Come back		Instinet Pacific Limited		Commercial in Confidence
Para 18, Code of Conduct requirement		**Summary of requirement**	**Questions**	**Response**
s 18.3 Responsibility for orders		Licensed or registered person who is responsible for the settlement and financial obligations of orders sent to the market, and for implementing policies procedures and controls		IPL maintains a list of policies, procedures and controls to ensure any orders submitted on markets are in accordance with applicable regulatory requirements.
s 18.4 Management and Supervision		Effectively manage and adequately supervise electronic trading system/algos used		IPL has formed an Asia Algorithmic Trading Work Group to meet regularly to supervise design, development, deployment and operation of the electronic trading system/algorithmic strategies used by clients.
s 18.4 Management and Supervision	s 1.1 1.1.1(a)	Responsible officer for the overall management and supervision	Please introduce your firm, its core businesses as well as its principals, directors, officers and key managers.	Instinet Pacific Limited (IPL) is a corporation (CE No. ABB038) licensed by the Securities and Futures Commission in Hong Kong to carry out regulated activities Type 1 (dealing in securities), Type 4 (advising on securities) and Type 7 (automated trading services) under the Securities and Futures Ordinance (Cap. 571) of Hong Kong. We act as an agency broker. IPL's management team comprises of the following individuals: **Dillon McNiven**: Head of Instinet, ~~Asia Pacific~~APAC **Richard Appleby**: COO Instinet APAC **Julie Chew**: ~~CFO Instinet APAC~~APAC Instinet CFO **Liam Madden**: ~~General Counsel; Head of Compliance Instinet Asia~~Head of Instinet Legal and Compliance, Asia **Sunny Yip**: Head of Technology, Asia ex-Japan
			Please identify the RO(s) responsible for the overall management and supervision of the electronic trading system including their functional job title (you may have multiple ROs for	IPL's ROs for electronic trading are: **Dillon McNiven** Managing Director, Head of Instinet APAC

			settlement and financial obligations of orders sent to the market through your electronic trading systems as well as implementation of policies, procedures and controls to supervise the orders in accordance with applicable regulatory requirements.) Please note that you may also provide these details in the form of an electronic trading contact sheet, with the ROs clearly identified. If you are not a SFC licensed or registered institution, please provide full details of your management and escalation contacts.	**Rafi Mohideen** Managing Director, Head of AEJ Execution Trading ~~**Paul Beresford**~~ ~~Managing Director, Head of Execution Sales, APAC~~ Please reach out to your coverage trader to obtain IPL's updated Authorized Traders List for reference.
s 18.4 Management and Supervision	s 1.1 1.1.1(b)	Formalized governance process with input from dealing, risk and compliance	Is there a specific governance group that provides review and oversight of the electronic trading system, its policies, procedures and controls? Where is this group based? Is there representation from the dealing, risk and compliance functions, including from the HK office? What are its objectives and how often does it meet?	IPL operates ~~has~~ a comprehensive governance structure which includes oversight of Electronic and Algorithmic Trading activities. Business committees and working groups, which include attendance from risk and compliance personnel, report into the Regional Risk and Compliance Committee, which has delegated oversight responsibilities from the board of IPL, ~~dedicated Electronic and Algorithmic Trading Committee, reporting into the regional Risk Management and Compliance Committee. Both committees are comprised of persons who have a managerial, supervisory, compliance or risk management role within the IPL business.~~ ~~The objective of the Electronic and Algorithmic Trading Committee is to provide oversight of IPL's electronic trading business. The Risk Management and Compliance Committee is tasked with insuring that the IPL business is operated in a manner consistent with IPL's risk appetite.~~
			Is there a Risk Management Framework dedicated to Electronic trading, how often is it reviewed and by whom?	Yes, IPL maintains separate policies and procedures for electronic trading which includes risk management relating to electronic trading. Relevant policies are reviewed and approved by the Risk Management and Compliance Committee on an Annual basis. ~~Electronic and~~

				~~Algorithmic Trading Committee on an annual basis. More frequent review takes place as required.~~
s 18.4 Management and Supervision	s 1.1 1.1.1(c)	Clearly identified reporting lines with supervisory and reporting responsibilities assigned	Outline the reporting structure for employees involved in the design, deployment and day-to-day operation of the electronic trading system?	~~IPL~~ Instinet ~~in the operates~~ adopts a global technology operating model for the design and development of its electronic trading system, ~~regional~~ input from regional subject matter experts feed heavily ~~is provided during~~ into this process. Localization, deployment and day-to-day operation ~~are~~ of the electronic trading platform is managed in Asia. Local accountability for the electronic trading platform resides with the following staff:~~Relevant local staff involved in the design, development and support of the electronic trading system report into one of the teams outlined below~~: • **Technology:** Headed by Sunny Yip (Head of Technology, Asia ex-Japan) • **Trading Research:** Headed by Madhu Parthasarathy (Head of Global Trading Research) • **Product:** Headed by Richard Appleby (COO Instinet APAC) Trading Research reports into ~~Dillon McNiven, Head of Instinet, APAC~~Firas Hadj Taeib, Global Co-Head of Quant Trading Strategy & Research, globally. Technology ~~reports into~~is accountable to Richard Appleby, COO Instinet APAC. Dillon McNiven is the Manager-in-Charge of the Overall Management Oversight function and the RO of IPL responsible for the Electronic Trading Platform. Other SFC licensed individuals, including ROs, are also engaged in the design and development of the electronic trading system.
s 18.4 Management and Supervision	s 1.1 1.1.1(d)	Managerial and supervisory controls designed to managed risks associated with use of electronic trading system	Please detail how often policies, procedures and controls are formally reviewed in order to ensure that they are in line with changing market conditions? By whom are they reviewed?	Policies and procedures (including those relating to our electronic trading system) are formally reviewed at least annually by the relevant document owner and approved by subset of individual(s) or committee(s). If there are any market conditions that change, Compliance will examine relevantly affected policies and work with the relevant document owner to determine if any amendments or changes are required. This process is ongoing.
			What is the process for addressing any deficiencies identified?	Deficiencies relating to general operational issues as well as electronic trading system, usage or deployment issues will be identified to Risk Management and/or IPL Management for attention if applicable. Relevant process owner and Risk Management will develop action plans to remedy any deficiency with action items tracked.

