PRODUCT BOOKLET:
BULLION ACCUMULATOR & DECUMULATOR
BULLION TARGET ACCUMULATOR & DECUMULATOR, AND
BULLION PIVOT ACCUMULATOR

Accumulators / Decumulators are complex derivatives. This document serves to explain the key product features and product risks of an OTC Bullion Accumulator & Decumulator, OTC Bullion Target Accumulator & Decumulator, and OTC Bullion Pivot Accumulator (each, a "Product"). It is important that you read and understand the information contained herein before you consider any investments in the Product. This document does not constitute an offer, an invitation, or a recommendation to enter into any transaction. This document is solely intended for a professional investor, as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and the rules made under the SFO.

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The reader who is interested in the product mentioned in this document is suggested to read the inSight article entitled "Buy a discount?" issued by the HKMA on 28 September 2011. The article is available on the website at http://www.hkma.gov.hk. .

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Definitions

Capitalised terms used in this Product Booklet but not defined herein shall have the meanings set out in the indicative term-sheet templates unless the context requires otherwise.

Product Short Name used in this Document	Refers to:
• Accumulator	Variations of OTC Bullion Accumulator
• Decumulator	Variations of OTC Bullion Decumulator
• Target Accumulator	Variations of OTC Bullion Target Accumulator
• Target Decumulator	Variations of OTC Bullion Target Decumulator
• Pivot Accumulator	Variations of OTC Bullion Pivot Accumulator and OTC Bullion Pivot Target Accumulator

Product Summary

- Accumulators / Decumulators, Target Accumulators / Decumulators, and Pivot Accumulators (each, a "**Product**") are short-term derivative investment products (usually with a tenor of 1 year or less).
- The Product is assigned the **highest product risk rating of 5**, and is only suitable for investors who have a **high-risk** investment profile.
- The Product is a **Principal-at-Risk** investment. Besides the amount placed as initial margin, the investor may be **subjected to a total loss** up to the Maximum Notional Amount of the Product. In the case of Decumulators, Target Decumulators, and Pivot Accumulators, in extreme circumstances, such as if the market price of the underlying Bullion appreciates more than 100% of the Product's Bullion Strike Price, the investor may be subjected to a loss of more than the Maximum Notional Amount.
- In addition to taking the price risk of the Bullion, the investor is also taking on the credit risk of his / her counterparty, namely, the Bank.
- The Product is **a leveraged product** that allows investors to transact a larger Maximum Notional Amount by placing a fraction of the Maximum Notional Amount as initial margin with the Bank. This amplifies the potential gains as well as losses of the Product relative to the initial margin.
- In respect of the Product, an **initial margin equivalent to 12%** *(if underlying is Paper Gold)* or **25%** *(if underlying is Paper Silver)* **(or such other percentages that the Bank may stipulate from time to time)** of the Product's **Maximum Notional Amount** is required. In addition, the investor may be required, during the life of the Product, to provide **additional margin** to cover any **mark-to-market losses** as determined by the Bank from time to time. The mark-to-market value of the Product is calculated by the Bank using a dedicated option formula (which takes into account, among other things, implied volatility) and may differ significantly from the intrinsic value derived from simple arithmetical method.

Product Features

The Product is highly customisable. Before transacting, an investor should carefully consider whether the features of the Product are consistent with his / her risk profile and views of the underlying Bullion. The investor should ensure that he / she agrees to all the terms applicable to the Product before transacting.

- **Bullion** refers to Paper Gold or Paper Silver to be credited to or debited from the investors' account maintained with the Bank.
  - "**Paper Gold**" means unallocated gold complying with the rules of the London Bullion Market Association (the "LBMA") relating to good delivery and fineness from time to time in effect.
  - "**Paper Silver**" means unallocated silver complying with the rules of the LBMA relating to good delivery and fineness from time to time in effect.
- **Initial Margin**

  If the Product is transacted on an unfunded basis, the investor will deposit an initial margin *(indicative initial margin of 12%, if underlying is Paper Gold, or 25%, if underlying is Paper Silver, on the Product's Maximum Notional Amount)* with the Bank instead of investing the Maximum Notional Amount upfront. On each Bullion Settlement Date, the investor will need to arrange for funding to take delivery of the Bullion purchased, or ensure that it has sufficient Bullion in its account maintained with the Bank to meet its delivery obligations, under the Product.
- **Accumulator / Target Accumulator**
  - ✓ An Accumulator / Target Accumulator is an investment option for investors who hold a <u>positive</u> view of the underlying Bullion.

- An Accumulator / Target Accumulator allows investors to accumulate a pre-determined amount of the underlying Bullion at the Bullion Strike Price, which is usually lower than the prevailing Spot Rate of the underlying Bullion at the time of transaction.

- **Decumulator / Target Decumulator**
  - A **Decumulator** is the reverse of an Accumulator. It allows investors to **SELL** the underlying Bullion at the Bullion Strike Price. A Decumulator / Target Decumulator is an investment option for investors who hold a negative view of the underlying Bullion.
  - A Decumulator / Target Decumulator allows investors to sell a pre-determined amount of the underlying Bullion at the Bullion Strike Price, which is usually higher than the prevailing Spot Rate of the underlying Bullion at the time of transaction.

- **Pivot Accumulator**
  - A Pivot Accumulator involves the simultaneous transaction of a pair of Accumulator and Decumulator on the same underlying Bullion, with the same quantity of Bullion and Expiration / Settlement schedule.
  - A Pivot Accumulator is an investment option for investors who hold the view that the Spot Rate of the underlying Bullion is expected to remain within a range, between the Lower Bullion Strike Price and the Upper Bullion Strike Price, over the tenor of the Product.

- **Settlement**
  - Accumulator / Target Accumulator:

    The accumulated Number of Ounces Per Bullion Transaction of Bullion will be delivered to the investor on the specified Bullion Settlement Dates, usually 2 business days after the Bullion Expiration Date, against a simultaneous payment of an amount of Settlement Currency computed as [Number of Ounces Per Bullion Transaction x Bullion Strike Price]. The investor can only sell the accumulated Bullion **AFTER** the same has been credited to the investor's account maintained with the Bank.
  - Decumulator / Target Decumulator:

    The investor will need to deliver the Number of Ounces Per Bullion Transaction of Bullion on the specified Bullion Settlement Dates, usually 2 business days after the Bullion Expiration Date, against a simultaneous receipt of an amount of Settlement Currency computed as [Number of Ounces Per Bullion Transaction x Bullion Strike Price].
  - Pivot Accumulator:

    Whether Bullion is to be purchased or sold by the investor on each Bullion Settlement Date will depend on the Spot Rate at the Bullion Expiration Time on each Bullion Expiration Date relative to the Bullion Pivot Price. If the Spot Rate is lower than the Bullion Pivot Price, the settlement process described above in respect of Accumulators will apply. If the Spot Rate is equal to or higher than the Bullion Pivot Price, the settlement process described above in respect of Decumulators will apply.

- **Observation**
  - Gearing feature:

    If the Product is structured with a gearing feature, the Product's Bullion Strike Price will be compared with the prevailing market price on a regular basis (weekly, or monthly as per Schedule of Bullion Expiration Dates), to determine the number of ounces of the Bullion to be purchased or sold on each Bullion Settlement Date.
  - Daily Accrual feature:

    Accumulator / Decumulator may be structured with Daily Accrual feature. In such variations, the amount of Bullion to be delivered on each Bullion Settlement Date will be based on Number of Ounces Per Day multiplied by Number of Accumulation / Decumulation Days within the relevant Accumulation / Decumulation Period.

    For variations with Daily Accrual and gearing features, the Product's Bullion Strike Price will be compared with the prevailing market price on a daily basis to determine the Daily Bullion Accumulation / Decumulation. The amount of Bullion to be delivered on the Bullion Settlement Date will be the aggregate Daily Bullion Accumulation / Decumulation for that Accumulation / Decumulation Period.

- **Gearing**

  This feature allows the amount of Bullion to be purchased or sold to be varied subject to the applicable Gearing Ratio, depending on the market price of the Bullion relative to the Bullion Strike Price.

  For example, a Gearing Ratio of "2x" means:
  - Accumulator / Target Accumulator:
    - If the Spot Rate on the Bullion Expiration Date is **at or above** the Bullion Strike Price: the investor will be required to accumulate the Number of Ounces Per Bullion Transaction of Bullion against a simultaneous payment of an amount of Settlement Currency computed as [Number of Ounces x Bullion Strike Price].
    - If the Spot Rate on the Bullion Expiration Date is **below** the Bullion Strike Price: the investor will be required to accumulate 2 times the Number of Ounces Per Bullion Transaction of Bullion against a simultaneous payment of an

amount of Settlement Currency computed as [Number of Ounces Per Bullion Transaction x Gearing Ratio x Bullion Strike Price].

- ✓ Decumulator / Target Decumulator:
  - ➲ If the Spot Rate on the Bullion Expiration Date is **at or below** the Bullion Strike Price: the investor will be required to sell the Number of Ounces Per Bullion Transaction of Bullion against a simultaneous receipt of an amount of Settlement Currency computed as [Number of Ounces Per Bullion Transaction x Bullion Strike Price].
  - ➲ If the Spot Rate on the Bullion Expiration Date is **above** the Bullion Strike Price: the investor will be required to sell 2 times the Number of Ounces Per Bullion Transaction of Bullion against a simultaneous receipt of an amount of Settlement Currency computed as [Number of Ounces Per Bullion Transaction x Gearing Ratio x Bullion Strike Price].
- ✓ Accumulator with Daily Accrual:
  - ➲ If the Spot Rate on the Bullion Accumulation Day is **at or above** the Bullion Strike Price: the Daily Bullion Accumulation for that Bullion Accumulation Day is the Number of Ounces Per Day.
  - ➲ If the Spot Rate on the Bullion Accumulation Day is **below** the Bullion Strike Price: the Daily Bullion Accumulation for that Bullion Accumulation Day is 2 times the Number of Ounces Per Day.
- ✓ Decumulator with Daily Accrual:
  - ➲ If the Spot Rate on the Bullion Decumulation Day is **at or below** the Bullion Strike Price: the Daily Bullion Decumulation for that Bullion Decumulation Day is the Number of Ounces Per Day.
  - ➲ If the Spot Rate on the Bullion Decumulation Day is **above** the Bullion Strike Price: the Daily Bullion Decumulation for that Bullion Decumulation Day is 2 times the Number of Ounces Per Day.
- ✓ Pivot Accumulator / Pivot Target Accumulator:
  - ➲ If the Spot Rate on the Bullion Expiration Date is **below** the Lower Bullion Strike Price: the investor will be required to receive delivery of **2 times** the Number of Ounces Per Bullion Transaction of Bullion against a simultaneous payment of an amount of Settlement Currency computed as [Number of Ounces Per Bullion Transaction x Gearing Ratio x Lower Bullion Strike Price].
  - ➲ If the Spot Rate on the Bullion Expiration Date is **at or above** the Lower Bullion Strike Price but **below** the Bullion Pivot Price: the investor will be required to receive delivery of the Number of Ounces Per Bullion Transaction of Bullion against a simultaneous payment of an amount of Settlement Currency computed as [Number of Ounces Per Bullion Transaction x Lower Bullion Strike Price].
  - ➲ If the Spot Rate on the Bullion Expiration Date is **at or above** the Bullion Pivot Price but **at or below** the Upper Bullion Strike Price: the investor will be required to deliver the Number of Ounces Per Bullion Transaction of Bullion against a simultaneous receipt of an amount of Settlement Currency computed as [Number of Ounces Per Bullion Transaction x Upper Bullion Strike Price].
  - ➲ If the Spot Rate on the Bullion Expiration Date is **above** the Upper Bullion Strike Price: the investor will be required to deliver **2 times** the Number of Ounces Per Bullion Transaction of Bullion against a simultaneous receipt of an amount of Settlement Currency computed as [Number of Ounces Per Bullion Transaction x Gearing Ratio x Upper Bullion Strike Price].

- **Knock-Out (Applicable for Accumulator / Decumulator only)**

  Accumulator / Decumulator may be structured with a knock-out feature.

  - ✓ Upon the occurrence of the Knock-Out Event, the Product will terminate immediately.
    - ➲ Knock-Out Event of an Accumulator: if the market price of the Bullion is at or above the Knock-Out Price.
    - ➲ Knock-Out Event of a Decumulator: if the market price of the Bullion is at or below the Knock-Out Price.
  - ✓ The total quantity of Bullion to be purchased or sold will be limited to those settled **BEFORE** the Knock-Out is triggered.
  - ✓ If the Knock-Out Event is **NOT** triggered, the purchase or sale of Bullion will continue throughout the tenor of the Product until its Final Bullion Expiration Date.

  If an Accumulator / Decumulator is structured without a knock-out feature, the investor must be prepared to deliver and receive delivery of the relevant Bullion throughout the tenor of the Product until its Final Bullion Expiration Date.

