

THE CONSTITUTION OF THE Association of Independent Asset Managers (Hong Kong)

November 2017

NAME

- 1.1 This Limited Company by Guarantee, also known as an Association, formalized as a new company limited by guarantee under the laws of Hong Kong, shall be known as the "Association of Independent Asset Managers (Hong Kong)", hereinafter referred to as the "AIAM".
- 1.2 The AIAM will be governed by the laws of Hong Kong (hereinafter the "Laws"), and the articles of association (hereinafter the "Articles"). Where there is a conflict between this constitution and the Laws or the Articles, the Laws and the Articles shall prevail.
- 1.3 The AIAM will be managed by an elected Board of Directors, also referred to as the Board or the Committee. The Board's primary role is to oversee the day to day activities, to promote the Association, and to work towards the objectives as outlined below. The activities of the Board and the Association may vary over time, depending on the needs and interest of members.

PLACE OF BUSINESS

- 2.1 Its place of business shall be at **39 Wellington Street Central, 23F, Lucky Building, Hong Kong** or such other address as may subsequently be decided upon by the Committee and approved by the Registrar of Societies. The AIAM shall carry out its activities only in places and premises which have the prior written approval from the relevant authorities, where necessary.

OBJECTIVES

- 3.1 Its objects are:
 - a) Representation of its members (the "Members") in Hong Kong and abroad;
 - b) Preservation of the reputation and standing of independent asset managers in Hong Kong and other financial markets;
 - c) Joint development, with the authorities and trade associations, of new rules of professional conduct;
 - d) Collection of data and information regarding the profession, the AIAM and its Members to ensure their proper representation in public, regulatory and trade association matters;
 - e) Provision of support to Members with respect to professional and

- related matters;
- f) Organization of meetings to exchange information and experience and to promote the AIAM's objectives; and
 - g) To act as a forum to exchange ideas and network amongst its Members and other industry professionals.

MEMBERSHIP QUALIFICATION AND BENEFITS

The Board can propose changes to its membership categories at a General Meeting. There are currently several types of memberships for companies.

Ordinary Membership

4.1 Ordinary Membership is open to companies incorporated in Hong Kong, whose core business is to act as Independent/External Asset Managers ("IAM/EAM"), serving investors and where the assets are held in custody with the client's chosen independent financial institution in a Financial Action Task Force ("FATF") country. The IAM/ EAM operates under a Limited Power of Attorney ("LPOA") given by their respective clients on their bank accounts held with these clients chosen custodian banks or brokerage firms. Some IAM/EAMs may be providing asset management advice on a direct fee basis rather than acting as an LPOA. Companies applying for Ordinary Membership who have been in existence for less than one year may, as the discretion of the Committee, be put under probation for the first year of their membership to allow them to build up their business credential and track record.

4.2 Ordinary Members are invited to join the AIAM's meetings, including General Meetings, are eligible to serve on the Committee, and are allowed to vote. Ordinary Members on probation are invited to join the AIAM's meetings, including General Meetings, but are not eligible to serve on the Committee and are not allowed to vote.

4.3 The main benefits of joining the AIAM are the following:

- **A**ccess to the market with the support of an organized and recognized entity;
- **I**nsight to the best IAM market practices and industry direction;
- **A**bility to share, exchange and transfer knowledge, connections and skills amongst industry practitioners and external service providers;
- **M**aintain & enhance the IAM's professional conduct and delivery to clients and the community.

Associate Membership

4.4 Associate Membership is open to companies with an interest in the Independent Asset Management industry in Hong Kong.