			Do you restrict internal access to the electronic trading system according to function of staff and how often are access records reviewed?	Internal access is restricted. Each system has its own login/password process for users. Staff requiring access to the electronic trading system will need to obtain special approval from either the Head of Technology, Asia ex-Japan, the Head of Global Trading Research or COO Instinet APAC depending on the system in question. PCs are set up in such a way that packages can only be installed by persons with administrator access, Installation of any package requires relevant approval levels. When a staff member resigns or is transferred to a different position their access is terminated immediately. There are also periodic reviews of access. ~~Self-directed flow access is reviewed weekly.~~
			How often do you conduct a certification process of client accesses?	Account accesses are being granted upon request by client and verified against the authorized trader list.
s 18.4 Management and Supervision	s 1.1.2	Comply with the requirements set out in 1.1.1 in respect of design, development and deployment of the system	Where you also design, develop and deploy an electronic trading system, please ensure that your answers to 1.1.1 cover these activities.	Please see 1.1.1 above
s 18.4 Management and Supervision	s 1.1.3	Conduct regular reviews to ensure compliance with internal policies	See 1.1.1(d) above	See 1.1.1(d) above
s 18.4 Management and Supervision	s 1.1.4	Assign adequately qualified staff, expertise, technology and financial resources to the electronic trading system	Describe which staff are involved in the design, development and offering of the relevant electronic systems for use by clients, illustrating their relevant qualifications and any relevant training.	Instinet adopts a global technology operating model for the design and development of its electronic trading system~~IPL's electronic trading system is developed in accordance with a global operating model~~. Regardless of development location, the product development cycle includes input from the regional ~~teams~~subject matter experts. Furthermore, ~~P~~products are referred to the relevant region for localization at the point of local deployment. IPL is an electronic trading pioneer and has a long history of employing highly skilled, industry leading staff with extensive experience in the design and development

				of electronic systems. During our hiring process, staff qualifications and experience are verified against external sources.
			Are relevant staff provided with training on those Firm's policies, risks and controls applicable to electronic trading systems?	New staff are provided with the firm's general policies and procedures, as well as those relevant to their specific job function. Each employee involved in electronic trading must certify that they understand, and will comply, with the firm's electronic trading policies. Specialized training on IPL's electronic trading systems, including Instinet's algorithms, and the applicable policies, procedures and risk controls is conducted on a regular basis.
			Please certify that you have adequately qualified staff, expertise, technology and financial resources to operate the electronic trading system.	IPL certifies that it has adequately qualified staff, expertise, technology and financial resources to operate the electronic trading system.
			Where your resources are located outside of Hong Kong are they alerted to the SFC's regulations and requirements around Electronic trading?	IPL is part of the Instinet group. Instinet adopts a global technology operating model for the design and development of its electronic trading system ~~Development is conducted in accordance with a global operating model~~. Products are subject to localization. Global product and development teams are aware of the SFC rules, IPL employees are required to sign-off on localization of products before they can be released.
S 18.5 Adequacy of System		Ensure integrity of electronic trading system and have appropriate contingency measures	Outline the features (risk controls, supervisory controls, design elements and/or other features) of the electronic trading system designed to ensure the integrity of the system (including as to system reliability, security, capacity and contingency measures).	Multiple teams are involved in the monitoring of the electronic trading system. IPL employs a range of in-house developed monitoring tools which include alert dashboards and other notification tools. Threats to system integrity are notified to the relevant teams. Regular testing is performed to ensure system reliability and capacity is stress tested to at least 3 times the current peak load. Risk controls are designed and implemented with input from the trading, development, and compliance teams. Consideration is given to market-specific operating environments as well as the scope of the specific electronic trading system. All electronic trading systems are expected to contain a set of key controls, relevant to the systems specific function. Such controls could include: 1. Maximum Order Size / Price Tolerance 2. Liquidity controls

				3. Outbound Message Rate Throttles 4. Kill Switches and Emergency Shutdown/ Re-start Procedures 5. Cumulative Client Exposure 6. Reference Data Integrity 7. Market Data Integrity
s 18.5 Adequacy of System	s 1.2.1(a)	Immediately prevent the system from generating and sending orders to the market	Describe the controls (including how any automated controls operate) implemented in respect of the system to (i) prevent the system generating and sending orders to the market, and (ii) cancel unexecuted orders.	Under normal operating conditions the electronic trading system includes ~~a number of~~several control points where individual orders will automatically pause, pending trader intervention. In extreme situations kill switches can be invoked to prevent the generation of new orders as well as cancel all open orders. Each electronic trading system is required to have documented and tested kill switch procedures. These documents include the steps required to invoke the kill switch as well as the relevant approvals required to proceed with invocation.
			Describe the circumstances/ situations in which such controls would be activated.	Scenarios that give rise to automated pausing of orders will be dependent on the specific electronic trading system and factors such as the market and the trading phase. Situations resulting in a paused order could include the breach of a pre-trade filter or rejection threshold or, a disorderly market signal triggering.
			Explain the methodology/ factors by which such controls have been derived (e.g. by order size, number, frequency or other relevant criteria).	The decision to invoke a kill switch will be taken by the business in consultation with the various technology support teams. Factors such as the following will be taken into consideration: • The nature and extent of the issue • The client and market impact of invoking and no invoking the kill switch • Whether all other contingencies have been exhausted
			Are there any additional circumstances in which orders may be overridden or cancelled? If so, how would these controls be implemented?	The automated controls have been derived with an objective of preventing volume/price impact and ensuring orderly trading behavior. In most of the cases, when an algo order is found violating a control, the order would be paused, pending trader review. The trader can review, make any parameter changes and/or override the control (resume) or cancel the order.
s 18.5 Adequacy of System	s 1.2.1(b)	Cancel any unexecuted orders that are in the market	See above s 1.2.1 (a)	See above s 1.2.1 (a). IPL can cancel unexecuted orders that are in the market.