- **Knock-Out Settlement (Applicable for Accumulator / Decumulator with Daily Accrual only)**

  Upon the occurrence of the Knock-Out Event on Accumulator / Decumulator with Daily Accrual feature:

  - ✓ The Product will terminate immediately.
  - ✓ Knock-Out Settlement will take place 2 Bullion Business Days after the Knock-Out Date on the amount of Bullion that was accumulated / decumulated from the start of that Bullion Accumulation / Decumulation Period to the Bullion Accumulation / Decumulation Day before the Knock-Out Date.

- **Minimum Accumulation / Decumulation (Applicable for Accumulator / Decumulator)**

  This feature in an Accumulator / Decumulator is to ensure that a minimum amount of Bullion will be purchased or sold even if the Knock-Out Event is triggered immediately after the transaction date.

- **Target Redemption (Applicable for Target Accumulator / Decumulator and Pivot Accumulator only)**

  Target Accumulators / Decumulators and certain variations of Pivot Accumulators are structured with a target redemption feature. The Target Accumulator / Decumulator and Pivot Accumulator will early terminate when the investor's cumulative gain is equal to or exceeds the specified Target Redemption Limit. The Bank offers 3 variations of Target Accumulators / Decumulators:

  - ✓ Uncapped Target: In a Target (Uncapped) Accumulator / Decumulator and Pivot Target (Uncapped) Accumulator, the Product will early terminate when the investor's total gain equals or exceeds the Target Redemption Limit. The investor's potential gain on the final fixing upon early redemption will not be limited.
  - ✓ Capped Target: In a Target (Capped) Accumulator / Decumulator and Pivot Target (Capped) Accumulator, the Product will early terminate when the investor's total gain equals or exceeds the Target Redemption Limit. However, the final fixing upon early termination will be subject to adjustment, such that the investor's total gain from the Target (Capped) Accumulator / Decumulator and Pivot Target (Capped) Accumulator is limited to the Target Redemption Limit.
  - ✓ Discrete Target: In a Target (Discrete) Accumulator / Decumulator, the Target Redemption Limit is defined as a specified number of fixings that resulted in a gain to the investor. The Product will early terminate when the actual number of fixings that resulted in a gain to the investor is equal to the Target Redemption Limit.

- **Trigger (Applicable for Accumulator / Decumulator and Target Accumulator / Decumulator only)**

  The Trigger feature sets a condition precedent to the investor's ability to accumulate / decumulate the Bullion.

  - ✓ Trigger of an Accumulator / Target Accumulator: if the Spot Rate is below the Bullion Strike Price, accumulation will occur only if Spot Rate is equal to or lower than the Trigger Rate.
  - ✓ Trigger of a Decumulator / Target Decumulator: if the Spot Rate is above the Bullion Strike Price, decumulation will occur only if Spot Rate is equal to or higher than the Trigger Rate.

Margin Requirement

When the Product is transacted on margin, the margin requirement is computed as [Initial Margin Requirement + Mark-to-market loss].

- Initial Margin Requirement ("IMR") :

  The Initial Margin Requirement is computed by applying the Initial Margin *(indicative initial margin of 12%, if underlying is Paper Gold, or 25%, if underlying is Paper Silver, on the Product's Maximum Notional Amount)* (or such other percentage as the Bank may stipulate from time to time) to the Product's remaining Maximum Notional Amount, which is reduced after each Bullion Expiration Date. The Initial Margin is determined by the Bank at its sole discretion, and subject to review from time to time.

- Mark-to-market ("MTM") loss :

  During the life of the Product, the investor will be required to provide additional collateral for the MTM loss.

Example:

Underlying	:	Paper Gold
Number of Ounces Per Bullion Transaction	:	100 oz
Number of Bullion Transactions	:	52 weekly Bullion Expiration Dates
Bullion Strike Price	:	USD1,200
Gearing Ratio	:	2x
Maximum Notional Amount	:	$12.48 million [100 oz x 2 x 52 x USD1,200]
Initial Margin	:	12%

- On Day 1: IMR on Day 1 : $1,497,600 [12% x $12.48 million].
- On Day 5: Assume the Accumulator has a MTM loss of $100,000. The Margin Requirement would be $1,597,600 [IMR of $1,497,600 + MTM loss of $100,000]
- On Day 7: On the 1st Bullion Expiration Date, assuming the Spot Rate at the Expiration Time is at USD1,220. Settlement of the accumulated 100 oz of Paper Gold will be delivered to the investor against payment of USD120,000 [100 oz x Bullion Strike Price of USD1,200].

The Accumulator's Maximum Notional Amount will be reduced by $240,000 to $12.24 million [100 oz x 2 x 51 x USD1,200].

The IMR would be $1,468,800 (12% x $12.24 million).

Assume the Accumulator has a MTM loss of $200,000. The Margin Requirement would be $1,668,800 [IMR of $1,468,800 + MTM loss of $200,000].

- On Day 30: After 4 Bullion Expiration Dates, the Accumulator's Maximum Notional Amount will be reduced by $960,000 to $11.52 million [100 oz x 2 x 48 x USD1,200].

  The IMR would be $1,382,400 [12% x $11,520,000]

  Say, the Bank revised the Initial Margin from 12% to 30%. The IMR would be $3,456,000 [30% x $11.52 million].

  Assume the Accumulator has a MTM loss of $300,000. The Margin Requirement would be $3,756,000 [IMR of $3,456,000 + MTM loss of $300,000].

Key Product Risks

This section provides a (non-exhaustive) summary of the key risks of investing in the Product. Please refer to the Risk Factors in the Indicative Term-sheet for a detailed description of the risks.

High risk product

- The Products are rated with the highest risk rating by DBS Bank (Hong Kong) Limited 星展銀行(香港)有限公司 ("DBS") and are only suitable for investors who can bear a high risk of loss.

Investor Suitability

- A prospective investor in the Product should be experienced with dealing in these types of products, be familiar with the terms used in the Term-sheet, Confirmation, and applicable ISDA Definitions, and should understand the risks associated with dealing in such products. A prospective investor should reach an investment decision only after careful consideration, with the advisers (where appropriate), of the suitability of the Product in light of their particular financial position, experience, objectives and other relevant circumstances, the terms and conditions applicable to this product (including margin requirements, if applicable), the particular underlying currency pair to which the Product relates, any related transaction costs, and the creditworthiness of the counterparty. A prospective investor should ensure that they have the ability to withstand any potential financial loss.

Market Risk

- Investing in the Products involves market risk. Changes in the Spot Rate of Bullion can be unpredictable, sudden and large. Such changes may result in the price or value of the Product moving adversely to the interests of the investor and negatively impacting on the return on the Product. In extreme circumstances, the investor may lose all, or a significant proportion of, the original investment, and in the case of Decumulators, Target Decumulators and Pivot Accumulators, more than the Maximum Notional Amount of the Product.
- The Product is a Principal-at-risk investment. The amount received upon expiry or early termination (as the case may be) may be less than 100% of the amount invested.

Mark-to-Market Risk

- The investor bears the downside risk of the Product's price fluctuation.
- If the price of the Bullion falls (for Accumulators) or rises (for Decumulators), the investor will bear a mark-to-market ("MTM") loss in valuation.
- The MTM value of the product is calculated by an option pricing model based on various factors including but not limited to current spot rate, time-to-maturity, volatilities, strike price, risk-free interest rate. Hence, the MTM value may be significantly different from the intrinsic value calculated by simple arithmetical method by reference to the difference between the strike price and the spot rate.
- The investor needs to be aware that the Product's price may deteriorate as a result of an increase in implied volatility. This could arise even if the price of the Bullion remains unchanged. The Bank has the right to determine the daily MTM valuation at its sole discretion and investor bears the risk of daily MTM fluctuation in valuation.

Specific Product Risk

- An investor of Accumulator / Target Accumulator will be required to continue accumulating the Bullion when the prevailing market price of the Bullion on each Bullion Expiration Date is lower than the Bullion Strike Price. This will continue even if the market price is significantly lower than the Bullion Strike Price. In such event, the investor is effectively buying the Bullion at a price higher than the then prevailing market price.

- An investor of Decumulator / Target Decumulator will be required to continue decumulating the Bullion when the prevailing market price of the Bullion on each Bullion Expiration Date is higher than the Bullion Strike Price. This will continue even if the market price is significantly higher than the Bullion Strike Price. In such event, the investor is effectively selling the Bullion at a price lower than the then prevailing market price.
- An investor of Pivot Accumulator will be required to continue accumulating the Bullion when the prevailing market price of the Bullion on each Bullion Expiration Date is below the Bullion Pivot Price or to continue decumulating the Bullion when the prevailing market price of the Bullion on each Bullion Expiration Date is at or above the Bullion Pivot Price. This will continue even if the market price is significantly lower than the Lower Bullion Strike Price or higher than the Upper Bullion Strike Price. In such event, the investor is effective buying the Bullion at a price higher than the then prevailing market price or selling the Bullion at a price lower than the then prevailing market price.

Early Termination Risk

- The investor should note the knock-out feature of the Product, where applicable. If a Knock-out Event occurs, the investor will not be able to accumulate or decumulate any further amount of the specified currency at the applicable Bullion Strike Price for that Bullion Transaction and all subsequent Bullion Transactions. The return to the investor under each Bullion Transaction may therefore be capped in such circumstances.
- If a Knock-out Event does not occur in respect of all Bullion Transactions, the investor may have to accumulate or decumulate, and deliver / receive delivery of an agreed amount of the specified underlying up to the Maximum Notional Amount of the Product.

Target Redemption Risk

- Where applicable, the Product's Target Redemption Value on each Expiration Date, and the Knock-out Bullion Strike Price (where applicable) is determined by the Calculation Agent acting in good faith. The Target Redemption Value and Knock-out Bullion Strike Price (where applicable) so determined may be subjected to the Calculation Agent's own trading activities, and may differ from the actual market. These may affect the investor's returns from the Product, including whether the Product's Knock-out Event has been triggered.

Gearing Risk

- If the Product is structured with a gearing feature, the investor should note that the investor may be required to deliver or take delivery of more than one time multiplied by the Number of Ounces Per Bullion Transaction or Number of Ounces Per Day of the Bullion, or to be exposed to a cash settlement of the Settlement Currency calculated by reference to a multiplier, as the case may be. This means any loss to the investor will be magnified.

Tenor Risk

- The investor should take note of the tenor of the Product. The investor should further note that any product or transaction with a long tenor tends to be associated with higher risks and early termination, if permitted at the sole and absolute discretion of the Bank, will usually involve higher costs.

Liquidity Risk

- The secondary market for the Product may be limited or non-existent. DBS does not undertake to make a market in or otherwise provide secondary market liquidity in the Product. No early uplift, withdrawal, modification or termination is permitted except with DBS' prior agreement or as otherwise provided under terms and conditions applicable to the Product.
- The investor should intend to maintain his interest in the Product up to the final Expiration Date. If the Product is early terminated or modified, the investor may suffer losses and will have to compensate DBS for costs (if any) incurred by DBS in replacing or obtaining the economic equivalent of the Product as a result of such early termination or modification. Such losses and costs may be substantial.
- The Product will not be listed or traded on any exchange or other regulated market.

Leveraging Risk

- The degree of leverage can work for as well as against the investor. Due to the leverage, a small movement in the market can lead to a major gain but any losses will also be magnified sharply. Leveraging may be by way of a loan, trading on a margin, or embedded within an instrument. The Bank's terms relating to top-up and close-out will apply and the investor may be required at short notice to provide additional margin failing which outstanding transactions may be closed out at a significant loss.

Credit Risk

- The Product is not secured by any collateral.
- The investor is taking on the credit risk of DBS with respect to all payments due under the Product. For Accumulators and Target Accumulators, the potential maximum loss will be the Maximum Notional Amount of the Product, and for Decumulators, Target Decumulators, and Pivot Accumulators, the potential loss is unlimited, and not just the amount the investor places with the Bank as initial margin requirement. In cases where the Product has a gearing feature, the Maximum Notional Amount

of the Product refers to the geared amount. The latest annual statutory accounts and other information on DBS are available on its website at http://www.dbs.com.hk.

- The investor should not solely rely on the long-term credit ratings of DBS when evaluating its creditworthiness. There is no assurance that the DBS' long-term credit ratings as set out in this document will remain in effect for any given period of time or that such ratings will not be revised, suspended or withdrawn in the future if, in the relevant credit rating agency's judgment, the circumstances so warrant.
- Where DBS defaults on its payment obligations under the Product, the investor will receive no payment.

Interaction Risk

- Different types of risks may interact unpredictably, particularly in times of market stress.

Concentration Risk

- The investor should be satisfied that he has the risk appetite for, and is not over exposed to, the relevant underlying Paper Gold or Paper Silver or any other structured transactions of a similar nature based on the same underlying Bullion.
- In considering his risk appetite, the investor should also take into account his total maximum exposure to the relevant underlying Bullion and the structured transactions arising from the Product and any other transactions of a similar nature (whether with DBS or other counterparties) under adverse market conditions.

