ANNUAL ATTESTATION AND INSPECTION PROGRAMME 2020
SELF-ATTESTATION OF COMPLIANCE QUESTIONNAIRE - PART 2

香港交易及結算所有限公司是《證券及期貨條例》所述的認可控制人，亦為香港聯合交易所有限公司、香港期貨交易所有限公司、香港中央結算有限公司、香港聯合交易所期權結算所有限公司、香港期貨結算有限公司及香港場外結算有限公司的控制人。
Hong Kong Exchanges and Clearing Limited is a recognized exchange controller under the Securities and Futures Ordinance which is the controller of The Stock Exchange of Hong Kong Limited, Hong Kong Futures Exchange Limited, Hong Kong Securities Clearing Company Limited, The SEHK Options Clearing House Limited, HKFE Clearing Corporation Limited and OTC Clearing Hong Kong Limited.

INSTRUCTIONS

(A) GENERAL INSTRUCTIONS

1. Before completing the questionnaire, please carefully read and follow the instructions for completion of this questionnaire.
2. Please open and edit the questionnaire using **Adobe Acrobat**.
3. Please ensure that you answer all the questions using the drop down menus and free text fields within this questionnaire.
4. You may submit supplementary file(s), if you need more space to answer any question(s) or if you wish to provide additional information. You should clearly specify the question(s) to which the supplementary file(s) relate.
5. This questionnaire is designed with the following logic
   (a) Once a firm name has been selected for question (K1), the corresponding "ID Number" and/or "Customer Code" will be auto-populated. If you subsequently select another firm name, the form will be reset (i.e. all answers previously filled in will be cleared).
   (b) The dropdown menus and free text fields of all mandatory questions are highlighted with red borders.
   (c) If an entire section is not applicable to your firm, the section will be greyed out.
   (d) For certain questions, the questionnaire will determine whether they are applicable to your firm depending on the answer you have filled in. If a specific question is not applicable to your firm, the questionnaire will not allow you to answer that question. If a specific question is no longer applicable to your firm (perhaps as result of changing your answer to an earlier question), any previous answer filled in for that question will also be cleared.
6. When you save the questionnaire, a reminder message will be prompted if there is any mandatory question which remains outstanding.

(B) PREPARING FOR SUBMISSION

1. You need to prepare and submit your questionnaire together with any supplementary information (including "Supplementary Table associated with Shareholding Structure Chart provided to HKEX", if applicable) as one file in the ".zip" format (suggested tool **WinZip**).
2. The zip file should be named according to the following naming convention:
   (a) **Group 1 (SEHK, HKSCC and SEOCH participants)** - MSM01_XXXXX_YYYYMMDD.zip; or
   (b) **Group 2 (HKFE and HKCC participants)** - MSM04_XXXXX_YYYYMMDD.zip;
   where (i) XXXXX is the second to sixth characters of your ECP User ID, and (ii) YYYY, MM and DD are year, month and date of the submission/re-submission respectively.
3. In case of re-submission, please follow the file name format as described in B(2) above. ECP will auto-assign version number to any re-submission on the same day.

(C) SUBMISSION VIA THE ELECTRONIC COMMUNICATION PLATFORM ("ECP")

Link to ECP: https://www.ecp.hkex.com.hk/logon.aspx
ECP User Guide: https://www.ecp.hkex.com.hk/ECP_frontend_userguide.pdf

1. To submit the zip file, you should use the ECP User ID belonging to the following user group:
   (a) **SEHK participants and dual participantships** - Trading Operations (i.e. TO);
   (b) **HKSCC and SEOCH participants** – Self-Attestation of Compliance Questionnaire (i.e. SA); or
   (c) **HKFE and HKCC participants** - Operations in Derivatives Market (HKFE products) (i.e. DO).
2. Once logged in, clicking the hyperlink of submission folder "Self-Attestation of Compliance Questionnaire" on the submission list page will direct you to the submission page.
3. Attach the zip file, and then click the "Submit" button. The ECP will perform certain validations before the file is accepted. These validations include (but are not limited to) the following:
   (a) The submission is not overdue;
   (b) The file name follows the correct format; and
   (c) The size of the zip file does not exceed 4MB.
4. A confirmation will be shown if the file has been accepted.

(D) ENQUIRIES

For enquiries on the ECP, please contact Trading Operations: ecpadmin@hkex.com.hk
For enquiries on the Questionnaire, please contact Market Surveillance & Monitoring: surveillance@hkex.com.hk

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OVERVIEW

Unless otherwise defined herein, all capitalized terms in this Questionnaire have the same meaning as defined in the following rules (as applicable):

- Rules of the Exchange ("SEHK Rules"), Option Trading Rules ("OTR") and Operational Trading Procedures for Options Trading Exchange Participants of the Stock Exchange ("OTP") of The Stock Exchange of Hong Kong Limited ("SEHK")
- Rules, Regulations and Procedures ("HKFE Rules") of Hong Kong Futures Exchange Limited ("HKFE")
- General Rules of CCASS ("CCASS Rules") and CCASS Operational Procedures ("CCASS Operational Procedures") of Hong Kong Securities Clearing Company Limited ("HKSCC")
- Rules ("HKCC Rules") and Procedures ("HKCC Procedures") of HKFE Clearing Corporation Limited ("HKCC")
- Options Clearing Rules ("SEOCH Rules") and Operational Clearing Procedures for Options Trading Exchange Participants of SEOCH ("SEOCH Procedures") of The SEHK Options Clearing House Limited ("SEOCH")

GENERAL INFORMATION

(K1)	**FIRM NAME [Note 1]**	
(K1a)	SEHK Participant ID Number	
(K1b)	SEHK Option Participant ID Number	
(K1c)	HKFE Participant ID Number	
(K1d)	HKSCC Participant ID Number	
(K1e)	SEOCH Participant DCASS Customer Code	
(K1f)	HKCC Participant DCASS Customer Code	
(K1g)	HKATS Customer Code	
(K2)	**CONTACT PERSON** (*For this Questionnaire*)	
(K2a)	Name	
(K2b)	Position	
(K2c)	Telephone Number (Direct Line or Mobile Number)	
(K2d)	Email Address	
(K3)	**MANAGER-IN-CHARGE (OVERALL MANAGEMENT OVERSIGHT)**	
(K3a)	Name	
(K3b)	Position	
(K3c)	Telephone Number (Direct Line)	
(K3d)	Email Address	
(K4)	**CONTACT OF RESPONSIBLE OFFICER 1 [Note 2]**	
(K4a)	Name	
(K4b)	Position	
(K4c)	Telephone Number (Direct Line)	
(K4d)	Telephone Number (Mobile Number)	
(K4e)	Email Address	
(K5)	**CONTACT OF RESPONSIBLE OFFICER 2 [Note 2]**	
(K5a)	Name	
(K5b)	Position	

(K5c)	Telephone Number (Direct Line)	
(K5d)	Telephone Number (Mobile Number)	
(K5e)	Email Address	
(K6)	CONTACT OF OFFICER RESPONSIBLE FOR SETTLEMENT OPERATIONS MATTERS	
(K6a)	Name	
(K6b)	Position	
(K6c)	Telephone Number (Direct Line)	
(K6d)	Telephone Number (Mobile Number)	
(K6e)	Email Address	
(K7)	CONTACT OF OFFICER RESPONSIBLE FOR RISK MANAGEMENT MATTERS	
(K7a)	Name	
(K7b)	Position	
(K7c)	Telephone Number (Direct Line or Mobile Number)	
(K7d)	Email Address	
(K8)	CONTACT OF OFFICER RESPONSIBLE FOR COMPLIANCE MATTERS	
(K8a)	Name	
(K8b)	Position	
(K8c)	Telephone Number (Direct Line or Mobile Number)	
(K8d)	Email Address	

(K9) SHAREHOLDING STRUCTURE CHART (*Applicable to Clearing House Participants only - excluding Custodian Participants*)

Please provide us with the latest (1) shareholding structure chart (see ***Appendix 1***) and (2) a supplementary table with details for each entity (see ***Appendix 2***). Further instructions and submission template of the supplementary table are provided in the Appendices, as attached in the same zip file of this Questionnaire.

