



Company Profile

CompliancePlus Consulting

CompliancePlus⁺
Consulting



About CompliancePlus

CompliancePlus is an independent consulting firm focused on providing a complete range of proven and reliable compliance solutions to licensed firms, fund management companies and hedge fund managers in Asia. Our dedicated team of compliance officers have years of professional experience equipped with in-depth knowledge of both functional and compliance experience in managing and minimizing regulatory, operational and reputational risks. We have been providing real time compliance support and proactive recommendations to licensed firms and licensed individuals, start-up hedge funds, fund of hedge funds and multi-strategies hedge funds with our solid compliance knowledge.

Navigating a Changing Regulatory Environment

By partnering with CompliancePlus, our clients gain access to compliance solutions that they can trust and the latest knowledge of regulatory policies and procedures. Through building up strong relationships with our clients and by ensuring our availability to them, we are trusted advisors helping clients to navigate a challenging and changing regulatory environment.

Tailor-Made Package for Start-up Hedge Funds

We serve start-up hedge funds and fully understand their needs at this crucial stage. We provide comprehensive and tailored made support services to them to facilitate successful fund launches.

1 / Advising on license applications and business plans for submission to regulators

2 / Handling of regulatory inquiries throughout the application processes

3 / Preparing customized compliance manuals with effective and proven compliance frameworks taking into account each fund's unique operational set up and resources available

4 / Coordinating with counsels and fund service providers on fund offering documentation, service level agreements and reviewing marketing materials and pitch books to potential clients for fund raising

Ongoing Compliance Support - Monthly Plan or Retainer Basis

The on-going support package provides a full range of compliance support and services that a typical hedge fund manager requires for regulatory compliance purposes:

- Unlimited customized telephone consulting on compliance and regulatory issues
- Handling regulatory inquiries and filings
- Reviewing marketing materials and presentation materials to clients
- On-going preparation for regulatory inspections
- Updating and amending compliance manuals and policies
- Reviewing regulatory circulars to assess compliance implications on operations
- Regular face-to-face meetings with compliance officers and management with an update on latest compliance issues, regulatory concerns and advice on new business initiatives and strategies
- Reviewing regulatory related records such as gifts and benefits records and staff trading records
- Designing and compiling business continuity plans
- Providing online training system
- Providing Online Client Portal, login and download compliance documents and compliance checklists

Our Director

Josephine Chung is the Director of CompliancePlus heading the consulting team of the Company with over 20 consultants and analysts.

She is also leading a research team researching on latest rules and regulatory requirements of mutual funds and hedge funds. Example of previous research projects include AIMA Best Practices and research on latest compliance issues on hedge fund managers.

Before founding CompliancePlus in 2009, Josephine was the Head of Legal and Compliance for Prudential Asset Management Hong Kong and had oversight of compliance and legal issues of investments for Prudential Asset Management Hong Kong Office (investment management business of the UK Prudential Group).

With over 20 years of working experience with fund managers in asset management industry and regional exposure on legal issues and regulatory matters in Asia on mutual funds, Josephine is very familiar with licensing requirements of fund management business in the Region and has a complete understanding of the operation, setting up and internal control of a fund house.

Before joining Prudential, Josephine was legal counsel-VP with Citigroup Asset Management specialized in Hong Kong, Taiwan and Korea's fund businesses and retail fund registrations and distribution issues across the Region. She joined Citigroup Asset Management from Franklin Templeton Investments where she was the member of their Asia Legal Team.

Josephine obtained Bachelor of Laws Degree and Postgraduate Certificate in Laws from the University of Hong Kong and subsequently obtained Master of Laws from the People's University of China in Beijing. She is fluent in Cantonese, English and Mandarin.



