

ADS Securities Hong Kong Limited

("Company")

Compliance Manual

for

**Type 1 (Dealing in Securities),
Type 2 (Dealing in Futures Contracts) and
Type 3 (Leveraged Foreign Exchange Trading) regulated activities**

Sept 2017

This Compliance Manual ("**Manual**") contains regulatory requirements, procedures and expectations of the Company and individuals in relation to the Company. This Manual is the sole property of the Company and must be returned to the Company should an employee's association with the Company terminate for any reason. The contents of this Manual are confidential. Employees may not disseminate, reproduce, distribute, duplicate, copy, or make extracts from or abstracts of this Manual, or make it available in any form to anyone without express approval from the Head of the Compliance Department.

"ADS HK Compliance Manual for Type 1, 2 and 3 regulated activities" is reviewed and approved by

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AMENDMENTS TO THIS MANUAL

This Manual will be updated as appropriate, to reflect changes to the regulated business activities, or regulatory changes applicable to the Company.

The master copy of the current Manual will be stored in the shared drive of ADS Securities Hong Kong Limited and maintained by the Compliance Officer or his/her delegates. For additional copies of this Manual, please contact a Responsible Officer or the Compliance Officer (details of such individuals are set out below in the sections headed “**The Compliance Framework**”).

Future updates and amendments made to the master copy of the Manual will be referenced and maintained by the Compliance Officer of ADS Securities Hong Kong Limited. It is intended that this Manual be reviewed at appropriate intervals to ensure that it is operating efficiently and that it is appropriate to the Company’s operations.

TABLE OF CONTENTS

Part 1.	INTRODUCTION	5
1.01	Introduction	5
1.02	Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission ("Code").....	6
Part 2.	THE COMPLIANCE FRAMEWORK	8
2.01	General Principles.....	8
2.02	Purpose of the Compliance Manual	8
2.03	Organizational Compliance Structure.....	8
2.04	Compliance with Laws and Regulations.....	8
2.05	The Compliance Officer	9
2.06	Corporate Licensing Requirements	10
2.07	Individual Licences and Exemptions	11
2.08	Fit and Proper Criteria.....	13
2.09	Ongoing Regulatory Obligations	13
2.10	Continuous Professional Training	15
2.11	Financial Resources and Regulatory Issues	16
2.12	Capital Requirements under the Financial Resources Rules	16
2.13	Client Assets and Custody of Assets.....	20
2.14	Auditors	20
2.15	General Audit of The Company.....	20
Part 3.	MANAGEMENT, SUPERVISION, CORPORATE GOVERNANCE AND REPORTING LINES	21
3.01	General.....	21
3.02	Senior Management Appointment.....	21
3.03	Roles and Responsibilities of the Board.....	22
3.04	Manager-In-Charge of Core Function (MIC).....	22
3.05	Legal liabilities of Senior Management.....	24
3.06	Notification to the SFC	24
3.07	Locality of Responsible Officers	25
3.08	Responsibility for Acts of Employees	25
3.09	Reporting Lines.....	25
3.10	Delegation.....	26
Part 4.	COMPLIANCE AND INTERNAL CONTROLS (For Type 1, 2 and 3 Regulated activities)	27
4.01	General.....	27
4.02	Compliance Program Overview.....	27
4.03	Terms of Business	32
4.04	Information for Client.....	34
4.05	Statement of Client Information.....	35
Part 5.	PERSONNEL AND TRAINING	37
5.01	General.....	37
5.02	Training Policies.....	37
Part 6.	MARKETING AND COLD CALLING POLICY (For Type 1, 2 and 3 Regulated Activities only)	38
6.01	Marketing, Advertising, Publications and Public Relation Exercises	38
6.02	Cold Calling	38

Part 7.	EMPLOYEE CONDUCT	40
7.01	General Obligations	40
7.02	Violation of Policies and Procedures	40
7.03	Due Skill, Care and Diligence.....	40
7.04	Acting Honestly, Efficiently and Fairly	40
7.05	Securities Regulatory Laws and Regulations	40
7.06	Information for Clients.....	41
7.07	Employee Reporting	41
7.08	Complaints.....	41
7.09	Conflicts of Interest	43
7.10	Transactions with Affiliates/Connected Persons.....	44
7.11	Related Party Benefits	45
7.12	Receiving and Giving Gifts, Benefits, and Entertainment	45
7.13	Business Expenses.....	46
7.14	Directorships and Outside Activities.....	46
7.15	Dealings with Investors, Clients and Third Parties.....	46
7.16	Dealings with Government and Industry Regulators.....	47
7.17	Involvement in Litigation.....	47
7.18	Subpoenas or Other Information Requests from Regulatory or Governmental Agencies.....	48
7.19	Harassment and Discrimination	48
7.20	Disciplinary Procedures for Employee Misconduct	48
7.21	Termination or Departure	48
Part 8.	TREATMENT OF ASSETS AND INFORMATION	50
8.01	General.....	50
8.02	Information Management: Protection from Disclosure	50
8.03	Information Management Systems.....	51
8.04	Information Access	51
8.05	General Principles for Treatment of Information	51
8.06	Information Management: Consequences of breach	51
8.07	Assets of the Company	52
8.08	Record Keeping	52
8.09	Equipment and Systems Usage	54
8.10	Treatment of Sensitive Data.....	55
8.11	Publicity and Dealings with the Media	55
8.12	Confidentiality and Intellectual Property	56
8.13	Outside Consultants and Service Providers	56
8.14	Public Accountants and Counsel and Administrators	56
Part 9.	DATA PROTECTION POLICY	57
9.01	General Principles.....	57
9.02	Protection of Employee Data.....	58
9.03	Disclosure Obligation	58
9.04	Use of Your Personal Data	58
Part 10.	ANTI-MONEY LAUNDERING PROCEDURES.....	61
10.01	General Policy	61
10.02	What is Money Laundering?	61
10.03	What is Terrorist Financing?	61
10.04	Anti-Money Laundering Legislation in Hong Kong.....	62
10.05	The Company's Primary Responsibilities In Relation to Anti-Money Laundering.....	65
10.06	Policies, Procedures And Controls	65
10.07	Prospective Clients/Investor Document Collection	68

10.08	Client Identification Procedures (“CIP”)	68
10.09	Certain Prohibited Clients/Investors	69
10.10	Heightened Risk Accounts	69
10.11	No Cash Policy	70
10.12	Periodic Monitoring	70
10.13	Suspicious Activity Monitoring and Reporting	70
10.14	Filing a Suspicious Activity Report (SAR)	71
10.15	Designation of an Anti-Money Laundering Compliance Officer and Delegation of Responsibilities	72
10.16	Anti-Money Laundering Training	72
10.17	Keeping of Anti-Money Laundering Records	72
Part 11.	ANTI-BRIBERY GUIDELINES	74
11.01	Introduction	74
11.02	Rebates and Soft Dollars	74
11.03	Inducements and Gifts	74
11.04	Dealing with Suppliers	74
11.05	Bribery is Prohibited	74
11.06	Procedures of Offering and Acceptance of Advantages	74
Part 12.	CREDIT AND MARGIN POLICY FOR LEVERAGED FOREIGN EXCHANGE TRADING AND FUTURES CONTRACTS	76
12.01	Clients’ Margin Requirements	76
12.02	No Credit on Margin	76
12.03	Restricted use of margin collateral	76
12.04	Margin Call	76
12.05	Mandatory Liquidation of Open Position	77
12.06	Outstanding Amount	77
Part 13.	RISK MANAGEMENT	78
13.01	General	78
13.02	Risk Management	78
Part 14.	BUSINESS CONTINUITY PLAN	80
14.01	Overview	80
14.02	Business Continuity Plan and Recovery Plan	80
14.03	Responsibility for Business Continuity Plan and Recovery Plan	81
14.04	Communication with Our Employees in the Event of a Disruption	81
14.05	Communication with the Company’s Clients in the Event of a Disruption	81
14.06	Redundancy of Mission Critical Information Technology Systems	81
14.07	Offsite Data Storage	81
14.08	Back-Up Trading and Operations Site	81
14.09	Insurance	82
14.10	Typhoon and weather warnings:	82
Part 15.	INDEX TO APPENDICES	83
APPENDIX A	LIST OF THE MOST RELEVANT LAWS, REGULATIONS, STANDARDS AND COMPLIANCE REQUIREMENTS	84
APPENDIX B	DEFINITION OF PROFESSIONAL INVESTOR UNDER THE SFO	87
APPENDIX C	CLIENT IDENTIFICATION PROCEDURES	90
APPENDIX D	THE COMPANY CLIENT DUE DILIGENCE FORM	97

APPENDIX E CLIENT CATEGORIZATION FORM	102
APPENDIX F PROFESSIONAL INVESTOR CONSENT FORM	105
APPENDIX G SUMMARY OF CONTINUING OBLIGATIONS	108
APPENDIX H SFC NOTIFICATION REQUIREMENTS	110
APPENDIX I ELECTRONIC TRADING POLICIES AND PROCEDURES.....	116
APPENDIX J EMPLOYEE DEALING DECLARATION STATEMENT	120
APPENDIX K GIFTS AND BENEFITS APPROVAL APPLICATION FORM.....	121
APPENDIX L ORGANIZATIONAL CHART For ADS Securities Hong kong limited	1

PART 1. INTRODUCTION

1.01 Introduction

The Company takes compliance requirements and considerations extremely seriously. Any issue or conduct that could call into question the compliance culture and/or reputation of the Company is considered vital and if you have any uncertainty regarding what is expected of you as an Employee of the Company, please contact the Compliance Officer.

The Company maintains a policy of requiring full compliance with all applicable laws, rules and regulations of Hong Kong and other applicable jurisdictions. This Manual, therefore, forms a core part of the compliance framework in place at the Company.

All employees of the Company (each, an “**Employee**”; collectively, the “**Employees**”) are expected to comply with the policies and procedures addressed by this Manual. In addition, the Company regularly holds education and learning programs for the benefit of all Employees.

Employees are expected to, and are responsible for, understanding and following the rules, policies and procedures in this Manual and any supporting policies – not just the requirements themselves, but the spirit on which they are founded.

In addition, all Employees should note that the Company is licensed with the Securities and Futures Commission (“**SFC**”) to perform other regulated activities from time to time. All requirements contained within this Manual should be considered in the context of the Company’s Type 1, 2 and 3 regulated activities.

This Manual does not attempt to serve as an exhaustive guide to every legal, regulatory and compliance requirement applicable to the types of activities in which the Company and its Employees may be involved in, in the course of conducting the business of the Company. Rather, this Manual is intended to summarize the principal legal, regulatory and compliance matters relating to the Company and its Employees, and to establish general policies and procedures governing the conduct of the Company’s business. The compliance officer or his/her duly appointed successor (“**Compliance Officer**”) is available to address any questions or concerns relating to such policies and procedures, their interpretation and application. If the Compliance Officer or his/her delegates are unavailable, please consult the Responsible Officers.

Policies and procedures are always subject to modification and further development. The Company, in its sole and absolute discretion, may amend, modify, supplement, suspend or terminate any policy or procedure contained in this Manual, at any time without prior notice. The Company has sole and absolute discretion to interpret and apply the policies and procedures and to make all determinations of fact with respect to their application.

If you think you cannot fully comply in any circumstances, or if you have for any reason failed to observe any of these procedures, you should immediately notify the Compliance Officer or a Responsible Officer who will advise you on the steps you should take.

IF IN DOUBT, ASK THE COMPLIANCE OFFICER BEFORE YOU ACT.

IT IS THE RESPONSIBILITY OF EVERY DIRECTOR AND EVERY EMPLOYEE TO OBSERVE THE SPIRIT, AS WELL AS, THE LETTER OF THESE PROCEDURES AND TO ACT WITH HIGH STANDARDS OF HONESTY AND FAIRNESS. IT IS A CONDITION OF EMPLOYMENT THAT YOU DO SO AND FAILURE TO DO SO CONSTITUTES SERIOUS MISCONDUCT.

1.02 Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (“Code”)

The SFC has modeled the Code on principles developed and recognized by the International Organization of Securities Commissions and other principles the SFC believes to be fundamental to the undertaking of a licensed or registered person’s business. This Manual should be read in light of these, and the regulated activities of the Company (as defined below) should be carried out in the spirit of such general principles.

(a) Honesty and fairness

In conducting its business activities, a licensed or registered person should act honestly, fairly, and in the best interests of its clients and the integrity of the market.

(b) Diligence

In conducting its business activities, a licensed or registered person should act with due skill, care and diligence, in the best interests of its clients and the integrity of the market.

(c) Capabilities

A licensed or registered person should have and employ effectively the resources and procedures which are needed for the proper performance of its business activities.

(d) Information about clients

A licensed or registered person should seek from its clients information about their financial situation, investment experience and investment objectives relevant to the services to be provided.

(e) Information for clients

A licensed or registered person should make adequate disclosure of relevant material information in its dealings with its clients.

(f) Conflicts of interest

A licensed or registered person should try to avoid conflicts of interests, and when they cannot be avoided, should ensure that its clients are fairly treated.

(g) Compliance

A licensed or registered person should comply with all regulatory requirements applicable to the conduct of its business activities so as to promote the best interests of clients and the integrity of the market.

(h) **Client assets**

A licensed or registered person should ensure that client assets are promptly and properly accounted for and adequately safeguarded.

(i) **Responsibility of senior management**

The senior management of a licensed or registered person should bear primary responsibility for ensuring the maintenance of appropriate standards of conduct and adherence to proper procedures by the firm. In determining where responsibility lies, and the degree of responsibility of a particular individual, regard shall be to that individual's apparent or actual authority in relation to the particular business operations.

The above general principles are the overriding statements that the Company must adhere to at all times. All Employees must consider it part of their day-to-day duties to uphold these standards in order to contribute to the Company's ability to, at all times, remain in compliance.

All staff must ensure that they understand the contents of this Manual and co-operate with the Compliance Officer (or any individual tasked with performing compliance monitoring at the Company) so as to maintain and continually enhance the compliance procedures and culture of the Company.

PART 2. THE COMPLIANCE FRAMEWORK

2.01 General Principles

The Company intends to conduct its business in accordance with the applicable laws, rules and policies issued or endorsed by regulators, best market practice and the highest standards of integrity and fair dealing. It is imperative that all Employees of the Company act in conformity with their own and the Company's responsibilities under the applicable legal and regulatory system.

If any Employee has a compliance question, which cannot be answered by reference to this Manual, the Employee must consult the Compliance Officer before taking any action.

The content of this Manual is proprietary information of the Company that is privileged and confidential. This Manual is intended only for the use of Employees. Recipients of this Manual should not disseminate, reproduce, distribute, or create extracts of this Manual, or make it available to anyone without express prior approval from the Compliance Officer.

2.02 Purpose of the Compliance Manual

The purpose of this Manual is to identify key processes that the Company has established in order to manage its business and to outline the compliance procedures, monitoring and reporting processes undertaken to ensure compliance with the applicable legislation, rules and regulations.

While the scope of this Manual focuses on laws, rules and regulations in Hong Kong, Employees are reminded to observe any laws, rules and regulations that may apply to their activities, or the products sold, in other jurisdictions.

2.03 Organizational Compliance Structure

The Company

- (i) maintains an effective compliance function, headed by the Compliance Officer in order to monitor compliance with its own internal policies and procedures, and all applicable legal and regulatory requirements;
- (ii) ensures that its compliance function possesses the technical competence, adequate resources and experience necessary for the performance of its functions; and
- (iii) ensures that its compliance function is independent of its other business functions and reports directly to senior management.

2.04 Compliance with Laws and Regulations

Attention is drawn to the regulatory handbook ("**Regulatory Handbook**") on the website (www.sfc.hk) of the Securities and Futures Commission ("**SFC**"). The Company is aware of its requirement to comply with all applicable securities regulatory laws, codes, regulations and guidelines ("**securities regulatory laws and regulations**").

Listed in Appendix A are the most relevant laws, regulations, standards and compliance requirements governing the operations of the Company and its Employees, associates and consultants. The list is not exhaustive and it may change from time to time as the securities regulatory laws and regulations change.

2.05 The Compliance Officer

(a) Appointment

Ray Sun will be appointed as the Company's initial Compliance Officer. Any changes to the Compliance Officer will be notified to all senior management and Employees of the Company.

In general terms, the Compliance Officer will be responsible for monitoring the Company's compliance with its licence conditions and the obligations imposed on it under the securities regulatory laws and regulations as well as to ensure that the Company complies with its own internal policies and procedures.

The Compliance Officer shall be responsible for general administration of most of the policies and procedures set forth in this Manual.

The Compliance Officer shall also arrange for appropriate Employee briefing on the policies and procedures reflected in the Manual, as determined to be appropriate by the Compliance Officer.

(b) Qualifications, Capabilities and Seniority

The Company will ensure that the Compliance Officer:

- (i) is trained in the application of, and has a detailed knowledge of this Manual;
- (ii) maintains knowledge of compliance issues and the relevant legislation, rules and standards through external ongoing training;
- (iii) maintains high status, authority and recognition within the Company;
- (iv) has a record of integrity and commitment to compliance;
- (v) has access to expert knowledge or relevant laws, regulations and standards and has access to professional advice in implementing compliance with those laws;
- (vi) has good communication skills;
- (vii) has access to all levels of the organization including senior decision makers; and
- (viii) is the formal and informal reference point on compliance matters.

(c) Role and Duties

The principal duties and responsibilities of the Compliance Officer include:

- (i) ensuring the culture of compliance is maintained and, where possible, enhanced within the Company and to promote the ongoing development of the compliance framework;
 - (ii) reporting to the Board on actual and suspected breaches of this Manual and any applicable legislation, rules and regulations;
 - (iii) briefing, or arranging for the briefing of, the Board on changes to the applicable legislation, rules and regulations and to recommend to the Board amendments to this Manual, policies and procedures, as appropriate, and to implement agreed changes;
 - (iv) training, or arranging for the training of, staff and representatives;
 - (v) preparing and updating, or arranging for the preparation and updating of this Manual and operating manuals;
 - (vi) answering questions, as appropriate, regarding the policies and procedures set forth in this Manual;
 - (vii) maintaining sufficiently detailed compliance procedures to give senior management reasonable assurance that the Company complies with all applicable requirements at all times; and
 - (viii) evaluating the adequacy and effectiveness of key internal controls.
- (d) **Access to Information and Senior Management**

The Compliance Officer will have unfettered access to all information within the Company concerning both the general operation of the business and the issues relating to dealings with clients.

The compliance function is independent of the Company's other regulated business functions and reports directly to senior management.

2.06 Corporate Licensing Requirements

(a) Corporate Licence

Any company, which carries on a regulated activity in Hong Kong, must be licensed by the SFC. The regulated activities are:

- (i) Type 1: Dealing in Securities;
- (ii) Type 2: Dealing in Futures Contracts;
- (iii) Type 3: Leveraged Foreign Exchange Trading;
- (iv) Type 4: Advising on Securities;
- (v) Type 5: Advising on Futures Contracts;
- (vi) Type 6: Advising on Corporate Finance;

- (vii) Type 7: Providing Automated Trading Services;
- (viii) Type 8: Securities Margin Lending;
- (ix) Type 9: Asset Management; and
- (x) Type 10: Providing Credit Rating Services.

(b) The Company's Licence

The Company has been licensed by the Hong Kong Securities and Futures Commission (“SFC”) to engage in Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts) and Type 3 (Leveraged Foreign Exchange Trading) regulated activities. The Company is subject to fiduciary obligations and legal and regulatory requirements in accordance with such licences and registrations. The Company shall seek the SFC's prior approval before expanding into other regulated activities. If you have any queries as to whether a specific activity is approved, please contact the Compliance Officer.

The policies and procedures applicable to the conduct of the Company's business are based on general concepts of fiduciary duty, requirements of the SFO applicable to all intermediaries (whether registered or not) and internal policies and procedures adopted by the Company). The Company's policies and procedures are intended to ensure the highest standards of professional conduct, whether or not required by law or regulation.

2.07 Individual Licences and Exemptions

There are 2 main types of individual licences issued by the SFC:

(a) Licensed Representative

This licence is required for any Employee carrying on a regulated activity.

Any Employee who performs a “regulated function” in relation to Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts) and/or Type 3 (Leveraged Foreign Exchange Trading) regulated activities on behalf of the Company must be licensed as a representative by the SFC for such regulated activity.

It is an offence in law to engage in Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts) and/or Type 3 (Leveraged Foreign Exchange Trading) regulated activities in Hong Kong without an appropriate licence. As such, the following acts must be carried out by Employees who are licensed representatives:

- (i) to interview a client or a potential client of the Company and to persuade or encourage him or her to trade or open an account with the Company;
- (ii) to handle the dealing instructions of a client of the Company.

In order to be licensed, an Employee has to demonstrate to the SFC that he or she has fulfilled the requirement under Fit and Proper Guidelines and the Guidelines on Competence published by the SFC.

N.B. An Employee who has been licensed by the SFC and accredited to the Company shall not act as a representative on behalf of any person other than the Company.

(b) **Licensed Representative – Responsible Officer**

This licence is required for any Employee who is responsible for supervising any of the regulated activities for which the Company is licensed.

The Company must have at least 2 responsible officers for each regulated activity for which it holds a licence and one of those must be an executive director who actively participates in or is responsible for supervising that regulated activity.

At least one responsible officer must be available at all times.

The SFC may grant Employees a provisional licence while their licence application is being processed.

The following individuals have been appointed responsible officers of the Company (the “**Responsible Officers**”) in relation to:

Type 1 (Dealing in Securities)regulated activities:

- (i) Mr. LEE Francis (“Mr. Lee”) (CE No. AIM240)
- (ii) Mr. CHAN Yan (“Mr. Chan Yan”) (CE No. AUG812)

Type 2: Dealing in Futures Contracts

- (i) Mr. LEE Francis (“Mr. Lee”) (CE No. AIM240)
- (ii) Mr. Tse Tak Li Terry (“Mr Tse”) (CE No.AGW560)

Type 3: Leveraged Foreign Exchange Trading

- (i) Mr. LEE Francis (“Mr. Lee”) (CE No. AIM240)
- (ii) Mr. CHAN Kin Ho (“Mr. Chan”) (CE No. ALQ830)

Please refer to the section headed “**Management and Supervision**” for more information regarding the Company’s Responsible Officers.

(c) **Substantial Shareholders**

No person shall become a “substantial shareholder” of the Company without first being approved by the SFC, otherwise that person commits an offence and is liable on conviction to a fine and imprisonment.

For the purposes of the SFO, a person shall, in relation to the Company, be regarded as a substantial shareholder of the Company if he, either alone or with any of his associates:

- (i) has an interest in shares in the Company:
 - 1) the nominal value of which shares is equal to more than the nominal value of 10% of the issued share capital of the Company; or
 - 2) which entitles the person, either alone or with any of his associates and either directly or indirectly, to exercise or control the exercise of more than 10% of the voting power at general meetings of the Company; or
- (ii) holds shares in any other corporation which entitles him, either alone or with any of his associates and either directly or indirectly, to exercise or control the exercise of 35% or more of the voting power at general meetings of the other corporation, or of a further corporation, which is itself entitled, either alone or with any of its associates and either directly or indirectly, to exercise or control the exercise of more than 10% of the voting power at general meetings of the Company.

A person shall be regarded as being entitled to exercise or control the exercise of 35% or more of the voting power at general meetings of a corporation indirectly if he, either alone or with any of his associates, has an interest in shares in a further corporation which entitles him, either alone or with any of his associates, to exercise or control the exercise of 35% or more of the voting power at general meetings of the further corporation which is itself entitled, either alone or with any of its associates, to exercise or control the exercise of 35% or more of the voting power at general meetings of the first-mentioned corporation.

2.08 Fit and Proper Criteria

Section 129 of the SFO provides the SFC will not grant a licence to anyone unless it is satisfied that the person is fit and proper to be licensed. In considering fitness and properness, the SFC will consider the applicant's following attributes:

- (i) current and past financial status;
- (ii) education or other qualifications or experience having regard to the functions to be performed;
- (iii) ability to perform functions efficiently, honestly and fairly; and
- (iv) reputation, character, financial integrity and reliability.

The Company will research the background and references of relevant new Employees to ensure that they meet the fit and proper criteria prior to them being employed by the Company.

All licensed Employees are advised to read the Fit and Proper Guidelines published by the SFC, copies of which are available from the Compliance Department and the SFC's website.

2.09 Ongoing Regulatory Obligations

- (a) **Notification of Corporate Changes**

The Company is required to report to the SFC in the event of the following changes taking place:

- (i) if the Company intends to cease carrying on regulated activities;
- (ii) any changes in the original information supplied to the SFC including correspondence address, residential address, e-mail address, telephone number and facsimile number;
- (iii) the passing of any resolutions, the initiation of any proceedings, or the making of any order which may result in the appointment of a receiver, provisional liquidator, liquidator or administrator or the winding-up, re-organization, reconstruction, amalgamation, dissolution or bankruptcy of the licensed or registered person or any of its substantial shareholders or the making of any receiving order or arrangement or composition with creditors;
- (iv) change in directors;
- (v) appointment of auditor;
- (vi) any material breach, infringement of or non-compliance with any law, rules, regulations and codes administered or issued by the SFC, the rules of any exchange and the requirements of any regulatory authority;
- (vii) bankruptcy of any of the Company's directors;
- (viii) the exercise of any disciplinary measure against it by any regulatory or other professional or trade body or the refusal, suspension or revocation of any regulatory licence, consent or approval required in connection with its business;
- (ix) any material failure, error or defect in the operation or functioning of its trading, accounting, clearing or settlement systems or equipment;
- (x) a representative intends to cease to act for the Company;
- (xi) a representative intends to cease to carry on a regulated activity; or
- (xii) any material breach, infringement or non-compliance of market misconduct provisions set out in Part XIII or Part XIV of the SFO that it reasonably suspects may have been committed by its client, giving particulars of the suspected breach, infringement or non-compliance and relevant information and documents; or
- (xiii) any determination or settlement of a complaint in connection with the Financial Dispute Resolution Scheme (including the details of the determination or settlement), if so requested by the SFC.

In addition, the following require prior approval from the SFC:

- (xiv) changes in regulated activity;
- (xv) change in financial year end;

- (xvi) new premises for keeping records or documents; or
- (xvii) licensed representative becoming a Responsible Officer.

