

**CLIENT AGREEMENT  
FOR FUTURES AND OPTIONS TRADING**

**THIS AGREEMENT** is made

**BETWEEN**

- (1) **Zheshang International Financial Holdings Co., Limited**, a company incorporated in Hong Kong with its registered office at Rm 4405, 44/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, HK and a corporation licensed for Type 2 and Type 5 regulated activities under the Securities and Futures Ordinance with CE number BGD825 (the "**Broker**"); and
- (2) The party whose full name, address and other details are set out in the Account Opening Form in Schedule 5 (the "**Client**")

The Client is fully aware this Agreement constitutes a legally binding agreement. The Client must sign and complete the Account Opening Form in Schedule 5 and submit relevant supporting documents as required by the Broker before the Client is permitted to trade with the Broker.

**NOW IT IS AGREED as follow:-**

**1. DEFINITIONS**

- 1.1 In this Agreement (including the Schedules), the following expression shall have the following meanings unless the context otherwise requires:-

**"Client"** means the person, firm or other entity with which or on behalf of which Broker may enter into a Futures Contracts and/or Options Contracts transaction pursuant to the Terms and Conditions of this Agreement

**"Account"** means the account or accounts (whether designated by name, number or otherwise) opened and maintained by the Client with the Broker from time to time for use in connection with its trading in Futures Contracts and/or Options Contracts;

**"Account Opening Form"** means the Account Opening Form attached as Schedule 5 to this Agreement;

**"Approved Debt Securities"** means Exchange Fund bills or Notes issued by the Hong Kong Special Administrative Region Government for the account of the Exchange Fund, Treasury Bills or Noted issued by the government of United States of America (other than United States Treasury Callable Corpus (TCAL) and Separate Trading of Registered Interest and Principal of Securities (STRIPS)) and other debt securities or instruments as may from time to time be approved by the HKFE as cover for margin.

**"Ordinances"** means the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong and any subsidiary legislation made thereunder;

**"SFC"** means the Securities and Futures Commission of Hong Kong.

**"Associate(s)"** means in relation to the Broker, a body corporate which is its subsidiary or affiliated company;

**"Authorised Person"** means the persons or any of them designated in or pursuant to this Agreement to give Instructions and receipts on behalf of the Client in relation to the Account initially the persons named in the Account Opening Form;

**"Beneficial Identity"** means the ultimate beneficiary of the Account or, in the case of a company or body corporate, the individuals who are the ultimate beneficial owners of the share capital of the company or body corporate and includes a beneficiary holding an interest through a nominee or trust;

**"Business Day"** means a day (other than a Saturday) on which banks are open for normal banking business in Hong Kong;

**"close out"** means in the case of a Futures Contract for the sale of a Commodity, the entering into of a corresponding Futures Contract for the purchase of the same amount and quality of the relevant Commodity for delivery on the same date and, in the case of a Futures Contract for the purchase of a Commodity, the entering into of a corresponding Futures Contract for the sale of the same amount and quality of the relevant Commodity for delivery on the same date, and the expressions "closed out" and "closing out" shall be construed accordingly;

**"Code of Conduct"** means the Code of Conduct for Persons Licensed By or Registered with the SFC;

**"Commodity" or "Commodities"** means any item and includes, without limitation, currencies, securities, indices of any kind (whether stock market or otherwise), interest rates, exchange rates, physical assets (including precious metals, agricultural products, oil and land) or other investments traded, or rights or options in relation to which are traded, on any exchange and shall where the case requires include a Futures/Options Contract in respect of any of

the above and in each case whether or not the item is capable of being delivered;

**“Compensation Fund”** means the compensation fund established pursuant to the Ordinances;

**“FATCA”** means Foreign Account Tax Compliance Act which was enacted by the U.S or amended version thereof, and any intergovernmental agreement, memorandum of understanding, undertaking and other arrangement between governments and regulators in connection with FATCA including as entered into by the government of Hong Kong SAR;

**“Foreign Law Requirement”** means any obligation imposed on the Broker pursuant to any present or futures requirement:

- (1) Foreign law ( including foreign laws in respect of which Broker in its sole and absolute discretion considers itself bound and including laws and regulation of the People’s Republic of China ( “PRC”));
- (2) Hong Kong laws that implement Hong Kong’s obligations under an agreement with a foreign government (including the government of the PRC) or regulators;
- (3) Under agreements entered into between the Broker and a foreign government (including the government of the PRC) or regulator; or
- (4) Guidelines or guidance issued by any legal, regulatory, government, tax or law enforcement body within or outside of Hong Kong in respect of (1) to (3)

**“Foreign Futures Exchange”** means any futures, commodity or options market which is permitted to operate in a country or territory outside Hong Kong by the law of that country or territory;

**“Futures Contract”** means a contract executed on any Commodity, futures or options exchange, pursuant to which:-

- (a) One party agrees to deliver to the other party at an agreed future time an agreed Commodity or quantity of a Commodity at an agreed price; or
- (b) the parties agree to make an adjustment between them at an agreed future time according to whether an agreed Commodity is worth more or less or, as the case may be, stands higher or lower at that time than a level agreed at the time of making of the contract, the difference being determined in accordance with the rules of the exchange on which the contract is made;

**“Futures/Options Contract”** means a Futures Contract and/or an Options Contract as the case may be;

**“Group”** means Zheshang International Financial Holdings Co., Limited and/or any of its Associates;

**“HKCC”** means HKFE Clearing Corporation Limited;

**“HKFE”** means Hong Kong Futures Exchange Limited and includes its successors assigns and any resulting or surviving entity into or with which it may consolidate amalgamate or merge;

**“HKFE Rules”** means the Rules of the HKFE as may from time to time be amended;

**“Instruction”** means any instructions or orders given by the Client or its Authorised Persons to the Broker in accordance with Clause 3.1;

**“Listing Rules”** means the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (as amended from time to time);

**“Market”** means one of the markets from time to time established and operated by the HKFE pursuant to Rule 201 of the HKFE Rules;

**“Open Contract”** means a Futures Contract or an Options Contract which has not been closed out;

**“Hong Kong”** means the Hong Kong Special Administrative Region of the People’s Republic of China

- 1.2 The headings used in this Agreement and the Schedules are inserted for convenience only and shall be ignored in construing this Agreement
- 1.3 For the purposes of this Agreement any reference to a Clause, sub-Clause or Schedule is a reference to a Clause, sub-Clause or Schedule of this Agreement, and the Schedules form part of and are deemed to be incorporated in this Agreement.
- 1.4 References to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other provisions of which they are re-enactments (whether with or without modification) and shall also include regulations or orders from time to time made pursuant to them.
- 1.5 Unless otherwise specified in this Agreement, all representations, warranties, covenants, indemnities, agreements

and obligations made, given or entered into in or under this Agreement by more than one person are given or entered into jointly and severally.

- 1.6 In this Agreement words connoting any gender include all genders; words connoting the singular include the plural and words connoting the plural include the singular; and references to persons include bodies corporate or unincorporated.

## **2. APPLICABLE RULES AND REGULATIONS**

- 2.1 This Agreement shall apply to all Futures/Options Contracts which are effected or to be effected by the Broker on behalf of the Client on the HKFE or any Foreign Futures Exchanges and shall be deemed to be incorporated in each Futures/Options Contract, whether oral or written, entered into between the Broker and the Client.
- 2.2 All Futures/Options Contracts made on the HKFE shall be subject to, and in accordance with, the procedures of the HKFE, the provisions of the Memorandum and Articles of Association of the HKFE and the HKFE Rules.
- 2.3 In respect of transactions related to the business of dealing in Futures Contracts and/or Options Contracts which are entered into on markets other than those conducted by HKFE, such transactions will be subject to the rules and regulations of the relevant markets or the Foreign Futures Exchanges, with the result that the Client may have varying level and type of protection in relation to those transactions on different markets and exchanges.
- 2.4 If the Broker solicit the sale of recommend any financial product to the Client, the financial product must be reasonably suitable for the Client having regard to the Client's financial situation, investment experience and investment objectives. No other provision of this Agreement or any other document the Broker may ask the client to sign and no statement the Broker may ask the Client to make derogates from this clause.

## **3. INSTRUCTIONS AND GENERAL MATTERS**

- 3.1 The Broker may, for the purpose of carrying out any Instruction given by the Client, contract with or otherwise deal with or through any other agent, including any person or party associated in any manner with the Broker or any of the companies of the Group, on such terms and conditions as the Broker may in its absolute discretion determine. The Broker or any company in the Group may be the counterparty to any transaction effected by the Broker on the Client's behalf.
- 3.2 All Instructions shall be given by the Client (or its Authorised Person) orally either in person or by telephone, or in writing, delivered by hand, by post or in such other form as from time to time accepted by the Broker. Unless the Client expressly notifies the Broker to the contrary, the Broker may assume that the Client is acting as principal and not as agent for others.
- 3.3 The Broker will be entitled (but not obliged) to require any oral, telex, fax, electronic mail or other electronically transmitted Instructions to be confirmed by letter within such period as the Broker may specify, provided that any failure on the Client's part to confirm or delay in confirming will not prejudice the Broker in acting on oral, telex, fax, electronic mail or other electronically transmitted Instructions alone and the Client shall indemnify the Broker on demand against any loss or expense incurred by the Broker in connection with acting on any such Instruction.
- 3.4 The Broker will act as the Client's agent in effecting transactions unless the Broker indicates that the Broker is acting as principal.
- 3.5 The Broker shall be entitled in its absolute discretion (without any liability at all to the Client) to refuse to act for the Client or to give effect to any Instructions at any time, and shall not be obliged to give reasons for doing so.
- 3.6 If the Client is acting on behalf of any other person when instructing the Broker pursuant to this Agreement, the Broker will continue to treat the Client alone (rather than any such other person) as its Client for all purposes and in relation to all obligations, and the Client will be liable as such. This applies even if the Client is acting on behalf of a person whom the Client has notified to the Broker and no such person will be an "indirect Client". The Broker shall have no responsibility for compliance by the Client with any law or regulation governing the Client's conduct as a fiduciary, if applicable.
- 3.7 All Instructions from the Client shall be irrevocable for a period of 24 hours after they are made unless the Broker otherwise agrees in writing and the Broker shall be entitled to rely upon and to act as it thinks fit as a consequence of and in connection with any Instruction and may treat the same as fully authorised by and binding on the Client regardless of the circumstances prevailing at the time of the Instruction or communication or amount of the transaction and notwithstanding any error, misunderstanding, lack of clarity, fraud, forgery or lack of authority in relation thereto (save if the same is caused by the willful misconduct or gross negligence of the Broker or its employees), and without requiring further confirmation in any form. The Client shall keep the Broker and its directors, officers, employees, agents and correspondents indemnified against all claims, demands, actions, proceedings, damages, losses, costs and expenses incurred by the Broker or any of them arising out of anything done or omitted pursuant to any Instruction or communication as aforesaid.

