



# INVESTMENT PRODUCT TERMS & CONDITIONS

For Standard Chartered Securities (B) Sdn Bhd (“SCSB”)

(IPTC-SCSB-042021)

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## Investment Product Terms

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## PART ONE GENERAL TERMS

### 1 DEFINITIONS AND INTERPRETATION

#### 1.1 In this Agreement, unless specified otherwise or unless the context otherwise requires:

**“Account”** means each and any account or sub-account in connection with any Service or Transaction which the Customer has opened or maintains with SCSB from time to time pursuant to Clause 3.1 of Part One of this Agreement.

**“Affiliate”** means any subsidiary, related corporation, parent company, office, representative office, associated company of SCSB, and includes their respective successors and assigns.

**“Agent”** means any agent, broker, dealer, counterparty, advisor, banker, attorney, custodian, sub-custodian, depository, manager, service provider or nominee selected or used by SCSB in connection with any Account, Service or Transaction or otherwise in connection with this Agreement.

**“Agreement”** means this Agreement including each Part hereof, as supplemented by the applicable Confirmation for each Investment Product and such other document as SCSB may specify from time to time in relation to the operation of any Account, the provision of any Service and the entry into any Transaction.

**“Applicable Laws”** means to the extent applicable, all laws, rules, regulations, notices, circulars, codes and guidelines of any regulatory, supervisory, governmental, quasi-governmental or other authority or body or exchange or clearing house, in each case as supplemented and amended from time to time.

**“Authorised Person”** means each person authorised (whether solely or jointly) to, on the Customer’s behalf, give Instructions to SCSB.

**“Bank”** means *Standard Chartered Bank, acting through its Brunei branch*, and its successors and assigns.

**“Benefits”** has the meaning ascribed to it in Clause 9.3 of Part One of this Agreement.

**“Business Day”** means a day (other than a Saturday or Sunday or public holiday) on which SCSB is open for business and, in the context of Instructions, Transactions and Services, a day when banks and relevant financial markets and institutions are open for business in the jurisdiction concerned.

**“Charge”** has the meaning ascribed to it in Clause 22.1 of Part One of this Agreement.

**“Charged Assets”** means (i) any and all monies in whatever currency standing to the credit or for the benefit of the Customer on the Account and any other account with or in the name of, to the order of, or under the control or direction of, SCSB, its Affiliates or Agents, including all additions to or renewal or replacement of such monies and interest payable thereon, (ii) the Investment Products delivered to, deposited with, transferred to, registered in the name of, held in the possession of, or under the control or direction of, SCSB, its Affiliates or Agents, together with all dividends, interest or other distributions paid or to be paid on the Investment Products, and including for the avoidance of doubt the Custody Property, and (iv) any other assets from time to time beneficially owned by the Customer (whether owned jointly or in its own name) delivered to, deposited with, transferred to,

registered in the name of, held in the possession of, or under the control or direction of, SCSB, its Affiliates or Agents.

**“Close-out Amount”** has the meaning ascribed to it in Clause 26.5 of Part One of this Agreement.

**“Close-out Date”** has the meaning ascribed to it in Clause 26.5 of Part One of this Agreement.

**“Collateral”** means any asset acceptable to SCSB and held by SCSB as security for the Liabilities from time to time.

**“Collateral Requirement”** has the meaning ascribed to it in Clause 11.2 of Part One of this Agreement.

**“Confirmation”** has the meaning ascribed to it in Section D of Part Two of this Agreement.

**“Customer”** means the holder(s) of any Account as identified in any account opening documentation completed or provided when such Account is opened, including its/their successors and assigns.

**“Customer Information”** has the meaning ascribed to it in Clause 20.1 of Part One of this Agreement.

**“Customer Terms”** means the general terms and conditions governing the Customer’s relationship with SCSB applicable from time to time.

**“Event of Default”** has the meaning ascribed to it in Clause 26 of Part One of this Agreement.

**“Exchange”** means any exchange, trading system, platform or organised market on which purchasers and sellers of Investment Products are brought together and through which orders may be transmitted including, but not limited to, stock exchanges and alternative trading systems.

