

**COVENANTS, TERMS AND CONDITIONS AND DECLARATION AND RISK DISCLOSURE STATEMENT FOR TRADING ACCOUNT APPLICATION (“T&C”) CORPORATE / INSTITUTIONAL / ASSOCIATION APPLICANT (Hereinafter referred to as the Client once the Applicant is onboarded.)****1 DECLARATION AS PER BANK NEGARA MALAYSIA’S FOREIGN EXCHANGE ADMINISTRATIVE POLICY**

We hereby declare that we have been briefed and understand that Multi-Currency Securities that are listed on Bursa are foreign currency assets, thus these securities fall within the purview of Bank Negara Malaysia’s Foreign Exchange Administrative Policy. We also understand that the same policy applies for our trading in securities listed in foreign Exchanges. Henceforth, all rules pertaining to investment in foreign currency assets are applicable.

In the event we are Malaysian resident with domestic borrowing, we do solemnly declare that:

1. We shall consent to abide with and be bound by the provision of the Exchange Control Act 1953 and Bank Negara Foreign Exchange Administrative Policy and any amendments from time to time with regards to any transaction or payments to or from our relevant trading account(s);
  2. We shall be fully responsible to monitor our share trading, limits and ensure compliance of our relevant trading account(s) with the Exchange Control Act 1953 and Bank Negara Foreign Exchange Administrative Policy and any amendments from time to time;
  3. If our domestic ringgit borrowings status should change, it is our responsibility to notify the Company in writing and update the Declaration.
- (i) Residents are defined as:
- Citizens of Malaysia (excluding persons who have obtained permanent resident status of a territory outside Malaysia and are residing abroad);
  - Non-citizens who have obtained permanent resident status in Malaysia and are residing permanently in Malaysia; or
  - Persons, whether body corporate or unincorporated, registered or approved by any authority in Malaysia.
- (ii) Domestic ringgit borrowings/financings refer to any ringgit advances, loans, financing facilities, trade financing facilities, hire purchase, factoring facilities with recourse, financial leasing facilities, guarantee for payment of goods, redeemable preference shares or similar facilities in whatever name or form, except:
- Trade credit terms extended by suppliers for all types of goods and services;
  - Forward foreign exchange contracts entered into with licensed onshore banks;
  - Performance guarantees and financial guarantees;
  - One personal housing loan and one vehicle loan obtained from Residents;
  - Credit card and charge card facilities;
  - Operational leasing facilities;
  - Factoring facilities without recourse; and
  - Inter-company borrowings within a corporate group in Malaysia.

**2 PDPA ACKNOWLEDGEMENT AND DECLARATION**

With reference to UOB Kay Hian Securities (M) Sdn Bhd (“the Company”) Privacy Notice, we hereby solemnly:

1. declare that we received a copy of the Company’s Privacy Notice, have read and fully understood the Privacy Notice and its contents which have been explained to us;
2. consent, permit, agree and authorize the Company to have full access to our personal data and process our personal data information for the purposes stated in the Notice; and
3. undertake that we shall update and/or keep our personal data information up-to-date with UOBKH.

**3 AUTHORISATION AND UNDERTAKING FOR MULTICURRENCY SETTLEMENT****AUTHORISATION**

1. We hereby state our consent and authorise UOB Kay Hian Securities (M) Sdn Bhd (“the Company”) with immediate effect:
  - a) to settle our foreign futures transactions in the foreign market in the accepted settlement currency of our choice that we notify or select herein and/or any updates therefrom.
  - b) in the event we fail to inform or select the settlement currency, the Company is entitled at their discretion to settle our trade in Malaysian Ringgit (MYR) and/or any other currency and we will not raise any objection against the Company.
  - c) in the event we wish to settle in currency other than the currency of our foreign futures transactions, then we must notify the Future Broker’s Representative (“FBR”) by end of the trading day. Nevertheless, the Company shall have the right at any time to refuse to act on such instruction and we hereby agree that the Company shall not be liable for any loss and/or cost which we may incur.
  - d) furnish the contract notes for our foreign futures transactions in the respective country’s trading currency as well as MYR.
2. We hereby authorise our FBR on our behalf to give instruction to the Company to amend and/or to change the settlement currency for our transaction conducted on the foreign market. We further authorise the FBR to execute any relevant form(s) as required by you from time to time for the above purpose.
3. We further authorise the Company to perform the following in respect of our segregated account:
  - a) convert from our domestic segregated account or withdraw from our foreign currency segregated account for the settlement purpose including to settle any interest, fees or charges, taxes, fines, penalty, corporate actions in respect of the transactions conducted on the foreign market;
  - b) to credit into our foreign currency segregated account and/or to convert to MYR and credit our domestic segregated account, for any proceeds due to us;
  - c) to withdraw from our foreign currency segregated account(s) and remit to our Foreign Currency Account with any financial institutions.

**DECLARATION, UNDERTAKING AND ACKNOWLEDGMENT**

1. In consideration of the abovementioned authorization and request, we hereby acknowledge, accept and agree with the following terms and conditions:

- a) to bear any fees, charges and/or penalties which may be charged by any agency banks or banking institutions should we remit foreign currency inward or outward via telegraphic transfers;
  - b) to pay the administrative fees charged by the Company for transactions conducted on the foreign market arising from our request to settle the above trades in foreign currency as may be imposed by the Company from time to time;
  - c) that the settlement currency selected by us when we place our order cannot be changed once the contract has been booked out;
  - d) in the event we choose to settle in foreign currency but fail to make available the required fund, we agree that the trade settlement shall be by available currency and we shall be liable for any additional charges/fees imposed by the company;
  - e) acknowledges and agrees that there are risks associated with dealing in securities in multiple markets and the settlement in the traded currency/ies;
  - f) agrees that the Company has the right to charge interest in the traded currency on all overdue debit sum; and
  - g) to abide the Company's internal policies and any amendments or variation thereof.
2. In consideration of the abovementioned authorization and request, we hereby irrevocably undertake to indemnify the Company from and against all actions, proceedings, claims, demands, losses, penalties, fines, damages, costs, charges and expenses which the Company may sustain, incur and be liable to in consequence of or attributable to or arising from the Company performing the aforesaid request. The right of indemnity shall continue in full effect notwithstanding the suspension, termination or closure of our account with the Company.

