
3.7.9a	If the applicant accepts cheque from clients for settlement obligations for China Connect Securities Trades, would banking facility such as “drawing against unclear effect” in RMB be arranged to bridge the funding gap? If the answer is no, please advise how to ensure that there will be sufficient funding in RMB to fulfil its settlement obligations to HKSCC if a client’s cheque is subsequently not cleared by the bank.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	()
3.7.9b	Please advise how the applicant would check the quantity of a client’s shareholding under custody before placing a sell order, and whether this will be performed by system or manually.		()
3.7.9c	Will a client still be allowed to place a sell order if the shareholding under custody is insufficient? If yes, please advise the action(s) that will be taken (e.g. to require additional evidence from client regarding its other shareholding) before accepting such sell order.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	()
3.7.9d	Please describe the procedures to monitor and review CCASS reports and / or broadcast message for Mainland Settlement Deposit and Mainland Security Deposit at specific time via CCASS terminal. [Note 12]		()
3.7.9e	Will Mainland Settlement Deposit, Mainland Security Deposit and / or other collateral be collected from clients? If yes, please provide the relevant procedures, e.g. how is the amount calculated for each client, how is the client notified for payment and what is the settlement deadline.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	()
3.7.9f	For Mainland Settlement Deposit, Mainland Security Deposit and / or other collateral not collected from clients in 3.7.9e, will the applicant use its internal funding to fulfil its obligations to HKSCC? If not, please advise how the settlement obligation towards HKSCC can be met.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	()
3.7.10	Will the applicant accept physical shares from the clients for deposit into CCASS? If yes, please go to questions 3.7.10a-3.7.10c. If no, please go to question 3.7.11.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	

3.7.10a	Please confirm that the applicant will check the particulars of share certificates provided by clients against the reported loss certificates database to screen out defective securities. Please describe the process and procedure. <i>[Notes 13 & 14]</i>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> *	()
3.7.10b	Please confirm that the sell order for clients will only be placed after the share registrar has confirmed the validity and good title of the share certificates. Please describe the process and procedure.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> *	()
3.7.10c	Please advise the process of managing the defective securities risk, including the procedures/arrangements to pay the potential 30% extra collateral to HKSCC for defective securities. <i>[Notes 14 & 15]</i>		()
3.7.11	Will the applicant engage in securities margin financing activities? <i>[Note 2]</i> If yes, please go to questions 3.7.11a-e. If no, please go to question 3.7.12.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	
3.7.11a	Please advise the expected percentage of total revenue generated by securities margin financing activities.		()
3.7.11b	Please advise the policy regarding acceptable collaterals from clients/margin clients and the valuation method (e.g. haircut ratio) for each category of acceptable collaterals.		()
3.7.11c	Please provide a list of acceptable collaterals and the respective applicable haircut ratio.		()
3.7.11d	Will the applicant accept non-HSI stock as acceptable collateral?	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	
3.7.11e	Please describe the margin lending portfolio stress testing policy and methodology in ensuring the firm's financial soundness under market stress. Please describe the frequency of stress testing conducted, the stress scenarios considered and the follow-up and escalation process after reviewing the stress test results.		()
3.7.12	Will the applicant engage in stock borrowing (by client) activities? If yes, please advise details of stock borrowing arrangement (e.g. source of stock for borrowing, procedure to approve the stock borrowing request, what acceptable types of collateral, valuation of collateral such as haircut ratio to be applied, if applicable etc.). <i>[Note 2]</i>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	()

3B. Risk Management HKCC/SEOCB Applicants Only		Yes No NA	Ref
3.8	HKCC/SEOCB - Margin system and calculation, PTRM and CBPL monitoring		
3.8.1	Will SPAN be used in margining client? If not, please advise the calculation methodology. <i>[Note 16]</i>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	()
3.8.2	Please confirm that the margin levels set for the clients will be at least equal to, or higher than the margin levels stipulated by the clearing houses? Please describe the process and procedure. <i>[Note 17]</i>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> *	()
3.8.3	Will the applicant provide service to persons falling within the definition of "established clients" under Rule 617(b) of HKFE? If yes, please describe the measures to ensure that a call for initial margin is issued to established clients each time a new position is established and such initial margin is received in accordance with Rule 617(b). Also, please advise the procedures of maintaining proper documentation with justification for assessing and classifying established clients. <i>[Note 18]</i>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	()
3.8.4	Will specific margin be imposed on day trade client and omnibus account client? Please describe the process and procedure. For omnibus account client, please also describe the process in assessing the financial positions of the omnibus account operators.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	()
3.8.5	Will intra-day margin call(s) to clients be issued? Please describe the process and procedure, including the triggering conditions.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	()
3.8.6	Please advise the policy regarding acceptable collaterals from clients/margin clients, including a list of acceptable collaterals and the valuation method (e.g. haircut ratio) for each category of acceptable collaterals.		()

3.8.7	Will non-HSI stocks be in the list of acceptable collaterals?	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	
3.8.8	Please confirm that there will be a centralised margin call record which ensures the history of margin calls for each client can be readily established.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> *	
3.8.9	Please describe and confirm the procedures in reporting client default to the Exchanges according to the Exchange Rules. <i>[Note 19]</i>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> *	()
3.8.10	Please describe and confirm the controls and procedures to ensure full compliance with the derivatives position and reporting requirements (e.g. Large Open Position and Reporting Limit, etc.), including procedures to bring the requirements to the attention of clients. <i>[Notes 20 & 21]</i>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> *	()
3.8.11	Please describe and confirm the process and procedure in setting and monitoring the Prescribed Risk Controls using the HKATS Risk Functions (PTRM limits) <i>[Note 22]</i> (e.g. process and procedure to ensure the setting of risk limits is supported by sound justifications and properly documented).	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> *	()
3.8.12	Please describe and confirm the process and procedure to ensure the strict compliance with Capital Based Position Limit (CBPL), on both gross, net (applicable to HKCC and SEOCH) and total (applicable to SEOCH) limits.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> *	()
3.8.13	(HKCC applicant only) Please describe and confirm the controls and procedures relating to net CBPL monitoring during After-Hours Futures Trading session. <i>[Note 23]</i>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> *	()
3.8.14	Please advise the methodology along with the software and system to be used for market/credit/liquidity risk evaluation, indicating the frequency of evaluation and the list of management reports for monitoring and managing of these risks.		()
3.8.15	Please describe the derivatives portfolio stress testing policy and methodology in ensuring the firm's financial soundness under market stress. Please describe the frequency of stress testing conducted, the stress scenarios considered and the follow-up and escalation process after reviewing the stress test results.		()
3.8.16	(SEOCH applicant only) Please describe and confirm the controls to ensure client settling the exercised and assigned options contracts timely.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> *	()

3C. Risk Management GCP Applicants Only		Yes No NA	Ref
3.9	Risk Management in respect of NCP		
3.9.1	Please describe the account opening process, the criteria to be used in the approval of new NCP and the credit assessment process.		()
3.9.2	Please describe the basis to be used for determining NCP's trading and / or position limit(s) and the associated control and monitoring policies.		()
3.9.3	(HKSCC applicant only) Please describe the policies and monitoring procedures for the collection of marks, margin, Mainland Settlement Deposit and Mainland Security Deposit from NCP		()
3.9.4	(HKCC/SEOCH applicant only) Please describe the proposed margin policies and monitoring procedures, including collection schedule, types of acceptable collateral and valuation, margining in volatile market.		()
3.9.5	Please describe the credit facilities to be provided to NCP by the applicant or applicant's group company and the relevant credit policy (if applicable)		()
3.9.6	Please describe, in case of NCP default, the procedures to handle any remaining positions of the default NCP and notice to the Exchange of the default NCP.		()
3.9.7	Please describe and confirm the process and procedure in setting and monitoring the Prescribed Risk Controls <u>of NCPs</u> using the HKATS Risk Functions (PTRM limits). <i>[Note 22]</i>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> *	()

