

**MANAGEMENT, SUPERVISION
AND
INTERNAL CONTROL GUIDELINES
FOR PERSONS LICENSED
BY OR REGISTERED WITH THE
SECURITIES AND FUTURES COMMISSION**

**Securities and Futures Commission
Hong Kong**

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MANAGEMENT, SUPERVISION AND INTERNAL CONTROL GUIDELINES

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(hereafter referred to as “the Internal Control Guidelines”)

BACKGROUND

Paragraph 4.3

“A licensed or registered person should have internal control procedures and financial and operational capabilities which can be reasonably expected to protect its operations, its clients and other licensed or registered persons from financial loss arising from theft, fraud, and other dishonest acts, professional misconduct or omissions.”

INTRODUCTION

I. MANAGEMENT AND SUPERVISION

OBJECTIVE

An effective management and organisational structure which ensures that the operations of the business are conducted in a sound, efficient and effective manner shall be established, documented and maintained.

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III. PERSONNEL AND TRAINING

OBJECTIVE

Appropriate personnel recruitment and training policies shall be established with adequate consideration given to training needs to ensure compliance with the firm's operational and internal control policies and procedures, and all applicable legal and regulatory requirements to which the firm and its employees are subject.

Control Guidelines

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IV. INFORMATION MANAGEMENT

OBJECTIVE

Policies and procedures shall be established to ensure the integrity, security, availability, reliability and thoroughness of all information, including documentation and electronically stored data, relevant to the firm's business operations.

Control Guidelines

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V. COMPLIANCE³

OBJECTIVE

Policies and procedures shall be established and maintained to ensure the firm's compliance with all applicable legal and regulatory requirements as well as with the firm's own internal policies and procedures.

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VIII. RISK MANAGEMENT

OBJECTIVE

Effective policies and procedures shall be established and maintained to ensure the proper management of risks to which the firm 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 Management to enable it to take appropriate and timely action to contain and otherwise adequately manage such risks.

Control Guidelines

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