

Effective Date: Jun 2021

**Commodities Margin Control Policies**

1. Initial Margin and Maintenance Margin

All contracts must be opened with sufficient Initial Margin and be backed up with sufficient cash balance maintained at a minimum level of the Maintenance Margin.

2. Margin Call

2.1 A margin call notice will be issued to client via email, SMS notification and/or telephone (whatever is applicable), requesting the client to fulfill margin call payment when necessary.

2.2 Fall below Maintenance Margin level South China Securities Limited/South China Commodities Limited ("SC") will initiate a margin call to the respective client via email, SMS notification and/or telephone (whatever is applicable) when the net balance of the Online Trading Account falls below the maintenance margin.

2.3 Whenever a margin call is received, the client should either:-

(a) Deposit the required margin call amount (kindly deposit before 4pm & notify our Settlement Department for same day system update);

(b) Transfer fund from other account(s) among South China Group within the margin call period; or

(c) Close out position. Otherwise his/her position would be compulsorily closed out by SC as per paragraph 3.1 or 3.2 below.

3. Closing Out Position by SC

3.1 Margin Call for ONE HOUR If a client could not meet the margin call within ONE HOUR (kindly deposit before 4pm & notify our Settlement Department for same day system update), the open position(s) may be closed out at the discretion of SC. It is understood and agreed that SC reserves the right to close out open positions you have in your account without prior notice when the margin on deposit with SC are exhausted or are inadequate in its judgment to protect itself against price fluctuation.

OR

3.2 Margin Call for Position Value which falls below 40% of the Initial Margin If market fluctuates during the ONE HOUR margin call period and client's open position(s) with value falls below 40% of the Initial Margin, his/her open position(s) will be automatically closed out by SC subject to SC's discretion without prior notice. SC will send email

and/or SMS notification and/or telephone (whatever is applicable) to client for acknowledging the closed-out position(s).

#### 4. No physical delivery services for Global Futures

4.1 In general, SC does not provide physical delivery services for Global Futures.

4.2 Having considered the current market practice and to avoid inconvenience of physical delivery of some futures contracts, it is suggested that clients should close or carry forward the position of such contracts one business day before (1) the date of termination of trading or (2) first notice day (whichever is earlier). The date of termination of trading of each contract is varied from different products subject to the related exchange(s).

4.3 SC reserves the right to liquidate all outstanding position(s) one business day before (1) the date of termination of trading or (2) first notice day (whichever is earlier) for the client at its absolute discretion without further notice.