



**Terms and Conditions for  
Accounts under  
Wealth Management Investment Portfolio  
(Wealth Management Accounts)**

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These WMA Terms and Conditions are supplemental to and should be read in conjunction with the Bank Accounts and Services Terms and Conditions (as the same may be supplemented, revised or replaced from time to time) and any other terms and conditions of any applicable products and services.

If there is any inconsistency between these WMA Terms and Conditions and the terms in any Term Sheet, Order Form, Confirmation, Application Form and/or the Bank Accounts and Services Terms and Conditions, preference should be given in the following order, subject always to mandatory provisions of applicable Laws:

- (a) Confirmation;
- (b) Order Form;
- (c) Term Sheet;
- (d) Application Form;
- (e) these WMA Terms and Conditions; and
- (f) the Bank Accounts and Services Terms and Conditions.

In respect of any Investment Products that are specified to be authorised by the SFC in the Offering Documents, such authorisation does not imply official approval or recommendation.

## **A. RISK DISCLOSURE STATEMENT**

In this Risk Disclosure Statement, “**you**” means the person(s) who open(s) an account or establish(es) a relationship with the Bank including any Authorised Signatory(ies) and “**we**” or “**the Bank**” means DBS Bank (Hong Kong) Limited and “**your**”, “**our**” and “**us**” shall be construed accordingly.

The intention of this Risk Disclosure Statement is to inform you of the risks that may arise as a result of trading securities and other investments. Before considering any transaction involving financial products and services, you must carefully consider whether the transaction is appropriate in the light of your experience, objectives for engaging in the transaction, financial condition and other relevant circumstances. You should not deal in or utilise such products and services unless you have satisfied yourself of the foregoing.

**THIS RISK DISCLOSURE STATEMENT IS NOT AN EXHAUSTIVE LIST OF ALL THE RISKS AND OTHER SIGNIFICANT ASPECTS OF ANY TRANSACTION OR USE OF ANY LEVERAGE. WE RECOMMEND THAT YOU OBTAIN ALL RELATED TERMS AND CONDITIONS AND PRODUCT SPECIFIC DOCUMENTATION AND CAREFULLY STUDY AND EVALUATE THE SAME AND CONSULT YOUR OWN LEGAL, TAX AND FINANCIAL ADVISORS OR OTHER PROFESSIONAL ADVISORS AS APPROPRIATE.**

This Risk Disclosure Statement comprises 7 parts:

Part 1: Relates to Most Transactions Generally

Part 2: Derivatives

Part 3: Structured Products

Part 4: Non-Traditional Funds and Private Equities

Part 5: Exchange Traded Funds

Part 6: Renminbi Products

Part 7: Fixed Income Investments

### **Part 1 – Relates to Most Transactions Generally**

#### **1. Investment risks**

Any investment is subject to price fluctuations which provide both opportunities and risks. You may sustain substantial losses if market conditions move against your position. You may find it difficult or impossible to close-out or liquidate your investment. Your position may be closed-out or liquidated at a loss and you will be liable for any resulting deficit. There may be adjustments to your investments due to events such as market disruption, insolvency and changes in any applicable laws. Such adjustments may result in a total loss of or reduce any amount receivable by you.

The performance of any investment, particularly off-exchange may be influenced by complex and interrelated political, economic, financial and other factors. Further, past performance is not indicative of future results.

You will be exposed to many different risks, including (without limitation) credit and insolvency risks of the issuer, interest rate, market or foreign exchange risk.

Some investments, in particular structured products and non-traditional funds and private equities, have long maturity periods or lock up periods. Heavy penalties or charges may be payable for the early termination or surrender and you may incur significant loss of your principal or the proceeds that you may receive may be substantially lower than your invested amount should you redeem before maturity date or during the lock-up period.

#### **2. Risk of securities trading**

The prices of securities fluctuate, sometimes dramatically. The price of a security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profits made as

a result of buying and selling securities. Under certain market conditions, you may find it difficult to liquidate a position. Placing buy or sell orders will not necessarily limit your losses to the intended amounts, since market conditions may make it impossible to execute such orders at the designated price.

In respect of listed securities, investor protection and securities regulations vary with different exchanges. Some may expose you to high investment risk. For example, certain exchanges allow companies to list with neither a track record of profitability nor any obligation to forecast future profitability. Such listed securities may be volatile and illiquid and suitable for trading by professional and sophisticated investors only.

In respect of “penny shares” or shares you buy in smaller companies, there may be a bigger risk of losses and they are only suitable for investors with high risk tolerance. There is often a large difference between the buying and selling price.

### **3. Risk of trading alternative stock market stocks**

Alternative stock markets (such as the Growth Enterprise Market (“**GEM**”) in Hong Kong) stocks involve a high investment risk. In particular, companies may list on such stock markets with neither a track record of profitability nor any obligation to forecast future profitability. Such stocks may be very volatile and illiquid.

You should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of such stock markets mean that it is a market more suited to professional and other sophisticated investors.

Current information on such stocks may only be found on the internet website such as that operated by The Stock Exchange of Hong Kong Limited in the case of GEM stocks. The companies are usually not required to issue paid announcements in gazetted newspapers.

You should seek independent professional advice if you are uncertain of or have not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of such stocks.

### **4. Risk of trading NASDAQ-AMEX securities at The Stock Exchange of Hong Kong Limited**

The securities under the NASDAQ-AMEX Pilot Program (“**PP**”) are aimed at sophisticated investors. You should consult us and become familiarised with the PP before trading in the PP securities. You should be aware that the PP securities are not regulated as a primary or secondary listing on the Main Board or the GEM of the Stock Exchange of Hong Kong Limited.

### **5. Currency risk**

Changes in exchange rates may be unpredictable, sudden and large, and may have an unfavourable as well as a favourable effect.

The profit or loss on transactions in foreign currency denominated 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. Similarly, where liabilities in one currency are matched by an asset in a different currency or where assets are denominated in a currency other than your reference currency.

### **6. Risk of providing an authority to repledge your securities collateral etc.**

There is risk if you provide us with an authority that allows us to apply your securities or securities collateral pursuant to a securities borrowing and lending agreement, repledge your securities collateral for financial accommodation or deposit your securities collateral as collateral for the discharge and satisfaction of our settlement obligations and liabilities.

If your securities or securities collateral are received or held by us in Hong Kong, the above arrangement is allowed only if you consent in writing. Moreover, unless you are a professional investor, your authority must specify the period for which it is current and be limited to not more than 12 months. If you are a professional investor, these restrictions do not apply.

Additionally, your authority may be deemed to be renewed (i.e. without your written consent) if we issue you a reminder at least 14 days prior to the expiry of the authority, and you do not object to such deemed renewal before the expiry date of your then existing authority.

You are not required by any Law to sign these authorities. But an authority may be required by us, for example, to facilitate margin lending to you or to allow your securities or securities collateral to be lent to or deposited as collateral with third parties. We will explain to you the purposes for which one of these authorities is to be used.

If you sign one of these authorities and your securities or securities collateral are lent to or deposited with third parties, those third parties will have a lien or charge on your securities or securities collateral. Although we are responsible to you for securities or securities collateral lent or deposited under your authority, a default by it could result in the loss of your securities or securities collateral.

If you do not require margin facilities or do not wish your securities or securities collateral to be lent or pledged, do not sign the above authorities and ask to open this type of cash account.

## **7. Risk of margin trading/leveraged transactions**

The risk of loss in financing a transaction without full payment can be substantial. You may sustain losses in excess of your cash and any other assets deposited as collateral with us.

The amount of initial margin is small relative to the value of the transaction so that the transaction is highly “leveraged” or “geared”. A relatively small market movement may have a disproportionately larger impact on the margin deposited or will have to deposit. The margin cover may fall below the amount required from time to time due to various reasons such as book losses arising from mark-to-market valuation or losses arising from closed-out contracts or fall in value of the assets deposited as margin.

Market conditions may make it impossible to execute contingent orders, such as “stop-loss” or “stop-limit” orders. You may be called upon at short notice to make additional margin deposits or interest payments. If the required margin deposits or interest payments are not made within the prescribed time, your collateral may be liquidated without your consent. Moreover, you will remain liable for any resulting deficit in your account and interest charged on your account.

You should also see “Risk-reducing orders or strategies”.

You should therefore carefully consider whether such trading is suitable in light of your own financial position and investment objectives.

## **8. Risk of trading in leveraged foreign exchange contracts, futures and options**

The risk of loss in leveraged foreign exchange trading, futures or options can be substantial. You may sustain losses in excess of your initial margin funds. You may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, your position may be liquidated. You will remain liable for any resulting deficit in your account. You should therefore carefully consider whether such trading is suitable in light of your own financial position and investment objectives.

You should also see “Risk-reducing orders or strategies”.

## **9. Risk-reducing orders or strategies**

Placing contingent orders, such as “stop-loss” or “stop-limit” orders, which are intended to limit losses to certain amounts may not be effective. Market conditions may make it difficult or impossible to execute such orders. Strategies using combinations of positions, such as “spread” or “straddle” positions may be as risky as taking simple “long” or “short” positions. **The bank does not accept liability for the non-execution of a “stop-loss” or “stop-limit” order and execution of such orders are strictly on the basis that you release us from any liabilities and authorise us, in such circumstances, to execute such order at such rate and in such manner as we may deem appropriate.**

## **10. Liquidity risks**

Certain instruments, in particular structured notes or bonds, may not be readily realisable or marketable. There may be no or a limited secondary market and there is no certainty that market traders will be prepared to deal with such instruments. Even when a market exists, there may be a substantial difference between the prevailing price of the secondary market and the purchase price paid by the investors. You may need to hold such instruments for an indefinite period.

Liquidity risks decrease for near term investments and increase for investments with longer maturity periods or investments that are linked to emerging markets or with lower credit ratings. Unexpected and sudden erosion of liquidity can also arise from sharp price movements and volatile market conditions. At certain times or under certain market conditions, it may be difficult or impossible to liquidate a position, to assess value or to determine a fair price.

## **11. Risks of trading facilities and electronic trading**

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 system provider, the market, the Clearing House and/or participant firms and such limits on liability may vary or there may be no recovery at all.

Trading on an electronic trading system may differ 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 is not executed at all.

## **12. Counterparty and issuer risk**

Settlement of transactions that we enter into for you will depend on the relevant counterparty and broker performing their obligations. The insolvency or default of such counterparty or broker may lead to your position being liquidated or closed out without your consent.

If you purchase a debt instrument, such as a note or bond, you will be exposed to the credit risk of the issuer of the debt instrument as well as the issuer of the underlying that the debt instruments invest in and of the derivative instruments that the debt instruments are exposed to. Any ability to repay may be subject to any intervening circumstances such as government action or legal inhibitions placed on the issuer or currency in which the instrument is denominated. Credit ratings assigned by credit rating agencies do not guarantee the creditworthiness of the issuer.

## **13. 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 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.

## **14. Risks of client assets received or held outside Hong Kong**

Your assets received or held outside Hong Kong are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and the rules made thereunder. Consequently, such assets may not enjoy the same protection as that conferred on assets received or held in Hong Kong.

## **15. Commission and other charges**

Before entering into any transaction, you should obtain details of all commissions and other charges for which you will be liable. If any charges are not expressed in money terms (but, for example, as a percentage of contract value), you should obtain a clear written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms. You should familiarise yourself with all relevant commissions, fees and other charges and tax implications for which you will be liable as it will affect your net profit (if any) or increase your loss.

## **16. Transactions in other jurisdictions**

Transactions on markets in other jurisdictions outside Hong Kong, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to laws and regulations which may offer different or diminished investor protection as that conferred in Hong Kong. Before you trade you should enquire about any rules relevant to your particular transactions. The regulatory authority in Hong Kong will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should understand the types of redress available before you start to trade. You should take into account the applicable tax and exchange controls, including repatriation of funds. There may be restrictions on foreigners entering into transactions, repatriation of capital investments and profits and there may be withholding or additional forms of taxes.

## **17. Deposited cash and property**

You should familiarise yourself with the protections given to money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm 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 may be distributed among other creditors on a pro-rata basis in the event of a shortfall.

## **18. Off-exchange transactions**

It may not always be apparent whether or not a particular transaction is on or off-exchange.

In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to close-out or 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 and as such, the risks are correspondingly greater. Before you undertake such transactions, you should familiarise yourself with applicable rules and attendant risks.

## **19. Risk of providing an authority to hold mail or to direct mail to third parties**

If you provide us with an authority to hold mail or to direct mail to third parties, it is important for you to promptly collect in person all contract notes and statements of account and review them in detail to ensure that any anomalies or mistakes can be detected in a timely fashion.

If you are a hold mail client, you have authorised us to hold mail in our custody for collection by you and as a result you will not be receiving mail regularly. Consequently, it is more likely that you will not be fully aware of all your positions and will not be able to react as quickly in dealing with changes in market conditions. In this respect, there is an increased risk of losses occurring.

## **20. Emerging markets**

Investments in emerging market instruments may yield large gains but can also be highly risky as the markets are unpredictable and may have inadequate regulations and safeguards available to investors. Government intervention, perhaps in the form of exchange control laws or restrictions on the repatriation of profits, which have a minor or limited effect in more mature markets, could affect emerging markets profoundly.

## **21. Interest rate risks**

Interest rate fluctuations may have an adverse impact on the value of investments, in particular, debt instruments such as bonds or money market instruments. The degree of interest rate sensitivity depends on the maturity, coupon and call provisions.

## **Part 2 – Derivatives**

### **1. Pricing relationships**

The normal pricing relationships between a derivative and its underlying interest may not exist in certain circumstances. The absence of an underlying reference price may make it difficult to assess the “fair value” of a derivative position. Consequently, price indications may not reflect the actual price at which the position may be terminated or unwound.

### **2. Terms and conditions**

You should familiarise yourself with the terms and conditions of the specific derivative contracts and associated obligations (e.g. the circumstances under which you may become obliged to make or take delivery of the underlying interest, expiration dates and restrictions on the time of exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the counterparty due to changes effected by the Exchange or Clearing House on the underlying.

### **3. Futures and Options**

Transactions in futures and options carry a high degree of risk and are not suitable for many members of the public. You should familiarise yourself with the type of futures and options (i.e. put or call) which you contemplate trading and the associated risks. You should calculate the extent to which the value of futures and the options must increase for your position to become profitable, taking into account the premium and all transaction costs. Some futures and option contracts may provide only a limited period of time for exercise of the futures contract and the option or that the futures contract and option can only be exercised on a specified date. You should ensure that you are aware of the procedures and your rights and obligation upon exercise or expiry.

Transactions in futures carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract so that transactions are “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.

The purchaser of options may offset 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 purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for 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.

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 that amount. The seller will be liable for 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 obliged to either settle the option in cash or to acquire or deliver the underlying interest. If the option is “covered” by the seller holding a corresponding position in the underlying interest or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

The seller of a covered call option sells the call option for an underlying which he/she already owns. If the option is exercised by the purchaser, the seller will only receive the premium paid by the purchaser and not profit from the price growth of the underlying in excess of the exercise price. If the option is not exercised by the purchaser, the seller bears the full risk of the underlying.