3.9.8	For applicant who is not an Exchange Participant nor applying for an Exchange Participants, please indicate whether there is any support provided by a 3rd party Exchange Participant or an affiliate that can help liquidate client's portfolio during client defaults. Please describe the process of liquidation.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	()
3.9.9	For the 3rd party Exchange Participant or an affiliate, please confirm there is a process to assess, review and monitor their creditworthiness. Please describe the process.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	()
3.9.10	Please describe, in case of GCP or any of its NCP intends to terminate the clearing agreement between them, GCP's procedures in relation to termination of the clearing agreement including notification to the Clearing Houses		()
3.9.11	Please describe the additional risk management measures regarding the clearing services to be provided to NCP (if any)		()
3.9.12	Please describe other proposed guidelines and procedures to be put in place to govern risk taking as a GCP		()

4. Declaration - All Applicants (For item that is answered yes, please give exact details.)		<u>Yes</u> <u>No</u>	<u>Ref</u>
4.1	Has the applicant conducted business under any name other than the name stated in this application in Hong Kong or elsewhere?	<input type="checkbox"/> <input type="checkbox"/>	()
4.2	Has the applicant been unable to fulfil any of its financial obligations, whether in Hong Kong or elsewhere?	<input type="checkbox"/> <input type="checkbox"/>	()
4.3	Has a petition for the bankruptcy or compulsory winding-up or equivalent insolvency event of the applicant or any of its subsidiary been presented in any jurisdiction at any time in the previous 10 years?	<input type="checkbox"/> <input type="checkbox"/>	()
4.4	Is the applicant aware that any such petition is pending?	<input type="checkbox"/> <input type="checkbox"/>	()
4.5	Is the applicant involved in any legal dispute or claims with any of the clients over the its business in Hong Kong or overseas presently or in the past 10 years?	<input type="checkbox"/> <input type="checkbox"/>	()
4.6	Has the applicant or any of its senior management (e.g. Executive Director, Responsible Officer, Manager-In-Charge of Core Functions as defined under the SFC's circular on 16 December 2016, etc.) ever been convicted in Hong Kong or elsewhere of any offence involving fraud or other dishonesty, or being imposed by the SFC/HKMA any enforcement actions (e.g. suspension or reprimand notice)?	<input type="checkbox"/> <input type="checkbox"/>	()
4.7	Has the applicant been refused the right or restricted in its right to carry on any trade, business or profession for which a specific, license, registration or other authorisation is required by law in any jurisdiction?	<input type="checkbox"/> <input type="checkbox"/>	()
4.8	Is the applicant subject to investigation by any regulatory body over its business operations in Hong Kong or overseas currently or in the past 10 years?	<input type="checkbox"/> <input type="checkbox"/>	()
4.9	Are there any planned changes to the applicant's financial structure (i.e. that would affect net capital levels) within the next 24 months?	<input type="checkbox"/> <input type="checkbox"/>	()

Further information on completion of individual questions

1. For Responsible Officers, Head of Accounting/Finance, Head of Settlement and Head of Compliance, it is expected that the officers should process sufficient relevant industry experience (as a benchmark, 3 years of relevant FRR accounting/settlement/compliance experience in the recent six years for Head of Accounting/Finance, Head of Settlement and Head of Compliance). For compliance officer, he/she should have adequate knowledge, experience and qualification in compliance functions, and be independent of all operational and business functions.
2. Please note that if the applicant plans to engage in such activity in future, the applicant is required to provide the plan with relevant policies, controls and procedures for clearing house's review prior to engaging in such activity.
3. Pursuant to Rule 215 of HKCC/Rule 403(9) of SEOCH, a Clearing Participant/Direct Clearing Participant of HKCC/SEOCH shall at all times maintain a minimum liquid capital (i.e. the greater of HKD **5 million** or liquid capital required under Financial Resources Rules. As imposed by the Board of HKSCC on 3 October 2005 and pursuant to Rule 1701 of the General Rules of CCASS, a Direct Clearing Participant of HKSCC shall at all times maintain a minimum liquid capital (i.e. HKD **3 million**). For General Clearing Participant of HKSCC, please see the liquid capital requirement under Rule 303 (together with Rule 1701) of the General Rules of CCASS.
4. Pursuant to the SEHK Rule 414(1)/HKFE Rule 506(f), an Exchange Participant shall notify the Exchange in writing immediately, the occurrence of any of the events that require notification to be given to the Commission under section 146 of the Ordinance and/or sections 54 and 55 of the Financial Resources Rules.
5. Please note that the cash flow projection should include discrete and cumulative cash flow mismatches or gaps over specified future time horizons under both expected and adverse business conditions.
6. Please note that, for CCASS, intra-day Marks report is generated at around 11:45 on each trading day and the applicant should refer to such report for funding arrangement. Day-end Marks and day-end Margin reports would only be available at around 20:15 on each trading day. For Marks and Margin obligations, the applicant should either refer to the day-end Marks and day-end Margin reports when they are available or refer to the estimations on day-end Marks and Margin via broadcast messages in CCASS at around 14:45, 15:45 and 16:45. For DCASS, Mandatory intra-day variation adjustment and margin call report (for HKCC CP only) is generated at around 10:00 and the applicant should refer to such report for arranging funding in meeting the mandatory intra-day variation adjustment and margin call. Day-end Margin reports is generated at around 20:00. Intra-day margin call is generated ad hoc and should be met by Clearing Participants within one hour after the notification.
7. Please note that, for CCASS, apart from Marks and Margin requirements, HKSCC may also collect additional cash collateral when there is risk concern on a Clearing Participant (e.g. large amount of open CNS position). For DCASS, HKCC/SEOCH may also collect additional margin when there is risk concern on a Clearing Participant (e.g. concentration of position or reaching the Capital Position Based Limit).
8. Example of controls: requiring clients to pay full amount before the applicant accepts their order, requiring clients to settle their transaction strictly on T+2 in good funds or on T+1 by cheque, imposing trading limit etc.
9. Please note that margin is collected from all Clearing Participants based on their CNS positions, not only from Clearing Participants with margin financing business.
10. Examples: contingency fund, credit lines from banks to meet the obligations arising from Marks from HKSCC.
11. Please be reminded that Clearing Participant may transfer the relevant shares to its Specific Stock Collateral accounts for short position and/or deposit Specific Cash Collateral for long position under the Common Collateral Management System. The long/short positions so covered will not be subjected to marking to market or any collateral requirements and may reduce margining position in calculating margin requirement. Such Specific Stock Collateral and/or Specific Cash Collateral will automatically be used for settlement on the settlement dates of the respective positions.
12. Please note that, for China Connect Market, Mainland Settlement Deposit is determined twice a day (both intra-day and day-end) on a daily basis while Mainland Security Deposit is determined on a monthly basis. Intra-day Mainland Settlement Deposit report is generated at around 11:50 on each trading day and the applicant should refer to such report for funding arrangement. Day-end Mainland Settlement Deposit report is generated at around 19:30 on each trading day and the applicant should refer to such report or broadcast message in CCASS at around 16:15 for funding arrangement. Mainland Security Deposit report is available after 09:00 on the first business day of each month and the applicant should refer to such report for funding arrangement.

