THE STOCK EXCHANGE OF HONG KONG LIMITED
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

Checklists and information to support applications to become eligible issuers of non-collateralised[1] listed structured products on the Exchange under Chapters 15A of the Listing Rules (Issuer Eligibility Checklist)

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The application for issuer eligibility should be accompanied by:

(a) The above checklists which should be completed and signed by the senior compliance officer acting as the authorised representative or a licensed/registered person supervising the SP Business;

(b) The required information specified in each checklist. Information submitted should be numbered to correspond with the question numbers in each checklist; and

(c) Any other information to support the eligibility application which is not mentioned above or other matters which you would like to bring to the Exchange's attention.

In addition to determining the applicant's basic eligibility, the required information in the above checklists facilitate the Exchange to conduct a comprehensive assessment of the applicant's suitability and capability *(Listing Rule 15A.11)*. The applicant should notify the Exchange of any changes to the information and/or confirmations provided to the Exchange from time to time in connection with the application or where the applicant has become aware of any matters or changes in circumstance that may affect the Exchange's assessment of its application.

Compliance with the checklists does not mean or guarantee that the applicant will be approved as an eligible issuer.

[1] Applicant should contact the Exchange for information required to be submitted for application to become an eligible issuer of collateralised listed structured products.

Definitions

The terms used in these checklists have the same meanings as those defined under the Listing Rules, unless otherwise defined below.

"AQ"	Active quotes
"Group"	The applicant and its holding companies, subsidiaries and fellow subsidiaries
"HKMA"	Hong Kong Monetary Authority
"LP System"	Liquidity provision system
"QR"	Quote requests
"SFC"	Securities and Futures Commission
"SP(s)"	Listed structured product(s) on the Exchange
"SP Business"	The proposed business to issue and list structured products on the Exchange
"SP Team"	The team conducting the SP Business

BASIC ELIGIBILITY REQUIREMENTS AND OTHER INFORMATION[1]

BASIC ELIGIBILITY REQUIREMENTS

Name of the applicant (issuer) : _____

Name of the guarantor
(in the case of guaranteed issue) : _____

Name of the entity fulfilling the following requirements:

- Shareholders' equity requirement : _____
  (Listing Rule 15A.12)
- Regulated entity requirement : _____
  (Listing Rule 15A.13(3))
- Credit rating requirement : _____
  (Listing Rule 15A.13(1))

Question	Yes	No	Required Information
The applicant			
1. Does the applicant have total shareholders' equity of not less than HK$5 billion as shown in its latest published audited consolidated financial statements; and any more recent published consolidated interim financial statements? ***(Listing Rule 15A.12)***			If the answer is Yes, provide the following: (a) audited consolidated financial statements for each of the last two financial years, and, where available, the more recent consolidated interim financial statement; (b) the total shareholders' equity as reported in each of the financial statements provided in (a) above; and (c) the audit opinion for each audited financial statements provided in (a) above, specifying whether the opinion is unqualified.
2. Does the applicant hold an investment grade credit rating awarded by all recognised credit rating agencies[2] from which it has sought a credit rating[3]?			Provide the following: (a) all credit ratings awarded by recognised credit rating agencies where sought;

1 Applicable to non-collateralised structured products only.
2 Credit rating agencies recognised by the Exchange are Moody's Investors Service, Inc., S&P Global Ratings and Fitch Ratings Inc.
3 Refers to long term issuer credit ratings.

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Question	Yes	No	Required Information
(Listing Rule 15A.13(1))			(b) credit rating reports of the credit ratings provided in (a) above; and (c) credit ratings awarded by recognised credit rating agencies where sought in the past 2 years. If the answer is No, skip questions 3.
3. If the answer in question 2 above is Yes, is such credit rating under review for possible downgrading to a rating lower than investment grade credit rating? ***(Listing Rule 15A.13(1))***			If the answer is Yes, provide credit rating reports.
4. Is the credit rating requirement fulfilled by the applicant's holding company[4]? ***(Listing Rule 15A.13(1))***			If the answer is Yes, provide the following: (a) name of the holding company; (b) relationship between the holding company and the applicant; and (c) shareholding diagram illustrating the relationship. If the answer is No, skip questions 5 and 6.
5. If the answer in question 4 is Yes, does the holding company hold investment grade credit ratings awarded by all recognised credit rating agencies[5] from which it has sought a credit rating[6]? ***(Listing Rule 15A.13(1))***			Provide the following: (a) all credit ratings awarded by recognised credit rating agencies where sought; and (b) credit rating reports of the credit ratings provided in (a) above. .
6. If the answer in question 5 above is Yes, is such credit rating under review for possible downgrading to a rating lower than investment grade credit rating?			If the answer is Yes, provide credit rating reports.

[4] A holding company may be the immediate parent, any intermediate holding company or the ultimate holding company.
[5] See footnote 2.
[6] See footnote 3.