(K9a)	A shareholding structure chart is attached with the Questionnaire submission and is prepared according to the instruction	
(K9b)	A table with entity details is attached with the Questionnaire submission and is prepared according to the instruction	
(K9c)	This submission is considered as your annual filing of shareholding information to HKSCC, HKCC and/or SEOCH (where applicable) under CCASS Rules 1703(viii)(b), HKCC Rule 214(a)(ii) and/or SEOCH Rule 403F (2).	
(K9d)	This is to confirm that you understand your obligation under CCASS Rules 1703(viii)(a) and (c), HKCC Rules 214(a)(i) and (iii) and/or SEOCH Rules 403F (1) and (3) (where applicable) and will provide an update shareholding structure chart and table to Clearing House (via email to ClearingCreditRisk@hkex.com.hk) as soon as reasonably practicable, if there is any reorganisation of your corporate group or a change (direct or indirect) affecting 10% or more in the share capital or voting rights or your firm subsequent to this filing.	

(K10) ORGANISATION CHART (*Applicable to Clearing House Participants only - excluding Custodian Participants*)

Please provide us with the latest organisation chart showing the key functions and their reporting lines to your senior management and the board, please confirm that:-

(K10a)	All members of the board of directors are included in the organisation chart.	

(K10b) All departments related to clearing/settlement/risk management functions (including functions provided by holding or affiliates) are included in the chart.

(K10c) The names of the department heads, ROs and senior management are all included in the chart.

Supplementary information regarding the organisation:

(K10d) Is there any change in shareholding chart in the past 12 months?

(K10e) **If "Yes" is selected for question (K10d), please provide supplementary information*.**

(K10f) Does any senior management or directors in your board have other role in your Group (excluding the roles mentioned under (K10b))?

(K10g) **If "Yes" is selected for question (K10f), please provide supplementary information*.**

(K11) **DECLARATION**

I certify that the information provided in this Questionnaire (including all the information stated in the supporting documents, if any) is complete, true and accurate and that we have not made any statements or omissions which would render such information untrue or misleading.

(K11a) Name of Responsible Officer [Note 2]

(K11b) Position:

(K11c) Date (dd/mm/yyyy):

Personal Information Collection Statement
Hong Kong Exchanges and Clearing Limited, and from time to time, its subsidiaries (together the "Group") (and each being "HKEX", "we", "us" or "member of the Group" for the purposes of this Privacy Policy Statement as appropriate) recognise their responsibilities in relation to the collection, holding, processing, use and/or transfer of personal data under the Personal Data (Privacy) Ordinance (Cap. 486) ("PDPO"). Personal data will be collected only for lawful and relevant purposes and all practicable steps will be taken to ensure that personal data held by us is accurate. We will use your personal data which we may from time to time collect in accordance with our Privacy Policy Statement. A copy of the Privacy Policy Statement is available on HKEX's website at http://www.hkex.com.hk/eng/global/privacy_policy.htm.

[Note 1]: For any participant with more than one HKSCC Participant ID or HKATS Customer Code, the system will populate one of its respective IDs or codes (active or inactive).
[Note 2]: Executive Officer for HKSCC Custodian Participant.

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SECTION 6A - RISK MANAGEMENT (I)

This section is applicable to Direct Clearing Participants, General Clearing Participants and Custodian Participants of HKSCC.

Clearing House	HKCC,HKSCC,SEOCH
Clearing/Custodian Participant Name	
Review period	From 1 Jan 2019 To 31 Dec 2019

(L1) **Was your firm a participant of the following clearing houses during the review period?**

(L1a) • HKSCC (Clearing Participant)

(L1b) • HKSCC (Custodian Participant)

Questions (L2) to (L12) of this section are applicable if you have selected "Yes" for question (L1a).
Question (L8) of this section is applicable if you have selected "Yes" for question (L1b).

(L2) **Entity Profile Update (since the beginning of review period)** - *Applicable to HKSCC Clearing Participants*

(L2a) Have the shares of your firm been pledged/charged as collateral in your holding company's borrowing?

(L2b) Have any petitions been presented, any proceedings been commenced, any orders been made, any effective resolutions been passed, or any other steps been taken by any person for the winding-up, re-organisation, reconstruction, amalgamation or dissolution of your firm?

(L2c) Is any provisional liquidator, liquidator, receiver or similar officer being appointed to take over control of all or any part of your firm's business or assets?

(L2d) **If "Yes" is selected for any of questions (L2a)-(L2c), please provide supplementary information*.**

(L3) **Business Profile** - *Applicable to HKSCC Clearing Participants*

(L3a) Did your firm engage in activities other than execution and brokerage?

If "Yes" is selected for question (L3a), please answer questions (L3b)-(L3g) to specify the percentage in terms of the total revenue generated from each of the activities (e.g. Please input "5" for 5%).

(L3b) • High frequency trading

(L3c) • Market making

(L3d) • Margin lending

(L3e) • Stock borrowing

(L3f) • Proprietary trading

(L3g) • Others (please specify below)

(L3h) If "Yes" is selected for question (L3g), please provide supplementary information*.

(L3i) For activities (L3b)-(L3g) engaged by your firm, were any of those activities newly commenced during or after the review period?

If "Yes" is selected for question (L3i), please answer questions (L3j)-(L3m).

(L3j) Did your firm obtain the clearing participantship during or after the review period?

(L3k) If "Yes" is selected for question (L3j), were the detailed operations and risk control associated with those activities identified under (L3i) included in the initial operations and risk control plan of your firm's participantship application submitted to HKSCC?

(L3l) If "No" is selected for question (L3j) or (L3k), did your firm notify HKSCC of the additional operations and risk control associated with those new activities identified under (L3i) when commencing the activities as required under CCASS Rule 1703(iii)?

(L3m) **If "No" is selected for question (L3l), please explain why your firm did not notify HKSCC before engaging in those activities*.**

Please specify the percentage of business volume (in terms of the total revenue of the entity) provided by each of the client types under questions (L3n)-(L3p) below:

(L3n) • Retail clients who are non-professional investors (individuals only)

(L3o) • Retail clients who are classified as Professional Investor under the Securities and Futures Ordinance (individuals only)

(L3p) • Corporate and institutional clients

(L4) **Operational Resources and Capability (as at end of review period) - *Applicable to HKSCC Clearing Participants***

(L4a) Please specify the firm's experience (in terms of number of years) in engaging in brokerage activities in both local and overseas securities and futures market.

(L4b) • Number of staff in the firm

Percentage of staff resources (in terms of manpower) spent on (e.g. Please input "5" for 5%) :

(L4c) • Risk Management

(L4d) • Compliance

(L4e) • Accounting/Finance

(L4f) • Settlement Operations

(L4g) • Dealing and Sales

(L4h) Securities industry experience of most experienced RO (number of years)

(L4i) CCASS settlement experience of most experienced settlement officer (including head of settlement) (number of years)

(L4j) FRR reporting experience of most experienced accounting/finance officer (including head of accounting/finance) (number of years)

(L5) **Senior Management Oversight (Risk Governance And Rule Setting) - *Applicable to HKSCC Clearing Participants***

(L5a) Is there a regular risk committee set up to enable the senior management to oversee the risk management of your firm?

(L5b) How frequent is the meeting being held at minimum?

Does your firm have policies covering the following operations or risk control processes [Note 3]?

(L5c) • Meeting financial requirements and payment obligations of the clearing house

(L5d) • Management of funding and payment obligations during a client default event

(L5e) • Managing settlement obligations for CNS positions and collateral requirements

(L5f) • Managing system access rights

(L5g) **If "No" is selected for any of questions (L5a), (L5c), (L5d), (L5e) or (L5f), please provide supplementary information to explain*.**

(L5h) Does your firm have any material revision in operations and risk control polices specified in questions (L5c)-(L5f) during the review period?

(L5i) **If "Yes" is selected for question (L5h), please specify the area that has been revised*.**

(L6) **Exposure Control (Cash Business) - *Applicable to HKSCC Clearing Participants***

(L6a) Does your firm allow client to place order before good fund is confirmed?

If "Yes" is selected for question (L6a), please answer questions (L6b) to (L6i).

(L6b) Does your firm impose limit on clients who are allowed to place order before good fund is confirmed (DvP clients only) to control the T+2 exposure at client level (trading limit)?

(L6c) Does your firm impose limit on clients who are allowed to place order before good fund is confirmed (clients not settled on DvP basis) to control the T+2 exposure at client level (trading limit) ?

(L6d) Does your firm impose aggregate limit to control the T+2 exposure at firm level (trading limit)?

(L6e) • Please specify the aggregate limit (in million HKD) as at the end of the latest quarter.