Delivery Risk

- An investor who transacts the Product on margin will need to provide funding for the delivery of the underlying Bullion on each Settlement Date, up to the Maximum Notional Amount of the Product, which is substantially more than the amount placed as initial margin requirement.

Hedging Risk

- The investor should be aware that Accumulators / Decumulators with knock-out feature or other features to cap the upside (where applicable) may not serve his intended hedging purpose.

Margin Requirement Risk

- The Bank reserves the right to review and revise the initial margin from time to time during the tenor of the Product, including demanding a 100% initial margin. Upon such review, the investor may be subjected to a significantly higher margin requirement than that required at the point of transacting.

Margin Calls

- An investor who transacts the Product on margin may be subjected to margin calls if DBS deems that the collateral is insufficient to cover the total amount of the initial margin requirement and the MTM loss. This may arise as a result of various factors, including a deterioration of the market price of the Product, losses arising from closed out transactions, a higher initial margin, or a combination of them.
- Investors who plan to enter into the Product on a margin basis or with the use of credit facility should be prepared to pay interest cost for the margin or credit facility and to meet margin calls which require the investor to make top-up payment to cover the full marked-to-market losses for the remaining period of the Product. Such payment can be substantial in poor market conditions and/or when the Product has a long remaining period.
- If market conditions are poor, the investor may be required at short notice to provide additional margin notwithstanding that his ability to make top-up payments may have worsened due to the significant fall in market value of other financial assets. Where the terms of any margin or credit facility arrangements permit the level of margin or interest to be raised at the discretion of the margin or credit facility provider, the investor may experience further liquidity pressure.
- Failure to meet any margin calls or interest payments may result in outstanding transactions being closed out without consent from the investor at significant losses and costs. DBS may also realise such part or all of the collateral as DBS deems necessary in accordance with the terms of the relevant security documents to satisfy the liabilities of the investor.
- The investor should note any margin or credit facility arrangements may be reduced or terminated in accordance with the terms of such arrangements.

DBS' Hedging Activities May Affect Exchange Rates

- DBS and its affiliates may enter into hedging transactions in the market to enable DBS to fulfil its obligations under the Product. These hedging transactions typically involve contracts for the purchase and/or sale of the underlying Bullion and the establishment of long and/or short positions in the underlying Bullion which may be constantly adjusted. The unwinding or adjustment of the positions in the underlying Bullion shortly before the relevant determination dates under the Product may affect the relevant spot rates.

Potential Conflicts of Interest

- DBS and its affiliates play a variety of roles in connection with the Product, including acting as counterparty and calculation agent and hedging its obligations under the Product. DBS and its affiliates may also enter into, adjust and unwind transactions relating to the relevant underlying Bullion, whether for its or its affiliates' proprietary accounts or for accounts under management or to facilitate transactions on behalf of other counterparties or otherwise. In carrying out these roles, DBS' economic interests and those of its affiliates may be potentially against the investor's interests as the counterparty in the Product.

Worst case scenario

- For Accumulators and Target Accumulators, the investor may lose all, or a significant proportion of the Maximum Notional Amount, not just the amount the investor places with the Bank as initial margin requirement. In cases where the Product has a gearing feature, the Maximum Notional Amount of the Product refers to the geared amount.
- For Decumulators, Target Decumulators, and Pivot Accumulators, the potential loss to the investor is unlimited.

Past Performance

- Past performance of the underlying Bullion is not necessarily a guide to future performance. The value of the investment and the income derived from it can go down as well as up.

RMB Currency risk

- The renminbi is the official currency of the People's Republic of China. The literally means "people's currency". The currency code for renminbi which may also be used for the yuan is CNY (an abbreviation for "Chinese yuan") when traded onshore in Mainland China, or also CNH when traded in offshore markets such as Hong Kong, Singapore, London, New York.
- Fluctuations in the exchange rate may adversely affect the investment return when the investors convert the proceeds to the original currency.
- RMB may not be freely convertible and is subject to Mainland China's exchange controls and restrictions.
- Products will be subject to multiple currency conversion costs involved in making investments and liquidating investments or meeting other settling or operating expenses if the products are not denominated, or if the underlying investments are not denominated, in RMB.
- When calculating the payoff/ value of the RMB products, the offshore RMB (the "CNH") will be used. The CNH rate may be at a premium or discount to the exchange rate for onshore RMB (the "CNY") and there may be significant bid and offer spreads. While CNH and CNY represent the same currency, they are traded in different and separate markets which operate independently. As such, CNH does not necessarily have the same exchange rate and may not move in the same direction as CNY.

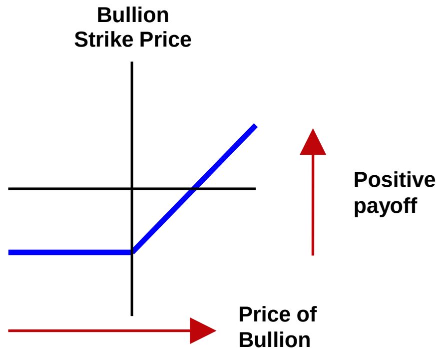
Summary Only

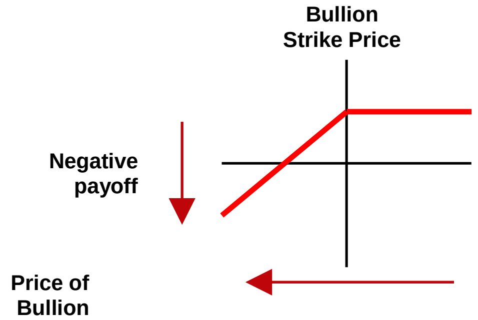
- This document contains only a summary of the key features of the Product. It does not contain all of the terms and conditions (material or otherwise) of the Product and the investor is advised to review all of the documents relating to the Product, including the trade confirmation.

Product Construction of Accumulators

An Accumulator is embedded with a series of options on the Bullion.

BUY CALL OPTIONS	SELL PUT OPTIONS
The investor is long a series of Call Options on the Bullion that allows the investor to buy the Bullion if the Spot Rate is at or higher than the Bullion Strike Price.	The purchase of Call Options is financed by the simultaneous shorting of a series of Put Options on the Bullion that obliges the investor to buy the Bullion if the Spot Rate is lower than the Bullion Strike Price.

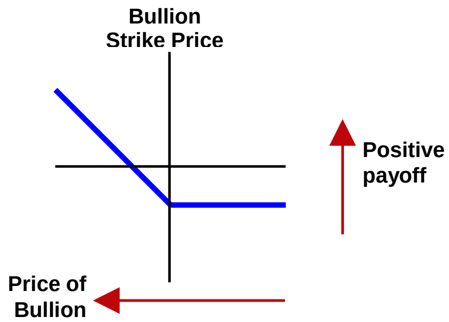


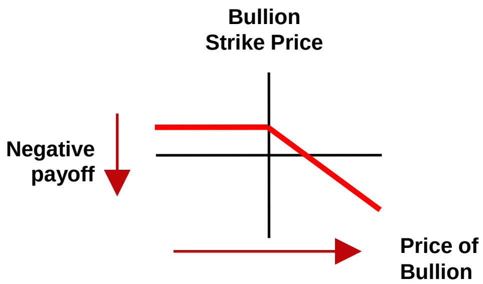


Product Construction of Decumulators

A Decumulator is embedded with a series of options on the Bullion.

BUY PUT OPTIONS	SELL CALL OPTIONS
The investor is long a series of Put Options on the Bullion that allows the investor to sell the Bullion if the Spot Rate is at or lower than the Bullion Strike Price.	The purchase of Put Options is financed by the simultaneous shorting of a series of Call Options on the Bullion that obliges the investor to sell the Bullion if the Spot Rate is higher than the Bullion Strike Price.





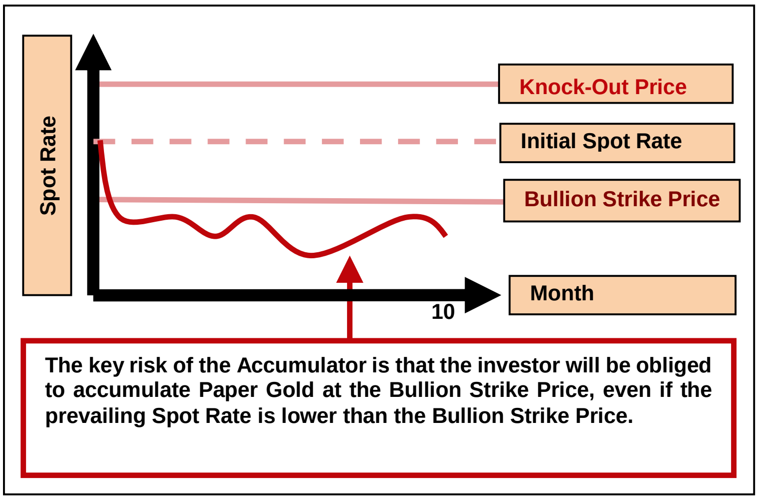
Example 1: OTC Bullion Accumulator with Minimum Accumulation

Scenario Analysis

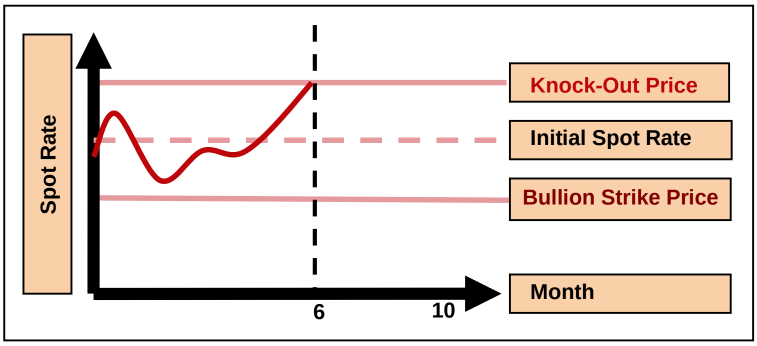
Assume investment in an Accumulator with the following product features:

Underlying	:	Paper Gold
Settlement Currency	:	USD
Product Summary	:	Investor accumulates Paper Gold
Product Maturity	:	10 months
Number of Ounces Per Bullion Transaction	:	1,000 oz
Number of Bullion Transactions	:	10
Accumulation frequency	:	Monthly
Settlement frequency	:	Monthly
Reference Initial Price	:	USD1,250 per oz
Bullion Strike Price	:	USD1,200 per oz *(96% of Spot Rate)*
Knock-Out Price	:	USD1,300 per oz *(104% of Spot Rate)*
Minimum Accumulation	:	1,000 oz if Knock-Out is triggered before the 1st Settlement Date
Maximum Notional Amount	:	USD12 million *(Maximum accumulation of 10,000 oz x Bullion Strike Price of USD1,200)*
Margin requirement	:	USD1,440,000 *(Assuming 12% initial margin requirement on Maximum Notional Amount. Additional margin will be required if the product has a MTM loss.)*

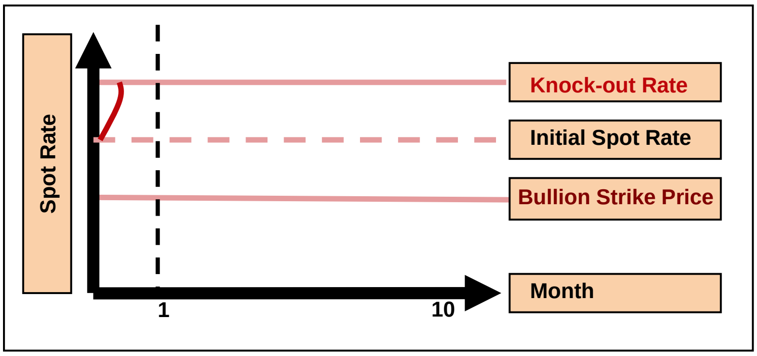
- **Scenario 1**: Each month, provided the Knock-Out Price is not triggered, the investor will accumulate 1,000 oz of Paper Gold per month at the Bullion Strike Price of USD1,200 worth USD1.2 million. This will continue until the Knock-Out Price is triggered, or the Product's Final Bullion Expiration Date. Maximum accumulation will be 10,000 oz of Paper Gold at USD1,200 per oz worth USD12 million.



- **Scenario 2**: If the Knock-Out Price is triggered after the 6th month, the investor would have accumulated 6,000 oz of Paper Gold at USD1,200 per oz worth USD7.2 million.



Scenario 3: If the Knock-Out Price is triggered after 10 days within the first month, the investor will receive the Minimum Accumulation of 1,000 oz of Paper Gold at USD1,200 per oz worth USD1.2 million.