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Question	Yes	No	Required Information
(Listing Rule 15A.13(1))			
7. Is the applicant regulated by the SFC? ***(Listing Rule 15A.13(3))***			Provide the following: (a) a confirmation that it is regulated by the SFC for the conduct of the business of dealing in securities in Hong Kong and be licensed or registered under the prescribed sections of the Securities and Futures Ordinance; (b) a copy of the notification to the Intermediaries Division of the SFC of its intention to become an issuer of SPs[7]; and (c) a confirmation that it has given to the Intermediaries Division of the SFC as much detail of the proposed issue as is available at the time of notification.
8. Is the applicant regulated by the HKMA? ***(Listing Rule 15A.13(3))***			If the answer is Yes, provide the following: (a) a copy of the notification to HKMA of its intention to become an issuer of SPs[8]; and (b) a confirmation that it has given to the HKMA as much detail of the proposed issue as is available at the time of notification.
9. Is the applicant regulated by an overseas regulatory authority (for the purpose of meeting regulated entity requirement)? ***(Listing Rule 15A.13(3))***			If the answer is Yes, state the name of the regulatory authority.

[7] Before granting approval on eligibility, the Exchange expects to receive a confirmation from the applicant that the SFC and/or the HKMA, as the case may be, has not indicated any material concerns or raised any adverse comments on the applicant's intention to issue SPs.

[8] See footnote 7.

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Note: For items 10 to 19, where the SP Business does not involve guaranteed issues, choose "N/A" and no supporting information is required.

Question	Yes	No	N/A	Required Information
The Guarantor (in the case of guaranteed issue) ***(Listing Rule 15A.14)***				
10. Did the guarantor have total shareholders' equity of not less than HK$5 billion in its latest published audited consolidated financial statements and consolidated interim financial statements? ***(Listing Rules 15A.12, 15A.14)***				Provide the following: (a) audited consolidated financial statements for each of the last two financial years, and, where available, the more recent consolidated interim financial statements; (b) the total shareholders' equity as reported in each of the financial statements provided in (a) above; and (c) the audit opinion for each of the financial statements provided in (a) above, specifying whether the opinion is unqualified.
11. Does the guarantor hold an investment grade credit rating awarded by all recognised credit rating agencies[9] from which it has sought a credit rating[10]? ***(Listing Rules 15A.13(1), 15A.14)***				Provide the following: (a) all credit ratings awarded by recognised credit rating agencies where sought; (b) credit rating reports of the credit ratings provided in (a) above; and (c) credit ratings awarded by recognised credit rating agencies where sought in the past 2 years. If the answer is No, skip question 12.
12. If the answer in question 11 above is Yes, is such credit rating under review for possible downgrading to a rating lower than an investment grade credit rating? ***(Listing Rules 15A.13(1), 15A.14)***				If the answer is Yes, provide credit rating reports.

[9] See footnote 2.
[10] See footnote 3.

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Question	Yes	No	N/A	Required Information
13. Is the credit rating requirement fulfilled by the guarantor's holding company[11]? ***(Listing Rules 15A.13(1), 15A.14)***				If the answer is Yes, provide the following: (a) name of the holding company; (b) relationship between the holding company, guarantor and the applicant; and (c) shareholding diagram illustrating the relationship. If the answer is No, skip questions 14 and 15.
14. If the answer in question 13 above is Yes, does the holding company hold investment grade credit ratings awarded by all recognised credit rating agencies[12] from which it has sought a credit rating[13]? ***(Listing Rules 15A.13(1), 15A.14)***				Provide the following: (a) all credit ratings awarded by recognised credit rating agencies where sought; and (b) credit rating reports of the credit ratings provided in (a) above.
15. If the answer in question 14 above is Yes, is such credit rating under review for possible downgrading to a rating lower than an investment grade credit rating? ***(Listing Rules 15A.13(1), 15A.14)***				If the answer is Yes, provide credit rating reports.
16. Is the guarantor regulated by the SFC? ***(Listing Rules 15A.13(3), 15A.14)***				If the answer is Yes, provide the following: (a) a confirmation that it is regulated by the SFC for the conduct of the business of dealing in securities in Hong Kong and be licensed or registered under the prescribed sections of the Securities and Futures Ordinance;

[11] See footnote 4.
[12] See footnote 2.
[13] See footnote 3.