(L6f) • Please specify the aggregate limit (in times of liquid capital) as at the end of the latest quarter.

(L6g) Is the monitoring of clients' trading activities against the limit imposed in question (L6b) to (L6d) performed automatically by system and on a real-time basis?

(L6h) Is there any regular review of the limit mentioned in questions (L6b) to (L6d) after it has been granted?

(L6i) **If "No" is selected for question (L6b), (L6c), (L6d), (L6g), (L6h), please provide supplementary information to explain*.**

(L7) **Exposure Control (Margin Financing Business) - *Applicable to HKSCC Clearing Participants***

(L7a) Does your firm conduct margin financing business?

If "Yes" is selected for question (L7a), please answer questions (L7b)-(L7h).

(L7b) Does your firm impose limit on margin financing clients to control the credit exposure at client level ("credit margin limit")?

(L7c) Does your firm impose aggregate limit to control the credit exposure at firm level?

(L7d) Is the monitoring of clients' exposure against the limit mentioned in question (L7b) and (L7c) performed automatically by system and on a real-time basis?

(L7e) Is there any regular review on the limit mentioned in question (L7b) and (L7c) once it is granted?

(L7f) Are there no gaps or deviation identified between the latest SFC Guidelines for Securities Margin Financing and your current margin policy and practice?

(L7g) Please provide a latest copy of your firm's stress test on margin financing portfolio. Please confirm you have attached it with the submission.

(L7h) **If "No" is selected for question (L7b) to (L7g), please provide supplementary information to explain*.**

(L8) **Defective Securities Risk Associated With Deposit Of Physical Certificates [Note 4]** - *Applicable to HKSCC Clearing Participants and Custodian Participants*

(L8a) Does your firm accept deposit of physical certificates?

(L8b) If "Yes" is selected for question (L8a), does your firm have procedure(s) in place to ensure shares are put on hold until client's physical certificates are re-registered into the name of HKSCC Nominees Limited?

If "No" is selected for question (L8b), please answer questions (L8c)-(L8f).

(L8c) • Does your firm withhold the sales proceeds from your selling clients until the completion of re-registration of the physical certificates?

(L8d) • Does your firm have other measure(s) to manage the risk in utilizing the shares with immediate credit given before physical certificates are confirmed good and valid?

(L8e) • **If "Yes" is selected for question (L8d), please specify the measures*.**

(L8f) • **If "No" is selected for both questions (L8c) and (L8d), please explain why there is no measure in place to manage the risk mentioned in question (L8d)*.**

(L9) **Specific Control (GCP Services)** - *Applicable to HKSCC Clearing Participants*

(L9a) Is your firm a General Clearing Participant of HKSCC?

If "Yes" is selected for question (L9a), please answer questions (L9b)-(L9o).

(L9b) Does your firm have policy setting out the criteria to be used in the approval of new Non-Clearing Participant ("NCP") and the credit assessment process?

(L9c) Does your firm have policy setting out the determination of NCP's trading and / or position limit(s) and the associated control and monitoring process?

(L9d) Does your firm have policies and monitoring procedures for the collection of marks, margin, Mainland Settlement Deposit and Mainland Security Deposit from NCP?

(L9e) Does your firm have the procedures, in case of NCP default, to handle any remaining positions of the default NCP and to notify to the Exchange of the default NCP?

(L9f) Does your firm have, in case your firm or any of its NCP intends to terminate the clearing agreement between them, procedures in relation to termination of the clearing agreement including notification to the Clearing Houses?

(L9g) **If "No" is selected for any questions from (L9b)-(L9f), please provide supplementary information to explain*.**

(L9h) Is your firm an SEHK Exchange Participant?

If "No" is selected for question (L9h), please answer questions (L9i)-(L9k).

(L9i) Is there any support provided by a third party Exchange Participant or your firm's affiliate that can help to liquidate client's portfolio in case the client defaults?

(L9j) Is there a process to assess, review and monitor the creditworthiness of that 3rd party Exchange Participant or an affiliate?

(L9k) **If "No" is selected for questions from (L9i) or (L9j), please provide supplementary information to explain*.**

(L9l) Is your firm offering clearing services to entities that are not an intragroup entity/affiliate (e.g. fund house or other brokers in the industry)?

(L9m) Does your firm intend to (or will continue to) offer clearing services to entities that are not an intragroup entity/affiliate (e.g. fund house or other brokers in the industry)?

(L9n) If "Yes" is selected for question (L9l) or (L9m), please provide current pricing structure charged to NCP client. Please type "See Attachment" if the information is provided as an attachment.

(L9o) Apart from clearing services, does your firm also offer credit facilities to its NCP clients?

(L10) **Settlement Operations And Liquidity** - ***Applicable to HKSCC Clearing Participants***

(L10a) Does your firm have *(1) a designated officer to monitor the rules updates and circulars and their follow-up and (2) a register to track and ensure all the rules updates and circulars issued by HKSCC are distributed and assessed for any actions needed* to ensure all relevant rules updates and circulars issued by HKSCC are monitored?

(L10b) Does your firm have *(1) a checklist with maker-checker signoff over key settlement steps (with timelines clearly set out for each step) or (2) a system dashboard to monitor the timeliness in completing each key settlement steps with automatic escalation/alerts* in place to ensure all relevant officers strictly follow the prescribed timeline to facilitate smooth operation of settlement process?

(L10c) If "Yes" is selected for question (L10b), please confirm you have attached a latest version of the checklist/dashboard to this submission.

(L10d) Does your firm have a process at day-end to forecast your Clearing House settlement obligations (of all applicable settlement currencies, including foreign currencies e.g. CNY and USD) on next day?

(L10e) If "Yes" is selected for question (L10d), will the firm check the forecast figures against the balance in the bank account designated for settlement purpose to ensure there are sufficient funds available to meet Clearing House's obligation for the next day?

(L10f) If "Yes" is selected for question (L10e), does your firm have an established notification, escalation and handling procedure in case when there is a funding shortfall in the bank account designated for settlement?

(L10g) **If "No" is selected for question (L10a), (L10b),(L10d), (L10e) or (L10f), please provide supplementary information to explain*.**

(L10h) Does your firm have account(s) at other broker(s) with same clearing partcipantship(s) as a backup arrangement to execute and clear trades?

(L10i) If "Yes" is selected for question (L10h), please specify the name of the broker(s).

(L10j) Does your firm from time to time choose to make cash prepayment to HKSCC in order to make immediate use of securities on settlement day?

(L10k) If "Yes" is selected for question (L10j), please confirm that your firm is aware that the payment completion time is earlier than the typical deadline of money settlement of exchange trades, and that your firm's liquidity planning has taken this completion time into account.

(L10l) Does your firm have a liquidity buffer in place to provide contingency funding support in relation to meeting settlement obligations?

If "Yes" is selected for question (L10l), please answer questions (L10m)-(L10o).

(L10m) Please specify the level of the buffer (in HKD million).

(L10n) If any of the amount in question (L10m) is placed as term deposit, please specify the amount maintained as of the end of the review period (Please enter "0" if none of the liquidity buffer is in term deposit)(in million HKD).

(L10o) Is there any control in place to ensure the term deposit can be released timely to provide the liquidity needed?

(L10p) Does your firm have an overdraft facility offered by its designated settlement bank in place to provide contingency funding support in relation to meeting settlement obligations?

If "Yes" is selected for question (L10p), please answer questions (L10q)-(L10s).

(L10q) What is the total size of the facility/facilities (in HKD million)?

(L10r) What is the base currency of the facility mentioned in question (L10q)?

(L10s) Can the money drawn from the facility be readily converted into other settlement currencies without additional administration or limitation imposed by the bank?

(L10t) **If "No" is selected for question (L10l), (L10o), (L10p) or (L10s), please provide supplementary information to explain*.**

(L11) **Funding transfer and Authorisation** - ***Applicable to HKSCC Clearing Participants***

(L11a) What is your firm's authorization arrangement on money transfer (e.g. group A + group B/C arrangement, the composition of each group and the authorisation limit for each officer)?

(L11b) Does the authorization arrangement in question (L11a) ensure that at least one Responsible Officer is engaged in all key money transfer?

(L11c) Is any authorizer under question (L11a) a director/staff who represents the group company's interest?

(L11d) **If "Yes" is selected for question (L11c), please provide the name of the director/staff and his/her capacity in the group*.**

(L11e) Has your firm set up internet banking to effect immediate money transfer between your firm's key house account and its designated account for CCASS money settlement purpose?