	Scenario 1: Knock-Out Price not triggered	Scenario 2: Knock-Out Price triggered after the 6th month	Scenario 3: Knock-Out Price triggered after 10 trading days within the 1st month
Amount of Paper Gold Accumulated	**10,000 oz** *(10 months x 1,000 oz per month @ USD1,200 per oz = USD12 million)*	**6,000 oz** *(6 months x 1,000 oz per month @ USD1,200 per oz= USD7.2 million)*	**1,000 oz** *Minimum Accumulation of 1,000 oz @ USD1,200 per oz = USD1.2 million)*
The following returns are computed based on the amount required to settle the delivery of Paper Gold and the investor holding on to all the accumulated Paper Gold until the Final Bullion Expiration Date. * *The Spot Rates used in this Scenario Analysis are for illustration only. The actual market price may be significantly lower.*			
USD1,400 per oz	+ USD2,000,000 (+ 16.67%)	+ USD1,200,000 (+ 16.67%)	+ USD200,000 (+ 16.67%)
USD1,250 per oz *(Spot Rate at inception)*	+ USD500,000 (+ 4.16%)	+ USD300,000 (+ 4.16%)	+ USD50,000 (+ 4.16%)
USD1,200 per oz *(Bullion Strike Price)*	USD0 (0%)	USD0 (0%)	USD0 (0%)
USD1,000 per oz	- USD2,000,000 (- 16.67%)	- USD1,200,000 (- 16.67%)	- USD200,000 (- 16.67%)
USD800 per oz	- USD4,000,000 (- 33.33%)	- USD2,400,000 (- 33.33%)	- USD400,000 (- 33.33%)
USD400 per oz	- USD8,000,000 (- 66.67%%)	- USD4,800,000 (- 66.67%)	- USD800,000 (- 66.67%)
USD0 per oz	- USD12,000,000 (- 100.00%)	- USD7,200,000 (- 100.00%)	- USD1,200,000 (- 100.00%)

* The above analysis is computed based on the Spot Rate of Paper Gold on the Final Bullion Expiration Date. The actual returns may vary significantly during the tenor of the Accumulator taking into consideration the option valuations.

The percentage gains or losses will be amplified, if computed against the initial margin requirement of USD1.44 million (12% of the Maximum Notional Amount), due to the leveraging factor.

Worst Case Scenario

In the worst case, the Spot Rate stays below the Bullion Strike Price of USD1,200 on each Bullion Expiration Date 1 – 10. The accumulation of 1,000 oz of Paper Gold against payment of USD1,200,000 on each Bullion Expiration Date will continue even if the Spot Rate of Paper Gold has fallen substantially, resulting in full accumulation of the 10,000 oz of Paper Gold against payment of USD12 million based on the Bullion Strike Price of USD1,200.

Assuming full accumulation, and the investor holds on to the Paper Gold till the final maturity date, the maximum potential loss to the investor will be as per Scenario 1 in the table above.

The above scenarios and the figures in this scenario analysis are for illustration purposes only. They do not reflect a complete analysis of all possible scenarios that may arise under any actual transaction nor are they indicative of the likely or future performance of the Product and/or the price of Paper Gold.

Example 2: OTC Bullion Accumulator with Gearing

Scenario Analysis

Assume investment in a Bullion Accumulator with the following product features:

Underlying	:	Paper Gold
Settlement Currency	:	USD
Product Summary	:	Investor accumulates Paper Gold
Product Maturity	:	26 weeks
Accumulation frequency	:	Weekly
Settlement frequency	:	Weekly
Number of Ounces Per Bullion Transaction	:	100 oz
Gearing Ratio	:	2 times
Accumulation condition	:	Every week, on the Bullion Expiration Date: (a) IF Spot Rate is **AT OR ABOVE** Bullion Strike Price: accumulate 100 oz; (b) IF Spot Rate is **BELOW** Bullion Strike Price: accumulate 200 oz.
Reference Initial Price	:	USD1,250 per oz
Bullion Strike Price	:	USD1,200 per oz *(96% of Spot Rate)*
Knock-Out Price	:	USD1,300 per oz *(104% of Spot Rate)*
Maximum Notional Amount	:	USD6.24 million *[Number of Ounces Per Bullion Transaction (100 oz) x Gearing Ratio (2x) x Bullion Strike Price (USD1,200) x Number of Bullion Transactions (26)]*
Margin requirement	:	USD748,800 *(Assuming 12% initial margin requirement on Maximum Notional Amount. Additional margin will be required if the Product has a MTM loss.)*

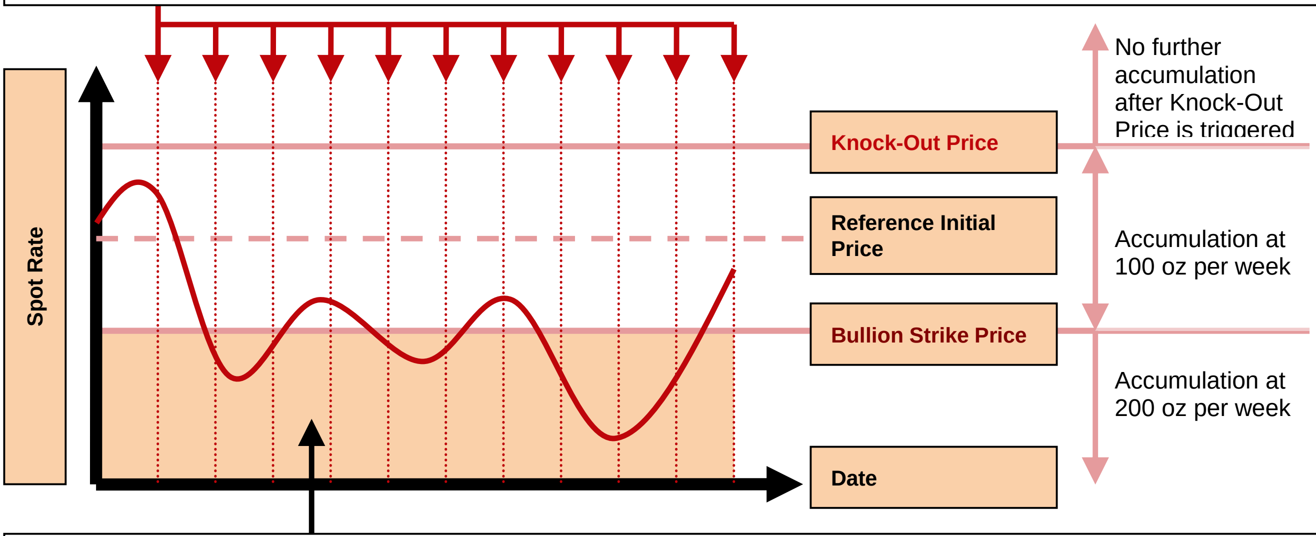
- **Scenario 1**: Knock-Out Price is not triggered throughout the life of the Product, the investor will receive delivery of between 2,600 oz to 5,200 oz based on the accumulation condition.

  For example, the Spot Rate is **AT OR ABOVE** the Bullion Strike Price on 8 of the 26 Bullion Expiration Dates, and is **BELOW** the Bullion Strike Price on 18 of the 26 Bullion Expiration Dates. The investor accumulates 4,400 oz of Paper Gold at the Bullion Strike Price of USD1,200 calculated as follows:

  [(8 periods **AT OR ABOVE** Bullion Strike Price at 100 oz per week)
+ (18 periods **BELOW** Bullion Strike Price at 200 oz per week)] = 4,400 oz

- **Scenario 2**: If the Knock-Out Price is triggered after 6 weeks, the investor will receive delivery of the amount of Paper Gold accumulated before the Knock-Out Event is triggered, the amount of Paper Gold will be calculated based on the accumulation condition.

On each Bullion Settlement Date, the actual amount of Paper Gold to be accumulated will be dependent on the accumulation condition as follow:
[(Number of Bullion Expiration Dates **AT OR ABOVE** Bullion Strike Price x 100 oz)
+ (Number of Bullion Expiration Dates **BELOW** Bullion Strike Price x 200 oz)]



The key risk of the Product is that the investor will be obliged to accumulate the geared amount of Paper Gold at the Bullion Strike Price throughout the life of the product, even if the prevailing Spot Rate is significantly lower than the Bullion Strike Price.

	Scenario 1: Knock-Out Price NOT triggered		**Scenario 2: Knock-Out Price triggered after 6 weeks**	
Amount of Paper Gold Accumulated	**(a) 4,400 oz** *(8 weeks @ 100 oz per week + 18 weeks @ 200 oz per week)*	**(b) 5,200 oz** *(Maximum, 26 weeks @ 200 oz per week)*	**(a) 600 oz** *(6 weeks @ 100 oz per week)*	**(b) 1,200 oz** *(6 weeks @ 200 oz per week)*
Amount of USD payment	USD5,280,000	USD6,240,000	USD720,000	USD1,440,000
The following returns are computed based on the amount required to settle the delivery of Paper Gold and the investor holding on to all the accumulated Paper Gold until the Final Bullion Expiration Date. * *The Spot Rates used in this Scenario Analysis are for illustration only. The actual market price may be significantly lower.*				
USD1,400 per oz	+ USD880,000 (+ 16.67%)	+ USD1,040,000 (+ 16.67%)	+ USD120,000 (+ 16.67%)	+ USD240,000 (+ 16.67%)
USD1,250 per oz *(Spot Rate at inception)*	+ USD220,000 (+ 4.16%)	+ USD260,000 (+ 4.16%)	+ USD30,000 (+ 4.16%)	+ USD60,000 (+ 4.16%)
USD1,200 per oz *(Bullion Strike Price)*	USD0 (0%)	USD0 (0%)	USD0 (0%)	USD0 (0%)
USD1,000 per oz	- USD880,000 (- 16.67%)	- USD1,040,000 (- 16.67%)	- USD120,000 (- 16.67%)	- USD240,000 (- 16.67%)
USD800 per oz	- USD1,760,000 (- 33.33%)	- USD2,080,000 (- 33.33%)	- USD240,000 (- 33.33%)	- USD480,000 (- 33.33%)
USD400 per oz	- USD3,520,000 (- 66.67%)	- USD4,160,000 (- 66.67%)	- USD480,000 (- 66.67%)	- USD960,000 (- 66.67%)
USD0 per oz	- USD5,280,000 (- 100.00%)	- USD6,240,000 (- 100.00%)	- USD720,000 (- 100.00%)	- USD1,440,000 (- 100.00%)

* The above analysis is computed based on the Spot Rate of Paper Gold on the Final Bullion Expiration Date. The actual returns may vary significantly during the tenor of the Accumulator taking into consideration the option valuations.

The percentage gains or losses will be amplified, if computed against the initial margin requirement of USD748,000.00 (12% of the Maximum Notional Amount), due to the leveraging factor.

Worst Case Scenario

In the worst case, the Spot Rate stays below the Bullion Strike Price of USD1,200 on each Bullion Expiration Date 1 – 26. The accumulation of 200 oz of Paper Gold against payment of USD240,000 on each Bullion Expiration Date will continue even if the Spot Rate of Paper Gold has fallen substantially, resulting in full accumulation of the 5,200 oz of Paper Gold against payment of USD6.24 million based on the Bullion Strike Price of USD1,200.

Assuming full accumulation, and the investor holds on to the Paper Gold till the final maturity date, the maximum potential loss to the investor will be as per Scenario 1(b) in the table above.

The above scenarios and the figures in this scenario analysis are for illustration purposes only. They do not reflect a complete analysis of all possible scenarios that may arise under any actual transaction nor are they indicative of the likely or future performance of the Product and/or the price of Paper Gold.

Example 3: OTC Bullion Target (Uncapped) Accumulator

In a Bullion Target Accumulator, instead of a pre-determined Knock-Out Rate, the structure has a Target Redemption Limit. The structure will early terminate on a Bullion Expiration Date if the investor's cumulative gains from the accumulation of Bullion on that and each preceding Bullion Expiration Date is equal to the Target Redemption Limit. In a Bullion Target (Uncapped) Accumulator, the investor's potential gain upon triggering of the Target Redemption Limit will not be limited.