#### **4 AUTHORISATION AND UNDERTAKING FOR MULTICURRENCY SETTLEMENT**

##### **AUTHORISATION**

1. We hereby state our consent and authorise UOB Kay Hian Securities (M) Sdn Bhd ("the Company") with immediate effect:
  - a) to settle our foreign securities transactions in the foreign market in the settlement currency of our choice that we notify or select herein and/or any updates therefrom.
  - b) in the event we fail to inform or select the settlement currency, the Company is entitled at its discretion to settle our trade in Malaysian Ringgit (MYR) and/or any other currency and we will not raise any objection against the Company.
  - c) in the event we wish to settle in currency other than the currency we have notified or selected herein and/or any updates therefrom, then we must notify the Future Broker's Representative ("DR") by end of the trading day. Nevertheless, the Company shall have the right at any time to refuse to act on such instruction and we hereby agree that the Company shall not be liable for any loss and/or cost which we may incur.
  - d) furnish the contract notes for our foreign securities transactions in the respective country's trading currency as well as MYR.
2. We hereby authorise our DR on our behalf to give instruction to the Company to amend and/or to change the settlement currency for our transaction conducted on the foreign market. we further authorise the DR to execute any relevant form(s) as required by the Company from time to time for the above purpose.
3. We further authorise the Company to perform the following in respect of our trust account:
  - a) convert from our domestic trust account or withdraw from our foreign currency trust account for the settlement purpose including to settle any interest/late payment charge, fees or charges, taxes, fines, penalty, corporate actions in respect of the transactions conducted on the foreign market;
  - b) to credit into our foreign currency trust account and/or to convert to MYR and credit our domestic trust account, for any sales proceeds due from sales of securities listed on the foreign market;
  - c) to withdraw from our foreign currency trust account(s) and remit to our Foreign Currency Account with any financial institutions.

##### **DECLARATION, UNDERTAKING AND ACKNOWLEDGMENT**

1. In consideration of the abovementioned authorization and request, we hereby acknowledge, accept and agree with the following terms and conditions:
  - a) to bear any fees, charges and/or penalties which may be charged by any agency banks or banking institutions should we remit foreign currency inward or outward via telegraphic transfers.
  - b) to pay the administrative fees charged by the Company for transactions conducted on the foreign market arising from our request to settle the above trades in foreign currency as may be imposed by the Company from time to time.
  - c) that the settlement currency selected by us when we place our order cannot be changed once the contract has been booked out.
  - d) in the event we choose to settle in foreign currency but fail to make available the required fund, we agree that the trade settlement shall be by default currency of MYR and we shall be liable for any additional charges/fees imposed by the company.
  - e) acknowledges and agrees that there are risks associated with dealing in securities in multiple markets and the settlement in the traded currency/ies of which the Company has no control of and shall not be liable for any loss or damage occasioned by the same under any circumstance whatsoever.
  - f) agrees that the Company has the right to charge interest/late payment charge in the traded currency on all overdue debit sum .
  - g) to abide the Company's internal policies and any amendments or variation thereof.
2. In consideration of the abovementioned authorization and request, we hereby irrevocably undertake to indemnify the Company fully from and against all actions, proceedings, claims, demands, losses, penalties, fines, damages, costs, charges and expenses which the Company may sustain, incur and be liable to in consequence of or attributable to or arising from the Company performing the aforesaid request. The right of full indemnity shall continue in full effect notwithstanding the suspension, termination or closure of our account with the Company.

#### **5 DECLARATION FOR ELECTRONIC PAYMENT**

We hereby:

1. affirm that all the information stated in the trading application form are correct as at the date of the form and we are the beneficial owner of the bank account number and account name as stated herein.
2. authorise the Company to credit into our bank account all our sale proceeds, contra gains, credit withdrawal and any sum standing to credit arising from our transaction(s) conducted through all the trading account(s) with the Company. Whilst the Company is authorised to pay direct to our bank account, we agree that the Company is not obligated to do so and may elect other means of payment as it deems appropriate without prior notice to us.
3. irrevocably authorise the Company to utilize the sale proceeds, contra gains and/or any sum standing to credit in our trading account(s) to set off against any amount due by us in any manner the Company deem fit.

4. irrevocably consent to disclose such of our personal information, as may be necessary to facilitate any payment that may be due to us in respect of the selling of securities, contra gains, credit withdrawal and any sum standing to credit in our trading account, directly into our bank account stated in this form or as may be updated from time to time.
5. irrevocably consent to indemnify Company fully and to keep Company fully indemnified from and against any expenses, loss, damages or liability whether actual or contingent, which Company may incur as a consequence of this electronic payment.

## **6 DECLARATION FOR ELECTRONIC CONTRACT NOTES AND ELECTRONIC STATEMENT**

We hereby instruct the Company to deliver/issue our daily contract notes and/or any other statements/advices that may be made available to us by the Company in relation to the above Trading Account via the web portal stated above with immediate effect. we hereby agree and confirm the following:

1. consent to the issuance and delivery of contract notes and statements/advices to us in electronic form via the web portal
2. accept and assume the risks associated with electronic or online devices, including delays or failure in the transmission due to breakdown or failure of transmission or traffic congestion of communications or any other cause(s) beyond the Company's control or anticipation and/or inherent risks in receiving electronic contract notes and statements/advices.
3. fully aware and understand the processes, procedures and risks involved in using the internet for the electronic services and we shall not dispute or challenge the validity, enforceability or admissibility of any such record and the contents therein.
4. understand and agree that in the event of the system failure where the electronic contract notes and statements/advices cannot be generated and/or delivered to us via web portal, the Contract Note/Statement/advices shall be sent to us in a hardcopy form via the post.
5. agree that this instruction shall be valid until written revocation is given by us to the Company. we also understand that the Company may cancel this service without providing any reason and/or prior notice to us.
6. shall assume all responsibility or liability whether actual or contingent whatsoever for any direct or consequential loss arising from or in connection with the Company acceding to our above request. we further agree to indemnify the Company fully and hold the Company harmless from and against all actions, proceedings, claims, demands, losses, damages, costs, penalties, fines, charges and expenses which the Company may sustain, incur and be liable to in consequence of or attributable to or arising from the above request.
7. that all the information stated in this form are correct as at the date of this form and that we have not willfully withheld any facts.