The seller of an uncovered call option sells the call option without owning the underlying. If the option is exercised by the purchaser, the seller will have to deliver the underlying. The seller of an uncovered



call option is required to deposit a margin. If the price of the underlying rises, the margin to be provided increases. Where the required margin is not paid the position may be closed-out or liquidated without notice to you.

**ONLY EXPERIENCED PERSONS SHOULD CONTEMPLATE WRITING UNCOVERED OPTIONS AND THEN ONLY AFTER SECURING FULL DETAILS OF THE APPLICABLE CONDITION AND RISK EXPOSURE.**

The seller of a put option is required to deposit a margin. If the price of the underlying falls, the margin to be provided increases. Where the required margin is not paid the position may be closed-out or liquidated without notice to you.

Listed options may not be exercised automatically on expiry. In order to realise any profits from a long option position it is necessary that you exercise or close out the option before it expires failing which you may forgo all the profit that would otherwise have realised. The availability of automatic close-out and the way it works may vary from jurisdiction to jurisdiction. The value of listed options could be affected if trading is halted in either the listed options or the underlying.

#### **4. Swap transactions**

Swap transactions involve an exchange of future payment streams, and occasionally, the exchange of principal on commencement and/or maturity. The risk that one of the parties to the swap will default or otherwise fail to perform its obligations is typically greater in swaps where both principal and income streams are exchanged. For uncovered contracts, there is risk which is directly related to the risks of the different instruments swapped. It is important to note that these risks may not be off-setting in effect, and should be viewed instead in aggregate.

An Interest Rate Swap is an agreement between two parties to make reciprocal payments over a specific period of time. The payments are determined by reference to a notional principal amount and fixed or floating rates of interest. Floating rates are typically based on some published index of market rates. You may be a receiver of fixed rate and payer of floating rate, or vice versa. In either case, movements in the referenced rates could have a significant impact on your cash flow as well as the cost of unwinding the swap position. For uncovered contracts, there is an unlimited interest rate risk, computed on the full amount(s) contracted.

#### **5. Forwards / Non-Deliverable Forward ("NDF") Transactions**

Forwards create an obligation to deliver or take delivery on a specified date of a defined quantity of an underlying at an agreed price. Your potential profit or loss corresponds to the difference between the market value and the agreed price on the specified date.

For forward sales, the underlying must be delivered at the price originally agreed even if its market value has since risen above the agreed price. In such a case, you risk losing the difference between these two amounts and theoretically, there is no limit to how far the market value of the underlying can rise. As such, potential losses may be unlimited and can substantially exceed the margin requirements.

For forward purchases, you must take delivery of the underlying at the price originally agreed even if its market value has since fallen below the agreed price. Your potential loss corresponds to the difference between these two values. Your maximum loss corresponds to the originally agreed price. Potential losses can substantially exceed the margin requirements. In order to limit price fluctuations, an Exchange may set price limits for certain contracts. If you sell forward an underlying which you do not hold at the outset of the contract, you risk having to acquire the underlying at an unfavourable market price in order to fulfil your obligation to effect delivery on the contract's expiration date.

Forwards can involve special risks and are only suitable for investors who are familiar with this type of instrument, have sufficient liquid assets and are able to absorb any losses that may arise.

You should note that these are illiquid instruments which are not transferable. Unwinding a contract (if allowed) under adverse market condition could incur significant losses of principal where the proceeds may be substantially lower than the original invested amount.

You shall assume the credit risk of the Bank.

You acknowledge that the Bank or an affiliate may be requested to provide a quotation or quotations from time to time for the purpose of determining the settlement rate used for the purposes of a transaction and such quotation(s) may affect, materially or otherwise, the settlement of that transaction.

For NDF, there is no delivery of the underlying currency pair at maturity. Instead, a net cash settlement will be made based on the final fixing of the underlying currency pair.

## **6. Risk of warrants**

A warrant is a right to subscribe for shares, debentures, loan stock or government securities, and is exercisable against the original issuer of the securities. Warrants often involve a high degree of gearing, so that a relatively small movement in the price of the underlying results in a disproportionately large movement in the price of the warrant. Warrants have a limited life, as denoted by the expiry date. After this date, warrants can no longer be traded or exercised. The price of warrants can be volatile and the value is likely to decrease over time. In the worst case, warrants may expire worthless and you will suffer a total loss of investment. Some warrants provide only a limited period of time for exercise and some may provide for the exercise on a specified date. You should familiarise yourself with the terms of the warrant. Ordinarily, the chance of deep-out-of-the-money warrants becoming profitable is remote.

## **7. Derivative warrants (“DWs”) and callable bull / bear contracts (“CBBCs”)**

DWs are derivative instruments which give the holders the right to buy or sell the underlying at a pre-set price within a prescribed time period. There are call and put DWs. Call DW investors have the right (but not the obligation) to buy from the issuer and, put DW investors have the right (but not the obligation) to sell to the issuer, a specified amount of underlying at a pre-set price on or before a specified date. DW investors may sell before the expiry date. DWs are usually cash-settled at expiry. DWs have no value on expiry if the price of the underlying is greater (for put warrants) or less (for call warrants) than the exercise price.

CBBCs are derivatives that track the performance of an underlying such as a share, index, commodity or currency. CBBCs take the form of a bull contract (where the investor intends to capture potential price appreciation in the underlying) or a bear contract (where the investor is seeking to make a profit from a fall in the value of the underlying). The price movement of a CBBC reflects the price movement of the underlying.

CBBCs will expire at a predefined date or when the mandatory call mechanism becomes effective. Mandatory calls take place where the price of the underlying (i) touches or is below the call price of a bull contract; or (ii) touches or is above the call price of a bear contract. Trading is terminated immediately when a mandatory call becomes effective. Once a CBBC is called, the contract cannot be revived and you will not benefit even if the price of the underlying bounces back favourably. You should exercise special caution when a CBBC is trading close to its call price.

If a mandatory call does not occur and you hold the CBBC until expiry, a cash settlement amount is payable. The amount will depend on how much the closing price of the underlying is above (in case of a bull CBBC) or below (in the case of bear CBBCs) the strike price. The cash settlement amount may be substantially less than your initial investment and may even be zero.

Investing in DWs and CBBCs involve a high degree of risk. DWs and CBBCs place unsecured contractual obligations on the issuer and, if applicable, the guarantor. If the issuer or, if applicable, the guarantor defaults, you may lose your entire investment. DWs and CBBCs do not constitute a direct investment in the underlying. You have no right against any party that issues or holds (or if the underlying is an index, sponsor) the underlying and any decision on corporate actions by them may have an adverse impact on the value and market price of DWs and CBBCs. You will not be entitled to voting rights, dividends or any other rights in the underlying.

DWs and CBBCs may be illiquid. You may not be able to obtain a quote or to liquidate your position when you wish.

Exchange rates may affect DWs and CBBCs. Changes in exchange rates between the currency of the underlying, the currency in which DWs or CBBCs settle and/or the currency of your home currency may adversely affect the return (if any) of your investment.

CBBCs and DWs are leveraged products. The value of CBBCs and DWs may rapidly fluctuate due to changes in one or more factors and the change in value may be much greater than the price of the underlying. Assuming all other factors remain unchanged, the value of CBBCs and DWs will decrease over time as they approach their expiry dates and they should not be held as long-term investments. CBBCs and DWs have expiry dates and can become valueless after their expiry.

## **8. Virtual Assets and Virtual Assets-related Products**

Virtual assets (“VA”) include digital representations of value which may be in the form of digital tokens (such as utility tokens, stablecoins or security – or asset-backed tokens) or any other virtual commodities, crypto assets or other assets of essentially the same nature, irrespective of whether or not they amount to “securities” or “futures contracts” as defined under the SFO, but excludes digital representations of fiat currencies issued by central banks.

Virtual assets-related (“VA-related”) products include investment products which: (a) have a principal investment objective or strategy to invest in VA; (b) derive their value principally from the value and characteristics of VA; or (c) track or replicate the investment results or returns which closely match or correspond to VA.

Investing in VA and VA-related products involves risks. VA are high risk investment. Trading in VA-related products is subject to the general risks associated with VA. These risks could result in substantial financial loss in transactions involving VA and VA-related products. In worst case scenario, you may lose your entire investment. The general risks associated with VA and VA-related products could include, without limitation to, the following:

### **(a) Legal and Regulatory Risk**

All VA transactions are potentially exposed to legal and regulatory risks. The legal and regulatory treatments of the VA vary according to the jurisdiction, they are unsettled and may change rapidly. A VA may or may not be considered as “property” under the law, and such legal uncertainty may affect the nature and enforceability of your interest in such VA.

The effect of regulatory and legal risks is that any VA may decrease in value or lose all of its value due to legal or regulatory change. Changes or uncertainty in the legal or regulatory framework, actions imposed by governmental or regulatory bodies relating to blockchain technology and/or VA may adversely impact the use, storage, transfer, exchange and value of the VA, returns on your investment or even render a previously accepted investment illegal. You should seek independent legal, tax and financial advice and continue to monitor the legal and regulatory position in respect of your investment in VA and VA-related products.

### **(b) Risk of Price Volatility**

The prices of VA and VA-related products are subject to supply and demand and may fluctuate significantly within a short period of time. The volatile and unpredictable fluctuations in price may result in significant losses.

Any VA may decrease in value or lose all of its value in response to various factors including security concerns, discovery of wrongful conduct, market manipulation, change to the nature or properties of the VA, technological developments, governmental or regulatory activity, legislative changes, suspension or cessation of support for a VA or other exchanges or service providers, public opinions, or other factors outside of our control.

Psychological market risks may have a particular effect on VA and their prices may be adversely affected by global or local economic, political, environmental or other factors.

### **(c) Risk of Potential Price Manipulation**

There may not be a robust regulatory framework to govern VA trading, lending and/or dealing

platforms. The spot markets for VA (i.e. the underlying assets of VA-related products) are largely unregulated at present. They are more likely to present investor protection issues, ranging from a lack of pricing transparency to potential market manipulation which may contribute to false and misleading appearance of trading activities in or an artificial price for VA. You may suffer financial losses arising from buying or selling VA at a false price.

(d) Risk of Lack of Secondary Market

There is the possibility for you to experience losses due to the inability to sell or convert assets into a preferred alternative asset immediately or in instances where conversion is possible but at a loss. Such liquidity risk in an asset may be caused by the absence of buyers, limited buy/sell activity or underdeveloped secondary markets.

The value of a particular VA may decline, or be completely and permanently lost should the market for that VA disappear. This is because the value of a VA may be derived, among other things, from the continued willingness of market participants to exchange fiat currencies for a VA. There is no assurance that a person who accepts a VA as payment, will continue to do so in the future.

(e) Risk of Unregulated Trading, Lending or Other Dealing Platforms and Custodians of VA

Service providers for VA and VA-related products, including custodians, fund administrators, trading platforms and index providers, may be unregulated, or regulated only for anti-money laundering and counter-financing of terrorism purposes or subject to light-touch regulation (e.g. for payment purposes). Thus, they may not be subject to the same robust regulation as service providers or products in traditional financial markets, posing additional counterparty risks for VA-related products.

The offering documents or product information provided by the applicable issuer may not be subject to regulatory approval. You should exercise caution in respect of any issuance or offer of such assets.

For any VA that have been authorised by a regulator or traded on a platform authorised by a regulator, such authorisation does not imply any official recommendation or endorsement of the asset and/or platform by the regulator, nor does it guarantee the commercial merits of the asset and/or platform or its performance.

Some VA transactions may be deemed to be executed only when they are recorded and confirmed by an SFC-licensed platform, which may not necessarily be the time at which the client initiates the transaction.

The protection offered by the Investor Compensation Fund established under the SFO does not apply to transactions involving VA (irrespective of the nature of the tokens).

(f) Counterparty Risk

Effecting transactions with issuers, private buyers and sellers or through trading, lending or other dealing platforms (collectively, the "Counterparties") is subject to counterparty risk. You should evaluate the comparative credit risk of the Counterparties and undertake appropriate due diligence before undertaking any transaction.

You should read the applicable terms, information and risk disclosures provided by the related VA or VA-related product issuer carefully before entering into a VA or VA-related product transaction. You should seek independent professional advice before making any investment decision.

(g) Risk of the Loss of VA

Investing in VA is subject to the risk of the loss of VA, especially if the VA is held in "hot wallet" or "hot storage". A "hot wallet" or "hot storage" describes the practice where the private keys to VA are kept in an online environment. As "hot wallet" or "hot storage" is connected to the internet, it is more susceptible to cyber-attacks. Cyber-attacks resulting in the hacking of VA trading

platforms and thefts of VA are common. Victims may have difficulty recovering losses from hackers or trading platforms. This could result in significant loss, loss of your entire investment, and/or other impacts that may materially affect your interests.

(h) Hacking and Technology-related Risks

(i) Cyber-attacks and fraudulent activity

VA and VA-related products' technologic reliance exposes Customer to the risk of fraud or cyber-attack. VA or VA-related products may be targeted by hackers, individuals, malicious groups or organisations who may attempt to interfere with or steal the VA or fiat currency in various ways, including but not limited to interventions by way of distributed denial of service, sybil attacks, phishing, social engineering, hacking, smurfing, malware attacks, double spending, majority-mining, consensus-based or other mining attacks, misinformation campaigns, forks, and spoofing. Any successful attacks present a risk to the VA, and may result in theft or loss of the VA.

(ii) Reliance on the internet and/or other technologies

VA and VA-related products are reliant on effective and reliable internet and/or other technologies. Either parts or the entire internet may be unreliable or unavailable at any given time, when such happens, interruption, transmission blackout, delayed transmission due to data volume, internet traffic, corruption or loss of data, loss of confidentiality and/or accuracy in the transmission of data, or the transmission of malware may occur when transmitting data via the internet and/or other technologies.

(i) Risk of Trading New Type of Asset

VA are relatively new and complex financial instruments, and generally a high-risk asset class. Market participants of VA may engage complex transaction strategies. They may or may not be Securities. You should ensure that you have the knowledge and expertise to understand how the product is structured (which may differ from case to case), the applicable terms and conditions, and exercise caution in relation to the trading of VA, and VA themselves. VA are not legal tender. They may not be backed by physical assets, and are not backed or guaranteed by the government. They may not have intrinsic value. Some of the VA may not circulate freely or widely, and may not be listed or trading on any secondary markets or exchanges.

Transactions involving VA are irrevocable. Lost or stolen VA may be irretrievable. Once a transaction has been verified and recorded on a blockchain, loss or stolen VA generally will not be reversible.

The price of new type assets may fluctuate, sometimes dramatically. Their price may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling VA.

### Part 3 – Structured Products

Structured products are not conventional financial products and are formed by combining two or more financial instruments including one or more derivatives. Structured products may be traded either over-the-counter or on-exchange. Every structured product has its own risk profile and may carry a high degree of risk and may not be suitable for all investors as the risk associated with the financial instruments may be interconnected.