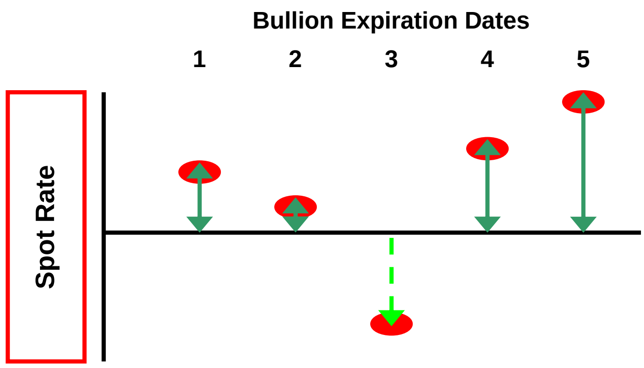
Scenario Analysis

Underlying	:	Paper Gold
Settlement Currency	:	USD
Product Summary	:	Investor accumulates Paper Gold
Product Maturity	:	52 weeks
Accumulation frequency	:	Weekly
Settlement frequency	:	Weekly
Number of Ounces	:	100 oz
Gearing Ratio	:	No gearing
Reference Initial Price	:	USD1,250 per oz
Bullion Strike Price	:	USD1,200 per oz *(96% of Spot Rate)*
Target Redemption Limit	:	USD50.00
Maximum Notional Amount	:	USD6.24 million *[Number of Ounces Per Bullion Transaction (100 oz) x Bullion Strike Price (USD1,200) x Number of Bullion Transactions (52)]*
Margin requirement	:	USD748,800 *(Assuming 12% initial margin requirement on Maximum Notional Amount. Additional margin will be required if the Product has a MTM loss.)*

Bullion Expiration Date	Spot Rate	Gain / Loss	Accrued Target Redemption Value	Remarks
1	USD1,210	+ USD10	USD10	Investor accumulates 100 oz per week against payment of USD120,000. Gain between Spot Rate and Bullion Strike Price is added to the Accrued Target Redemption Value.
2	USD1,208	+ USD8	USD18	
3	USD1,180	- USD20	USD18	Investor accumulates 100 oz against payment of USD120,000. Loss is not added to the Accrued Target Redemption Value.
4	USD1,220	+ USD20	USD38	Investor accumulates 100 oz per week against payment of USD120,000. Gain between Spot Rate and Bullion Strike Price is added to the Accrued Target Redemption Value.
5	USD1,230	+ USD30	USD68	Refer to explanation below.

Explanation of settlement condition on Bullion Expiration Date #5:

- In the example above, on Expiration Date #5, the difference between the Spot Rate and Bullion Strike Price is USD30.
- By adding this to the Accrued Target Redemption Value, the Accrued Target Redemption Value adds up to USD68, which is greater than the pre-determined Target Redemption Limit of USD50. The structure will thus early terminate on Bullion Expiration Date #5.
- Investor will continue to accumulate the last 100 oz against payment of USD120,000 on Bullion Expiration Date #5.



On each Bullion Expiration Date, if the Spot Rate is higher than the Bullion Strike Price, for example, Bullion Expiration Dates #1, #2, #4, and #5, the difference between the Spot Rate and Bullion Strike Price will be added to the Accrued Target Redemption Value.

On the Bullion Expiration Date that the Accrued Target Redemption Value is equal to or more than the Target Redemption Limit, ie, Bullion Expiration Date #5, the Bullion Target Accumulator will early terminate.

Worst Case Scenario

In the worst case, the Spot Rate stays below the Bullion Strike Price of USD1,200 on each Bullion Expiration Date 1 – 52. The accumulation of 100 oz of Paper Gold against payment of USD120,000 on each Bullion Expiration Date will continue even if the Spot Rate of Paper Gold has fallen substantially, resulting in full accumulation of the 5,200 oz of Paper Gold against payment of USD6.24 million based on the Bullion Strike Price of USD1,200.

Assuming full accumulation, and the investor holds on to the Paper Gold till the final maturity date, the potential loss to the investor will be as follows:

Notional Amount: USD6.24 million
Total Number of Ounces delivered: 5,200 oz

Spot Rate on final maturity	USD value of Paper Gold accumulated	Profit / Loss (in USD)	Profit / Loss (in %)
USD1,400 per oz	USD7,280,000	+ USD1,040,000	+ 16.67%
USD1,250 per oz *(Spot Rate at inception)*	USD6,500,000	+ USD260,000	+ 4.17%
USD1,200 per oz *(Bullion Strike Price)*	USD6,240,000	USD0	0.00%
USD1,000 per oz	USD5,200,000	- USD1,040,000	- 16.67%
USD800 per oz	USD4,160,000	- USD2,080,000	- 33.33%
USD400 per oz	USD2,080,000	- USD4,160,000	- 66.67%
USD0 per oz	USD0	- USD6,240,000	- 100.00%

Assuming full accumulation, and the investor holds on to the Paper Gold till the final maturity date, the maximum potential loss to the investor will be the Maximum Notional Amount as illustrated in the table above.

The above scenarios and the figures in this scenario analysis are for illustration purposes only. They do not reflect a complete analysis of all possible scenarios that may arise under any actual transaction nor are they indicative of the likely or future performance of the Product and/or the price of Paper Gold.

Example 4: OTC Bullion Target (Uncapped) Decumulator with Gearing

In a Bullion Target Decumulator, instead of a pre-determined Knock-Out Rate, the structure has a Target Redemption Limit. The structure will early terminate on a Bullion Expiration Date when the investor's cumulative gain from the decumulation of Bullion on that and each preceding Bullion Expiration Date is equal to the Target Redemption Limit. In a Bullion Target (Uncapped) Decumulator, the investor's potential gain upon triggering of the Target Redemption Limit will not be limited.

The gearing feature means that on each Bullion Expiration Date, if the Spot Rate is at or above the Bullion Strike Price, the investor will be required to decumulate 2 times the Number of Ounces Per Bullion Transaction of Bullion against a simultaneous receipt of the Settlement Currency computed as [Number of Ounces Per Bullion Transaction x Gearing Ratio x Bullion Strike Price].

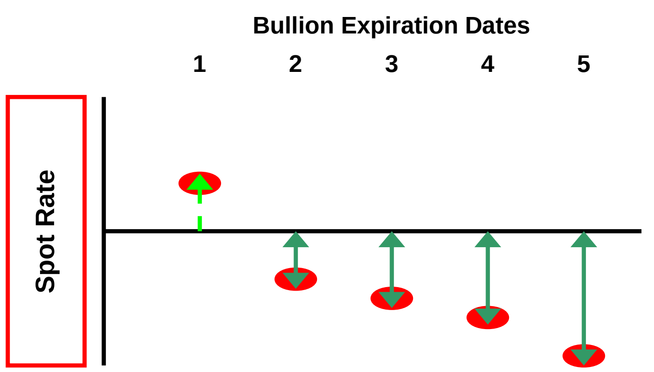
Scenario Analysis

Underlying	:	Paper Gold
Settlement Currency	:	USD
Product Summary	:	Investor decumulates Paper Gold
Product Maturity	:	52 weeks
Decumulation frequency	:	Weekly
Settlement frequency	:	Weekly
Number of Ounces	:	100 oz
Gearing Ratio	:	2 times
Reference Initial Price	:	USD1,250 per oz
Bullion Strike Price	:	USD1,300 per oz *(104% of Spot Rate)*
Target Redemption Limit	:	USD100.00
Maximum Notional Amount	:	USD13.52 million *[Number of Ounces Per Bullion Transaction (100 oz) x Gearing Ratio (2x) x Bullion Strike Price (USD1,300) x Number of Bullion Transactions (52)]*
Margin requirement	:	USD1,622,400.00 *(Assuming 12% initial margin requirement on Maximum Notional Amount. Additional margin will be required if the Product has a MTM loss.)*

Bullion Expiration Date	Spot Rate	Gain / Loss	Accrued Target Redemption Value	Remarks
1	USD1,350	- USD50	0 points	Investor decumulates 200 oz and receives USD260,000. Loss is not added to the Accrued Target Redemption Value.
2	USD1,260	+ USD40	USD40	Investor decumulates 100 oz and receives USD130,000 per week. Gain between Spot Rate and Bullion Strike Price is added to the Accrued Target Redemption Value.
3	USD1,280	+ USD20	USD60	
4	USD1,265	+ USD35	USD95	
5	USD1,230	+ USD70	USD165	Refer to explanation below.

Explanation of settlement condition on Bullion Expiration Date #5:

- In the example above, on Bullion Expiration Date #5, the difference between the Spot Rate and Bullion Strike Price is USD70.
- By adding this to the Accrued Target Redemption Value, the Accrued Target Redemption Value adds up to USD165, which is greater than the pre-determined Target Redemption Limit of USD100. The structure will thus early terminate on Bullion Expiration Date #5.
- Investor will continue to decumulate the last 100 oz against receipt of USD130,000 on Bullion Expiration Date #5.



On each Bullion Expiration Date, if the Spot Rate is at or below the Bullion Strike Price, for example, Bullion Expiration Dates #2, #3, #4, and #5, the difference between the Spot Rate and Bullion Strike Price will be added to the Accrued Target Redemption Value.

On the Bullion Expiration Date that the Accrued Target Redemption Value is equal to or more than the Target Redemption Limit, ie, Bullion Expiration Date #5, the Bullion Target Decumulator will early terminate.

Worst Case Scenario

In the worst case, the Spot Rate stays above the Bullion Strike Price of USD1,300 on each Bullion Expiration Date 1 – 52. The decumulation of 200 oz of Paper Gold against receipt of USD260,000 on each Bullion Expiration Date will continue even if the Spot Rate of Paper Gold has risen substantially, resulting in full decumulation of the 10,400 oz of Gold against receipt of USD13.52 million based on the Bullion Strike Price of USD1,300.

Assuming full decumulation, and the investor buys back the decumulated Paper Gold on the final maturity date, the potential loss to the investor will be as follows:

Notional Amount: USD13.52 million
Total Number of Ounces delivered: 10,400 oz

Spot Rate on final maturity	USD value of Paper Gold decumulated	Profit / Loss (in USD)	Profit / Loss (in %)
USD1,200 per oz	USD12,480,000	+ USD1,040,000	+ 7.69%
USD1,300 per oz *(Bullion Strike Price)*	USD13,520,000	USD0	0.00%
USD1,600 per oz	USD16,640,000	- USD3,120,000	- 23.08%
USD2,000 per oz	USD20,800,000	- USD7,280,000	- 53.85%
USD3,000 per oz	USD31,200,000	- USD17,680,000	- 130.77%

Investor should take note that the potential loss on Bullion Decumulators is not limited to the Maximum Notional Amount. If the Spot Rate of Paper Gold rises more than 100% of the Bullion Strike Price, the investor may suffer a loss of more than the Maximum Notional Amount.

The above scenarios and the figures in this scenario analysis are for illustration purposes only. They do not reflect a complete analysis of all possible scenarios that may arise under any actual transaction nor are they indicative of the likely or future performance of the Product and/or the price of Paper Gold.

Example 5: OTC Bullion Target (Capped) Accumulator

The Bullion Target (Capped) Accumulator has a similar structure to the Bullion Target (Uncapped) Accumulator. Instead of a pre-determined Knock-Out Rate, the structure has a Target Redemption Limit. The structure will early terminate on a Bullion Expiration Date when the investor's cumulative gains from the accumulation of Bullion on that and each preceding Expiration Date is equal to the Target Redemption Limit.

However, in a Bullion Target (Capped) Accumulator, the final fixing upon early termination will be subject to adjustment, such that the investor's total gain from the structure is capped at the Target Redemption Limit.

Scenario Analysis

Underlying	:	Paper Gold
Settlement Currency	:	USD
Product Summary	:	Investor accumulates Paper Gold
Product Maturity	:	52 weeks
Accumulation frequency	:	Weekly
Settlement frequency	:	Weekly
Number of Ounces Per Bullion Transaction	:	100 oz
Gearing Ratio	:	No gearing
Reference Initial Price	:	USD1,250 per oz
Bullion Strike Price	:	USD1,200 per oz *(96% of Spot Rate)*
Target Redemption Limit	:	USD50.00
Maximum Notional Amount	:	USD6.24 million *[Number of Ounces Per Bullion Transaction (100 oz) x Bullion Strike Price (USD1,200) x Number of Bullion Transactions (52)]*
Margin requirement	:	USD748,800 *(Assuming 12% initial margin requirement on Maximum Notional Amount. Additional margin will be required if the Product has a MTM loss.)*

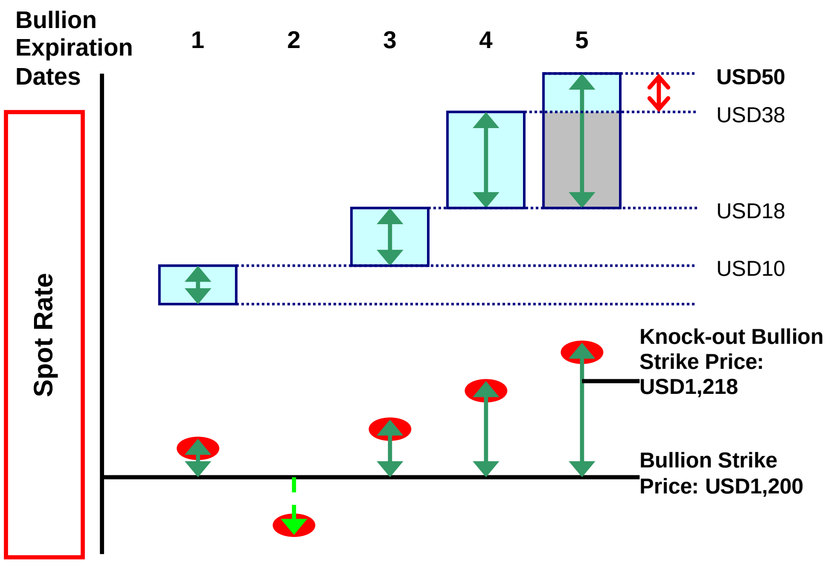
Bullion Expiration Date	Spot Rate	Gain / Loss	Accrued Target Redemption Value	Remarks
1	USD1,210	+ USD10	USD10	Investor accumulates 100 oz against payment of USD120,000. Gain between Spot Rate and Bullion Strike Price is added to the Accrued Target Redemption Value.
2	USD1,180	- USD20	USD10	Investor accumulates 100 oz against payment of USD120,000. Loss is not added to the Accrued Target Redemption Value.
3	USD1,208	+ USD8	USD18	Investor accumulates 100 oz against payment of USD120,000 per week. Gain between Spot Rate and Bullion Strike Price is added to the Accrued Target Redemption Value.
4	USD1,220	+ USD20	USD38	
5	USD1,230	+ USD30	USD68	Refer to explanation below.