s 18.5 Adequacy of System	s 1.2.2	Systems/modifications tested before deployment and regularly reviewed to ensure reliability	Describe your process for testing your electronic trading system and its connections and linkages if applicable, and by whom is it overseen?	IPL performs manual and / or automated testing for every patch release (approximately every two weeks). Full automated / manual regression testing of the algorithmic trading system is performed when any significant system upgrade or trading feature enhancement occurs, or at least once a year. Depending on the nature of the change, testing is performed by Trade System Support team, GTR Operations, and/or QA.
			In what kind of situation would the testing environment not be used?	Releases are tested in a UAT environment before being released into production.
			Describe the process and scope for testing any material new functionality, and any generic tests that ensure the overall integrity of the system before modifications are released to the market.	IPL performs a full regression test, including system level testing, at least once in a year. During this process live order flow and market data is replicated into the UAT environment. Comparisons are made against the production environment to ensure behaviors are in line with expectations.
			Describe your process for deploying your electronic trading systems and any system modifications to users?	In addition, test portfolios are manually synthesized providing focused testing of areas considered high risk. These areas could represent parts of the global framework that have undergone significant change in the new release, or parts of the system that are generally the most active.
			Are the electronic trading system/platform you provide to clients and all modifications to the system tested before deployment?	Any new algorithm / SOR version will be released to BETA where IPL traders will pilot new functionality internally in a dedicated environment before offering new features to external users. This process is overseen by the Electronic Trading Responsible Officer with assistance, if needed, from the Compliance function. Production software changes must be approved by the appropriate technology lead and / or product head as well as a representative from the business and compliance. In the case of emergency changes senior management approval is also required.
			Please describe the testing process and sign off procedure before deployment.	The electronic trading system is monitored in ~~real-time,~~real-time; any issues are revealed contemporaneously. Similarly, reliability issues are monitored through real-time observation as well as reviews of system issues or outages. This process is ongoing.

			How often are they reviewed to ensure that the system and modifications are reliable?	Please see above. The process is ongoing.
			Please describe how these "health checks" are conducted and the latest result.	Please see above. The process is ongoing.
			How is reliability tested?	Please see above.
s 18.5 Adequacy of System	s 1.2.3	Promptly report to the Commission any material service interruption or other significant issues		IPL would alert the SFC of any relevant, material service interruptions or other significant issues in accordance with its obligations under the Code of Conduct.
s 18.5 Adequacy of System	s 1.2.4	Have adequate and appropriate security controls, including at least the items in (a) – (d) below		Please see (a) – (d) below.
s 18.5 Adequacy of System	s 1.2.4 (a)	controls to authenticate or validate the identity and authority of the system users and ensure access is on a need-to-have basis	What techniques and processes exist to authorize access to the electronic trading system? What is your security access method? e.g. Encryption, integrated user login with LDAP, specific port.	Internal access to the electronic trading system requires successful username and password authentication. Users are assigned a level of access appropriate to their specific role, and associated responsibilities. In accordance with IPL's User Access Management (UAM) process user access rights are reviewed by line managers and information owners on a regular basis. Approvals are subjected to a further review by internal audit.
			Describe your controls (including reviews or audits) to authenticate or validate the identity and authority of the system users and ensure access is on a need-to-have basis.	Access to the firm's electronic trading systems from external networks is controlled by firewalls and employs standards-based encryption, where encryption is required. User access is controlled by the client on-boarding and compliance teams.
s 18.5 Adequacy of System	s 1.2.4 (b)	Effective techniques to protect the confidentiality and integrity of stored information and passed between networks	What security controls do you have in place to protect the confidentiality of orders and to protect the integrity of the trading system?	Trading system access is only permitted for users whose role / function requires them to have access. Line manager and information owner approvals are required before any user access is granted or modified. User access is reviewed as a part of IPL's User Access Management process.

s 18.5 Adequacy of System	s 1.2.4 (c)	Appropriate operating controls to prevent and detect unauthorized intrusion, security breach or attack	Describe the monitoring tools that are employed to ensure that adequate access controls are in place and that breaches are identified.	All attempts to access systems, whether successful, or unsuccessful, are logged and available for review.
			Describe your operating controls (including reviews or audits) to prevent and detect unauthorized intrusion, security breach or attack.	Operational controls adopted by IPL are subject to on-going reviews by internal and external auditors. IPL's Risk Management and Information Security teams are responsible for the creation and maintenance of IPL's corporate information security policies. The objectives of information security policies are to: • Set forth policies to protect the confidentiality of sensitive information and safeguard it against unauthorized access and disclosure, whether intentional or accidental; • Promote the integrity of information assets by setting forth policies to protect such assets from unauthorized accidental or intentional damage, modification, and destruction; and • Ensure the availability of information by establishing policies to assure continued access to information regardless of unplanned business interruptions.
s 18.5 Adequacy of System	s 1.2.4 (d)	Take appropriate steps to raise the awareness of system users on the importance of security precautions	Describe the steps taken to raise the awareness of system users on the importance of security precautions, e.g. regular training.	Trading system access is only permitted for users whose role / function requires them to have access. Line manager and information owner approvals are required before any user access is granted or modified. User access is reviewed as a part of IPL's User Access Management process.
s 18.5 Adequacy of System	s 1.2.5 (a)	Ensure that the capacity usage is regularly monitored and appropriate capacity planning developed	What capacity constraints exist in the electronic trading system you provide?	IPL's electronic trading system is scaled to handle at least 3 times current peak load. Daily and monthly reports summarizing the number of algorithmic orders / child orders / market data updates are generated and reviewed. Stress testing is conducted regularly (at least once per calendar year). Market conditions and trading volume levels are continually monitored to ensure the electronic trading system is not overloaded. Where a sustained increase in load is observed steps will be taken to maintain capacity at least 3 times peak load.
			Is the capacity of the system regularly tested (for e.g. volume	Capacity planning is an ongoing process. The scalable nature of the electronic trading system means capacity can easily be added as