As most structured products are complex, you should understand the product terms and conditions including the calculation of returns and redemption amounts, restrictions and the nature and economic risks of the underlying. The secondary market for structured products may be illiquid and you may not be able to sell your holdings when you wish. Further, the value of a structured product may be linked to the value of its embedded derivative component(s), which may be subject to considerable fluctuation in market forces.

Buyers of structured products can only assert their rights against the issuer. In addition to potential loss you may incur due to a fall in the market value of the underlying, a total loss of your investment is possible if the issuer defaults.

Structured products may not be capital guaranteed and you may sustain a total or partial loss of your investment. Where the capital is guaranteed, you will be exposed to the credit risk of the issuer or guarantor. The guarantee does not give any assurances as to the future solvency of the guarantor and the guarantee may be terminated prior to maturity upon the occurrence of certain events as stated in the relevant product documents. Where the structured product is capital protected, this is not the same as capital guarantee. Capital protection could be less than 100% of the capital invested, depending on the product and is subject to issuer risk. Capital guarantee or protection is only available if you hold till maturity.

Structured products may provide that the issuer may discharge its obligations by delivery of the underlying to you on maturity. You should be aware of the implications of this method of settlement (e.g. you may have to pay related costs and expenses to receive delivery) and there may be particular risks and restrictions relating to trading and holding such underlying. If the underlying is denominated in a different currency to that of the structured product, you may be affected by fluctuations in exchange rates.

For structured products for which whole or partial withdrawal prior to the maturity date is permitted, the amount received by you at early withdrawal may be significantly less than the original amount invested and even equal to zero.

In addition, the recovery and resolution regimes in certain markets may empower resolution authorities to intervene if a financial institution or its parent company becomes non-viable. Such intervention may take the form of a bail-in, through the writing down of certain claims of unsecured creditors of the failing institution and/or conversion of unsecured debt claims to equity. Should the issuer and the guarantor (as applicable) and/or any of their affiliates become subject to such bail-in or resolution powers, this could have an adverse impact on the payments under and returns on the structured notes/certificates and you may lose some or all of your investment.

## **Part 4 – Non-Traditional Funds and Private Equities**

### **1. Non-traditional funds**

Non-traditional funds, including but not limited to hedge funds, alternative investment funds and offshore funds, can take a variety of legal forms (e.g. investment companies, partnerships or unit trust structures) and differ from traditional investment funds. Non-traditional funds involve a high degree of risk, in addition to the general risks associated with traditional funds, which could include (without limitation) the following:

- (a) the investment strategies are often high risk and highly complex and may be difficult to understand. They may use derivatives for investment or speculative rather than hedging purposes. They tend to be highly geared and a small movement in the market can magnify a loss or gain sharply. The entire amount of your investment may be lost;
- (b) the non-traditional fund industry is largely unregulated and the availability, quality and flow of information may be limited. The investment strategies are usually non transparent and sophisticated. You may not be kept informed of the strategies or changes to the fund management team;
- (c) the performance of the fund is largely dependent on individual fund managers. The fund management team may receive performance-linked-bonuses and often have a personal stake in the fund;
- (d) the valuations of some underlying investments may be uncertain, not be actively traded and require time to be sold to make any distribution or to meet redemption;
- (e) the liquidity and tradability of non-traditional funds can vary a great deal. Long fixed holding periods or “lock up” periods are common and liquidation may stretch over many years; the redemption fees are applicable in certain cases depending on the terms and conditions of the offerings of the funds;
- (f) there may be powers to compulsorily redeem all or any portion of an investor’s holdings at any time and for any reason upon short notice and the proceeds received may be substantially less than the amount invested; and there may also be powers to suspend redemption rights of investors for a considerable period of time under extraordinary circumstances as defined by the offering documents of the funds;

- (g) many non-traditional funds have an offshore domicile that may be subject to less stringent laws and supervision and thus weaker investor protection. There may be problems or delays in settlement of buy and sell orders. There is no assurance that your legal rights will be enforceable.
- (h) many non-traditional funds are not available to the general public and are not suitable for the majority of public investors; and
- (i) each fund also has its own specific risks; investors should review the offering documents carefully and seek advice before making investment decisions.

## 2. Private equities investments

Private equities investment or private equities funds are investments into private / public companies through privately negotiated transactions. They involve a high degree of risk, in addition to the general risks associated with most investments, which could include (without limitation to) the following:

- (a) they often require contribution of substantial amounts, either by a single payment or by several payments known generally as “capital calls”, over a considerable period of time. Contribution is made over a period of time. The penalty for failure to make payments can be severe, including a complete forfeiture of any capital already invested;
- (b) they are subject to significant fees and expenses, typically, management fees and a substantial carried interest in the net profits generated by a fund and paid to its manager;
- (c) the performance of a private equities investment fund may be substantially adversely affected by a single investment. In addition, the funds may make minority investments where the funds may not be able to protect its investment or control or influence effectively the business or affairs of the underlying investment;
- (d) the investments may be in the form of securities among the most junior in a portfolio company’s capital structure and generally with no collateral for partial protections, thus, subject to the greatest risk of loss;
- (e) those portfolio companies’ capital structures could also be highly leveraged, which may accelerate and magnify declines in the value of any such portfolio company investments in a down market;
- (f) capital invested may be tied up, either completely or with restricted access, during a predetermined period. As there is no recognized secondary market in private equity, such investments may not be sold and/or transferred freely. Private equity funds also often make illiquid investments for which there are no readily available market prices. Private equity funds also generally provide valuations only on an infrequent basis;
- (g) private equity investments may be realized in several ways, such as a sale of the participation through eventual public listing on an Exchange, merger with or sale to another interested party or recapitalization. Considerable losses or even a total loss of your investment may occur, for example, when the private companies and/or funds are either wound up or declared insolvent or its commercial interest fails or ceases to exist;
- (h) private equity fund investments are less transparent than public investments and private equity fund investors are afforded less regulatory protections than investors in registered public securities; and
- (i) investors in private equity funds will also have only limited rights to receive information about such funds or their managers. In addition, they will have no recourse against such funds or their managers.

## Part 5 – Exchange Traded Funds

Exchange Traded Funds (“**ETFs**”) are listed on an exchange designed to track, replicate or correspond to the performance of their underlying benchmarks e.g. an underlying index, asset or group of assets that may be in, but are not limited to, specific markets, sectors, equities, commodities or market indices. ETF managers may use different strategies to achieve this.

ETFs can be broadly categorised as physical ETFs or Synthetic ETFs. Physical ETFs directly buy all or a portion of the assets needed to replicate the composition and weighting of their benchmark. Synthetic ETFs

do not buy the assets in their benchmark but typically invest in derivative instruments to replicate the benchmark's performance. ETFs involve a high degree of risk which could include (without limitation) the following:

**1. Market risk**

An ETF is exposed to the political, economic, currency, legal and other risks associated with the underlying index, asset or group of assets which may in the worst case scenario result in the termination of the ETF. ETF managers do not have discretion to take defensive positions in adverse markets. There is a risk of loss and volatility associated with the fluctuation of the underlying index, asset or group of assets and the derivative instruments relating to the ETFs.

**2. Counterparty risk**

Synthetic ETFs will be subject to the credit risk of derivative issuers and potential contagion and concentration risks should be taken into account (since derivative issuers are predominantly financial institutions and the failure of one may have a "knock-on" effect on other issuers). Some Synthetic ETFs have collateral to reduce counterparty risk, but the market value of collateral could be substantially less than the amount owed to the ETF, resulting in a loss for the ETF and a reduction in the investment.

**3. Liquidity risk**

Listing or trading on an Exchange does not guarantee that a liquid market exists. A higher liquidity risk is involved if an ETF invests in derivative instruments that are not actively traded in the secondary market. This may result in a wider bid and offer spread. These derivatives are also susceptible to more price fluctuations and higher volatility and therefore can be more difficult and costly to unwind early, especially when the derivatives provide access to a restricted market where liquidity is limited in the first place.

Although most ETFs are supported by one or more market makers, there is no assurance that active trading will be maintained.

**4. Tracking error**

Tracking errors (i.e. the disparity in performance between an ETF and its underlying index, asset or group of assets) can arise due to factors such as, the ETF's replication strategy, the impact of transaction expenses and fees incurred to the ETF, or changes in composition of the underlying index, asset or group of assets.

**5. Trading at a discount or premium**

An ETF may trade at a discount or premium to its net asset value. The price discrepancy is caused by supply and demand and may be particularly likely during periods of high market volatility and uncertainty. This may also be observed in ETFs tracking specific markets or sectors that are subject to restricted access or when there are disruptions to subscriptions and redemptions. Investors who buy an ETF at a premium may not be able to recover the premium in the event of termination.

**6. Tax and other risks**

An ETF may be subject to tax imposed by the local authorities in the market related to the underlying that it tracks, emerging market risks and risks in relation to the change of policy of the reference market which may in the worst case scenario result in the termination of the ETF.

ETFs not denominated in the currency of the underlying index, asset or group of assets may have exposure to exchange rate risk. Currency rate fluctuations can adversely affect the value of the underlying and thus affect the ETF price.



## **Part 6 – Renminbi (“RMB”) Products**

### **1. Currency risk**

RMB is not a freely convertible currency and is subject to foreign exchange control policies and restrictions initiated by People’s Republic of China (“PRC”). Such policies and restrictions may change and this may adversely affect your investment.

RMB exchange rate may fluctuate and any devaluation of RMB may adversely affect the value of your investment. There is no guarantee that RMB will not depreciate. If you convert your home currency into RMB to invest in a RMB product and subsequently convert the RMB sale proceeds back to your home currency, you may suffer a loss if RMB depreciates against your home currency.

As the offshore deliverable RMB market is currently in the developing phase, there is no market standard determination of the exchange rate. Screen rate (if available) is for indication only and might not necessarily equal to market trading rate.

There may be restrictions or daily limits for the conversion of RMB from, or into, another currency. You should allow sufficient time for the conversion.

Investors may be exposed to the risk of exchange rate fluctuation such that the potential loss from the product could offset (or even exceed) the potential gain if RMB depreciates against the investor’s home currency. RMB products which are not denominated in RMB or with underlying investments which are not RMB-denominated will be subject to multiple currency conversion costs involved in making and liquidating the investments.

### **2. Interest rate risk**

The PRC has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. Where RMB products invest in RMB debt instruments, such instruments are susceptible to interest rate fluctuations, which may adversely affect the return and performance of the RMB products.

### **3. Limited availability of underlying investments denominated in RMB**

Some RMB products do not have access to invest directly in the PRC. The pool of underlying investments denominated in RMB outside the PRC may be limited and may not be regularly traded or have an active secondary market. RMB products may therefore incur significant trading and realisation cost and suffer losses in liquidating such underlying investments. This may adversely affect the return and performance of the RMB products.

### **4. No guaranteed projected returns**

For some RMB investment products, their return may not be guaranteed or may only be partly guaranteed. You should read carefully the statement of illustrative return attached to such products, in particular, the assumptions on which the illustrations are based, including, for example, any future bonus or dividend declaration.

### **5. Long term commitment**

For RMB products which involve a long period of investment, if you redeem the investment before the maturity date or during the lock-up period (if applicable), you may incur a significant loss of principal where the proceeds may be substantially lower than the invested amount. You may also suffer from early surrender / withdrawal fees and charges as well as the loss of returns (where applicable) as a result of redemption before the maturity date or during lock-up period.

### **6. Issuer Risk**

RMB products are subject to the credit and insolvency risks of their issuers. You should consider carefully the creditworthiness of the issuers before investing. RMB product may invest in derivative instruments, counterparty risk may also arise as the default by the derivative issuers may adversely affect the performance of the RMB products and result in substantial losses.

## **7. Liquidity risk**

RMB is less liquid than other currencies. There may not be regular trading or active secondary market for RMB products. Payments and redemption of RMB products may not always be made within the expected timescales, or you may have to sell at a deep discount to the product value.

Restrictions in the repatriation of RMB out of PRC may limit the amount of RMB available offshore and reduce the liquidity of your investment.

## **8. Possibility of not receiving RMB upon redemption**

For RMB products with a significant portion of non-RMB denominated underlying investments, you may not receive the full amount in RMB on redemption/sale. Even if sufficient underlying investments are RMB denominated, there may not be sufficient RMB to satisfy the redemption/sale requests due to repatriation or other controls on RMB. As such, you may not receive RMB when you redeem/sell.

## **Part 7 – Fixed Income Investments**

You take on the risk that the issuer of the fixed income instrument or the counterparty may not honour its obligations to pay principal and / or interest, resulting in losses to you. In this regard, published ratings of any issuer of fixed income instrument should be supplemented by your own credit analysis of the issuer's credit risk as changes in the ratings of any issuer of fixed income instrument may lag behind changes in financial conditions. You should perform periodic independent analysis to determine the credit risk of the issuer of any fixed income instrument and evaluate the merits and risks of such fixed income instrument.

You are exposed to liquidity risk as there may be no market for a fixed income instrument and you may not be able to sell the fixed income instrument at the desired time or price. Even when a market exists, there may be a substantial difference between the offer and purchase price for a fixed income instrument.

You are exposed to the risk of interest rate fluctuations as the value of fixed income instruments will fluctuate with changes in interest rates. The degree of interest rate sensitivity depends on the maturity, coupon and call provisions of the fixed income instrument. Floating rate fixed income instruments lessen your interest rate risk to the extent that the interest rate adjustments are responsive to market rate movements. If the issuer of the fixed income instruments has the right to redeem the fixed income instruments before maturity, this can adversely affect your exposure.

## **Additional Risks of Investing in Fixed Income investments with special features**

### **1. High-Yield**

High-Yield Bonds / debentures are typically rated below investment grade or are unrated and as such are often subject to a higher risk of issuer default. High-yield Bonds/debentures typically fall more in value than investment grade Bonds/debentures during economic downturns as (i) investors become more risk averse and (ii) default risk rises.

### **2. Perpetual**

Perpetual Bonds/debentures are perpetual in nature and do not have a maturity date. Interest pay-out depends on the viability of the issuer in the very long term.

### **3. Convertible / Exchangeable**

Price structure of convertible and exchangeable bond is constituted by value of the straight bond plus value of the option embedded. The bondholder acts like holding a straight bond and an option with long position. Having this feature, when stock price of the company goes up, the value of convertible bond will follow. On the other hand, when the value of convertible bond drops, it will only fall to the value of straight bond floor. Investors are subject to both equity and bond investment risk.

### **4. Callable**

Callable Bond allows the issuer to redeem the bond at a predetermined price on or after specific date before maturity. Exercising the call on call date is at issuer's discretion but it is not obliged to do so.

This may increase the investor's reinvestment risk when the issuer exercises its right to redeem the bond before it matures.

