

ADS Securities Hong Kong Limited

Deposit and Withdrawal Procedures



“Deposit and Withdrawal Procedures” is reviewed and approved by

Signature			
Date			
Approver	Francis Lee	Aaron Chan	Ray Sun
Designation	RO & Managing Director	RO	Compliance Manager
Organization	ADS HK	ADS HK	ADS HK

1. PURPOSE

The funds deposit and withdrawal procedures have been formulated and tailored to ensure that ADS Securities Hong Kong Limited (“ADS HK”) operates in full compliance with the regulatory requirements including AML Ordinance. We also seek to minimize concerning risks, including but not limited to the credit and operational risks that may adversely affect the company’s reputation, creditworthiness and ability to act in the best interest of our clients.

2. DEPOSITING FUNDS

Without available funds in the trading account, the client will not be allowed to submit any order or open any trade on ADS HK’s trading platforms. In order to do so, the client must ensure that there are sufficient funds in the trading account by depositing funds to ADS HK Segregated Client Account provided for each deposit method detailed in this section.

2.1. DIRECT DEPOSIT

Clients may choose execute transfer their funds to ADS HK Segregated Client Account through common fund transfer services. These services may vary across licensed banks in Hong Kong.

ADS HK does not accept physical cash deposits, third party transfers or third party cheques, or guarantee the receiving, processing and returning of funds from any third party. ADS HK only accepts funds originating from the bank account held in the client’s name, client should therefore provide a valid bank proof that able to show both the client’s name and bank account number.

2.1.1. ADS HK Segregated Client Account

To receive client funds through Direct Deposit, ADS HK will disclose bank information of the ADS HK Segregated Client Account (hereinafter referred to as “Segregated Client Account”) held with HSBC on the company’s website.

Should there be any changes made to the Segregated Client Account, ADS HK will post such a change on the Company’s website in advance.

2.1.2. Deposit Slip Requirement

After executing a fund deposit to the ADS HK Segregated Client Account, the client will need to send in the deposit confirmation slip (“Deposit Slip/Remittance Slip”) issued by the bank by post, email or fax. The client should state his ADS HK trading account number and his full name on the deposit slip/remittance slip for identification purposes. If ADS HK does not receive the “Deposit Slip/Remittance Slip”, funds received will not be processed. Please refer to 2.1.9 for more details.

2.1.3. Time taken to process

All fund transfers will be processed within one business day upon receipt of client funds AND the Deposit Slip of the funds during ADS HK office hours. Client Services Officer will create a case on Salesforce to notify Finance Department when they receive client’s deposit slip/receipt.

Finance Department will process and verify upon being notified on Salesforce. The deposit will be processed and updated to client’s trading account balance within the same business day if ADS HK receives funds AND that Deposit Slip before 2pm. The deposit will be processed on the next business day if funds or Deposit Slip is received after 2pm.

2.1.4. Deposit Methods

2.1.4.1. Internet Banking

The client should logon to his bank's Internet Banking services to transfer funds into ADS HK's Segregated Client Account. When issuing the instruction, the client must reference his full name and ADS HK trading account number in the reference section.

The client may submit the deposit slip through any of the notification methods:

- A) Fax the deposit receipt to ADS HK;
- B) Screenshot the confirmation page and email, by using the email address that matches the one on ADS HK's client records, to ADS HK; or
- C) Mail the deposit receipt to ADS HK by post.

2.1.4.2. Bank Counter

The client may visit any HSBC bank counter in Hong Kong and deposit funds from his own bank account to ADS HK's Segregated Client Account. (Cash deposit is not accepted.) The bank teller will issue the client a deposit receipt after processing the deposit. The client should state his ADS HK trading account number and full name on the deposit receipt.

The client may submit the deposit slip through any of the notification methods:

- A) Fax the deposit receipt to ADS HK;
- B) Scan the deposit receipt and email to ADS HK; or
- C) Mail the deposit receipt to ADS HK by post.

2.1.4.3. Automated Teller Machine ("ATM")

The client may transfer funds from his own bank account into the ADS HK's Segregated Client Account using any ATM machine in Hong Kong. Client should request a Deposit Slip once the transfer is completed. The client should state his ADS HK trading account number and full name on the deposit receipt.

The client may submit the deposit slip through any of the notification methods:

- A) Fax the deposit receipt to ADS HK;
- B) Scan the deposit receipt and email to ADS HK; or
- C) Mail the deposit receipt to ADS HK by post.

2.1.4.4. Cheque

The client may deposit the cheque that made from his bank account held with a licensed bank in Hong Kong to ADS HK's Segregated Client account or through cheque deposit machines provided by the Banks. Once the cheque has been accepted, the client will be issued the cheque deposit confirmation slip on which the client should state his ADS HK trading account number and full name.