			testing)? (Please also refer to 1.2.5(b) below)	market conditions evolve. In the event IPL were to experience capacity issues processes exist to minimize disruption to trading.
			Are test results used as evidence for effective capacity planning?	Yes
			Do you have a pre-set modus operandi in place to handle capacity breach issues?	Yes
			Does the capacity testing and monitoring take account of different market situations, e.g. index rebalancing at close?	Yes
			Apart from throttling, does the capacity planning take into consideration (algo) performances and other pre-trade controls due to latency?	Yes
			Please certify that capacity usage is regularly monitored and appropriate capacity planning developed.	IPL certifies that ~~regular~~ capacity is regularly monitored and that appropriate capacity plans are in place.
s 18.5 Adequacy of System	s 1.2.5 (b)	Ensure that the capacity is regularly stress tested	What process is employed to monitor and test the capacity load of the electronic trading systems?	IPL conducts two kinds of stress testing: 1. Automated stress testing – Performed ~~on a daily basis~~daily by replaying production flow in a test environment. 2. Manual stress testing – Performed by manually ~~pumping~~ submitting baskets of algo orders into the electronic trading platform until the algo engine / analytics platform reach~~es~~ ~~their~~ maximum capacity.
			How often are these stress tests done? Are they documented?	Manual testing is conducted 1-2 times per calendar year and is used to confirm the maximum threshold of each server. Test results are fully documented.

			Certify that your capacity is regularly stress tested	IPL certifies that capacity is regularly tested.
s 18.5 Adequacy of System	s 1.2.5 (c)	Ensure that the system has sufficient capacity to handle foreseeable increase in volumes and turnover	See also s 1.2.5(a) above	See also s 1.2.5(a) above IPL regularly monitors volumes and turnover to ensure capacity.
			Certify that your system has sufficient capacity to handle foreseeable increase in volumes and turnover	IPL certifies that there is sufficient platform capacity to handle foreseeable increases in volumes and turnover.
s 18.5 Adequacy of System	s 1.2.5 (d)	Ensure that you have contingency arrangements to: i) handle client order instructions exceeding the capacity; and ii) inform clients about the arrangements and ensure an alternative means of order execution	What contingency arrangements are employed when capacity load of the electronic trading systems you provide become critical? Who oversees the process? What remedies are employed?	By conducting regular stress testing, as well as performing real-time monitoring, IPL's electronic trading system capacity can be increased ahead of time. This process is overseen by the Trade System Support team.
			How is this communicated to users?	In the event of an issue impacting the electronic trading system an announcement will be made by the Trade System Support team. IPL coverage teams will directly engage with impacted clients.
			Please describe what you would do should a situation occur as described in s1.2.5 (d).	In the unlikely event that a capacity issue is encountered load balancing strategies can be employed including, moving flow to underutilized servers or adding additional servers / processes. As a final resort, clients can be requested to trade away and the system set to reject new order flow.
s 18.5 Adequacy of System	s 1.2.6	Have a written contingency plan to cope with emergencies and disruptions, which should include at least (a) – (c) below	In the event of BCP/DR, do you have trained personnel available to: • Ensure an electronic trading system user's continued access to a specific market, and • Ensure that the electronic trading system continues to honor its record keeping	Documented, and tested, Business Continuity Plans (BCP) are in place for critical business areas across each division. These plans identify the personnel, resources and key dependencies (e.g., third-party organizations) required to recover critical business functions, as well as the various procedures necessary to respond to and recover from a business disruption.

			requirements during a BCP / DR situation	
			Describe your Business Continuity (BCP) / Disaster Recovery plan as it relates to the electronic trading systems, and the procedure for invoking it. Please include information about any back-up facilities and the testing of the viability and adequacy of the plan.	IPL's business continuity strategy includes staff migration to a remote business continuity site or work from home arrangements. Additionally, Instinet maintains electronic trading coverage and technology support staff in other regional offices. From a platform perspective, Instinet maintains regional disaster recovery facilitates with data centers spanning multiple geographic locations. ~~Instinet maintains a recovery location and work from home capabilities enabling the continuation of business operations in the event of a business disruption that results in relocation of personnel or functions from its primary business location. The business recovery facility has been equipped to accommodate critical business processes, personnel and associated applications / services.~~ BCP tests are conducted periodically by all critical functions. Such tests aim to validate the effectiveness of BCP procedures as well as ensue the availability of critical services at the backup locations within required recovery time objectives.
s 18.5 Adequacy of System	s 1.2.6 (a)	Have a suitable back up facility	Do you have a suitable backup facility (or recovery site) which will enable you to provide electronic trading services or alternative arrangements for order execution? If yes, where is it located and is it a dedicated or shared facility?	In addition to the primary office in Two IFC, Central, IPL maintains a backup office in Kwai Chung, N.T., Hong Kong. This is not a shared facility and is a hot site. In case of emergencies in the primary office, staff are to be sent to the backup office or work from home. The Primary datacenter, located in Japan, is backed up by a Disaster Recovery Datacenter located in Hong Kong.
			How do you inform clients on scenarios where either a backup facility may not exist, or where constraints may be encountered (e.g. reduced capacity or latency) or where there is a need for a specific pre-requisite from the client themselves (e.g. backup servers in co-location).	In the event IPL invokes its BCP the client coverage team will communicate directly with impacted clients. Clients will be made aware of the nature of the event as well as any factors which could impact their ability to execute trades through Instinet.