Josephine Chung
Director

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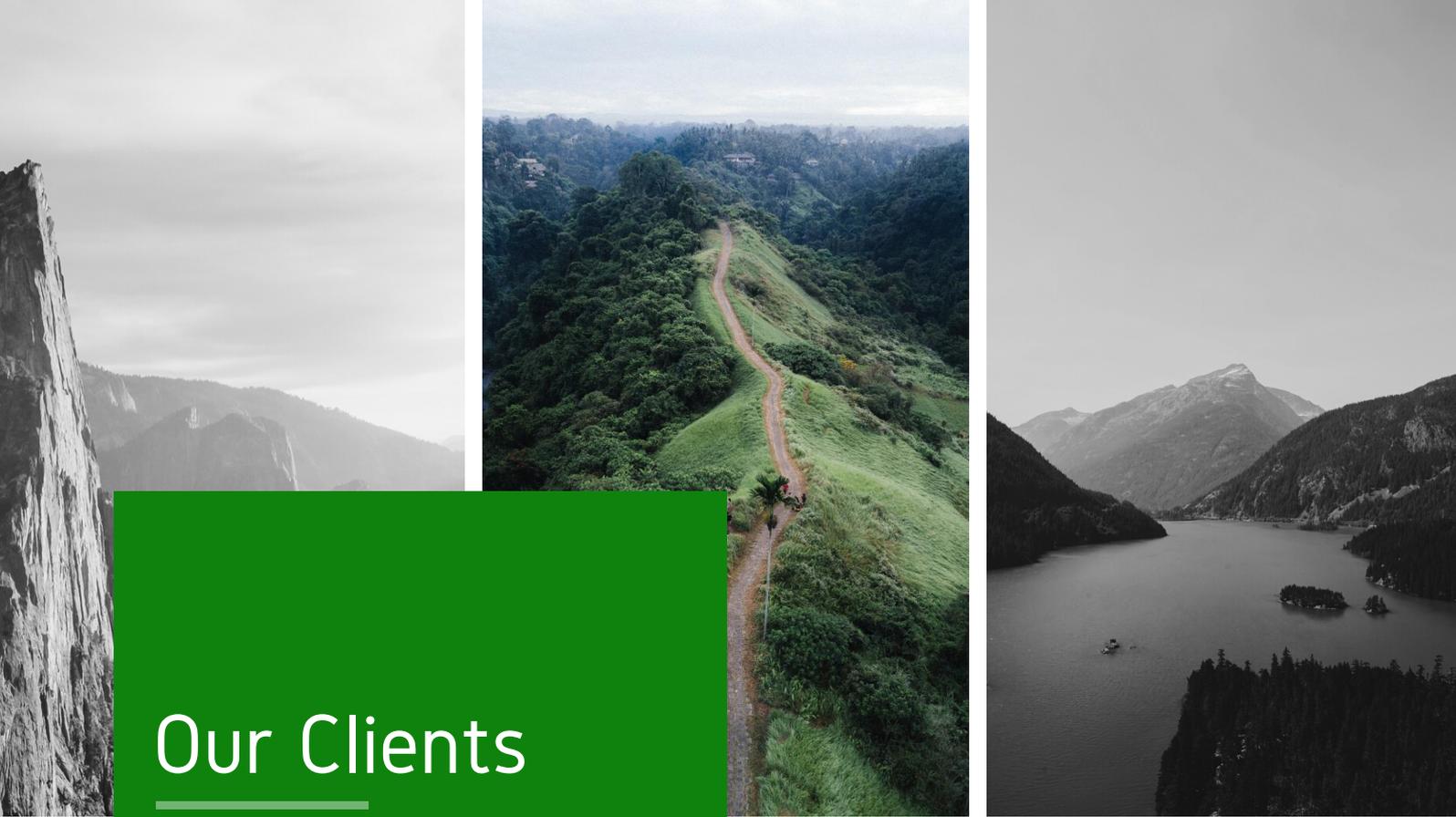
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Special Projects

We also take on special projects for hedge fund managers such as:

- Gap analysis of policies and procedures
- Best practices analysis
- Anti-Money Laundering reviews
- Operational due diligence
- Employee compliance trainings, on site trainings and speaking appointments
- Mock regulatory audits
- Designing compliance monitoring plans, frameworks and procedures
- Assurance reviews on service providers
- Conducting internal investigations
- Regulatory investigation support and litigation support
- Crisis consulting
- Customized services depending on operational needs of hedge fund managers



Our Clients

Our clients have diverse backgrounds and investment strategies

Diversified Client Profiles:

- Start-up hedge fund managers (over AUM size of US\$40 million)
- Established funds of hedge fund with proven track record and trading and operating history (over AUM size of US\$4 billion)
- Long/Short strategy hedge fund (over AUM size of US\$180 million)
- Mega Hedge Fund (over AUM size of US\$3 billion)
- Distressed asset hedge fund (over AUM size of US\$400 million)
- Financial Group establishing presence in Hong Kong
- Family Office

Diversified Strategies:

- Long/Short
- Multi-Strategy
- Distressed Debt
- Macro Strategy
- Special Situations
- Managed Accounts
- Event-driven
- Long-biased
- Global macro



Previous Experience

Engagement Style

- Working closely with top management, Chief Compliance Officer, Chief Risk Officer, Operations Manager, Compliance Manager on in-depth operations, compliance and regulatory issues
- Working with client referrals to foster close working relationships with clients

We have helped hedge fund managers in areas such as:

- Handling US SEC Exempt Reporting Advisor/ Registered Investment Advisor filing
- Setting up Cayman Islands Offshore Funds
- Providing large-scale compliance trainings and workshops
- Recruiting Responsible Officers (ROs) and compliance managers
- Developing a compliance approach and compliance framework
- Applying for SFC pre-approval for change of substantial shareholders (for sale and acquisition of SFC licensed firms)
- Handling SFC Inspection visits and managing the process
- Handling SFC licensing application processes and queries
- Implementing compliance monitoring plans
- Developing Business Continuity/Disaster Recovery Plans
- Reviewing Code of Ethics and Compliance Manual
- Developing Procedures and Policies
 - Portfolio Management Procedures
 - Insider Trading Policies
 - Employee Trading Procedures
 - Proxy Voting Procedures
 - Soft Dollar Disclosures
 - Broker Review Process
- Conducting Mock Compliance Audits to prepare for regulatory inspections
- Drafting fully-customized Compliance Manual and Code of Ethics
- Creating regular compliance calendar/ email reminder/ alert for staff to ensure ongoing compliance

Partnering With Us

Benefits to Clients/ Hedge Fund Managers by Partnering with CompliancePlus:

- Facilitating effective oversight and monitoring on compliance issues
- Reducing risk of oversight by introducing a Comprehensive Compliance Monitoring Plan
- Providing tailor-made compliance policies and procedures to suit the needs of hedge fund businesses
- Enhancing credibility to existing compliance program and firm compliance culture
- Promptly adapting to changing regulatory requirements with effective and adequate compliance support

Our Competitiveness

- Strict information security and client confidentiality
 - Clients' confidentiality and privacy always come first
 - Password protected documents and files are used upon request
 - Strict internal rules adhered by employees on confidentiality
- Swift response and customized service
 - Real Time Compliance Support
 - Tailor-made compliance service
- Local expertise and in-depth fund expertise
 - Unique combination of fund expertise and operational knowledge
 - Exceptional local regulatory knowledge and support
 - Specialized in hedge fund compliance issues and matters
- Update alerts and industry news
 - Latest newsletter on local compliance and regulatory issues
 - Strong research support on compliance issues
 - Latest industry knowledge
 - Latest market updates and industry news
- Strong credentials and client references
 - High regards and recommendations from clients and referrals
 - Clients' reference available on request

Flexible Fee Models

- Time cost based
- Project based
- End product (documentation/ template/ checklist) based
- Monthly fee based
- Compliance-hour purchase package

SFC Licence Application Services and Ongoing Compliance Support Plans



(FOR REFERENCE ONLY)

Sample Proposal: Ongoing Compliance Support

Proposal for Type 4 and Type 9 SFC Licensed Entity

SFC Regulated Activities

Type 4 Advising on Securities and Type 9 Asset Management (not holding clients' assets) or Only Type 9 Asset Management (not holding clients' assets).