Explanation of settlement condition on Bullion Expiration Date #5:

- In the example above, on Bullion Expiration Date #5, the difference between the Spot Rate and Bullion Strike Price is USD30.
- By adding this to the Accrued Target Redemption Value, the Accrued Target Redemption Value adds up to USD68, which is greater than the pre-determined Target Redemption Limit of USD50. The structure will thus early terminate on Bullion Expiration Date #5.
- Investor will continue to accumulate the last 100 oz on Bullion Expiration Date #5. But instead of paying USD120,000 as per the Bullion Strike Price, the investor will pay USD121,800 based on the Knock-Out Bullion Strike Price of USD1,218 calculated as follows:

[Spot Rate at or about Bullion Expiration Time on the Knock-Out Date –
(Target Redemption Limit – Accrued Target Redemption Value before Expiration Date #5)]

= [USD1,230 – (USD50 – USD38)] = USD1,218



On each Bullion Expiration Date, if the Spot Rate is at or above the Bullion Strike Price, the difference between the Spot Rate and Bullion Strike Price will be added to the Accrued Target Redemption Value.

On the Bullion Expiration Date that the Accrued Target Redemption Value is equal to or more than the Target Redemption Limit, ie, Bullion Expiration Date #5, the Bullion Target (Capped) Accumulator will early terminate.

On Bullion Expiration Date #5, the Bullion Strike Price is adjusted from USD1,200 to the Knock-out Bullion Strike Price of USD1,218 such that the difference of USD12 between the Spot Rate and the Knock-out Bullion Strike Price (USD1,230 – USD1,218 = USD12) caps the investor's total gain to the Target Redemption Limit of USD50 (USD38 + USD12 = USD50).

Worst Case Scenario

In the worst case, the Spot Rate stays below the Bullion Strike Price of USD1,200 on each Bullion Expiration Date 1 – 52. The accumulation of 100 oz of Paper Gold against payment of USD120,000 on each Bullion Expiration Date will continue even if the Spot Rate of Paper Gold has fallen substantially, resulting in full accumulation of the 5,200 oz of Paper Gold against payment of USD6.24 million based on the Bullion Strike Price of USD1,200.

Assuming full accumulation, and the investor holds on to the Paper Gold till the final maturity date, the potential loss to the investor will be as follows:

Notional Amount: USD6.24 million **Total Number of Ounces delivered: 5,200 oz**			
Spot Rate on final maturity	**USD value of Paper Gold accumulated**	**Profit / Loss (in USD)**	**Profit / Loss (in %)**
USD1,400 per oz	USD7,280,000	+ USD1,040,000	+ 16.67%
USD1,250 per oz *(Spot Rate at inception)*	USD6,500,000	+ USD260,000	+ 4.17%
USD1,200 per oz *(Bullion Strike Price)*	USD6,240,000	USD0	0.00%
USD1,000 per oz	USD5,200,000	- USD1,040,000	- 16.67%
USD800 per oz	USD4,160,000	- USD2,080,000	- 33.33%
USD400 per oz	USD2,080,000	- USD4,160,000	- 66.67%
USD0 per oz	USD0	- USD6,240,000	- 100.00%

Assuming full accumulation, and the investor holds on to the Paper Gold till the final maturity date, the maximum potential loss to the investor will be the Maximum Notional Amount as illustrated in the table above.

The above scenarios and the figures in this scenario analysis are for illustration purposes only. They do not reflect a complete analysis of all possible scenarios that may arise under any actual transaction nor are they indicative of the likely or future performance of the Product and/or the price of Paper Gold.

Example 6: OTC Bullion Target (Capped) Decumulator with Gearing

In a Bullion Target (Capped) Decumulator, instead of a pre-determined Knock-Out Rate, the structure has a Target Redemption Limit. The structure will early terminate on a Bullion Expiration Date when the investor's cumulative gain from the decumulation of Bullion on that and each preceding Bullion Expiration Date is equal to the Target Redemption Limit.

However, in a Bullion Target (Capped) Decumulator, the final fixing upon early termination will be subject to adjustment, such that the investor's total gain from the structure is capped at the Target Redemption Limit.

The gearing feature means that on each Bullion Expiration Date, if the Spot Rate is above the Bullion Strike Price, the investor will be required to decumulate 2 times the Number of Ounces Per Bullion Transaction of Bullion against a simultaneous receipt of the Settlement Currency computed as [Number of Ounces Per Bullion Transaction x Gearing Ratio x Bullion Strike Price].

Scenario Analysis

Underlying	:	Paper Gold
Settlement Currency	:	USD
Product Summary	:	Investor decumulates Paper Gold
Product Maturity	:	52 weeks
Decumulation frequency	:	Weekly
Settlement frequency	:	Weekly
Number of Ounces Per Bullion Transaction	:	100 oz
Gearing Ratio	:	2 times
Reference Initial Price	:	USD1,250 per oz
Bullion Strike Price	:	USD1,300 per oz *(104% of Spot Rate)*
Target Redemption Limit	:	USD100.00
Maximum Notional Amount	:	USD13.52 million *[Number of Ounces Per Bullion Transaction (100 oz) x Gearing Ratio (2x) x Bullion Strike Price (USD1,300) x Number of Bullion Transactions (52)]*
Margin requirement	:	USD1,622,400.00 *(Assuming 12% initial margin requirement on Maximum Notional Amount. Additional margin will be required if the Product has a MTM loss.)*

Bullion Expiration Date	Spot Rate	Gain / Loss	Accrued Target Redemption Value	Remarks
1	USD1,350	- USD50	0 points	Investor decumulates 200 oz and receives USD260,000. Loss is not added to the Accrued Target Redemption Value.
2	USD1,260	+ USD40	USD40	Investor decumulates 100 oz and receives USD130,000 per week. Gain between Spot Rate and Bullion Strike Price is added to the Accrued Target Redemption Value.
3	USD1,280	+ USD20	USD60	
4	USD1,265	+ USD35	USD95	
5	USD1,230	+ USD70	USD165	Refer to explanation below.

Explanation of settlement condition on Bullion Expiration Date #5:

- In the example above, on Bullion Expiration Date #5, the difference between the Spot Rate and Bullion Strike Price is USD70.
- By adding this to the Accrued Target Redemption Value, the Accrued Target Redemption Value adds up to USD165, which is greater than the pre-determined Target Redemption Limit of USD100. The structure will thus early terminate on Bullion Expiration Date #5.
- Investor will continue to decumulate the last 100 oz on Bullion Expiration Date #5. But instead of receiving USD130,000 as per the Bullion Strike Price, the investor will receive USD123,500 based on the Knock-Out Bullion Strike Price of USD1,235 calculated as follows:

[Spot Rate at or about Bullion Expiration Time on the Knock-Out Date +
(Target Redemption Limit – Accrued Target Redemption Value before Bullion Expiration Date #5)]

= [USD1,230 + (USD100 – USD95)] = USD1,235

Worst Case Scenario

In the worst case, the Spot Rate stays above the Bullion Strike Price of USD1,300 on each Bullion Expiration Date 1 – 52. The decumulation of 200 oz of Paper Gold against receipt of USD260,000 on each Bullion Expiration Date will continue even if the Spot Rate of Paper Gold has risen substantially, resulting in full decumulation of the 10,400 oz of Paper Gold against receipt of USD13.52 million based on the Bullion Strike Price of USD1,300.

Assuming full decumulation, and the investor buys back the decumulated Paper Gold on the final maturity date, the potential loss to the investor will be as follows:

Notional Amount: USD13.52 million **Total Number of Ounces delivered: 10,400 oz**			
Spot Rate on final maturity	**USD value of Paper Gold decumulated**	**Profit / Loss (in USD)**	**Profit / Loss (in %)**
USD1,200 per oz	USD12,480,000	+ USD1,040,000	+ 7.69%
USD1,300 per oz *(Bullion Strike Price)*	USD13,520,000	USD0	0.00%
USD1,600 per oz	USD16,640,000	- USD3,120,000	- 23.08%
USD2,000 per oz	USD20,800,000	- USD7,280,000	- 53.85%
USD3,000 per oz	USD31,200,000	- USD17,680,000	- 130.77%

Investor should take note that the potential loss on Bullion Decumulators is not limited to the Maximum Notional Amount. If the Spot Rate of Paper Gold rises more than 100% of the Bullion Strike Price, the investor may suffer a loss of more than the Maximum Notional Amount.

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Example 7: OTC Bullion Pivot Target (Capped) Accumulator with Gearing

In a Bullion Pivot Target (Capped) Accumulator structure, the investor will buy Bullion at the Lower Bullion Strike Price or sell Bullion at the Upper Bullion Strike Price depending on the Spot Rate at the Bullion Expiration Time on each Bullion Expiration Date.

The Gearing Ratio of 2-times means, on each Bullion Settlement Date, if the Spot Rate at the Bullion Expiration Time on the relevant Bullion Expiration Date is:

- Below the Lower Bullion Strike Price: the investor will be required to buy **2 times** the Number of Ounces Per Bullion Transaction at the Lower Bullion Strike Price.
- At or above the Lower Bullion Strike Price but below the Bullion Pivot Price: the investor will be required to buy **1 time** the Number of Ounces Per Bullion Transaction at the Lower Bullion Strike Price.
- At or above the Bullion Pivot Price but at or below the Upper Bullion Strike Price: the investor will be required to sell **1 time** the Number of Ounces Per Bullion Transaction at the Upper Bullion Strike Price.
- Above the Upper Bullion Strike Price: the investor will be required to sell **2 times** the Number of Ounces Per Bullion Transaction at the Upper Bullion Strike Price.

The structure has a **Target Redemption Limit**, and will early terminate when the Accrued Target Redemption Value is equal to or more than the Target Redemption Limit. The strike price of the final settlement upon early termination will be replaced by the Knock-Out Bullion Strike Price.

Scenario Analysis

Underlying	:	Paper Gold
Settlement Currency	:	USD
Product Maturity	:	52 weeks
Accumulation frequency	:	Weekly
Settlement frequency	:	Weekly
Number of Ounces Per Bullion Transaction	:	100 oz
Gearing Ratio	:	2-times gearing
Reference Initial Price	:	USD1,250 per oz
Lower Bullion Strike Price	:	USD1,200 per oz *(Bullion Strike Price of Accumulator)*
Upper Bullion Strike Price	:	USD1,300 per oz *(Bullion Strike Price of Decumulator)*
Bullion Pivot Price	:	USD1,250 per oz
Target Redemption Limit	:	USD100.00
Maximum Notional Amount	:	USD13.52 million *[Number of Ounces Per Bullion Transaction (100 oz) x Gearing Ratio (2x) x Upper Bullion Strike Price (USD1,300) x Number of Bullion Transactions (52)]*
Margin requirement	:	USD1,622,400.00 *(Assuming 12% initial margin requirement on Maximum Notional Amount. Additional margin will be required if the Product has a MTM loss.)*

Payoff Analysis

(A) Settlement

Lower Bullion Strike Price | Bullion Pivot Price | Upper Bullion Strike Price

	(a)	(b)	(c)	(d)
At the Bullion Expiration Time on each Bullion Expiration Date:	Spot Rate is below the Lower Bullion Strike Price of USD1,200	Spot Rate is at or above the Lower Bullion Strike Price of USD1,200, but below the Bullion Pivot Price of USD1,250	Spot Rate is at or above the Bullion Pivot Price of USD1,250, but at or below the Upper Bullion Strike Price of USD1,300	Spot Rate is above the Upper Bullion Strike Price of USD1,300:
On each Bullion Settlement Date:	Investor will **buy 200 oz** *(Number of Ounces Per Bullion Transaction x Gearing Ratio)* at Lower Bullion Strike Price of **USD1,200**	Investor will **buy 100 oz** at Lower Bullion Strike Price of **USD1,200**	Investor will **sell 100 oz** at Upper Bullion Strike Price of **USD1,300**	Investor will **sell 200 oz** *(Number of Ounces Per Bullion Transaction x Gearing Ratio)* at Upper Bullion Strike Price of **USD1,300**

(B) Target Redemption

In addition, for each Bullion Expiration Date whereby the Spot Rate is between the Lower Bullion Strike Price and the Upper Bullion Strike Price, the difference between the Spot Rate and the Lower Bullion Strike Price (where the Spot Rate is below the Bullion Pivot Price), or the Upper Bullion Strike Price (where the Spot Rate is at or above the Bullion Pivot Price), as the case may be, (such difference being the “Target Redemption Value”) will be added to the Accrued Target Redemption Value. When the Accrued Target Redemption Value is equal to or more than the Target Redemption Limit, the structure will be early terminated.