The Compliance Officer and the Responsible Officers are responsible for ensuring that all corporate notifications are made and approvals are sought.

(b) Notification of Individual Changes

Changes in individual representative's and responsible officers' information may need to be reported to the SFC. Licensed employees should note that the regulators must be informed of any criminal convictions (excluding minor traffic offences), disciplinary action by any other regulator or arrangement with creditors. Licensed employees must inform the Compliance Officer promptly of such changes as there is a requirement to file notice of some changes within 7 business days.

Please refer to Appendices G and H for a SUMMARY OF CONTINUING OBLIGATIONS and Day-to-day Notification Requirements for licensed persons under the SFO.

2.10 Continuous Professional Training

(a) CPT Requirements

Employees who are licensed must continue to remain fit and proper while maintaining their licensed status. To provide assurance of this, the SFC has introduced continuous professional training ("CPT") requirements.

Relevant Employees are required to attend ongoing educational programs and CPT every calendar year in accordance with local regulatory requirements and guidelines established by the Responsible Officers and the Compliance Officer. Failure to meet the educational and CPT requirements could raise concerns as to the fitness and properness of registered person and could lead to suspension or revocation of the licence issued by the SFC.

All Licensed Representatives must undertake a minimum of 5 CPT hours per calendar year for each regulated activity, subject to the regulator's requirements otherwise. If an Employee holds more than 1 licence and those licences are in the same competence group, 1 course may be applied to multiple regulated activities.

However, this means that an Employee, who is licensed for multiple activities which are in separate competence groups, must undertake a minimum of 5 hours CPT per calendar year for each regulated activity.

(b) Topics for CPT

The following table sets out examples of the types of activities considered by the SFC as suitable for CPT purposes.

- (i) attending relevant courses, workshops and lectures;
- (ii) distance learning if it requires submission of assignments;

- (iii) self study if it includes independent assessments;
- (iv) industry research;
- (v) publication of papers;
- (vi) delivery of speeches;
- (vii) giving lectures or teaching;
- (viii) providing comments to industry consultation papers;
- (ix) attending meetings or undertaking activities as member of SFC regulatory committees or official working group; or
- (x) attending luncheon talks (0.5 hours will be counted).

The activities must not be part of an Employee's day to day job duties.

General reading of financial press or technical literature is not included.

Each licensed representative must ensure that he or she undertakes sufficient training during the calendar year in order to meet these requirements and must obtain copies of certificates of attendance, registration slips and the like which the licensed person must provide to the Compliance Officer.

The Compliance Officer will maintain a record of all CPT undertaken for Responsible Officers and Licensed Representatives for at least 3 years.

2.11 Financial Resources and Regulatory Issues

As an ongoing obligation, the Company must comply with the Financial Resources Rules ("FRR") administered by the SFC and make certain regular notifications to the SFC or the Hong Kong Stock Exchange, as relevant.

2.12 Capital Requirements under the Financial Resources Rules

(a) General

All licensed corporations in Hong Kong need to maintain sufficient capital as well as meet certain capital adequacy ratios and a liquidity ratio. Under the SFO, licensed corporations must maintain, at all times, paid up share capital (if applicable) and liquid capital not less than the amounts specified in the FRR.

A licensed corporation which is unable to maintain or determine whether it maintains the required amount of financial resources must inform the regulators, in writing, as soon as practicable and immediately stop carrying on regulated business. Failure to comply with this can lead to fines and imprisonment for the Responsible Officers.

The regulators may permit the Company to complete transactions or to continue in operation with conditions attached to its licence. A contravention of any condition imposed is a criminal offence punishable by fine and imprisonment in the case of Employees and directors who caused or contributed to the contravention.

(b) **Liquid Capital Requirement**

In relation to Type 1 and 2 regulated activities:

The Company is required to hold a statutory minimum of HK\$3,000,000 or 5% of their adjusted liabilities whichever is greater in liquid capital. Liquid capital is defined in the FRR. In addition, the FRR also requires that firms report any liquid capital position within 20% of the statutory minimum, thus firms typically hold in excess of over 20% over the minimum at all times.

In relation to Type 3 regulated activity:

The Company is required to hold a statutory minimum of:

- (i) HK\$30 million of paid up share capital; and
- (ii) the higher of HK\$15 million and the variable required liquid capital ("VRLC") as the liquid capital.

The VRLC, in relation to a corporation licensed for Type 3 regulated activity (whether or not it is also licensed for any other regulated activity), means the sum of:

- (i) 5% of the aggregate of:
 - 1) its adjusted liabilities;
 - 2) the aggregate of the initial margin requirements in respect of outstanding futures contracts and outstanding options contracts held by it on behalf of its clients; and
 - 3) the aggregate of the amounts of margin required to be deposited in respect of outstanding futures contracts and outstanding options contracts held by it on behalf of its clients, to the extent that such contracts are not subject to payment of initial margin requirements; and
- (ii) 1.5% of the aggregate of all the gross foreign currency positions held by the licensed corporation, excluding positions held with a recognized counterparty.

Liquid capital calculation can be a complex issue and further information can be found in the FRR. Common mistakes made relate to the treatment of intercompany assets and liabilities in a group structure, failure to realise intercompany debts arising from regulated activities within the statutory time frame defined in Cap 571HN, failure to properly accrue for major expenses like employee remuneration, misclassification of assets or liabilities, incorrect calculation of revenue and expenses in accordance with Hong Kong accounting standards.

In a group structure, the liquid capital calculation is made on a single entity basis and there is no consolidation. Where a licensed corporation holds proprietary positions or is involved in agency business there are additional important rules regarding calculation of

daily liquid capital positions. This is unlikely to apply to the Company in the ordinary course of its business.

(c) Submission of Return to the SFC

The relevant FRR Return should be submitted to the Intermediaries Supervision Department of the SFC no later than three weeks after the end of the applicable calendar month.

The FRR Return should be prepared by the Accounting Department and independently reviewed and signed by the ROs. The Compliance Officer would also review the reasonableness of the FRR Return. It shall not contain information that is false or misleading.

(d) Notices under the Financial Resources Rules

In relation to Type 1 and 2 regulated activities:

The following changes in the Company's liquid capital require notification to the SFC:

- (i) Where the liquid capital falls below the liquid capital amount of HK\$ HK\$3,000,000 or 5% of adjusted liabilities, whichever is greater, the Company must notify the SFC within 24 hours of becoming aware of the matter. In those circumstances the SFC can compel the Company to immediately cease their regulated activities except for completing transactions permitted by the SFC or where the SFC gives express permission to carry on. If a breach of this type is imminent, prompt action must be taken to redress the liquid capital deficiency. In cases where remediation is completed within 24 hours, the SFC has traditionally been lenient in relation to their ability to force cessation of regulated activities.
- (ii) Where the liquid capital falls below 120% of the required liquid capital amount, the Company must notify the SFC within 24 hours of becoming aware of this. However, the Company does not need to cease their regulated activities. In these circumstances it is important to promptly increase the liquid capital so it is above the buffer and thus the reporting requirement will then cease. The reporting requirement is a daily requirement while within 120% of the required liquid capital.
- (iii) Where the liquid capital falls below 50% of the liquid capital stated in the last FRR filed with the SFC, the Company must notify the SFC within 24 hours of becoming aware of this. However, the Company does not need to cease their regulated activities. A drop of 50% triggers a notice only, it is not a breach. The SFC will typically ask for an explanation of the reasons for this diminution.

In relation to Type 3 regulated activity:

Open position report for the Company's clients and counterparties of the previous business day will be prepared no later than 5:00 p.m. every business day by the Settlement Department and will be provided to the ROs for approval. The Accounting Department will circulate the daily FRR and liquid capital of the Company of the previous business day to the RO no later than

5:00 p.m. every business day for approval. At the beginning of each trading day, daily FRR and liquid capital of the Company of the previous business day will be prepared by 5:00 pm by the Accounting Department and provided to the RO in charge of the Dealing Department to ensure that financial risks are appropriately monitored.

The following changes in the Company's liquid capital require notification to the SFC:

- (i) Where the liquid capital falls below the liquid capital amount of HK\$15 million or the VRLC, whichever is greater, the Company must notify the SFC within 24 hours of becoming aware of the matter. In those circumstances the SFC can compel the Company to immediately cease their regulated activities except for completing transactions permitted by the SFC or where the SFC gives express permission to carry on. If a breach of this type is imminent, prompt action must be taken to redress the liquid capital deficiency. In cases where remediation is completed within 24 hours, the SFC has traditionally been lenient in relation to their ability to force cessation of regulated activities.
- (ii) Where the liquid capital falls below 120% of the required liquid capital amount, the Company must notify the SFC within 24 hours of becoming aware of this. However, the Company does not need to cease their regulated activities. In these circumstances it is important to promptly increase the liquid capital so it is above the buffer and thus the reporting requirement will then cease. The reporting requirement is a daily requirement while within 120% of the required liquid capital.
- (iii) Where the liquid capital falls below 50% of the liquid capital stated in the last FRR filed with the SFC, the Company must notify the SFC within 24 hours of becoming aware of this. However, the Company does not need to cease their regulated activities. A drop of 50% triggers a notice only, it is not a breach. The SFC will typically ask for an explanation of the reasons for this diminution.

(e) **Control**

The Company must ensure its financial position can be disclosed with reasonable accuracy at any time and provide sufficient information to allow the preparation of audited accounts and such financial reports as may be required by regulators.

Employees must therefore co-operate with auditors at all times and answer all questions auditors ask honestly and completely in order that the Company can meet its regulatory requirements.

The calculation of financial resources is a highly technical area and the task is undertaken by Company's Accounting Manager, with oversight from the Directors. Employees must inform the Directors of new business activities or substantive changes to existing business activities, which might impact the calculation of financial resources.

The Responsible Officers are responsible for ensuring that the relevant financial statements and documents are provided to the SFC in the manner

and frequency as prescribed in the rules made under section 397 of the SFO and in accordance with the FRR.

2.13 Client Assets and Custody of Assets

A licensed or registered person should ensure that client assets are promptly and properly accounted for and adequately safeguarded.

- (a) The Company ensures that clients' assets are accounted for properly and promptly, especially for client positions kept by third party on behalf of the Company.
- (b) The Company will make additional risk disclosures to the client where clients' assets are received or held overseas as such assets may not enjoy the same protection as that conferred under the Securities and Futures (Client Money) Rules and the Securities and Futures (Client Securities) Rules.

If the Company is responsible for making custody arrangements this means it should arrange for the appointment of a custodian, taking all reasonable steps to ensure that the custodian is properly qualified for the performance of its functions. On an ongoing basis, the Company should satisfy itself as to the continued suitability and financial standing of any appointed custodian. Clients may in certain situations appoint their own designated trustee or custodian to provide custody services.

2.14 Auditors

The Company has appointed **Ernst & Young** to perform an annual audit of its financial statements as the Company understands that it is an offence, punishable by either fine or imprisonment, to fail to appoint an auditor.

The Compliance Officer is responsible for ensuring that the name of the auditor and the audited financial statements are filed with the SFC and that approval is obtained for any change of auditor.

2.15 General Audit of The Company

The Company intends to (where practicable) engage an independent and objective auditor to examine and report on the adequacy, effectiveness and efficiency of the Company's management, operations and internal controls.

The Company will ensure, to the best of its ability, that the audit functions:

- (a) is free from operating responsibilities, with a direct line of communication to senior management or the audit committee, as applicable;
- (b) follows clearly defined terms of reference (including monitoring the timeliness and accuracy of other functions) which set out the scope, objectives, approach and reporting requirements;
- (c) is adequately conducted, planned, controlled and that the findings, conclusions and recommendations are properly recorded; and
- (d) is reported to management on all matters highlighted in the audit report, which should be resolved satisfactorily and in a timely manner.

PART 3. MANAGEMENT, SUPERVISION, CORPORATE GOVERNANCE AND REPORTING LINES

3.01 General

Senior management assumes full responsibility for the Company's operations including the development, implementation and on-going effectiveness of the Company's internal controls and adherence thereto by its directors and Employees.

Regular and effective communication occurs within the Company in order to ensure that senior management is continually and timely informed on an ongoing basis.

3.02 Senior Management Appointment

The SFC requires that "the senior management of a licensed or registered person should bear primary responsibility for ensuring the maintenance of appropriate standards of conduct and adherence to proper procedures by the firm" (GP9 of Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission).

According to the SFC's "Circular to Licensed Corporations Regarding Measures for Augmenting the Accountability of Senior Management" issued on 16 December 2016, the SFC expects the scope of each senior manager's duties is clear in a licensed corporation (for the purpose of this manual, the Company) and that each senior manager is fully aware of his or her obligations under Hong Kong's regulatory regime.

The SFC considers the following personnel to be the senior management of the Company:

- (a) The Board of Directors ("**Board**") will consist of
 - (i) Francis Lee (Managing Director)
 - (ii) Mr. Mahmood Ebraheem Al Mahmood (Non-Executive Director)
 - (iii) Mr. Philippe Ghanem (Non-Executive Director)
 - (iv) Mr. Matteo Alessandro Legler (Non-Executive Director)
 - (v) Mr. Marco Baggioli (Non-Executive Director)
 - (vi) Ms. Rosanna Li (Executive Director)
- (b) Responsible Officers
 - (i) Mr. LEE Francis (CE No. AIM240)
 - (ii) Mr. CHAN Kin Ho (CE No. ALQ830)
 - (iii) Mr. CHAN Yan (CE No. AUG812)
 - (iv) TSE Tak Li, Terry (CE No. AGW560) (pending SFC approval since July 2017)

- (v) Ms. LI Xiaoting (CE No. AVS858)
- (vi) Mr. CHAN Justin Sano (CE No. AFY829)
- (c) Managers-In-Charge of Core Functions (MICs) (see below for details)

An individual can be a director, RO and MIC of the Company simultaneously.

3.03 Roles and Responsibilities of the Board

The board of the Company has the ultimate responsibility for the conduct, operations and financial soundness of the Company. The board should work closely with senior management to achieve the business objectives. The senior management should be accountable to the Board.

The Board retains responsibility for delegated decisions and is required to have systems and controls in place to supervise those who act under the delegated authority.

The Company should prepare and keep a formal Board-approved document which clearly setting out the management structure of the corporation (including the roles, responsibilities, accountability and reporting lines of its senior management personnel). If the Company designates more than one individual to be the MICs of a particular Core Function (see the below section for details), the Board should ensure that the aforesaid document contains sufficient details regarding the specific responsibilities of each MIC concerned.

The management structure of the Company (including its appointment of MICs) should be approved by the Board. Furthermore, the Board should ensure that each of the MICs has acknowledged his or her appointment as MIC and the particular Core Function(s) for which he or she is principally responsible.

3.04 Manager-In-Charge of Core Function (MIC)

- (a) Definition and appointment

The definition of MIC by the SFC is an individual appointed by a licensed corporation to be principally responsible for managing the following Core Functions. MIC can be located in Hong Kong or overseas. The Company has appointed the following individuals to be the MICs of the Company.

- Overall Management Oversight*
 - Francis Lee
- Key Business Line*
 - Francis Lee
 - TSE Tak Li, Terry (Terry Tse)
 - Chan Yan (Chase Chan)
 - Chan Kin Ho (Aaron Chan)
 - Li Xiaoting (Rosanna Li)
 - CHAN Justin Sano (Justin Chan)

- Operational Control and Review
 - Marco Baggioli
- Risk Management
 - Francis Lee
- Finance and Accounting
 - Tim Merryweather
- Information Technology
 - Marco Baggioli
- Compliance
 - Ray Sun
- Anti-Money Laundering and Counter-Terrorist Financing
 - Ray Sun

* should be RO of the Company

(b) Assessment Criteria for MICs

The Company consider the following criteria prior to the appointment of an individual to become MIC:

- the individual's position in the Company;
- the authority of the individual in that particular Core Function, including the authority to make decision, allocate resources or incur expenditures, and represent the Core Function in senior management meetings/external meetings;
- The seniority of the individual in the Company, i.e. can report directly to the board of the Company and be accountable for the performance/achievement of business objectives set by the board of the Company.

(c) Responsibilities of MICs

According to various SFC codes and guidelines, MICs (as the senior management of the Company), should:

- bear primary responsibility for ensuring the maintenance of appropriate standards of conduct and adherence to proper procedures by the Company;
- properly manage the risks associated with the business of the Company, including performing periodic evaluation of its risk management processes;
- understand the nature of the business of the Company, its internal control procedures and its policies on the assumption of risk;
- understand the extent of their own authority and responsibilities;
- be ultimately responsible for the adequacy and effectiveness of the corporation's internal control systems;

- (for MIC of the Anti-Money Laundering and Counter-Terrorist Financing function) follow the detailed expectations regarding compliance and control functions as set out in the SFC's Guideline on Anti-Money Laundering and Counter-Terrorist Financing; and
- (where policies, practices and actions are determined or formulated by or together with other companies in the group) examine their appropriateness and make any necessary amendments or changes so that they are appropriate for the operations of the Company's regulated business activities in Hong Kong.

3.05 Legal liabilities of Senior Management

All members of the senior management of the Company are regulated person* as defined under the SFO. Under Part IX of the SFO, the SFC may exercise its disciplinary powers to sanction a regulated person if the person is, or was at any time, guilty of misconduct or is considered not fit and proper to be or to remain the same type of regulated person.

If the Company is (or was) guilty of misconduct as a result of the commission of any conduct occurring with the consent or connivance of, or attributable to any neglect on the part of, a person involved in the management of the business of the Company, i.e. MICs of the Company, then that person is also guilty of misconduct.

If the Company has been found guilty of an offence under the SFO (section 390(1) of the SFO), where the offence is proved to have been aided, abetted, counselled, procured or induced by, or committed with the consent or connivance of, or attributable to any recklessness of mine, then MICs also guilty of the offence.

*regulated person means a licensed person, a RO of a licensed corporation, or a person involved in the management of the business of a licensed corporation.

3.06 Notification to the SFC

The Company should notify the SFC of any changes in its appointment of MICs (including any new appointment and cessation of appointment) or any changes in the particulars of its MICs within seven business days of the changes. The particulars of the MICs are:

- (a) full name;
- (b) identification information;
- (c) job title;
- (d) place of residence;
- (e) the Core Function(s) which he or she is in charge of; and
- (f) the job title(s) of the person(s) to whom he or she reports within the corporation and, if applicable, within its corporate group.

Where a change involves a new appointment or cessation of appointment, or a change in the particulars referred to in items (e) and (f) of above, the Company should also submit an updated organisational chart in its notification of that change.

3.07 Locality of Responsible Officers

Mr. CHAN Kin Ho, Mr. CHAN Yan, Mr. TSE Tak Li, Terry, will be permanently located in Hong Kong.

3.08 Responsibility for Acts of Employees

The Responsible Officers are responsible for the acts or omissions of the Employees and agents in respect of the conduct of the Company's licensed business.

3.09 Reporting Lines

- (a) The directors have overall responsibilities for the management of the Company. The Executive Director and the Responsible Officers are responsible for setting and approving operational policies and procedures for the Company prior to implementation.
- (b) In relation to Type 1, 2 and 3 regulated activities, the individual responsibilities of the Senior Management are as follow:

(i) Managing Director

The Managing Director is responsible for administering and managing the Company's activities as a whole. The Managing Director formulates specific plans to achieve client satisfaction and generate profits. He also has oversight on the relevant departments, with respect to such departments' implementation of such plans. The Managing Director also reviews the performance and operation of each department and suggests ways for improvement, if necessary.

(ii) ROs

ROs assist the Managing Director in formulating the Company's business objectives and strategies and oversee the conduct of business activities of the Company's business activities. They are responsible for setting and approving policies and procedures for the Company, prior to the Company's implementation of such policies and procedures.

(iii) Sales Manager

The Sales Manager is responsible for managing all customer services officers to serve clients and handle clients' enquiries, account opening and other customer services properly and in a timely fashion.

(iv) Marketing Manager

The Marketing Manager is responsible for producing advertisements to the Compliance Officer for final approval.

(v) Dealing Manager

The Dealing Manager is responsible for ensuring dealings are properly conducted by the Dealing Department (outsourced to ADS LLC for

Type 3 RA and Interactive Brokers for Type 1 and 2 RA), including, without limitation:

- 1) monitoring price quotes of the ETS on a daily basis;
- 2) monitoring client trades for suspicious or abusive trading activities and reporting such activities to the Compliance Officer;
- 3) monitoring the Company's risk exposure by reconciling clients' trading reports with statements from counterparties;
- 4) handling client's telephone orders when the ETS is not available; and
- 5) keeping records of client trading activities.

(vi) Accounting Manager

The Accounting Manager is responsible for:

- 1) keeping records of the Company's accounting activities;
- 2) producing FRR reports using data obtained from the Company's internal reporting system;
- 3) producing balance sheets and income statements; and
- 4) monitoring and reconciling segregated client bank accounts with house accounts.

(vii) Human Resources and Administration Manager

The Human Resources and Administration Manager is responsible for monitoring and supervising the Human Resources and Administration Department.

(viii) Compliance Officer

The Compliance Officer is responsible for monitoring compliance issues that may arise for the Company and ensuring compliance of the Company and all its Employees with the Company's policies and procedures (e.g., by checking reports from managers of each department).

Please refer to Appendix L for an organizational chart of the Company.

3.10 Delegation

Where functions are delegated to third parties, the Company will monitor the ongoing competence of those delegates. The Company's responsibilities and obligations to its clients may not be delegated.

**PART 4. COMPLIANCE AND INTERNAL CONTROLS
(FOR TYPE 1, 2 AND 3 REGULATED ACTIVITIES)**

4.01 General

To ensure an effective management and organizational structure, the Company adopted policies and procedures to ensure the existence of satisfactory internal controls and management systems in order to provide the Company with mechanisms to:

- (a) carry on its business in an orderly and efficient manner;
- (b) ensure the adequate exchange of information between the Company and its clients including information from and required disclosures to clients;
- (c) ensure the integrity of the Company's dealing and trading practices;
- (d) ensure the safeguard of its and its client's assets;
- (e) ensure the maintenance of proper records and the reliability of financial and other information used within and published by the Company; and
- (f) ensure compliance with all applicable laws and regulatory requirements.

4.02 Compliance Program Overview

The following describes policies and procedures applicable to the Company.

(a) Best Execution

Client orders should be executed on the best available terms, taking into account the relevant market, the time of transaction and the kind and class of financial product.

(b) Client Orders

- (i) The Dealing Manager of the Company has the primary responsibility of ensuring that:
 - 1) clients' orders are handled fairly and in the order in which they are received;
 - 2) the Company takes all reasonable steps to execute clients' order;
 - 3) Employees should not withdraw or withhold client orders for his/her or any other person's convenience;
 - 4) the Company records and immediately time-stamp records of the particulars of the instructions for clients' orders in the case of telephone dealings;
 - 5) the Company collects promptly from clients any margin due;

- 6) separate accounts are kept for each client for transactions concluded on a cash basis for securities, futures contracts and leveraged foreign exchange trading or a margin basis for leveraged foreign exchange trading and/or futures contracts dealing;
- (ii) The Company should:
 - 1) ensure that all telephone orders from a client are recorded on the centralized tape recording system operated by it; and
 - 2) record in writing each order, whether made by telephone or otherwise, immediately after it is received.
 - (iii) The record required to be made should include:
 - 1) the name of the client, the client's account number and, if applicable, the person who is authorized by the client to give the order on the client's behalf;
 - 2) the time and date at which the order was received;
 - 3) the method by which the order was given;
 - 4) the type, price and quantity of the contracts ordered;
 - 5) the name of the licensed Employees who received the order; and
 - 6) detailed particulars of the instructions in respect of the order.
 - (iv) The Company should confirm the details of each order executed as soon as possible with that client or the client's authorized person, as the case may be, through a telephone connected to the centralized tape recording system.
 - (v) Where the client's voice cannot be recorded on the centralized tape recording system for any reason, the Company should
 - 1) in the absence of any written instructions given by the client in respect of the order, require the client to sign an order form; and
 - 2) confirm details of the contract with the client once an order has been executed.
 - (vi) Where the Company does not have the client's confirmation on tape or on an order form mentioned above and the client disputes the order within 10 business days of its execution, it should be voidable at the option of the client.
 - (vii) Where a client gives any instructions involving closing positions or closing an entire account, the Company should ensure that all necessary contracts that may be required in order to implement those instructions are executed promptly and that the price and terms and

conditions of such contracts do not differ in any material respect from contracts entered into with or on behalf of other clients.

(c) Trade Allocation

The Dealing Manager of the Company has the primary responsibility of ensuring that:

- (i) clients' orders should have priority over the Company, its Employees or its agents and all client orders are allocated fairly;
- (ii) allocations for aggregated orders is done in a manner that is fair for its clients;
- (iii) he/she keeps a record of the intended basis of allocation before a transaction is effected;
- (iv) an executed transaction is allocated promptly in accordance with the stated intention, except where the revised allocation does not disadvantage a client and the reasons for the reallocation are clearly documented; and
- (v) affected clients are promptly notified of the action and any outstanding business is promptly completed or transferred to another licensed person in accordance with any instructions of the affected clients when the Company withdraws in whole or in part from providing any investment or related services.

(d) Dealing Services

At the end of each trading day, the Dealing Manager will check trade orders against counterparty statements for accuracy. A copy of such statements will be sent to the Settlement Department for dual checking. The Dealing Manager check for accuracy as well as identify any order or transaction that may be manipulative or abusive in nature.

(e) Handling Trade Errors

The Dealing Manager is responsible for performing trade date confirmation by independently matching details of the trade from the front office to the trade confirmations issued by the execution counterparties including the executing broker and other outside brokers. The reconciliation process involves reviewing holdings and cash reports from the executing brokers. The Company will notify the corresponding executing broker upon the discovery of any trade or cash discrepancies by email and will request the correction of any discrepancy and a revised report on the corrected position. Trade Errors should be rectified within a reasonable time frame on a best effort basis on the part of the Company and the executing brokers. The Company aims to revise any trade error and correct the affected position within the same trade date.

