

## **RISK DISCLOSURE SCHEDULES**

This acknowledges that I/we have received a copy and understand all of the contents of the following Risk Disclosure Schedules documents:

**Schedule 1 – General Risk Disclosure Statement**

**Schedule 2 – Risk Warning Statement for Overseas-Listed Investment Products**

**Schedule 3 – Risk Disclosure Statement – Futures and certain Over-The-Counter Derivative Contracts**

**Schedule 4 – Risk Disclosure Statement - Commodity Trading Act**

**Schedule 5 – Risk Disclosure Statement - Trading On Singapore Exchange Derivatives Trading Limited; Clearing On Central Depository (Pte) Limited And Singapore Exchange Derivatives Clearing Limited**

**Schedule 6 – Risk Disclosure Statement – Warrants and CBBC**

**Schedule 7 – Risk Disclosure Statement – Trading and Order Routing Systems**

**Schedule 8 – Risk Disclosure Statement – Securities Borrowing and Lending**

**Schedule 9 – Risk Disclosure Statement – US Treasury Fixed Income Securities**

**Schedule 10 – Risk Disclosure Statement – Structured Notes**

I/we understand and agree that DICREE has the right to modify or change any or all of these Risk Disclosure Statements at any time, and the modified or changed terms will take effect immediately upon publication. If I/we continue to use DICREE's services and products thereafter, I/we understand and agree that we shall be deemed to have read, understood and accepted the modified or changed terms.

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## **RISK DISCLOSURE SCHEDULE 1**

### **GENERAL RISK DISCLOSURE STATEMENT**

Terms used but not otherwise defined in this Risk Disclosure Schedule shall have the same meanings ascribed to them in the Standard Customer Agreement.

Customers who invest in Financial Products should be aware of the risks which may be involved in doing so. You should not invest in any Financial Product unless you fully understand the nature of such Financial Product, the nature of the contractual relationship which you are entering into and the extent of your exposure to risk. You should carefully consider whether trading in such Financial Product is appropriate in light of your experience, objectives, financial resources, and other relevant circumstances.

The purpose of this General Risk Disclosure Statement is to explain to you briefly the general risks that may be involved when investing in Financial Products. Additional risks and other significant aspects of investing in Financial Products may be disclosed in the Standard Customer Agreement, other risk disclosure statements or other documents relating to specific Financial Products.

In addition, this General Risk Disclosure Statement and other risk disclosure statements do not purport to disclose all risks and significant aspects that may be involved when investing in a Financial Product. You should therefore consult with your own professional advisers (including legal, regulatory, tax, business and/or financial advisers as you may deem necessary) before investing in any Financial Product.

#### **i. Terms and Conditions of Trading/ Investing in Capital Market Products**

You should read and understand the terms and conditions spelt out in the Standard Customer Agreement, User Agreement, together with all disclosures, terms, conditions, rules, and regulations included on the Website, as the same may be amended, modified, supplemented, or replaced from time to time (collectively the "Terms"), which are referred to and govern the relationship between you and DICREE.

#### **ii. Risk associated with Trading/ Investing in Capital Market Products**

##### **a. Price Fluctuation**

The price and value of any investment in capital market products and the income, if any, from them, may fluctuate and may fall against your interest. An individual capital market product may experience downward price movements and may under some circumstances even become valueless. An inherent risk of trading/ investing in capital market products is that losses may be incurred, rather than profits made, as a result of buying and selling such capital markets products.

**b. Loss of Principal**

The Financial Products usually do not provide a guarantee of the initial principal amount at maturity and may be worth substantially less, depending on the performance of the underlying investments. You may lose part of or your entire principal invested.

Even where a principal amount or interest is stated to be guaranteed, such feature may be contingent on other factors such as the ability of the issuer to repay its senior unsubordinated obligations at maturity. Where a Financial Product is guaranteed by a third-party guarantor, you would be exposed to the credit risk of such a guarantor. Any change in the creditworthiness of such issuer or guarantor may affect the value of the investment.

**c. Suspension or Restriction of Trading**

Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any capital markets product because of price limits or trading halts) may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/ offset positions. The placing of contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily limit losses to intended amounts, as market conditions may make it impossible to execute such orders. Under certain circumstances, it may be difficult or impossible to assess the value of your position, determine a fair price or assess your exposure to risk.

**d. Liquidation may not be possible**

Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can occur, for example, when the market makes a "limit move" or trading is suspended by the relevant exchange. In addition, there may not be a ready market for certain investments and market traders may not be prepared to deal in certain investments. Some investments may have to be held to maturity, for instance, some index options can only be exercised on the expiry date, whilst other indexes may be exercised at any time before expiry. Proper information for determining the value of certain investments may not be available.

**e. Market risk of certain products**

Certain instruments (such as structured products, structured warrants, and single stock options) may give you a time-limited or absolute right to acquire or sell one or more types of investments which is normally exercisable against someone other than the issuer of that investment. You should be aware of the liquidity and market risks associated with these instruments. These instruments carry a high degree of risk as they often involve gearing or leverage, so that a relatively small movement in the price of the underlying investment may result in a much larger movement, favourable or unfavourable, in the price of the instrument. The value of such instruments may fall as rapidly as it may rise due to numerous factors, including, but not limited to, systemic risks, variations in the frequency and magnitude of changes in interest rates, inflation outlook and the price/level of any underlying reference to which the structured product relate (e.g. securities, commodities, funds, rates and/or indices). The price of these instruments can therefore be volatile. The value of such instruments may increase or decrease throughout their tenure. These instruments have a limited life and may expire worthless depending on the performance of the underlying instrument.

**f. Past performance is not indicative of future performance**

All investments are risky. The historical data of any security or financial product cannot guarantee its future performance or return. Although diversified investment can help you spread risks, it may not help you to benefit or prevent you from losing money in a depressed market. There will always be potential losses in investing in securities or financial products. You need to consider your own investment objectives and risk tolerance before investing.

Please also see Risk Disclosure Schedule 6.

**iii. Commission, Fees, Interest and Other Charges**

You should obtain a clear explanation of all commissions, fees, interest and other charges, including charges for the custody of your investments, and understand that these charges may affect your net profit (if any) or increase your loss. You agree that you will be liable for these charges (as may be amended from time to time).

**iv. Assets Received or Held Outside Singapore**

Client assets received or held by the licensed person or registered outside Singapore are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from Singapore law. Consequently, such client assets may not enjoy the same protection as that conferred on client assets received or held in Singapore.

**v. Transactions in Other Jurisdictions**

Transactions on markets in other jurisdictions, including markets formally linked to the Singapore market, may expose you to additional risks. Such markets may be subjected to rules and regulations that may offer different or diminished investor protection. Before entering into such trades, you should be aware of the rules relevant to the particular transactions. You should obtain details about the different types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade. There may be restrictions for foreigners, repatriation of capital investments and profits and there may be withholding or additional forms of taxes.

Regulatory authorities in Singapore may be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected.

**vi. Currency Risks**

The potential for profit or loss from transactions on foreign markets or in foreign currency-denominated capital markets products (traded locally or in other jurisdictions) will be affected by fluctuations in foreign exchange rates.

**vii. Trading Facilities**

Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by one or more parties, namely the system provider, the market, the clearing house or member firms. Such limits may vary. You should ask the firm with which you conduct your transactions for details in this respect.

**viii. Electronic Trading and Order Routing Systems**

Trading through an electronic trading or order routing system exposes you to risks associated with system or component failure. In the event of system or component failure, it is possible that, for a certain time period, you may not be able to enter new orders, execute existing orders, modify or cancel orders that were previously entered or view the receipt of confirmations. System or component failure may also result in loss of orders or order priority. Electronic trading system may experience outages or delays as the result of, among other events, power failures, programming failures, accessibility, volatile market conditions or heavy volume of trading which may result in delayed or slowed response time. You should be prepared and maintain alternative trading arrangements for order entry in the event that DICREE system is unavailable for any reason.

Please also see Risk Disclosure Schedule 8.

**ix. Off-Exchange Transactions**

In some jurisdictions, firms are permitted to effect off-exchange transactions. The firm with which you conduct your transactions may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarise yourself with the applicable rules and attendant risks.

**x. Risk of Short Selling**

When you short sell a stock, DICREE must borrow such stock on your behalf to effect delivery of such stock to the purchaser. If the lender subsequently issues a re-call notice for such stock, DICREE will attempt to re-borrow the stock on your behalf. You understand and agree that if DICREE is unable to re-borrow such stock, DICREE is authorised by you to, without notice to you, cover your short position by purchasing such stock on the open market at the then-current market price and you shall be liable for any resulting losses and all associated costs incurred.

You are required to furnish and maintain Collateral in your Account with DICREE to meet margin requirements for short selling. Accordingly, you will encounter various risks, including:

- a. any increase in the value of the borrowed securities and/or decrease in the value of the Collateral may require you to provide additional Collateral to DICREE to avoid DICREE from realising the existing Collateral;
- b. DICREE can realise the Collateral to cover the deficiency in the margin required for the short sell transaction. You will also be responsible for any shortfall after such realisation;
- c. DICREE may realise the Collateral without contacting you. DICREE is not required to notify you of any margin calls. However, if DICREE has contacted you and provided a specific date by which you shall meet a call for additional Collateral, DICREE may still take necessary steps to protect its interests. This may include immediately realising the Collateral without notice to you. You are not

entitled to choose which Collateral shall be realised to meet and cover the deficiency in the margin required for the short sell transaction. DICREE has the right to decide which Collateral to realise in order to protect its interests;

d. DICREE can increase the margin requirement for the short sell transaction at any time and is not required to provide you advance written notice. These changes in DICREE policy often take effect immediately and may result in the issuance of a call for additional Collateral. Your failure to satisfy the call may cause DICREE to realise the Collateral; and

e. You are not entitled to an extension of time on a call for additional Collateral. While an extension of time to meet such a call may be made available to you under certain conditions, you do not have a right to the extension.

The interest, dividends and any distribution whatsoever (each a "Distribution") attributable to the Loaned Securities belong to DICREE and you have to pay and deliver to DICREE any such Distribution on its date of payment regardless of whether you receive the same. You are also to exercise any voting rights attached to such Loaned Securities and any other rights arising and attributable to the Loaned Securities in accordance with the instructions of DICREE, if you have agreed to the same. Failure to pay any Distribution to DICREE, or to protect and exercise any rights with respect to the Loaned Securities in accordance with the instructions of DICREE (where you have agreed to do so) may expose you to liability.

#### **xi. Deposited Cash and Property**

You should familiarise yourself with the protection accorded to any money or other property which you deposit for domestic and foreign transactions, particularly in a firm's insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

#### **xii. Non-Advisory Nature of Relationship**

You should note and accept that DICREE does not provide any investment advisory services on any capital market products. You acknowledge and understand that the dealings between DICREE and you are not subject to the Guidelines on Fair Dealing Board and Senior Management Responsibilities for Delivering Fair Dealing Outcomes to Customers issued by the Monetary Authority of Singapore ("MAS"). DICREE will act on an execution-only basis and will not be providing any financial advice to you. While the information may be shared with you from representatives and/or agents of DICREE, it is to be used solely for educational purposes. You agree that you rely on your own judgement in making any investment decision and neither DICREE nor its representative is liable for any of such investment decisions you make.

#### **xiii. General risks associated with each type of capital markets product**

##### **a. Bonds and Debt Securities**

You should understand and be aware of the nature and characteristics of bonds and debt securities. Bonds and debt securities investments offer fixed returns over a defined period. These instruments carry risks such as credit risk, default risk, liquidity risk, and currency risk.

Credit risk arises from default events that may result in the inability of the issuer to pay interest or principal outstanding. Default risk is high when the bond or debt securities are rated as non-investment grade or even have no credit rating. In a default situation, the buyer may lose interest and principal. Liquidity refers to the availability for investors to buy or sell a product into a market in an efficient price. Some bonds and debt securities are in poor liquidity since they are not actively traded. Currency risk arises when holding bonds or debt securities denominated in foreign currency, thus exposing you to fluctuations in exchange rate. Under certain market conditions, you may lose more than your original investment amounts if exchange rates move adversely.

##### **b. Equity Securities**

Equity securities include common stocks, preferred stocks, convertible securities, equity-linked products, and funds investing in these products. Unlike fixed income products, equity securities do not offer fixed returns over a defined period, and the yield on equity investments depends on multiple factors, such as price difference, dividend distribution, and market conditions.

Equity markets can be volatile. Stock prices rise and fall based on changes in a company's financial condition and overall market conditions. Stock prices can decline significantly in response to adverse market conditions, company-specific events, and other domestic and international political and economic conditions.

Investment in mid-cap, small-cap, or micro-cap companies generally involves greater risks than investment in larger companies. The market value of a company may fluctuate dramatically. As a result, under certain conditions, holdings of mid-cap, small-cap, or micro-cap stocks may decline in price even though their fundamentals are solid. They may be more difficult to buy and sell, subject to greater business risks, and more sensitive to market changes, than larger capitalization securities.

##### **c. Over-the-Counter ("OTC") Products**

You should understand and be aware of the nature and characteristics of OTC products. Since OTC transactions are individually negotiated, the OTC markets may be not active as the open market, and the OTC product pricing may similarly not be as efficient and transparent. Subject to different regulatory requirements and business practices, OTC markets participants may not disclose enough information as open market participants should do. You may be exposed to credit risk of the counterparty with which you enter into an agreement. You may also be exposed to liquidity risk since an active trading market may not exist.