13. Please note that defective securities risk exists when physical shares deposited by the applicant which are used by the applicant for settlement of short positions prior to the confirmation of validity and good title of the share certificates by the Registrar are later found to be defective. Please refer to CCASS Operational Procedures – Section 7 (in particular, 7.2.2 Participant's responsibility for defective Eligible Securities and 7.2.3 Immediate Credit.).
14. If the physical shares used for settlement of sell orders are found to be defective securities, HKSCC will collect 130% of the market value from the depositing participant and the collected cash collateral will be refunded until the negative share balance is rectified.
15. Please note that even if the applicant withholds 100% of the sale proceeds to a selling client until the shares are re-registered into HKSCC nominee's name is completed, there may still be an extra 30% shortfall that the applicant may be required to pay if the share certificates are found to be defective.
16. For information, please refer to the followings:
 - (i) (http://www.hkex.com.hk/eng/market/rm/rm_dcrm/rm_dcrm_clearing/Documents/Revised%20Client%20Margining%20Methodology%20v.1.0_effective%20date_20170320.pdf)
 - (ii) (http://www.hkex.com.hk/eng/market/rm/rm_dcrm/rm_dcrm_clearing/MarginingSystemOverview.htm)
 - (iii) http://www.hkex.com.hk/eng/market/partcir/hkcc/2017/Documents/Circular%20HKEX_Client%20margin_Effective_Date_20170303.pdf; and
 - (iv) Answer to Question 1 in the FAQs ([https://www.hkex.com.hk/Global/Exchange/FAQ/Derivatives-Market/Derivatives-Market-Risk-Management?sc_lang=en&Derivatives Market Risk Management](https://www.hkex.com.hk/Global/Exchange/FAQ/Derivatives-Market/Derivatives-Market-Risk-Management?sc_lang=en&Derivatives%20Market%20Risk%20Management)).
17. The clearing house may from time to time issue client margin levels as the minimum margin rates for participant's financially strongest clients, an example of the circular can be assessed here for reference: <https://www.hkex.com.hk/-/media/HKEX-Market/Services/Circulars-and-Notices/Participant-and-Members-Circulars/HKCC/2017/MC-Circular-22-September-2017.pdf>
18. A call for margin relating to the day trades of an established client might be cancelled ONLY if the established client has excellent track records and do not have a history of transacting exclusively in day trades. For details, please refer to the HKEX circular (http://www.hkex.com.hk/-/media/hkex-market/services/circulars-and-notices/participant-and-members-circulars/hkfe/2017/mo_dt_089_17_e) and SFC circular (<http://www.sfc.hk/edistributionWeb/gateway/EN/circular/doc?refNo=17EC36>)
19. Please refer to HKFE Rule 619(b) (HKCC) and Options Trading Rules of Stock Exchange Rule 431 (SEOCH).
20. Please refer to HKEX website: (http://www.hkex.com.hk/eng/market/dv_tradinfo/lop.htm).
21. Please refer to SFC'S Guidance Note: (<https://www.sfc.hk/-/media/EN/assets/components/codes/files-current/web/guidance-note-on-position-limits-and-large-open/guidance-note-on-position-limits-and-large-open-position-reporting-requirements.pdf>)
22. Information on PTRM can be found at HKEX website: (https://www.hkex.com.hk/eng/market/dv_tradinfra/ptrm.htm).
23. Please refer to HKCC Rules and Procedures: https://www.hkex.com.hk/-/media/HKEX-Market/Services/Rules-and-Forms-and-Fees/Rules/HKCC/Rules/HKATS_5.pdf?la=en

[to be printed in Company's letterhead paper]

SPECIMEN

Date:

Hong Kong Exchanges and Clearing Limited
6/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

Attn: Trading Department

Dear Sir

Application for trading in the Options Markets of HKFE

We, (Name of Applicant), hereby apply for the approval from the Hong Kong Futures Exchange ("HKFE") to trade in the Options markets. We have met the relevant requirements as prescribed by HKFE:-

- ◆ Installation of HKATS has been completed / is now in the process; and
- ◆ (Name of System) system will be used to handle option margining.

Should you have any queries, please contact (Name, Tel No. & Email of the contact person).

Yours faithfully

**Signature of the Applicant with
Company's Authorised Signature Chop**
(Name and Title in Block Letters)

申請結算公司參與者適用之文件及表格

Document and Forms applicable to Applications for Participation of HKSCC

注意事項：

Notes：

1. 申請人須為其中央結算及交收系統（「中央結算系統」）之參與及運作向結算公司呈交下列文件及表格。結算公司在接獲申請後，將會提供有關之文件及表格予申請人填寫。
Applicant should complete and return the following documents and forms to HKSCC in relation to its participation and operations in the Central Clearing and Settlement System ("CCASS"). HKSCC will provide the relevant documents and forms to the applicant upon receipt of the application.
2. 申請人須呈交予結算公司董事會議決案之經核證為真實的副本，議決授權申請人的一名行政人員給予結算公司有關申請人在中央結算系統之參與及運作之所有事宜的書面指示（請參閱附件7）；
Applicant should provide to HKSCC a certified true copy of the board resolution authorising an officer(s) of the applicant to give written instructions to HKSCC in connection with any matters arising from the applicant's participation and operations in CCASS of HKSCC (please refer to Attachment 7);
3. 申請人在填寫有關文件或表格時，如有疑問或需要協助，請聯絡中央結算系統熱線（電話：2979-7111）。
Should the applicant have any question or require assistance when completing the documents or forms, please contact CCASS hotline at 2979-7111.

文件及表格

Documents and Forms

*(結算公司在接獲申請後，將會提供下列之文件及表格予申請人填寫)
(The following documents and forms will be provided by HKSCC to the applicant upon receipt of the application.)*

1. 下列之結算系統的現金結算授權書：
The following authorisation forms for effecting the CCASS money settlement:
 - i. 直接扣賬授權及資料申報授權書
Direct Debit Authorisation and Authorisation to Disclose Information Form;
 - ii. 電子付款指示扣賬及資料申請授權書；及
Debit Authorisation for Electronic Payment Instruction and Authorisation to Disclose Information Form; and
 - iii. 票據交換所自動轉賬系統 (CHATS) 付款指示扣賬及資料申報授權書；
Debit Authorisation for Clearing House Automated Transfer System (CHATS) Payment Instruction and Authorisation to Disclose Information Form;
2. 以票據交換所自動轉賬系統付款指示 (CPI) 繳付即日差額繳款、即日按金及即日內地結算備付金常設指示；
Standing Instruction for Settlement of Intra-day Marks, Intra-day Margin and Intra-day Mainland Settlement Deposit by CHATS Payment Instruction (CPI);
3. 新參與者公司資料表格；
Company Particulars Form for New CCASS Participant;
4. Form W-8BEN-E, Certificate of Status of Beneficial Owner for United States Tax Withholding and Reporting (Entities) or any relevant form as applicable
5. 「獲授權簽署人仕」名單及簽署式樣；
List of Authorised Signatories with Specimen Signatures;
6. 新參與者獨立股份戶口表格；
Stock Segregated Account Maintenance Form for New Participant;
7. Authorisation to HKSCC on Causing Endorsements to be made on Instruments of Transfer as Selling Broker's Agent;

8. 安裝CCASS/3 終端機申請表;
Application for Installation of CCASS/3 Terminal(s);
9. CCASS/ CCMS SDNet Line Service通知書;
CCASS/ CCMS SDNet Line Service Notification Form;
10. 新參與者的聰明卡申請表;
Smartcard Request Form for New CCASS Participant;
11. 新參與者的管理人士的使用組別資料;
User Profile for Delegated Administrator for New CCASS Participant;
12. 股票結算及交收費用折扣申請, 如適用:
Application for Scrip Fee Concession, if applicable:
 - i. 由於業務改組而申請股票結算及交收費用折扣之申請表格及持股量確認書;
Application Form for Scrip Fee Concession due to Business Restructuring & Confirmation of Shareholdings;
 - ii. 申請交收指示費用及提取費用折扣;
Application for Concessions on SI Fee and Stock Withdrawal Fee;
 - iii. 退還交收指示及提取費用之付款授權及董事會會議紀錄, 如適用; 及
Payment Authorisation for Refund of SI and Stock Withdrawal Fees & Certified True Extract of Minutes of the Board of Directors, if applicable; and
 - iv. 由於業務改組而申請轉移應收股票之申請表, 如適用
Application Form for Transfer of Receivables on Stock Entitlements due to Business Restructuring, if applicable