In this regard, all trade errors will be reported to the ROs and the Compliance Officer immediately and allocated to an "error" or "suspense" account for prompt correction or closure of the position. The transactions in this account will be supported by clear documentation explaining the relevant

circumstances leading to the error. These reports will be reviewed by the Compliance Officer, and appropriate action will be taken promptly to rectify the error. Any unusual circumstances or patterns will be investigated.

Following the completion of the investigation by the Compliance Officer, any breaches of regulated activities must be reported to the ROs who will notify the relevant breach to the SFC immediately. Error and compliance log sheets will be kept to record breaches covering the time of occurrence, nature of the breach and resolutions undertaken by the Compliance Officer and the ROs. The relevant individual should immediately cease performing any trading activities following receipt of instructions from the Compliance Officer until enhanced controls are implemented.

All trade errors will be reported to Senior Management, along with any resolutions and recommendations for enhanced internal control. Any remedial actions taken and reasons in support of these actions will be maintained in a central log and reported to the Directors at the next board meeting to facilitate the development of enhanced internal controls.

(f) Reconciliation

The Company will arrange to carry out reconciliations of the Company's internal records against those issued by third parties, such as clearing houses, banks, custodians, counterparties and executing brokers, to identify and rectify any errors, omissions or misplacement of assets, as follows:

- (i) reconciliations should be performed on a daily basis, especially on fund movements between the house bank accounts and the segregated bank accounts arising from profit and loss realization; and
- (ii) reconciliations should be prepared from an asset register that is maintained and used to update client asset ledger accounts.

(g) Opening and Handling of Client Accounts

The Company and relevant Employees will take all reasonable steps to establish:

- (i) the client's full and true identity, including the identity of the actual beneficiaries, where appropriate, and verify that identification where required; and
- (ii) where appropriate, the client's financial situation, investment experience, and investment objectives.

The Company maintains policies and procedures to comply with all relevant legal and regulatory requirements against money laundering, including the SFC's Guideline on Anti-Money Laundering and Terrorist Financing. For further information on this policy, please refer to Section 18 of this Manual.

(h) Reporting: Periodic Statements

The Company adheres to all relevant legal and regulatory requirements in respect of reporting, including the Securities and Futures (Contract Notes, Statements of Accounts and Receipts) Rules.

(i) **Trading Practice**

(i) The Company should-

disclose its trading hours to its clients, specifying the beginning and ending hours of a business day; and

display at each of its places of business a prominent notice which shows the trading hours specifying the beginning and ending hours of a business day.

(ii) The Company and its Employees should quote both the bid and offer prices at the request of a client.

(iii) The Company and its Employees should not quote a price for a contract without specifying whether the price is, for a given quantity of contracts, a firm one or merely indicative.

(iv) The Company and its Employees quoting a price for a contract to any person should inform that person that the price given by it is available only for a limited period of time and, where practicable, specify the time period in question.

(v) The Company and its Employees quoting a firm price should trade at that price.

(vi) All contracts should be recorded in trading slips which are time stamped.

(j) **Electronic Trading**

Please refer to Appendix I for the Company's Electronic Trading Policy and Procedures.

(k) **Handling of Client Assets**

(i) The Company ensures that clients' assets are accounted for properly and promptly, especially for client positions kept by third party on behalf of the Company.

(ii) The Company will make additional risk disclosures to the client where clients' assets are received or held overseas as such assets may not enjoy the same protection as that conferred under the Securities and Futures (Client Money) Rules and the Securities and Futures (Client Securities) Rules.

(l) **Payment to Clients**

The Company should ensure that any instructions given by a client relating to payment to the client of any net equity, floating profit or margin excess are complied with within 1 business day.

(m) **Tape Recording System**

(i) The Company has installed at its place of business a centralized tape recording system to record all telephone conversations conducted by

it or its licensed Employees with prospective clients, clients and recognized counterparties.

- (ii) All telephone lines used by licensed Employees responsible for making calls, confirming orders, executing contracts, transferring funds, or carrying out instructions incidental thereto, are routed through the centralized tape recording system.
- (iii) Tapes from the centralized tape recording system are kept for at least 6 months.
- (iv) The Company ensures that access to tapes of the centralized tape recording system, whether in use or in storage, is strictly controlled.
- (v) The Company should:
 - 1) use its best endeavors to ensure that the centralized tape recording system functions properly at all times; and
 - 2) carry out random checks at intervals of not less than once every week to ensure that all applicable laws, rules and regulations have been complied with.

(n) **General Audit of the Company**

The Company intends to (where practicable) engage an independent and objective auditor to examine and report on the adequacy, effectiveness and efficiency of the Company's management, operations and internal controls.

The Company will ensure, to the best of its ability, that the audit functions:

- (i) is free from operating responsibilities, with a direct line of communication to Senior Management, as applicable;
- (ii) follows clearly defined terms of reference (including monitoring the timeliness and accuracy of other functions) which set out the scope, objectives, approach and reporting requirements;
- (iii) is adequately conducted, planned, controlled and that the findings, conclusions and recommendations are properly recorded; and
- (iv) is reported to management on all matters highlighted in the audit report, which should be resolved satisfactorily and in a timely manner.

4.03 Terms of Business

Licensed Employees should ensure that clients have signed the Terms of Business (including other relevant account opening documents) before engaging in securities, futures contracts and/or leveraged foreign exchange trading. The Terms of Business (including other supporting documents) should be in Chinese or English (according to the client's language preference) and draw clients' attention to the risks involved in engaging in securities, futures contracts and leveraged foreign exchange trading.

The Terms of Business should properly contain and reflect:

- (i) the full name and address of the client as verified by a retained copy of the identity card, relevant sections of the passport, business registration certificate, constitutive documents, or any other official document which uniquely identifies the client;
- (ii) the full name and address of the Company's business including the Company's licensing or registration status with the SFC and the CE number (being the unique identifier assigned by the SFC);
- (iii) undertakings by the Company and the client to notify the other in the event of any material change to the information provided in the Terms of Business;
- (iv) a description of the nature of services to be provided to or available to the client, such as securities cash account, securities margin account, futures/options account, or leveraged foreign exchange trading account;
- (v) a description of any remuneration (and the basis for payment) that is to be paid by the client to the Company, such as commission, brokerage, and any other fees and charges;
- (vi) if margin or short selling facilities are to be provided to the client, details of margin requirements, interest charges, margin calls, and the circumstances under which a client's positions may be closed without the client's consent;
- (vii) if services are to be provided to the client in relation to derivative products, including futures contracts or options, a statement that the licensed or registered person shall provide to the client upon request product specifications and any prospectus or other offering document covering such products and a full explanation of margin procedures and the circumstances under which a client's positions may be closed without the client's consent; and
- (viii) the appropriate risk disclosure statements.

The Terms of Business should not operate to remove, exclude or restrict any rights of a client or obligations of the Company under the law.

The Terms of Business, in relation to leveraged foreign exchange trading, should also contain at least the following:

- (i) a statement by the client:
 - 1) that the client is trading on its own behalf; or
 - 2) if the client is not trading on its own behalf, of the name of the ultimate beneficiary on whose behalf the client is trading;
- (ii) a statement by the client as to whether it is to operate its account by giving orders itself or by appointing another person to give order on its behalf, and in the latter case, the name and address of the person appointed, to be accompanied by an appointment in writing;

- (iii) a statement by the Company that none of its Employees or representative should accept appointment by the client as an agent to operate the client's account;
- (iv) a statement by the Company as to whether the Company may take opposite position to a client's order;
- (v) a statement as to whether or not any Employee or representative may be allowed to trade contracts on his own account;
- (vi) a statement that all telephone conversations between the Company and the client made in the course of business will be recorded on a centralized recording system of the Company;
- (vii) specification of all services and contracts which the Company may provide to, transact with, or undertake on behalf of, the client and of all terms and conditions attached to those services and to the trading of contracts;
- (viii) where the terms of the licence of the Company so requires, a statement that in relation to any dispute between the Company and the client, the Company should, if the client so requires, agree to refer the dispute to arbitration in accordance with the Securities and Futures (Leveraged Foreign Exchange Trading – Arbitration) Rules;
- (ix) details of margin requirements and the time within which any initial margin or other margin deposits must be paid;
- (x) the circumstances in which contracts transacted with or undertaken on behalf of the client may be closed out without the client's consent;
- (xi) a description of the methods or procedures adopted by the Company in choosing the prices or interest rates for the purpose of marking to market the client's open positions and in calculating the client's interest income and expenses;
- (xii) a statement that the client may be affected by any curtailment of, or restriction on, the capacity of the Company to trade in respect of open positions as a result of action taken by the SFC under applicable rules and regulations or for any other reason, and that in such circumstances, the client may be required to reduce or close out his open position with the Company; and
- (xiii) a statement to the effect that the Terms of Business and all rights, obligations and liabilities under it should be governed by and constructed in accordance with the laws of the Hong Kong.

4.04 Information for Client

- (a) The Company should provide clients with adequate and appropriate information about its business, including contact details, services available to clients, the identity and status of the Employees and others acting on its behalf with whom the client may have contact.
- (b) If an Employee acts for more than one company within a group, the Company

should ensure that there is no reasonable basis for confusion on the part of the client as to the Company for which the Employee is acting.

- (c) Unless specifically agreed otherwise in writing by the client, after the Company has effected a transaction for a client, it should endeavor to confirm promptly with the client the essential features of the transaction.
- (d) Where the Company trades in options contracts for its clients, it should provide each client with a trade confirmation promptly after effecting such trading that includes:
 - (i) the number of contracts purchased or sold, the underlying asset, expiry month, strike price, option type (put or call), version number (if not 0) and whether they were closing contracts or opening contracts; and
 - (ii) the price and the unit of the asset comprised in each lot the subject of such contract.
- (e) The Company should provide regular statements (at least monthly) to client, except during the relevant period, there is no transaction, revenue, expenses and outstanding cash balance. Such statements should include all information specified under the Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules, including, without limitation, clients' transactions, account movements, closing balance and CE number of the Company.
- (f) If it is a margin account for leveraged foreign exchange trading and/or futures contracts, the Company should clearly state that it is a margin account on statement.
- (g) The Company should, upon request, disclose the financial condition of its business to clients by providing a copy of the latest audited balance sheet and financial statements filed with the SFC and disclose any material changes which adversely affect the Company's financial condition, if any.
- (h) The Company should respond promptly to the client's requests for information on corporate actions in relation to client's assets if the Company has control of a client's assets.

4.05 Statement of Client Information

The Company should obtain from each of its clients a written statement which contains the following information about the client-

- (a) the name, address, telephone number and facsimile number, if any, of the client;
- (b) in the case of:
 - (i) an individual client, details of Hong Kong identity card or details of passport, travel or other document issued by a competent government agency providing proof of identity of that client is not a holder of Hong Kong identity card;

- (ii) a corporation, details of its certificate of incorporation or similar document issued by the relevant authority of the country of corporation;
- (iii) a partnership, details of its business registration certificate or similar document issued by the relevant authority of the country where the partnership was formed or, where unavailable, the partnership agreement or other document constituting the partnership;
- (c) **in the case of:**
 - an individual, his occupation, position and years spent in that occupation;
 - (i) a corporation, the type of business and the number of years in the business;
 - (ii) a partnership, the type of business and the number of years in that business;
- (d) details of the financial position of the client; and
- (e) details of the client's investment objectives and strategy.

Where a client has appointed another person to trade on his behalf, the Company should obtain the information required above in relation to that person and a statement of his relationship with the client.

The Company should obtain from each of its clients, and from any person who is authorized by the client to trade on his behalf, a written declaration to the effect that:

- (a) the statement provided above is true, complete and correct; and
- (b) the client and the authorized person will notify the Company of any material changes to that information.

A client who is a sole proprietor should, notwithstanding that he is trading in the name of his firm, be deemed to be trading as an individual.

(c)

PART 5. PERSONNEL AND TRAINING

5.01 General

The Company has established appropriate personnel recruitment and training policies under which adequate consideration is given to training needs to ensure compliance with the Company's internal control policies and procedures, and all legal and regulatory requirements applicable to the Company and its Employees.

The Company maintains internal procedures to ensure that Employees are fit and proper to perform the duties for which they are employed and that such persons are duly registered with all applicable regulatory bodies.

All Employees are provided with adequate and up-to-date training suitable for the specific duties which such Employee performs. Training will be provided initially and on a regular and ongoing basis. The Company's training program ensures that Employees possess or acquire appropriate and practical experience through "on-the-job" training and where appropriate, structured courses.

5.02 Training Policies

The Company will establish operational and control policies and procedures and also review and update the policies and procedures on a timely basis. There will be standard guidelines for training Employees upon commencement with the Company, and on an ongoing basis.

For the Company's new recruits, orientation training will be conducted to ensure that all staff know the location and contents of the most updated policies and procedures.

Experienced staff will be responsible for the provision of on-the-job training to new recruits. These staff members will work closely with new recruits to ensure that all staff members understand the requirements of the job and are capable of undertaking the work that is assigned.

To help ensure that the Company Employees are well-informed about Hong Kong regulatory requirements, external consultants have been engaged to develop a training program for all Employees, officers and directors. This will cover how the SFC operates, what it means for the Company to be authorized by the SFC, as well as focusing on specific topics of importance to the SFC such as conflicts of interest and insider dealing.

Directors and Employees approved to carry on Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts) and/or Type 3 (Leveraged Foreign Exchange Trading) regulated activities will also receive specific ongoing training about their responsibilities under SFC regulation and how to discharge those responsibilities. The Company [consultants] will receive ongoing training about their responsibilities as individually Employees as well as guidance on the SFC's day-to-day conduct of business rules to help position them to be able to comply with those obligations.

The governance structure for the Company utilizes the substantial controls that already are in place for the Company's parent company. The Directors have substantial experience and understand their accountability and responsibilities as Hong Kong Employees. The Responsible Officers have the experience and knowledge and will be empowered to manage effectively the Company's operations.

**PART 6. MARKETING AND COLD CALLING POLICY
(FOR TYPE 1, 2 AND 3 REGULATED ACTIVITIES ONLY)**

6.01 Marketing, Advertising, Publications and Public Relation Exercises

The Company adopts policies and procedures in order to ensure that invitations and advertisements do not contain information that is false, disparaging, misleading or deceptive and any representations made and information and/or marketing materials supplied to a client is accurate and not misleading.

The Company notes that any material it issues which is intended to promote, or which has the effect of promoting, interest in the business of the Company will be deemed to be an advertisement. It will ensure that all advertisements and marketing materials are authorized as required by the SFC before issue. Where such materials are not required to be authorized, the Company will ensure that marketing materials are accurate and not misleading and that any performance claims can be verified.

Where the Company issues an advertisement in relation to its business, it will ensure that the advertisement contains an appropriate risk disclosure statement.

The Company will comply with all applicable statutory requirements regarding the offer of investments.

Interviews with outside media or other third parties with an interest in the industry should not be conducted unless authorized by a Director or RO. Any approach by a person from the outside media should be put in touch with a RO.

The basic format of presentation materials should be reviewed and approved by the Compliance Officer. Any material amendment to the approved format should be sent to the Compliance Officer for review before issuance.

6.02 Cold Calling

Section 174 of the SFO prohibits the practice of cold calling, i.e. making an unsolicited call to a person during or as a consequence of which the caller makes or offers to make an agreement for that other person to sell or purchase, amongst others, securities, or induce or attempt to induce such person to enter into such an agreement.

In this context, “unsolicited call” means any call (which includes personal visits or a communication by any means or medium) made otherwise than at the express invitation of the person called upon (and for this purpose, the provision by a person of his contact details, including an address, telephone or facsimile number, or electronic mail address, does not by itself constitute an express invitation to call that person).

The general prohibition imposed by section 174 does *not* apply to the following:

- (a) calls on bankers, solicitors and accountants and Licensed Persons, Registered Institutions and Professional Investors;
- (b) calls or cross-selling made on the clients (and those persons who have entered into a client contract with the Company during the three years preceding the call and are still a party to it or for whom the Company has provided the service of a regulated activity during the preceding three years);

- (c) if the person called on is already a holder of the securities in question; and
- (d) financial planning to the general public. However, at the current stage, the Company does not provide such services to the general public.

It is an offence for the Company or its Employees to contravene section 174 of the SFO.

PART 7. EMPLOYEE CONDUCT

7.01 General Obligations

All Employees are expected to comply with the policies and procedures addressed by this Manual. Employees are expected to, and are responsible for, understanding the terms of this Manual and supporting policies – not just the requirements themselves, but the spirit on which they were founded.

7.02 Violation of Policies and Procedures

The policies and procedures referred to in this Manual provide for how to address violations of the policies and procedures. The Compliance Officer shall be kept informed of possible violations of the policies and procedures set out in this Manual and may take action as considered appropriate.

Employees of the Company must report any violations of the rules, laws or regulations to the Responsible Officers or the Compliance Officer. Harassment, intimidation, or fraudulent acts, including acts by third parties against the Company or personal dishonesty by an Employee, should be reported to the Responsible Officers or the Compliance Officer.

7.03 Due Skill, Care and Diligence

Employees must act with due skill, care and diligence in the performance of their duties and observe proper standards of market conduct.

Employees must comply with this Manual and adhere to all stated and written policies and procedures.

Broadly, all relevant Employees must render advice that is suitable for the particular client, full disclosure of all material facts and potential conflicts of interest, utmost and exclusive loyalty and good faith, seeking to achieve best execution of client transactions, and the exercise of reasonable care to avoid misleading clients

7.04 Acting Honestly, Efficiently and Fairly

Employees must perform their duties efficiently, honestly and fairly, and in the best interests of the client and the Company at all times.

7.05 Securities Regulatory Laws and Regulations

Employees must ensure they are familiar with all the securities regulatory laws and regulations applicable to their duties and areas of employment.

Employees must observe high standards of market conduct and comply with all securities regulatory laws and regulations applicable to the Employees and to the Company.

Employees must not engage in any activity that would require such Employee to be licensed under any applicable securities regulatory laws and regulations unless and until such Employee has been appropriately licensed. If in doubt, Employees must promptly consult with the Compliance Officer or Responsible Officers.

7.06 Information for Clients

Employees should make adequate disclosure of relevant material information in your dealings with your clients. Employees must avoid making any misleading or deceptive representations to any client.

7.07 Employee Reporting

Employees must inform the Compliance Officer promptly of any situation involving:

- (a) any matter that may lead to a claim against the Company, including (but not limited to) any complaint or grievance raised with or through Employees by any client of the Company and the Group (whether or not related to the Employee's own conduct);
- (b) any improper conduct by other Employees or directors;
- (c) any breaches of the Company's licence conditions if any;
- (d) any breaches of the securities regulatory laws and regulations;
- (e) any breaches of this Manual; and
- (f) any changes to information provided in the initial application to the SFC for Employees to be a licensed representative of the Company, as well as any other change or event required to be notified to the SFC. Such changes must be notified to the SFC within 7 business days of the change.

7.08 Complaints

The Company has established, maintains and enforces policies and procedures regarding complaints in order to ensure that:

- (a) complaints from clients relating to its business are handled in a timely and appropriate manner;
- (b) steps are taken to investigate and respond promptly to a complaint by a person other than an individual directly concerned with the subject of the complaint, or by the Compliance Officer; and
- (c) if a complaint is not remedied promptly, the client is advised of any further steps which may be available to the client under the regulatory system.

Channels of complaint are open to all Employees and clients of the Company.

The Company maintains a register of complaints. This register is reviewed by the Responsible Officers and senior management on a regular basis.

(a) Type of Complaints

Complaints made by clients or Employees may fall into one of two categories:

- (i) Significant complaints; and
- (ii) Other complaints.

(b) Significant Complaints

Significant complaints include complaints alleging:

- (i) a breach of account opening documents, terms of business or client agreement for Type 1,2 and 3 regulated activities;
- (ii) a breach of any relevant rule or regulation;
- (iii) a matter resulting in a substantial loss to a client;
- (iv) negligence, dishonesty, fraud, bribery or corruption; and
- (v) repetition or recurrence of a matter previously complained of (whether significant or otherwise).

Where an Employee receives a complaint that the Employee considers to be significant, the Employee must ask the client to put it in writing.

(c) Other Complaints

Other complaints that relate to items such as minor system or clerical errors may be resolved without further investigation.

(d) Investigation of Complaints

The Company shall respond to all complaints impartially and efficiently.

Any verbal complaint received by an Employee from a client must be reported to the Employees supervisor or manager who will refer it to the Responsible Officers and the Compliance Officer who will document the complaint and handle the case as necessary. All written complaints must be initially handled by a Responsible Officer or the Compliance Officer.

The Employee must also acknowledge receipt of the complaint. The Compliance Officer or its designee will then respond to the complainant in the first instance and inform the complainant that the complaint will be handled in accordance with internal policies and procedures.

The Compliance Officer will investigate the matter further if required. Once the investigation is completed and the complaint resolved, the Compliance Officer will respond to the client and complete the register of complaints. Allegations of unlawful or unethical conduct will be investigated promptly and acted on as appropriate.

The Compliance Officer shall report periodically to the Board of the Company regarding complaints in an impartial and efficient manner.

Where it becomes apparent that the complaint cannot be resolved within 7 business days, a holding letter shall be sent to the client to advise that the matter is still being investigated.

The Responsible Officers must use all efforts to ensure that the complaint is satisfactorily resolved within 28 days of the initial reporting. As part of the final response, the client must be advised of what further steps are available to it under the regulatory system.

In relation to the Type 1, 2 and 3 regulated activities, the Client agreements should state that complaints are to be made in writing to the Compliance Officer.

(e) Complaints Register

The Compliance Officer will keep a central register of complaints. The register of complaints will be maintained by the compliance officer and available for the inspection of the Responsible Officers and/or the Board.

7.09 Conflicts of Interest

An Employee must never permit his or her personal interests to conflict with or appear to conflict with that of the Company. Where such a situation may arise, the Company must ensure that it treats all clients fairly, and acts in the best interests of each of its clients.

In order for the Company to discharge its duties in the best interests of its clients, it is essential that Employees' potential conflicts of interest with those of the Company be immediately disclosed to the Compliance Officer so they can be appropriately addressed.

Furthermore, in order to avoid unnecessary conflicts of interest, no Employee should, without the prior written consent of the Compliance Officer:

- (a) undertake any outside business activity, whether paid or unpaid, which includes an affiliation with a business in any capacity, as well as an affiliation with an officer or controlling stockholder of a company or senior member of a charitable organization;
- (b) rebate, directly or indirectly, to any person, corporation or association any part of the compensation received from the Company as an Employee;
- (c) accept, directly or indirectly, from any person, corporation or association, other than the Company, compensation or consideration of any nature whatsoever, as a bonus, commission, fee, with any transaction on behalf, unless you receive prior consent from the Compliance Officer; or
- (d) own any stock or have, directly or indirectly, any financial interest in any other organization engaged in any securities, financial or related business, except for a minority stock ownership or other financial interest in any business which is publicly owned, unless you received prior consent from the Compliance Officer.

An Employee must never permit his or her personal interests to conflict with or appear to conflict with that of the Company. Where such a situation may arise, the Company must ensure that it treats all clients and shareholders fairly, and act in the best interests of each of its clients and shareholders.

The Company desires to avoid actual and apparent conflicts of interest. A conflict of interest arises when there are factors that may prompt one to question whether an Employee is acting solely in the best interests of the Company and/or the Group and its clients. Employees are expected to avoid situations that could present even the appearance of a conflict between their interests and the interests of the Company, the Group and its clients. Employees should discontinue to advise or deal in relation

to the client and immediately advise the Responsible Officers of any situation that could present an actual or apparent conflict of interest, erring on the side of disclosure in questionable circumstances. The Responsible Officers who are uncertain whether a situation would be considered a conflict of interest should discuss the matter with a member of **COMPLIANCE OFFICER**, as appropriate.

In order for the Company to discharge its duties in the best interests of its clients, it is essential that Employees' potential conflicts of interest with the intents of the Company and/or the Group be immediately disclosed to the Responsible Officers and the Compliance Officer so they can be appropriately addressed.

The following methods of dealing with conflicts of interest and controlling access to confidential information are acceptable:

- (a) general disclosure in a client document or agreement that the Company may have a material interest or a conflict in a transaction;
- (b) specific disclosure of an interest or conflict to a client either in writing or orally before the Company advises or exercises discretion on behalf of that client. This will usually be necessary in highly sensitive transactions. the Company must be able to demonstrate that it has taken reasonable steps to ensure the client does not object (as opposed to merely notifying him) to that interest or conflict. In consequence, a written acknowledgement should be obtained from the client as far as possible; or
- (c) declining to act.

7.10 Transactions with Affiliates/Connected Persons

The following describes policies and procedures applicable to the Company with respect to Affiliates/Connected Persons.

The Rules governing the Listing of Securities on The Stock Exchange of Hong Kong (Rules 14A.07 to 14A.11) defines "Connected Persons", in relation to an Employee, as:

- (a) the legal or de facto spouse of the Employee, the child or step-child, natural or adopted, under the age of 18 years, of the Employee or his spouse (each an "**immediate family member**");
- (b) the trustees, acting in their capacity as trustees of any trust of which the Employee or his immediate family member is a beneficiary or, in the case of a discretionary trust, is (to his knowledge) a discretionary object (other than a trust which is an employees' share scheme or occupational pension scheme established for a wide scope of participants and the connected persons' aggregate interests in the scheme are less than 30%) ("**trustees**");
- (c) a 30%-controlled company held, directly or indirectly, by the Employee, his immediate family members and/or the trustees (individually or together), or any of its subsidiaries;
- (d) a person cohabiting with the Employee as a spouse, or his child, step-child, parent, stepparent, brother, step-brother, sister or step-sister (each a "**family member**"); and

- (e) a majority-controlled company held, directly or indirectly, by the family members (individually or together), or held by the family members together with the Employee, his immediate family members and/or the trustees, or any of its subsidiaries.

Transactions should not be carried out on behalf of a client which is a “Connected Person” unless such transaction is carried out on arm’s length terms, consistent with best execution standards, and at a commission rate no higher than customary institutional rates.

The [Compliance Officer] has primary responsibility for identifying Connected Persons, based on information supplied by clients as part of the client on boarding process.

7.11 Related Party Benefits

As a matter of policy, the Company will not give financial benefits to related parties without specific Board approval of the arrangement.