#### **d. OTC Securities**

DICREE accepts orders to trade certain (but not all) symbols from OTC Markets[1] (the "OTC Securities"). Investment in OTC Securities is speculative and involves a high degree of risk because some OTC Securities are not subject to the financial reporting standards or disclosure requirements. Reliable information regarding issuers of OTC Securities, their prospects, and risks associated with the business of any particular issuer or an investment in the issuer's stocks may not be available. As a result, it may not be easy to value an investment in OTC securities properly. The OTC Securities are for professional and sophisticated investors with a high risk-tolerance for trading stocks with limited information available and limited regulatory oversight. Some OTC Securities are typically penny stocks, low-priced shares of small companies or shell companies, shares of distressed companies not willing or able to disclose information, delisted symbols, or foreign equity issues unqualified to list on New York Stock Exchange or Nasdaq. You must know that you may lose all or part of your initial investment amount in OTC Securities. Given that OTC Securities disclosure requirements are less stringent, OTC Securities are frequent targets of fraud or market manipulation. Dealers may dominate the market and set prices that are not based on competitive forces. Individuals or groups may create fraudulent markets and control the sudden sharp increase or collapse in share price. You should carefully review all of the information regarding the company you intend to invest in, prior to trading in OTC securities, or any other investment. Please report any suspected occurrences of fraud to your state securities administrator, the NASD, or the SEC.

Many OTC Securities are relatively illiquid. Illiquid stocks are often difficult for investors to buy or sell without dramatically affecting the quoted price. Fewer market participants can lead to less liquidity and more volatile price fluctuations. In some cases, the liquidation of a position in OTC Securities may not be possible within a reasonable period of time. You may find it hard selling OTC Securities with little or no value in the open market.

As a brokerage firm, DICREE does not provide any investment advisory services on any capital market products and does not solicit or recommend transactions in OTC Securities. As DICREE will act on an execution-only basis and accounts with DICREE are self-directed, please perform your own due diligence and rely on your own judgement in relation to making any investment decision. In all OTC Securities transactions, the commission charged is publicly demonstrated on DICREE's official website.

You can only trade OTC Securities during regular trading hours, being 9:30 AM to 16:00 PM US Eastern Standard Time. Pre-market and extended trading are not available. On half trading days, the trading hours are from 9:30 AM to 14:00 PM US Eastern Standard Time. The minimum trading unit of OTC Securities is 1 share. You may place trades at tick size of US\$ 0.01. Margin trading and short selling are available for some OTC Securities, and such availability may be modified by DICREE from time to time without prior notice.

Due to the volatile nature of OTC Securities, you may only place limit price orders and stop-loss limit orders when trading OTC Securities. The available order types may be updated from time to time without prior notice to you. You must understand that your order may be delayed due to large order volumes.

You must understand that real-time quotation for OTC Securities is not available. The market price displayed is the market price 15 minutes before. Before you begin to trade, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

#### **e. Derivatives (both OTC and exchange-traded)**

You should understand and be aware of the nature and characteristics of derivatives. For the purpose of efficient account management, your investments may include derivatives such as futures, options, and warrants. The risk of investment on derivatives includes but is not limited to product terms, underlying assets and their prices, and market volatility. Normally, derivative investment only requires minimum investment amount (a so called initial margin), which increases the leverage for your portfolio. Consequently, unfavourable execution of a short position when price of underlying asset increases rapidly and forced liquidation upon insufficient margin may cause you to lose more than your initial investment amount.

#### **f. Exchange-Traded Funds ("ETFs")**

You should understand and be aware of the nature and characteristics of ETFs. ETFs are collective investment schemes traded on stock exchanges and may typically replicate or correspond to a stock market index, market sector, commodity, or a basket of assets. ETFs can be broadly grouped into two types. Traditional ETFs track, replicate, and correspond to the performance of an underlying index, such as Standard & Poor's 500 Index, Dow Jones Industrial Average, and Hang Seng Index. Synthetic ETFs mimics the behaviour of traditional ETFs by means of leverage and derivatives such as swaps and performance-linked notes. ETFs are exposed to the economic, political, currency, legal, and other risks of a specific sector or market related to the underlying equity, commodity, asset or index that the ETF is designated to track.

ETFs are subject to tracking error risk, namely the disparity between the performance of the ETF, measured by its net asset value, and the performance of the underlying index, measured by asset price of its index components. Tracking error may arise due to various factors, including but not limited to failure of the ETF's tracking strategy, the impact of fees and expenses, foreign exchange spread between the investment currency and currency the index are denominated, and corporate actions by the index component companies.

Trading ETFs on an exchange does not guarantee that a liquid market exists for ETFs. A higher liquidity risk is also involved if an ETF invests in financial derivative instruments that are not actively traded or the asset price is not easily accessible. This may result in a bigger bid and offer spread and may cause loss.

Investment on synthetic ETFs may be exposed to both the risks of index components and the credit risk of the counterparty in relation to the investment. Synthetic ETFs typically invest in derivatives, some of which are standardized products while other may be customized and issued by counterparties. Investors of synthetic ETFs may sustain losses potentially equal to the full value of derivatives if the counterparty defaults or more if the market conditions move against their investment objectives.

#### **g. Daily leverage certificates ("DLC")**

DLCs seek to achieve short-term investment results that correspond to the daily magnified performance of the underlying asset. Investors should be aware of the underlying risks before investing in these certificates. In particular, DLCs are subject to the risk of substantial losses up to the principal investment amount, possibly within a very short time frame.

#### **h. Leveraged funds[2] and inversed funds[3]**

Many leveraged and inverse funds use leverage derivative instruments to achieve their stated investment objectives. As such, these funds can be extremely volatile and carry a high risk of substantial losses. Such funds are considered speculative investments and should only be used by investors who fully understand the risks and are willing and able to absorb potentially significant losses.

Most leveraged and inverse funds "reset" daily, meaning that they are designed to achieve their stated objectives daily. Due to the compounding effect, the return for investors who invest for a period different than one trading day may vary significantly from the fund's stated goal as well as the target benchmark's performance. This is especially true in very volatile markets or if a leveraged fund is tracking a very volatile underlying index. Investments in leveraged and inverse funds must be actively monitored daily and are typically not appropriate for a buy-and-hold strategy.

Investors should be aware that leveraged funds typically rebalance their portfolio daily in order to compensate for anticipated changes in overall market conditions. This rebalancing can result in frequent trading and increased portfolio turnover. Leveraged and inverse funds will therefore generally have higher operating expenses and investment management fees than other funds.

In some cases, leveraged and inverse funds may generate their returns through derivative instruments. Because derivatives are taxed differently from equity or fixed-income securities, investors should be aware that these funds may not have the same tax efficiencies as other funds.

#### **xv. Extended Hours Trading**

There are special characteristics and unique risks associated with trading in securities and other financial products outside regular trading hours (the "Regular Trading Hours") of the exchange(s) which the securities and other financial products are traded ("Extended Hours Trading" or "Pre/Aft-trading hours" or "overnight session"). Such risks include, but are not limited to the following:

##### **a. Risk of Lower Liquidity**

Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders that are available in a market, the greater the liquidity. Liquidity is important because with greater liquidity it is easier for investors to buy or sell securities, and as a result, investors are more likely to pay or receive a competitive price for securities purchased or sold. There may be lower liquidity in extended hours trading as compared to Regular Trading Hours. As a result, your order may only be partially executed, or not at all.

##### **b. Risk of Higher Volatility**

Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater volatility in Extended Hours Trading than in Regular Trading Hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price in Extended Hours Trading than you would during Regular Trading Hours.

##### **c. Risk of Changing Prices**

The prices of securities traded in Extended Hours Trading may not reflect the prices either at the end of Regular Trading Hours, or upon the opening of the next morning. As a result, you may receive an inferior price in Extended Hours Trading than you would during Regular Trading Hours.

**d. Risk of Unlinked Markets**

Depending on the extended-hours trading system or the time of day, the prices displayed on a particular extended-hours system may not reflect the prices in other concurrently operating extended-hours trading systems dealing in the same securities. Accordingly, you may receive an inferior price in one extended-hours trading system than you would in another extended-hours trading system.

**e. Risk of News Announcements**

Normally, issuers make news announcements that may affect the price of their securities after Regular Trading Hours. Similarly, important financial information is frequently announced outside of Regular Trading Hours. In Extended Hours Trading, these announcements may occur during trading, and if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.

**f. Risk of Wider Spreads**

The spread refers to the difference in price between what you can buy a security for and what you can sell it for. Lower liquidity and higher volatility in Extended Hours Trading may result in wider than normal spreads for a particular security.

**g. Risk of Lack of Calculation or Dissemination of Underlying Index Value or Intraday Indicative Value ("IIV")**

For certain derivative securities products, an updated underlying index value or IIV may not be calculated or publicly disseminated in extended trading hours. Since the underlying index value and IIV are not calculated or widely disseminated during the pre-market and post-market sessions, an investor who is unable to calculate implied values for certain derivative securities products in those sessions may be at a disadvantage to market professionals. Additionally, the underlying securities of the indexes or portfolios will not be regularly trading as they are during Regular Trading Hours, or may not be trading at all. This may cause prices during Extended Trading Hours to not reflect the prices of those securities when they open for trading.

**h. Professional Traders**

Extended Hours Trading has traditionally been dominated by professional traders. You may therefore be trading directly with professional traders who have years of experience in Extended Hours Trading and who traditionally have superior information about particular securities, including better prices available in other markets.

During the Extended Hours Trading, DICREE may provide quotations from and execute customer trades through various Electronic Communications Networks, exchanges or other trading systems ("Extended Hours Trading Facilities"). Quotations provided during Extended Hours Trading may be different than quotations provided during Regular Trading Hours. Likewise, it is possible that the quotations displayed by DICREE from Extended Hours Trading Facilities on which DICREE can execute customer trades may be less favourable than those on other Extended Hours Trading Facilities to which DICREE does not have access. Last sale information provided by DICREE may not reflect the prices of the most recent trades on all of the various Extended Hours Trading Facilities.

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**RISK DISCLOSURE SCHEDULE 2**

**RISK WARNING STATEMENT FOR OVERSEAS-LISTED INVESTMENT PRODUCTS**

**OVERSEAS-LISTED INVESTMENT PRODUCTS**

1. This statement is provided to you in accordance with paragraph 29D of the Notice on the Sale of Investment Products [SFA04-N12].
2. This statement does not disclose all the risks and other significant aspects of trading in an overseas-listed investment product. You should undertake such transactions only if you understand and are comfortable with the extent of your exposure to the risks.
3. You should carefully consider whether such trading is suitable for you in light of your experience, objectives, risk appetite, financial resources and other relevant circumstances. In considering whether to trade or to authorise someone else to trade for you, you should be aware of the following:

**Differences in Regulatory Regimes**

a) Overseas markets may be subject to different regulations, and may operate differently from approved exchanges in Singapore. For example, there may be different rules providing for the safekeeping of securities and monies held by custodian banks or depositories. This may affect the level of safeguards in place to ensure proper segregation and safekeeping of your investment products or monies held overseas. There is also the risk of your investment products or monies not being protected if the custodian has credit problems or fails. Overseas markets may also have different periods for clearing and settling transactions. These may affect the information available to you regarding transaction prices and the time you have to settle your trade on such overseas markets.

b) Overseas markets may be subject to rules which may offer different investor protection as compared to Singapore. Before you start to trade, you should be fully aware of the types of redress available to you in Singapore and other relevant jurisdictions, if any.

c) Overseas-listed investment products may not be subject to the same disclosure standards that apply to investment products listed for quotation or quoted on an approved exchange in Singapore. Where disclosure is made, differences in accounting, auditing and financial reporting standards may also affect the quality and comparability of information provided. It may also be more difficult to locate up-to-date information, and the information published may only be available in a foreign language.

#### **Differences in legal system**

d) In some countries, legal concepts which are practiced in mature legal systems may not be in place or may have yet to be tested in courts. This would make it more difficult to predict with a degree of certainty the outcome of judicial proceedings or even the quantum of damages which may be awarded following a successful claim.

e) The Monetary Authority of Singapore will be unable to compel the enforcement of the rules of the regulatory authorities or markets in other jurisdictions where your transactions will be effected.

f) The laws of some jurisdictions may prohibit or restrict the repatriation of funds from such jurisdictions including capital, divestment proceeds, profits, dividends and interest arising from investment in such countries. Therefore, there is no guarantee that the funds you have invested and the funds arising from your investment will be capable of being remitted.

g) Some jurisdictions may also restrict the amount or type of investment products that foreign investors may trade. This can affect the liquidity and prices of the overseas listed investment products that you invest in.

#### **Different costs involved**

h) There may be tax implications of investing in an overseas-listed investment product. For example, sale proceeds or the receipt of any dividends and other income may be subject to tax levies, duties or charges in the foreign country, in Singapore, or in both countries.

i) Your investment return on foreign currency-denominated investment products will be affected by exchange rate fluctuations where there is a need to convert from the currency of denomination of the investment products to another currency, or may be affected by exchange controls.

j) You may have to pay additional costs such as fees and broker's commissions for transactions in overseas exchanges. In some jurisdictions, you may also have to pay a premium to trade certain listed investment products. Therefore, before you begin to trade, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

#### **Counterparty and correspondent broker risks**

k) Transactions on overseas exchanges or overseas markets are generally effected by your Singapore broker through the use of foreign brokers who have trading and/or clearing rights on those exchanges. All transactions that are executed upon your instructions with such counterparties and correspondent brokers are dependent on their respective due performance of their obligations. The insolvency or default of such counterparties and correspondent brokers may lead to positions being liquidated or closed out without your consent and/or may result in difficulties in recovering your monies and assets held overseas.