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Question	Yes	No	N/A	Required Information
				(b) a copy of the notification to Intermediaries Division of the SFC regarding its intention to act as guarantor of the SPs; and (c) a confirmation that it has given to the Intermediaries Division of the SFC as much detail of the proposed guarantee as is available at the time of notification.
17. Is the guarantor regulated by the HKMA? ***(Listing Rules 15A.13(3), 15A.14)***				If the answer is Yes, provide the following: (a) a copy of the notification to HKMA regarding the intention of the guarantor to guarantee the SPs; and (b) a confirmation that it has given to the HKMA as much detail of the proposed guarantee as is available at the time of notification.
18. Is the guarantor regulated by an overseas regulatory authority (for the purpose of meeting regulated entity requirement)? ***(Listing Rules 15A.13(3), 15A.14)***				If the answer is Yes, state the name of the regulatory authority.
19. Is the guarantor the ultimate holding company of the group to which the applicant belongs? ***(Listing Rule 15A.16(2))***				Provide shareholding diagram showing the relationship between the applicant and the guarantor. If the answer is No, provide the following: (a) reasons for not having the ultimate holding company to act as the guarantor; and (b) relevant supporting information for having the proposed entity as the guarantor.

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Notes:
- For items 20 to 33, please choose "Yes" to indicate confirmation and provide reasons if the answer is "No".
- Skip items 25 to 32 where the SPs are not guaranteed issues.

Confirmation	Yes	No	Required Information
The applicant			
20. The applicant is not a private company. ***(Listing Rule 15A.10)***			Provide supporting document. A legal opinion may be required where the supporting document is insufficient to clearly establish that the applicant is not a private company.
21. The obligations of the applicant under the SPs are legal, valid, binding and are enforceable in accordance with the terms of the structured products. ***(Listing Rule 15A.17A(1))***			Provide a legal opinion in due course.
22. The SPs are issued in conformity with the laws of the place in which the applicant is incorporated or otherwise established and in conformity with the applicant's memorandum and articles of association or equivalent documents. ***(Listing Rule 15A.17A(2))***			
23. All authorisations needed for the creation and issue of the SPs under such laws or documents have been duly given. ***(Listing Rule 15A.17A(3))***			
24. The applicant is duly incorporated or otherwise established under the laws of the place in which it is incorporated or otherwise established. ***(Listing Rule 15A.17A(4))***			
The guarantor (in the case of guaranteed issue)			
25. The guarantor is not a private company. ***(Listing Rule 15A.16(1))***			Provide supporting document. A legal opinion may be required where the supporting document is insufficient to

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Confirmation	Yes	No	Required Information
			clearly establish that the guarantor is not a private company.
26. The guarantee constitutes legal, valid and binding obligations of the guarantor and is enforceable in accordance with its terms. ***(Listing Rule 15A.18(1))***			Provide the following in due course: (a) the form of guarantee; and (b) a legal opinion.
27. The guarantor is unconditionally and irrevocably liable for the due and punctual performance of the obligations of the applicant arising under any SPs as primary obligor in accordance with the terms and conditions of the SPs. ***(Listing Rule 15A.18(2))***			
28. In the event of liquidation, administration or analogous action of the applicant, both of the following will not be affected. (a) The guarantee constitutes legal, valid and binding obligations of the guarantor and is enforceable in accordance with its terms; and (b) The guarantee and the guarantor's unconditional and irrevocable liability for the due and punctual performance of the obligations of the applicant arising under any SPs as primary obligor in accordance with the terms and conditions of the SPs. ***(Listing Rule 15A.18(3))***			
29. (in case of guaranteed issued pursuant to a base listing document) The conditions in Listing Rules 15A.18(1) to 15A.18(3) will apply to all SPs to be issued from time to time pursuant to the base listing document to which the guarantee relates during the period of the guarantee. ***(Listing Rule 15A.18(3A))***			

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Confirmation	Yes	No	Required Information
30. The guarantee is issued in conformity with the laws of the place in which the guarantor is incorporated or otherwise established and in conformity with the guarantor's memorandum and articles of association or equivalent documents. ***(Listing Rule 15A.18(3B))***			Provide the following in due course: (a) the form of guarantee; and (b) a legal opinion.
31. All authorisations needed for the issue of the guarantee under such laws or documents have been duly given. ***(Listing Rule 15A.18(3C))***			
32. The guarantor is duly incorporated or otherwise established under the laws of the place in which it is incorporated or otherwise established. ***(Listing Rule 15A.18(3D))***			
The SPs			
33. The SPs must be Eligible Securities from the date on which dealings in them are to commence. ***(Listing Rule 15A.78)***			Confirm it has (a) entered into a letter of undertaking to comply with the rules and procedures of the Hong Kong Securities Clearing Company Limited ("**HKSCC**"), and (b) submitted all other documents required by the HKSCC for the acceptance of SPs it may issue from time to time as Eligible Securities for deposit, clearance and settlement in CCASS.

OTHER INFORMATION

Question	Yes	No	Required Information
The applicant			
34. Is the applicant required to obtain licences or regulatory approvals (whether in Hong Kong or overseas) to conduct the SP Business?			If the answer is Yes, state the type of licences or approvals required. If the answer is no, skip question 35.
35. Has the applicant obtained all licences or regulatory approvals mentioned in question 34 above?			If the answer is No, state reasons and when such licences or approvals will be obtained.