## 5. **Distressed**

The bond issuer may not be able to meet their financial obligations and near or even in default. The bond price may be highly volatile. An investor who purchases distressed bonds is speculating that the issuer will be able to fulfil its financial obligations and will not go into default. The issuer of the distressed bond may go into / already in default. Holding a "distressed bond", the holder is facing much higher default risk than holding other bonds that are not in "distressed". As the bond is at high default risk, liquidity of distressed bonds may be much lower than bonds not in distress. An investor may suffer considerable loss in order to liquidate the holdings.

## 6. **Subordinated**

It is a debt that ranks below other bonds with regard to claims on assets or earnings. In the case of default, holders with subordinated bonds would not get paid out until the senior bondholders are paid in full. Subordinated debts have a lower priority of claims in the event of liquidation of the issuer. Investors can only get back the principal after other senior creditors are paid.

## 7. **Contingent Convertible or Bail-in**

Issuers of contingent convertible bonds ("CoCos") are mainly banks. It is a hybrid capital security that absorbs losses in accordance with its contractual terms when the capital of the issuing bank falls below a certain level. Then, the debt is reduced and bank capitalization gets a boost. Owing to its capacity to absorb losses, CoCos have the potential to satisfy regulatory capital requirements.

CoCos can absorb losses either by converting into common equity or by suffering a principal write down. The trigger can be either mechanical (i.e. defined numerically in terms of a specific capital ratio) or discretionary (i.e. subject to supervisory judgment).

Investors face higher risks as these are hybrid debt-equity instruments that may be written off or converted to common stock on the occurrence of a trigger event. Bonds/debentures with a contingent write down or loss absorption feature may be written-off fully or partially or converted to common stock on the occurrence of a trigger event. Investors face both equity and bond investment risk if the bonds/debentures are converted to common stock on the occurrence of a trigger event.

## 8. **Variable / deferral of interest payment**

Bonds/debentures with variable and/or deferral of interest payment terms have a higher uncertainty over the amount and time of the interest payments to be received.

### **Extendable maturity dates**

Bonds/debentures with extendable maturity dates do not have a definite schedule of principal repayment.

### **Risk of Statutory Resolution**

The recovery and resolution regimes in certain markets may empower resolution authorities to intervene if a financial institution or its parent company becomes non-viable. Such intervention may take the form of a bail-in, through the writing down of certain claims of unsecured creditors of the failing institution and/or conversion of unsecured debt claims to equity. Should the issuer and the guarantor (as applicable) and/or any of their affiliates become subject to such bail-in or resolution powers, this could have an adverse impact on the payments under and returns on the bonds / notes and you may lose some or all of your investment.

## B. GENERAL TERMS AND CONDITIONS

### 1. Definitions and interpretation

Unless otherwise stated, terms defined in the Bank Accounts and Services Terms and Conditions (as the same may be supplemented, revised or replaced from time to time) shall have the same meaning in these WMA Terms and Conditions.

1.1 The following words and expressions shall have the corresponding meanings wherever appropriate.

“**Alternate Currency Event**” means one of the following:

- (a) Banking Event;
- (b) Currency Event;
- (c) Currency Hedging Disruption Event; and
- (d) Governmental Event.

“**Alternate Currency Event Designation**” has the meaning specified in clause E4.

“**Application Form**” means any account opening or application form signed by or for and on behalf of the Customer in connection with the Wealth Management Accounts, as may be supplemented or revised from time to time.

“**Banking Event**” means

- (a) a declaration of a banking moratorium or any suspension, waiver, deferral or repudiation of payments by banks with respect to indebtedness or deposits in the Relevant Jurisdiction;
- (b) the imposition by any Governmental Authority of any moratorium on or any suspension, waiver, deferral, repudiation or required rescheduling or required approval of, the payment of any amount of principal, interest or other amount of indebtedness of banks, or restriction on withdrawal of any deposited funds from banks, in the Relevant Jurisdiction;
- (c) any general disruption in the bank payments system in the Relevant Jurisdiction which prevents banks from receiving or paying in any currency payable under the CLI or SIP; or
- (d) any condition created by or resulting from any action or failure to act by a Governmental Authority which, in the opinion of the Bank, has an analogous effect.

“**Bullion**” means Paper Gold which is expressed in units of one fine troy ounce of gold based upon a 995 fine London Good Delivery gold bar, and represented by credit balances in the Wealth Management Accounts. Units of gold do not entitle the Customer to specific bars of gold.

“**Business Day**” means, unless otherwise defined in the Offering Documents (if applicable), a Bank Business Day.

“**CID Information**” means the client identity information (such as the identity, address, occupation and contact details of the ultimate beneficiary, and the person or entity originating or ultimately responsible for originating the instruction for, or the person that stands to gain the commercial or economic benefit or bear the commercial or economic risks of, a transaction).

“**CNY(offshore)**” means the lawful currency of the People’s Republic of China that are deliverable offshore outside of the People’s Republic of China, and for this purpose, excluding Hong Kong, the Macau Special Administrative Regions and Republic of China (Taiwan).

**“Conversion Rate”** means, in respect of a CLI, the exchange rate shown in the Confirmation, at which the Bank has the right to convert the Principal Amount and Interest Amount from the Investment Currency to the Linked Currency on the Maturity Date.

**“Currency Disruption Event”** means, in respect of SIP or CLI:

- (a) any event (including any event or condition that occurs as a result of the imposition of, or any change in, any applicable Law of any Government Authority or otherwise), which makes it impracticable, illegal or impossible for the Bank to:
  - (i) convert through the customary legal channels one Relevant Currency into another Relevant Currency;
  - (ii) deliver through the customary legal channels any funds in the Relevant Currency (“Affected Currency”) from accounts inside the jurisdiction of the Affected Currency to accounts outside the jurisdiction of the Affected Currency;
  - (iii) deliver the Affected Currency between accounts inside the jurisdiction of the Affected Currency, or to a party that is a non-resident of the jurisdiction of the Affected Currency; or
  - (iv) purchase, sell or otherwise deal (or to continue to do so) in the Relevant Currency or to enter into any option, forward or futures contract, swap or any other hedging arrangements to hedge its currency, price or other risks in order to perform its obligations under the Customer Agreement or any Investment Product under any restriction or limitation of any existing or future Law of any Government Authority or otherwise; or
- (b) the currency exchange rate between one Relevant Currency and another Relevant Currency has been (or will be) split into dual or multiple rates or discontinued, or it has become impracticable, illegal or impossible for the Bank to (i) determine (1) a currency exchange rate between one Relevant Currency and another Relevant Currency; or (2) the relevant interest rate; or (ii) obtain a firm quote for any such rate for payment under the Customer Agreement or any Investment Product.

**“Currency Event”** means the occurrence of any event or existence of any condition (including, without limitation, any such event or condition that occurs as a result of the enactment, promulgation, execution, ratification, interpretation or application of, or any change in or amendment to, any Law by any Governmental Authority of the Relevant Jurisdiction that generally makes it impossible, illegal or impracticable, or materially hinders the ability of any person to:-

- (a) convert CNY(offshore) into United States Dollars and/or Hong Kong Dollars or, in each case, vice versa through customary legal channels; or
- (b) effect currency transactions on terms as favourable as those available to residents of the Relevant Jurisdiction; or
- (c) transfer any funds (i) from accounts inside the Relevant Jurisdiction to accounts outside the Relevant Jurisdiction; or (ii) between accounts inside the Relevant Jurisdiction,

except to the extent any such restrictions or conditions are already in force and applicable to any person of the Relevant Jurisdiction as of the Investment Value Date.

**“Currency Hedging Disruption Event”** means the Bank is either (a) unable, after using commercially reasonable efforts, or (b) would incur a materially increased (as compared with circumstances existing on the Investment Value Date) amount of tax, duty, expense or fee to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the currency risk (or any other relevant risk including, but not limited to, interest rate risk) of entering into and performing its obligations with respect to the CLI or SIP, or (ii) freely realise, recover, receive, repatriate, remit or transfer the proceeds of such transaction(s) or asset(s).

**“Currency Linked Investment”** or **“CLI”** means a currency linked investment of a type which the Bank may, from time to time, make available subject to these WMA Terms and Conditions.

**“Customer Agreement”** means the agreed terms and conditions pursuant to which any Transaction is entered into between the Customer and the Bank, consisting of the Application Form, these WMA Terms and Conditions, any Instruction, Order Form, Offering Documents or Confirmation, which together constitute the agreement between the Bank and the Customer.

**“DBS Group”** includes the Bank and its Affiliates together with any of their respective successors and assigns.

**“Deposit Protection Scheme”** means the Deposit Protection Scheme established under the Deposit Protection Scheme Ordinance (Cap. 581 of the Laws of Hong Kong) as amended, reacted or supplemented from time to time.

**“Earmarked Assets”** has the meaning specified in clause B4.

**“Event of Default”** has the meaning specified in clause B10.2.

**“Final Redemption Amount”** means, in respect of a SIP, the amount specified in, or calculated in accordance with the provisions set out in the Term Sheet and, in respect of a CLI, the Principal Amount and Interest Amount in respect of the Interest Period that are payable either in (a) the Investment Currency or (b) the Linked Currency, as set out in the Confirmation.

**“Fixing Date”** means, in respect of a SIP, the date on which the Bank determines the relevant amounts, prices, values or rates as specified in the relevant Confirmation; and, in respect of a CLI, the date on which the Bank determines the relevant amounts, prices, values or rates as specified in the relevant Important Facts Statement.

**“Fixing Rate”** means, in respect of a CLI, the spot rate in the inter bank foreign exchange market (which may be determined by reference to a rate source) at or about the Fixing Time for which the Investment Currency may be exchanged for the Linked Currency, all determined by the Bank in its sole and absolute discretion.

**“Fixing Time”** means, in respect of CLI, approximately 11:00 a.m. Hong Kong time, provided that with respect to any currency pair that has a different fixing time determined in accordance with market convention for such currency pair as determined by the Bank in its sole and absolute discretion, the Fixing Time shall be determined by the Bank in its sole and absolute discretion in accordance with such market convention.

**“Governmental Event”** means any expropriation, confiscation, freezing, requisition, nationalisation or other action by any Governmental Authority of the Relevant Jurisdiction, which directly or indirectly deprives any person or entity of any of its assets (including rights to receive payments) in the Relevant Jurisdiction.

**“Hedging Costs”** means the losses, expenses and costs (if any) incurred by the Bank of unwinding, terminating, liquidating, adjusting, obtaining, replacing or re-establishing any underlying or related hedging arrangements (including, but not limited to, any options or selling or otherwise realising any instruments of any type whatsoever which the Bank may hold as part of such hedging arrangements), all as calculated by the Bank acting in good faith and in a commercially reasonable manner.

**“Hong Kong Dollar”** means the lawful currency of Hong Kong.

**“Important Facts Statement”** means a document containing terms and particulars of a CLI or SIP issued by the Bank as may be amended, supplemented or revised by the Bank from time to time.

**“Interest Amount”** means, in respect of a SIP, such amount (if any) specified in, or calculated in accordance with the provisions set out in, the Offering Documents and, in respect of a CLI, such amount calculated in accordance with the provisions set out in the Important Facts Statement and as set out in the Confirmation.

**“Interest Payment Date”** means, in respect of a SIP, such date(s) (if any) as specified in, or determined in accordance with the provisions set out in, the Offering Documents and, in respect of a CLI, the Maturity Date.

**“Interest Period”** means, in respect of a SIP, such period(s) (if any) as specified in, or determined in accordance with the provisions set out in, the relevant Offering Documents and in respect of a CLI, the period from (and including) the Investment Value Date to (but excluding) the Maturity Date.

**“Interest Rate”** means, in respect of a SIP, such rate (if any) as specified in the Offering Documents; and in respect of a CLI, the rate per annum specified in the Confirmation.

**“Investment Currency”** means, in respect of a CLI, the original currency that the Customer places as specified in the relevant Order Form and Confirmation.

**“Investment Fund”** means each unit trust or mutual fund which may be offered by the Bank.

**“Investment Period”** means, in respect of a SIP, such period (if any) as specified in the Offering Documents and in respect of a CLI, the period from (and including) the Investment Value Date to (but excluding) the Maturity Date, as specified in the Confirmation.

**“Investment Profile”** has the meaning specified in clause B7.1.

**“Investment Products”** means such investments (exchange traded or over the counter) as Bank may specify from time to time as acceptable to be transacted through the Wealth Management Accounts including cash, deposits of any nature (including but not limited to time deposits and other forms of deposits linked to performance of underlying financial instruments), Securities, Bullion, and CLI.

**“Investment Value Date”** means, in respect of a CLI or a SIP, the date specified as such in the Confirmation.

**“Linked Currency”** means the currency into which the Investment Currency may be converted.

**“Mandatory Redemption Amount”** means an amount in an alternate currency to be determined by the Bank acting in good faith and in a commercially reasonable manner, adjusted downward to account fully for all Hedging Costs. The Mandatory Redemption Amount is likely to be substantially less than the Principal Amount and, in the worst case scenario, the Mandatory Redemption Amount may be zero.

**“Mandatory Redemption Date”** means the date designated as such in the Mandatory Redemption Notice, which shall be a date falling not less than two Business Days after the date of the Mandatory Redemption Notice.

**“Mandatory Redemption Notice”** has the meaning specified in clause E4.

**“Maturity Date”** means:

- (a) In relation to a CLI, the date on which the Bank will pay the Final Redemption Amount as specified in the Confirmation; and
- (b) In relation to a SIP, the date specified in the Confirmation on which the Bank shall, subject to the relevant terms and conditions, pay the Final Redemption Amount.

**“Multi-Currency Settlement Account”** means the Settlement Account opened in accordance with section D1.

**“Needs Analysis”** has the meaning specified in clause B7.1.

**“Offering Documents”** means the offering documentation (including any constitutive documents, information memorandum, prospectus, offering circular, product booklet, principal brochure, key facts statement and/or term sheet, as applicable) in respect of the Investment Products.

**“Order”** means, in respect of an Investment Product, an Instruction validly placed with the Bank, which upon acceptance by the Bank and execution in the market by the Bank will be confirmed by a Confirmation.

**“Order Form”** means a form in the Bank’s format.

**“Pending Orders”** has the meaning specified in clause E1.

**“Principal Amount”** means, in respect of a SIP or CLI, the amount to be invested as set out in the Confirmation or, as the case may be, which has been invested by the Customer in, and accepted by, the Bank.

**“Relevant Currency”** means, in respect of SIP, the currency(ies) specified in the Term Sheet and, in respect of CLI, the Investment Currency and/or Linked Currency.

**“Relevant Jurisdiction”** means the People’s Republic of China (for the purpose of these WMA Terms and Conditions, including Hong Kong but excluding the Macao Special Administrative Region and/or the Republic of China (Taiwan)).

**“Securities”** means all shares, stocks, warrants, covered warrants, bonds, Investment Fund, debt instruments, notes, interest in any collective investment scheme, SIP and other securities that may be prescribed as securities under the SFO, in each case if (and only if) the Bank in its absolute discretion have decided to accept the same as “Securities” under these WMA Terms and Conditions.

**“Services”** means the banking, investment, nominee and other services the Bank may, from time to time, make available under and subject to these WMA Terms and Conditions.