A related party includes controlling entities; directors of the entity and controlling entities and their spouses; their relatives; and entities controlled by any of those related parties.

Examples of financial benefits include:

- (a) giving or providing the related party finance or property;
- (b) buying an asset from, or selling an asset to, the related party;
- (c) leasing an asset from or to the related party;
- (d) supplying services to or receiving services from the related party (e.g., management contracts);
- (e) issuing securities or granting an option to the related party; or
- (f) taking up or releasing an obligation of the related party.

7.12 Receiving and Giving Gifts, Benefits, and Entertainment

Owing to the nature of its Regulated Activities, the Company has no soft commissions arrangements and does not anticipate having any such arrangements.

Employees should not offer nor accept any inducements in connection with the business of, or a transaction involving, the Company’s clients without first disclosing the particulars of the inducements to the client. If the client is a corporation, such disclosure should be made to the board of directors of the corporate client.

Employees must not offer or accept any inducements, gifts, rebates, entertainment or other benefits in connection with the business of, or a transaction involving, their client which is likely to significantly conflict with the duties owed to clients.

Employees must seek prior approval for all gifts and benefits received or offered:

- (a) the value of which exceeds [HK\$1,000] (the “**Threshold Limit**”);

- (b) of all gifts / benefits received from the same offeror if the value in aggregate within the previous twelve months exceeds the Threshold Limit,
- (c) of all gifts / benefits given to the same recipient as the case may be, if the value in aggregate within the previous twelve months exceeds the Threshold Limit,

See Gifts and Benefits Approval Application Form in the Appendix K.

Applications for such approval should contain:

- (a) a full description of the gift or benefit offered to the employee by a third party or proposed to be provided to a third party;
- (b) the name of the third party; and
- (c) a description of the relationship between the third party and the employee and the Company.

The Company must keep a register of all gifts and benefits received from third parties or offered or provided to third parties, of value above the Threshold Limit, in the form of the Register (Gifts and Benefits Register). Each employee is required make a monthly declaration of NO gift and/or benefit and/or entertainment is received or is offered during the previous twelve months if no Gifts and Benefits Approval Application Form is submitted to seek prior approval during the period.

7.13 Business Expenses

Business expenses should be based on supporting documents as appropriate, submitted through the online business expense tool, and must comply with applicable business expenses policies of the Company.

7.14 Directorships and Outside Activities

Employees must obtain prior written consent prior to serving as director or trustee of any publicly traded company, or of any non-affiliated privately held company that is likely to issue shares.

7.15 Dealings with Investors, Clients and Third Parties

The Company seeks to provide the highest standards of service to investors and clients. This requires a significant effort from all Employees to ensure that all of their dealings with investors, clients and other third parties are conducted in good time, with patience and politeness.

The Company is subject to public scrutiny, regulatory scrutiny and media interest. The Company seeks to deal fairly and honestly with all third parties, and not only to operate legally and within relevant regulation at all times, but to apply the highest standards of integrity in all their dealings. The Company requires all Employees to carry out their work and responsibilities in accordance with these precepts.

The same high standards should characterize all dealings among Employees.

In every situation, all Employees should consider not only substance and intent, but also outsider's perceptions. If a situation might raise questions of impropriety or

conflict of interest in the eyes of a reasonable outside observer, it should raise questions in the mind of Employees as well — and should prompt Employees to consult with their manager/supervisor. Employees are not entitled to take risks, jeopardize, or be seen to jeopardize the reputation of the Company and/or the Group.

7.16 Dealings with Government and Industry Regulators

The securities industry is highly regulated. As a result, there often is a need for contact with the regulators. All inquiries from governmental and regulatory authorities must be immediately directed to the Compliance Officer. Employees are prohibited from speaking with any governmental or regulatory authority without the prior written approval of the Compliance Officer. It is the right of an Employee and the Company if contacted by any governmental or regulatory authority to refuse to speak to such governmental or regulatory authority without first consulting the Company's Legal Department and / or Compliance Officer.

The preceding paragraph may not apply, however, to an investigation conducted by the SFC or any other governmental or regulatory body in which the Employee is instructed to keep secret any contact with the SFC, any interview that the Employee gives or any matter coming to that Employee's knowledge during the interview. In the event of such an investigation, and if the Employee is requested to keep a contact or interview secret under applicable law, the Employee may contact the Employee's personal lawyer who will advise the Employee further.

Any summons, subpoena, complaint, legal process or inquiry from an attorney immediately must be sent to the Compliance Officer. An Employee shall not accept delivery of a summons, subpoena, complaint or other legal process on behalf of the Company without the prior approval of the Compliance Officer. If an Employee is served with a summons, subpoena, complaint or other legal process that specifically names the Employee, the Employee must immediately notify the Compliance Officer. Under no circumstances should an Employee attempt to directly respond to any requests of this kind.

It is expected and required that all Employees fulfill their personal obligations to governmental and regulatory bodies (including in accordance with the Prevention of Bribery Ordinance (Cap 201)). These obligations include the filing of appropriate tax returns, as well as the filing of any applicable forms or reports required by governmental bodies.

All day-to-day communication with the regulators will only be conducted by Employees who are competent and conversant with the regulatory requirements.

7.17 Involvement in Litigation

Employee must immediately advise the Responsible Officers and the Compliance Officer if the Employee:

- (a) becomes involved in or is threatened with litigation, an administrative investigation, or legal or disciplinary proceedings of any kind;
- (b) is subject to any judgment, suspension, order or arrest; or
- (c) is contacted by any governmental or regulatory authority.

Employees must notify the Responsible Officer and the Compliance Officer if the Employee becomes, or has ever been, the subject of:

- (a) any investigation or proceeding by any governmental or securities industry self-regulatory body, including any request for testimony before such bodies;
- (b) any refusal of registration, injunction, censure, fine, suspension, expulsion or other disciplinary action by any governmental or securities regulatory body;
- (c) any client complaint;
- (d) any bankruptcy or contempt proceeding, cease or desist order, injunction or civil judgment as a party defendant;
- (e) any arrest, summons, subpoena, arraignment, indictment or conviction for a criminal offence; or
- (f) any securities-related lawsuit or a request to testify in any securities-related lawsuit.

7.18 Subpoenas or Other Information Requests from Regulatory or Governmental Agencies

Requests by regulatory or governmental agencies for information incidental to the ongoing business should be given to the Responsible Officers and/or the Compliance Officer. This includes, but is not limited to, subpoenas and non-routine requests by regulatory or governmental agencies for information, inquiries and information requests from police, prosecutors or other law enforcement agencies. Under no circumstances should an Employee attempt to directly respond to any requests of this kind.

7.19 Harassment and Discrimination

In order to provide all Employees with a professional working environment, the Company has adopted an anti-harassment policy that includes prohibition against harassment of any kind and procedures for reporting and investigating harassment complaints. All Employees are required to familiarize themselves with and abide by the Company's anti-harassment policy.

7.20 Disciplinary Procedures for Employee Misconduct

The Company has adopted policies and procedures governing disciplinary procedures which will be used in any case of alleged misconduct. All Employees are required to familiarize themselves with and abide by the terms of these policies and procedures

7.21 Termination or Departure

Upon leaving the Company the following items must be returned:

- (a) access cards;
- (b) any the Company property in the Employee's possession including but not limited to computers, cell phones, etc; and
- (c) all confidential or proprietary information in the Employee's possession

related to the Company's business.

(d)

PART 8. TREATMENT OF ASSETS AND INFORMATION

8.01 General

The Company has policies and procedures to ensure the integrity, security, availability, reliability and thoroughness of all information, including documentation and electronically stored data, relevant to the Company's business operations.

The Company is focused on ensuring the adequacy and timeliness of the production of required internal and external reports including those required by relevant regulatory and self-regulatory bodies. The Company will assign the responsibility of management of information, both in physical and electronically stored form, to qualified and experienced personnel. The Company will document and review the information management system design and implementation program on a regular basis to ensure its effectiveness.

These policies and procedures deal with information held by the Company, which can be loosely categorized as:

- (a) corporate "know how";
- (b) investment information; and
- (c) client information.

Any of this information can be useful to others. The corporate "know how" is of potential benefit to competitors, and is to be regarded and treated as "property". Corporate "know-how" is private to the Company, and has a value. Information about the Company and their investment positions (whether proprietary or held for others) also needs to be treated confidentially, as its disclosure of such information may prejudice their commercial value.

Client information is strictly confidential between the Company and the relevant client. If a client's information is released, whether deliberately or by accident, then, apart from the Company's liability to the client, there could be significant reputational damage to the Company and the Group and its business.

The policies set out below therefore reflect these needs for confidentiality.

8.02 Information Management: Protection from Disclosure

All communications which are received by Employees in connection with their employment belong to the Company and are to be protected from disclosure. Employees should always assume that information which comes to you through your work is confidential.

Disclosure can be either active (by communicating with somebody else) or passive (e.g. leaving papers lying around or losing your laptop). Employees should before communicating, consider how the communication is conducted (whether by e-mail, telephone, in person or in writing) and whether the information to be communicated is confidential, if so, whether the Employee is authorized to release such information. If there is any doubt about the confidentiality of the information proposed to be sent or conveyed to a third party, Employees must consult the Responsible Officer before disclosing. When away from the office, whether on business or otherwise,

Employees must take precautions to ensure that communications about the Company are appropriate and not subject to being overheard, and that papers, computers or any other media holding or information are kept secure.

8.03 Information Management Systems

Much of the corporate “know how” is contained within the computer systems. Just as much as investment information, the programs developed by the **Company and the Group** are part of the intellectual property of the Company and are not to be revealed to third parties. This applies to all backup information, graphics, database designs, computer-generated reports, computer programs, inventions, program designs and copyright information prepared for or obtained as a result of the business of the Company, and they must only be used for the purposes of the Company.

Any tampering with any computer system or software installation will be regarded as gross misconduct rendering the individual liable to dismissal. Even if no actual damage results, unauthorized penetration of the system damages its integrity and, potentially, the reputation of the Company. These matters will be regarded as gross misconduct, even where it is suggested that access is performed as a “prank” or “to test the defenses”.

8.04 Information Access

Access to the systems of the organization, particularly but not exclusively the computer systems, is restricted to authorized personnel only.

Employees may only operate within the areas of the computer system to which they have been given access by the IT Department upon the authority of the Responsible Officer. Access to other areas of the computer system is restricted to authorized personnel only. Unauthorized access to computer systems is monitored by the IT Department.

8.05 General Principles for Treatment of Information

The Company has adopted the following policy to establish and maintain comprehensive protection and clear accountability for all private and proprietary information assets and resources. This includes information and assets that are proprietary to the Company and the Group, private to the Company and the Group’s clients and all other private and proprietary information assets and resources that, if subject to inadvertent or unauthorized disclosure, would likely cause financial, legal, regulatory, or reputational damage to the Company and the Group. Comprehensive protection for all the Company and the Group private and proprietary information assets and resources will be accomplished through a system of controls commensurate with the inherent risk to and/or value of the information.

8.06 Information Management: Consequences of breach

Any deliberate disclosure of confidential information will be regarded as a serious breach of the Company’s policy, which may justify dismissal. Accidental breach may also lead to disciplinary action.

Employees may create, discover or receive propriety and/or confidential information. Such information may be in the Company documents, computer programs, databases, client documents, client lists, trading strategies and analytic models. Confidential information may also be “material, non-public information”.

Confidential information can be information created by the Company or information entrusted to the Company by third parties, such as clients or suppliers, with the expectation that such information will not be shared with others outside the Company. Internally generated information concerning investment banking transactions, analytical models, client information and account activity are examples of confidential information. Employees should assume that all non-public or unpublished information is confidential.

Information is proprietary when the Company has an ownership interest in the information, usually because such information has been invented or created by the Employees of or consultants to the Company. Typically, proprietary information is intrinsically valuable and provides the Company with a competitive advantage.

Employees may not use, publish or otherwise disclose proprietary or confidential information except in furtherance of the Company's business. In no event, should such information be used, published or otherwise disclosed subsequent to the termination of employment. A breach of this policy, or a threatened breach of this policy, will subject the Company to immediate and irreparable harm. Therefore, Employees must understand and agree that they are subject to an injunction to prevent the breach of this policy. Upon termination of employment, all originals and copies of proprietary and/or confidential information must be returned to the Company.

8.07 Assets of the Company

Employees are expected to protect the Company's assets. The Company's assets include not only tangible assets such as furnishings, equipment and supplies, but also intangible assets such as information and goodwill.

Property, both tangible and intangible, shall remain the property of the Company.

8.08 Record Keeping

The Company has established and maintains effective record retention policies and procedures which aim to ensure that all relevant legal and regulatory requirements are complied with, and which enable the Company, its auditors and other interested parties to carry out routine and ad hoc comprehensive reviews and investigations.

The Company will maintain its accounts and records properly and in line with the provisions under the Securities and Futures (Keeping of Records) Rules. In particular, the Company will:

- (a) keep such accounting, trading and other records as are sufficient to:
 - (i) explain and reflect the financial position and the operations of its business;
 - (ii) enable financial statements to be prepared from time to time, which give a true and fair view of its financial affairs;
 - (iii) reconcile each month any differences during the month in its balances or positions with external parties;
 - (iv) enable it to readily establish whether it has complied with the FRR;

- (b) keep records to show particulars of all:
 - (i) transactions carried out, including particulars of initiators, orders, instructions, transactions, trading settlement and accounting entries;
 - (ii) client agreements;
 - (iii) keep the records in such a manner as to enable an audit to be conveniently and properly carried out;
 - (iv) make entries in the records in accordance with generally accepted accounting principles; and
 - (v) sufficient to permit reconstruction of individual transactions so as to provide evidence for prosecution of criminal behaviour relating to money laundering.
- (c) The records should be in writing in Chinese or in English or in such a way as to be readily accessible and readily convertible into one of these languages.
- (d) To enable regulators to inspect the Company's activities, it must maintain all records in a form capable of being checked or audited. The Compliance Officer will use his best endeavours to ensure there are no amendments to, destruction of, further entries made in, or any record or file erased, which is, or may be, relevant to a matter being inspected by a regulator or an investigation by them or any disciplinary process or appeal process. The Compliance Officer will use his best endeavours to ensure Employee co-operation with any inspection carried out by the regulator to the fullest possible degree by:
 - (i) making themselves readily available to the SFC's inspection team;
 - (ii) on receipt of a proper request by the SFC, producing to the SFC's inspection team any documents, files and computer data and other material in their possession or control;
 - (iii) giving the SFC's inspection team access at all times to the Company's premises and facilities;
 - (iv) to the extent that they are properly requested by the SFC, permitting the SFC's inspection team to copy any documents or other materials in the Company's premises or elsewhere at the Company's expense and to remove copies and hold them elsewhere; and
 - (v) answering truthfully and fully all questions put to them by the SFC's inspection team.
- (e) A failure to comply with a request by the SFC for the following is a criminal offence:
 - (i) To produce records and document ;
 - (ii) To give the SFC access to the premises, staff or records of the Company for the purposes of supervision or inspection; or

- (iii) To provide information in relation to a transaction.
- (f) All books of accounts and documents related to the Company's business activities and anti-money laundering records will be kept for a period of seven years;
- (g) All physical documents related to business activities will be kept in the Company's principal place of business and other premises as approved by the SFC. The Company shall not, without the prior approval in writing of the SFC, use any other premises for the keeping of records or documents.

In relation to keeping of records for leveraged foreign exchange trading, the Company should keep records sufficient to show:

- (a) in relation to each recognized counterparty with which it conducts any transaction in leveraged foreign exchange contracts, particulars sufficient to establish that the recognized counterparty is a recognized counterparty; and
- (b) for each business day:
 - (i) the market value of each open position held at the end of that day for its own account and the accounts of each of its clients and recognized counterparties;
 - (ii) for each leveraged foreign exchange contract executed by it:
 - 1) the bid and offer prices quoted by it to the client;
 - 2) the price at which the contract is executed; and
 - 3) the bid and offer prices at the time of execution of the contract as quoted and disseminated to the public, or to subscribers, by a reputable financial information services organization; and
 - (iii) the interest rate differentials which are charged or paid by it for being long or short, one currency against another.

The records that are required to be kept under the Securities and Futures (Keeping of Records) Rules should be retained for a period of not less than 7 years, except for those records showing particulars of:

- (a) any order and instruction concerning securities, futures contracts or leveraged foreign exchange contracts that it receives or initiates, including:
 - (i) particulars of each transaction entered into by it or on its behalf to implement any such order or instruction;
 - (ii) identifying with whom or for whose account it has entered into such transaction and that enable such transaction to be traced through its accounting, trading, settlement and stock holding systems
 - (iii) which should be retained for a period of not less than 2 years.

8.09 Equipment and Systems Usage

In order to provide all Employees with a professional working environment, the Company has adopted policies that govern the use of and access to the Company's computer resources. The Company ensures that its operating and information management system (including electronic data processing systems) meets the Company's needs and operates in a secure and adequately controlled environment. The policy covers the use of all equipment and systems, as well as the use of external networks and services, and other Internet Service Providers ("ISPs"). Proper usage of equipment and systems is absolutely essential to the Group's business.

By using the Group's equipment or systems, Employees agree to comply with this policy and its requirements.

8.10 Treatment of Sensitive Data

An Employee may often have access to confidential information, including information about the Company and/or the Group, its positions, its operations and services, risk management models, its investors, clients, counterparties, service providers and vendors, as well as information about fellow Employees. An Employee is prohibited during employment or thereafter from, directly or indirectly, using or disclosing to anyone any confidential information related to the Company and/or the Group, unless prior approval of the Responsible Officers and the Compliance Officer is granted.

8.11 Publicity and Dealings with the Media

The Company has adopted the following policy which governs publicity and dealings with the media. No Employee may publicize or disseminate any information relating to the Company's business without the prior approval of the Responsible Officers or the Compliance Officer.

All media inquiries should be referred to the Marketing Manager. Unless expressly authorized by the Marketing Manager, Employees should not respond to media inquiries without prior review and consultation with the Responsible Officers and/or the Compliance Officer.

Inquiries from regulatory agencies should be referred to the Compliance Officer for inquiries. Any of these departments may be contacted with questions as to where a particular matter should be referred.

Inquiries from opposing counsel involved in potential or pending litigation should be handled in accordance with the following guidelines:

Any Employee who exercises managerial authority with respect to potential or pending litigation, has authority to make decisions about the potential or pending litigation, or who are alleged to have committed any wrongful acts that may be subject of potential or pending litigation are not to speak with opposing counsel, and are to notify the Legal Department if opposing counsel contacts them.

[All other Employees are free to make their own decisions regarding whether to speak with opposing counsel. The Group has no preference regarding whether they speak with opposing counsel. They should understand that they are under no obligation to speak with opposing counsel, and that if they wish, the Group attorney handling the potential or pending litigation is available to discuss the matter with

them. In addition, the external legal counsel would appreciate being notified if contact by opposing counsel occurs, but this is not required.]

8.12 Confidentiality and Intellectual Property

Information regarding services furnished by the Company to its clients, non-public data furnished to the Company by any client, work product of the Company's transaction and marketing teams, and other proprietary data and information concerning the Company (including, but not limited to, former, existing and potential clients), is the exclusive property of the Company. Any Employee in possession of that information must keep it strictly confidential, and may not disclose it to third parties or use it for the benefit of any person or group outside the Company.

8.13 Outside Consultants and Service Providers

The Company retains outside consultants and service providers, and generally requires these outside companies to sign agreements to maintain the confidentiality of information they obtain. Employees must be sure to exercise particular care to minimize the exposure of those consultants and service providers to any confidential information in their possession or to which they have access, except to the extent to which they need that information for the purposes of their assignments. If in doubt about whether certain information should be disclosed to certain consultants or service providers, please seek guidance from the Responsible Officers or the Compliance Officer.

8.14 Public Accountants and Counsel and Administrators

Public accountants, external legal counsel and administrators act on behalf of the Company. Information may be shared with them in the normal course of business for matters which they are engaged by the Company.

PART 9. DATA PROTECTION POLICY

9.01 General Principles

The Personal Data (Privacy) Ordinance (Cap.486) ("**PDPO**"), laws of Hong Kong, govern the protection of the privacy of individuals in Hong Kong.

The PDPO establishes the office of the Privacy Commissioner for Personal Data ("**Commissioner**"). In accordance with the terms of the PDPO, the function of the Commissioner is to, among other things, monitor and supervise compliance with the provisions of the PDPO and promote awareness and understanding of, and compliance with, the PDPO, as well as carry out inspections and undertake research regarding new technology which may have adverse effects on the privacy of individuals in relation to personal data.

The PDPO provides individuals with rights to the protection of their personal data. Organizations must implement good personal data management practices and procedures to comply with the requirements of the data protection principles of the PDPO.

To the extent that personal data, which is covered by the PDPO, does not fall within an exemption (as described below), there are 6 Data Protection Principles ("**DPP**") that are applicable:

- (a) **Principle 1 - Purpose and Manner of Collection:** Sets out the permissible purposes for collecting personal data, and how that data is to be collected;
- (b) **Principle 2 - Accuracy and Duration of Retention of Personal Data:** Requires that personal data collected must be accurate, and requires that inaccurate data be corrected, and if disclosed to a third party, the third party must be informed of this inaccuracy;
- (c) **Principle 3 - Use of Personal Data:** Sets out the permissible uses of personal data. In short, without consent of the data subject, personal data can only be used for the purpose for which the data were to be used at the time of their collection, or for a purpose which is directly related to that purpose;
- (d) **Principle 4 - Security of Personal Data:** Requires that all practicable steps must be taken to ensure that personal data is protected against unauthorised or accidental access or erasure;
- (e) **Principle 5 - Information to be Generally Available:** Requires that information about data privacy and policies be made generally available; and
- (f) **Principle 6 - Access to Personal Data:** Requires that the individual who is the subject of the data must be entitled to access data about himself.

In accordance with the DPP requirements, Employees are required to abide by the following practices and procedures:

- (a) Client's personal information (information that allows the client to be identified e.g. client's identification and contact details) collected by any Employee shall only be used for the purposes ("**Purpose**") explained to the client at the time

of collecting such personal information.

- (b) The information to be collected from a client must be clearly set out in the Company's information collection document. The Company must also notify clients as to how they may access, correct or update personal information held by the Company.
- (c) Clients are entitled to access, correct or update personal information collected by the Company. If a client wishes to access, correct or update personal information, the client may do so in writing addressed to the Compliance Officer.
- (d) All personal information held by the Company will be kept for the period necessary for the carrying out of the Purpose and as required by any relevant law.
- (e) No personal information of any client may be disclosed to any third party by any Employee and/or the Company without the client's prior consent, except as required by law or unless reasonably necessary for fulfilling the Purpose.

9.02 Protection of Employee Data

Under the definitions in the PDPO, "personal data" includes much of the data Employees may provide in the employment process as well as personal data which is subsequently collected and held by the Company during employment.

The PDPO covers any "personal data". Firstly, "data" is defined under the PDPO as "any representation of information (including an expression of opinion) in any document, and includes a personal identifier" (e.g. an ID number). "Document" includes not only documents in writing but also discs, films, tapes or other devices in which data is embodied (whether as a visual image or otherwise) and from which it may be reproduced. E-mails stored on computer networks are covered under this definition. Secondly, for "data" to be of a "personal" nature, it must:

- (a) relate directly or indirectly to a living individual (referred to as a "data subject");
- (b) be practicable to ascertain the identity of the individual; and
- (c) be in a form in which access or processing is practicable.

9.03 Disclosure Obligation

- (a) Employees will be informed if it is obligatory for Employees to provide personal data when requested.
- (b) If it is obligatory, Employees will be informed of the consequences of failing to provide the data.

9.04 Use of Your Personal Data

- (a) **Users**

All personal data concerning Employees (whether provided by the relevant Employee or any other person) may be used by any of the following people (each being a “User”):

- (i) any person controlling, controlled by or under common control with the Company and its affiliates;
- (ii) any director, officer or employee of the Company; or
- (iii) any person authorized by the Company.

(b) Purposes

All personal data concerning Employees (whether provided by the relevant or any other person) may be used by any User for any of the following purposes:

- (i) the specific uses provided to the Employee at the time of data collection;
- (ii) transfer of data to any place outside Hong Kong;
- (iii) any purpose relating to or in connection with the Employees employment with the Company; or
- (iv) any purpose relating to or in connection with the ordinary course of business of the Company.

(c) Rights of Access and Correction

Employees have the right to have access to and correction of their personal data as set out in the PDPO. In general, and subject to certain exemptions, Employees are entitled to:

- (i) ascertain whether the Company holds personal data in relation to the relevant Employee;
- (ii) request access to their personal data within a reasonable time, at a fee which is not excessive, in a reasonable manner, and in a form that is intelligible;
- (iii) request the correction of their personal data; and
- (iv) be given reasons if a request for access or correction is refused, and object to any refusal.

(d) Contact Person

The title and address of the person to whom any request for access to and/or correction of personal data concerning yourself, or further information about the PDPO should be made to:

ADS Securities Hong Kong Limited

Rooms 801-804 and 810, 8/F.,
Alexandra House

18 Chater Road, Central
Hong Kong
Attn: Compliance Officer

(e) Log Book to be Kept By Data User

A data user is obligated to maintain and keep a log book in the Chinese or English language. The particulars of an Employee entered in the log book should not be erased before the expiration 4 years after the day on which they were entered into the log book, or such longer or shorter period as prescribed by the Secretary for Constitutional and Mainland Affairs. Generally, the log book must contain records of the data user's refusal to comply with data access requests or data correction requests, the reasons for the refusal and any other particulars as required by the regulations.

(f) Erasure of Personal Data No Longer Required

In accordance with the PDPO, a data user shall erase personal data held by the data user where the data is no longer required for the Purpose (including any directly related purpose) for which the data was used. This prohibition does not apply where any erasure is prohibited under any law, or it is in the public interest (including historical interest) for the data not to be erased.

PART 10. ANTI-MONEY LAUNDERING PROCEDURES

10.01 General Policy

The Company's clients will hold assets through their own appointed custodians, who will undertake their own anti-money laundering review of the client consistent with their own internal policies. Nevertheless, the SFC obligates all Licensed Corporations to maintain an elemental Anti-Money Laundering Policy and to ensure their employees to be vigilant for and promptly report to appropriate authorities any instances of money laundering in Hong Kong.