The following compliance services will be provided to the Client:

2-Hour Kick-Off Compliance Briefing and Training and Provision of Compliance Folder

- Providing a 2-hour compliance orientation briefing and training that will cover all substantive regulatory topics related to the SFC rules and regulatory requirements to all HK employees with certificates of attendance that can be counted as continuous professional training (CPT) under the SFC Guidelines on Continuous Professional Training
- Providing Compliance Events Calendar Checklist of regular compliance events
- Provision of a compliance folder containing compliance checklist on the SFC Fund Manager Code of Conduct, Checklist for the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission; Compliance Checklist for Management, Supervision and Internal Control; and compliance monitoring templates on CPT training record keeping, personal dealing clearance, gifts and benefits register, broker reviews policy and financial reporting requirements

Free Access to CompliancePlus Client Online Information Portal

Key features of the Online Portal include:

- Compliance events calendar to alert regulatory deadlines and events
- Compliance forms and policies for internal compliance control and monitoring
- Free online CPT training and other compliance training videos
- Useful resources and latest compliance research
- Archive of past regulatory updates
- Answers to frequently asked questions from our clients
- Online Client portal access to download compliance templates and checklists

SFC Licence Application Services and Ongoing Compliance Support Plans

(FOR REFERENCE ONLY)



Ongoing Services Plan

Monthly Basis

- Ongoing compliance services and support (including but not limited to assessing compliance implications and SFC licensing implications due to changes in business nature or business plan, change of senior management personnel, any potential conflicts of interests or segregation of duties issues)
- Screening all SFC circulars and assessing impacts on the Company and providing compliance advice and solutions
- Updating the Company the latest changes of the SFC rules and regulatory requirements that may impact them
- Handling all SFC inquiries (including telephone inquiries and written information requests) and preparing correspondence and reply to SFC
- Reviewing notification to the SFC on any changes of the Company's information as required under the SFC's Securities and Futures (Licensing and Registration) Information Rules, including review of the filing of the changes of particulars relating to Directors of the Company, complaints officer contact, emergency contact, changes in share capital and shareholding structure etc.

Quarterly Basis

- Conducting quarterly compliance conference calls with compliance officers or risk officers and/ or senior management (subject to the Company's request) to update management compliance concerns in the industry, latest regulatory concerns and discuss specific compliance issues about the Company

Semi-Annual Basis

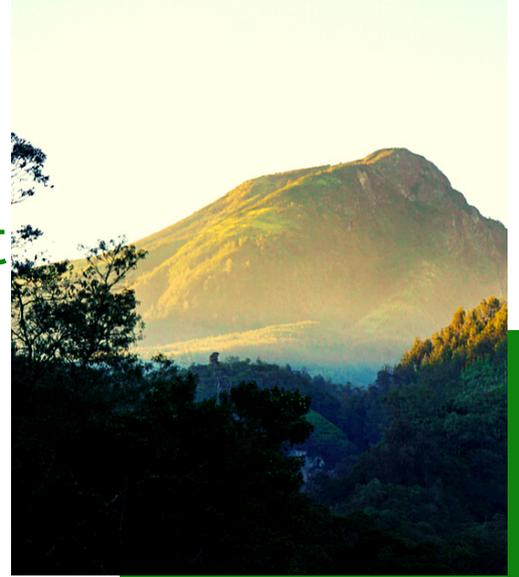
- Reviewing FRR as prepared by clients prior to clients' submission to the SFC

Annual Basis

- Reviewing Compliance Manual to ensure compliance with the latest applicable rules and regulatory requirements (including preparing amendment and updating Compliance Manual)
- Offering free of charge CompliancePlus Annual Compliance Training Day organized for clients
- Conducting annual on-site compliance review with compliance report issued to senior management highlighting any compliance issues with recommendations and suggestions
- Reviewing the reply on the SFC annual fund management activities survey questionnaire
- Reviewing the reply on the SFC annual Business and Risk Management questionnaire
- Reviewing the Company's annual audited account and report from the auditor from compliance perspective
- Preparing for the SFC on-site inspections

SFC Licence Application Services and Ongoing Compliance Support Plans

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Other Compliance Services

We also provide various kinds of compliance services depending on your business needs and can be included in the monthly ongoing support plan with revised fee rates or under a separate fee proposal for your consideration:

- Performing regular due diligence and oversight on service providers (e.g. regular due diligence on custodian, broker review with our tailor-made due diligence questionnaire etc.)
- Preparing for the SFC investigation and providing documentation support, including co-ordination and collection of information for replying to the SFC
- Reviewing marketing and presentation materials
- Reviewing website disclaimers and contents
- Liaising with other fund's service providers on ad hoc issues or projects such as resolving pricing errors, NAV valuation issues and amending fund documentation etc.
- Conducting monthly reconciliation of the Company's internal records against reports provided by other fund's service providers such as custodian, counterparties and executing brokers to comply with SFC's Fund Manager Code of Conduct
- Performing Anti-Money Laundering (AML) checking on new clients and preparing account opening documentation and clients' investment management agreement
- Preparing replies for due diligence checklist received from potential clients and new investment mandate and attending meetings with potential clients if required to explain the Company's compliance system and framework
- Handling Request For Proposal for the Company
- Providing Employee New-Hire Training
- Preparing employees for taking SFC regulatory examinations
- Providing translation services
- Attending meetings with regulators and regulatory interviews
- Arranging for compliance secondees to work in client's office
- Hiring compliance personnel
- Talents referrals

Progress Chart regarding the application for SFC License(s)

1

Phase 1 (1st to 2nd Month)

- Set up a Hong Kong Company (Processing time: Around 2-3 Weeks)
- Appoint members of Board of Directors
- Appoint the Company's Accountant, Company's Secretary and Auditor
- Set up a Bank Account in Hong Kong
- Appoint an External Compliance Consultant for the SFC License(s) application
- Prepare documents for the Employment Visa application of ROs and key management (Processing time: Around 4-6 Weeks)
- Review the qualifications of the proposed ROs as to satisfy the SFC's requirements
- Prepare documents for SFC license(s) (Type 4 & 9) application
- Prepare all necessary document – Business Registration, Certification of Incorporation, Manager-In-Charge Function Chart (prepare and handle via compliance consultant company)
- Meet with the SFC regarding the licensing issue(s) (if necessary)
- Prepare documents for and finalise the SFC license(s) application (Processing time: Around 2 – 4 Weeks)

2

Phase 2 (3rd to 4th Month)

- Submit the SFC license(s) application to the SFC Processing time: Around 8-10 Weeks after the submission
- Rent a suitable operation office
- Do the office decoration
- Hire management, sales, finance, operation, middle and back personnel, administration, human resources, secretary and other staffs
- Enroll to employment insurances and Mandatory Provident Fund Schemes for Hong Kong employees
- Test and prepare for the launch of the IT system (if any)

3

Phase 3 (5th to 6th Month)

- Pending for the SFC License(s)
- Prepare for the commencement of the business and fund launch

4

Phase 4 (7th to 8th Month)

- Obtain the SFC License
- Attend the regulatory compliance training course organised by an External Compliance Consultant prior to the commencement of business
- Commence the business

Real Case Example - Compliance Process for Hedge Fund Manager



Real Case Example - Compliance Onsite Review for Hedge Fund Manager

Onsite Review Checking Items

Investment Process Review

- Investment Risk Management
- Investment Process/Strategy
- Cash Management
- Allocation of Transaction
- Cross Trading
- Portfolio compliance with investment restriction
- Portfolio Turnover/no excessive trading
- Trade Errors
- Proxy Voting
- Soft Dollars
- Trade Execution
- Brokers Review
- Cash/Stock Reconciliation
- Valuation/Pricing of securities and portfolio

Operations & Dealing & Settlement Review

- Operational Risk Management
- Suspension and deferrals of dealings
- Conflicts of Interests/Connected Parties Transactions
- Segregation of duties and functions
- Client Subscription/Redemption/Dealing
- Compliance Monitoring/Functions
- Monitoring of service providers
- Control of Management, Performance, Administration and other accruals fees

Regulatory & Investors related & Others Checking

- Anti-Money Laundering Control
- Business Continuity
- Information Security
- Client Identity/Professional Investors/Suitability checks
- SFC notification /Regulatory Filings
- Financial Resources Return (FRR)
- CPT Training Records
- Fund Documentation
- Complaints handling Process
- Audit Issue
- Licensing Matters handling
- Marketing materials control
- Personal Dealing / Trading Records
- Gifts and Benefits Records
- Side letter arrangement and disclosure
- Investors Communication/Reports Accuracy