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Question	Yes	No	Required Information
The SPs			
36. Are the terms of the SPs governed by Hong Kong law?			If the answer is No, state reasons.

Submitted by: _____ Date: _____
Signature

_____
Name and Position

EXPERIENCE OF THE GROUP

Name of the applicant : _____

Note: For items 2 to 5, provide reasons if the answer is "No".

Question	Yes	No	Required Information
1. Has the Group issued and managed derivative products with similar product features as those of the SPs?			If the answer is Yes, provide the following information in respect of the derivative products: (a) name of the entity issuing and managing the derivative products and relationship with the applicant; (b) place of operation; (c) years of operation; (d) track record for each product type in the last three years – number of products issued; issuance size and (for listed products) turnover; (e) description of (together with numerical illustration) product features; how does the product work and how is payout determined. What are the similarities and differences of the derivative products compared to the SPs; (f) hedging arrangements[1]; relevancy of the hedging experience to the SPs; (g) types of underlying assets; (h) whether the derivative products are authorised by the SFC or supervised by other regulatory bodies; and (i) (for unlisted products only) Investor type and number of investors. If the answer is No, skip questions 2 and 3. Instead, provide information to support that

[1] Refers to hedging strategies and hedging instruments.

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Question	Yes	No	Required Information
			the Group as an institution has the infrastructure and capability to manage issuance and listing of the SPs. The submission should cover areas including infrastructure and framework in respect of compliance, risk management and operations.
2. Is the Group's existing risk management framework for the derivative products applicable to the SP Business?			Describe the current risk management policies and procedures[2] which are applicable to the SPs and explain the relevancy.
3. Is the Group's existing operations experience for the derivative products applicable to the SP Business?			Describe the existing operation processes[3] which are applicable to the SP Business and explain the relevancy.
4. Are the Group's existing compliance policies and procedures applicable to the SP Business and listing of the SP Business?			Describe the existing policies and procedures which are applicable to the SP Business and explain the relevancy.
5. Does the Group have market making experience in structured products, futures, options, ETFs or other similar products?			If the answer is Yes, describe the experience including product types, years of experience and how such market making experience is relevant to the SP Business.

[2] The risk management policies and procedures refer to the identification and assessment of risks and determination of risk appetites and risk limits; ongoing monitoring, controlling and reporting; escalation and resolution procedures for breaches; and stress testing and contingency planning.

[3] Covers operations relating to events occurring during product life cycle such as adjustment of terms due to corporate actions of underlying securities; settlement price calculation and payment.

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Question	Yes	No	Required Information
6. Is the Group (including liquidity provider) subject to any disciplinary actions, offence and material regulatory investigation by local or overseas regulatory authorities in the past five years, which may have an implication on the SP Business or indicate deficiency in governance framework or internal controls or otherwise affect suitability of the applicant/guarantor/liquidity provider in conducting the SP Business ("**Disciplinary Record**")?			Provide a full list of Disciplinary Record irrespective of materiality. Provide remedial measures which have been taken, where applicable.

Submitted by: _____ Date: _____
Signature

_____
Name and Position

EXPERIENCE OF THE SP TEAM

Name of the applicant : _____

Note: Choose "Yes" to indicate confirmation and provide reasons if the answer is "No".

Confirmation	Yes	No	Required Information
1. The SP Team is adequately staffed to conduct the SP Business, including backup coverage.			(a) Provide an organisation chart / reporting line of SP Team by functions and committees; (b) state number of staff members in each function[1]; and (c) describe back-up coverage to ensure smooth operation of each function.
2. The key persons in each of the functions below are suitably qualified with adequate experience relevant to the SP Business:			
(a) trading;			For each key person, provide the following: (a) number of years of relevant experience[2]; (b) description of the experience (including titles and exact roles; only include experience which is relevant to the current role); and
(b) compliance[3];			
(c) risk management[4];			
(d) sales and marketing[5]; and			
(e) operations[6].			

1 It is expected that the trading function should have a minimum of two traders and both should have trading experience in derivative products.

2 It is generally expected that key persons should have the following industry experience or academic / professional qualification:
(a) at least 5 years of experience in respective field over past 8 years; or
(b) at least 3 years of experience in respective field over past 6 years; and hold (i) a degree in relevant field or (ii) internationally recognised professional qualification; or
(c) worked for another listed structured products issuer in Hong Kong in the same capacity for at least 3 years over past 6 years.

3 The key person should have compliance experience in covering securities market in Hong Kong (e.g. compliance with SFO and relevant codes and guidance).