This document sets forth the anti-money laundering ("**AML**") program ("**AML Program**") for the Company. This Program is intended to address the Company's anticipated anti-money laundering requirements in Hong Kong.

10.02 What is Money Laundering?

Money laundering means an act intended to have the effect of making any property:

- (a) that is the proceeds obtained from the commission of an indictable offence under the laws of Hong Kong, or of any conduct which if it had occurred in Hong Kong would constitute an indictable offence under the laws of Hong Kong; or
- (b) that in whole or in part, directly or indirectly, represents such proceeds, not to appear to be or so represent such proceeds.

Three stages of the process of money laundering are identified during which there may be numerous transactions which may be identified as money laundering activities:

- (a) *Placement* – The physical disposal of cash proceeds derived from illegal activities i.e. placing illicit funds into the financial system by converting those funds into some other financial instrument or medium;
- (b) *Layering* – Separating illicit proceeds from their source by creating complex layers of financial transactions designed to disguise the source of the money, subvert the audit trail and provide anonymity; and
- (c) *Integration* – Creating the impression of apparent legitimacy of criminally derived wealth. In situations where the layering process succeeds, integration schemes effectively return the laundered proceeds back into the general financial system and the proceeds appear to be the result of, or connected to, legitimate business activities.

Money laundering by terrorists may not involve the proceeds of criminal conduct, but rather may singly be an attempt to conceal the origin or intended use of the funds, until they are later used for terrorist activities.

10.03 What is Terrorist Financing?

Terrorist Financing refers to

- (a) provision or collection of any property with the intention that the property be

used or knowing that the property will be used to commit terrorists act(s);

- (b) making available of any property or financial services for the benefit of a terrorist or terrorist associate; or
- (c) collection of property or solicitation of financial services for the benefit of a terrorist or terrorist associate..

Terrorists or terrorist organizations require financial support in order to achieve their aims. There is often a need for them to obscure or disguise links between them and their funding sources.

Therefore terrorist groups must find ways to launder funds regardless of whether the funds are from an illicit or legitimate source.

10.04 Anti-Money Laundering Legislation in Hong Kong

Money laundering is a criminal offence and the Company and its employees are obliged to report suspected instances of money laundering. Any Employee who knows or suspects that an investor is engaged in money laundering must notify the Responsible Officer immediately who will be responsible for contacting the relevant authorities.

Set out below are the four main pieces of legislation in Hong Kong dealing with offences constituting money laundering and terrorist financing activities:

- (a) Drug Trafficking (Recovery of Proceeds) Ordinance ("**DTRPO**");
- (b) Organized and Serious Crimes Ordinance ("**OSCO**");
- (c) United Nations (Anti-Terrorism Measures) Ordinance ("**UNATMO**"); and
- (d) Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance ("**AMLO**")

Each of the relevant legislation is summarized briefly below:

Drug Trafficking (Recovery of Proceeds) Ordinance ("DTRPO")

This Ordinance contains provisions for the investigation of assets that are suspected to be derived from drug trafficking activities, the freezing of assets on arrest and the making of confiscation orders upon conviction.

The DTRPO makes it an offence to deal with property which is known or believed to be the proceeds of drug trafficking. Dealing includes:

- (a) receiving or acquiring the property;
- (b) concealing or disguising the property;
- (c) disposing of or converting the property;
- (d) moving it in or out of Hong Kong; or
- (e) using the property to borrow money or act as security.

The DTRPO requires any person who knows or suspects that any property relates to drug trafficking should, as soon as it is reasonable, report to an authorized officer (“**Authorized Officer**”). An “Authorized Officer” includes any police officer, any member of the Customs and Excise Department, and the Joint Financial Intelligence Unit (“**JFIU**”).

A person commits an offence if he deals with a piece of property that he knows or has reasonable grounds to believe represents the proceeds of drug trafficking.

The maximum penalty is 14 years imprisonment and a HK\$ 5 million fine.

Dealing with property means:

- (a) receiving or acquiring the property;
- (b) concealing or disguising the nature, source, location, disposition, movement or ownership of the property;
- (c) disposing of or converting the property;
- (d) bringing the property into or taking it out of Hong Kong; or
- (e) using the property to borrow money or as security.

A person who knows or suspects that any property represents the proceeds of or was used in connection with or will be used in connection with drug trafficking must disclose that information either to the police or in accordance with the Company procedures. Failure to disclose is punishable by imprisonment of 3 months and a fine of HK\$50,000.

It is an offence for any person who knows or suspects that such a disclosure has been made to disclose to any one else any matter that might prejudice any investigation that might result from the disclosure. This is punishable by imprisonment for 3 years and a fine of HK\$500,000.

The Company may receive restraint orders and charging orders on the property of a defendant of a drug trafficking offence or an offence under OSCO. The Company is required to co-operate with these orders and failure to do so is an offence.

A person with knowledge or suspicions of terrorist property must report this to an authorized officer (e.g. the police). Failure to disclose is an offence punishable by imprisonment and a fine.

A person commits an offence if he deals with any property knowing or having reasonable grounds to believe it to represent any person’s proceeds of drug trafficking or of an indictable offence respectively. The highest penalty for the offence upon conviction is imprisonment for 14 years and a fine of HK\$5 million.

In Hong Kong, the following legislation governs terrorist financing and money laundering activities and the principal anti-money laundering and anti-terrorist financing provisions are summarized as follow:

Organized and Serious Crimes Ordinance (OSCO)

This Ordinance gives the police and customs the ability to investigate the activities of organized crime, allows the confiscation of the proceeds of organized and serious crimes and creates an offence of money laundering in relation to the proceeds of indictable offences.

The OSCO also has provisions similar to those in the DTRPO relating to dealing with property and disclosure. It gives the police powers to get a court order to make a person provide information or material relating to the investigations of an organized crime and to conduct searches.

Failure to disclose under this section constitutes an offence. The maximum penalty upon conviction of this offence is a fine of HK\$50,000 and imprisonment for 3 months.

A person commits an offence if he deals with any property knowing or having reasonable grounds to believe it to represent any person's proceeds of drug trafficking or of an indictable offence respectively. The highest penalty for the offence upon conviction is imprisonment for 14 years and a fine of HK\$5 million.

United Nations (Anti-Terrorism Measures) Ordinance ("UNATMO")

This Ordinance implements the mandatory elements of the United Nations Security Council Resolution 1373 to counter terrorism and the Financial Action Task Force on Money Laundering ("FATF") 8 Special Recommendations on terrorist financing. This criminalizes the supply of property and making property or financial services available to terrorists or terrorist associates. UNATMO:

- (a) makes it a criminal offence to supply property or make property or financial services available to terrorists or their associates;
- (b) permits terrorist property to be frozen and/or forfeited;
- (c) requires a person to report knowledge or suspicions of terrorist property to an authorized officer and makes it an offence for failing to do so.

The UNATMO also has provisions similar to those in the OSCO and DTRPO relating to disclosure. Failure to disclose under this section constitutes an offence. The maximum penalty upon conviction of this offence is a fine of HK\$50,000 and imprisonment for 3 months.

The term "funds" covers cash, cheques, deposits with financial institution or other entities, balances on accounts, securities and debt instruments (including stocks and shares, certificates representing securities, bonds, notes, warrants, debentures, debentures stock and derivatives contracts), interest, dividends or other income on or value accruing from or generated by property, documents evidencing an interest in funds or financing resources, etc.

Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance ("AMLO")

AMLO seeks to address concerns relating to Hong Kong's anti-money laundering/counter-terrorist financing regime expressed in the evaluation conducted by the Financial Action Task Force in 2008. Prior to the enactment of the AMLO, client due diligence ("CDD") and record keeping requirements by financial institutions were implemented through guidelines issued by the regulatory authorities in Hong

Kong – in relation to the SFC regime – Prevention of Money Laundering and Terrorists Financing Guidance Notes published by the SFC (September 2009).

As a result of the enactment of the AMLO, CDD and record keeping requirements for financial institutions have received statutory backing – Schedule 2 of the AMLO codifies the CDD and record keeping requirements that financial institutions will need to adopt. A financial institution (which is defined to include a licensed corporation) that fails to comply with the provisions on CDD and record keeping may become liable to a fine of up to HK\$1,000,000 and imprisonment for up to two years. An Employee of a financial institution or a person who is concerned with the management of a financial institution, who knowingly causes or permits the financial institution to contravene a specified provision, may be liable to a fine of up to HK\$1,000,000 and imprisonment for up to two years.

10.05 The Company's Primary Responsibilities In Relation to Anti-Money Laundering

The SFC has identified several primary responsibilities in relation to anti-money laundering and countering the financing of terrorist organizations. Licensed persons must:

- (a) exercise due diligence when contacting business clients and other persons in the conduct of their business;
- (b) conduct its business in conformity with high ethical standards and guard against undertaking any transaction that is or may be connected with or may facilitate money laundering and/or terrorist financing; and
- (c) whenever possible, and to the fullest extent possible, assist and cooperate with the relevant law enforcement authorities in Hong Kong in preventing money laundering and terrorist financing.

10.06 Policies, Procedures And Controls

In relation to Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts) and Type 3 (Leveraged Foreign Exchange Trading) regulated activities, the Company are with the below policies, procedures and controls:

(a) Due Diligence

Financial institutions in Hong Kong are required to take reasonable measures to verify the identity of all clients, the beneficial owners of clients and persons purporting to act on behalf of clients ("**Due Diligence Targets**").

A risk based streamlined approach may be adopted where there are difficulties in identifying and verifying long lists of account signatories. The Company, its affiliated entities, or an intermediary (if appointed) must therefore seek to perform CDD as widely as possible on persons that they deal with in the course of their business operations to:

- (i) holders and any beneficial owners of the account; and
- (ii) understand the ownership and control structure of the client.
- (iii) In relation to a person purporting to act on behalf of a client, the Company, or the intermediary (if appointed), must also verify the

person's authority to act in this capacity by obtaining written authority (e.g. if it is a corporation, board resolutions or similar written authority should be obtained).

(b) Identification Standards – Risk Based Approach

When the Employees or their affiliates obtain information or documentation through the client or a third party, they must seek satisfactory evidence that the documents are genuine. Further, as mentioned above, the Company, or the intermediary (if appointed), is required to inquire if there are any beneficial owners in relation to the account and identify such beneficial owners (if necessary). The Company must ensure that the potential client completes the relevant section of the subscription agreement that describes the purpose and intended nature of the business relationship and/or account.

The Company must adopt a risk based approach to determine the extent of CDD measures and on-going monitoring that is required, depending upon the background of the potential client and the transaction or service used in each relevant case. Where the potential client is deemed to be high risk, further information about the client profile (including the reason for opening the account, the source of funding of the client and the relationships between the client and the ultimate beneficial owners) must be obtained.

(c) Relying on intermediaries

The Company can delegate responsibility for client identification to certain third parties such as administrators. However, the Company remains responsible for making an assessment as to the AML risk of each client and ensuring that appropriate identification standards are met.

The Company is entitled to rely upon an intermediary to undertake the identification of clients but the Company has to ensure that the intermediary:

- (i) meets the requirements as set out in the AMLO;
- (ii) complies with adequate client identification procedures; and
- (iii) upon request, the intermediary is able to provide any information to the Company or their affiliates without delay.
- (iv) The Company will ultimately be responsible for proper screening of its clients and remains ultimately liable for any failure to carry out CDD measures under the AMLO. The Company may therefore arrange that as part of its administration services, an administrator undertakes the identification of clients and ensures that relevant disclosures and identification documents are obtained from clients in accordance with the procedures in relation to client due diligence requirements.

The Company will, at a minimum: verify, to the extent reasonable and practicable, the identity of any client seeking to subscribe for shares in the Company; maintain records of information used to verify a client's identity; and check that a client does not appear on government terrorist lists, such as the list on the Treasury's Office of Foreign Assets Control ("OFAC") website. The kinds of information that the Company will collect before opening different types of accounts are listed below. The Company will make any necessary

modifications to these procedures as and when the Hong Kong AML requirements are updated.

The Company should ensure that records are kept to demonstrate that steps have been taken to ensure the persons which it deals with in Hong Kong are “Professional Investors” as defined under the SFC. Where relevant, Employees should exercise their professional judgment to assess whether a client meets the required asset or portfolio threshold at the relevant date and consider whether it is appropriate to obtain audited financial statements or custodian statements as evidence to ascertain the relevant assets or portfolio thresholds. Proper records of their assessment process should be kept.

(d) Professional Investors

The Company should ensure that records are kept to demonstrate that steps have been taken to ensure the persons which it deals with in Hong Kong are “Professional Investors” defined under the SFC and set out in Appendix B. Employees should exercise their professional judgment to assess whether a client meets the required asset or portfolio threshold at the relevant date and consider whether it is appropriate to obtain audited financial statements or custodian statements as evidence to ascertain the relevant assets or portfolio thresholds. Proper records of their assessment process should be kept. In particular, below are the steps to be taken by Employees to assess whether a prospective client meets the required threshold:

- (i) The Company will provide prospective clients with the Client Categorization Form, as set out in Appendix E, in order to assess whether the prospective client is a “Professional Investor”.
- (ii) The prospective client will complete and return this form (together with any supporting documents) to the Company for assessment.
- (iii) If the prospective client decides to engage the Company, the Company will require the client to sign the Professional Investor Consent Form, as set out in Appendix F.
- (iv) If the client is a Professional Investor under paragraph 15.2B of the Code of Conduct (i.e. generally high net worth individuals and corporations), the Company is required to annually confirm with the client that the client remains a Professional Investor. As such, the client will agree to annually confirm, by way of re-signing a separate Professional Investor Consent Form (as set out in Appendix F), that the client remains a Professional Investor.

(e) Timing of Identification

The Company, or the intermediary (if appointed), must complete the CDD process with its Due Diligence Targets as soon as reasonably practicable after establishing the business relationship with the relevant client. If the Company, or the appointed intermediary (as the case may be), is unable to complete the CDD process within a reasonable timeframe, the Company must not establish a business relationship or carry out any transaction with that client; or if it has already established a business relationship with that client, it must terminate the business relationship as soon as reasonably practicable.

The Company is entitled to rely upon an intermediary to undertake the identification of investors but the Company has to ensure that the intermediary complies with adequate investor identification procedures as the Company will ultimately be responsible for proper screening of its clients. The Company will, at a minimum: verify, to the extent reasonable and practicable, the identity of any client; maintain records of information used to verify a client's identity; and check that a client does not appear on government terrorist lists, such as the list on the Treasury's Office of Foreign Assets Control ("OFAC") website. The kinds of information that the Company will collect before opening different types of accounts are listed below. The Company will make any necessary modifications to these procedures as and when the Hong Kong AML requirements are updated.

The Company should ensure that records are kept to demonstrate that steps have been taken to ensure the persons which it deals with in Hong Kong are "Professional Investors" as defined under the SFC. Where relevant, Employees should exercise their professional judgment to assess whether an investor meets the required asset or portfolio threshold at the relevant date and consider whether it is appropriate to obtain audited financial statements or custodian statements as evidence to ascertain the relevant assets or portfolio thresholds. Proper records of their assessment process should be kept.

10.07 Prospective Clients/Investor Document Collection

The Company will solicit, as deemed necessary and appropriate, information sufficient, in light of the surrounding facts and circumstances, to confirm the identities of prospective clients.

10.08 Client Identification Procedures ("CIP")

All clients must be properly identified in accordance with the client identification procedures set out in the Appendix C. The Company shall review identification information for all prospective clients/investors. The results of each review will be documented on a Client Due Diligence Form as set forth in Appendix D. Determinations of the scope and nature of reviews will be based upon a number of factors, including the factors discussed below:

- (a) background or profile of the client, such as being, or linked to, a politically exposed person;
- (b) nature of the client's business, which may be particularly susceptible to money laundering risk, such as money changers or casinos that handle large amounts of cash;
- (c) origin of the client (e.g. place of birth, residence), the place of establishment of the client's business and location of the counterparties with which the client does business, such as non-cooperative countries and territories designated by the Financial Action Task Force on money laundering or those known to the Company lack proper standards in the prevention of money laundering or client due diligence process;
- (d) for a corporate client, unduly complex structure of ownership for no good reason;

- (e) means of payment as well as type of payment (cash or third party cheque the drawer of which has no apparent connection with the prospective client may be a cause for increased scrutiny);
- (f) risks associated with non face-to-face business relationships; and
- (g) any other information that may suggest that the client is of higher risk (e.g. knowledge that the client has been refused a business relationship by another financial institution).

10.09 Certain Prohibited Clients/Investors

The Company will not intentionally accept investments from:

- (a) Clients/investors whose names appear on the OFAC List;
- (b) Clients/investors whose names appear on such other lists of prohibited persons or entities as may be mandated by law or regulation applicable to the Company; or
- (c) foreign shell banks (i.e. foreign banks without a physical presence in any country).

10.10 Heightened Risk Accounts

The Company will carefully review, prior to acceptance, clients/investors that may pose a higher risk due to their jurisdictions, occupations, or other commonly identified factors. In particular, additional review may be warranted in circumstances in which a client /an investor:

- (a) is identified through the Company's client identification procedures as having been convicted of, or under suspicion for, terrorist activities, financial crimes, and potentially other criminal activities;
- (b) is a senior foreign political figure;
- (c) resides in, is incorporated in or operates from a jurisdiction that is listed on the FATF List of Non-Cooperative Countries and Territories (current list available at <http://www.fatf-gafi.org>);
- (d) resides in, is incorporated in or operates from a jurisdiction with bank secrecy laws, or a jurisdiction that has otherwise been identified as an area worthy of enhanced scrutiny.
- (e) in assessing the money laundering risk posed by particular investors and in determining whether a potentially high risk account should be accepted, the Company shall consider, among others, the following factors:
 - (i) whether the client/investor has a pre-existing relationship with the Company and, if so, the nature and length of time of the relationship;
 - (ii) how the client/investor was referred to the Company (e.g. referral from existing client, well known asset manager, etc.);
 - (iii) whether the client/investor is investing through a reputable financial intermediary with appropriate AML policies and procedures; and

- (iv) other surrounding facts and circumstances as deemed appropriate by the Company.

10.11 No Cash Policy

The Company will not accept or disburse cash in connection with an investment. For the purposes of this policy, cash includes currency, cashier's cheques, bank drafts, traveler's cheques, and money orders.

10.12 Periodic Monitoring

The Company is required to monitor, on an ongoing basis, its business relations and observe the conduct of the client transactions undertaken to ensure that the transactions are consistent with the Company's knowledge of the client, its business and risk profile and where appropriate, the source of funds. The Company is also required to identify transactions that are complex, unusually large in amount or of an unusual pattern that has no apparent economic or lawful purpose, and to examine the background and purpose of the relevant transaction. Where an Employee has any doubts about these issues, he or she should refer the matter to the Compliance Officer.

10.13 Suspicious Activity Monitoring and Reporting

The Company understands the obligation to report under DTROP, the OSCO or UNATMO rests with the individual who becomes suspicious of a person, transaction or property. Disclosures of suspicious transactions under the DTROP, the OSCO or the UNATMO should be made to the JFIU. In addition to acting as the point for receipt of disclosures made by any organization or individual, the JFIU functions as the local and international advisor on money laundering matters generally and can offer practical assistance to the financial sector on the subject of money laundering and terrorist financing.

The Compliance Officer acts as a central reference point within the Company to facilitate onward reporting to the JFIU. The Compliance Officer reviews exceptional reports of large or irregular transactions generated by licensed corporations' or associated entities' internal system as well as ad hoc reports made by front-line staff on a regular basis. Where the Compliance Officer considers suspicions are justified the Compliance Officer will report to the JFIU.

The Company will also undertake a periodic review of existing investors in an effort to ensure that no investors appear on the OFAC List or on such other lists of prohibited persons or entities as may be mandated by applicable law or regulation. The following steps shall be taken by the Compliance Officer in the event that a suspicious activity is identified or an existing investor is identified as a prohibited person or entity prior to reporting such suspicious activity with JFIU:

- (a) When a Suspicious Activity is Identified: The suspicious activity should be reported immediately to the Compliance Officer for further review. The Compliance Officer will take steps to ascertain the circumstances surrounding the transaction, which may include reviewing the transaction history of the investor, conducting a database search and/or OFAC check on the investor, and/or other steps as deemed warranted. Depending upon the results of the review, additional steps may be warranted, including, but not limited to, requiring the investor to fully redeem the investment(s), delaying a requested redemption, or otherwise freezing the assets in the account, and, where

required by law, reporting the transaction to the proper monetary authorities.

Examples of Suspicious Activities include, but are not limited to, the following:

- (i) large or unusual settlements of transactions in cash or bearer form.
 - (ii) buying and selling of securities/futures contracts with no discernible purpose or in circumstances which appear unusual.
 - (iii) a number of transactions by the same counterparty in small amounts relating to the same security, each purchased for cash and then sold in one transaction, the proceeds being credited to an account different from the original account.
 - (iv) any transaction in which the counterparty to the transaction is unknown or where the nature, size or frequency appears unusual.
 - (v) the entry of matching buys and sells in particular securities or futures contracts ("**wash trading**"), creating the illusion of trading. Such wash trading does not result in a bona fide market position and might provide "cover" for a money launderer.
 - (vi) wash trading through multiple accounts might be used to transfer funds between accounts by generating offsetting losses and profits in different accounts. Transfer of positions between accounts that do not appear to be commonly controlled presents a warning sign.
- (b) *When an Existing Client/Investor Is Identified as a Prohibited Person or Entity:* The Compliance Officer will take steps to ascertain the circumstances surrounding the identification. Depending upon the results of the review, additional steps may be warranted, including, but not limited to, requiring that the investor to fully redeem the investment(s), delaying a requested redemption, or otherwise freezing the assets in the account, and, where required by law, reporting the transaction to the proper authorities.

10.14 Filing a Suspicious Activity Report (SAR)¹

The Company will file SARs for any account activity if it is reasonably believed:

- (a) the transaction involves funds derived from illegal activity or is intended or conducted in order to hide or disguise funds or assets derived from illegal activity as part of a plan to violate or evade federal laws or regulations;
- (b) the transaction is designed to evade any requirements of BSA regulations;
- (c) the transaction has no business or apparent lawful purpose or is not the sort in which the client would normally be expected to engage, and the Company

¹ See <<http://www.treas.gov/fincen>>, including annual SAR Activity Reviews and SAR Bulletins, which discuss trends in suspicious reporting and give helpful tips. The following resources are available: SAR Form (fill-in version) -- <<http://www.ustreas.gov/fincen/f9022-47-1.pdf>>; SAR Form (software version) - <www.ustreas.gov/fincen/bsaf_sarsoftv4.html>; SAR Form Preparation Guidelines -- <www.ustreas.gov/fincen/sarguidelinesv4.pdf> SAR Activity Reviews -- <www.ustreas.gov/fincen/pub_fincen_reports.html>; SAR Bulletins -- <www.ustreas.gov/fincen/pub_main.html>.

knows, after examining the background, possible purpose of the transaction and other facts, of no reasonable explanation for the transaction; or

- (d) the transaction involves the use of the funds to facilitate criminal activity.

The Company will not base its decision on whether to file a SAR solely on whether the transaction falls above a set threshold. The Company will file a SAR and notify law enforcement of all transactions that raise an identifiable suspicion of criminal, terrorist, or corrupt activities. In high-risk situations, the Company will notify the government immediately and will file a SAR with FinCEN.

10.15 Designation of an Anti-Money Laundering Compliance Officer and Delegation of Responsibilities

The Compliance Officer for the Company will retain overall responsibility for the AML Program as it applies to the Company. The Compliance Officer will retain responsibility for filing any required reports with appropriate monetary authorities and for any other activities that may not, by law or due to other circumstances, be performed at a centralized location.

The Company may, with respect to clients, delegate certain AML activities to its service providers. If any such activities are so delegated, the Company will conduct reasonable due diligence to ensure that the designated service provider is performing the AML activities, which may include collection of client identification information and certain other review activities.

10.16 Anti-Money Laundering Training

The Company will conduct periodic training for all appropriate personnel, including all employees based in Hong Kong and personnel in other locations with responsibility for client/investor intake, client/investor account transactions, or other responsibilities with potential exposure to money laundering activities. The Company will also provide AML training for all new employees in the Hong Kong and to certain other employees in affected positions. Topics to be addressed include the following:

- (a) potential indicators of money laundering activities and suspicious activity, including recent money laundering schemes;
- (b) potential consequences for not following this AML Program;
- (c) the Company's obligations under the Hong Kong and any other applicable anti-money laundering regulations;
- (d) what to do once a risk is identified;
- (e) reporting and recordkeeping requirements; and
- (f) an overview of this AML Program, with a particular emphasis on changes in the AML Program since the last training session.

The Compliance Officer shall document the date, time and location of each training session, the names of the attendees, the topics covered and the training materials disseminated.

10.17 Keeping of Anti-Money Laundering Records

The Compliance Officer shall establish and maintain records documenting compliance by the Company with this AML Program, including:

- (a) the original or a copy of the documents, and a record of the data and information, obtained in the course of identifying and verifying the identity of the client and/or beneficial owner of the client and/or beneficiary and/or persons who purport to act on behalf of the client and/or other connected parties to the client;
- (b) any additional information in respect of a client and/or beneficial owner of the client that may be obtained for the purposes of EDD or ongoing monitoring;
- (c) where applicable, the original or a copy of the documents, and a record of the data and information, on the purpose and intended nature of the business relationship;
- (d) the original or a copy of the records and documents relating to the client's account and business correspondence with the client and any beneficial owner of the client;

All documents and records above will be kept throughout the business relationship with the client and for a period of 6 years after the end of the business relationship.

The Company will maintain the original or a copy of the documents, and a record of the data and information, obtained in connection with the transaction, which should be sufficient to permit reconstruction of individual transactions and establish a financial profile of any suspect account or client. These records may include the following:

- (a) the identity of the parties to the transaction;
- (b) the nature and date of the transaction;
- (c) the type and amount of currency involved;
- (d) the origin of the funds (if known);
- (e) the form in which the funds were offered or withdrawn, e.g. cash, cheques, etc;
- (f) the destination of the funds;
- (g) the form of instruction and authority; and
- (h) the type and identifying number of any account involved in the transaction (where applicable).