- 4.5 Associate Members are invited to join the AIAM's meetings; however they are not eligible to serve on the Committee and are not allowed to vote during the AIAM's meetings, including General Meetings.
- 4.6 The AIAM offers its Associate Members a valuable platform to make contact with its members. They also receive the following benefits:
- The opportunity to appear as a speaker at the meetings;
 - Opportunities to network with other members;
 - Invitation to the AIAM's events e.g. forums, seminars, members meetings, golf tournaments; this benefit does not include access to selected events for Ordinary Members only;
 - Preferential conditions for all AIAM's events;
 - Opportunities for event sponsoring;
 - Opportunities of service and products presentations.
- 4.5 Two tiers of Associate Membership will be available to choose from: Gold and Silver. In addition to all the privileges extended to Silver tier members; Gold tier members will enjoy higher priority and greater exposure in terms of branding, marketing and sponsorship. The exact nature of such exposure is to be determined.

APPLICATION FOR MEMBERSHIP

Ordinary Membership

- 5.1 A company that wishes to join the AIAM as an Ordinary Member should apply online by the completion of the Ordinary Membership Application Form. The AIAM intends to digitalize its processes wherever possible. Online or paper applications submissions are acceptable.

Compulsory documents required as listed below. If any one of these is not available, the Committee, at its sole discretion, may accept the Application with alternative documentation.

- a) Organizational Chart, Company profile/ brochure
 - b) Copy of Business Registration
 - c) Completed and signed Code of Ethics Statement
 - d) Details of the SFC License and any other license/memberships
 - e) Letter signed/chopped by Directors of the Company to certify that the firm has at least 50% of its activities and revenues are generated from being IAM/EAM
 - f) SFC License details for Technical Representative/Responsible Officers/Company Key Executives
- 5.2 The Committee will decide on the application for Ordinary Membership

within 60 days of the application being submitted, based on the application and if required, an interview of the applicants' founders and key executives with at least two of the Committee Members. The Committee's decision is absolute and final, with no obligation to elaborate the reasons for its decision.

- 5.3 At a minimum, all Ordinary Membership applicants must be SFC licensed for type 4 or type 9 activities. Applicants must also hold the relevant required licenses for any other auxiliary business activities in which they are engaged. Applicants must present to the AIAM documentary evidence of their registration and/or the relevant licence with the SFC. Applicant must certify in writing that the firm has at least 50% of its activities and revenues being generated from IAM/EAM activities and submit this declaration alongside the other documents upon application.
- 5.4 The founder and/or key officers of an Ordinary Membership applicant are expected to have relevant experience in the financial industry, including but not limited to investment or portfolio advisory, fund or portfolio management and/or any work or professional experience that the Committee may regard in their discretion as relevant to the AIAM and in line with SFC set criteria. The founder and/or key officers should be "technical representatives" under the SFC and kindly provide the AIAM with the CE. Number, verified by the SFC's website.
- 5.6 Members must commit to and ensure that they provide asset management services on a professional and ethical basis, upholding the standards of integrity expected of an IAM/EAM. These standards are intended to establish and solidify the industry's standing and reputation. All Members must meet the Fit and Proper Criteria set by the SFC, including but not limited to the expectation of being financially sound and with good integrity and able to meet all financial commitments at all times. Ordinary members are expected to adhere to the rules and guidelines issued by the SFC and any other regulatory body by which they are governed (HKMA, SEC, CIB etc.).
- 5.7 All Ordinary Members must adhere to the AIAM's Membership Protocol and Code of Ethics and accept the Ethics Statement on an annual basis upon every annual membership renewal.
- 5.8 Applicants with less than one year of existence as IAM/EAM if accepted as Ordinary Members may be put under probation for the first year so as to allow such member firm to build up their business credentials and track record. After the probation period, the Committee will review and determine whether to confirm or terminate the membership or otherwise extend the period of probation in its absolute discretion, without elaborating on its decision.