申請期貨結算所參與者適用之文件及表格

Documents and Forms applicable to Applications for Participation of HKCC

注意事項：

Notes：

1. 申請人須為其衍生產品結算及交收系統之參與及運作向期貨結算所呈交下列文件及表格。期貨結算所在接獲申請後，將會提供有關之文件及表格予申請人填寫。
Applicant should complete and return the following documents and forms to HKCC in relation to its participation and operations in the Derivatives Clearing and Settlement System ("DCASS"). HKCC will provide the relevant documents and forms to the applicant upon receipt of the application.
2. 申請人須呈交予期貨結算所董事會議決案之經核證為真實的副本，議決委任授權簽署人簽署及/或給予期貨結算所有關申請人在其衍生產品結算及交收系統之運作之所有事宜的書面指示（請參閱附件8）；
Applicant should provide to HKCC a certified true copy of the board resolution to appoint the Authorised Signatories of the applicant for signing various prescribed forms and/or giving written instructions to HKCC in connection with any matters arising from the Company's participation and operations in DCASS and the Common Collateral Management System (please refer to Attachment 8);
3. 申請人在填寫有關文件或表格時，如有疑問或需要協助，請聯絡DCASS熱線（電話：2979-7222）。
Should the applicant have any question or require assistance when completing the documents or forms, please contact DCASS Hotline at 2979-7222.

文件及表格：

Documents and Forms：

*(期貨結算所在接獲申請後，將會提供下列文件及表格予申請人填寫)
(The following documents and forms will be provided by HKCC to the applicant upon receipt of the application.)*

1. 每個交收貨幣兩份直接扣款授權書；
Two Direct Debit Mandates for each settlement currency;
2. 「獲授權簽署人仕」名單及簽署式樣；
List of Authorised Signatories with Specimen Signatures;
3. 聯絡人名單；
Contact Persons List;
4. Form W-8BEN-E, Certificate of Status of Beneficial Owner for United States Tax Withholding and Reporting (Entities) or any relevant form as applicable
5. 衍生產品結算及交收系統申請及特許使用的合約，一式兩份；
DCASS Subscription and Licence Agreement, in duplicate;
6. DCASS 使用者維護設定申請表；
DCASS User Account Maintenance Form;

7. CCASS/CCMS SDNet Line Service 通知書 ;
CCASS/CCMS SDNet Line Service Notification Form;
8. DCASS Production/Testing Line Application and/or Change of SDNet Bandwidth Notification 申請表 ;
DCASS Production/Testing Line Application and/or Change of SDNet Bandwidth Notification Form;
9. 新參與者的聰明卡申請表 ;
Smart Card Request Form for New Participant;
10. 新參與者的管理人士的使用組別資料 ;
User Profile for Delegated Administrator for New Participant;
11. Sharing of CCASS3/CCMS Terminal to Access CCMS/CCASS 申請表
Sharing of CCASS3/CCMS Terminal to Access CCMS/CCASS Form

申請聯交所期權結算所參與者適用之文件及表格

Documents and Forms applicable to Applications for Participantship of SEOCH

注意事項：

Notes：

1. 期權交易參與者申請人須為其衍生產品結算及交收系統之參與及運作向聯交所期權結算所呈交下列文件及表格。聯交所期權結算所在接獲申請後，將會提供有關之文件及表格予申請人填寫。
Options Trading Exchange Participantship applicant should complete and return the following documents and forms to SEOCH in relation to its participation and operations in the Derivatives Clearing and Settlement System ("DCASS"). SEOCH will provide the relevant documents and forms to the applicant upon receipt of the application.
2. 申請人須呈交予聯交所期權結算所董事會議決案之經核證為真實的副本，議決以下（請參閱附件9）：
Applicant should provide to SEOCH the certified true copy of board resolution(s) of the applicant resolving the following (please refer to Attachment 9)：
 - 授權申請人的一名行政人員簽署、衍生產品結算及交收系統許可使用協議、及傳真保證書；
to authorise an officer(s) of the applicant to sign the DCASS Subscription and Licence Agreement and Facsimile Indemnity;
 - 批准聯交所期權結算所可轉移申請人存放的抵押品及交收款項指令及授權一名申請人的行政人員代申請人簽署指令；
to approve the Mandate authorising SEOCH to transfer collateral and settlement amount deposited by the applicant and to authorise an officer(s) of the applicant to sign the Mandate on behalf of the applicant;
 - 批准聯交所期權結算所抵押品之抵押契約，並授權一名行政人員代申請人簽署及執行該抵押契約及蓋申請人的印章於該契約；
to approve the Deed of Charge Relating to SEOCH Collateral and to authorise an officer(s) to sign and execute the Deed of Charge on behalf of the applicant and to affix the common seal of the applicant thereto;
 - 委任授權簽署人處理所有有關其參與為聯交所期權結算所參與者之所有事宜；
to appoint Authorised signatories for all matters relating to its participation as an SEOCH Participant; and
 - 批准授權簽署人代表申請人進行的職能；
to approve the functions to be carried out by the authorised signatories on behalf of the applicant;
3. 申請人在填寫有關文件或表格時，如有疑問或需要協助，請聯絡DCASS熱線（電話：2979-7222）。
Should the applicant have any question or require assistance when completing the documents or forms, please contact DCASS Hotline at 2979-7222.

文件及表格：

Documents and Forms：

(聯交所期權結算所在接獲申請後，將會提供下列文件及表格予申請人填寫。)
(The following documents and forms will be provided by SEOCH to the applicant upon receipt of the application.)

1. 每個交收貨幣兩份直接扣款授權書；
Two Direct Debit Mandates for each settlement currency;
2. 聯絡人名單；
Contact Persons List;

3. Form W-8BEN-E, Certificate of Status of Beneficial Owner for United States Tax Withholding and Reporting (Entities) or any relevant form as applicable
4. 授權聯交所期權結算所轉移抵押品及交收款項予香港中央結算所有限公司之指令 ;
Mandate authorising SEOCH to transfer collateral and settlement amount to Hong Kong Securities Clearing Company Limited;
5. 「獲授權簽署人士」名單及簽署式樣 ;
List of Authorised Signatories with Specimen Signatures;
6. 傳真保證書 ;
Facsimile Indemnity;
7. 抵押契約 · 一式兩份 ;
Deed of charge, in duplicate;
8. 衍生產品結算及交收系統申請及特許使用的合約 · 一式兩份 ;
DCASS Subscription and Licence Agreement, in duplicate;
9. DCASS 使用者維護設定申請表 ;
DCASS User Account Maintenance Form;
10. CCASS/ CCMS SDNet Line Service 通知書 ;
CCASS/ CCMS SDNet Line Service Notification Form;
11. DCASS Production/Testing Line Application and/or Change of SDNet Bandwidth Notification 申請表 ;
DCASS Production/Testing Line Application and/or Change of SDNet Bandwidth Notification Form;
12. 新參與者的聰明卡申請表 ;
SmartCard Request Form for New Participant;
13. 新參與者的管理人士的使用組別資料 ;
Use Profile for Delegated Administrator for New Participant;
14. Sharing of CCASS3/CCMS Terminal to Access CCMS/CCASS 申請表
Sharing of CCASS3/CCMS Terminal to Access CCMS/CCASS Form

(SAMPLE RESOLUTION)

CERTIFIED TRUE EXTRACT of Minutes of the Meeting of the Board of Directors of _____ (Company Name) held on _____ (Date) at (Place) at _____ (Time).