## **7 ACKNOWLEDGEMENT AND DECLARATION BY APPLICANT**

We hereby declare that the information stated in this Application Form is true and correct, and that we have not withheld any material facts. By signing below, we hereby solemnly:

- i request UOB Kay Hian Securities (M) Sdn Bhd.(UOBKH) to open a futures trading account and/or provide services in connection with the derivatives products ("the Account");
- ii declare that we have read, fully understood and agreed to be bound by the terms and conditions herein stated as well as all the other terms and conditions, all of which may be varied and supplemented from time to time and which shall be fully binding upon and enforceable against us whereupon the duty of being updated as to the same or being aware of it from time to time falls within our own responsibility;
- iii declare that by accessing the online trading facility provided by UOBKH, we agree to be bound by and accept the terms and conditions, (which may be varied from time to time) as stated in the Terms and Conditions For Online Trading including any future variations to it. A copy is available on <http://www.utrade.com.my>;
- iv acknowledge that we have received a copy of the TERMS AND CONDITIONS FOR CLIENT TRADING and RISK DISCLOSURE STATEMENT and understand the contents. A copy is available on <http://www.utrade.com.my>;
- v confirm that we are not currently insolvent or the subject of a bankruptcy, receivership, liquidation, winding up, judicial management, administration or other similar proceeding nor has a resolution been passed to effect the same and further confirm that we have not entered into, or proposed to enter into, any scheme, arrangement or composition with our creditors generally nor have had a receiver, liquidator, administrator, judicial manager, custodian, trustee or other analogous officer appointed over all or a material part of our assets;
- vi affirm that we have no other futures account maintained with UOB Kay Hian Securities (M) Sdn Bhd.;
- vii authorize UOB Kay Hian Securities (M) Sdn Bhd. to verify from any sources it may deem appropriate and authorize the release of information in respect of credit and reference inquiries made by UOB Kay Hian Securities (M) Sdn Bhd. (including inquiries made to Inland Revenue Department);
- viii agree that your acceptance of our applications shall constitute a valid agreement binding on us based on this declaration, information from the Application Form and stipulations herein contained in the Terms and Conditions for Client's Trading, as if an agreement under any written law relating to dealing in shares, futures, options and/or other securities has been properly constituted and executed;
- ix agree that UOB Kay Hian Securities (M) Sdn Bhd. reserves the right to reject the application without assigning any reasons whatsoever;
- x understand that the information supplied by us is covered by the full provisions of the terms and conditions governing the Account Holder's relationship with UOB Kay Hian Securities (M) Sdn Bhd setting out how the Company may use and share the information supplied by us;
- xi acknowledge that the information contained in this form and information regarding the Account Holder and any Reportable Account(s) may be reported to the tax authorities of the country/jurisdiction in which this account(s) is/are maintained and exchanged with tax authorities of another country/jurisdiction or countries/jurisdictions in which the Account Holder may be tax resident pursuant to intergovernmental agreements to exchange financial account information;
- xii certify that we are authorised to sign for the Account Holder in respect of all the account(s) to which this form relates;
- xiii declare that all statements made in this declaration are, to the best of our knowledge and belief, correct and complete; and
- xiv undertake to advise UOB Kay Hian Securities (M) Sdn Bhd within 7 days of any change in circumstances which affects the tax residency status of the Account Holder identified in this form or causes the information contained herein to become incorrect or incomplete (including any changes to the information on controlling persons identified in this form and to provide UOB Kay Hian Securities (M) Sdn Bhd with a suitably updated self-certification and Declaration within 7 days of such change in circumstances.

**Foreign Account Tax Compliance Act (FATCA)****Definition****1. US person**

The term 'US person' means"

- a citizen or resident of the United States
- a partnership created or organised in the United States or under the law of the United States or of any state, or the District of Columbia
- a corporation created or organised in the United States or under the law of the United States or of any state, or the District of Columbia
- any estate or trust other than a foreign estate or foreign trust (see Internal Revenue Code section 7701(a)(31) for the definition of a foreign estate and a foreign trust)
- a person that meets the substantial presence test
- any other person that is not a foreign person.

**2. US citizen**

The term 'US citizen' means:

- an individual born in the United States
- an individual who has a parent who is a US citizen

**3. Specified US person**

The term 'specified US person' means any US person other than:

- a. a corporation the stock of which is regularly traded on one or more established securities markets for a calendar year;
- b. any corporation which is a member of the same expanded affiliated group as a corporation the stock of which is regularly traded on one or more established securities markets for the calendar year;
- c. any organisation exempt from taxation under US federal tax law or an individual retirement plan;
- d. the United States or any wholly owned agency or instrumentality thereof;
- e. any state, the District of Columbia, any US territory, any political subdivision of any of the foregoing, or any wholly owned agency or instrumentality of any one or more of the foregoing;
- f. any bank incorporated and doing business under the laws of the United States (including laws relating to the District of Columbia) or of any state thereof;
- g. any real estate investment trust;
- h. any regulated investment company, or any entity registered with the Securities Exchange Commission under the Investment Company Act of 1940;
- i. any common trust fund;
- j. any trust that is exempt from tax or is deemed a charitable trust;
- k. a dealer in securities, commodities, or derivative financial instruments that is registered as such under the laws of the United States or any state;
- l. a broker;
- m. any tax exempt trust under a tax exempt or public school annuity plan or governmental plan.

**4. Non-Financial Foreign Entity (NFFE)**

The term Non-Financial Foreign Entity (NFFE) means a non-US incorporated/established entity that does not meet the definition of an FFI (foreign financial institution) and includes:

- listed or privately held operating or trading businesses
- professional service firms
- certain entities with a passive trade (ie, not an operating or trading business)
- charitable organisations.