			How much time does your firm require in order to switch between production and the DR site for the electronic trading system?	The time taken to invoke DR is dependent on the nature of the specific incident. While some incidents will have limited impact full DR invocation will take approximately 2 hours.
s 18.5 Adequacy of System	s 1.2.6 (b)	Have arrangements to ensure business records, client and transaction databases, servers and supporting documents are backed up	Please describe your arrangements to ensure business records, client and transaction databases, servers and supporting documentation are backed up in an off-line medium.	All business records, databases, servers and supporting documentation are backed up daily in an off-line medium. Depending on the information type, the backup is either completed locally in Hong Kong or in the US (for example, client records and local servers are backed up in Hong Kong and transaction databases are backed up on US servers).
			Do you have offsite storage? If yes, please outline the firm approach to security of offsite storage.	Yes. IPL has policies and procedures in place, reasonably designed, to apply with applicable laws, rules and regulations. Backups are taken offsite daily in Hong Kong.
s 18.5 Adequacy of System	s 1.2.6 (c)	Have a plan to deal with client and regulatory enquiries by trained staff	How does the firm monitor regulatory, legal and compliance enquiries?	All regulatory, legal, or compliance queries are directed to, and handled by, the Legal and Compliance group, who will communicate with regulators and clients on legal or compliance issues.
			Are there provisions under the BCP and DR plan for trained staff to deal with client and regulatory enquiries?	Legal and Compliance staff members can login from home or the BCP site; in doing so they can handle client and regulatory enquiries in the usual manner.
			Who is responsible for communications with regulators and clients?	The primary contact for communication with the regulators is the Head of Instinet Compliance, Hong Kong and ~~General Counsel, Asia~~Head of Instinet Legal and Compliance, Asia who are SFC complaints officers.
s 18.5 Adequacy of System	s 1.2.7	Contingency plan periodically tested for adequacy and viability	How often is the contingency plan tested to ensure that it is adequate? When was its last tested? See 1.2.6- should be included in BCP description	IPL maintains a BCP / DR contingency plan testing schedule. The BCP is updated annually with input from each department head. IPL conducted a DR test in ~~Q4 2023~~August 2025, systems failover to the secondary datacenter located in Hong Kong is simulated. Functional testing was conducted by Technology and Front Office to confirm system healthiness. Further, a BCP test was conducted in March 2024, teams from the front and back office worked "live" from the DR site or remotely, from home.

s 18.5 Adequacy of System	s 1.2.8	In the event of a material system delay or failure, a firm which provides an electronic trading system to clients should, in a timely manner,: a) ensure the delay or failure is rectified; and b) inform clients of causes and how client orders will be handle`d	How are major system failures or delays addressed and what procedures are in place to rectify them?	IPL's Trade System Support team are responsible for monitoring production stability as well as coordinating the response to specific incidents.
			What procedures are in place to ensure steps are taken to prevent past issues from reoccurring?	IPL maintains comprehensive policies and procedures for dealing with failures and delays, including post-incident analysis, diagnosis and remediation. A bi-weekly triage process, with input from the business, product, technology, risk and compliance ensures all issues are reviewed and assigned an appropriate level of resource and attention. Depending on the severity of an incident there will be an escalation to senior management as well as the Regional Risk Management and Compliance Committee.
			Are there clear guidelines in place to inform the user in cases of a system disruption including information as to how and when the issue will be resolved? If yes, what are those guidelines?	Yes. Standard practice is to notify users promptly as to the extent of the disruption and the estimated downtime.
s 18.6 Record keeping **s 18.6 Record keeping**	s 1.3.1 (a) (general), s 3.4.1 (algos)	Licensed or registered person should keep or cause to be kept proper records of the design, development, deployment and operation of electronic trading systems		
		General - Licensed or registered person should keep or cause to be kept comprehensive documentation of the design and development, including any testing, reviews, modifications, upgrades or rectifications of its system Algos – Design and development, including modifications, of algos are	1. Describe what records and documents your firm prepares and maintains relating to the following: a. design, development and modification, b. testing and review, and c. risk management controls of (i) the electronic trading system and (ii) if applicable, the algorithmic	IPL certifies that it keeps all required records and that it retains them in pursuant to paragraph 1.3.2 of Schedule 7 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.

		documented in writing. The documentation should show the rationale for the design, development and modification, as well as their intended outcome. These records should be retained for a period of no less than 2 years after its system and algorithms cease to be used.	trading system and trading algorithms	
			How often does your firm review and update these records and documents?	These are reviewed regularly by various working groups and ~~committies~~committees, including ~~s well as the Algorithmic and Electronic Trading Committee and~~ the Regional Risk Management and Compliance Committee. Documents are updated as required.
			Certify that you keep comprehensive documentation of the design and development, including any testing, reviews, modifications, upgrades or rectifications of your system Algos – Design and development, including modifications, of algos in writing. That the documentation shows the rationale for the design, development and modification, as well as their intended outcome. That these records are retained for a period of no less than 2 years after your system and algorithms cease to be used.	IPL certifies it complies.
s 18.6 Record keeping	s 1.3.1 (b)	Keep or cause to be kept comprehensive documentation of the risk management controls of its system	See 1.3.1 (a) above Certify that you keep comprehensive documentation of the risk management controls of your system and that these records are retained for a period of no less than 2 years after your system and algorithms cease to be used.	IPL certifies that risk management controls are documented and records retained for no less than 2 years after the system and algorithms cease to be used.
s 18.6 Record keeping	s 1.3.1 (c), Annex to	Keep or cause to be kept audit logs on the activities of its system	Please confirm that your firm maintains an audit log that documents the order process and transaction flow through (i)	IPL records a broad range of order level information in its order audit logs. This information includes, but is not limited to: 1. Name of the client 2. Person placing order on client's behalf

	Schedule 7	Further details in Annex	the electronic trading system and (ii) if applicable, the algorithmic trading system. Please summarize the information that your firm maintains as part of the audit log.	3. Date & time of order receipt 4. Name of the security 5. The number of shares to be bought or sold 6. Price or price-related instructions 7. Any order amendment details 8. Any order cancellation details 9. Any specific algorithmic parameters The data retained in relation to trade executions includes: 1. Market Order Id 2. Trade Date Time 3. Quantity 4. Price 5. Value 6. Buy / Sell 7. Stock Code 8. Account Name / Number 9. Time Stamp of order execution 10. Executing venue
			Certify that you maintain audit logs as set out in Annex to Schedule 7 and that these records are retained for a period of no less than 2 years after your system and algorithms cease to be used.	IPL certifies that records are retained for a period of 7 years.
s 18.6 Record keeping	s 1.3.1 (d), Annex to Schedule 7	Keep or cause to be kept incident reports for all material system delays or failures of its system Further details in Annex	Describe what reporting your firm maintains for material system delays or failures. [Please state what you consider to be "material system delays or failures" for this purpose and give examples	Please refer to s 1.2.8 above regarding incident reports for material system delays and failures. In addition to retention of documents related to incidents, material operational risk events are also documented, in accordance with the firm's operational risk processes. Examples of such events would include: • A loss or gain which exceeds a prescribed threshold; • An overnight exposure which exceeds a prescribed threshold; • A significant business disruption, or regulatory risk • A near miss event
			Certify that you maintain incident reports as set out in	IPL certifies that records are retained for a period of not less than 2 years after the system and/or algorithm ceases to be used.