- Please tick “√” in appropriate boxes below

APPLICATIONS FOR ADMISSION AS A DIRECT CLEARING / GENERAL CLEARING PARTICIPANT OF HONG KONG SECURITIES CLEARING COMPANY LIMITED ("HKSCC")

IT WAS RESOLVED THAT, upon being admitted as a Direct Clearing / General Clearing Participant of HKSCC, the following list of signatories ("Authorised Signatories") be authorised to give written instructions to HKSCC in connection with any matters arising from the Company's participation and operations in Central Clearing and Settlement System ("CCASS") and that

- any one of the Authorised Signatories signing alone shall be valid/
- any two of the Authorised Signatories signing jointly shall be valid/
- any two of Group A or any one Group A and any one of Group B of the Authorised Signatories signing jointly shall be valid/
- company chop must be affixed in addition to signature(s):
- company chop is not required to be affixed in addition to signature(s):
- others: _____

No.	Full Name in English	Signing Group (if applicable)

IT WAS FURTHER RESOLVED THAT the Company shall hold HKSCC harmless against any and all claims that may arise by reason of HKSCC acting on such written instructions of the Authorised Signatories and HKSCC shall incur no liabilities for or in respect of any such action.

Dated this day of _____ (Year).

I / We hereby certify that this is a true and correct extract of this original Minutes of the Meeting of Directors of the Company.

Director/ Company Secretary

[This sample resolution is published by Hong Kong Exchanges and Clearing Limited ("HKEX") for reference only. HKEX and its subsidiaries accept no liability (whether in tort or contract or otherwise) for any loss or damage arising from any omission, inaccuracy or errors.]

(SAMPLE RESOLUTION)

Certified True Extract of Minutes of the Meeting of the Board of Directors of
 _____(Company Name)

held on _____(Date) at _____(Time) at which a quorum was present.

- Please tick “√” in appropriate boxes below

“IT WAS RESOLVED:

1. **THAT** with effect from _____, the list of Authorised Signatories of the Company for signing various prescribed forms of, and/or giving written instructions to The HKFE Clearing Corporation Limited (“HKCC”) in connection with any matters arising from the Company’s participation and operations in the Derivatives Clearing and Settlement System (“DCASS”) and the Common Collateral Management System (“CCMS”) be changed to the following and that

- any one of the Authorised Signatories signing alone shall be valid/
- any two of the Authorised Signatories signing jointly shall be valid/
- any two of Group A or any one Group A and any one of Group B of the Authorised Signatories signing jointly shall be valid/
- company chop must be affixed in addition to signature(s):
- company chop is not required to be affixed in addition to signature(s):
- others: _____

No.	Full Name in English	Signing Group (if applicable)

2. **THAT** the aforesaid changes be communicated to HKCC in accordance with such requirements as it may prescribe for updating its records;
3. **THAT** the Company shall hold HKCC harmless against any and all claims that may arise by reason of HKCC acting on such written instructions of the Authorised Signatories and HKCC shall incur no liability for or in respect of any such action; and
4. **THAT** these resolutions supersede all previous authorisations and be communicated to HKCC and shall as between the Company and HKCC be conclusive evidence of the passing of such resolutions and remain in force until amending resolutions to supersede them have been passed by the Company’s Board of Directors and communicated to HKCC.”

Certified By:

 (Signature)

 (Date Signed)

Name of Signatory:

Position: Director / Company Secretary

[This sample resolution is published by Hong Kong Exchanges and Clearing Limited (“HKEX”) for reference only. HKEX and its subsidiaries accept no liability (whether in tort or contract or otherwise) for any loss or damage arising from any omission, inaccuracy or errors.]

(SAMPLE RESOLUTION)

CERTIFIED TRUE EXTRACT of Minutes of the Meeting of the Board of Directors of
 _____(Company Name) held on
 _____(Date) at _____(Place) at _____(Time).

APPLICATION FOR ADMISSION AS AN SEOCH PARTICIPANT IN THE SEHK OPTIONS CLEARING HOUSE LIMITED ("SEOCH")

IT WAS RESOLVED THAT _____(name of Authorised Person) be authorised to execute and sign on behalf of the Company all relevant documents, including DCASS Subscription and Licence Agreement and Facsimile Indemnity, in relation to the application for admission as an SEOCH Participant.

IT WAS FURTHER RESOLVED THAT the Mandate authorising SEOCH to transfer collateral and settlement amount to Hong Kong Securities Clearing Company Limited be approved by the Company and that _____(name of Authorised Person) be authorised to sign the Mandate on behalf of the Company.

IT WAS FURTHER RESOLVED THAT the Deed of Charge relating to SEOCH Collateral be approved and that (any one of the Directors of the Company or any two of the Directors of the Company) be authorised to sign and execute the Deed of Charge on behalf of the Company and that the common seal of the Company be affixed to the Deed of Charge wherever necessary.

IT WAS FURTHER RESOLVED THAT the following persons be appointed as authorised signatories of the Company ("Authorised Signatories") to give written instructions to SEOCH for all matters relating to its participation as an SEOCH Participant of SEOCH with signing mandate listed below:

No.	Full Name in English	Signing Group (if applicable)

Signing Mandate for the instructions listed under a, b and c below:

- Please tick "✓" in appropriate boxes below
- any one of the Authorised Signatories signing alone shall be valid/
 - any two of the Authorised Signatories signing jointly shall be valid/
 - any two of Group A or any one Group A and any one of Group B of the Authorised Signatories signing jointly shall be valid/
 - company chop must be affixed in addition to signature(s):
 - company chop is not required to be affixed in addition to signature(s):
 - others: _____
- a) for signing various prescribed forms of, and/or giving written instructions to SEOCH in connection with any matters arising from the Company's participation and operations in the Derivatives Clearing and Settlement System ("DCASS") and the Common Collateral Management System ("CCMS") and that
- b) to give notice of all subsequent changes in any of the information previously provided to SEOCH relating to the Company's application for SEOCH Participantship; and
- c) to give any other formal written instructions to SEOCH.

IT WAS FURTHER RESOLVED THAT the Company shall hold SEOCH harmless against any and all claims that may arise by reason of SEOCH acting on the written instructions of the Authorised Signatories.

Certified By:

 (Signature)

 (Date Signed)

Name of Signatory:

Position: Director / Company Secretary

[This sample resolution is published by Hong Kong Exchanges and Clearing Limited ("HKEX") for reference only. HKEX and its subsidiaries accept no liability (whether in tort or contract or otherwise) for any loss or damage arising from any omission, inaccuracy or errors.]

Guidelines for Contents of Operations & Risk Control Plan
*(please mark-up the relevant section in your Plan
with reference to the Guidelines for review)*

An applicant for admission as an Options Trading Exchange Participant of The Stock Exchange of Hong Kong Limited ("SEHK") should submit an Operation & Risk Control Plan containing (at a minimum) the following information:

Description
<p>1. Overview of the Business</p> <p>An outline of the strategies and aims of the applicant, specifically addressing the following: -</p> <ul style="list-style-type: none">(i) group ownership chart showing:<ul style="list-style-type: none">(a) ultimate holding company and fellow subsidiaries;(b) their place of incorporation;(c) percentage of shareholding among the group companies;(ii) the following entities (if any) within the group should be identified in the group chart:<ul style="list-style-type: none">(a) member / participant of other stock exchange or futures exchange in Hong Kong or overseas;(b) licensed bank, restricted bank or deposit taking company in Hong Kong or overseas;(c) listed company in Hong Kong or overseas stock exchange and name of the exchange;(iii) types of business, including:<ul style="list-style-type: none">(a) proprietary trading;(b) automated trading system;(c) securities borrowing and lending;(iv) types of client (e.g. cash, margin, omnibus account etc);(v) source of client base; and(vi) the category of The SEHK Options Clearing House ("SEOCH") Participants intending to apply for or the settlement arrangement with the proposed clearing agent, as appropriate.
<p>2. Organization and personnel</p> <p>A description of the organization structure, including the following:</p> <ul style="list-style-type: none">(i) an organization chart with key departments, approximate size and positions in those departments;(ii) background and experience of key staff members, including the risk management staff monitoring the derivatives trading business;(iii) job description of key staff along with the controls in segregation of key duties and functions; and(iv) specify a designated person to be responsible for ensuring compliance with the Rules of the Exchange and/or the clearing house. This person should have adequate knowledge, experience and qualification in compliance functions, and be independent of all operational and business functions. The relevant experience and qualifications of this person should be included.