**“Governing Law”** means the laws of Brunei.

**“Indemnified Person”** has the meaning ascribed to it in Clause 25.1 of Part One of this Agreement.

**“Instruction”** means any instruction or request given or purportedly given by the Customer or, where applicable, Authorised Persons to SCSB pursuant to this Agreement by such means as SCSB may allow in the Customer Terms.

**“Investment Products”** means equities, bonds, sukuks, debentures, debenture stocks, certificates of deposit, treasury bills, bills of exchange, units or interests in unit trusts or mutual funds or Islamic unit trusts or any other kind of collective investment schemes, warrants, options, all derivatives over the same, securitised structured products such as notes, warrants or certificates, annuities, debt certificates which may be drawn by lot for redemption, mortgage bonds and any other interests, rights or property, whether in the form of an instrument or otherwise, commonly known as securities in the jurisdiction in which they are created or issued.

**“Joint Account Holder”** has the meaning ascribed to it in Clause 15.1 of Part One of this Agreement.

**“Liabilities”** means all monies, obligations and liabilities now or at any time hereafter due, owing by the Customer to or incurred by any of the Standard Chartered Group entities, anywhere, whether on the Account, or in respect of any Services or any Transaction or any Instructions or otherwise in whatever manner and actual or contingent, present or future

and in whatever currency and whether solely or jointly and in whatever name, style or form and whether as principal debtor or as surety, including all obligations assumed by any Standard Chartered Group entities in favour of the Customer or other persons at the Customer's request, together with interest, commissions, fees, charges and all expenses and legal costs on a full indemnity basis.

**"Loss" or "Losses"** mean any losses, damages, costs (including legal costs on a full indemnity basis), fines, expenses, fees, charges, actions, suits, proceedings, claims, claims for an account or equitable compensation or equitable lien, any other demands or remedy whatsoever, or any diminution in the value of or loss or damage to any property or security or any lost opportunity whereby the value of the same could have been increased or otherwise.

**"Potential Event of Default"** means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

**"Risk Disclosure Statement"** means the risk disclosure statement set out in Part Three of this Agreement and includes all annexures and supplements thereto from time to time and all the disclosures or descriptions of risks contained in documents which are specific to any particular Investment Product, Transaction or Service as provided by SCSB to the Customer from time to time.

**"SCSB"** means Standard Chartered Securities (B) Sdn Bhd, and its successors and assigns.

**"Security Document"** means any security document executed or to be executed from time to time by the Customer and/or any Security Party creating or evidencing a security, guarantee or other assurance in favour of SCSB, as amended or supplemented by SCSB from time to time.

**"Security Party"** means any party from time to time providing any Collateral or margin or security to SCSB for any of the Customer's Liabilities to SCSB.

**"Service Providers"** has the meaning ascribed to it in Clause 20.2.2 of Part One of this Agreement.

**"Services"** mean any services offered, granted or made available by SCSB to the Customer from time to time pursuant to Clause 3.1 of Part One of this Agreement.

**"Services Document"** means any agreement or document (other than any Security Documents) applicable in respect of any Services, each as amended or supplemented by SCSB from time to time.

**"Syariah"** means for the purposes of this document, such principles of Islam as may from time to time apply to Islamic banking and finance in the opinion of a Party, or if that Party has a Syariah Committee, in the opinion of the Syariah Committee of such Party;

**"Syariah Supervisory Committee or Syariah Advisory Body"** means with respect to a Party, the relevant supervisory committee, board or governing body, consisting of experts of Syariah as designated by that Party, who are responsible to appraise and / or approve products and services as Syariah compliant;

**"Standard Chartered Group"** means any one or more of Standard Chartered Bank, its subsidiaries, associated companies and affiliates (including, without limitation, SCSB and its Affiliates).

**"Statements"** has the meaning ascribed to it in Clause 12 of Part One of this Agreement.

**"Transaction"** means any transaction effected by SCSB with the Customer or for or on behalf of the Customer pursuant to or in connection with this Agreement, any Account or Service, including for the avoidance of doubt any such transaction in Investment Products unless otherwise specified.