			Annex to Schedule 7 and that these records are retained for a period of no less than 2 years after your system and algorithms cease to be used.	
s 18.6 Record keeping	s 1.3.2	Licensed or registered person keep or cause to be kept documentation referred to in paragraphs 1.3.1 (a) and (b) for a period of not less than 2 years after the electronic trading system ceased to be used; and the audit logs and incident reports in paragraphs 1.3.1(c) and (d) for not less than 2 years	What is your record retention policy for the documentation, audit logs and incident reports that your firm maintains in relation to (i) the electronic trading system and (ii) if applicable, the algorithmic trading system?	Records are retained pursuant to paragraph 1.3.2 of Schedule 7 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Future Commission.
			How does your firm maintain such documentation, audit logs and incident reports; and what controls are in place to monitor access to this information?	Data is kept electronically. Access to audit logs is restricted to authorized personnel only.
s 18.6 Record keeping	s 3.4.2	Licensed or registered person ensure that records of all the parameters which its algorithmic trading system and trading algorithms take into account for each order is kept and is retained for a period of no less than 2 years	Confirm that, when you design, develop or modify the algorithmic trading system or trading algorithms, you document (i) the rationale, and (ii) the intended outcome, of the design, development or modification.	IPL maintains comprehensive documentation pertaining to the design, development and modification of the algorithmic trading system, as well as specific trading algorithms. Documentation includes the rationale for adopting a specific approach as well as the intended outcome. All documentation is retained in accordance with paragraph 3.4.1 of Schedule 7 of the Code of Conduct for Persons Licensed by or Regulated with the Securities and Futures Commission.
			Confirm that, for each order, your firm records the parameters which the algorithmic trading system and trading algorithms take into account. How long are these records kept?	IPL confirms that order level information is retained for a minimum period of 7 years, this information includes parameters taken into consideration by the algorithmic trading system.
			Certify that records of all the parameters which your algorithmic trading system and trading algorithms take into	IPL certifies that records of all the parameters taken into consideration by the algorithmic trading system and those considered by trading algorithms for each order are kept and retained for a period of no less than 2 years.

			account for each order are kept and retained for a period of no less than 2 years.	
s 18.6 Record keeping	s 3.4.3	Licensed or registered person should ensure that records of the reviews and tests conducted under paragraph 3.2.2 setting out the scope of findings of the tests are kept and are retained for a period of no less than 2 years.	Certify that records of the reviews and tests conducted under paragraph 3.2.2 setting out the scope of findings of the tests are kept and are retained for a period of no less than 2 years.	IPL certifies that records of capacity testing, capacity planning, and regression testing are retained for a period of no less than 2 years.
s 18.7 Risk Management – Internet trading and DMA		When providing internet trading/DMA, firm must ensure all orders are transmitted to the firm's infrastructure and are subject to appropriate automated pre-trade risk management controls, and regular post-trade monitoring		
s 18.7 Risk Management – Internet trading and DMA	s 2.1.1	Firm should put in place risk management and supervisory controls for the operation of its internet/DMA service that are directly controlled by the firm, including those in (a) and (b) below	Describe the internet trading or DMA service's: a) pre-trade risk management controls b) post-trade monitoring programme (including what risks are monitored for, how they are monitored and how frequently). Explain the methodology by which the licensed person has determined the limits and controls are appropriate in (a) and (b) above. Describe how, and how often, these limits and controls are reviewed.	Pre-trade risk controls for DMA include: • Limit price controls • Cumulative client exposure limits • Per order notional limits • Liquidity controls To the extent that a DMA client utilizes IPL's trading algorithms additional pre-trade controls may apply. Pre-trade controls are reviewed by compliance, risk and the front office on a regular basis. Controls are calibrated based on market practice, with consideration given to specific market microstructures and trading conditions. Proposed changes are reviewed by the Risk Management and Compliance Committee. Post-trade surveillance monitoring is performed by compliance on a daily basis incorporating a multitude of risks, including spoofing and adverse price impact. All trading activities, whether manual or electronic, conducted through affiliated exchange members are within scope for surveillance monitoring. The appropriateness of thresholds is reviewed on a regular basis with recalibration occurring as necessary.

s 18.7 Risk Management – Internet trading and DMA	s 2.1.1 (a)(i)	An automated pre-trade control reasonably designed to prevent entry of orders that would exceed trading/credit thresholds	See above s 2.1.1	See above s 2.1.1
s 18.7 Risk Management – Internet trading and DMA	s 2.1.1 (a)(ii)	An automated pre-trade control reasonably designed to limit the financial exposure of the firm (providing the internet/DMA service)	See above s 2.1.1	See above s 2.1.1
s 18.7 Risk Management – Internet trading and DMA	s 2.1.1 (a)(iii)	An automated pre-trade control reasonably designed to alert the user to and prevent the entry of potential erroneous orders	See above s 2.1.1	See above s 2.1.1
s 18.7 Risk Management – Internet trading and DMA	s 2.1.1 (a)(iv)	An automated pre-trade control reasonably designed to prevent the entry of orders not in compliance with regulatory requirements	See above s 2.1.1	See above s 2.1.1
s 18.7 Risk Management – Internet trading and DMA	s 2.1.1 (b)	Post trade monitoring in place to reasonably identify any order instructions/transactions that may have been manipulative or abusive in nature	See above s 2.1.1	See above s 2.1.1
s 18.7 Risk Management	s 2.1.2	Licensed or registered person, upon identification of any suspected manipulative or	See above s 2.1.1	See above s 2.1.1