3. Risk Management

The applicant should provide description in the following areas:

- (i) account opening process, including assessment, and approval of new client account, trading and / or position limits;
- (ii) controls to monitor client trading activities and compliance with the assigned trading and/ or position limits;
- (iii) proposed risk management policies and monitoring procedures, among the others, the following:
 - (a) method in margining client (e.g. SPAN);
 - (b) level of margining, including initial margin, intra-day margin and variation adjustment;
 - (c) policy on collection of minimum margin before opening position for the client;
 - (d) policy on margining day trading client and omnibus account client;
 - (e) types of acceptable collateral and valuation;
 - (f) margining client during volatile market;
 - (g) margin call schedule and records;
 - (h) monitoring of concentration of client positions;
 - (i) client default procedures;
- (iv) policies and controls in monitoring proprietary trading, including approval of trading strategy, imposition of limit, independent assessment and monitoring exposure and arranging sufficient funding (if applicable);
- (v) controls and procedures to comply with the derivatives position and reporting requirements (e.g. Position limit and Reporting level, etc), including procedures to bring the requirements to the attention of clients;
- (vi) controls in reporting client default to the Exchanges according to the Exchange Rules;
- (vii) procedures in assessing the financial positions of the omnibus account operators and their margining policy;
- (viii) methodology along with software and system to be used for risk valuation, including mark to market policy, frequency of valuation and list of management reports used for controlling and monitoring risks;
- (ix) controls to ensure client settle the exercised and assigned options contracts timely;
- (x) stock borrowing arrangement, including sources of borrowing, nature of collateral and valuation (if applicable);
- (xi) controls and procedures to monitor compliance with the financial requirements of the relevant Exchanges;
- (xii) policies and controls in setting and monitoring the Prescribed Risk Controls using the HKATS Risk Functions (PTRM limits);and
- (xiii) Other guidelines and procedures to be put in place to govern risk taking.

4. Dealing Procedures

A description of the actual or proposed software package to be used by the applicant along with a brief overview of the order routing procedures, method of order receipt (e.g. telephone, automatic trading system, Multi-workstation System and/or Broker Supplied System, etc.) and controls to prevent unauthorised access to the trading system.

5. Operation

A description of the software package to be used by the applicant along with a brief overview of the intended Operation and Accounting System and procedures, including:

- (i) generating dealing documents and accounting records;
- (ii) settlement arrangement with the clearing agent, and controls to meet the settlement obligation towards the clearing agent (if the applicant is not applying for SEOCH Participantship), including margin rates and collection;
- (iii) reconciliation of internal records and third party statements, including bank account and clearing agent account, and monitoring procedures;
- (iv) record keeping policies; and
- (v) internal security procedures.

The above areas are by no means exhaustive. The applicant should include any additional procedures, which they consider necessary to address the risks to which the applicant's liquidity position and ability to comply with the Exchange financial requirements are exposed.

Guidelines for Contents of Operations & Risk Control Plan
*(please mark-up the relevant section in your Plan
with reference to the Guidelines for review)*

An applicant for admission as an Options Broker Exchange Participant of The Stock Exchange of Hong Kong Limited (“SEHK”) should submit an Operation & Risk Control Plan containing (at a minimum) the following information:

Description
<p>1. Background</p> <p>A description of the following: -</p> <ul style="list-style-type: none">(i) group ownership chart showing ultimate shareholders and/or holding company and fellow group companies, percentage of shareholding and place of incorporation;(ii) background and relevant experience of the key management staff monitoring the Exchange Traded Options trading activities; and(iii) type of client (e.g. institutional, retail, hedge fund)
<p>2. Arrangement with the Options Exchange Trading Participant (“OTEP”)</p> <p>An outline of the arrangement, including the following:</p> <ul style="list-style-type: none">(i) overview of the orders routing procedures, including software package and/or manual procedures, to relay orders to the OTEP;(ii) position limits set by the OTEP on the applicant’s proprietary trades and the client trades and controls to monitor compliance with the limits;(iii) settlement arrangement with the OTEP and controls to meet the settlement obligation towards the OTEP;(iv) reconciliation of internal records with statements from the OTEP and monitoring procedures; and(v) back office support, if any, provided by the OTEP to the applicant (e.g. calculation of margin call, preparation of contract notes and statement of accounts to applicant’s client).
<p>3. Operation</p> <p>The applicant should provide description in the following areas: -</p> <ul style="list-style-type: none">(i) margin call arrangement, including method in margining client (e.g. SPAN), timing to settle the margin call, types of acceptable collateral and valuation, margining in volatile market;(ii) list of management reports used for controlling and monitoring client risk exposures;(iii) controls to ensure client settle the exercised and assigned options contracts timely;(iv) controls and procedures to comply with the Position limit and Reporting level, including reporting of position held or controlled by the applicant and client;(v) controls and procedures to monitor compliance with the financial requirements of the Exchange; and(vi) software package to be used for generation of dealing documents and accounting records.

The above areas are by no means exhaustive. The applicant should include any additional procedures, which they consider necessary to address the risks to which the applicant's liquidity position and ability to comply with the Exchange financial requirements are exposed.

DIRECT DEBIT AUTHORISATION (Generic Set-up) 直接付款授權書

Date 日期	day 日 / month 月 / year 年

- Note 注意:**
- Please tick where applicable. 請在適當的地方加上剔號。
 - For HSBC customers, please return the completed form to the Bank or mail to Automatic Payments Centre, Payment Services at P O Box 72677, Kowloon Central Post Office, Kowloon, Hong Kong. You may also set up the direct debit authorisation through HSBC Internet Banking. For non-HSBC customers, please complete and return this form to your banker. 如屬滙豐客戶，請將已填妥的表格交回本行或寄回九龍中央郵政局郵政信箱 72677 號匯款服務自動轉賬中心。您亦可透過滙豐網上理財設立直接付款授權。如非滙豐客戶，請依次填寫並將此授權書交給貴戶的往來銀行。
 - Your Direct Debit Authorisation set up request will normally be processed within 4 working days (excluding Saturday, Sunday and public holiday) upon receipt of your form. 在一般情況下，本行將在收到您的直接付款授權的設立申請表後四個工作天內（不包括星期六、日及公眾假期）處理您的申請。