(L11f) Has your firm set up internet banking to effect immediate money transfer between your firm's key client account and its designated account for CCASS money settlement purpose?

(L11g) Has your firm set up internet banking to effect immediate FX conversion of funds deposited at designated settlement bank?

(L11h) Is >80% of your firm's house and client money being deposited in the same bank where its designated account for CCASS money settlement purpose is located?

(L11i) If "No" is selected for question (L11h), has your firm set up internet banking to effect immediate money transfer between its key house and client accounts in other bank(s) and its designated account for CCASS money settlement purpose?

(L11j) Is your firm's designated account for CCASS money settlement purpose in one of the banks that HKSCC has bank accounts with [Note 5]?

(L11k) Has your firm set up the necessary third party internet banking transfer authorisation to effect immediate money transfer between its settlement account and HKSCC account (including interbank transfer if "No" is selected for question (L11j))?

(L11l) If "Yes" is selected for question (L11k), what is the corresponding third party transfer limit (in HKD million) per day? (Please enter "5" if the transfer limit is HKD 5 million per day and "99999" if the there is no limit)?

(L11m) **If "No" is selected for question (L11e), (L11f), (L11g), (L11i) or (L11k),please provide supplementary information to explain*.**

(L11n) Are your firm's designated account(s) for CCASS money settlement purpose all operative (i.e. not became dormant) during the review period?

(L11o) Does your firm have any designated account(s) for CCASS money settlement purpose that had no financial activity for more than 3 months during the review period?

(L11p) If "Yes" is selected for question (L11o), does your firm take any precautionary measures (e.g. conduct an testing transaction on regular basis) to keep the account operative?

(L11q) **If "No" is selected for question (L11n) or (L11p), please provide supplementary information to explain*.**

(L12) **Specific Control (Proprietary Trading Business)** - ***Applicable to HKSCC Clearing Participants***

(L12a) Does your firm conduct proprietary trading activities?

If "Yes" is selected for question (L12a), please answer questions (L12b)-(L12j).

(L12b) Please specified the product class you invested in proprietary trading business and their respectively percentage in terms of position as of end of the review period.

(L12c) Does your firm have proprietary trading limit in place to control the risk of proprietary trading activity?

(L12d) Does your firm monitor the exposure of proprietary trading against trading limit by system on real time basis?

(L12e) Does your firm have stop loss mechanism in place to control the risk of proprietary trading activity?

(L12f) **If "No" is selected for question (L12c) to (L12e), please provide supplementary information to explain*.**

(L12g) Does your firm conduct loss analysis (e.g. stress testing) to evaluate the potential loss on your proprietary trading portfolio under extreme but plausible scenario?

If "Yes" is selected for question (L12g), please provide latest quarter-end estimate in terms of liquid capital after loss.

(L12h)
- Liquid capital as at the end of the latest quarter (in million HKD)

(L12i)	• Liquid capital after loss as at the end of the latest quarter (in million HKD)	
(L12j)	**If "No" is selected for question (L12g), please provide supplementary information to explain*.**	

** If there is insufficient space to answer, please specify the supplementary file that should be referred to and see Part B in "Instructions" for details on how to submit supplementary files.*

[Note 3]: For reference, you may refer to Attachment 2 of Explanatory Notes for Application for Participantship and Trading Right for the guidelines of respective policies.
[Note 4]: Please note that defective securities risk exists when physical certificates deposited by Clearing Participants are found to be defective upon share registration via the Registrar. 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.)
[Note 5]: HKSCC has bank accounts in BANK OF CHINA (HONG KONG) LTD, THE HONGKONG AND SHANGHAI BANKING CORPORATION LTD, INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LTD, STANDARD CHARTERED BANK (HONG KONG) LTD and OCBC WING HANG BANK LTD), details can be found in the following circular https://www.hkex.com.hk/-/media/hkex-market/services/circulars-and-notices/participant-and-members-circulars/hkscc/2016/ce_237_2016.

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ANNUAL ATTESTATION AND INSPECTION PROGRAMME 2020
SELF-ATTESTATION OF COMPLIANCE QUESTIONNAIRE - PART 2

SECTION 6B - RISK MANAGEMENT (II)

This section is applicable to :
(i) Clearing Participants and General Clearing Participants of HKCC; and
(ii) Direct Clearing Participants and General Clearing Participants of SEOCH

Clearing House	HKCC,HKSCC,SEOCH
Clearing/Custodian Participant Name	
Review Period	From 1 Jan 2019 To 31 Dec 2019

(M1) **Was your firm a participant of the following clearing houses during the review period?**

(M1a) • HKCC

(M1b) • SEOCH

Questions (M2) to (M14) of this section are applicable if you have selected "Yes" for question (M1a).
Questions (M2) to (M8) and (M10) to (M14) of this section are applicable if you have selected "Yes" for question (M1b).

(M2) **Entity Profile Update (since the beginning of review period) -** ***Applicable to HKCC/SEOCH Clearing Participants***

(M2a) Have the shares of your firm been pledged/ charged as collateral in your holding company's borrowing?

(M2b) Have any petitions been presented, any proceedings been commenced, any orders been made, any effective resolutions been passed, or any other steps been taken by any person for the winding-up, reorganisation, reconstruction, amalgamation or dissolution of your firm since the beginning of the review period?

(M2c) Is any provisional liquidator, liquidator, receiver or similar officer appointed to take over control of all or any part of your firm's business or assets?

(M2d) **If "Yes" is selected for any of questions (M2a)-(M2c), please provide supplementary information*.**

(M3) **Business Profile -** ***Applicable to HKCC/SEOCH Clearing Participants***

(M3a) Did your firm engage in activities other than execution and brokerge?

If "Yes" is selected for question (M3a), please answer questions (M3b)-(M3e) to specify the percentage in terms of the total revenue generated from each of the activities (e.g.: Please input "5" for 5%).

(M3b) • High frequency trading

(M3c) • Market making

(M3d) • Proprietary trading

(M3e) • Others (please specify below)

(M3f) If "Yes" is selected for any of questions (M3e), please provide supplementary information.

(M3g) For activities (M3b)-(M3e) engaged by your firm, were any of those activities newly commenced during or after the review period?

If "Yes" is selected for question (M3g), please answer questions (M3h)-(M3k).

(M3h) Did your firm obtain the clearing participantship during or after the review period?

(M3i) If "Yes" is selected for question (M3h), were the detailed operations and risk control associated with those activities identified under question (M3g) included in the initial operations and risk control plan of your firm's participantship application submitted to HKCC/SEOCH?

(M3j) If "No" is selected for question (M3h) or (M3i), did your firm notify HKCC/SEOCH of the additional operations and risk control associated with those new activities identified under (M3g) when commencing the activities as required under HKCC Rules 214(n) or SEOCH Rules 403(17)?

(M3k) **If "No" is selected for question (M3j), please explain why your firm did not notify HKCC/SEOCH before engaging in those activities*.**

Please specify the percentage of business volume (in terms of total revenue of the entity) provided by each of the client types under questions (M3l)-(M3n) below (e.g.: Please input "5" for 5%):

(M3l) • Retail clients who are non-professional investors (individuals only)

(M3m) • Retail clients who are classified as Professional Investor under the Securities and Futures Ordinance (individuals only)

(M3n) • Corporate and institutional clients

(M4) **Operational Resources and Capability (as at end of review period) - *Applicable to HKCC/SEOCH Clearing Participants***

(M4a) Please specify the firm's experience (in terms of number of years) in engaging in brokerage activities in both local and overseas futures and options market.

(M4b) • Number of staff in the firm

Percentage of staff resources (in terms of manpower) spent on (e.g: Please input "5" for 5%):

(M4c) • Risk Management

(M4d) • Compliance

(M4e) • Accounting/ Finance

(M4f) • Settlement Operations

(M4g) • Dealing and Sales

(M4h) Derivatives industry experience of most experienced Responsible Officer (number of years)

(M4i) DCASS settlement experience of most experienced settlement officer (including head of settlement) (number of years)

(M4j) FRR reporting experience of most experienced accounting/finance officer(including head of accounting/finance) (number of years)

(M5) **Senior Management Oversight (Risk Governance And Rule Setting) - *Applicable to HKCC/SEOCH Clearing Participants***

(M5a) Is there a regular risk committee set up to enable the senior management to oversee the risk management of your firm?