- 5.9 Upon submission of the membership application, the company should download and read the AIAM's Constitution.
- 5.10 The Committee may terminate membership without prior notice if it determines in its absolute discretion that a Member has not adhered to the AIAM's Code of Ethics and Professional Best Practices Reference Manual and/or is in breach of any SFC guidelines or AIAM Membership Protocol. Such termination has to be approved at a Committee meeting with a 2/3^{rds} majority with a minimum of 5 Committee members being present. The member has the right of representation to provide an explanation before such a decision is made final.
- 5.11 An Ordinary Member whose membership is terminated by the AIAM may appeal the decision in writing within 10 days of the date of the notified termination. Any such appeal has to be made in writing to the AIAM. The full Committee of the AIAM shall review the appeal and make a final decision within 60 days of the appeal being submitted. The full Committee's decision is final, absolute and binding and does not require the Committee to elaborate on its decision.

Associate Membership

- 5.12 A company that wishes to join the AIAM as an Associate Member should apply online by the completion of Associate Membership Application form. Online or paper applications are accepted.

Compulsory documents required:

- a) Business Registration
 - b) Organizational Chart, Company profile/ brochure (online link are accepted in lieu of paper documents)
 - c) Details of key executives who will be involved in AIAM
- 5.13 The Committee will decide on the application for Associate Membership within 60 days of the application being submitted, on a case-by-case basis, based on the application and if required, an interview of the applicants' founders and key executives with at least two of the Committee Members. The Committee's decision is absolute and final, with no obligation to elaborate the reasons for its decision.
- 5.14 Upon submission of the membership application, the company should download and read the AIAM's Constitution.
- 5.15 All Associate Members must respect and abide by the AIAM's Membership Protocol and Constitution and their respective professional conduct of their own profession.

- 5.16 The Committee may terminate membership without prior notice if it determines in its absolute discretion that a Member has not adhered to the AIAM's Code of Ethics and Professional Best Practices Reference Manual and/or is in breach of any SFC guidelines or AIAM Membership Protocol. Such termination has to be approved at a Committee meeting with a 2/3rds majority with a minimum of 5 Committee members being present. The member has the right of representation to provide an explanation before such a decision is made final.
- 5.17 An Associate Member whose membership is terminated by the AIAM may appeal the decision via the President and/or the Secretary within 10 days of the date of the notified termination. Any such appeal has to be made in writing to the AIAM. The full Committee of the AIAM shall review the appeal and make a final decision within 60 days of the appeal being submitted. The full Committee's decision is final, absolute and binding and does not require the Committee to elaborate on its decision.

Educational and Technology Partner and Other Memberships

- 5.18 A company that wishes to join the AIAM as an Educational and Technology Partner Member should apply directly to one of the Committee members. These membership types are generally by invitation only, at the sole discretion of the Committee, as it sees fit to encourage engagement with other associations and educational organizations, and to promote technology developments in the IAM space.

These membership types are generally not permitted to market to members and are not intended to be a way for members who fit in other categories to avoid paying membership fees. These are designed to encourage engagement which will be the benefit of the Ordinary and Associate Members.

Compulsory documents required:

- a) Business Registration
 - b) Organizational Chart, Company profile/ brochure (online link are accepted in lieu of paper documents)
 - c) Details of key executives who will be involved in AIAM
- 5.19 The Committee will decide on the application for these and any other Membership types within 60 days of the application being submitted, on a case-by-case basis, based on the application and if required, an interview of the applicants' founders and key executives with at least two of the Committee Members. The Committee's decision is absolute and final, with no obligation to elaborate the reasons for its decision.

FEES

6.1 The annual membership fee for Ordinary Members and Probation Ordinary Members is to be determined each year, based on the needs of the AIAM. It is expected to be around 8,000 HKD annually. The annual membership fee for Associate Members is to be determined but expected to be around 28,000 HKD annually. The fee, if any, for Education and Technology Partner Members will be determined annually by the Committee.

The fees are payable upon submission of their application or within two weeks after approval of membership and upon its annual renewal in January, in default of which membership may be terminated forthwith by the Committee. The Committee may, at its sole discretion, choose to waive the membership fee, on a case by case basis, as it feels is warranted by other factors such as in-kind contributions or attract members who can contribute to the goals of the organization.