**"Trust"** has the meaning ascribed to it in Clause 17.1 of Part One of this Agreement.

**"User"** has the meaning ascribed to it in Clause 20.2 of Part One of this Agreement.



- 1.2** In this Agreement, unless specified otherwise or unless the context requires otherwise:
- 1.2.1** a reference to any statute, statutory provision or regulation shall be construed as a reference to the same as it may be amended, modified or re-enacted from time to time;
  - 1.2.2** headings and titles are for convenience only and do not affect its interpretation;
  - 1.2.3** the singular includes the plural and vice versa;
  - 1.2.4** words denoting any gender shall include the other genders;
  - 1.2.5** “**assets**” means property or assets of any nature and includes all or part of any present and future business, undertaking, real property, personal property, uncalled capital, revenues and any rights of every description (whether actual or contingent, present or future) to receive, or require delivery of, any of the foregoing;
  - 1.2.6** any reference to SCSB’s “**discretion**” shall be construed to refer to SCSB’s “**sole and absolute discretion**”; any determination to be made by SCSB or any exercise by SCSB of any rights or entitlement may be made at SCSB’s sole and absolute discretion and, in every case, shall be conclusive and binding on the Customer; and the word “**includes**” or “**including**” as used in this Agreement shall be construed to mean “**includes without limitation**” or, as the case may be, “**including without limitation**”; and
  - 1.2.7** “**person**”, “**he**” or “**him**” includes any individual, company, corporation, firm, partnership, joint venture, association, organisation, trust, state or agency of a state (in each case, whether or not having separate legal personality).

## **2 SCOPE AND PREVALENCE**

- 2.1** This Agreement governs the opening and operation of the Account, the provision of the Services by SCSB to the Customer and the entry into of Transactions.
- 2.2** All Transactions entered into under this Agreement between SCSB and the Customer form a single agreement between SCSB and the Customer.
- 2.3** SCSB may introduce and provide new Services from time to time. The Customer will receive notification of any new terms and conditions governing such Services which may be introduced. Such terms and conditions will supplement and form part of this Agreement and will be binding on the Customer. The Customer agrees to comply with such terms and conditions to the extent applicable.
- 2.4** Unless otherwise indicated:
  - 2.4.1** in case of inconsistency between the provisions in the General Terms in Part One and the provisions in other Parts in this Agreement, the provisions in the other Parts shall prevail;
  - 2.4.2** in case of inconsistency between this Agreement and any other agreement entered into between SCSB and the Customer from time to time, (including, without limitation, the general account terms between SCSB and the Customer), where such inconsistency relates to the Account, Transactions or Services, then this Agreement shall prevail, otherwise such other agreement shall prevail; Where there is no inconsistency, this Agreement may be read in conjunction with such other agreement entered into between SCSB and the Customer from time to time,

(including, without limitation, the general account terms between SCSB and the Customer);

- 2.4.3 in case of inconsistency between this Agreement and any offering document, term sheet, or documentation pertaining to a particular Transaction or Service, the offering document, term sheet, or documentation of that Transaction or Service shall prevail; and
  - 2.4.4 in case of inconsistency between this Agreement and any Services Document or Security Document, the Services Document or Security Document (as the case may be) shall prevail.
- 2.5 This Agreement, and accordingly the Account, all Services and all Transactions, are subject to Applicable Laws. To the extent that any provision of Applicable Laws conflicts with any provision of this Agreement and such provision of Applicable Laws cannot be varied contractually, such provision of Applicable Laws shall prevail in relation to such conflict.

### **3 PROVISION AND AVAILABILITY OF SERVICES**

- 3.1 Subject to the terms and conditions in this Agreement, SCSB may (but is not obliged to) from time to time open and maintain any Account for the Customer and provide the Customer with execution, clearing and settlement services, custody services and any other services as agreed between SCSB and the Customer from time to time.
- 3.2 Notwithstanding the entry into of this Agreement, SCSB has no obligation to open an Account for, provide any Service to, or enter into any Transaction for or with, the Customer or on the Customer's behalf, and SCSB may refuse to do so. No reasons for any refusal, termination or discontinuance need to be given to the Customer. SCSB may require the Customer to sign additional documentation (including providing sufficient margin and signing or procuring a Security Party to sign Security Documents) in order to open an Account, provide any Services or enter into Transactions.