1. All transactions for clients' accounts shall be subjected to the Act, Constitution, rules, regulations, by-laws, guidelines, directives, business rules, customs, levies and usages of Bursa Malaysia Derivatives Bhd (hereinafter referred to as The Exchange) and UOB Kay Hian Securities (M) Sdn Bhd (hereinafter referred to as the Company), which is now in force or from time to time amended, varied, revised or supplemented, in which the Company is dealing on behalf of clients.
2. Each client is allowed to open only one (1) trading account with the Company. Any request for opening of more than one (1) trading accounts shall be subjected to the Company's approval.
3. The Company reserves the right to approve or disapprove any applications to open an account without assigning a reason.
4. The Company may at any time request for additional documents from a client to support any application to open an account or any request for higher trading limits.
5. Notwithstanding anything herein contained, the Company reserves the right to cancel, stop or suspend the client's account at any time, for any reasons whatsoever without any recourse by the client.
6. All clients are subject to the Trading Rules as set upon opening of an account with the Company or any future variations to the same.
7. The Company shall not be liable for any losses incurred as a result of transactions which take place for and on behalf of the client, save except for losses which occur as a direct result of the Company's gross negligence or willful default, and the client shall indemnify the Company accordingly.
8. Any property belonging to a client or in which a client has interest, held or carried in the client's account shall be subject to a general lien for the full discharge of the client's obligations to the Company save and except for the losses as a result of the Company's negligence, fraud or willful misconduct.
9. Any deposit, margin and any securities deposited with the Company may be utilised in meeting any obligations of the Client in respect of the transaction stranded by or on behalf of the Client. The Company shall be entitled to retain for its own account any and all interest that may be earned on the deposit, margin and securities deposited by the Client with the Company.
10. The Client shall pay to the Company all brokerage, trading fees, clearing fees, stamp duties and other related or miscellaneous charges incurred by the clients on their transactions.
11. All payments are to be made either by cash or cheque payable to "UOB Kay Hian Securities (M) Sdn Bhd." and crossed "Account Payee Only".
12. All buy and sell transactions by clients through the Company shall be in the client's own name and shall not trade under the names of fictitious persons or operate another account by using other persons' names.
13. An interest charged at such rate determined by the Company shall be computed on a daily basis based on the net losses incurred. It shall be debited on the last day of each calendar month to the client's trading account until such losses are fully settled.
14. The Client shall maintain with the Company a deposit in the account and pay such margins or lodge such securities (acceptable to the Company) as may be required by the Company from time to time in connection with the trading by the Company on behalf of the Client in futures contracts. The Client agrees and acknowledges:
  - (i) that the Company may call for payment of a further deposit or margin (by whatever terms those obligations are described) or call for the lodgement of securities (acceptable to the Company) as the Company, in its reasonable, sole and absolute discretion feels is necessary to protect itself from the personal obligation incurred by dealing in futures contracts on behalf of the Client,
  - (ii) that the time for payment of margins is of the essence and if no time is stipulated by the Company prior to calling a margin then the Client is required to comply before the start of trading on the following Business day and when the Client fails to comply with the prescribed time for payment, the Client shall pay penalty interest thereon at such rate as the Company may in its sole discretion prescribe.;
  - (iii) that the liability to pay margin accrues at the time the margin requirement comes into existence regardless of when a call is made, however, the Company shall use its best endeavour to notify the Client of its margin liability as soon as it arises;
  - (iv) that in respect of trading in options, the liability to pay the premium accrues at the time the trade is executed regardless of when a demand for payment of the same is made, however, the Company shall use its best endeavour to notify the Client of its margin liability as soon as it arises;
  - (v) that the Company may (in accordance with the business Rules of the Exchange) deem one hour a reasonable time to comply with a demand for payment of margins; and
  - (vi) no previous margin imposed by the Company on the Client shall establish any precedent and any margin requirements established by the Company from time to time may apply to existing positions as well as new positions in the Futures Contracts affected by such change.
15. The Client further agrees and acknowledges:
  - (i) that dealing in futures contracts may create an obligation to give or take delivery or make cash settlement in accordance with the terms of trading of such futures contracts;
  - (ii) that should the Company have notice of any act of bankruptcy of the Client (in the case of an individual) or of the presentation of any petition for the winding-up of the Client (in the case of a corporate Client, with the exception of any frivolous petition or otherwise challenged by the Client) or should the Client fail to meet any call for payment of deposit, premium or margin (or to lodge any securities acceptable to the Company) then the Company may (without prejudice to any other rights or powers available to it) in its sole and absolute discretion, and without creating an obligation to do so, upon giving 1 Business Day prior written notice to the Client, close out all or some of the Client's futures contracts;
  - (iii) that the Client agrees to abide by any position and exercise limits set by the Exchange or Clearing House as notified by the Company to the Client; and
  - (iv) that the Client and the Company are bound by the Act as modified, varied or replaced and any regulations made there under, the Business Rules and customs, usages and practices of the Exchange, the Business Rules and customs, usages and practises of the Clearing House.
16. The Client hereby irrevocably and unconditionally acknowledges, agrees, undertakes and declares as follows:
  - (i) In the event of Margin Call, i.e. when the Equity over Margin (EM) is less than 100% or any other percentages which may be determined at the absolute discretion of the Company from time to time, the Company may issue Margin Call either orally or in writing and demand the Client to regularise EM to at least 100%. When Margin Call is issued by the Company, the Client shall meet the Margin Call and make payment of initial margin and maintenance margin to regularise EM immediately on demand or within the specified time (Grace Period) and in such a manner as may be stipulated by the Company in the Margin Call; and
  - (ii) Notwithstanding the immediate preceding clause above, in the event the Company in its absolute discretion deems it advisable for its protection from the obligations incurred by dealing in futures contracts on behalf of the Client, the Company may at any time before the expiry of the Grace Period stipulated in the Margin Call, shorten the Grace Period to regularise EM and/or force-close positions immediately without prior notice to the Client. The Company reserves the right to force-close the positions at any time and at any prices. The net balance of any such force-close shall be applied against the Client's indebtedness to the Company, and the Client shall remain responsible for any deficiency.
17. In the event the Client fails to meet any Margin Call for payment of margin or further deposit or where acceptable to the Company, to lodge such acceptable securities in lieu thereof, the Company may without prejudice to any other rights and remedies which it may have under this Agreement and

by any applicable law, be entitled at its sole discretion with or without any further reference to or consent of the Client, to take such actions at such times and in such manner as it deems necessary or desirable, including but not be limited to the following:-