**“Special Investments”** means any suspended, delisted or defaulted Investments.

**“Structured Investment Product”** or **“SIP”** means any structured product of a type which the Bank may, from time to time, make available subject to these WMA Terms and Conditions.

**“Tenor”** means, in respect of a SIP, the tenor as provided in the Order Form and the Confirmation, and in respect of a CLI, the total number of calendar days from and including the Investment Value Date to and excluding the Maturity Date.

**“Termination Event”** has the meaning specified in clause B10.1.

**“Term Sheet”** means a document or other evidence containing terms and conditions and particulars of an Investment Product.

**“Transaction”** means each transaction in an Investment Product entered into between the Bank and the Customer.

**“Wealth Management Accounts”** the accounts and sub-accounts under Wealth Management Investment Portfolio which include a Multi-Currency Settlement Account, a Wealth Management Securities Account and a Time Deposit Account and includes any of them.

**“Wealth Management Securities Accounts”** means an Account as designated as such by the Bank.

**“WMA Terms and Conditions”** means these Terms and Conditions for Accounts under Wealth Management Investment Portfolio (Wealth Management Accounts) (as supplemented, revised or replaced from time to time).

- 1.2 In these WMA Terms and Conditions, unless the context requires otherwise, any Wealth Management Accounts or Investment Product name is a reference to the Wealth Management Accounts or Investment Product as identified in the Customer Agreement or otherwise identified in correspondence with the Customer.



## 2. Other Services

The Bank shall be entitled (but not obliged), without prior notice to or consent from the Customer, to take such steps as it may consider expedient to enable it to provide the Services and exercise its powers under the Customer Agreement including the following:

- (a) to comply with any Law requiring the Bank to take or refrain from action including, to withhold and/or to make payment of any Taxes on behalf of the Customer;
- (b) to comply with all disclosure requests of any Relevant Authority;
- (c) to combine the Customer's orders with orders of other persons (including other customers or employees of the Bank) and the Bank may allocate subscriptions, redemption, distributions, dividends and other payments or purchases in such manner as the Bank considers appropriate subject to the Bank's allocation policies and all applicable Laws. Where orders are aggregated but execution is effected in an amount less than the aggregate amount, allocation will be in accordance with the Bank's allocation policies and all applicable Laws;
- (d) to co-mingle the Assets with the property of other persons;
- (e) to act on the opinion or advice of its legal advisers, accountants, brokers or other professional advisers; and
- (f) generally to do all acts and things which in its opinion are reasonably necessary for or incidental to the provision of the Services.

## 3. Joint Account

If any Wealth Management Accounts is a joint account, in the event of a Termination Event or Event of Default occurring against a joint account holder, the Bank has the right to set off any claims it has or may have against that person against the credit balance in the Wealth Management Accounts.

## 4. Earmarking

Without prejudice to any rights which the Bank may be entitled to under applicable Laws or otherwise, the Bank is authorised to earmark any or all of the Assets in the Wealth Management Accounts (including, for the avoidance of doubt, any credit balance) ("**Earmarked Assets**"), for the purposes of ensuring the settlement of Transactions. The Customer undertakes that the Customer will not withdraw any Earmarked Assets for any purposes without the Bank's express consent. The Bank may (in its sole and absolute discretion) refuse to allow a withdrawal of any Earmarked Assets.

## 5. Undertakings, Representations and Warranties

Where the Customer enters into any Transaction involving the dealing of Investment Products, the Customer undertakes, warrants and represents that the Customer:

- (a) has obtained necessary employer consent in writing if the Customer is an employee of an intermediary regulated by the SFC; and
- (b) will on request provide details in writing to the Bank, Agent, and/or other agent(s) and/or Relevant Authority directly, of the person(s) originating any Instruction or the person or entity that stands to gain the commercial or economic benefit and/or bear its commercial or economic risk, as soon as possible but in any case within one Business Day or any other period specified whether or not the requirement to disclose has the force of law and in this regard, consents to the Bank making such disclosures on its behalf.

## 6. Conflicts of interest

6.1. The Bank is part of a large international financial group and acts simultaneously for a large number of clients as well as for the Bank's own account. As such, conflicts of interest cannot be completely avoided.

6.2. Conflicts may arise where:

- (a) the Bank or others in the DBS Group carry on business on behalf of other clients;
- (b) the Bank gives advice or makes recommendations to the Customer that differ from advice or recommendation given to other clients;

- (c) the Bank deals on the Customer's behalf through another member of the DBS Group which receives commission;
  - (d) the Bank effects, arranges or gives advice on transactions where the Bank or another member of the DBS Group benefits from a commission, fee, mark-up or markdown payable otherwise than by the Customer or is remunerated by the counterparty to the transaction;
  - (e) a deal or recommendation involves Investments issued by the Bank, another member of the DBS Group, or one of the Bank's or DBS Group's clients;
  - (f) the Bank or another member of the DBS Group deals with the Customer as principal for the Bank or DBS Group account or has a long or short position in Investment Products that are held by the Customer or in which the Bank deals on the Customer's behalf;
  - (g) the Bank matches the Customer's transaction with that of another client by acting as agent on their behalf as well as on the Customer's behalf;
  - (h) in advising on or executing a transaction, the Bank has knowledge of other actual or potential transactions in the investment concerned;
  - (i) the Bank deals or recommends units in collective investment schemes that the Bank or another member of the DBS Group either act as, or advise, the trustee, investment manager or operator of the collective investment scheme or otherwise act in a similar capacity;
  - (j) the Bank or another member of the DBS Group are involved in or act in respect of a new issue, rights issue, takeover or any other transaction or have any other relationship with an issuer of investment which the Bank deals on the Customer's behalf or make recommendations;
  - (k) the Bank deals or recommends Investments that the Bank's officers or employees or those of another member of the DBS Group act as officers or employees of issuers of such Investments; and
  - (l) the Bank deals or recommends Investment Products where the Bank or another member of the DBS Group acts as issuer or may have alliances or other contractual agreements with the issuer of the Investment Products. The Bank or another member of the DBS Group may perform or seek to perform broking, investment banking and other banking or financial services for such issuer.
- 6.3. The Bank shall take reasonable steps to avoid conflicts of interest and where such conflicts cannot be reasonably avoided, the Bank will use reasonable steps to ensure that the Customer (and any other clients, if applicable) are treated fairly and that the Transactions are on terms that are not materially less favourable than if no potential conflict had existed.
- 6.4. Neither the Bank nor any other member of the DBS Group is obliged to notify and be liable to account to the Customer for any fees, profit, commission, remuneration, rebates, discounts, spreads or other benefits or advantages (whether financial or otherwise) made or received from or by reason of such transactions and these amounts will not be set off against the Bank's fees unless otherwise required by applicable Laws.
- 6.5. The Bank is under no duty to the Customer to disclose any information which may come to the Bank's notice in the course of its acting in any other capacity as indicated above in clause B6.2.
- 6.6. The Bank and any other member of the DBS Group may make payments or pay on-going commissions or other benefits or advantages (whether financial or otherwise) to any third party or to other members of the DBS Group in connection with any Wealth Management Accounts, the provision of Services and/or the handling of Transactions.

## 7. Customer Acknowledgements

- 7.1. The Customer understands and acknowledges that:
- (a) the Bank shall not be obliged to provide any Services, open any Wealth Management Accounts or enter into any Transaction unless the Bank has conducted such review of the Customer's investment knowledge, expertise and experience or the Customer's financial objectives, financial situation and particular needs ("**Needs Analysis**") and investment profile ("**Investment Profile**"), as the Bank may at its discretion require from time to time, and as the Bank will only take into account circumstances relating to the Customer which the Customer has disclosed to the Bank or that the Bank should be aware of through the exercise of reasonable due diligence, the Bank will not take into account the Customer's investments held

- outside of the Bank (unless the Customer has specifically disclosed such investments to the Bank);
- (b) any solicitation, recommendation or advice in respect of any Investment Products is likely to be based on the information provided by the Customer to the Bank and that any inaccurate, incorrect or incomplete information provided by the Customer may affect the recommendation, solicitation and advice to the Customer. The Customer is free either to follow or disregard, in whole or in part, any advice, solicitation, information or recommendation made or given by the Bank;
  - (c) failure to promptly execute and deliver such documents and perform such acts as the Bank (or its Agent) may request from time to time may result in discontinuance of Services or execution of Transactions, delay, additional costs or requirements and/or other consequences in relation to the provision of such Services or execution of Transactions;
  - (d) the Customer has read or it has been explained to the Customer Section A "Risk Disclosure Statement" and the Customer is aware of the risks of trading Securities, Investment Products and foreign exchange transactions and is financially able to bear any risks associated therewith;
  - (e) the Customer shall be responsible for the appraisal and independent investigation of any Investment or Transaction and the decision to enter into any Investment or Transaction;
  - (f) the Bank gives no representation, assurance or guarantee as to any investment outcome or any gains or profitability to the Customer;
  - (g) from time to time, the Bank may provide the Customer with advice on an ad hoc basis. However, the Bank does not provide on-going investment advisory services to the Customer and is not responsible for monitoring the Investment Products in the Wealth Management Accounts. Where necessary, the Customer should seek the Customer's own investment advice from a suitably qualified adviser;
  - (h) any application for subscription, switching, redemption or other disposal of Investment Products is subject to approval by the Bank and/or the relevant fund manager/issuer and the Bank assumes no responsibility for ensuring that any application will be approved;
  - (i) any action, or omission taken or suffered, and any delay in acting, by the Bank or any Bank Personnel, if in good faith and in conformity with the Law, shall be binding on the Customer. Where in the Bank's opinion it is required by, or failure to do so would be inconsistent with, any applicable Law to which the Bank or the Customer is subject, the Bank may sell any of the Assets or liquidate any position or unwind any Transaction without prior notice or consent of the Customer;
  - (j) the Bank shall have sole and absolute discretion as to the exercise of any powers and discretions conferred upon the Bank under the Customer Agreement, and shall be in no way responsible for any Losses or inconvenience which may result from the exercise or non-exercise of such powers and discretions;
  - (k) none of the Bank and the Nominee are obliged to verify the validity of the ownership of or title to any Asset and shall not be liable in respect of any defect in ownership or title;
  - (l) the Bank may at its discretion, determine the effective value date in respect of every Transaction. The Bank may approve or reject any payment instructions by reference to the actual or projected account balance as at the transaction date;
  - (m) the actual buy and/or sell price for any Transaction will be determined at the time when such Transaction is effected. Any figures quoted by the Bank or Bank Personnel at any time are for indication only and may not be reflective of current market price. The Bank and Bank Personnel shall have no liabilities whatsoever in respect of such variations;
  - (n) Investment Products may be acquired in the Bank's or the Nominee's names, but for the Customer's account and at the Customer's sole risk;
  - (o) the Bank has no obligation to inquire into the purpose or propriety of any Instruction or to see to the application of any funds delivered by the Customer in respect of the Wealth Management Accounts; and

- (p) the Bank is not responsible for the effect of any Laws of any relevant country/region which may be applicable to any Wealth Management Accounts or to the Assets, and the Customer accepts all the risks of or arising from any such Laws.

7.2. Notwithstanding the above clause B7.1, if the Bank solicits the sale of or recommends any Financial Product to the Customer, the Financial Product must be reasonably suitable for the Customer having regard to the Customer's financial situation, investment experience and investment objectives. No other provision of these WMA Terms and Conditions or any other document the Bank may ask the Customer to sign and no statement the Bank may ask the Customer to make derogates from this clause B7.2. For the purposes of clauses B7.2 and B7.3, "Financial Product" means any securities, futures contracts or leveraged foreign exchange contracts as defined under the SFO. Regarding "leveraged foreign exchange contracts", it is only applicable to those traded by persons licensed for Type 3 regulated activity.

7.3. To the extent that the Bank does not solicit the sale of or recommend any Financial Product to the Customer or where any Service is provided as a transactional execution service, to the extent permitted by Law and unless otherwise agreed in writing, the Bank is not acting as the Customer's investment adviser or in a fiduciary capacity to the Customer. The Bank has not given and will not give any representation, guarantee or other assurance as to the outcome of any Investment. The Customer should seek his, her or its own investment advice from a suitably qualified adviser.

## 8. Delivery of Securities

If the Bank is at any time under an obligation to deliver Securities to the Customer, the Bank shall be entitled to arrange for such delivery obligation to be fulfilled in any manner that it deems fit. The Bank may itself deliver or procure a third party to deliver the relevant Securities to the Customer. Where such Securities are delivered to the Customer, the Customer shall have no claim against the Bank with respect to the delivery of such Securities.

## 9. Binding Effect and Enforceability

These WMA Terms and Conditions shall be binding on and enforceable against the heirs, personal representatives and successors in title of the Customer and be binding on and enforceable by the successors in title and assigns of the Bank.

## 10. Termination Events and Events of Default

10.1. The occurrence at any time of any of the following events shall constitute a "**Termination Event**":

- (a) by reason of an Event of Force Majeure:
  - (i) occurring after a Transaction is entered into (A) the Bank is prevented from settling such Transaction, or (B) it becomes impossible to settle such Transaction; and/ or
  - (ii) the Bank's performance under these WMA Terms Conditions is prevented or materially hindered or delayed;
- (b) after a Transaction is entered into, it becomes unlawful or otherwise prohibited for the Bank or the Customer to settle a Transaction;
- (c) it becomes impracticable, unlawful or otherwise prohibited for the Bank to perform its obligations under or in respect of the Customer Agreement or any Wealth Management Accounts or Transaction or to hedge its obligations effectively under the Customer Agreement or any Wealth Management Accounts or Transaction; or
- (d) the Bank's books and records show that no Transactions have been initiated by the Customer for 12 months or such shorter period as the Bank may prescribe.

