



ATHENS EXCHANGE



**MEMBERS  
SUPPORT &  
NETWORK  
MANAGEMENT**

**ATHEXGROUP**

# Memorandum Guide

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## 1.1 General Information

### **Guide for drafting the candidacy Memorandum and basic organizational principles for candidate members to ATHEX and/or ATHEXClear**

This guide includes instructions for the candidate Members of ATHEX & ATHEXClear Markets to draft a Memorandum which shall describe the activities developed by their company.

ATHEX may request the candidate Member to submit further information to the ones included herein, while it is stated that all data and information submitted by the company – candidate member shall be exclusively used for its evaluation as a candidate Member.

Such memorandum aims at depicting the way in which each company intends to get organized and get prepared, in order to be successfully activated as an ATHEX and/or ATHEXClear Member.

This document aims at helping and guiding candidate Members, by suggesting a structure for the memorandum and presenting the issues a memorandum must cover. Hereinafter, follow the sections of the memorandum, as well as some basic organizational principles that the companies must bear in mind when preparing their internal organization.

## 1.2 Structure and contents of Memorandum

### 1.2.1 INTRODUCTION

- Reference to the strategy and the particular goals approved by the Board of Directors of the candidate company in relation to its activities in the Market in which they wish to participate, within the framework of its overall business goals
- Company's organisational structure including the activities it shall develop in the Market in which they wish to participate

### 1.2.2 COMPANY GOALS FROM ITS PARTICIPATION AS A TRADING AND/OR CLEARING MEMBER

- Company's client base and anticipated activation percentage level in which they wish to participate
- Anticipated traded volumes and time span for their realisation
- Revenues and expenses assumptions, as well as quantitative forecast for the next five years from its activation in which they wish to participate

### 1.3 INTERNAL AUDIT DEPARTMENT (COMPLIANCE OFFICE)

This section must make reference to the audit mechanisms and procedures covering the company's activities and contributing to its safe and smooth operation. Reference to be made to recorded internal audit procedures (internal audit manual) and to the way this independent service shall audit the faithful application of the procedures for transactions and clearing. Indicatively, make reference to procedures aiming at the:

- Consistent monitoring of the company's strategy
- Compliance with the framework governing the operation of the departments, the proper application of internal procedures for transactions and clearing, the company executives' access to confidential information as well as the observation of the Code of Conduct
- Systematic monitoring of risks undertaken by the trading and clearing departments
- Safeguarding completeness and reliability in the data and information required for the precise and timely determination of the financial position for the production of reliable accounting statements
- Regular audit of the clearing and settlement documents
- Procedures to be followed in emergency cases. Existence of emergency and contingency plans, which shall be known to the personnel and shall be regularly checked in action with regard to their efficiency
- Provision of an indicative programme of daily audit

### 1.4 RISK MANAGEMENT DEPARTMENT

- Provide information with regard to the organisational structure, the place of the risk management department in the organisation chart and the hierarchical lines of report
- Staffing
- Description of department's accountabilities, duties and methods for reporting and monitoring various risks. Existence of procedures for immediate detection of risks, analysis, monitoring and effective dealing with them on a continuous basis:
  - i. Credit risks: Procedure for the selection of clients, evaluation of their credit standing, enactment of limits per client, monitoring of limits

- ii. Market risks: Clients' position limits, traders' position limits, reference to risk monitoring systems
- Procedure for reporting to the company's management

#### **1.4.1 ACCOUNTING DEPARTMENT**

- It has to be mentioned that the company has an organized, fully computerized accounting department, adequately staffed. Mention the name of the head of the accounting department
- The head of the accounting department is aware of the relevant fees and charges the ATHEX or ATHEXClear imposes to its members.

**Especially for candidate Clearing Members (additional to the above 1.2 - 1.4):**

#### **1.5 OPERATIONAL STRUCTURE – CLEARING SERVICES**

- Staffing: Certified Clearers employed by the firm for clearing and settlement purposes
- Logistics
- Informational material to clients, contracts and other documents
- Description of organizational structure and procedures of clearing and settlement departments.
- Description of internal procedures regarding the above clearing and settlement procedures
- Description of communication procedures between these departments and Risk Management and Accounting Departments.