The client may submit the deposit slip through any of the notification methods:

- A) Fax the deposit receipt to ADS HK;
- B) Scan the deposit receipt and email to ADS HK; or
- C) Mail the deposit receipt to ADS HK by post.

The cheque amount will be credited to the client's trading account only after the cheque is cleared.

2.1.4.5. Remittance (CHATS)

The client may transfer funds into the ADS HK's Segregated Client Account from his bank account held with other banks in Hong Kong. Once the transfer is completed, the remitting bank will issue the client a remittance receipt. The client should state his ADS HK trading account number and full name on the remittance receipt.

The client may submit the remittance receipt through any of the notification methods:

- A) Fax the remittance receipt to ADS HK;
- B) Scan the remittance receipt and email to ADS HK; or
- C) Mail the remittance receipt to ADS HK by post.

2.1.4.6. Remittance (T/T)

The client may transfer funds into the ADS HK's Segregated Client Account from his bank account held with other banks outside Hong Kong. Once the transfer is completed, the remitting bank will issue the client a remittance receipt. The client should state his ADS HK trading account number and full name on the remittance receipt.

The client may submit the remittance receipt through any of the notification methods:

- A) Fax the remittance receipt to ADS HK;
- B) Scan the remittance receipt and email to ADS HK; or
- C) Mail the remittance receipt to ADS HK by post.

2.1.5. Receipt of Deposit Slip

If the deposit slip has been received but the actual funds have not been credited to ADS HK's Segregated Client Account, the Client Services officer will put the deposit transfer on hold and it will be verified against the bank statement again during the next occasion.

2.1.6. Verifying Fund Deposit

2.1.6.1. For transfers through Internet Banking

The Finance Department will verify ADS HK's Segregated Client Account statement and check whether any deposits made through internet banking by the clients have been received. To verify, the Finance Department may identify the client based on the trading account number and client's full name as provided in the reference section of such deposit transaction. If the incoming deposit details doesn't match with the client's registered bank account on file, or there is no registered bank account details, Finance Department should request Customer Service Officer to contact the client for a bank proof before accepting any deposit.

Client Services Officer should ask the client to provide bank proof which can show both client name and his bank account no to verify the deposit is originated from bank account held in the client's name. Finance Department can only accept the funds and deposit to client's trading account if it is verified and confirmed that the funds are sending from client's own bank account.

If the information provided does not match the known information of the client, ADS HK will not process the deposited transaction and the Segregated Client Account will be

flagged for AML review as part of ADS HK's AML policy. The Client Services officer will issue a notification to the client that the deposited amount will be returned to the originator less bank charges.

2.1.7. Verifying Fund Deposit

Client is required to provide deposit slip to Customer Service Officer after deposit. Customer Service Officer is responsible for confirming funds are originating from the bank account held in the client's name. If funds are from client's registered bank account, Customer Service Officer will then notify Finance Department via Salesforce case, with deposit details and the client's deposit slip for further process. If funds are NOT from registered bank account, Customer Service Officer should request the client to provide bank proof to verify it is not a third party funding before submitting to Finance Department.

Once determined as good funds, the Finance Department will update the client's trading account balance so that the funds are available for trading.

2.1.8. Incoming Funds without Deposit Slips

For incoming funds that client claims to be his deposit but without providing any deposit evidence, there are two ways to identify:

- 1) Client may ask the payer bank by himself for the transfer details / deposit slip.
- 2) ADS HK may ask HSBC to require payer bank for the transfer details. The payer bank may ask the client for the permission to disclose such details.

The funds will only be deposited into client's trading account after the deposit slip / transfer detail is provided by client / payer bank and verified.

2.1.9. Failed to Identify

Manager of Finance Department will transfer the fund from Segregated Client Account to ADS HK House Account if deposited fund is failed to be identified.

2.1.10. Unidentified incoming funds

Upon confirming that funds received by ADS HK have yet been identified (i.e., no reference or deposit slips received) for more than 14 days or funds that are received from a third party, these funds will be returned to the sender less bank charges. The Client Services manager will inform the Manager of Finance Department via Salesforce who will then transfer the money from Segregated Client Account and instruct the bank to retrieve the funds from ADS HK's Segregated Client Account and facilitate the funds back to the sender bank.

2.2. CHEQUE DEPOSIT (for submission by post)

Personal cheque should be made payable to ADS Securities Hong Kong Limited only and the cheque should only be drawn or initiated from a bank account under the name of the account holder. Processing time for cheques may differ from bank to bank and may take up to or more than two business days. Funds will be processed by and credited to the client's trading account after bank clearance.

2.2.1. Mail the cheque to ADS HK by post

All cheques should be mailed to ADS HK. The client should indicate that their account number and full name at the back of the cheque for verification purposes.