(M5b) How frequent is the meeting being held at minimum?

Does your firm have policies covering the following operations or risk control processes [Note 6]?

(M5c) • Meeting financial requirements and payment obligations of the clearing house

(M5d) • Management of funding and payment obligations during a client default event

(M5e) • Margin system and calculation

(M5f) • Managing system access rights

(M5g) **If "No" is selected for any of questions (M5a), (M5c), (M5d), (M5e) or (M5f), please provide supplementary information to explain*.**

(M5h) Did your firm have any material revision in operations and risk control policies specified in questions (M5c)-(M5f) during the review period?

(M5i) **If "Yes" is selected for question (M5h), please specify the area that has been revised*.**

(M6) **Position Control (Derivatives Business)** - ***Applicable to HKCC/SEOCH Clearing Participants***

(M6a) Does your firm impose trading/position limit on clients to control the risk at client level?

(M6b) Does your firm impose aggregate position limit to control the risk at firm level?

(M6c) If "Yes" is selected for question (M6b), please specify your aggregate limit (in million HKD) as at the end of the latest quarter.

(M6d) If "Yes" is selected for question (M6b), please specify your aggregate limit (in times of liquid capital) as at the end of the latest quarter.

(M6e) Is the monitoring of clients' positions against the position limits mentioned in questions (M6a) and (M6b) performed automatically by system and on a real-time basis?

(M6f) Is there any regular review mentioned in questions (M6a) and (M6b) of the limit after it has been granted?

(M6g) **If "No" is selected for questions (M6a), (M6b), (M6e) or (M6f), please provide supplementary information to explain*.**

(M7) **Stress Loss and Market Risk Analysis** - ***Applicable to HKCC/SEOCH Clearing Participants***

(M7a) Does your firm's trading products include non-linear products (e.g. index and stock options)?

(M7b) Does your firm conduct stress loss analysis (to project the amount of loss it would incur assuming there are client default(s) under stress scenario and identify the product series/types (e.g. by expiration and moneyness) that contribute most to the stress loss) on clients' positions? If yes, please provide the latest stress loss report conducted during the review period in supplementary information.

If "Yes" is selected for question (M7b), please answer questions (M7c)-(M7k).

(M7c) Is the officer conducting the stress loss analysis above being independent of the trading or dealing operations?

(M7d) Is the stress loss analysis above conducted at least on a weekly basis?

(M7e) What is the frequency of analysis?

(M7f) In the most stressed scenario of the analysis, is the underlying movements for index options and stock option being equal to or higher than ±20% and ±22% respectively?

(M7g) **If "No" is selected for questions (M7d) or (M7f), please provide supplementary information to explain*.**

(M7h) Please confirm that you have attached the stress report.

(M7i) Is there a stress loss appetite specified in your stress testing framework?

(M7j) If "Yes" is selected for question (M7i), please describe your stress loss appetite*.

(M7k) **If "No" is selected for question (M7b), and "Yes" is selected for question (M7a), please provide supplementary information to explain*.**

(M7l) Does your firm conduct market risk sensitivity analysis (e.g. monitoring of "greeks" risk) and identify the product series/types (e.g. by expiration and moneyness) that contribute most to the potential loss under market fluctuation)?

If "Yes" is selected for question (M7l), please answer questions (M7m)-(M7p).

(M7m) Is the market risk sensitivity analysis above conducted on client portfolio level (i.e. to study the market sensitivity of portfolio of individual client)?

(M7n) Is the market risk sensitivity analysis above conducted on firm level (i.e. to study the aggregated market sensitivity of all portfolios)?

(M7o) Is the officer conducting the market risk sensitivity analysis above being independent of the trading or dealing operations?

(M7p) What is the frequency of analysis?

(M7q) **If "No" is selected for question (M7l) and "Yes" is selected for question (M7a), please provide supplementary information to explain*.**

(M8) **Specific Control (CBPL & Post Trade Operations - T Session)** - *Applicable to HKCC/SEOCH Clearing Participants*

(M8a) Does your firm have continuous position monitoring in place to ensure that the activity will not exceed the Capital Based Position Limit ("CBPL")?

If "Yes" is selected for question (M8a), please answer questions (M8b) to (M8d).

(M8b) Is the continuous monitoring performed by system and an aggregate pre-trading limit (internal trigger) is assigned to stop that placing of further trades?

(M8c) If "No" is selected for question (M8b), is the continuous monitoring performed by system and further action will be taken once the trades reach an internal trigger level (e.g. 80% of CBPL)?

(M8d) If "No" is selected for question (M8c), is monitoring performed by staff and further action will be taken once the trades reach an internal trigger level (e.g. 80% of CBPL)?

If "No" is selected for question (M8a), please answer questions (M8e) to (M8f).

(M8e) Is there any non-continuous position monitoring in place?

(M8f) If "Yes" is selected for question (M8e), please state the frequency of monitoring.

(M8g) **If "No" is selected for both questions (M8a) and (M8e), please provide supplementary information to explain and your enhancement plan*.**

(M8h) Does your firm have a regular schedule of conducting post-trade operations (including net down and margin offset claim) of client's trades between 4:30 pm – 6:45 pm?

If "No" is selected for question (M8h), please answer questions (M8i) to (M8m).

(M8i) Does your firm only conduct post-trade operations (including net down and margin offset claim) of client's trades between 4:30 pm – 6:45 pm when the number of trades reaches a certain threshold?

If "Yes" is selected for question (M8i), please provide the following information:-

(M8j) • the threshold

(M8k) • the responsible person to check the position against the threshold

(M8l) • what exact time the checking is conducted

(M8m) **If "No" is selected for questions (M8h) and (M8i), please provide supplementary information to explain*.**

(M9) **Specific Control (After Hour Trading Session) ("CBPL & Post Trade Operations - AHT") - *Applicable to HKCC Clearing Participants***

(M9a) Does your firm participate in trading and clearing during AHT session?

If "Yes" is selected for questions (M9a), please answer the following questions (M9b) to (M9y).

(M9b) How many officers are stationed in office to monitor trades and (manage collateral deficits) during AHT session?

(M9c) Please confirm you understand that a breach of CBPL is considered an event of default.

(M9d) Does your firm have continuous position monitoring in place to ensure the activity will not exceed the CBPL?

If "Yes" is selected for question (M9d), please answer questions (M9e) to (M9g).

(M9e) Is the continuous monitoring performed by system and an aggregate pre-trading limit (internal trigger) is assigned to stop placing of further trades?

(M9f) If "No" is selected for question (M9e), is the continuous monitoring performed by system and further action will be taken once the trades reach an internal trigger level (e.g. 80% of CBPL)?

(M9g) If "No" is selected for question (M9f), is monitoring performed by night desk staff and further action will be taken once the trades reach an internal trigger level (e.g. 80% of CBPL)?

If "No" is selected for question (M9d), please answer questions (M9h) to (M9i).

(M9h) Is there any non-continuous position monitoring in place?

(M9i) If "Yes" is selected for question (M9h), please state the frequency of monitoring.

(M9j) **If "No" is selected for questions (M9d) and (M9h), please provide supplementary information to explain and your enhancement plan*.**

(M9k) Does your firm have a regular schedule of conducting post-trade operations (including net down and margin offset claim) of client's AHT trades between 7:30 am – 8:45 am?

If "No" is selected for questions (M9k), please answer question (M9l).

(M9l) Does your firm only conduct post-trade operations (including net down and margin offset claim) of client's AHT trades between 7:30 am – 8:45 am when the number of trades reach a certain threshold?

If "Yes" is selected for question (M9l), please provide the following information:-

(M9m) • the threshold

(M9n) • the responsible person to check the position against the threshold

(M9o) • what exact time the checking is conducted

(M9p) Is there an internal limit in place to limit the aggregate number of contracts that all clients can trade?

(M9q) If "Yes" is selected for question (M9p), please state the internal limit.

(M9r) **If "No" is selected for question (M9p), please provide supplementary information to explain*.**

(M9s) Does your company have liquidity buffer or overdraft facility to meet the call amount for mandatory intra-day variation adjustment and margin (MMC) if there is a significant market movement on T+1?

If "Yes" is selected for question (M9s), please provide the following information:-

(M9t) • the liquidity buffer amount (in HKD million)

(M9u) • the overdraft facility size (in HKD million)

(M9v) • the number of contracts and the market movement you expect to withstand (e.g. 5,000 HSI Futures with ±13% market movement)

(M9w) If "Yes" is selected for question (M9s), please confirm that internal limit in (M9q) is within your risk appetite set out in (M9v).