10.2. The occurrence at any time of any of the following events with respect to the Customer shall constitute an "**Event of Default**":

- (a) the Customer fails to perform or comply with any provision in the Customer Agreement or any other obligation owed to the Bank;
- (b) any representation and/or warranty by the Customer pursuant to the Customer Agreement proves to have been false, incorrect, or misleading in any material respect;
- (c) the Customer becomes insolvent or unable to pay the Customer's debts as they become due, or stops, suspends or threatens to stop or suspend payment of all or a material part of the

Customer's Indebtedness or begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or a material part of the Customer's Indebtedness (or of any part of such Indebtedness which the Customer will or might otherwise be unable to pay when due);

- (d) the Customer fails to comply with any judgment or order made against the Customer within the stipulated time or if any attachment, sequestration, distress, execution or other legal process is issued or levied against the Customer;
- (e) if the Customer is an individual, the Customer ceases to have capacity in Law to manage the Customer's affairs (whether because of mental incapacity or for any other reason whatsoever);
- (f) if the Customer is a corporate, it is struck off the register of companies in its place of incorporation or is dissolved;
- (g) if the Customer is a trust or a trustee, any action is initiated under any applicable Laws of the trust for its administration, management, termination or winding up;
- (h) the Customer becomes involved in or public allegations are made which suggest that the Customer may be involved in abnormal or irregular activities which are not generally accepted customs and practices of a person in the same position;
- (i) the Customer becomes or, becomes associated with, a person who is the subject of investigation under applicable anti-money laundering, counter-terrorist financing, anti-bribery and corruption or sanctions Laws whether in Hong Kong or elsewhere, or under any sanctions, freezing, anti-terrorism or other programs enforced and administered by the relevant regulatory authorities or bodies whether in Hong Kong or elsewhere;
- (j) the Customer consolidates, amalgamates with, or merges into, or transfers all or substantially all its assets or undertaking to another entity and such entity fails to assume all of the Customer's obligations under the Customer Agreements or is in the Bank's opinion materially weaker financially than the Customer;
- (k) the Customer fails to comply with any undertaking with regard to security, collateral or margin as required by the Customer Agreement including the Customer's failure to deposit additional cash or investments in order to satisfy promptly and in full a demand for security, collateral or margin hereunder within the time specified in such demand;
- (l) a default, potential event of default, event of default or termination event (howsoever described) occurs or is declared under any document which forms part of the Customer Agreement;
- (m) any other indebtedness of the Customer (to whomsoever owing) is not paid when due, or is or is declared to be or is capable of being declared due and payable before its normal maturity by reason of any actual or potential default, event of default or the like (howsoever described);
- (n) any event or series of events occurs which may, in the Bank's opinion: (i) have a material or adverse effect on the Customer's financial condition, or (ii) have a material or adverse effect on the Customer's ability to perform the Customer's obligations under the Customer Agreement;
- (o) any licence, consent or registration which is necessary or desirable under the Customer Agreement is not obtained, granted or perfected, or is revoked, withheld, materially modified or ceases to be in full force and effect;
- (p) the Customer becomes a resident or national of the United States of America;
- (q) the Bank concludes that any change of the Customer's legal status, tax residency or financial condition or any other event has occurred or circumstance has arisen which in the Bank's opinion (i) may be prejudicial, impractical or may lead to a material increase of cost for the Bank in connection with the provision of Services or for the maintenance of the Wealth Management Accounts or any Transaction, or (ii) may adversely affect or prejudice the Customer's ability to perform, or the actual performance of, the Customer's obligations under the Customer Agreement or such that it would be contrary to prudent banking practice to allow any of the Customer's obligations to remain outstanding or incur any new obligation to the Customer;

- (r) the Customer becomes the subject of any investigation by any governmental authority or regulator (including the Independent Commission Against Corruption, the Inland Revenue Department and the Hong Kong Police Force), whether in Hong Kong or any other jurisdiction;
- (s) any order or warrant is issued against the Customer or the Assets under applicable anti-money laundering or counter-terrorist financing Laws or if the Customer becomes (or become associated with) an individual and/or entity named in any list under any sanctions, freezing, anti-terrorism or other programs enforced and administered by the relevant regulatory authorities or bodies, whether in Hong Kong or elsewhere;
- (t) any event which, in the Bank's opinion, is a material adverse change or development which may result in material adverse changes in the monetary, political, financial (including conditions in any of the financial markets) or economic conditions or exchange controls, whether in Hong Kong or elsewhere (including changes in stock, bond, currency, interbank or property market conditions, interest rates or foreign exchange controls);
- (u) any legal proceeding, suit or action of any kind whatsoever (whether criminal or civil) is instituted against the Customer and the Bank is of the opinion that it will or could materially and adversely affect the Customer's ability to perform and observe the Customer's obligations under the Customer Agreement;
- (v) any attachment, sequestration, distress, execution or other legal process is issued or levied or an administrator, receiver, judicial manager, trustee-in-bankruptcy, custodian or other similar person has been appointed (or an application for the appointment of any such person has been presented) in respect of Customer or any of the Customer's assets; or
- (w) any other matter or event which in the sole and absolute opinion of the Bank jeopardises its rights under the Customer Agreement or renders termination necessary or advisable in the interests of the Bank.

## **11. Termination and Suspension**

- 11.1 The Bank may terminate the business relationship between the Bank and the Customer and/or the provision of any Services and close or suspend any Wealth Management Accounts or Service without obligation to provide any reason, by giving not less than 30 days' prior written notice to the Customer (or, in exceptional circumstances, without notice) or (but is not obliged to) immediately without prior notice in the event of a Termination Event or Event of Default.
- 11.2 All exclusions and indemnities given by the Customer under the Customer Agreement and the provisions in Clauses B4, B11, B14, B15, B16, B17 and B18 of these WMA Terms and Conditions shall survive termination.

## **12. Notifications**

- 12.1. The Customer undertakes to promptly notify the Bank in writing of the occurrence of any Event of Default or Termination Event or any event which may potentially constitute an Event of Default or a Termination Event or which with the passing of time or the giving of notice or both, would constitute an Event of Default or any other event which might affect its ability to perform its obligations under or in connection with the Customer Agreement.
- 12.2. If at any time the Customer ceases to be eligible to hold an Investment Product (whether under applicable Laws or the terms and conditions of such Investment Product), the Customer undertakes to notify the Bank and agrees that, at the option of the Bank, (i) the Customer shall promptly transfer its interest in the Investment Product to a person, selected by the Bank or the issuer of the Investment Product, that is eligible to hold the Investment Product or (ii) the Bank shall cause (x) a transfer of the Customer's Investment Product to a person, selected by the Bank in its sole discretion, that is eligible to hold the Investment Product or (y) a redemption of the Customer's Investment Product. The Customer hereby grants to the Bank full authority to transfer and/or redeem the Customer's Investment Product pursuant to this clause B12.2 and, if requested by the Bank, the Customer shall execute any and all documents, instruments and certificates as the Bank shall have reasonably requested or that are otherwise required to effect this clause B12.2.

## **13. Amendments**

The Bank reserves the right at its discretion to review, amend, delete, modify or substitute the Bank Charges Schedule, these WMA Terms and Conditions and/or any other terms and conditions which

are supplemental to these WMA Terms and Conditions or otherwise change any of the Services (as well as related operating and other requirements) from time to time. For changes which shall result in an increase in the fees or charges payable by the Customer and/or affect the liabilities and obligations of the Customer, the Bank shall give at least 30 days' notice to the Customer unless such changes are not within the Bank's control. In other cases, reasonable notice shall be given. Such notice may be given by such means as the Bank at its discretion sees fit. Any Customer who does not close the relevant Wealth Management Account(s) prior to the effective date of any changes is deemed to have agreed to such changes.

#### **14. Illegality and Severance**

If at any time, any provision or any part of any provision of the Customer Agreement is or becomes illegal, invalid or unenforceable in any respect under Hong Kong Law, the legality, validity or enforceability of the remaining provisions are not affected or impaired thereby.

#### **15. Assignment**

- 15.1. The Customer Agreement is for the benefit of the Bank and its successor, assignee or transferee, notwithstanding the Bank's absorption by or amalgamation with another person.
- 15.2. The Bank may at any time, assign, novate or transfer any of its rights and/or obligations under the Customer Agreement and deliver all or any of the Assets held by the Bank to the successor, assignee or transferee, who shall then be vested with all the rights and/or obligations formerly vested in the Bank and the Bank shall thereafter be relieved and fully discharged from any liability or responsibility thereto.
- 15.3. The Customer Agreement shall be binding on the Customer and the Customer's successors and personal representatives. The Customer may not charge, assign or transfer any right, benefit or obligation under the Customer Agreement to any third party (whether by security or otherwise) without the Bank's prior consent in writing.

#### **16. No Waiver**

- 16.1. No failure or delay by the Bank in exercising or enforcing any right or remedy shall constitute a waiver of such right or remedy or limit, prejudice or impair the Bank's right to take any action or to exercise any right or remedy against the Customer without notice or demand, or render the Bank responsible for any Losses arising therefrom nor shall any single or partial exercise by the Bank of its rights preclude any other or further exercise thereof or the exercise of any other rights or remedies. The rights of the Bank are cumulative and not exclusive of any other rights, power, privilege, claim or remedy available at Law or otherwise.
- 16.2. Without limiting the foregoing, no waiver by the Bank of any breach of the Customer Agreement shall be deemed to be waiver of any subsequent breach by the Customer.
- 16.3. Time shall be of the essence but the Bank may grant time or other indulgence to the Customer or any other person, without in any way impairing or affecting any of the Bank's rights as against the Customer or any such other person.
- 16.4. The Bank may accept late or partial payment of amounts due to the Bank or as settlement of any matters in dispute, without prejudice to any of the Bank's rights under the Customer Agreement or at Law, and it shall not be treated as an amendment to the Customer Agreement nor waiver thereof.

#### **17. Governing Law and Jurisdiction**

- 17.1. The Customer Agreement shall be governed by and construed in accordance with the Laws of Hong Kong and the Customer irrevocably submits to the non-exclusive jurisdiction of the Hong Kong courts or any court elsewhere as the Bank may elect, whether concurrent or not, and the Customer waives any objections on the ground of venue or any similar grounds.
- 17.2. The Customer agrees (but without limiting the Bank's rights) to services of legal process by registered mail of copies thereof to the Customer's address and/or the address of the Customer's process agent shown in the Bank's records and such service to become effective on the date it is delivered or its delivery is attempted (notwithstanding that it is undelivered or returned undelivered).

**18. Third Parties Rights**

A person who is not a party to the Customer Agreement may not enforce any of its terms under the Contracts (Rights of Third Parties) Ordinance (Cap 623 of the Laws of Hong Kong).

**19. Governing Version**

Wherever there is a discrepancy between the English and Chinese version of these WMA Terms and Conditions, the English version prevails.



## **C. INVESTMENT SERVICES TERMS AND CONDITIONS**

### **1. Services**

- 1.1 The Customer requests and authorises the Bank to open Wealth Management Accounts for the purposes of dealing in or holding Investment Products, which will be maintained and operated subject to and in accordance with these WMA Terms and Conditions.
- 1.2 The Bank may provide all or any of the following services to the Customer, in each case at the Customer's risk:
- (a) in accordance with Instructions to:
    - (i) purchase or subscribe for Investment Products;
    - (ii) subscribe or take up rights or new issues in relation to Investment Products;
    - (iii) sell or otherwise dispose of Investment Products and to deal with the proceeds;
    - (iv) to enter into any agreement or instrument on behalf of the Customer in connection with Investment Products; and/or
    - (v) deliver or receive any Assets, the documents of title and any other instruments relating to Assets to the Customer or to the order of the Customer;
  - (b) to hold any Assets which are not fully paid, subject to such conditions as the Bank may decide;
  - (c) to request payment of and to collect and receive interest, dividends, payments or other distributions attributable to any Assets;
  - (d) to credit proceeds of a Transaction and all dividends or other monetary distributions or benefits accrued to any Assets, and debit all payments, costs and other charges arising as a result of a Transaction (on such date as the Bank may determine for the purpose of effecting such Transaction) from, the Wealth Management Accounts;
  - (e) to credit any Assets received to, and withdraw any Assets pursuant to or as a result of a Transaction (on such date as the Bank may determine for the purpose of effecting such Transaction) from, the Wealth Management Accounts; and
  - (f) to provide such other services as the Bank may from time to time offer and which the Customer requests.

### **2 Applicable Rules and Regulations**

Each Transaction shall be subject to applicable Laws, by-laws, customs, practices or procedures and the Customer may have varying levels and types of obligations or responsibilities and protection in relation to the Transactions on different markets.

### **3 Client Identity**

- 3.1 The Customer undertakes, represents and warrants that the Customer:
- (a) will supply CID Information as requested by a Relevant Authority immediately to the Bank (or to any Relevant Authority directly);
  - (b) will continue to provide the CID Information notwithstanding termination of the Bank's Services in relation to any Transaction undertaken by the Bank prior to such termination;
  - (c) has validly and irrevocably waived any right to confidentiality or any benefit of secrecy with respect to CID Information under any applicable secrecy Laws of the ultimate beneficiary of, or the person responsible for originating or ultimately responsible for originating the Instruction for the Transaction; and
  - (d) expressly authorises the Bank to release to the Relevant Authority any CID Information available to the Bank.
- 3.2 The Bank shall refuse the business of those who are not prepared to provide the CID Information to the Relevant Authority within two days of a request to do so.

## **4 Transactions**

- 4.1 Transactions will usually be effected during the Bank's normal working hours on a Business Day but the Bank may, in its absolute discretion, effect a Transaction at other times or days.
- 4.2 The Bank reserves the right to impose a transaction limit for any Transaction from time to time at its discretion.
- 4.3 If the Bank (or its Agent) is not able to perform Instructions in full, the Bank (or its Agent) may (unless otherwise instructed by the Customer) enter into a Transaction for any quantity of Investment Products which is less than the amount specified in the Instructions and the Customer shall be bound by Transactions so entered into.
- 4.4 Unless the Customer gives specific Instructions that are accepted by the Bank, each Instruction may be treated by the Bank as good for the day only and as lapsed at the end of the official trading day of the relevant Exchange or trading facility.
- 4.5 Unless the Customer has instructed the Bank to the contrary in writing, the Bank may at its discretion effect Transactions for the Customer on any Exchange or market or trading forum whether in Hong Kong or other jurisdictions, and in or through any Clearing House and the Bank may effect Transactions at a non-regulated Exchange or where the Transaction is not regulated by the rules of any Exchange or market, subject always to the Customer meeting certain requirements.
- 4.6 The Bank may cancel or vary the terms of any Instructions or Transaction without prior notice to the Customer where required by the relevant Exchange or applicable Laws.
- 4.7 For Investment Products that require the Customer to make capital contributions from time to time, the Customer shall ensure there are sufficient funds in the Wealth Management Accounts to satisfy such commitment calls. If there are insufficient funds as of the deadline stipulated or should the Customer fail to make the required capital contribution, the Bank is authorised to take such action as is required, including to sell the Investment Products at a price and in such manner as the Bank deems fit and apply the proceeds of sale, after deduction of reasonable charges and expenses, to satisfy any obligations, Indebtedness and liabilities (whether or not monetary or financial value can be attributed to such liability at the relevant time) owed by the Customer to the Bank.

## **5 Transactions in Bullion**

- 5.1 All Transactions in Bullion shall be effected in whole or partial units of ounce(s) or gram(s) or appropriate measurement unit(s) of the respective Bullion, subject to such minimum amount as the Bank may determine from time to time in its sole and absolute discretion.
- 5.2 Any Bullion to be delivered to the Customer shall be reflected by way of a credit to the Wealth Management Accounts. Any Bullion to be delivered from the Customer shall be reflected by way of a debit from the Wealth Management Accounts. The credit balance does not entitle the Customer to any interest or right of whatsoever nature in any Bullion or any Bullion in physical form and any units of measure for any Bullion are for reference only.
- 5.3 Any transfer in of, sale, purchase, delivery or withdrawal of, Bullion into or from the Wealth Management Accounts in physical form is not permitted.