2.2.2. Client Identify Verification procedure for cheques

2.2.2.1. Deposit Cut Off Time

Cheque deposit cut off time is 2pm on every business day in order to have the cheques sent for clearing on the same day. Cheques received after 2pm will be processed on the next working day.

2.2.2.2. Verifying Client Details

The Client Services Officer should make sure that the account number, full name and signature on the cheque provided matches the known information of the client's. Otherwise, the cheque deposit will be regarded as a third-party cheque and will be not processed accordingly.

The following details must be clearly stipulated on each cheque:

- Trading Account number (written on the back of the cheque)
- Client's full name
- Complete bank account number
- Signature
- The cheque is made payable to "ADS Securities Hong Kong Limited"
- The bank of the issued cheque is a licensed bank in Hong Kong
- The amount is correctly written by the client (digits, alphabets or Chinese characters)

2.2.3. Issuing Receipt for Cheque Deposits

Other than unidentified cheques, a case must be created on Salesforce of the details of all cheques in order to issue receipt to the client in compliance with the Contract Notes, Statements of Account and Receipts Rules. The following details must be registered to Salesforce:

- Date of receipt
- Deposit Type: Cheque Deposit
- Amount
- Currency
- Cheque number
- Issue receipt notification email to client through Salesforce

Exception

For cheques whereby personal information on cheque and client information do not match, the cheque will be returned to the client, and reasons to reject cheque must be stated in the comments section. A notification email will be sent to the client that the cheque has been rejected and it will be returned to the client by post along with the reasons to support ADS HK's decision.

After the rejected cheque has been posted to the client, the Client Services officer will log the postal information as part of record-keeping purposes.

2.2.4. Bank Clearance

Cheques that are identified and not rejected will be deposited by the Client Services Officer who will be responsible for sending the cheques for bank clearance. After which, cheques will be sent to the bank for clearing before 4pm, every business day.

2.2.4.1. Bounced Cheques

If any cheque had been rejected by the bank, Manager of Finance Department will be notified by the bank and the original cheque and report will be passed to the Client Services team.

The Finance Department will then comment on the respective Salesforce case that the cheque has been rejected by bank, indicate date on which the bounced cheque will be returned to the client, and reasons provided by the bank in the Salesforce accordingly.

The Client Services Officer will notify the client via email or by phone. After the rejected cheque has been posted to the client, the Client Services Officer will log the postal information as part of record-keeping purposes.

2.2.4.2. Cleared Cheques

Upon confirming that the deposited funds have been credited to the bank account, Finance Department will update case on Salesforce.

2.2.4.3. Processing Cleared Funds

Once determined as good funds, Finance Department will register the fund deposit details on OREX to update the client's trading account balance. Same as Direct Deposit, Customer Service Officer should notify Finance Department via Salesforce case with client's cheque copy, cheque deposit slip and the deposit details.

2.3. Suspicious Transactions

Should there be any case whereby the client executes transfers from a third party account, the Client Services officer may notify the Manager or Compliance Department as part of ADS HK's AML policy and procedure.

2.4. Acceptable currencies

ADS HK offer trading accounts in HKD and USD denomination and accepts deposits in HKD and USD only. Client deposits received in any currency other than HKD or USD will be converted by the bank into Hong Kong dollars based on prevalent exchange rates.

2.5. Fees and Charges for Deposit Transfers

No fees or charges will be imposed on the clients. Clients will have to bear the bank charges if they were to facilitate fund transfer from other banks.

2.6. Confirmation and Statements

The date and amount of funds received from client will be posted to the client's trading account. All funds received and processed on the same day will be reflected on the Daily Combined Statements of Account which will be available within the next business day after the day the funds are transferred. A "Fund Received" email with deposit type (Direct Deposit or Cheque Deposit) will be sent via Salesforce to clients automatically once the transaction processed by Finance Department.

3. WITHDRAWING FUNDS

ADS HK will not process withdrawal instructions to third-party bank accounts. No cheques will be issued by ADS HK. Withdrawals in cash will not be permitted.

3.1. Written Withdrawal Instruction

3.1.1. For other bank accounts

Besides the registered bank account provided by the client with the bank account proof, client can choose to withdraw fund to other bank account under client's own name by written withdrawal instruction.

3.1.2. Submitting Withdrawal Request

The client is required to submit Fund Withdrawal Form which is available on ADS HK's website. The form should be submitted with bank account proof, if it has not been provided to ADS HK, by post/email/fax/in person.