- 3.8 If the Broker or its agent is not able to enter into the number of Futures Contracts or Options Contracts which are specified in any Instruction, the Broker or its agent may enter into any lesser number of such contracts as it may in its absolute discretion determine and the Client shall be bound by such contracts so entered into provided that the Broker or its agent (as the case may be) shall not have any obligation or liability whatsoever and howsoever in respect of any Futures Contracts or Options Contracts specified in such Instruction which have not been entered into.
- 3.9 The Broker will give notice to the Client of the details of any Futures Contract or Options Contract entered into by the Broker on behalf of the Client in such form, containing such details and provided to the Client within such time limit as may be prescribed by any applicable rules, regulations or laws. Oral reports of the execution of Instructions and written confirmations and statements of account rendered by the Broker to the Client pursuant to the terms of this Agreement shall, in the absence of manifest error or unless objected to by the Client within 48 hours thereof, be conclusive and binding on the Client.
- 3.10 If any relevant exchange, clearing house and/or agent on or through whom any Futures Contract or Options Contract has been entered into by the Broker on behalf of the Client requires any alteration in any terms or conditions of any such contract, the Broker may take all such action as it may in its absolute discretion consider necessary or desirable to comply therewith or as a result thereof or to avoid or mitigate loss thereunder and all such action shall be binding upon the Client.
- 3.11 Every Futures Contract or Options Contract entered into by the Broker on behalf of the Client is made on the understanding that both the Broker and the Client contemplate actual performance thereof and, as between the Broker and the Client, shall be deemed to contain obligations on the Client and the Broker to make settlement of such contract and/or delivery of the Commodity the subject matter of such contract, as the case may be. In respect of Open Contracts maturing in a current futures month, the Client shall, at least 5 Business Days prior to the first notice day in the case of long positions and at least 5 Business Days prior to the last trading day in the case of short positions, either give Instructions to the Broker to close out the same or deliver to the Broker all monies or Commodities deliverable by the Client under such contracts in order to enable due settlement of such contracts by the Broker in accordance with the rules of the applicable exchange or clearing house. If the Client fails to provide the Broker with such Instructions, monies or Commodities within the period as aforesaid, the Broker may without notice either close out the relevant contracts or make or receive delivery on behalf of the Client upon such terms and by such methods as the Broker may in its absolute discretion determine. The Client shall keep the Broker indemnified in respect of all costs, losses, claims, penalties, fines, taxes, damages and expenses incurred by the Broker as a result of action taken by the Broker in connection with any delivery, exercise or settlement effected pursuant to the terms of this Clause 3.11, save as the same may arise as a consequence of the willful misconduct or gross negligence of the Broker.
- 3.12 If the Broker or its agent (as the case may be) shall for any reason whatsoever and howsoever fail to receive payment of all or any part of any amount or delivery of all or any part of any amount of any Commodity (whether from the relevant exchange, clearing house and/or any other person) due to be paid or delivered to the Client in respect of any Futures Contract or Options Contract entered into by the broker on behalf of the Client on the due date for payment or delivery thereof in accordance with the rules and regulations of the relevant exchange and/or clearing house and/or any applicable laws, the Broker's obligations to make payment or to deliver any Commodity to the Client in respect of such Futures Contract or Options Contract shall thereupon and by virtue of such failure become obligations to make payment of such amount or delivery of such amount of such Commodity as is equal to such payment or such amount as is actually received by the Broker in respect thereof.
- 3.13 The Broker shall be entitled, in its absolute discretion, but shall not be bound, to act on any Instruction from the Client to take any action whatsoever or howsoever against any exchange, clearing house and/or any other person in respect of any failure by such exchange, clearing house and/or other person or make any payment or to deliver any amount of any Commodity in respect of any Futures Contract or Options Contract entered into by the Broker on behalf of the Client as provided in Clause 3.12 above provided that if any such action is taken by the Broker, the Client shall indemnify the Broker in respect of all costs, claims, demands, damages and expenses arising out of or in connection with the taking of such action.
- 3.14 The Client shall, forthwith upon request by the Broker, supply to the Broker in relation to any Futures Contract or Options Contract entered into by the Broker on its behalf such information in relation to the delivery, settlement and/or (in the case of an Options Contract) exercise of any such Futures Contract or Options Contract which has not been closed out or, as the case may be, exercised, as the Broker may request from time to time.
- 3.15 The Client acknowledges that subject to the provisions of the Ordinances and any applicable law, the Broker may take the opposite position to the Client's order in relation to any Future Contract and/or Options Contracts, whether on the Broker's own account or for the account of its Associates or on behalf of the Broker's other clients, provided that such trade is executed competitively on or through the facilities of the HKFE or other Foreign Future Exchange(s) in accordance with its rules or the facilities or any other Commodity, futures or options exchange in accordance with the rules of such other exchange.
- 3.16 The Broker and any of its officers, directors, employees or agents may trade on its/their own account or on the account of any Associate.
- 3.17 All money, or other property received by the Broker from the Client or from any other person (including a clearing

house) for the account of the Client shall be held by the Broker as trustee and segregated from the Broker's own assets. These assets so held by the Broker shall not form part of the assets of the Broker for insolvency or winding up purposes but shall be returned to the Client promptly upon the appointment of a provisional liquidator, liquidator or similar officer over all or any part of the Broker's business or assets.

- 3.18 The Client acknowledges that in respect of any account of the Broker maintained with the HKCC, whether or not such account is maintained wholly or partly in respect of the business of dealing in Futures Contracts and/or Options Contracts transacted on behalf of the Client and whether or not money or approved debt securities or approved securities paid or deposited by the Client has been paid to or deposited with the HKCC, as between the Broker and the HKCC, the Broker deals as principal and accordingly no such account is impressed with any trust or other equitable interest in favour of the Client and monies, approved debt securities and approved securities paid to or deposited with the HKCC are thereby freed from the trust referred to in Clause 3.17 above.
- 3.19 In relation to the Futures/Options Contracts of the HKFE, in the event that the Client suffers pecuniary loss by reason of a default committed by the Broker, the liability of the Compensation Fund will be restricted to valid claims as provided for in the Ordinances and will be subject to the monetary limits specified in the Ordinances and accordingly there can be no assurance that any pecuniary loss sustained by the Client by reason of such a default will necessarily be recouped from the Compensation Fund in full, in part or at all. For the avoidance of any doubt, foreign futures exchange Futures Contract are not covered by the Investment fund
- 3.20 The Client acknowledges that in relation to transactions on the HKFE and other Foreign Futures Exchange, the Broker is bound by the HKFE Rules which permit the HKFE and other Foreign Futures Exchange to take steps to limit the positions or require the closing out of contracts on behalf of the Client who in the opinion of HKFE are accumulating positions which are or may be detrimental to any particular Market or Markets or which may be capable of adversely affecting the fair and orderly operation of any Market or Markets as the case may be.
- 3.21 The Broker is entitled, but not obliged, to pay interest on any sum held by the Broker for and on behalf of the Client at such rate as the Broker may decide in its sole discretion.
- 3.22 The Client confirms that the information supplied in the Account Opening Form is true and complete and agrees to notify the Broker forthwith of any material changes in such information supplied. The Broker will notify the Client forthwith of any material changes in the information supplied in this Agreement.
- 3.23 The Client represents that it is not, or in the case of corporate client, none of its officers are, employed by any exchange, board of trade or clearing house, or by any corporation of which any exchange owns a majority of the share capital, or (unless written consent to such trading is filed with the Broker) employed by a member of any exchange or by a firm registered on any exchange. In addition, the Client represents that, except as disclosed in writing,
- (a) no one (other than any person named in the Account Opening Form as account holder, partner, beneficial owner or beneficiary) has an interest in the Account; and
  - (b) the Client has determined that trading in Futures/Options Contracts is for the benefit of and appropriate for the Client, is prudent in all respects and does not and will not violate any statute, rule, regulation, judgment, or decree, agreement or undertaking to which the Client is subject or bound.
- 3.24 The Client acknowledges and agrees that the Client retains full responsibility for all trading decisions in relation to Account and the Broker is responsible only for the execution, clearing, and carrying of transactions in the Account; that the Broker has no responsibilities or obligations regarding any conduct, action, representation or statement of any officer, employee or agent of the Broker, introducing firm, commodity trading advisor or other third party in connection with the Account or any transaction therein; and that any advice or information by the Broker, its officers, employees or agents, whether or not solicited, shall not constitute an offer to enter into a transaction and the Broker shall be under no liability whatsoever in respect of such advice or information.
- 3.25 The Client shall ensure that all necessary authorisations, approvals and consents of any governmental or other regulatory body or authority applicable to any Futures/Options Contracts are obtained and that the terms thereof and all the applicable regulations of such bodies and authorities are complied with.
- 3.26 The Client shall pay interest on all debit balances on the Account (including any amount otherwise owing to the Broker at any time) at such rates and on such other terms as the Broker notifies the Client from time to time. Such interest shall accrue on a day-to-day basis and shall be payable on the last day of each calendar month or upon any demand being made by the Broker. Overdue interest shall be compounded monthly and shall itself bear interest.
- 3.27 In relation to transactions on the HKFE, any monies, approved debt securities or approved securities received by the Broker from the Client or from any other person (including the HKCC) are held in the manner specified under paragraphs 7 to 12 of Schedule 4 to the Code of Conduct and the Client authorises the Broker to apply any monies or approved debt securities or approved securities in the manner specified under paragraphs 14 to 15 of Schedule 4 to the Code of Conduct. In particular, the Broker may apply such monies, approved debt securities or approved securities in or towards meeting the obligations of the Broker to any party insofar as such obligations arise in connection with or incidental to the business of dealing in Futures/Options Contracts transacted on the Client's

behalf.

- 3.28 The Client acknowledges that where the Broker is unable after using reasonable endeavours to execute any Instruction in full, it is entitled to effect partial performance without prior confirmation of the Client. The Client shall accept and be bound by the outcome of any performance, partial performance or non-performance when the Client's request to execute an order is made.
- 3.29 Any Instruction that has not been executed before the close of business of the relevant exchange or such other expiration date required by the relevant exchange or such other later time as the Client and the Broker may agree shall be deemed to have been cancelled automatically.
- 3.30 The Client acknowledges that due to the trading practices of the HKFE or other Foreign Futures Exchange in which transactions are executed, it may not always be able to execute orders at the prices quoted "at best" or "at market" and the Client agrees in any event to be bound by any transactions executed by the Broker following Instructions given by the Client.
- 3.31 The Client hereby authorises the Broker to conduct a credit enquiry or check on the Client for the purpose of ascertaining the financial situation and investment objectives of the Client and Client shall keep the Broker informed regarding its financial standing and shall immediately report to the Broker any information that indicates that it is insolvent, or threatened with insolvency or guilty of any irregularities or practices affecting the good name of HKFE.
- 3.32 The Client acknowledges that there may, on occasions, be a delay in making prices or in dealing by the Broker due to the physical restraints on the HKFE or other Foreign Futures Exchange and the rapid changes in the prices of Commodities and the Broker may not, after using reasonable endeavours, be able to trade at the prices quoted at any specific time. The Client agrees that the Broker shall not be liable for any loss arising by reasons of its failing, or being unable, to comply with any terms of the Client's Instruction.
- 3.33 The Client authorises the Broker, at any time and at the Broker's absolute discretion, for the purpose of obtaining a better execution price and/or reducing the volume of Instructions, to consolidate and/or disaggregate the Client's Instructions to purchase and/or sell Futures/Options Contracts on the Client's behalf with similar instructions received from the Broker's other Clients. The Client agrees that in the event of there being insufficient Futures/Options Contracts available to satisfy the purchase/sell orders so consolidated, the number of Futures/Options Contracts actually purchased/sold shall be attributed to the relevant Clients in the order in which those orders were received by the Broker.
- 3.34 Subject to applicable laws and regulations and market requirements, the Broker may at its discretion determine the priority in the execution of its Client's orders, having due regard to the sequence in which such orders were received, and the Client shall not have any claim of priority to another Client in relation to the execution of any order received by the Broker.
- 3.35 The Client will advise the Broker promptly whether they are a U.S person or acquire or hold Commodity Futures beneficially owned by or for a U.S Person or violation of any applicable law.
- 3.36 The Client acknowledges that no provisions of this Agreement shall operate to remove , exclude or restrict any obligation of the Client or rights of Broker under the laws of Hong Kong SAR
- 3.37 In case the Client wishes to have futures contracts and/or commodities contracts transactions executed in markets other than those organized by the HKFE, such transactions will be subject to the rules and regulations of those markets and not those of the HKFE, with the result that the Client may have varying level and type of protection in relation to those transactions as compared to the level and type of protection afforded by Rules of the HKFE

#### **4. AUTHORITY**

- 4.1 The Client shall authorise Broker to purchase and sell Financial Futures for the account of the Client in accordance with the oral instructions of the Authorised Person(s) (subsequently to be confirmed in writing but the absence of such written authority shall not affect Broker's authority to act in accordance with such verbal instructions) or written instructions given by the Authorised Person(s) by post or delivered by hand or purported to be given by the Authorised Person(s). Broker may act on any instructions which it believes to be given by or from the Authorised Person(s). Once given instructions may only be withdrawn or amended with Broker's consent.
- 4.2 Transactions related to exchange traded futures and options contracts shall be subject to the rules of the relevant markets and exchanges. The Broker shall, upon the request of HKFE, the SFC or other regulators relating to Foreign Futures Exchange, disclose the name and Beneficial Identity and such other information concerning the Client as the HKFE, the SFC or other regulators relating to Foreign Futures Exchange may require and the Client agrees to provide such information concerning the Client within the time the Broker specified as the Broker may require in order for the Broker to comply with such HKFE Rules, the Ordinances and/or the requirements of the HKFE and/or Foreign Futures Exchanges. The Client irrevocably authorised the Broker to make any such disclosure. In relation to transaction on HKFE, in the event the Broker fails to comply with the disclosure requirement under Rule 606(a) or 613(a) of the HKFE Rules, the Broker Executive (as defined in the HKFE Rules) may require the closing out of

positions on behalf of the Client or the imposition of a margin surcharge on the position of the Client. Where the Client is an individual, the Broker is subject to the Hong Kong Personal Data (Privacy) Ordinance which regulates the use of personal data concerning individuals. The Broker's policies and practices relating to personal data are set out in Schedule 1 to this Agreement and the Client acknowledges that it fully understands and accepts the provisions in Schedule 1.

4.3 The Broker shall not be responsible for any delays or inaccuracies in the transmission of orders or other information due to any cause whatsoever beyond its reasonable control.

4.4 In relation to transactions on the HKFE, the Client acknowledges that the Clearing House may do all things necessary to transfer any open positions held by the Broker on the Client's behalf and any money and security standing to the credit of its account with the Broker to another participant of the HKFE in the event the rights of the Broker as exchange participant of the HKFE are suspended or revoked.

## **5. DELIVERY**

5.1 The Client shall promptly deliver any monies, securities, financial instruments, documents or other commodities or properties deliverable by it under any contract in accordance with any instructions given by the Broker to meet margin calls and demands for variation adjustments applicable to any HKFE transaction or to meet margin requirements applicable to any Foreign Futures Exchanges

## **6. CURRENCY**

6.1 Broker may, without prior notice to the Client, make any currency conversions it considers necessary or desirable for the purposes of complying with its obligations or exercising its rights under these Terms and Conditions or any Contract. Any such conversions shall be effected by it in such manner and at such rates as it may at its discretion determine having due regard to the prevailing rates for freely convertible currencies.

6.2 All foreign currency exchange risk arising from any Contract or from the compliance by Broker with its obligations or the exercise by it of its rights under these Terms and Conditions shall be borne by the Client

6.3 In the event that the Client directs Broker to enter into any contract or an exchange or other market on which such transactions are effected in a foreign currency; (a) any profit or loss arising as a result of a fluctuation in the exchange rate affecting such currency will be entirely for the account and risk of the Client; ( b) all initial and subsequent deposits for margin purposes shall be made in such currency in such amounts as Broker may, in the sole discretion of Broker require, and ( c) when such a contract is liquidated Broker shall debit or credit the account of the Client in the currency in which such account is denominated at a rate of exchange ( where the relevant contract is denominated in currency other than of the account ) determined by Broker in the sole discretion of Broker on the basis of the then prevailing money market rates of exchange between such currencies.

## **7. MARGIN AND DEPOSIT**

7.1 In respect of all futures contracts entered into by the Broker on behalf of the Client, the Client shall provide to the Broker such margin or additional margin, variation adjustment or Interest Rate Cash Adjustments (as defined in the HKFE Rules) as the Broker may in its absolute discretion require immediately upon demand. In relation to transactions on the HKFE, the Broker may be required to report to HKFE and the SFC particulars of all Open Contracts in respect of which two successive margin calls and demands for variation adjustments are not met within the period specified by the Broker and the Broker may require more margin or variation adjustments than that specified by the HKFE and/or the HKCC and may close out the Client's Open Contracts in respect of which any margin calls and demands for variation adjustments are not met within the period specified by the Broker or at the time of making such call(s) or demand(s).

7.2 Additional margins and/or variation adjustment may be required from the client as the Client's trade margins may be impaired due to adverse price fluctuations before closing out of the contracts. The amount of additional margins and/or variation adjustment shall be an amount that would restore the trade margins to full amount of the original margins required by the Broker. The Client agrees to deposit these additional margins and/or variation adjustment in cash or cashier order with Broker according to the requirement set out in the trading rules and regulations or determined by Broker in its absolute discretion from time to time.

7.3 Subject to applicable law and rules, the Broker may from time to time, without prior notice to the Client, transfer all or any part of any money or other security held by the Broker for the account of the Client between accounts of the Client with the Broker or to any account with a clearing or non-clearing member of the HKFE as it may at its sole discretion consider to be necessary or desirable in order to meet any margin requirement of the Client. The Broker shall notify the Client upon making any such transfer.

7.4 Any documents or other property held by the Broker as security for any margin, deposit or other obligation of the Client to the Broker shall be held by it by way of pledge unless it is held expressly subject to some other security arrangement.

## **8. COMMISSIONS, FEES AND CHARGES**

8.1 The Client shall pay:-

- (a) the commission and exchange fees both prescribed by the HKFE or any Foreign Futures Exchange for Financial Futures contracts subject to change by the Exchange and such additional charges as may be determined by Broker from time to time and notified to the Client. Please refer to separate leaflet for the commission and fees charged to the Client;
- (b) all commissions, brokerage, levies, fees, duties and taxes and all other charges and expenses incurred by the Broker arising out of or in connection with any Futures Contract or Options Contract entered into by the Broker on behalf of the Client or otherwise arising out of or in connection with the performance of any of the Broker's duties under this Agreement; and
- (c) interest on any monies advanced to the Client at such rates as may be determined by the Broker and notified to the Client from time to time.

8.2 Every contract executed on the floor of HKFE shall be subject to the charge of a Compensation Fund levy and a levy pursuant to the Ordinances, the cost of both of which shall be borne by the Client.

**9. PAYMENTS**

9.1 All payments pursuant to this Agreement or otherwise in connection with any Futures/Options Contract shall be made in immediately available funds (or other funds determined by and acceptable to the Broker at its absolute discretion) in such currency as the Broker may at its absolute discretion require, on the due date of such payment and be exclusive of any deductions or withholding.

9.2 If the Client defaults in the payment on the due date of any sum due hereunder to the Broker, the Client shall on demand pay interest calculated on the daily amount outstanding of such sum at the rate which is from time to time notified to the Client by the Broker. The Client will, in addition, reimburse the Broker on demand for all expenses which may be incurred by the Broker in protecting any of its rights, or in suing for or recovering any sum due to it in respect of any Futures/Options Contract effected by it for the Client.

**10. TRANSACTION NOTICES AND REPORTS**

10.1 The Broker will report to the Client executions of Futures/Options Contract transactions (i) promptly by telephone calls or facsimile or other means as agreed and (ii) by sending to the Client via mail, or electronic mail, a copy of the transaction confirmation and account statement within two Business Days of the execution of the transaction.

10.2 Unless there have been no transactions or any revenue or expense item in the Account during any particular month and the Account does not have any outstanding balance or holding of position of Futures/Options Contracts, the Broker will send to the Client a monthly statement showing a transaction summary for the month in accordance with the relevant laws, regulations and rules.

10.3 The Client shall have a duty to examine the transaction confirmation, account statement and the monthly statement carefully and to notify the Broker in writing of any alleged error or irregularity therein within 7 days or such other period of time as may be specified by the Broker generally or in any particular case, after the date of despatch of such confirmation or statement. The Client agrees that the Broker is not liable for any damages or market fluctuations resulting from any delay in reporting an error to the Broker. Otherwise, in the absence of a manifest error, the transaction confirmation, account statement and monthly statement shall be conclusive and the Client shall be deemed to have waived its right to report any such error and the Broker will be released from all claims by the Client in connection with the statement or any action taken or not taken by the Broker regarding the Account.

10.4 In relation to the HKFE futures product, The Broker will upon request provide the Client with product specification and any prospectus or other offering documents covering such products.

**11. LIQUIDATION OF ACCOUNTS**

11.1 The Broker shall have the right, without notice or demand and in its absolute discretion and sole judgment, to take such action as it may consider necessary or desirable to comply with or to perform, cancel or satisfy any obligation of the Broker to the Client or any obligations of the Client and/or the Broker to a relevant exchange and/or clearing house and/or broker, as the case may be, in respect of any Open Contract (including closing out and/or performing any and all such Open Contracts) and may for such purpose buy or sell in any manner whatsoever (including from or to any of the companies of the Group) the Commodity underlying any Open Contract and/or apply any margin and/or enforce any security held by it and apply the proceeds thereof in such manner as it may, in its absolute discretion, determine if :-

- (i) the Broker in its sole discretion considers it necessary for its protection because of margin requirements or none of the below event; or
- (ii) the Broker is under an obligation to comply with any requirement imposed by any relevant exchange and/or



clearing house and/or broker or any applicable laws, rules and regulations; or

- (iii) the Client violates or fails to perform on a timely basis any term, covenant, or condition on its part to be performed under this Agreement; or
- (iv) the Client becomes dissolved for any reason whatsoever or merges or becomes consolidated with any non-affiliated party or sells all or a substantial portion of its business or assets; or
- (v) The Client ( in the case of an individual) dies, or a petition for its bankruptcy or winding up, or a petition for the appointment of a receiver, is filed by or against the Client ( whether in the case of an corporate or partnership), or the Client resolves to enter into liquidation, administration or other insolvency procedure or takes advantage of any bankruptcy, reorganisation, moratorium, insolvency or similar law or makes or proposes to make any arrangements or compositions for the benefit of any of its creditors, or is the subject of any order, judgment or decree entered by any court providing for the winding up, reorganisation, liquidation or appointment of a liquidator, administrator, trustee or receiver of the Client or a substantial part of its business or assets; or
- (vi) any third party asserts a claim in respect of any monies in the Account and all sums expended and liabilities incurred by the Broker thereby shall be paid or reimbursed by the Client to the Broker on demand

11.2 On the exercise of the Broker's rights under Clause 11.1 above, all amounts owing to the Broker hereunder shall become immediately payable and the Broker shall not be obliged to deliver to the Client any amount of the underlying Commodity or any money due to the Client in respect of any Futures Contract or Options Contract until all sums due from and liabilities of the Client to the Broker in respect of any such contract or otherwise howsoever in accordance with the terms of this Agreement are satisfied or discharged to the satisfaction of the Broker.

## **12. TERMINATION**

12.1 Either party may terminate this Agreement at any time by giving at least 7 Business Days' notice in writing to the other provided that such termination shall not affect :-

- (a) any transactions entered into by the Broker pursuant to this Agreement before such termination;
- (b) the rights or liabilities of either party arising out of or in connection with any Open Contracts at the time of such termination whether as to margin, commissions, expenses, indemnity or otherwise whatsoever or howsoever in accordance with the terms of this Agreement until all such contracts have been closed out or settlement and/or delivery has been effected and all such liabilities have been fully discharged; and
- (c) any warranties, representations, undertakings and indemnities given by the Client under this Agreement all of which shall survive such termination.

12.2 Upon termination of this Agreement under this Clause 12, all amounts due or owing by the Client to the Broker under this Agreement shall become immediately due and payable.

12.3 Notwithstanding clause 12.1, the Client shall have no right to terminate this Agreement if the Client has open position or outstanding liabilities or obligations.

## **13. CHARGE AND TRANSFER OF FUNDS**

13.1 Except to the extent prescribed by law or regulation not subject to waiver, all of the Client's interest in any funds, Futures Contract and/or Options Contract and property held by the Broker or any other member of the Group at any time for any purpose, including (without limitation) safe-keeping, shall be charged in favour of the Broker as security for the discharge on demand of all of the Client's obligations to the Broker in respect of the Account or in respect of margin or additional margin or commissions or expenses in accordance with the terms of this Agreement, and the Broker may at any time without notice combine and/or consolidate all or any of the accounts comprised in the Account or transfer any money or other property interchangeably between any of such accounts in such manner as the Broker may determine.

13.2 Subject to applicable laws and rules, without prejudice to any other right that the Broker may have, the Broker may set off, transfer or apply any money or other property in any of the accounts maintained by the Client with the Broker and/or any amounts owing by the Broker to the Client under any Futures/Options Contract or otherwise howsoever to satisfy obligations or liabilities of the Client to the Broker and/or any Associate whether such obligations and liabilities are due and payable, actual or contingent, primary or collateral, secured or unsecured, or joint or several.

13.3 The Broker is hereby irrevocably authorised (without prejudice to the other authorities granted to the Broker hereunder):-

- (a) to instruct any Associate and any bank, deposit-taking company or other person, firm or company with whom or which the Client may at any time maintain an account (a "**Deposit Holder**") to transfer on the Client's

behalf any funds standing from time to time in any account maintained at any time by the Client with any Associate or any Deposit Holder to any of the Client's accounts with the Broker and/or to any account maintained at any time by the Client with any Associate; and/or

(b) to transfer any funds standing from time to time in any account maintained by the Client with the Broker to any account maintained at any time by the Client with any Associate; and/or

(c) to give any Associate and any Deposit Holder notice of such authority.

#### **14. LIMITATION OF LIABILITY AND INDEMNITY**

14.1 Neither the Broker nor any of its directors, officers, employees and agents shall be liable to the Client for any direct, indirect or consequential loss or damage (including economic loss or damage) suffered by the Client arising out of or connected with any act or omission in relation to this Agreement or any Futures/Options Contracts unless such loss results from its or any of its fraud, negligence or willful default.

14.2 The Client agrees to indemnify the Broker and the Broker's officers, employees and agents on demand for any losses, costs, claims, damages, interests, liabilities or expenses arising out of anything done or omitted pursuant to any Instruction given by the Client or the Authorised Persons or in relation to any matters contemplated by this Agreement, by any of the Futures/Options Contracts or arising out of or connected with any breach by the Client of the Client's obligations to the Broker pursuant to this Agreement or any of the Futures/Options Contracts.

14.3 In addition to any lien, right of set-off or other right which the Broker may have, the Broker shall be entitled at any time and without notice to the Client to set-off the indemnity herein given or any such charge, fee or monies owing to the Broker in respect of the services herein rendered against any of the Client's account notwithstanding that the credit balances on such accounts and the Client's liabilities may not be expressed in the same currency. The Client hereby authorises the Broker to effect any necessary conversion of the currency at the Broker's prevailing rate of exchange and the Client hereby waives any rights, claims, actions or proceedings which the Client may have against the Broker for any loss or liabilities which the Client may suffer as a consequence of the Broker acting in accordance with this authorisation.

#### **15. JOINT AND SEVERAL LIABILITY/SUCCESSORS**

15.1 Where the Client comprises two or more individuals :-

(i) each such individual shall be jointly and severally liable for all obligations under this Agreement;

(ii) the Broker may accept Instructions from, give receipts to and for all purposes deal with any one of such individuals without notice to the other individual and the Broker is not responsible for determining the purposes or propriety of an Instruction received from any such individual or for the disposition of payments or deliveries among such individual. The Broker hereby reserves the right to require written Instructions from all such individuals at its discretion;

(iii) any payments made to any one of such individuals shall be a valid and complete discharge of the Broker's obligations to each individual regardless of whether such payment are made before or after the death of any one or more of such individuals;

(iv) any notices and communications sent to one such individual will be deemed notice to all individuals holding the Account;

(v) on the death of any of such individual (being survived by any other such individual), this Agreement shall not be terminated and the interest in the Account of the deceased will thereupon vest in and enure for the benefit of the survivor(s) provided that any liabilities incurred by the deceased Client shall also be enforceable by the Broker against such deceased Client's estate. The surviving Client(s) shall give the Broker written notice immediately upon any of them becoming aware of any such death.

#### **16. AMENDMENTS**

16.1 The Client agrees that the Broker may amend the terms of this Agreement by giving the Client reasonable notice of the changes in writing at any time. Any amendment to this Agreement shall take effect on expiry of such notice period and the Client will be deemed to have accepted the amendment if it does not terminate the Account.

#### **17. CLIENT IDENTIFICATION**

17.1 Without affecting any other provisions of this Agreement, in connection with any lawful request for information made to the Broker by any regulator in Hong Kong including but not limited to the SFC, The Stock Exchange of Hong Kong Limited and/or the HKFE (the "Regulators") in respect of any transaction relating to any of the Accounts :-

(a) Subject as provided below, the Client shall, within 2 Business Days, upon request by the Broker, inform the

Regulators of the identity, address, occupation and contact details of the client for whose account the transactions were effected and (so far as known to the Client) of the person with the ultimate beneficial interest in the transactions. The Client shall also inform the Regulators of the identity, address, occupation and contact details of any third party (if different from the client/ultimate beneficiary) who originated the transactions.

- (b) if the Client effected the transaction for a collective investment scheme, discretionary account or discretionary trust, the Client shall within 2 Business Days, upon request by the Broker, inform the Regulators of the identity, address and contact details of the scheme, account or trust and, if applicable, the identity, address, occupation and contact details of the person who, on behalf of the scheme, account or trust, instructed the Client to effect the transaction. The Client shall inform the Broker within 24 hours after the Client's discretion to invest on behalf of any scheme, trust or account has been overridden.
- (c) if the Client is aware that the Client's client is acting as intermediary for its underlying client(s), and the Client does not know the identity, address, occupation and contact details of the underlying client for whom the transaction was effected, the Client confirms that :-
  - (i) the Client has arrangements in place with the Client's client which entitle the Client to obtain the information set out in paragraphs (a) and/or (b) above from the Client's client immediately upon request or procure that it be so obtained; and
  - (ii) the Client shall, upon request from the Broker in relation to a transaction under any of the Account, promptly request the information set out in paragraphs (a) and/or (b) above from the Client's client on whose instructions the transaction was effected such that the information is provided to the Regulators within 2 Business Days from the date of the request.

17.2 The Client confirms that neither the Client nor the Client's clients are subject to any law which prohibits the performance by the Client of Clause 17.1 or, if the Client or the Client's clients are subject to such law, that the Client or the Client's clients, as may be the case, have waived the benefit of such law or consent in writing to the performance by the Client of the Clause 17.1.

17.3 The provisions of this Clause 17 shall continue in effect notwithstanding the termination of the Account(s) or this Agreement.

## **18. NOTICES AND COMMUNICATION**

18.1 All notices and communications to the Client may be effectively given by mailing the same by ordinary post addressed to the Client at its registered office or any of the Client's business or mailing addresses as they appear from time to time in the Broker's records or by delivering the same (addressed to the Client) at any such address or by telex, fax, electronic mail or telephone to any number notified to the Broker from time to time for the purpose and shall be deemed given on the first day after mailing postage prepaid (or the fifth day after mailing postage prepaid if sent to the Client outside Hong Kong) (in the case of post), when delivered (in the case of personal delivery), when recorded by the Broker's machine as sent (in the case of telex, fax or electronic mail) or when communicated (in the case of telephone) and no such notice or communication is required to be signed on the Broker's behalf.

## **19. ASSIGNMENT**

19.1 This Agreement shall be binding on and ensure for the benefit of the successors or assigns of the parties respectively. The Client agrees that the Broker may transfer its rights and obligations under this Agreement to an Associate without prior consent from the Client. The rights and obligations of the Client under this Agreement may not be assigned without the Broker's prior written consent.

## **20. Omnibus Account**

20.1 In the case that the Client operates an omnibus account and is not an exchange participant of the HKFE, the Client shall, in relation to transactions on the HKFE:

- (i) in the Client's dealing with the person(s) from whom the Client receives instructions with respect to the omnibus account, comply with and enforce the margin and Variation Adjustment requirements and procedures as stipulated in the Rules as though the Client were an exchange participant of HKFE and as though the person(s) for whose account or benefit such instructions are given were clients;
- (ii) cause the Exchange Contract (as defined in the Rules) to be entered into in fulfilment of such instructions, so that there shall, in no circumstances, be any dealing with the instructions in a manner which constitutes unlawful dealing in differences in market quotations of commodities under the laws of Hong Kong or any other applicable jurisdiction or in a manner which constitutes or involves betting, wagering, gaming or gambling with respect to such items in contravention of Hong Kong laws or any other applicable laws; and
- (iii) ensure that the persons from whom the Client receives instructions comply with the margin and Variation Adjustment requirements as stipulated in the Rules, with the result that, as between HKFE and the Broker,

the Broker should be responsible for ensuring that such requirements are complied with by all persons through whom instructions pass with respect to the omnibus account as if each in turn was the client for whom such omnibus account was operated.

**21. GOVERNING LAW**

21.1 This Agreement shall be governed by and construed in accordance with the laws of Hong Kong. Each of the parties hereby irrevocably submits to the non-exclusive jurisdiction of the Hong Kong courts. The Client irrevocably agrees that the Hong Kong service address specified in the Account Opening Form (or any other substitute address in Hong Kong notified by the Client to the Broker) shall be an effective address for service of any legal process in Hong Kong on the Client in connection with this Agreement. The foregoing shall not limit the Broker's right to serve process on the Client in any manner permitted by law in any jurisdiction.

**22. FURTHER TERMS AND CONDITIONS TO APPLY IN CASE OF, SOLE PROPRIETORSHIP ACCOUNT, JOINT ACCOUNT AND PARTNERSHIP ACCOUNT**

22.1 The Broker refers the Client to the further terms and conditions to apply in case of "Sole Proprietorship Account", "Joint Account" and "Partnership Account" as contained in Schedule 2.

**23. ON-LINE TRADING AGREEMENT**

23.1 The Broker refers the Client to the On-line Trading Agreement as contained in Schedule 3.

**24. RISK DISCLOSURE STATEMENTS AND DISCLAIMERS**

24.1 The Broker refers the Client to the Risk Disclosure Statements and Disclaimers as contained in Schedule 4.

**25. GENERAL**

25.1 Any provision in this Agreement which is invalid for any reason in any jurisdiction shall be ineffective only to the extent of such invalidity and shall not affect the validity of the remaining provisions of this Agreement or the validity of such provision in any other jurisdiction.

25.2 Time shall be of the essence in relation to all matters arising under this Agreement.

25.3 A failure or delay in exercising any right, power or privilege in respect of this Agreement by the Broker will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or future exercise of that right, power or privilege.

25.4 No provisions of this Agreement shall operate to remove, exclude or restrict any rights of the Client or obligations of the Broker under Hong Kong law.

25.5 The Client undertakes with the Broker to do and execute (and irrevocably authorises the Broker to do and execute on the Client's behalf) any act, deed, document or thing which the Broker may require the Client to do in connection with the implementation, execution and enforcement of any of the terms and any rights conferred by this Agreement including, without limitation, the execution by the Client of an irrevocable power of attorney appointing the Broker as its lawful attorney to do and execute all such acts, deeds, documents or things on behalf of the Client as it considers necessary or desirable in connection with such implementation, execution and enforcement and the Client agrees to ratify or confirm all such acts, deeds, documents or things by the Broker.

25.6 The Broker may use voice recording procedures in connection with any communications with the Client and The Broker shall have the sole ownership of any of such voice recording which shall constitute conclusive evidence of the communication

27 This agreement may be translated into any other language but in the event of any conflict arising the English version shall prevail.

## Schedule 1

### Personal Information Collection Statement

This statement is provided to the Client of the Broker in accordance with the requirements of the Hong Kong Personal Data (Privacy) Ordinance (the "Ordinance").

#### **1. DISCLOSURE OBLIGATION**

- (a) From time to time, it is necessary for the Client to supply the Group with data in connection with the opening or continuation of the Account and the establishment or continuation of credit facilities or provision of securities brokerage, nominee and investment advisory services. At the same time, some of the data are collected pursuant to laws, regulations, rules or codes binding on the Group or any other companies of the Group.
- (b) Failure to supply such data may result in the Group being unable to open or continue accounts or establish or continue credit facilities or provide securities brokerage, nominee and investment advisory services.
- (c) It is also the case that data are collected from the Client in the ordinary course of the continuation of the business relationship.

#### **2. USE OF PERSONAL DATA**

##### **2.1. Users**

Personal data held by the Broker relating to the Client, the Client's agent(s) or the Client's guarantor(s) (if any) may be used for the purposes of the maintenance and operation of the Account in accordance with relevant agreement(s), distribution of research, enforcement against counterparty, risk assessment, compliance with regulatory requirements to know Client and to carry out due diligence to assess the Client's investment suitability and for any other directly related purposes and will be kept confidential, but the Broker may provide such information to :-

- i. any agent, contractor or third party service provider who provides administrative, telecommunications, computer, payment or printing or other services to the Group in connection with the operation of its business;
- ii. any other companies of the Group;
- iii. any other person under a duty of confidentiality to the Group including a company of the Group which has undertaken to keep such information confidential;
- iv. any financial institution with which the Client has or proposes to have dealings;
- v. any actual or proposed assignee of the Group or participant or sub-participant or transferee of the Group's rights in respect of the Client;
- vi. any person when we are compelled to make disclosure under the requirements of any law binding on the Group or any of the companies of the Group;
- vii. any person with the Client's express or implied consent;
- viii. any person where our interests require disclosure; and
- ix. any person where the public interest requires disclosure.

#### **3. PURPOSES**

##### **3.1. The purposes for which data relating to a Client may be used are as follows :-**

- i. the daily operation of the services and credit facilities provided to the Client;
- ii. conducting credit checks;
- iii. assisting other financial institutions to conduct credit checks;
- iv. ensuring ongoing credit worthiness of the Client;
- v. designing financial services or related products for the Client's use;
- vi. marketing financial services or related products;
- vii. determining the amount of indebtedness owed to or by the Client;
- viii. collection of amount outstanding from the Client and those providing security for the Client's obligation;
- ix. meeting the requirement to make disclosure under the requirements of any laws, regulations, rules, codes binding on the Group or any other companies of the Group; and
- x. purposes ancillary or relating thereto.

3.2. In the course of performing our duties, the Group may, as permitted by law, match, compare, transfer or exchange any personal data provided by the Client with data held, or hereafter obtained, for these or any other purposes by the Group, government bodies, other regulatory authorities, corporations, organizations or individuals in Hong Kong or overseas for the purpose of verifying those data.

#### **4. RIGHTS OF ACCESS AND CORRECTION**

Under and in accordance with the terms of the Personal Data (Privacy) Ordinance any individual :

- i. has the right to check whether the Group holds data about him/her and the right of access to such data;
- ii. has the right to require the Group to correct any data relating to him/her which is inaccurate; and
- iii. has the right to ascertain the Group's policies and practices in relation to data and to be informed of the kind of personal data held by the Group.

#### **5. NOTICE OF CONTACT PERSON TO REQUEST ACCESS OR CORRECTION**

The person to whom requests for access to data or correction of data or for information regarding policies and practices and kinds of data held are to be addressed is as follows :-

The Compliance Officer

**Zheshang International Financial Holdings Co., Limited**

Rm 4405, 44/F, Hopewell Centre, 183 Queen's Road East,

Wan Chai, HK

Email: info@cnzsqh.hk

The Broker may charge a reasonable fee for processing any data access request.

## Schedule 2

### Further terms and conditions in case of “Sole Proprietorship Account”, “Joint Account” and “Partnership Account”

#### **1. FURTHER TERMS AND CONDITIONS TO APPLY IN THE CASE OF A SOLE PROPRIETORSHIP ACCOUNT**

Where the Client is a Proprietor, the Client further agrees and confirms as follows:-

- 1.1 Nothing in this Agreement shall be construed so as to reduce or limit the liability of the Client to the Broker in respect of any obligations, indebtedness or liabilities incurred by or in the name of the firm named on the signature page of the Account Opening Form (the “Firm”) whether or not such liabilities, indebtedness or obligations were incurred under or in relation to this Agreement and it is expressly agreed that all references herein to “obligations”, “indebtedness” or “liabilities” of the Client shall include any obligations, indebtedness or liabilities of the Firm to the Broker which may exist from time to time.
- 1.2 Any notice or written Instruction given by the Client to the Broker shall be valid whether the same is given with or without the Firm’s stamp or chop.
- 1.3 References to an account, not being the Account, maintained by the Client with the Broker, any person related to the Broker or otherwise, shall be a reference to any account whether maintained by or in the name of the Proprietor or the Firm; and references to “cash” and “property” of the Client shall include any cash or property from time to time held for or on behalf of the Proprietor or the Firm.
- 1.4 The obligations of the Broker to make delivery of any amount of the underlying Commodity or any money due to the Client in respect of any Futures Contracts or Option Contracts shall be to make such delivery to any of the business, residential or mailing addresses of the Proprietor, the Firm or the Firm’s lawful representative as they appear from time to time on the Broker’s records or by delivering the same to the Proprietor or such representative or to any such address.
- 1.5 For the purposes of this Agreement, a notice or communication to the Client will be effectively given when mailed, delivered, sent or communicated to the Proprietor or the Firm in accordance with Clause 18 of the Client Agreement notwithstanding that such notice or communication has not been given to both the Proprietor and the Firm, and to the extent that any notice or demand shall not be required to be given to or made of the Client hereunder no such notice or demand shall be required to be given to or made of either the Proprietor or the Firm.

#### **2. FURTHER TERMS AND CONDITIONS TO APPLY IN THE CASE OF A JOINT ACCOUNT**

Where the Client comprises Joint Account Holders, the Client further agrees and confirms as follows :-

- 2.1 References to an account, not being the Account, maintained by the Client with the Broker, any Associates or otherwise shall include any account maintained by or in the name of any of the Joint Account Holders whether solely or together with other Joint Account Holders and references to “cash” and “property” of the Client shall include any cash or property from time to time held for or on behalf of any Joint Account Holder(s) and references to “indebtedness” of the Client shall to be joint indebtedness of the Joint Account Holders.
- 2.2 The authority which the Client has given to the Broker shall not entitle the Broker to combine or consolidate any account(s) in the joint names of all the Joint Account Holders then in credit with any other account(s) in the name(s) of any member of Joint Account Holders (not being all of the Joint Account Holders) then in debit.
- 2.3 The obligation of the Broker to make delivery of any amount of the underlying Commodity or any money due to the Client in respect of any Futures Contracts or Option Contracts shall be to make such delivery to any of the business, residential or mailing addresses of any of the Joint Account Holders as they appear from time to time on the Broker’s records or by delivering the same to any Joint Account Holder or to any such address at the Broker’s absolute discretion.
- 2.4 For the purpose of this Agreement, a notice or communication to be given to the Client shall be effectively given when mailed, delivered, sent or communicated to any of the Joint Account Holders in accordance with Clause 18 of the Client Agreement and notwithstanding that such notice or communication has not been given to all Joint Account Holders, and to the extent that any notice or demand is not required to be given to the Client hereunder, no such notice or demand shall be required to be given to or made of any of the Joint Account Holders.
- 2.5 Any appointment of the Broker as attorney or agent pursuant to Clause 24.5 of the Client Agreement shall be effective to appoint the Broker as attorney or agent for each Joint Account Holder to do any or all of the things referred to in that section whether on behalf of the Client or any one Joint Account Holder or more than one Joint Account Holder.
- 2.6 This Agreement shall ensure to the benefit of and be binding on the Joint Account Holders’ respective executors, administrators, successors and assigns. The Broker may grant time or other indulgence to any of the Joint Account

Holders without impairing or affecting in any way any of the Broker's rights herein against any other Joint Account Holder. In the case of the death or incapacity of any or all of the Joint Account Holders, the liability of the estate of such deceased or incapacitated Joint Account Holder or Joint Account Holders (as the case may be) shall cease only with regard to transactions made with the Broker subsequent to the receipt by the Broker of written notice of the relevant death or incapacity, and the Broker's rights hereunder shall not be affected in any other way by any such death or incapacity.

- 2.7 The Client's liabilities and obligations arising hereunder shall be joint and several as between the Joint Account Holders. Each Joint Account Holder shall waive in favour of the Broker the right of proof in competition with the Broker in the bankruptcy or insolvency of any other Joint Account Holder(s) and no such Joint Account Holder shall take from another or others any kind of security without the Broker's prior written consent.

### **3. FURTHER TERMS AND CONDITIONS TO APPLY IN THE CASE OF A PARTNERSHIP ACCOUNT**

Where the Client comprises the Partners, the Client further agrees and confirms as follows:-

- 3.1 The Partners of the Firm shall be jointly and severally liable for the Account and for all obligations, indebtedness and liabilities to the Broker incurred by the Firm whether or not so incurred under or in respect of this Agreement.
- 3.2 Any notice or written Instruction given by the Client to the Broker under this Agreement shall be valid whether such notice or Instruction is given with or without the Firm's stamp or chop.
- 3.3 References to an account, not being the Account, maintained by the Client with the Broker, any Associates or otherwise shall include any account maintained by or in the name of any of the Partners and references to "cash", and "property" of the Client shall include any cash or property from time to time held for or on behalf of any one or more of the Partners or the Firm.
- 3.4 The authority which the Client has given to the Broker in Clause 12.1 of the Client Agreement hereof shall not entitle the Broker to combine or consolidate any account(s) in the name of the Firm then in credit with any account(s) in the name(s) of any member of Partners (not being all of the Partners) then in debit.
- 3.5 The obligations of the Broker to make delivery of any amount of the underlying Commodity or any money due to the Client in respect of any Futures Contracts or Option Contracts shall be to make such delivery to any of the business, residential or mailing addresses of any of the Partners or to the Firm as they appear from time to time on the Broker's records or by delivering the same to any Partner or any such address at the Broker's absolute discretion.
- 3.6 For the purpose of this Agreement, a notice or communication to be given to the Client will be effectively given when mailed, delivered, sent or communicated to any of the Partners or to the Firm in accordance with Clause 18 of the Client Agreement and notwithstanding that such notice or communication has not been given to all of the Partners, and to the extent that any notice or demand shall not be required to be given to or made of the Client hereunder, no such notice or demand shall be required to be given to or made of any of the Partners.
- 3.7 Any appointment of the Broker as attorney or agent pursuant to Clause 24.5 of the Client Agreement shall be effective to appoint the Broker as attorney or agent for each Partner to do any or all of the things referred to in that section whether on behalf of the Firm or any one Partner or more than one Partner.
- 3.8 This Agreement shall ensure to the benefit of and be binding on the Partners and their respective executors, administrators, successors and assigns. The Broker may grant time or indulgence to any of the Partners without impairing or affecting in any way any of the Broker's rights herein against any of the other Partners. The dissolution of the Firm for whatever reason shall not affect the liabilities of the Partners individually or jointly until the Broker shall have received written notice from any of the Partners to such effect, but no notice shall affect the Partners' liability jointly or severally for any transaction made with the Broker prior to the Broker receiving the said notice and in the case of the death of a Partner, the liability of the estate of the deceased Partner shall cease only with regard to transactions made with the Broker subsequent to the receipt by the Broker of written notice of the death of the deceased Partner. Notwithstanding the foregoing, upon any Partner ceasing to be a member of the Firm by death or otherwise the Broker may in the absence of written notice to the contrary from any Partner or the legal personal representative(s) or trustee(s) of any Partner treat the surviving or continuing Partner(s) or other partner(s) for the time being as having full power to carry on the business of the Firm and to deal with its assets freely as though there had been no change in the Firm.
- 3.9 The Client's liabilities and obligations hereunder shall be joint and several as between each of the Partners. Each Partner shall waive in favour of the Broker the right of proof in competition with the Broker in the bankruptcy or insolvency of any or all of the other Partners and no Partner shall take from the other or others any kind of security without the Broker's prior written consent.

### Schedule 3

#### On-line Trading Agreement

This On-line Trading Agreement is supplemental to the Client Agreement entered into by the Broker and the Client to which this On-line Trading Agreement is annexed whereby the Broker agrees to provide to the Client Electronic Services which enable the Client to give electronic Instructions and to obtain quotations and other information via computer or telephonic transmission for use on compatible personal, home or small business computer, including internet appliance with modems, terminals or network computers that can connect to a telecommunication network (“**Electronic Services**”). Where any conflict arises between the Client Agreement and the provisions of this On-line Trading Agreement, the provisions of the latter shall prevail.

#### **1. INTERPRETATION**

1.1 In this On-line Trading Agreement, the words and expressions defined and the rules of construction contained in the Client Agreement shall apply and the following expressions shall have the following meanings unless the context otherwise requires :-

“**Access Code**” means the Password and the Login ID;

“**Login ID**” means the Client’s identification used in conjunction with the Password to gain access to the Electronic Services;

“**Password**” means the Client’s personal password, used in conjunction with Login ID to gain access to the Electronic Services.

1.2 References to “**Instructions**” in the Client Agreement are deemed to include electronic instructions given by means of the Electronic Services.

#### **2. USE OF ELECTRONIC SERVICES**

2.1 On the issuance by the Broker to the Client of its Login ID and Password, the Electronic Services shall be activated and the Broker shall notify the Client.

2.2 The Broker is entitled to require the Client to place cash prior to execution of any Instruction as will be informed by the Broker from time to time.

2.3 The Client agrees :-

(i) that it shall use the Electronic Services only in accordance with this On-line Trading Agreement, the Client Agreement and the instructions and procedures as set out in the Broker’s Instruction Manual which is supplied to the Client from time to time;

(ii) that it shall be the only authorised user of the Electronic Services;

(iii) that it shall be responsible for the confidentiality and use of its Login ID and Password;

(iv) that it shall be solely responsible for all Instructions entered through the Electronic Services using its Login ID and Password and any Instruction and received by the Broker shall be deemed to be made by the Client and in the form received;

(v) that it shall be immediately inform the Broker if it becomes aware of any loss, theft or unauthorised use of its Login ID or Password;

(vi) that the Broker has the right to suspend the Electronic Services if an incorrect Login ID and Password are entered on more than 3 occasions; and

(vii) to provide the Broker with the Client’s e-mail address, and promptly provide the Broker with any changes to the Client’s e-mail, and to accept electronic communication from the Broker at the e-mail address the Client has specified.

2.4 The Client acknowledges and agrees that the Broker shall be authorised to act in accordance with each Instruction and to assume that such Instruction is genuine and has been given by the Client or a person authorised to do so on behalf of the Client, in each case solely by virtue of having received such Instruction through the Electronic Services and without having checked in any way as to whether such Instruction is genuine or has been given by any person or persons referred to in the Account Opening Form and/or otherwise authorised to do so by the Client to give such Instruction. The Client further acknowledges and agrees that, as a condition of using the Electronic



Services to give Instructions, the Client shall forthwith notify the Broker if (1) an Instruction has been placed through the Electronic Services and the Client has not received an accurate acknowledgement of the Instruction or of its execution (whether by hard copy, electronic or verbal means); or (2) the Client has received acknowledgement (whether by hard copy, electronic or verbal means) of a transaction which the Client did not instruct; or (3) the Client becomes aware of any unauthorised use of the Login ID or the Password. The Client agrees that, if the Client fails to notify the Broker forthwith when any of the above situations occurs, neither the Broker nor its directors, officers, employees or agents will have any liability to the Client, or to any other person whose claim may arise through the Client, for any claims with respect to the handling, mishandling or loss of any Instruction.

2.5 Without limiting the generality of the foregoing, the Client acknowledges and agrees that it may not be possible to amend or cancel an Instruction after it has been given through the Electronic Services and that an Instruction may only be amended or cancelled if it has not been executed by the Broker. In such circumstances the Broker will use its reasonable efforts to amend or cancel the Instruction but, notwithstanding an acknowledgement by the Broker in relation to the amendment or cancellation, there is no guarantee that the amendment or cancellation will occur. If the amendment or cancellation does not occur, the Client shall remain liable for the original Instruction.

2.6 The Client agrees to use the Electronic Services only in accordance with the terms of this On-line Trading Agreement. Any additional services offered through the Electronic Services in the future will only be used by the Client in accordance with the terms of this On-line Trading Agreement. The Client agrees that the Client shall be the only authorised user of the Electronic Services under this On-line Trading Agreement. The Client shall be responsible for the confidentiality and use of the Access Code.

### **3. MARKET DATA**

3.1 The Client understands that each participating Foreign Futures exchange or association asserts a proprietary interest in all of the market data it furnishes to the parties who disseminate such data. The Client also understands that no party guarantees the timeliness, sequence, accuracy or completeness of market data or any other market information. Neither the Broker nor any disseminating party shall be liable in any way and the Client agrees to indemnify and keep indemnified the Broker and such disseminating party for any loss or damage arising from or caused by any inaccuracy, error or delay in or omission from any such data, information or message, or transmission or delivery of the same, non-performance or interruption of any such data, message or information due to any act (whether or not negligent) of the Broker or any disseminating party, or to any force majeure event, or any other cause beyond the Broker's reasonable control or the reasonable control of any disseminating party.

3.2 The Client agrees to pay all subscription, service, data and other fees, if any, that the Broker may charge from time to time for the use of the Electronic Services”

### **4. INTELLECTUAL PROPERTY RIGHTS**

4.1 The Client acknowledges that the Electronic Services and any software comprised in it are proprietary to the Broker. The Client warrants and undertakes that it shall not, and shall not attempt to, tamper with, modify, decompile, reverse engineer or otherwise alter in any way, and shall not attempt to gain unauthorised access to, any part of the Electronic Services or any of the software comprised in it. The Client agrees that the Broker shall be entitled to terminate this On-line Trading Agreement if at any time the Client breaches, or if the Broker at any time reasonably suspects that the Client has breached this warranty and undertaking.

### **5. TERMINATION OF ELECTRONIC SERVICES**

5.1 The Broker reserves the right to terminate the Client access to the Electronic Services in its sole discretion, without notice or assigning any reason.

### **6. RISK DISCLOSURE**

6.1 The Broker refers the Client to the Risk Disclosure Statements contained in Schedule 4.

### **7. GENERAL**

7.1 The Broker may change the terms in this On-line Trading Agreement from time to time by giving the Client reasonable notice in writing or via Electronic Services.

7.2 The Client agrees that the Broker and its directors, officers, employees and agents will not be liable for any delay or failure to perform any obligation on its or their part or for any losses caused directly or indirectly by any condition or circumstances over which the Broker, its directors, officers, employees and agents do not have direct control, including but not limited to government restriction, exchange or market rulings, suspension of trading, failure of

electronic or mechanical equipment or communication lines, telephone or other interconnect problems, unauthorised access, theft, war (whether declared or not), severe weather, earthquakes and strikes.

## Schedule 4

### Risk Disclosure Statements And Disclaimers

#### 1. RISK OF TRADING FUTURES, COMMODITIES AND OPTIONS

The risk of loss in trading futures contracts and/or commodities or options is substantial. In some circumstances, you may sustain losses in excess of your initial margin funds. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily avoid loss. Market conditions may make it impossible to execute such orders. You may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, your position may be liquidated. You will remain liable for any resulting deficit in your account. You should therefore study and understand futures contracts and options before you trade and carefully consider whether such trading is suitable in the light of your own financial position and investment objectives. If you trade options you should inform yourself of exercise and expiration procedures and your rights and obligations upon exercise or expiry.

#### 2. RISKS OF CLIENT ASSETS RECEIVED OR HELD OUTSIDE HONG KONG

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

#### 3. RISK OF PROVIDING AN AUTHORITY TO HOLD MAIL OR TO DIRECT MAIL TO THIRD PARTIES

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

#### 4. ADDITIONAL RISK DISCLOSURE FOR FUTURES AND OPTIONS TRADING

This brief statement does not disclose all of the risks and other significant aspects of trading in futures and options. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in futures and options 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.

#### 5. RISK IN RELATION TO AUTHORISED THIRD PARTY

There are substantial risks in allowing an authorised third party to trade or operate the Account, and it is possible that instruction could be given by persons not properly authorized. You accept all of the risks of such an operation and irrevocably release the Broker from all liabilities arising out of or in connection with such instructions, whether taken by the Broker or otherwise.

### **FUTURES AND/OR COMMODITIES**

#### (a) Effect of "Leverage" or "Gearing"

Transactions in futures and/or commodities carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit: this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with the firm to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice 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 and you will be liable for any resulting deficit.

#### (b) Risk- reducing orders or strategies

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

### **OPTIONS**

(c) **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. 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 interest. If the option is on a futures contract, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures above). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a futures contract, the seller will acquire a position in a futures contract with associated liabilities for margin (see the section on Futures above). If the option is "covered" by the seller holding a corresponding position in the underlying interest or a futures contract or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

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

6. **ADDITIONAL RISKS COMMON TO FUTURES AND OPTIONS**

(a) **Terms and conditions of contracts**

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

(b) **Suspension or restriction of trading and pricing relationships**

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 interest and the futures, and the underlying interest and the options may not exist. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge "fair" value.

(c) **Deposited Cash and Property**

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

(d) **Commission and other charges**

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

(e) **Transactions in other jurisdictions**

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may

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

**(f) Currency Risks**

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

**(g) Trading Facilities**

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

**(h) Electronic Trading**

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

**(i) Off-exchange transactions**

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

**7. Risk of Margin Trading**

The risk of loss in financing a transaction by deposit of collateral is significant. You may sustain losses in excess of your cash and any other assets deposited as collateral with the licensed or registered person.

Market conditions may make it impossible to execute contingent orders, such as "stop-loss" or "stop-limit" orders. You may be called upon at short notice to make additional margin deposits or interest payments. If the required margin deposits or interest payments are not made within the prescribed time, your collateral may be liquidated without your consent.

Moreover, you will remain liable for any resulting deficit in your account and interest charged on your account. You should therefore carefully consider whether such a financing arrangement is suitable in light of your own financial position and investment objectives

**8 Risk relating to Commodity Futures denominated in Renminbi**

RMB Commodity Futures are subject to exchange rate fluctuations that may provide both opportunities and risks. The fluctuation in the exchange rate of RMB may result in losses in the event that you convert RMB into Hong Kong Dollars ("HKD") or other foreign currencies. RMB is not fully and freely convertible and conversion of RMB through banks is subject to a daily limit and other limitations as applicable from time to time. You should take note of the limitations and changes thereof as applicable from time to time and allow sufficient time for exchange of RMB from/to other currency if the RMB amount exceeds the daily limit. Any RMB conversation in relation to a RMB Commodity Futures transaction shown in statement and contract notes is based on the prevailing exchange rate provided by the Exchange at 11:00am or other time as stipulated by the Exchange on the relevant trade day from time to time. However, actual RMB conversion upon settlement or on any other conversion day will be based on an exchange rate determined by the Broker as a principle according to the prevailing exchange rate.

RMB commodity Futures will be traded and settled in RMB. If you provide a settlement sum in a currency other than RMB, the Broker will convert the settlement sum to RMB at the exchange rate determined by the Broker as a principal according to the prevailing exchange rate. You should open RMB bank accounts for money settlement purposes if you wish to receive payments (such as sales proceeds and dividends) in RMB via banks.

All trading related fees (including stamp duty, SFC transaction levy and exchange trading fees) shall be payable to Inland Revenue Department, SFC and Exchange, as the case may be, by the Broker on behalf of the Client in HKD. Of the Settlement sum in RMB, the Broker shall convert an amount equivalent to the trading related fees into HKD to settle the trading related fees. Any gain or loss arising from the currency exchange regarding the trading related fees shall be for the account of the Broker instead of you. You shall not have any rights to claim any gain arising from such currency conversion.

## 9. Default Risk & Counterparty Risks

Every investment product contains default risks and/or counterparty risks. Default risk could come from the issuer's failure to make payments as agreed. At time of market downturn, an issuer may default due to their inability to raise new debt to roll over or repay old one. Credit ratings are the most common tools used for assessing bond default risk. A rating represents the opinion of the rating agency at a particular point of time and may change over time, due to either changes in the financial status of the issuers or changes in market conditions.

Counterparty risk refers to the failure of the trading party in fulfilling their financial contractual obligations. While ratings by credit agencies represented quality assurances, investors should not only reference to the credit ratings of the product issuers, but also seek full understanding of the product structure and its exposure to the financial derivatives in order to avoid financial loss.

There may be a number of counterparties and/or intermediaries (including other brokers, dealers, market-makers, exchanges, clearing houses or other third parties) that may be involved with transactions entered into by the Broker on the Client's behalf.

The Client acknowledges and agrees that transactions entered into on the Client's behalf with or through such counterparties and/or intermediaries are subject to the prevailing terms and conditions as may be specified by such counterparties and/or intermediaries and are dependent on the performance, settlement or delivery by such counterparties and/or intermediaries.

Any wrongdoing, act, omission, insolvency, negligence, breach of duty, misconduct, fraud, wilful default or any other failure or default by or in respect of any such counterparty and/or intermediary may result in Losses to the Client (including the loss of any Collateral, Currencies, Margin, investments, property or other documents of title belonging to the Client and/or held in respect of the Client's transactions) or lead to the Client's positions being liquidated or closed out without prior notice to or consent from the Client and, by trading through or with the Broker, the Client acknowledges and understands that any and all such Losses will be for the Client's own account.

In certain circumstances, the Client may not even get back (in whole or in part) the actual cash and/or assets which the Client may have deposited with the Broker (whether as Margin, Collateral or otherwise) or the Client may have to accept cash in lieu of the delivery of any available assets.

Upon an insolvency or other default of any such counterparty or intermediary (the "**Defaulting Intermediary**"), it may sometimes be possible to transfer the Client's open positions to another appropriate counterparty or intermediary (the "**Replacement Intermediary**"). However, there may be occasions where the Client's margins, cash and/or assets deposited with the Defaulting Intermediary may not be transferred to the Replacement Intermediary together with the transferred open positions. In such a scenario, the Client's margins, cash and/or assets deposited with the Defaulting Intermediary ("**Original Margin**") may continue to be retained by the Defaulting Intermediary and the Client may be required to provide fresh or additional margin, cash and/or other assets to the Replacement Intermediary ("**Replacement Margin**") in order for the Client's open positions to be transferred to the Replacement Intermediary. In such a situation, the Broker may, if permitted by Applicable Law, and whether with or without notice to the Client, provide to the Client an advance or a loan for the purpose of meeting the Replacement Margin requirements so as to facilitate and support the transfer of the Client's open positions from the Defaulting Intermediary to the Replacement Intermediary.

The Client will have to repay the Broker in full for any such advance or loan granted by the Broker. Any and all Original Margin subsequently received by the Broker from the Defaulting Intermediary may be used by the Broker to repay all such advances and loans granted by the Broker. While the Broker will generally endeavour to notify the Client of the insolvency or default of a Defaulting Intermediary, the possibility of transferring the Client's open positions to a Replacement Intermediary and the Replacement Margin requirements, the Client accepts that it may not always be possible or feasible for the Broker do so given prevailing market conditions and that it may not be in the Client's interest for there to be any delay in the transfer of its open positions to a Replacement Intermediary. So long as the Broker acts in good faith and in a commercially reasonable manner, the Broker will accept no liability or responsibility for any Loss suffered by the Client and the Client will be required to indemnify the Broker against all Losses (including legal costs on a full indemnity basis) suffered or incurred by the Broker in connection with any act, omission or step taken by the Broker in good faith in connection with the insolvency or other default of the Defaulting Intermediary and the transfer of open positions to a Replacement Intermediary and the grant of any advances or loans for Replacement Margin. The Client acknowledges and accepts that the foregoing risks are inherent in trading with or through the Broker which requires transactions to be placed with or executed through counterparties or intermediaries.

**Disclaimer delivered pursuant to a Circular (Ref. No. CIR/LEGAL/980141) issued by the HKFE dated 8 May 1998**

Stock indices and other proprietary products upon which contracts traded on Hong Kong Futures Exchange Limited (the "Exchange") may be based may from time to time be developed by the Exchange. The HKFE Taiwan Index is the first of such stock indices developed by the Exchange. The HKFE Taiwan Index and such other indices or proprietary products as may from time to time be developed by the Exchange (the "Exchange Indices") are the property of the Exchange. The process of compilation and computation of each of the Exchange Indices is and will be the exclusive property of and proprietary to the Exchange. The process and basis of compilation and computation of the Exchange Indices may at any time be changed or altered by the Exchange without notice and the Exchange may at any time require that trading in and settlement of such futures or options contracts based on any of the Exchange Indices as the Exchange may designate be conducted by reference to an alternative index to be calculated. The Exchange does not warrant or represent or guarantee to any Member or any third party the accuracy or completeness of any of the Exchange Indices or their compilation and computation or any information related thereto and no such warranty or representation or guarantee of any kind whatsoever relating to any of the Exchange Indices is given or may be implied. Further, no responsibility or liability whatsoever is accepted by the Exchange in respect of the use of any of the Exchange Indices or for any inaccuracies, omissions, mistakes, errors, delays, interruptions, suspensions, changes or failures (including but not limited to those resulting from negligence) of the Exchange or any other person or persons appointed by the Exchange to compile and compute any of the Exchange Indices in the compilation and computation of any of the Exchange Indices or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any Member or any third party dealing with futures or options contracts based on any of the Exchange Indices. No claims, actions or legal proceedings may be brought by any Member or any third party against the Exchange in connection with or arising out of matters referred to in this disclaimer. Any Member or any third party engages in transactions in futures and options contracts based on any of the Exchange Indices in full knowledge of this disclaimer and can place no reliance on the Exchange in respect of such transactions.

**A Circular (Ref. No. DMD/073/08) issued by the HKFE dated 13 March 2008 included two disclaimers :**

**Disclaimer in Relation to Trading of Stock Index Futures Contracts**

Hang Seng Indexes Company Limited ("HSIL") currently publishes, compiles and computes a number of stock indexes and may publish, compile and compute such additional stock indexes at the request of Hang Seng Data Services Limited ("HSDS") from time to time (collectively, the "Hang Seng Indexes"). The marks, names and processes of compilation and computation of the respective Hang Seng Indexes are the exclusive property of and proprietary to HSDS. HSIL has granted to the Exchange by way of licence the use of the Hang Seng Indexes solely for the purposes of and in connection with the creation, marketing and trading of futures contracts based on any of the Hang Seng Indexes respectively (collectively, "Futures Contracts"). The process and basis of compilation and computation of any of the Hang Seng Indexes and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by HSIL without notice and the Exchange may at any time require that trading in and settlement of such of the Futures Contracts as the Exchange may designate be conducted by reference to an alternative index or alternative indexes to be calculated. Neither the Exchange nor HSDS nor HSIL warrants or represents or guarantees to any participant or any third party the accuracy or completeness of the Hang Seng Indexes or any of them and the compilation and computation thereof or any information related thereto and no such warranty or representation or guarantee of any kind whatsoever relating to the Hang Seng Indexes or any of them is given or may be implied. Further, no responsibility or liability whatsoever is accepted by the Exchange, HSDS or HSIL in respect of the use of the Hang Seng Indexes or any of them for the purposes of and in connection with the Futures Contracts or any of them and/or dealings therein, or for any inaccuracies, omissions, mistakes, errors, delays, interruptions, suspension, changes or failures (including but not limited to those resulting from negligence) of HSIL in the compilation and computation of the Hang Seng Indexes or any of them or for any economic or other losses

which may be directly or indirectly sustained as a result thereof by any participant or any third party dealing with the Futures Contracts or any of them. No claims, actions or legal proceedings may be brought by any participant or any third party against the Exchange and/or HSDS and/or HSIL in connection with or arising out of matters referred to in this disclaimer. Any participant or any third party deals in the Futures Contracts or any of them in full knowledge of this disclaimer and can place no reliance whatsoever on the Exchange, HSDS and/or HSIL. For the avoidance of doubt, this disclaimer does not create any contractual or quasicontractual relationship between any participant or third party and HSIL and/or HSDS and must not be construed to have created such relationship.

#### **Disclaimer in Relation to Trading of Stock Index Options Contracts**

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