– Internet trading and DMA		abusive trading activities, take immediate steps to prevent such activities		
s18.8 Minimum client requirements - DMA		Firms should establish minimum client requirements for DMA services and assess whether client meets them before granting access		IPL has established minimum client requirements for use of its DMA system.
s18.8 Minimum client requirements - DMA	s 2.2	Further details on client requirements		Those requirements are available at *https://www.instinet.com/legal-regulatory* document titled "IPL Hong Kong Minimum DMA and Algorithmic Trading" under Instinet Pacific Limited.
s 18.9 Qualification – algo trading		Firm should establish and implement effective policies and procedures to ensure that persons (a) involved in design/development of algos, and (b) approved to use algos, are suitably qualified	Certify that you have policies and procedures to ensure persons a) involved in design/development of algos, and b) approved to use algos are suitably qualified	All candidates are subjected to multiple rounds of interviews and pre-employment screening. The human resources team conducts detailed pre-employment checks engaging a specialist 3rd party reviewer. Candidates specifically considered for design and development positions must pass technical aptitude tests and a home project assignment. Individuals approved to use the algorithmic trading system will undertake specific training in the usage and impact of IPL's trading algorithms.
s 18.9 Qualification – algo trading	s 3.1.1	Licensed or registered person ensure that the design and development of its algorithmic trading system and trading algorithms are supported by persons adequately qualified and trained to understand the compliance and regulatory issues which may arise	Please describe the level of training and support that you will provide to clients regarding: • Use and operation of the systems and trading algorithms • Compliance and regulatory issues which may arise from the use of the systems and trading algorithms • (in respect of each trading algorithm)	All clients will receive detailed training documentation concerning the use of the algorithmic trading system and specific algorithms. Clients are also offered interactive training sessions. Furthermore, clients receive active coverage from the Electronic Trading team. Any questions, or issues, pertaining to the electronic trading system, or Instinet algorithms, will be responded to in a timely manner.

			○ its trading characteristics and execution behavior, ○ potential market impact and risks to market integrity, and ○ regulatory constraints on use	
			Please supply copies of the relevant training documentation that will be used for training support.	The documentation is available at *https://www.instinet.com/legal-regulatory* document titled "IPL Electronic Trading Information and Training Pack" under Instinet Pacific Limited.
s 18.9 Qualification – algo trading	s 3.1.2	Licensed or registered person ensure that the person approved to use its algorithmic trading system has a good understanding of a) the operation and b) the compliance and regulatory issues which may arise from the use of the algorithmic trading system and trading algorithms		IPL conducts regular training of all its trading staff in the use of its algorithms. This includes compliance and regulatory issues.
s 18.9 Qualification – algo trading	s 3.1.3	Where necessary, the licensed or registered person should provide training on: the use and operation of the algorithmic trading system; each of the trading algorithms contained in the algorithmic trading system including: its trading characteristics and execution behavior; the potential market impact and risks to market integrity; and whether it is appropriate to use a particular trading algorithm under certain market conditions in the execution of	Certify that you will provide us with timely training on material changes to your the use and operation of the algorithmic trading system; each of the trading algorithms contained in the algorithmic trading system including: its trading characteristics and execution behavior; the potential market impact and risks to market integrity; and whether it is appropriate to use a particular trading algorithm under certain market conditions in the execution of certain orders in	IPL certifies that material changes affecting the use and operation of the algorithmic trading system will be communicated to clients, and training will be provided as necessary.

		certain orders in light of the regulatory requirements	light of the regulatory requirements.	
s 18.9 Qualification – algo trading	s 3.1.4	Licensed or registered person should ensure that the person approved to use its algorithmic trading system is timely informed and, where necessary, is provided with the training in respect of any changes to the design and development of its algorithmic trading system and trading algorithms	Please describe your procedures for informing a user in a timely manner of any changes in the design and development of the systems and trading algorithms.	Active users of the algorithmic trading system are continually updated on new developments. Should a material change occur clients will receive an updated manual and / or contact by the Electronic Trading team.
s 18.9 Qualification – algo trading	s 3.1.5	Licensed or registered person should ensure that the person approved to use its algorithmic trading system is provided with up-to-date documentation for operating its algorithmic trading system (including on the risk, supervisory and compliance controls)	Please supply copies of up-to-date documentation on the use of the systems and trading algorithms. The documentation should include (i) an explanation on how to operate the systems and trading algorithms, and (ii) a description of the applicable risk, supervisory and compliance controls.	These are attached.
			How often does your firm review and update these documents?	These are reviewed at least quarterly and whenever a material change to the system occurs.
s 18.10 Testing – algo trading		Licensed or registered person should ensure that the algo trading system and algos are adequately tested to ensure they operate as designed	Certify that your algorithm trading system and the algorithms we have access to are adequately tested to ensure they operate in the manner for which it is designed.	IPL certifies that it conducts regular testing to ensure the algorithmic trading system is operating within the designated parameters.
s 18.10 Testing – algo trading	s 3.2.1	Licensed or registered person should adequately test the algo system and algos (including modifications) so as to be		Please see (a) - (c) below.

		satisfied as to the matters in (a) – (c) below as designed		
s 18.10 Testing – algo trading	s 3.2.1 (a)	That they will operate as designed	Certify that the design and development of the algorithms we have access to have taken into account i) foreseeable extreme market circumstances and ii) the characteristics of different trading sessions such as auctions and continuous trading	IPL certifies that during the design and development of its algorithms reasonable consideration is given to – i) foreseeable extreme market circumstances and ii) the characteristics of different trading sessions, such as auctions and continuous trading.
s 18.10 Testing – algo trading	s 3.2.1 (b)	That their design and development have taken into account i) foreseeable extreme market circumstances and ii) the characteristics of different trading sessions such as auctions and continuous trading	Describe how the algorithms take into account foreseeable extreme market condition scenarios and the characteristics of different trading sessions	The design, development and testing processes for Instinet's algorithms includes, considering foreseeable extreme market conditions and the characteristics of different trading sessions. The IPL algorithmic trading development team utilizes an automated testing framework whereby specific market scenarios, such as extreme market conditions, or characteristics of different trading sessions, can be simulated. All automated tests have to be passed for new code changes to be integrated into the code base and released to production.
s 18.10 Testing – algo trading	s 3.2.1 (c)	That their deployment would not interfere with the operation of a fair and orderly market	Please outline how you ensure that application deployment will not interfere with the operation of a fair and orderly market	Automated pre-deployment testing includes scenarios designed to ensure the algorithmic trading system will not interfere with the operation of a fair and orderly market. Furthermore, specific pre-trade controls, as described in the Risk Controls Experts Algorithmic Training Parameters (Appendix B), are designed to ensure algorithms will not interfere with the operation of fair and orderly market. A ~~weekly~~ monthly report of algorithmic orders put on hold for manual review by these controls is reviewed by GTR Asia team. A weekly summary mail of triggered risk controls is sent to all algo stake holders
s 18.10 Testing – algo trading	s 3.2.2	Licensed or registered person should test regularly for the system's ability to handle sizable trading volume and for the algo's ability to execute orders without interfering with the operation of a fair and orderly market	After deployment do you test at least annually the ability of the systems and trading algorithms to (i) handle sizeable trading volumes, and (ii) execute orders without interfering with the operation of a fair and orderly market?	Capacity and stress testing are conducted on a yearly basis. In addition, relevant functional & capacity testing is performed prior to each system upgrade, enhancement or bug fix.