#### **Political, Economic and Social Developments**

l) Overseas markets are influenced by the political, economic and social developments in the foreign jurisdiction, which may be uncertain and may increase the risk of investing in overseas-listed investment products.

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### **RISK DISCLOSURE SCHEDULE 3**

#### **RISK DISCLOSURE STATEMENT – FUTURES AND CERTAIN OVER-THE-COUNTER DERIVATIVE CONTRACTS**



## **SECURITIES AND FUTURES ACT 2001**

### **SECURITIES AND FUTURES**

#### **(LICENSING AND CONDUCT OF BUSINESS) REGULATIONS (Rg 10)**

#### **RISK DISCLOSURE STATEMENT REQUIRED TO BE FURNISHED UNDER REGULATION 47E(1) AND TO BE KEPT UNDER REGULATION 39(2)(c) BY THE HOLDER OF A CAPITAL MARKETS SERVICES LICENCE TO DEAL IN CAPITAL MARKETS PRODUCTS IN RESPECT OF FUTURES AND CERTAIN OVER-THE-COUNTER DERIVATIVES CONTRACTS**

1. This statement is provided to you in accordance with regulation 47E(1) of the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg 10).

2. This statement does not disclose all the risks and other significant aspects of trading in futures, options, over-the-counter derivatives contracts where the underlying is a currency or currency index ("OTCD currency contracts") and spot foreign exchange contracts for the purposes of leveraged foreign exchange trading ("Spot LFX trading contracts"). In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to the risks. Trading in futures, options, OTCD currency contracts and Spot LFX trading contracts may not be suitable for many members of the public. You should carefully consider whether such trading is appropriate for you in the light of your experience, objectives, financial resources and other relevant circumstances. In considering whether to trade, you should be aware of the following:

##### **(a) Futures, OTCD currency contracts and Spot LFX trading contracts**

###### **(i) Effect of 'Leverage' or 'Gearing'**

Transactions in futures, OTCD currency contracts and Spot LFX trading contracts carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract, OTCD currency contract or Spot LFX trading contract transaction so that the transaction is highly 'leveraged' or 'geared'. A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit; this may work against you as well as for you. You may sustain a total loss of the initial margin funds and any additional funds deposited with the firm to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice in order to maintain your position. If you fail to comply with a request for additional funds within the specified time, your position may be liquidated at a loss and you will be liable for any resulting deficit in your account.

###### **(ii) Risk-Reducing Orders or Strategies**

The placing of certain orders (e.g. 'stop-loss' orders, where permitted under local law, or 'stop-limit' orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. At times, it is also difficult or impossible to liquidate a position without incurring substantial losses. Strategies using combinations of positions, such as 'spread' and 'straddle' positions may be as risky as taking simple 'long' or 'short' positions.

##### **(b) Options**

###### **(i) Variable Degree of Risk**

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarise themselves with the type of options (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options would have to increase for your position to become profitable, taking into account the premium paid and all transaction costs.

The purchaser of options may offset its position by trading in the market or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a futures contract, OTCD currency contract or Spot LFX trading contract, the purchaser will have to acquire a position in the futures contract, OTCD currency contract or Spot LFX trading contract, as the case may be, with associated liabilities for margin (see the section on Futures, OTCD currency contracts and Spot LFX trading contracts above). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium paid plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that, ordinarily, the chance of such options becoming profitable is remote.

Selling ('writing' or 'granting') an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of the amount of premium received. The seller will be liable to deposit additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the

underlying interest. If the option is on a futures contract, OTCD currency contract or spot LFX trading contract, the seller will acquire a position in the futures contract, OTCD currency contract or spot LFX trading contract, as the case may be, with associated liabilities for margin (see the section on Futures, OTCD currency contracts and Spot LFX trading contracts above). If the option is 'covered' by the seller holding a corresponding position in the underlying futures contract, OTCD currency contract, spot LFX trading contract or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, limiting the liability of the purchaser to margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

### **(c) Additional Risks Common to Futures, Options and Leveraged Foreign Exchange Trading**

#### **(i) Terms and Conditions of Contracts**

You should ask the corporation with which you conduct your transactions for the terms and conditions of the specific futures contract, option, OTCD currency contract or spot LFX trading contract which you are trading and the associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of the underlying interest of a futures contract, OTCD currency contract or spot LFX trading contract transaction and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances, the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

#### **(ii) Suspension or Restriction of Trading and Pricing Relationships**

Market conditions (e.g. illiquidity) or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or 'circuit breakers') may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the futures contract, and the underlying interest and the option may not exist. This can occur when, e.g., the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge 'fair' value.

#### **(iii) Deposited Cash and Property**

You should familiarise yourself with the protection accorded to any money or other property which you deposit for domestic and foreign transactions, particularly in a firm's insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

#### **(d) Commission and Other Charges**

Before you begin to trade, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

#### **(e) Transactions in Other Jurisdictions**

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to a rule which may offer different or diminished investor protection. Before you trade, you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of the regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you conduct your transactions for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

#### **(f) Currency Risks**

The profit or loss in transactions in foreign currency-denominated futures and options contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

#### **(g) Trading Facilities**

Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the one or more parties, namely the system provider, the market, the clearing house or member firms. Such limits may vary. You should ask the firm with which you conduct your transactions for details in this respect.

#### **(h) Electronic Trading**

Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or not executed at all.

#### **(i) Off-Exchange Transactions**

In some jurisdictions, firms are permitted to effect off-exchange transactions. The firm with which you conduct your transactions may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarise yourself with the applicable rules and attendant risks.

Note: "Margin" means an amount of money, securities, property or other collateral, representing a part of the value of the contract or agreement to be entered into, which is deposited by the buyer or the seller of a transaction in a futures contract, OTCD currency contract or spot LFX trading contract to ensure performance of the terms of the transaction in the futures contract, OTCD currency contract or spot LFX trading contract.

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### **RISK DISCLOSURE SCHEDULE 4**

#### **COMMODITY TRADING ACT 1992**

#### **COMMODITY TRADING REGULATIONS**

#### **RISK DISCLOSURE STATEMENT REQUIRED TO BE FURNISHED BY A COMMODITY BROKER, COMMODITY FUTURES BROKER OR SPOT COMMODITY BROKER**

1. This statement is provided to you in accordance with section 32(1) of the Commodity Trading Act.
2. The intention of this statement is to inform you that the risk of loss in trading commodity contracts, commodity futures contracts and in spot commodity contracts can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition.
3. In considering whether to trade, you should be aware of the following:
  - (a) **Margin:** You may sustain a total loss of the initial margin and any additional margins that you deposit to establish a position or maintain positions in the commodity market, commodity futures market or spot commodity market. If the market moves against your positions, you may be called upon to deposit a substantial amount of additional margins, on short notice, in order to maintain your positions. If you do not provide the required margins within the prescribed time, your positions may be liquidated at a loss, and you will be liable for any resulting deficit in your account.
  - (b) **Liquidation of position:** Under certain market conditions, you may find it difficult or impossible to liquidate a position.
  - (c) **Contingent orders:** Placing contingent orders, such as "stop-loss" or "stop-limit" order, will not necessarily limit your losses to the intended amounts, since market conditions may make it impossible to execute such orders.
  - (d) **"Spread" position:** A "spread" position may not be less risky than a simple "long" or "short" position.
  - (e) **Leverage:** The high degree of leverage that is often obtainable in commodity futures trading, trading in commodity contracts and spot commodity trading because of the small margin requirements can work against you as well as for you. The use of leverage can lead to large losses as well as gains.
  - (f) **Foreign markets and off-futures exchange transactions:** Funds placed with a commodity broker, commodity futures broker or spot commodity broker for the purpose of participating in foreign markets or off-futures exchange transactions may not enjoy the same level of protection as funds placed in commodity markets or Commodity Futures Exchanges located in Singapore.
4. This brief statement cannot disclose all the risks and other significant aspects of the commodity market or commodity futures market. You should therefore carefully study the commodity futures trading, trading in commodity contracts and spot commodity before you trade.

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## **RISK DISCLOSURE SCHEDULE 5**

### **RISK DISCLOSURE STATEMENT - TRADING ON SINGAPORE EXCHANGE DERIVATIVES TRADING LIMITED; CLEARING ON CENTRAL DEPOSITORY (PTE) LIMITED AND SINGAPORE EXCHANGE DERIVATIVES CLEARING LIMITED**

#### **Part A: Rules for Omnibus Accounts**

The Customer acknowledges that it has been made aware of Rule 2.19 (Omnibus Account) of the Clearing Rules of Singapore Exchange Derivatives Clearing Limited (for the purposes of this Part A, "SGX-DC" or the "Clearing House") and Rule 3.3.21 (Disclosures Relating to Omnibus Accounts) of the Futures Trading Rules of the Singapore Exchange Derivatives Trading Limited ("SGX-DT" or the "Exchange") (each as reproduced below) and undertakes to comply with such requirements as may be imposed by DICREE in connection with an omnibus account for the purpose of ensuring compliance with SGX-DC Rule 2.19 and SGX-DT Rule 3.3.21.

Reproduction of SGX-DC Rule 2.19

#### **2.19 OMNIBUS ACCOUNT**

##### **2.19.1. Clearing Requirements**

A Clearing Member carrying Omnibus Accounts must maintain with the Clearing House a complete list of all such accounts, and shall notify the Clearing House in writing within three (3) Business Days from the time such an account is either opened or closed. Information for each Omnibus Account must include the account holder's name, account number and the account holder's address, and such other information as the Clearing House may require, and classification of the account as either "Customer" or "House".

##### **2.19.2. Restrictions**

The Clearing House is empowered to place restrictions or limitations on each Clearing Member which carries Omnibus Accounts. In making these determinations, the Clearing House may consider:

- (a) the number of Omnibus Accounts carried and volume of business of the Clearing Member;
- (b) the financial condition of the Clearing Member and the Omnibus Account Holder in light of requirements or standards determined by the Clearing House; and
- (c) the Clearing Member's clearing facilities and capacity.

##### **2.19.3. Responsibility**

A Clearing Member that maintains an Omnibus Account shall be responsible to the Clearing House to ensure that the Omnibus Account is operated at all times in accordance with all relevant provisions of this Rules including the relevant rules on position limits and position accountability, and shall, without prejudice to any other liability it may have, indemnify the Clearing House for any loss or damage or prejudice that the Clearing House may suffer referable to a violation of this Rule (including such loss, damage or costs the Clearing House incurs in taking such measures as it deems in good faith necessary to preserve the integrity of the Clearing House and/or the Exchange in relation to any claim referable to such violation).

##### **2.19.4. Disclosure**

An Omnibus Account Holder shall at all times disclose to the Clearing Member carrying that account the gross long and short positions held by that Omnibus Account in each Commodity. Such Clearing Member shall immediately notify the Clearing House and shall promptly comply with all orders of the Clearing House if the Omnibus Account Holder fails to make such disclosure.

An Omnibus Account Holder shall, prior to the first delivery day in a Delivery Month or as otherwise required by the Clearing House, provide the Clearing Member carrying that account with a complete list of the purchase and sale dates of all open positions for that Delivery Month. Such list shall be kept up to date throughout the Delivery Month in order that the delivery procedure of the Clearing House not be impaired.

A Clearing Member that maintains an Omnibus Account shall ensure that its Omnibus Account Holders are aware of this Rule 2.19.

Reproduction of SGX-DT Rule 3.3.21

### **3.3.21 Disclosures Relating to Omnibus Accounts**

An Omnibus Account holder shall at all times disclose to the Member carrying that account the gross long and short positions held in that Omnibus Account in each contract. Such Member shall immediately notify the Exchange and shall promptly comply with all orders of the Exchange if the Omnibus Account holder fails to make such disclosure. A Member that carries Omnibus Accounts shall ensure that its Omnibus Account holders are aware of this Rule.

#### **Part B: Notification of SGX-DT Rule 1.6**

A member company is required by the Futures Trading Rules of the Singapore Exchange Derivatives Trading Limited (for the purposes of this Part B, "SGX-DT" or the "Exchange") to notify the Customer of the following Rule 1.6 (Exclusion of Liability, Disclaimer of Warranties & Statutory Immunity) of the Rules and to satisfy itself that it is acceptable to the Customer.

The Customer acknowledges that it has been made aware of Rule 1.6 and that Rule 1.6 is acceptable to the Customer.

#### **Rule 1.6: Exclusion of Liability, Disclaimer of Warranties & Statutory Immunity**

##### **Rule 1.6.1 No Liability for Loss**

Unless otherwise expressly provided in this Rules or in any other agreements to which the Exchange is a party, none of the Exchange, its related corporations, SGX RegCo, any person or entity referred to under Rule 1.7.4, or their respective directors, officers, employees, representatives or agents shall be liable to any Person for any loss (consequential or otherwise, including, without limitation, loss of profit), damage, injury, or delay, whether direct or indirect, arising from or in connection with the following, or anything done or not done as a direct or indirect consequence of the following:

- (a) any action taken in connection with the discharge of the Exchange's regulatory responsibilities including the suspension, interruption or closure of the Markets;
- (b) any failure or malfunction of Exchange Systems;
- (c) any action taken by the Partner Market or by the Exchange in connection with the Partner Market, including the suspension, interruption or closure of the Partner Market; or
- (d) any failure or malfunction of Partner Market Facilities.