The above documents and records should be kept for a period of 7 years after the completion of a transaction, regardless of whether the business relationship ends during the period.

PART 11. ANTI-BRIBERY GUIDELINES

11.01 Introduction

Pursuant to the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) (“**PBO**”), it is an offence for an Employee to solicit or accept an advantage as an inducement to, or reward for, his doing or refraining from doing any act in relation to the Company’s business affairs.

11.02 Rebates and Soft Dollars

Generally, an Employee may only provide goods or services (i.e. soft dollars) to investment managers in consideration for directing transaction business only if it does not breach the PBO.

Goods and Services may include: research and advisory service; economic and political analysis, portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services; clearing and custodian services and investment-related publications. The goods and services may not include travel, accommodation, entertainment, general administrative goods and services, general office equipment or premises, membership fees, employee salaries, or direct money payments.

An Employee should ensure, and be able to demonstrate that any transaction undertaken or services acquired in relation to a client’s account that involve payments from client assets directly or indirectly to a person connected with the Employee are undertaken at arm’s length and in the best interests of the client. Essentially, this requires that such terms not be less favorable than those generally available in the market.

11.03 Inducements and Gifts

All Employees should not offer or accept any inducement in connection with the affairs or business of a client which is likely to significantly conflict with the duties owed to clients. They must not give or accept gifts, gratuities, favors or benefits if such gifts, gratuities, favors or benefits are more than a nominal value or go beyond what could reasonably be considered ethical and accepted business practices, or which may influence or appear to influence the performance of the duties of the Employees.

11.04 Dealing with Suppliers

All Employees must not be associated in any way with agreements between the Company and suppliers or any organization in which the Employee or his/her immediate family member has an interest or which might result in the Employee or his/her family member’s personal gain.

11.05 Bribery is Prohibited

The Company prohibits bribery.

11.06 Procedures of Offering and Acceptance of Advantages

(a) All Employees should not accept advantages from clients or the business

contacts of the Company in the course of business dealings unless permission has been granted from the Compliance Officer.

- (b) Where an advantage is voluntarily given, the Employee should consider accepting only if:
 - (i) the acceptance will not influence the performance of the Employee;
 - (ii) the Employee will not feel obliged to do something in return for the offeror;
 - (iii) the Employee is able to openly discuss the acceptance without reservation; and
 - (iv) the nature and the value of the advantage are such that refusal could be seen as unsociable or impolite. Any queries to assess whether the acceptance of an advantage is legitimate should be directed to the Compliance Officer.
- (c) Under no circumstances should an Employee offer bribes to any person or company for the purpose of influencing such person or company in obtaining or retaining business for the Company. When an Employee provides advantages to business associates during business dealings, the Employee has the responsibility to clarify that the recipients have obtained permission from their employer.

PART 12. CREDIT AND MARGIN POLICY FOR LEVERAGED FOREIGN EXCHANGE TRADING AND FUTURES CONTRACTS

12.01 Clients' Margin Requirements

All clients should have the initial margin and maintenance margin level at not less than 5% and 3% respectively of the gross principal value of the contract offered by the Company.

The Company may execute a contract for a client provided that the client has provided a margin deposit adequate to cover the initial margin required.

Nonetheless, the Company may also execute a contract for a client without first having received the initial margin from the client only if the Company is reasonably satisfied that given the investment objectives, investment strategy and financial position of that client, the full amount of the initial margin will be deposited by the client within the next business day or such shorter period as may be specified by the Company. This, however, does not apply to a client:

- (a) who has never entered into a contract through or with the Company;
- (b) who has never paid, or been asked to pay, any initial margin to the Company; or
- (c) who has failed to satisfy the initial margin requirement required on at least 2 occasions during the period of one year immediately preceding the transaction for which the deferral of the deposit of initial margin is requested by the client.

For the purpose of calculating the amount of any margin deposit required, the basis and method of valuation applicable to margins as provided in section 41 of the Securities and Futures (Financial Resources) Rules should be adopted.

The Company may change the initial margin requirement at any time at its absolute discretion. The requirement may have retrospective effect and apply to existing positions and new positions of the futures contracts and leveraged foreign exchange trading contracts.

12.02 No Credit on Margin

Unless the Company is reasonably satisfied that given the investment objectives, investment strategy and financial position of that client, the full amount of the initial margin will be deposited by the client within the next business day or such shorter period as may be specified by the Company, the Company should not extend any credit or give any rebate of any kind to a client which has the effect of circumventing or evading the margin requirements.

12.03 Restricted use of margin collateral

Margin deposits and other assets of the clients and recognized counterparties are properly safeguarded and are held separately from the Company's assets.

12.04 Margin Call

If a client does not have sufficient initial margin or maintenance margin, he should be requested to deposit additional sum of money in order to satisfy the margin requirements.

12.05 Mandatory Liquidation of Open Position

The Company can, in its absolute discretion, do the following at any time without further notice to the client:


- (a) stop the client to open any new position (except for the purpose of closing existing position) immediately if the account equity falls to below 60% of the initial margin level; or
- (b) close out one, several, or all client's open positions in descending order of exposure if the account equity falls below the Liquidation Margin level (1%) until the account equity goes back to the Required Margin level (5%).

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12.06 Outstanding Amount

If, despite repeated requests and demands, a client fails to pay any outstanding amount to the Company for whatever reason, the matter should be reported to the ROs.

The Company, where its management thinks fit, may take legal action against the client or write off such outstanding amount as bad debt.

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PART 13. RISK MANAGEMENT

13.01 General

The Company maintains risk management policies and procedures to ensure the proper management of risks to which the Company and, if applicable, its clients are exposed, particularly with regard to their identification and quantification, whether financial or otherwise, and the provision of timely and adequate information to senior management to enable it to take appropriate and timely action to contain and otherwise adequately manage such risks.

13.02 Risk Management

Appropriate and effective risk management policies have been established and are monitored by the Risk Manager which, depending upon the Company circumstances, consist of a sufficient number of suitably qualified and experienced professionals.

The Compliance Officer in conjunction with senior management will ensure that risk management policies and procedure are observed and strictly enforced. Any anticipated non-observance of such procedures must be approved in writing by the Compliance Officer. The Compliance Officer will only approve in circumstances where proper justification is provided.

The Company conducts comprehensive reviews at suitable intervals, and wherever there is significant change in the business, operation or key personnel, to ensure that the Company's risk of suffering losses, whether financial or otherwise, as a result of fraud, errors and omissions, interruptions or other operational or control failures is maintained at acceptable and appropriate levels. The Company will critically assess the appropriateness of their risk management policies and procedures from time to time. The Company will take steps to rectify the deficiencies in their policies and procedures as soon as they are identified.

Appropriate exposure reports are submitted regularly to senior management, Responsible Officers and the Compliance Officer and any significant variances are reported promptly to senior management, Responsible Officers and the Compliance Officer.

The Company takes a comprehensive approach to risk management. The Company will put in place a set of risk management policies and establish a robust process to identify, measure, monitor and mitigate all types of risks.

- (a) **Credit Risk** – Credit risk is the risk arising from an obligor's failure to meet the terms of any contract agreed. The Company's main credit risk falls into two areas:
 - (i) Advisory clients' default on fees – **the Company** will perform background check on clients before accepting mandates and collect advance and staged payments to minimize such risk. Contingency engagement will be accepted only if substantial work is not required and there is a pre-existing group business relationship with the client. Overdue payments will be reviewed regularly and legal action will be taken if necessary.

- (ii) **Dealing/Placing clients' default** – the Company will deal mainly with individual investors or institutions. Before entering into subscription agreements, **the Company** will perform background and credit checks. In settlement, **the Company** will only accept payment (to be segregated in the Client Account) upfront or delivery versus payment by the client directly with the issuer's broker or custodian.
- (b) **Market Risk** – the Company faces market risk when it enters into underwriting/sub-underwriting arrangements. The Company will, if necessary, make sure back-to-back agreements with relevant counterparties will be in place, before committing to the transaction. If the Company is expected to take uncovered positions by stocking certain amount of shares on its own account, the proposal needs to be (i) endorsed by the Risk Committee (which will also assess the impact on FRR compliance) and (ii) approved by the Board.
- (c) **Liquidity Risk** – Liquidity Risk is the potential inability to meet contractual and contingent financial obligations. In managing the liquidity risk, the accounting department will monitor its liquidity position on a daily basis and maintain a level of cash and cash equivalents sufficient to comply with FRR requirements and the Company's operational needs.
- (d) **Operational Risk** – Operational risk is the loss resulting from inadequate or failed internal processes. The Company controls its operational risk by establishing clearly defined operational procedures and internal control processes, and put in place backup plans for contingency. These policies and procedures will be regularly assessed by the Compliance Officer with a view to updating them to detect unauthorised transactions or errors that could have a significant impact.
- (e) **Compliance Risk** – Compliance risk arises from failure to adhere to laws, regulations and internal policies. The Company manages the risk by strictly adhering to the Compliance Manual and designating a Compliance Officer to continuously monitor its implementation. If necessary, the Company will also engage external counsel for assistance.
- (f) **Reputation Risk** – The Company will be highly selective on accepting clients. The Company will only advise on transactions that the Company feels commercially sound, reasonable and are made in good faith. Reputation in the public domain will be monitored and evaluated continuously.
- (g) **Legal risk** - Legal risk covers the risk to earnings or capital arising from unenforceable contracts, lawsuits, adverse judgments, or non conformance with laws, rules, and accepted market practices. The Company will manage this risk through development of standard processes and contract templates and support from external counsel.

PART 14. BUSINESS CONTINUITY PLAN

14.01 Overview

In the event of a significant business disruption to the Company, the Company maintains connectivity to **ADS Securities LLC** business continuity and disaster recovery site. All data from the Company's servers is backup at this site and made remotely accessible to Employees.

In the event of a significant business disruption to the Company, the business continuity and disaster recovery site will be available to house key front office, operations staff members. Additionally, the site houses backup computer servers and data storage. The desktop workstations at this facility are preloaded with the required application suite.

14.02 Business Continuity Plan and Recovery Plan

The Company has taken a number of actions directed at safeguarding the interests of its clients, Employees and counterparties in the event of an emergency or significant business disruption, as described below. This Business Continuity Plan Disclosure ("**BCP**") summarizes the Company's plans concerning mitigation of the risks inherent in unplanned business interruptions.

The Company's business continuity plan (the "**Plan**") is designed to enable the Company to meet its existing obligations to clients and counterparties in the event of an emergency or significant business disruption. Key elements of the BCP include:

- (a) maintaining an infrastructure and capabilities so that key staff may connect to the primary or back up data centers or to work from home or other remote safe havens;
- (b) the ability to relocate critical business units of the Company to designated recovery locations;
- (c) maintaining redundant processing capacity at a designated business continuity and disaster recovery location, as well as data storage in multiple locations;
- (d) pursuing technology and systems solutions to support the recovery processes for critical business functions;
- (e) requiring any service providers utilized for critical functions represent that they have business continuity/disaster recovery plans, backup sites and alternative communication routes to our facilities;
- (f) using business and technology teams that are responsible for activating and managing the recovery process;
- (g) adopting a communication plan, so that Employees can receive emergency notifications and instructions via a variety of sources, including in-building announcements, telephone contact, email, text messaging and toll-free phone numbers; and
- (h) rehearsing our recovery procedures and testing those procedures.

14.03 Responsibility for Business Continuity Plan and Recovery Plan

The Company has assigned the IT Manager to be responsible for the following:

- (a) Identifying critical systems and functions (including outsourced functions);
- (b) Activating the Plan at the appropriate time;
- (c) Overseeing the Plan process;
- (d) Communicating with other staff members of the Company about the Plan;
- (e) Coordinating with the relevant external parties (including major service providers) to resume the Company's business operations;
- (f) Testing the Plan and evaluating its effectiveness on an annual basis; and
- (g) Updating the Plan where necessary.

14.04 Communication with Our Employees in the Event of a Disruption

The safety and well-being of Employees is a vital concern. In the event of an emergency or significant business disruption, the Company will communicate with Employees in several different ways. It is proposed that all Employees will initially be contacted directly via telephone and/or email. The Company will maintain and periodically update Employees' contact details.

14.05 Communication with the Company's Clients in the Event of a Disruption

In the event of an emergency or significant business disruption, the Company will inform clients and counterparties of the arrangements in place. The Company has established a client emergency line 852-31850900 and has distributed details of the emergency hotline to clients.

14.06 Redundancy of Mission Critical Information Technology Systems

The Company owns a business continuity and disaster recovery backup site that provides redundancy with respect to critical systems and data, and is designed to provide business continuity in the event of a disruption to the business premises. All mission critical systems are supported by redundant technology and online synchronous replication. In testing, the recovery times for mission critical systems have ranged between immediate (real time) and to up to 48 hours.

14.07 Offsite Data Storage

In addition to the business continuity and disaster recovery backup site, the Company maintains daily backups onsite and offsite through to the Abu Dhabi office in UAE. The Company's data is encrypted and transmitted daily to the offsite facility where it is maintained on dedicated hardware in a backup format. As such, the Company will be able to serve investors even if access to the Company's premises is restricted.

14.08 Back-Up Trading and Operations Site

Employees will be accommodated into Hong Kong VDIs as a first point of call as well as Abu Dhabi VDI machines. .

14.09 Insurance

The Company will periodically assess the adequacy of its insurance policies to ensure that the Company is sufficiently covered in the event of an emergency or significant business disruption.

14.10 Typhoon and weather warnings:

Hong Kong, located just within the tropics, experiences both extreme wet and dry seasons, which can result in natural disasters ranging from floods to fire. The Hong Kong Observatory maintains a close watch on the weather. It issues early warnings whenever Hong Kong is threatened by severe weather conditions such as heavy rain, thunderstorms, tropical cyclones and storm surges. For that reason weather warnings are issued which can recommend that citizens remain at home in extreme weather conditions. Employers are duty bound to respect these government warnings. In this case the Company employees will operate from home using their remote dial-in.

PART 15. INDEX TO APPENDICES

Appendix A:	List of the most Relevant Laws, Regulations, Standards and Compliance Requirements
Appendix B:	Definition of Professional Investor under SFO
Appendix C:	Client Identification Procedures
Appendix D:	Client Due Diligence Form
Appendix E:	Client Categorization Form
Appendix F:	Professional Investor Consent Form
Appendix G:	Summary of Continuing Obligations
Appendix H:	Summary of Day-to-day Notification Requirements
Appendix I:	Electronic Trading Policies and Procedures
Appendix J:	Employee Dealing Declaration Statement
Appendix K:	Gift And Benefits Approval Application Form
Appendix L:	Organizational Chart

APPENDIX A
LIST OF THE MOST RELEVANT LAWS, REGULATIONS,
STANDARDS AND COMPLIANCE REQUIREMENTS

Legislation:

- (i) Securities and Futures Ordinance (“SFO”);
- (ii) Prevention of Bribery Ordinance;
- (iii) Companies Ordinance;
- (iv) Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (v) Organized and Serious Crimes Ordinance;
- (vi) Drug Trafficking (Recovery of Proceeds) Ordinance;
- (vii) United Nations (Anti-Terrorism Measures) Ordinance;
- (viii) Copyright Ordinance;
- (ix) Inland Revenue Ordinance;
- (x) Personal Data (Privacy) Ordinance;
- (xi) Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance;
- (xii) Securities and Futures Ordinance (Contract Notes, Statements of Accounts and Receipts) Rules;
- (xiii) Securities and Futures Ordinance (Professional Investor) Rules;
- (xiv) Securities and Futures Ordinance (Client Securities) Rules;
- (xv) Securities and Futures Ordinance (Client Money) Rules;
- (xvi) Securities and Futures Ordinance (Associated Entities - Notice) Rules;
- (xvii) Securities and Futures Ordinance (Financial Resources) Rules;
- (xviii) Securities and Futures Ordinance (Keeping of Records) Rules;
- (xix) Securities and Futures Ordinance (Accounts and Audit) Rules;
- (xx) Securities and Futures (Short Position Reporting) Rules;
- (xxi) Securities and Futures (Unsolicited Calls- Exclusion) Rules;
- (xxii) Securities and Futures (Licensing and Registration (Information)) Rules
- (xxiii) Crimes Ordinance;
- (xxiv) Theft Ordinance;

- (xxv) Control of Exemption Clauses Ordinance;
- (xxvi) Supply of Services (Implied Terms) Ordinance;
- (xxvii) Unconscionable Contracts Ordinance;
- (xxviii) Business Registration Ordinance;
- (xxix) Stamp Duty Ordinance;
- (xxx) Conveyancing and Property Ordinance;
- (xxxi) Landlord and Tenant (Consolidation) Ordinance;
- (xxxii) Employment Ordinance;
- (xxxiii) Occupation Safety and Health Ordinance;
- (xxxiv) Employees' Compensation Ordinance;
- (xxxv) Mandatory Provident Fund Schemes Ordinance;
- (xxxvi) Sex Discrimination Ordinance;
- (xxxvii) Disability Discrimination Ordinance;
- (xxxviii) Family Status Discrimination Ordinance;
- (xxxix) Race Discrimination Ordinance; and
- (xl) Other SFO subsidiary legislation which might be enacted from time to time.

Codes, Guidelines and Circulars:

- (i) Fit & Proper Guidelines;
- (ii) Guidelines on Competence;
- (iii) Code of Conduct for Persons Licensed by or Registered with the SFC;
- (iv) Management Supervision and Internal Control Guidelines for Persons Registered With or Licensed by the SFC;
- (v) Guidance Notes on Continuous Professional Training;
- (vi) Circular to All Licensed Corporations Regarding the Implementation of Prudent Risk Management Policies and Procedures;
- (vii) Client Identity Rule Policy;
- (viii) Disciplinary Fining Guidelines;
- (ix) Issue of Advertisements by Intermediaries;
- (x) Circular to Licensed Corporations Compliance with the Personal Data (Privacy) Ordinance;

- (xi) Circular clarifying the licensing obligations of corporations and individuals and more particularly those conducting business outside Hong Kong;
- (xii) Circular to All Licensed Corporations on Information Technology Management;
- (xiii) Guideline on Anti-Money Laundering and Counter-Terrorist Financing;
- (xiv) Prevention of Money Laundering and Terrorist Financing Guidance for Associated Entities;
- (xv) Circular to Licensed Corporations – Application for SFC e-Certificate – Persons who are required to sign and submit half-yearly return;
- (xvi) Circular to All Licensed Corporations and Registered Institutions: Guidance on disclosure of relevant material information by licensed or registered persons to their clients;
- (xvii) Circular to Licensed Corporations and Associated Entities Electronic Submission of Financial Returns;
- (xviii) Circular to All Licensed Corporations – Reminder of Importance of Prudent Risk Management;
- (xix) Circular to Licensed Corporations and Registered Institutions – Emergency Contact Person;
- (xx) Circular to All Licensed Corporations – Importance of Prudent Risk Management;
- (xxi) All Licensed Corporations Reminder to comply with certain Code and Internal Control Guidelines requirements;
- (xxii) Circular to SFC’s Licensed Intermediaries Telephone Recording Requirements;
- (xxiii) Circular to Licensed Corporations – Responsible Officers;
- (xxiv) Licensing Information Booklet;
- (xxv) Circular to Licensed Corporations – Substantial Shareholders;
- (xxvi) Circular to Registered Investment Advisers on Cold Calling;
- (xxvii) SFC calls for vigilant risk management of margin lending policy
- (xxviii) Corporate Finance Adviser Code of Conduct; and
- (xxix) Codes on Takeovers and Mergers and Share Buy-backs.

APPENDIX B
DEFINITION OF PROFESSIONAL INVESTOR UNDER THE SFO

"professional investor" means-

- (a) any recognized exchange company, recognized clearing house, recognized exchange controller or recognized investor compensation company, or any person authorized to provide automated trading services under section 95(2) of this Ordinance;
- (b) any intermediary, or any other person carrying on the business of the provision of investment services and regulated under the law of any place outside Hong Kong;
- (c) any authorized financial institution, or any bank which is not an authorized financial institution but is regulated under the law of any place outside Hong Kong;
- (d) any insurer authorized under the Insurance Companies Ordinance (Cap 41), or any other person carrying on insurance business and regulated under the law of any place outside Hong Kong;
- (e) any scheme which-
 - (i) is a collective investment scheme authorized under section 104 of this Ordinance; or
 - (ii) is similarly constituted under the law of any place outside Hong Kong and, if it is regulated under the law of such place, is permitted to be operated under the law of such place,

or any person by whom any such scheme is operated;
- (f) any registered scheme as defined in section 2(1) of the Mandatory Provident Fund Schemes Ordinance (Cap 485), or its constituent fund as defined in section 2 of the Mandatory Provident Fund Schemes (General) Regulation (Cap 485 sub. leg. A), or any person who, in relation to any such registered scheme, is an approved trustee or service provider as defined in section 2(1) of that Ordinance or who is an investment manager of any such registered scheme or constituent fund;
- (g) any scheme which-
 - (i) is a registered scheme as defined in section 2(1) of the Occupational Retirement Schemes Ordinance (Cap 426); or
 - (ii) is an offshore scheme as defined in section 2(1) of that Ordinance and, if it is regulated under the law of the place in which it is domiciled, is permitted to be operated under the law of such place,

or any person who, in relation to any such scheme, is an administrator as defined in section 2(1) of that Ordinance;
- (h) any government (other than a municipal government authority), any institution which performs the functions of a central bank, or any multilateral agency;
- (i) except for the purposes of Schedule 5 to this Ordinance, any corporation which is-

- (i) a wholly owned subsidiary of-
 - 1) an intermediary, or any other person carrying on the business of the provision of investment services and regulated under the law of any place outside Hong Kong; or
 - 2) an authorized financial institution, or any bank which is not an authorized financial institution but is regulated under the law of any place outside Hong Kong;
- (ii) a holding company which holds all the issued share capital of-
 - (A) an intermediary, or any other person carrying on the business of the provision of investment services and regulated under the law of any place outside Hong Kong; or
 - (B) an authorized financial institution, or any bank which is not an authorized financial institution but is regulated under the law of any place outside Hong Kong; or
- (iii) any other wholly owned subsidiary of a holding company referred to in subparagraph (ii); or
- (j) any person of a class which is prescribed by rules made under section 397 of this Ordinance for the purposes of this paragraph as within the meaning of this definition for the purposes of the provisions of this Ordinance, or to the extent that it is prescribed by rules so made as within the meaning of this definition for the purposes of any provision of this Ordinance;

For the purposes of paragraph (j) above, the following persons are “prescribed” as professional investor:

- (i) any trust corporation having been entrusted under the trust or trusts of which it acts as a trustee with total assets of not less than HKD\$40 million or its equivalent in any foreign currency at the relevant date or:
 - 1) as stated in the most recent audited financial statement prepared:
 - a) in respect of the trust corporation; and
 - b) within 16 months before the relevant date;
 - 2) as ascertained by referring to one or more audited financial statements, each being the most recent audited financial statement, prepared:
 - a) in respect of the trust or any of the trusts; and
 - b) within 16 months before the relevant date; or
 - 3) as ascertained by referring to one or more custodian statements issued to the trust corporation:
 - a) in respect of the trust or any of the trusts; and
 - b) within 12 months before the relevant date;

- (ii) any individual, either alone or with any of his associates on a joint account, having a portfolio of not less than HKD\$8 million or its equivalent in any foreign currency at the relevant date or:
 - 1) as stated in a certificate issued by an auditor or a professional accountant of the individual within 12 months before the relevant date; or
 - 2) as ascertained by referring to one or more custodian statements issued to the individual (either alone or with the associate) within 12 months before the relevant date;
- (iii) any corporation or partnership having:
 - 1) a portfolio of not less than HKD\$8 million or its equivalent in any foreign currency; or
 - 2) total assets of not less than HKD\$40 million or its equivalent in any foreign currency,
at the relevant date or as ascertained by referring to:
 - 3) the most recent audited financial statement prepared:
 - a) in respect of the corporation or partnership (as the case may be); and
 - b) within 16 months before the relevant date; or
 - 4) one or more custodian statements issued to the corporation or partnership (as the case may be) within 12 months before the relevant date; and
- (iv) any corporation the sole business of which at the relevant date is to hold investments and which is wholly owned by any one or more of the following persons:
 - 1) a trust corporation that falls within the description in paragraph (i);
 - 2) an individual who, either alone or with any of his associates on a joint account, falls within the description in paragraph (ii);
 - 3) a corporation that falls within the description in paragraph (iii);
 - 4) a partnership that falls within the description in paragraph (iii).

APPENDIX C CLIENT IDENTIFICATION PROCEDURES

1. Client Previously Known to The Company

If the client is known to the Company (e.g. through existing or previous relationships/transactions with the Company, its affiliates, or employees), then the Company shall document the basis for the belief in the validity of the information provided by the investor. That basis may be a statement regarding the investor's business relationship with an individual at the Company; a written or oral reference from a current investor that has been in good standing with the Company for at least one year, or a former investor that was in good standing with the Company; publicly available documents (e.g., newspaper articles); or other corroborating documents. Depending upon surrounding facts and circumstances, the Compliance Officer may waive one or more of the documentation requirements for a known investor.

2. Individual clients

The following information will normally be required for verification of the identity of individual clients:

- (a) name;
- (b) number of Hong Kong Identity Card for a local client (i.e. resident with a right of abode in Hong Kong) and passport or an unexpired government-issued identification evidencing nationality or residence for non-local clients;
- (c) date of birth; and
- (d) residential address (and permanent address if different).

Hong Kong Identity Cards or unexpired government-issued identification such as passports are the types of documents that need to be produced as proof of identity. Copies of the identity documents should be retained on file.

Licensed corporations and associated entities should check the address of the client by the best available means, e.g. sighting of a recent utility bill or bank statement.

Licensed corporations and associated entities should also obtain information on the client's occupation / business to facilitate ongoing due diligence and scrutiny, but this piece of information does not form part of the client's identity requiring verification.

It must be appreciated that no form of identification can be fully guaranteed as genuine or representing correct identity. If there is doubt or difficulty with distinguishing whether an identification document is genuine, the Company will contact the Immigration Department for guidance on recognizing the special features borne with a genuine identity card.

