

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 INTL FCStone Pte Ltd ("IFPL") ("**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 IFPL 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 IFPL may set its own exercise cut-off times ("**IFPL 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 IFPL, and the Customer agrees to abide by and be subject to all such Prescribed Cut-off Times.
3. IFPL shall give the Customer reasonable prior notice of any IFPL 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 IFPL before the Prescribed Cut-off Time or IFPL Cut-off Time, whichever is earlier.
5. The Customer acknowledges that in the event that it does not instruct IFPL 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 IFPL 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 IFPL.

7. Notwithstanding clause A.2.6, the Customer agrees and acknowledges that IFPL 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 IFPL 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, IFPL may allocate the exercised option or the futures contract specified for delivery in such manner as IFPL 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 IFPL 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 IFPL or its Officers arising from the exercise, non-exercise, allocation or non-allocation of an option or futures contract, save in circumstances where IFPL 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 IFPL on the maturity date(s) of the Transaction(s).
2. If at any time, the Customer shall be liable to deliver to IFPL any Commodity previously sold by IFPL on the Customer's behalf, the Customer authorises IFPL and on such terms and conditions as IFPL 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 IFPL from and against any and all Loss (including legal costs on a full indemnity basis) which IFPL 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) IFPL 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 IFPL takes any such delivery of any Commodity for the Account(s), in the absence of IFPL's wilful default, manifest fraud or gross negligence, the Customer agrees to indemnify, keep indemnified and hold IFPL 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 IFPL) that IFPL may suffer or incur resulting directly or indirectly from a decline in value of the abovementioned Commodity.
6. The Customer acknowledges and agrees that IFPL 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 IFPL 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 IFPL 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 IFPL by the time specified above, IFPL 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 IFPL 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 IFPL; 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 IFPL 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 IFPL is required to, and the Customer irrevocably and

unconditionally confirms that IFPL may, immediately notify such relevant exchange, market or clearing house of any failure by the Customer to make the aforesaid disclosures to IFPL 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 IFPL 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 IFPL 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, IFPL collateral and security in such form, and for such amount (including but not limited to cash and such other property as IFPL deem acceptable as collateral) as IFPL may, from time to time, require in IFPL's absolute discretion as security for:
 - (a) IFPL providing the clearing arrangements and clearing the Exchange Member Customer's Exchange Transactions;
 - (b) any and all liability which IFPL 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 IFPL 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 IFPL anywhere on the Exchange Member Customer's accounts with IFPL 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 IFPL 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 IFPL 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 IFPL;
- (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 IFPL 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 IFPL 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 IFPL 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 IFPL and being a customer of IFPL and/or accessing or using any of IFPL's services shall therefore be deemed to agree to (and IFPL 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) IFPL 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, IFPL 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, IFPL 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 IFPL is satisfied that such breach has been fully remedied.
2. IFPL may communicate such Limits (and any changes to such Limits) to the Exchange Member Customer from time to time and in such manner as IFPL may deem appropriate. Until IFPL notifies the Exchange Member Customer otherwise, such Limits will be communicated by IFPL 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 IFPL 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 IFPL 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 IFPL’s foregoing rights to vary any Limits, the Exchange Member Customer confirms that, IFPL may at IFPL’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 IFPL 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 IFPL and IFPL’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 IFPL immediately if the Exchange Member Customer does not receive any communication on Limits by the customary time or by the time indicated by IFPL.

A.6.1.5 Clearing

1. The Exchange Member Customer shall have no claim against IFPL whatsoever in respect of or in connection with IFPL’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 IFPL's inability.

2. IFPL 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 IFPL on demand any sums owing to IFPL, and deliver to IFPL on demand any property deliverable to IFPL, 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. IFPL shall not be responsible for any breach, non-performance, delays or non-clearance of any Exchange Transactions due to events beyond IFPL'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 IFPL'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 IFPL'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 IFPL's suspension or expulsion from or IFPL's ceasing to be a clearing member of the relevant clearing house.
2. The Exchange Member Customer shall indemnify IFPL and keep IFPL indemnified, fully and completely, and hold IFPL 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 IFPL may suffer, incur or sustain in connection with this Clearing Agreement, the Customer Agreement, IFPL'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, IFPL's agreeing to provide the clearing arrangements under this Clearing Agreement and the Customer Agreement, and IFPL'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 IFPL in writing of such event. Upon the occurrence of any of such events, IFPL shall be entitled, by oral or written notice to the Exchange Member Customer, to do one or more of the following in IFPL'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 IFPL 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 IFPL; and
 - (d) liquidate all Exchange Transactions in the Exchange Member Customer's account(s) with IFPL (with all resulting losses therefrom being borne solely by the Exchange Member Customer).
- 2. Without prejudice to any provision in this Clearing Agreement, IFPL may at any time without prior notice to the Exchange Member Customer, and without assigning any reason whatsoever and in IFPL's absolute discretion, terminate IFPL's provision of clearing arrangements hereunder in accordance with the rules of the relevant exchange or clearing house and IFPL shall be entitled, by oral or written notice to the Exchange Member Customer, to do one or more of the following in IFPL'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 IFPL 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 IFPL;
 - (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 IFPL; and
 - (d) liquidate all Exchange Transactions in the Exchange Member Customer's account(s) with IFPL (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 IFPL's qualification of the Exchange Member Customer or provision of clearing arrangements to the Exchange Member Customer hereunder for whatsoever reason, either IFPL 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 IFPL on demand by IFPL;
 - (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 IFPL'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) IFPL deeming it desirable for IFPL 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 IFPL's other rights and remedies (including but not limited to those set out in Clause 1.17 of the Customer Agreement), IFPL 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 IFPL;
 - (iv) call upon any security which may have been issued to IFPL 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 IFPL deems fit anything including all property belonging to or deposited by the Exchange Member Customer and in IFPL's possession or control or held by IFPL and apply the proceeds thereof to extinguish or diminish the Exchange Member Customer's obligations towards IFPL 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 IFPL'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 IFPL. In the event that IFPL shall in its discretion decide not to take any of the action referred to in Clause A.6.1.8.4, IFPL shall be entitled to demand the immediate payment of all amounts, and the immediate delivery of all property, due to IFPL.

A.6.1.9 Transfer of Open Position

IFPL 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 IFPL in connection with that Exchange Transaction, to another clearing member of the relevant clearing house as IFPL 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 IFPL (or such external auditor as IFPL may appoint) as IFPL may require to monitor and ensure IFPL'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 IFPL or IFPL'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 IFPL or IFPL's external auditor, and the Exchange Member Customer shall promptly make the same available to IFPL or IFPL'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 IFPL 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 IFPL such information as IFPL 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. IFPL may communicate such information to any person as IFPL 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 IFPL'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 IFPL's favour in the event that IFPL 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 IFPL'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 IFPL 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 IFPL 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 IFPL two (2) Business Days' written notice provided that no such termination shall take effect, unless IFPL otherwise specifies, until IFPL has been paid in full all moneys, and IFPL has received full and complete delivery of all property, due or owing to IFPL under or pursuant to this Clearing Agreement or the Customer Agreement.

3. The termination of this Clearing Agreement shall not release either IFPL 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 IFPL 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 IFPL allege to be owing to IFPL shall be promptly paid to IFPL before IFPL may initiate such proceedings.

A.6.2 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**”) 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.6.2.1 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.

A.6.2.2 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.

A.6.2.3 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.

A.6.2.4 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.

A.6.2.5 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 IFPL) 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.

A.6.2.6 Custodial Services

The Customer should understand that in relation to securities and assets held in other jurisdictions, IFPL 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 IFPL to provide such foreign custodial services. The Customer should also be aware that it may incur additional costs for utilising custodial services.

A.6.2.7 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 IFPL 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, wilful default or any other failure or default by or in respect of any such counterparty and/or intermediary may result in Losses to the 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 IFPL, 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 IFPL (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.

A.6.2.8 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.

A.6.2.9 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.

A.6.2.10 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 IFPL 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 IFPL 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.

A.6.2.11 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.

A.6.2.12 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.

A.6.2.13 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.

A.6.2.14 Off-Exchange Transactions

If the Customer enters into an off-exchange transaction, IFPL 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.

A.6.2.15 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 IFPL 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. IFPL 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 IFPL 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.

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

When the Customer instructs IFPL 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 IFPL in connection with an omnibus account for the purpose of ensuring IFPL'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 IFPL 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 IFPL in connection with ensuring compliance by IFPL 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

201. — (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 IFPL 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 IFPL to it of contract notes, confirmation notes, daily statements, monthly statements and other advices (the “**statements**”) by electronic means. The Customer agrees that:

- (a) IFPL may deliver such statements by electronic mail to the electronic mail address(es) specified by the Customer to IFPL in the Application or such other form as IFPL 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) IFPL 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 IFPL and, following receipt by IFPL of such written revocation, IFPL 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 IFPL 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 A.6.4 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 A.6.4, the “**Clearing House**”) and undertakes to comply with such requirements as may be imposed by IFPL in connection with an omnibus account for the purpose of ensuring IFPL'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 IFPL 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 THE TRADING MEMBERSHIPS OF IFPL

A.7.1 Risk Disclosure Statement [CME]

[TO BE INSERTED]

A.8 SCHEDULES RELATING TO INDIRECT CLEARING ON THE EUROPEAN EXCHANGES

A.8.1 Direct Client Disclosure Document¹ 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, IFPL, 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**).

What is the purpose of this document?

To enable us to comply with our obligations as a Direct Client under the Indirect Clearing RTS², 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)³, 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 assets⁴ 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.

Important⁵

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 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.

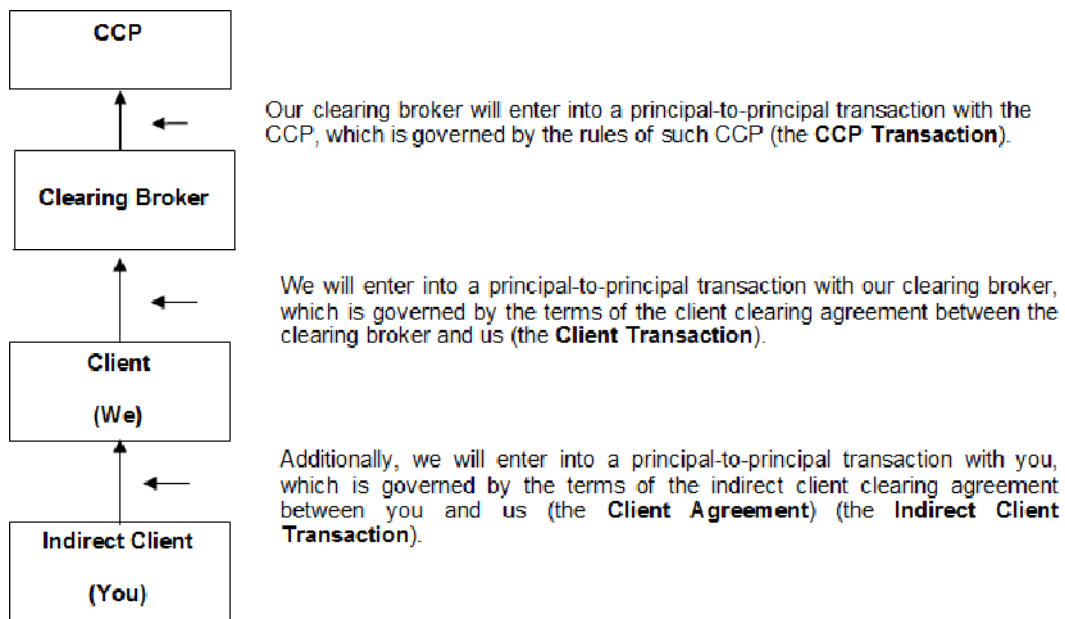
Please note that this disclosure has been prepared on the basis of Singapore law save as otherwise stated. However, issues under other laws may be relevant to your due diligence. For example, the law governing the CCP rules or related agreements; the law governing the client clearing arrangement between 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.⁶

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 us⁷ 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 us⁸ (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".

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 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. If 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 Money and Asset 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.⁹

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.

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?¹⁰

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 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. 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.¹¹

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 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 – 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.

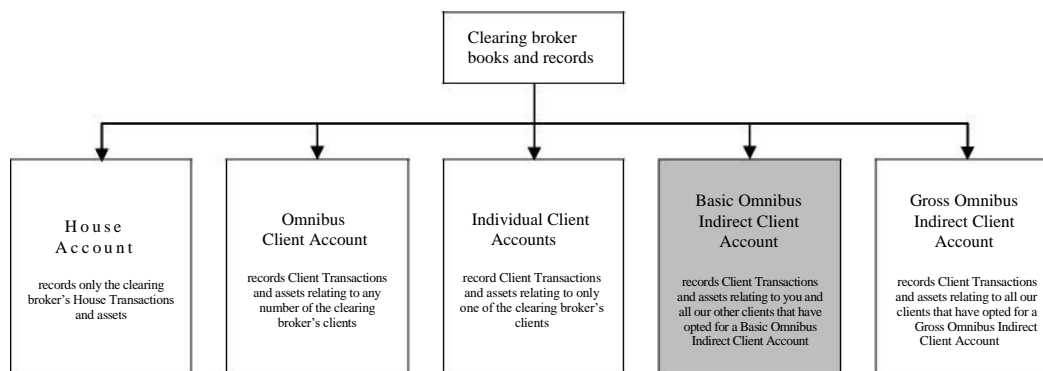
As noted, we refer you to the CCP disclosures which the CCPs are required to prepare and which set out the treatment of margin and collateral at CCP level. We have also included below a general overview of the most common segregation approaches taken by CCPs, but note that for any particular CCP, there is no substitute for that CCP's own disclosure.

Basic Omnibus Indirect Client Account¹²

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.



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.

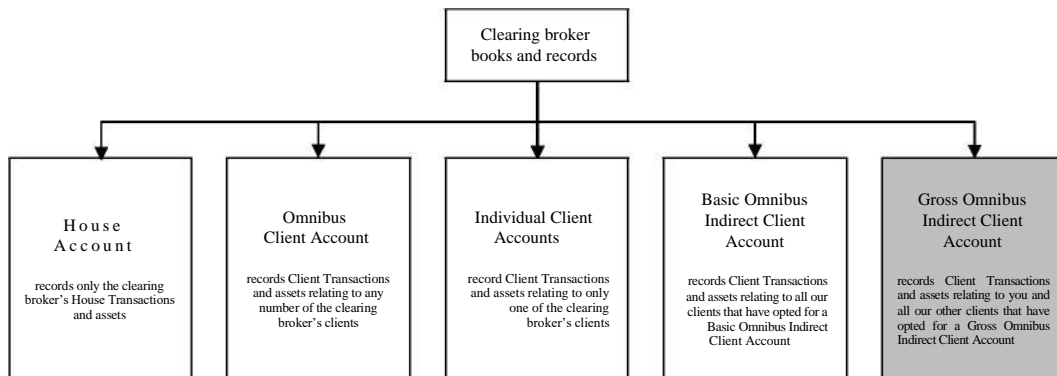
Gross Omnibus Indirect Client Account¹³

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 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 <u>Gross Omnibus Indirect Client</u>

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 Money and Asset Rules¹⁵;
- whether we call any excess margin from you or you pay excess margin to us;
- whether 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?

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 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 Money and Asset Rules?

Under the laws of this jurisdiction, the Customer Money and Asset 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 Money and Asset Rules (such monies and assets, "**customer collateral**").

Where we hold customer collateral, we will follow the Customer Money and Asset Rules in respect of such customer collateral. In this case, the Customer Money and Asset 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, 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 Money and Asset Rules*" in Part One C "*Close-out Netting*" for further details.

How will any excess margin we call from you be treated?¹⁶

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.

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 Money and Asset 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 Money and Asset 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 Section 88(1) of the Bankruptcy Act (Cap. 20) of Singapore ("**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 shall be set-off against each other and only the balance shall 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 Money and Asset 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 Money and Asset 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 Money and Asset Rules

If the Customer Money and Asset 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 Money and Asset 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 structures¹⁷

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:

Risks used to compare each account type and level of segregation	Explanation of risk
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.

Risks used to compare each account type and level of segregation	Explanation of risk
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

	Basic Omnibus Indirect Client Account	Gross Omnibus Indirect Client Account
Who will the Client Transactions recorded in the account relate to?	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.
Which losses can assets recorded in the account be used for?	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 to 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. ¹⁸

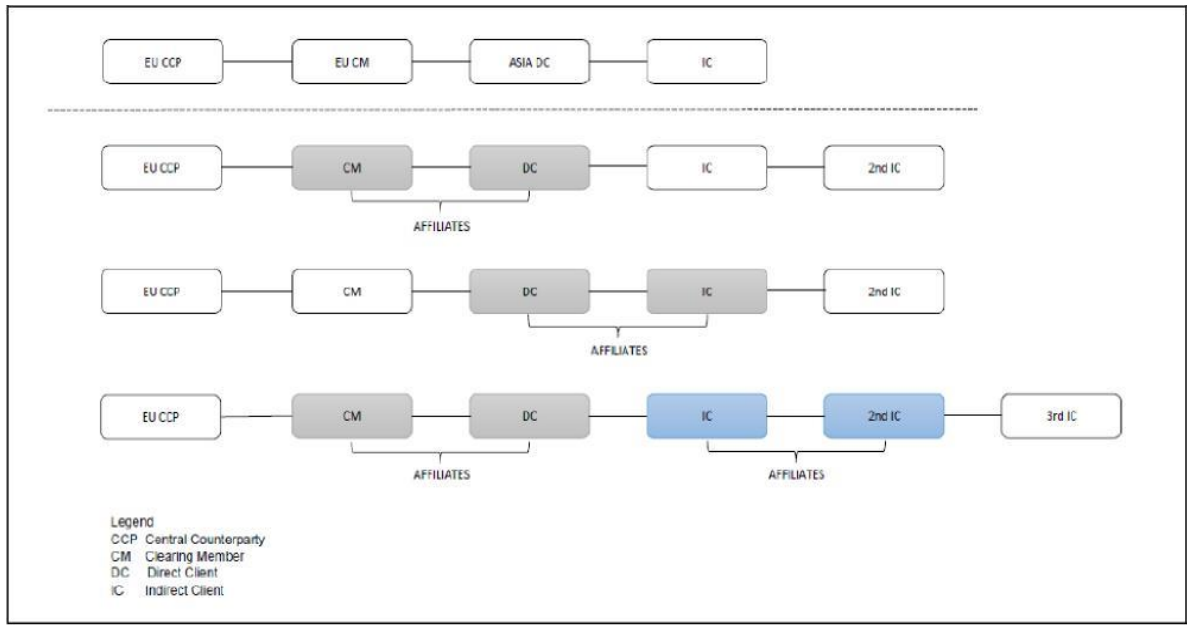
<p>Will the clearing broker know which Client Transactions and types of assets relate to you?</p>	<p>The clearing broker may not know which Client Transactions and assets recorded in a Basic Omnibus Indirect Client Account relate to you.</p>	<p>Yes, but prior to our default it may not know your identity.</p>
<p>Will the clearing broker record the assets value only or will it identify the type of asset provided?</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>

	Basic Omnibus Indirect Client Account	Gross Omnibus Indirect Client Account
Will the Client Transactions recorded in the account be netted?	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.
Will the margin be calculated on a gross or net basis?	The margin will be calculated on a net basis.	The margin will be calculated on a gross basis.
Will you have to enter into any documentation or operational arrangements directly with the clearing broker?	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.
Transit Risk	Yes	Yes
Fellow Client Risk	Yes	Yes ¹⁹
Liquidation Risk	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).
Haircut Risk	Yes	Yes
Valuation Mutualisation Risk	Yes	Yes
Clearing Broker Insolvency Risk	Yes	Yes

How likely it is that porting will be achieved if we default?	Unlikely ²⁰	Unlikely
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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 IFPL 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.

¹ 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.

² 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.

³ 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.

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

⁵ See Endnote 1 above.

⁶ 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.

⁷ 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".

⁸ 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".

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

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

¹¹ This paragraphs 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.

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

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

¹⁴ 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 the FIA Working Document, it is proposed for "client in another account" to be added at the end of Article 4(2)(b).

¹⁵ Customer Money and Asset Rules means Division 2 of Part V of the Securities and Futures Act (Cap.289) of Singapore and Part III of the Securities and Futures (Licensing and Conduct of Business) Regulations of Singapore.

¹⁶ This section refers to excess margin as described in Recital 5 of the Indirect Clearing RTS.

¹⁷ 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).

¹⁸ 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.

¹⁹ 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.

²⁰ See Endnote 11 above.

A.8.1 Terms Of Business Relating To Indirect Clearing On The European Exchanges

NOTE: This Terms of Business is relevant to Customers where IFPL 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 IFPL 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 IFPL 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, IFPL 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 IFPL and the Customer, in relation to transactions ("**EU Indirect Clearing Transactions**") which IFPL 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 IFPL and subject to the satisfaction of certain conditions, the clearing member may:
 - (i) transfer the transaction(s) it has with IFPL 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 IFPL 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 IFPL (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 IFPL, 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 IFPL 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 IFPL (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 IFPL 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).