"Exchange Systems" refers to any pre-trade, trade or post-trade systems, including the Trading System, operated by the Exchange in connection with the Markets. "Partner Market Facilities" refers to any relevant facilities and systems operated by the Exchange or otherwise in connection with the Partner Market.

##### **Rule 1.6.1A Indemnity**

(1) Each Trading Member indemnifies each of the Exchange, its related corporations, SGX RegCo, any person or entity referred to under Rule 1.7.4, and their respective directors, officers, employees, representatives and agents ("Indemnified Persons") against any loss or liability reasonably incurred or suffered by an Indemnified Persons where such loss or liability arose out of or in connection with:—

- (a) any breach by the Trading Member of its obligations under the Rules; or
- (b) any wilful, unlawful, reckless or negligent act or omission by the Trading Member.

(2) Without prejudice to the generality of Rule 1.6.1A(1), in the event that any legal, arbitration or other proceedings are brought to impose any liability on all or any of the Indemnified Persons for an alleged failure on the part of any Indemnified Person to prevent or to require action by a Trading Member or any of its directors, officers, employees, representatives or agents, the Trading Member shall reimburse the relevant Indemnified Person for:—

- (a) all expenses and legal fees incurred by or on behalf of the Indemnified Person in connection with such proceedings;
- (b) any payment made by or on behalf of the Indemnified Person with the approval of the Trading Member in connection with any settlement of such proceedings; and
- (c) any payment made by or on behalf of the Indemnified Person as a result of any order, award or judgment made in such proceedings.

The Trading Member shall render such co-operation as the Indemnified Person reasonably requires in respect of such proceedings including without limitation the production of any document or records.

(3) Without prejudice to Rule 1.6.1A(2), the Trading Member shall pay to an Indemnified Person, if the Indemnified Person so requires, the costs incurred by or on behalf of the Indemnified Person of producing or obtaining, pursuant to a court order or other

legal process, records relating to the business or affairs of a Trading Member or any of its directors, officers, employees, representatives or agents, regardless of the party requiring such production or obtainment.

#### **Rule 1.6.2 Statutory Immunity**

As provided under the Act, the Exchange or any Person or entity acting on its behalf, including any person or entity referred to under Rule 1.7.4 and their respective directors, officers, employees, representatives, and agents, shall be immune from any criminal or civil liability for anything done (including any statement made) or omitted to be done with reasonable care and in good faith in the course of, or in connection with, the discharge or purported discharge of its obligations under the Act or this Rules.

#### **Rule 1.6.3 Disclaimer of Warranties**

All warranties and conditions, both express and implied as to condition, description, quality, performance, durability, or fitness for the purpose or otherwise of any of the Exchange Systems or Partner Market Facilities, or any component thereof are excluded except as required by law. The Exchange does not warrant or forecast that the Exchange Systems or Partner Market Facilities, any component thereof or any services performed in respect thereof will meet the requirements of any user, or that operation of the Exchange Systems or Partner Market Facilities will be uninterrupted or error-free, or that any services performed in respect of the Exchange Systems or Partner Market Facilities will be uninterrupted or error-free.

#### **1.6.4 Index Related Disclaimers**

The Exchange, Index Provider and any other party involved in, or related to, making or compiling any index do not guarantee the originality, accuracy or completeness of such indices or any data included therein. Contracts on any index ("Index Contracts") are not sponsored, guaranteed or endorsed by the Index Provider or any other party involved in, or related to, making or compiling such indices. Neither the Index Provider nor any other party involved in, or related to, making or compiling any index makes any representations regarding the advisability of investing in such Index Contracts. Neither the Index Provider nor any other party involved in, or related to, making or compiling any index makes any warranty, express or implied, as to the results to be obtained by any person or any entity from the use of such index or any data included therein. Neither the Index Provider nor any other party involved in, or related to, making or compiling any MSCI Index makes any express or implied warranty, and expressly disclaims all warranties of merchantability and fitness for a particular purpose or use with respect to such index or any data included therein. Without limiting any of the foregoing, in no event shall an Index Provider or any other party involved in, or related to, making or compiling any index have any liability for any direct, special punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages. In addition, neither the Exchange, an Index Provider nor any other party involved in, or related to, making or compiling any index shall have any liability for damages, claims, losses or expenses relating to any futures or options contracts that may be caused by any errors or delays in calculating or disseminating such index. "Index Provider" as used herein refers to MSCI, FTSE, IISL, NKS or such other index provider and their respective affiliates with whom the Exchange has or shall enter into agreements with for the creation and exploitation of indices and index-linked products.

#### **1.6.5 Notification to Customers**

Members shall notify Customers of the above exclusion of liability and disclaimer of warranty by the Exchange either by way of inclusion in the contracts granting access to the Markets or Partner Markets, or such other manner as approved by the Exchange.

### **Part C: Cooperation required during Inspection and Audit**

A member company is required by Rule 3.5.2 (Access and Cooperation) of the Futures Trading Rules of the Singapore Exchange Derivatives Trading Limited (for the purposes of this Part C, "SGX-DT" or the "Exchange") to procure the full cooperation of the Customer during any inspection or audit that may be carried out by the Exchange or any duly appointed person in connection with the discharge of the Exchange's regulatory obligations.

The Customer undertakes to cooperate with the Exchange or any duly appointed persons in accordance with Rule 3.5 (Inspection and Audit) and comply with such requirements as may be imposed by the DICREE in connection with ensuring compliance by DICREE or its execution broker with Rule 3.5.

#### **Reproduction of SGX-DT Rule 3.5**

### **3.5 Inspection and Audit**

#### **3.5.1 Scope of Inspection and Audit Rights**

The Exchange, in its discretion, may inspect, audit and take copies of the accounts, books, contracts and other records and documents of that Member to the extent that is necessary or desirable in connection with the discharge of the Exchange's regulatory obligations. The Exchange may also appoint or cause the Member to appoint independent Persons to do the same. Such Person shall report to the Exchange on all or any of the following:

- (a) whether that Member's accounts are being kept and maintained in compliance with this Rules;

- (b) whether that Member's financial position is being maintained in compliance with this Rules;
- (c) whether that Member's business is being conducted in compliance with this Rules;
- (d) whether that Member's accounts, financial position or any non-compliance with this Rules may jeopardize the integrity of the Exchange; and
- (e) such other matter as the Exchange may direct.

### **3.5.2 Access and Cooperation**

A Member shall cooperate with the Exchange and procure for the Exchange or the duly appointed Person:

- (a) access to its premises or its affiliates' premises, as applicable, to carry out on-site inspections during normal business hours;
- (b) access to the appropriate person for any queries or interviews which the Exchange or the duly appointed Person wishes to conduct in connection with its audit;
- (c) any information or documents which the Exchange or the duly appointed Person considers appropriate for the purpose of investigations; and
- (d) its Customers' full cooperation with the Exchange.

### **Part D: Notification of SGX-DC Rule 1.01**

DICREE is required by the business rules of the Singapore Exchange Derivatives Clearing Limited (for the purposes of this Part D, "SGX-DC" or the "Clearing House") to notify the Customer of the following sub-Rules 1.01.2 to 1.01.5 under 1.01 (Application of Rules) of the Rules of the Clearing House and to satisfy itself that it is acceptable to the Customer.

The Customer acknowledges that it has been made aware of Rule 1.01 and that Rule 1.01 is acceptable to the Customer.

### **Reproduction of SGX-DC Rule 1.01.2 to Rule 1.01.5**

#### **1.01 Application of Rules**

1.01.2 Except where the Clearing House, SGX RegCo, or any person or entity referred to under Rule 1.01.8 otherwise expressly agree with or expressly commit to any party, the benefit of any performance of obligations under:

1.01.2.1 this Rules, or

1.01.2.2 Directives, Practice Notes or Circulars issued by the Clearing House,

is restricted to only Clearing Members. The Clearing House, its related corporations, SGX RegCo, any person or entity referred to under Rule 1.01.8, and their respective directors, officers, employees, representatives or agents (the "Relevant Persons") shall have no liability to any other party. In particular, the Relevant Persons shall have no liability to any party affected or aggrieved by any alleged action or omission.

1.01.3 Without prejudice to Rule 1.01.2 or the benefit of any exclusion of liability in any contract or undertaking, the Relevant Persons accept no duty to and therefore shall have no liability whatsoever to any Clearing Member or any Third Party in contract, tort, trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred by a Clearing Member or any Third Party, as the case may be, arising out of or in connection with the following, or any thing done or not done as a direct or indirect consequence of the following:

1.01.3.1 any suspension, restriction or closure of any market whose contracts are cleared by or novated to the Clearing House (each a "Relevant Market"), whether for a temporary period or otherwise or as a result of a decision taken on the occurrence of a market emergency;

1.01.3.2 any failure by the Clearing House or any Relevant Market to supply each other with data or information in accordance with arrangements from time to time established between and/or amongst any or all such persons;

1.01.3.3 the failure of any systems, communications facilities or technology supplied, operated or used by the Relevant Persons;

1.01.3.4 the failure of any systems, communications facilities or technology supplied, operated or used by any Relevant Market;

1.01.3.5 the inaccuracy of any information supplied to and relied on by the Relevant Persons (including but not limited to any error in the establishment of a settlement price made by a Relevant Market) or a Relevant Market;

1.01.3.6 any event which is outside the reasonable control of the Relevant Persons;

1.01.3.7 the Clearing House's clearing and settlement of Contracts, and all other matters as contemplated in this Rules; and

1.01.3.8 the exercise or non-exercise of any discretion or decision making power under this Rules.

1.01.4 Without prejudice to Rule 1.01.2, and in addition to Rule 1.01.3, each Clearing Member should and must note that in connection with any index used or to be used by the Clearing House for clearing and settlement or in connection or by reference therewith, none of the Relevant Persons or any relevant party that the Clearing House may contract with for the supply of the index or information in relation thereto (each of the foregoing, a "Relevant Party") assume any obligation or liability in connection with the clearing or settlement of any contract based on such index. Accordingly, none of the foregoing parties shall be in any way responsible for any losses, expenses or damages (in all cases direct or indirect) arising in connection with or referable to the clearing or settlement of any contract linked or referable to the said index, provided that nothing herein shall affect either obligations of the Clearing House or its Clearing Members as parties clearing or settling in any contract so linked or referable. None of the Relevant Parties guarantee or warrant or undertake in any manner the accuracy or completeness of any such index or any information or data included in or referable to it.

NONE OF THE RELEVANT PARTIES MAKES ANY WARRANTY OR GIVES ANY GUARANTEE OR UNDERTAKING, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF, OR THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM THE USE OF ANY SUCH INDEX, OR ANY INFORMATION OR DATA INCLUDED IN OR REFERABLE TO IT IN CONNECTION WITH ANY CLEARING OR SETTLEMENT OF ANY CONTRACTS OR FOR ANY OTHER USE. NONE OF THE RELEVANT PARTIES MAKES ANY EXPRESS OR IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO ANY SUCH INDEX, OR ANY INFORMATION OR DATA INCLUDED IN OR REFERABLE TO ANY SUCH INDEX.

1.01.5 All Clearing Members are to note the foregoing and ensure that they are taking on Clearing Membership in and/or will carry on as Clearing Members of the Clearing House, transact and will transact by reference to the Clearing House or any Contract or information or action referable to the Clearing House or any of its directors or officers, only on the foregoing basis and will also ensure that they will not open or allow the continued operation of any account for any person with respect to any Contract unless such person has been notified of the foregoing provisions and has satisfied him/herself or itself that the same is acceptable and is accepted.

#### **Part E: Liability of CDP**

This statement is provided to the Customer as required by the Clearing Rules of the Central Depository (Pte) Limited ("CDP").

The Customer acknowledges that it has been notified of Rule 1.1.1 to 1.1.4 of the Clearing Rules of CDP (as reproduced below) and that the same is acceptable to the Customer.

#### **Reproduction of Rule 1.1.1 to 1.1.4 of the Clearing Rules of CDP**

1.1.1 These Clearing Rules apply to all Exchange Trades that are cleared or settled through CDP. The Clearing Rules operate as a binding contract between CDP and each Clearing Member, and between a Clearing Member and any other Clearing Member.

1.1.2 These Clearing Rules shall come into effect on the Effective Date.

1.1.3 Except where CDP, SGX RegCo, or any person or entity referred to under Rule 1.1.7 otherwise expressly agrees with or expressly commit to any party, the benefit of any performance of obligations under these Clearing Rules and/or Clearing Directives is restricted only to Clearing Members. None of CDP, its related corporations, SGX RegCo, any person or entity referred to under Rule 1.1.7, or their respective directors, officers, employees, representatives or agents (the "Relevant Persons") shall be liable to any other party (including Trading Members). In particular, the Relevant Persons shall have no liability to any party affected or aggrieved by any alleged action or omission.

1.1.4 All Clearing Members are to note the foregoing and ensure that they are taking on membership, and/or carrying on business, as Clearing Members, and that they transact and will transact by reference to CDP or upon information or action referable to CDP, only on the foregoing basis, and will also ensure that they will not open or allow the continued operation of any account for any person with respect to any transaction unless such person has been notified of the foregoing provisions and has satisfied itself that the same is acceptable and accepts the same.