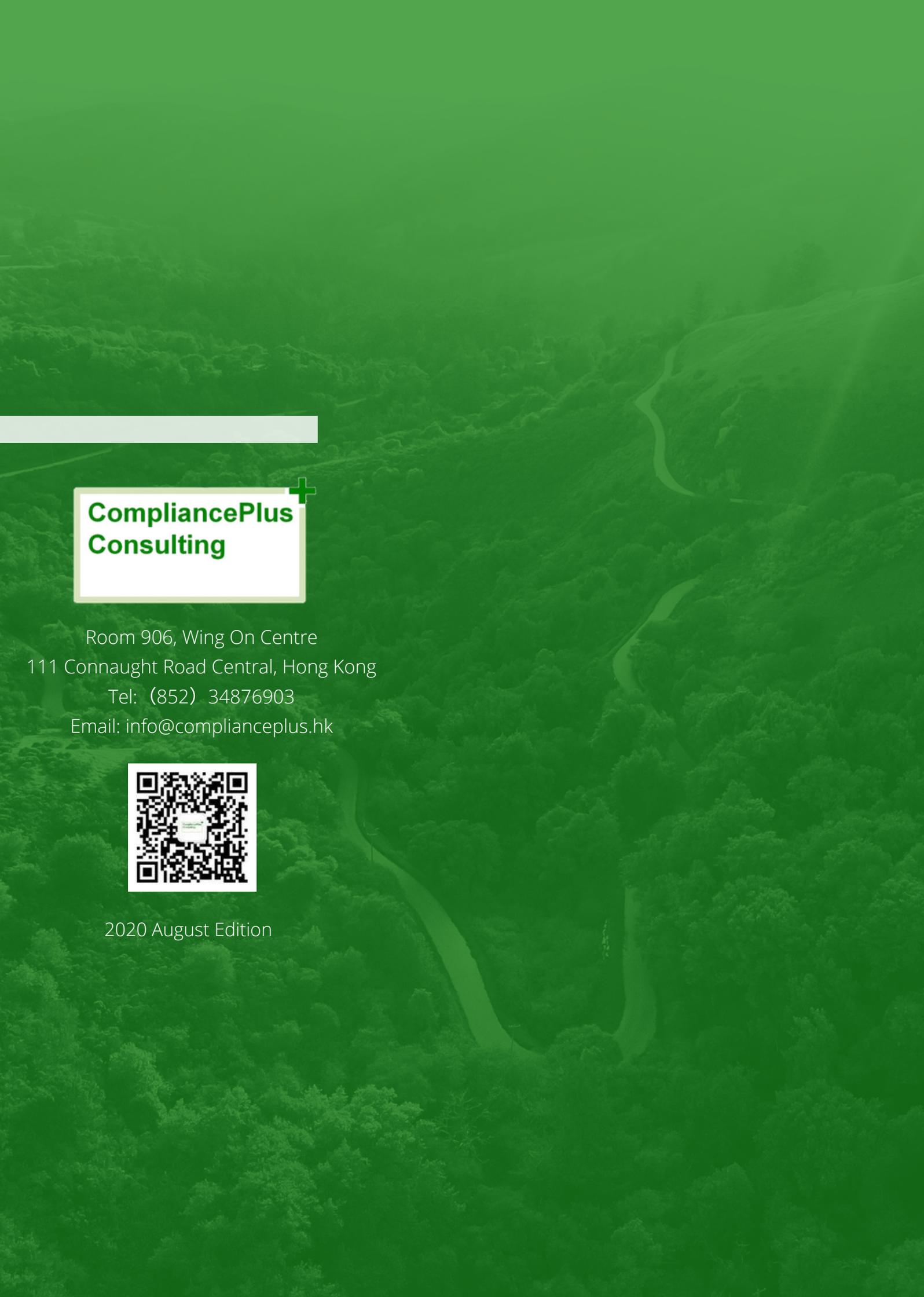
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