Bullion Transaction	Spot Rate at Bullion Expiration Time on the applicable Bullion Expiration Date	Applicable Bullion Strike Price	Target Redemption Value	Accrued Target Redemption Value
1	USD1,230	Lower Bullion Strike Price: USD1,200	(USD1,230 – USD1,200) = USD30	USD30
2	USD1,180	Lower Bullion Strike Price: USD1,200	0	USD30
3	USD1,240	Lower Bullion Strike Price: USD1,200	(USD1,240 – USD1,200) = USD40	USD70 *(USD30 + USD40*
4	USD1,280	Upper Bullion Strike Price: USD1,300	(USD1,300 – USD1,280) = USD20	USD90 *(USD70 + USD20)*
5	USD1,330	Upper Bullion Strike Price: USD1,3000	0	USD90
6	**USD1,270**	Upper Bullion Strike Price: USD1,300	(USD1,300 – USD1,270) = USD30	**USD120** *(USD90 + USD30)*

On the 6th Bullion Expiration Date, the Accrued Target Redemption Value is **USD120** which is more than the Target Redemption Limit of USD100. The product will early terminate on the 6th Bullion Settlement Date. As the Spot Rate (USD1,270) is above the Bullion Pivot Price (USD1,250), the investor will sell 100 oz of Paper Gold. However, instead of selling at the Upper Bullion Strike Price of USD1,300, the Knock-Out Bullion Strike Price 2 of **USD1,280** will be used for the settlement of Bullion Transaction #6, ie, the investor will deliver 100 oz of Paper Gold and receive payment of USD128,000.

- **Knock-Out Bullion Strike Price** = [Spot Rate at or about the Bullion Expiration Time on the Knock-Out Date + (Target Redemption Limit – Accrued Target Redemption Value before Bullion Expiration Date #6)]

  = [USD1,270 + (USD100 – USD90)] = **USD1,280**

Worst Case Scenario

In the worst case, if the Spot Rate of Paper Gold **stays below the Lower Bullion Strike Price** of USD1,200 or **stays above the Upper Bullion Strike Price** of USD1,300 on each Bullion Expiration Date 1 – 52, the Accrued Target Redemption Limit remains at zero and the **structure will NOT be early terminated**.

- If the Spot Rate stays below the Lower Bullion Strike Price of USD1,200 on each Bullion Expiration Date 1 – 52:

  The accumulation of 200 oz against payment of USD240,000 on each Bullion Expiration Date will continue even if the Spot Rate has fallen substantially, resulting in full accumulation of 10,400 oz against payment of USD12,480,000 based on the Lower Bullion Strike Price of USD1,200.

  Assuming full accumulation, and the investor holds on to the Paper Gold till the final maturity date, the potential loss to the investor will be as follows:

Total Number of Ounces: 10,400 oz **Total amount of USD paid: USD12,480,000**			
Spot Rate on final maturity	**USD value of Paper Gold received**	**Profit / Loss (in USD)**	**Profit / Loss (in %)**
USD1,250 per oz *(Spot Rate at inception)*	USD13,000,000	+ USD520,000	+ 4.17%
USD1,200 per oz *(Lower Bullion Strike Price)*	USD12,480,000	USD0	0.00%
USD1,000 per oz	USD10,400,000	- USD2,080,000	- 16.67%
USD800 per oz	USD8,320,000	- USD4,160,000	- 33.33%
USD400 per oz	USD4,160,000	- USD8,320,000	- 66.67%
USD0 per oz	USD 0	- USD12,480,000	- 100.00%

- If the Spot Rate stays above the Upper Bullion Strike Price of USD1,300 on each Expiration Date 1 – 52:

  The decumulation of 200 oz against receipt of USD260,000 on each Bullion Expiration Date will continue even if the Spot Rate has risen substantially, resulting in full decumulation of 10,400 oz against receipt of USD13,520,000 based on the Upper Bullion Strike Price of USD1,300.

  Assuming full decumulation, and the investor remains short Gold till the final maturity date, the potential loss to the investor will be as follows:

Total Number of Ounces: 10,400 oz **Total amount of USD paid: USD13,520,000**			
Spot Rate on final maturity	**USD value of Paper Gold sold**	**Profit / Loss (in USD)**	**Profit / Loss (in %)**
USD1,250 per oz *(Spot Rate at inception)*	USD13,000,000	+ USD 520,000	+ 3.85%
USD1,300 per oz *(Upper Bullion Strike Price)*	USD13,520,000	USD 0	0.00%
USD1,600 per oz	USD16,640,000	- USD3,120,000	- 23.08%
USD2,000 per oz	USD20,800,000	- USD7,280,000	- 53.85%
USD3,000 per oz	USD31,200,000	- USD17,680,000	- 130.77%

Investor should take note that the potential loss on Bullion Pivot Accumulators is not limited to the Maximum Notional Amount. If the Spot Rate of Paper Gold rises more than 100% of the Upper Bullion Strike Price, the investor may suffer a loss of more than the Maximum Notional Amount.

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Example 8: OTC Bullion (Daily Accumulation) Accumulator with Gearing

Scenario Analysis

Assume investment in a Bullion Accumulator with the following product features:

Underlying	:	Paper Gold
Settlement Currency	:	USD
Product Summary	:	Investor accumulates Paper Gold
Product Maturity	:	26 weeks
Accumulation frequency	:	Daily
Settlement frequency	:	Weekly
Number of Bullion Accumulation Periods	:	26
Maximum Number of Bullion Accumulation Days	:	130 *(5 Bullion Accumulation Days per weekly Bullion Accumulation Period x 26 Bullion Accumulation Periods)*
Number of Ounces Per Bullion Accumulation Day	:	20 oz
Gearing Ratio	:	2 times
Accumulation condition	:	On every Bullion Accumulation Day, at the Bullion Expiration Time: (a) IF Spot Rate is **AT OR ABOVE** Bullion Strike Price: accumulate 20 oz; (b) IF Spot Rate is **BELOW** Bullion Strike Price: accumulate 40 oz.
Reference Initial Price	:	USD1,250 per oz
Bullion Strike Price	:	USD1,200 per oz *(96% of Spot Rate)*
Knock-Out Price	:	USD1,300 per oz *(104% of Spot Rate)*
Maximum Notional Amount	:	USD6.24 million *[Number of Ounces Per Bullion Accumulation Day (20 oz) x Gearing Ratio (2x) x Bullion Strike Price (USD1,200) x Maximum Number of Bullion Accumulation Days (130)]*
Margin requirement	:	USD748,800 *(Assuming 12% initial margin requirement on Maximum Notional Amount. Additional margin will be required if the Product has a MTM loss.)*

- **Scenario 1**: Knock-Out Price is not triggered throughout the life of the Product, the investor will receive delivery of between 2,600 oz to 5,200 oz based on the accumulation condition.

  For example, the Spot Rate is **AT OR ABOVE** the Bullion Strike Price on 40 of the 130 Bullion Accumulation Days, and is **BELOW** the Bullion Strike Price on 90 of the 130 Bullion Accumulation Days. The investor accumulates 4,400 oz of Paper Gold at the Bullion Strike Price of USD1,200 calculated as follows:

  [(40 Bullion Accumulation Days **AT OR ABOVE** Bullion Strike Price at 100 oz per week)
  + (90 Bullion Accumulation Days **BELOW** Bullion Strike Price at 200 oz per week)] = 4,400 oz

- **Scenario 2**: If the Knock-Out Price is triggered after 6 weeks, the investor will receive delivery of the amount of Paper Gold accumulated before the Knock-Out Event is triggered, the amount of Paper Gold will be calculated based on the accumulation condition.

  <u>Knock-Out Settlement</u>:

  For ease of illustration, Scenario 2 assumes that the Knock-Out Event is triggered after the Bullion Expiration Time on the last Bullion Accumulation Day of the 6th Bullion Accumulation Period. If the Knock-Out Event is triggered on, say, the 3rd Bullion Accumulation Day of the Bullion Accumulation Period, Knock-Out Settlement of the amount of Paper Gold accumulated during the Bullion Accumulation Period before the occurrence of the Knock-Out Event will take place 2 Bullion Business Days after the occurrence of the Knock-Out Event.

  For example, during a Bullion Accumulation Period:

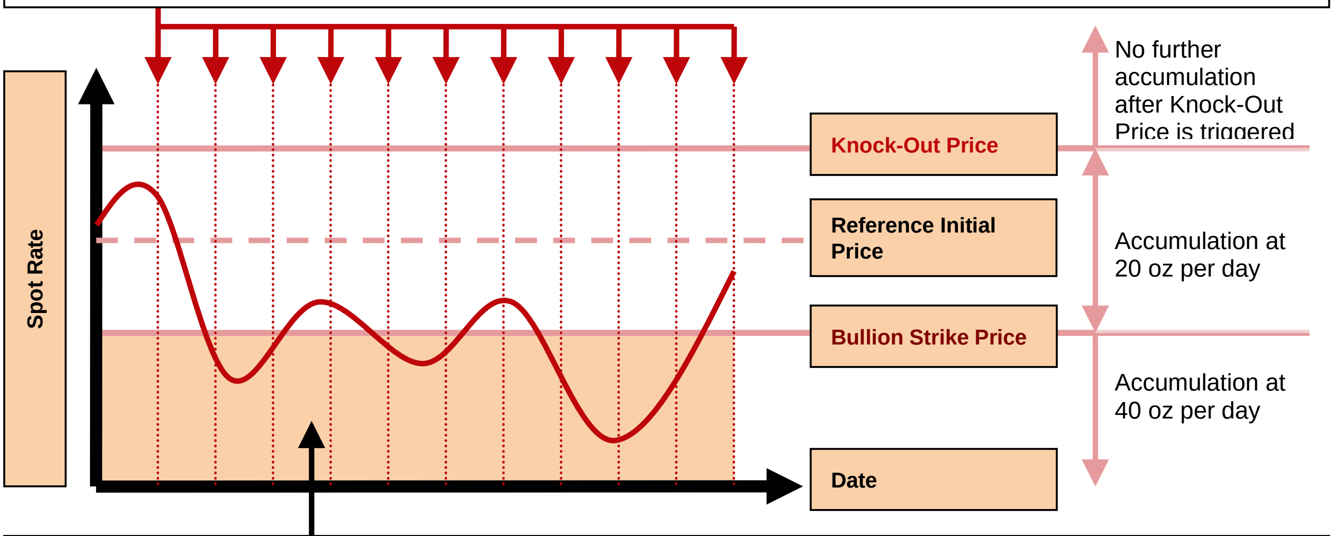
  - 1st Bullion Accumulation Day : Say, Spot Rate is below the Bullion Strike Price, the amount of Paper Gold to be accumulated is 40 oz.

- 2[nd] Bullion Accumulation Day : Say, Spot Rate is at or above the Bullion Strike Price, the amount of Paper Gold to be accumulated is 20 oz.
- 3[rd] Bullion Accumulation Day : (a) If the Knock-Out Event is triggered on or before the Bullion Expiration Time, the Product will early terminate immediately without accumulation for the 3[rd] Bullion Accumulation Day. Knock-Out Settlement will take place on the 60 oz of Paper Gold accumulated before the Knock-Out Event at Bullion Strike Price of USD1,200.

  (b) If the Knock-Out Event is triggered after the Bullion Expiration Time, the accumulation for the 3[rd] Bullion Accumulation Day will proceed as per accumulation condition (say, the Spot Rate is at or above the Bullion Strike Price, thus, daily accumulation of 20 oz). The Product will early terminate immediately and Knock-Out Settlement will take place on the 80 oz of Paper Gold accumulated before the Knock-Out Event at Bullion Strike Price of USD1,200.

On each Bullion Settlement Date, the actual amount of Paper Gold to be accumulated will be dependent on the accumulation condition as follow:

[(Number of Bullion Accumulation Days **AT OR ABOVE** Bullion Strike Price x 100 oz)
+ (Number of Bullion Accumulation Days **BELOW** Bullion Strike Price x 200 oz)]



The key risk of the Product is that the investor will be obliged to accumulate the geared amount of Paper Gold at the Bullion Strike Price throughout the life of the product, even if the prevailing Spot Rate is significantly lower than the Bullion Strike Price.