4 The key person should have risk management experience in equity derivative products.

5 The key person should have marketing experience of retail securities products in Hong Kong.

6 The key person should have experience in life cycle management of equity derivative products in Hong Kong.

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Confirmation	Yes	No	Required Information
			(c) CV (including relevant working experience, academic and professional qualification).
3. A senior member of the SP Team with adequate supervisory experience is responsible for regulatory oversight.			(a) Provide name of the senior staff member; (b) describe his/her experience to substantiate capability to provide effective supervision and monitoring of the performance and due compliance of applicable rules and regulations relating to the SP Business; and (c) (for the Exchange's reference) state if the senior staff member is a Responsible Officer (approved by SFC), an Executive Officer (approved by HKMA) or a licensed person in Hong Kong.
4. SP Team members have obtained all required licences to conduct the SP Business, where required.			Where applicable, provide the type of licence obtained.
5. All SP Team members are located in Hong Kong.			Provide the location(s) of local office in Hong Kong. Where any functions or members of the SP Team are based outside of Hong Kong or will not be available during Hong Kong business hours, provide the following: (a) (i) names of such functions or such members' names and functions to which they belong; and (ii) their overseas location(s); (b) governance structure to support supervision of the overseas functions or staff by senior staff members licensed in Hong Kong; and (c) operational arrangements for fulfilling the SP Business obligations; liaison with the Exchange; and answering

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Confirmation	Yes	No	Required Information
			investors' enquiries, where applicable.
6. The applicant will inform the Exchange in case of departure and replacement of key personnel in its first year of operation[7].			
7. In the event of an exit from the SPs market, the applicant will ensure it can meet all continuing obligations (including liquidity provision) until expiry of all products.			

Submitted by: _____ Date: _____
Signature

_____
Name and Position

[7] The Exchange reserves the right to re-assess the applicant's eligibility status upon changing of key personnel leading to failure to meet continuing obligations.

LIQUIDITY PROVISION

Name of the applicant : _____

Notes:
- For items 5 to 20, if the answer is "No", provide reasons and alternative arrangements to achieve the objectives.
- Satisfactory market rehearsal result has to be obtained from Trading Operations Department of the Exchange before formal eligibility approval will be given. Please contact the Trading Operations Department to arrange for testing.

Question	Yes	No	Required Information
Liquidity provider			
1. Is the liquidity provider a member of the Group[1]?			Provide the name of the liquidity provider and the relationship with the applicant.
2. Is the liquidity provider regulated by the SFC?			Provide the following: (a) a confirmation that it is regulated by the SFC for the conduct of the business of dealing in securities in Hong Kong and be licensed or registered under the prescribed sections of the Securities and Futures Ordinance; and (b) a copy of the notification to the Intermediaries Division of the SFC of its intention to become the liquidity provider of SPs[2].
3. Is the liquidity provider an Exchange Participant?			
LP System			
4. Is the LP System currently used by the Group or other market players?			If the answer is Yes, provide the name of the LP System. Where the LP System is currently used by the Group, provide the name(s) of the entity. State whether the system has any material deficiency.

1 The appointment of third party liquidity provider requires separate discussion and approval with the Exchange.
2 Before granting approval on eligibility, the Exchange expects to receive a confirmation from the applicant that the SFC has not indicated any material concerns or raised any adverse comments on the liquidity provider's intention to provide liquidity to SPs.

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Question	Yes	No	Required Information
			If the answer is No, explain how the applicant obtain comfort on functionality and reliability of such system[3].
QR[4]			
5. Is the QR hotline an interactive voice response system?			If the answer is No, explain the controls and arrangements in place to ensure all QR calls are promptly handled where it is manually answered.
6. Is the LP System capable of performing the following functions on an automated basis?			
(a) Generate alerts to notify traders if there is non-compliance with QR requirements;			
(b) compile data to assess level of compliance (such as response time; quotation size; holding time and bid-ask spread); and			Provide sample report.
(c) identify non-compliances (such as total number of non-compliances and breakdown by type of failure and extent of failure).			Provide sample report.
7. Does the applicant have adequate controls in place to ensure QR received are responded?			Describe the process and controls from the point of receipt of calls to quote provision.
8. Does the applicant have adequate procedures to ensure complete phone recordings will be kept and all phone recordings can be retrieved for the Exchange's subsequent enquiry, where required?			Describe the procedures.
9. Does the applicant have adequate procedures in place to monitor performance, escalate non-conformances and implement remedial measures?			Describe the procedures (including the party performing the review, frequency of review and escalation procedures).

[3] The Exchange may require an opinion from a third party professional to give comfort on system capability.
[4] See product sheets published on the Exchange's website.