Whenever possible, the Company aims to interview the prospective client personally. Where the risk of money laundering or terrorist financing relating to the client is assessed to be high, the Company will ask the client to make himself available for a face-to-face interview with the Responsible Officer.

3. Corporate Clients

For a corporate client which is not listed on a stock exchange in a FATF member jurisdiction or on a specified stock exchange as defined under the SFO, or is not a subsidiary of such a listed company, or is not a government-related corporation, documents and information such as those mentioned below would be relevant for the purpose of conducting IIP:

Certificate of Incorporation and, where applicable, Business Registration Certificate or any other documents proving the incorporation or similar evidence of the legal status of the corporation;

Board resolution evidencing the approval of the opening of the account and conferring authority on those who will operate it;

- (a) information about the nature of the business of the corporate client and its ownership and control structure for identifying which individual(s) ultimately own(s) or control(s) the client;
- (b) specimen signatures of account signatories;
- (c) copies of identification documents of at least 2 authorized persons to act on behalf of the corporate client;
- (d) copies of identification documents of at least 2 directors (including the managing director); and
- (e) copies of identification documents of substantial shareholders and, where applicable, ultimate principal beneficial owners.

The relevant documents or information may be obtained from a public register, from the client or from other reliable sources, provided that the licensed corporation or associated entity is satisfied that the information supplied is reliable.

If the client, which is a non-listed company, has a number of layers of companies in its ownership structure, the licensed corporation or associated entity will normally need to follow the chain of ownership to identify the individuals who are the ultimate principal beneficial owners of the client and to verify the identity of those individuals. However, it is not required to check the details of each of the intermediate companies (including their directors) in the ownership chain. Where a company in the ownership chain is a company listed on a stock exchange in a FATF member jurisdiction or on a specified stock exchange as defined under the SFO or is a subsidiary of such a listed company, or is a financial institution authorized and supervised by the SFC, Hong Kong Monetary Authority or Office of the Commissioner of Insurance or an equivalent authority in a jurisdiction that is a FATF member or an equivalent jurisdiction or is a subsidiary of such a financial institution, it will generally be sufficient to stop at that point and to verify the identity of that client in line with the suggested IIP procedures.

For higher risk categories of clients or where there is any doubt as to the identity of the beneficial owners, shareholders, directors or account signatories of the corporate client, the Responsible Officer performs additional IIP procedures on a risk sensitive basis. Examples of relevant additional measures that could be applied by licensed corporations and associated entities include:

- (a) making a company search or credit reference agency search;

- (b) obtaining the memorandum and articles of association; and
- (c) verifying the identity of all persons who are authorized to operate the account.

In the case of an offshore investment vehicle owned by individuals (i.e. the ultimate beneficial owners) who use such vehicle as the contractual party to establish a business relationship with the Company and the investment vehicle is incorporated in a jurisdiction where company searches or certificates of incumbency (or equivalent) are not available or cannot provide meaningful information about its directors and substantial shareholders, the Company adopts an enhanced IIP procedures in relation to the client. Besides satisfying itself that:

- (a) they know the identity of the ultimate beneficial owners; and
- (b) there is no suspicion of money laundering,
- (c) Compliance Officer performs additional IIP procedures. Examples of such relevant additional measures include:
 - (i) obtaining self-declarations in writing about the identity of, and the relationship with, the directors and substantial shareholders from the ultimate beneficial owners;
 - (ii) obtaining comprehensive client profile information; e.g. purpose and reasons for opening the account, business or employment background, source of funds and anticipated account activity;
 - (iii) conducting face-to-face meeting with the client before acceptance of such client;
 - (iv) obtaining approval of board for acceptance of such client;
 - (v) assigning a designated staff to serve the client and that staff should bear the responsibility for IIP and ongoing monitoring to identify any unusual or suspicious transactions on a timely basis; and
 - (vi) conducting face-to-face meetings with the client as far as possible on a regular basis throughout the business relationship.

4. Listed Companies and Investment Vehicles

Where a corporation is a company which is listed on a stock exchange in a FATF member jurisdiction or on a specified stock exchange as defined under the SFO, or is a subsidiary of such a listed company, or is a government-related corporation, the corporation itself can be regarded as the person whose identity is to be verified.

For clients mentioned in paragraph 3 above, it will therefore be generally sufficient for a licensed corporation or an associated entity to obtain copies of relevant identification documents such as certificate of incorporation, business registration certificate and board resolution to open an account, without the need to make further enquiries about the identity of the substantial shareholders, individual directors or authorized signatories of the account. However, evidence that whoever operating the account has the necessary authority to do so should be sought and retained.

Where a listed corporation is effectively controlled by an individual or a small group of individuals, it is suggested that a licensed corporation or an associated entity consider whether it is necessary to verify the identity of such individual(s).

Where the client is a regulated or registered investment vehicle, such as a collective investment scheme or mutual fund that is subject to adequate regulatory disclosure requirements, it is not necessary to seek to identify and verify the identity of any unit holder of that entity.

Where the client is an unregulated or unregistered investment vehicle, the Company will adhere to the requirements for identification and verification set out in paragraphs 3 or 6.

If the Company is able to ascertain that:

- (a) the unregulated or unregistered investment vehicle has in place an anti-money laundering and terrorist financing program; and
- (b) the person(s) (e.g. an administrator, a manager, etc) who is responsible for performing IIP measures in relation to the investors in the investment vehicle has proper measures in place that are in compliance with FATF standards.

5. Financial or professional intermediaries

Where the account established in the name of a financial or professional intermediary is an omnibus account in order for that financial or professional intermediary to engage in securities, futures contracts or leveraged foreign exchange transactions on behalf of its clients, the Company should conduct identification and verification of the omnibus account holder, i.e. the financial or professional intermediary that is the licensed corporation's or associated entity's client in accordance with the provisions below, and is not required to "drill down" through the financial or professional intermediary to identify and verify the underlying clients for whom the financial or professional intermediary performs financial transactions.

However, enhanced IIP measures should be performed, subject to the exception in paragraphs below. The enhanced procedures to be undertaken may include measures such as gathering sufficient information about the financial or professional intermediary to understand the nature of its business and to assess the regulatory and oversight regime of the country in relation to IIP standards in which the financial or professional intermediary is located.

The Company also refers to publicly available information to assess the professional reputation of the financial or professional intermediary.

The Company reviews an omnibus account with a financial or professional intermediary:

- (a) in a jurisdiction in which it neither has a physical presence nor is affiliated with a regulated financial group that has such presence; or
- (b) where it has not been established that the financial or professional intermediary has put in place reliable systems to verify client identity,

and enhanced due diligence will generally be required in such cases to detect and prevent money laundering and terrorist financing. The Company makes reasonable

enquiries about transactions passing through omnibus accounts that pose cause for concern or to report these transactions if any suspicion is aroused. If necessary, the Company will not permit the financial or professional intermediary to open or continue to maintain an omnibus account.

In particular, the Company will not establish or maintain an omnibus account for a financial intermediary incorporated in a jurisdiction in which it neither has a physical presence nor is affiliated with a regulated financial group that has such presence unless after having undertaken the above enhanced procedures, the Company is satisfied that the financial or professional intermediary is subject to adequate regulatory supervision in relation to IIP standards under the regulation of the jurisdiction in which it is located.

Approval of board should be obtained before establishing a new omnibus account relationship.

When the omnibus account is established by:

- (a) a financial intermediary that applies standards of anti-money laundering and terrorist financing based on the FATF Recommendations and is authorized and supervised by the SFC, Hong Kong Monetary Authority or Office of the Commissioner of Insurance or an equivalent authority in a jurisdiction that is a FATF member or an equivalent jurisdiction; or
- (b) a trust company which is a subsidiary of a banking institution authorized and supervised by the Hong Kong Monetary Authority or an equivalent authority in a jurisdiction that is a FATF member or an equivalent jurisdiction; or
- (c) a professional intermediary which is subject to a regulatory and supervisory regime that ensures the necessary anti-money laundering and terrorist financing measures have been effectively implemented and monitored in accordance with FATF standards,

the risk of money laundering and terrorist financing activity is considered lower and the application of simplified identification and verification procedures in relation to such accounts is appropriate.

For the categories of financial or professional intermediaries described above the Company only verifies that the financial or professional intermediary or the parent banking institution (in the case of a trust company) is on the list of authorized and supervised institutions in the jurisdiction concerned or make enquiries of the relevant law society or accountancy body to establish whether the professional intermediary is registered with the relevant professional organization and subject to a regulatory regime that ensures effective anti-money laundering and terrorist financing measures. Evidence that whoever representing the intermediary has the necessary authority to do so should be sought and retained.

6. Unincorporated businesses

In the case of partnerships and other unincorporated businesses, whose partners are not known to the Company, it will need to obtain satisfactory evidence for the purpose of conducting IIP such as the identity of at least 2 partners, the identity of at least 2 authorized signatories and a mandate from the partnership authorizing the opening of an account and conferring authority on those who will operate it in the case of a formal partnership arrangement.

Where the risk of money laundering or terrorist financing relating to the client is assessed to be high, enhanced IIP should be performed; e.g. by verifying the identity of all partners and authorized signatories.

7. Trust and nominee accounts

The Company aims to understand the relationship among the relevant parties in handling a trust or nominee account. There needs to be satisfactory evidence of the identity of the trustees or nominees and the persons on whose behalf they are acting.

For a trust account client, the Company takes reasonable measures to understand the nature of the trust. Documents and information such as the following would be relevant for the purpose of conducting IIP:

- (a) identity of trustees or person exercising effective control over the trust, protectors, settlors / grantors;
- (b) identity of beneficiaries (as far as possible), through a broad description of the beneficiaries such as family members of an individual or employees of a pension scheme, where the scheme rules do not permit the assignment of a member's interest under the scheme, may be accepted; and
- (c) copy of the trust deed or legal documents that evidence the existence and good standing of the legal arrangement.

Where the identity of beneficiaries has not previously been verified, licensed corporations and associated entities should make every effort, wherever possible, to identify and verify such beneficiaries on a risk-sensitive basis before effecting any transactions (such as making payment out of the trust account to the beneficiaries or on their behalf). Approval of senior management should preferably be obtained for a decision not to undertake such verification.

8. Politically exposed persons

Where the Company considers a client is a Politically Exposed Person (“**PEP**”) (including making reference to publicly available information or commercially available databases), the Company will also identify people and companies that are clearly related to him. The Company will ascertain the source of wealth and source of funds of clients and beneficial owners identified as PEPs before opening a client account.

The decision to open an account for a PEP should be taken at a board level. Where a client has been accepted and the client or beneficial owner is subsequently found to be or become a PEP, the Compliance Officer will need to obtain board approval to continue the business relationship.

9. Non face-to-face clients

Account opening using a non face-to-face approach refers to a situation where the client is not interviewed and the signing of account opening documentation and sighting of identity documents of the client is not conducted in the presence of an employee of a licensed corporation; the Company discourages the opening of account by such clients.

Where a certifier is used to certify the signing of the Financial Adviser Mandate Letter and sighting of related identity documents, the Company ascertains whether the certifier is regulated and / or incorporated in, or operating from, a jurisdiction that is a FATF member or an equivalent jurisdiction.

Where the certifiers who are in a jurisdiction that is not a FATF member or an equivalent jurisdiction the Company will not accept such accounts opening.

APPENDIX D
THE COMPANY CLIENT DUE DILIGENCE FORM

Check Points	Checking Results		
	Yes	No	Remarks
1. Account Application Form (Individual/Corporation)			
a. The form has been properly signed and dated in front of CS Officer if face-to-face)			
b. Applicant is not an existing client			
c. If Residential Address is found duplicate on Salesforce, is there sufficient reason for explanation? (e.g. apparent family or other circumstances)			
d. If Telephone Number is found duplicate on Salesforce, is there sufficient reason for explanation?			
4. If Email Address is found duplicate on Salesforce, is there sufficient reason for explanation?			
2. Identification proof			
a. The correct document type is provided by the applicant (e.g. HKID Card or passport copy, etc.).			
b. The copy of the document provided is a valid (no expired) government-issued document.			
c. The Identity Document bears the applicant's photo.			
The details in the Account Application Form match with the details on the identification proof.			
d. Full name;			
e. Date of birth;			
f. ID or passport number;			
g. Nationality (Not ADSS Blocked Country)			
3. Address proof (Individual/Corporate/Director/Authorized Signer/Beneficial Owner)			
a. The correct document type is provided by the applicant (e.g. utility bill, bank statement, credit card statement).			

b. The issue date of the residential proof valid within previous 3 months from the date of application.			
4. Bank Information (Corporate / Non-face-to-face only)			
a. The bank account holder name is the same as applicant's full name.			
b. The bank code has been provided and recorded correctly.			
c. The branch code has been provided and recorded correctly.			
d. The account number has been provided and recorded correctly.			
5. Signature and Identify Verification			
<i>Option 1: Face to Face (Individual/Corporate/Director/Authorized Signer/Beneficial Owner)</i>			
a. The original ID with photo sighted by the licensed representative.			
b. Risk Disclosure Statement has been provided to applicant and he/she has been invited to read the Statement by the licensed representative.			
<i>Option 2: Personal Cheque (Individual / Non face-to-face only)</i>			
a. The signature on the cheque is the same as that on the Account and Application Form.			
b. The cheque bears the applicant's full name as provided on the Account Application Form.			
c. The cheque is made payable to "ADS Securities Hong Kong Limited".			
Check Points	Checking Results		
	Yes	No	Remarks
d. The cheque is issued at a minimum amount for HKD10,000 or more.			
e. The cheque is drawn on the applicant's account with a licensed bank in Hong Kong.			
f. The details of the cheque has been recorded and saved to Salesforce.			
g. The copy of the cheque made by the Client Services officer is clear and correct.			

h. The receipt of the cheque has been sent to the applicant by email.			
i. Risk Disclosure has been explained to applicant by phone by the licensed representative. (Please mark the date, time and extension No. at remarks)			Date: Time: Ext:
<i>Option 3: Certification(Individual/Corporate/Director/Authorized Signer/Beneficial Owner)</i>			
a. The witness (certifier) is regulated and/or incorporated in, or operating from, a jurisdiction that is a FATF member or an equivalent jurisdiction(Not face-to-face).			
b. The witness signed on the copies of the documents provided with "CERTIFIED TRUE COPY" stated.			
c. Risk Disclosure has been explained to applicant by phone by the licensed representative. (Please mark the date, time and extension No. at remarks)			Date: Time: Ext:
6. Related Party			
a. The applicant is NOT a related party of ADSSHK.			
b. Internal approval has been obtained from Compliance.			
7. Staff Account			
a. The applicant is NOT related to ADSSHK staff.			
b. Internal approval has been obtained from Compliance.			
8. Employer Consent Letter			
a. The details of the applicant provided in the Account Application Form match with the details in the SFC public registry.			
b. The full name of the applicant provided in the Account Application Form matches with the details in the consent letter.			
c. The name of the employer provided in the Account Application Form matches with the details in the consent letter.			
d. The consent letter is properly signed by the representative of the applicant's employer.			
9. Signature			
a. The applicant's signature is scanned and uploaded to the back office system is clear and correct.			

10. Corporate Applicant			
a. Corporate ownership chart obtained (showing all beneficial owners 10% or above).			
b. All beneficial owners 10% or above/directors/authorized signers identified, ID and address proof obtained.			
Check Points	Checking Results		
	Yes	No	Remarks
c. All required corporate documents obtained and property certified.			
d. Board minutes for account opening/authorized signer obtained.			
e. Is applicant/associated with licensed corporation, financial institution or listed company?			
f. Company searched/Certificate of Incumbency obtained?			
11. Compliance Check			
a. AML passed and MD approval obtained if high risk client.			
12. IBWL TREX Account Application Check			
a. Is Risk Profile Questionnaire signed and counted?			
b. Are the two (2) Standing Authority forms duly signed?			
c. FATCA form signed? (W-8BEN OR W-8BEN-E)			
[Client Services Officer] Signature: _____ Name: _____ Date: _____			

[RO]

Signature:

Name:

Date:

APPENDIX E CLIENT CATEGORIZATION FORM

Client Categorization Form (PI)

ADS Securities Hong Kong Limited ("ADS HK") is eligible to refer an applicant to ADS Securities LLC ("ADSS") if the applicant falls under any definition of Professional Investor set out in part 1 of Schedule 1 of 571 [Securities and Futures Ordinance] (the "Ordinance"), Section 3 of 571D [Securities and Futures (Professional Investor) Rules] and Section 15 of the Code of Conducts of Securities and Futures Commission ("Code of Conducts").

To enable us to determine whether you are a "Professional Investor", please complete, sign, date and return this form to us along with any other relevant documents set out below.

For individuals

Name(s):	
HKID No. / Passport No.:	
Address:	
Nationality and Country of	
Email Address:	
Tel No:	
Fax No:	

For corporate and other entities only:

Name(s):	
Country of Incorporation:	
Nationality and Country of Residence:	
Business Registration No.:	
Registered Address:	
Tel and Fax No:	
Authorized Person:	
Email Address:	
Direct Tel and Fax No:	

(I) Institutional Professional Investor		Yes	No	N/A	
Are you:					
a	1	a recognized exchange company, recognized clearing house, recognized exchange controller or recognized investor compensation company, or any person authorized to provide automated trading services under section 95(2) of the Ordinance;			
	2	If yes, obtained sufficient proof? If yes, please provide the name of proof(s): _____			
b	1	an intermediary, or any other person carrying on the business of the provision of investment services and regulated under the law of any place outside Hong Kong;			
	2	If yes, obtained sufficient proof? If yes, please provide the name of proof(s): _____			
c	1	an authorized financial institution, or any bank which is not an authorized financial institution but is regulated under the law of any place outside Hong Kong;			
	2	If yes, obtained sufficient proof? If yes, please provide the name of proof(s): _____			
d	1	an insurer authorized under the Insurance Companies Ordinance (Cap 41), or any other person carrying on insurance business and regulated under the law of any place outside Hong Kong;			
	2	If yes, obtained sufficient proof? If yes, please provide the name of proof(s): _____			
e	1	a scheme which- (i) is a collective investment scheme authorized under section 104 of the Ordinance; or (ii) is similarly constituted under the law of any place outside Hong Kong and, if it is regulated under the law of such place, is permitted to be operated under the law of such place, or any person by whom any such scheme is operated;			
	2	If yes, obtained sufficient proof? If yes, please provide the name of proof(s): _____			

f	1	a registered scheme as defined in section 2(1) of the Mandatory Provident Fund Schemes Ordinance (Cap 485), or its constituent fund as defined in section 2 of the Mandatory Provident Fund Schemes (General) Regulation (Cap 485 sub. leg. A), or any person who, in relation to any such registered scheme, is an approved trustee or service provider as defined in section 2(1) of that Ordinance or who is an investment manager of any such registered scheme or constituent fund;			
	2	If yes, obtained sufficient proof? If yes, please provide the name of proof(s): _____			
g	1	a scheme which- (i) is a registered scheme as defined in section 2(1) of the Occupational Retirement Schemes Ordinance (Cap 426); or (ii) is an offshore scheme as defined in section 2(1) of that Ordinance and, if it is regulated under the law of the place in which it is domiciled, is permitted to be operated under the law of such place, or any person who, in relation to any such scheme, is an administrator as defined in section 2(1) of that Ordinance;			
	2	If yes, obtained sufficient proof? If yes, please provide the name of proof(s): _____			
h	1	a government (other than a municipal government authority), any institution which performs the functions of a central bank, or any multilateral agency;			
	2	If yes, obtained sufficient proof? If yes, please provide the name of proof(s): _____			
i	1	except for the purposes of Schedule 5 to the Ordinance, any corporation which is- (i) a wholly owned subsidiary of- (A) an intermediary, or any other person carrying on the business of the provision of investment services and regulated under the law of any place outside Hong Kong; or (B) an authorized financial institution, or any bank which is not an authorized financial institution but is regulated under the law of any place outside Hong Kong; (ii) a holding company which holds all the issued share capital of- (A) an intermediary, or any other person carrying on the business of the provision of investment services and regulated under the law of any place outside Hong Kong; or (B) an authorized financial institution, or any bank which is not an authorized financial institution but is regulated under the law of any place outside Hong Kong; or (iii) any other wholly owned subsidiary of a holding company referred to in subparagraph (ii); or			
	2	If yes, obtained sufficient proof? If yes, please provide the name of proof(s): _____			

(II) Corporate Professional Investor			Yes	No	N/A
Is the applicant:					
1	a	a trust corporation having been entrusted under the trust or trusts of which it acts as a trustee with total assets of not less than \$40 million or its equivalent in any foreign currency at the relevant date			
	b	If yes, obtained (i) most recent audited financial statement prepared within 16 months before the relevant date; or (ii) one or more audited financial statements, each being the most recent audited financial statement prepared within 16 months before the relevant date; or (iii) one or more custodian statements issued to the trust corporation within 12 months before the relevant date.			
2	a	a corporation or partnership having (i) a portfolio of not less than \$8 million or its equivalent in any foreign currency; or (ii) total assets of not less than \$40 million or its equivalent in any foreign currency, at the relevant date			
	b	If yes, obtained (i) the most recent audited financial statement prepared within 16 months before the relevant date; or (ii) one or more custodian statements issued to the corporation or partnership within 12 months before the relevant date			
3	a	corporation the sole business of which at the relevant date is to hold investments and which at the relevant date is wholly owned by any one or more of the following persons (i) a trust corporation that falls within the description in part II (1a) (ii) an individual who, either alone or with any of his or her associates on a joint account, falls within the description in part III (1a) (iii) a corporation that falls within the description in part II (2a) (iv) a partnership that falls within the description in part II (2a)			
	b	If yes, obtained the required supporting documents as described in (1b) or (2b)			

(III) Individual Professional Investor			Yes	No	N/A
Is the applicant:					
1	a	an individual, either alone or with any of his or her associates on a joint account, having a portfolio of not less than \$8 million or its equivalent in any foreign currency at the relevant date			
	b	If yes, obtained (i) a certificate issued by an auditor or a certified public accountant of the individual within 12 months before the relevant date; or (ii) one or more custodian statements issued to the individual (either alone or with the associate) within 12 months before the relevant date.			

Classification of Professional Investor:

If any "Yes" is answered, please provide the relevant and valid supporting document(s).

ACKNOWLEDGMENTS

By signing this form, you represent and warrant that the information contained in this form is complete, true and correct, that it may be relied upon and that you will notify us immediately of any material change in any statement made herein.

Signed for and on behalf of:

Name of Prospective Client/Authorized Person

Signature

Title of Authorized Person

Date

APPENDIX F
PROFESSIONAL INVESTOR CONSENT FORM

THIS CONSENT is made as of [INSERT DATE], by [INSERT NAME OF PROFESSIONAL INVESTOR] (“you”) to **ADS Securities Hong Kong Limited** (“we”, “us” or “our”), a Hong Kong limited liability company licensed by the Securities and Futures Commission (“SFC”) to conduct Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts) and Type 3 (Leveraged Foreign Exchange Trading) regulated activities (CE No. AXC847).

Consent to Treatment as Professional Investor

In accordance with the Code of Conduct for Persons Licensed by or Registered with the SFC (“Code”), we propose to treat you as a “professional investor” as defined in paragraphs (a) to (j) inclusive of Part 1 of Schedule 1 of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) and referred to in paragraph 15.3A or 15.3B of the Code (“Professional Investor”). The full text of the Code is available on the web-site of the SFC: www.sfc.hk.

You hereby confirm that you fall within one or more of the categories of Professional Investor, as shown in the Schedule. If you do not fall within one or more of the Professional Investor categories or your status as a Professional Investor has changed, please notify us immediately.

Upon your consent to treatment as a Professional Investor, we will not be required to comply with certain regulatory requirements, pursuant to paragraph 15.5 of the Code. As a consequence of us treating you as a Professional Investor, we have waived the following requirements of the Code:

- to inform you about the licensed or registered person and the identity and status of our employees and other acting on our behalf;
- to confirm promptly to you the essential features of a transaction after effecting a transaction for you;
- to provide you with documentation on the Nasdaq-Amex Pilot Program

For those who are categorized as Institutional and Corporate Professional Investors, we have waived the following requirements of the Code in addition:

- to establish your financial situation, investment experience or investment objectives;
- to ensure that a recommendation or solicitation is suitable for you;
- to assess and characterize your knowledge of derivatives;
- to enter into a written agreement relating to the services to be provided by us to you;
- to provide you with the risk disclosure statements required by the Code in respect of the risks involved in any transactions we enter into on your behalf or to bring those risks to your attention;

- in relation to your discretionary account: (i) to obtain from you an authority in writing prior to effecting transactions for you without your specific authority; (ii) to explain to you the terms of such authority; and (iii) to confirm with you on an annual basis whether you wish to revoke such authority; and/or

Please note that, for the purposes of the Code, you have the right to decline to be treated as a Professional Investor whether in respect of all products or markets or any part thereof by giving written notice to us.

By signing below the parties agree to the terms and conditions above.

Signed for and on behalf of

Signed for and on behalf of

ADS Securities Hong Kong Limited

[CLIENT]

Name/Title

Name/Title

Date

Date

The Schedule

1. A recognized exchange company, recognized clearing house, recognized exchange controller or recognized investor compensation company, or a person authorized to provide automated trading services under section 95(2) of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) ("**SFO**").
2. An entity licensed by or registered with the Securities and Futures Commission ("**SFC**"), or any other person carrying on the business of the provision of investment services and regulated under the law of any place outside Hong Kong.
3. An authorized financial institution, authorized by the Hong Kong Monetary Authority ("**AI**"), or a bank which is not an AI but is regulated under the law of any place outside Hong Kong.
4. An insurer authorized under the Insurance Companies Ordinance of Hong Kong, or other person carrying on insurance business and regulated under the law of any place outside Hong Kong.
5. A scheme which:
 - a) is a collective investment scheme authorized under section 104 of the SFO; or
 - b) is similarly constituted under the law of any place outside Hong Kong and, if it is regulated under the law of such place, is permitted to be operated under the law of such place,
 or a person by whom any such scheme is operated.
6. A registered scheme as defined in section 2(1) of the Mandatory Provident Fund

Schemes Ordinance of Hong Kong (“**MPFSO**”), or its constituent fund as defined in section 2 of the Mandatory Provident Fund Schemes (General) Regulation of Hong Kong, or a person who, in relation to any such registered scheme, is an approved trustee or service provider as defined in section 2(1) of the MPFSO or who is an investment manager of any such registered scheme or constituent fund.