6.2. The membership fee shall be reviewed and prescribed at the General Meeting of Members on recommendation from the Committee from time to time. The Committee may make changes in the fees for new members during the calendar year if desired.

6.3 Any additional funding for the AIAM may only be raised from members with the consent of the members.

6.4 The income derived and property of the AIAM shall be applied towards the promotion of the objects of the AIAM as set forth in this Constitution and no portion shall be paid or transferred directly or indirectly by way of dividend or bonus or otherwise by way of profit to the persons who at any time are or have been members of the AIAM or to any of them or to any person claiming through any of them.

6.5 Other types of Membership may be created from time to time as determined by the Committee.

SUPREME AUTHORITY AND GENERAL MEETINGS

7.1 The supreme authority of the AIAM is vested in a General Meeting of the Members.

7.2 An Annual General Meeting ("AGM") shall be held within 3 months prior to the end of the financial year, typically in November.

7.3 At other times, an Extraordinary General Meeting ("EGM") must be called by any two Committee members, on the request in writing of not less than 25% of the total voting membership or twenty (20) voting members,

whichever is the lesser, and may be called at anytime by order of the Committee. The notice in writing shall be given to the Committee setting forth the business that is to be transacted. The EGM shall be convened within two (2) months from receiving this request to convene the EGM.

- 7.4 If the Committee does not within two (2) months after the date of the receipt of the written request proceed to convene an EGM, the members who requested for the EGM shall convene the EGM by giving twenty-one (21) days' notice to voting members setting forth the business to be transacted and simultaneously submitting the agenda to the Committee for distribution to the members.
- 7.5 At least three (3) weeks' notice shall be given of an AGM and an EGM. Notice of meeting stating the date, time and place of meeting shall be sent by the Committee to all voting members. The particulars of the agenda shall either be circulated by email to all members and/or posted on the AIAM's website by the Committee seven (7) days in advance of the meeting.
- 7.6 Unless stated otherwise in this Constitution, voting by proxy is allowed at all General Meetings.
- 7.7 The following points will be considered at the AGM:
- a) The previous financial year's accounts and annual report of the Committee.
 - b) Where applicable, the election of office bearers and Committee for the following term.

Any member who wishes to place an item on the agenda of a General Meeting may do so provided he/she gives notice to the Secretary one (1) week before the meeting is due to be held.

- 7.8 At least 25% of the total voting membership present at a General Meeting shall form a quorum. Proxies shall not be constituted as part of the quorum.
- 7.9 In the event of there being no quorum at the commencement of a General Meeting, the meeting shall be adjourned for half an hour and should the number then present be insufficient to form a quorum, those present shall be considered a quorum, but they shall have no power to amend any part of the existing Constitution.
- 7.10 Please also see the Articles of Association under The Companies Ordinance (Chapter 622). For the avoidance of doubt, the Articles of Association takes precedence over the constitution for governing the AIAM in Hong Kong.

MANAGEMENT AND COMMITTEE

- 8.1 The administration of the AIAM shall be entrusted to a Board or Committee consisting of six to ten Committee Members to be elected at alternate Annual General Meetings.
- 8.2 Elections for the entire Committee are to be held every 2 years at the Annual General Meeting.
- 8.3 Nominations for the Committee Members shall be proposed and seconded at the Annual General Meeting and election will be based on the majority vote of the members.
- 8.4 The elected committee will vote internally at its discretion, to appoint formal offices such as President or Treasurer. At the current writing, the Committee has not chosen to use formal Office Bearers.
- 8.5 If applicable, any Office Bearers within the Committee, or any regular Committee Member, will hold the term for 2 years upon successful election
- 8.6 Upon completion of a regular 2-year term, any Office Bearer within the Committee and/or any regular Committee Member may contest for similar or different Committee position consecutively in the subsequent election for another term and/or for subsequent future terms indefinitely.
- 8.7 If any Committee Member withdraws from the Committee during his or her term, the Committee will vote for an ad-interim replacement to be invited into the existing Committee. If any Ordinary Member wants to step forward to join the Committee for an upcoming regular election, existing Committee Members whose initial 2 year term has been completed may opt to make way for the new member proviso to the candidate being successfully elected by the Ordinary Members.
- 8.8 Election will be conducted either by:
- a) Email submission to the Committee or
 - b) By show of hands or, subject to the agreement of the majority of the voting members present or
 - c) By secret ballot