- (i) to decline to take further instructions from the Client in respect of Derivatives;
  - (ii) to close-out, settle, liquidate or give-up some or all of the Derivatives to which the Client is a party;
  - (iii) to realise some or all of any non-cash collateral or other securities held for or on behalf of the Client, in such manner as the Company deems fit and whether or not on the open market and apply the proceeds thereof plus any cash held for or on behalf of the Client to all outstanding balances of the Client owing to it for which this clause shall constitute sufficient and irrevocable authority granted by the Client to the Company to do all such acts and execute all such instruments as may be necessary or desirable to exercise the powers referred to above in respect of such assets, non-cash collateral or other securities, which shall include, without limitation, any acceptable securities lodged with the Company;
  - (iv) cancel any or all outstanding orders or contracts or any other commitments made pursuant to instructions from the Client;
  - (v) call upon any security including but not limited to any guarantees and letters of credit which may have been issued to or in favour of the Company as security for the Account(s);
  - (vi) combine, consolidate and close out all accounts of the Client (which shall include the equity account) to setoff the Client's liabilities to the Company;
  - (vii) close out without recourse against the Company any or all client contracts and any corresponding Contracts; and
  - (viii) that the Client is responsible to pay in cash any deficit owing to the Company after close out of any of the Client's futures contracts or closure of the Client's account and that if the Client defaults in payment of such deficit, the Company may realize any deposit and securities held by the Company and apply the proceeds against the deficit. In the event the deposit and securities held by the Company is insufficient to cover the deficit, the Client hereby undertake to settle the deficit which is still remaining after such exercise by the Company.
18. The Client undertake at all times to fully indemnify and keep the Company fully indemnified against all actions, suits, proceedings, penalties, fees, fines, debts, expenses, claims, legal fees, interest, demands, costs, charges, losses or damages whether actual or contingent which the Company may sustain or suffer or incur due to execution by the Company of the orders given by the Client or any other party or parties whether with or without the Client's consent or any breach or violation or negligence or omission to act by the Client (or its agents or representatives or persons acting under it) of any part of these Terms & Conditions without limitation to the agreement herein and be liable as a result of or in consequences of the Company's action pursuant to any instructions given by us and/or our default of the terms and conditions contained herein. The Company's right of indemnity conferred herein shall continue in full force and effect and shall continue to subsist thereafter notwithstanding the suspension, termination or closure of our Account;
  19. In the event that the Company has to employ solicitors and/or counsels and/or external party(ies) to collect any debts which the client owes to the Company, the client shall bear all costs of collection including, but not limited to solicitor's fees, court cost and expenses whatsoever in nature in effecting such collection.
  20. These terms and conditions shall survive any changes or successions in the Company's business and shall be binding upon all clients, their representatives, receivers, trustees whether in bankruptcy or otherwise.
  21. Failure on the part of the Company to insist at anytime upon strict compliance with these terms and conditions shall in no event constitute or be considered a waiver by the Company.
  22. Any notice of demand or other documents required to be made or given/supplied may be made by any of the Company's authorised officer or by any other person or firm acting as the Company's solicitors sent either by mail or delivered personally to the client shall be deemed to have been received on the day it was delivered or if sent by post two (2) days after mailing out.
  23. Any writ of summons or other legal process in respect of any action arising out if or in connection with the conduct by the client's account or in connection with these terms and conditions shall be deemed to have been served if sent by registered post to the client's address stated in the Application Form.
  24. Agree that for any disputes on our trading account, we shall submit official notice to the Company. Only in the event where Company does not respond to our official notice on our disputes within 90 days, we shall bring to the notice of Securities Industry Dispute Resolution Center (SIDREC);
  25. If any terms or provisions of these terms and conditions shall be invalid or unenforceable, the validity and unenforceability of the remaining provisions shall not in any way be affected or impaired thereby. These terms and conditions and the rights and obligations of the Company and the client hereunder shall in all respects governed by and construed in accordance with the laws of Malaysia.
  26. The Company may at their sole discretion, without notice to the Client, add, change, modify and/or vary the terms and conditions stated herein in accordance with the changes in the market conditions, Rules, Regulations and others. It shall be the client's sole and full responsibility to from time to time check the Company's website for such or any updates.

UOB Kay Hian Securities (M) Sdn Bhd ("**Company**") and a third party service provider have introduced an online trading platform, Derivative Order Management System services ("**OMS**"). The OMS is directed to the investor, or those seeking Information on investing and which comprises of a variety of areas dedicated to providing investment-related information and services ("**Services**").

You ("**Client**") are, at all material times, a customer of the Company and have opened or applied to open a Trading Account with the Company. You desire the rights to access and use the OMS and subscribe to the Services. In consideration of the Company granting you these said rights, you hereby agree to the terms and conditions contained herein (as may be amended from time to time and of which the duty to get updates and/or keep updated shall be your sole responsibility) which shall govern your access to and use of the OMS and subscription to the Services.

## 1. Provision Of Services

1.1. The Services provided by the Company consists of:-

- (i) online electronic trading systems whereby the Client may buy, sell, deal in or otherwise derivatives products; and
- (ii) any other facilities that may be introduced from time to time, and the Client has the option to subscribe the services.

1.2. The Company shall provide any or all of the following facilities to the Client depending on the extent of the Client's subscription to the Services.

1.3. The Client's subscription to the Services shall be for a period determined by the Company from time to time.

1.4. Notwithstanding the above, the Company may at any time and from time to time, vary or change the list of facilities herein above mentioned without giving any notice thereof to the Client. Any variation or change in the list of facilities imposed by the Company pursuant to this provision shall upon such variation or change be deemed to be part of the Services and shall not in any manner affect the other provisions of this Agreement.

1.5. The Client shall open and maintain an online account ("**Online Account**") which the Client shall use for the purposes of, among others, executing buy,

sell, trade or deal orders for the derivatives products (“**Orders**”). The Client shall execute the application form provided by the Company (“**Application Form**”) and submit the same for approval by the Company. Upon the Company’s approval, the Client shall be assigned username and Personal Identification Number (“**PIN**”) for the purposes of accessing the Client’s Online Account. The Client acknowledges that the Company may, at its own discretion, reject the Client’s application without assigning any reasons for doing so and without any liability whatsoever to the Client.

1.6. The Client shall be solely responsible for the security and privacy of the Client’s username and PIN, as well as the Online Account. The Client acknowledges that the Company may, from time to time and at its sole discretion, access the Client’s Online Account for the purposes of audit or inspection or if required by law disclose the same to any relevant authority.

## **2. Media Of Services**

2.1. The Client shall access the OMS to utilise the Services mentioned in Clause 1 above by using one or any of the following media:-

- Modem-equipped terminal or personal computer;
- Any other medium of communication which the Company may, in its absolute discretion, adopt or introduce for use to its clients.

2.2. The Client agrees that should the Client experience difficulties in using one of the medias of service listed in Clause 2.1, the Client shall immediately attempt to use the conventional ways of communication, such as telephone call, to communicate with and/or notify the Company of the said difficulty.

2.3. The Client further agrees that the Company may keep a record of all communication (including any transactions) between the Company and the Client for any purpose including to verify any information exchanged between the parties and to monitor the quality of the Services or to collect data to anticipate the Client’s future financial requirements.

## **3. No Guarantee Or Warranty & Limitation Of Company’s Liability**

3.1. It is hereby acknowledged by the Client that the data, information, messages and other content (“**Information**”) disseminated and/or provided through the Services to the Client derive either directly from the Company’s information or service providers.

The Client acknowledges that the Company’s information and service providers, licensors, employees or agents do not guarantee the correctness, accuracy, completeness, timeliness or correct sequencing of any such Information disseminated and/or provided by any party through the Services. The Client is advised to independently verify the correctness, accuracy, timeliness and correct sequencing of all such Information and the Client shall be deemed to have done so, whether the Client has in fact done so or not. The Client further acknowledges that there may be delays, omissions or inaccuracies in the Information provided under these Services which are not attributable or directly caused by the Company which the Company shall be neither responsible nor liable for.