			Who performs these tests?	All testing is conducted in-house.
			Do you use third party providers?	No third-party providers are used.
			Please outline the key metrics within your due diligence procedures to ensure third party providers conduct an equivalent level of testing of their algorithmic trading system and trading algorithms	N/A
s 18.11 Risk Management – Algorithmic trading		Licensed or registered person should have controls that are reasonably designed to ensure (a) integrity of its algo trading system and algos, and (b) its system and algos operate in the interest of the integrity of the market		Full details of the controls in the algorithms are contained in the algorithm manual and training package also supplied and available at *http://www.instinet.com/legal-and-regulatory.php*
s 18.11 Risk Management – Algorithmic trading	s 3.3.1 (a)(i)	Licensed or registered person should have controls that are reasonably designed to monitor and prevent orders that may be erroneous	Describe the controls (including how any automated controls operate) implemented in respect of the system to prevent generation / processing of trade orders that may be erroneous or interfere with the operation of a fair and orderly market.	The algorithmic trading system includes a number of mandatory and user-determined filters designed to prevent activity which could interfere with the operation of a fair and orderly market. These controls include, but may not be limited to: 1. Maximum Order Size / Price Tolerance 2. Liquidity controls 3. Outbound Message Rate Throttles 4. Execution / Fills Reconciliation 5. Kill Switches and Emergency Shutdown/ Re-start Procedures 6. Separation of Production / Non- Production Environments 7. Access restrictions to trading and order management GUIs 8. Cumulative Client Exposure 9. Reference Data Integrity 10. Market Data Integrity
s 18.11 Risk Management –	s 3.3.1 (a)(ii)	Licensed or registered person should have controls that are reasonably designed to monitor and prevent orders	How does the firm define/ consider the circumstances that could give rise to a disruption in the operation of a "fair and	The circumstances that could give rise to a disruption of a fair and orderly market are specific to the relevant market as well as the mechanism by which participants interface with that market. Such factors could include:

Algorithmic trading		interfering with the operation of a fair and orderly market	orderly market" for these purposes?	• Regulatory and exchange rules • Enforcement actions • Exchange infrastructure and systems limitations • Past market disruptions • Significant trading errors
s 18.11 Risk Management – Algorithmic trading	s 3.3.1 (b)	Licensed or registered person should have controls that are reasonably designed to protect itself and its clients from being exposed to excessive financial risk	Describe the controls (including how any automated controls operate) implemented in respect of the system to protect the firm and clients using the algorithmic trading system from excessive financial risk.	The algorithmic trading system includes a set of pre-trade controls specifically designed to prevent erroneous orders, disruptive orders, and orders that might expose Instinet and / or its clients to excessive financial risk. Mandated pre-trade controls exist at a firm-wide level however customized controls can also be enabled for individual clients. In addition to the pre-trade controls Instinet's electronic trading client coverage team are monitoring trading activity on a real-time basis, including receiving automated alerting if pre-defined scenarios occur. In the event of a risk scenario materializing documented kill switch and shutdown procedures will be followed.
			How does the firm define "excessive financial risk" for this purpose? Does/ how does the firm monitor for such risk?	IPL considers "excessive financial risk" to be dependent on a number of factors, including a client's specific profile and prevailing market conditions.
s 18.11 Risk Management – Algorithmic trading	s 3.3.2 (a)	Licensed or registered person should regularly conduct post-trade reviews to identify suspicious market manipulative or abusive activities;	Describe the firm's post-trade review process in respect of algorithmic trading activities by clients.	Post-trade surveillance monitoring is performed by compliance on a daily basis incorporating a multitude of risks, including but not limited to spoofing and adverse price impact. All trading activities, whether manual or electronic, conducted through affiliated exchange members are within scope for surveillance monitoring.
			What risks are reviewed and monitored for? How frequently?	The appropriateness of thresholds is reviewed on a regular basis with recalibration occurring as necessary.
			If risks are identified, what steps are taken to escalate, redress and notify relevant parties of these risks, and prevent re-occurrence?	Depending on the nature of the risk, there will be an escalation to the relevant RO, and a senior member of the compliance team. Issues are dealt with in accordance with Instinet's incident report process which includes investigation, diagnosis, remediation and monitoring. The incident reporting process is overseen by the Risk Management and Compliance Committee.
s 18.11 Risk	s 3.3.2 (b)	Licensed or registered person should regularly conduct post-trade reviews to identify market	See above 3.3.2(a)	See above 3.3.2(a)

Management – Algorithmic trading		events or system deficiencies such as unintended impact on the market which call for further risk control measures		
s 18.11 Risk Management – Algorithmic trading	s 3.3.3	Licensed or registered person should, upon identification of any suspected market manipulative or abusive trading activities, take immediate steps to prevent these activities from continuing		IPL has policies and procedures in place that are reasonably designed to comply with its regulatory obligations in this regard. IPL has the ability to pause trading and prevent trading where a reasonable suspicion of such activity exists.

Updates to this document will be posted at https://www.instinet.com/legal-regulatory.