#### **Part F: Contract Notes and Statement of Account**

A member company is required by Rule 3.3.9 (Customer's Statement of Account and Contract Note) of the Futures Trading Rules of the Singapore Exchange Derivatives Trading Limited (for the purposes of this Part F, the "SGX-DT") to obtain its client's revocable and informed consent before issuing contract notes or statements of account in electronic form.

The Customer hereby agrees and consents to the provision to it of Contract Notes and Account Statements electronically, as per clause 10.2 of the Standard Customer Agreement.

#### **Part G: Prohibited Trading Practices**



This part is being provided to the Customer pursuant to Rule 3.3.5 (Customer Education) of the Futures Trading Rules of the Singapore Exchange Derivatives Trading Limited (for the purposes of this Part G, "SGX-DT" or the "Exchange"). This part reproduces, for the Customer's information, the provisions of the Securities and Futures Act 2001 of Singapore ("SFA") and the Rules of SGX-DT which prohibit certain trading practices. The Customer acknowledges that it has read and understood this part and undertakes not to engage in any such prohibited trading practices.

## **I. Prohibited trading practices under the SFA**

### **False trading and market rigging transactions**

197.— (1) A person must not do any thing, cause any thing to be done or engage in any course of conduct, if the person's purpose, or any of the person's purposes, for doing that thing, causing that thing to be done or engaging in that course of conduct (as the case may be) is to create a false or misleading appearance —

- (a) of active trading in any capital markets products on an organised market; or
- (b) with respect to the market for, or the price of, any capital markets products traded on an organised market.

(1A) A person must not do any thing, cause any thing to be done or engage in any course of conduct that creates, or is likely to create, a false or misleading appearance of active trading in any capital markets products on an organised market, or with respect to the market for, or the price of, any capital markets products traded on an organised market, if —

- (a) the person knows that doing that thing, causing that thing to be done or engaging in that course of conduct (as the case may be) will create, or will be likely to create, that false or misleading appearance; or
- (b) the person is reckless as to whether doing that thing, causing that thing to be done or engaging in that course of conduct (as the case may be) will create, or will be likely to create, that false or misleading appearance.

(2) A person must not maintain, inflate, depress, or cause fluctuations in, the market price of any capital markets products —

- (a) by means of any purchase or sale of any capital markets products that does not involve a change in the beneficial ownership of the capital markets products; or
- (b) by any fictitious transaction or device.

(3) Without limiting subsection (1), it is presumed that a person's purpose, or one of a person's purposes, is to create a false or misleading appearance of active trading in capital markets products on an organised market if the person —

- (a) effects, takes part in, is concerned in or carries out, directly or indirectly, any transaction of purchase or sale of the capital markets products, being a transaction that does not involve any change in the beneficial ownership of the capital markets products;
- (b) makes or causes to be made an offer to sell the capital markets products at a specified price, where the person has made or caused to be made or proposes to make or to cause to be made, or knows that a person associated with the person has made or caused to be made or proposes to make or to cause to be made, an offer to purchase the same number, or substantially the same number, of the capital markets products at a price that is substantially the same as the first mentioned price; or
- (c) makes or causes to be made an offer to purchase the capital markets products at a specified price, where the person has made or caused to be made or proposes to make or to cause to be made, or knows that a person associated with the person has made or caused to be made or proposes to make or to cause to be made, an offer to sell the same number, or substantially the same number, of the capital markets products at a price that is substantially the same as the first mentioned price.

(4) The presumption under subsection (3) may be rebutted if the defendant establishes that the purpose or purposes for which the defendant did the act was not, or did not include, the purpose of creating a false or misleading appearance of active trading in the capital markets products on the organised market.

(5) For the purposes of this section, a purchase or sale of capital markets products does not involve a change in the beneficial ownership if any of the following persons has an interest in the capital markets products after the purchase or sale:

- (a) a person who had an interest in the capital markets products before the purchase or sale;
- (b) a person associated with the person mentioned in paragraph (a).

(6) In any proceedings against a person for a contravention of subsection (2) in relation to a purchase or sale of capital markets products that did not involve a change in the beneficial ownership of the capital markets products, it is a defence if the defendant establishes that the purpose or purposes for which the defendant purchased or sold the capital markets products was not, or did not include, the purpose of creating a false or misleading appearance with respect to the market for, or the price of, the capital markets products.

(7) The reference in subsection (3)(a) to a transaction of purchase or sale of the capital markets products includes —

- (a) a reference to the making of an offer to purchase or sell the capital markets products; and
- (b) a reference to the making of an invitation, however expressed, that expressly or impliedly invites a person to offer to purchase or sell the capital markets products.

**Market manipulation in relation to securities and securities-based derivatives contracts**

198.— (1) A person must not effect, take part in, be concerned in or carry out, directly or indirectly, 2 or more transactions in securities, or securities-based derivatives contracts, of a corporation, being transactions that have, or are likely to have, the effect of raising, lowering, maintaining or stabilising the price of securities, or securities-based derivatives contracts (as the case may be) of the corporation on an organised market, with the intent to induce other persons to subscribe for, purchase or sell securities, or securities-based derivatives contracts (as the case may be) of the corporation or of a related corporation.

(2) A person must not effect, take part in, be concerned in or carry out, directly or indirectly, 2 or more transactions in securities, or securities-based derivatives contracts, of a business trust, being transactions that have, or are likely to have, the effect of raising, lowering, maintaining or stabilising the price of securities, or securities-based derivatives contracts (as the case may be) of the business trust on an organised market, with the intent to induce other persons to subscribe for, purchase or sell securities, or securities-based derivatives contracts (as the case may be) of the business trust.

(3) In this section —

- (a) a reference to transactions in securities or securities-based derivatives contracts of a corporation includes —
  - (i) a reference to the making of an offer to purchase or sell such securities or securities-based derivatives contracts, as the case may be; and
  - (ii) a reference to the making of an invitation, however expressed, that directly or indirectly invites a person to offer to purchase or sell such securities or securities-based derivatives contracts, as the case may be; and
- (b) a reference to transactions in securities or securities-based derivatives contracts of a business trust includes —
  - (i) a reference to the making of an offer to purchase or sell such securities or securities-based derivatives contracts, as the case may be; and
  - (ii) a reference to the making of an invitation, however expressed, that directly or indirectly invites a person to offer to purchase or sell such securities or securities-based derivatives contracts, as the case may be.

False or misleading statements, etc.

199. A person must not make a statement, or disseminate information, that is false or misleading in a material particular and is likely —

- (a) to induce other persons to subscribe for securities, securities-based derivatives contracts or units in a collective investment scheme;
- (b) to induce the sale or purchase of securities, securities-based derivatives contracts or units in a collective investment scheme, by other persons; or
- (c) to have the effect (whether significant or otherwise) of raising, lowering, maintaining or stabilising the market price of securities, securities-based derivatives contracts or units in a collective investment scheme,

if, when the person makes the statement or disseminates the information —

- (d) the person does not care whether the statement or information is true or false; or
- (e) the person knows or ought reasonably to have known that the statement or information is false or misleading in a material particular.

**Fraudulently inducing persons to deal in capital markets products**

200.— (1) A person must not —

- (a) by making or publishing any statement, promise or forecast that the person knows or ought reasonably to have known to be misleading, false or deceptive;
- (b) by any dishonest concealment of material facts;

- (c) by the reckless making or publishing of any statement, promise or forecast that is misleading, false or deceptive; or
- (d) by recording or storing in, or by means of, any mechanical, electronic or other device information that the person knows to be false or misleading in a material particular,

**induce or attempt to induce another person to deal in capital markets products.**

(2) In any proceedings against a person for a contravention of subsection (1) constituted by recording or storing information as mentioned in subsection (1)(d), it is a defence if it is established that, at the time when the defendant so recorded or stored the information, the defendant had no reasonable grounds for expecting that the information would be available to any other person.

(3) In any proceedings against a person for a contravention of subsection (1) in relation to the dealing in capital markets products that are securities, securities-based derivatives contracts or units in a collective investment scheme, the opinion of any public accountant as to the financial position of any company at any time or during any period in respect of which he or she has made an audit or examination of the affairs of the company according to recognised audit practice is admissible, for any party to the proceedings, as evidence of the financial position of the company at that time or during that period, even though the opinion is based in whole or in part on book-entries, documents or vouchers or on written or verbal statements by other persons.

**Employment of manipulative and deceptive devices**

201. A person must not, directly or indirectly, in connection with the subscription, purchase or sale of any capital markets products —

- (a) employ any device, scheme or artifice to defraud;
- (b) engage in any act, practice or course of business which operates as a fraud or deception, or is likely to operate as a fraud or deception, upon any person;
- (c) make any statement the person knows to be false in a material particular; or
- (d) omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

**Bucketing**

201A.— (1) A person must not knowingly execute, or hold himself, herself or itself out as having executed, an order for the purchase or sale of a derivatives contract, without having effected in good faith a purchase or sale of that derivatives contract in accordance with the order or with the business rules and practices of an organised market on which the derivatives contract is to be purchased or sold.

(2) A person must not knowingly execute, or hold himself, herself or itself out as having executed, an order to make a purchase or sale of a spot foreign exchange contract for purposes of leveraged foreign exchange trading, without having effected in good faith a purchase or sale in accordance with the order.

**Manipulation of price of derivatives contracts and cornering**

201B. A person must not, directly or indirectly —

- (a) manipulate or attempt to manipulate the price of a derivatives contract traded on an organised market, or of any underlying thing which is the subject of such derivatives contract; or
- (b) corner, or attempt to corner, any underlying thing which is the subject of a derivatives contract.

**Dissemination of information about illegal transactions**

202.— (1) A person must not circulate or disseminate, or authorise or be concerned in the circulation or dissemination of, any statement or information to any of the following effect if any condition in subsection (2) is satisfied:

- (a) the price of any securities or securities-based derivatives contract, of a corporation will, or is likely, to rise or fall or be maintained by reason of any transaction entered into or to be entered into or other act or thing done or to be done in relation to the securities or securities-based derivatives contracts, of that corporation (or of a related corporation) which to the person's knowledge was entered into or done in contravention of section 197, 198, 199, 200 or 201, or if entered into or done would be in contravention of section 197, 198, 199, 200 or 201;
- (b) the price of any securities or securities-based derivatives contract, of a business trust will, or is likely, to rise or fall or be maintained by reason of any transaction entered into or to be entered into or other act or thing done or to be done in relation to the securities or securities-based derivatives contracts, of that business trust which to the person's knowledge was entered into or

done in contravention of section 197, 198, 199, 200 or 201, or if entered into or done would be in contravention of section 197, 198, 199, 200 or 201;

(c) the price of a class of derivatives contracts will, or is likely to, rise or fall or be maintained by reason of any transaction entered into or to be entered into, or other act or thing done or to be done, in relation to that class of derivatives contracts by one or more persons which to the person's knowledge was entered into, or done, in contravention of section 197, 200, 201, 201A or 201B, or if entered into, or done, would be in contravention of section 197, 200, 201, 201A or 201B;

(d) the price of a class of spot foreign exchange contracts for purposes of leveraged foreign exchange trading, will, or is likely to, rise or fall or be maintained by reason of any transaction entered into or to be entered into, or other act or thing done or to be done, in relation to that class of spot foreign exchange contracts for purposes of leveraged foreign exchange trading, by one or more persons which to the person's knowledge was entered into, or done, in contravention of section 197, 200, 201, 201A or 201B, or if entered into, or done, would be in contravention of section 197, 200, 201, 201A or 201B.

(2) For the purpose of subsection (1), the condition is either —

(a) the person mentioned in subsection (1), or a person associated with that person, has entered into or purports to enter into any such transaction, or has done or purports to do any such act or thing; or

(b) the person mentioned in subsection (1), or a person associated with that person, has received, or expects to receive, directly or indirectly, any consideration or benefit for circulating or disseminating, or authorising or being concerned in the circulation or dissemination of, the statement or information.

#### **Prohibited conduct by connected person in possession of inside information**

218.— (1) Subject to this Division, where —

(a) a person who is connected to a corporation possesses information concerning that corporation that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities or securities-based derivatives contracts of that corporation; and

(b) the connected person knows or ought reasonably to know that —

(i) the information is not generally available; and

(ii) if it were generally available, it might have a material effect on the price or value of those securities or securities-based derivatives contracts of that corporation,

subsections (2), (3), (4), (5) and (6) apply.

(1A) Subsections (2), (3), (4A), (5) and (6) apply if —

(a) a person is connected to —

(i) a corporation that is the trustee of, or manages or operates, a business trust; or

(ii) a corporation that is the trustee or manager of a collective investment scheme —

(A) that invests primarily in real estate and real estate-related assets specified by the Authority in the Code on Collective Investment Schemes; and

(B) all or any units of which are listed on an approved exchange;

(b) the connected person possesses —

(i) where the person is connected to a corporation mentioned in paragraph (a)(i), any information concerning the corporation or business trust that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities or securities-based derivatives contracts of the corporation or business trust; or

(ii) where the person is connected to a corporation mentioned in paragraph (a)(ii), any information concerning the corporation or collective investment scheme that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities or securities-based derivatives contracts of the corporation, or the price or value of CIS units in the scheme; and

(c) the connected person knows or ought reasonably to know that —

(i) the information is not generally available; and

(ii) if it were generally available, it might have a material effect on —

(A) where the person is connected to a corporation mentioned in paragraph (a)(i), the price or value of securities or securities-based derivatives contracts of the corporation or business trust; or

(B) where the person is connected to a corporation mentioned in paragraph (a)(ii), the price or value of securities or securities-based derivatives contracts of the corporation, or the price or value of CIS units in the collective investment scheme.