3.2. To the extent permitted by law, the Client acknowledges that the Company’s information and service providers, licensors, employees or agents shall not be liable in any way for:-

3.2.1. any inaccuracy, error or delay in, or omission of –

- (i) any such Information or any other aspect of the Services; or
- (ii) the transmission or delivery of any such Information; or

3.2.2. any loss or damages arising from or occasioned by –

- (i) any such inaccuracy, error or delay in, or omission;
- (ii) non-performance; or
- (iii) interruption of any Information, or any other aspect of the Services, or any disseminating party, or to any Force Majeure even including but not limited to flood, adversely inclement weather, earthquake or any other act of God, fire, war, insurrection, riot, labour dispute, accident, action of government, telecommunications, power or equipment fluctuation, malfunction or failure; or

3.2.3. any decision made or action taken by the Client or any other persons whomsoever in reliance upon the Information disseminated and/or provided by the Services.

3.3. To the extent permitted by law, the Company does not warrant the merchantability or fitness for a particular purpose or use and gives no other warranty or guarantee of any kind, either express or implied, regarding the Information furnished under the Services or any other aspect thereof, including but not limited to data, Information, messages, or access, or the execution, cancellation or amendment of any Orders, and the Client further agrees that the Company’s information and service providers, licensors, employees or agents shall not be liable for any direct, consequential, incidental or indirect losses or damages whatsoever which may arise or be caused by the failure or alleged failure of the Company to execute, cancel or amend such Orders except where it is proven that it is caused by the Company’s gross negligence or wilful default, in which event, the liability of Company herein shall be limited to direct losses or damages and not consequential, incidental or indirect losses or damages arising therefrom.

3.4. In addition to and not in derogation of any other terms of this Agreement, the Client acknowledges that, in providing the Services, the Company’s information and service providers, licensors, employees or agents shall not, in any event, be liable to the Client or any other parties having access to the Services whether with or without the Company’s consent for any direct, consequential, incidental or indirect losses or damage (including but not limited to loss of profits, trading losses and damages) that results from any inconvenience, delay or loss arising from the use of the Services, access to the Client’s Online Account, or any of the circumstances enumerated in this Clause, regardless of whether the Company has been advised of the possibility of such damages or losses.

3.5. The Client further agrees that the Company’s information and service providers, licensors, employees or agents shall not be liable for any loss resulting from force majeure or a cause over which they have no direct control, including but not limited to failure of electronic or mechanical equipment or telecommunication lines, telephones or any other interconnect problems, unauthorised access, theft, operator errors, weather, earthquakes, floods and strikes or other labour problems.

## **4. Orders and Cancellation Requests**

4.1. The Client agrees that any Order(s) received through the use of the Client’s Online Account (accessed via the Client’s username and PIN) shall be deemed to have been issued by the Client notwithstanding that such order(s) may have been issued by a third party, whether authorised or otherwise.

4.2. The Client agrees to review the confirmation, cancellation and amendment in the OMS to ascertain that the Order(s) were correctly processed under these Services.

4.3. The Client acknowledges that not all trades will be executed concurrently with the Order(s) issued by the Client. The Client further acknowledges

and accepts, without liability of the Company, its employees or agents, that there will be times when a quoted price will change prior to the trade's execution due to market circumstances or factors outside the control of the Company.

- 4.4. The Client also acknowledges that while Company reserves the sole right to review all Orders executed by the Client pursuant to these Services, the Company shall neither be obliged nor required to do so. Accordingly, the Company shall neither be responsible nor liable for any mistakes, inaccuracies or incompleteness in such Orders, whether due to an error caused by the Client or as a result of any other reason whatsoever save where it is caused by the Company's gross negligence or wilful default.

## **5. License & Title To Information /Proprietary Rights**

- 5.1. Subject to the terms of this Agreement, the Company grants to the Client a personal, non-exclusive, non-assignable and non-transferable licence to use and display the Services' software or website (whichever is applicable) ("**Software**") on any computer of which the Client is the primary user. Unauthorised copying of the Software, including software that has been modified, merged or included with the Software, or the written materials associated therewith is expressly prohibited without the prior written consent of the Company. The Client agrees not to sublicense, assign or transfer this license or the Software and any attempt to do so shall be considered to be null and void.
- 5.2. The Client acknowledges that the Company's information and service providers assert a proprietary right over the Information disseminated through and/or provided by the Services. The Client agrees not to reproduce, retransmit, disseminate, sell, distribute, publish, broadcast, circulate or exploit, whether for commercial purposes or otherwise, the Information in any manner whatsoever without the express written consent of the Company nor use the Information for any illegal or illicit purpose.
- 5.3. The Client agrees that it shall protect the contractual, statutory and intellectual property rights of the Company's information and service providers in or to the Information furnished under the Services and in the Services themselves and shall comply with all written requests from the parties hereinbefore mentioned as they deem necessary to protect their respective rights.

## **6. Client's Sole Risk**

- 6.1. The Client acknowledges that neither the Services nor the Information provided thereunder is intended to amount to or constitute any financial, business, tax or legal advice. Although the Services provides access to opinions, Information and recommendations about the economy, stock market, how to invest and what stocks to buy, the Services shall not be construed as amounting to offers, invitations or solicitations to buy, sell or otherwise trade in the securities concerned. The Company does not warrant the accuracy stated in any manner of the opinions, Information and recommendations, and no reliance whatsoever by the Client on the matters aforementioned shall give rise to any claim whatsoever.
- 6.2. The Company neither recommends any investment nor does it offer any advice regarding the nature, potential value or suitability of any particular security, transaction or investment strategy. The Client acknowledges that all Orders made by it through the Services and executed by the Company pursuant thereto are made at the Client's sole and absolute risk.
- 6.3. The Client acknowledges that BMDB is the regulatory and supervisory authority of the Company and that BMDB shall, at all material times, have the right to examine, inspect, scrutinise the Client's terminals for audit and other supervisory purposes as and when they deem fit subject to such examination, inspection or scrutinisation being carried out at reasonable hours. The Client acknowledges that it shall not hold the Company liable for any liability and/or losses that may occur as a result of the actions and omissions of the Company and/or BMDB.
- 6.4. Notwithstanding anything contained herein, the Client agrees that the Company shall not be held liable for any amount or measure of damages arising out of the Client's usage of OMS in any circumstance whatsoever save and except for losses which are directly attributable to any act of gross negligence or willful default of the Company.