(M9x) **If "No" is selected for question (M9s) or (M9w), please provide supplementary information to explain*.**

(M9y) **If "No" is selected for questions (M9k) and (M9l), please provide supplementary information to explain*.**

(M10) **Specific Control on Client Offset Claim Account ("COCA")** - ***Applicable to HKCC/SEOCH Clearing Participants***

(M10a) Does your firm have standard policies and procedures for margin offset claim in place for HKCC?

(M10b) Does your firm have standard policies and procedures for margin offset claim in place for SEOCH?

(M10c) **If "No" is selected for question (M10a) or (M10b), please provide supplementary information to explain*.**

(M10d) Is the daily COCA margin offset claim performed by system automatically?

(M10e) **If "No" is selected for question (M10d), please specify the procedures for handling daily COCA margin offset claim*.**

Does your firm designate an individual to review and approve the details of positions in COCA to ensure they are in compliance with relevant Clearing House Rules and Procedures?

(M10f) • All positions claimed are eligible pairs as per Clearing House Rules and Procedures

(M10g) • Each eligible pair belongs to the same beneficial owner

(M10h) **If "No" is selected for question (M10f) or (M10g), how does the management ensure that the claims are in compliance with relevant Clearing House Rules and Procedures? Please specify the alternative arrangement*.**

(M10i) Does your firm allocate positions to COCA for margin offset claim purpose during the review period for HKCC?

(M10j) Does your firm allocate positions to COCA for margin offset claim purpose during the review period for SEOCH?

If "Yes" is selected for question (M10i) or (M10j), please provide the approximate number of clients involved as at the end of the review period:

(M10k) • HKCC

(M10l) • SEOCH

(M10m) Please review four days of trading (the four days being the four trading days with largest gross position in the review period) and confirm the net-down is performed correctly with the COCA requirement under HKCC Procedures 2.2.6.3 and SEOCH Procedures 9.3.1. The review should be conducted by a party (e.g. internal control, compliance or internal audit) other that the officer performing the net-down. Does your firm identify any inaccuracies in COCA position allocation after review?

(M10n) **If discrepancy is found, please specify the root cause and the rectification actions. Please also specify the completion date of such rectification actions*.**

(M10o) **If the rectification actions above cannot be implemented immediately, please also set out interim measures to ensure COCA compliance*.**

(M10p) Please confirm that you have attached the supporting (including the trade record) of the review conducted in (M10m) with this attestation questionnaire for record. The attachment should enable us to conduct sample checks on the accuracy of the net-down operations on any of the sample days.

(M11) **Specific Control (GCP Services) - *Applicable to HKCC/SEOCH Clearing Participants***

(M11a) Is your firm a General Clearing Participant of HKCC or SEOCH?

If "Yes" is selected for question (M11a), please answer questions (M11b) to (M11o).

(M11b) Does your firm have policy setting out the criteria to be used in the approval of new Non-Clearing Participant (NCP) and the credit assessment process?

(M11c) Does your firm have policy setting out the determination of NCP's trading and/ or position limit and the associated control and monitoring process?

(M11d) Does your firm have margin policies and monitoring procedures for its NCP clients, covering margining and collection under different market conditions, as well as types of acceptable collateral and valuation?

(M11e) Does your firm have procedures, in case of NCP default, to handle any remaining positions of the default NCP and notice to the Exchange of the default NCP?

(M11f) Does your firm have, in case of your firm or any of its NCP intends to terminate the clearing agreement between them, procedure in relation to termination of the clearing agreement including notification to the Clearing Houses?

(M11g) **If "No" is selected for any questions from (M11b) to (M11f), please provide supplementary information to explain*.**

(M11h) Is your firm:
(i) A HKFE Exchange Participant and at the same time, an HKCC GCP; or
(ii) A SEHK OTEP and at the same time, a SEOCH GCP?

If "No" is selected for question (M11h), please answer questions (M11i) to (M11k).

(M11i) Is there any support provided by a third party Exchange Participant or your firm's affiliate that can help to liquidate client portfolio in case the client defaults?

(M11j) Is there a process to assess, review and monitor the creditworthiness of that third party Exchange Particpant or an affiliate?

(M11k) **If "No" is selected for questions (M11i) or (M11j), please provide supplementary information to explain*.**

(M11l) Is your firm offering clearing service to entities that are not an intragroup entity/affiliate (e.g. fund house or other brokers in the industry)?

(M11m) Does your firm intend to (or will continue to) offer clearing services to entities that are not intragroup entities/affiliates (e.g. fund house or other brokers in the industry)?

(M11n) If "yes" is selected for question (M11l) or (M11m), please provide current pricing structure charged to NCP client. Please type "See Attachment" if the information is provided.

(M11o) Apart from clearing services, does your firm also offer credit facilities to its NCP client?

(M12) **Settlement Operations And Liquidity** - ***Applicable to HKCC/SEOCH Clearing Participants***

(M12a) Does your firm have *(1) a designated officer to monitor the rules updates and circulars and their follow-up and (2) a register to track and ensure all the rules updates and circulars issued by HKCC/SEOCH are distributed and assessed for any actions needed* to ensure all relevant rules updates and circulars issued by HKCC/SEOCH are monitored?

(M12b) Does your firm have *(1) a checklist with maker/checker signoff over key settlement steps (with timelines clearly set out for each step) or (2) a system dashboard to monitor the timeliness in completing each key settlement steps with automatic escalation/alerts* in place to ensure all relevant officers strictly follow the prescribed timeline to facilitate smooth operation of settlement process?

(M12c) If "Yes" is selected for question (M12b), please confirm that you have attached a latest version of the checklist/dashboard to this submission.

(M12d) Does your firm have a process at day-end to forecast your Clearing House settlement obligations (of all applicable settlement currencies, including foreign currencies e.g. CNY and USD) on next day?

(M12e) If "Yes" is selected for question (M12d), will the firm check the forecast figures against the balance in bank account designated for settlement purpose to ensure there are sufficient funds available to meet Clearing House's obligation for the next day?

(M12f) If "Yes" is selected for question (M12e), does your firm have an establish notification, escalation and handling procedure in case when there is a funding shortfall in the bank account designated for settlement?

(M12g) **If "No" is selected for question (M12a), (M12b), (M12d), (M12e) or (M12f), please provide supplementary information to explain*.**

(M12h) Does your firm have account(s) at other broker(s) with same clearing partcipantship(s) as a backup arrangement to execute and clear trades?

(M12i) If "Yes" is selected for question (M12h), please specify the name of the broker(s).

(M12j) Does your firm have a liquidity buffer in place to provide contingency funding support in relation to meeting settlement obligations?

If "Yes" is selected for question (M12j), please answer question (M12k) – (M12m).

(M12k) Please specify the level of the buffer (in HKD million).

(M12l) If any of the amount in question (M12k) is placed as term deposit, please specify the amount maintained as of the end of the review period (Please enter "0" if none of the liquidity buffer is in term deposit) (in HKD million).

(M12m) Is there any control in place to ensure the term deposit can be released timely to provide the liquidity needed?

(M12n) Does your firm have an overdraft facility offered by its designated settlement bank in place to provide contingency funding support in relation to meeting settlement obligation?

If "Yes" is selected for question (M12n), please answer question (M12o) – (M12q).

(M12o) What is the total size of the facility/facilities (in HKD million)?

(M12p) What is the base currency of the facility mentioned in (M12o)?

(M12q) Can the money drawn from the facility be readily converted into other settlement currencies without additional administration or limitation imposed by the bank?

(M12r) **If "No" is selected for question (M12j), (M12m), (M12n) or (M12q), please provide supplementary information to explain*.**

(M13) **Funding Transfer and Authorisation** - ***Applicable to HKCC/SEOCH Clearing Participants***

(M13a) What is your firm's authorization arrangement on money transfer (e.g. group A + group B/C arrangement, the composition of each group and the authorization limit for each officer)?

(M13b) Does the authorization arrangement in question (M13a) ensure that at least one RO is engaged in all key money transfer?

(M13c) Is any authorizer under question (M13a) a director staff who represents the group company's interest?

(M13d) **If "Yes " is selected for question (M13c), please provide the name of the director staff and his/her capacity in the group*.**

(M13e) Has your firm set up internet banking to effect immediate money transfer between your firm's key house account and its designated account for money settlement purpose?