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Question	Yes	No	Required Information
AQ[5]			
10. Is the LP System capable of performing the following functions on an automated basis?			
(a) Identify products that are subject to AQ (including products which fall within the AQ criteria intermittently during the day);			
(b) generate alerts to notify traders if there is non-conformances with AQ standards;			
(c) compile data to assess level of conformances (such as quotation time meeting all AQ standards; interruption time; quotation size and bid-ask spread); and			Provide sample report.
(d) identify non-conformances (such as total number of non-conformances and breakdown by type of failure and extent of failure).			Provide sample report.
11. Does the applicant have adequate procedures in place to monitor performance, escalate non-conformances and implement remedial measures?			Describe procedures (including the party performing the review, frequency of review and escalation procedures).
Pricing			
12. Is the LP System capable of performing the following controls or monitoring?			
(a) Ensure correct price quotes are calculated;			Describe control mechanism and monitoring tools (such as price checks and alert displays).
(b) detect incorrect price quotes generated; and			Describe control mechanism and monitoring tools (such as price checks and alert displays).
(c) prevent mispriced quotes be sent to the market.			Describe control mechanism and monitoring tools (such as price checks and alert displays).

[5] See footnote 4.

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Question	Yes	No	Required Information
13. Are there policies setting out measures to be taken where investors suffer losses as a result of transacting at mispriced quotes with the applicant?			Describe the policies[6].
14. Does the applicant have adequate procedures in place to review and escalate pricing issues and implement remedial measures?			Describe the procedures (including the party performing the review, frequency of review and escalation procedures).
General functionality			
15. Is the LP System capable of performing the following functions?			
(a) Separately provide one-side bid quote or one-side ask quote;			
(b) prevent self-matching trade; and			Describe control mechanism.
(c) retrieve data on quote provision in a timely manner, where required.			
Report submission			
16. Does the applicant have adequate procedures in place to ensure that all QRs are captured and contained in the QR log provided to the Exchange?			Describe the procedures.
17. Does the applicant have adequate procedures in place to ensure timely publication of daily trading reports? ***(Listing Rule Appendix E5 paragraph 10A)***			Describe the procedures.
18. Does the applicant have adequate procedures in place to ensure publication of liquidity provision service interruption announcements within one hour after occurrence of incidents?			Describe the procedures.

[6] In case where investors suffer losses as a result of transacting at mispriced quotes with the applicant, the applicant is expected to take actions to remedy investors' losses to the extent possible such as trade cancellation, offering compensation or other means as appropriate.

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Question	Yes	No	Required Information
Contingency arrangements			
19. Does the applicant have contingency arrangements[7] to provide liquidity upon occurrence of the following events?			
(a) Failure of the primary liquidity provision system;			Describe the contingency arrangements (including time required[8] to invoke backup system or alternative arrangements).
(b) failure in obtaining price feeds;			Describe the contingency arrangements.
(c) failure in calculating product prices; and			Describe the contingency arrangements.
(d) failure in sending price quotes to the Exchange.			Describe the contingency arrangements.
20. Does the applicant have contingency arrangements[9] specifically to respond to QRs in the event of system failure?			Describe the contingency arrangements. in response to QRs.

Note: For items 21 and 22, please choose "Yes" to indicate confirmation and provide reasons if the answer is "No".

Confirmation	Yes	No	Required Information
21. The applicant and its appointed liquidity provider are capable of fulfilling liquidity provision obligations as set out in the Rules and relevant product sheets[10].			
22. The applicant and its appointed liquidity provider are capable of providing correct price quotes to the market.			

[7] The formulation of contingency arrangements should take into account Exchange's guidance published on the Exchange's website (see frequently asked questions on liquidity provision).
[8] Includes the time required to complete all processes to resume liquidity provision such as checking, preparation, decision making, any activation of associated systems, re-establishing connectivity, performing re-synchronisation with the Exchange. It is generally expected that the time required is not more than 30 minutes.
[9] See footnote 7.
[10] See footnote 4.

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RISK MANAGEMENT

Name of the applicant : _____

Note: If the answer is "No", provide reasons and alternative arrangements to achieve the objectives.

Question	Yes	No	Required Information
Governance and risk monitoring			
1. Has the applicant implemented a risk management framework to clearly define the roles and responsibilities of each relevant functions (including committees) and their reporting lines?			(a) Provide an organisation chart / reporting line of risk management team by functions (including committees); and (b) describe the roles and responsibilities of each relevant function (including committees).
2. Does the applicant have adequate risk management policies and procedures covering the following areas?			
(a) Segregation of duties of front office functions from back office or middle office or control functions; risk management functions have direct reporting line to senior management;			Describe the policies and procedures.
(b) validation and testing of risk and pricing models to ensure effectiveness and accuracy;			Describe the policies and procedures (including parties performing the independent review and frequency of review).
(c) authorisation and controls of risks and pricing models to ensure model integrity;			Describe the authorisation and controls (including release, alteration, update and maintenance of the models).
(d) risk identifications such as market risk, credit risk[1], liquidity risk and concentration risk;			Describe the policies and procedures in relation to the following areas: (a) types of limits; (b) criteria for setting the limits;

[1] Includes counterparty risk on OTC transactions.