In the event of a tie, a re-vote shall be taken and if it still results in a tie, a lot shall be drawn to determine who shall be the successful candidate unless the contesting candidate(s) withdraws in favour of the other party.

- 8.9 A Committee Meeting shall be held at least once every three months

after giving fourteen (14) days' notice to Committee Members. Any Member may call a Committee Meeting at any time by giving seven (7) days' notice. Majority of the Committee Members must be present for its proceedings to be valid.

- 8.10 Any member of the Committee absenting himself without sending an appropriate representative for three (3) meetings consecutively without satisfactory explanations shall be deemed to have withdrawn from the Committee and a successor may be co-opted by the Committee to serve until the next Annual General Meeting. Any changes in the Committee shall be notified to the Registrar of Societies within two (2) weeks of the change.
- 8.11 The duty of the Committee is to organise and supervise the daily activities of the AIAM. The Committee may not act contrary to the expressed wishes of the General Meeting without prior reference to it and shall always remain subordinate to the General Meetings. At regular Committee Meetings the quorum to make decisions shall be three Committee Members.
- 8.12 The Committee has power to authorise the expenditure from the AIAM's funds for the AIAM's purposes. No remuneration is provided to Committee members or Directors.

DUTIES OF OFFICE-BEARERS (IF ELECTED)

- 9.1 Currently the AIAM does not use Office Bearers. It may choose to do so at some point in the future. If not, then the following guidelines do not apply.

The President shall chair all General and Committee meetings. He/she shall also represent the AIAM in its dealings with outside persons.

- 9.2 The Vice President shall assist the President and deputise for him/her in his/her absence and also responsible for organizing and hosting Annual/Extraordinary General Meeting as well as coordinating the Financial Verification Committee
- 9.3 The Secretary shall keep all records, except financial, of the AIAM and shall be responsible for their correctness. He/she will keep minutes of all General and Committee meetings. He/she shall maintain an up-to-date Register of Members at all times.
- 9.4 The Treasurer shall keep all funds and collect and disburse all moneys on behalf of the AIAM and shall keep an account of all monetary transactions and shall be responsible for their correctness. He/she is

authorised to expend up to HKD 5,000 per month for petty expenses on behalf of the AIAM. He/she will not keep more than HKD 2,000 in the form of cash; money in excess of this will be deposited in a bank to be named by the Committee. Cheques, etc. for withdrawals from the bank will be signed by the Treasurer and either the President or the Vice President or the Secretary (for amounts exceeding HKD 5,000).

- 9.5 Ordinary Committee Members shall assist in the general administration of the AIAM and perform duties assigned by the Committee from time to time.

AUDIT AND FINANCIAL YEAR

- 10.1 The Committee shall appoint a Financial Committee ("FC") that has relevant expertise to fulfil its role effectively. The FVC shall consist of not less than two member firms and be composed exclusively of two (2) members from any of the Ordinary Members' firm, except the Treasurer, elected at each alternate AGM.

Committee Members should normally not be considered, unless there are no forthcoming suitable internal FC being selected from the Ordinary Members' pool. The accounts of the AIAM shall be audited by a firm of Certified Public Accountants annually as required under the Hong Kong Company's ordinance.

- 10.2 The FC:
- a) Will be required to review and check each year's accounts and audit report and present a report upon them to the Annual General Meeting.
 - b) May be required by the Committee to review the AIAM's accounts for any period within their tenure of office at any date and make a report to the Committee.