(M13f) Has your firm set up internet banking to effect immediate money transfer between your firm's key client account and its designated account for money settlement purpose?

(M13g) Has your firm set up internet banking to effect immediate FX conversion of funds deposited at settlement bank?

(M13h) Is >80% of your firm's house and client money being deposited in the same bank where its designated account for money settlement purpose is located?

(M13i) If "No" is selected for question (M13h), has your firm set up internet banking to effect immediate money transfer between its key house and client accounts in other bank(s) and its designated account for money settlement purpose?

(M13j) **If "No" is selected for question (M13b), (M13e), (M13f), (M13g) or (M13i), please provide supplementary information to explain*.**

(M13k) Are your firm's designated account for money settlement purpose all operative (i.e. not became dormant) during the review period?

(M13l) Does your firm have any designated account(s) for money settlement purpose that had no financial activity for more than 3 months during the review period?

(M13m) If "Yes" is selected for question (M13l), does your firm take any precautionary measures (e.g. conduct a testing transaction on regular basis) to keep the account operative?

(M13n) **If "No" is selected for question (M13k) or (M13m), please provide supplementary information to explain*.**

(M14) **Specific Control (Proprietary Trading Business)** - ***Applicable to HKCC/SEOCH Clearing Participants***

(M14a) Does your firm conduct proprietary trading activities?

If "Yes" is selected for question (M14a), please answer question (M14b) – (M14j).

(M14b) Please specified the product class you invested in proprietary trading business and their respectively percentage in terms of position as of end of the review period.

(M14c) Does your firm have proprietary trading limit in place to control the risk of proprietary trading activity?

(M14d) Does your firm monitor the exposure of proprietary trading against trading limit by system on real time basis?

(M14e) Does your firm have stop loss mechanism in place to control the risk of proprietary trading activity?

(M14f) **If "No" is selected for question (M14c) to (M14e), please provide supplementary information to explain*.**

(M14g) Does your firm conduct loss analysis (e.g. stress testing) to evaluate the potential loss on your proprietary trading portfolio under extreme but plausible scenario?

If "Yes" is selected for question (M14g), please provide latest quarter-end estimate in terms of liquid capital after loss.

(M14h) • Liquid capital as at the end of the latest quarter (in million HKD).

(M14i) • Liquid capital after loss as at the end of the latest quarter (in million HKD).

(M14j) **If "No" is selected for question (M14g), please provide supplementary information to explain*.**

** If there is insufficient space to answer, please specify the supplementary file that should be referred to and see Part B in "Instructions" for details on how to submit supplementary files.*

[Note 6]: For reference, you may refer to Attachment 2 of Explanatory Notes for Application for Participantship and Trading Right for the guidelines of respective policies.

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ANNUAL ATTESTATION AND INSPECTION PROGRAMME 2020
SELF-ATTESTATION OF COMPLIANCE QUESTIONNAIRE - PART 2

SECTION 7 - CLEARING RULES OBLIGATIONS

(This section is applicable to:
(i) Direct Clearing Participants, General Clearing Participants and Custodian Participants of HKSCC;
(ii) Clearing Participants and General Clearing Participants of HKCC; and
(iii) Direct Clearing Participants and General Clearing Participants of SEOCH)

Clearing House	HKCC,HKSCC,SEOCH
Clearing/Custodian Participant Name	
Review Period	From 1 Jan 2019 To 31 Dec 2019

HKSCC
Questions from (N1) to (N4) of this section are applicable if you have selected "Yes" for question (L1a) or (L1b).

(N1) **Does your firm comply with the following CCASS Rules and CCASS Operational Procedures?** *- applicable to HKSCC Clearing Participants and HKSCC Custodian Participants*

Participantship

(N1a) • Continuing obligations (CCASS Rules 1703)

(N1b) • Maintenance contact information of Designated Officer or Alternate Designated Officer (CCASS Operational Procedures - Section 2.6)

(N1c) • Maintenance of Designated Bank Account (CCASS Operational Procedures - Section 9.8)

Access to HKEX

(N1d) • Requirements regarding all usage of its CCASS Terminal / Participant Gateway to access to CCASS (CCASS Rules 704)

(N1e) • Access to CCASS from a foreign jurisdiction (CCASS Rules 3901 to 3904) (Please select "Not applicable" if your firm or your Settlement Agent did not install CCASS Terminals and Participant Gateways neither outside office premises nor access and operate CCASS from a foreign jurisdiction.)

Operational matters

(N1f) • Custodian services in relation to Uncertificated Eligible Securities and China Connect Securities (CCASS Rules 823, 824, and CCASS Operational Procedures - Section 7.14) (Please select “Not applicable” if your firm did not provide any custodian services for both Uncertificated Eligible Securities and China Connect Securities during the review period.)

(N1g) • Requirements to hold Eligible Securities in its Stock Accounts with CCASS (CCASS Operational Procedures - Section 8.6.4)

(N1h) • Obtain written consent from the relevant clients before acting on their behalf (CCASS Rules 904)

(N1i) • Duty to immediately report late delivery or payment by a counterparty Participant in respect of an Isolated Trade (CCASS Rules 3404) (Please select “Not applicable” if your firm is a Custodian Participant.)

(N1j) • Exemption from Buy-in (CCASS Operational Procedures - Section 10.8.3) (Please select “Not applicable” if your firm is a Custodian Participant.)

(N1k) **If "No" or “Not applicable” is selected for any of questions (N1a)-(N1j), please provide supplementary information to explain*.**

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(N2) **Does your firm have controls in place to ensure compliance with the following CCASS Rules and CCASS Operational Procedures? -** ***applicable to HKSCC Clearing Participants and HKSCC Custodian Participants***

Participantship

(N2a) • Comply with any law, decree, rule, regulation, or order of any government, regulatory authority, competent authority, court or tribunal anywhere in the world, applicable to your firm (CCASS Rules 1703)

(N2b) • Comply with the CCASS Rules, CCASS Operational Procedures and with any orders, directions or practice notes from time to time issued or prescribed by HKSCC in respect of the services and facilities of CCASS, whether of a temporary or permanent nature (CCASS Rules 1703)

(N2c) • Notify HKSCC any change in the details supplied to HKSCC at the time of admission and thereafter (CCASS Rules 1703)

(N2d) • Notify HKSCC forthwith upon it becoming aware of changes in its circumstances which is material to its participation in CCASS (CCASS Rules 1703)

(N2e) • Keep records in sufficient detail of its use of any of the services and facilities of CCASS and upon HKSCC's request, your firm can provide required information to HKSCC (CCASS Rules 1703)

(N2f) • Inform HKSCC in writing of any change of its Designated Officer or Alternate Designated Officer (CCASS Operational Procedures - Section 2.6)

(N2g) • Establish and maintain a Designated Bank Account for money settlement purpose (CCASS Operational Procedures – Section 9.8)

Access to HKEX

(N2h) • Prior approval from HKSCC before your firm installs CCASS Terminals and Participant Gateways at a location outside office premises (CCASS Rules 704) (Please select "Not applicable" if your firm did not install CCASS Terminals and Participant Gateways outside office premises.)

(N2i) • Prior approval from HKSCC before your firm installs CCASS Terminal in office premises located in a foreign jurisdiction, or access and operate CCASS from a foreign jurisdiction (CCASS Rules 3901 to 3904)? (Please select "Not applicable" if your firm did not install CCASS Terminals and Participant Gateways neither outside office premises nor access and operate CCASS from a foreign jurisdiction.)

Operational matters

(N2j) • Follow the applicable law of the relevant jurisdiction on title or interest in and entitlement to securities of your firm (CCASS Rules 823, 824, and CCASS Operations Procedures - Section 7.14) (Please select “Not applicable” if your firm did not provide any custodian services for both Uncertificated Eligible Securities and China Connect Securities during the review period.)

(N2k) • Hold Eligible Securities in its Stock Accounts with CCASS, when voting instructions are given in respect of any resolution to be voted at the relevant meeting, until the conclusion of the relevant meeting (CCASS Operational Procedures - Section 8.6.4)

(N2l) • Obtain written consent from the relevant clients before acting on their behalf (CCASS Rules 904)

(N2m) • Report in writing immediately to HKSCC in respect of any default or late delivery or payment by counterparty Participants in respect of an Isolated Trade (CCASS Rules 3404) (Please select “Not applicable”, if your firm is a Custodian Participant.)