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Question	Yes	No	Required Information
			(c) frequency of monitoring against limits and party performing this function; (d) controls to detect limit breach; and (e) frequency of limit review and party performing this function.
(e) risk assessments such as stress testing, back testing, value-at-risk;			Describe the policies and procedures in relation to the following areas: (a) types of assessments; (b) describe the methodologies for risk assessments, with examples of adverse scenarios for the assessments where applicable; (c) criteria for setting the limits; (d) frequency of conducting risk assessments and party performing this function; and (e) frequency of limit review and party performing this function.
(f) escalation and resolution; and			Describe the policies and procedures covering limit breach and other incidents.
(g) information available to senior management for monitoring (such as profit/loss, exposure level, risk and limit utilisation).			Provide the following: (a) types of reports (give sample for each type); (b) party performing review; and (c) frequency of reports available to senior management.

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Question	Yes	No	Required Information
3. Are there regular review of the risk management framework and risk management policies and procedures to ensure they are appropriate and adequate taking into account latest operating environment and risk appetite?			Describe the policies and procedures, (including the party performing the independent review and frequency of review).
Hedging arrangements			
4. Does the applicant have adequate hedging arrangements to ensure risk exposures are contained within the pre-set risk limits?			Provide the following information: (a) types of hedging instruments; (b) description of hedging strategies; (c) frequency of performing hedging; and (d) general hedging level (in percentage).
5. Is the applicant capable to handle risk exposure within the pre-set risk limits under the following situations?			
(a) During volatile market; and			Describe the handling by each of trading and risk management functions.
(b) on illiquid underlying.			Describe the handling by each of trading and risk management functions.
Product issuances			
6. Does the applicant have adequate policies and procedures covering the following areas?			
(a) Suitability of product structures and underlying assets for issuing SPs; and			Describe the policies and procedures, including the criteria to determine product suitability such as product structures, liquidity of underlying assets, tax considerations and restrictions imposed by any relevant rules or regulations on issuance of SPs on such underlying assets.

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Question	Yes	No	Required Information
(b) adequacy of capital / liquid assets for issuing SPs.			(a) Describe the policies and procedures; and (b) if the answer is No, describe the alternative measures to ensure overall capital adequacy for all issued products.
Systems			
7. Has the applicant put in place a risk management system?			Provide the name of risk management system and describe the key system features.
8. Are the systems capable to regularly update the latest risk exposures and valuations for monitoring purpose?			State the frequency of recalculation in respect of: (a) trading system[2]; and (b) risk management system.
9. Does trade information pass regularly from trading system to risk management system for monitoring purpose?			State the latency and frequency of information flow.
10. Does trade information pass regularly from trading system and ultimately to accounting system/ledger for books and records purpose?			State the latency and frequency of information flow.
11. Do the control functions perform regular front-to-back reconciliation between trading system and accounting system/ledger?			Describe the processes (including the party performing the reconciliation and frequency of reconciliation).
12. Do the risk management functions have access to trading system for monitoring and other risk management purposes?			Describe the accessibility.

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[2] It is expected that the system has capability to provide near real-time risk exposure for monitoring purposes.

COMPLIANCE

Name of the applicant : _____

Note: For items 7 and 8, if the answer is "No", provide reasons and alternative arrangements to achieve the objectives.

Question	Yes	No	Required Information
1. Does the applicant have a compliance function which is independent of all operational and business functions and reports directly to senior management?			Describe roles and responsibilities of the compliance function and the reporting line.
2. Does the applicant have adequate policies and procedures to ensure compliance with the Listing Rules and related guidance published by the Exchange (including but not limited to the following)? (a) Timely publication of financial statements; (b) provision of liquidity in accordance with specified requirements and standards[1]; (c) restrictions on offering of commission rebates or other incentive schemes; and (d) disclosure of events concerning corporate matters (such as change in credit rating, regulatory status or liquidity provider; total shareholders' equity falling below the eligibility requirement). ***(Listing Rule Appendix E5)***			Describe policies and control procedures to ensure compliance, monitor and escalate non-compliances and mitigate compliance risks.
3. Does the applicant have adequate policies and procedures to ensure that investor complaints are handled in a timely and appropriate manner?			State the person responsible for overseeing the complaint handling function. Describe complaint handling procedures (including record keeping, investigation,

[1] See also the section headed "Liquidity Provision" in product sheets published on HKEX website.

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Question	Yes	No	Required Information
			progress monitoring, escalation and communication with complainants).
4. Does the applicant have adequate policies and procedures to ensure compliance with "Guidelines on Marketing Materials for Listed Structured Products" issued by the SFC?			Describe policies and control procedures.
5. Does the applicant have adequate policies and procedures to manage conflict of interests such as Chinese Wall policy and staff dealing policy? ***(Listing Rule 15A.29)***			Describe policies and control procedures.
6. Does the applicant have anti-corruption policies and code of conduct[2] for compliance by directors, agents, staff members and other personnel involved in the SP Business and to remind them of prevention of bribery ordinance provisions?			
7. Are the Group and/or the liquidity provider subject to any sanctions imposed by governments or regulatory authorities?			If the answer is Yes, answer question 8. If the answer is No, skip question 8.
8. Are the abilities of the applicant and/or the liquidity provider to fulfil obligations related to the SP Business (including liquidity provision) affected by sanctions imposed by governments or regulatory authorities?			If the answer is Yes, describe the sanctions and the implications arising from such sanctions.