	Scenario 1: Knock-Out Price NOT triggered		Scenario 2: Knock-Out Price triggered after 6 weeks	
Amount of Paper Gold Accumulated	**(a) 4,400 oz** *(8 weeks @ 100 oz per week + 18 weeks @ 200 oz per week)*	**(b) 5,200 oz** *(Maximum, 26 weeks @ 200 oz per week)*	**(a) 600 oz** *(6 weeks @ 100 oz per week)*	**(b) 1,200 oz** *(6 weeks @ 200 oz per week)*
Amount of USD payment	USD5,280,000	USD6,240,000	USD720,000	USD1,440,000
The following returns are computed based on the amount required to settle the delivery of Paper Gold and the investor holding on to all the accumulated Paper Gold until the Final Bullion Expiration Date. * *The Spot Rates used in this Scenario Analysis are for illustration only. The actual market price may be significantly lower.*				
USD1,400 per oz	+ USD880,000 (+ 16.67%)	+ USD1,040,000 (+ 16.67%)	+ USD120,000 (+ 16.67%)	+ USD240,000 (+ 16.67%)
USD1,250 per oz *(Spot Rate at inception)*	+ USD220,000 (+ 4.16%)	+ USD260,000 (+ 4.16%)	+ USD30,000 (+ 4.16%)	+ USD60,000 (+ 4.16%)
USD1,200 per oz *(Bullion Strike Price)*	USD0 (0%)	USD0 (0%)	USD0 (0%)	USD0 (0%)
USD1,000 per oz	- USD880,000 (- 16.67%)	- USD1,040,000 (- 16.67%)	- USD120,000 (- 16.67%)	- USD240,000 (- 16.67%)
USD800 per oz	- USD1,760,000 (- 33.33%)	- USD2,080,000 (- 33.33%)	- USD240,000 (- 33.33%)	- USD480,000 (- 33.33%)
USD400 per oz	- USD3,520,000 (- 66.67%)	- USD4,160,000 (- 66.67%)	- USD480,000 (- 66.67%)	- USD960,000 (- 66.67%)
USD0 per oz	- USD5,280,000 (- 100.00%)	- USD6,240,000 (- 100.00%)	- USD720,000 (- 100.00%)	- USD1,440,000 (- 100.00%)

* The above analysis is computed based on the Spot Rate of Paper Gold on the Final Bullion Expiration Date. The actual returns may vary significantly during the tenor of the Accumulator taking into consideration the option valuations.

The percentage gains or losses will be amplified, if computed against the initial margin requirement of USD748,000.00 (12% of the Maximum Notional Amount), due to the leveraging factor.

Worst Case Scenario

In the worst case, the Spot Rate stays below the Bullion Strike Price of USD1,200 on each Bullion Accumulation Day. The accumulation of 40 oz of Paper Gold per day (or 200 oz of Paper Gold per Bullion Accumulation Period) against payment of USD240,000 on each Bullion Settlement Date will continue even if the Spot Rate of Paper Gold has fallen substantially, resulting in full accumulation of the 5,200 oz of Paper Gold against payment of USD6.24 million based on the Bullion Strike Price of USD1,200.

Assuming full accumulation, and the investor holds on to the Paper Gold till the final maturity date, the maximum potential loss to the investor will be as per Scenario 1(b) in the table above.

The above scenarios and the figures in this scenario analysis are for illustration purposes only. They do not reflect a complete analysis of all possible scenarios that may arise under any actual transaction nor are they indicative of the likely or future performance of the Product and/or the price of Paper Gold.

Example 9: OTC Bullion Accumulator with Trigger and Gearing

Scenario Analysis

Assume investment in a Bullion Accumulator with the following product features:

Underlying	:	Paper Gold
Settlement Currency	:	USD
Product Summary	:	Investor accumulates Paper Gold
Product Maturity	:	26 weeks
Accumulation frequency	:	Weekly
Settlement frequency	:	Weekly
Number of Ounces Per Bullion Transaction	:	100 oz
Gearing Ratio	:	2 times
Accumulation condition	:	Every week, on the Bullion Expiration Date: (a) IF Spot Rate is **AT OR ABOVE** Bullion Strike Price: accumulate 100 oz; (b) IF Spot Rate is **BELOW** Bullion Strike Price: accumulate 200 oz.
Reference Initial Price	:	USD1,250 per oz
Bullion Strike Price	:	USD1,200 per oz *(96% of Spot Rate)*
Trigger Price	:	USD1,150 per oz *(92% of Spot Rate)*
Knock-Out Price	:	USD1,300 per oz *(104% of Spot Rate)*
Maximum Notional Amount	:	USD6.24 million *[Number of Ounces Per Bullion Transaction (100 oz) x Gearing Ratio (2x) x Bullion Strike Price (USD1,200) x Number of Bullion Transactions (26)]*
Margin requirement	:	USD748,800 *(Assuming 12% initial margin requirement on Maximum Notional Amount. Additional margin will be required if the Product has a MTM loss.)*

On each Bullion Expiration Date, if the Spot Rate is below the Bullion Strike Price, the Trigger feature serves as an additional condition to be satisfied before accumulation will take place.

- If the Spot Rate is AT OR ABOVE the Bullion Strike Price: the investor accumulates 100 oz of Paper Gold at the Bullion Strike Price.
- If the Spot Rate is BELOW the Bullion Strike Price but ABOVE the Trigger Price: no accumulation will take place.
- If the Spot Rate is AT OR BELOW the Trigger Price: the investor accumulates 200 oz of Paper Gold at the Bullion Strike Price.

- **Scenario 1**: Knock-Out Price is not triggered throughout the life of the Product, the investor will receive delivery of between 2,600 oz to 5,200 oz based on the accumulation condition.

  For example, the Spot Rate is:

  - **AT OR ABOVE** the Bullion Strike Price on 8 of the 26 Bullion Expiration Dates resulting in accumulation of 800 oz (100 oz per week x 8 Bullion Transactions);
  - **BELOW** the Bullion Strike Price but ABOVE the Trigger Price on 6 of the 26 Bullion Expiration Dates where no accumulation will take place; and
  - AT OR BELOW the Trigger Price on 12 of the 26 Bullion Expiration Dates resulting in accumulation of 2,400 oz (200 oz per week x 12 Bullion Transactions).

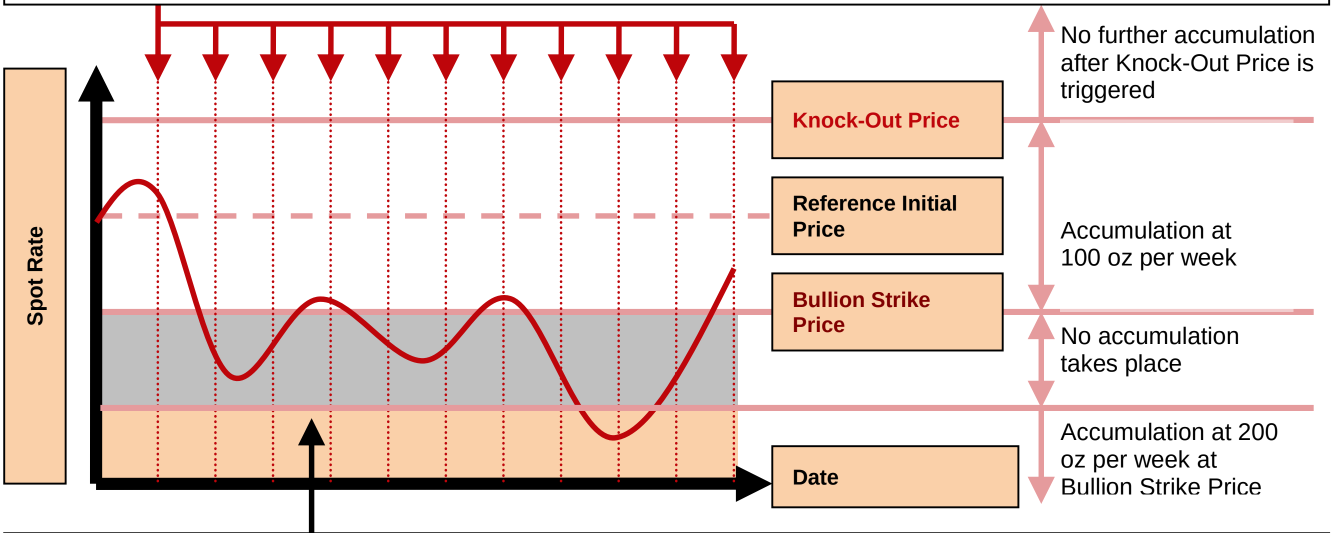
  The investor accumulates 3,200 oz of Paper Gold at the Bullion Strike Price of USD1,200 calculated as follows:

  [(8 periods **AT OR ABOVE** Bullion Strike Price at 100 oz per week)
  + (6 periods BELOW the Bullion Strike Price but ABOVE the Trigger Price at 0 oz per week)
  + (12 periods **BELOW** Trigger Price at 200 oz per week)] = 3,200 oz

- **Scenario 2**: If the Knock-Out Price is triggered after 6 weeks, the investor will receive delivery of the amount of Paper Gold accumulated before the Knock-Out Event is triggered, the amount of Paper Gold will be calculated based on the accumulation condition.

On each Bullion Settlement Date, the actual amount of Paper Gold to be accumulated will be dependent on the accumulation condition as follow:

[(Number of Bullion Expiration Dates **AT OR ABOVE** Bullion Strike Price x 100 oz)
+ (Number of Bullion Expiration Dates BELOW Bullion Strike Price but ABOVE Trigger Price x 0 oz)
+ (Number of Bullion Expiration Dates **BELOW** Trigger Price x 200 oz)]



The key risk of the Product is that the investor will be obliged to accumulate the geared amount of Paper Gold at the Bullion Strike Price throughout the life of the product, even if the prevailing Spot Rate is significantly lower than the Bullion Strike Price.

	Scenario 1: Knock-Out Price NOT triggered		**Scenario 2: Knock-Out Price triggered after 6 weeks**	
Amount of Paper Gold Accumulated	**(a) 3,200 oz** *(8 weeks @ 100 oz per week + 6 weeks @ 0 oz per week + 12 weeks @ 200 oz per week)*	**(b) 5,200 oz** *(Maximum, 26 weeks @ 200 oz per week)*	**(a) 600 oz** *(6 weeks @ 100 oz per week)*	**(b) 1,200 oz** *(6 weeks @ 200 oz per week)*
Amount of USD payment	USD3,840,000	USD6,240,000	USD720,000	USD1,440,000
The following returns are computed based on the amount required to settle the delivery of Paper Gold and the investor holding on to all the accumulated Paper Gold until the Final Bullion Expiration Date. * *The Spot Rates used in this Scenario Analysis are for illustration only. The actual market price may be significantly lower.*				
USD1,400 per oz	+ USD640,000 (+ 16.67%)	+ USD1,040,000 (+ 16.67%)	+ USD120,000 (+ 16.67%)	+ USD240,000 (+ 16.67%)
USD1,250 per oz *(Spot Rate at inception)*	+ USD160,000 (+ 4.16%)	+ USD260,000 (+ 4.16%)	+ USD30,000 (+ 4.16%)	+ USD60,000 (+ 4.16%)
USD1,200 per oz *(Bullion Strike Price)*	USD0 (0%)	USD0 (0%)	USD0 (0%)	USD0 (0%)
USD1,000 per oz	- USD640,000 (- 16.67%)	- USD1,040,000 (- 16.67%)	- USD120,000 (- 16.67%)	- USD240,000 (- 16.67%)
USD800 per oz	- USD1,280,000 (- 33.33%)	- USD2,080,000 (- 33.33%)	- USD240,000 (- 33.33%)	- USD480,000 (- 33.33%)
USD400 per oz	- USD2,560,000 (- 66.67%)	- USD4,160,000 (- 66.67%)	- USD480,000 (- 66.67%)	- USD960,000 (- 66.67%)
USD0 per oz	- USD3,840,000 (- 100.00%)	- USD6,240,000 (- 100.00%)	- USD720,000 (- 100.00%)	- USD1,440,000 (- 100.00%)

* The above analysis is computed based on the Spot Rate of Paper Gold on the Final Bullion Expiration Date. The actual returns may vary significantly during the tenor of the Accumulator taking into consideration the option valuations.

The percentage gains or losses will be amplified, if computed against the initial margin requirement of USD748,000.00 (12% of the Maximum Notional Amount), due to the leveraging factor.

Worst Case Scenario

In the worst case, the Spot Rate stays below the Bullion Strike Price of USD1,200 on each Bullion Expiration Date 1 – 26. The accumulation of 200 oz of Paper Gold against payment of USD240,000 on each Bullion Expiration Date will continue even if the Spot Rate of Paper Gold has fallen substantially, resulting in full accumulation of the 5,200 oz of Paper Gold against payment of USD6.24 million based on the Bullion Strike Price of USD1,200.

Assuming full accumulation, and the investor holds on to the Paper Gold till the final maturity date, the maximum potential loss to the investor will be as per Scenario 1(b) in the table above.

The above scenarios and the figures in this scenario analysis are for illustration purposes only. They do not reflect a complete analysis of all possible scenarios that may arise under any actual transaction nor are they indicative of the likely or future performance of the Product and/or the price of Paper Gold.