## **6 Special Investments**

- 6.1 The Customer agrees and acknowledges that in relation to any Special Investments, the Bank may:
  - (a) refuse or be unable to hold or arrange for the Special Investments to be held in custody and if so, the Customer undertakes to immediately arrange for the transfer of the Special Investments to another account;
  - (b) not be able to transfer the Special Investments to another person or another account;
  - (c) charge costs and expenses to maintain custody of the Special Investments or in dealing with such other persons (including the issuer(s), bankruptcy trustee(s), liquidator(s) or regulatory authority(ies), as the case may be;
  - (d) only be able to send notices, circulars or other information or documents that the Bank may receive from its custodian (if at all) which may not be timely or updated, and the Customer shall be solely responsible for obtaining such notices, circulars or other information or documents; and

- (e) refuse or be unable to file or continue with any proof of claim or any claim process or class actions or other similar processes and actions and the Customer shall, if so informed by the Bank, do so on its own and at the Customer's own cost.

## **7 Nominee**

- 7.1 The Customer authorises the Bank to hold any Securities on behalf of the Customer in its own name or through a Nominee. The Bank and the Nominee shall have all requisite powers and authorities to carry out any nominee and/or custody duties (as from time to time determined by the Bank) including:
  - (a) to request payment of and receive all interest, dividends and other payments or distributions in respect of the Securities;
  - (b) to complete and deliver any document, application or other instrument in connection with the Securities;
  - (c) at its discretion to comply with any existing or future Laws in respect of any of the Securities or the holder thereof; and
  - (d) to hold, dispose of or otherwise deal in Securities on the Instructions of the Customer.
- 7.2 The Nominee may retain or deal with the Assets in accordance with the provisions of any charge or mortgage to secure the payment of any amounts due from the Customer to the Bank, including fees, charges and expenses, as from time to time directed by the Bank.
- 7.3 The Customer shall perform such acts and sign and execute all such agreements, proxies, authorities or documents as may from time to time be required by the Nominee.
- 7.4 The Customer acknowledges that incentives, shareholder benefits and or other entitlements arising from or conditional on the Customer holding Assets in the Customer's own name may be lost if such Assets are deposited with and/or held by the Bank or the Nominee.
- 7.5 If any distributions from the Nominee are received late or if there is any default by the Nominee to make such distribution, the Bank shall not be liable or responsible for such delay or default and shall not be responsible for any Losses suffered by the Customer or for any interest on the sum for any delay or default.

## **8 Custodian, Voting and Other Action**

- 8.1 The Bank may (but is not obliged to) provide custodian services to the Customer to hold or arrange for Assets to be held in safe custody (in Hong Kong or elsewhere) on the Customer's behalf, subject to the Laws, customs and established practices of the place of custody.
- 8.2 The Assets may be registered in the name of the Bank or a Nominee, whether in Hong Kong or elsewhere, as determined by the Bank. Provided that the Bank has acted in good faith and used reasonable care in the selection and continued appointment of such Nominee, the Customer agrees that the Bank shall not be responsible for any act, omission or default or for the insolvency of the Nominee. The Customer further agrees that the Bank or Nominee accept no responsibility if applicable Laws, customs and established practices prevent the return of Assets.
- 8.3 Unless agreed otherwise, the Bank will not accept the deposit of physical scrips nor to the conversion from scripless form to physical scrips. The Bank or the Nominee shall not be bound to re-deliver to the Customer identical scrips, certificates or other documents identical with those received from or for the Customer so long as what is re-delivered are of the same class, denomination and nominal amount and rank pari passu with those accepted from or for the Customer, subject to any capital reorganisation or share exchange or other relevant corporate event which may have occurred.
- 8.4 The Bank's duty in respect of the custody of Assets shall be limited to acting as bare trustee and in good faith. For the avoidance of doubt, all cash held by the Bank, including all accruals attaching to any Assets, will be held by the Bank as banker. To the extent not prohibited by applicable Laws, all duties under the Trustee Ordinance (Cap. 29 of the Laws of Hong Kong) are excluded other than those that apply to bare trustees and the Bank's duties and obligations in respect of the custody of Assets are as specified in these WMA Terms and Conditions.

- 8.5 Where Assets are not registered in the name of the Bank or Nominee, the Bank shall not be under any obligation to request payment of or to receive interest, dividends or other distributions in respect of, or exercise any rights or provide any information to the Customer with regard to, any such Assets.
- 8.6 Where Assets are registered in the name of the Bank or Nominee (but not otherwise):
- (a) any notices and other communication and information will be provided to the Customer on request or made available on the Bank's website or by such means as the Bank at its discretion sees fit;
  - (b) the Bank is not obliged to act as the Customer's proxy or to attend or vote in any meetings and where the Bank agrees to do so, the Bank will act in accordance with Instructions received and subject to such conditions as the Bank may determine; and
  - (c) the Bank shall be under no duty to investigate or participate in the exercise of any rights or take any action unless such Instructions are received by the Bank in time for such actions to be taken and the Bank may impose such conditions, including the giving of any indemnity and the provision of such fees and charges. In the absence of or delay in receiving such Instructions, the Bank may act or refrain from acting as it may deem expedient.
- 8.7 If the Bank receives any distributions from a Nominee and credits the Wealth Management Accounts with such distributions, and the Nominee subsequently reverses the credit, the Bank is entitled to reverse such credit to the Wealth Management Accounts including any interest accrued (if any) on such sums, without prior notice to the Customer. If the Customer has withdrawn the distribution plus interest, if any, from the Wealth Management Accounts, the Customer undertakes to immediately return the same to the Bank upon demand. The Bank shall not be responsible for any Losses suffered by the Customer in such instances.
- 8.8 Upon termination of the custodian services provided, the Customer shall arrange for the transfer of the Assets from the Bank to the Customer or some other person designated by the Customer. If the Customer fails to complete such arrangements within the time stipulated by the Bank, the Bank may continue to hold the Assets or may cause such Assets to be delivered to the Customer at the Customer's sole risk and expense. The Bank shall be entitled to liquidate any of the Customer's Assets and apply the proceeds of sale to the satisfaction of any liability owed by or on behalf of the Customer (whether or not monetary or financial value can be attributed to such liability at the relevant time), including any payment of all expenses reasonably incurred during the period after termination of the custodian services.

## **9 Short Selling**

Short-selling is prohibited and without detracting from this prohibition, the Customer agrees to immediately notify the Bank when a sale order relates to Securities which the Customer does not own (i.e. involving short selling), otherwise the Bank is entitled to assume for all purposes that the relevant sale is not a short sale. The Bank may at its absolute discretion refuse to act on an Instruction to short sell Securities. The Customer acknowledges and agrees that the Bank has the right to request delivery of such confirmation or documentary evidence as it may deem necessary in relation to any short selling order (including a confirmation that the Customer has a presently exercisable and unconditional right to vest the Securities in the purchaser or have made proper arrangements to cover the trade settlement). If the Bank inadvertently accepts or executes any Instruction without the relevant Securities being available to the Customer, the Bank may at its absolute discretion cancel the Transaction or (at the Customer's cost) obtain the Securities from the market or otherwise for delivery. The Customer shall indemnify the Bank on demand from any loss, liability, claim, damages, costs and expenses that the Bank may suffer or incur as a result of the Customer's short selling Instruction.

## **10 New Issue Application**

- 10.1 For applications for new issues, the Customer undertakes, represents and warrants to the Bank that the:
- (a) Customer's application through the Bank will be the only application made by the Customer;
  - (b) statements made by the Customer in the application form are true, accurate and complete;
  - (c) Customer satisfies all eligibility criteria set out in the Offering Document, application form and other relevant documentation;

- (d) Customer has read and understood the Offering Document, application form and other relevant documentation and will comply with their terms;
  - (e) Customer is not a shareholder of or in any other way connected to the issuer or any of its affiliates;
  - (f) Customer is fully entitled to make such application and hold the Investment Products applied for and no breach of any Law or other requirement in any applicable jurisdiction will arise or result from the making or approval of any such application; and
  - (g) Bank is irrevocably authorised to sign and deliver an application and all other necessary documents on the Customer's behalf.
- 10.2 The Customer understands that the foregoing representations and warranties will be relied upon by the Bank in making the application, and by the issuer in deciding whether to make allotment to such application.

## **11 Derivative Position**

Where the Bank provides the Customer with Services in relation to derivative products, the Bank will, upon the Customer's request, provide the Customer with the Offering Documents covering such products.

## **12 Investment Information**

- 12.1 The Bank may from time to time make available to the Customer materials and information of investment opportunities, commentaries or financial information. The Customer agrees and acknowledges that the Bank:
- (a) is under no obligation to make such materials or information available to the Customer;
  - (b) cannot guarantee the accuracy, reliability, adequacy or completeness of any materials or information obtained from third parties (including any published statement and information contained in any Offering Document) and such materials or information may be changed without notice to the Customer; and
  - (c) cannot guarantee the performance or outcome of any Investment made by the Customer after receipt of such materials or information and any Losses suffered as a result of the Customer entering into any Investment are for the account of the Customer.
- 12.2 The Customer acknowledges and agrees that the Customer will make an independent analysis and decision with respect to all dealings in all Assets and Investment Products.

## **13 Settlement**

- 13.1 All Instructions accepted and all Transactions effected by the Bank are on the basis that the Customer contemplates actual performance. If the Customer fails to make such payment or delivery, the Bank may at its discretion and without further notice or consent from the Customer, reverse or terminate the relevant Transaction at such price and in such quantities as the Bank thinks fit or to proceed to settle the same at the Bank's expense and recover that expense from the Customer. The Bank shall recover from the Customer any Losses suffered or incurred by the Bank as a result of any action taken by the Bank pursuant to this clause C13, without prejudice to any other right which the Bank may have against the Customer. Any profit or gain made shall be forfeited to the Bank and the Customer shall have no claim in respect thereof.
- 13.2 With regard to any Transaction affecting monies in the Wealth Management Accounts, the Bank is authorised to debit the Wealth Management Accounts with the relevant amount (converted if necessary, at such exchange rate as shall be determined by the Bank). The Customer shall pay any shortfall immediately on demand, together with all charges and interest.

## **14 Margin**

- 14.1 Before any margin trading facility is made available to the Customer, the Bank shall notify the Customer of the following details: (i) margin requirements; (ii) interest charges; (iii) margin calls and the circumstances under which the Customer's positions may be closed without the Customer's consent (to the extent applicable). If the Bank agrees to effect a Transaction on a margin basis, the Customer shall deposit margin in the form of Assets acceptable to the Bank and of sufficient value

(duly discounted by the Bank from time to time in accordance with the Bank's prevailing practice) before any Transaction is effected and any time thereafter in order to maintain the open position or contingent liability. The Bank will determine the value of margin to be provided and no previous levels shall bind the Bank in relation thereto.

- 14.2 The margin required may exceed any margin requirements prescribed by any Relevant Authority and may be changed by the Bank from time to time without prior notice. The Bank may demand additional margin from time to time.
- 14.3 Margin calls must be met immediately or within such time as specified by the Bank, failing which, the Bank may without notice to, or consent of the Customer, take such action the Bank considers appropriate including to close, reverse or terminate the relevant open position or contingent liability at the Customer's expense and/or to sell the Assets in such manner and at such price as the Bank may deem expedient towards the satisfaction of such margin call. The Bank is authorised to debit any amount owing from the Wealth Management Accounts and any shortfall will be payable to the Bank on demand.
- 14.4 The Assets deposited as margin shall not, without the consent of the Bank, be withdrawn or substituted by the Customer nor should the Customer create or purport to create in favour of any person other than the Bank any security or similar interest over the same.
- 14.5 Where required by a Relevant Authority or counterparty through whom the Bank effects a Transaction, the Customer authorises the Bank to deposit or transfer such margin to such Relevant Authority or counterparty. Such margin will be subject to the rules or regulations of the Relevant Authority and the terms and conditions of the counterparty. Such Relevant Authority or counterparty may be outside Hong Kong and the legal and regulatory regime may be different in the event of their default. The Customer understands and acknowledges that the Relevant Authority or counterparty will, from time to time, call for margin to be deposited to cover the open positions. If the Customer fails to meet the call, the Bank may transfer such Assets and deposit the same with the Relevant Authority or counterparty without further notice or consent from the Customer and/or close out any open position at such price as the Bank thinks fit and recover any Losses suffered or incurred by the Bank in so doing without prejudice to any other right which the Bank may have against the Customer. If the Customer is asked to put up collateral for an open position, the Bank is authorised to pledge, charge or make other security arrangements over such collateral in favour of the Relevant Authority or counterparty and it is not necessary for the Relevant Authority or counterparty to register the collateral in the Customer's name or in the name of the Bank or Nominee.

## **15 Closing Out**

Notwithstanding anything in the Customer Agreement to the contrary and whether or not a Termination Event or Event of Default has occurred, if in the opinion of the Bank any Transaction or series of Transactions has given rise or may be liable to give rise to Losses of any nature (whether secured or not) which in the Bank's opinion should not be allowed to continue or which should be limited, or if required by any Relevant Authority, then, without notice to the Customer, the Bank may in its sole and absolute discretion, take all actions it considers necessary in the circumstances, including the following:

- (a) (at the Customer's cost) cause such Transaction(s) to be terminated in a manner that the Bank deems appropriate; and/or
- (b) open an account in the Customer's name and allocate any Assets to such account, to be held as security for such Losses, and to hold the same until such time as the Bank in its sole and absolute discretion may require and/or sell such Assets (in a manner that the Bank deems appropriate) and apply the proceeds of sale, after deduction of reasonable charges and expenses, to satisfy any obligations, Indebtedness and liabilities (whether or not monetary or financial value can be attributed to such liability at the relevant time) owed by the Customer to the Bank,

and, in all cases the Bank shall not be liable to the Customer for any Losses incurred by the Customer in connection with the acts taken by the Bank pursuant to this clause C15.