(N2n) • Follow the buy-in exemption procedures (CCASS Operational Procedures - Section 10.8.3) (Please select “Not applicable”, if your firm is a Custodian Participant.)

(N2o) **If "No" or “Not applicable” is selected for any of questions (N2a)-(N2n), please provide supplementary information to explain*.**

(N3) **Arrangements with Settlement Agent -** ***Applicable to HKSCC Clearing Participants and HKSCC Custodian Participants***

(N3a) • Does your firm appoint any Settlement Agent to conduct settlement and other activities in CCASS on behalf of your firm (CCASS Rules 3801) during or after the review period?

If "Yes" is selected for question (N3a), please answer questions (N3b)-(N3f).

(N3b) • Does your firm comply with all the relevant obligations in connection with your Settlement Agent (CCASS Rules 3802)?

Does your firm have controls in place to ensure compliance with the following CCASS Rules and CCASS Operational Procedures about the arrangement with Settlement Agent?

(N3c) • Fulfil the obligations of CCASS Participants in connection with Settlement Agent (CCASS Rules 3802)

(N3d) • Prior approval from HKSCC before your Settlement Agent installs CCASS Terminals and Participant Gateways at a location outside office premises (CCASS Rules 704) (Please select "Not applicable" if your Settlement Agent did not install CCASS Terminals and Participant Gateways outside office premises.)

(N3e) • Prior approval from HKSCC before your Settlement Agent installs CCASS Terminals and Participant Gateways in office premises located in a foreign jurisdiction, or access and operate CCASS from a foreign jurisdiction and fulfil the obligations in connection with Settlement Agent (CCASS Rules 3901 to 3904) (Please select "Not applicable" if your Settlement Agent did not install CCASS Terminals and Participant Gateways outside office premises, or access and operate CCASS from a foreign jurisdiction.)

(N3f) **If "No" or "Not applicable" is selected for any of questions (N3b)-(N3e), please provide supplementary information to explain*.**

(N4) **China Connect Securities Clearing** - ***Applicable to HKSCC Clearing Participants and HKSCC Custodian Participants***

(N4a) • Is your firm a registered China Connect Clearing Participant during or after the review period? (Please select "No" for this question if your firm is a China Connect Exchange Participant and/or Trade-through Exchange Participant, but not registered as a China Connect Clearing Participant.)

If "Yes" is selected for question (N4a), please answer questions (N4b)-(N4d).

(N4b) • Does your firm comply with shareholding restrictions and follow the relevant procedures upon receipt of a Forced-Sale Notice (CCASS Rules 4110(iv))?

(N4c) • Does your firm have control in place to ensure compliance with the Forced-sale Procedures (CCASS Rules 4110(iv))?

(N4d) **If "No" is selected for or any of questions (N4b)-(N4c), please provide supplementary information to explain*.**

HKCC

Questions from (N5) to (N6) of this section are applicable if you have selected "Yes" for question (M1a).

(N5) **Does your firm comply with the following HKCC Rules and HKCC Procedures? - *applicable to HKCC Participants***

Participantship

(N5a) • Continuing obligations of HKCC Participants (HKCC Rules 214)

Operational matters

(N5b) • Clearing accounts in DCASS (HKCC Procedures - Section 1.2)

(N5c) **If "No" is selected for any of questions (N5a)-(N5b), please provide supplementary information to explain*.**

(N6) **Does your firm have controls in place to ensure compliance with the following HKCC Rules and HKCC Procedures? - *applicable to HKCC Participants***

Participantship

(N6a) • Ensure your firm does not sell, transfer, pledge, charge or otherwise encumber or deal with its HKCC Participantship (HKCC Rules 214(h))

(N6b) • Comply with the Securities and Futures Ordinance (HKCC Rules 214(i))

(N6c) • Comply with any law, decree, rule, regulation, or order of any government, regulatory authority, competent authority, court or tribunal anywhere in the world, applicable to your firm (HKCC Rules 214(ia))

(N6d) • Notify HKCC any change in the details supplied to HKCC at the time of admission and thereafter (HKCC Rules 214(n))

Operational matters

(N6e) • Record all trades and positions in accordance with the relevant nature for each clearing account type provided by HKCC (HKCC Procedures - Section 1.2.1, 1.2.2, 1.2.3 and 1.2.5)

(N6f) • Record all trades and positions maintained in the Individual Client Account belonging to one client only and such trades and positions are not held by a client operating an Omnibus Account (HKCC Procedures - Section 1.2.3)

(N6g) **If "No" is selected for any of questions (N6a)-(N6f), please provide supplementary information to explain*.**

SEOCH

Questions from (N7) to (N8) of this section are applicable if you have selected "Yes" for question (M1b).

(N7) **Does your firm comply with the following SEOCH Rules and SEOCH Procedures? - *applicable to SEOCH Participants***

Participantship

(N7a) • Compliance with the SEOCH Rules and the SEOCH Procedures (SEOCH Rules 401)

Operational matters

(N7b) • DCASS accounts (SEOCH Procedures – Section 1.5.1)

(N7c) • DCASS account in respect of Options Broker Exchange Participants' transactions carried by a SEOCH Participant (SEOCH Procedures - Section 1.8, 1.8.1 and 1.8.2) (please select "Not applicable" if your firm did not carry any trade and position in respect of Options Broker Exchange Participants' transactions as the carrying SEOCH Participant)

(N7d) • Individual Client Accounts (SEOCH Procedures - Section 5.6)

(N7e) • Position adjustments (SEOCH Procedures - Section 5.5)

(N7f) • Assignment mechanism of their clients' positions (SEOCH Procedures - Section 6.2.1)

(N7g) • Securities collateral coverage assignment (SEOCH Procedures - Section 7.2.4)

(N7h) **If "No" or "Not applicable" is selected for any of questions (N7a)-(N7g), please provide supplementary information to explain*.**

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(N8) **Does your firm have the controls in place to ensure compliance with the following SEOCH Rules and SEOCH Procedures?** ***- applicable to SEOCH Participants***

Participantship

(N8a) • Adhere strictly to SEOCH Rules, SEOCH Procedures, conditions set out in the notice of approval of its SEOCH Participantship, and from time to time, comply with the decisions, directions, directives, determinations made by SEOCH (SEOCH Rules 401)

(N8b) • Comply with any law, decree, rule, regulation, or order of any government, regulatory authority, competent authority, court or tribunal anywhere in the world, applicable to your firm (SEOCH Rules 403(16))

(N8c) • Notify SEOCH any change in the details supplied to SEOCH at the time of admission and thereafter (SEOCH Rules 403(17))

Operational matters

(N8d) • Record all trades and positions in accordance with the relevant nature for each clearing account type provided by SEOCH (SEOCH Procedures – Section 1.5.1)

(N8e) • Ensure particulars of each Individual Client Account application submitted are in agreement with and supported by the SEOCH Participant's records of its clients' option trading (SEOCH Procedures – Section 5.6)

For questions (N8f) to (N8h), please select "Not applicable" if your firm did not carry any trade and position in respect of Options Broker Exchange Participants' transactions as the carrying SEOCH Participant.

(N8f) • Maintain separate accounts in DCASS with SEOCH in respect of the transactions cleared by it for the Options Broker Exchange Participant ("OBEP") as the carrying SEOCH Participant (SEOCH Procedures - Section 1.8)

(N8g) • Notify SEOCH the identity of the OBEP for whom an OBEP Individual Client Account is maintained, and ensure that each and every transaction in respect of an OBEP must be properly recorded in the OBEP Individual Client Account designated for that OBEP (SEOCH Procedures - Section 1.8.1)

(N8h) • Maintain separate OBEP Individual Client Accounts, and record the positions from trades executed in proper client account (SEOCH Procedures - Section 1.8.2)

(N8i) • Follow the external position adjustments procedures (SEOCH Procedures - Section 5.5)

(N8j) • Follow the assignment mechanism for itself or on behalf of its clients (SEOCH Procedures – Section 6.2.1)

(N8k) • Ensure sufficient securities collateral balance is available in your firm's CCMS Collateral Account for covering short call positions before effecting the cover requests via DCASS (SEOCH Procedures – Section 7.2.4)

(N8l) **If "No" or "Not applicable" is selected for any of questions (N8a)-(N8k), please provide supplementary information to explain*.**

- END -

** If there is insufficient space to answer, please specify the supplementary file that should be referred to and see Part B in "Instructions" for details on how to submit supplementary files.*