## **7. Notification By Client**

- 7.1. Without prejudice to any other provisions herein, the Client agrees that it shall notify the Company immediately and, in any case, no later than twenty four (24) hours from the time the Client should have become aware of the existence of any of the following:-
- any loss or theft of the Client's username or PIN;
  - any unauthorised access of the Client's Online Account, use of the Client's username or PIN, or of the Services or any information obtained thereunder;
  - any failed or incorrect receipt of an Order initiated by the Client through the Services upon the Client's review of the Trade Confirmation View of the Services;
  - any receipt of confirmation (whether electronic, written or otherwise) of business done of an Order which the Client did not place or any receipt or inaccurate or conflicting report or information.

In all such cases, the Company reserves the right to determine the validity of the Client's objection to a transaction arising from, but not limited to, the above.

- 7.2. Should the Client fail to notify the Company in the time specified in Clause 7.1 above of the occurrence of any of the above incidents, neither the Company nor any of its information providers, licensors, employees or agents, shall be responsible and/or liable to the Client or any other party whose claim may arise through the Client for any claims with respect to handling, mishandling or the loss of any Order. For the avoidance of doubt, the Client acknowledges that its notifying of the Company in Clause 7.1 shall not render the Company responsible or liable whatsoever for any of the situations stated thereto.

## **8. Confidentiality**

- 8.1. The Client shall be responsible for the confidentiality, security and safe storage and use of its username and PIN. The Client further accepts full and absolute responsibility for all Orders entered through the Client's Online Account via the use of the Client's username and PIN. All Orders so received by the Company pursuant thereto shall be deemed to have been received from the Client and are the valid and correct instructions of the Client.

## **9. Fees**

- 9.1. The client agrees to pay all subscription, service, user and other fees, if any, that the Company charges for the Electronic services and authorizes the Company to debit the Client's Account with the same;
- D) For the provision of the "OMS" online trading system to the client, a monthly subscription fee is chargeable by the Company.
- 9.2. Notwithstanding the above provisions, the Company may at its discretion vary the rate of such fees and subscriptions, at any time and from time to time without notice to the Client and without any liability whatsoever.

9.3. The Client agrees that the Company may impose additional fees in relation to the provision of the Services, subject to obtaining the prior agreement of the Client. In the event the Client is not agreeable to the Company imposing the additional fee(s), the Company shall have the option of terminating this Agreement in accordance with Clause 15 herein.

## **10. Continuing Security of Assets**

10.1. The Client agrees that it shall pay all costs (including solicitor's fees), if any, incurred by the Company in collecting any overdue fees from the client. The Client hereby grants the Company a continuing security interests and/or lien on the assets belonging to the Client in all its accounts with the amounts owing under this Agreement and that the Company shall be at liberty to use or dispose these assets in whatsoever manner and upon such terms and conditions as the Company deems fit to secure the full payment of such overdue fees, subject to any rules that may be laid down by BMDB in respect of such matter.

## **11. Taxes & Licenses**

The Client shall pay for all taxes and licence fees payable for the use of the Services, if any.

## **12. Restrictions in Use of Services**

12.1. The Company reserves the right to determine whether the Client is to trade via the Services on either.

12.2. The Client shall not be entitled to use the Services offered by the Company under this Agreement, if there exists any restriction whatsoever on the Client's Trading Account either imposed by the Company or by any relevant authorities.

12.3. The Company shall not be held responsible for any failure to provide the Services, including the execution of any Order arising out of any restrictions imposed. While the Company may inform the Client of such restrictions, the Client acknowledges that the Company is not obliged to do so and shall not be responsible for its failure to do so.

## **13. Deposit**

13.1. The Company reserves the right to require the Client to place cash and/or acceptable collateral as deposit to the execution of any transaction through the Services. It shall be in the absolute discretion of the Company to determine the amount of deposit payable by the Client and the time and manner for the placement and nature of such deposit.

13.2. The Company reserves the right to require the Client to maintain a minimum balance at any one time in the Client's account. It shall be at the absolute discretion of the Company to determine the quantum of the said minimum balance to be so maintained. At the Company's absolute discretion, the Client's failure to maintain such minimum balance as stipulated by the Company would entitle the Company to terminate this Agreement in accordance with Clause 15 herein.

13.3. The Company shall neither be held responsible nor liable for any failure to provide or interruption in the Services arising out of the Client's failure, refusal or delay in placing such deposit or in failing to maintain the minimum balance as stipulated by the Company.

## **14. Indemnity**

14.1. The Client hereby agrees that it shall fully and effectively indemnify the Company and hold the Company harmless from and against any and all claims, liabilities whether actual or contingent, cost and expenses (including but not limited to solicitor's fees on a Solicitor and Client Basis) arising or which may arise out of the Client's breach or violation of any of the terms and conditions of this Agreement or any third party rights, including but not limited to violation of any intellectual property, proprietary or privacy rights. This obligation to indemnify the Company shall survive the termination of the Services.

## **15. Termination of Right of Access**

15.1. Notwithstanding anything herein to the contrary, the Company may at any time, in its absolute discretion terminate forthwith this Agreement, all or any part of the Services, the Client's right of access to and use of the OMS and the Client's subscription to the Services (or any portion thereof) without notice, and without any obligation to give any reasons for doing so, for any reason whatsoever including but not limited to any unauthorised use of the Client's username and PIN, not agreeing to the levying of additional fees, or breach of any terms and conditions of this Agreement in any manner whatsoever whether by the Client or by any other person(s) whomsoever.

15.2. Notwithstanding Clause 15.1 above, the Client may also terminate this Agreement, all or any part of the Services, the Client's right of access to and use of the OMS and the Client's subscription to the Services (or any portion thereof) by giving advancenotice in writing to the Company.

15.3. In the event of such termination as provided in Clause 15.1 and Clause 15.2 above, the Company shall not be liable to the Client for any claims, losses or anticipated profit which may be suffered by the Client arising out of or in connection with such termination.