3.1.3. Checking Withdrawal Request

Before accepting the withdrawal request, Customer Service Officer should check the followings before submitting to Finance Department:

- Information on the Fund Withdrawal Form – the form should be completed by the client. Customer Service Officer should validate client's signature, ensure client's bank account details are supported by a valid bank proof.
- Client's trading account balance – Customer Service Officer should check if there are sufficient funds for withdrawal. Clients can only withdraw the surplus between the Equity and Maintenance Margin required if there are any open positions.
- Open Positions and Pending orders – Customer Service Officer should make sure the free margin is sufficient for those pending orders after Withdrawal processed if there are any. Clients should be requested to close all open positions and/or cancel all pending orders if client wants to withdraw all the funds.
- Any suspicious activities – Customer Service Officer should report to Compliance Team if the withdrawal request is suspicious. Suspicious activities such as (non-exhaustive) :
 - ❖ transactions or instructions which have no apparent legitimate purpose and/or appear not to have a commercial rationale;
 - ❖ transactions, instructions or activity that involve apparently unnecessary complexity or which do not constitute the most logical, convenient or secure way to do business;
 - ❖ where the transaction being requested by the customer, without reasonable explanation, is out of the ordinary range of services normally requested, or is outside the experience of the financial services business in relation to the particular customer;
 - ❖ where, without reasonable explanation, the size or pattern of transactions is out of line with any pattern that has previously emerged;
 - ❖ where the customer refuses to provide the information requested without reasonable explanation or who otherwise refuses to cooperate with the CDD and/or ongoing monitoring process;

Customer Service Officer can notify Finance Department via Salesforce case with the Fund Withdrawal Form attached after checking the above.

3.1.4. Processing Withdrawal Requests

All written withdrawal requests received before 2pm on each business day will be processed within the same day. While withdrawal requests that received after 2pm will be processed on the next business day (excluding Saturday, Sunday and Hong Kong Holiday public holidays).

Once the instructions have been sent and acknowledged by ADS HK's contracting banks, the

withdrawal transfer will be deemed complete.

3.2. Account Movements

Funds payable to the client will be withdrawn from ADS HK Segregated Client Account.

3.3. Unsuccessful Withdrawal Transfers

For withdrawal transfers that cannot be processed by the bank, a report on all unsuccessful payment transactions will be generated and sent to ADS HK from each bank. Based on the reports provided by the banks, the Finance Department will transfer the deducted amount back to client's account balance through the OREX. Finance Department will notify Client Service Officer to contact the Client for notification.

3.4. Changes to the Registered Bank Account

The client may change or update their bank account information by providing the updated details on the Change of information Request Form with Bank Account Proof and submit to ADS HK by email/post/fax/in person. Upon receipt of the updated banking information, the Client Services officer will call the client and check that the information provided is true by matching it against the client's personal information made known to ADS HK by the client. Thereafter, the client's banking information will be updated accordingly and the client may check the updated details in the trading platform after logging in to his account.

3.5. Transferable Currencies

ADS HK will only facilitate HKD and USD for fund withdrawals.

3.6. Fees and Charges for Withdrawal Transfers

There are no fees or charges for withdrawals to Hong Kong local bank. For withdrawals to overseas bank, as banks levy charges for telegraph transfers, the bank fees will be deducted from the client's trading account as bank transfer fee for each withdrawal transaction from the client's trading account balance separately.

3.7. Confirmation and Statements

The date and amount of funds successfully withdrawn from client's account balance will be updated. All withdrawal requests received and processed on the same day will be shown on the Combined Statements of Account which will be available to the client within the next business day.

4. CLIENT MONEY

ADS HK will maintain this Segregated Client Account which is independent of the Company's operating account. The Manager of Finance Department will be responsible for reconciling client money on a daily basis to ensure compliance with the SFC regulations. For an overview of fund movements of Segregated Client Account held with the HSBC.

Payment into the Segregated Client Account

Identified funds received from clients are remained in the Segregated Client Account. Unidentified funds that are deemed as client money will be transferred to in the house account until the sender has been identified.

Payment out of the Segregated Client Account

Same amount of funds that will be paid into the client's personal bank account directly from the Segregated Client Account in compliance with the Client Money Rules.

5. RECORD-KEEPING

All deposit and withdrawal instructions provided by the client will be stored in its original format. These records will be kept up to at least seven years according to the SFC regulations.

6. AMENDMENTS TO PROCEDURES

Any amendments to the above procedures will be subject to review by the Compliance Department and Responsible Officers on a regular basis. Such amendments must be reviewed and approved by the Manager Director.

REVISION HISTORY

Version	Content	Revision Type	Date	Updated By
1.0 (2014)	Policy Drafted	New	23/10/2014	Phyllis Cheung
1.1	Revisit the policy		2/3/2016	Catherine Ng
1.11	Insert section 3.1.3 "Checking Withdrawal Request"	Updates	4/28/2016	Catherine Ng