(2) The connected person must not (whether as principal or agent) —

(a) subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell —

(i) the securities or securities-based derivatives contracts mentioned in subsection (1); or

(ii) the securities, securities-based derivatives contracts or CIS units mentioned in subsection (1A); or

(b) procure another person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell —

(i) the securities or securities-based derivatives contracts mentioned in subsection (1); or

(ii) the securities, securities-based derivatives contracts or CIS units mentioned in subsection (1A).

(3) The connected person must not, directly or indirectly, communicate the information mentioned in subsection (1) or (1A), or cause the information to be communicated, to another person if the connected person knows, or ought reasonably to know, that the other person would or would be likely to —

(a) subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell —

(i) the securities or securities-based derivatives contracts mentioned in subsection (1); or

(ii) the securities, securities-based derivatives contracts or CIS units mentioned in subsection (1A); or

(b) procure a third person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell —

(i) the securities or securities-based derivatives contracts mentioned in subsection (1); or

(ii) the securities, securities-based derivatives contracts or CIS units mentioned in subsection (1A).

(4) In any proceedings for a contravention of subsection (2) or (3) against a person connected to a corporation referred to in subsection (1), where the prosecution or plaintiff proves that the connected person was at the material time —

(a) in possession of information concerning the corporation to which the person was connected; and

(b) the information was not generally available,

it is presumed, until the contrary is proved, that the connected person knew at the material time that —

(c) the information was not generally available; and

(d) if the information were generally available, it might have a material effect on the price or value of securities or securities-based derivatives contracts of that corporation.

(4A) In any proceedings for a contravention of subsection (2) or (3) against a person connected to a corporation mentioned in subsection (1A)(a)(i) or (ii), the presumption in subsection (4B) applies until the contrary is proved, if the prosecution or plaintiff proves that the connected person was at the material time —

(a) in possession of information concerning the corporation, business trust or collective investment scheme, as the case may be; and

(b) the information was not generally available.

(4B) For the purpose of subsection (4A), the presumption is the connected person knew at the material time that —

(a) the information was not generally available; and

(b) if the information were generally available, it might have a material effect on —

(i) where the person is connected to a corporation mentioned in subsection (1A)(a)(i), the price or value of securities or securities-based derivatives contracts of the corporation or business trust; or

(ii) where the person is connected to a corporation mentioned in subsection (1A)(a)(ii), the price or value of the securities or securities-based derivatives contracts of the corporation or the price or value of CIS units in the collective investment scheme.

(5) In this Division —

(a) “connected person” means a person referred to in subsection (1) or (1A) who is connected to a corporation; and

(b) a person is connected to a corporation if —

(i) the person is an officer of that corporation or of a related corporation;

(ii) the person is a substantial shareholder in that corporation or in a related corporation; or

(iii) the person occupies a position that may reasonably be expected to give the person access to information of a kind to which this section applies by virtue of —

(A) any professional or business relationship existing between the person (or the person’s employer or a corporation of which the person is an officer) and that corporation or a related corporation; or

(B) being an officer of a substantial shareholder in that corporation or in a related corporation.

(6) In subsection (5), “officer”, in relation to a corporation, includes —

(a) a director, secretary or employee of the corporation;

(b) a receiver, or receiver and manager, of property of the corporation;

(c) a judicial manager of the corporation;

(d) a liquidator of the corporation; and

(e) a trustee or other person administering a compromise or arrangement made between the corporation and another person.

Prohibited conduct by other persons in possession of inside information

219.— (1) Subject to this Division, where —

(a) a person who is not a connected person referred to in section 218 (called in this section the insider) possesses information that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities, securities-based derivatives contracts or CIS units; and

(b) the insider knows that —

(i) the information is not generally available; and

(ii) if it were generally available, it might have a material effect on the price or value of those securities, securities-based derivatives contracts or CIS units, as the case may be,

subsections (2) and (3) apply.

(2) The insider must not (whether as principal or agent) —

(a) subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, any such securities, securities-based derivatives contracts or CIS units, as the case may be; or

(b) procure another person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell, any such securities, securities-based derivatives contracts or CIS units, as the case may be.

(3) The insider must not, directly or indirectly, communicate the information mentioned in subsection (1), or cause the information to be communicated, to another person if the insider knows, or ought reasonably to know, that the other person would or would be likely to —

(a) subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, the securities, securities-based derivatives contracts or CIS units mentioned in subsection (1); or

(b) procure a third person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell, the securities, securities-based derivatives contracts or CIS units mentioned in subsection (1).

### 3.3.8 Recording of Orders

(a) Unless an order or amendment or cancellation of an order is immediately entered by an Approved Trader into the OMS or such other electronic facility or automated trading system that facilitates trading on markets, as the case may be, a Registered Representative shall immediately record such order, amendment or cancellation.

(b) The order, amendment or cancellation shall be recorded:

(i) in the case of a General Trading Member that holds a licence to engage in a Regulated Activity and a Bank Trading Member, on an Order Form. "Order Form" as used herein refers to an order form that is dated, time-stamped and contains such information as required under Regulation 39(3) of the Conduct of Business Regulations and other information as prescribed by the Exchange; and

(ii) in the case of a General Trading Member that holds a licence specified in Rule 2.4.1(b), in the manner prescribed by the Relevant Regulatory Authority. The General Trading Member shall immediately notify the Exchange on any changes to such requirements. Notwithstanding the foregoing, the Exchange shall have the discretion to prescribe additional requirements.

#### **Regulatory Notice 3.3.8 (Recording of Orders)**

##### **1. Introduction**

1.1 This Regulatory Notice sets out the details to be contained in an Order Form, as set forth in Rule 3.3.8(b)(i).

##### **2. Details on the Order Form**

2.1 In addition to the requirements prescribed in Regulation 39(3) of the Conduct of Business Regulations, the Order Form shall, where applicable, include the following details:

- (a) the Customer's designation, which shall readily identify the account for which the order was given;
- (b) the date and time that the Customer's order, amendment or cancellation was passed from the Registered Representative to the Approved Trader;
- (c) the contract for which the Customer's order was given;
- (d) the contract month of that futures contract;
- (e) the quantity of that futures contract;
- (f) the order type;
- (g) the price (if any) to buy or sell that futures contract;
- (h) in the case of an option contract, the class of options and the strike price; and
- (i) the date and time that the order or amended order was executed.

#### **Reproduction of SGX-DT Rule 3.4**

##### **3.4 Trading Practices and Conduct Rules of Members, Approved Traders and Registered Representatives**

Market manipulation, market rigging and other forms of trading misconduct set forth in the Act distort the operation of a fair, orderly and transparent market and are serious offences. A Member, Approved Trader or Registered Representative shall at all times observe the trading practices and conduct rules set forth in the Act and this Rules.

##### **3.4.1 Market Manipulation**

A Member, Approved Trader or Registered Representative shall not manipulate or attempt to manipulate the price of a contract or of any underlying, or corner, or attempt to corner, any underlying.

##### **3.4.2 Churning**

A Member, Approved Trader or Registered Representative is prohibited from churning or generating commissions through creating excessive transactions in a Customer's Account.

##### **3.4.3 False Trading, Bucketing, Fraudulent Inducement to Trade and Employment of Fraudulent Device**

A Member, Approved Trader or Registered Representative shall not:

- (a) engage in, or knowingly act with any other Person in, any act or practice that will or is likely to create a false or misleading appearance of active trading in any contract or a false or misleading appearance with respect to the price of any contract.
- (b) knowingly execute, or hold out as having executed, an order for the purchase or sale of a contract, without having effected a bona fide purchase or sale of the contract in accordance with this Rules;
- (c) induce or attempt to induce another person to trade in a contract:
  - (i) by making or publishing any statement, promise or forecast that it knows or ought reasonably to know to be false, misleading or deceptive;
  - (ii) by any dishonest concealment of material facts;
  - (iii) by the reckless making or publishing of any statement, promise or forecast that is false, misleading or deceptive; or
  - (iv) by recording or storing in any mechanical, electronic or other device information that is knowingly false or materially misleading;
- or
- (d) directly or indirectly in connection with any trading in a contract:
  - (i) employ any device, scheme or artifice to defraud;
  - (ii) engage in any act, practice or course of business which operates as a fraud or deception, or is likely to operate as a fraud or deception upon any Person;
  - (iii) make any false statement of a material fact; or
  - (iv) omit to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

#### **3.4.3A Duty to Monitor for Trading Misconduct**

A Member must have in place processes to **review** orders and trades for the purpose of detecting suspicious trading behaviour.[4]

#### **3.4.4 Duty to Inform Exchange of Prohibited Trading Practices**

A Member, Approved Trader or Registered Representative shall immediately inform the Exchange if it reasonably suspects, or knows of, any commission or attempted commission of the acts prohibited under Rules 3.4.1, 3.4.2 and 3.4.3.

#### **3.4.5 Dissemination of False or Misleading Information**

A Member, Approved Trader or Registered Representative shall not disseminate false or misleading reports concerning market information or conditions that may affect the price of any contract, if the Member, Approved Trader or Registered Representative:

- (a) knows or ought reasonably to know that the information is false or misleading; or
- (b) is reckless about the truth of the information.

This prohibition includes circulation or aiding in the circulation in any manner of rumours which cast doubt on the integrity of any contract or underlying.

#### **3.4.6 Professional Misconduct**

A Member, Approved Trader or Registered Representative shall not:

- (a) permit the use of the Member's facilities or Membership privileges by another Member, Approved Trader or Registered Representative or non-Member in a manner that impairs the dignity or degrades the good name of the Exchange, or creates a market or other situation detrimental to the Exchange, or effectuates manipulations or cornerings or attempts at either, or to itself do any of the foregoing;
- (b) engage in any conduct which impairs or tends to impair the dignity or the good name of the Exchange;
- (c) commit an act which is substantially detrimental to the interest of the Exchange;
- (d) refuse to comply with an order of the Exchange, the Disciplinary Committee or the Appeals Committee;
- (e) refuse to comply with a final arbitration award;



- (f) fail to answer Customers' complaints promptly and in appropriate detail;
- (g) commit any fraudulent or dishonest act or any act of bad faith;
- (h) act in a dishonourable or uncommercial manner;
- (i) make a material mis-statement to the Exchange, the Disciplinary Committee or the Appeals Committee, or in any information supplied to the Exchange or its officers;
- (j) make, or cause to be made, a false or misleading entry in any books, records, reports, slips, documents or statements relating to the business, affairs, transactions, conditions, assets or accounts of the Member;
- (k) omit from making, for whatever reason, a material entry in any books, records, reports, slips, documents or statements relating to the business, affairs, transactions, conditions, assets or accounts of the Member;
- (l) alter or destroy any books, records, reports, slips, documents or statements relating to the business, affairs, transactions, conditions, assets or accounts of the Member without a valid reason;
- (m) make use of or reveal any confidential information obtained by reason of participating in any investigative proceeding or hearing;
- (n) refuse to appear before the Exchange, the Disciplinary Committee or the Appeals Committee at a duly convened hearing or in connection with any investigation; or
- (o) refuse to fully answer all questions or produce all books and records in relation to any audit, hearing or investigation.

#### **3.4.7 Disclosing Orders Prohibited**

A Member, Approved Trader or Registered Representative shall not disclose an order to any Person, except to the following for official purposes:

- (a) an officer of the Exchange;
- (b) an employee or agent of the Member for the purpose of executing the order;
- (c) the Member's sponsoring Clearing Member for the purpose of clearing the order; or
- (d) such other Persons as required by law.

#### **3.4.8 Good Faith Bids and Offers**

A Member or an Approved Trader shall not knowingly enter, or cause to be entered, bids or offers into the Trading System other than in good faith for the purpose of executing bona fide transactions.[5]

#### **3.4.9 Fictitious Transactions Without Change In Ownership**

The creation of fictitious transactions or the placing of orders which do not involve any change in ownership, or the execution of such an order with knowledge of its character by a Member, Approved Trader or Registered Representative is prohibited. A Member, Approved Trader or Registered Representative shall not accept buying and selling orders at the same time and price from a Customer for the same contract month of the same futures contract or in the case of option contracts, a put or call option contract with the same class of options, the same strike price and expiration month. This Rule does not apply if orders are entered in the following circumstances:

- (a) the orders are from a fund manager whose instructions are intended to switch the contract from one (1) sub-account to another for legitimate commercial reasons;
- (b) the orders will be booked out finally to different beneficial owners; or
- (c) if the Member or the Approved Trader establishes to the Exchange that it was not a purpose of the orders to create a false market.[6]

#### **3.4.10 Overtrading by a Member, Approved Trader or Customer**

The following provisions apply in relation to overtrading:

- (a) a Member shall not execute any trade beyond any limits imposed by that Member's sponsoring Clearing Member, the Exchange, the Clearing House or MAS. A Member shall ensure that its Customers do not trade beyond any limits. A Member shall be guilty of overtrading if such Member or its Approved Trader enters into any trade or trades beyond any limits imposed from time to time by its sponsoring Clearing Member, the Exchange or MAS. If a Member is charged with violating this Rule:

- (i) the Exchange may at its discretion suspend that Member from trading until such time as the Disciplinary Committee or the Appeals Committee has completed the hearing in respect of such charge against such Member;
  - (ii) its sponsoring Clearing Member shall, upon being notified by the Exchange or the Clearing House as the case may be, withhold any profits due or owing to such Member from the transaction that resulted in overtrading, or such monies due or owing to such Member as directed by the Exchange or the Clearing House, and shall not release any such profits or monies until the Disciplinary Committee or the Appeals Committee has completed the hearing in respect of the charge against the Member; and
  - (iii) without prejudice to the foregoing, the Exchange may, in any case of overtrading, direct the Clearing House to withhold any profits due or owing to any Clearing Member from the transaction that resulted in overtrading, or such monies due or owing to such Member, until the Disciplinary Committee or the Appeals Committee has completed the hearing in respect of the charge against the Member; and
- (b) each trade entered into beyond any limits imposed by a sponsoring Clearing Member, the Exchange, the Clearing House or MAS shall be deemed to be a distinct and separate violation of this Rule and shall be punishable as such. If a Member is charged by the Exchange for overtrading, it is not necessary for the Exchange to show that the Member intended to overtrade. The act of overtrading is sufficient to constitute an offence under this Rules.

