

Documents required to be submitted on application for authorization

1. Application for authorization by a bank incorporated outside Hong Kong

- 1.1 An application letter should be addressed to the MA stating the reasons for the application for authorization and describing the background of the applicant and how it meets, or will meet, the relevant authorization criteria. The letter should normally be signed by the chief executive of the applicant.
- 1.2 In addition to the letter, the applicant should attach to it the following -
 - A copy of the board resolution in support of the application, certified as a true copy by the chief executive.
 - Two copies of the memorandum and articles of association (or equivalent) of the applicant company in English or Chinese, certified as true copies by the chief executive.
 - Two copies of the applicant's audited annual reports for the last three years immediately prior to application. The reports should be certified as true copies by the chief executive. Copies of applicant's internal capital adequacy assessment process and results of the most recent assessment of its capital adequacy under different stress scenarios, together with the basis of the assessment. If such information cannot be provided, reasons should be given.
 - A business plan for the first three years of the proposed operation in Hong Kong, setting out the intended nature and scale of the business and business strategies.
 - Where the applicant intends to adopt an offshore booking business model, it should submit details of the proposed business model, and the relevant health warning statements to be included in all documents such as terms and conditions, contracts and marketing materials, and legal opinions confirming compliance with all relevant legal and regulatory requirements in respect of the offshore business model.
 - Financial projections for the first three years of the proposed Hong Kong operation, including projected balance sheet, capital and liquidity ratios and profitability.
 - Organisation chart and staffing plan of the proposed Hong Kong operation.

- Internal control systems to be implemented in the Hong Kong operation including, but not limited to, liquidity management policy, money laundering guideline, foreign exchange limits, country exposure limits, structure of management committees and their relevant authorities, etc.
 - A description of how the applicant plans to ensure its management information systems will have the relevant reporting capabilities sufficient to be able to provide core information for resolution planning as set out in CI-1 - “Resolution Planning – Core Information Requirements” of the HKMA’s Code of Practice. If such systems are yet to be developed, details of the project plan with commitments to develop these capabilities should be provided.
 - Questionnaires for the prospective candidate seeking appointment as the chief executive (including alternate chief executive) of the Hong Kong operation under section 71 of the Ordinance.*
 - Authorities to be delegated to the chief executive of the Hong Kong operation and his management team.
 - A list of the controllers of the applicant and their background.
- 1.3 A letter from the relevant supervisory authority confirming that it has given its consent to the applicant's plans in Hong Kong. (This should either be included in the package of documents submitted or forwarded to the HKMA as soon as it is available.)

2. Application for authorization by a locally incorporated institution

- 2.1 An application letter should be addressed to the MA stating the reasons for the application for authorization and describing the background of the applicant and how the relevant authorization criteria are, or will be, met by it. The letter should normally be signed by the chief executive of the applicant, if one has been appointed, or a senior executive of the parent bank who has the appropriate authority to sign the application.
- 2.2 For an applicant that is subsidiary of an institution incorporated overseas, a letter from the relevant supervisory authority confirming that it has given its consent for the parent bank to establish an authorized subsidiary in Hong Kong. (This should either be included in the package of documents submitted or forwarded to the HKMA as soon as it is available.)
- 2.3 In addition to the letter, the applicant should attach to it the following -

- A copy of the board resolution in support of the application, certified as a true copy by the chief executive (or senior executive of the parent bank).
- Two copies of the memorandum and articles of association (or equivalent) of the applicant in English or Chinese, certified as true copies by the chief executive (or senior executive of the parent bank).
- Two copies of the audited annual reports of the applicant (or of its parent if the applicant is a newly formed subsidiary) for the last three years immediately prior to application. The reports should be certified as true copies by the chief executive (or senior executive of the parent bank).
- A business plan for the first three years of operation in Hong Kong, setting out the intended nature and scale of the business and business strategies.
- Where the applicant intends to adopt an offshore booking business model, it should submit details of the proposed business model, the relevant health warning statements to be included in all documents such as terms and conditions, contracts and marketing materials, and legal opinions confirming compliance with all relevant legal and regulatory requirements in respect of the offshore business model.
- Financial projections of the Hong Kong operation for the first three years, including projected balance sheet, capital and liquidity ratios and profitability.
- Organisation chart and staffing plan of the proposed Hong Kong operation.
- Internal control systems to be implemented in the Hong Kong operation including, but not limited to, liquidity management policy, money laundering guideline, foreign exchange limits, country exposure limits, structure of management committees and their relevant authorities, etc.
- A description of how the applicant plans to ensure its management information systems will have the relevant reporting capabilities sufficient to be able to provide core information for resolution planning as set out in CI-1 - “Resolution Planning – Core Information Requirements” of the HKMA’s Code of Practice. If such systems are yet to be developed, details of the project plan with commitments to develop these capabilities should be provided.
- Questionnaires on the background of prospective directors and chief executive (including their alternates) of the applicant seeking MA’s approval under section 71 of the Ordinance and of prospective controllers

of the applicant seeking MA's approval under section 70 of the Ordinance.*

- Authorities to be delegated to the chief executive of the applicant and his management team.

2.4 A copy of each of the following, certified as a true copy by the chief executive (or senior executive of the parent bank) -

- Certificate of incorporation
- Return of allotment
- Incorporation Form (Company Limited by Shares) (Form NC1 - Company Registry specified form)
- Business registration certificate

2.5 A certificate by an auditor confirming that the capital of the applicant has been paid up in full, preferably with supporting documents.

3. Application for registration to become registered institution

3.1 Where an authorized institution applicant or an existing authorized institution intends to conduct "regulated activities" as defined by the SFO, it must separately apply to the SFC for registration as a registered institution. The application form must be submitted to the SFC together with the application fee payable to the SFC. The standard forms and supplements relevant to application for registration can be found in the SFC website (<http://www.sfc.hk/web/EN/forms/>). For fee related enquires, the applicant may also refer to the SFC website or enquire with the SFC directly. All applications to the HKMA for consent for at least 2 individuals to act as executive officers for each regulated activity should be sent to the HKMA directly not later than the submission of the authorized institution's application for registration to the SFC*.

3.2 The MA may require an applicant to provide an Independent Assurance Report (IAR) to support the MA's decision on the applicant's fitness and propriety and whether the applicant is competent to carry on any regulated activities, with reference to the relevant provisions in the SFO and the Ordinance, and also the applicable rules, codes, guidelines and circulars issued by the SFC and the MA. The IAR should be prepared by an external professional firm which is acceptable to the MA. This will normally be required for an applicant that is new to the securities and futures market of Hong Kong and in cases regarded as especially complex.

4. Upgrading of existing authorization

- 4.1 Normally, an application from an existing authorized institution to upgrade its authorization will be treated as a new application. Institutions are advised to discuss their upgrade plans with the relevant case team of the Banking Supervision Department before submitting an application.

* Application forms can be obtained from the Licensing Team of the HKMA.