- 10.3 The financial year shall be the Hong Kong tax year.

TRUSTEES

- 11.1 If the AIAM at any time acquires any immovable property, such property shall be vested in trustees subject to a declaration of trust. At this time, it is not expected that the AIAM will acquire any fixed assets or immovable property.

- 11.2 The trustees of the AIAM shall:
- a) Not be more than four (4) and not less than two (2) in number.
 - b) Be elected by a General Meeting of members.
 - c) Not affect any sale or mortgage of property without the prior

approval of the General Meeting of members.

- 11.3 The office of the trustee shall be vacated:
- a) If the trustee dies or becomes a lunatic or of unsound mind
 - b) If he is absent from the Hong Kong SAR for a period of more than one (1) year
 - c) If he is guilty of misconduct of such a kind as to render it undesirable that he continues as a trustee
 - d) If he submits notice of resignation from his trusteeship
- 11.4 Notice of any proposal to remove a trustee from his trusteeship or to appoint a new trustee to fill a vacancy must be given by email at least two (2) weeks before the General Meeting at which the proposal is to be discussed. The result of such General Meeting shall then be notified to the Registrar of Societies or legally required parties.
- 11.5 The address of each immovable property, name of each trustee and any subsequent change must be notified to the Registrar of Societies or the legally required parties.

PROHIBITIONS

- 12.1 **Illegal activities:** The introduction of materials for gambling or drug taking and of bad characters into the premises is prohibited. Any illegal activity of any kind is strictly prohibited.
- 12.2 The funds of the AIAM shall not be used to remunerate members in any way or pay the fines or legal fees of members who have been convicted in a court of law.
- 12.3 The AIAM shall not engage in any trade union activity as defined in any written law relating to trade unions for the time being in force in Hong Kong.
- 12.4 The AIAM shall not indulge in any political activity or allow its funds and/or premises to be used for political purposes.
- 12.5 The AIAM shall not hold any lottery, whether confined to its members or not, in the name of the AIAM or its office bearers, Committee or members unless with the prior approval of the relevant authorities.
- 12.6 The AIAM shall not raise funds from the public for whatever purposes without the prior approval in writing of the relevant authorities. Any charitable donations made by the AIAM must be to Hong Kong registered charities.

AMENDMENTS TO CONSTITUTION

- 13.1 The AIAM shall not amend its Constitution without conducting an AGM or EGM. No alteration or addition/deletion to this Constitution shall be passed except at a General Meeting and with the consent of two-thirds ($\frac{2}{3}$) of the voting members present at the General Meeting. Any amendments which are incongruent with Hong Kong regulations or laws of Hong Kong related to Companies Limited by Guarantee shall be invalid and unenforceable.

INTERPRETATION

- 14.1 In the event of any question or matter pertaining to day-to-day administration which is not expressly provided for in this Constitution, the Committee shall have power to use their own discretion. The decision of the Committee shall be final unless it is reversed at a General Meeting of members.

DISPUTES

- 15.1 In the event of any dispute arising amongst members, they shall attempt to resolve the matter at an Extraordinary General Meeting in accordance with this Constitution. Should the members fail to resolve the matter, they may bring the matter to a court of law for settlement.

DISSOLUTION

- 16.1 First and foremost, the AIAM will follow the laws of Hong Kong related to Companies Limited by Guarantee for dissolution. The AIAM shall not be dissolved, except with the consent of not less than three-fifths ($\frac{3}{5}$) of the total voting membership of the AIAM for the time being resident in Hong Kong expressed, either in person or by proxy, at a General Meeting convened for the purpose.
- 16.2 In the event of the AIAM being dissolved as provided above, all debts and liabilities legally incurred on behalf of the AIAM shall be fully discharged, and the remaining funds will be disposed of in such manner as the General Meeting of members may determine or donated to an approved charity or charities in Hong Kong.

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