#### **3.4.11 Knowingly Taking Advantage of an Error Prohibited**

A Member, Approved Trader or Registered Representative shall not knowingly take advantage of a situation arising from:

- (a) a breakdown or malfunction in any Exchange Systems; or
- (b) error entries made by the Exchange on the Trading System.

#### **3.4.12 Deemed Rule Violations**

A Member, Approved Trader or Registered Representative shall be deemed to be in violation of this Rules if it is convicted of any offence relating to fraud, any act of bad faith, dishonest conduct, dishonorable conduct or uncommercial conduct before any court of law.

#### **3.4.13 Front Running — Priority of Customers' Orders**

A Member, Approved Trader or Registered Representative shall not trade in contracts for its own accounts or for an account associated with or connected to that Member, Approved Trader or Registered Representative, if that Member, Approved Trader or Registered Representative also has in hand Customers' orders (including discretion orders) to do the same at the prevailing market price or at the same price. This Rule does not apply if:

- (a) that Member, Approved Trader or Registered Representative has no access to the Customer's order flow information;
- (b) the Customer has prescribed that the order be executed under specified conditions and the order cannot be executed by reason of those conditions; or
- (c) the transaction is entered into in circumstances prescribed by MAS.

"Customer" as used in this Rule 3.4.13 does not include the Member's Approved Traders, Registered Representatives or Persons associated with or connected to the Member, Approved Trader or Registered Representative.

#### **3.4.14 Trading Against Customers' Orders Prohibited**

A Member, Approved Trader or Registered Representative shall not knowingly effect a transaction to buy from or sell to a Customer any contract for:

- (a) an account in which the Member, Approved Trader or Registered Representative has an interest; or
- (b) the account of any Person associated with or connected to the Member, Approved Trader or Registered Representative.

This Rule does not apply if the Member, Approved Trader or Registered Representative has first entered the Customer's order into the Trading System and waited at least 10 seconds before entering an opposite order, or if the Member, Approved Trader or Registered Representative has obtained the Customer's prior written consent. "Customer" as used in this Rule 3.4.14 does not include the Member's Approved Traders, Registered Representatives or Persons associated with or connected to the Member, Approved Trader or Registered Representative.

#### **3.4.15 Prohibited Conduct**

A Member, a Registered Representative or an Approved Trader shall not participate in any prohibited market conduct or in any insider trading, or knowingly assist a person in such conduct.

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## **RISK DISCLOSURE SCHEDULE 6**

### **RISK DISCLOSURE STATEMENT – WARRANTS AND CBBC**

#### **i. Issuer default risk**

In the event that a structured product issuer becomes insolvent and defaults on its listed securities, you will be considered as unsecured creditor and will have no preferential claims to any assets held by the issuer. You should therefore pay close attention to the financial strength and creditworthiness of structured product issuers before you participate in trading this kind of product.

"Issuers Credit Rating" showing the credit ratings of individual issuers is now available under the Issuer and Liquidity Provider Information sub-section under Derivative Warrants and under the section on callable bull/bear contracts ("CBBC") on the official website of the Exchange.

#### **ii. Uncollateralized product risk**

Uncollateralized structured products are not asset backed. In the event of issuer bankruptcy, you can lose your entire investment. You should read the listing documents to determine if a product is uncollateralized.

#### **iii. Gearing risk**

Structured products such as derivative warrants and CBBCs are leveraged and can change in value rapidly according to the gearing ratio relative to the underlying assets. You should be aware that the value of a structured product may fall to zero resulting in a total loss of the initial investment.

#### **iv. Expiry considerations**

Structured products have an expiry date after which the issue may become worthless. You should be aware of the expiry time horizon and choose a product with an appropriate lifespan for your trading strategy.

#### **v. Extraordinary price movement**

The price of a structured product may not match its theoretical price due to outside influences such as market supply and demand factors. As a result, actual traded prices can be higher or lower than the theoretical price.

#### **vi. Foreign exchange risk**

Your trading structured products with underlying assets not denominated in Hong Kong dollars are also exposed to exchange rate risk. Currency rate fluctuations can adversely affect the underlying asset value, also affecting the structured product price.

#### **vii. Liquidity risk**

The exchange requires all structured product issuers to appoint a liquidity provider for each individual issue. The role of liquidity providers is to provide two-way quotes to facilitate trading of their products. In the event that a liquidity provider defaults or ceases to fulfil its role, you may not be able to buy or sell the product until a new liquidity provider has been assigned. There is no guarantee that you could be able to buy or sell the structured product at the target price.

#### **viii. Additional Risks Involved in Trading Warrants**

##### **a. Time delay risk**

In the normal course of events, the value of a derivative warrant will decay over time as it approaches its expiry date. Derivative warrants should therefore not be viewed as long term investments.

##### **b. Volatility risk**

Prices of derivative warrants can increase or decrease in line with the implied volatility of underlying asset price. You should be aware of the underlying asset volatility.

##### **c. Market risk and turnover**

The price of warrants is also affected by its supply and demand in the market in addition to basic factors that decide the theoretical price of the warrants, in particular when the warrants are about to be sold out or new warrants are issued by the issuers. The

turnover of warrants should not be considered as the basis of its value increase, and the value of warrants is also affected by other factors, such as the price of relevant assets and volatility, remaining time, interest rates and expected dividend.

**ix. Additional Risks Involved in Trading CBBC**

**a. Mandatory call risk**

When trading CBBCs, you should be aware of their intraday "knockout" or mandatory call feature. A CBBC will cease trading when the underlying asset value equals the mandatory call price/level as stated in the listing documents. You will only be entitled to the residual value of the terminated CBBC as calculated by the product issuer in accordance with the listing documents. You should also note that the residual value can be zero.

**b. Funding costs**

The issue price of a CBBC includes funding costs. Funding costs are gradually reduced over time as the CBBC moves towards expiry. The longer the duration of the CBBC, the higher the total funding costs. In the event that a CBBC is called, you will lose the funding costs for the entire lifespan of the CBBC. The formula for calculating the funding costs are stated in the listing documents.

**c. Trading close to the call price**

When the price of the underlying asset is close to the call price, the price of a CBBC may become more volatile with wider spreads and the turnover may also be reduced. The CBBC may be called at any time, and the trading ceased. Since the mandatory call may not take place at the same time as the CBBC trading ceases, some trading may only be reached and confirmed by the participator of the relevant stock exchange after the mandatory call takes place. However, any trade being executed after the mandatory call event will not be acknowledged and will be cancelled. Therefore, you should be particularly cautious when deciding to trade CBBC at the price close to call price.

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**RISK DISCLOSURE SCHEDULE 7**

**RISK DISCLOSURE STATEMENT – ELECTRONIC TRADING AND ORDER ROUTING SYSTEMS**

1. Electronic trading and order routing systems differ significantly from traditional outcry pit trading and manual order routing methods. Transactions using an electronic system are subject to the rules and regulations of the exchanges offering the system and/or products. You must understand that the exchanges may be located in different time zones, therefore, you are obligated to know and conduct your trading according to the business hours of the various exchanges. You are responsible for directing your trading in accordance with the relevant policies, procedures and trading rules of the exchanges to which your orders are routed.
2. Trading or routing orders through electronic systems varies widely among different electronic systems. The orders are subject to the rules and regulations as prescribed by the various exchange(s) offering the system and products you are trading, hence, before you engage in transactions using an electronic system, you should carefully review the applicable rules and regulations of such exchanges to understand, including but not limited to, the system's order matching procedure, opening and closing procedures and prices, error trade policies, and trading limitations or requirements, qualifications for access and grounds for termination and limitations on the types of orders that may be entered into the system and the risk involves in such matters
3. Trading through an electronic trading or order routing system exposes you to risks associated with system or component failure. In the event of system or component failure, it is possible that, for a certain time period, you may not be able to enter new orders, execute existing orders, modify or cancel orders that were previously entered or view the receipt of confirmations. System or component failure may also result in loss of orders or order priority. Electronic trading system may experience outages or delays as a result of, among other things, power failures, programming failures, accessibility, volatile market conditions or heavy volume of trading which may result in delayed or slowed response time. You should be prepared and maintain alternative trading arrangements for order entry in the event that DICREE system is unavailable for any reason.
4. To the extent that you or DICREE use Internet services to transport data or communications, DICREE disclaims any liability for interception of any such data or communications. DICREE is not responsible, and makes no warranties, regarding the access, speed, availability or security of Internet or network services.
5. Exchanges offering electronic trading or order routing system and/or products may have adopted rules to limit their liability in regards to software and communication systems failure. As such, you may be limited in the amount of damages that may be collected in the event of a system failure. These limitations of liability vary among the exchanges. You should consult the rules and regulations of the relevant exchanges you plan to enter trades for execution.

6. Some contracts offered on an electronic trading system may be traded electronically and through open outcry during the same trading hours. You should review the rules and regulations of the exchange offering the system and/or listing the contract to determine how orders that do not designate a particular process will be executed.
7. You will find that it is extremely difficult or impossible to cancel market orders before execution in the electronic markets. While limit orders do not ensure execution of your order, limit orders may reduce your execution risk.
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## **RISK DISCLOSURE SCHEDULE 8**

### **RISK DISCLOSURE STATEMENT – SECURITIES BORROWING AND LENDING**

There are risks inherent in securities borrowing and lending, including the risk of failure of the other party to comply with the terms of the Agreement. Therefore, it is important that you understand the risks before entering into any Borrowing Transaction or Lending Transaction (or authorising anyone do so on your behalf). This risk disclosure statement does not purport to be a comprehensive summary of all the risks associated with a securities borrowing or securities lending transaction. You should consult your own professional, financial, legal and tax advisers about the risks associated with a securities borrowing or securities lending transaction and the suitability of entering into such a transaction in light of your particular circumstances. The following risks highlighted do not substitute individual advice by an investment adviser, which should in any event be obtained prior to the decision to enter into a securities borrowing or securities lending transaction. Investment decisions should not be made solely on the basis of this risk disclosure statement since the information contained herein cannot serve as a substitute for individual advice which is tailored to your requirements, investment objectives, experience, knowledge and circumstances.

#### **1. Client Lending Securities**

1.1 A lender of securities faces the risk of a borrower defaulting on its obligations and failing to re-deliver the borrowed securities, typically as a consequence of an insolvency. The lending of the Client's Securities to a borrower means that the Client is exposed to the risk that the borrower may default. This risk is heightened if such transaction is not collateralised. There is also a risk that the borrower may not settle an obligation for full value on the due date, but on some date thereafter.

1.2 The lending of the Client's Securities means that the Client loses ownership rights to the said Securities. In its place, the Client will only have a right, to claim for equivalent Securities from the borrower. In the event of the insolvency of the borrower, the Client may not be able to assert any proprietary claim over its securities and may only have an unsecured claim against the borrower.

1.3 Market risk is the risk of loss from adverse movements in the level or volatility of the market prices of assets. In the case of an uncollateralised transaction, a default by the borrower may expose the Client to market risk from an upward movement in the market price of the Borrowed Securities during the terms of the loan. In the case of a collateralised transaction, market risk may still arise from movements in the market price of the Borrowed Securities relative to the Collateral. If the borrower does not or cannot top up the collateral, part of the transaction may become unsecured.

1.4 There are operational and settlement risks, or risk that deficiencies in a party's systems or internal controls could result in an unexpected loss. Securities borrowing and lending can involve a variety of complex administrative, trading, operational and accounting activities, and proper procedures and controls need to be in place to ensure timely settlements.

1.5 In so far as the Client will receive manufactured dividends, the Client may be required to treat the entire amount as income for tax purposes.

1.6 There is risk of loss because a contract cannot be enforced, or because of the unexpected application of, or changes in, laws or regulations

#### **2. Client Borrowing Securities**

2.1 The borrowing of Securities by the Client from DICREE is an on-demand facility. There is a risk that DICREE may require the Client to return the Loaned Securities or to re-deliver Equivalent Securities and the Client has to do so within the time specified in the Agreement. If the Client fails to return the Loaned Securities or re-deliver the Equivalent Securities, this will constitute an event of default in relation to the Client.

2.2 When the Client borrows securities from DICREE, the Client will be required to deposit a required level of Collateral. There is a risk that the Client may be called upon at short notice to place additional deposits if the level of Collateral is inadequate in relation to the market value of the Loaned Securities. If the required deposit is not made within the prescribed time, DICREE may terminate the Agreement and close out the transactions at a loss to the Client.