Name of Party to be Credited (<i>The Beneficiary</i>) 收款的一方 (收款人) THE STOCK EXCHANGE OF HONG KONG LIMITED		Bank No. 銀行號碼 0 0 4	Branch No. 分行號碼 5 0 0	Account No. 戶口號碼 8 3 0 6 9 0 2 9 2
My/Our Bank Name and Branch 本人(等)的銀行及分行的名稱		Bank No. 銀行號碼	Branch No. 分行號碼	My/Our Account No. 本人(等)的戶口號碼
My/Our Name(s) as recorded on Statement/Passbook (<i>in Block Letters</i>) 本人(等)在結單/存摺上所紀錄的名稱 (請以英文正楷填寫)				
Contact Telephone No. 聯絡電話號碼	Maximum Limit for 最高付款限額 <i>Note 注意: If blank, the debtor's bank will set as "unlimited". 如無填寫，付款銀行會將轉賬限額設定為「不設上限」。</i> <input type="checkbox"/> Each Payment 每次 <input type="checkbox"/> Each Month 每月		Expiry Date (<i>day/month/year</i>) 到期日 (日/月/年) <i>Note 注意: If blank, this authorisation shall have effect until further notice and Expiry Date should be greater than 3 months. 如無填寫，此直接付款授權書將無限期有效直至另行通知及到期日必須大於三個月。</i>	
My/Our Address as recorded on Statement/Passbook 本人(等)在結單/存摺上所紀錄的地址				
Debtor Name (<i>in Block Letters</i>) 付款人名稱 (請以英文正楷填寫) <i>Note 注意: Please specify if other than Account Holder. 如非戶口持有人，請填寫。</i>			Debtor Reference (<i>Compulsory Field</i>) 付款人編號 (必填之欄) (Reference between yourself and the party to be credited 貴賬戶與收款一方的編號)	
Declaration (<i>For HSBC Customer Only</i>) 聲明 (只適用於滙豐客戶)				
<p>1. I/We hereby authorise my/our above named Bank to effect transfers from my/our account to that of the above named beneficiary in accordance with such instructions as my/our Bank may receive from the beneficiary and/or its banker and/or its banker's correspondent from time to time provided always that the amount of any one such transfer shall not exceed the limit indicated above. 本人(等)現授權本人(等)的上述銀行，(根據收款人或其往來銀行及/或代理行不時給予本人(等)銀行的指示)自本人(等)的戶口內轉賬予上述收款人。惟每次轉賬金額不得超過以上指定的限額。</p> <p>2. I/We agree that my/our Bank shall not be obliged to ascertain whether or not notice of any such transfer or reversal notice has been given to me/us. 本人(等)同意本人(等)的銀行毋須證實該等轉賬通知或沖銷通知是否已交予本人(等)。</p> <p>3. I/We jointly and severally accept full responsibility for any overdraft (or increase in existing overdraft) on my/our account which may arise as a result of any such transfer(s). 如因該等轉賬而令本人(等)的戶口出現透支(或令現時的透支增加)，本人(等)願共同及個別承擔全部責任。</p> <p>4. I/We understand that I/we must maintain sufficient funds in the account one business day (before the close of branch banking hours) before the transfer date (as specified in the instructions received by my/our Bank from the beneficiary and/or its banker and/or its banker's correspondent from time to time) for the transfer authorised herein. I/We agree that should there be insufficient funds in my/our account to meet any transfer authorised herein, my/our Bank will be entitled, at its absolute discretion, not to effect such a transfer in which event the Bank may levy its usual charges and may cancel this authorisation at any time without notification to me/us. For the avoidance of doubt, the Bank may cancel this authorisation at its sole discretion at any time without prior notice. 本人(等)明白本人(等)須在指定的轉賬日期(即根據本人(等)的銀行從收款人或其往來銀行及/或代理行不時收到的指示)前一個營業日(分行辦公時間內)，在戶口內備有足夠款項以便支付該等授權轉賬。本人(等)並同意如本人(等)的戶口並無足夠款項支付該等授權轉賬，本人(等)的銀行有絕對酌情權不予轉賬，且本人(等)的銀行可收取慣常的收費，並可隨時取消該等授權轉賬且毋須通知本人(等)。為避免疑問，本人(等)的銀行可隨時自行決定取消該等授權轉賬且毋須通知本人(等)。</p> <p>5. This direct debit authorisation shall have effect until further notice or until the expiry date written above (whichever shall first occur). I/We agree that if no transaction is performed on my/our account under such authorisation for a continuous period of 30 months, my/our Bank reserves the right to cancel the direct debit arrangement without prior notice to me/us, even though the authorisation has not expired or there is no expiry date for the authorisation. 本直接付款授權書將繼續生效直至另行通知為止或直至上列到期日為止(以兩者中最早的日期為準)。本人(等)同意如本人(等)已設立直接付款授權的戶口連續三十個月內未有根據本授權而作出過賬的紀錄，本人(等)的銀行保留權利取消本直接付款安排而毋須另行通知本人(等)，即使本授權書並未到期或未有註明授權到期日。</p> <p>6. I/We agree that any notice of cancellation or variation of this authorisation which I/we may give to my/our Bank shall be given at least two working days prior to the date on which such cancellation/variation is to take effect. 本人(等)同意，本人(等)取消或更改本授權書的任何通知，須於取消/更改生效日最少兩個工作天之前交予本人(等)的銀行。</p>				
My/Our Bank Account Signature(s) 本人(等)銀行戶口的簽署				
X				
For Bank Use Only 銀行專用	Remarks			Branch Chop

>> APC-NSC

Staff ID

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APC26R18-m (170811) FW

DIRECT DEBIT AUTHORISATION (Generic Set-up) 直接付款授權書

Date 日期	day 日 / month 月 / year 年

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Name of Party to be Credited (<i>The Beneficiary</i>) 收款的一方 (收款人) HONG KONG FUTURES EXCHANGE LIMITED		Bank No. 銀行號碼 0 0 4	Branch No. 分行號碼 6 0 0	Account No. 戶口號碼 3 9 2 6 8 2 0 0 1
My/Our Bank Name and Branch 本人(等)的銀行及分行的名稱		Bank No. 銀行號碼	Branch No. 分行號碼	My/Our Account No. 本人(等)的戶口號碼
My/Our Name(s) as recorded on Statement/Passbook (<i>in Block Letters</i>) 本人(等)在結單/存摺上所紀錄的名稱 (請以英文正楷填寫)				
Contact Telephone No. 聯絡電話號碼	Maximum Limit for 最高付款限額 <i>Note 注意: If blank, the debtor's bank will set as "unlimited". 如無填寫, 付款銀行會將轉賬限額設定為「不設上限」。</i> <input type="checkbox"/> Each Payment 每次 <input type="checkbox"/> Each Month 每月		Expiry Date (<i>day/month/year</i>) 到期日 (日/月/年) <i>Note 注意: If blank, this authorisation shall have effect until further notice and Expiry Date should be greater than 3 months. 如無填寫, 此直接付款授權書將無限期有效直至另行通知及到期日必須大於三個月。</i>	
My/Our Address as recorded on Statement/Passbook 本人(等)在結單/存摺上所紀錄的地址				
Debtor Name (<i>in Block Letters</i>) 付款人名稱 (請以英文正楷填寫) <i>Note 注意: Please specify if other than Account Holder. 如非戶口持有人, 請填寫。</i>		Debtor Reference (<i>Compulsory Field</i>) 付款人編號 (必填之欄) (Reference between yourself and the party to be credited 貴賬戶與收款一方的編號)		
Declaration (<i>For HSBC Customer Only</i>) 聲明 (只適用於滙豐客戶)				
<p>1. I/We hereby authorise my/our above named Bank to effect transfers from my/our account to that of the above named beneficiary in accordance with such instructions as my/our Bank may receive from the beneficiary and/or its banker and/or its banker's correspondent from time to time provided always that the amount of any one such transfer shall not exceed the limit indicated above. 本人(等)現授權本人(等)的上述銀行, (根據收款人或其往來銀行及/或代理行不時給予本人(等)銀行的指示)自本人(等)的戶口內轉賬予上述收款人。惟每次轉賬金額不得超過以上指定的限額。</p> <p>2. I/We agree that my/our Bank shall not be obliged to ascertain whether or not notice of any such transfer or reversal notice has been given to me/us. 本人(等)同意本人(等)的銀行毋須證實該等轉賬通知或沖銷通知是否已交予本人(等)。</p> <p>3. I/We jointly and severally accept full responsibility for any overdraft (or increase in existing overdraft) on my/our account which may arise as a result of any such transfer(s). 如因該等轉賬而令本人(等)的戶口出現透支(或令現時的透支增加), 本人(等)願共同及個別承擔全部責任。</p> <p>4. I/We understand that I/we must maintain sufficient funds in the account one business day (before the close of branch banking hours) before the transfer date (as specified in the instructions received by my/our Bank from the beneficiary and/or its banker and/or its banker's correspondent from time to time) for the transfer authorised herein. I/We agree that should there be insufficient funds in my/our account to meet any transfer authorised herein, my/our Bank will be entitled, at its absolute discretion, not to effect such a transfer in which event the Bank may levy its usual charges and may cancel this authorisation at any time without notification to me/us. For the avoidance of doubt, the Bank may cancel this authorisation at its sole discretion at any time without prior notice. 本人(等)明白本人(等)須在指定的轉賬日期(即根據本人(等)的銀行從收款人或其往來銀行及/或代理行不時收到的指示)前一個營業日(分行辦公時間內), 在戶口內備有足夠款項以便支付該等授權轉賬。本人(等)並同意如本人(等)的戶口並無足夠款項支付該等授權轉賬, 本人(等)的銀行有絕對酌情權不予轉賬, 且本人(等)的銀行可收取慣常的收費, 並可隨時取消該等授權轉賬且毋須通知本人(等)。為避免疑問, 本人(等)的銀行可隨時自行決定取消該等授權轉賬且毋須通知本人(等)。</p> <p>5. This direct debit authorisation shall have effect until further notice or until the expiry date written above (whichever shall first occur). I/We agree that if no transaction is performed on my/our account under such authorisation for a continuous period of 30 months, my/our Bank reserves the right to cancel the direct debit arrangement without prior notice to me/us, even though the authorisation has not expired or there is no expiry date for the authorisation. 本直接付款授權書將繼續生效直至另行通知為止或直至上列到期日為止(以兩者中最早的日期為準)。本人(等)同意如本人(等)已設立之直接付款授權的戶口連續三十個月內未有根據本授權書作出過賬的紀錄, 本人(等)的銀行保留權利取消本直接付款安排而毋須另行通知本人(等), 即使本授權書並未到期或未有註明授權到期日。</p> <p>6. I/We agree that any notice of cancellation or variation of this authorisation which I/we may give to my/our Bank shall be given at least two working days prior to the date on which such cancellation/variation is to take effect. 本人(等)同意, 本人(等)取消或更改本授權書的任何通知, 須於取消/更改生效日最少兩個工作天之前交予本人(等)的銀行。</p>				
My/Our Bank Account Signature(s) 本人(等)銀行戶口的簽署				
Remarks		Branch Chop		
For Bank Use Only 銀行專用				