15.4. Clauses 3, 6, 10 and 14 shall survive any termination of this Agreement.

## **16. Representations**

16.1. The Client represents and hereby agrees that the following statements are and will continue to be true for so long as the Client has access to the Services:-

- That the Client agrees to be bound by the terms and conditions of this Agreement is not acting on behalf of any firm, corporation, partnership trust or association;
- That the Client will use the Information provided under these Services solely in connection with the Client's own personal investment activities and not in connection with any trade or business activities;
- That the Client is not a securities broker/dealer, investment adviser, futures commission agent, commodities dealer or commodity trading adviser, member of a securities exchange or association or futures exchange or an owner partner or associated person of any of the foregoing; and
- That the Client is not employed by a bank or any organisation or corporation to perform functions related to securities or commodities futures investment or trading activity.
- Provided however, the above conditions shall not be applicable in the event the Client has disclosed the existence of any of the above circumstances and has provided the Company with the relevant documents prior to the execution of the Application Form. Provided further that where a corporate entity or a partnership applies for the Services and the said corporate entity or partnership is a client, the Client shall hereby indemnify the Company against all loses or damages, direct or consequential which may arise out of the action of any representative(s) designated by such corporate entity or partnership using the Services on behalf of the corporate entity or partnership (whichever is applicable).

## **17. Acknowledgement**

- 17.1. The Client acknowledges that the Company is providing the Services on the basis of and on condition that the Client agrees to be bound by the terms and conditions contained in this Agreement. In addition to the terms and conditions contained in this Agreement, the Client also acknowledges that there may be other terms and conditions for the use of any of the Services in the OMS of which it shall be the sole responsibility of the Client to become aware of it.
- 17.2. Subject to Clause 17.3 herein, the Client acknowledges that the terms and conditions contained in this Agreement, inclusive of the Application Form, constitutes the complete statement of the Client's agreement with the Company in respect of the Client's access to and use of the OMS and the Client's subscription to the Services, and that the agreement does not include any other prior or contemporaneous promises, representations or descriptions regarding the Services regardless of whether they are contained in any materials, documents or representations made or provided by the Company.
- 17.3. The Client hereby agrees that the terms and conditions of this Agreement shall be read together with any other agreement relating to the trading of securities, entered into between the Client and the Company.

## **18. Amendments and Modifications**

- 18.1. Notwithstanding Clause 17, the Company may in its absolute discretion and without any prior notice (whether in writing or otherwise) amend or vary the terms and conditions of this Agreement hereunder at any time or from time to time or impose any additional provisions, all of which shall be binding upon the Client as if the amendments and additional clauses had been originally set out in this Agreement.

## **19. Governing Law**

- 19.1. This Agreement and performance hereunder by the parties will be governed by and construed in accordance with the laws of Malaysia and the parties hereto submit to the exclusive jurisdiction of the Malaysian Courts in all matters connected with the obligations and the liabilities of the parties under this Agreement.

## **20. Time**

- 20.1. Time wherever mentioned shall be of the essence of this Agreement.

## **21. Severability**

- 21.1. Any term, condition, stipulation, provision, covenant or undertaking herein which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibitions or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation, provision, covenant, or undertaking herein contained.

## **22. Assignment & Successors**

- 22.1. The Client shall not assign or transfer any of its rights or obligations under this Agreement or any contract thereunder, except with the Company's prior written consent. The Client hereby expressly consents to the Company assigning or transferring any of its rights and obligations under this Agreement or any contract thereunder to any other party.
- 22.2. The terms and conditions of this Agreement shall be binding upon the successors-in-title and permitted assigns of the parties hereto.

## **23. Waiver**

- 23.1. Except as specifically permitted in this Agreement, no provision, term or clause of this Agreement will be waived, altered, modified or amended unless agreed to and acknowledged in writing by the Company that such waiver, alteration, modification or amendment will take effect and be binding upon both the Client and the Company.

## **24. Notification**

- 24.1. The Client hereby irrevocably consents to any notification to the Client by the Company, where required under this Agreement or where given under the Company's discretion, in any one or more of the following methods: -
- Written instruction to client
  - Updated terms and conditions available at the Company's website
- 24.2. Any failure or delay on the part of the Company to give notice to the Client in accordance with Clause 24.1 hereof, where required under this Agreement, shall not prejudice or have the effect of invalidating the subject matter of the notification.

## **25. Headings**

- 25.1. The headings of each provision, clause, or term, of this Agreement are meant for reference only and shall not be deemed to modify or qualify any of the rights or obligations set forth in each such provision, clause or term herein.

# **11 RISK DISCLOSURE STATEMENT**

This brief statement does not disclose all of the risks and other significant aspects of trading in futures contracts. In light of the risks, you should undertake such transactions only if you understand the nature of the futures contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in futures contracts is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

### **1. Effect of "Leverage" or "Gearing"**

Transaction in futures contracts carries a high degree of risk. The amount of initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have proportionately larger impact on the funds you have deposited or will have to deposit - this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with the futures broker to maintain your position. If the market moves against your position or margin levels are increased you may be called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss as you will be liable for any resulting deficit.

### **2. Risk - reducing Orders or Strategies**

The placing of certain orders (e.g. "stop-loss" orders, where permitted under the business rules of an exchange company) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as "spread" and "straddle" positions may be as risky as taking simple "long" or "short" positions.

### **3. Terms and Conditions of contracts**

You should ask the futures broker with which you deal about the terms and conditions of the specific futures contracts which you are trading and associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of the underlying instrument of a futures contract and, in

respect of futures contracts that are eligible exchange-traded options or futures options (“options”), expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the Exchange or clearing house to reflect changes in the underlying instrument or state of affairs that is the subject of the futures contract.

#### **4. Suspension or Restriction of Trading and Pricing Relationship**

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

Further, normal pricing relationships between the underlying that is the subject of a futures contract and the futures contract may not exist. This can occur when, for example, the absence of an underlying reference price may make it difficult to judge “fair” value.

#### **5. Deposited Cash and Securities**

You should familiarise yourself with the protections accorded to money or other securities you deposit, particularly in the event of a futures broker’s insolvency or bankruptcy. The extent to which you may recover your money or securities may be governed by specific legislation.

#### **6. Commission and Other Charges**

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

#### **7. Currency Risks**

The profit or loss in transaction in foreign currency-denominated contracts will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

#### **8. Trading Facilities**

Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or futures brokers. Such limits may vary - you should ask the futures broker with which you deal for details in this respect.

#### **9. Electronic Trading**

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

#### **10. Variable Degree of Risk**

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

The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying instrument. If the option is on a futures contract, the purchaser will acquire a long position or short position (as the case may be) in relation to the futures contract, with associated liabilities for margin. If the purchased options expire worthless, you will suffer a total loss of your investment (which is the option premium) in addition to incurring transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

Selling (“writing” or “granting”) an option generally entails considerably greater risk than purchasing options. Although the premium received by a seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavorably.

The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying instrument. If the option is on a futures contract, the seller will acquire a position in the futures contract with associated liabilities for margin. If the option is “covered”, for example by the seller assuming a corresponding long position in the underlying that is the subject of the option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.