



## **CUSTOMER AGREEMENT**

**STONEX FINANCIAL PTE. LTD.**

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Note: This document consists of 2 Sections, 2 Annexes and 2 or more Schedules. Section 1 and 2 applies generally to the Customer's relationship with SFP including with respect to all accounts maintained with respect to the trading of products and services provided by SFP which may be specifically dealt with in the Schedules. The Annexes disclose the risks which the Customer should be aware of. The Schedules hereto apply in respect of the respective services or types of transactions thereunder that the Customer has applied or requested for and SFP has agreed to provide

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**PART SCHEDULE**

Note: These Schedules may be found at the Website or such other website as may be designated by SFP from time to time. The Customer should refer to the applicable Schedule(s) in relation to the type of product that it intends to trade in (as selected by the Customer in the Application Form). These Schedules should be read in conjunction with all other terms and conditions of the Customer Agreement (including, but not limited to, Clauses 1.37 and 1.39).

**A. SPECIFIC TERMS FOR FUTURES AND OPTIONS**

**B. SPECIFIC TERMS FOR CONTRACTS FOR DIFFERENCES**

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**STONEX FINANCIAL PTE. LTD.**  
**CUSTOMER AGREEMENT**

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**1 GENERAL TERMS AND CONDITIONS APPLICABLE TO ALL ACCOUNTS AND SERVICES**

**1.1 Applicability of Customer Agreement**

The terms and conditions comprised in this Customer Agreement shall apply to and govern:

- (a) each Account currently requested for;
- (b) all Accounts opened and currently maintained; and
- (c) all Accounts subsequently opened or established,

with StoneX Financial Pte. Ltd. (“**SFP**”) and in respect of all Transactions and Services.

1.1.1 If, in respect of a given Account, Transaction or Service, any additional or specific terms are stated to apply, such additional or specific terms shall apply (as supplemented by and read together with this Customer Agreement) in respect of that Account, Transaction or Service, and shall form an integral part of this Customer Agreement.

1.1.2 If there is any conflict or inconsistency between the terms of this Customer Agreement and any additional or specific terms in respect of the relevant Account, Transaction or Service, the latter shall prevail but only to the extent of such conflict or inconsistency.

**1.2 Applicable Terms, Disclosures and Risk Disclosures**

1.2.1 The terms and conditions comprised in the main body of this Customer Agreement are supplemented by the Schedules hereto. The Schedules shall be read together with and shall form an integral part of this Customer Agreement. The terms and conditions in each of the Schedules shall apply if stated therein to be applicable to the relevant Account, Order, Transaction or Service. Accordingly, all references to “Customer Agreement” herein shall be deemed to be a reference to all the terms and conditions comprised in the main body of this Customer Agreement and each of the Schedules as applicable. In the event of any conflict or inconsistency between the terms of this Customer Agreement and any additional or specific terms set out in the Schedules in respect of the relevant Account, Transaction or Service, the latter shall prevail but only to extent of such conflict or inconsistency.

1.2.2 The terms and conditions of this Customer Agreement must be read together with the terms and conditions appearing on the Application, confirmation notes relating to Transactions and statements of account. All of the foregoing may from time to time be amended, supplemented or replaced from time to time by SFP. All of the foregoing shall together govern the relationship between SFP and the Customer.

1.2.3 By completing the Application, agreeing to open an Account, maintaining or operating an Account, issuing any Order, entering into any Transaction or acquiring or using any Service from, with or through SFP:

- (a) the Customer acknowledges to SFP that the Customer has received, read and understood this Customer Agreement and all its contents;

- (b) the Customer acknowledges and accepts the risks and other matters disclosed in this Customer Agreement (including Clause 1.19 and Annexes A and B); and
- (c) the Customer agrees to, and undertakes to be bound by, this Customer Agreement as applicable to the Account, Order, Transaction, and Service acquired or used.

1.2.4 The Customer's acknowledgements, acceptance, agreements and undertakings in Clause 1.2.3 shall be conditions precedent to SFP's performance of its obligations under this Customer Agreement.

### 1.3 **Applicable Laws**

1.3.1 The Customer's relationship with SFP hereunder, the opening, maintaining and operation of all Accounts, the provision of all Services, the implementation and execution of all Orders, and the entry into and settlement of all Transactions, shall be subject at all times to Applicable Laws.

1.3.2 SFP does not undertake any duty or obligation to ensure that any Transaction is suitable or recommended for the Customer and SFP shall not be regarded as making any recommendation or suitability representation to the Customer by reason only that SFP permitted the Customer to open an Account or to enter into any Transaction.

1.3.3 Where SFP is required under Applicable Laws to obtain information about the Customer's educational qualifications, work experience and investment history so that SFP can assess whether the Customer satisfies the MAS mandated Customer Knowledge Assessment or Customer Account Review (as applicable), and if the Customer does not pass this assessment, SFP will inform the Customer of such outcome and direct the Customer to the relevant alternative learning modules provided by an independent body as an alternative assessment option offered in accordance with the relevant MAS notices and practice notes. SFP reserves the right to refuse at SFP's sole discretion to open an Account for the Customer, even if the Customer, after having successfully completed the alternative learning modules still intends to proceed to open an Account. SFP will not permit any Customer who is required to complete the relevant assessments but had failed those relevant assessments or the alternative learning modules, from opening an Account. SFP currently does not offer any service options for the provision of financial advisory services in conjunction with the operation of the Account by the Customer. Additionally, regardless of whether or not the Customer passes the Customer Knowledge Assessment and / or Customer Account Review, and / or successfully completed the alternative learning modules, as a condition for SFP allowing any relevant Transaction to be proceeded with and as a condition for the Customer to continue to be allowed to trade / continue trading in the relevant Transactions, the Customer irrevocably confirms to SFP that the Customer does not wish to have or secure from SFP or be provided by SFP with any financial advice which SFP in any event does not provide as a business and therefore hereby rejects all offers of SFP providing advice concerning the relevant Transaction(s) to the Customer. In making the foregoing rejection, the Customer is fully aware and accepts that the Customer will be solely responsible to determine the merits and suitability of each and every Order and relevant Transaction for the Customer's Account, and the Customer will not be able to rely on section 27 of the Financial Advisers Act, Chapter 110 of Singapore, to file a civil claim in the event the Customer alleges that the Customer has suffered a loss.

1.3.4 Notwithstanding anything herein to the contrary:

- (a) SFP may take or refrain from taking any action whatsoever; and
- (b) the Customer shall do all things required by SFP (including the giving by

the Customer of its full co-operation with any market, exchange or clearing house),

in order for SFP to secure, procure or ensure for SFP's benefit all compliance with Applicable Laws and SFP shall have no liability whatsoever to the Customer.

#### 1.4 **Basis of Transactions**

1.4.1 The Customer shall ensure that all necessary authorisations, licences, approvals and consents of any governmental or other regulatory body or authority applicable to each Transaction are obtained and that the terms thereof and of all Applicable Laws are complied with.

1.4.2 SFP may require the Customer to supply, and the Customer shall supply such evidence of compliance with Clause 1.4.1 as SFP may require. Notwithstanding the foregoing, the absence or lack of any such authorisation, licence, approval or consent shall not be a bar to any action or proceedings for recovery of payment or delivery by SFP against the Customer in respect of any Account, Service or Transaction.

1.4.3 All Transactions on any Account are entered into in reliance on the fact that, to the extent permissible under all Applicable Laws, this Customer Agreement and, all outstanding Transactions (and to the extent recorded in a Confirmation, each such Confirmation) shall form a single agreement between SFP and the Customer and the parties would not otherwise enter into such Transactions.

1.4.4 Unless SFP otherwise agrees with the Customer, each party's obligation (including any obligation to make any payment or delivery) to the other party under this Customer Agreement is subject to the condition precedent that:

- (a) there is no Default subsisting or amount owing to the first-mentioned party on the part of the other party; and
- (b) no Liquidation Date in respect of the relevant Transaction has occurred or otherwise been specified.

#### 1.5 **Agent of the Customer; Prior Consent for SFP Acting as Principal**

1.5.1 The Customer understands that SFP acts as the agent of the Customer in respect of all Transactions, except when SFP discloses to the Customer with respect to any particular Transaction that SFP acts as principal for SFP's own account or as an agent for some other person.

1.5.2 In order to avoid the need, on each occasion where there is the possibility of SFP acting as principal or counterparty for SFP's own account or acting for the account of any person associated with or connected to SFP in respect of the Customer's Order in respect of a Transaction, to seek the Customer's prior consent before the Customer's Order may be executed and so to avoid at least any delay in execution and filling of such Order, the Customer hereby:

- (a) **consents to SFP, from time to time and at any time, acting as principal or counterparty for SFP's own account or acting for the account of any person associated with or connected to SFP in respect of the Customer's Order in respect of a Transaction; and**
- (b) **waives any and all prior notice by SFP in respect of all such Transactions.**

1.5.3 The consent and waiver of the Customer under Clause 1.5.2 shall be deemed to be effective as a formal written consent and waiver for all purposes under all Applicable Laws. Such consent and waiver of the Customer shall stand and remain in effect at all times until and unless revoked by at least five (5) Business

Days' prior written notice by the Customer to SFP.

1.5.4 Unless otherwise required by any Applicable Law, SFP has:

- (a) no obligation to provide the Customer with information with respect to any position of the Customer; and
- (b) except as directed by the Customer, no obligation to close any position in any Account which SFP may carry on behalf of the Customer.

Notwithstanding the aforesaid, SFP will use reasonable endeavours to provide the relevant information or close any position (as applicable) within a reasonable time frame.

1.5.5 For the avoidance of doubt, SFP may, without assigning any reason therefor, refuse to act for the Customer in any particular Transaction.

1.5.6 Where SFP has:

- (a) assumed the role of the counterparty to any Transaction which SFP has been given an order to effect on behalf of the Customer or is under a duty to effect on behalf of the Customer; and/or
- (b) entered into that Transaction with the Customer,

and unless otherwise required by law, SFP need not inform the Customer whether any such Transaction of the Customer has been effected with SFP as the counterparty and SFP shall be absolutely entitled to all gains, profits and benefits derived from any such Transaction of the Customer entered into with SFP.

## 1.6 **Rights of SFP**

1.6.1 SFP may, whenever SFP considers it necessary for SFP's protection and interests, without prior notice to the Customer and at the Customer's sole expense and risk, take such actions and/or steps in such manner as SFP deems fit in relation to the Account(s) including, but not limited to:

- (a) satisfy any obligation the Customer may have to SFP (either directly or by way of guarantee or suretyship) out of any cash or other property (including any and all Collateral) of the Customer in SFP's custody or control including to apply any amounts of whatsoever nature standing to the credit of any Account against any amounts which the Customer owes to SFP (of whatsoever nature and howsoever arising, including any prospective or contingent amounts), or generally exercise SFP's right of set-off against the Customer;
- (b) terminate any outstanding Transactions or other open positions in the Account(s), or close-out or otherwise liquidate the same in such manner and upon such terms as SFP deems fit;
- (c) net or set off some or all positions and balances in the Account(s);
- (d) combine two or more of the Accounts;
- (e) take delivery under any of the positions in the Account(s);
- (f) cancel or complete any outstanding Orders or other commitments made on behalf of the Customer for the purchase or sale of any property or for any Transaction; and
- (g) cancel any outstanding Orders in order to close the Account or Accounts, on such terms and conditions as deemed appropriate by SFP. In



exercising any one or more of its foregoing rights, SFP shall not be obliged to furnish any reason to the Customer.

1.6.2 For the avoidance of doubt, SFP may, in the event of a Default, and in addition to its rights and remedies under Clause 1.17, exercise such other rights and remedies as provided under this Clause.

1.6.3 Debit balance(s) in the Account(s) shall be charged with interest thereon at such rate per calendar month as provided by SFP in the provided fee schedule and updated by SFP from time to time with prior notice in writing and the Customer shall promptly settle, upon demand, all liabilities outstanding to SFP, together with all costs of collection including legal costs on a solicitor and own client basis.

1.6.4 In the event of Transactions for which SFP is called to take up or deliver the underlying but for which funds are not made available by the Customer or documents for delivery are not forthcoming when required by SFP, SFP may terminate or close-out such Transactions.

## 1.7 **Delegation and Use of Intermediaries**

1.7.1 SFP may use, engage or appoint, directly or indirectly, any person (including another broker, dealer, market-maker, exchange, clearing house, bank, custodian or other Third Party) ("**Intermediary**"), whether in Singapore or elsewhere, whether or not an Officer of SFP, and whether or not associated with, connected to or related to SFP, to:

- (a) carry out any Order;
- (b) execute or clear any Transaction;
- (c) hold (whether in a trust account or otherwise) or custodise any of the Customer's funds and assets; or
- (d) exercise any authority granted to SFP by the Customer under this Customer Agreement or otherwise.

Such use, engagement or appointment of any Intermediary shall be upon such terms and conditions as SFP deems fit in its discretion.

1.7.2 If SFP has exercised reasonable care in its selection of the Intermediary, and/or the use of such Intermediary was necessary to carry out Transactions and/or Services for the Customer, the Customer acknowledges, agrees and accepts that:

- (a) SFP has no liability or responsibility for any Intermediary Default which is beyond SFP's reasonable control, including without limitation, the loss of all Margin which the Customer is required to provide to SFP at SFP's absolute discretion pursuant to Clause 1.25 and/or Additional Margin, which is deposited by SFP with the defaulting Intermediary with or through whom the Customer's Transactions are to be effected, traded, cleared or settled, or the loss of all funds held in a trust account or subject to a trust in favour of the Customer; and
- (b) the Customer shall bear all risks arising from or consequent to or in relation to the acts or omissions or the Intermediary Default of such Intermediary which is beyond SFP's reasonable control, including without limitation, the risk of loss of all Margin which the Customer is required to provide to SFP at SFP's absolute discretion pursuant to Clause 1.25 and/or Additional Margin, which is deposited by SFP with the defaulting Intermediary with or through whom the Customer's Transactions are to be effected, traded, cleared or settled.

1.7.3 If the Customer has expressly instructed SFP on the selection of the Intermediary,

the Customer acknowledges, agrees and accepts that:

- (a) SFP has no liability or responsibility whatsoever for any Intermediary Default of such Intermediary, including without limitation, the loss of all Margin which the Customer is required to provide to SFP at SFP's absolute discretion pursuant to Clause 1.25 and/or Additional Margin, which is deposited by SFP with the defaulting Intermediary with or through whom the Customer's Transactions are to be effected, traded, cleared or settled, or the loss of all funds held in a trust account or subject to a trust in favour of the Customer; and
- (b) the Customer shall bear all risks arising from or consequent to or in relation to the acts or omissions or the Intermediary Default of such Intermediary, including without limitation, the risk of loss of all Margin which the Customer is required to provide to SFP at SFP's absolute discretion pursuant to Clause 1.25 and/or Additional Margin, which is deposited by SFP with the defaulting Intermediary with or through whom the Customer's Transactions are to be effected, traded, cleared or settled.

1.7.4 The Customer further acknowledges and agrees that, where SFP uses, engages or appoints an Intermediary:

- (a) SFP may have to accept sole and principal responsibility to the Intermediary for the executed Order. This may be notwithstanding that, as between the Customer and SFP, SFP may in fact be the agent of the Customer; and accordingly
- (b) the Customer shall indemnify, keep indemnified and hold harmless SFP against any and all Losses (including legal costs on a full indemnity basis) suffered or incurred by SFP whether directly or indirectly in relation to, arising out of or in connection with any act, or omission, or any Intermediary Default, of an Intermediary or such Intermediary's officers, employees, agents or representatives, which is beyond SFP's reasonable control, provided that all actions taken by SFP were in good faith and in compliance or performance of SFP's said principal obligation or responsibility.

1.7.5 The foregoing rights and remedies of SFP will apply even though as between SFP and the Customer, the Customer may be in actual or anticipatory default.

1.7.6 In view of the fact that SFP may have accepted principal responsibility and/or liability to another Intermediary, the Customer also acknowledges that:

- (a) any cash or other property (which as between SFP and the Customer is to be regarded as that of the Customer, or purchased by or for the Customer) may or will be regarded by such Intermediary as being the cash or other property of SFP or purchased by SFP for itself; and
- (b) **this may in some instances result in prejudice to the Customer. For example, in certain circumstances, the Customer's monies and property may be used to satisfy obligations of SFP or other customers of SFP; and**
- (c) **the Customer accepts that this is a necessary risk of dealing in Singapore or in any foreign jurisdiction through SFP.**

The Customer confirms and acknowledges that it has read and understood, in particular, the risks disclosed in the section entitled "Counterparty and Intermediary Default Risks" in Annex A: Risk Disclosure Statement.

1.8 **The Customer Not To Encumber Any Account**

1.8.1 The Customer shall not without the prior written consent of SFP:

- (a) assign, charge, pledge, encumber or create or permit to subsist any security right; or
- (b) create or permit to create, any interest, whether by way of trust or otherwise,

in favour of any person other than SFP, in or over any Account, any cash or property in any Account or the Customer's rights therein.

1.8.2 Unless otherwise agreed by SFP in writing, SFP shall not recognise any person other than the Customer as having any interest in any Account.

1.9 **Consent to Recordings**

1.9.1 SFP may record, by any means and at any time, any communications through any medium between SFP and the Customer or any representative or agent of the Customer using any recording apparatus. Such recordings will be done and handled in accordance with Clause 1.28.

1.9.2 Any such recording may be used in evidence against the Customer.

1.9.3 SFP may, in accordance with its internal procedures and policies and business requirements, periodically destroy such recordings without giving any reason and without having to account to any Customer for the same.

1.9.4 No adverse inferences shall be drawn against SFP for not having made any such recording, or for having destroyed such recording in the ordinary course of its business or pursuant to routine procedures or for not providing, or producing, any such recordings.

1.10 **Orders**

1.10.1 The Customer may instruct SFP to operate an Account or to execute a Transaction by placing a relevant Order with SFP through such medium and in such manner as SFP may approve.

1.10.2 Where any electronic broking, trading, clearing or other services or platforms are made available to the Customer by or through SFP ("**Electronic Facilities**"):

- (a) the Customer may place Orders through the use of such Electronic Facilities;
- (b) any such Orders placed shall be subject to, and the Customer agrees to comply with, all terms and conditions as SFP and/or any other relevant Third Party service provider may from time to time prescribe for the Customer's access and use of such Electronic Facilities; and
- (c) the Customer acknowledges and agrees that access to such Electronic Facilities is provided on an "as is" and "as available" basis and SFP makes no representation or warranty of any kind, express or implied, with respect to the functionality, operation, content or otherwise of such Electronic Facilities and does not represent or warrant that the Electronic Facilities or any part thereof is free from defect, failure or interruption or that they are fit for the Customer's purposes or any particular purpose and, without prejudice to the foregoing, SFP shall not in any event be liable for any system error, faults or failure of the Electronic Facilities whatsoever and howsoever caused other than by the wilful default or gross negligence of SFP.

- 1.10.3 Nothing in this Customer Agreement obliges SFP to enter into any Transaction with the Customer, or to accept any Order. SFP may refuse to enter into any Transaction or act on any Order without giving any reason therefor.
- 1.10.4 SFP shall be entitled at all times to act upon any Order given or purported to be given by the Customer, or any person authorised on the Customer's behalf, without further enquiry as to the genuineness, authority or identity of the person giving or purporting to give such Order. Without prejudice to the generality of the foregoing, SFP may verify and satisfy itself as to the identity of the person purporting to give such Order or the source and origin of such Order and SFP may refuse to rely or act upon any such Order unless and until SFP is satisfied as to the matters on which SFP sought verification unless such Order is received or reasonably believed to be received from a person in the list of authorised persons and/or authorised traders as applicable, provided by the Customer.
- 1.10.5 In the event that SFP decides to act on any Order or is otherwise under an obligation to act on any Order, SFP shall be allowed such amount of time to act and implement any Order as may be reasonable having regard to the systems and operations of SFP and the other circumstances then prevailing and shall not be liable for any Loss arising from any delay on the part of SFP in acting on any such Order.
- 1.10.6 Where any Order is ambiguous or inconsistent with any other Order, SFP shall contact the Customer for the right interpretation of such Order.
- 1.10.7 SFP shall only act on Orders in respect of any Account or any part of the cash and other property held in any Account. SFP shall not be required to act in accordance with any Order which purports to dispose of or deal with any cash or other property which is in fact not held in or to the credit of any Account.
- 1.10.8 In the absence of gross negligence, wilful default or fraud on SFP's part, SFP shall not be liable to the Customer for any and all Losses incurred by the Customer arising from any loss or delay in the transmission or wrongful interception of any Order through any equipment or system, including any equipment or system owned and/or operated by or for SFP or any Electronic Facilities.
- 1.10.9 Notwithstanding anything to the contrary in this Customer Agreement, and unless SFP otherwise agrees in writing, no Orders may be communicated to SFP by electronic mail.
- 1.11 **Order Aggregation**
- 1.11.1 The Customer acknowledges and consents to the right of SFP, where applicable, to aggregate the Orders with the orders of SFP's other customers (whether for execution in other jurisdictions or otherwise). The allotment or distribution of any Commodities, monies or other property pursuant to such aggregation of Orders to or amongst the Customer and its other customers shall, subject to Applicable Laws, be at SFP's sole and absolute discretion. The Customer accepts that such allotment or distribution may result in inequities on some occasions. SFP may also effect such Transactions as principal to the counterparty in such jurisdictions and may also take such actions as SFP may reasonably require in order to avoid liability to its counterparty.
- 1.11.2 Where the Customer gives any Order which may be executed in more than one exchange or market and/or by more than one mode or sub-market or sub-exchange (e.g. pit and electronic trading) without specifying the specific exchange or market or the mode or sub-market or sub-exchange for execution, then SFP shall be deemed to be vested with the discretion to decide where and how the Order should be executed if accepted for execution. So long as SFP exercises its discretion in good faith it shall have no liability whatsoever to the Customer with respect to such execution.

**1.12 Transactions Limits and Restrictions**

- 1.12.1 SFP may, at any time and without prior notice to the Customer, impose upon the Customer any position or transaction limits, or any trading or transaction restrictions. Such limits may include minimum sizes for Transactions, specified times or procedures for communicating Orders to SFP or otherwise.
- 1.12.2 SFP may, at any time and without prior notice to the Customer, vary the position or transaction limits, or any trading or transaction restrictions.
- 1.12.3 No previous limit or restriction shall set a precedent or bind SFP.
- 1.12.4 The Customer shall not exceed any position or transaction limits, or breach any trading or transaction restrictions imposed by SFP in accordance with this Clause 1.12.

**1.13 Fees and Payments**

- 1.13.1 The Customer shall promptly pay all of SFP's fees and/or other charges at such rates and in such manner as SFP may impose and stipulate from time to time with respect to the execution, performance and/or settlement of any Transaction or otherwise for the maintenance of any Account or the provision of any Service to the Customer or in connection with any Account.
- 1.13.2 The Customer shall make payment to SFP's order promptly of any outstanding sum in respect of any Transaction on the Settlement Date of the relevant Transaction or upon demand by SFP.
- 1.13.3 SFP may charge interest on any sum or payment due to SFP from the Customer at such rate and calculated and/or compounded in such manner as SFP may impose and determine from time to time and the Customer shall pay such interest to SFP.
- 1.13.4 All payments to SFP shall be in the Currency in which they are due, in free and clear funds and free of deductions or withholdings. If the Customer is required to effect such deductions or withholdings, then the amount due to SFP shall be increased by such amount as shall result in SFP receiving an amount equal to the amount SFP should have received in the absence of such deduction or withholding.
- 1.13.5 Any taxes, duties, disbursements, costs and/or other expenses incurred by SFP in connection with the services described in this Agreement, the Account or the Customer shall be reimbursed in full by the Customer.
- 1.13.6 If for any reason SFP cannot effect payment or repayment to the Customer in a particular Currency in which payment or repayment is due, SFP may effect payment or repayment in the equivalent in any other Currency selected by SFP based on the rate of exchange quoted by SFP in respect thereof at the relevant time.
- 1.13.7 All interest, fees, commissions and other charges of SFP are exclusive of any goods and services tax or any other applicable sales tax which shall be borne by and separately charged to the Customer.
- 1.13.8 Any and all payments to be made by SFP to the Customer shall be made in such manner as SFP may from time to time determine. All such payments shall be subject to all applicable taxes, deductions and withholdings, and less any and all amounts payable by the Customer to SFP.

**1.14 Foreign Currency Transactions**

- 1.14.1 If the Customer directs SFP to enter into a Transaction and such Transaction is

effected in a Currency other than Singapore Dollars (the "**Relevant Currency**"):

- (a) any loss resulting from exchange rate fluctuations of the Relevant Currency will be at the Customer's sole risk;
- (b) all initial and subsequent deposits for Margin purposes in respect of that Transaction shall, unless SFP otherwise stipulates, be made in the Relevant Currency and in such amounts as SFP may require; and
- (c) SFP may debit or credit the Account in the Relevant Currency when such Transaction is liquidated, and the rate of exchange of the Relevant Currency shall be determined by SFP in its discretion on the basis of the rates of exchange prevailing at the time of the debit or credit.

1.14.2 SFP may, at any time, convert any amounts in any Account or standing to the credit of the Customer in any other Currency for the purposes of carrying out the Orders of the Customer or exercising any of SFP's rights under this Customer Agreement or under any Account. Exchange rate losses and the costs of conversion shall be borne by the Customer.

### 1.15 **Joint Accounts**

1.15.1 If an Account is opened or maintained in the name of more than one person or a partnership:

- (a) the expression "**Customer**" shall refer to each person jointly and severally, and the liability of each such person to SFP shall be joint and several;
- (b) SFP may debit that Account at any time in respect of any sum howsoever due or owed to SFP by any of the persons in whose name the Account is opened or maintained;
- (c) the delivery of any monies, instruments and any other property in relation to the Account(s) and/or the Transactions may be made by SFP upon the Order of any one of such persons and such delivery shall constitute full and complete delivery by SFP and shall without limitation be deemed to be sufficient delivery to all such persons; and
- (d) no person constituting the Customer shall be discharged, nor shall his liability be affected by, any discharge, release, time, indulgence, concession, waiver or consent at any time given or effected in relation to any one or more of the other such persons constituting the Customer.

1.15.2 Unless otherwise agreed by SFP:

- (a) the Orders or agreement of any one person constituting the Customer shall be deemed to be the Orders or agreement of all the persons constituting the Customer;
- (b) any notice or communication addressed and sent by SFP to any one person constituting the Customer shall be deemed to have been addressed and sent to all the persons constituting the Customer; and
- (c) where any such person shall have received or is deemed to have received any such notice or communication, all the persons constituting the Customer shall be deemed to have received the same.

1.15.3 The doctrine of survivorship shall apply to any Account opened in the joint names of more than one person (including where such persons are the permitted assigns of a corporate entity) or in the name of a partnership.

1.16 **Omnibus Accounts**

1.16.1 All omnibus accounts (which SFP may agree to open for the Customer) shall be subject to all Applicable Laws. The Customer holding an omnibus account with SFP shall comply with all Applicable Laws with respect to its opening, maintaining and operating of such omnibus account and shall at all times provide to SFP all information as SFP may require under any Applicable Laws.

1.17 **Default**

1.17.1 A "**Default**" shall be deemed to occur if:

- (a) the Customer fails to make, when due, any payment or delivery required to be made by it or its fails to comply with or perform any of its other obligations under this Customer Agreement or in respect of any Account or Transaction;
- (b) the Customer commences a voluntary case or other procedure seeking or proposing liquidation, judicial management, reorganisation, an arrangement or composition, a freeze or moratorium, or other similar relief with respect to the Customer or the Customer's debts under any bankruptcy, insolvency, regulatory, supervisory or similar law (including any corporate or other law with potential application to the Customer, if insolvent), or seeking the appointment of a trustee, receiver, liquidator, judicial manager, conservator, administrator, custodian or other similar official of the Customer or any substantial part of the Customer's assets, or if the Customer takes any corporate action to authorise any of the foregoing, and in the case of a reorganisation, arrangement or composition, SFP does not consent to the proposals;
- (c) an involuntary case or other procedure is commenced against the Customer seeking or proposing liquidation, judicial management, reorganisation, an arrangement or composition, a freeze or moratorium, or other similar relief with respect to the Customer of the Customer's debts under any bankruptcy, insolvency, regulatory, supervisory or similar law (including any corporate or other law with potential application to the Customer, if insolvent), or seeking the appointment of a trustee, receiver, liquidator, judicial manager, conservator, administrator, custodian or other similar official of the Customer or any substantial part of the Customer's assets and such involuntary case or other procedure either (i) has not been dismissed within five days of its institution or presentation or (ii) has not been dismissed within such period but solely on the grounds of an insufficiency of assets to cover the costs of such case or other procedure;
- (d) the Customer (or any natural person comprising the Customer) is unable to pay his debts as they fall due or is bankrupt or insolvent, as defined under any bankruptcy or insolvency law applicable; or any indebtedness of the Customer's (or such natural person's) is not paid on the due date therefore, or becomes capable at any time of being declared, due and payable under agreements of instruments evidencing such indebtedness before it would otherwise have been due and payable, or any suit, action or other proceedings is commenced for any execution, any attachment or garnishment, or distress against, or an encumbrancer takes possession of, the whole or any part of the Customer's (or such natural person's) property, undertaking or assets (tangible and intangible);
- (e) the Customer (or any natural person comprising the Customer) dies or becomes of unsound mind;
- (f) the Customer is dissolved, or, if the Customer's capacity or existence is dependent upon a record in a formal register, the registration is removed or

ends, or any procedure is commenced seeking or proposing the Customer's dissolution, removal from such a register, or the ending of such a registration;

- (g) SFP considers it necessary or desirable to prevent what it considers is or might be a violation of any Applicable Law or good standard of market practice;
- (h) SFP considers it necessary or desirable for its own protection or any action is taken, or event occurs which SFP considers might have a material adverse effect upon the Customer's to perform any of his obligations under this Customer Agreement; or
- (i) any event of default (however described) occurs in relation to the Customer or any of the Customer's affiliates under any other agreement between SFP or any of SFP's Associates which the Customer or any of the Customer's affiliates are a party to.

1.17.2 The Customer shall immediately notify SFP if any Default in respect of the Customer (or its affiliates) occurs, or if a Default or Potential Default in respect of the Customer (or its affiliates) is likely to occur.

1.17.3 Subject to Clause 1.17.4 below, on or at any time following the occurrence of a Default in respect of the Customer, SFP may, by notice to the Customer, other than a Default occurring under Clause 1.17.1(b), (c), or (d) (each a "**Bankruptcy Default**"), specify a date (the "**Liquidation Date**") on which SFP will commence the termination, close-out or liquidation of such Transactions as SFP may determine (each an "**Affected Transaction**") in accordance with the provisions of Clause 1.17.5 below.

1.17.4 Unless SFP otherwise specifies, the date of occurrence of any Bankruptcy Default in respect of the Customer shall automatically constitute a Liquidation Date without the need for any notice by SFP and the provisions of Clause 1.17.5 below shall apply in respect of all Transactions (each of which shall be regarded as an Affected Transaction). The date of occurrence of any Bankruptcy Default (if applicable) in respect of SFP shall automatically constitute a Liquidation Date without the need for any notice by the Customer and the provisions of Clause 1.17.5 below shall apply in respect of all Transactions (each of which shall be regarded as an Affected Transaction).

1.17.5 Upon the occurrence of a Liquidation Date (and unless otherwise required by any Applicable Laws):

- (a) (subject to Clause 1.17.6 below) neither SFP nor the Customer shall be obliged to make any further payments or deliveries under any Affected Transaction which would, but for this Clause 1.17.5 (a), have fallen due for performance on or after the Liquidation Date and such obligations shall be satisfied by settlement (whether by payment, set-off or otherwise) of the Liquidation Amount (as defined below);
- (b) all outstanding Affected Transactions (including any Affected Transaction which as determined by SFP has not been performed or in respect of which the Value Date is on or precedes the Liquidation Date) entered into between the Customer and SFP shall (subject to Clause 1.17.6 below) be deemed immediately terminated at prevailing prices (as determined by SFP in good faith and acting in a commercially reasonable manner);
- (c) SFP shall determine, in good faith and acting in a commercially reasonable manner, all costs, losses or gains (and if appropriate, including any loss of bargain, cost of funding or, without duplication, cost, loss or gain as a result of the termination, close-out, liquidation, obtaining, performing or re-



establishing any hedge or related trading position) in respect of all Affected Transactions, having regard if appropriate to such market quotations published on, or official settlement prices set by any relevant exchange or market on which the Affected Transactions may have been traded as may be available on, or immediately preceding, the date of calculation, and in each case, all such costs, losses or gains so determined by SFP shall be expressed in Singapore dollars; and

- (d) all costs and losses to SFP as determined under Clause 1.17.5(c) above shall be expressed as positive amounts, and all gains by SFP as determined under Clause 1.17.5(c) above shall be expressed as negative amounts, and SFP shall aggregate all such amounts against each other to derive a single net positive amount or a single net negative amount, denominated in Singapore dollars (the “**Liquidation Amount**”), which (if positive) shall be payable by the Customer to SFP or (if negative) shall be payable by SFP to the Customer.

1.17.6 For the purposes of Clause 1.17.5(b), in respect of all Affected Transactions effected on an exchange or market or otherwise centrally cleared through or novated for clearing to a clearing house or other central counterparty, the termination of such Transactions shall be effected by SFP acting in good faith and in a commercially reasonable manner, to the extent that it is and remains able to where the relevant Default occurs in respect of SFP, by way of termination, close-out or liquidation of the relevant Affected Transactions or positions on, with or through such exchange, market, clearing house or central counterparty in accordance with the applicable business rules and the instructions of such exchange, market, clearing house or central counterparty (and such Affected Transactions shall be regarded as being terminated, closed-out or liquidated, not on the Liquidation Date, but only when they are in fact so terminated, closed-out or liquidated as aforesaid, and until this occurs, Clause 1.17.5(b) above shall not apply to such Affected Transactions); and failing the foregoing, the Affected Transactions which may not be so terminated, closed-out or liquidated as aforesaid, shall be dealt with in such manner as SFP and the Customer may agree or otherwise in accordance with the directions and instructions of the exchange, market, clearing house or central counterparty.

1.17.7 SFP shall notify the Customer of the Liquidation Amount determined pursuant to Clause 1.17.5 above, and by whom such Liquidation Amount is payable, as soon as reasonably practicable. A Liquidation Amount shall be paid in Singapore dollars either: (i) immediately upon such notification, in the event that the Liquidation Amount is payable by the party in respect of whom the relevant Default has occurred; or (ii) by no later than seven (7) calendar days after the date of such notification, in the event that the Liquidation Amount is payable by the non-Defaulting party (i.e. the party other than the party in respect of whom the relevant Default has occurred). A Liquidation Amount payable to SFP that is not paid when due shall bear interest, at the rate reasonably determined by SFP to be its cost of funding such overdue amount, which shall accrue on a daily basis and will be due and shall be payable by the Customer to SFP.

1.17.8 Without prejudice to any other right of SFP hereunder or otherwise at law, in the event that SFP determines in its judgement that a Default on the part of the Customer has occurred or a Liquidation Amount payable by the Customer is unpaid when due, SFP may immediately or at any time without prior notice to the Customer and at the Customer's sole expense and risk, take such action and/or steps in such manner as SFP deems fit in relation to the Account(s), Transactions and/or Services, including to:

- (a) satisfy any obligation the Customer may have that is due to SFP (either directly or by way of guarantee or suretyship) out of any cash or other property (including any and all Collateral) of the Customer in SFP's custody

or control including to apply any amounts of whatsoever nature standing to the credit of any Account against any amounts which the Customer owes to SFP howsoever arising or generally exercise SFP's right of set-off against the Customer;

- (b) suspend (indefinitely or otherwise) or terminate any Account, or SFP's relationship with the Customer and accelerate any and all liabilities of the Customer to SFP so that they shall become immediately due and payable;
- (c) hedge and/or close out any outstanding Transaction (including any Transaction which has yet to be settled on the date on which SFP terminates such Transaction) by determining its value in good faith as of the date of the close-out as soon as practicable after the close-out;
- (d) net or set off some or all positions and balances in the Accounts;
- (e) combine two or more of the Accounts;
- (f) take delivery under any of the positions in the Accounts;
- (g) cancel or complete any outstanding Orders or other commitments made on behalf of the Customer for the purchase or sale of any property or for any Transaction;
- (h) cancel any outstanding Orders in order to close the Account(s);
- (i) liquidate all Collateral or part thereof at a price which SFP deems appropriate in the circumstances;
- (j) call upon any Collateral including any guarantees and letters of credit which may have been issued to or in favour of SFP as security for the Account(s);
- (k) demand any shortfall, after taking any one or more of the above steps, from the Customer, hold any excess pending full settlement of any other obligations of the Customer, or pay any excess to the Customer by way of cheque to the last known address of the Customer;
- (l) sell, realise, liquidate or otherwise apply all or any part of the Collateral towards satisfaction of any and all of the Customer's liabilities to SFP;
- (m) borrow or purchase or otherwise procure any such property being the subject matter of any sale and making delivery under such sale; and/or
- (n) exercise such other authority and powers that may have been conferred upon SFP by this Customer Agreement (including those set out under Clause 1.6),

on such terms and conditions as deemed appropriate by SFP. In exercising any one or more of its foregoing rights, SFP shall not be obliged to furnish any reason to the Customer.

## 1.18 **Adjustments Upon Extraordinary Events**

- 1.18.1 If there occurs in relation to any Transaction or otherwise in relation to an Account or Accounts an Extraordinary Event, SFP shall immediately notify the Customer of such Extraordinary Event and of all adjustments or actions which SFP deems necessary to take in relation to such Transaction or any or all Transactions or otherwise to an Account or Accounts in view of the Extraordinary Event. In the event that SFP and the Customer are unable to agree on how to address this Extraordinary Event, the Customer may within twenty-four (24) hours of being notified of such Extraordinary Event (but shall not be obliged to) instruct SFP to

take whatever action that the Customer deems necessary to remedy this Extraordinary Event. The Customer hereby agrees to bear any costs or losses that may be incurred by SFP in respect of such remedial action (as instructed by the Customer). In the event that the Customer does not instruct SFP within twenty-four (24) hours of being notified of such Extraordinary Event as provided herein, the Customer hereby agrees that SFP may take whatever action it deems necessary, expedient or advisable, in its reasonable opinion, and the Customer agrees that it will bear all costs of, related to or in connection with such action.

1.18.2 Such adjustments or actions may include altering or varying the quantities of Securities, Commodities or other property, the specifications of Securities, Commodities or other property bought or sold in respect of such Transaction or some or all Transactions, or terminating the Transaction in question or some or all Transactions, or an Account or Accounts or otherwise.

#### 1.19 **Additional Risk Disclosures**

1.19.1 The risks disclosed in the risk disclosure statement prescribed under the SFA (as set out in Annex A.1 of this Customer Agreement) will generally also apply to OTC trading in any form (and whether involving physical settlement or cash settlement) as they would to any financial transactions.

1.19.2 As an additional cautionary note in order to ensure that the Customer invests or trades in Commodities or other Transactions hereunder only on a fully informed basis, please be reminded that:

- (a) OTC Commodity Transactions and other OTC Transactions, like other financial transactions, involve a variety of significant risks;
- (b) the specific risks presented by a particular Transaction the Customer effects depend upon the terms of the transaction and the Customer's circumstances; and
- (c) in general, all Transactions involve some combination of market risk, credit risk, funding risk and operational risk.

#### 1.20 **General Indemnity**

1.20.1 The Customer shall indemnify, keep indemnified and hold SFP harmless from and against any and all Loss (including reasonable legal costs) suffered or incurred, or which may be suffered or incurred, by SFP as a result of or in connection with:

- (a) any failure by the Customer to comply with the terms and conditions of this Customer Agreement, or to fully and punctually perform any of its obligations hereunder or in respect of any Transaction;
- (b) any act or thing done or caused to be done by the Customer arising under, arising out of or otherwise in connection with or referable to this Customer Agreement or any Account, or any Transaction entered into for or with, or any Services provided to, the Customer (including but not limited to the Customer's access to and use of such Electronic Facilities and the acts or omissions of the Customer in connection therewith), regardless of whether such Loss is incurred in connection with any change in any Applicable Laws;
- (d) any of the Customer's representations, warranties, agreements and undertakings in the Application or this Customer Agreement being untrue, incorrect, incomplete or misleading in any material respect;
- (e) any actions, claims, demands or proceedings brought by third parties (including Intermediaries) against SFP further to SFP acting in accordance

with the Customer's Orders or otherwise in the exercise of its powers under this Customer Agreement regardless of whether such Loss is incurred in connection with any change in any Applicable Laws;

- (f) SFP acting in accordance with the Customer's Orders or taking any action, exercising any right or otherwise acting in any manner in accordance with or as permitted under this Customer Agreement regardless of whether such Loss is incurred in connection with any change in any Applicable Laws;
- (g) any change in any Applicable Laws; and
- (h) any act or thing done or caused to be done by SFP arising under, arising out of or otherwise in connection with or referable to this Customer Agreement or any Account, or any Transaction entered into for or with, or any Services provided to, the Customer, regardless of whether such Loss is incurred in connection with any change in any Applicable Laws.

1.20.2 The Customer shall indemnify, keep indemnified and hold SFP harmless from and against any and all Loss (including reasonable legal costs) and/or loss arising under, arising out of or otherwise in connection with the loss of any Additional Margin suffered or incurred, or which may be suffered or incurred, by SFP as a result of or in connection with any act or thing done or caused to be done by SFP in connection with or referable to this Customer Agreement or any Account, or any Transaction entered into for or with, or any Services provided to, the Customer, regardless of whether such Loss and/or loss arising under, arising out of or otherwise in connection with loss of any Additional Margin suffered by SFP is incurred in connection with any change in any Applicable Laws.

#### 1.21 **General Exclusion**

1.21.1 So long as SFP acts in good faith, it shall not be liable to the Customer in any respect, for any Loss suffered by the Customer, including any Loss resulting from action, inaction or insolvency by or of any Intermediary, exchange, market or clearing house (including wrongful or unlawful action or inaction), or howsoever otherwise suffered and/or incurred by the Customer. SFP shall only be liable to the Customer if SFP has been grossly negligent, fraudulent or in wilful default.

1.21.2 Without prejudice to the generality of Clause 1.21.1, SFP shall not in any event be liable to the Customer for any indirect or consequential Loss (including loss of profit and loss of opportunity) or special or punitive damages.

#### 1.22 **Relationship of SFP with the Customer**

1.22.1 Notwithstanding that the Customer may as between itself and a Third Party be effecting Transactions for and on behalf of such Third Party, as between the Customer and SFP, the Customer shall be deemed to be and is transacting solely as principal. The Customer acknowledges, undertakes and agrees to be always primarily liable to SFP for all Transactions.

1.22.2 UNLESS OTHERWISE AGREED BY SFP IN WRITING, SFP DOES NOT AND IS NOT WILLING TO ASSUME ANY ADVISORY, FIDUCIARY OR SIMILAR OR OTHER DUTIES OR ACT AS INVESTMENT ADVISER TO THE CUSTOMER. THE CUSTOMER REPRESENTS AND WARRANTS TO SFP, AND SFP RELIES ON SUCH REPRESENTATION AND WARRANTY, THAT:

- (a) THE CUSTOMER DOES NOT WISH TO BE PROVIDED WITH ANY FINANCIAL ADVICE BY SFP, AND IN PARTICULAR, THE CUSTOMER DOES NOT WISH TO HAVE, AND THEREFORE WILL REJECT ANY AND ALL OFFERS FOR THE PROVISION OF, SUCH ADVICE BY SFP AND, FOR THE AVOIDANCE OF DOUBT AND WHERE RELEVANT, WILL

THEREFORE NOT BE ABLE TO RELY ON SECTION 27 OF THE FINANCIAL ADVISERS ACT, CHAPTER 110 OF SINGAPORE TO FILE A CIVIL CLAIM IN THE EVENT THE CUSTOMER ALLEGES IT HAS SUFFERED A LOSS;

- (b) IN SO DOING, THE CUSTOMER IS FULLY AWARE AND ACCEPTS THAT THE CUSTOMER WILL BE SOLELY RESPONSIBLE TO DETERMINE THE MERITS AND SUITABILITY OF EACH AND EVERY TRANSACTION; AND
- (c) THE CUSTOMER HAS TAKEN ALL NECESSARY INDEPENDENT LEGAL, TAX, FINANCIAL AND OTHER ADVICE IN RELATION TO ANY ACCOUNT OR SERVICE AND BEFORE ENTERING INTO ANY TRANSACTION WITH OR THROUGH SFP.

1.22.3 Without prejudice to Clause 1.22.2, unless SFP has otherwise agreed in writing with the Customer, the Customer acknowledges that:

- (a) SFP prohibits any of its Officers or representatives, or other Intermediary appointed by SFP in accordance with Clause 1.7, from giving any advice, representations, trading suggestions or recommendation on its behalf (but nothing herein shall prevent the Intermediary from independently, and on the Intermediary's own behalf, providing any advice to the Customer upon terms which the Intermediary and the Customer may agree);
- (b) any such advice, representations, trading suggestions or recommendations if made or purported to be made on behalf of SFP must therefore be regarded as having been made in the personal capacity of such person giving the same; and
- (c) the Customer shall not hold SFP liable for any Losses which the Customer suffers if it relies on such advice, representations, trading suggestions or recommendations.

## 1.23 **General Power of Attorney**

1.23.1 SFP is hereby authorised as the Customer's attorney (with full rights of substitution) with full authority to be the Customer's true and lawful attorney and in the Customer's name to do on the Customer's behalf and as the Customer's acts and deeds, all things which the Customer could have done for the purposes of:-

- (a) carrying out any Orders of the Customer;
- (b) sign and execute all documents;
- (c) discharging any of its obligations to the Customer; and/or
- (d) doing any act or thing as may, in SFP's opinion, be necessary or desirable for the purposes of preserving its rights hereunder.

1.23.2 Registration of this power of attorney in any jurisdiction may be effected on the Customer's behalf by SFP at the Customer's expense.

1.23.3 The Customer undertakes to ratify and confirm, and hereby ratifies and confirms, all and whatsoever SFP may do pursuant to this power of attorney.

## 1.24 **Customer Moneys and Assets; Trust/Custody Account**

1.24.1 Any moneys and/or assets which the Customer has transferred or transfers to SFP, which are to be held by SFP on the Customer's account, are Customer Moneys or Customer Assets (subject to certain exclusions) under the Customer Moneys Rules and Customer Assets Rules. The Customer acknowledges that all Customer

Moneys or Customer Assets in the possession or control of SFP will be held by SFP on trust for the Customer at all times, in accordance with the requirements of the Customer Moneys Rules and Customer Assets Rules, which may include being held with a bank or third party located inside or outside Singapore as permitted under the Customer Moneys Rules and Customer Assets Rules, unless SFP is instructed by the Customer otherwise and save as permitted or otherwise required under the Customer Moneys Rules and Customer Assets Rules, SFP shall ensure that it shall not commingle moneys received on account of the Customer with other funds, or use such moneys as margin or guarantee for, or to secure any transaction of, or to extend the credit of, any person other than the Customer.

1.24.2 The Customer acknowledges and accepts that Customer Assets of the Customer in the possession or control of SFP may be held commingled with the Customer Assets of other customers of SFP in the same trust or custody account in accordance with the requirements of the Customer Assets Rules.

1.24.3 The Customer further acknowledges and accepts that Customer Moneys received by SFP on account of a Customer, may be commingled or deposited in the same trust account, where:

(a) moneys are received by SFP on account of the Retail Customer in respect of OTC derivatives contracts entered into by SFP on behalf of, or with the Retail Customer, with other moneys received by SFP on account of other Retail Customers in respect of OTC derivatives contracts with whom SFP has similarly entered into OTC derivatives contracts on behalf of, or with; and

(b) moneys are received by SFP on account of the Retail Customer in respect of any capital markets product other than an OTC derivatives contract entered into by SFP on behalf of, or with, the Retail Customer, with other moneys received by SFP on account of other Retail Customers in respect of any capital markets products other than an OTC derivatives contract and with other monies received by SFP on account of our non-Retail Customers.

1.24.4 Where any permitted third party (referred to in Clause 1.24.1 above) holds the Customer's Moneys or Customer's Assets, SFP (a) shall not be liable for the acts or omissions of, or failure or insolvency or any analogous event affecting, such entity; and (b) in the event of the insolvency or other analogous proceeding in relation to such entity, SFP may have only an unsecured claim against such entity on behalf of the Customer and SFP's other customers, and SFP may be exposed to the risk that the money recovered by SFP from such entity is insufficient to satisfy the claims of the Customer and all other customers with claims in respect of the relevant account.

1.24.5 Where Customer Moneys and Customer Assets are placed with any permitted third party (referred to in Clause 1.24.1 above) and commingled with the other moneys and assets of other customer of SFP in the same trust or custody account in accordance with Applicable Laws, and to the extent permitted by the Customer Moneys Rules and Customer Assets Rules, the Customer also hereby acknowledges the risk that in the event of insolvency or default of the third party, there may be a shortfall in the commingled Customer Moneys and Customer Assets, which may have to be shared pro rata among all Customers of SFP whose Customer Moneys and Customer Assets have been commingled.

1.24.6 Without prejudice to the provisions of Clause 1.24.2 and in addition to SFP's right to hold monies received on the Customer's account on trust in the forms of investment stipulated in Regulation 20 of the SFR:

(a) the Customer hereby grants to SFP the authority at its discretion to invest

the Customer's funds with SFP in such investments as may also be permitted of SFP by the SFA and/or an exchange, market or clearing house; and

- (b) the Customer acknowledges that any such investment is at SFP's discretion and accepts the risk of any and all losses or shortfalls that may result from the investment(s) effected, on a pro-rated basis where relevant, so long as any investment is made in good faith by SFP.

1.24.7 The Customer hereby authorises SFP to deposit the Customer's monies and/or any other property denominated in a foreign currency with a custodian outside Singapore which is licensed, registered or authorised to act as a custodian or to conduct banking business in the country or territory where the account is maintained by SFP to the extent permitted under the Customer Moneys Rules and Customer Assets Rules.

Subject to the Customer's prior written consent, SFP may, for the purpose of (a) depositing moneys received on the account of the Customer which are denominated in a foreign currency in a trust account, and / or (b) the safe custody of the Customer's assets denominated in a foreign currency, maintain the trust account and / or custody account with a custodian outside Singapore which is licensed, registered or authorised to conduct banking business in the country or territory where the account is maintained.

Any such account will be segregated from any account in which SFP's own money or assets are held with the custodian outside Singapore. The legal and regulatory regime applying to any custodian outside Singapore will be different from that of Singapore and in the event of the insolvency or any other equivalent failure of the custodian outside Singapore, the Customer Moneys and Customer Assets may not be as effectively protected as if the Customer Moneys and Customer Assets is held with an equivalent bank or third party in Singapore.

1.24.8 To the extent permitted by the Customer Moneys Rules and Customer Asset Rules, SFP may deposit moneys and assets received on account of its Customer with an approved clearing house, a recognised clearing house, a member of an organised market or a member of a clearing facility, and / or withdraw moneys and assets received on account of its Customer from an approved clearing house, a recognised clearing house, a member of an organised market or a member of a clearing facility:

- (a) for the purpose of entering into, facilitating the continued holding of a position in, or facilitating a transaction in, any capital markets product on behalf of the Customer on the organised market;
- (b) for the purpose of the clearing or settlement of any capital markets products on the clearing facility for the customer; or
- (c) for any other purpose specified under the business rules and practices of the approved clearing house, recognised clearing house, organised market or clearing facility, as the case may be.

Where Customer Moneys and Customer Assets are placed with an approved clearing house, a recognised clearing house, a member of an organised market or a member of a clearing facility, the Customer is informed and hereby acknowledges the risk that in the event of insolvency or default of such approved clearing house, recognised clearing house, member of an organised market or member of a clearing facility, there may be a shortfall in such Customer Moneys and / or Customer Assets and the Customer may therefore not receive the Customer's full entitlement of Customer Moneys and / or Customer Assets which have been placed with an approved clearing house, recognised clearing house, member of an organised market or member of a clearing facility.

1.24.9 SFP may, upon the specific Order of the Customer, and for a fee as may be determined by SFP from time to time:

- (a) place any Commodity with a depository selected by SFP; and
- (b) commingle such Commodity with that belonging to other customers or other persons as may be permitted under Applicable Laws.

The Customer shall be responsible for all taxes, postage, shipping, insurance expenses and storage fees relating to SFP's provision of this service. The Customer acknowledges that any insurance coverage taken out by SFP in relation to the Commodities stored by SFP in accordance with this Clause may not cover all risks that such Commodities may be subject to.

1.24.10 The Customer acknowledges that where the Customer's Money is held commingled with moneys from SFP's other customers in a trust account, it would be administratively difficult and burdensome on SFP and so as a matter of economic costs counter-productive to attempt to allocation the respective interest entitlement (if the trust account is interest bearing) on an individual basis, due primarily to the constant fluctuations in the value of the commingled funds in such trust account. The Customer therefore agrees to waive and relinquish in SFP's favour any and all entitlement to interest accruing to the Customer Moneys in the account in which the Customer Moneys is held, and SFP will not pay interest on any Customer Moneys unless SFP has expressly agreed to do so in writing.

1.24.11 Customer is hereby informed that when SFP accepts any moneys or assets deposited or paid for or in relation to OTC derivatives contracts from the Customer, the Customer may request for SFP to separate the books for such moneys or assets deposited or paid for or in relation to the contracts of the Customer from the books for moneys or assets deposited or paid for or in relation to the contracts of any of SFP's other customers, subject to additional costs as may be determined by SFP. If the Customer makes such a request, the Customer will have to bear additional costs in connection with the separation of books, and such costs shall be determined by SFP in its sole and absolute discretion and as communicated to the Customer from time to time. One consequence and benefit of the Customer requesting for the abovementioned arrangement is that where SFP is insolvent, the Customer's assets and moneys will be better protected and will be subject to less risk of any shortfall, facilitating the recovery of the Customer's assets and moneys; as compared to the scenario where the Customer's assets and moneys are not separated from the books for moneys or assets of other SFP's customers, which may be subject to higher risk of competing claims from customers, and any shortfall may have to be shared pro rata between the relevant customers of SFP, including the Customer.

1.24.12 In addition and without prejudice to any right which SFP may have under any Applicable Laws or otherwise, all Customer Moneys and Customer Assets in SFP's possession shall be subject to a general lien in SFP's favour to satisfy any moneys or obligations owing by the Customer to SFP in any manner whatsoever, in any currency, whether actual or contingent, joint or several. The Customer will not grant any security interest over any Customer Moneys or Customer Assets held in the Customer's Account to any person other than SFP.

1.24.13 Where any amounts owed by the Customer to SFP under the Customer Agreement are due and payable to SFP, in accordance with the Customer Moneys Rules, without prejudice to the set off rights in Clause 1.27, SFP shall cease to treat as Customer Moneys such amount as equals those amounts which are due and payable to SFP. For the purposes of this Clause, any such amounts owed by the Customer to SFP under this Customer Agreement become immediately due and payable, without notice or demand by SFP, when incurred by the Customer or on the Customer's behalf.



1.24.14 SFP may transfer any money SFP holds for the Customer as Customer Moneys (after deduction of any amounts permitted by the terms of this Customer Agreement) or any assets SFP holds to another legal entity (including any of SFP's group companies) where SFP transfers all or part of SFP's business to that entity and the Customer Moneys or Customer Assets relates to the business transferred. Where SFP transfers the Customer Moneys or Customer Assets to another legal entity under this Clause SFP shall require that such Customer Money or Customer Assets will be held by that entity for the Customer in accordance with the Customer Money Rules or, if that legal entity will not hold the Customer Moneys in accordance with the Customer Money Rules, or the Customer Assets in accordance with the Customer Assets Rules SFP will exercise all due skill, care and diligence in assessing whether that legal entity will apply adequate measures to protect the Customer Moneys or Customer Assets.

1.24.15 The Customer acknowledges that the Customer has together with this Clause 1.24, also read and understood the risk disclosures set out in Annex A.

## 1.25 **Margin**

1.25.1 SFP may, at any time, from time to time and in its sole and absolute discretion require the Customer to provide to SFP as Collateral, such cash or other property in such form, and of such amount, currency denomination, specifications or value as SFP may determine in its absolute discretion, for:

- (a) the due performance of the Customer's obligations under any and all Transactions or Accounts;
- (b) for the entry into or maintaining of any and all outstanding Transactions or Accounts; and/or
- (c) for the due performance of the Customer's other obligations to SFP whether hereunder or otherwise,

(referred to herein as, "**Margin**"), whether or not such requirement of SFP is identical to or reflects or is greater than any applicable Margin requirements of any governmental, self-regulatory organisation in any jurisdiction (including any exchange), or any Intermediary which is engaged by SFP in accordance with Clause 1.7 herein, which is required to be maintained by SFP and/or the Customer.

1.25.2 In addition to the Margin amount as referred to in Clause 1.25.1, SFP may, at any time, from time to time and in its sole and absolute discretion provide to any Intermediary (which is engaged by SFP in accordance with Clause 1.7 herein) as Collateral, such additional cash or other property in such form, and of such amount, currency denomination, specifications or value as SFP may determine in its absolute discretion, for:

- (a) the due performance of the SFP's obligations under any and all Transactions or Accounts relating to the Customer;
- (b) the entry into or maintaining of any and all outstanding Transactions or Accounts relating to the Customer; and/or
- (c) the due performance of SFP's other obligations to the Intermediary whether hereunder or otherwise relating to the Customer,

(referred to herein as, "**Additional Margin**").

1.25.3 SFP may, at any time, from time to time and in its sole and absolute discretion require the Customer to provide to SFP as Collateral, such cash or other property in such form, and of such amount, currency denomination, specifications or value

as SFP may determine in its absolute discretion for the Additional Margin (as applicable).

- 1.25.4 Nothing in this Clause 1.25 shall oblige SFP to apply and use any cash or other property for the time being deposited with, received by, held by or under the control of SFP for the Customer or the Account as Margin for the purposes of any Transaction or Account.
- 1.25.5 Any and all cash and other property received by SFP as Margin for purposes of any Transaction or Account of the Customer may also be applied and used by SFP as Collateral to secure any and all of the Customer's obligations to SFP under any other Transaction or Account.
- 1.25.6 The Customer shall promptly execute such documents, instruments, assurances, acts and do all things as necessary or as required by SFP for creating, perfecting and/or protecting the rights of SFP to any Margin, including:
- (a) delivering to SFP all security and other documents, in such form or forms acceptable to SFP, duly executed by the Customer or for the Customer in favour of SFP; and
  - (b) where necessary, having the same duly filed, stamped and registered in accordance with all Applicable Laws.
- 1.25.7 SFP may:
- (a) with notice to the Customer (and if allowed by Applicable Laws), vary its Margin limits, levels and other requirements (referred to as "**Margin Requirements**") for the purposes of this Clause 1.25) for the Account at any time;
  - (b) stipulate that such revised Margin Requirements shall apply to existing positions as well as new positions in respect of the Transactions or Accounts; or
  - (c) by notice to the Customer, effect an immediate change in Margin Requirements and/or require with or without prior notice additional Margin to be deposited immediately or within a very short period of time which may be within twenty-four (24) hours or, in the event of extreme price volatility or other exceptional market condition or if required by any Extraordinary Events or Applicable Laws, within such shorter time or immediately as SFP may prescribe.

The Customer hereby waives any right to object on the grounds that such requirement is unreasonable. No previous Margin Requirements (nor any verbal, written or other representations by, or any agreement with, any SFP Officer) shall set a precedent or bind SFP. The Customer accepts that this is a risk inherent in the Customer's entering into and dealing in Transactions.

- 1.25.8 Without prejudice to the generality of Clause 1.6 above, SFP may, if SFP determines in its sole judgment that a Default has occurred, at any time, apply (whether by way of sale, disposal, purchase or otherwise) any and all Margin held by SFP:
- (a) towards the payment of any amounts due and payable by the Customer to SFP under any Transaction or Account; or
  - (b) towards meeting any of the Customer's obligations and liabilities to SFP (including the obligation to comply with the Margin Requirements and the obligation to provide additional Margin), whether or not any time which has been allowed for the Customer to provide any additional Margin or take

any other action has elapsed;

- (c) and SFP's giving of any prior demand or call (including a Margin Call) or any prior notice of the time and place of such sale or purchase shall not be considered as a waiver of SFP's rights under this Clause 1.25 or Clause 1.6.

1.25.9 It is the Customer's duty and responsibility to monitor its Transactions and comply with all Margin Requirements at all times. Any Margin necessary to be provided to SFP for compliance with any such applicable Margin Requirements (whether or not SFP has made any Margin Call or otherwise notified the Customer) shall be regarded as due immediately and the Customer shall provide such Margin to SFP, by depositing with SFP funds or other Collateral in such form and manner as may be required by SFP, within twenty-four (24) hours of such Margin becoming due or, in the event of extreme price volatility or other exceptional market condition or if required by Extraordinary Events or Applicable Laws, such shorter time or immediately as SFP may prescribe. SFP shall not be under any obligation to review the status of the Customer's Account for compliance with all Margin Requirements. Notwithstanding this, SFP may, in its sole and absolute discretion, review the status of a Customer's Account for the purposes of ensuring compliance with any applicable Margin Requirements provided that SFP shall bear no liability whatsoever for any such review.

1.25.10 In the event that SFP does make a call for Margin (referred to as "**Margin Call**" for the purposes of this Clause 1.25), the Customer acknowledges that SFP may make such Margin Call on the Customer in respect of the Margin Account orally, in writing, electronically, or in such other manner as SFP may in its sole discretion deem appropriate. Without prejudice to the generality of the foregoing, the Customer agrees that SFP may contact the Customer at any of the telephone numbers or email addresses listed in its Application or at any other telephone numbers or email addresses or electronic media accounts as the Customer may notify SFP from time to time, for the purpose of any Margin Call and the Customer shall make itself available at such telephone numbers or email addresses or electronic media accounts. If SFP fails to reach the Customer at such telephone numbers or email addresses or electronic media accounts, the Customer shall be deemed to have defaulted on the Margin Call.

1.25.11 Any Margin Call made by SFP must be met by the Customer within twenty-four (24) hours of such Margin becoming due (or in the event of extreme price volatility or other exceptional market condition or if required by Extraordinary Events or Applicable Laws, such shorter time or immediately as SFP may prescribe) by depositing with SFP funds or other collateral in such form and manner as may be required by SFP. If the amount of the Customer's Margin falls below the level of Margin required by the prevailing Margin Requirements, the Customer agrees to deposit additional Margin with SFP whether or not a Margin Call has been made by SFP to restore the amount of Margin to the level of Margin required by the prevailing Margin Requirements for the outstanding Transactions relating to the relevant Account.

1.25.12 In times of extreme price volatility or other exceptional market conditions, the Customer is made aware that while not obliged to do so, SFP may issue a Margin Call and require additional Margin to be deposited immediately or within a very short time as determined by SFP in SFP's sole and absolute discretion, and the Customer waives any right to object on the grounds that such requirement is unreasonable and agrees to deposit with SFP any additional Margin as and when required and immediately upon demand being made by SFP and in accordance with the mode of transmission that SFP shall in SFP's sole discretion designate.

- (a) In some situations, such as (but not limited to) concentrated positions or volatile contracts, SFP may require substantially greater Collateral than

the Margin Requirements previously prevailing. SFP reserves the right to calculate the foregoing on an intra-day basis.

- (b) In some situations, such as during volatile market conditions, SFP may not in any event immediately issue a Margin Call. Without prejudice to the generality of Clause 1.25.7 above, SFP hereby reserves the right to amend the Margin Requirement without notice to the Customer.

1.25.13 Without prejudice or detraction from Clause 1.25.12 above and with regard to the Margin Requirements, SFP, while not obliged to do so, typically issues a Margin Call if the equity in a Customer's Account drops below the threshold mark to market value of the Customer's open positions as determined in good faith by SFP (the "**Margin Close Out Level**"). In some situations, such as (but not limited to) concentrated positions, low-priced stocks contracts or volatile contracts, SFP may require substantially greater Collateral than normal or initial Margin Requirements. SFP reserves the right to calculate the foregoing on an intra-day basis. Margin Calls, if made, will be done in accordance with Clause 1.25.10 and the Customer agrees to promptly satisfy all Margin Calls. In some situations, such as during volatile market conditions, SFP may not in any event immediately issue a Margin Call when a Customer's Account equity falls below the Margin Close Out Level. SFP reserves the right to amend the Margin Close Out Level without notice to the Customer.

1.25.14 No Margin Call relieves the Customer from the Customer's obligation to have proactively provided such Margin or is to imply any waiver or binding legal indulgence on the part of SFP in favour of the Customer. Without prejudice to the Customer's sole responsibility to proactively provide or ensure the continuing provision of required Margin, the Customer is responsible in any event for acting immediately on any Margin Calls, liquidation, buy-in or sell-out notices given orally, in writing, electronically or in such other manner as SFP may in its sole discretion deem appropriate. The Customer's failure to promptly deposit additional Margin in response to a Margin Call, even if the equity level in the Customer's Margin Account may be in compliance with erstwhile Margin Requirements, may result in the liquidation or part or all of the Collateral in such Account as part of or as a consequence of the liquidation or close-out of open positions no longer supported by required Margin amounts.

1.25.15 Although SFP will generally attempt to notify the Customer of a Margin Call and give the Customer an opportunity to deposit additional Margin to maintain an affected open position(s), it is not obliged to do so and the Customer should not expect that SFP will do so as a precondition to the Customer being obliged to pay/provide additional Margin. Even if SFP has notified the Customer and provided a specific date or time by which the Customer is required to meet a Margin Call, and notwithstanding Clauses 1.25.7, 1.25.9 and 1.25.10) and SFP can (and the Customer hereby acknowledges and agrees that SFP can) still take necessary steps to protect SFP's financial interests before such specified date, including exercising any of SFP's rights under Clauses 1.25 and 1.6, before the relevant time for meeting the Margin Call has elapsed.

1.25.16 SFP may:

- (a) require additional Margin;
- (b) liquidate any Margin; or
- (c) take such other action or to exercise any of its rights under this Clause 1.25 or Clause 1.6,

as it deems fit whenever it considers such action to be necessary for its protection, including in the event of, but not limited to the occurrence of any Default or Extraordinary Event, all without demand for Margin or additional Margin, or notice

to the Customer. For the avoidance of doubt, SFP reserves the right to institute immediate discretionary liquidation and/or realization of any and all open positions of the Customer and Margins/Collateral provided without prior notice and without giving the Customer the opportunity to deposit additional Margin. This sole and absolute discretion applies regardless of any historical pattern of delivering verbal/written notices or Margin Calls, or of any current or prior communication by SFP or any SFP Officer that indicate a different dollar amount/liquidation time or suggest additional time or indulgence of time to furnish additional Margins. This sole and absolute discretion to liquidate immediately applies regardless of time zone differentials, language interpretations or delays in wiring funds, and includes the sole and absolute discretion on the part of SFP to choose which position to liquidate and in what order. It is and remains at all times the Customer's responsibility to monitor and liquidate positions to minimize the Customer's losses before SFP is forced to exercise its discretion and good faith judgment to liquidate the Customer's open positions to protect the interests of SFP and/or its other Customers, the exchange on which the Customer's open positions is/are held and/or the clearing house through which the Customer's open positions are/are to be cleared and settled. SFP in any event reserves the right in its sole and absolute discretion to close out any positions for any Account that represents a negative liquidation value where it believes in good faith that this is appropriate for the protection of its financial interests.

1.25.17 Notwithstanding Clause 1.25.18, the Customer does not have a right to an extension of time with regards to Margin Calls.

1.25.18 If SFP grants any such extension of time for Margin Calls in its discretion, then unless SFP expressly states in writing that such extension of time is intended to override or prevail over SFP's rights under this Clause 1.25, such extension of time shall be deemed to have been granted subject always to SFP's rights under this Clause 1.25 and Clause 1.6.

1.25.19 SFP may at any time and from time to time:

- (a) conduct a valuation or assessment of the Margin provided by or for the Customer; and
- (b) the cost of such valuation or assessment shall be borne by the Customer and for the Customer's account.

The value of all Margin provided to and held by, or to be provided to and held by, SFP shall be as determined by SFP in its discretion from time to time.

1.25.20 All Margin shall be held by SFP as SFP in its discretion deems fit, notwithstanding any provision or instructions to the contrary, as continuing security and shall be subject to a general lien and right of set-off in favour of SFP for any and all of the Customer's liabilities to SFP (whether contingent or actual) under this Agreement or otherwise, and SFP may realise any of the Margin of the Customer as provided for in this Agreement.

1.25.21 The Customer acknowledges and agrees that no interest shall be paid on any type of Margin deposited, maintained or otherwise provided by or for the Customer with SFP and the Customer acknowledges and consents that interest earned on the Customer's Margin may be retained by SFP for SFP's own account and benefit. SFP shall, if it so elects at its sole and absolute discretion, be entitled to charge interest on any sum due from the Customer in respect of any Margin Requirements at such rate and calculated and/or compounded in such manner as SFP may impose and determine from time to time in its sole and absolute discretion.

1.25.22 The Customer hereby acknowledges and agrees that:

- (a) separate Margin shall be provided by the Customer in respect of each

Account or Transaction as SFP may require;

- (b) the Margin in respect of each Account or Transaction shall be treated as separate for the purposes of this Customer Agreement; and
- (c) upon specific instructions provided by the Customer, SFP may transfer all or part of the Margin held by SFP for the Customer in respect of any Account or Transaction to any other Account or Transaction, or to utilise such Margin for any purposes as required by the Customer.

1.25.23 The Customer hereby further acknowledges and accepts that all Margin provided under this Customer Agreement will be held with and dealt in accordance with Clauses 1.24.1 to 1.24.15.

## 1.26 **Customer Default in Respect of Physical Settlement**

1.26.1 For any open position of any Transaction which involves physical settlement, the Customer shall:

- (a) give SFP instructions to terminate, close-out or otherwise liquidate such open position; or
- (b) provide SFP with:
  - (i) sufficient funds in respect of the Account to which such open position relates;
  - (ii) the underlying subject matter of the Transaction for any delivery to be made in connection with such physical settlement; and/or
  - (iii) all necessary delivery documents to take or make delivery of the underlying subject matter of the Transaction,

all in accordance with SFP's general operating procedures, not later than such date and time as SFP may specify.

1.26.2 If the Customer fails to comply with Clause 1.26.1, SFP may take any one or more of the following actions:

- (a) liquidate such open position (whether by terminating or closing-out or otherwise);
- (b) make or receive delivery of the underlying subject matter of the Transaction on the Customer's behalf upon such terms and by such methods which SFP determines without any liability whatsoever to the Customer;
- (c) take any of the actions described in Clause 1.17; and
- (d) where the Transaction is a foreign exchange Transaction, roll over such Transaction by extending its Value Date to a new Value Date for any number of times and on such terms as SFP may determine.

## 1.27 **General Lien, Set-off, Withholding and Other Rights**

1.27.1 All cash and other property of the Customer (including Margin) which may at any time be in SFP's possession or control or carried on SFP's books for the Customer either solely, jointly with others, or as a guarantor for the account of any person for any purpose, including safekeeping, are to be held by SFP as continuing security and subject to a general lien and right of set off for liabilities of the Customer to SFP or SFP's Associate whether or not SFP has made advances in connection with such cash or other property, and irrespective of the number of Accounts the

Customer may have with SFP.

- 1.27.2 SFP is hereby authorised to sell and/or purchase, or otherwise apply, any and all such cash and other property without notice to the Customer to satisfy such general lien.
- 1.27.3 SFP may, in its discretion, at any time and from time to time without notice to the Customer apply and/or transfer any or all such cash and other property of the Customer's interchangeably between any of the Accounts.
- 1.27.4 To the extent permitted by Applicable Laws, the Customer also hereby grants to SFP the right to carry in SFP's general loans and to pledge, repledge, hypothecate, rehypothecate, invest or loan, either separately or with the property of other customers, to either SFP itself as brokers or to others (hereunder referred to as "the transferee"), any property held by SFP on Margin for the Accounts of the Customer or as Collateral therefor, without notice to the Customer and without any obligation to pay to the Customer, or to account to the Customer for any interest, income, or benefit that may be derived therefrom. SFP shall at no time be required to deliver to the Customer the identical property delivered to or purchased by SFP for any Account of the Customer but only property of the same kind and amount subject to adjustments for quantity and quality variations at the market price prevailing at the time of such delivery (unless such property is cash). The Customer is made aware that the foregoing application of the Customer's property may involve all rights, title and interest in and to such property passing from the Customer to the transferee by way of outright title free and clear of any liens, claims, charges or encumbrances or any other interest of the Customer, in which case the Customer will no longer have a proprietary claim to such property and the transferee may deal with such property in its own right. The Customer is further made aware that the effect of this is that such property will not be segregated from the other assets of the transferee and may be used by the transferee in the course of the transferee's business and the Customer will rank as a general creditor of the transferee in the event of the transferee's insolvency. This may mean that the full amount of the property may not be recoverable in any such event.
- 1.27.5 SFP's rights set forth in Clause 1.27.4 above shall be qualified by requirements for the segregation of customer funds and assets under the Applicable Laws.
- 1.27.6 Subject to Applicable Laws, SFP may, by mutual agreement in writing with the Customer, combine and/or consolidate all or any of the Customer's accounts, and/or with prior notice in writing from SFP to the Customer, transfer any sum or sums amongst the different accounts that the Customer has with SFP and SFP's Associates in settlement of any or all of the Customer's debts with SFP and SFP's Associates.
- 1.27.7 For so long as the Customer owes moneys or obligations (of whatsoever nature and howsoever arising whether present or future, actual or contingent, as primary obligor or as surety) to SFP, the Customer may not withdraw any cash or other property held with SFP (whether as Margin or otherwise) without SFP's consent. SFP may at any time withhold any cash or other property of the Customer pending full settlement of all such moneys or obligations of the Customer.
- 1.27.8 SFP may at any time and from time to time without notice set-off any amounts due to the Customer or held in any Account or any other account to which the Customer is beneficially entitled (whether with SFP or with any Associate of SFP) to reduce or extinguish any liability whether present or future, actual or contingent, as primary obligor or as surety, owed by the Customer to SFP or to any other member of the StoneX Group.

1.28 **Data Protection and Privacy**

1.28.1 SFP will obtain and hold information about the Customer (including, without limitation, personal information and information relating to the Customer's Account and Customer's Account history) and will collect, use and disclose the personal data the Customer provides to SFP, in accordance with applicable data protection legislation, including the Personal Data Protection Act 2012 (all such personal information obtained and all such personal data provided by the Customer to SFP shall collectively be referred to as the "**Personal Data**").

1.28.2 The Customer agrees and consents to SFP collecting, using, disclosing and processing the Personal Data for the purposes as set out in this Agreement including performing SFP's obligations under this Agreement, as well as administering the relationship with the Customer, managing the Customer's Account, carrying out the Customer's instructions or responding to any enquiries by the Customer, dealing in any matters relating to the services and/or products which the Customer is entitled to under this Agreement, recovering amounts payable, considering any of the Customer's applications, carrying out credit review and risk assessment, complying with regulatory obligations, and undertaking market research, surveys, product development and analysis (the "**Purposes**").

1.28.3 The Customer agrees that SFP may, for one or more of the Purposes, whether before or after termination of, or during the existence of, the Customer's relationship with SFP, transfer and disclose any Personal Data to the following recipients globally (who may also collect, use, process, transfer and disclose such Personal Data for the Purposes):

- (a) any of SFP's Associates;
- (b) any sub-contractors, agents, service providers of SFP or SFP's Associates (including their employees, directors and officers). This includes but is not limited to Third Party service providers that provide administrative, telecommunications, computer, payment or securities clearing or other services to SFP, mailing houses, telecommunication companies, marketing agents, call centres, data processing companies, data storage or hosting service providers, back-up data service providers, disaster recovery centres and information technology companies;
- (c) any liquidator, receiver, official assignee / trustee, judicial manager or any other person appointed under or pursuant to any law in connection with the bankruptcy, insolvency, liquidation, winding up, judicial management or any other analogous process in respect of any individual, company or business;
- (d) SFP's professional advisers, including but not limited to auditors and lawyers;
- (e) persons acting on the Customer's behalf;
- (f) payment recipients, beneficiaries, account nominees, intermediary, correspondent and agent banks, clearing houses, clearing or settlement systems, market counterparties, upstream withholding agents, swap or trade repositories, and stock exchanges;
- (g) financial institutions, credit reference agencies or credit bureaus, for the purposes of obtaining or providing credit references;
- (h) any party to a transaction acquiring interest in or assuming risk in or in connection with the products services provided by SFP to the Customer;
- (i) any business partner, investor, assignee or transferee (actual or



prospective) to facilitate business asset transactions (which may extend to any merger, acquisition or asset sale) involving SFP or any of SFP's Associates ("**business asset transaction**" means the purchase, sale, lease, merger or amalgamation or any other acquisition, disposal or financing of an organisation or a portion of an organisation or of any of the business or assets of an organisation);

- (j) third parties to whom disclosure by SFP is for one or more of the Purposes and such third parties would in turn be collecting and processing Personal Data for one or more of the Purposes;
- (k) where SFP is required to by law or regulatory obligation;
- (l) to regulatory authorities where appropriate or on reasonable request, and to such third parties as SFP reasonably considers necessary in order to prevent crime, including but not limited to the police and law enforcement authorities;
- (m) successors in title to SFP's business, where reasonably necessary, to any Third Party which provides a service or licence to SFP in connection with the products or services SFP provides for the Customer's Account or this Agreement, but only for the purpose of providing that service or licence or in connection with SFP's compliance with any reporting, audit or inspection obligations to any such Third Party service providers or licensors,

wherever located in the world, including in jurisdictions which do not have data protection laws that provide the same level of protection as the jurisdiction in which the products and/or services are supplied, without prejudice to SFP's obligation to protect such Personal Data in accordance with applicable local data protection legislation.

- 1.28.4 The Customer consents to SFP, or agents acting on SFP's behalf, carrying out such credit and identity checks, including money laundering checks, compliance regulatory reporting and fraud prevention checks, as SFP may reasonably consider necessary or desirable, including requesting a reference from the Customer's bank or any credit reference agency. The Customer understands and agrees that any Third Party referred to in this Clause may share any information concerning the Customer with SFP and other organisations involved in credit reference, the prevention of fraud and/or crime and/or money laundering or for similar purposes or to recover debts involved.
- 1.28.5 The Customer is made aware that should the Customer wish to access information that SFP holds about the Customer, or to have inaccurate information corrected, the Customer is required to send an email to SFP's email address set forth on the Website. Please note SFP may require the Customer to pay a fee for accessing the information held. Please note that certain information may be exempt from being disclosed and that in certain circumstances SFP may not be able to disclose certain information.
- 1.28.6 The Customer shall ensure that all Personal Data submitted to SFP and/or SFP's Associates is complete, accurate and true. The Customer shall update SFP in a timely manner of all changes to the Personal Data provided to SFP.
- 1.28.7 The Customer confirms, warrants, represents, undertakes and is responsible for ensuring, that:
  - (a) every person whose information (including Personal Data) the Customer provides to SFP has (or will at the relevant time have) been notified of and agrees to the collection, use, processing, disclosure and transfer of their information (including Personal Data) as set out in this Agreement;

- (b) the Customer has obtained all the necessary consents (procured in accordance with relevant applicable data protection legislation), for the Purposes, from each and every person whose Personal Data the Customer provides to SFP or SFP's Associates, and that the Customer has retained proof of these consents, such proof which shall be provided to SFP upon request;
- (c) for any Personal Data that the Customer will be or has disclosed to SFP, or that SFP will be receiving from the Customer, that the Customer would have prior to disclosing such Personal Data to SFP obtained the appropriate consent from the individuals whose Personal Data are being disclosed, to:
  - (i) permit the Customer disclosing those individuals' Personal Data to SFP for the Purposes;
  - (ii) permit SFP and SFP's Associates to collect, use, disclose and/or process those individuals' Personal Data for the Purposes; and/or
  - (iii) permit SFP and SFP's Associates to disclose those individuals' personal data pursuant to Clause 1.28.2;
- (d) on SFP's request, the Customer shall use such form(s) or document(s) provided by SFP in obtaining such consents from the said individuals (for the avoidance of doubt, SFP is under no obligation to the Customer to create any such form(s) or document(s));
- (e) the Customer shall on SFP's request, assist SFP to comply with data protection legislation applicable to SFP. In this regard and without limiting the generality of the foregoing, this includes but is not limited to the Customer executing such further documents as SFP may reasonably require and/or the Customer making arrangements for additional form(s) and consent(s) to be completed and signed by individuals whose Personal Data are provided by the Customer to SFP; and
- (f) for any Personal Data of individuals that the Customer will be or may be disclosing or discloses to SFP, that the Customer is validly acting on behalf of such individuals and that the Customer has the authority of such individuals to provide their Personal Data to SFP and for SFP to collect, use, disclose and process such Personal Data for the Purposes, including for SFP to disclose the same pursuant to Clause 1.28.2.

1.28.8 The Customer is made aware that should if wish for SFP to not use or disclose the Customer's Personal Data for any of the Purposes, the Customer may withdraw its consent at any time by written notice to SFP. Such withdrawal of consent may however result in SFP's inability to provide the Customer with its services and may result in the termination of the Customer's Account with SFP.

1.29 **Communications from SFP**

1.29.1 Communications may be transmitted or sent by SFP to the Customer by telephone, electronic mail, facsimile or to any postal address of the Customer at such numbers or address(es) last known to SFP.

1.29.2 Where:

- (a) an Account is a joint account of one or more persons or a partnership account; and
  - (b) no specific person is nominated for receiving communications from SFP,
- SFP may address, transmit and/or send all communications to the first of such

persons identified in SFP's written records and such communication shall be deemed to be sent to all such persons.

- 1.29.3 Any such communications shall be deemed received by the Customer:
- (a) (in the case of electronic mail or facsimile communications) immediately upon transmission by SFP; or
  - (b) (in the case of posted communications) one (1) day after the communication was dispatched by SFP,
- whether or not actually received by the Customer.

1.29.4 Communications served personally on or delivered personally to the Customer by SFP shall be deemed received upon service or delivery.

1.29.5 The risk of loss or damage to, and the costs of delivery of, any articles or items sent to the Customer shall be borne by the Customer.

### 1.30 **Statements, Confirmations and Advice from SFP**

1.30.1 The Customer shall verify all statements, Confirmations and advice sent by SFP to the Customer.

1.30.2 Each such statement, Confirmation and advice shall be deemed conclusive and binding against the Customer, who shall not be entitled to object thereto and who shall be deemed to have ratified all matters therein stated, unless the Customer makes any objection known to SFP within five (5) Business Days after despatch of such statement, Confirmation or advice to the Customer. Notwithstanding any other provision in this Customer Agreement or any other agreement or arrangement between the Customer and SFP to the contrary, all such objections shall be deemed received by SFP only if actually delivered or sent by registered mail, with return receipt requested.

1.30.3 SFP may at any time rectify any error on any entry, statement, Confirmation or advice which has been proved to its satisfaction and may demand immediate repayment from the Customer of any monies erroneously paid over to the Customer as a result of such error.

1.30.4 The Customer shall immediately notify SFP if a statement, Confirmation or advice is not received by the Customer in the ordinary course of business.

### 1.31 **Investment Information**

1.31.1 The Customer requests SFP to contact the Customer concerning trading and investment opportunities that may come to SFP's attention from time to time and that SFP believes may be of interest to the Customer.

- 1.31.2 The Customer fully understands:
- (a) that SFP is under no obligation to make any such information available to the Customer or to provide the Customer with any financial, market or investment information or suggestion;
  - (b) if SFP so acts, that SFP is not providing such information or suggestion as a required service to the Account;
  - (c) if SFP so acts, that SFP is not acting as a financial or investment adviser;
  - (d) that SFP assumes no responsibility for the performance or outcome of any transaction or investment made by the Customer after receipt of such information or for the performance of the Customer's portfolio in part or as

a whole; and

- (e) that SFP assumes no responsibility for the accuracy and completeness of any information provided.

1.31.3 Notwithstanding anything herein or other agreement to the contrary, SFP shall not be obliged to and does not warrant to contact or inform the Customer when the price in respect of any of its Transactions reaches a certain level. The Customer shall be primarily responsible for the monitoring of the market movements of its Transactions.

### 1.32 **Updating of Particulars**

1.32.1 The Customer shall keep SFP updated as to any change in the particulars of the Customer, or any information relating to any Account or to this Customer Agreement, as supplied to SFP. If the Customer fails to do so, SFP will not be responsible for any resulting Loss to the Customer.

### 1.33 **Unclaimed Moneys and Properties**

1.33.1 If:

- (a) there are any funds and other property standing to the credit of any Account (including a trust account) which are unclaimed by the Customer six (6) years after the Customer's last transaction with or through SFP; and
- (b) SFP determines in good faith that it is not able to locate or trace the Customer,

the Customer hereby irrevocably agrees that all such funds and other property including any and all accretions and accruals thereon (which in the case of monies shall include all interests earned thereon and all investments and their respective accretions and accruals which may have been made with such monies) shall be deemed to have been abandoned by the Customer in favour of SFP and may be appropriated by SFP to and for itself. The Customer thereafter shall have no right to claim such funds or other property or their accretions and accruals.

### 1.34 **Introductions/Sharing of Fees, Commissions and/or other Charges**

1.34.1 The Customer acknowledges that the Customer may have been introduced to SFP by a Third Party. Subject to any contract entered into by SFP and/or the Third Party and/or the Customer, SFP has and will accept no responsibility for any conduct, action, representation or statement of such Third Party.

1.34.2 The Customer further acknowledges and agrees that, in consideration of such introduction by such Third Party, SFP may share SFP's fees, commissions and/or other charges with such Third Party or any other Third Party.

1.34.3 The Customer also acknowledges that SFP may from time to time (either of its own initiative or at the request of the Customer or a relevant Third Party financial service/product supplier):

- (a) refer the Customer to a Third Party for the possible provision of service/product by or through such Third Party; and/or
- (b) be the means by which a Third Party is given the opportunity to try to provide the Customer with a financial service/product,

in return for the payment to SFP by such Third Party of agreed fees or commissions. The Customer agrees and consents to the foregoing and SFP's retention and appropriation wholly for its own account and benefit of such fees

and/or commissions.

1.35 **The Customer's Representations, Warranties and Undertakings**

1.35.1 The Customer represents, warrants and undertakes that:

- (a) it has full capacity, power and authority:
  - (i) to accept and agree to this Customer Agreement;
  - (ii) to open, maintain and/or continue to maintain all Account(s) from time to time opened, maintained and/or continued to be maintained with SFP;
  - (iii) to give SFP Orders thereon;
  - (iv) to enter into Transactions; and
  - (v) to acquire or use any Service;
- (b) it has all authorisations, consents, licences or approvals (whether under Applicable Laws or otherwise) required:
  - (i) to accept and agree to this Customer Agreement;
  - (ii) to open, maintain and/or continue to maintain all Account(s) from time to time opened, maintained and/or continued to be maintained with SFP;
  - (iii) to give SFP Orders thereon;
  - (iv) to enter into Transactions; and
  - (v) to acquire or use any Service;
- (c) the Customer is not an employee of any governmental or self-regulatory organisation in any jurisdiction, including any exchange or a member firm thereof, or engaged in the business of dealing (either as agent or principal) in any of the property traded under the Account(s), and the Customer shall promptly notify SFP if it becomes so employed;
- (d) unless otherwise agreed by SFP in writing, no person other than the Customer has an interest in any Account;
- (e) except with the express written consent of SFP, and except for any security or encumbrance created hereunder, no person has or will have any security or other encumbrance over any Account and/or over any cash or property in any Account;
- (f) any Orders placed or any other dealings in the Account(s) is solely and exclusively based on its own judgment and after its own independent appraisal and investigation into the risks associated with such Orders or dealings;
- (g) SFP shall not be under any duty or obligation to inquire into the purpose or propriety of any Order and shall be under no obligation to see to the application of any funds delivered by the Customer in respect of any Account;
- (h) any person(s) empowered to act on the Customer's behalf have been duly authorised;

- (i) in the case of a corporation, it is duly organised and validly existing under the laws of the country of its incorporation;
- (j) no litigation, arbitration or administrative proceeding against the Customer is current, pending or threatened to restrain the Customer's entry into or performance of the Customer's obligations under this Customer Agreement; and
- (k) neither the entry into Customer Agreement, the placing of any trade and/or any Order or the giving of any other instruction will violate any law, rule or regulation applicable to the Customer.

1.35.2 The above representations, warranties and undertakings shall be deemed repeated whenever the Customer:

- (a) gives Orders to SFP;
- (b) enters into any Transactions;
- (c) acquires or uses any Service; or
- (d) establishes or operates any Account with SFP.

### 1.36 **Certificates Issued by Officers**

1.36.1 Except in the event of fraud or manifest error, the Customer agrees that a certificate issued by an Officer as to:

- (a) the substance or content of any oral or telephone or other communications between the Customer and SFP;
- (b) any monies owing from the Customer to SFP or from SFP to the Customer, or any monies or property in any Account; or
- (c) any monies owing from SFP to any Intermediary in relation to Additional Margin,

shall, in the absence of manifest error, be conclusive and binding on the Customer.

1.36.2 The records of SFP shall be prima facie evidence of the facts stated therein.

### 1.37 **The Customer to Keep Informed**

1.37.1 The Customer shall be responsible for updating itself as to:

- (a) SFP's standard policies and practices (including SFP's prevailing rates of fees, commissions and/or other charges) which have been made publicly available by SFP;
- (b) the standard terms and conditions of all trading facilities and services provided by SFP to the Customer; and
- (c) all Applicable Laws.

1.37.2 Updated or revised versions of the standard terms and conditions of all trading facilities and services provided by SFP to the Customer will be made available at SFP's registered office during its ordinary business hours and/or posted on the Website (as applicable) for the Customer's reference.

### 1.38 **Instructions and/or Orders Received Electronically**

1.38.1 The Customer hereby irrevocably authorises SFP and its Officers, agents and

representatives to act in accordance with the Customer's instructions and/or Orders given by telephone, facsimile or any other form of electronic communication including internet messaging services by the Customer and/or persons authorised in writing by the Customer from time to time, including instructions to transfer/remitt funds from the Account(s) held with SFP to other account(s) or party(ies) where the Customer may not be the beneficiary or sole beneficiary.

1.38.2 The Customer acknowledges that the aforesaid method(s) of communication is provided solely on the basis of the Customer's request and at the risk of the Customer and is not recommended in any way by SFP.

1.38.3 The Customer acknowledges and confirms that the Customer is aware of the nature of instructions and/or Orders communicated by telephone, facsimile or any other form of electronic communication including internet messaging services whereby such instructions and/or Orders may not be received properly or may not be read by the intended recipient and may be read by or be known to unauthorised persons.

1.38.4 The Customer agrees to assume and bear all the risks involved in respect of such errors and misunderstanding and SFP shall not be responsible in any way for the same or breach of confidentiality thereto and shall also not be liable for any claims, loss, damage cost or expense and liability arising therefrom.

1.38.5 The Customer acknowledges that the Customer is fully aware of and understands the risks associated with communicating instructions and/or Orders by telephone, facsimile or any other form of electronic communication including internet messaging services including the risk of misuse and unauthorised use of Username and/or Password by a Third Party and the risk of a person hacking into the Internet messaging service being used.

1.38.6 The Customer accepts full responsibility for the monitoring of its instructions and/or Orders and safeguarding the secrecy of its Username and Password and agrees that the Customer shall be fully liable and responsible for any and all unauthorised use and misuse of his Password and/or Username, and also for any and all acts done by any person through using the Customer's Username in any manner whatsoever.

1.38.7 The Customer agrees that SFP and its Officers, agents and representatives may act as aforesaid without inquiry as to:

- (a) the authority of the person giving or purporting to give any instruction and/or Order unless this person is not on the list of the authorised persons and/or authorised traders (as applicable) provided by the Customer; or
- (b) the authenticity of any telephone, facsimile or any other form of electronic communication including internet messaging services,

and may treat the same as fully authorised by and binding on the Customer, regardless of the circumstances prevailing at the time of the instruction or amount of the transaction and notwithstanding any error, misunderstanding, lack of clarity, fraud, forgery or lack of authority in relation thereto, and without requiring further confirmation in any form, provided that SFP or the Officer, agent or representative concerned believed the instruction to be genuine at the time it was given.

1.38.8 Notwithstanding anything to the contrary in this Customer Agreement:

- (a) the Customer may give instructions to SFP to close-out any Transactions by electronic mail and SFP shall be entitled to rely fully on the same; and
- (b) unless SFP otherwise agrees in writing, the Customer may not communicate any other types of instructions and/or Orders to SFP by

electronic mail.

1.38.9 SFP and the Customer may enter into an electronic trading facility agreement (“**ETFA**”) and in the event that the terms and conditions of the ETFA conflict with this Customer Agreement, the terms and conditions of the ETFA shall prevail.

#### 1.39 **Amendments**

1.39.1 The Customer acknowledges, agrees and accepts that unless any amendment, variation or supplement is required by Applicable Law:

- (a) SFP may amend, vary or supplement any terms or conditions under this Customer Agreement or any additional or specific terms or conditions relating to any Account, Service or Transaction by not less than five (5) Business Days’ notice to the Customer by electronic mail or post any means as SFP deems fit, including by publication of the same at SFP’s offices and/or posted on the Website; and
- (b) any such amendment, variation or supplement shall take effect as from the date specified in such notice (the “**effective date**”), provided that such date is not less than five (5) Business Days’ from the date of the notice.

1.39.2 In any event, the Customer will be deemed to agree in totality to any and all amendments, variations or supplements made by SFP if, on or after the effective date (as above), any Account of the Customer is continued to be maintained or operated, or any Service is utilised by or for the Customer, any Order is given, or any Transaction is entered into.

1.39.3 For the avoidance of doubt, the requirement for prior notice to the Customer pursuant to Clause 1.39.1 above, shall not apply to any amendments, variations or supplements required by Applicable Law.

1.39.4 In addition, the Customer acknowledges, agrees and accepts that the requirement for prior notice to the Customer pursuant to Clause 1.39.1 above, shall not apply to any amendments, variations or supplements to any of the Schedules which may be amended from time to time pursuant to any changes as may be required by the relevant exchange or Third Party intermediary, as the case may be, and the Customer agrees to check the Website for such changes from time to time.

#### 1.40 **Termination**

1.40.1 SFP or the Customer may terminate any Account or any Service provided by SFP under this Customer Agreement by giving five (5) Business Days’ notice in writing to the other party.

1.40.2 Prior to the date of the termination of any Account or Service, the Customer shall instruct SFP as to the proper disposal or transfer of monies and other property of the Customer in relation to such Account or Service. If the Customer fails to do so, SFP may exercise any of its rights under Clause 1.17 as if a Default had occurred.

1.40.3 Termination of this Agreement does not release the Customer from any obligations which have accrued to that time (including without limitation the Customer’s obligation to pay Commission or any other fee or amount to SFP incurred before, or in connection with, termination of this Agreement) or from any liabilities for any breach of any of the terms of this Agreement arising before the date of termination.

#### 1.41 **Third Party Rights**

1.41.1 Unless expressly provided to the contrary in this Customer Agreement, a person who is not a party to this Customer Agreement has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any of the terms in this Customer Agreement.



1.41.2 Notwithstanding any term herein, the consent of any Third Party is not required for any subsequent agreement between the parties hereto to amend or vary (including any release or compromise of any liability) or terminate this Customer Agreement. Where third parties are conferred rights under this Customer Agreement, those rights are not assignable or transferable.

#### 1.42 **Governing Law and Jurisdiction**

1.42.1 This Customer Agreement (except where specifically otherwise stated herein) shall be governed by and construed in accordance with the laws of Singapore. The uniform law on the international sale of goods shall not apply to the Transactions under this Customer Agreement.

1.42.2 Except where specifically otherwise stated herein, the parties hereby agree that the courts of Singapore shall have exclusive jurisdiction over any and all disputes arising from or in respect of this Customer Agreement.

1.42.3 Notwithstanding the foregoing, but except where specifically otherwise stated herein, nothing in this Customer Agreement restricts the right of SFP to submit disputes to any other court of competent jurisdiction and the Customer agrees to submit to the jurisdiction of such other court, whether concurrently or not.

#### 1.43 **Severability**

1.43.1 If any provision of this Customer Agreement is or becomes illegal, invalid or unenforceable, the same shall not affect the legality, validity or enforceability of any other provision of this Customer Agreement nor the legality, validity or enforceability of such provisions under the law of any other jurisdiction.

#### 1.44 **Rights and Remedies**

1.44.1 All of SFP's rights and remedies under this Customer Agreement are cumulative of, in addition to, and not exclusive or in derogation of, any other rights or remedies provided or available to SFP hereunder, by law, in equity or by any other agreement.

#### 1.45 **Translations**

1.45.1 These terms and conditions may, at SFP's discretion, be translated into a language other than the English language.

1.45.2 The Customer agrees that such translation shall only be for its convenience and the English text shall prevail in the event of any ambiguity, discrepancy or omission as between the English text and any translated text.

#### 1.46 **Assignability**

1.46.1 This Customer Agreement shall be binding on SFP and the Customer and their respective successors in title and assigns, and shall continue to be binding on the Customer notwithstanding any change in the name or constitution of SFP, or the consolidation or amalgamation of SFP into or with any other entity.

1.46.2 The Customer may not assign its rights hereunder or under any Account or Transaction without the prior written consent of SFP.

1.46.3 SFP may assign any or all of its rights hereunder or under any Account to any affiliate or successor of SFP, or change the office through which any Transaction is booked, or through which it makes or receives payments or deliveries for the purpose of any Service or Transaction.

1.47 **No Waiver or Amendment**

1.47.1 No failure to exercise or enforce and no delay in exercising or enforcing on the part of SFP of any right, power or privilege shall operate as a waiver thereof, nor shall it in any way prejudice or affect the right of SFP afterwards to act strictly in accordance with the powers conferred on SFP under these terms and conditions, nor shall any single or partial exercise of any right, power or privilege of SFP preclude any other or further exercise thereof or the exercise of any other right, power or privilege of SFP.

1.47.2 Unless otherwise expressly agreed in writing by SFP, no waiver of any provision in this Customer Agreement, rules and regulations applicable to any exchange or clearing house, or otherwise imposed by SFP relating to all or any Transaction, Service or Account may be implied from any conduct or course of dealing between the Customer and SFP.

1.48 **Time of Essence**

1.48.1 Time shall be of the essence in respect of the performance of all obligations and duties of the Customer.

1.49 **Force Majeure**

1.49.1 SFP shall not be liable for any loss or damage whatsoever suffered or incurred by the Customer (including any Loss or delay in the performance of any of SFP's duties or obligations, or SFP's execution of any Orders under this Customer Agreement) caused by events beyond SFP's reasonable control, including fire, earthquake, tsunami, flood, lightning, riots, strikes, lockouts, government action, change of law, acts of terrorism, war, telecommunications disruption, computer failure, the failure of any relevant exchange, clearing house, settlement system or broker for any reason to perform its obligations or any act of God or natural disaster.

1.50 **Financial Crimes**

1.50.1 SFP shall be entitled to take all actions SFP considers appropriate in order for it to meet any obligation or requirement, either in Singapore or elsewhere, in connection with the detection, investigation and prevention of financial crime including fraud, money laundering, terrorism financing, bribery, corruption, or tax evasion or the enforcement of any economic or trade sanction ("**Financial Crime**").

1.50.2 The Customer understands and agree that if any activities, conduct or circumstances the Customer is involved in (directly or indirectly) may, in the sole and absolute discretion of SFP, expose SFP to legal or reputational risk, or actual or potential regulatory or enforcement actions, SFP shall at any time, without giving any reason or notice to the Customer, have the right to immediately:-

- (a) close all Accounts and terminate all Services the Customer has with SFP;
- (b) delay, block or refuse the making or clearing of any payment, the processing of instructions or the application for Services or the provision of all or part of the Services; or
- (c) make reports and take any such other actions as SFP may deem appropriate.

1.51 **Complaints**

1.51.1 If a Customer wishes to raise any Complaint the Customer should contact SFP as soon as practicable. If SFP identifies a Complaint, SFP will notify the Customer as soon as possible.

- 1.51.2 The Customer shall keep the Customer's own record of dates or times of Transactions and other issues as that will help SFP to investigate any complaints or disputes. It may be difficult or not reasonably possible for SFP to locate records/tapes in relation to Transactions and other issues in the absence of information about the dates and times of any Transactions or other issues in dispute.
- 1.51.3 SFP operates a complaint handling procedure to enable SFP to deal promptly and fairly with complaints. Details of this procedure are available on request from Client Services.
- 1.51.4 Any Complaint should in the first instance be referred to Client Services. If the Complaint is not resolved to the Customer's satisfaction the Customer may refer the matter to the compliance manager.
- 1.51.5 If either the Customer or SFP notifies the other party of a Complaint, the Customer and SFP will consult in good faith in an attempt to resolve the Complaint in a timely manner, including, without limitation, by exchanging any relevant information and by identifying and using any Agreed Process which can be applied to the subject of the Complaint or, where no such Agreed Process exists or the Customer and SFP agree that such Agreed Process would be unsuitable, determining and applying a resolution method for the Complaint.
- 1.51.6 If the Customer remains dissatisfied with SFP's investigation or handling of the Customer's Complaint, the Customer may in certain circumstances refer the matter to the Financial Industry Disputes Resolution Centre Ltd ("**FIDReC**") in accordance with its dispute resolution process as detailed in its website. As a capital markets services licence holder regulated by the MAS, SFP is a member of FIDReC. FIDReC provides an independent dispute resolution scheme to assist in the resolution of disputes between consumers and financial institutions. Further information about FIDReC can be obtained from its website at [www.fidrec.com.sg](http://www.fidrec.com.sg).
- 1.52 **Taxes**
- 1.52.1 The Customer is responsible for the payment of all taxes that may arise in relation to the Customer's trades. Where, as a result of the Customer's trading, there is a tax charge in respect of stamp duty, transfer tax, dividend tax, withholding tax or other taxes or duties due in any jurisdiction, SFP reserves the right to pass these on to the Customer. SFP may elect to do so by withholding any such amounts from the Customer's realised profits. The Customer may find additional information with respect to SFP's practices in a Market on the Website or by calling Client Services.
- 1.52.2 SFP shall not be responsible for any taxes that may arise as a result of a change in law or practice or by reason of the Customer's paying tax in a jurisdiction other than Singapore.
- 1.52.3 SFP shall not be responsible for advising the Customer on any change in tax law or practice. The Customer shall in all circumstances be responsible for the Customer's own tax advice in relation to the Customer's trades.
- 1.52.4 SFP is permitted, but not required, to withhold any sums for tax purposes on the realised profits or on any Daily Financing Fees that the Customer receives as a result of holding positions in CFD.
- 1.52.5 The Customer is responsible for the payment of all taxes that may arise in relation to the Customer's trades. There may be taxes imposed that are not paid by SFP on behalf of the Customer. For all personal tax enquires relating to tax arising from trading, it is recommended that the Customer seeks independent tax advice.

1.53 **Definitions and Interpretation**

1.53.1 The headings herein are inserted for convenience only and shall not affect the construction of this Customer Agreement.

1.53.2 Expressions in the singular form shall include the plural and vice versa, and all references to the masculine gender shall include the female and neuter genders and vice versa.

1.53.3 References to "include", "includes" and "including" as they appear in this Customer Agreement are not limiting and are deemed in each instance to be followed by the words "without limitation".

1.53.4 The expression "may" when used in respect of SFP shall be understood as permitting and entitling SFP to do or not to do a thing, or to take or not to take any action, as the context may require, in SFP's discretion, but shall not be understood to mean that SFP owes any obligation (whether to the Customer or otherwise) to do or not to do the thing, or to take or not to take such action.

1.53.5 References to "Clause" and "Section" in this Customer Agreement are, unless otherwise expressly provided, references to clauses and sections respectively of this Customer Agreement.

1.53.6 References to the "Schedule" in this Customer Agreement are, unless otherwise expressly provided, references to the Schedule to this Customer Agreement as may be from time to time amended or supplemented.

1.53.7 References to Applicable Laws (or any provisions thereunder) are to such Applicable Laws and/or provisions as may be from time to time modified, amended or re-enacted.

1.53.8 For the purposes of this Customer Agreement, terms used herein shall, unless otherwise provided or unless the context otherwise requires, have the meaning respectively ascribed to them below:

**"Account"** means each account of the Customer with SFP (including any account subsequently opened or established with SFP from time to time), and includes any account on which the Customer effects Transactions or which are used for the purposes of the Services, pursuant to this Customer Agreement;

**"accredited investor"** shall have the meaning as ascribed to it in SFA;

**"Additional Margin"** shall have the meaning as ascribed to it in Clause 1.25.2;

**"Agreed Clearing System"** means such clearing house and/or clearing facilities as SFP and the Customer may agree from time to time through which OTC Clearing Transactions may be cleared;

**"Agreed Process"** means the complaint handling procedure referred to in Clause 1.51 and any other process agreed between the Customer and SFP in respect of a Complaint;

**"Applicable Laws"** means all relevant or applicable statutes, laws, rules, regulations, notices, orders, bye-laws, rulings, directives, circulars, guidelines, practice notes and interpretations (and any and all forms, letters, undertakings, agreements, deeds, contracts and all other documentation prescribed thereunder) (whether of a governmental body, regulatory or other authority, market, exchange, clearing house or self-regulatory organisations in relation to which SFP or a relevant Account, Service or Transaction is subject to);

**"Application"** means the application by the Customer to open an Account, in the form prescribed by SFP;

**“approved clearing house”** shall have the meaning ascribed to it in SFA;

**“Associate”** means in relation to a given corporation, any corporation that is a corporation of that given corporation, as defined in section 6 of the Companies Act, Chapter 50 of Singapore. In so far as rights and duties are herein expressed to be accorded to or imposed upon any Associate of SFP, SFP shall be regarded as entering into this Customer Agreement on behalf of that Associate;

**“Business Day”** means any day on which SFP is open for business in Singapore excluding Saturdays and Sundays and gazetted public holidays;

**“capital markets product”** shall have the meaning ascribed to it in SFA;

**“clearing facility”** shall have the meaning ascribed to it in SFA;

**“clearing house”** means any clearing facility in any jurisdiction on which SFP clears trades (either directly or by way of an intermediary) from time to time;

**“Client Services”** means SFP’s customer services team;

**“close-out”**, in respect of any Transaction, shall mean the act of closing out such Transaction (whether by way of an offsetting transaction or otherwise) or replacing such Transaction, for providing SFP with the economic benefits of the material terms of such Transaction;

**“Collateral”** includes cash and such other property as SFP may deem acceptable as collateral for the obligations of a Customer and up to a maximum percentage of its face value or Margin Value that SFP may from time to time reasonably determine;

**“Commodity”** includes any Currency, Security, financial instrument (including collective investment scheme) or such other item or things (including gold, silver, platinum or other metals, whether in the form of bullion or otherwise) as may constitute the subject matter of spot or forward contracts, futures contracts, options or OTC Transactions;

**“Confirmation”** means the written notice (including facsimile or other electronic means from which it is possible to produce a hard copy) which contains the specific terms of a Transaction entered into between the parties and includes a contract note. Ancillary agreements referred to in the Confirmation are part of such Confirmation;

**“Complaint”** means any dispute between a Customer and SFP which, in the sole opinion of the party notifying the other party of the dispute is required to be subject to the dispute resolution procedure set out in Clause 1.51;

**“Currency”** means money denominated in the lawful currency of any jurisdiction;

**“Customer”** means the person or persons named in the Application as the applicant(s), and where the context so admits, includes any one of those persons and may include one or more individuals, a partnership, a sole proprietorship or a corporation;

**“Customer Assets Rules”** means the provisions of Division 2, Part V of the SFA and Division 3, Part III of the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg. 10) relating to customer assets to the extent applicable to capital markets services licence holders carrying out activities under the SFA;

**“Customer Moneys Rules”** means the provisions of Division 2, Part V of the SFA and Division 2, Part III of the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg. 10) relating to customer moneys to the extent

applicable to capital markets services licence holders carrying out activities regulated under the SFA;

**"Daily Financing Fee"** means the charge which SFP applies daily to an open position. Details of the Daily Financing Fees are set out on the Website;

**"Default"** shall have the meaning ascribed to it in Clause 1.17;

**"Electronic Facilities"** shall have the meaning ascribed to it in Clause 1.10.2;

**"exchange"** means any exchange or market in any jurisdiction on which SFP trades (either directly or by way of an intermediary) from time to time;

**"expert investor"** shall have the meaning ascribed to it in SFA;

**"Extraordinary Event"** shall mean any event which SFP in good faith believes to have a material effect on any Transaction and shall include any Intermediary Default, any form of exchange control restriction or requirement of whatsoever nature affecting availability, convertibility, credit or transfers of Currencies, financial instruments or funds, any form of debt or other moratorium on jurisdictions, individuals or entities, any devaluation, redenomination or demonetisation of the underlying Currencies or financial instruments of any Transaction and/or any form of restriction or requirement which in SFP's good faith opinion adversely alters or changes the rights or obligations which SFP in good faith undertook upon the establishment of such Transaction;

**"FIDReC"** has the meaning ascribed to it in Clause 1.51.6;

**"Financial Crime"** has the meaning ascribed to it in Clause 1.50.1;

**"futures contract"** shall have the meaning ascribed to such expression in the SFA;

**"institutional investor"** shall have the meaning ascribed to it in SFA;

**"Intermediary"** shall have the meaning ascribed to such expression in Clause 1.7.1;

**"Intermediary Default"** means any wrongdoing, act, omission, insolvency, negligence, breach or duty, misconduct, fraud, wilful default or any other failure or default by or in respect of an Intermediary;

**"StoneX Group"** means SFP and its related corporations and Associates;

**"Loss"** means any and all actions, claims, liabilities, losses, damage, costs, charges, judgements, interest on judgements, assessments, taxes, fees, amounts paid in settlement or other liabilities and/or expenses of whatsoever nature and howsoever arising, incurred or suffered, including legal costs, cost of funding and loss or cost incurred as a result of the terminating, liquidating or re-establishing of any hedge or related trading position;

**"Margin"** has the meaning ascribed to it in Clause 1.25.1;

**"Margin Close Out Level"** has the meaning ascribed to it in Clause 1.25.13;

**"Margin Value"** means the value of the Margin placed by the Customer in the Account as determined by SFP in its discretion;

**"MAS"** means the Monetary Authority of Singapore;

**"Officer"** means any officer or employee of SFP;

**"Order"** means any offer to enter into a Transaction, or any instruction, request,

application or order in respect of a Transaction (in whatever form and howsoever sent, given or transmitted) to SFP of the Customer or which SFP or an Officer reasonably believes to be the instruction, request, application or order of the Customer in respect of a Transaction and includes any instruction, request or order to revoke ignore or vary any previous request or order in respect of a Transaction;

**“organised market”** shall have the meaning ascribed to it in SFA;

**"OTC"** means over-the-counter;

**"OTC Clearing Rules"** means the relevant rules of each Agreed Clearing System provider and, in particular, the specific rules relating to clearing of transactions eligible to be cleared through such Agreed Clearing System including, in the case of OTC Clearing Services for transactions eligible to be cleared through the Agreed Clearing System of the SGX-DC, the Clearing Rules of SGX-DC and, in particular, Chapter 7 of the Clearing Rules of SGX-DC;

**"OTC Clearing Services"** means clearing services provided by SFP to the Customer for clearing of OTC Clearing Transactions intended as transactions eligible to be so cleared through such Agreed Clearing Systems, whether directly through SFP as a relevant clearing member with respect to the relevant Agreed Clearing Systems or indirectly through an Intermediary as such relevant clearing member in either case via such approved trade registration systems as may be established or approved with respect to the relevant Agreed Clearing Systems;

**"OTC Clearing Transaction"** means an OTC Transaction for which SFP provides OTC Clearing Services;

**“OTC derivatives contract”** shall have the meaning ascribed to it in SFA;

**“OTC Transaction”** means a Transaction that is concluded over-the-counter and not on or through an exchange under its business rules, whether or not cleared and/or settled through an exchange or clearing house;

**“Password”** means the unique code(s) used by the Customer to access any form of electronic communication in order to communicate to SFP instructions, Orders or any other communication;

**"Person"** includes any natural person, government or statutory body, business, firm, partnership, corporation or unincorporated body;

**"PDPA"** means the Personal Data Protection Act 2012 of Singapore and the regulations issued under it;

**"Personal Data"** includes any data, whether true or not, about an individual who can be identified from that data such as the individual's name, NRIC, passport or other identification number, telephone numbers, address, email address and any other information relating to individuals, which the Customer has provided to SFP or which SFP is likely to have access;

**“Potential Default”** means any event or circumstance which, with the giving of notice or the lapse of time or both, would constitute a Default;

**"property"** includes all moveable and immovable property (including Securities, Commodities and debts and other choses in action) and any estate, share, right or interest in any property;

**“Purposes”** shall have the meaning ascribed to it in Clause 1.28.2;

**“recognised clearing house”** shall have the meaning ascribed to it in SFA;

**"Relevant Currency"** shall have the meaning ascribed to it in Clause 1.14.1;

**"Retail Customer"** means a Customer who is not an accredited investor, expert investor, or institutional investor;

**"Securities"** shall have the meaning ascribed to the term "securities" in the SFA;

**"Service"** means any and all services and/or facilities provided by or through SFP;

**"Settlement Date"** is the day on which the Transaction is required to be settled;

**"SFA"** means the Securities and Futures Act, Chapter 289 of Singapore and the regulations issued under it;

**"SF(CO)IR"** means the Securities and Futures (Classes of Investors) Regulations 2018 promulgated under the SFA;

**"SFR"** means the Securities and Futures (Licensing and Conduct of Business) Regulations promulgated under the SFA;

**"SGX-DC"** means the Singapore Exchange Derivatives Clearing Limited;

**"SGX-DT"** means the Singapore Exchange Derivatives Trading Limited;

**"SGX-ST"** means the Singapore Exchange Securities Trading Limited;

**"Third Party"** means any party who is not a party to this Customer Agreement;

**"Transaction"** includes transactions in such Commodities, Currencies, futures contracts, indices, rates, financial instruments, Securities or such other transactions as SFP may from time to time permit to be carried out under any Account;

**"Username"** means login identification which may be used by the Customer to access any form of electronic communication in order to communicate to SFP instructions, Orders or any other communication;

**"US Person(s)"** means a US Citizen or resident individual, a partnership or corporation organised in the US or under the laws of the US or any state of the US, a trust if (i) a court within the US would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of trust, and (ii) one or more US Person(s) have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the US. This definition shall be interpreted in accordance with the US Internal Revenue Code. Please note that persons who have lost their US citizenship and who live outside the US may nonetheless in some circumstances be treated as US Person(s);

**"Value Date"** means the date on which the respective obligations of the parties to a foreign exchange or OTC Transaction are to be performed; and

**"Website"** means <https://www.cityindex.com.sg> or such other website as may be designated by SFP from time to time.



## **2 INTERNATIONAL TAXATION**

### **2.1 International Taxation Agreement (USA)**

- 2.1.1 The Customer consents to the collection, storage, and disclosure by SFP and its agents of any confidential information to persons from who SFP and its agents receive or make payments on the Customer's behalf and to governmental authorities, both domestic and foreign, as required by law or other agreement by or between governments. Confidential information includes the Customer's Personal Data, bank account details, transactional information, and any other information that a reasonable person would consider being of a confidential or proprietary nature. SFP may also have to report information about the Customer's direct and indirect shareholders or other owners or interest holders and, if the Customer is a trust, its beneficiaries, settlors or trustees. The Customer's consent shall be effective notwithstanding any applicable nondisclosure agreement. The Customer represents that it has secured from any Third Party on whom the Customer has provided information to SFP any consents and waivers necessary to permit SFP and its agents to carry out the actions described in this paragraph, and that the Customer will secure such and consents and waivers in advance of providing similar information to SFP in the future.
- 2.1.2 The Customer consents to providing all required documentation or information, including, but not limited, to date of birth, countries of citizenship, countries of tax residency and associated taxpayer identification numbers, which may be required to enable SFP and its agents to document the Customer in accordance with United States Internal Revenue Code ("**FATCA**") or other agreement by or between governments. The Customer shall notify SFP in writing within thirty (30) days of any change that affects the Customer's tax status pursuant to SFP or any other legal requirement or agreement by or between governments. The Customer acknowledges that additional documentation or other information may be required in order to process any such change and consent to provide all required documentation or other information.
- 2.1.3 If some of the Customer's income is reportable and some is not, SFP will report all income unless SFP can reasonably determine the reportable amount.
- 2.1.4 The Customer hereby authorises SFP and any of its agents, where appropriate, to withhold or otherwise collect from any payment any required tax or other government assessment, including, but not limited to, any requirement to withhold or deduct an amount under the United States Internal Revenue Code and the regulations and other guidance thereunder, each as amended from time to time or any other agreement by or between authorities.
- 2.1.5 To the greatest extent permitted by applicable law, SFP will not be liable to the Customer for any reasonable losses, costs, expenses, damages, liabilities the Customer may suffer as a result of SFP complying with legislation, regulations, orders or agreements with tax authorities or by and between tax authorities in accordance with this condition, or if SFP makes an incorrect determination as to whether or not the Customer should be treated as being subject to tax or tax reporting obligations where the incorrect determination results from SFP's reliance on incorrect or incomplete information provided to SFP by the Customer or any Third Party, unless that loss is caused by SFP's gross negligence, wilful default of this Clause or fraud.
- 2.1.6 This Clause 2 will override any inconsistent term or consent provided by the Customer under any agreement with SFP to the extent that such agreement provides fewer or lesser rights for SFP, whether before or after the date of this Customer Agreement.

2.2 **Indemnity for Inaccurate Information**

2.2.1 Without prejudice to any other rights or remedies SFP may otherwise have, the Customer shall indemnify, keep indemnified and hold harmless SFP against any and all liabilities, actions, claims, losses, damages, costs and expenses (including but not limited to legal costs on a full indemnity basis) suffered or incurred by SFP as a result of or in connection with the Customer's US Persons status being inaccurate, outdated or untrue.

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## ANNEX A: RISK DISCLOSURE STATEMENT

Please note that references in this risk disclosure statement to “you” or “your” are references to the Customer and references to “we”, “our” or “us” are references to SFP.

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

1. This statement is provided to you in accordance with regulation 47E(1) of the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg 10).
2. This statement does not disclose all the risks and other significant aspects of trading in futures, options, over-the-counter derivatives contracts where the underlying is a currency or currency index (“**OTCD currency contracts**”) and spot foreign exchange contracts for the purposes of leveraged foreign exchange trading (“**Spot LFX trading contracts**”). In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to the risks. Trading in futures, options, OTCD currency contracts and Spot LFX trading contracts may not be suitable for many members of the public. You should carefully consider whether such trading is appropriate for you in the light of your experience, objectives, financial resources and other relevant circumstances. In considering whether to trade, you should be aware of the following:

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

1. Effect of ‘Leverage’ or ‘Gearing’

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

2. Risk-Reducing Orders or Strategies

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

(b) Options

1. Variable Degree of Risk

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

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

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

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

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

1. Terms and Conditions of Contracts

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

2. Suspension or Restriction of Trading and Pricing Relationships

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

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

### 3. Deposited Cash and Property

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

#### (d) Commission and Other Charges

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

#### (e) Transactions in Other Jurisdictions

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

#### (f) Currency Risks

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

#### (g) Trading Facilities

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

#### (h) Electronic Trading

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

#### (i) Off-Exchange Transactions

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

## A.2 ADDITIONAL RISK DISCLOSURES

This risk disclosure statement provides a brief outline of some of the risks associated with holding and trading of financial instruments, including trading in futures, OTC derivatives contracts, spot foreign exchange contracts for the purposes of leveraged foreign exchange trading (“**Spot LFX trading contracts**”) and contracts for differences generally. It cannot be and is not sufficient to explain all the risks. The Customer should therefore fully understand the nature of the transactions and contractual relationships, the extent of its exposure to risk and the potential losses that can be incurred and, as appropriate, consult its professional advisers before entering into any transaction.

**The Customer acknowledges that it has read and understood this statement and accepts these risks.**

### A.2.1 ADDITIONAL RISK DISCLOSURES SPECIFIC TO FUTURES AND OPTIONS

#### A. Derivatives Products

##### 1. Derivatives Products

Derivatives are financial contracts for which the price is derived from an underlying asset or benchmark, such as a share or share index. Derivatives may be comprised of a number of different elements and this often makes them difficult to understand. The Customer should not deal in derivatives unless it asks about and understands the nature of the contract it is entering into, the terms and conditions of the contract and the extent of its exposure to risk. While the following sections of this risk disclosure statement describe the principal risks relevant to certain derivatives products, such as options, warrants, futures and forwards, it does not disclose all of the risks and other significant aspects of these products or other derivatives products.

##### 2. Options

An option is a right granted by a person (the seller or writer) to another (the buyer or holder) to buy (call option) or to sell (put option) a specified amount of an underlying share or other asset at a predefined price (strike price) at or until a certain time (expiration date), in exchange for the payment of a premium. American-style options are exercisable on any trading day up until the expiration date. European-style options may only be exercised on their expiration date. Transactions in options carry a high degree of risk. The Customer should familiarise itself with the type of options (i.e. put or call) which it contemplates trading and the associated risks. The Customer should calculate the extent to which the value of an option would have to increase for the Customer's position to become profitable, taking into account the premium paid and all transaction costs.

Exercising an option results in either a cash settlement or in the buyer acquiring delivery of the underlying asset. The buyer of options may offset its position by trading in the market or exercise the options or allow the options to expire. If the option is on a futures contract, for example, the buyer will acquire the futures position together with associated liabilities for margin; this will expose the buyer to the risks of the futures contract, described below under "Futures and Forwards". If the purchased options expire worthless, the Customer will suffer a total loss of its investment, which will consist of the option premium paid plus transaction costs. If the Customer is contemplating purchasing deep-out-of-the-money options, the Customer should be aware that, ordinarily, the chance of such options becoming profitable is remote.

The risks associated with writing an option are generally considerably greater than buying an option. If the option is covered by a corresponding position in the underlying asset, the risk may be reduced. Conversely, if the option is uncovered, then the possible loss may be unlimited. Only experienced persons should contemplate writing uncovered options, and then only after securing full details of the applicable conditions and potential risk exposure. During the life of an option, the buyer will often have to provide margin. The margin is determined by the counterparty or, in the case of exchange traded options, the exchange. If the deposited margin proves insufficient, the buyer may have to provide additional collateral or be faced with its position being closed-out. Certain exchanges in some

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

3. Commodity Options

Before entering into any transaction involving a commodity option, the Customer should thoroughly understand the nature and type of option involved and the underlying physical commodity. In addition to the risks set out above, the Customer should note that specific market movements of the underlying physical commodity cannot be predicted accurately. The prices of commodities can and do fluctuate, and may experience up and down movements which would affect the value of the option.

4. Exotic Options

Unlike "plain vanilla" put and call options, exotic options are subject to additional conditions and agreements. Exotic options come in the form of tailor-made over-the-counter options or as warrants (see section on "Warrants" below). Given the special composition of exotic options, their price movements can vary markedly from those of their "plain vanilla" cousins. The Customer must also be aware that larger transactions can trigger price movements even shortly before expiration and that these can render an option worthless. There is no limit to the structures exotic options may take and the Customer should seek comprehensive advice about the particular risks involved before entering into any transaction involving an exotic option.

5. Warrants

A warrant is a right to subscribe for shares, debentures or other securities, and is exercisable against the original issuer of the securities. As in the case of options, warrants often involve a high degree of gearing, so that a relatively small movement in the price of the underlying security results in a disproportionately large movement in the price of the warrant. The prices of the warrants can therefore be volatile. As in the case of options, the buyer of a warrant is subject to the risk of losing the premium and transaction costs.

Some other instruments are also called warrants but are actually options -- for example, a right to acquire shares or other securities which is exercisable against someone other than the original issuer of the securities, which is often called a "covered warrant". More generally, options which are in securitised form are often referred to as warrants.

An investment in warrants involves valuation risks in relation to the underlying asset, which may vary over time and may increase or decrease by reference to various factors, which may include corporate actions (where the underlying asset is a share or a basket of shares), changes in computation or composition (where the underlying asset is an index), macro-economic factors and market trends. Although the issuer may be required or permitted to adjust or amend the conditions of the warrants under certain circumstances, if an event occurs which does not require the issuer to make such adjustments, the price of the warrants and the return upon the exercise of the warrants may be affected.

6. Forwards and Futures

Forwards and futures entail the obligation to deliver or take delivery on a specified expiration date of a defined quantity of an underlying asset at a price agreed on the contract date. Futures are standardised contracts traded on-exchange. Forwards are traded over-the-counter. Futures and forwards involve a high degree of risk: the "gearing" or "leverage" often obtainable in forwards or futures trading means that a small deposit or down payment can lead to large losses as well as gains.

On buying or (short) selling an underlying asset on the futures market, the Customer must supply a specified initial margin on agreement of the contract. This is usually a percentage of the total value of the contracted instruments. In addition, a variation margin is calculated periodically during the life of the contract. This corresponds to the book profit or loss arising from any change in value in the contract or underlying instrument. In the event of a book loss, the variation margin can be several times as large as the initial margin.

For forward sales, the underlying must be delivered at the price originally agreed even if its market value has since risen above the agreed price. In such a case, the Customer risks losing the difference between these two amounts. Theoretically, there is no limit to how far the market value of the underlying can rise. Hence, potential losses are similarly unlimited and can substantially exceed the margin requirements. For forward purchases, the Customer must take delivery of the underlying at the price originally agreed even if its market value has since fallen below the agreed price. The Customer's potential loss corresponds to the difference between these two values. The maximum loss corresponds to the originally agreed price. Potential losses can substantially exceed the margin requirements. If the Customer sells forward an underlying which it does not hold at the outset of the contract, this is referred to as a short sale. In this case, the Customer risks having to acquire the underlying at an unfavourable market price in order to fulfill its obligation to effect delivery on the contract's expiration date.

7. OTC Forwards

There is no actual market for OTC forwards agreed individually, and hence such positions may only be closed out with the agreement of the counterparty.

8. Contracts for Differences

Certain futures, forward or option contracts can also be referred to as a "contract for differences" -- for example, a forward relating to an equity index. However, these contracts can only be settled in cash. Investing in a contract for difference carries the same risks as investing in a futures contract, forward or an option, and the Customer should be aware of these as set out in the respective sections of this risk disclosure statement above. Transactions in contracts for differences may have margin requirements and the Customer should be aware of the implications of this as set out in the section below entitled "Margin and Leveraged Transactions".

9. Structured Products

Structured products are formed by combining two or more financial instruments, including one or more derivatives. They may be traded either over-the-counter or on-exchange. Structured products carry a high degree of risk and may not be suitable for many members of the public, as the risks associated with the financial instruments may be interconnected. Prior to engaging in structured product transactions, the Customer should understand the inherent risks involved. In particular, the various risks associated with each financial instrument should be evaluated separately as well as taking the structured product as a whole.

With structured products, buyers can only assert their rights against the issuer. The Customer therefore needs to be aware that, as well as any potential loss it may incur due to a fall in the market value of the underlying, a total loss of its investment is possible should the issuer default.

Equity-linked notes (or ELNs) are an example of structured products. ELNs may be viewed as combining a debt instrument with an option that allows a bull (rising), bear (falling) or range bet. The return on an ELN is usually determined by the performance of a single share or other security, a basket of securities or an equity index or other index. The Customer should also note that the return on investment of an ELN may be predetermined, so that even if the Customer's view of the direction of the underlying market is correct, the Customer will not gain more than the specified amount. In addition, there is a limited secondary market for outstanding ELN issues.

**B. Risks associated with Futures, OTC Derivatives Contracts, Spot LFX trading contracts**

1. Effect of 'Leverage' or 'Gearing'

Transactions in futures, OTC derivatives contracts and Spot LFX trading contracts carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract, OTC derivatives contract or Spot LFX trading contract transaction so that the transaction is highly 'leveraged' or 'geared'. A relatively small market movement will have a



proportionately larger impact on the funds you have deposited or will have to deposit; this may work against you as well as for you. You may sustain a total loss of the initial margin funds and any additional funds deposited with the firm to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice in order to maintain your position. If you fail to comply with a request for additional funds within the specified time, your position may be liquidated at a loss and you will be liable for any resulting deficit in your account.

2. Risk-Reducing Orders or Strategies

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

**C. Options**

1. Variable Degree of Risk

- (i) Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarise themselves with the type of options (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options would have to increase for your position to become profitable, taking into account the premium paid and all transaction costs.
- (ii) The purchaser of options may offset its position by trading in the market or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a futures contract, OTC derivatives contract or Spot LFX trading contract, the purchaser will have to acquire a position in the futures contract, OTC derivatives contract or Spot LFX trading contract, as the case may be, with associated liabilities for margin (see the section on Futures, OTC derivatives contract and Spot LFX trading contracts above). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium paid plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that, ordinarily, the chance of such options becoming profitable is remote.
- (iii) Selling ('writing' or 'granting') an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of the amount of premium received. The seller will be liable to deposit additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a futures contract, OTC derivatives contract or Spot LFX trading contract, the seller will acquire a position in the futures contract, OTC derivatives contract or Spot LFX trading contract, as the case may be, with associated liabilities for margin (see the section on Futures, OTC derivatives contract and Spot LFX trading contracts above). If the option is 'covered' by the seller holding a corresponding position in the underlying futures contract, OTC derivatives contract, Spot LFX trading contract or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.
- (iv) Certain exchanges in some jurisdictions permit deferred payment of the option premium, limiting the liability of the purchaser to margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

**D. Additional Risks Common to Futures, Options, OTC Derivatives Contracts and Spot LFX trading contracts**

1. Terms and Conditions of Contracts

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

2. Suspension or Restriction of Trading and Pricing Relationships

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

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

3. Deposited Cash and Property

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

**E. Additional Risks Common to Contracts for Differences ("CFDs")**

1. Nature of Margined Trades

In certain circumstances your losses on a CFD trade may be unlimited. For instance, if you open a position with us by selling the contract in question (a practice known as "shorting a market") and the price rises, you will make a loss on that CFD trade and it is impossible to know the limit of your potential losses until you close the CFD trade or your open positions are closed when your margin level reaches the Margin Close Out Level (as defined in Schedule B). You must ensure that you understand the potential consequences of a particular CFD trade and be prepared to accept that degree of risk.

2. Volatility

Whether you make a profit or a loss will depend on the prices we set and fluctuations in the price of the underlying to which your CFD trade relates. Neither you nor we will have any control over price movements in the underlying. Price movements in the underlying can be volatile and unpredictable.

A feature of volatile markets is "Gapping", the situation where there is a significant change to Our Price (as defined in Schedule B) between consecutive quotes. Gapping may occur in fast and falling markets or if price sensitive information is released prior to Market opening. The price at which we execute your CFD Orders may be adversely affected if Gapping occurs in the relevant market. Guaranteed Stop Loss Orders (as defined in Schedule B) will always be executed at your specified Order price, but all other types of Orders will be executed when Our Price meets or exceeds your specified Order price. If Gapping occurs, the price at which your Order is executed may significantly exceed your specified Order price.

3. Liquidity  
A decrease in liquidity (a term which describes the availability of buyers and sellers who are prepared to deal in an underlying market) may adversely impact Our Price and our ability to quote and trade in a market. If there is a significant reduction or a temporary or permanent cessation in liquidity in an underlying, such events may be deemed an Event Outside of Our Control or Market Disruption Event (as applicable) under Schedule B and we may increase Our Price, suspend trading or take any other action we consider reasonable in the circumstances. As a result you may not be able to place CFD trades or to close open positions in any affected market.

## **F. General Investment Risks**

1. Price and Market Risks  
Under certain circumstances, it may be difficult to liquidate an existing position, assess the value, determine a fair price or assess its exposure to risk. The specifications of outstanding contracts (including the exercise price of an option or warrant) may also be modified by an exchange or clearing house to reflect changes in the underlying asset.
2. Liquidity and Market Disruption Risks  
Adverse market conditions may result in the Customer not being able to effect transactions, liquidate all or part of its investments, assess a value or its exposure or determine a fair price, as and when it requires. This may also arise from the rules in certain markets (for example, the rules of a particular exchange may provide for "circuit breakers" where trading is suspended or restricted at times of rapid price movements).

Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily limit the Customer's losses to the intended amounts, as it may be impossible to execute such orders under adverse market conditions. Strategies using combinations of positions, such as spread and straddle positions, may be as risky as taking simple long or short positions.

The normal pricing relationships between a derivative and the underlying assets may not exist in certain circumstances. For example, this can occur when an asset underlying an option is subject to price limits while the option is not.

3. Credit Risks  
Credit risk is the risk that a counterparty (including SFP) may fail to perform its obligations to the Customer when due. The Customer should also familiarise itself with the protection accorded to any money or other property which it deposits for domestic and foreign transactions, particularly in a firm's insolvency or bankruptcy. The extent to which the Customer may recover its money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as its own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

## **G. Custodial Services**

The Customer should understand that in relation to securities and assets held in other jurisdictions, SFP may appoint foreign custodians to safe-keep its foreign securities and assets. In this respect, there may be additional risks in relation to such foreign custodians arising from the operation of foreign law, rules and regulations. The Customer should therefore be prepared to assume these further risks before it engages SFP to provide such foreign custodial services. The Customer should also be aware that it may incur additional costs for utilising custodial services.

## **H. Counterparty and Intermediary Default Risks**

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 SFP on the Customer's behalf. The Customer acknowledges and agrees that transactions entered into on the Customer'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, willful default or any other failure or default by or in respect of any such counterparty and/or intermediary may result in Losses to the Customer (including the loss of any Collateral, Currencies, Margin, investments, property or other documents of title belonging to the Customer and/or held in respect of the Customer's transactions) or lead to the Customer's positions being liquidated or closed out without prior notice to or consent from the Customer and, by trading through or with SFP, the Customer acknowledges and understands that any and all such Losses will be for the Customer's own account. In certain circumstances, the Customer may not even get back (in whole or in part) the actual cash and/or assets which the Customer may have deposited with SFP (whether as Margin, Collateral or otherwise) or the Customer 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 Customer's open positions to another appropriate counterparty or intermediary (the "**Replacement Intermediary**"). However, there may be occasions where the Customer'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 Customer's margins, cash and/or assets deposited with the Defaulting Intermediary may continue to be retained by the Defaulting Intermediary and the Customer may be required to provide fresh or additional margin, cash and/or other assets to the Replacement Intermediary in order for the Customer's open positions to be transferred to the Replacement Intermediary.

#### **I. Margin and Leveraged Transactions**

Financial transactions may sometimes involve a high degree of leverage. This can work against the Customer as well as for the Customer. A small market movement can produce large losses as well as gains.

The risk of loss in financing a transaction by deposit of collateral is significant. The Customer may sustain losses in excess of its 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. The Customer 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, the Customer's collateral may be liquidated without its consent. Moreover, the Customer will remain liable for any resulting deficit in its account and interest charged on its account. The Customer should therefore carefully consider whether such a financing arrangement is suitable in light of its own financial position and investment objectives.

#### **J. Commission and Other Charges**

Before the Customer begins to trade, the Customer should obtain a clear explanation of all commissions, fees and other charges for which it will be liable. These charges will affect the Customer's net profit (if any) or increase its loss and must be considered in any risk assessment made by the Customer.

#### **K. Transactions in Other Jurisdictions**

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose the Customer to additional risk. Such markets may be subject to rules which may offer different or diminished investor protection. Before the Customer trades, the Customer should make enquiries with SFP about any rules relevant to the Customer's particular transactions. The Customer's local regulatory authority will be unable

to compel the enforcement of the rules of the regulatory authorities or markets in other jurisdictions where the Customer's transactions have been effected. The Customer should ask SFP for details about the types of redress available in both the Customer's home jurisdiction and other relevant jurisdictions before the Customer starts to trade. Any imposition by a country of exchange controls or other limitations or restrictions may cause payments to be made in the local currency instead of the original invested currency, or may result in the inability to effect outward remittances of funds from such country, which can affect the value of the Customer's investment or the Customer's ability to enjoy its benefit. Investment in equities, investment funds and other assets in "emerging markets", including those located in Asia, Latin America and Eastern Europe, may yield high returns but may also carry high investment risks. Such risks include political risks, risks of economic instability, heightened levels of the general risks described above, greater prevalence of unsavoury market practices and laws and regulations which afford inadequate protection and safeguards to investors. Generally less information is publicly available with respect to emerging markets issuers and obligors and many emerging markets companies are subject to less rigorous accounting and reporting requirements than those applicable in developed markets.

Some of the risks involved in trading overseas listed investment products are highlighted here.

#### Differences in Regulatory Regimes

- (i) Overseas markets may be subject to different regulations, and may operate differently from approved exchanges in Singapore. For example, there may be different rules providing for the safekeeping of securities and monies held by custodian banks or depositories. This may affect the level of safeguards in place to ensure proper segregation and safekeeping of your investment products or monies held overseas. There is also the risk of your investment products or monies not being protected if the custodian has credit problems or fails. Overseas markets may also have different periods for clearing and settling transactions. These may affect the information available to you regarding transaction prices and the time you have to settle your trade on such overseas markets.
- (ii) Overseas markets may be subject to rules which may offer different investor protection as compared to Singapore. Before you start to trade, you should be fully aware of the types of redress available to you in Singapore and other relevant jurisdictions, if any.
- (iii) Overseas-listed investment products may not be subject to the same disclosure standards that apply to investment products listed for quotation or quoted on an approved exchange in Singapore. Where disclosure is made, differences in accounting, auditing and financial reporting standards may also affect the quality and comparability of information provided. It may also be more difficult to locate up-to-date information, and the information published may only be available in a foreign language.

#### Differences in legal systems

- (i) In some countries, legal concepts which are practiced in mature legal systems may not be in place or may have yet to be tested in courts. This would make it more difficult to predict with a degree of certainty the outcome of judicial proceedings or even the quantum of damages which may be awarded following a successful claim.
- (ii) The Monetary Authority of Singapore will be unable to compel the enforcement of the rules of the regulatory authorities or markets in other jurisdictions where your transactions will be effected.
- (iii) The laws of some jurisdictions may prohibit or restrict the repatriation of funds from such jurisdictions including capital, divestment proceeds, profits, dividends and

interest arising from investment in such countries. Therefore, there is no guarantee that the funds you have invested and the funds arising from your investment will be capable of being remitted.

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

#### Different costs involved

- (i) There may be tax implications of investing in an overseas-listed investment product. For example, sale proceeds or the receipt of any dividends and other income may be subject to tax levies, duties or charges in the foreign country, in Singapore, or in both countries.
- (ii) Your investment return on foreign currency-denominated investment products will be affected by exchange rate fluctuations where there is a need to convert from the currency of denomination of the investment products to another currency, or may be affected by exchange controls.
- (iii) You may have to pay additional costs such as fees and broker's commissions for transactions in overseas exchanges. In some jurisdictions, you may also have to pay a premium to trade certain listed investment products. Therefore, before you begin to trade, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

#### Counterparty and correspondent broker risks

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

#### Political, Economic and Social Developments

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

### **L. Currency Risks**

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

### **M. Trading Facilities**

Most open-outcry and electronic trading facilities are supported by computer-based 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. The Customer's ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms. Such limits may vary. Before conducting any transactions through such facilities or systems, the Customer should understand the details in this respect. Further, trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic

trading systems. If the Customer undertakes transactions on an electronic trading system, it 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 the Customer's order is either not executed according to its instructions or not executed at all.

#### **N. Electronic Trading**

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

#### **O. Off-Exchange Transactions**

If the Customer enters into an off-exchange transaction, SFP may be acting as the Customer's counterparty. Off-exchange transactions may be less regulated or subject to a separate regulatory regime, compared to on-exchange transactions.

Because prices and characteristics of over-the-counter financial instruments are often individually negotiated, there may be no central source for obtaining prices and there can be inefficiencies in the pricing of such instruments.

Off-exchange transactions may also involve greater risk than dealing in exchange traded products because there is no exchange market through which to liquidate the Customer's position, to assess the value of the product or the exposure to risk. Bid and offer prices need not be quoted and it may be difficult to establish what is a fair price.

#### **P. Other Risks**

1. There may be other significant risks that the Customer should consider based on the terms of a specific Transaction the Customer enters into. Highly customized Transactions in particular may increase liquidity risk and introduce other significant risk factors of a complex character.
2. Highly leveraged transactions may experience substantial gains or losses in value as a result of relatively small changes in the value or level of an underlying or related market factor. If the Customer intends to hedge a Transaction which the Customer enters into, there is a risk that that may not be possible.
3. In evaluating the risks and contractual obligations associated with a particular Transaction, the Customer should also consider that an OTC bilateral Transaction may be modified or terminated only by mutual consent and subject to agreement on individually negotiated terms. Accordingly, it may not be possible for the Customer to modify, terminate or offset the Customer's obligations or its exposure to the risks associated with a Transaction prior to its agreed termination or settlement date.
4. The prices of any Commodities, options and other property in which SFP may trade for the Customer under the Account that are quoted on the exchanges may be volatile, unpredictable and sensitive to events both happening within the jurisdiction of the exchange and extraneously or internationally.
5. The risk of Loss from undertaking such Transactions is high and the degree of such Loss may be substantial and far in excess of the value of the Margin and as such the Transactions are only suitable for those who are experienced investors capable of assuming such Loss by virtue of their financial conditions.
6. It may, in certain circumstances, be difficult or even impossible to off-set a position in relation to an option on any exchange and in such event, the Customer shall be required to exercise

the option.

7. SFP may refuse to execute any Order which is impossible or not reasonably practicable to execute including but not limited to the execution of a "stop", "contingent" or other similar Order on electronic systems which may generally only be able to accept "limit" Orders.
8. Transactions in respect of foreign exchange or otherwise involving foreign currencies may be subject to foreign exchange fluctuations, which may affect the returns on the Transactions for the Customer. In addition, exchange controls may also be from time to time imposed in respect of any foreign currency applicable to such Transactions and such exchange controls may have an impact on the convertibility or transferability of such foreign currencies and may also result in the Customer incurring a loss on such Transactions as a result thereof.
9. The disclosures above (even when taken and read in conjunction with the risk disclosures statements in the Schedule) do not purport to disclose all of the risks and other material considerations associated with Transactions the Customer may enter into. The Customer specifically should not take the general disclosures herein as business, legal, tax or accounting or other advice or as modifying applicable law.

**IF THE CUSTOMER IS IN ANY DOUBT ABOUT AN ACTUAL OR PROPOSED TRANSACTION, THE CUSTOMER SHOULD CONSULT ITS OWN BUSINESS, LEGAL, TAX, ACCOUNTING AND OTHER ADVISERS WITH RESPECT TO THE TRANSACTION AND IN ALL CASES THE CUSTOMER SHOULD REFRAIN FROM ENTERING INTO ANY TRANSACTION WITH OR THROUGH SFP UNLESS THE CUSTOMER HAS FULLY UNDERSTOOD THE TERMS AND RISKS OF THE TRANSACTION, INCLUDING THE EXTENT OF ITS POTENTIAL RISK OF LOSS AND IS WILLING AND ABLE TO SUSTAIN SUCH LOSS.**



## **ANNEX B: PRC EXCHANGES RISK DISCLOSURE STATEMENT**

### **B.1 ADDITIONAL RISK DISCLOSURES FOR TRANSACTIONS IN PRC EXCHANGES**

1. The Customer hereby agrees and acknowledges that there are risks associated with trading in exchanges established in the People's Republic of China ("**PRC**") in addition to those outlined in Annex A. This PRC Exchanges Risk Disclosure Statement is in addition to and supplement the disclosures contained within the Customer Agreement and in Annex A. The Customer is specifically referred to the following paragraphs / clauses of the Customer Agreement and Annex A:
  - (a) "Delegation and Use of Intermediaries": Clause 1.7 of the Customer Agreement;
  - (b) "Counterparty and Intermediary Default Risks": A.2.1.H of Annex A of the Customer Agreement; and
  - (c) "Transactions in Other Jurisdictions": A.2.1.K of the Customer Agreement.
2. The Customer hereby agrees and acknowledges that, among many other risks involved and in addition to the risks already outlined in the Customer Agreement and Annex A, there are specific and heightened risks regarding Transactions on exchanges established in the PRC. Such heightened and specific risks include (without limitation) risks associated with potentially rapid changes in the political, economic, and social environment in the PRC and/or risks of abrupt changes to laws, rules or regulations, including the trading and clearing rules of exchanges established in the PRC. Any such change may:
  - (a) abruptly and severely impact the value of any investment or Transaction including a potential total loss of a Customer's investment; and/or
  - (b) prevent or hinder the Customer's ability to liquidate or otherwise dispose or trade a position or Transaction; and/or
  - (c) may result in the Customer being unable to withdraw part or all the monies deposited with SFP to execute a Transaction at the exchanges in PRC; and/or
  - (d) result in the Customer's inability to secure any rights to outstanding positions in Commodity Futures Contracts which the Customer may have established when effecting Transactions in PRC Exchanges.
3. These PRC Exchanges Risk Disclosure Statement cannot be and are not sufficient to explain all the risks of a Customer's decision to execute a Transaction on an exchange based in the PRC. The Customer should ensure therefore ensure that it fully understands the nature of the transactions and contractual relationships, the extent of its exposure and the potential losses that can be incurred and, to the extent required, familiarize itself with the respective trading and clearing rules specific to the relevant PRC exchange on which they trade before entering any Transaction on the relevant PRC exchange.
4. In preparing these PRC Exchanges Risk Disclosure Statement, SFP accepts no responsibility for explaining the risks to Customers and Customers are directed to consult their own professional advisers, as appropriate, before entering into any Transaction.

**SCHEDULE A**  
**SPECIFIC TERMS FOR FUTURES AND OPTIONS**

Save where otherwise stated, references to numbered clauses and schedules are references to the clauses and schedules of the Customer Agreement of StoneX Financial Pte. Ltd. ("**SFP**") ("**Customer Agreement**") that are so numbered.

All capitalized terms used herein shall, unless otherwise defined, have the same meanings as defined in the Customer Agreement.

This Schedule should be read in conjunction with all other terms and conditions of the Customer Agreement (including, but not limited to, Clauses 1.37 and 1.39).

**A.1 General**

Where the Customer has requested, on the Application or subsequent to the date of the Application, for SFP to provide services in futures contracts and/or options trading, the Customer shall comply with the relevant terms and conditions of this Schedule A which shall apply in addition to all other terms and conditions in Clauses 1 and 2 of the Customer Agreement and all other documents pertaining to futures contracts and/or options trading.

**A.2 Exercise of Options and Futures Contracts**

1. The Customer acknowledges that exchanges, clearing houses and Intermediaries have established cut-off times ("**Prescribed Cut-off Times**") for the submission of exercise instructions in relation to options and SFP may set its own exercise cut-off times ("**SFP Cut-off Times**") which may be earlier than the Prescribed Cut-off Times.
2. It is the Customer's sole responsibility to make itself aware of all relevant Prescribed Cut-off Times in respect of an option. The Customer acknowledges that Prescribed Cut-off Times may be imposed (and from time to time amended) by exchanges, clearing houses or Intermediaries without prior notice or without notice and which may be beyond the control of SFP, and the Customer agrees to abide by and be subject to all such Prescribed Cut-off Times.
3. SFP shall give the Customer reasonable prior notice of any SFP Cut-off Time which differs from a Prescribed Cut-off Times.
4. Any instruction from the Customer to exercise an option must be received by SFP before the Prescribed Cut-off Time or SFP Cut-off Time, whichever is earlier.
5. The Customer acknowledges that in the event that it does not instruct SFP to exercise an option as provided in clause A.2.4, such option may expire worthless.
6. Where the Customer has:
  - (a) sold an option and such option is exercised by the option purchaser; or
  - (b) entered into a futures contract and the Customer is required to deliver the underlying under such futures contract,

the Customer agrees and undertakes to:

- (i) make all the necessary payments and/or deliveries in accordance with the timelines and conditions; and/or
- (ii) accept any and all amendments to such option exercise or obligation to deliver the underlying under a futures contract, as the case may be, as may from time to time be prescribed by the relevant exchange, clearing house or Intermediary, as the case may be, and as notified by SFP to the Customer and the Customer acknowledges that the

occurrence of any of clause A.2.6(a) or (b), as the case may be, the timelines and conditions under which the Customer may be required to perform its obligations under such options or futures contracts and the amendments in respect thereof, may be beyond the control of SFP.

7. Notwithstanding clause A.2.6, the Customer agrees and acknowledges that SFP may itself stipulate a different timeline and/or impose such additional or different conditions from that imposed by the relevant exchange, clearing house or Intermediary, as the case may be, in respect of such option or futures contract, and the Customer agrees and undertakes to make all the necessary payments and/or deliveries in accordance with the timelines and conditions as may be prescribed by SFP from time to time.
8. Where the relevant exchange, clearing house or Intermediary does not identify a particular option or futures contract pursuant to clause A.2.6 and if the aggregate of:
  - (a) options exercised by options purchasers; or
  - (b) futures contracts specified for delivery of the underlying,are less than the aggregate of all positions in such options or futures contracts for the time being, SFP may allocate the exercised option or the futures contract specified for delivery in such manner as SFP believes to be fair and equitable and the Customer:
  - (i) and its Account will be bound by any allocation made to the Customer pursuant to these procedures; and
  - (ii) accepts that such allocation or actions by SFP as aforesaid may result in prejudice and/or Loss to the Customer and accepts the risks thereof as being for its account.
9. The Customer shall not have any claim against SFP or its Officers arising from the exercise, non-exercise, allocation or non-allocation of an option or futures contract, save in circumstances where SFP has failed to act in accordance with the Customer's instructions to exercise or, as the case may be, refrain from exercising an option where such instructions have been duly given in accordance with clause A.2.4.

### **A.3 Settlement of Transactions**

1. The Customer shall make actual delivery of the Commodity relating to the futures contracts and options to SFP on the maturity date(s) of the Transaction(s).
2. If at any time, the Customer shall be liable to deliver to SFP any Commodity previously sold by SFP on the Customer's behalf, the Customer authorises SFP and on such terms and conditions as SFP shall consider fit, to borrow or buy and deliver the same on the Customer's behalf.
3. The Customer shall immediately pay, hold harmless, indemnify and keep indemnified SFP from and against any and all Loss (including legal costs on a full indemnity basis) which SFP may sustain in making such borrowing, buying or delivery.
4. In the event that the Customer is required to take actual delivery on the maturity date(s) of the Transaction(s), the Customer acknowledges and agrees that:
  - (a) it is the Customer's sole responsibility to take delivery on any such maturity date(s); and
  - (b) SFP is not responsible for or obliged to inform the Customer of such delivery to be taken or to take delivery of such futures contracts on behalf of the Customer.
5. If SFP takes any such delivery of any Commodity for the Account(s), in the absence of SFP's willful default, manifest fraud or gross negligence, the Customer agrees to indemnify, keep indemnified and hold SFP harmless against and from any Loss (save that any such Loss being costs, charges and expenses shall be those costs, charges and expenses which are or may be

reasonably suffered or incurred by SFP) that SFP may suffer or incur resulting directly or indirectly from a decline in value of the abovementioned Commodity.

6. The Customer acknowledges and agrees that SFP shall have no duty to borrow, buy or deliver any of the abovementioned Commodity or attempt to do so, in order to satisfy the Customer's delivery obligation in such circumstances.

#### **A.4 Liquidation of Positions in Futures Contracts**

1. The Customer shall give SFP liquidating instructions on open futures contracts and option positions maturing in a current month:
  - (a) at least three (3) Business Days prior to the first notice day in the case of long positions in open futures contracts; and
  - (b) at least three (3) Business Days prior to the last trading day in the case of short positions in open futures contracts and long and short positions in open option contracts.
2. Alternatively, the Customer shall provide SFP with sufficient funds to take delivery of the necessary delivery documents within the same period described above.
3. If neither instructions, nor funds, nor documents are received by SFP by the time specified above, SFP may, without notice to the Customer, either:
  - (a) liquidate the Customer's position; or
  - (b) make or receive delivery on the Customer's behalf, upon such terms and by such methods which SFP deem to be appropriate.
4. If the Customer fails to remit delivery documents in a timely manner, the Customer will be responsible for:
  - (a) any and all fines and damages imposed by the relevant exchange, market or clearing house through which such Transactions are executed, settled or cleared;
  - (b) any and all late charges imposed by SFP; and
  - (c) all consequential losses and damages pursuant to Applicable Laws and also to the customary practices prevailing in the relevant exchange, market or clearing house concerned.

#### **A.5 Omnibus Account**

1. The Customer shall disclose to SFP the gross long and short positions and the purchase and sale dates of all open positions held in the Customer's omnibus account in respect of each contract, Transaction and Commodity, as required under the Applicable Laws, and in particular, the rules, regulations, directives, orders, notices, interpretations and practice notes of the relevant exchange, market or clearing house.
2. The Customer acknowledges that SFP is required to, and the Customer irrevocably and unconditionally confirms that SFP may, immediately notify such relevant exchange, market or clearing house of any failure by the Customer to make the aforesaid disclosures to SFP as aforesaid.

## **A.6 SCHEDULES RELATING TO FUTURES AND OPTIONS**

### **A.6.1 Terms and Conditions for the Provision of Clearing Arrangements**

#### **A.6.1.1 General**

1. Where the Customer, being a non-clearing member of the relevant exchange or clearing house, instructs SFP to provide clearing arrangements in respect of the Customer's transactions on the relevant exchange (the "**Exchange Transactions**") and to clear such Exchange Transactions through the relevant clearing house, the Customer shall be deemed to have accepted the terms and conditions of this clause A.6.1 (this "**Clearing Agreement**") as additionally applying to such clearing arrangements. For the purposes of this Clearing Agreement, such Customer is herein referred to as an "**Exchange Member Customer**".
2. All expressions used in this Clearing Agreement shall, unless the context requires otherwise or unless defined in this Clearing Agreement, have the same meanings assigned to them in the Customer Agreement, and if also not defined in the Customer Agreement, they shall have the same meanings assigned to them under the rules of the relevant exchange or clearing house.
3. In the event of any inconsistency between the provisions of the Customer Agreement and this Clearing Agreement, the provisions of this Clearing Agreement shall prevail.

#### **A.6.1.2 Applicable Laws**

The Exchange Member Customer shall at all times observe and comply with all Applicable Laws, including the rules of the relevant exchange(s) and clearing house(s) for the time being in force and do all things necessary to facilitate the clearing of the Exchange Member Customer's Exchange Transactions through the relevant clearing house. The Exchange Member Customer shall also ensure that it does not, by its actions or omissions, cause SFP to be in breach of any Applicable Laws or any provision of the rules of the relevant exchange or clearing house.

#### **A.6.1.3 Margin**

1. Prior to commencement of trading on the relevant exchange and throughout the duration of this Clearing Agreement, the Exchange Member Customer shall provide to, and maintain with, SFP collateral and security in such form, and for such amount (including but not limited to cash and such other property as SFP deem acceptable as collateral) as SFP may, from time to time, require in SFP's absolute discretion as security for:
  - (a) SFP providing the clearing arrangements and clearing the Exchange Member Customer's Exchange Transactions;
  - (b) any and all liability which SFP may assume when providing clearing arrangements hereunder and clearing the Exchange Member Customer's Exchange Transactions, including but not limited to any indemnity, guarantee or other liability which SFP may assume to the relevant exchange or clearing house, pursuant to all Applicable Laws;
  - (c) the performance of the Exchange Member Customer's obligations under this Clearing Agreement, the Customer Agreement and in respect of each Exchange Transaction; and
  - (d) the payment of all sums of money, and the delivery of all property, which are now or shall at any time be owing or deliverable to SFP anywhere on the Exchange Member Customer's accounts with SFP or the Exchange Member Customer's Exchange Transactions whatsoever, whether from the Exchange Member Customer solely or jointly with any other person or persons.

2. The Exchange Member Customer hereby acknowledges and accepts that:
- (a) where the Margin of the Exchange Member Customer in the possession or control of SFP is held in a trust account or subject to a trust in favour of the Exchange Member Customer or held with a clearing house or a member of a futures exchange or a member of an overseas futures exchange or otherwise, then unless otherwise agreed between SFP and the Exchange Member Customer or otherwise required by law or such Intermediaries, such Margin will be held commingled with Margin of other customers of SFP;
  - (b) one result of the preceding is that it would be administratively difficult and as a matter of economic costs counter-productive to attempt to allocate the respective interest entitlement (if the trust account is interest bearing) on an individual basis. This is primarily because of the constant fluctuations in the value of the commingled Margin in such trust account;
  - (c) it is a condition for SFP accepting the Exchange Member Customer as a customer that the Exchange Member Customer agrees, to the fullest extent permitted by law, therefore to waive and relinquish in favour of SFP any and all rights and entitlements to interest and investment earnings accruing to the Exchange Member Customer's share of Margin, whether held in such trust account or subject to a trust in favour of the Exchange Member Customer or held with any clearing house as collateral for any applicable Transaction (including without limitation any futures contract Transactions) in respect of the Exchange Member Customer (such portion of Margin held with any clearing house referred to herein as "**Clearing House Collateral**");
  - (d) at no time shall SFP be held liable or responsible in any way for any Loss suffered or incurred by the Exchange Member Customer as a result of any investment of Clearing House Collateral by any clearing house;
  - (e) the deposit or provision of any Clearing House Collateral in any clearing house shall be subject to:
    - (i) the clearing rules of such clearing house;
    - (ii) any security deed or document which such clearing house may require its clearing members to enter into to govern the provision of Clearing House Collateral (which form may be prescribed and amended or supplemented from time to time by such clearing house); and
    - (iii) any applicable law or regulation (including without limitation the SFA).
  - (f) the Exchange Member Customer by applying to open an Account with SFP and being a customer of SFP and/or accessing or using any of SFP's services shall therefore be deemed to agree to (and SFP will and does materially rely on the effectiveness of) such waiver and relinquishment as set out in Clause A6.1.3.2(c); and
  - (g) SFP may however pay from time to time such portion of any actual interest and investment earnings it may receive with respect to such Margin as it deems appropriate.

#### **A.6.1.4 Limits**

1. Pursuant to Clause 1.12 of the Customer Agreement, SFP has, at its discretion, the right to impose and to vary limits, including but not limited to trading, exposure and position limits, (the "**Limits**") on the Exchange Member Customer's Accounts and/or Exchange Transactions, and the Exchange Member Customer shall strictly comply with all such Limits. In this regard, the Exchange Member Customer confirms its familiarity with and awareness of the Applicable Laws and the rules of the relevant exchange or clearing house in relation to such Limits. If there is a breach of such Limits, SFP may, in its discretion, immediately withhold and not pay any money or deliver any property to the Exchange Member Customer that may otherwise be due, owing

or deliverable, take steps to disable the Exchange Member Customer's trading on the relevant exchange, suspend its clearing arrangements with the Exchange Member Customer and/or close out any of the Exchange Member Customer's open positions under any Transaction, until SFP is satisfied that such breach has been fully remedied.

2. SFP may communicate such Limits (and any changes to such Limits) to the Exchange Member Customer from time to time and in such manner as SFP may deem appropriate. Until SFP notifies the Exchange Member Customer otherwise, such Limits will be communicated by SFP to the Exchange Member Customer on a quarterly basis (i.e. for January to March, April to June, July to September and October to December). In the event that SFP does not, or is unable to, communicate any or all such Limits to the Exchange Member Customer for any reason, the most recently communicated Limits then prevailing shall continue in force until new Limits have been communicated to the Exchange Member Customer. Without prejudice to the foregoing, such Limits (including any changes to such Limits) may be communicated by way of a computer generated notice (which will be unsigned) or a printed notice (which will be signed by a SFP authorised officer) with the effective date of such Limits therein stated. The Limits so communicated shall be deemed to be effective on such indicated effective date.
3. Without prejudice to SFP's foregoing rights to vary any Limits, the Exchange Member Customer confirms that, SFP may at SFP's discretion, increase or decrease the Exchange Member Customer's Limits on a case by case basis for any reason, including but not limited to the occurrence of any event or circumstances as SFP may communicate to the Exchange Member Customer.
4. The Exchange Member Customer shall observe the following codes of conduct:
  - (a) to be fully aware of the Exchange Member Customer's outstanding positions on Exchange Transactions or the quantity that the Exchange Member Customer can trade at each Exchange Transaction entry at all times so as not to over trade against the Exchange Member Customer's Limits;
  - (b) to agree that SFP and SFP's Officers, agents and representatives shall not be responsible or held liable for any error in computing the Exchange Member Customer's position(s) or for failing to inform the Exchange Member Customer of any excess in any Limit, as it is solely the Exchange Member Customer's own responsibility to know the Exchange Member Customer's own positions and Limits at all times; and
  - (c) to inform SFP immediately if the Exchange Member Customer does not receive any communication on Limits by the customary time or by the time indicated by SFP.

#### **A.6.1.5 Clearing**

1. The Exchange Member Customer shall have no claim against SFP whatsoever in respect of or in connection with SFP's inability to provide the clearing arrangements in respect of the Exchange Member Customer's Exchange Transactions or in respect of the losses sustained by the Exchange Member Customer or the Exchange Member Customer's customers (if any) as a direct or indirect result of SFP's inability.
2. SFP shall, where required by the Applicable Laws (including the rules of the relevant exchange or clearing house), send periodic statements in respect of the clearing arrangements under this Clearing Agreement, to the Exchange Member Customer.

#### **A.6.1.6 Due Payment or Delivery**

The Exchange Member Customer shall pay SFP on demand any sums owing to SFP, and deliver to SFP on demand any property deliverable to SFP, on the Exchange Member Customer's Accounts and Exchange Transactions whatsoever from the Exchange Member Customer solely or jointly with any other person or persons.

#### **A.6.1.7 Force Majeure, Exclusions of Liability and Indemnity**

1. SFP shall not be responsible for any breach, non-performance, delays or non-clearance of any Exchange Transactions due to events beyond SFP's control including but not limited to strike, fire, accident, act of any government, natural disasters, war, acts of terrorism, act of God or emergency including those declared by the relevant exchange or clearing house or due to any failure in the performance or function or breakdown or disruption of any of the Exchange Member Customer's or SFP's computers (whether hardware or software), machinery, equipment, products and/or systems (whether electronic, telecommunicative or otherwise) maintained by, used for, in connection with or otherwise affecting the Exchange Member Customer's or SFP's business whatsoever, including but not limited to the failure or inability of such computers, machinery, equipment, product and systems or any one or more of them to accept, recognise, store, retrieve, process and/or transmit dates or data with respect to dates or otherwise, or due to the failure of any relevant exchange, clearing house, settlement system or broker for any reason to perform its obligations, or due to the Exchange Member Customer's mistake, misconduct or omission or those of other members of the relevant exchange or clearing house, or due to SFP's suspension or expulsion from or SFP's ceasing to be a clearing member of the relevant clearing house.
2. The Exchange Member Customer shall indemnify SFP and keep SFP indemnified, fully and completely, and hold SFP harmless, at all times from and against any and all claims, demands, actions, proceedings, damages, costs, expenses, losses and all other liabilities whatsoever including legal costs on a full indemnity basis which SFP may suffer, incur or sustain in connection with this Clearing Agreement, the Customer Agreement, SFP's performance and observance of the terms of this Clearing Agreement and the Customer Agreement, any of the Exchange Member Customer's acts or omissions, SFP's agreeing to provide the clearing arrangements under this Clearing Agreement and the Customer Agreement, and SFP's clearing of the Exchange Member Customer's Exchange Transactions.

#### **A.6.1.8 Default**

1. In the event the Exchange Member Customer's membership on the relevant exchange is suspended or terminated or the Exchange Member Customer is in any other way disabled from trading on the relevant exchange, the Exchange Member Customer shall immediately notify SFP in writing of such event. Upon the occurrence of any of such events, SFP shall be entitled, by oral or written notice to the Exchange Member Customer, to do one or more of the following in SFP's absolute discretion:
  - (a) terminate this Clearing Agreement, the Customer Agreement, or both;
  - (b) require the Exchange Member Customer to immediately repay or deliver all monies and property under the Exchange Member Customer's account(s) with SFP whereon such repayments and deliveries shall immediately become due, owing, payable and deliverable, including but not limited to, commodities borrowed or deliverable, interest thereon, commission and other fees or costs payable to the Exchange Member Customer;
  - (c) require the Exchange Member Customer to immediately satisfy and perform any and all other liabilities and obligations in respect of the Exchange Member Customer's account(s) with SFP; and
  - (d) liquidate all Exchange Transactions in the Exchange Member Customer's account(s) with SFP (with all resulting losses therefrom being borne solely by the Exchange Member Customer).
2. Without prejudice to any provision in this Clearing Agreement, SFP may at any time without prior notice to the Exchange Member Customer, and without assigning any reason whatsoever and in SFP's absolute discretion, terminate SFP's provision of clearing arrangements



hereunder in accordance with the rules of the relevant exchange or clearing house and SFP shall be entitled, by oral or written notice to the Exchange Member Customer, to do one or more of the following in SFP's absolute discretion:

- (a) terminate this Clearing Agreement, the Customer Agreement, or both;
  - (b) require the Exchange Member Customer to immediately repay or deliver all monies and property due under the Customer's Account(s) with SFP whereon such repayments and deliveries shall immediately become due, owing, payable and deliverable, including but not limited to, commodities borrowed or deliverable, interest thereon, commission and other fees or costs payable by SFP;
  - (c) require the Exchange Member Customer to immediately satisfy and perform any and all liabilities and obligations in respect of the Exchange Member Customer's account(s) with SFP; and
  - (d) liquidate all Exchange Transactions in the Exchange Member Customer's account(s) with SFP (with all resulting losses therefrom being borne solely by the Exchange Member Customer).
3. Upon the termination of this Clearing Agreement, the Customer Agreement or the termination of SFP's qualification of the Exchange Member Customer or provision of clearing arrangements to the Exchange Member Customer hereunder for whatsoever reason, either SFP or the Exchange Member Customer shall inform the relevant exchange or clearing house (as required) accordingly.
4. In the event of:
- (a) the Exchange Member Customer's failing to make any delivery or payment or to satisfy or perform any other liabilities or obligations due to SFP on demand by SFP;
  - (b) the Exchange Member Customer's failing to liquidate all Exchange Transactions upon the termination of this Clearing Agreement and/or the Customer Agreement or SFP's qualification of the Exchange Member Customer or provision of clearing arrangement to the Exchange Member Customer hereunder;
  - (c) the Exchange Member Customer's failing to meet any margin requirement or any obligation under this Clearing Agreement or the Customer Agreement; or
  - (d) SFP deeming it desirable for SFP or the Exchange Member Customer's protection including but not limited to an instance where any proceedings for the Exchange Member Customer's winding up or liquidation or for the appointment of a receiver or judicial manager against the Exchange Member Customer or over the Exchange Member Customer's assets is commenced, or an attachment is levied against the Exchange Member Customer's account(s) or any of the Exchange Member Customer's properties;

then without prejudice to SFP's other rights and remedies (including but not limited to those set out in Clause 1.17 of the Customer Agreement), SFP may in its absolute discretion and without notice to the Exchange Member Customer:

- (i) liquidate any or all the Exchange Member Customer's Exchange Transactions (with all resulting losses therefrom being borne solely by the Exchange Member Customer);
- (ii) hedge and/or offset all or any of the Exchange Member Customer's Exchange Transactions at the Exchange Member Customer's sole risk;
- (iii) take and convert any deposits which the Exchange Member Customer may have with SFP;

- (iv) call upon any security which may have been issued to SFP to secure the Exchange Member Customer's Account(s);
  - (v) combine, consolidate and set-off all the Exchange Member Customer's Account(s); and
  - (vi) sell, dispose or realise in any manner SFP deems fit anything including all property belonging to or deposited by the Exchange Member Customer and in SFP's possession or control or held by SFP and apply the proceeds thereof to extinguish or diminish the Exchange Member Customer's obligations towards SFP including the payment of interest, commission and other costs and expenses.
5. Any action referred to in this Clause A.6.1.8 may be taken without demand for margin or additional margin, notice of sale or purchase or other notice and any such actions including sales or purchases may be made at SFP's discretion on any exchange or market where such business is then usually transacted.
  6. The Exchange Member Customer hereby undertakes to repay upon demand any deficiency thereafter remaining in the Exchange Member Customer's Account(s) with SFP. In the event that SFP shall in its discretion decide not to take any of the action referred to in Clause A.6.1.8.4, SFP shall be entitled to demand the immediate payment of all amounts, and the immediate delivery of all property, due to SFP.

#### **A.6.1.9 Transfer of Open Position**

SFP shall be entitled to transfer any open position in respect of any Exchange Transaction, along with all margin, collateral and security provided by the Exchange Member Customer or received by SFP in connection with that Exchange Transaction, to another clearing member of the relevant clearing house as SFP may in its sole and absolute discretion deem necessary, desirable or expedient, whether for clearing through the relevant clearing house or other purpose (including but not limited to where such transfer is contemplated in the rules of the relevant exchange or clearing house or is required or directed by the relevant exchange or clearing house).

#### **A.6.1.10 Information**

1. The Exchange Member Customer shall keep such books, accounts and written records as may be required under all Applicable Laws and the rules of the relevant exchange or clearing house in respect of the Exchange Member Customer's Exchange Transactions and all business transacted on or through the relevant exchange or clearing house to which this Clearing Agreement, the Customer Agreement or the clearing arrangements hereunder relates. The Exchange Member Customer shall promptly make available all such books, accounts and written records, and the Exchange Member Customer shall promptly permit the conduct of such inspections by SFP (or such external auditor as SFP may appoint) as SFP may require to monitor and ensure SFP's or the Exchange Member Customer's compliance with Applicable Laws, and the rules of the relevant exchange or clearing house, or as the Exchange Member Customer may be required to do so by the relevant exchange or clearing house under and the rules of the relevant exchange or clearing house. The Exchange Member Customer shall promptly render its cooperation and assistance, and shall procure that its officers, employees, agents and representatives, if any, shall promptly render their cooperation and assistance, to SFP or SFP's external auditor in the conduct and facilitation of such inspection. The Exchange Member Customer shall ensure that all of its aforesaid books, accounts and written records are kept in such form as will facilitate inspection of the same by SFP or SFP's external auditor, and the Exchange Member Customer shall promptly make the same available to SFP or SFP's external auditor (including to take copies thereof) as and when required for the purpose of such inspection. All costs and expenses incurred by the Exchange Member Customer in keeping and maintaining such books, accounts and records, and all costs and expenses incurred by the Exchange Member Customer or SFP in respect of such inspection, shall be borne wholly by the Exchange Member Customer.

2. Without prejudice to the generality of Clause A.6.1.10.1, the Exchange Member Customer shall promptly provide to SFP such information as SFP may at any time require in respect of any or all of the Exchange Member Customer's customers, or their respective positions in any Exchange Transaction by or through the Exchange Member Customer. SFP may communicate such information to any person as SFP may deem to be necessary, desirable or expedient for compliance with any Applicable Law. The Exchange Member Customer shall ensure that it has obtained all necessary consents from its underlying customers for the Exchange Member Customer's and SFP's collection, use and disclosure of such information.

#### **A.6.1.11 General Lien**

The Exchange Member Customer agrees that general lien in Clause 1.27.1 of the Customer Agreement shall not cease to exist in SFP's favour in the event that SFP shall deposit any of the property with any exchange, market, clearing association or other bodies.

#### **A.6.1.12 Miscellaneous**

1. The Exchange Member Customer's obligations and SFP's rights under this Clearing Agreement are additional to and not in substitution of those contained in the Customer Agreement. The Exchange Member Customer shall at the request made by SFP at any time and from time to time at the Customer's own expense sign, seal, deliver and perfect all such further deeds and documents and do and perform such further things as SFP may require to give effect to the terms of this Clearing Agreement and the Customer Agreement.
2. The Exchange Member Customer shall be entitled to terminate this Clearing Agreement by giving SFP two (2) Business Days' written notice provided that no such termination shall take effect, unless SFP otherwise specifies, until SFP has been paid in full all moneys, and SFP has received full and complete delivery of all property, due or owing to SFP under or pursuant to this Clearing Agreement or the Customer Agreement.
3. The termination of this Clearing Agreement shall not release either SFP or the Exchange Member Customer from any breach or liability that shall have occurred or existed prior to such termination.
4. Any legal process instituted against the Exchange Member Customer may be served by delivery of such process to the Exchange Member Customer's last given address or registered address in the Republic of Singapore and such delivery shall be deemed to be good and effective service.
5. Notwithstanding Clause 1.40.2 of the Customer Agreement, where there shall be any dispute between the Exchange Member Customer and SFP and which disputes are required by the rules of the relevant exchange or clearing house to be referred to arbitration then and only then would such disputes be so referred, provided however, that any amount owing by the Exchange Member Customer or which SFP allege to be owing to SFP shall be promptly paid to SFP before SFP may initiate such proceedings.

#### **A.6.2 [Deleted and intentionally left blank]**

#### **A.6.3 Off-exchange transactions - Disclosures, Terms and Other Matters Relating to Trading on SGX-DT**

When the Customer instructs SFP to execute any Transaction on SGX-DT, the Customer shall be deemed to have accepted the terms and the risks set out in this clause A.6.3 as additionally applying to all such Transactions.

### **A.6.3.1 Rules for Omnibus Accounts and Risk Acknowledgements**

The Customer acknowledges that it has been made aware of Rule 3.3.3 and Rule 3.3.21 of the Futures Trading Rules of the SGX-DT (the "**Exchange**") (as reproduced below) and undertakes to comply with such requirements as may be imposed by SFP in connection with an omnibus account for the purpose of ensuring SFP's compliance with Rule 3.3.3 and Rule 3.3.21.

#### **Reproduction of Rule 3.3.3**

##### **3.3.3 Risk Disclosure Statement**

- (a) *A Member shall obtain a written acknowledgement from its Customer that the Customer is aware of the risks associated with trading in Contracts.*
- (b) *The written acknowledgement shall:*
  - (i) *in the case of a General Trading Member that holds a licence to engage in a Regulated Activity, contain such requirements as contemplated under the [SFA];*
  - (ii) *in the case of a General Trading Member that holds a licence specified in Rule 2.4.1(b), contain such requirements as may be prescribed by the Relevant Regulatory Authority. The General Trading Member shall immediately notify the Exchange on any changes to such requirements. Notwithstanding the foregoing, the Exchange shall have the discretion to prescribe additional requirements; and*
  - (iii) *in the case of a Bank Trading Member, contain such requirements as contemplated under the [SFA] and include an acknowledgement by the Customer that the Investor Compensation Scheme contemplated under Part XI of the [SFA] does not apply in relation to the Bank Trading Member.*

#### **Reproduction of Rule 3.3.21**

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

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

### **A.6.3.2 Notification of SGX-DT Rule 1.6**

A member company is required by the Futures Trading Rules of the SGX-DT to notify the Customer of the following Rule 1.6 (*Exclusion of Liability, Disclaimer of Warranties & Statutory Immunity*) of the Rules and to satisfy itself that it is acceptable to the Customer.

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

#### **Reproduction of Rule 1.6**

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

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

*Unless otherwise expressly provided in this Rules or in any other agreements to which the Exchange is a party, none of the Exchange, its related corporations, SGX RegCo, any person or entity referred to under Rule 1.7.4 (Delegation and Assignment [of authority by the Exchange]) or their respective directors, officers, employees, representatives or agents shall be liable to any Person for any loss (consequential or otherwise, including, without limitation, loss of profit),*

damage, injury, or delay, whether direct or indirect, arising from or in connection with the following, or any thing done or not done as a direct or indirect consequence of the following:

- (a) any action taken by the Exchange in connection with the discharge of its regulatory responsibilities including the suspension, interruption or closure of the Markets; or
- (b) any failure or malfunction of Exchange Systems.

#### 1.6.1A Indemnity to the Exchange

- (1) Each Trading Member indemnifies each of the Exchange, its related corporations, SGX RegCo, any person or entity referred to under Rule 1.7.4 (Delegation and Assignment [of authority by the Exchange]), and their respective directors, officers, employees, representatives and agents ("**Indemnified Persons**") against any loss or liability reasonably incurred or suffered by an Indemnified Persons where such loss or liability arose out of or in connection with:—
  - (a) any breach by the Trading Member of its obligations under the Rules; or
  - (b) any wilful, unlawful, reckless or negligent act or omission by the Trading Member.
- (2) Without prejudice to the generality of Rule 1.6.1A(1), in the event that any legal, arbitration or other proceedings are brought to impose any liability on all or any of the Indemnified Persons for an alleged failure on the part of any Indemnified Person to prevent or to require action by a Trading Member or any of its directors, officers, employees, representatives or agents, the Trading Member shall reimburse the relevant Indemnified Person for:—
  - (a) all expenses and legal fees incurred by or on behalf of the Indemnified Person in connection with such proceedings;
  - (b) any payment made by or on behalf of the Indemnified Person with the approval of the Trading Member in connection with any settlement of such proceedings; and
  - (c) any payment made by or on behalf of the Indemnified Person as a result of any order, award or judgment made in such proceedings.
  - (d) The Trading Member shall render such co-operation as the Indemnified Person reasonably requires in respect of such proceedings including without limitation the production of any document or records.
- (3) Without prejudice to Rule 1.6.1A(2), the Trading Member shall pay to an Indemnified Person, if the Indemnified Person so requires, the costs incurred by or on behalf of the Indemnified Person of producing or obtaining, pursuant to a court order or other legal process, records relating to the business or affairs of a Trading Member or any of its directors, officers, employees, representatives or agents, regardless of the party requiring such production or obtainment.

#### 1.6.2 Statutory Immunity

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

#### 1.6.3 Disclaimer of Warranties

All warranties and conditions, both express and implied as to condition, description, quality, performance, durability, or fitness for the purpose or otherwise of any of the Exchange Systems

or any component thereof are excluded except as required by law. The Exchange does not warrant or forecast that the Exchange Systems, any component thereof or any services performed in respect thereof will meet the requirements of any user, or that operation of the Exchange Systems will be uninterrupted or error-free, or that any services performed in respect of the Exchange Systems will be uninterrupted or error-free.

#### 1.6.4 Index Related Disclaimers.

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

#### 1.6.5 Notification to Customers.

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

### **A.6.3.3 Customer cooperation required during Inspection and Audit**

A member company is required by Rule 3.5.2 of the Futures Trading Rules of the SGX-DT to procure the full cooperation of the Customer during any inspection, audit or investigation that may be carried out by the Exchange or any duly appointed person in connection with the discharge of the Exchange's regulatory obligations.

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

#### **Reproduction of Rule 3.5.1 and 3.5.2**

### **3.5 Inspection and Audit**

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

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

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

Rules;

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

### 3.5.2 Access and Cooperation

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

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

its Customers' full cooperation with the Exchange.

### A.6.3.4 Prohibited Trading Practices

This statement is being provided to the Customer pursuant to Rule 3.3.5 (*Customer Education*) of the Futures Trading Rules of the SGX-DT. This statement reproduces, for the Customer's information, certain salient provisions of the SFA which prohibit certain trading practices and conduct. The Customer acknowledges that it has read and (having consulted its legal advisers as necessary) further hereby acknowledges that it has understood this statement and undertakes not to engage in any such prohibited trading practices and conduct.

#### **Reproduction of Salient Provisions of the SFA**

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

**197.** — (1) No person shall do any thing, cause any thing to be done or engage in any course of conduct, if his purpose, or any of his purposes, for doing that thing, causing that thing to be done or engaging in that course of conduct, as the case may be, is to create a false or misleading appearance

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

(1A) No person shall do any thing, cause any thing to be done or engage in any course of conduct that creates, or is likely to create, a false or misleading appearance of active trading in any capital markets products on an organised market, or with respect to the market for, or the price of, any capital markets products traded on an organised market, if —

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

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

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

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

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

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

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

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

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

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

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

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

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



or securities-based derivatives contracts, as the case may be, of the corporation or of a related corporation.

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

(3) In this section –

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

#### **False or misleading statements, etc.**

**199.** No person shall make a statement, or disseminate information, that is false or misleading in a material particular and is likely –

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

if, when he makes the statement or disseminates the information –

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

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

**200.** — (1) No person shall –

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

- (d) *by recording or storing in, or by means of, any mechanical, electronic or other device information that he knows to be false or misleading in a material particular,*

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

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

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

### **Employment of manipulative and deceptive devices**

**201.** *No person shall, directly or indirectly, in connection with the subscription, purchase or sale of any capital markets products —*

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

### **Bucketing**

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

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

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

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

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

### **Dissemination of information about illegal transactions**

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

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

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

- (b) the price of any securities or securities-based derivatives contract, of a business trust will, or is likely, to rise or fall or be maintained by reason of any transaction entered into or to be entered into or other act or thing done or to be done in relation to the securities or securities-based derivatives contracts, of that business trust which to the person's knowledge was entered into or done in contravention of section 197, 198, 199, 200 or 201, or if entered into or done would be in contravention of section 197, 198, 199, 200 or 201;*
  - (c) the price of a class of derivatives contracts will, or is likely to, rise or fall or be maintained by reason of any transaction entered into or to be entered into, or other act or thing done or to be done, in relation to that class of derivatives contracts by one or more persons which to the person's knowledge was entered into, or done, in contravention of section 197, 200, 201, 201A or 201B, or if entered into, or done, would be in contravention of section 197, 200, 201, 201A or 201B;*
  - (d) the price of a class of spot foreign exchange contracts for purposes of leveraged foreign exchange trading, will, or is likely to, rise or fall or be maintained by reason of any transaction entered into or to be entered into, or other act or thing done or to be done, in relation to that class of spot foreign exchange contracts for purposes of leveraged foreign exchange trading, by one or more persons which to the person's knowledge was entered into, or done, in contravention of section 197, 200, 201, 201A or 201B, or if entered into, or done, would be in contravention of section 197, 200, 201, 201A or 201B.*
- (2) For the purpose of subsection (1), the condition is either —*
- (a) the person mentioned in subsection (1), or a person associated with that person, has entered into or purports to enter into any such transaction, or has done or purports to do any such act or thing; or*
  - (b) the person mentioned in subsection (1), or a person associated with that person, has received, or expects to receive, directly or indirectly, any consideration or benefit for circulating or disseminating, or authorising or being concerned in the circulation or dissemination of, the statement or information.*

### **Manipulation of financial benchmarks**

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

*(2) A person must not do any thing, cause any thing to be done or engage in any course of conduct that creates, or is likely to create, a false or misleading appearance, as to the price, value, performance or rate of any financial benchmark, if —*

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

### **False or misleading statements, etc.**

**209.** *A person must not make a statement, disseminate any information or express any opinion that is false or misleading in a material particular to a person who carries out the activity of administering a financial benchmark if —*

- (a) the person intends that the statement, information or opinion be used for the purpose of administering a financial benchmark; and*
- (b) the person knows or ought reasonably to have known that the statement, information or opinion*

*is false or misleading in a material particular, or is reckless as to whether the statement, information or opinion is false or misleading in a material particular.*

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

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

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

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

(i) *the information is not generally available; and*

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

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

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

(a) *a person is connected to –*

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

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

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

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

(b) *the connected person possesses —*

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

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

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

(i) *the information is not generally available; and*

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

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

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

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

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

- (i) *the securities or securities-based derivatives contracts mentioned in subsection (1); or*
  - (ii) *the securities, securities-based derivatives contracts or CIS units mentioned in subsection (1A); or*
- (b) *procure another person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell —*
- (i) *the securities or securities-based derivatives contracts mentioned in subsection (1); or*
  - (ii) *the securities, securities-based derivatives contracts or CIS units mentioned in subsection (1A).*
- (3) *The connected person must not, directly or indirectly, communicate the information mentioned in subsection (1) or (1A), or cause the information to be communicated, to another person if the connected person knows, or ought reasonably to know, that the other person would or would be likely to —*
- (a) *subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell —*
- (i) *the securities or securities-based derivatives contracts mentioned in subsection (1); or*
  - (ii) *the securities, securities-based derivatives contracts or CIS units mentioned in subsection (1A); or*
- (b) *procure a third person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell —*
- (i) *the securities or securities-based derivatives contracts mentioned in subsection (1); or*
  - (ii) *the securities, securities-based derivatives contracts or CIS units mentioned in subsection (1A).*
- (4) *In any proceedings for a contravention of subsection (2) or (3) against a person connected to a corporation referred to in subsection (1), where the prosecution or plaintiff proves that the connected person was at the material time —*
- (a) *in possession of information concerning the corporation to which he was connected; and*
- (b) *the information was not generally available,*
- it shall be presumed, until the contrary is proved, that the connected person knew at the material time that —*
- (i) *the information was not generally available; and*
  - (ii) *if the information were generally available, it might have a material effect on the price or value of securities or securities-based derivatives contracts of that corporation.*
- (4A) *In any proceedings for a contravention of subsection (2) or (3) against a person connected to a corporation mentioned in subsection (1A)(a)(i) or (ii), the presumption in subsection (4B) applies until the contrary is proved, if the prosecution or plaintiff proves that the connected person was at the material time —*
- (a) *in possession of information concerning the corporation, business trust or collective investment scheme, as the case may be; and*
- (b) *the information was not generally available.*
- (4B) *For the purpose of subsection (4A), the presumption is the connected person knew at the material time that —*
- (a) *the information was not generally available; and*
- (b) *if the information were generally available, it might have a material effect on —*

- (i) where the person is connected to a corporation mentioned in subsection (1A)(a)(i), the price or value of securities or securities-based derivatives contracts of the corporation or business trust; or
  - (ii) where the person is connected to a corporation mentioned in subsection (1A)(a)(ii), the price or value of the securities or securities-based derivatives contracts of the corporation or the price or value of CIS units in the collective investment scheme.
- (5) In this Division —
- (a) “connected person” means a person referred to in subsection (1) or (1A) who is connected to a corporation; and
  - (b) a person is connected to a corporation if —
    - (i) he is an officer of that corporation or of a related corporation;
    - (ii) he is a substantial shareholder in that corporation or in a related corporation; or
    - (iii) he occupies a position that may reasonably be expected to give him access to information of a kind to which this section applies by virtue of —
      - (A) any professional or business relationship existing between himself (or his employer or a corporation of which he is an officer) and that corporation or a related corporation; or
      - (B) being an officer of a substantial shareholder in that corporation or in a related corporation.
- (6) In subsection (5), “officer”, in relation to a corporation, includes —
- (a) a director, secretary or employee of the corporation;
  - (b) a receiver, or receiver and manager, of property of the corporation;
  - (c) a judicial manager of the corporation;
  - (d) a liquidator of the corporation; and
  - (e) a trustee or other person administering a compromise or arrangement made between the corporation and another person.

**Prohibited conduct by other persons in possession of inside**

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

- (a) a person who is not a connected person referred to in section 218 (referred to in this section as the insider) possesses information that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities, securities-based derivatives contracts or CIS units; and
- (b) the insider knows that:
  - (i) the information is not generally available; and
  - (ii) if it were generally available, it might have a material effect on the price or value of those securities, securities-based derivatives contracts or CIS units, as the case may be,

subsections (2) and (3) shall apply.

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

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

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

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

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

#### **A.6.3.5 Rules for Negotiated Large Trades (“NLTs”)**

The Customer acknowledges that it has been made aware of Rule 4.1.11 (*Negotiated Large Trades*) of the Futures Trading Rules of the SGX-DT, approves the execution of the Customer's NLT orders via the NLT facility and undertakes to comply with such requirements as may be imposed by SFP for the purpose of ensuring compliance with Rule 4.1.11 including the requirement that NLTs not be transacted for the Customer if it has the same beneficial interest in both sides of the transactions.

#### **A.6.3.6 Contract Notes and Statement of Account**

A member company is required by Rule 3.3.9 (*Customer's Statement of Account and Contract Note*) of the Futures Trading Rules of the SGX-DT to obtain its client's revocable and informed consent before issuing contract notes or statements of account in electronic form.

For the purposes of Rule 3.3.9 of the Futures Trading Rules of the SGX-DT and also for the purposes of all Applicable Laws, the Customer hereby agrees and consents to the provision by SFP to it of contract notes, confirmation notes, daily statements, monthly statements and other advices (the “**statements**”) by electronic means. The Customer agrees that:

- (a) SFP may deliver such statements by electronic mail to the electronic mail address(es) specified by the Customer to SFP in the Application or such other form as SFP may prescribe;
- (b) delivery of such statements shall be in lieu of printed contract notes and statements of account, and the Customer will not receive printed versions of these documents;
- (c) SFP will not impose any additional fees or charges in connection with the provision of the statements by electronic means; and
- (d) the Customer may at any time revoke its consent to the delivery of these statements by electronic means by written notice to SFP and, following receipt by SFP of such written revocation, SFP shall deliver printed contract notes and statements of account to the Customer by fax or post.

#### **A.6.4 Disclosures, Terms and Other Matters Relating to Clearing on SGX-DC**

When the Customer instructs SFP to clear any Transaction through SGX-DC, the Customer shall be deemed to have accepted the terms and the risks set out in this clause (d) as additionally applying to all such Transactions.

##### **A.6.4.1 Rules for Omnibus Accounts and Risk Acknowledgements**

The Customer acknowledges that it has been made aware of Rule 2.19 (*Omnibus Account*) (as reproduced below) of the Clearing Rules of SGX-DC (for the purposes of this clause (d),

the "Clearing House") and undertakes to comply with such requirements as may be imposed by SFP in connection with an omnibus account for the purpose of ensuring SFP's compliance with Rule 2.19.

### **Reproduction of Rule 2.19**

#### **2.19 Omnibus Account**

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

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

##### **2.19.2 Restrictions**

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

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

##### **2.19.3 Responsibility**

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

##### **2.19.4 Disclosure**

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

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

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

#### **A.6.4.2 Notification of SGX-DC Rule 1.01**

A member company is required by the business rules of SGX-DC to notify its client of the following sub-Rules 1.01.2 to 1.01.5 under Rule 1.01 (*Application of Rules*) of the Rules of the Clearing House and to satisfy itself that these rules are acceptable to the client. The Customer



acknowledges that it has been made aware of these provisions of Rule 1.01 and hereby confirms to SFP that these provisions of Rule 1.01 are acceptable.

### **Reproduction of Rule 1.01.2 to Rule 1.01.5**

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

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

1.01.2.1 this Rules, or

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

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

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

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

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

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

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

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

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

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

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

1.01.4 Without prejudice to Rule 1.01.2, and in addition to Rule 1.01.3, each Clearing Member should and must note that in connection with any index used or to be used by the Clearing House for clearing and settlement or in connection or by reference therewith, none of the Clearing House, its directors or officers or any relevant party that the Clearing House may contract with for the supply of the index or information in relation thereto (each of the foregoing, a "**Relevant Party**") assume any obligation or liability in connection with the clearing or settlement of any contract based on such index. Accordingly, none of the foregoing parties shall be in any way responsible for any losses, expenses or damages (in all cases direct or indirect) arising in connection with or referable to the clearing or settlement of any contract

*linked or referable to the said index, provided that nothing herein shall affect either obligations of the Clearing House or its Clearing Members as parties clearing or settling in any contract so linked or referable. None of the Relevant Parties guarantee or warrant or undertake in any manner the accuracy or completeness of any such index or any information or data included in or referable to it.*

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

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

#### **A.6.4.3 Notification of SGX-DC Clearing Rule 7.03A.7.3**

This statement is provided to the Customer as per Rule 7.03A.7.3 of the Clearing Rules of SGX-DC.

The Customer acknowledges that it has been notified of Rule 7.03A.7.3 of the Clearing Rules of SGX-DC (as reproduced below) and that the same is acceptable to the Customer.

#### **Reproduction of Rule 7.03A.7.3**

7.03A.7.3 All Collateral deposited or provided by each Clearing Member to the Clearing House shall be subject to this Rules, the Security Deed, the SFA (each as amended or supplemented from time to time) and any applicable laws. Each Clearing Member shall ensure that all Collateral deposited or provided to the Clearing House are deposited or provided only on the foregoing basis and shall also ensure that, prior to depositing or providing any Collateral to the Clearing House for the account or for the Contracts of any person, such person has been notified of and has accepted the foregoing.

### **A.7 SCHEDULES RELATING TO INDIRECT CLEARING ON THE EUROPEAN EXCHANGES**

#### **A.7.1 Direct Client Disclosure Document<sup>1</sup> on Indirect Clearing on the European Exchanges**

##### **Introduction**

Throughout this document, references to "we", "our" and "us" are references to the clearing broker's client, SFP, which provides indirect clearing services (the **Direct Client**). References to "you" and "your" are references to the client of the Direct Client (the **Indirect Client**).

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<sup>1</sup> The Guidance Notes included in this annotated version of the Direct Client Disclosure Document are for general information only and do not constitute legal advice. If in doubt, users of the Disclosure Document should seek legal advice. The explanations included in the document are high level summaries and analyses of several complex and/or new areas of law and regulation and arrangements put in place by a series of CCPs, many of which are not yet finalised or fully explained in the public domain. In particular, the document has been prepared on the basis of Singapore law and it should be noted that issues under other laws may be relevant: for example, the law governing the CCP rules or related agreements; the law governing the client clearing arrangement between the clearing broker and us; the law governing the client clearing arrangement between you and us; the law governing any insolvency proceedings to which we may be subject in any jurisdiction other than Singapore; the law of the jurisdiction of the CCP, the law of the jurisdiction of incorporation of the clearing broker; and the law of the location of any collateral.

## What is the purpose of this document?

To enable us to comply with our obligations as a Direct Client under the Indirect Clearing RTS<sup>2</sup>, which require that, where we are providing indirect clearing services to you that involve us clearing derivatives through a clearing broker on an EU central counterparty (CCP)<sup>3</sup>, we must:

- offer you a choice of a basic omnibus indirect client account and a gross omnibus indirect client account (as discussed under "*The types of accounts available*" in Part One B below);
- disclose to you the details of the different levels of segregation;
- publicly disclose the general terms and conditions under which we provide services to you (as disclosed under Schedule A.8.2 of the Customer Agreement (Terms of Business relating to Indirect Clearing on the European Exchanges)); and
- describe the risk associated with each type of account.

In respect of the treatment of margin and collateral at CCP level, you should refer to the CCP disclosures that the CCPs are required to prepare.

## Organisation of this document

This document is set out as follows:

- Part One A provides some background to indirect clearing.
- Part One B gives information about the differences between the basic omnibus indirect client account and the gross omnibus indirect client account, explains how this impacts on the clearing of your derivatives and sets out some of the other factors that might affect the level of protection you receive in respect of assets<sup>4</sup> provided to us as margin.
- Part One C sets out some of the main insolvency considerations.
- Part Two provides an overview of the different levels of segregation that the clearing brokers offer, together with an explanation of the main implications of each.
- Part Three sets out the self-assessment which you will need to perform of your arrangement.

## Important<sup>5</sup>

This document does not constitute legal or any other form of advice and must not be relied on as such. This document provides a high-level analysis of several complex and/or new areas of law, whose effect will vary depending on the specific facts of any particular case, some of

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<sup>2</sup> Commission Delegated Regulation (EU) No. 2017/2154 supplementing Regulation (EU) No 600/2014 with regard to regulatory technical standards on indirect clearing arrangements, and Commission Delegated Regulation (EU) No. 2017/2155 amending Commission Delegated Regulation (EU) No 149/2013 with regard to regulatory technical standards on indirect clearing arrangements.

<sup>3</sup> ESMA confirms in paragraphs 9, 10 and 92 of the May 2016 Final Report on the Indirect Clearing RTS that (indirect) clearing on recognised non-EU CCPs is out of scope of the Indirect Clearing RTS requirements. This disclosure is designed for clearing on EU CCPs only.

<sup>4</sup> References to "assets" in this document refers to cash and non-cash collateral that may be provided as margin.

<sup>5</sup> See Footnote 1 above.

which have not been tested in the courts. It does not provide all the information you may need to make your decision on which account type or level of segregation is suitable for you. It is your responsibility to review and conduct your own due diligence on the relevant rules, legal documentation and any other information provided to you on each of our account offerings and those of the various clearing brokers and CCPs through which we clear derivatives for you. You may wish to appoint your own professional advisors to assist you with this.

We shall not in any circumstances be liable, whether in contract, tort, breach of statutory duty or otherwise for any losses or damages that may be suffered as a result of using this document. Such losses or damages include (a) any loss of profit or revenue, damage to reputation or loss of any contract or other business opportunity or goodwill and (b) any indirect loss or consequential loss. No responsibility or liability is accepted for any differences of interpretation of legislative provisions and related guidance on which it is based. This paragraph does not extend to an exclusion of liability for, or remedy in respect of, fraudulent misrepresentation.

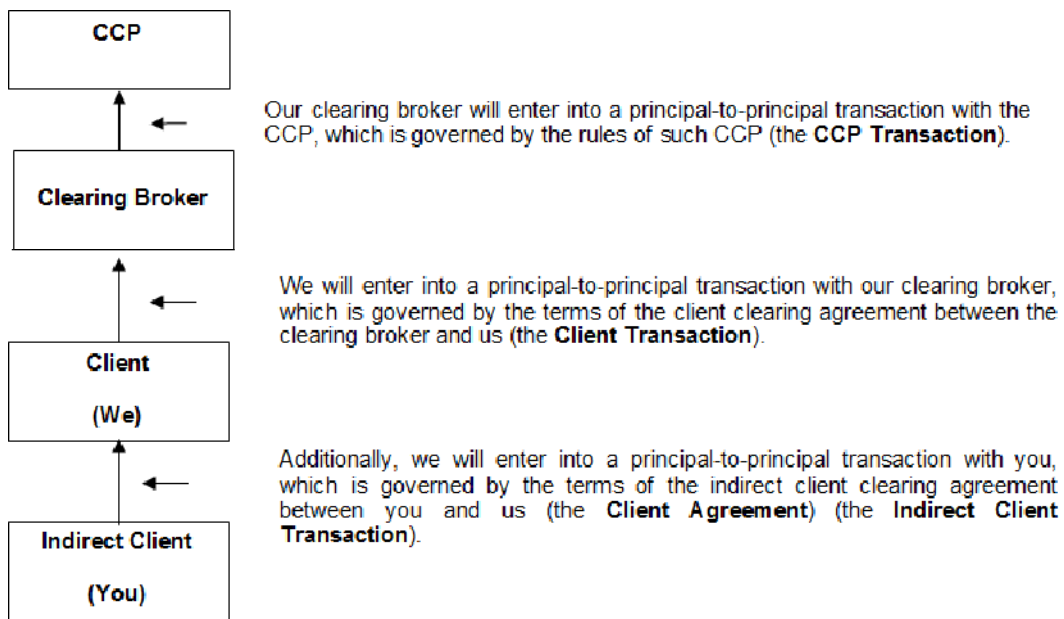
Please note that this disclosure has been prepared on the basis of Singapore law save as otherwise stated. However, issues under other laws may be relevant to your due diligence. For example, the law governing the CCP rules or related agreements; the law governing the client clearing arrangement between the clearing broker and us; the law governing the client clearing arrangement between you and us; where relevant, the law governing any insolvency proceedings to which we may be subject in any jurisdiction other than Singapore; the law of the jurisdiction of the CCP, the law of the jurisdiction of incorporation of the clearing broker; and the law of the location of any assets.

## Part One A: A brief background to indirect clearing

The market distinguishes two main types of clearing models: the "agency" model and the "principal-to-principal" model. Most of the CCPs which our clearing brokers use adopt the "principal-to-principal" model, and this document assumes all transactions are cleared according to this model.<sup>6</sup>

### The "principal-to-principal" clearing model

When clearing transactions for you through a clearing broker, we usually enter into two separate transactions. Additionally, our clearing broker will enter into a third transaction directly with the CCP.



The terms of each Client Transaction are equivalent to those of the related CCP Transaction, except that (i) each Client Transaction will be governed by a client clearing agreement between our clearing broker and us<sup>7</sup> and (ii) our clearing broker will take the opposite position in the CCP Transaction to the position it has under the related Client Transaction. Similarly, the terms of each Indirect Client Transaction are equivalent to those of the related Client Transaction, except that (i) each Indirect Client Transaction will be governed by an indirect client clearing agreement between you and us<sup>8</sup> (the **Customer Agreement**), and (ii) we will take the opposite position in the Client Transaction to the position we have under the related Indirect Client Transaction.

Between our clearing broker and us, a Client Transaction will arise without the need for any further action by either our clearing broker or us, as soon as the CCP Transaction arises between our clearing broker and the CCP. Similarly, an Indirect Client Transaction will arise without the need for any further action by either you or us, as soon as the Client Transaction arises between our clearing broker and us. Once all three of those transactions referred to above have been entered into, your transaction is considered to be "cleared".

<sup>6</sup> The document assumes that all CCPs that will be used by the Direct Client's clearing broker operate a principal to principal rather than an agency model. It would need to be supplemented and each section of the document revisited if any of the CCPs were to operate on an agency basis.

<sup>7</sup> The document assumes there is a contractual relationship in place between the clearing broker and the Direct Client which sets out certain arrangements that are referred to throughout the document. This contractual relationship is described as a "client clearing agreement".

<sup>8</sup> The document assumes there is a contractual relationship in place between the Direct Client and the Indirect Client which sets out certain arrangements that are referred to throughout the document. This contractual relationship is described as a "Client Agreement".

As the principal to the CCP, our clearing broker is required to provide assets to the CCP as margin for the CCP Transactions that relate to you and to ensure the CCP has as much margin as it requires at any time. We will therefore, to the extent permitted by the Customer Moneys Rules and Customer Assets Rules, ask you for margin and where you provide it in a form, which we cannot transfer to the clearing broker, we may convert it into another form. Where you have provided us with assets as margin, you may face what we call "transit risk" - this is the risk that, if we were to default prior to providing such assets to the clearing broker, or our clearing broker were to default prior to providing such assets to the CCP, the assets that should have been recorded in your account at the CCP will not have been and will not benefit from the protections described below under *"What happens if we are declared to be in default by a clearing broker?"*. Transit risk may be mitigated where we hold margin in the form of monies or assets as customer collateral (see *"What is the impact if we treat margin you transfer to us as customer collateral in accordance with the Customer Moneys Rules and Customer Assets Rules?"* below).

If we have no direct relationship ourselves with a clearing broker who is a member of the relevant CCP and if you have opted for a Basic Omnibus Indirect Client Account, we may enter into a principal-to-principal transaction with an affiliate who is a Direct Client of a relevant clearing broker in a long chain arrangement under the Indirect Clearing RTS (a **Long Chain Arrangement**). Under a Long Chain Arrangement, both the affiliate Direct Client and we would be subject to the relevant requirements for Direct Clients in the Indirect Clearing RTS. Consequently, any references in this document to a "Direct Client" should be read as including us in the capacity of a client of an affiliate Direct Client under a Long Chain Arrangement.<sup>9</sup>

Please see Part One B for an explanation of how this is relevant to your choice of account types.

#### **What if you want to transfer your Indirect Client Transactions to another Direct Client?**

There may be circumstances where you wish to transfer some or all of your Indirect Client Transactions to another Direct Client or another clearing broker on a business as usual basis (i.e. in the absence of us having been declared in default by a clearing broker). We are not obliged to facilitate this under the Indirect Clearing RTS but we may be willing to do so subject to our ability to transfer the Client Transactions to which they relate and the margin provided to the clearing broker in connection with them (which will depend on the relevant arrangements with the clearing broker and the CCP) and any conditions set out in our Customer Agreement, if applicable. You will also need to find a Direct Client or clearing broker that is willing to accept such Indirect Client Transactions and/ or the related Client Transactions and assets. We are under no obligation to ensure that the Direct Client or clearing broker will be in compliant with the Applicable Laws, including but not limited to, the Customer Moneys Rules and Customer Assets Rules.

It may be easier to transfer Indirect Client Transactions and Client Transactions that are recorded in a Gross Omnibus Indirect Client Account than those recorded in a Basic Omnibus Indirect Client Account, (both types of account being described in more detail in Part One B) for the same reasons as set out below under *"Will the Client Transactions and assets relating to you be automatically ported to a back-up entity?"*

#### **What happens if we are declared to be in default by a clearing broker?<sup>10</sup>**

If we are declared to be in default by a clearing broker, there are two possibilities with respect to the Client Transactions and assets related to you:

- with respect to Gross Omnibus Indirect Client Accounts, the clearing broker may, at your request, attempt to "transfer" (**port**) to another clearing broker (a **back-up**

<sup>9</sup> This description is based on Articles 6(2)(b) and 6(4) of the Indirect Clearing RTS.

<sup>10</sup> This description is based on Articles 4 (5) to (7) of the Indirect Clearing RTS.

**clearing broker**) or another Direct Client (a **back-up Direct Client** and together with the back-up clearing broker, a **back-up entity**), such Client Transactions and assets; or

- if porting cannot be achieved with respect to Gross Omnibus Indirect Client Accounts and in all circumstances with respect to Basic Omnibus Indirect Client Accounts, the clearing broker will terminate the Client Transactions that relate to you (see "*What happens if porting is not achieved*" below).

The porting process will differ depending on the clearing broker (and whether or not it can rely on the Indirect Clearing RTS) but it is likely to involve a close-out (with us) and a re-establishment (with the back-up entity) of the Client Transactions, or a transfer of the open Client Transactions and related assets from us to the back-up entity.

However, if we are subject to insolvency proceedings in Singapore, the porting process may not be enforceable as a matter of Singapore insolvency law. Please refer to "*Porting – prohibition*" in Part One C below for further information.

### **Will the Client Transactions and assets relating to you be automatically ported to a back-up entity?**

No. Even if porting were effective, there would still be a number of conditions, which would need to be satisfied before the Client Transactions and assets that relate to you can be ported to a back-up entity. These conditions will be set by the clearing broker and will include obtaining your consent. In all cases, you will need to have a back-up entity that has agreed to accept the Client Transactions. You may wish to appoint a back-up entity when you initially establish your clearing arrangements; but the back-up entity is unlikely to be able to confirm that it is willing to accept the Client Transactions until the default occurs. The back-up entity may also have conditions that they require you to meet. You may also be able to agree with the clearing broker that it may choose a backup entity on your behalf. We are under no obligation to ensure that the back-up entity will be in compliance with the Applicable Laws, including but not limited to the Customer Moneys Rules and Customer Assets Rules. If you have not appointed a back-up entity prior to our default, or agreed with the clearing broker that it may appoint one on your behalf, then this may mean that porting is less likely to occur.

If porting is achieved, your Indirect Client Transactions with us will be terminated in accordance with our Customer Agreement. We would expect your back-up entity to put in place new indirect client transactions/ client transactions between itself and you.

The type of account and level of segregation you choose will have an impact on the ability to port Client Transactions and assets to a back-up entity upon our default.

If you choose a Basic Omnibus Indirect Client Account (described in more detail in Part One B), there is no requirement under the Indirect Clearing RTS for us to put in place contractual arrangements in order to achieve porting; accordingly porting will not ordinarily be available.<sup>11</sup>

If you choose a Gross Omnibus Indirect Client Account (described in more detail in Part One B), you can appoint a back-up entity with respect to just your Client Transactions (i.e. independently of our other clients in the same Gross Omnibus Indirect Client Account).

### **What happens if porting is not achieved?**

Each clearing broker is permitted to specify a period of time after which, if it has not been able to achieve porting, it will be permitted to actively manage its risks in relation to the Client

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<sup>11</sup> This paragraph refers to porting not being available "ordinarily". This is because porting may be envisaged under local insolvency law for all relevant accounts, including Basic Omnibus Indirect Client Accounts.

Transactions. This period of time will vary across clearing brokers. If you want to port your Client Transactions (where possible), you will need to notify the clearing broker and show that you can satisfy the other conditions within this period.

Otherwise, the clearing broker will terminate the Client Transactions and perform a closeout calculation in respect of them in accordance with the client clearing agreement. If there is an amount owed by the clearing broker in respect of the Client Transactions, the clearing broker will attempt to pay such amount directly to you if you have chosen a Gross Omnibus Indirect Client Account. If the clearing broker does not succeed in this attempt or if you have chosen a Basic Omnibus Indirect Client Account, the clearing broker will pay it to us for your account and the account of our other clients.

However, if we become subject to insolvency proceedings in Singapore, the payment of any amount by the clearing broker in respect the terminated Client Transactions either directly to you, or to us (or our liquidator) for your account, is likely to be contrary to Singapore insolvency law. Accordingly, any such payment may be subject to challenge. Please refer to "*Porting – prohibition*" in Part One C below for further information.

If the clearing broker terminates the Client Transactions, then the Indirect Client Transactions between you and us are also likely to be terminated. The termination calculations in respect of those Indirect Client Transactions will be performed in accordance with the Customer Agreement and such calculations will likely mirror those performed by the clearing broker in respect of the Client Transactions. If you are due a payment from us as a result of the close-out calculations in respect of our Indirect Client Transactions, the amount due from us to you may be reduced by any amount that you receive (or are deemed to receive) directly from the clearing broker. However, if we become subject to insolvency proceedings in Singapore, any such reduction in the amount due to you from us is likely to be contrary to Singapore insolvency law. Accordingly, any such reduction may be subject to challenge by our insolvency representative. Please refer to Part One C (*What are the main issues which arise under Singapore insolvency law in respect of indirect clearing?*) below for further information.

Please see Part One C (*What are the main issues which arise under Singapore insolvency law in respect of indirect clearing?*) for further discussion of the issues which arise under Singapore insolvency law in respect of indirect clearing.



## **Part One B: Your choice of account type and the factors to consider**

### **The types of accounts available**

Reference to accounts means the accounts in the books and records of each clearing broker. The clearing broker uses these accounts to record the Client Transactions that we enter into in connection with the clearing of your related Indirect Client Transactions and the assets that we provide to the clearing broker in respect of such Client Transactions.

There are two basic types of indirect client accounts available, and which may be offered to you to the extent permitted by, and in accordance with the Customer Moneys Rules and Customer Assets Rules – Basic Omnibus Indirect Client Accounts and Gross Omnibus Indirect Client Accounts. Some of the CCPs then offer different levels of segregation within some of those account types as described in Part Two of this document.

As noted, we refer you to the CCP disclosures which the CCPs are required to prepare and which set out the treatment of margin and collateral at CCP level, that we may provide to the CCP on your behalf in accordance with and to the extent permitted by, and in accordance with the Customer Moneys Rules and Customer Assets Rules. We have also included below a general overview of the most common segregation approaches taken by CCPs, but note that for any particular CCP, there is no substitute for that CCP's own disclosure. You acknowledge and confirm that you have read and understood the CCP's own disclosure.

#### *Basic Omnibus Indirect Client Account<sup>12</sup>*

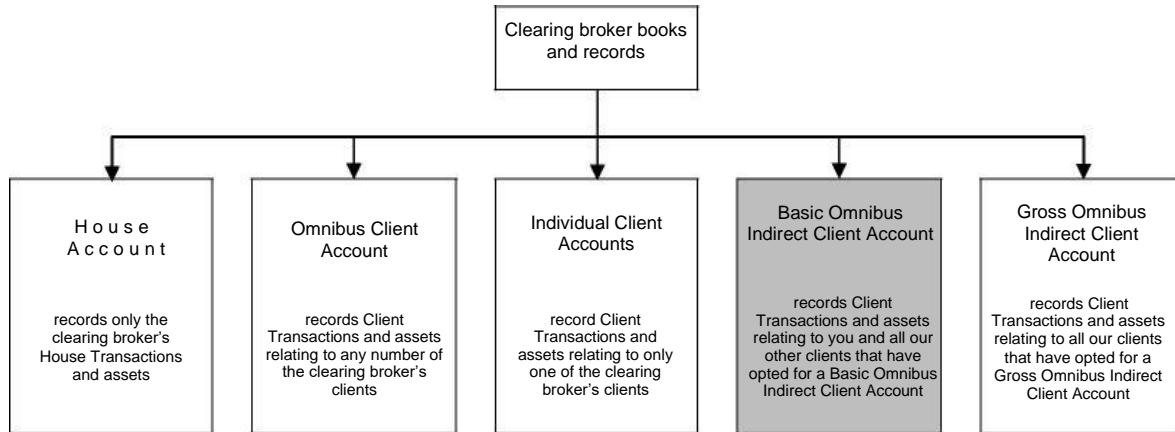
Under this account type, at the level of the clearing broker, the Client Transactions (including the corresponding assets in the clearing broker's accounts) relating to you are segregated from:

- any transactions the clearing broker has cleared for its own account (the clearing broker's **House Transactions**) and any of their assets;
- any Client Transactions (including corresponding assets in the clearing broker's accounts) relating to us or the account of one of the clearing broker's other Direct Clients (regardless of whether they/we have opted for an individual client account or omnibus client account);
- any Client Transactions (including corresponding assets in the clearing broker's accounts) relating to any clients of the clearing broker's other clients that have also opted for a Basic Omnibus Indirect Client Account and which are recorded in a different Basic Omnibus Indirect Client Account; and
- any Client Transactions (including corresponding assets in the clearing broker's accounts) relating to any of our clients or any clients of the clearing broker's other clients that have opted for a Gross Omnibus Indirect Client Account.

However, the Client Transactions (including corresponding assets in the clearing broker's accounts) that relate to you will be commingled with the Client Transactions (including corresponding assets in the clearing broker's accounts) relating to any of our other clients that have also opted for a Basic Omnibus Indirect Client Account and which are recorded in the same Basic Omnibus Indirect Client Account.

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<sup>12</sup> This description is based on Article 4(2)(a) of the Indirect Clearing RTS.



Can Client Transactions and related collateral be netted with the clearing broker's House Transactions and assets?	No
Can Client Transactions and related assets be netted with those relating to us or the clearing broker's other Direct Clients?	No
Can Client Transactions and related collateral be netted with those relating to our clients?	Yes (provided our other clients' Client Transactions and assets are recorded in the same Basic Omnibus Indirect Client Account)
Can Client Transactions and related collateral be netted with those relating to the clearing broker's other Indirect Clients?	No

The clearing broker will agree not to net the Client Transactions relating to you with its House Transactions or any Client Transactions not recorded in the same Basic Omnibus Indirect Client Account, nor use the assets relating to such Client Transactions with respect to any House Transaction or Client Transaction recorded in any other account.

However, both we and the clearing broker may net the Client Transactions that are recorded in the same Basic Omnibus Indirect Client Account. The assets provided in relation to the Client Transaction credited to that Basic Omnibus Indirect Client Account can be used in relation to any Client Transaction credited to that Basic Omnibus Indirect Client Account.

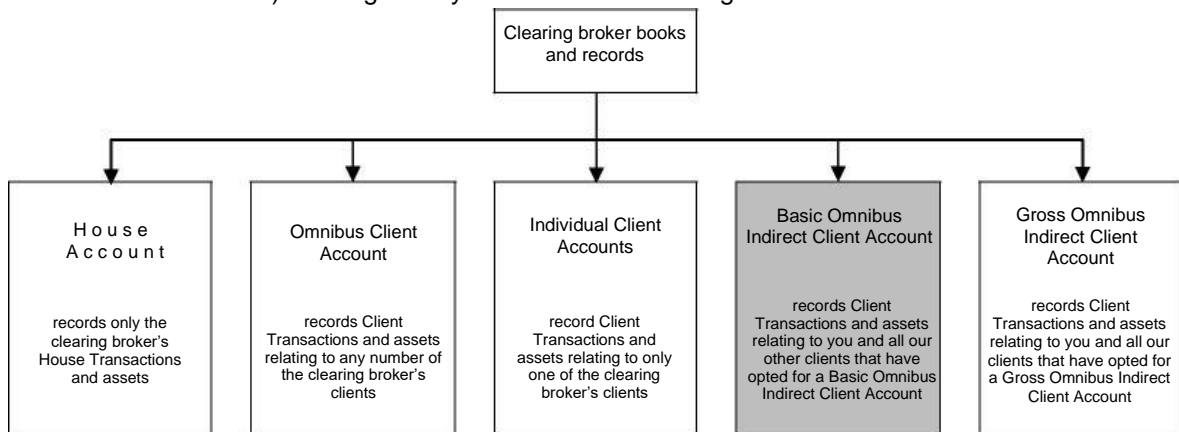
Please see Part Two for an overview of the risks in relation to a Basic Omnibus Indirect Client Account and for details of the different levels of segregation that may be available at different CCPs.

*Gross Omnibus Indirect Client Account<sup>13</sup>*

Under this account type, at the level of the clearing broker, the Client Transactions (including the corresponding assets in the clearing broker's accounts) relating to you are segregated from:

<sup>13</sup> This description is based on Article 4(2)(b) of the Indirect Clearing RTS.

- any House Transactions and any of their assets;
- any Client Transactions (including corresponding assets in the clearing broker's accounts) relating to us or the account of one of the clearing broker's other Direct Clients (regardless of whether they/we have opted for an individual client account or omnibus client account);
- any Client Transactions (including corresponding assets in the clearing broker's accounts) relating to any of our clients or clients of the clearing broker's other clients that have opted for a Basic Omnibus Indirect Client Account; and
- any Client Transactions (including corresponding assets in the clearing broker's accounts) relating to any clients of the clearing broker's other clients that have also



opted for a Gross Omnibus Indirect Client Account and which are recorded in a different Gross Omnibus Indirect Client Account.

However, the Client Transactions (including corresponding assets in the clearing broker's accounts) that relate to you will be commingled with the Client Transactions (including corresponding assets in the clearing broker's accounts) relating to any of our other clients that have also opted for a Gross Omnibus Indirect Client Account and which are recorded in the same Gross Omnibus Indirect Client Account.

Can Client Transactions and related collateral be netted with the clearing broker's House Transactions and assets?	No
Can Client Transactions and related assets be netted with those relating to us or the clearing broker's other Direct Clients?	No
Can Client Transactions and related collateral be netted with those relating to our clients?	The Client Transactions relating to you will not be netted with the Client Transactions relating to any of our other clients.  However, the collateral relating to you may be used to cover Client Transactions of our other clients to the extent it is recorded in the same Gross Omnibus Indirect Client Account. <sup>14</sup>

<sup>14</sup> The current description of the netting sets is based on the FIA interpretation of Article 4(2)(b) of the Indirect Clearing RTS as set out in more detail in the FIA's working document on indirect clearing arrangements for exchange-traded derivatives (ETD) under draft MiFIR RTS on indirect clearing arrangements (the **FIA Working Document**). As set out in more detail on page 9 of

Can Client Transactions and related collateral be netted with those relating to the clearing broker's other Indirect Clients?	No
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The clearing broker will agree not to net Client Transactions relating to you with its House Transactions, the Client Transactions relating to us or the clearing broker's other Direct Clients, the Client Transactions of the clearing broker's other Direct Clients' clients or any Client Transactions relating to our other clients (regardless of whether they are recorded in the same Gross Omnibus Indirect Client Account).

The clearing broker will also agree not to use the assets relating to Client Transactions relating to you with respect to any House Transaction or Client Transaction recorded in any other account. However, both we and the clearing broker may use the assets provided in relation to the Client Transactions relating to you in relation to any Client Transaction relating to our other clients that have also opted for a Gross Omnibus Indirect Client Account which are credited to the same Gross Omnibus Indirect Client Account.

Please see Part Two for an overview of the risks in relation to a Gross Omnibus Indirect Client Account and for details of the different levels of segregation that may be available at different clearing brokers.

### **Affiliates**

Except for Long Chain Arrangements, we treat our affiliates in the same way as clients when complying with the Indirect Clearing RTS. This means that affiliates also have a choice between types of account. An affiliate may be part of the same account as other clients.

### **Other factors that may impact on the level of protection you receive in respect of assets that you provide to us as margin for Indirect Client Transactions**

There are a number of factors that, together, determine the level of protection you will receive in respect of assets that you provide to us as margin for Indirect Client Transactions:

- whether you choose a Basic Omnibus Indirect Client Account or a Gross Omnibus Indirect Client Account (as discussed under "*The types of accounts available*" above);
- in each case, whether such assets are transferred by way of title transfer or security interest;
- whether or not monies or assets that you transfer to us is treated as customer collateral in accordance with the Customer Moneys Rules and Customer Assets Rules;
- whether we call any excess margin from you or you pay excess margin to us;
- whether, and to the extent permitted by the Customer Moneys Rules and Customer Assets Rules, you will get back the same type of asset as you provided as margin; and
- the bankruptcy and other laws that govern the clearing broker, us and the CCP.

The remainder of this Part One B sets out further details for each of these variables and their implications under Singapore law.

### **Will you provide cash or non-cash collateral as margin for the Client Transactions?**

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the FIA Working Document, it is proposed for "client in another account" to be added at the end of Article 4(2)(b).

As noted under "*The "principal-to-principal" clearing model*" in Part One A, as a Direct Client of the clearing broker, we are required to transfer assets to the clearing broker in respect of the Client Transactions related to your Indirect Client Transactions. Clearing brokers only accept certain types of liquid cash and non-cash assets as margin.

As is market practice, we will decide what types of assets to accept from you as margin for your Indirect Client Transactions. What we will accept from you as margin for the Indirect Client Transactions will not necessarily be the same type of assets that the clearing brokers will accept from us for the Client Transactions, in which case and to the extent permitted by the Customer Moneys Rules and Customer Assets Rules, we may, at our option, provide you with a collateral transformation service, under which we transform the assets you provide to those which we can pass onto the clearing broker.

### **Do you provide assets to us on a title transfer or a security interest basis?**

As is market practice, if applicable, we will decide the basis on which we are willing to accept assets from you.

#### *Title Transfer*

If applicable, where the Customer Agreement provides for the transfer of assets by way of title transfer, when you transfer assets (**Transferred Assets**) to us, we become the *full owner* of such assets and you lose all proprietary interest in such assets. We will record in our books and records that we have received such Transferred Assets from you with respect to the applicable Indirect Client Transaction. We will be obliged to deliver to you equivalent assets to such Transferred Assets (**Equivalent Assets**), if applicable.

We may either transfer such Transferred Assets on to the clearing broker with respect to the Client Transaction related to the Indirect Client Transaction, or we may transfer other assets to the clearing broker with respect to such Client Transaction.

You take credit risk on us in respect of our obligation to deliver Equivalent Assets to you. This means that if we were to become subject to insolvency proceedings in Singapore, you would have no right of recourse to the clearing broker or to any assets that we had transferred to the clearing broker; and you would instead have an unsecured debt claim against our estate in an amount equal to the value of the assets; such unsecured claim would rank *pari passu* with the claims of all our other general creditors. Please refer to Part One C (*What are the main issues which arise under Singapore insolvency law in respect of indirect clearing?*) below for further information.

#### *Security Interest*

If applicable, where the Customer Agreement provides for the transfer of assets by way of security interest, when you transfer assets to us, you *retain* full beneficial ownership of such assets. Such assets are transferred to us on the basis that the assets still belong to you, but you have granted us a security interest with respect to such assets.

We may enforce that security interest if you default in your obligations to us. Only at the point of such enforcement would title in such assets or their liquidation value transfer to us. We will record in our books and records that we have received such assets from you with respect to the applicable Indirect Client Transaction.

See Part One C "*Close-out Netting*" for the implications of Statutory Insolvency Set-Off (as defined therein) on collateral provided by way of security interest.

### **What is the impact if we treat margin you transfer to us as customer collateral in accordance with the Customer Moneys Rules and Customer Assets Rules?**

Under the SFA, the Customer Moneys Rules and Customer Assets Rules may, in certain

circumstances, preserve some level of segregation. The answer to this question is not intended to be a comprehensive explanation of the protections afforded by the customer monies and assets regime in Singapore. It seeks only to explain how the customer monies and assets regime may operate with the Indirect Clearing RTS; you may wish to seek legal advice in this regard.

Monies and assets which we receive as margin on account of a customer (i.e. you) may be required to be treated by us as monies and assets received on account of a customer under the Customer Monies Rules and Customer Assets Rules (such monies and assets, "**customer collateral**").

Where we hold customer collateral, we will follow the Customer Monies Rules and Customer Assets Rules in respect of such customer collateral. In this case, the Customer Monies Rules and Customer Assets Rules apply in the same way to monies and assets you provide to us as margin for Indirect Client Transactions as they apply to monies and assets we treat as customer collateral in relation to other types of business. We note that in certain circumstances, and to the extent as permitted under the Customer Monies Rules and Customer Assets Rules, we may be permitted to transfer customer collateral held as margin to a clearing broker or otherwise deal with customer collateral in respect of certain purposes.

See "*Customer Monies Rules and Customer Assets Rules*" in Part One C "*Close-out Netting*" for further details.

#### **How will any excess margin we call from you be treated?<sup>15</sup>**

Excess margin is any amount of assets we require from you or you provide to us in respect of an Indirect Client Transaction that is over and above the amount of assets the clearing broker requires from us in respect of the related Client Transaction.

Under the Indirect Clearing RTS, excess margin should be treated in accordance with the terms of the Customer Agreement. Depending on those terms, you may take credit risk on us in respect of it.

#### **Will you get back the same type of asset as you originally provided to us as margin for an Indirect Client Transaction?**

In a "business-as-usual" situation, whether we will deliver the same type of asset to you that you originally provided to us will be governed by the Customer Agreement.

In the event of our default, if you are due a payment, you may not receive back the same type of asset that you originally provided to us. This is because the clearing broker is likely to have a wide discretion to liquidate and value assets and make payments in various forms. Further, the clearing broker may not know what form of asset you originally provided to us as margin for the Indirect Client Transaction and to the extent applicable, we may have converted your asset into another form. This risk is present regardless of what type of client account you select.

Please see Part One C for further discussion of the issues which arise under Singapore insolvency law in respect of indirect clearing.

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<sup>15</sup> This section refers to excess margin as described in Recital 5 of the Indirect Clearing RTS.

## **Part One C: What are the main issues which arise under Singapore insolvency law in respect of indirect clearing?**

### **General insolvency risks**

If we become subject to insolvency proceedings in Singapore, you may not receive all of your assets back or retain the benefit of your positions and there are likely to be time delays and costs (e.g. funding costs and legal fees) connected with recovering those assets. These risks arise in relation to both Basic Omnibus Indirect Client Accounts and Gross Omnibus Indirect Client Accounts because:

- you will not have any rights directly against the CCP; except for clearing broker-specific porting solutions described earlier and the comments below under "*Margin rights*", you will not have any rights directly against the clearing broker; and you will only have contractual claims against us (i.e. rather than being able to recover particular monies or assets as owner);
- the insolvency proceedings which we can be subject to in Singapore is winding up (including provisional winding up), receivership or schemes of arrangement. It is possible for us, where we are a company, to be subject to judicial management; and
- any stage of a cleared transaction (e.g. Indirect Client Transactions, Client Transactions and porting) may be challenged by our insolvency representative if, broadly speaking, it was not on arm's length terms. If successful, the court has broad powers to unwind or vary all of those stages.

Please also note that:

- insolvency law may override the terms of contractual agreements, so you should consider the legal framework as well as the terms of disclosures and legal agreements; and
- a large part of your protection comes from CCP arrangements and the legal regimes surrounding them. Therefore, you should understand these in order to evaluate the level of protection that you have on our default. It is important that you review the relevant disclosures by the relevant clearing broker and the CCP in this respect.

### **Insolvency of clearing brokers, CCPs and others**

Except as set out in this section "*Insolvency of clearing brokers, CCPs and others*", this disclosure deals only with our insolvency. You may also not receive all of your monies or assets back or retain the benefit of your positions if other parties in the clearing structure default – e.g. the clearing broker, the CCP, a custodian or a settlement agent.

In relation to a clearing broker or CCP insolvency, broadly speaking, our (and therefore your) rights will depend on the law of the country in which the clearing broker or the CCP is incorporated and the specific protections that the clearing broker or the CCP has put in place. You should review the relevant disclosures carefully in this respect and take legal advice to fully understand the risks in these scenarios. In addition, please note the following:

- we expect that an insolvency official will be appointed to manage the clearing broker or the CCP. Our rights against the clearing broker or the CCP will depend on the relevant insolvency law and/or that official;
- it may be difficult or impossible to port Client Transactions and/ or CCP Transactions and related margin, so it would be reasonable to expect that they will be terminated at the level of the clearing broker and/ or the CCP. The steps, timing, level of control and risks relating to that process will depend on the clearing broker and/ or the CCP,

the applicable rules or agreements and the relevant insolvency law. However, it is likely that there will be material delay and uncertainty around when and how much monies or assets we will receive back from the clearing broker or the CCP. It is likely that we will receive back only a percentage of monies or assets available depending on the overall assets and liabilities of the clearing broker or the CCP;

- it is unlikely that you will have a direct claim against the clearing broker or the CCP because of the principal-to-principal model described in Part One A;
- as Indirect Client Transactions will terminate at the same time as the matching Client Transactions unless our clearing agreement with the clearing broker provides otherwise, this will result in a net sum owing between you and us. However, your claims against us are limited recourse so that you will only receive amounts from us in relation to Indirect Client Transactions if we receive equivalent amounts from the clearing broker or the CCP in relation to relevant Client Transactions, after deduction of the applicable fees and charges payable (if any);
- if recovery of margin in these scenarios is important, then you should explore whether any clearing brokers offer "bankruptcy remote" or "physical segregation" structures. It is beyond the scope of this disclosure to analyse such options but your due diligence on them should include an analysis of matters such as whether other creditors of the type described in "*Preferential creditors*" below will have priority claims to margin; whether margin or positions on one account could be applied against margin or positions on another account (notwithstanding the client clearing agreement); the likely time needed to recover margin; whether the margin will be recovered as assets or cash equivalent; and any likely challenges to the legal effectiveness of the structure (especially as a result of the clearing broker's insolvency).

### **Margin rights**

If you provide assets to us by way of security interest then you should have a legal right to recover the balance of those assets (after settling your obligations to us) ahead of other creditors. However, please note that, depending on the exact set up of our security arrangements, it may be that some preferential creditors will still have a prior claim to your assets (please see "*Preferential creditors*" below).

If you have retained the assets (e.g. in a custody account over which you have given us a security interest) then you will have the best chance of recovering them. If you have transferred the assets to us by way of security (e.g. by giving us a mortgage over the assets) then you bear the risk if there is a shortfall in any of the monies or assets that we are holding. Generally speaking, your risk of loss will be highest in relation to non-customer collateral; lower in relation to securities held by us in an omnibus account; and lower still if securities are segregated in our books and records and at custody level identifying you as the client.

The actual result will be highly fact specific and will depend on, amongst other things, the exact terms of our legal arrangements; how we have operated accounts; and claims that other intermediaries (e.g. custodians and settlement systems) have to the assets. To the extent that the Customer Moneys Rules and Customer Assets Rules apply, we would expect protection under those rules to be effective in our insolvency (please see "*What is the impact if we treat margin you transfer to us as customer collateral in accordance with the Customer Moneys Rules and Customer Assets Rules?*" in Part One B and "*Close-out Netting*" in Part One C). We do not expect the above position to change materially if you have a Basic Omnibus Indirect Client Account or Gross Omnibus Indirect Client Account.

### **Close-out Netting**

If we default and the clearing broker cannot port the Client Transactions and collateral (e.g. because a back-up entity cannot be found), then we would expect the clearing broker to



terminate and net our Client Transactions and apply related assets. You and we would want this to work differently from normal bilateral close-out netting that would apply to all positions and assets between the clearing broker and us – we discuss this below.

If we become subject to an insolvency proceeding in Singapore, set-off pursuant to the prevailing Singapore insolvency laws ("**Statutory Insolvency Set-Off**") would apply so that mutual credits, mutual debts or other mutual dealings between the clearing broker and us (or between you and us), the debts and liabilities to which each party is or may become subject as a result of such mutual credits, debts or dealings are to be set-off against each other and only the balance is to be a debt provable in bankruptcy.

Statutory Insolvency Set-Off is mandatory and it is not possible for parties to contract out of Statutory Insolvency Set-Off. Obligations owing between the clearing broker and us, and between you and us, are likely in each case to be mutual and therefore, subject to Statutory Insolvency Set-Off with the likely effect of the following:

*Clearing broker and us*

subject to the application of Customer Moneys Rules and Customer Assets Rules in respect of customer collateral (if any),

- aggregating all amounts owing between the clearing broker and us in respect of (a) positions and (b) collateral which has been provided on a title-transfer basis, (including positions entered into by us on the account of our customers (i.e. Client Transactions) and related collateral, regardless of the account in which they are recorded);
- in respect of collateral provided by us to the clearing broker on a security-interest basis, Statutory Insolvency Set-Off would not apply as we would retain a proprietary interest in such collateral and Statutory Insolvency Set-Off only applies to monetary obligations;
- on the basis that all Client Transactions are cleared on a "principal-to-principal" model, any collateral we provide to the clearing broker on a security-interest basis and which is returned by the clearing broker to our insolvency representative, would belong to us absolutely. Accordingly, such collateral would fall into our insolvency estate, and such collateral would be liquidated by our insolvency representative and the proceeds distributed, along with our other assets, to our creditors in accordance with the rules of distribution under Singapore insolvency law.

*You and us*

subject to the application of Customer Moneys Rules and Customer Assets Rules in respect of customer collateral (if any),

- aggregating all amounts owing between you and us in respect of (a) positions and (b) collateral which has been provided on a title-transfer basis, (including all Indirect Client Transactions and related collateral, regardless of the account in which they are recorded);
- in respect of collateral provided by you to us on a security-interest basis, Statutory Insolvency Set-Off would not apply as you would retain a proprietary interest in such collateral and Statutory Insolvency Set-Off only applies to monetary obligations,

in each case, regardless of the terms of the relevant clearing documentation.

*Customer Moneys Rules and Customer Assets Rules*

If the Customer Moneys Rules and Customer Assets Rules apply, as customer collateral does not include contractual rights arising from transactions entered into by us for the account of our customers,

- the contractual rights in respect of the Client Transaction (as between the clearing broker and us) and the Indirect Client Transactions (as between you and us) would be taken into account as part of Statutory Insolvency Set-Off; and
- any customer collateral either (a) provided at the Client Transaction level by us to the clearing broker in accordance with your instructions and the Customer Money and Asset Rules; or (b) provided at the Indirect Client Transaction level by you to us in accordance with your instructions and the Customer Money and Asset Rules,

would be subject to the trust arrangement under the Customer Moneys Rules and Customer Assets Rules and would not form part of our insolvency estate. Customer collateral would be returned to you subject to fellow customer risk in respect of other clients recorded in the same account.

In respect of the Indirect Client Transactions, although the resulting termination amount should represent our net exposure to each other, it will make porting difficult or impossible.

Please also note more generally that your freedom to close out Indirect Client Transactions is more limited under the Customer Agreement than in other arrangements that you may be used to.

#### **Porting – prohibition**

As mentioned above, a clearing broker only owes us (not you) obligations in relation to Client Transactions and related assets.

As a result, if these positions and assets are "transferred" or "ported" to a back-up entity, there is a risk that such "transfer" or "porting" would be subject to challenge under Singapore insolvency law. This is because the Client Transactions and related collateral would constitute our assets (or, as the case may be, our liabilities) which would have been "taken away" from us on or around the time of our insolvency or otherwise as a result of us becoming subject to insolvency proceedings. If the Singapore insolvency representative were to successfully challenge any such transfer, the Singapore courts would be likely to order that such transfer be reversed.

#### **Preferential creditors**

Singapore insolvency law gives certain types of claims of unsecured creditors priority over certain types of claims of secured creditors. This means that some unsecured creditors may have a claim on client account assets ahead of you. Claims that have priority are likely to include, amongst others: (i) claims of the Singapore liquidator in respect of his/her costs and expenses of the liquidation; (ii) wages and salary (whether or not earned wholly or in part by way of commission) owing to employees, and (iii) taxes owing to the Singapore government.

#### **Mismatch of CCP/Client Transactions and assets**

It could be that our net assets in relation to Client Transactions do not match our net obligations to each other in relation to the matching Indirect Client Transactions. This can slow down or make porting impossible operationally or legally.

For example, it may occur at clearing broker level as a result of Fellow Client Risk (see the explanation of this term in Part Two of this document) in a Gross Omnibus Indirect Client Account, with the result that there are insufficient assets available for porting to satisfy our obligations to you in relation to the Indirect Client Transactions.

Alternatively, it could be that all of your Indirect Client Transactions with us are netted automatically as a result of Singapore insolvency law (please see above under "*Close-out Netting*").

### **Resolution Powers**

We may become subject to the resolution powers of the Monetary Authority of Singapore (the "**MAS**"). Although a full analysis of the impact of such resolution powers on the indirect clearing arrangements is outside the scope of this disclosure, if we do become subject to the resolution powers of the MAS, your ability to dispose of your positions and assets in respect of Indirect Client Transactions may be restricted, and our liabilities to you in respect of Indirect Client Transactions and related assets may be transferred to a third party (in whole or in part). A full analysis of the resolution powers is outside the scope of this disclosure; you may wish to seek legal advice on this issue.

## **Part Two: Clearing broker indirect client account structures**<sup>16</sup>

As noted in Part One B, each clearing broker is required under the Indirect Clearing RTS to offer at least the choice of a Basic Omnibus Indirect Client Account or a Gross Omnibus Indirect Client Account. This Part Two contains an overview of the levels of segregation of each account type, together with an overview of the main protections afforded by and the main legal implications of each.

The descriptions given in this Part Two are very high level and consider the minimum requirements for indirect client account types under the Indirect Clearing RTS and the respective levels of segregation. However, the particular characteristics of the accounts will affect the exact levels of protection they offer and the legal implications so you must review the information provided by the clearing brokers to fully understand the risks of the specific account we maintain in relation to you at each clearing broker. You may also need to seek professional advice to understand the differences in detail. However, we hope that the questions raised and factors described in both parts of this document will help you to know which questions to ask and to understand the impact of the answers you receive.

The descriptions have been prepared on the basis of the minimum requirements in the Indirect Clearing RTS.

The Annex seeks to compare the main account types and levels of segregation against the following risks:

<b>Risks used to compare each account type and level of segregation</b>	<b>Explanation of risk</b>
Transit Risk	Whether you are exposed to us at any point in the process of providing or receiving margin in respect of Indirect Client Transactions.
Fellow Client Risk	Whether assets provided to the clearing broker or CCP in respect of Client Transactions related to you could be used to cover losses in Client Transactions relating to another client.
Liquidation Risk	Whether, if the Client Transactions and assets relating to them were to be ported, there is a risk that any non-cash assets would be liquidated into cash. If this were to happen, the value given to such assets by the clearing broker may differ from what you perceive to be the full value of the assets.
Haircut Risk	Whether the value of the assets that relate to Client Transactions might be reduced or not increase by as much as you expect because the clearing broker applied a haircut that did not properly reflect the value of the asset.

<sup>16</sup> In preparing the overview of typical indirect client account characteristics, we have based our analysis on the minimum requirements as set out in the Indirect Clearing RTS. Therefore, we have assumed that clients would be offered the choice between a net-margined Basic Omnibus Indirect Client Account and a Gross Omnibus Indirect Client Account. Please note that it would nevertheless be permitted to offer clients additional types of account structures and segregation models, including ISAs, as long as they provide at least the level of segregation prescribed in the Indirect Clearing RTS (see Article 5(1) of the Indirect Clearing RTS and paragraphs 33 and 34 of ESMA's November 2015 Consultation Paper on the Indirect Clearing RTS, and paragraph 35 of ESMA's May 2016 Final Report on the Indirect Clearing RTS).

<b>Risks used to compare each account type and level of segregation</b>	<b>Explanation of risk</b>
Valuation Mutualisation Risk	Whether the value of the assets that relate to Client Transactions could be reduced or not increase by as much as you expect because the assets posted in relation to other clients' Client Transactions have decreased in value.
Clearing Broker Insolvency Risk	Whether you are exposed to the insolvency or other failure of the clearing broker.

### Typical account characteristics at the clearing broker level

	<b>Basic Omnibus Indirect Client Account</b>	<b>Gross Omnibus Indirect Client Account</b>
<b>Who will the Client Transactions recorded in the account relate to?</b>	Basic Omnibus Indirect Client Accounts record both assets and Client Transactions that relate to you (where you have opted for a Basic Omnibus Indirect Client Account) and the assets and Client Transactions that relate to our other clients that have also opted for a Basic Omnibus Indirect Client Account.	Gross Omnibus Indirect Client Accounts record both assets and Client Transactions that relate to you (where you have opted for a Gross Omnibus Indirect Client Account) and the assets and Client Transactions that relate to our other clients that have also opted for a Gross Omnibus Indirect Client Account.
<b>Which losses can assets recorded in the account be used for?</b>	Assets that are provided to the clearing broker as margin for a Client Transaction recorded in a Basic Omnibus Indirect Client Account may be used to cover any losses in that account, whether such losses relate your Client Transactions or Client Transactions relating to one of our other clients within that Basic Omnibus Indirect Client Account.	Assets that are provided to the clearing broker as margin for a Client Transaction recorded in a Gross Omnibus Indirect Client Account may be used to cover any losses in that account, whether such losses relate to your Client Transactions or Client Transactions relating to one of our other clients within that Gross Omnibus Indirect Client Account. <sup>17</sup>

<sup>17</sup> This assessment is based on the FIA interpretation of Article 4(2)(b) of the Indirect Clearing RTS as summarised in the FIA Working Document.

<p><b>Will the clearing broker know which Client Transactions and types of assets relate to you?</b></p>	<p>The clearing broker may not know which Client Transactions and assets recorded in a Basic Omnibus Indirect Client Account relate to you.</p>	<p>Yes, but prior to our default it may not know your identity.</p>
<p><b>Will the clearing broker record the assets value only or will it identify the type of asset provided?</b></p>	<p>The clearing broker may identify in its records the type of asset provided as margin for the Basic Omnibus Indirect Client Account but will not be able to identify which type of assets relate to any client's Client Transactions within that Basic Omnibus Indirect Client Account.</p>	<p>The clearing broker may identify in its records the type of asset provided as margin for the Gross Omnibus Indirect Client Account but is unlikely to be able to identify anything other than the value of assets provided in respect of any of our client's Client Transactions within that Gross Omnibus Indirect Client Account.</p>

	<b>Basic Omnibus Indirect Client Account</b>	<b>Gross Omnibus Indirect Client Account</b>
<b>Will the Client Transactions recorded in the account be netted?</b>	It is likely that the Client Transactions recorded in the account will be netted. This means that Client Transactions that relate to you may be netted with Client Transactions that relate to our other clients whose Client Transactions are recorded in the same Basic Omnibus Indirect Client Account.	Client Transactions relating to you are likely to be netted with other Client Transactions relating to you. However, Client Transactions relating to you should not be netted with Client Transactions relating to any of our other clients recorded in the same Gross Omnibus Indirect Client Account.
<b>Will the margin be calculated on a gross or net basis?</b>	The margin will be calculated on a net basis.	The margin will be calculated on a gross basis.
<b>Will you have to enter into any documentation or operational arrangements directly with the clearing broker?</b>	You may have to enter into legal documentation to which the clearing broker is party. It is unlikely that you will have to set up any operational arrangements with the clearing broker directly.	You may have to enter into legal documentation to which the clearing broker is party. It is possible but unlikely that you will have to set up some operational arrangements with the clearing broker directly.
<b>Transit Risk</b>	Yes	Yes
<b>Fellow Client Risk</b>	Yes	Yes <sup>18</sup>
<b>Liquidation Risk</b>	Yes	Yes (unless the clearing broker is able to port the assets recorded in the account or is able to transfer the assets to you without needing to liquidate some or all of them first).
<b>Haircut Risk</b>	Yes	Yes
<b>Valuation Mutualisation Risk</b>	Yes	Yes
<b>Clearing Broker Insolvency Risk</b>	Yes	Yes

<sup>18</sup> This assessment is based on the FIA interpretation of Article 4(2)(b) of the Indirect Clearing RTS as summarised in the FIA Working Document.

<b>How likely it is that porting will be achieved if we default?</b>	Unlikely <sup>19</sup>	Unlikely
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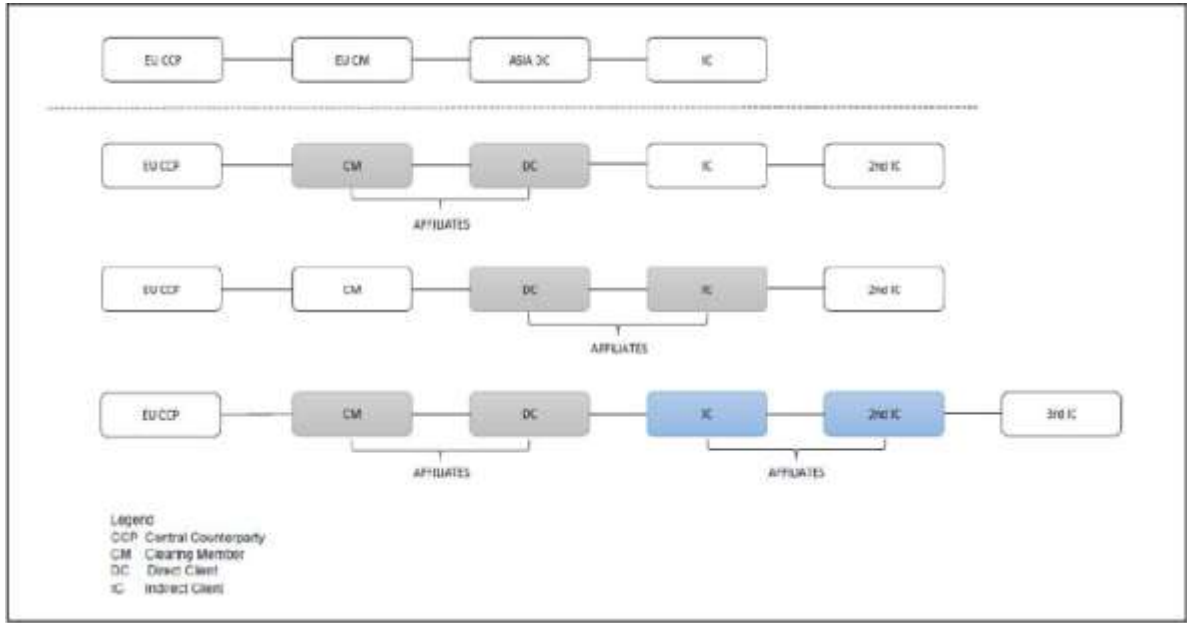
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<sup>19</sup> See Footnote 11 above



### Part Three: Determination of Arrangement

As set out in Part One, an indirect clearing arrangement refers to a set of relationships where at least two intermediaries are interposed between the Indirect Client and the CCP. The most basic indirect clearing chain therefore involves the following four entities: the CCP; a clearing member of the CCP; the Direct Client; and the Indirect Client. Longer chains as illustrated below are also permitted (such chains, the “Permitted Chains”).



**For clarity, indirect clearing services cannot be rendered if the arrangement does not fall within one of the Permitted Chains and you are obligated to make that assessment.**

If you have determined that your arrangement will fall under one of the Permitted Chains, which account do you and your Indirect Client intend to elect:

- **Basic omnibus indirect client account (“BOSA”)**  
 This structure ensures separation between the collateral and positions of the Indirect Clients and the collateral and positions of the Direct Client providing clearing services. There will not be any additional fees imposed.
- **Gross omnibus indirect client account (“GOSA”)**  
 This structure requires the transfer of margin from the Indirect Client all the way to the CCP and requires accounts and records which distinguish between the collateral and positions held for the account of a specific Indirect Client from the collateral and positions held for the account of the Direct Client providing clearing services as well as from other Indirect Clients. Please check with us on the applicable fees for maintaining a GOSA account.

### Undertaking on Algorithmic Trading

By signing below, the Customer undertakes the following, in the event that the services of SFP are engaged:

- that save for the Excepted Algorithmic Trading\*\*, the Customer shall not engage in algorithmic trading\* on the European exchanges;

- (b) that save for the Excepted Algorithmic Trading, the Customer shall ensure that any trading on the European exchanges shall be by way of click trading only; and
- (c) that in the event the Customer engages in any Excepted Algorithmic Trading, the Customer shall ensure that such Excepted Algorithmic Trading will not cause any disorderly trading conditions on the market.

**\*algorithmic trading** means trading in financial instruments where a computer algorithm automatically determines individual parameters of orders such as whether to initiate the order, the timing, price or quantity of the order or how to manage the order after its submission, with limited or no human intervention, and does not include any system that is only used for the purpose of routing orders to one or more trading venues or for the processing of orders involving no determination of any trading parameters or for the confirmation of orders or the post-trade processing of executed transactions;

**\*\*Excepted Algorithmic Trading** means: (1) synthetic order types of algorithmic trading via our approved order management system vendors on the selected European exchanges; and/or (2) such other algorithmic trading as may be approved by UOBBF in writing from time to time.

## A.7.2 Terms Of Business Relating To Indirect Clearing On The European Exchanges

**NOTE:** This Terms of Business is relevant to Customers where SFP provides clearing services, through a general clearing member, in relation to one (1) or more clearing counterparty clearing house ("**CCP**") established in the EU.

### 1. Scope and Definitions

- 1.1 This Terms of Business is incorporated into, and forms part of, the Customer Agreement with effect from 3 January 2018.
- 1.2 SFP may, at its discretion, provide clearing services to the Customer relating to a CCP established in the European Union ("**EU**") through a general clearing member of the relevant CCP. Unless otherwise agreed with SFP or permitted under Applicable Laws, the Customer warrants that the indirect clearing arrangements shall be limited to indirect clearing chains each comprised of a CCP, a general clearing member of the CCP, SFP and the Customer.
- 1.3 References in this Terms of Business to the EU shall be construed to include the UK to the extent that, following withdrawal of the UK from the EU, the UK continues to apply substantially the same rules relating to the provision of indirect clearing services as the EU rules which became applicable on 3 January 2018.

### 2. Indirect Clearing Services

- 2.1 Notwithstanding anything in the Agreement or any prior agreement between SFP and the Customer, in relation to transactions ("**EU Indirect Clearing Transactions**") which SFP clears on a CCP established in the EU by entering into a related transaction with a clearing member of that CCP (the "**CM/Firm IC Transactions**"), the Customer acknowledges and agrees in favour of that clearing member as follows:
  - (a) the Customer acknowledges that the clearing member is not a party to this agreement;
  - (b) in relation to EU Indirect Clearing Transactions which relate to CM/Firm IC Transactions held through a gross omnibus segregated account, the Customer acknowledges that in the event of a default of SFP and subject to the satisfaction

of certain conditions, the clearing member may:

- (i) transfer the transaction(s) it has with SFP which are related to those EU Indirect Clearing Transactions to a replacement clearing firm ("**porting**"); or
  - (ii) close-out and/or otherwise liquidate related transactions which the clearing member has entered into with SFP and liquidate associated margin (without reference to the Customer), and return any balance to the Customer directly (a "**leapfrog**"); or
  - (iii) if porting or leapfrog is not successful, return the balance owed to SFP (if any) for the account of the Customer;
- (c) the Customer acknowledges that the clearing member will set its own requirements which will need to be satisfied in order for the clearing member to be able to facilitate porting or leapfrog and whether the clearing member will port or leapfrog is to be determined in its sole discretion. The clearing member's conditions to porting will include:
- (i) notice and other required information having been given to clearing member prior to any cut-off time established by the clearing member;
  - (ii) the arrangement being in compliance with Applicable Laws and legally effective;
  - (iii) the clearing member being able to transact with the replacement clearing firm in accordance with its own internal requirements; and
  - (iv) the clearing member being indemnified and held harmless by the Customer to its satisfaction;
- (d) in relation to EU Indirect Clearing Transactions which relate to CM/Firm IC Transactions held through a basic omnibus segregated account, the Customer acknowledges that:
- (i) in the event of a default of SFP, the clearing member may (without reference to the Customer) take steps to close-out and/or otherwise liquidate transactions related to EU Indirect Clearing Transactions which the clearing member has entered into with SFP alongside other transactions of other clients in the same basic omnibus segregated account, and liquidate and apply margin associated with the account to the extent it has been provided to it;
  - (ii) in such circumstances the clearing member will return the balance owed to SFP (if any) for the account of the Customer; and
  - (iii) the clearing member shall do so in a timeframe it determines and in accordance with its own processes and procedures; and
- (e) the Customer acknowledges and agrees that the clearing member is liable to SFP only and that the clearing member shall have no liability whatsoever to the Customer or any other person including, without limitation, for carrying out the procedures referred to in paragraphs (b), (c) and (d) above.

### 3. Governing Law

Notwithstanding anything to the contrary in the Agreement and this Terms of Business, this Terms of Business shall be governed by Singapore law, is for the benefit of the clearing member and it is agreed that the clearing member may enforce the terms of this Terms of Business in accordance with the Contracts (Rights of Third Parties) Act (Chapter 53B of Singapore).

**SCHEDULE B**  
**SPECIFIC TERMS FOR CONTRACTS FOR DIFFERENCES**

Save where otherwise stated, references to numbered clauses and schedules are references to the clauses and schedules of the Customer Agreement of StoneX Financial Pte. Ltd. (“SFP”) (“**Customer Agreement**”) that are so numbered.

All capitalized terms used herein shall, unless otherwise defined in this Schedule B, have the same meanings as defined in the Customer Agreement.

This Schedule B shall be read in conjunction with all other terms and conditions of the Customer Agreement (including, but not limited to, Clauses 1.37 and 1.39 of the Customer Agreement). Any reference to the Customer Agreement herein shall include this Schedule B.

If there is any conflict or inconsistency between this Schedule B and the terms and conditions of the Customer Agreement, this Schedule B shall prevail but only to the extent of such conflict or inconsistency.

**RISK NOTICE: SFP provides services for trading derivatives financial contracts. SFP’s contracts are traded on a margin or leveraged basis, a type of trading which carries a high degree of risk to the Customer’s capital. The price of the contract you make with SFP may change quickly and the Customer’s profits and losses may be more than the amount of the Customer’s investment or deposit. If the Customer does not hold sufficient funds to meet the Customer’s margin requirements, then SFP may close the Customer’s open positions immediately and without notice. Please read the Risk Disclosure Statements set out in Annex A of the Customer Agreement to understand the risks of trading on a margin or leveraged basis. The Customer should not deal in SFP’s contracts unless the Customer understands and accepts the risks of margin trading. Trading in these products may not be suitable for everyone.**

**B.1 General**

1. This Schedule B sets out the terms and conditions under which SFP offers a range of CFDs (SFP’s “**CFD Markets**”) and forms part of the Customer Agreement.
2. Where the Customer has requested, on the Application or subsequent to the date of the Application, for SFP to provide services in relation to CFDs, the Customer shall comply with the relevant terms and conditions of this Schedule B which shall apply in addition to all other terms and conditions in Clauses 1 and 2 of the Customer Agreement and all other documents pertaining to CFDs and services in relation thereto.

**B.2 Exercise of CFDs**

1. A CFD is an investment contract for which the profit or loss is the difference between the opening and closing price of the contract. The price of a CFD is determined by reference to the price of another financial instrument, such as: shares, indices, commodities, or fixed-income securities. Features of SFP’s CFDs are described below.
2. Transactions in CFD Markets may be placed through the Trading Platform or through such medium and in such manner as SFP may approve.
3. SFP will quote, execute and settle Transactions for CFDs in the currency in which the Underlying Instrument is denominated. However, SFP may convert the value of any Open Position for Account valuation and other purposes under clause B.16.
4. Commercial information (including but not limited to Market Hours, minimum and maximum Quantities and expiry dates) for each CFD Market is set out in the relevant Market Information.

5. For CFD Markets that do not specify an expiry date, the Customer's Open Positions will remain open until closed in accordance with clause B.6 and the Customer Agreement ("**Closing Trades**").
6. For CFD Markets that specify an expiry date ("**Expiry CFD Markets**"), the Customer's Open Positions will close and settle automatically on the expiry date specified in the Market Information unless the Customer or SFP closes the position in accordance with the Customer Agreement before that date.
7. The Customer may give instructions to "roll" any Open Position in an Expiry CFD Market prior to the expiry date. If SFP agrees to roll the Open Position SFP will do so in accordance with clause B.7 ("**Rollover**"). If the Customer wishes for any Orders attached to the Open Position to apply to the new Open Position, the Customer must give SFP express instructions to attach the Orders to the New Open Position.

### **B.3 General Information and Accounts**

1. SFP's trading service is an electronic service and the Customer specifically consents to the receipt of documents in electronic form via email, the Website or other electronic means. SFP will not send a paper form of any communication sent to the Customer unless the Customer requests SFP to do so. SFP reserves the right to charge for providing documents in a paper form.
2. The Customer confirms that the Customer has regular access to the internet and consents to SFP providing the Customer with information about SFP and SFP's services (including the Market Information), SFP's costs and charges and SFP's Notices and Policies by email or by posting such information on the Website or the Trading Platform.
3. SFP will deal with the Customer as principal and not as agent on the Customer's behalf. This means that any Transactions are agreed directly between the Customer and SFP and SFP will be the counterparty to all of the Customer's Transactions. The Customer acknowledges and accepts that SFP does not owe the Customer any fiduciary duties or any duty of good faith or reasonable care except as specifically and expressly provided for in this Agreement and that SFP does not act as fiduciary or adviser to the Customer, nor is there any fiduciary or adviser relationship between SFP and the Customer.
4. Unless SFP agrees otherwise in writing, the Customer will also deal with SFP as principal and not as an agent or representative of another person. The Customer will not permit any person to deal on the Customer's behalf unless SFP agrees that such person (the "**Agent**") can act on the Customer's behalf, and in such case, the Customer agrees that both the Customer and the Agent will be jointly and severally liable in respect of all liabilities. SFP will be entitled to rely on any instructions given to SFP by the Agent in relation to the Customer's Account. SFP may require confirmation that the Agent has authority to act on the Customer's behalf at any time SFP reasonably considers appropriate.
5. **SFP shall not give advice to the Customer on the merits of any Transaction and shall deal with the Customer on an execution-only basis. None of SFP's staff are authorised by SFP to give the Customer investment advice. Accordingly, the Customer should not regard any proposed trades, suggested trading strategies or other written or oral communications from SFP as investment recommendations or advice or as expressing SFP's view as to whether a particular trade is suitable for the Customer or meets the Customer's financial objectives. The Customer must rely on the Customer's own judgement for any investment decision the Customer makes in relation to the Customer's Account. If the Customer requires investment or tax advice, please contact an independent investment or tax adviser. The Customer acknowledges and agrees that the Customer has made the Customer's own independent**

**analysis and decision when executing a Transaction and such Transactions are entered into without reliance upon any views, representations (whether written or oral), advice, recommendation, information or other statement by SFP.**

6. The Customer will not have any rights of ownership, delivery or otherwise in any Underlying Instrument as a result of a Transaction with SFP. SFP will not transfer any Underlying Instrument or any rights (such as voting rights or delivery obligations) in it to the Customer.
7. If SFP in SFP's absolute discretion considers that the Customer satisfies the definition of certain categories of client (such as a Non-Retail Customer) under Applicable Laws SFP may agree with the Customer that the Customer will be treated as such category of Customer. In that event, the Customer may not be entitled to certain protections afforded to other categories of Customers.
8. The Customer is solely responsible for monitoring the Customer's Account and ensuring the Customer has adequate funds on deposit to accommodate the required margin for any resting orders placed that may be filled in the future. Failure to maintain adequate funds to meet ongoing, changing or future margin requirements resulting from contingent order executions may result in auto liquidation of such position(s) upon posting such trades to the Customer's Account. The Customer will be fully responsible for any resultant realized trading losses resulting from failure to maintain adequate margin and resulting liquidation(s).
9. After SFP has accepted the Customer's Application Form, SFP will open the Customer's Account. SFP may open different Accounts for the Customer, including Limited Risk Accounts. When SFP opens an Account for the Customer, SFP will inform the Customer of the type of Account opened. SFP reserves the right to refuse to open an Account for any reason and SFP is not obliged to inform the Customer of the reasons for SFP's refusal. Furthermore, SFP reserves the right to change the features and criteria of SFP's Accounts at any time and will notify the Customer of the change whether on the Website, the Trading Platform, via email or otherwise. This Schedule B will apply separately to each Account which SFP opens for the Customer. This means that a separate Cash balance, Net Equity, Trading Resource, Total Margin and Margin Close-out Level will apply for each Account, and following an Event of Default, the Transactions and Open Positions in respect of each Account will be dealt with separately from the Transactions and Open Positions in respect of each other Account. An Open Position which is booked in on Account cannot be transferred to another Account except by closing that Open Position and entering into a new Transaction to create an Open Position in the other Account. **Notwithstanding the foregoing and subject to Applicable Laws, if the Customer has more than one Account, SFP shall be entitled in its discretion (but shall not be obliged) without notice to set off any available Cash balance, Net Equity, Trading Resources or other funds in one or more of the Customer's Accounts against any of the Customer's liability to SFP (including discharging Margin requirements or liabilities in one or more of the Customer's other Accounts) even if the exercise of such set off may result in the closure of Open Positions in any Account from which funds are transferred or deficient margin and call(s) for more margins.**
10. Limited Risk Accounts, if and when offered, can only be operated in a Guaranteed Stop Loss Order is specified with each opening Transaction placed (see clause B.8). Additional information with respect to the details of Accounts available will be set out on The Website.
11. The Customer agrees and undertakes to provide SFP with any and all information and documents that SFP may from time to time request or require for the purposes of this Customer Agreement, including such information and documents as SFP may require under Applicable Laws, whether relating to the prevention of financial crime, fraud, bribery, corruption, money-laundering, terrorism financing and any international sanctions or any other matter.

12. The Customer undertakes that any information the Customer provides to SFP is correct. The Customer agrees to immediately inform SFP of any material change to the information provided to SFP on the Customer's Application Form or by any other means, including any change to the Customer's contact details or financial status. If the Customer fails to inform SFP of any material change to the Customer's information, SFP will not be responsible for any resulting loss or prejudice to the Customer from continuing to act on the basis of the prevailing information in SFP's records.
13. For each Account that SFP opens for the Customer, SFP will provide the Customer with a unique Account number and/or Username, as applicable, and will require such other Security Information as SFP considers appropriate:
  - (a) it is the Customer's responsibility to keep the Customer's Security Information (including the Customer's Account number and/or Username, as applicable) confidential;
  - (b) the Customer agrees that the Customer will not disclose the Customer's Account number and/or Username, as applicable, or any other Security Information to any other person;
  - (c) SFP may agree to provide separate Security Information to the Customer's Agent or any holders of an Account that is a joint account; and
  - (d) when the Customer deals with SFP or gives SFP an instruction, SFP will require details of the Customer's Security Information, including the Customer's Account number (or in the event the Customer's Agent deals with SFP, SFP Agent's Account number) and/or Username as applicable.

Except where otherwise provided in this clause, the Customer is responsible for paying any Losses, fees or charges arising from Transactions entered into or instructions given using the Customer's Account number and/or Username, as applicable, and Security Information. The Customer will not be responsible for Losses where it can be shown that such Losses result from a person gaining access to SFP's Trading Platform by abuse of SFP's systems (that is by "hacking") except where such access results from the Customer's failure to:

- (a) immediately inform SFP of any material change to the information provided to SFP on the Customer's Application Form or by any other means, including any change to the Customer's contact details or financial status; and
  - (b) ensuring that the Customer's information technology is compatible with SFP and meets SFP's minimum system requirements, as may be amended from time to time. The minimum system requirements currently in effect are set out on the Website.
14. SFP may inform the Customer that the Customer's Accounts will be Linked Accounts. The Customer's Linked Accounts may be aggregated for the purpose of calculating the Customer's Margin Level, the Customer's Total Margin or otherwise as specified in this Customer Agreement.
15. The Customer's Account will be denominated in a Base Currency. The Customer's Base Currency can be found on the Trading Platform. SFP will only accept funds in the Customer's Base Currency. Transactions for certain Markets may be conducted in other currencies however the resulting Open Positions may be valued at or converted to the Base Currency in accordance with clause B.16 or this Schedule B or the relevant Supplemental Terms.
16. Credit and debit entries, including any Daily Financing Fees, deposits and withdrawals, will be made to the Customer's Account. The Customer is responsible for monitoring the Customer's Open Positions and any activity in the Customer's Account. SFP is not obliged to monitor or advise the

Customer on the effect of any Transaction, Order or Open Position. The Customer may access the Customer's Account information by logging into the Trading Platform or by calling Client Services.

#### **B.4 Instructions and Basis of Dealing**

1. The Customer may place an Order via the Trading Platform, or in such other manner as SFP may specify to the Customer in writing from time to time. In such circumstances:
  - (a) when the Customer does so the Customer is offering to enter into a Transaction with SFP at the price SFP quotes (or within the Customer's specified Price Tolerance if applicable to the Customer's Account) when the Customer completes all obligatory fields and click the relevant icon; and
  - (b) when SFP receives the Customer's Order SFP will provide the Customer with an electronic acknowledgement of receipt but both the Customer and SFP will only be bound by a Transaction when details of the Transaction are reported as executed on the Trading Platform. If the Customer does not see details of the executed Transaction on the Trading Platform, the Customer should call SFP immediately to confirm the status of the Transaction. After SFP executes the Transaction SFP will send the Customer a contract note as described in clause B.11.
2. SFP may accept Orders by telephone. In the event the Customer places an Order by telephone:
  - (a) the Customer's oral instruction to Transaction will constitute an offer to enter into a Transaction at the price SFP quotes. Transactions placed by telephone will only be accepted at the current Our Price;
  - (b) the Customer can place an Order by telephone only by talking directly to an authorised person. SFP will not accept an Order left with other employees, on an answering machine or on a voice mail facility; and
  - (c) the Customer and SFP will be bound by a Transaction only when the Customer's authorised person confirms that the offer has been accepted. After SFP executes the Transaction, SFP will send the Customer a contract note as described in clause B.11.
3. The Customer may place an electronic Order on the Trading Platform at any time or the Customer may place a telephone Order with an authorised dealer during SFP's Trading Hours. However, SFP will execute Transactions only during times which are both SFP's Trading Hours and the Market Hours for the relevant Market. Market Hours are as stated in the Market Information and may change from time to time.
4. Prices quoted by SFP (whether by telephone, the Trading Platform or otherwise) do not constitute a contractual offer to enter into a Transaction at the price quotes or at all. SFP reserves the right to refuse to enter into any Transaction. Such situations include but are not limited to, when:
  - (a) Transactions are placed outside of the Market Hours (paragraph 3 of clause B.4);
  - (b) Transactions are individually or in the aggregate larger than the maximum Quantity or smaller than the minimum Quantity SFP sets for the Market (paragraph 6 of clause B.4);
  - (c) Our Price has moved unfavourably in excess of the specified Price Tolerance (if applicable to the Customer's Account) (paragraph 6 of clause B.5);



- (d) The Customer's Trading Resource is insufficient to fund the proposed Transaction (clause B.9);
  - (e) entry into the Transaction would cause the Customer to exceed the maximum Total Margin, if any, applied to the Customer's Account (clause B.9);
  - (f) Our Price or the Transaction derives from a Manifest Error (clause B.12);
  - (g) Events Outside Our Control or Market Disruption Events have occurred (clause B.13);
  - (h) any amount the Customer owes to SFP has not been paid (clause B.14); and
  - (i) SFP believes the Transaction would be in breach of this Customer Agreement or any Applicable Laws.
5. If SFP accepts a Transaction before becoming aware of any of the events described in paragraph 4 of this clause B.4, SFP may in SFP's sole discretion treat the Transaction as void or close the Open Position at Our Price prevailing at the time SFP closes the Open Position. If SFP chooses to maintain the Open Position, the Customer will be liable for the full value of the Transaction when it is closed.
6. SFP may set minimum and maximum Quantities for opening and/or closing Transactions in each Market and different minimum and maximum Quantities for Transactions placed on the Trading Platform or by telephone. Minimum and maximum Quantities (if any) are stated in the Market Information. Transactions to close an Open Position are subject to the minimum and maximum Quantity valid at the time that the closing Transaction is executed. SFP may be unable to execute Transactions at Our Price which are larger than SFP's maximum Quantity or smaller than SFP's minimum Quantity. Where the Customer wishes to execute a Transaction whose size exceeds SFP's maximum Quantity, the Customer may request a quote. Where a Transaction is executed through several transactions at varying prices the Customer will be charged separate fees and commission for each individual transaction. If multiple Transaction instructions are placed or triggered, which in aggregate exceed SFP's maximum Quantity for the relevant Market, SFP may in SFP's sole discretion take any of the following action:
- (a) refuse to enter into all or some of the Transactions;
  - (b) partially fill the Customer's Transactions; and/or
  - (c) increase the margin rate charged on the positions the Customer holds in the relevant market. SFP may vary the minimum and maximum Quantity from time to time and new minimum and maximum Quantities will be effective at the time of publication.
7. Subject to SFP's right to refuse to enter into any Transaction pursuant to paragraph 4 of this clause B.4, SFP will use SFP's reasonable endeavours to execute a Transaction within a reasonable time after SFP receives it or after the conditions for an Order are fulfilled.
8. Where the Customer's Open Position is larger than SFP's maximum Quantity and the Customer has not closed it before its expiry date, the Customer agrees and acknowledges that SFP may roll over the Open Position

## **B.5 Price**

1. During Market Hours, SFP will quote two prices for the Market: a higher price ("**Our Offer Price**") and a lower price ("**Our Bid Price**"); together these prices are known as "**Our Price**" for a Market.

Our Price is determined by reference to the price of the Underlying Instrument which is quoted on external securities exchanges or dealing facilities that SFP selects at SFP's discretion. For Transactions executed when the relevant exchange or dealing facility is closed or where there is no exchange or dealing facility, Our Price will reflect what SFP considers the market price of the Underlying Instrument is at that time. Our Prices and how SFP calculates Our Prices are determined in SFP's absolute discretion and any changes are effective immediately. If during Market Hours, Our Price for any Market is not available on the Trading Platform, please call Client Services to obtain a quote.

2. SFP will accept a Transaction only on the basis of a current Our Price. The Customer may not be able to enter into Transactions at Our Price where Our Price is described as "indication only" or "indicative" or "invalid" (or words or messages to the same effect).
3. SFP provides quotes for Our Prices on a best efforts basis. If a Market Disruption Event or an Event Outside of Our Control occurs SFP may not be able to provide a quote for Our Price or execute Transactions during Market Hours.
4. The difference between Our Bid Price and Our Offer Price is "Our Spread". For certain Products, Our Spread may contain an element of charge or commission for SFP. For some Markets Our Spreads change frequently and there is no limit to how large any such changes may be. The Customer acknowledges that when the Customer closes a Transaction, Our Spread may be larger or smaller than Our Spread when the Transaction was opened, even for markets where Our Spread is fixed.
5. Unless otherwise stated in the relevant Supplemental Terms, SFP will provide the Customer with best execution. Please read the Transaction and Order Execution Policy which sets out the basis upon which SFP seek to provide best execution.
6. If the Customer's Account has Price Tolerance, Markets where Price Tolerance applies will be set out in the Market Information. Price Tolerance will only apply to instructions to Transaction for immediate execution. Where applicable, the Customer may change the Price Tolerance via the Trading Platform before the Customer places a Transaction. If, before SFP has executed the Customer's Transaction, Our Price moves unfavourably away from SFP's quoted price but remains within the specified Price Tolerance, the Customer's Transaction will be executed at the current Our Price. If, before SFP has executed the Customer's Transaction, Our Price moves in the Customer's favour (irrespective of the specified Price Tolerance), SFP will execute the Transaction at the current Our Price.

## **B.6 Closing Trades**

1. If the Customer has an Account with hedging enabled, the Customer can close an open Transaction by selecting that specific trade and closing it. If the Customer opens an opposing Transaction in the same market for the same quantity, both the original Transaction and the opposing Transaction will be displayed as open and the Customer will also see the legally binding net position where those Transactions offset each other.
2. If the Customer has an Account without hedging enabled, the Customer can close an open Transaction either by selecting that Transaction and closing it, or by opening a Transaction in the opposing direction.
3. For some Accounts, if the Customer enters into a closing Transaction in the same Market with a greater Quantity but in the same expiry as the Open Position it offsets, then the original Open Position will be closed and a new Open Position will be created for the Quantity by which the new Transaction exceeds the original Open Position.

4. The Customer will usually be able to close an Open Position during Market Hours. However, SFP reserves the right to reject any Transaction in accordance with paragraph 4 of clause B.4.
5. As a consequence, the Customer may not be able to close the Open Position and the Customer's Losses may be unlimited until such time as the Customer is able to close the Open Position. Where the Customer inadvertently closes an Open Position and promptly notifies SFP of this error, at the Customer's request SFP may (in certain, exceptional circumstances, acting at SFP's sole discretion and as a gesture of goodwill) but are not obliged to, allow the Customer to take a new Open Position equivalent to the terms of the original Open Position duly closed by the Customer in error, with such new Open Position being reported to the applicable regulatory authorities as such in the normal course of business.
6. Unless Open Positions are closed in accordance with this clause B.6, rolled over in accordance with clause B.7, or are terminated, voided or otherwise closed in accordance with this Customer Agreement, they will remain open until their expiry (if they have an expiry date or event) or will remain open indefinitely if they do not. On the expiry date (or event, if such expiration is dependent upon an event) the Open Position will be closed and settled at Our Price at the time the Open Position is closed.
7. Where SFP exercises its rights in accordance with this Customer Agreement to close any of the Customer's Open Positions, SFP will do so at a time and date determined by SFP in SFP's reasonable discretion.

#### **B.7 Rollover**

1. SFP may allow Open Positions to be rolled over in accordance with the Customer's instructions.
2. If SFP agrees to roll over an Open Position, then the original Open Position is closed and becomes due for settlement at Our Price at the time the Open Position is closed and a new Transaction will be entered into to establish a new Open Position in the relevant Market. The times at which SFP will close Open Positions which are rolled over are stated in the Market Information. SFP will send the Customer a contract note in respect of the Transaction establishing the new Open Position as described in clause B.11.

#### **B.8 Orders**

1. The range of different Order types which SFP accept shall be decided by SFP in SFP's absolute discretion. Certain types of Orders, such as Guaranteed Stop Loss Orders, may only be available for a limited range of Markets.
2. The types of Orders SFP accepts and which types of Orders attach to specific Open Positions or other Orders ("**Attached Orders**") are detailed on SFP's Trading Platform. SFP may at SFP's discretion limit the Quantity of any Transaction and Orders SFP accepts without notice. It is the Customer's responsibility to understand the features of an Order and how the Order will operate before the Customer place it. Before the Customer places an Order for the first time, the Customer agrees that the Customer will read the trading examples on the Website so that the Customer fully understands the features of the Order type.
3. SFP endeavours to fill Orders at the first Our Price reasonably available to SFP after the price specified is reached or at the occurrence of the event or condition specified in the Order. However, SFP may not be able to execute Orders if there is an Event Outside of Our Control in relation to an Underlying Instrument. For all Orders other than Guaranteed Stop Loss Orders, SFP may not be

able to execute the Customer's Order at the price level the Customer specifies. SFP will endeavour to execute the Customer's Order at Our Price nearest to the Customer's specified price.

4. SFP may, without limitation, set a minimum price range between the current Our Price and the price or level of any Stop Orders, Guaranteed Stop Loss Orders and Limit Orders and SFP reserves the right not to accept any Orders which are less than this minimum price range.
5. Orders will be "Good until Cancelled" ("**GTC**") unless the Customer specifies at the time of placing the relevant Order that it is only "Good for the Day" ("**GFD**") or "Good for the Time" ("**GFT**"). Unless an Order is cancelled or ceases to have effect, SFP will regard it as valid and execute it when Our Price reaches the price the Customer specifies, or the specified event or condition occurs.
6. Subject to paragraph 7 of this clause B.8 below, the Customer can only cancel or amend an Order if SFP has not acted upon it. The Customer may, with SFP's consent (which will not be unreasonably withheld), cancel or amend an Order at any time before SFP acts upon it. Changes to Orders may be made on the Trading Platform or by calling Client Services.
7. If the Customer has a Limited Risk Account, a Guaranteed Stop Loss Order cannot be cancelled by the Customer at any time. It will only be cancelled if the Customer closes the corresponding Open Position. The Customer may, however, amend a Guaranteed Stop Loss Order in accordance with paragraph 6 of this clause B.8 above.
8. When the Customer places an Order to close an Open Position (a "**Closing Order**"):
  - (a) if the Customer closes the Open Position before the Closing Order is executed, SFP will treat this as an instruction to cancel the Closing Order; and
  - (b) if the Customer closes only a portion of the Open Position before the Closing Order is executed, SFP will treat the Order as an Order to close only the portion of the Open Position that remains open.
9. SFP offers Guaranteed Stop Loss Orders for a limited range of Markets. For these Markets:
  - (a) the Market Information states if a Guaranteed Stop Loss Order is available;
  - (b) SFP may charge a premium payment for each Guaranteed Stop Loss Order. The rate or price of this payment is stated in the Market Information;
  - (c) SFP will accept the Customer's Guaranteed Stop Loss Order only during Market Hours;
  - (d) SFP will execute a Guaranteed Stop Loss Order at the price the Customer specifies, when that price level is reached; and
  - (e) SFP may make available and set minimum and maximum Quantities for Guaranteed Stop Loss Orders which are different from the minimum and maximum Quantities which apply to other types of Order.

## **B.9 Margin Requirement**

1. Before the Customer places a Transaction which creates an Open Position the Customer must ensure that the Customer's Trading Resource is sufficient to cover the Margin Requirement in respect of that Open Position. If the Customer's Trading Resource is less than the Margin Requirement for the Open Position the Customer wishes to create, SFP may reject the Customer's

Transaction. The Margin Requirement must be maintained at all times until the Open Position is closed and may increase or decrease at any time until the Open Position is closed.

2. The Margin Requirement for an Open Position is calculated using the Margin Factor for the relevant Market. Margin Factors may be expressed as a percentage, number or other form applicable to the nature of the Market. The Margin Requirement may increase or decrease at any time until the Open Position is closed.
3. Margin Factors for each Market are stated in the Market Information. Unless otherwise stated in SFP's Notices and Policies with respect to third party trading platforms, Margin Factors change as set forth in this clause. Changes to a Margin Factor will increase or decrease the Customer's Margin Requirement. For Margin Factors expressed as a percentage and all Open Positions subject to Orders Aware Margining, the Margin Requirement may change as Our Price for the relevant Market changes. Margin Requirement may also be affected by changes in the exchange rate between the Base Currency and the currency of any Open Position.
4. Non-standard Margin Requirements may apply for the following:
  - (a) for certain Markets derived from options or options-related financial instruments;
  - (b) for certain products in accordance with Applicable Laws;
  - (c) when the Customer is holding positions in two or more Markets in the same Underlying Instrument;
  - (d) Transactions which have an attached Stop Loss Order in Markets where Orders Aware Margining is available (paragraph 6 of clause B.9);
  - (e) when a Margin Multiplier is applied (paragraph 7 of clause B.9); and
  - (f) when the Quantity of a Transaction is greater than SFP's maximum Quantity (paragraph 6 of clause B.4). Details of how SFP calculates non-standard Margin Requirements are set out on the Website.
5. SFP reserves the right to change the way in which SFP calculates Margin Requirements at any time.
6. Orders Aware Margining offers the potential to reduce the Margin Requirement for Open Positions in certain Markets which are subject to a Stop Loss Order or a Guaranteed Stop Loss Order. Orders Aware Margining is available for a limited range of Markets and details of its availability is provided in the Market Information.
7. SFP may apply a Margin Multiplier to all Open Positions placed in the Customer's Account or to a specific Open Position. The application of a Margin Multiplier or any change in a Margin Multiplier will result in a change to the Margin Requirement for any Open Positions for the relevant Markets.
8. SFP may alter Margin Factors, Margin Multipliers and Margin Requirements at any time and any change will become effective immediately. The Customer acknowledges that SFP may, for Open Positions which are booked to the Customer's Account and/or in certain market conditions, effect an immediate change in Margin Factors, Margin Multipliers or Margin Requirement and/or require additional margin to be deposited immediately in extreme or certain other conditions or circumstances or within a specified period of time as determined by SFP in SFP's sole and absolute discretion, which may be less than 24 hours, and the Customer waives any right to object on the grounds that such requirement is unreasonable and agree to deposit with SFP any additional

margin as and when required and immediately upon demand being made by SFP and in accordance with the mode of transmission that SFP shall in SFP's sole discretion designate. It is the Customer's responsibility to know at all times the current Margin Factors, Margin Multiplier and Margin Requirement applicable to the Customer's Account and the Customer's Open Positions. No previous Margin Factors, Margin Multipliers and Margin Requirements shall set a precedent or bind SFP.

9. SFP may notify the Customer of an alteration to the Margin Factors, Margin Multiplier and Margin Requirement by any of the following means: post, telephone, fax, email, text message or by posting notice of the increase on the Website or Trading Platform.
10. The Customer's Total Margin will be the aggregate of all Margin Requirements in the Customer's Account. SFP may set a maximum figure for the Customer's Total Margin which will act as a limit on the amount of funds SFP holds in satisfaction of the Margin Requirement, and will inform the Customer of such maximum figure. SFP may alter such maximum Total Margin at any time and any change will become effective immediately. If SFP sets a maximum Total Margin SFP will inform the Customer.

#### **B.10 Margin Close Out Level**

1. **If the Margin Level for the Customer's Account reaches or falls below the Margin Close Out Level, this will be classified as an Event of Default under clause B.14. In such circumstances SFP may, among other things, (a) close all or any of the Customer's Open Positions immediately and without prior notice, and/or (b) refuse to execute new Transactions until the Customer's Margin Level exceeds the Margin Close Out Level. It is the Customer's sole responsibility to monitor the Customer's Account(s) at all times and to maintain the Customer's Margin Level above the Margin Close Out Level.** SFP will close the Customer's Open Positions at Our Price prevailing at the time when the Customer's Open Positions are closed.
2. SFP may but is not obliged to contact the Customer before SFP takes any action under paragraph 1 of clause B.10.
3. The Customer will be notified of the Margin Close Out Level applicable to the Customer's Account on the Website or Trading Platform. SFP may alter the Margin Close Out Level applicable to the Customer's Account at any time. Subject to SFP's rights in clauses 0 and B.14, SFP will provide the Customer with at least three (3) days' notice of any change to the Customer's Margin Close Out Level. It is the Customer's responsibility to remain informed about the Margin Close Out Level applicable to the Customer's Account.
4. SFP will be entitled to notify the Customer of an alteration to the Customer's Margin Close Out Level by any of the following means: post, telephone, fax, email, text message or by posting notice of the increase on the Website or Trading Platform.
5. The Margin Close Out Level is designed to help limit the extent of the Customer's trading Losses. SFP does not however guarantee that the Customer's Open Positions will be closed when the Margin Level for the Customer's Account reaches the Margin Close Out Level or that the Customer's Losses will be limited to the amount of funds the Customer has deposited in the Customer's Account.

#### **B.11 Statements and Contract Notes**

1. Periodic statements, including statements of the Customer's Cash, Open Positions and any charges made to the Customer's Account will ordinarily be sent to the Customer monthly.

2. Contract notes will be sent to the Customer as soon as reasonably practicable and no later than the next Business Day after a Transaction is executed. Other than on the Customer's specific request to opt-out of receiving contract notes and statements by electronic means, contract notes and statements will be sent to the Customer by email. SFP reserve the right to charge for contract notes and statements sent to the Customer in a paper form.
3. Subject to the other provisions of this clause B.11, it is the Customer's responsibility to review all contract notes and statements received to ensure that they are accurate. If the Customer believes that a contract note or statement received by the Customer is incorrect, because it refers to a Transaction which the Customer has not placed or for any other reason, the Customer must tell SFP immediately. Contract notes and statements will, in the absence of a Manifest Error, be conclusive and binding unless SFP receive an objection from the Customer in writing within 48 hours of receipt or SFP notifies the Customer of an error in the contract note or statement in the same period.
4. SFP will send the Customer a contract note in respect of each Transaction that SFP executes on the Customer's behalf, including any new Transaction entered into when an existing Open Position is rolled over pursuant to clause B.7. The absence of a contract note will not affect the validity of any Transaction that is reported as executed on the Trading Platform or is accepted by telephone pursuant to paragraph 2 of clause B.4. If the Customer do not receive a contract note for any Transaction the Customer has executed or rolled over by the next Business Day, the Customer should inform SFP immediately

#### **B.12 Manifest Error**

1. A Manifest Error is an error, omission or misquote (including any misquote by SFP's dealer) which by fault of either of SFP or any third party is materially and clearly incorrect when taking into account market conditions and quotes in Markets or Underlying Instruments which prevailed at that time. It may include, but is not limited to, an incorrect price, date, time, Market or currency pair, financing calculation, rebate, commission or any error or lack of clarity of any information, source, commentator, official, official result or pronouncement.
2. If a Transaction is based on a Manifest Error (regardless of whether the Customer or SFP gain from the error) and/or closed on the basis of Manifest Error SFP may act reasonably and in good faith to:
  - (a) void the Transaction as if it had never taken place;
  - (b) close the Transaction or any Open Position resulting from it; or
  - (c) amend the Transaction, or place a new Transaction, as the case may be, so that (in either case) its terms are the same as the Transaction which would have been placed and/or continued if there had been no Manifest Error.
3. SFP will exercise the rights in clause B.12 as soon as reasonably practicable after SFP becomes aware of the Manifest Error. To the extent practicable SFP will give the Customer prior notice of any action SFP takes under this clause but if this is not practicable SFP will give the Customer notice as soon as practicable afterwards. If the Customer considers that a Transaction is based on a Manifest Error, then the Customer must notify us immediately. SFP will consider in good faith whether it is appropriate to take any action under this clause B.12 taking into account all the information relating to the situation, including market conditions and the Customer's level of expertise.

4. In the absence of SFP's fraud, wilful deceit or negligence, the Customer agrees and acknowledge that SFP will not be liable for any loss, costs, claims or demand for expenses resulting from a Manifest Error.

### **B.13 Events Outside SFP's Control and Market Disruption Events**

1. SFP may determine that a situation or an exceptional market condition exists which constitutes an Event Outside SFP's Control and/or a Market Disruption Event.
2. If SFP determines that an Event Outside SFP's Control and/or a Market Disruption Event has occurred SFP may take any of the steps referred to in paragraph 3 of clause B.13 with immediate effect. SFP will take reasonable steps to notify the Customer of any action SFP will take before SFP takes any action to the extent practicable. If it is not practicable to give the Customer prior notice, SFP will notify the Customer at the time or promptly after taking any such action.
3. If SFP determines that an Event Outside SFP's Control and/or a Market Disruption Event has occurred, SFP may take one or more of the following steps:
  - (a) cease or suspend trading and/or refuse to enter into any Transactions or accept any Orders;
  - (b) alter SFP's normal trading times for all or any Markets;
  - (c) change Our Price and Our Spreads and/or minimum or maximum Quantity;
  - (d) close any Open Positions, cancel and/or fill any Orders, limit and/or make adjustments to the price and/or Quantity of any Transactions, Open Positions and Orders;
  - (e) change the Margin Factors and/or Margin Multipliers in relation to both Open Positions and new Transactions;
  - (f) change the Margin Close Out Level applicable to the Customer's Account;
  - (g) immediately require payments of any amounts the Customer owes us, including Margin Requirement;
  - (h) void or roll over any Open Positions; and/or
  - (i) take or omit to take all such other actions as SFP considers to be reasonable in the circumstances to protect SFP and SFP's clients as a whole.
4. In some cases SFP may be unable, after using reasonable efforts, to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any Underlying Instrument SFP considers necessary to hedge or protect SFP's exposure to market and other risks arising from an Open Position. When this occurs SFP may close that Open Position at the prevailing Our Price.
5. SFP will not be liable to the Customer for any loss or damage arising under this clause B.13, provided SFP acts reasonably.

### **B.14 Events of Default and Similar Circumstances**

1. The following shall constitute Events of Default:
  - (a) an Insolvency Event occurs in relation to the Customer;



- (b) the Customer is an individual and the Customer dies, become of unsound mind or are unable to pay the Customer's debts as they fall due;
- (c) the Margin Level for the Customer's Account reaches or falls below the Margin Close Out Level;
- (d) the Customer acts in breach of any warranty or representation made under this Customer Agreement or any representation or warranty made by the Customer under this Customer Agreement and/or any information provided to SFP in connection with this Customer Agreement is or becomes untrue or misleading;
- (e) any sum due and payable to SFP is not paid in accordance with this Customer Agreement or otherwise when due;
- (f) whether or not any sums are currently due and payable to SFP from the Customer, where any cheque or other payment instrument has not been met on first presentation or is subsequently dishonoured or the Customer has persistently failed to pay any amount owed to SFP on time including Margin Requirement;
- (g) at any time and for any periods deemed reasonable by SFP, the Customer is not contactable or the Customer does not respond to any notice or correspondence from SFP;
- (h) SFP has reasonable concerns that the Customer does not have a sufficient understanding of the nature of any of the Products or the risk of trading in any of the products and their Underlying Instruments; and
- (i) SFP reasonably believes that it is prudent for SFP to take any or all of the actions described in paragraph 2 of this clause B.14 in the light of any Applicable Laws.

2. If any Event of Default occurs SFP may take all or any of the following actions:

- (a) immediately require payment of any amounts the Customer owes SFP, including in respect of any Margin Requirement;
- (b) close all or any of the Customer's Open Positions;
- (c) convert any balance to the Customer's Base Currency in accordance with B.16
- (d) cancel any of the Customer's Orders;
- (e) exercise SFP's rights of set-off and combination;
- (f) change the Margin Close Out Level applicable to the Customer's Account;
- (g) impose a Margin Multiplier to the Customer's Transactions or Account;
- (h) suspend the Customer's Account and refuse to execute any Transactions or Orders;
- (i) terminate this Customer Agreement; and/or
- (j) take or omit to take all such other actions as SFP considers to be reasonable in the circumstances to protect SFP and SFP's clients as a whole.

3. SFP may also close the Customer's Account on 14 days' notice in the circumstances set out below. If SFP relies on SFP's rights under this clause, the Customer's Account will be suspended during the 14 day notice period and the Customer will not be able to place Transactions other than those to close existing Open Positions. If the Customer has not closed all Open Positions within the period of 14 days' notice SFP shall be entitled to take any action within paragraph 2 of this clause B.14. The relevant circumstances are:
  - (a) any litigation is commenced placing the Customer and SFP in an adversarial position to each other and, in view of the subject matter of or any issues in dispute in relation to that litigation, SFP reasonably decides that SFP cannot continue to deal with the Customer while the litigation is pending;
  - (b) where the Customer has persistently acted in an abusive manner towards, or in a manner likely to cause harassment, alarm or distress to, SFP's staff (for example by displaying what SFP considers to be serious discourtesy or the use of offensive, insulting or threatening language);
  - (c) where SFP believes on reasonable grounds that the Customer unable to manage the risks that arise from the Customer's Transactions.
4. Without limiting SFP's right to take any action under paragraphs 2 and 3 of this clause B.14, SFP may also close individual Open Positions and/or cancel any Orders where:
  - (a) SFP is in dispute with the Customer in respect of an Open Position. In this case SFP can close all or part of the Open Position in order to minimise the amount in dispute; and/or
  - (b) there is a material breach of the Customer Agreement in relation to the Open Position.
5. Without limiting SFP's right to take action under paragraph 2, 3, and 4 of clause B.14, SFP may in SFP's discretion suspend the Customer's Account pending investigation for any reason. Whilst the Customer's Account is suspended the Customer will be able to place Transactions to close the Customer's Open Positions but the Customer will not be entitled to place Transactions which would create new Open Positions. Circumstances in which SFP may choose to exercise this right include but are not limited to the following:
  - (a) when SFP has reason to believe that an Event of Default has occurred or may occur but believe that it is reasonably necessary to investigate circumstances with a view to confirming this;
  - (b) when SFP has reason to believe that the Customer does not have a sufficient understanding of the Transactions which the Customer is placing or the risks involved;
  - (c) when SFP has not received within 10 days of a written request all information, that SFP believes that SFP requires in connection with Customer Agreement; and/or
  - (d) SFP has reason to believe that there has been a breach in the Customer's Account security or that there is a threat to the Customer's Account security.
6. If SFP has suspended the Customer's Account pending investigation, SFP will use reasonable endeavours to conclude SFP's investigation within five (5) Business Days. When SFP concludes SFP's investigation SFP will inform the Customer whether trading on the Customer's Account may resume or whether SFP will seek to take further action pursuant to Customer Agreement.

7. SFP may exercise SFP's rights to close Open Positions under this clause B.14 at any time after any Event of Default or any relevant event as contemplated under paragraph 5 of clause B.14 above has occurred and will do so on the basis of the next available Our Price for the affected Open Positions.

#### **B.15 Netting and Set Off**

1. The Customer Agreement and all Transactions under it shall form part of a single agreement between SFP and the Customer. The Customer acknowledges that the Customer and SFP enters into the Customer Agreement and any Transactions under it in reliance upon the fact that these are part of a single agreement between the Customer and SFP.
2. In addition and without prejudice to SFP's rights under clause 1.6 of the Customer Agreement, SFP will, at any time, have the right to:
  - (a) combine and consolidate the Customer's Cash and any money SFP or any of SFP's Associates holds for the Customer in any or all of the Accounts the Customer may have with SFP or with any of SFP's Associates; and
  - (b) set off against each other the amounts referred to in (i) and (ii) below:
    - (i) any amounts that are payable by SFP or any of SFP's Associates to the Customer (regardless of how and when payable), including the Customer's Cash (if a credit balance), Unrealised Profits and any credit balance held on any Account the Customer has with SFP or with any of SFP's Associates, even if any of those Accounts have been closed;
    - (ii) any amounts that are payable by the Customer to SFP or any of SFP's Associates (regardless of how and when payable), including, but not limited to, Unrealised Losses, interest, costs, expenses, and/or charges incurred in respect of, or any debit balances in, any Account the Customer may have with SFP or with any of SFP's Associates, even if those Accounts have been closed.
3. If any amount in clause B.15.2(b)(ii) exceeds any amount in clause B.15.2(b)(i) above, the Customer must forthwith pay such excess to SFP whether demanded or not.
4. The Customer is also entitled to require SFP to exercise the rights in clause B.15.2 above in relation to all the Customer's Accounts and/or Open Positions which have been closed.
5. If the rights under paragraphs 2, 3, or 4 of clause B.15 are exercised, all the payment obligations will be consolidated into an obligation for the Customer to pay a net sum to SFP or for SFP to pay a net sum to the Customer.

#### **B.16 Currency Conversion and Valuations**

1. Where SFP is entitled to do so under the Customer Agreement (including in connection with SFP's rights under clause B.14) SFP may convert sums denominated in one currency to another currency. SFP may also perform a notional currency conversion where this is required for valuation purposes.
2. Unless SFP has agreed otherwise, SFP will automatically convert any Cash, Realised Profits and Losses, adjustments, fees and charges that are denominated in another currency to the Customer's Base Currency before applying them to the Customer's Account.

3. Unrealised Profits and Losses that are denominated in another currency may be valued at or converted in notional terms to the Customer's Base Currency. Such balances are for the Customer's information only and are not final until the Realised Profits and Losses are converted and applied to the Customer's Account.
4. SFP shall perform any of the foregoing currency conversion or valuation at commercially reasonable rates (which may be up to and including +/- 0.5% away from SFP's quoted prices or rates from time to time or as otherwise stated on the Website from time to time). SFP may receive remuneration from the counterparty to any foreign exchange transaction which SFP enters into in connection with the foregoing.
5. If SFP has exercised SFP's rights in connection with clause B.14 or the Customer has made a payment to SFP in a different currency from that in which the Customer was obliged to pay SFP, SFP, may pass on to the Customer all commission or other charges which SFP, incurs in any currency conversion SFP, carries out.

#### **B.17 Corporate Actions and other events affecting Underlying Instruments**

1. When a Corporate Action or an Insolvency Event occurs in relation to any Underlying Instrument and/or its issuer, SFP may, acting in a commercially reasonable manner, make adjustments to the Customer's Open Positions and/or Orders to reflect those actions and to put the Customer in a position as close as possible to that of a direct holder of the Underlying Instrument.
2. The actions SFP may take pursuant to paragraph 1 of clause B.17 include, but are not limited to:
  - (a) changing Margin Factors, Margin Multipliers and/or the minimum level of Guaranteed Stop Loss Orders both in relation to Open Positions and new Transactions;
  - (b) making a reasonable and fair retrospective adjustment to the opening price of an Open Position, to reflect the impact of the relevant action or event;
  - (c) opening and/or closing one or more Open Positions on the Customer's Account;
  - (d) cancelling any Orders;
  - (e) suspending or modifying the application of any part of Customer Agreement;
  - (f) crediting or debiting sums to the Customer's Account as appropriate;
  - (g) taking all such other action, as SFP reasonably considers appropriate to reflect the effect of the relevant action or event; and/or
  - (h) in respect of Limited Risk Accounts, making a reasonable and fair retrospective adjustment to the Guaranteed Stop Loss Order, to reflect the impact of the relevant action or event.
3. SFP may make dividend adjustments if a dividend is scheduled to be paid to the holders of the Underlying Instrument. These adjustments are normally made on the ex-dividend date. Long Positions receive adjustments net of tax, whereas Short Positions are charged the declared amount of gross tax, where applicable.
4. SFP shall use best endeavours to take any such actions as soon as SFP is reasonably able to do so and this will normally be as soon as is reasonably practicable after the relevant event has occurred.

5. When SFP makes adjustments to Open Positions, where possible SFP will adjust the Open Position as held by the Customer to be effective from the commencement of Market Hours on the same Business Day on which the relevant Insolvency Event or Corporate Action is effective in relation to the Underlying Instrument.
6. Depending on the event concerned, SFP may take any of the actions set out in this clause B.17 without prior notice. If SFP does so, SFP shall give the Customer notice at the time SFP takes the action or as soon as reasonably practicable thereafter.

#### **B.18 Representations and Warranties**

1. Representations and warranties are personal statements, assurances or undertakings given by the Customer to SFP on which SFP relies when SFP deals with the Customer. The Customer makes the following representations and warranties at the time the Customer enters into Customer Agreement and every time the Customer places a Transaction or gives SFP any other instruction:

- (a) all information that the Customer supplies to SFP (whether in the Application Form or otherwise) is true, accurate and not misleading in any material respect;
- (b) if the Customer is an individual, the Customer is over 18 years old;
- (c) except where SFP has agreed otherwise in writing, the Customer acts as principal and not as any other person's agent or other representative;
- (d) if the Customer is a company or body corporate the Customer is properly empowered and has obtained all necessary corporate or other authority under the Customer's memorandum and articles of association or other constitutional or organisational documents;
- (e) the Customer is not accessing the Trading Platform or dealing with SFP from the United States of America or its territories;
- (f) neither the entry into Customer Agreement, the placing of any Transaction and/or any Order or the giving of any other instruction will violate any law, rule or regulation applicable to the Customer;
- (g) the Customer has not and will not upload or transmit any Malicious Code to SFP's Trading Platform or Website or otherwise use any electronic device, software, algorithm, and/or any dealing method or strategy that aims to manipulate any aspect of SFP's Trading Platform or Website, including, but not limited to, the way in which SFP constructs, provides or conveys Our Price; and

the Customer will use the Products and services offered by SFP pursuant to Customer Agreement honestly, fairly and in good faith.

2. Without prejudice to clause B.14, any breach by the Customer of any warranty or representation made under this Customer Agreement, including, but not limited to, the representations and warranties given in paragraph 1 of clause B.18, renders any Transaction voidable or capable of being closed by SFP at SFP's then prevailing Our Price, at SFP's discretion.

#### **B.19 Market Abuse**

1. When the Customer executes a Transaction with SFP, SFP may buy or sell on securities exchanges or directly from or to other financial institutions shares or units in the relevant Underlying Instrument or financial instruments related to that Underlying Instrument. The result is that when

the Customer places Transactions with SFP, the Customer's Transactions can have an impact on the external market for that Underlying Instrument in addition to the impact it might have on Our Price. This creates a possibility of market abuse and the purpose of this clause is to prevent such abuse.

2. The Customer represents and warrants to SFP at the time the Customer enters into the Customer Agreement and every time the Customer enters into a Transaction or give SFP any other instruction that:
  - (a) the Customer will not place and have not placed a Transaction with SFP if to do so would result in the Customer, or others with whom the Customer is acting in concert, having an interest in the Underlying Instrument or price of the Underlying Instrument which is equal to or exceeds the amount of a Declarable Interest in the Underlying Instrument;
  - (b) the Customer will not place, and has not placed a Transaction in connection with:
    - (i) a placing, issue, distribution or other similar event;
    - (ii) an offer, takeover, merger or other similar event; or
    - (iii) any corporate finance activity;
  - (c) the Customer will not place and has not placed a Transaction that contravenes any law or regulation prohibiting insider dealing, market manipulation or any other form of market abuse or market misconduct; and
  - (d) the Customer will act in accordance with all Applicable Laws.
3. In the event that the Customer places any Transaction in breach of the representations and warranties given in this clause B.19 or any other clause of Customer Agreement or SFP has reasonable grounds for believing that the Customer has done so, in addition to any rights SFP may have under B.14, SFP may:
  - (a) enforce the Transaction or Transactions against the Customer if such is/are a Transaction or Transactions which result(s) in the Customer owing money to SFP; and/or
  - (b) treat all the Customer's Transactions as void if they are Transactions which result in SFP owing money to the Customer, unless and until the Customer has produce conclusive evidence within 30 days of SFP's request that the Customer has not in fact committed any breach of any warranty, representation or undertaking under Customer Agreement.
4. The Customer acknowledges that it would be improper for the Customer to deal in the Underlying Instrument if the sole purpose of such a transaction was to manipulate Our Price, and the Customer agrees not to conduct any such transactions.
5. SFP is entitled (and in some cases required) to report to any relevant regulatory authority details of any Transaction or Order. The Customer may also be required to make appropriate disclosures and the Customer undertakes that the Customer will do so where so required.
6. The exercise of any of SFP's rights under this clause B.21 shall not affect any of SFP's other rights SFP may have under Customer Agreement or under the general law.

## **B.20 The Customer's Right to Cancel**

1. As the prices of SFP's contracts depend on fluctuations in the Underlying Instruments which are outside SFP's control and which may occur during the cancellation period, the Customer is not entitled to cancel this Customer Agreement if any Transaction placed by the Customer has been executed before SFP receives notice of cancellation.

## **B.21 Intellectual Property**

1. The Website, including the Trading Platform, and any and all Information, software applications, documentation and other information, data and materials which SFP may supply or make available to the Customer, either directly or through a third party service provider or licensor (collectively the "City Index Materials") are and will remain SFP's property or that of SFP's third party service providers or licensors.
2. All copyrights, trademarks, design rights and other intellectual property rights in the City Index Materials, including without limitation all updates, modifications, compilations and enhancements, and all derivative works based on any of the City Index Materials, are and will remain SFP's property (or those of SFP's third party service providers or licensors as applicable).
3. SFP supplies or makes the City Index Materials available to the Customer on the basis that (a) SFP can also supply and make them available to other persons and (b) SFP can cease or suspend providing any of them, but SFP will only do that if the Customer's Account has been closed or if required by any of SFP's third party service providers or licensors, by Applicable Laws or as otherwise provided in the Customer Agreement (unless stated otherwise in this Schedule B or the Appendices to them).
4. The Customer may access and use the City Index Materials only as expressly permitted for the operation of the Customer's Account in accordance with Customer Agreement.
5. The Customer must comply with any policies relating to any of the City Index Materials, or their use, including any additional restrictions or other terms and conditions that SFP or SFP's third party service providers or licensors may issue, of which SFP may notify the Customer from time to time.
6. The Customer must not supply all or part of the City Index Materials to anyone else and the Customer must not copy or reproduce all or part of them without SFP's prior written permission.
7. The Customer must not delete, obscure or tamper with copyright or other proprietary notices displayed on any of the City Index Materials.
8. If SFP have provided any materials to the Customer in connection with the Website, the Customer must return those to SFP on closure of the Customer's Account.
9. Except to the extent expressly permitted under Customer Agreement or any other written agreement between the Customer and SFP, the Customer must not: (a) modify, translate or create derivative works based upon any of the City Index Materials; (b) take any action compromising or challenging, or threatening to compromise or challenge, the enjoyment or use by any other client of any of the City Index Materials or the rights of SFP or any of SFP's third party service providers or licensors in any of the City Index Materials; or (c) reverse engineer, decompile or disassemble any of the City Index Materials comprising software or otherwise attempt to discover the source code thereof.
10. The Customer's must notify us immediately of any unauthorised use or misuse of any of the City Index Materials of which the Customer becomes aware and, to the extent reasonably requested by

SFP, provide SFP cooperation in remedying such violation and/or taking steps to prevent the future occurrence thereof.

11. SFP or SFP's third party service providers or licensors may from time to time modify market data, SFP's Trading Platform or Website, or the City Index Materials, and/or methods or speeds of delivering the same, which modifications may require corresponding changes to the methods or means the Customer uses to access the City Index Materials and/or may sever or adversely affect the Customer's access to or use of the City Index Materials. Neither SFP nor any other City index Parties shall be liable for any such consequences.

## **B.22 Website and System Use**

1. SFP will use reasonable endeavours to ensure that the Website, mobile services and SFP's systems can normally be accessed for use in accordance with Customer Agreement. However all or any of these may fail to work properly or at all or SFP's premises may suffer from power failure. On this basis:
  - (a) SFP does not warrant that they will always be accessible or usable; and
  - (b) SFP does not warrant that access will be uninterrupted or error free.
2. SFP may suspend use of the Website to carry out maintenance, repairs, upgrades or any development related issues. SFP shall use reasonable endeavours to give the Customer notice of this and to provide alternative ways for the Customer to deal or obtain information as to the Customer's Account but this may not be possible in an emergency.
3. SFP warrants that SFP has the right to permit the Customer to use the Website in accordance with the Customer Agreement.
4. SFP will use reasonable endeavours to ensure that the Website is free from any Malicious Code, but SFP does not warrant that it will be free at all times of Malicious Code. The Customer should use the Customer's own Malicious Code protection software that is up to date and of good industry standard. In addition the Customer must not upload or transmit any Malicious Code to SFP's Trading Platform or other aspects of the Website.
5. The Customer is responsible for ensuring that the Customer's information technology is compatible with SFP and meets SFP's minimum system requirements, as may be amended from time to time. The minimum system requirements currently in effect are set out on the Website.
6. SFP or other third party service providers or licensors may provide the Customer with Information in connection with the provision of SFP's services. The Customer agrees that:
  - (a) neither SFP nor any other City Index Party shall be responsible or liable if any such Information is inaccurate or incomplete in any respect or for any actions the Customer takes or does not take based on, or the Customer's reliance upon, such Information;
  - (b) the Customer will use such Information solely for the purposes set out in the Customer Agreement;
  - (c) the Customer will truthfully complete and submit to SFP in a timely fashion: (a) any declaration as SFP may require at any time in respect of the Customer's status as a user of Information; and (b) any additional agreements with SFP or any of SFP's third party service providers or licensors relating to SFP's provision to the Customer of any Information;



- (d) such Information is proprietary to SFP or the provider and the Customer will not retransmit, redistribute, publish, disclose, alter, amend, rent, loan, licence or display in whole or in part such data or information to third parties; and
  - (e) the Customer will pay any fees and other costs associated with the Customer's access to and use of any Information, of which as SFP may notify the Customer from time to time, and shall be responsible for payment of any and all taxes, charges or assessments by any foreign or domestic national, state, provincial or local governmental bodies, or subdivisions thereof, and any penalties or interest relating thereto, in respect of the Customer's access to and use of any Information.
7. Various access methods (e.g. mobile application, desktop) may be made available to the Customer. Different access methods may have different functionality and content from one another, and such content and functionality are subject to change without notice.
8. In the event the Customer selects to use a third party software application to provide the Customer with trading programs, signals, advice, risk management or other trading assistance or a third party hosting or trading application (for example, MetaTrader), SFP does not assume any responsibility for such application, product or service. The foregoing shall apply irrespective of whether SFP offers, promotes or endorses to the Customer such third-party application, product or service.

### **B.23 Limitation of Liability and General Indemnity**

1. Nothing in Customer Agreement shall exclude or limit SFP's liability for death or personal injury caused by SFP's negligence or for fraud or fraudulent misrepresentation or for liability that cannot be excluded under any Applicable Laws or the requirements of any regulator.
2. Subject to paragraph 1 of clause B.23, SFP shall not be liable for:
- (a) Events Outside Our Control;
  - (b) any action SFP may take under:
    - (i) clause B.12 ("**Manifest Error**");
    - (ii) clause B.13 ("**Events Outside Our Control and Market Disruption Events**"); and/or
    - (iii) clause B.14 ("**Events of Default and Similar Circumstances**"), provided that SFP acts within the terms of those clauses and in particular act reasonably where required to do so;
  - (c) any failure of communication (for any reason) within clause B.22 ("**Website and System Use**") including (without limitation) the unavailability of the Website (including the Trading Platform) or SFP's telephone systems provided always SFP acts within the terms of clause B.22;
  - (d) the use, operation, performance and/or any failure of any third party trading systems, software or services not provided by SFP;
  - (e) any claim loss, expense, cost or liability suffered or incurred by the Customer (together "**Claims**") except to the extent that such loss, expense is suffered or incurred as a result of SFP's breach of the Customer Agreement, negligence or wilful default.

3. Other than as described in paragraph 4 of clause B.23 and subject to the limits on SFP's liability in this clause B.23, the Customer and SFP are only responsible for Losses that are reasonably foreseeable consequences of breaches of Customer Agreement at the time the Customer Agreement is entered into.
4. Notwithstanding anything in Customer Agreement, neither SFP nor any other City Index Parties are responsible for any indirect Losses whether or not the same is foreseeable by the Customer, SFP and/or any other City Index Parties, even if the Customer has communicated the possibility of such Losses or any special circumstances to SFP or any other City Index Parties.
5. Neither SFP nor any other City Index Parties shall be liable to the Customer for any loss of profit or opportunity, or anticipated savings or any trading Losses.
6. The limitations of liability in clause B.23 apply whether or not SFP or any of SFP's Officers or agents or any City Index Parties knew of the possibility of the claim being incurred.
7. SFP carries on the business to which Customer Agreement relates in reliance on the limitations and/or exclusions in this clause being enforceable.
8. SFP does not insure against any of the potential liabilities described in this clause. If the exclusions and restrictions are not acceptable to the Customer, then the Customer should not deal with SFP.
9. In addition and without prejudice to any other of SFP's rights or remedies (at law or otherwise), the Customer shall indemnify and hold SFP harmless from and against any and all Losses suffered or incurred by SFP as a result of:
  - (a) any failure by the Customer to comply with any term of Customer Agreement;
  - (b) SFP acting in accordance with the Customer's instructions or in any manner permitted under Customer Agreement;
  - (c) any change in Applicable Laws; and/or
  - (d) any act or thing done or caused to be done by SFP in connection with or referable to the terms of Customer Agreement or any Account.

#### **B.24 Profit and Loss**

1. Profits and losses for an Open Position will be credited or debited to the Customer's Unrealised P & L. Unrealised Profits will allow the Customer to place additional Transactions but cannot be withdrawn until the Open Position is closed. Unrealised Losses will reduce the amount the Customer has available to place Transactions and may result in the Customer's positions being closed out under clause B.10 of this Schedule B ("**Margin Close Out Level**").
2. For CFDs, when an Open Position is closed Realised Profit or Realised Loss is calculated as: the difference between the opening value of the Open Position (Quantity x Our Price at opening) and its closing value (Quantity x Our Price at closing).
3. Realised Profits or Realised Losses will be credit to or debited from the Customer's Cash.

#### **B.25 SFP's Charges**

1. Depending on the Market concerned, SFP may:

- (a) include an element of profit for us in Our Spread;
  - (b) charge commission;
  - (c) impose a Daily Financing Fee on the Customer's Open Positions; and/or
  - (d) charge premiums for Guaranteed Stop Loss Orders. The Customer can find details with respect to these as well as other fees and charges applicable to the Customer's Account on the Website or by calling Client Management.
2. SFP may from time to time share a proportion of Our Spread, commissions and other Account fees with other persons including (without limitation) Introducers. Where the Customer has been introduced to SFP by an Introducer, the Customer acknowledges that SFP accepts no responsibility for any conduct, action, representation or statement made by the Introducer. SFP may also receive payment in connection with certain foreign exchange transactions undertaken pursuant to clause B.16.
  3. SFP may pass on to the Customer charges which SFP may from time to time incur in borrowing stock in the external market to hedge a Short Position which the Customer has opened with SFP. These charges will fluctuate depending on market conditions and the scarcity of the stock concerned. SFP will advise the Customer of any such charges at the time they are incurred or as soon as possible after SFP becomes aware that they have been incurred, whether in the Market Information or otherwise.

#### **B.26 Payments and Withdrawals**

1. If the Customer's Account shows a positive Cash balance, the Customer may request that SFP makes a payment to the Customer of such amount. SFP may however elect to withhold any payment requested, in whole or in part, if:
  - (a) the Customer has Unrealised Losses on the Customer's Account;
  - (b) such payment would result in the Customer's Trading Resource being less than zero;
  - (c) SFP reasonably consider that funds may be required to meet any Margin Requirement;
  - (d) there is any amount outstanding from the Customer to SFP;
  - (e) SFP is required to do so under any Applicable Laws; and/or
  - (f) SFP reasonably believes the amount resulted from market abuse in contravention of clause B.19.
2. SFP may debit the Cash balance on the Customer's Account with any amount due and payable to SFP under this Customer Agreement, and with any bank transfer charges SFP incurs in transferring funds to the Customer. In addition, the Customer is responsible for all costs and expenses SFP incurs as a result of the Customer failing to pay amounts due or if the Customer breaches the Customer Agreement including, without limitation, bank charges, court fees, legal fees and other third party costs SFP reasonably incurs.
3. If SFP credits a payment to the Customer's Account but subsequently discover that the credit was made in error, SFP reserves the right to reverse any such credit and/or cancel any Transactions

which could not have been made or close any Open Position which could not have been established but for that credit.

4. Unless SFP agrees otherwise, any amounts payable to the Customer will be paid by direct transfer to the same source (in the Customer's name) from which the Customer has made payment to SFP.
5. Payment of any amount due to SFP is subject to the following conditions:
  - (a) unless otherwise agreed, payment must be made in the Base Currency for the Customer's Account;
  - (b) if made by debit or credit card, the debit or credit card must be accepted by SFP and SFP reserves the right to charge an administration fee;
  - (c) unless otherwise agreed, the Customer's Account will be credited with the net cleared funds received after all deductions of bank charges or any other costs of transfer incurred in relation to the payment;
  - (d) if made by cheque or bank transfer, the cheque must be drawn on or the transfer made must be made from an account in the Customer's name with a Singapore credit institution or other bank SFP deems satisfactory. SFP will regard as an acceptable Singapore credit institution any bank incorporated and duly licensed in Singapore;
  - (e) if the Customer wishes to make a payment through (or to use a card issued by) a bank that is not licensed in Singapore, please contact SFP to confirm the acceptability of the bank concerned before a payment is required to be made; and
  - (f) SFP does not accept cash or payments from third parties unless otherwise agreed.
6. If the Customer's Account is in debit, the full amount is due and payable by the Customer immediately.
7. SFP may refuse to accept payment by cheque or banker's draft and may require immediate payment by telegraphic transfer, debit card or any other method of electronic transfer acceptable to SFP.
8. If the Customer fails to pay any sum due to us on the due date in accordance with this Customer Agreement, SFP will charge interest on this amount. Interest will be due on a daily basis from the due date until the date on which payment is received in full at a rate not exceeding 4% above the applicable central bank's official base rate for short-term funds (or a rate SFP reasonably considers serves materially the same function) from time to time and will be payable immediately on demand.

#### **B.27 Notices**

1. Notwithstanding clause 1.29 of the Customer Agreement, SFP may give notice the Customer in the following manner:
  - (a) in writing, as provided by letter, fax, email or the Website including the Trading Platform;
  - (b) by SMS text in which case the Customer will be deemed to have received such a message one hour after SFP has sent it, provided SFP does not receive a "not sent" message; and

- (c) a message on the Website or Trading Platform and this will be deemed delivered one hour after SFP has posted it.
2. Paragraph 1 of clause B.27 shall not apply when:
- (a) the Customer places Orders and execute Transactions pursuant to this Customer Agreement, in which case communications shall be handled pursuant to clauses B.4 and B.11;
  - (b) SFP provides notice of changes to Margin Requirements, Margin Factors or Margin Multipliers pursuant to clause B.9; or
  - (c) SFP provides notice of changes to the Margin Close Out Level applicable to the Customer's Account pursuant to paragraph 3 of clause B.10.

### **B.28 Amendments and Termination**

1. Where SFP receives the Customer's notice that the Customer objects to SFP amending or replacing any clause or part of the Customer Agreement in whole or in part, then the changes will not be binding on the Customer, but SFP may require the Customer to close the Customer's Account as soon as reasonably practicable and/or restrict the Customer's access to placing Transactions and/or Orders to close the Customer's Open Positions.
2. In addition to any other rights specified in this Customer Agreement, SFP may cease to offer a Product or end this Customer Agreement and close the Customer's Account at any time by giving the Customer at least five (5) Business Days' written notice. This is in addition to any other rights to end this Customer Agreement and/or close the Customer's Account which SFP may have under the Customer Agreement. In the event that SFP ceases to offer a Product or a Market, the Customer agrees to close any Open Positions relating to such product or Market during the at least five (5) Business Day notice period unless otherwise instructed by SFP. After the notice period, the Customer's Open Positions in relation to such Product or Market will be automatically closed out.
3. Where either the Customer or SFP provides notice to close the Customer's Account and/or end this Customer Agreement under this clause B.28, SFP reserves the right to refuse to allow the Customer to enter into any further Transactions or Orders which may lead to the Customer holding further Open Positions.

### **B.29 Definitions and Interpretation**

1. In this Schedule B, the following words and expressions shall have the following meanings:
  - “**Activity**” means placing a Transaction and/or applying an Order on the Customer's Account(s) or maintaining an Open Position during the period;
  - “**Agent**” means an agent or representative who SFP agrees may act for the Customer and/or give instructions on the Customer's behalf in respect of Customer Agreement;
  - “**Base Currency**” is the currency in which the Customer's Account is denominated and in which SFP will debit and credit the Customer's Account;
  - “**Cash**” means a figure stated on the Trading Platform which represents the amount of cleared funds available in the Customer's Account;
  - “**City Index Materials**” has the meaning as set out in paragraph 1 of clause B.21;
  - “**City Index Parties**” means, collectively SFP, SFP's Associates, SFP's third party service providers, and SFP's third party licensors, and the directors, officers, members, employees, agents

and representatives of SFP, SFP's Associates, SFP's third party service providers and SFP's third party licensors;

**"Conflicts of Interest Policy"** means SFP's policy on potential conflicts of interest that may arise in providing SFP's services and how SFP's manages the Customer;

**"Corporate Action"** means the occurrence of any of the following in relation to the issuer of any relevant Underlying Instrument: (a) any rights, scrip, bonus, capitalisation or other issue or offer of shares/equities of whatsoever nature or the issue of any warrants, options or the like giving the rights to subscribe for shares/equity; (b) any acquisition or cancellation of own shares/equities by the issuer; (c) any reduction, subdivision, consolidation or reclassification of share/equity capital; (d) any distribution of cash or shares, including any payment of dividend; (e) a take-over or merger offer; (f) any amalgamation or reconstruction affecting the shares/equities concerned; and/or (g) any other event which has a diluting or concentrating effect on the market value of the share/equity which is an Underlying Instrument;

**"Daily Financing Fee"** means the charge which SFP applies daily to an Open Position. Details of the Daily Financing Fees are set out on the Website;

**"Declarable Interest"** means the prevailing level or percentage at the material time, set by law or by the stock exchange(s) or other facility upon which the Underlying Instrument is traded, at which financial or other interests in an Underlying Instrument must be publicly disclosed;

**"Events of Default"** has the meaning given in paragraph 1 of clause B.14;

**"Events Outside Our Control"** means any event preventing SFP from performing or otherwise delaying or hindering SFP's performance of any or all of SFP's obligations under the Customer Agreement and which arises from or is attributable to any acts, events, omissions or accidents beyond SFP's reasonable control including (but not limited to):

- (a) an emergency or exceptional market condition;
- (b) compliance with any law, governmental order or regulatory requirement, or any change in or amendment to any law, regulation or rule (or in the application or official interpretation by any court, tribunal or regulatory authority);
- (c) any act, event, omission or accident which, in SFP's opinion, prevents SFP from maintaining orderly trading or hedging activities or meeting increased margin payments with third party brokers in any market in one or more of the Underlying Instruments in relation to which SFP ordinarily accepts Transactions;
- (d) the occurrence of an excessive movement in the level of any Transaction and/or the Underlying Instrument or SFP's anticipation (acting reasonably) of the occurrence of such a movement;
- (e) failure of any relevant supplier, intermediate broker, agent or principal of SFP, custodian, sub-custodian, dealer, exchange, clearing house or regulatory or self-regulatory organisation, for any reason, to perform its obligations;
- (f) any strike, lock-out or other industrial dispute, riot, terrorism, war, civil commotion, nuclear, chemical or biological contamination, act of God, malicious damage, accident, breakdown of equipment, fire, flood, storm, interruption of power supply, failure of a utility service or breakdown of or interruption in any electronic, communication or information system; and/or
- (g) the suspension or closure of any index/market/exchange/clearing house or the abandonment or failure of any factor or of the Underlying Instrument upon which SFP bases, or to which SFP may relate, Our Prices, or the imposition of limits or special or unusual terms on any such factor;

**“GFD” or “Good for the Day”** refers to Orders which have effect on the day on which they are given in accordance with clause B.8. If not executed, GFD Orders will cease to have effect when cancelled in accordance with Customer Agreement, on the expiry of the relevant Market or if SFP ceases to trade in the relevant Market;

**“GFT” or “Good for the Time”** refers to Orders which have effect until a time specified by SFP. If not executed, GFT Orders will cease to have effect when cancelled in accordance with Customer Agreement, on the expiry of the relevant Market or if SFP ceases to trade in the relevant Market. **“GTC” or “Good until Cancelled”** refers to Orders which have effect until cancelled in accordance with Customer Agreement. If not executed, GTC Orders will cease to have effect when the Customer cancels them in accordance with Customer Agreement, on expiry of the relevant Market, or if SFP ceases to trade in the relevant Market;

**“Guaranteed Stop Loss Order”** means an instruction to execute a Transaction to close an Open Position if its price reaches a pre-agreed price (as agreed between SFP and the Customer) and subject to the terms of clause B.8;

**“Information”** means such market data, news feeds and other information as SFP may supply or make available to the Customer, either directly or through a third party service provider or licensor, together with any element thereof as used or processed in such a way that it can be identified, recalculated or re-engineered from or used as a substitute for such data or information. **“Introducer”** means a person or firm SFP appoints to effect introductions of potential clients or referrers of clients to SFP;

**“Insolvency Event”** means, in respect of any person: (a) a resolution is passed or an order is made for the winding up, dissolution or administration of such person; (b) any bankruptcy order is made against such person; (c) the appointment of a receiver, administrator, manager, administrative receiver or similar officer, or if any encumbrancer takes possession of or sells, all or any part of the business or assets of such person; (d) the making of an arrangement or composition with creditors generally or the filing with court documents or making of an application to court for protection from creditors generally, or any arrangement which has that effect; or (e) if the relevant person becomes insolvent or is otherwise unable to pay its debts as they become due, or any act of insolvency or event that is analogous to those set out in paragraph (a), (b), (c), or (d) of this definition applies to the person concerned. If the person concerned is a partnership, the occurrence of any of the events listed in this paragraph in relation to any partner shall be an Insolvency Event in relation to such person;

**“Key Terms”** means, with respect to a Transaction, the valuation of such Transaction and such other details as SFP deems relevant from time to time which may include the effective date, the scheduled maturity or expiry date, any payment or settlement dates, the notional value of the Transaction and currenc(y/ies) of the Transaction, the Underlying Instrument, the business day convention and any relevant fixed or floating rates of the relevant Transaction. For the avoidance of doubt, “Key Terms” does not include details of the calculations or methodologies underlying any term;

**“Limit Order”** means an Order which will be executed when the price of a Market reaches a price which is more favourable to the Customer than Our Price at the time the Customer places the Order;

**“Limited Risk Account”** means an Account SFP designates as a limited risk account, as further described in paragraph 10 of clause B.3;

**“Linked Accounts”** means those Accounts which SFP informs the Customer are linked for the purpose of calculating the Customer’s Total Margin and/or the Customer’s Trading Resource under this Schedule B;

**“Long Position”** means an Open Position resulting from a Transaction or Transactions placed to buy units of a Market at Our Offer Price;

“**Losses**” has the same meaning as in clause 1.53.8 of the Customer Agreement;

“**Malicious Code**” means any computer virus, Trojan horse, worm, time bomb or similar code or component designed to disable, damage, disrupt, manipulate, amend or alter the operations of, permit unauthorised access to, or erase, destroy or modify any software, hardware, network or other technology;

“**Manifest Error**” has the meaning given by paragraph 1 of clause B.12;

“**Margin Close Out Level**” means the Margin Level at or below which SFP may close the Customer’s Open Positions and take other actions to restrict the Customer’s Account under clause B.10. SFP will notify the Customer of the Customer’s Margin Close Out Level;

“**Margin Factor**” means the percentage or number of units SFP sets for each Market and which is multiplied by the Quantity to determine the relevant Margin Requirement;

“**Margin Level**” means the ratio of Net Equity (the sum of the Customer’s Cash and Unrealised P & L) to Total Margin (expressed as a percentage). The Customer’s Margin Level is stated on the Trading Platform;

“**Margin Multiplier**” means the number by which a Margin Requirement is multiplied to increase the amount SFP is required to hold as security for a Transaction;

“**Margin Requirement**” means the amount of money that the Customer is required to deposit with SFP for the purposes of entering into a Transaction and maintaining an Open Position;

“**Market**” means a contract SFP makes available which is comprised of a unique set of price information, minimum and maximum Quantity, expiry and other commercial features determined by reference to an Underlying Instrument;

“**Market Disruption Event**” means any of the following events:

- (a) trading in respect of the Underlying Instrument is suspended or limited for any reason whatsoever, including by reason of movements in the price of the Underlying Instrument exceeding limits permitted by the relevant exchange or limits or special or unusual terms are imposed on the trading of the Underlying Instrument by the relevant exchange or trading venue;
- (b) trades which SFP has entered into in relation to any relevant Underlying Instrument or other relevant financial instrument are cancelled or suspended by the relevant exchange or clearing house;
- (c) an unusual movement in the level of, or the unusual loss of liquidity in respect of, the Underlying Instrument or SFP’s reasonable anticipation of the occurrence of the same;
- (d) the occurrence of any other event which in SFP’s opinion causes a market disruption in respect of the Underlying Instrument or the Transaction; and/or
- (e) any changes in Applicable Laws or other monetary policies or directives initiated by the government or any other authority in a relevant country, any other changes in economic or political conditions, imposition of any moratorium or governmental intervention or restrictions on currency exchange or remittance or any trading of any Underlying Instrument, any form of exchange control restriction or requirement of whatsoever nature affecting availability, convertibility, credit or transfers in relation to or affecting the Underlying Instrument, or where applicable, any devaluation, redenomination or demonetisation affecting the Underlying Instrument;



**“Market Hours”** means the hours during which SFP is prepared to provide quotes for Our Price and execute Transactions and Orders in a Market, as further specified in the Market Information;

**“Market Information”** means an electronic document (also available in paper form upon request) located on the Trading Platform which sets out the commercial details for each Market, including but not limited to: Margin Factors, the minimum and maximum Quantity and Our Spread. In the event the Customer elects to use a third party hosting or trading application (for example, MetaTrader), information specific to such third party hosting or trading application located on the Website shall supplement the Market Information; however, to the extent there are any inconsistencies the Market Information will prevail. Note that certain components of Market Information may not be available via a mobile application and must be accessed via desktop;

**“Net Equity”** means a figure stated on the Trading Platform which represents the sum of the Customer’s Cash and Unrealised P & L;

**“Non-Retail Customer”** means a Customer who is not a Retail Customer;

**“Notices and Policies”** means information SFP is required by law or regulation to disclose to SFP’s clients or otherwise desire to disclose, including but not limited to: the Risk Disclosure Statement, SFP’s Transaction and Order Execution Policy, SFP’s Conflicts of Interest Policy and any notices with respect to third-party trading platforms;

**“Open Position”** means the position in a Market created by a Transaction to the extent that such position has not been closed in whole or in part under this Customer Agreement;

**“Order”** means an instruction the Customer gives SFP to execute a Transaction when the price of a Market reaches a specified price or an event or condition occurs;

**“Orders Aware Margining”** means a reduced Margin Requirement that applies to Transactions in certain Markets which have attached Stop Loss or Guaranteed Stop Loss Orders.

**“Our Address”** means One Raffles Place, #12-62, Tower 2, Singapore 048616 or such other business address in Singapore as is displayed on the Website from time to time;

**“Our Bid Price”** means the lower of two prices SFP quotes for each Market;

**“Our Offer Price”** means the higher of the two prices SFP quotes for each Market;

**“Our Price”** means Our Offer Price and Our Bid Price for each Market;

**“Our Spread”** means the difference between Our Bid Price and Our Offer Price;

**“Price Tolerance”** is a feature which allows the Customer to adjust the amount of slippage the Customer will accept on applicable Transactions, where slippage is the difference between Our Price quoted on the Trading Platform and the price the Transaction is executed;

**“Product”** means each type of financial instrument or investment contract we make available under this Customer Agreement, subject to additional terms set out in the relevant Supplemental Terms

**“Quantity”** means, in respect of a Transaction or an Open Position, the number of units traded in the relevant Market to which that Transaction or Open Position relates, synonymous to “stake” or “trade size”;

**“Realised Profits”** and **“Realised Losses”** means the Customer’s profits or Losses (as appropriate) which result on expiry or closure of an Open Position;

**“Retail Customer”** means a Customer who is not an accredited investor, expert investor, or institutional investor;

**“Risk Disclosure Statement”** means the statement provided to clients Annex A of the Customer Agreement detailing the risks associated with undertaking trading in SFP’s Products;

**“Security Information”** means account numbers and/or Username as applicable, passwords and other information required to identify the Customer for the purposes of the Customer trading with SFP under the Customer Agreement;

**“Short Position”** means an Open Position resulting from a Transaction or Transactions to sell units in a Market at Our Bid Price;

**“Stop Order”** means an instruction to create a Position when Our Price reaches a specified price;

**“Stop Loss Order”** means an instruction to execute a Transaction to close an Open Position when Our Price reaches a specified price;

**“Supplemental Terms”** means the supplemental terms to the Customer Agreement for each Product type;

**“Total Margin”** means a figure stated on the Trading Platform which represents the aggregate of the Margin Requirements applicable to the Customer’s Account;

**“Trade and Order Execution Policy”** means SFP’s policy on the extent to which SFP will be required to provide clients with best execution when executing Transactions and Orders;

**“Trading Hours”** shall be as set forth on the Trading Platform;

**“Trading Platform”** means the password protected trading system (including any related software and/or communications link) that SFP may supply or make available to the Customer, either directly or through SFP’s third party service providers or licensors, and through which the Customer can deal with SFP under this Customer Agreement and this Schedule B and view the Customer’s Account information;

**“Trading Resource”** means a figure stated on the Trading Platform which represents the Customer’s Net Equity less the Customer’s Total Margin. This is subject to: (a) any additional factors which need to be taken into account under the Supplemental Terms for any particular Product type; (b) any additional factors which SFP may agree will be taken into account in assessing SFP’s Trading Resource;

**“Transaction”** has the same meaning as in clause 1.53.8 of the Customer Agreement;

**“Underlying Instrument”** means the instrument, index, commodity, currency (including currency pair), cryptocurrency or other instrument, asset or factor whose price or value provides the basis for SFP to determine Our Price for a Market;

**“Unrealised Losses”** and **“Unrealised Profits”** means the profits or Losses (as appropriate) that have not as yet been realised on Open Positions before expiry or closure;

**“Unrealised P & L”** means a figure stated on the Trading Platform which represents the Customer’s Unrealised Profits less the Customer’s Unrealised Losses; and

**“Website”** means <https://www.cityindex.com.sg> or such other website as may be designated by SFP from time to time.

## Appendix 1: Direct Market Access (“DMA”) Services

This Appendix 1 contains the Supplemental Terms under which SFP may offer the Customer the Direct Market Access services described below (the “DMA Services”). These Supplemental Terms form part of the terms in this Schedule B, which in turn shall form a part of, and should be read together with, the Customer Agreement as earlier stated at the beginning of Schedule B.

1. SFP may provide DMA Services to the Customer upon the Customer’s request.
2. Upon receipt of the Customer’s Order, SFP will attempt to place a financially equivalent order with SFP’s DMA Services liquidity provider(s) in SFP’s name. Upon receipt of confirmation of fill price(s) from our DMA Services liquidity provider(s), SFP will fill the Customer’s Order request, in part or in full, at the exact same price acting as counterparty to the Customer’s Transaction. SFP’s ability to fill the Customer’s Order will be contingent on SFP’s ability to execute the equivalent order with our DMA Services liquidity provider(s) and pass these equivalent order fills on to the Customer acting as counterparty to the Customer’s Transaction.
3. The Customer acknowledges and agrees that a lack of available Margin in the Customer’s Account or a lack of available liquidity from SFP’s DMA Services liquidity providers may result in the Customer’s Order being voided and not being filled at any price or at all. **The Customer further acknowledges and agrees that SFP will display currently available pricing for the contracts offered under the DMA Services, but actual execution prices achieved in the market by SFP with SFP’s DMA Services liquidity provider and passed on to SFP by SFP acting as counterparty to the Customer’s trade may differ materially from pricing displayed, and the Customer agrees to accept the prices assigned to all filled orders pursuant to the DMA Services.**
4. Unless otherwise specifically indicated in the trading platform through which the Customer accesses the DMA Services, all contingent and market orders placed on any trading day will expire at the end of each trading day.
5. Neither request for quote functionality nor a demo trading system will be offered as part of the DMA Services.
6. In connection with SFP’s provision of the DMA Services to the Customer, the Customer represents and warrant to SFP that:
  - (a) the Customer’s performance of all obligations contemplated hereunder have been duly authorized;
  - (b) the Customer’s use of the DMA Services offered hereunder shall not violate any law, rule, regulation, ordinance, charter, by-law or policy applicable to the Customer; and
  - (c) the Transactions executed by the Customer through the platform will be subject to a commission and any bid/offer spread included in the foreign currency pricing offered to the Customer via the platform through which the DMA Services are accessed.
7. The Customer acknowledges that it has been made aware and understands that:
  - (a) none of the DMA Services provided by SFP shall give rise to any fiduciary or equitable duties on SFP’s part or on the part of any of SFP’s Officers, directors, employees or affiliates;
  - (b) SFP may receive fees or other payments from one or more third parties in respect of any particular Transaction executed in connection with the provision of the DMA Services hereunder; and

- (c) the submitting or posting of any information to or on the platform by which the DMA Services are accessed by any person shall not be deemed to be a recommendation by any such person that the Customer should enter into any particular transaction or that such transaction is suitable or appropriate for the Customer.
8. SFP may terminate the Customer's access to the DMA Services at any time for any reason or no reason, with or without notice, in SFP's sole discretion.

## **Appendix 2: Notice Regarding MetaTrader**

1. MetaTrader (including MetaTrader 4, MetaTrader 5 and future MetaTrader product offerings that may become available) is a third-party trading platform provided by MetaQuotes for which SFP does not own the intellectual property. MetaTrader may or may not run in SFP's data centre, and may or may not be supported by SFP's personnel. SFP offers MetaTrader alongside SFP's own proprietary trading platforms to offer SFP's users the ability to select a platform that has the functionality that best suits the Customer's individual needs. However, users should be aware: (a) that SFP does not endorse MetaTrader; and (b) there are additional risks associated when using MetaTrader.
2. Since MetaTrader is provided by a third party, SFP does not have total control over the platform and as such SFP cannot guarantee the accuracy or validity of the account financial information or trading history of a user stored on MetaTrader.
3. Users that trade on MetaTrader are exposed to the risks associated with the system, including, but not limited to, the communication infrastructure that connects SFP to MetaTrader. As a result of any system failure or other interruption on MetaTrader, orders either may not be executed according to the Customer's instructions or may not be executed at all. Furthermore, as a result of any system failure or other interruption of MetaTrader, the Customer may not be able to place or change orders or view the Customer's trading positions or market data.
4. MetaTrader is provided by a third-party provider and not SFP. Therefore, to the extent not prohibited by law, SFP shall not be liable for any losses or damages suffered or incurred from the use, operation, or performance of MetaTrader. In addition, SFP shall have no responsibility or liability for any direct, indirect, punitive, incidental, special or consequential damages that arise from any fault, inaccuracy, omission, delay or any other failure of MetaTrader.
5. MetaTrader gives users the ability to automate orders and trade requests. Where the number of these requests made by a user is excessively high and/or of a malicious nature, and in SFP's sole opinion does not constitute reasonable or acceptable use, then SFP reserves the right to block that user, in our sole discretion.

## Appendix 3: CFD Risk Fact Sheet

Note: This Risk Fact Sheet does not disclose all the risks of trading in CFDs and it should be read in conjunction with Annex A of the Customer Agreement. This Risk Fact Sheet only highlights the common risks of trading in CFDs. It complements the Customer Agreement and associated risk disclosures furnished by SFP (and in particular, the risk disclosures set out in Annex A of the Customer Agreement).

### Risk Fact Sheet for CFDs

Prepared on: 19/07/19

1. This Risk Fact Sheet is provided to the Customer in accordance with Notice SFA N04-N15. It highlights the common risks of trading in CFDs and complements the Customer Agreement and associated risk disclosures furnished by SFP in the Annexes to the Customer Agreement. References in this Risk Fact Sheet to “you” are references to the Customer and references to “we”, “our” or “us” are references to SFP.

2. This Risk Fact Sheet does not disclose all the risks of trading in CFDs. It is important to read the Customer Agreement and associated risk disclosures in the Annexes to the Customer Agreement before deciding whether to trade in CFDs. You should also carefully consider whether trading in CFDs is appropriate for you in the light of your experience, objectives, financial resources and other relevant circumstances. If you do not have a copy of the Customer Agreement and associated risk disclosures in the Annexes to the Customer Agreement, please contact us to request for a copy. You should not trade in CFDs if you do not understand the product or are not comfortable with the accompanying risks.

#### **Q1. What is my potential loss when I trade on margin in CFDs?**

When you enter into a CFD transaction, you need to pay a margin, which is based on a percentage of the value of the trade. When you trade on margin, you should be prepared to lose more than or all your margin paid to us.

#### **Illustration 1:**

(1) You open an account with S\$1,000 as margin.

<u>Trading Resources</u> <sup>20</sup>	<u>Net Equity</u> <sup>21</sup>	<u>Cash (SGD)</u> <sup>22</sup>	<u>P&amp;L – unrealised</u> <sup>23</sup>	<u>Margin Requirement</u> <sup>24</sup>	<u>Margin Indicator</u> <sup>25</sup>
1,000	1,000	1,000	0	0	N.A

(2) You open a long position in 1,000 XYZ Ltd CFD (10% margin) @ S\$10.00 per CFD. The notional value of the contract is S\$10,000 (1,000 X S\$10) and the margin requirement is S\$1,000 (S\$10,000 X 10%).

<sup>20</sup> Trading Resources: Equivalent to buying power. The resources in the account that can be used to establish positions.

<sup>21</sup> Net Equity: Equivalent to net liquidation value. The amount that the account would settle to once open positions are crystallised.

<sup>22</sup> Cash: The aggregate amount of the client’s deposit and withdrawals, net of realized Profit & Loss (“P&L”)

<sup>23</sup> P&L – unrealised: Marked-to-market P&L value of open positions.

<sup>24</sup> Margin Requirement: The amount of money you need to deposit with us to place a trade and maintain that position, marked-to-market.

<sup>25</sup> Margin Indicator: Net Equity divided by Margin requirement. A percentage of net liquidation value to cash tied to open positions.

<u>Trading Resources</u>	<u>Net Equity</u>	<u>Cash (SGD)</u>	<u>P&amp;L – unrealised</u>	<u>Margin Requirement</u>	<u>Margin Indicator</u>
0	1,000	1,000	0	1,000	100%

(3) The price of XYZ Ltd CFD then falls from S\$10.00 to S\$9.85. The notional value of the contract is now S\$9,850 (1,000 X S\$9.85) and the revised margin requirement is S\$985 (S\$9,850 X 10%). In this case, your unrealised loss is S\$150.

<u>Trading Resources</u>	<u>Net Equity</u>	<u>Cash (SGD)</u>	<u>P&amp;L – unrealised</u>	<u>Margin Requirement</u>	<u>Margin Indicator</u>
-135	850	1,000	-150	985	86%

(4) In a scenario where the price of XYZ Ltd CFD falls further to S\$9.40. The notional value of the contract is now S\$9,400 (1,000 X S\$9.40) and the revised margin requirement is S\$940 (S\$9,400 X 10%). As your Margin Indicator has fallen below 50%, this resulted in a margin closed out (“MCO”) event and your realised loss is S\$600.

<u>Trading Resources</u>	<u>Net Equity</u>	<u>Cash (SGD)</u>	<u>P&amp;L – unrealised</u>	<u>Margin Requirement</u>	<u>Margin Indicator</u>
-570	400	1,000	-600	940	43%

## **Q2. What will happen if I do not have enough margin to cover my losses?**

If your Margin Indicator is at or below the MCO level, we may close all or any of your open positions immediately and without notice at the next available price; this is to protect you from possibly incurring further losses. Margin Indicator is the net equity (the sum of your cash and unrealised profit/loss) to total margin requirement, expressed as a percentage.

We strongly recommend that you monitor your margin level carefully, as you should not expect to receive a margin call or warning prior to closure. The Margin Indicator on the trading platform makes monitoring your margin level very easy. MCO levels vary by account types. The current MCO level for CFD and FX account is 50% and 100% respectively. We reserve the right to amend the MCO level at any time.

In illustration 1(4) above, the MCO level for the account is 50%. As the Margin Indicator had fallen below 50%, an MCO event occurred and the open position was closed resulting in a loss of S\$600.

## **Q3. How is the CFD quoted?**

Our CFDs are priced from an underlying exchange and commission charges shall be applicable instead of adding a spread between the bid/offer price.

For FX, we offer both the direct market access (DMA) and non-DMA model. For the DMA model, the bid/offer rate is provided directly by the liquidity provider and no spread shall be added. In the case of non-DMA model for FX, a spread shall be added.

Please refer to the Pricing and Fees document and our website for the latest information on the commission changes and spread for different markets.

**Q4. Can my order be executed at a price that is less favourable than the price quoted on the trading system, or the price that I have submitted?**

One possible circumstance is during market gapping or slippage. Market gapping or slippage occurs when prices literally 'gap' between one price and the next, without trading at the prices in between, usually in times of extreme market volatility. For instance, if you place a stop-loss order that is to be triggered for execution at the stop price level that you have indicated, it may be difficult or not possible to execute your stop-loss order at that stop price level, due to market gapping or slippage. As a result, you may incur unexpected losses when your stop-loss order is executed at the next available price.

**Q5. Will my order be manually executed? If so, under what circumstances does the firm rely on manual execution?**

Our system executes your orders on an automated basis and does not rely on any manual intervention or dealing, unless your orders do not pass the pre-execution checks carried out by our trading system. This can happen if there is insufficient or unavailable liquidity in the underlying market for us to hedge its own risk exposure. In this regard, we have the discretion to determine the price of the CFD and FX.

**Q6. Where are my margins kept and maintained? Can the firm use my margins for its own purposes?**

Your moneys placed with us are required by regulations to be maintained in segregated bank accounts. Your moneys are segregated from our own moneys but may be kept in the same omnibus account with other customers. We are not permitted to use your money in the segregated bank accounts for our own purposes, including for settling our own dealings with our hedge counterparty.

**Q7. What will happen to my margins if City Index becomes insolvent? Will I be able to get back my moneys or other assets?**

We are your contractual counterparty and are obliged according to the terms and conditions of the Customer Agreement to honour your CFD and FX trades and any profits made. Therefore, if we become insolvent, you face the risk that we will not be able to honour any profits that you made. As for your moneys that are held in the segregated bank accounts, these should be protected from the claims of our creditors. Nonetheless, the recovery and return of your moneys will take time, as this is subject to due process of our liquidation, including the reconciliation of all our customers' positions and moneys.

**Q8. Under what circumstances can City Index close my position or void my order?**

Under the General Terms, we can close out your position or void your trade when:

- (a) you have insufficient Trading Resource (paragraph 10 of the Customer Agreement)
- (b) a Manifest Error occurred (paragraph 14 of the Customer Agreement);
- (c) an Event Outside Our Control and Market Disruption Event occurred (paragraph 15 of the Customer Agreement);
- (d) Corporation Actions and other events affecting Underlying Instruments (paragraph 19 of the Customer Agreement);

The price at which your CFD and FX positions is closed out will depend on the available price of the underlying share or asset at that point in time, which may result in a loss to you.



**Q9. What are the commissions, fees and other charges that I have or may have to pay?**

Our commission, fees and other charges may include but are not limited to the following items. Please refer to the [Pricing and Fees document](#) and [our website](#) for the latest information.

Commission: Only applicable to CFDs on Shares All commission charges are subjected to the Goods and Services Tax (GST).

Finance Charge: This includes FX and CFDs overnight financing charges.

Funding and Withdrawal: Charges are incurred on funding via credit and debit cards only.

Inactivity fees: Where no activity has occurred on your account for a certain period, your account shall be deemed “inactive” and a monthly fee shall be charged.

**Illustration 2:** The shares of XYZ Ltd are quoted at S\$2.00 per share and you buy 2,000 shares of XYZ Ltd as a CFD at S\$2.00 per CFD. The commission charged is  $S\$2.00 \times 2,000 \times 0.5\% = S\$20.00$ . In addition, GST of S\$1.40 (7% of S\$20.00) is levied. If you hold the 2,000 shares as a CFD overnight, you incur a daily financing interest charges in accordance with the calculations documented in the Pricing and Fees document.

**Q10. What happens when trading in the underlying share or asset is suspended or halted? How can I exit my position and will I suffer losses?**

In event of a suspension where the price of the underlying share is unavailable, we may allow you to exit your CFD and FX position at a price determined by us (Paragraph 15 of the Customer Agreement). During the period of suspension, holders of long positions will continue to be charged interest if the positions are held overnight.

In the event of a prolonged period of suspension, we may require you to increase the margins, pay up the contract value in full, or close off your positions at an appropriate price determined by the firm. In the worst case, you could lose 100% of the contract value. You may also be liable to pay additional charges, costs and fees incurred.

## Appendix 4: Trading Tools

1. SFP may from time to time offer market news, commentary, charting and analysis, trading performance analytics, signals-based products or services and other trading support tools (“**Trading Tools**”). Before using any Trading Tools please read this note carefully. It complements the Customer Agreement and associated risk disclosures furnished by SFP at Annex A and should be read in conjunction with them. Unless stated otherwise, any capitalised terms used below shall carry the same meanings as in the Customer Agreement.
2. **The Trading Tools are general in nature and do not and will not take into account the Customer’s personal objectives, financial situation or needs. Before acting on a Trading Tool, the Customer should consider its appropriateness, having regard to the Customer’s personal objectives, financial situation and needs.**
3. **SFP will not give advice to the Customer on the merits of any trade and shall deal with the Customer on an execution-only basis. None of SFP’s Officers are authorised by SFP or permitted under Applicable Laws to give the Customer personal advice. Accordingly, the Customer should not regard any proposed trades, suggested trading strategies or other written or oral communications from SFP as investment recommendations or personal advice or as expressing SFP’s view as to whether a particular trade is suitable for the Customer or meets the Customer’s financial objectives. The Customer must rely on the Customer’s own judgement for any investment decision the Customer makes in relation to the Customer’s Account. The Customer shall have the final decision in relation to every trade entered into. The Customer should make every effort to ensure the Customer understands the Trading Tools and SFP is entitled to assume that the Customer does, unless the Customer has indicated otherwise. If the Customer requires investment or tax advice, please contact an independent investment or tax adviser.**
4. Hypothetical performance results have many inherent limitations, some of which are described below. No warranty or representation is made that any Account will or is likely to achieve profits or losses similar to those shown in connection with any Trading Tool. In fact, there are frequently sharp differences between hypothetical performance results and the actual results subsequently achieved. Actual returns may be different to any hypothetical or indicative returns shown in any Trading Tool.
5. One of the limitations of hypothetical performance results is they are generally prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk and no hypothetical trading record can completely account for the impact of financial risk in actual trading. For example, the ability to withstand losses or to adhere to a particular trading platform in spite of trading losses are material points which can also adversely affect actual trading results. There are numerous other factors related to the markets in general or to the implementation of any specific trading program which cannot be fully accounted for in the preparation of hypothetical performance results and all of which can adversely affect actual trading results.
6. SFP does not undertake to continue to offer the Trading Tools at all times and may not offer the same in the future. SFP may withdraw or cancel any or all of the Trading Tools, or terminate the Customer’s access to any or all of them, for any reason or for no reason at any time with or without notice, in SFP’s sole discretion.
7. Trading Tools can only be used for the Customer’s own personal benefit. They cannot be used for business purposes or on behalf of another person nor can they be varied, passed on or resold to or shared with (in whole or in part) another person or entity or used to place any trades outside of SFP’s platform.

8. The Customer will not copy, modify, de-compile, reverse engineer, or make derivative works of or from the Trading Tools or the manner in which they operate.

9. All intellectual property and other rights in the Trading Tools remain SFP's sole property or the property of SFP's licensors. SFP does not assign, license or otherwise transfer to the Customer any right or interest in the Trading Tools whatsoever, except for the right to access and use the Trading Tools as expressly permitted by SFP in writing. In particular, but without limitation, all goodwill derived from the use or development of the Trading Tools will accrue exclusively to SFP. The Customer shall not do, or omit to do, or permit to be done, any act that will or may materially weaken, damage or be detrimental to the Trading Tools or the reputation of the goodwill associated with us or the Trading Tools.

10. SFP does not commit to, and are not obliged to provide the Customer with, any number of Trading Tools and the delivery of Trading Tools is not guaranteed. SFP may provide the Trading Tools at such times, at such intervals and based on such factors as SFP may determine in SFP's absolute discretion. SFP should not therefore use or rely on the Trading Tools as a method of monitoring prices, positions/markets or making trading decisions, and no liability will be accepted by us in this respect.

11. The Trading Tools are provided "AS IS", without any representation or warranty of any kind whatsoever, including that they will be without interruption or error free.

12. SFP may suspend use of the Trading Tools at any time to carry out maintenance, repairs, upgrades or any development related issues, in order to comply with Applicable Laws or for any other reason determined by SFP in SFP's sole discretion.

13. To the extent permitted by Applicable Laws, the Customer agrees not to hold SFP, our directors, officers, employees and agents liable for losses or damages, including legal fees, that may arise, directly or indirectly, in whole or in part, from: (a) non-delivery, delayed delivery or the misdirected delivery of any Trading Tool, (b) inaccurate or incomplete content of any Trading Tool or (c) the Customer's reliance on or use of the information in any Trading Tool for any purpose.

14. Any failure by the Customer to comply with any of the above obligations or restrictions shall constitute an Event of Default under the Customer Agreement.