>> APC-NSC

Staff ID

DIRECT DEBIT AUTHORISATION (Generic Set-up) 直接付款授權書

Date 日期	day 日 / month 月 / year 年

- Note 注意：**
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Name of Party to be Credited (<i>The Beneficiary</i>) 收款的一方 (收款人) HKFE CLEARING CORPORATION LIMITED		Bank No. 銀行號碼 0 0 4	Branch No. 分行號碼 5 6 7	Account No. 戶口號碼 8 3 4 2 4 7 0 0 3
My/Our Bank Name and Branch 本人(等)的銀行及分行的名稱		Bank No. 銀行號碼	Branch No. 分行號碼	My/Our Account No. 本人(等)的戶口號碼
My/Our Name(s) as recorded on Statement/Passbook (<i>in Block Letters</i>) 本人(等)在結單/存摺上所紀錄的名稱 (請以英文正楷填寫)				
Contact Telephone No. 聯絡電話號碼	Maximum Limit for 最高付款限額 <i>Note 注意: If blank, the debtor's bank will set as "unlimited". 如無填寫, 付款銀行會將轉賬限額設定為「不設上限」。</i> <input type="checkbox"/> Each Payment 每次 <input type="checkbox"/> Each Month 每月		Expiry Date (<i>day/month/year</i>) 到期日 (日/月/年) <i>Note 注意: If blank, this authorisation shall have effect until further notice and Expiry Date should be greater than 3 months. 如無填寫, 此直接付款授權書將無限期有效直至另行通知及到期日必須大於三個月。</i>	
My/Our Address as recorded on Statement/Passbook 本人(等)在結單/存摺上所紀錄的地址				
Debtor Name (<i>in Block Letters</i>) 付款人名稱 (請以英文正楷填寫) <i>Note 注意: Please specify if other than Account Holder. 如非戶口持有人, 請填寫。</i>			Debtor Reference (<i>Compulsory Field</i>) 付款人編號 (必須之欄) (Reference between yourself and the party to be credited 貴賬戶與收款一方的編號)	
Declaration (<i>For HSBC Customer Only</i>) 聲明 (只適用於滙豐客戶)				
<p>1. I/We hereby authorise my/our above named Bank to effect transfers from my/our account to that of the above named beneficiary in accordance with such instructions as my/our Bank may receive from the beneficiary and/or its banker and/or its banker's correspondent from time to time provided always that the amount of any one such transfer shall not exceed the limit indicated above. 本人(等)現授權本人(等)的上述銀行, (根據收款人或其往來銀行及/或代理行不時給予本人(等)銀行的指示)自本人(等)的戶口內轉賬予上述收款人。惟每次轉賬金額不得超過以上指定的限額。</p> <p>2. I/We agree that my/our Bank shall not be obliged to ascertain whether or not notice of any such transfer or reversal notice has been given to me/us. 本人(等)同意本人(等)的銀行毋須證實該等轉賬通知或沖銷通知是否已交予本人(等)。</p> <p>3. I/We jointly and severally accept full responsibility for any overdraft (or increase in existing overdraft) on my/our account which may arise as a result of any such transfer(s). 如因該等轉賬而令本人(等)的戶口出現透支(或令現時的透支增加), 本人(等)願共同及個別承擔全部責任。</p> <p>4. I/We understand that I/we must maintain sufficient funds in the account one business day (before the close of branch banking hours) before the transfer date (as specified in the instructions received by my/our Bank from the beneficiary and/or its banker and/or its banker's correspondent from time to time) for the transfer authorised herein. I/We agree that should there be insufficient funds in my/our account to meet any transfer authorised herein, my/our Bank will be entitled, at its absolute discretion, not to effect such a transfer in which event the Bank may levy its usual charges and may cancel this authorisation at any time without notification to me/us. For the avoidance of doubt, the Bank may cancel this authorisation at its sole discretion at any time without prior notice. 本人(等)明白本人(等)須在指定的轉賬日期(即根據本人(等)的銀行從收款人或其往來銀行及/或代理行不時收到的指示)前一個營業日(分行辦公時間內), 在戶口內備有足夠款項以便支付該等授權轉賬。本人(等)並同意如本人(等)的戶口並無足夠款項支付該等授權轉賬, 本人(等)的銀行有絕對酌情權不予轉賬, 且本人(等)的銀行可收取慣常的收費, 並可隨時取消該等授權轉賬且毋須通知本人(等)。為免疑問, 本人(等)的銀行可隨時自行決定取消該等授權轉賬且毋須通知本人(等)。</p> <p>5. This direct debit authorisation shall have effect until further notice or until the expiry date written above (whichever shall first occur). I/We agree that if no transaction is performed on my/our account under such authorisation for a continuous period of 30 months, my/our Bank reserves the right to cancel the direct debit arrangement without prior notice to me/us, even though the authorisation has not expired or there is no expiry date for the authorisation. 本直接付款授權書將繼續生效直至另行通知為止或直至上列到期日為止(以兩者中最早的日期為準)。本人(等)同意如本人(等)已設立直接付款授權的戶口連續三十個月內未有根據本授權書作出過賬的紀錄, 本人(等)的銀行保留權利取消本直接付款安排而毋須另行通知本人(等), 即使本授權書並未到期或未有註明授權到期日。</p> <p>6. I/We agree that any notice of cancellation or variation of this authorisation which I/we may give to my/our Bank shall be given at least two working days prior to the date on which such cancellation/variation is to take effect. 本人(等)同意, 本人(等)取消或更改本授權書的任何通知, 須於取消/更改生效日最少兩個工作天之前交予本人(等)的銀行。</p>				
My/Our Bank Account Signature(s) 本人(等)銀行戶口的簽字				
X				
For Bank Use Only 銀行專用	Remarks			Branch Chop

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