## **D. ACCOUNT RELATED TERMS AND CONDITIONS**

### **1. Multi-Currency Settlement Account (“Settlement Account”)**

- 1.1 The Customer hereby authorizes the Bank, if one is not already opened by the Customer, to open a Settlement Account on the Customer’s behalf, whether in Hong Kong Dollars or any other foreign currency, as the Bank deems necessary for settlement purposes in relation to any Transaction, Service or Investment Product which the Customer may request or trade under the Customer Agreement. Accordingly, the Bank shall be entitled to:-
- (a) debit such Settlement Account for all:
    - (a1) transaction charges and fees which may be imposed in connection with the opening and operation of Wealth Management Accounts and Services;
    - (a2) banking charges and levies imposed by the Bank in relation to any Transaction, Service and Investment Products; and
    - (a3) charges, fees, levies, subscriptions, Losses, remittances and any other payments whatsoever payable by the Customer in relation to any Transaction(s); and
  - (b) credit such Settlement Account with the sale proceeds of any Investment Product sold, all dividend and interest income arising from the Customer’s holdings and any other payments (whether in respect of securities, deposits, premium or otherwise).
- 1.2 Cash deposits into and cash withdrawals from the Settlement Account are not accepted.
- 1.3 Sums paid from an Account (whether representing principal or interest) shall be in the currency of the Settlement Account or (at the discretion of the Bank) its Hong Kong Dollar equivalent at the Bank’s prevailing exchange rate.
- 1.4 Any withdrawal or transfer form purporting to be duly signed and or sealed or chopped by or on behalf of the Customer, shall have the same effect as if made by the Customer personally. The Customer shall produce such evidence as the Bank may require, if any, to prove the Customer’s identity.
- 1.5 The Bank reserves the right (at its discretion) to:
- (a) impose a limit on the amounts that may be withdrawn;
  - (b) set a minimum deposit amount;
  - (c) pay to the Customer any amount withdrawn from the Settlement Account by one or more of the following methods:
    - (c1) issue to the Customer a cashier’s order drawn on the Bank; and/or
    - (c2) by effecting a transfer to an account with any other bank(s) in the currency of the deposit in accordance with the Customer’s written Instruction; and/or
    - (c3) by converting the principal and accrued interest into Hong Kong Dollars at the Bank’s then prevailing buying rate and paying the proceeds to the Customer; and/or
    - (c4) by such other means as the Bank at its discretion thinks fit,
  - (d) levy a periodic service charge if the average monthly balance of the Wealth Management Accounts fall below any minimum balance requirement; and
  - (e) pay a lower rate of interest or no interest at all on balances below certain amounts to be determined by the Bank from time to time. The Bank will inform the Customer of the prevailing amount upon enquiry.
- 1.6 No cheque books will be issued with respect to the Settlement Account.
- 1.7 At the request of the Customer, the Bank may, at its discretion, grant an overdraft facility either secured against Assets the Customer places with the Bank or on an unsecured basis. Where the overdraft is secured against the Assets of the Customer, the overdraft limit may be adjusted at the Bank’s discretion, upon changes in the valuation of such Assets.
- 1.8 Any overdraft is subject to the Bank’s overriding right of repayment on demand.
- 1.9 Auto-debits drawn on the Settlement Account may be paid notwithstanding that there may be insufficient funds in the Settlement Account to meet the payments.

## **2 Time Deposit Account**

- 2.1 This clause D2 will ONLY apply if the Customer chooses to take out time deposit in the Wealth Management Accounts. Upon request, the Bank may at its discretion arrange a Time Deposit Account for the Customer, in respect of such currencies as the Bank may permit.
- 2.2 The deposit period is the duration of the deposit that the Customer agrees with the Bank prior to or at the time of making the deposit.
- 2.3 If the maturity date for a deposit falls on a day other than a Business Day, it shall be postponed to the next Business Day and the interest shall accrue accordingly.
- 2.4 The interest rate throughout the deposit period will be simple interest at the rate determined by the Bank on the first day of the deposit period. Interest is calculated up to but excluding the maturity date.
- 2.5 On maturity, the proceeds of the deposit will be dealt with in accordance with any Instructions then held by the Bank, requesting that the proceeds be:
  - (a) renewed, either principal plus interest or principal only, for the same deposit period or for a different period;
  - (b) credited, in whole or in part, to the Wealth Management Account(s) designated by the Customer or any other Account; or
  - (c) disposed of in other ways as agreed by the Bank.
- 2.6 Unless the Bank has received a valid Instruction, on or before the date of maturity of the deposit, the Bank reserves the right (but shall have no obligation) to re-deposit the total amount of the deposit including principal and interest for the same deposit period, at the then applicable interest rate.
- 2.7 Withdrawals in whole or in part of any time deposit can only be made upon maturity, provided that the Bank may, at its discretion, allow the Customer to withdraw the deposits prior to maturity subject to such terms and conditions and charges as may be imposed by the Bank.
- 2.8 If the Bank receives no disposal Instructions by the maturity date on a deposit which is not to be renewed automatically, the Bank will either hold the deposit at the disposal of the Customer pending receipt of Instructions or credit the principal plus interest to the Account as shall be determined by the Bank. Interest on the maturity date and thereafter will accrue on the principal amount only, as follows:
  - (a) for Hong Kong Dollar deposits, interest from maturity until disposal will be paid at the Bank's applicable prevailing standard savings rate;
  - (b) for foreign currency deposits, interest from maturity until disposal will be paid at the Bank's applicable foreign currency savings interest rates in respect of the relevant currency concerned; and
  - (c) the interest accrued will be paid or credited into such Wealth Management Accounts as the Customer may instruct.
- 2.9 The Bank will provide Customers with a receipt or advice for all time deposits.



## **E. STRUCTURED INVESTMENT PRODUCTS RELATED TERMS AND CONDITIONS**

**This Section will ONLY apply if the Customer chooses to enter into Structured Investment Product transactions.**

### **1 Placing and acceptance of Orders for a SIP or CLI**

- 1.1 All Orders once submitted to the Bank are binding on the Customer and cannot be amended or withdrawn without the Bank's agreement.
- 1.2 SIP and CLI may be placed for such Investment Period as the Bank may from time to time allow.
- 1.3 SIP and CLI will not be automatically renewed upon maturity. A new Order must be agreed and placed for any subsequent SIP and CLI.
- 1.4 Orders are subject to acceptance by the Bank and to final execution. The Bank shall have no obligation or liability in respect of any Order that is not accepted or executed.
- 1.5 The Principal Amount must be received by the Bank on or before the close of business on the Investment Value Date. Once the Principal Amount has been so received, it may not be withdrawn prior to the Maturity Date. The Bank is authorised to direct debit the Settlement Account for payment of the Principal Amount.
- 1.6 The Bank reserves the right, in its sole discretion on or before the Investment Value Date not to accept any funds received (or to accept only part of such funds) as the Principal Amount. In such event, the Bank will notify the Customer as soon as practicable and any funds received but not accepted as the Principal Amount will be paid to the Settlement Account or such account as notified by the Customer or if the Bank has not been notified of such account or that such account notified by the Customer or Settlement Account has ceased to be operative, to any account for the Customer as the Bank shall in its absolute discretion determine. The Bank is not obliged to pay any interest on such funds.
- 1.7 The Bank will not accept and execute any Orders unless the aggregate of all Orders received on or before the closing date for subscription is of a minimum offer amount as prescribed by the Bank in its sole and absolute discretion.
- 1.8 **IN RELATION TO SIP, IF THE MARKET MOVES UPWARD SIGNIFICANTLY BEFORE THE CLOSING DATE FOR SUBSCRIPTION, THE BANK MAY SHORTEN THE PERIOD OF SUBSCRIPTION AND STOP ACCEPTING ORDERS PRIOR TO THE CLOSING DATE. IF AN ORDER FOR SUCH SIP HAS NOT YET BEEN CONFIRMED BY THE BANK AS BEING SUCCESSFULLY EXECUTED ("PENDING ORDERS"), THE BANK WILL ON A BEST EFFORT BASIS SEEK TO EXECUTE SUCH PENDING ORDERS, BUT THE BANK WILL OTHERWISE HAVE NO OBLIGATION WITH RESPECT TO THE PENDING ORDERS.**

### **2 Payment on Maturity Date for SIP or CLI**

- 2.1 The Final Redemption Amount will be paid on Maturity Date or, if such day is not a Business Day, the Business Day immediately following Maturity Date, to such account as notified by the Customer to the Bank at least two Business Days prior to Maturity Date or, if the Bank has not been notified of such account, to the Settlement Account. If such account notified by the Customer or if the Settlement Account has ceased to be operative, the Final Redemption Amount will be paid to any account for the Customer as the Bank shall in its absolute discretion determine.
- 2.2 **THE BANK SHALL NOT BE RESPONSIBLE FOR ANY LOSSES SUFFERED BY THE CUSTOMER OR FOR ANY INTEREST DUE TO ANY DELAY IN EFFECTING THE PAYMENT TO THE CUSTOMER. IF THE MATURITY DATE IS NOT A BUSINESS DAY, THE CUSTOMER SHALL NOT BE ENTITLED TO ANY INTEREST ON THE FINAL REDEMPTION AMOUNT FROM, AND**

**INCLUDING, THE MATURITY DATE AND THE BANK SHALL NOT BE RESPONSIBLE FOR THE LOSSES SUFFERED BY THE CUSTOMER IN RESPECT OF SUCH DELAY.**

### **3 Currency Disruption Event**

3.1 The Bank may terminate a CLI or SIP if there is a Currency Disruption Event.

3.2 Upon the termination as aforesaid, the Bank will, in respect of any CLI or SIP cause to be paid to the Customer an amount determined to be the fair market value of such CLI or SIP as at the termination taking into consideration all information which the Bank deems relevant (including the impracticability, illegality or impossibility) less the Hedging Costs, all as determined by the Bank in its reasonable discretion. Payment will be made, as the case may be, in such manner as shall be notified to the Customer. The Customer shall not hold the Bank responsible for any Losses suffered or incurred by the Customer by reason of such termination.

### **4 Alternate Currency Event for a SIP or CLI**

For a SIP or CLI that has a Relevant Currency in CNY(offshore), upon the occurrence of an Alternate Currency Event at any time from and including the Investment Value Date to and including the Maturity Date, the Bank may (but shall not be obliged to) give notice ("**Mandatory Redemption Notice**") to the Customer designating the occurrence of such Alternate Currency Event ("**Alternate Currency Event Designation**"). The Mandatory Redemption Notice may be given by the Bank at any time (even if such Alternate Currency Event is no longer continuing at such time) so long as it is given not later than two Business Days after the Maturity Date. Upon Alternate Currency Event Designation by the Bank, the Bank will pay the Mandatory Redemption Amount (which may be payable in an alternate currency as selected by the Bank in its sole and absolute discretion) to the Customer on the Mandatory Redemption Date and no Interest Amount shall be payable to the Customer. The Mandatory Redemption Amount is likely to be substantially less than the Principal Amount and, in the worst case scenario, the Mandatory Redemption Amount may be zero.

### **5 SIP**

#### **5.1 Introduction**

- (a) A SIP is a structured investment product involving derivatives and intended to provide a potentially higher return than a normal time deposit. SIP may be linked to the performance of a currency, an interest rate, an equity security or other underlying asset, rate or index.
- (b) SIP is subject to terms and conditions and risks as set out in the Offering Documents. SIP is NOT a protected deposit and is NOT protected by the Deposit Protection Scheme or any other deposit protection scheme in any other jurisdiction.
- (c) The product terms and conditions, subscription and redemption process and details relating to payments applicable to a SIP are set out in the relevant Offering Documents and shall be deemed to be incorporated herein with effect from the date on which they are signed or acknowledgement of receipt received by the Bank or the date of the first transaction to which they relate (whichever is earlier), and in the event of any conflict between their terms and these WMA Terms and Conditions, the former shall prevail.

#### **5.2 Confirmation**

The Bank will, as soon as practicable after the terms of the SIP have been agreed and the Principal Amount deposited, issue and send a Confirmation.

#### **5.3 Early withdrawal**

- (a) The Customer may not terminate the SIP or withdraw all or any part of the Principal Amount prior to the Maturity Date unless agreed otherwise by the Bank.
- (b) In the event the Bank at its sole and absolute discretion agrees to the termination or withdrawal prior to the Maturity Date, the Customer will bear the Losses incurred by the Bank including the Hedging Costs as a result of or arising from such termination or withdrawal.
- (c) The Bank shall be entitled to set-off all such Losses incurred from the Final Redemption Amount or the Investment Account or any other account of the Customer and pay to the Customer the remaining balance thereof. The Customer understands that the Losses incurred

by the Bank in relation to such early termination or withdrawal may substantially reduce, or result in a total loss of the Principal Amount and the earnings thereon, and the Customer may bear further costs and expenses in addition to such a loss of the Principal Amount and the earnings thereon.

#### 5.4 Interest

- (a) Interest shall accrue on the Principal Amount at the Interest Rate during the Interest Period and shall be calculated as set out in the Term Sheet.
- (b) The Interest Amount (if any) shall be payable in arrears on the Interest Payment Date, or, if such day is not a Business Day, the Business Day immediately following such Interest Payment Date to such account as notified by the Customer to the Bank or, if the Bank has not been notified of such account, to the Settlement Account. If such account notified by the Customer or if the Settlement Account has ceased to be operative, the Interest Amount will be paid to any account for the Customer as the Bank shall in its absolute discretion determine. The Customer shall not be entitled to any further interest or other payment and the Bank shall not be responsible for the losses suffered by the Customer in respect of such delay.

### 6 CLI

#### 6.1 Introduction

- (a) A CLI is a structured investment product involving a currency option and is intended to produce a yield higher than that of a conventional time deposit. Part of or the entire yield on a CLI represents the premium on the underlying currency option. The Customer may choose an Investment Currency and a Linked Currency and agree the Conversion Rate and the Tenor with the Bank.
- (b) If, during the Investment Period, the Linked Currency appreciates or remains constant against the Investment Currency (measured by comparing the Fixing Rate at the Fixing Time on Fixing Date and the Conversion Rate), the Customer will receive, for value on the Maturity Date, the Final Redemption Amount in the Investment Currency.
- (c) If, during the Investment Period, the Linked Currency depreciates against the Investment Currency (measured by comparing the Fixing Rate at the Fixing Time on the Fixing Date and the Conversion Rate), the Customer will receive the Final Redemption Amount in the Linked Currency, converted at the Conversion Rate.
- (d) CLI is subject to the terms and conditions and risks as set out in the Offering Documents. CLI is NOT a protected deposit and is NOT protected by the Deposit Protection Scheme or any other deposit protection scheme in any other jurisdiction.

#### 6.2 Early withdrawal / termination

A CLI, or any part thereof, cannot in any circumstances be withdrawn or terminated by the Customer prior to the Maturity Date.

#### 6.3 Confirmation

- (a) Confirmation will be sent for Orders executed.
- (b) The Conversion Rate will be determined by reference to the actual spot price at execution of the Order.

#### 6.4 Proceeds on Maturity Date

The Final Redemption Amount shall be calculated in the manner set out in the Order Form and/or Confirmation.

#### 6.5 Market disruption

If any event occurs including, where there is a No. 8 typhoon signal or a black rainstorm, making it impossible for the Bank to obtain a Fixing Rate at the Fixing Time on Fixing Date, the Bank will, acting in good faith and in a commercially reasonable manner, determine the Fixing Rate and all determinations of the Bank will, in the absence of manifest error, be binding and conclusive on the Customer.

6.6 Indemnity and set-off upon early withdrawals/termination

- (a) In the event of an early withdrawal or termination of a CLI pursuant to clause B40 of the Bank Accounts and Services Terms and Conditions (as supplemented, revised or replaced from time to time) and clauses B11 and E3 of these WMA Terms and Conditions, the Customer will bear all Losses incurred by the Bank including the Hedging Costs as a result of or arising from such early withdrawal or termination.
- (b) The Bank shall be entitled to set-off all Losses incurred from the Final Redemption Amount and pay to the Customer the remaining balance thereof. The Customer understands that the Losses incurred by the Bank in relation to such early withdrawal or termination may substantially reduce, or result in a total loss of the Principal Amount and the earnings thereon, and the Customer may bear further costs and expenses in addition to a loss of the Principal Amount and the earnings thereon.

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