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[2] Includes provisions on prohibition of acceptance, solicitation and offer of advantages in relation to the discharge of duties, on proper management of conflicts of interest and confidentiality of information.

OPERATIONS

Name of the applicant : _____

Notes:
- For item 2, if the answer is "No", provide reasons and alternative arrangements to achieve the objectives.
- Structured products issuers are required to submit term sheets through the SPRINTS system operated by the Exchange. Please contact the Listing Division to arrange for SPRINTS testing after submission of the application.

Question	Yes	No	Required Information
Documentation			
1. Does the applicant have adequate controls to ensure accuracy of information contained in term sheets, announcement and listing documents?			Describe control procedures.
2. Does the applicant have an automated process to capture the approved term sheet data for feeding into the key terms section in the listing documents?			Where manual process is involved, describe controls to avoid human input errors.
Payment			
3. Does the applicant have adequate controls to ensure proper calculation of amount due and timely payment to investors (such as final cash settlement and residual value)?			Describe control procedures.
Adjustment to SP terms			
4. Does the applicant have adequate controls to ensure timely identification and adjustment of terms or price quotes arising from corporate action of underlying stocks?			Describe control procedures.
Contingency arrangements			
5. Does the applicant (including its appointed liquidity provider) have business continuity plan which includes the following areas to ensure continuing fulfilment of its obligations on its SPs?			

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Question	Yes	No	Required Information
(a) Inability of staff to access office facilities;			Describe arrangements
(b) failure of systems which are integral to the SP Business;			Describe arrangements.
(c) severe weather conditions; and			Describe arrangements.
(d) cybersecurity incidents.			Describe arrangements.
6. Does the applicant conduct periodic contingency drills?			Provide frequency of drills for each contingency scenario.

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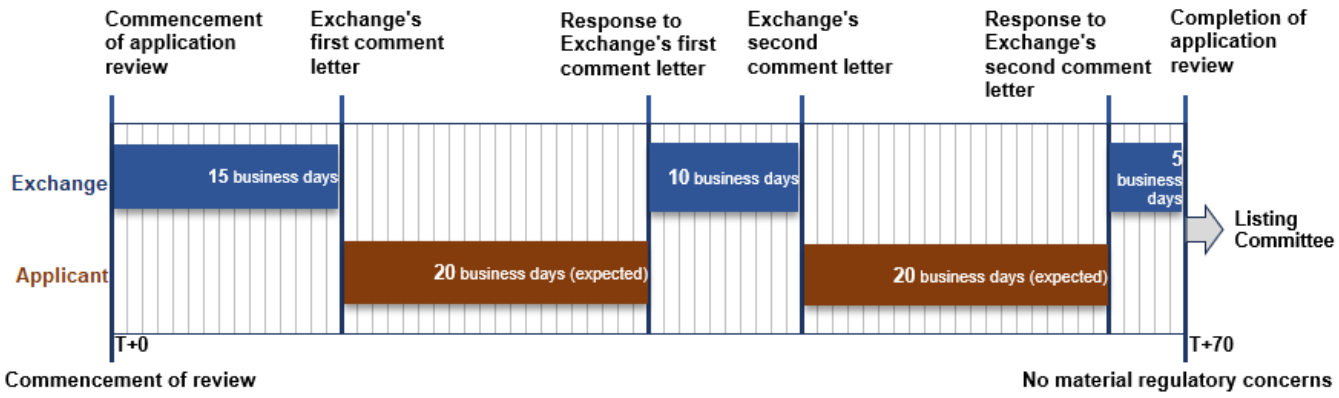
AN ILLUSTRATION OF THE APPLICATION REVIEW TIMEFRAME

1. The Exchange will commence its review of an application only upon receipt of a complete set of application documents (see checklists F001 to F007). The Exchange may return the application without processing where the checklists or the accompanying information are not properly or fully completed.

2. The Exchange generally aims to complete its review within a total of 30 business days. Applicants are expected to take a total of around 40 business days to satisfactorily address the Exchange's comments. If the Exchange is satisfied that the applicant meets the eligibility requirements and has no regulatory concerns, the application will proceed to the Listing Committee Hearing. Otherwise, the Exchange will notify the applicant of any regulatory concerns and outstanding matters that need to be addressed. The progress of the application will then depend on the applicant's ability to satisfactorily address these issues.