7. A scheme which:

- a) is a registered scheme as defined in section 2(1) of the Occupational Retirement Schemes Ordinance of Hong Kong (“**ORSO**”); or
- b) is an offshore scheme as defined in section 2(1) of the ORSO and, if it is regulated under the law of the place in which it is domiciled, is permitted to be operated under the law of such place,

or a person who, in relation to any such scheme, is an administrator as defined in section 2(1) of the ORSO.

- 8. A government (other than a municipal government authority), an institution which performs the functions of a central bank, or any multilateral agency.
- 9. Any wholly owned subsidiary (direct or indirect) of a company falling within 2. or 3. above, or any (direct or indirect) parent company (holding all of the issued share capital) of any company falling within 2. or 3. above, or any other wholly owned subsidiary (direct or indirect) of such a parent company.
- 10. An individual client, either alone or with your spouse or child/children on a joint account, having a portfolio of at least HK\$8 million (or its foreign currency equivalent) at the relevant date (“**Individual**”).
- 11. A corporation or partnership having a portfolio of at least HK\$8 million (or its foreign currency equivalent) or total assets of at least HK\$40 million (or its foreign currency equivalent) at the relevant date (“**Corporation / Partnership**”).
- 12. A trust corporation having been entrusted under the trust(s) of which it acts as trustee with total assets of at least HK\$40 million (or its foreign currency equivalent) at the relevant date (“**Trust Corporation**”).
- 13. A corporation the sole business of which is to hold investments at the relevant date and which is, at the relevant date, wholly owned by one or more Individual, Corporation / Partnership or Trust Corporation described above.

APPENDIX G SUMMARY OF CONTINUING OBLIGATIONS

The following is a summary of continuing obligations required to be satisfied by a licensed corporation licensed by the SFC to carry on Type 1, Type 2 and Type 3 regulated activities in Hong Kong.

Please also refer to Appendix H for a matrix which summarises the day-to-day notification requirements.

1. Licensed Persons:

All Licensed Persons must observe the following requirements:

- (i) Remain fit and proper to be licensed. Considerations such as reputation, character and financial integrity along with the ability to carry on the regulated activity competently, honestly and fairly will be taken into account.
- (ii) Remain competent in order to remain licensed. Licensed Representatives and Responsible Officers will generally be expected to be able to display an understanding of:
 - 1) the general structure of the applicable regulatory framework;
 - 2) the particular legislative provisions, exchange rules, codes of conduct and guidance notes that apply to their functions;
 - 3) the fiduciary obligations owed to clients and the general obligations owed to their employers or principals; and
 - 4) the market in which the service is provided.
- (iii) Comply with the CPT requirements from time to time required by the SFC, which currently include the undertaking of no less than 5 CPT hours per calendar year per regulated activity.
- (iv) Notify the SFC of any change in information provided in their application for licensing.
- (v) Notify the SFC if they are charged with or convicted of any criminal offence other than a minor traffic offence and of any disciplinary actions.
- (vi) Licensed Persons should comply with internal compliance procedures and policies.
- (vii) On an annual basis, Employees who have been licensed by the SFC are required to complete an annual return issued by the SFC. Upon receipt, Employees are advised to review the information contained therein, make any amendments (if any) and forward it to the Compliance Officer for further processing.
- (viii) Employees are required to notify the Compliance Officer for consideration and approval of any outside directorships and other business interests held outside the Company. The Compliance Officer will be responsible for keeping the register of such disclosures.

2. Licensed Corporations:

The Licensed Corporation through a Responsible Officer or other Employee must observe the following requirements:

- (i) Pay annual registration fees and file annual return within one month after each anniversary date of its licence (s. 138 and Securities and Futures (Fees) Rules). Annual fees for Licensed Corporations and Responsible Officers are \$4,740 per regulated activity.
- (ii) Display the licence certificate in a prominent place at the principal place of business and certified copies at other places of business.
- (iii) Submit financial resources returns to the SFC (s. 56 of the Securities and Futures (Financial Resources) Rules) within three weeks of each month end and generally comply with all other filing requirements as applicable, under the Securities and Futures (Financial Resources) Rules.
- (iv) Submit annual audited accounts and other required documents to the SFC within 4 months of the financial year-end (s. 156(1) of the SFO).
- (v) File business and risk management questionnaire with annual return.
- (vi) Report any changes in Directors, Responsible Officers or Licensed Representatives to the SFC within 7 business days by filing Form 4 or Form 5 as applicable.
- (vii) Give notice of any change in address at which it carries on regulated activity at least 7 business days prior to change (s. 135(2) of the SFO).
- (viii) Inform the SFC of material changes in its business and / or its shareholder structure and generally comply with Schedule 3 of the Securities and Futures (Licensing and Registration) Rules.
- (ix) Ensure Licensed Representatives and Responsible Officers meet the CPT requirements at each calendar year end and keep a record of CPT hours completed by each Licensed Representatives and Responsible Officers.
- (x) Maintain accounting records and records of investment processes adopted for 7 years.
- (xi) Maintain appropriate procedures for the safekeeping, retrieval and storage of documents and records.
- (xii) Ensure generally adequate internal compliance procedures and policies are in place that satisfy the requirements of the relevant SFC codes and in particular, the Code of Conduct and the Internal Control Guidelines.
- (xiii) Report immediately to the SFC on any material breach, infringement or non-compliance with any laws, rules, regulations and codes administered or issued by the SFC whether by itself or a person employed or appointed to conduct business and report the passing of any resolution, proceedings, order which may result in the appointment of a receiver, liquidator or administrator, dissolution or bankruptcy of a licensed person or substantial shareholders (Chapter 12.5 of the Code of Conduct).

APPENDIX H SFC NOTIFICATION REQUIREMENTS

Summary – Day-to-day Notification Requirements

Licensing and Registration

Section under the SFO	Requirement	Timing	Note
S.120(6)	A Licensed Representative must notify SFC of, and of any changes to, his residential address, telephone and facsimile numbers and e-mail address.	At time of authorisation, with any changes to be notified within 14 days after the change takes place.	Such notification is made on a Form 5.
S.123(1)(a)	The principal (i.e. the Company) of a Licensed Representative must notify SFC that the Licensed Representative has ceased to act for the principal.	Within 7 business days (“BD”) after cessation.	Such notification is made on a Form 5.
S.123(1)(b)	A Licensed Representative must notify SFC that he/she has ceased to act for his principal, and must return his licence to the SFC.	Within 7 BDs after cessation.	Such notification is made on a Form 5.
S.132(5)	A substantial shareholder must notify SFC of, and changes to, particulars of his business address, residential address, telephone and facsimile numbers and e-mail address.	Upon application for approval, with any changes to be notified within 14 days after the change takes place.	Such notification is made on a Form 5.
S.135(1)	A Licensed Person must notify SFC if it intends to cease to carry on any regulated activity.	ASAP but not later than 7 BDs before intended cessation.	Such notification is made on a Form 5.
S.135(2)	An intermediary must notify SFC of any intended change of address at which it carries out regulated activity.	At least 7 BDs in advance.	<p>“Intermediary” includes a Licensed Corporation, but excludes Licensed Representatives.</p> <p>Such notification is made on a Form 5.</p>

Section under the SFO	Requirement	Timing	Note
S.135 (6)	The relevant director of a Licensed Corporation and the Licensed Corporation must notify SFC of the director's name, address and nature of position if the director becomes or ceases to become a director.	Within 7 BDs of the appointment/ resignation.	Such notification is made on a Form 5.
S.138(4) and Section 5 of the Securities and Futures (Licensing and Registration) (Information) Rules	Licensed Corporations and Licensed Representatives must submit annual returns to SFC.	Within one month after each anniversary of the date on which the person is licensed or such other date approved by SFC.	Return to be made on Form 7 for Licensed Corporations and Form 8 for Licensed Representatives. The SFC will inform the Licensed Corporations and Licensed Representatives in question by letter of the annual fee payable. Generally, the annual fee payable for a Licensed Corporation is HK\$4,740, for a Licensed Representative is HK\$1,790 and for a Responsible Officer is HK\$4,740. Hong Kong Companies Registry requires a different filing to be made for corporations.

Capital Requirements, Records and Audit Relating to Intermediaries

Section under the SFO	Requirement	Timing	Note
S.145(2) (a), (f) and (g) and the FRR	Licensed Corporations must submit to SFC FRR returns (at specified intervals as well as on SFC's request) and notice in writing of specified circumstances relating to their financial resources and trading activities.	Licensed Corporations subject to the "specified licensing condition".	S.56 - FRR "Specified licensing condition" means licensed corporation shall not hold client assets.
S.146(1)	A Licensed Corporation must notify SFC if it is unable to either maintain or ascertain whether it maintains financial resources in accordance with the "specified amount requirements" of FRR, including full details and reasons for this and full details of the steps being taken. SFC may require additional information from licensed corporation.	As soon as reasonably practicable after becoming aware.	S.54 - FRR "Specified amount requirements" defined in S.144 of SFO and S. 54(3) - FRR.
S.146(3)	Licensed Corporation must notify SFC if it is unable to either comply with or ascertain whether it complies with FRR (other than specified amount requirements), including full details and reasons for this and full details of the steps being taken. SFC may require additional information from licensed corporation.	Within 1 BD after becoming aware.	S.54 - FRR
	Licensed Corporation must notify SFC of certain circumstances relating to its financial resources and trading activities (as listed in S.55(1) FRR), providing details required under S.55(2).	As soon as reasonably practicable and, in any event, within 1 BD after becoming aware.	S.55(1) and (2) - FRR
	Where Licensed Corporation intends to enter into any position in certain off-exchange traded derivatives contracts (specified in S.55(4) FRR), it must notify SFC of intended position.	At least 10 BDs before entering position.	S.55(4) - FRR

Section under the SFO	Requirement	Timing	Note
	Where Licensed Corporation intends to change any of its accounting principles in a way which will materially affect liquid capital or paid-up share capital, it must notify the SFC of intended change.	Not less than 5 BDs prior to effecting change.	S.3 and 55(5) - FRR
	Where Licensed Corporation intends to adopt an accounting principle other than in accordance with [generally accepted accounting principles], it must obtain SFC's approval.		S.3 and 58(5)(d) - FRR
S.151(2) (d)	A person must notify SFC if he/she becomes aware that he/she does not comply with any provision of the Securities and Futures (Keeping of records) Rules (the " Keeping of Record Rule ") that applies to him.	Within 1 BD after becoming aware of non-compliance.	S.11 - Keeping of Record Rules
S.153(3)	Licensed Corporations must notify SFC of the name and address of their auditors.	Within 7 BDs after appointment of auditor.	
S.154(1)	Licensed Corporations must notify SFC of change of auditor.	Within 1 BD after: (a) it gives notice to shareholders of a resolution to remove auditor before expiration of term of office/replace auditor at expiration of term of office; or (b) auditor ceases to be its auditor before expiration of term for any other reason.	Such notification is made on Form 5
S.155(1)	Licensed Corporations must notify SFC of date of their financial year end	Within 1 month after being licensed.	

Section under the SFO	Requirement	Timing	Note
S.155(2) and (3)	Licensed Corporations must obtain SFC's approval to alter date of their financial year end or to adopt any period which exceeds 12 months as their financial year.		Such a notification is made on a Form 4 (HK\$2,000 application fee is payable)
S.156(1) and (3)	Licensed Corporations must submit financial statements and an auditor's report to SFC, containing such details as required under S.3(1), (3) and (4) of the Securities and Futures (Accounts and Audit) Rules (the " Accounts and Audits Rules ").	Not later than 4 months after the end of the financial year to which the statements/reports relate.	S.3 and 4 - Accounts and Audit Rules
S.156(4)	Licensed Corporations must obtain SFC's approval in order to extend period within which financial statements and auditors reports must be submitted under S.156(1).		
S.157(1) (a)	Auditors must report to SFC any "reportable matter".	As soon as reasonably practicable after becoming aware of "reportable matter".	"Reportable matter" is defined in S.157(3) and includes, for example, a failure to comply or an adverse effect on financial position.
S.157(1) (b)	Auditor must report to SFC if he/she proposes to include a qualification or adverse statement in his report.	As soon as reasonably practicable after he/she proposes inclusion.	
S.157(2)	If an auditor appointed under S.153 resigns before expiration of term of office/does not seek reappointment on expiration of term of office/otherwise ceases to be auditor, he/she must notify SFC, giving reasons and particulars.	Within 1 BD of cessation.	

Market Misconduct Tribunal

Part XIII of the SFO	Effect of Part XIII (particularly S 279) is that an officer of a Licensed Corporation must disclose market misconduct to SFC.
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Disclosure of Interests

Part XV of the SFO	Where a person has a duty of disclosure of notifiable interest under Part XV, he/she must disclose his interest to the Hong Kong Listed Company in which he/she has the interest and the Exchange as required under Part XV.		Securities and Futures (Disclosure of Interests-Exclusions) Regulation and Securities and Futures (Disclosure of Interests-Securities Borrowing and Lending) Rules
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SFC Circulars

Date of the Circular	Requirement	Timing	Note
1 April 2003	Licensed Corporations should notify SFC promptly if any staff member is either suspected of having atypical pneumonia symptoms or has been diagnosed as having an atypical pneumonia infection.		
24 November 2003	Licensed Corporations should notify SFC promptly if any staff member becomes infected by any serious communicable disease.		

APPENDIX I ELECTRONIC TRADING POLICIES AND PROCEDURES

Introduction

ADS Securities Hong Kong Limited (“**Company**”) has adopted this Electronic Trading Policy and Procedures (“**ET Policy**”) to ensure that the Company, its officers and Employees comply with the regulatory obligations set out in paragraph 18 and Schedule 7 to the Code of Conduct (the “**Electronic Trading Rules**”) of the Securities and Futures Commission (“**SFC**”).

1. Electronic Trading – Application of Rules

As a licensed corporation, the Company is subject to the regulatory obligations set out in the Electronic Trading Rules. The Electronic Trading Rules apply to the Company’s electronic trading of securities and futures contracts that are listed or traded on an exchange and leveraged foreign exchange.

The Company’s electronic trading systems include the electronic systems the Company uses to input orders, to process those orders and to execute those orders. The Company may utilize electronic trading systems developed by the Company and systems developed by third parties (including the affiliates of the Company).

When the Company uses systems developed or provided by third parties as part of its electronic trading, the Company must perform appropriate due diligence on such systems to ensure that, when using those systems, the Company meets the requirements set out in the Electronic Trading Rules.

The Electronic Trading Rules do not apply to: (i) electronic trading of instruments that are not leveraged foreign exchange, securities or futures contracts; or (ii) electronic trading of securities or futures contracts that are not listed or traded on an exchange.

2. Regulatory Obligations under Electronic Trading Rules

(a) Responsibility for Orders

The Company is responsible for the settlement and financial obligations of orders sent to the market through the electronic trading systems it utilizes and for implementing policies, procedures and controls to supervise the orders in accordance with applicable regulatory requirements.

(b) Management and Supervision

The Company is required to effectively manage and adequately supervise the design, development, deployment and operation of the electronic trading systems it utilizes, as appropriate in light of the Company’s business model and operations.

The Company is required to establish and implement written policies and procedures relating to the operation of the electronic trading systems it utilizes. Specifically, the Company must:

- (i) assign at least one RO with the responsibility to oversee the overall management and supervision of the electronic trading system;

- (ii) have a formal corporate governance process in relation to its electronic trading system, with input from the dealing, risk and compliance functions;
- (iii) have managerial and supervisory controls to manage risks associated with the use of the electronic trading system; and
- (iv) assign clearly identified reporting lines with supervisory and reporting responsibilities to appropriate staff.

The Company must carry out regular reviews of this ET Policy for consistency with changing market conditions and regulatory developments and must promptly remedy any deficiencies identified during these reviews.

The Company must assign adequately qualified staff with the expertise, technology and financial resources for the design, development, deployment and operation of the Company's electronic trading system.

The ROs will have day-to-day responsibility for implementing this ET Policy. The ROs will have sufficient seniority, competence, experience and resources to implement this ET Policy.

(c) Adequacy of System

The Company is required to ensure the integrity of the electronic trading systems that it utilizes, as appropriate in the circumstances, including the system's reliability, security and capacity. The Company must also have appropriate contingency measures in place.

(i) System Controls

- 1) The Company must ensure the electronic trading systems that it utilizes have effective controls to, when necessary (1) immediately prevent the system from generating and sending orders to the market, and (2) cancel any unexecuted orders that are in the market.

(ii) System Reliability

- 1) The Company must test its electronic trading systems and any modifications to the systems before deployment. The Company must conduct regular reviews to ensure the systems and any modifications are reliable.

(iii) System Security

- 1) The Company must have sufficient and appropriate security controls designed to protect use of and access to the electronic trading system. These controls must include:
 - a) reliable techniques to authenticate or validate the identity and authority of the system users to ensure access or use is restricted to approved persons on a need-to-have basis;

- b) effective techniques to protect the confidentiality and integrity of information stored in the system and passed between internal and external networks;
- c) appropriate operating controls to prevent and detect unauthorized intrusions, security breaches and security attacks; and
- d) appropriate steps to raise the users' awareness of the importance of security precautions they need to take when using the system.

(d) System Capacity

- (i) The Company is required to ensure the capacity of the electronic trading systems that it utilizes is appropriate in the circumstances.

(e) Contingencies

- (i) The Company must have appropriate contingency measures in place to operate during and respond to emergencies and disruptions related to the electronic trading systems that it utilizes. Such contingency measures are included in the Company's Business Continuity Plan.

(f) Record Keeping

The Company must keep proper records related to the design, development, deployment and operation of the electronic trading systems that it utilizes.

Such records must include:

- (i) documentation regarding the design and development of the electronic trading systems, including any testing, reviews, modifications, upgrades and rectifications, and including records of the required level of spare capacity for the electronic trading systems, stress tests conducted on the systems' capacity and actions taken as a result of such stress tests;
- (ii) documentation of the risk management controls of the electronic trading system;
- (iii) audit logs on the activities of the electronic trading system;
- (iv) incident reports for all material delays or failures of its electronic trading system; and
- (v) reports made to the SFC in respect of any material service interruption or other significant issue.

Such records must be kept:

- (vi) for the documentation in paragraphs (i) and (ii) above, for at least two years after the Company ceases to use the relevant electronic trading system;
- (vii) for audit logs and incident logs, for at least two years;

- (viii) for reports made to the SFC, for at least seven years after the relevant matter has been closed.

When the Company uses electronic trading systems which are provided by an affiliate, broker or other third party, the Company must ensure that it has agreements or other arrangements in place to ensure that such third parties:

- (a) keep the records described above for the periods described above; and
- (b) when the SFC requests any such records, provide those records either to the Company or directly to the SFC.

3. Use of Third Party Systems

When the Company uses systems developed or provided by affiliates, brokers or other third parties ("**service providers**") as part of its electronic trading, the Company must perform appropriate due diligence on such third party systems to ensure that, when using those systems, the Company meets the requirements set out in the Electronic Trading Rules.

In particular, the Company should:

- (a) identify the third party electronic trading systems that the Company uses;
- (b) use reasonable endeavors to obtain such information from service providers as the Company believes is necessary to determine whether, in using such third party systems, the Company will comply with its obligations under the Electronic Trading Rules. This information may include details about the qualifications of persons involved in developing and maintaining the systems, system controls, testing, security, capacity and contingency arrangements;
- (c) have agreements or other arrangements in place to ensure that service providers:
 - (i) keep the records described under "Regulatory Obligations under Electronic Trading Rules - Record Keeping" of this ET Policy for the required periods; and
 - (ii) supply required records requested by the SFC either to the Company or directly to the SFC; and
 - (iii) regularly review its compliance obligations under the Electronic Trading Rules related to its use of third party electronic trading systems.

APPENDIX J
EMPLOYEE DEALING DECLARATION STATEMENT

EMPLOYEE DEALING DECLARATION STATEMENT

TO: LEGAL AND COMPLIANCE DEPARTMENT

I, _____ (full name of employee) of ADS Securities Hong Kong Limited (“**Company**”) declare that I have received, read and understood the Policies on Staff Dealing and agree to abide by its terms.

I understand that any failure on my part to observe the requirements of the Policies on Staff Dealing may render me the subject of immediate disciplinary action including, when appropriate, summary dismissal.

I confirm that neither I nor, to the best of my knowledge and belief, my related account(s) as defined in paragraph 9.18 of this Manual have opened / maintained any securities, future contracts or leverage foreign exchange contracts Trading Account(s) with the Company, its affiliates or other outside brokers/dealers.

I hereby declare that I or my related account(s) open / maintain the following securities, future contracts or leverage foreign exchange contracts Trading Account(s) with the Company or its affiliates:-

- a) Own Account No. _____
- b) Account(s) of relate(s) maintained with the Company or its affiliates:

(i) Account(s) name and No. _____ Relationship _____

(ii) Account(s) name and No. _____ Relationship _____

SIGNATURE : _____

NAME OF EMPLOYEE : _____

DEPARTMENT : _____

DATE : _____

**APPENDIX K
GIFTS AND BENEFITS APPROVAL APPLICATION FORM**

ADS Securities Hong Kong Limited ("Company")

This form must be completed for all gifts / benefits / entertainment received or offered: (i) worth HK\$1,000 or more or (ii) above an aggregate previous twelve months value of HK\$1,000 (in clear block letters or typed).

Full Name

Job Title

I am/will be the ☐ giver or ☐ receiver. (Employee applicant to choose one.)

Date of give or receive of the gift / benefit / entertainment:

Full Description of the gift / benefit / entertainment:

Approximate value of the gift / benefit / entertainment:

HK\$

Name of third party who will give / receive the gift / benefit:

Full detailed description of your relationship and Company's relationship with the third party:

Reason for the gift / benefit / entertainment:

Will the gift / benefit give rise to an inducement that significantly conflicts with duties owed to Company or its clients? (Employee applicant to choose one below.)

☐ Yes

☐ No

Please describe if yes:

Employee signature

Date

Compliance Officer's comments

☐ Approved

☐ Not approved

Reason for not granting approval (if applicable)

Compliance Officer's signature

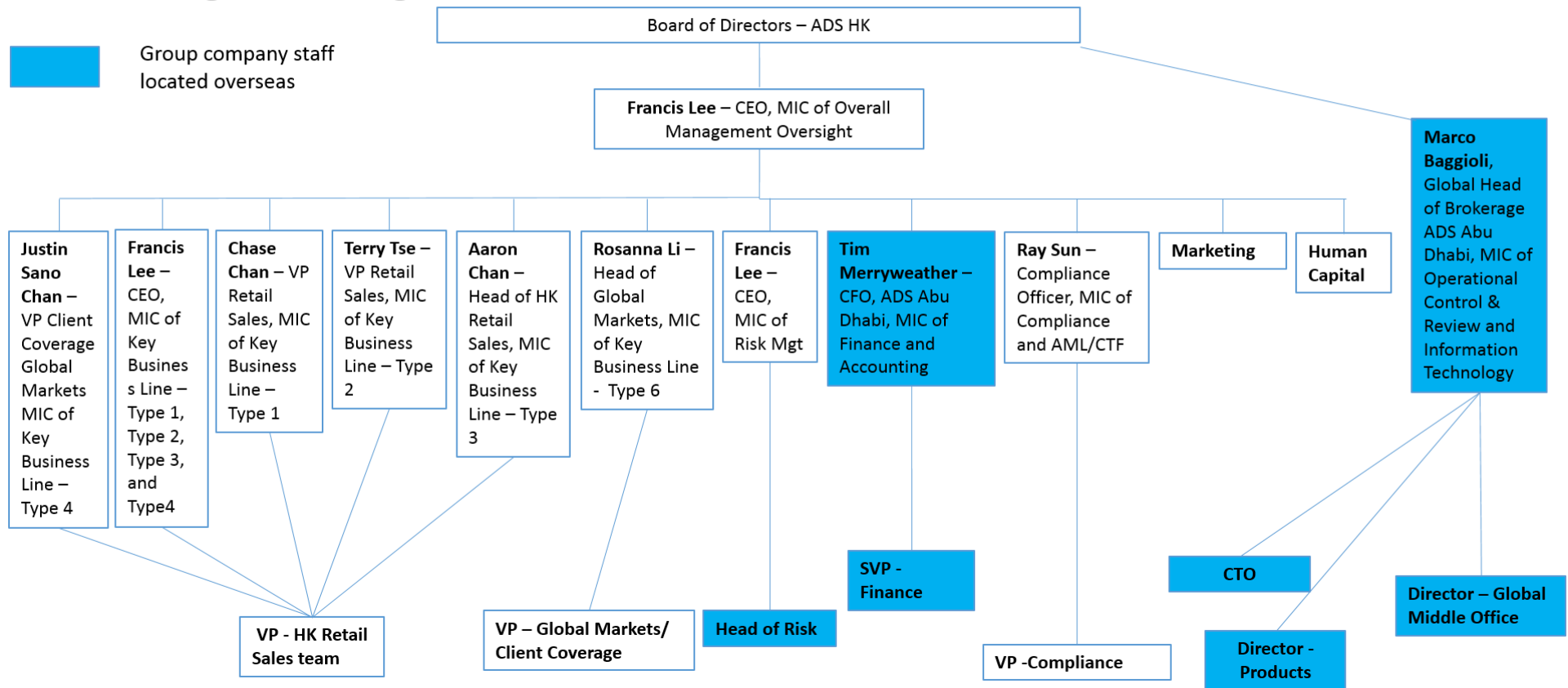
Date

Name:

Title:

APPENDIX L ORGANIZATIONAL CHART FOR ADS SECURITIES HONG KONG LIMITED

Organizational Chart for ADS Securities Hong Kong Limited (“ADS HK”) (AXC847) – Managers-in-Charge



REVISION HISTORY

Version	Content	Revision Type	Date	Updated By
1.0 (2016)	Draft by Sidley Austin	New	May 2016	Sidley Austin
2.0 (2017)	Revision	Review	Sept 2017	Catherine Ng