2.3 The interest, dividends and any distribution whatsoever (each a "Distribution") attributable to the Loaned Securities belong to DICREE and the Client has to pay and deliver to DICREE any such Distribution on its date of payment regardless of whether the Client receives the same. The Client is also to exercise any voting rights attached to such Loaned Securities and any other rights arising and attributable to the Loaned Securities in accordance with the instructions of DICREE, if the Client has agreed to the same. Failure to pay any Distribution to DICREE, or to protect and exercise any rights with respect to the Loaned Securities in accordance with the instructions of DICREE (where the Client has agreed to do so) may expose the Client to liability.

2.4 Where, in respect of any Loaned Securities, any rights relating to conversion, sub-division, consolidation, pre-emption, rights arising under a takeover offer, rights to receive securities or a certificate which may at a future date be exchanged for securities or other rights, including those requiring election by the holder for the time being of such Loaned Securities, become exercisable prior to the delivery of Equivalent Securities, then DICREE may, within a reasonable time before the latest time for the exercise of the right or option give written notice to the Client that on delivery of Equivalent Securities it wishes to receive Equivalent Securities in such form as will arise if the right is exercised or, in the case of a right which may be exercised in more than one manner, is exercised as is specified in such written notice.

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## **RISK DISCLOSURE SCHEDULE 10**

### **RISK DISCLOSURE STATEMENT – US TREASURY FIXED INCOME SECURITIES**

Terms used but not otherwise defined in this Schedule shall have the same meanings ascribed to them in the Standard Customer Agreement.

An investment in any financial instrument involves risks. While short-term US Treasury Fixed Income Securities are considered safer than many other financial instruments, you could, as with any investment, lose all or part of your investment. Your investments are subject to certain risks, including the risks noted below.

#### **i. US Treasury Fixed Income Securities risk**

US Treasury Fixed Income Securities are government debt instruments issued by the United States Treasury Department and are backed by the full faith and credit of the United States Government.

A security backed by the United States Treasury Department on the full faith and credit of the United States is guaranteed only as to the timely payment of interest and principal when held to maturity, but the market prices for such securities are not guaranteed and will fluctuate. Because US Treasury Fixed Income Securities trade actively outside the United States, their prices may rise and fall as changes in global economic conditions affect the demand for these securities. The value of US Treasury Fixed Income Securities may be susceptible to adverse economic, market, or political events and occurrences, global or regional events such as war, acts of terrorism. Certain changes in the United States economy, such as when the United States economy weakens or when its financial markets decline, may have an adverse effect on the US Treasury Fixed Income Securities you hold.

US Treasury Fixed Income Securities may differ from other securities in their interest rates, maturities, times of issuance and other characteristics, and may provide relatively lower returns than those of other securities.

Similar to other issuers, changes to the financial condition or credit rating of the United States Government may cause the value of US Treasury Fixed Income Securities to decline.

US Treasury Fixed Income Securities are subject to interest rate risk, but generally do not involve the credit risks associated with investments in other types of debt securities. As a result, their yields are generally lower than the yields available from other debt securities.

#### **ii. Operational, clearing and settlement risks**

The US Treasury Fixed Income Securities held in your Account are exposed to operational risks arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of Intermediaries or other parties, and failed or inadequate processes and technology or systems failures.

Unlike some other markets, secondary U.S. Treasury market clearance and settlement practices vary materially across participants. There are risks associated with the clearing and settlement process in the secondary market for U.S. Treasury, including, but not limited to, risk of counterparty default and risks associated with the increasing prominence of high-speed trading in the secondary U.S. Treasury market (such as increased volatility).

### iii. Custody risk

In the event of insolvency, or other analogous proceeding, of the sub-custodian or nominee through whom we hold the US Treasury Fixed Income Securities held in your Account, or of any third party in the “holding chain”, there is a risk you may face a delay in recovery or may not be able to fully recover the US Treasury Fixed Income Securities held in your Account.

As the sub-custodian or nominee through whom we hold US Treasury Fixed Income Securities, or a third party in the “holding chain”, may be based in a jurisdiction outside Singapore, the laws and practices relating to custody accounts in such jurisdiction may be materially different from the laws and practices in Singapore relating to custody accounts. Accordingly, the level of protection may not be the same as that accorded to assets that are held in Singapore, which may affect your ability to recover the US Treasury Fixed Income Securities held in your Account.

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## RISK DISCLOSURE SCHEDULE 11

### RISK DISCLOSURE STATEMENT – STRUCTURED NOTES

Terms used but not otherwise defined in this Schedule shall have the same meanings ascribed to them in the Standard Customer Agreement.

An investment in any financial instrument involves risks, and you could lose all or part of your investment. Your investments in structured notes are subject to certain risks, including the risks set out in the relevant term sheets, offering documents, and as noted below. You should not invest in any structured note unless you fully understand the nature of such structured note, the nature of the contractual relationship which you are entering into and the extent of your exposure to risk. You should carefully consider whether trading in such Financial Product is appropriate in light of your experience, objectives, financial resources, and other relevant circumstances.

In addition to the risks set out in Schedule 1 – General Risk Disclosure Statement, investments in structured notes are subject to the following risks:

1. **Issuer risk:** Investors bear the issuer risk. The value of structured notes is dependent on the creditworthiness of the issuer, which may vary over the term of the structured notes. If the issuer fails or becomes insolvent, holders of the structured notes will become unsecured creditors of the structured notes, the market value (or the termination value) of the structured notes may render holders of structured notes to suffer a substantial mark-to-market loss and there is a risk that the structured notes may become valueless. If this happens, the noteholders could lose some or all of their investment.
2. **The structured notes may be unsecured obligations:** The structured notes may not be secured. If the issuer becomes unable to pay amounts owed to investors under the structured notes, such investors would not have recourse to the underlying asset, any asset comprised in the underlying asset, or any other security or collateral and may not receive any payments under the structured notes.
3. **Limited liquidity:** There can be no assurance that a secondary market for the structured notes will develop or, if a secondary market does develop, that it will provide the holders of the notes with liquidity of investment or that it will continue for the life of the notes. Neither the issuer nor its affiliates are required to make a market in the structured notes. Prospective investors that may need to liquidate any of the structured notes before their maturity may have to sell the notes at a substantial discount from the outstanding principal amount. Prospective investors should be willing to hold the notes until their maturity.
4. **Market value of the structured notes:** The market value of the structured notes is expected to fluctuate according to various factors including but not limited to the performance of the underlying asset or any asset comprised in the underlying asset, economic and market conditions, interest rates, currency exchange rates, inflation rates in Singapore and other countries and areas and time remaining to maturity. Such conditions may cause market volatility or such volatility could have an adverse effect on the value of the structured notes.

Unless the performance of the structured notes meets or exceeds the rate of inflation, the effective value of the structured notes will go down.

Investors in the structured notes are exposed to the risk that subsequent changes in the interest rates may adversely affect the value of the structured notes. A variety of factors influence interest rates such as macroeconomic, governmental, speculative and market segment factors.

5. The structured notes are not ordinary debt securities: The structured notes may not pay interest and upon redemption, they may return less than the amount invested or nothing. Structured notes are designed to track the price of the underlying asset or any asset comprised in the underlying asset. If the performance of such underlying does not move in the anticipated direction or if the issuer thereof becomes insolvent, the structured notes will be adversely affected and, in a worst-case scenario, may become worthless.

6. Tax: Although any payments are made gross of tax, transactions involving structured notes may have tax consequences for potential purchasers which may depend, amongst other things, upon the status of the potential purchaser and laws relating to transfer and registration taxes. Potential purchasers who are in any doubt about the tax consequences of purchasing any structured notes should consult and rely on their own tax advisers.

7. Calculation agent's discretion: Calculation of the interest payments (if applicable) and/or redemption amount at scheduled maturity, as appropriate, may be by reference to certain specified screen rates, or if any such rate is not displayed at the relevant time, a rate determined by the calculation agent in its sole and absolute discretion. The structured notes may be redeemable prior to their scheduled maturity in certain circumstances at an amount determined by the calculation agent which may be less than their nominal amount. Investors should be aware that, in circumstances where the issuer of the structured notes has entered into hedging arrangements (or otherwise), the exercise of its discretionary powers as calculation agent under the conditions of the structured notes, or as calculation agent under its related hedge (if applicable), may have an adverse impact on the performance of the structured notes, which may result in a lower return, or no return at all. The calculation agent may delegate to an affiliate some or all of its functions, powers, duties and obligations as it deems appropriate without the prior consent of the holders of the structured notes.

8. Fees: It is possible that the issuer may pay to distributors of the structured notes (which may include affiliates of the issuer) such commissions or fees as such parties may agree (including in the form of a discount to the purchase price of such structured notes). Details of the fee arrangement may be available upon request.

9. Potential loss of principal: The repayment of any amount invested in structured notes and any return on investment is variable and not guaranteed. The redemption amount payable by the issuer of the structured notes is dependent on the performance of the underlying asset and fluctuations in the underlying asset will affect the value of the structured notes. Each investor should conduct such independent appraisal of the performance and rules relating to the underlying asset to evaluate the merits and risk of an investment in a structured note linked to the underlying asset.

Investors should note that the participation in the positive performance (if any) of the underlying asset is limited. This means that holders of structured notes may receive a lesser return than if they had invested directly in the underlying asset.

10. Early redemption: The structured notes may be subject to early redemption in certain circumstances, including pursuant to force majeure, for tax reasons and upon the occurrence of an event of default. Upon the occurrence of such an early redemption prior to the maturity date of the structured notes, there is no guarantee that holders of the notes will receive the principal amount. Any early redemption amount will be an amount determined by the calculation agent to be its fair market value less the cost to the issuer of the notes and/or any affiliates of unwinding any underlying related hedging arrangements, such amount may vary considerably due to market conditions and will likely be valued at a considerable discount to its par value. Investors may therefore suffer a loss or some or of all of their investment and will forego any future interest payments.

If specified in the term sheet or other relevant offer documents, the structured notes may also be subject to automatic call/early redemption upon the specified conditions as set out in the term sheet or relevant offer documents being satisfied. Upon the occurrence of such automatic call/early redemption event, the structured notes will be early redeemed at such specified amount as set out in the term sheet or relevant offer documents.

11. No ownership rights: Holders of the structured notes will have no direct interest or right in the underlying asset or any asset comprised in the underlying asset.

12. Market Disruption Events (in respect of structured notes linked to listed shares): In the case of early closure of the relevant exchange, disruption of such exchange or suspension of trading on such exchange ("Market Disruption Events"), postponement or adjustment of valuations in case of a Market Disruption Event in respect of such structured notes may have an adverse effect on the value of such structured notes.

13. Occurrence of certain disruption events, adjustment events and extraordinary events: Prospective investors should note that following the occurrence of certain disruption events, extraordinary events, adjustment events and/or such other events as referenced under the terms of the structured notes, the calculation agent may determine in its discretion whether or not the structured notes shall continue and, if so, determine in its discretion, any adjustments to be made to the structured notes. If the calculation agent determines in its discretion that the structured notes shall be terminated, then depending on the terms of the notes, the issuer of structured notes may pay the holder of each structured note an amount determined by the calculation agent. Holders of structured notes may suffer a loss of some or of all of their investment and will forego any future appreciation in the relevant underlying asset that may occur following such redemption.



14. Possible delay in payments under the structured notes: Prospective investors should note that the valuation of the underlying asset, and accordingly the payment of the interest amount and/or redemption amount (as applicable) on the interest payment date, at maturity or upon an early redemption (as applicable) may be postponed.

Risks specific to fixed coupon notes ("FCNs")

15. Principal at Risk Equity-linked Notes linked to the worst performing underlying share within a basket of underlying shares (in respect of structured notes linked to a basket of underlying shares): FCNs are a type of equity-based structured note where holders of the FCNs may be obliged to buy the worst performing stock in the basket at the strike price if the final price of the worst performing underlying share is below the strike price. Prospective investors should understand that they are exposed to the risks of the basket of underlying shares especially the underlying share having the worst performance. The final redemption amount under the FCN therefore depends on the performance of worst performing underlying share, and investors could lose some or all of their principal.

[1] <https://www.otcm Markets.com/>

[2] Leveraged mutual funds and ETFs seek to provide leveraged returns at multiples of the underlying benchmark or index they track. Leveraged funds generally seek to provide a multiple (i.e. 200%, 300%) of the daily return of an index or other benchmark for a single day excluding fees and other expenses. Besides using leverage, these funds often use derivative products such as swaps, options, and futures contracts to accomplish their objectives. The use of leverage as well as derivative instruments can cause leveraged funds to be more volatile and subject to extreme price movements

[3] Inverse mutual funds and ETFs, which are sometimes referred to as "short" funds, seek to provide the opposite of the performance of the index or benchmark they track. Inverse funds are often marketed as a way to profit from, or hedge exposure to, downward moving markets. Some inverse funds also use leverage, such that they seek to achieve a return that is a multiple of the opposite performance of the underlying index or benchmark (i.e. -200%, -300%). In addition to leverage, these funds may also use derivative instruments to accomplish their objectives. As such, inverse funds are volatile and provide the potential for significant losses.

[4] See SGX-DT Futures Trading Rules Practice Note 3.4.3A.

[5] See SGX-DT Futures Trading Rules Practice Note 3.4.8.

[6] See SGX-DT Futures Trading Rules Practice Note 3.4.9.

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Signature: \_\_\_\_\_

Name:

Position:

Date: