



**SOUTH CHINA FOREX LIMITED**

**南華外匯有限公司**

**FOREIGN EXCHANGE TRADING  
CLIENT AGREEMENT  
客戶外匯交易協議書**

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## **1. DEFINITION AND INTERPRETATION**

1.1 In this Agreement, unless the context requires otherwise, the following apply:

“Account” means an account maintained by the Client with the Company for effecting Foreign Exchange Transactions;

“Business Day” means a day on which the Company is open for Foreign Exchange Transactions;

“Business Hours” means the period in a Business Day when Foreign Exchange Transactions can be performed through the Company’s facilities;

“Client Money Rules” means the Securities and Futures (Client Money) Rules;

“Company” , means South China Forex Limited , having its principal address of business at 28/F, Bank of China Tower, No.1, Garden Road, Central, Hong Kong , and being licensed by the SFC to carry on Type 3 regulated activity ( leveraged foreign exchange trading ) ;

“Day Order” means an order that must be executed during the business day.

“Electronic Services” includes the Electronic Trading Service, Interactive Voice Response Service, Mobile Phone Trading Service and other means allowed by the Company from time to time;

“Electronic Trading Service” means any facility provided by the Company which enables the Client to give electronic instructions to effect Foreign Exchange Transactions;

“Foreign Exchange” means the types of currencies accepted by the Company to be traded from time to time;

“Foreign Exchange Contract” means contract of Foreign Exchange Transactions entered into between the Company and the Client;

“Foreign Exchange Transactions” means the sale or purchase of Foreign Exchange by the Company to or from the Client (as the case may be);

“Initial Margin” means the starting amount of Margin that the Company requires from the Client, before performing transactions for the Client;

“Interactive Voice Response Service” means a service provided by the Company giving the Client access to deal with Foreign Exchange;

“Maintenance Margin” means the Margin other than the Initial Margin that the Company demands, as referred to in Clause 5.1.2;

“Margin” means a deposit of money or other property as collateral required by the Company to be placed by the Client to guarantee the Client’s performance of his Foreign Exchange Contracts;

“SFC” means the Securities and Futures Commission;

“SFC Code of Conduct” means the Code of Conduct for Persons Licensed by or Registered with the SFC;

“Standing Order” means an instruction given by the Client to the Company to take specified action when the conditions are met; and

“Value Date” means the date agreed to settle a Foreign Exchange Transaction.

1.2 In this Agreement,

1.2.1 the term “Client”:  
for an individual, includes the individual’s executors and administrators;  
for a sole proprietorship, includes the sole proprietor’s executors and administrators;  
for a partnership, includes the partners’ executors and administrators;  
for a company, includes the company’s successors and assignees;

1.2.2 the headings to the clauses are for convenience only and do not affect their interpretation;

1.2.3 words denoting the singular include the plural, and vice versa; and

1.2.4 words importing a gender include every gender; the term ‘persons’ includes companies and corporations.

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

The Foreign Exchange Transactions are subject to the rules, regulations, customs etc. of banks, clearing houses and other financial institutions through which the transactions are performed.

## **3. SERVICES**

3.1 The Client opens an Account in his name with the Company for the purpose of leveraged Foreign Exchange trading; related contracts will be entered into. The Company generally acts as agent for the Client.

- 3.2 When effecting transactions for the Client, the Company can deal directly with any financial institution; alternatively the dealings can be indirect, through an intermediary chosen by the Company.

#### **4. INSTRUCTIONS AND DEALING PRACTICE**

- 4.1 The Company acts upon the Client's instructions to effect Foreign Exchange Transactions and deals with monies subject to the Client Money Rules.
- 4.2 The Client can operate his Account by giving orders himself; or if the Client appoints another person to give orders on his behalf, then the Client must provide the Company with the name and address of the person appointed, with the appointment in writing.
- 4.3 The Company's employees or representatives will not accept appointment by the Client as agent to operate the Account.
- 4.4 The Client can give instructions orally or in writing; the instructions can be given in person, by telephone, by post, by hand, by e-mail, by fax or through the Electronic Services.
- 4.5 The Company can rely on any instructions, directions, notices or other communication which it believes to be from a person authorized to act on the Client's behalf; such communication must bind the Client; the Client indemnifies the Company against all losses, costs and expenses (including legal costs) which arise from its reliance on such instructions.
- 4.6 The Company records all telephone conversations with the Client on its centralized tape recording system in order to verify the instructions. Such recording is final and conclusive evidence of his instructions.
- 4.7 The Company can refuse to act on the Client's instructions and is not obliged to give any reason for such refusal; the Company can take the opposite position to a Client's order and transaction, either for its other clients or for its own account.
- 4.8 At the request of the Client, both bid and offer prices could be quoted for a given quantity of foreign exchange contracts specified by the Client. All prices quoted to the Client are merely indicative and orders will be executed at the then available market prices. There may sometimes be delays in quoting prices or in dealing due to technical problems. In this respect, the Company may not be able to trade at the prices quoted. The Company is not liable for losses resulting from not acting on the Client's instructions. If the Company cannot execute instructions in full, the Company can perform transactions partially, without seeking the Client's consent. The Client must be bound by those transactions.

- 4.9 A Day Order will be executed only during the day on which it is given by the Client. Any portion of a Day Order that has not been executed before the close of business of the relevant market will be cancelled automatically.
- 4.10 The Company can deal through an agent in order to effect the Client's transactions.
- 4.11 Owing to the trading practice of the market, sometimes orders cannot be executed at the prices quoted "at best" or "at market"; the Client must be bound by transactions executed by the Company nevertheless.
- 4.12 The Company determines the sequence in the execution of its clients' orders, according to market conventions and the relevant regulatory laws and guidelines.

## **5. MARGIN AND FUNDING**

- 5.1 The Client has to maintain Margin requirements and must on demand pay additional Margin within the time determined by the Company.
  - 5.1.1 The Initial Margin is not less than 5% of the gross principal value of the contract offered by the Company.
  - 5.1.2 The Maintenance Margin is not less than 3% of the gross principal value of the contract offered by the Company; it must be paid within 2 hours of the Company's demand.
- 5.2 The Company can decide to revise Margin requirements and impose additional Margin requirements from time to time. The Client may be granted financial accommodation as the Company deems appropriate. Revised and additional Margin requirements apply to both existing positions and new positions.
- 5.3 At the end of the trading period immediately before weekends or period of holidays during which the Company is not open for Foreign Exchange Transactions, if the Margin deposit of the Client falls below 2% of the gross principal values of all outstanding contracts of the Client, or such other level which might be prescribed by the Company from time to time, the Company may, at its absolute discretion and without prior notice to, and consent of, the Client, close out all or part of the Client's positions in the Account in order to restore to at least the Maintenance Margin level required for weekends and holidays.
- 5.4 If the Client does not meet Margin calls by the time prescribed by the Company, the Company can close out the Client's positions in the Account without notice to the Client; the Company can apply the sale proceeds to pay outstanding balances owed. The Client must be liable to the Company for any shortfall in the Account.

## **6. TRADING RECOMMENDATIONS**

The Client is responsible for his trading decisions. The information from the Company, its employees or agents is not an offer to enter into a transaction; the Company incurs no liability for such information.

## **7. CLIENT'S FAILURE TO MEET OBLIGATIONS**

The Client is liable for all losses, costs and expenses incurred by the Company in connection with the Client's failure to meet his obligations in any manner.

## **8. COMMISSIONS AND EXPENSES**

8.1 The Company collects transaction levies and expenses (as stipulated by the authorities and institutions) from the Client, if such levies and expenses are legally prescribed.

8.2 The Client agrees to pay commissions on transactions at the rate set by the Company.

## **9. INTEREST**

The Client must pay interest to the Company for a debit balance in the Account and for amounts owed to the Company at the time and rate specified by the Company; in the absence of specification the rate is 2% per month.

## **10. MONIES IN THE ACCOUNT**

The Company can deposit the Client's money in segregated accounts in Hong Kong's authorized financial institutions; they are designated as trust accounts or client accounts.

## **11. TRADING**

11.1 The Client is forbidden to enter into new Foreign Exchange Contracts when a shortfall of Margin occurs, unless the Company allows.

11.2 Foreign Exchange rates fluctuate abruptly; the rates quoted by the Company do not bind the Company.

11.3 The Client can place Standing Orders with the Company; they will be carried out during the Business Hours on the day on which the Company accepts the Standing Order.

After the Business Hours, if no Foreign Exchange Contract is concluded, such Standing Orders will be carried out on the following Business Day, provided that the time limit agreed with the Client has not expired. If such time limit has expired, any Standing Orders that have not been executed will be cancelled.



- 11.4 The profit or loss arising from exchange rate fluctuations is for the account of the Client.
- 11.5 Margins should be made in the currency as the Company requires.
- 11.6 Client is not encouraged to hold locked positions in the Account (i.e. situation where Client simultaneously holds an equal long and short position of the same currency). Interest is payable by Client when holding locked positions in a Foreign Exchange Contract as a result of different interest spread for holding long and short positions simultaneously. In the case of locked positions held by Client, one set of Margin is required.
- 11.7 In the event that the Margin in Client's Account falls below 1% of the gross principal values of all outstanding contracts of the Client, or such other level which might be prescribed by the Company from time to time, the Company may, at its absolute discretion and without prior consent of the Client, close out all or part of the Client's positions in the Account. The Client shall be liable to the Company for any shortfall in the Account.
- 11.8 When a Foreign Exchange Contract is closed out, the Company either debits or credits the Account in the currency of the Account, at an exchange rate determined by the Company based on the prevailing market rates.
- 11.9 On the Value Date or upon closing out a Foreign Exchange Contract, the Client and the Company will not effect actual delivery of the Foreign Exchange.
- 11.10 Upon liquidation of a Foreign Exchange Contract, if the balance of the Margin cannot cover a debit amount in the Account, the Client must repay the Company the amount of shortfall immediately with interest, at the rate that the Company determines.
- 11.11 Interest payable between the Company and the Client accrues from the Value Date up to, but excluding, the liquidation date of the Foreign Exchange Contract:
- 11.11.1 For the Client's interest expenses payable to the Company, the debit interest rate applies, as specified by the Company; and
- 11.11.2 For the Client's interest income receivable from the Company, the credit interest rate applies, as specified by the Company.
- 11.11.3 Interest accrues in the base currency according to market conventions. Interest is credited or charged monthly to the Account. Overdue amounts bear interest from the due date to the date of payment, at a rate determined by the Company.

- 11.12 Following an Event of Default (as defined in Clause 12), the Company can liquidate the Foreign Exchange Contracts for sufficient amounts to close out the positions of the Account. The Company decides the prices at which the Contracts are liquidated according to the prevailing market conditions.
- 11.13 The Company and its directors, employees and representatives can trade contracts in their own account pursuant to the staff dealing policy established in accordance with Clause 12.2 (a) of the SFC Code of Conduct.
- 11.142 The Company determines the prices or interest rates to mark to market the Client's open positions by referring to the current prices quoted by a reputable financial information provider during Business Hours. The Company determines the profit or loss from a Foreign Exchange Contract in the same manner.
- 11.15 The Client can be affected by curtailment of, or restriction on, the capacity of the Company to trade in respect of open positions, as a result of action taken by the SFC under applicable rules and regulations, or for any other reason; then the Client can choose to reduce or close out his open positions with the Company.
- 11.16 If there are disputes between the Company and the Client, and the Client requires, then the disputes are referred to arbitration according to the Securities and Futures (Leveraged Foreign Exchange Trading) (Arbitration) Rules.
- 11.17 If there are disputes between the Company and the Client over any orders which are executed by phone but are not confirmed by the Client on tape recorded by the Company, or in writing by signing an order form, the Client may raise the disputes with the Company within 10 Business Days from the date the disputed orders were executed and these orders may at the option of the Client be cancelled.

## **12. EVENTS OF DEFAULT**

### **12.1 Events of Default include the following:**

- 12.1.1 The Client fails to pay a Margin pursuant to Clause 5.1 or additional Margin pursuant to Clause 5.2 or other sums payable to the Company, or to submit to the Company any document relevant to this Agreement, when called upon to do so;
- 12.1.2 The Client fails to perform the terms in this Agreement;
- 12.1.3 Bankruptcy or winding up proceedings are commenced against the Client;

- 12.1.4 Any representation or warranty made by the Client is materially incorrect or misleading;
- 12.1.5 Any consent, authorization or board resolution required of the Client (being a corporation or a partnership) to enter into this Agreement is revoked, suspended, terminated or is ineffective;
- 12.1.6 The occurrence of any event which, in the sole opinion of the Company, will jeopardize any of its rights under this Agreement;
- 12.1.7 The Company has attempted twice to demand Margin from the Client, but cannot communicate directly with the Client;
- 12.2 If an Event of Default occurs, without notice to the Client, the Company can:
  - 12.2.1 close the Account;
  - 12.2.2 terminate this Agreement;
  - 12.2.3 cancel outstanding orders made on behalf of the Client;
  - 12.2.4 liquidate all Foreign Exchange Contracts between the Company and the Client;
  - 12.2.5 sell the property (as defined in Schedule 1 of the Securities and Futures Ordinance) held for the Client and apply the proceeds and other money to settle outstanding debts to the Company; and
  - 12.2.6 consolidate and set-off accounts of the Client according to Clause 14.
- 12.3 In the event of liquidation pursuant to this Clause:
  - 12.3.1 The Company is not responsible for any loss that arises;
  - 12.3.2 The Company determines the time to liquidate the Foreign Exchange Contracts at the prevailing market price; and
  - 12.3.3 The Client must pay to the Company any deficiency if the net proceeds of liquidation are less than the outstanding balances owed by the Client.

### **13. PROCEEDS OF LIQUIDATION**

The proceeds of liquidation of the Account are applied in the following order:

- 13.1 costs, charges, legal fees and expenses including stamp duty, commission and brokerage properly incurred by the Company in transferring and selling all or any of the properties in the Account;
- 13.2 interest due;
- 13.3 monies and liabilities owed by the Client to the Company.

### **14. SET-OFF, LIEN AND CONSOLIDATION OF ACCOUNTS**

- 14.1 All receivables, money and other property of the Client (owned by the Client either individually or jointly with others) in the possession of the Company are subject to a lien in favor of the Company as security of the Client's obligations to the Company.
- 14.2 The Company can consolidate the Client's accounts (including accounts jointly held with others) maintained with the Company, and can set off or transfer money in the accounts to satisfy any obligations of the Client to the Company.

### **15. ELECTRONIC SERVICES**

- 15.1 The Company can provide the Client with Electronic Services upon the terms and conditions in this Agreement, and the terms and conditions can be amended by the Company from time to time.
- 15.2 The Client can instruct the Company to perform Foreign Exchange Transactions for the Account or deal with monies on behalf of the Client through the Electronic Services.
- 15.3 The Client must be the only authorized user of the Electronic Services. The Client is solely responsible for the confidentiality and security of the personal identification number and password issued to him.
- 15.4 The Client is solely responsible for the instructions entered through the Electronic Services. The Electronic Services, the Company's website, and the software comprised in them are proprietary to the Company. The Client must not attempt to modify, damage, or gain unauthorized access to the Electronic Services and the Company's website.
- 15.5 The Company will not execute trading orders for the Client until there are sufficient cleared funds in the Account.
- 15.6 It must be considered that the Company has not received the Client's instructions and has not executed the Client's orders unless the Client receives the Company's acknowledgement.

- 15.7 The Client must promptly notify the Company if:
- 15.7.1 an instruction has been placed but the Client does not receive an instruction number or an acknowledgement of the instruction or of its execution;
  - 15.7.2 the Company acknowledges a transaction which the Client did not instruct;
  - 15.7.3 the Client knows of any unauthorized use of the Client's personal identification number or password.
- 15.8 The Company is not liable for any loss suffered by the Client in relation to the Electronic Services. The Client indemnifies the Company for any loss suffered by the Company in relation to the Client's use of the Electronic Services.
- 15.9 There may be proprietary rights over the data received by the Client; he should not disseminate the data or infringe upon such rights. The Company is not liable for any loss caused by (1) inaccuracy or errors in the data; (2) delay in the transmission; (3) congestion in communication; and (4) unavailability of data.
- 15.10 If communication in the Electronic Services is temporarily unavailable, the Client can operate his Account by using the telephone. If the Company can verify the Client's identity over the telephone, then the Company will execute trading orders for the Client.

## **16. RISK DISCLOSURE STATEMENTS**

- 16.1 The prices of foreign exchange move up or down, sometimes dramatically. Losses can result from Leveraged Foreign Exchange Transactions.**
- 16.2 The client's assets received or held outside Hong Kong by the Company are subject to the laws of the foreign jurisdiction which may differ from the Securities and Futures Ordinance. Consequently, those client assets cannot enjoy the same protection as for client assets in Hong Kong.**
- 16.3 If the Company is holding the Client's money and becomes insolvent, the Client may recover the money with delay.**

- 16.4 The risk of loss in Leveraged Foreign Exchange trading can be substantial. The Client can sustain losses in excess of the Initial Margin funds. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily limit losses to the intended amounts. Market conditions can make it impossible to execute such orders. The Client can be called upon at short notice to deposit additional Margin funds. If the required funds are not provided within the prescribed time, the Client's position can be liquidated without the Client's consent. The Client will remain liable for any resulting deficit in his Account. The Client should therefore carefully consider whether such trading is suitable in light of his own financial position and investment objectives.
- 16.5 If the Client performs transactions through the Electronic Service, he will be exposed to risks of the failure of hardware and software, so that his order may not be executed.
- 16.6 Electronic transmission is not entirely reliable. There can be delays in transmission and execution; execution can be at prices different from the prevailing prices when instructions were given; there can be errors in communication.
- 16.7 If the Client gives authority to hold mails or to direct mails to third parties, he must promptly collect contract notes and statements, and detect if there are any mistakes.
- 16.8 The risk of loss in financing a Leveraged Foreign Exchange transaction by deposit of collateral can be significant. The Client can sustain losses in excess of his cash and any other assets deposited as collateral with the Company. Market conditions can make it impossible to execute contingent orders, such as "stop-loss" or "stop-limit" orders. The Client can 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 Client's collateral can be liquidated without the Client's consent. Moreover, the Client will remain liable for any resulting deficit in his Account and interest charged on his Account. The Client should therefore carefully consider whether such a financing arrangement is suitable in light of his own financial position and investment objectives.

## **17. REPRESENTATIONS AND WARRANTIES**

- 17.1 The Client represents and warrants that:
- 17.1.1 (in the case of a corporation) it is validly incorporated or established, and has the capacity to perform its obligations in this Agreement; it entered into this Agreement as authorized by its governing body, and according to its memorandum and articles of association or by-laws;

- 17.1.2 according to the existing laws and regulations, the Client can rightfully perform his obligations under this Agreement;
  - 17.1.3 the transactions under this Agreement benefit the Client only and no other party.
  - 17.1.4 the information in the Client Information Statement or other information supplied by the Client is complete and correct; the Company can rely on such information until it receives written notice of changes from the Client;
  - 17.1.5 the Client understands the nature of the transactions and the risks associated with the transactions;
  - 17.1.6 the Client enters into Foreign Exchange Contracts without reliance on any advice from the Company; and
  - 17.1.7 the Client enters into this Agreement and the Foreign Exchange Contracts as principal, and not as trustee or agent.
- 17.2 The Client undertakes to promptly notify the Company of changes of name and address, and to provide supporting documents, e.g. identity card, passport, business registration certificate, memorandum and articles of association, utility bills etc.
- 17.3 The Company undertakes to notify the Client of material changes to:
- a. the Company's name and business address;
  - b. the nature of services to be provided to or available to the Client;
  - c. the remuneration such as commissions, brokerage, and any other fees and charges that the client should pay to the Company, and the basis for such payment; and
  - d. the margin requirements, interest charges, margin calls, trading limit and the circumstances under which the Client's positions may be closed without the Client's consent.

## **18. LIABILITIES AND INDEMNITIES**

- 18.1 The Company and its directors, employees or agents have no liability for losses suffered by the Client as a result of:
- 18.1.1 the Company acting on the Client's instructions;
  - 18.1.2 circumstances beyond the anticipation or control of the Company;

18.1.3 the Company exercising its rights conferred by this agreement or

18.1.4 the conversion of one currency to another arising from the client's transactions.

18.2 The Client indemnifies the Company against claims, damages, collection charges and other expenses incurred by the Company consequential upon this Agreement or the Client's breach of its obligations. The Client must pay promptly the indemnity to the Company.

## **19. STATEMENTS AND CORRESPONDENCE**

19.1 Statements and correspondence will be sent to the Client (who, in the case of Joint Clients without nominating an individual therefore, will be deemed to be the individual whose name appears first in the Client Information Statement) at the address or fax number on the Client Information Statement, or as the Client notifies the Company in writing.

19.2 Statements and written confirmation of the execution of the Client's orders are deemed to be accepted, if there is no objection within 2 days after they are sent to the Client.

19.3 The confirmations and statements delivered to the Client by electronic devices are deemed sent upon transmission.

## **20. WAIVER AND AMENDMENT**

The Company can amend this Agreement by sending to the Client a notice setting out such amendment. Such amendment becomes effective 14 days after the notice is sent out.

## **21. JOINT CLIENTS**

21.1 If the Company serves 2 or more individuals according to this Agreement:

- those individuals must be Joint Clients; their liabilities are joint and several; "the Client" means any or all of them;
- the Company can act on the instructions from any of those individuals; the Company can also reject the instructions from any of them; and
- one individual's instructions bind the other individual

21.2 For Joint Clients, on the death of an individual, this Agreement remains effective; the interest of the deceased vests in and benefits the survivors; the liabilities of the deceased are enforceable against his estate. The survivors must notify the Company immediately of the death.



## **22. DISCLOSURE OF INTERESTS**

- 22.1 The Company and (with the Company's approval) its directors, officers or employees can trade on their own account, but the Company's dealers are forbidden to trade on their own account.
- 22.2 The Company can take the opposite position to the Client's order and transaction, either for its other clients or for its own account.

## **23. TERMINATION**

- 23.1 This Agreement can be terminated by either party by giving 7 days' prior written notice to the other.
- 23.2 The Company can complete the Client's transactions before it receives the notice of termination.
- 23.3 Despite termination, the existing rights and liabilities under this Agreement remain effective.

## **24. SEVERABILITY**

These provisions are severable and distinct; if a provision becomes illegal or unenforceable, the remaining provisions are not affected. If a provision would be invalid due to some words, the provision applies as if those words were deleted.

## **25. ASSIGNABILITY**

This Agreement binds and benefits the successors, assignees and personal representatives of each party; but the Client must obtain the prior written consent of the Company before assigning or charging his rights or obligations. No such consent from the Client in favour of the Company is needed.

## **26. GENERAL**

- 26.1 The Company can conduct a credit enquiry or check on the Client.
- 26.2 The Company can disclose matters relating to the Account as required under the relevant laws or regulations to the police or regulatory authorities.
- 26.3 The Client has read this Agreement, and the contents of this Agreement have been explained to him by the Company in a language that the Client understands.
- 26.4 If there is difference in meaning between the Chinese and English versions of this Agreement, the English version prevails.

## **27. GOVERNING LAW**

This Agreement, and all rights, obligations and liabilities under it are governed by and construed in accordance with the laws of the Hong Kong Special Administrative Region.

South China Forex Limited

## Supplemental Agreement to Foreign Exchange Trading Client Agreement

Between South China Forex Limited (the “Company”) having its principal address of business at 28th floor, Bank of China Tower, No. 1 Garden Road, Central, Hong Kong, and being licensed by the Securities and Futures Commission for Type 3 regulated activity (leveraged foreign exchange trading) of the one part ; and the Client on other part.

The changes or supplement to the Foreign Exchange Trading Client Agreement are as follows:

A. Add clause 3.3 : The Client agrees that : a) the Client is trading on the Client’s own behalf; and b) in the event that the Client is not trading on the Client’s own behalf ,at any time, the Client shall promptly give the Company a written declaration of the name of the ultimate beneficiary on whose behalf the Client is trading.”

B. The numbering of clause “11.142” is replaced by clause “11.14”

C. Add “with CE Reference AQE524” to the end of the definition of “Company” in clause 1.1

D. Add clause 6A

6A If the Company, its agents or intermediary, solicit the sale of or recommend any financial product to the Client, the financial product(any leverage foreign exchange contracts as defined under Securities Futures Ordinance) must be reasonably suitable for the Client, having regard to the Client’s financial situation, investment experience and investment objectives. No other provision of this Agreement or any other document we may ask the Client to sign and no statement the Company may ask the Client to make derogates from this clause.

E. Add clause 2A

## 2A. CLIENT IDENTITY RULES

- a. The Client Identity Rule Policy of Securities and Futures Commission (“SFC”) requires the Company to obtain and record the client identity information before doing anything to effect any transaction. If SFC requires such information, the Company must provide it within 2 business days of the day of the request, although the regulator may also require information soon after a transaction occurs.
- b. The Company may send the Client a request for client identity information (“Client Identity Information”) at any time, including but not limited to after receiving a request from any regulator. The Client agrees to immediately inform the Company of the identity, address, contact details and occupation of:
  - i. the person(s) or entity (legal or otherwise) ultimately responsible for originating the instruction in relation to a transaction;
  - ii. the person or entity that stands to gain the commercial or economic benefit of any transaction and/or bear the commercial risks;
  - iii. the client for whom the transaction(s) will be carried out;
  - iv. any such other information which may be required by any regulator of any relevant jurisdiction(s).
- c. The regulator(s) may consider the Company’s obligation to client identification to be discharged if you/the Client agrees to provide the information about the beneficiary of the relevant transaction(s) and details of the person originating the instruction for such transaction(s) on request directly to the regulator. Therefore, when the Company receives any request from any regulator(s) in respect of any transaction effected by the Client for another customer (whether as agent, intermediary or on a back-to-back

- basis), the Client agrees to promptly provide the Client Identity Information to the relevant regulator(s) in Hong Kong and any other relevant jurisdictions. The Client agrees that the Client's obligation to promptly provide Client Identity Information to the Company and all relevant regulator(s) under this clause shall survive termination of agreement or account(s) with the Company.
- d. For collective investment schemes, discretionary accounts or discretionary trusts, the information normally required by regulator is the name of the scheme, account or trust in question, and the person who ultimately originates the instruction in relation to that transaction (particularly, the individual investment manager responsible for making the investment decision). In respect of paragraph 5.4 (d) of the Code of Conduct for Persons Licensed by or registered with Securities and Futures Commission, in relation to a collective investment scheme or discretionary account, the entity referred in clause b above is the collective investment scheme or account, and the manager of the collective investment scheme or account, not those who hold a beneficial interest in that collective investment scheme or account.
- e. If the Client is acting for or on behalf of a collective investment scheme, discretionary account or discretionary trust, the Client must:
- i. upon the Company's request, promptly inform the Company and/or the regulator(s) within the required timeframes of Client Identity Information of the scheme, account or trust; and
  - ii. promptly inform the Company when the Client's discretion to invest on behalf of the scheme, account or trust has been overridden; and upon request from Company, the Client shall comply with the Company's request and immediately inform the Company or the regulator (s) of Client Identity Information of the person(s) who has or given the order or instruction in relation to the transaction.
- f. The Client shall be required to disclose to the Company whether the Client is acting on the Client's own behalf, or if it is acting as principal or agent. If the Client is acting as an agent, the Company need to find out who is the principal, and obtained required information about the principal. The Client agrees to promptly provide the required information to the Company or any relevant regulator(s), upon any request

by the Company from time to time, and the Client's obligation shall survive the termination of any agreement or terms of business with the Company and its affiliates.

F. Add clause 26.5

26.5 If services are to be provided to the Client in relation to derivative products, including options, the Company or licensed person shall: (i) provide to the Client upon request product specifications and any other prospectus or other offering document covering such products; and (ii) provide full explanation of the margin procedures, and the circumstances under which a client's position may be closed without the Client's consent).

G. Add clause 26.6

26.6 The Company should ensure that it complies with its obligations under the terms of this Trading Agreement, and this Agreement does not operate to remove, exclude or restrict any rights of the Client or obligations of the Company or licensed person under the law.

H. Add Clause 26.7

26.7 The Company should not incorporate any clause, provision or term in securities trading agreement or any other document signed or statement made by the Client at the request of the Company which is inconsistent with its obligations under the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.