### **4 AUTHORISED PERSONS**

- 4.1 Subject to SCSB's approval, which may be withheld at SCSB's discretion, the Customer may appoint Authorised Persons to give Instructions on the Customer's behalf regarding any Account, Transaction or Service by providing a written power of attorney or such other form of authorisation as may be acceptable to SCSB. All acts of the Authorised Persons shall be binding on the Customer. SCSB will not be liable or responsible for any Losses provided that SCSB acts in accordance with any Instruction.
- 4.2 A list of specimen signatures of the Authorised Persons shall be filed with SCSB which shall remain in full force and effect until SCSB has received written notice of amendment or revocation. SCSB may ignore and disregard any notice of revocation of such authority not in form and substance satisfactory to it. The Authorised Persons may provide Instructions in relation to the operation of the Account, entry into of Transactions, any request for additional Services and all other matters in relation to the Account, Transactions or Services in any manner as the Authorised Persons think fit, and SCSB may act on all such Instructions. Unless SCSB otherwise agrees, all written Instructions must bear the signature(s) of the Customer or Authorised Persons in accordance with the specimen(s) available on SCSB's records.

## 5 INSTRUCTIONS AND TRANSACTIONS

### *Instructions*

- 5.1 The Customer shall give Instructions or other communication to SCSB in accordance with the Customer Terms. SCSB is authorised in its discretion to rely on such Instructions or communications.
- 5.2 The Customer will bear all risks, and no member of the Standard Chartered Group is or will be responsible or liable for Losses arising from Instructions or communications provided to SCSB by any means. In particular but without limitation, SCSB will not be responsible or liable for any Loss suffered or incurred as a consequence of (a) any failure or delay in executing an Instruction caused by circumstances beyond its reasonable control including delay or failure to read an Instruction, or (b) any delay in reading an Instruction given by telex, fax or e-mail.
- 5.3 An Instruction given to SCSB may not be cancelled, withdrawn or amended unless SCSB, in its discretion, decides otherwise. SCSB has no liability if it does not or is unable to stop or prevent the implementation of the initial Instruction.
- 5.4 SCSB may, in its discretion and without being required to give any explanation, refuse to accept or comply with any Instruction or reject or cancel any Instruction.
- 5.5 SCSB shall have no duty to assess the prudence or otherwise of any Instruction. Notwithstanding this, if SCSB determines that any of the Instructions or other circumstances may expose SCSB (whether directly or indirectly) to any Loss, SCSB may suspend the operation of any or all of the Accounts, the entry into any or all of the Transactions, the provision of all or any of the Services and/or require an indemnity from the Customer before continuing to operate the Account(s), carrying out any Transaction or providing any Service or complying with any Instruction.

### *Transactions*

- 5.6 SCSB may apply limits to Transactions, Services or Instructions of certain types or amounts. SCSB is not obliged to inform the Customer of these limits and any changes which SCSB may make to them. SCSB will not be liable to the Customer for not notifying the Customer of these limits and any changes thereto or any Losses arising from or in connection with the application of such limits.
- 5.7 SCSB reserves the right to debit from any account that the Customer maintains with the Bank at any time any cash or other assets that were credited to the Customer in error.

## 6 NO INVESTMENT ADVICE

- 6.1 This Clause 6 is subject to any express agreement from time to time entered into between SCSB and the Customer in writing to the contrary.
- 6.2 SCSB does not provide investment advice to the Customer and SCSB does not act as the Customer's adviser in relation to the Account, any Investment Product, any Transaction and any Service.
- 6.3 Without prejudice to the generality of Clauses 6.1 and 6.2 above, if SCSB provides any information on the Account, Investment Products (or the relevant reference underlying), Transactions, Services or markets such as research, reports, market trends, investment

analysis, commentary or internal ratings upon the performance of selected companies, assets, interest rates, exchange rates and/or indices, the Customer represents, warrants and fully understands (which representations and warranties shall be deemed repeated on each date the Customer enters into a Transaction or accepts the provision of Service or otherwise provides an Instruction of any kind to SCSB and on a continuous basis for so long as the Customer has any Account or any outstanding Service or Transaction with SCSB) and agrees that this should not be construed as:

- 6.3.1 any endorsement of the Investment Products (or the relevant reference underlying), Transactions, Services or markets;
- 6.3.2 a representation that SCSB has performed any due diligence on the Investment Products (or the relevant reference underlying), Transactions, Services or markets;
- 6.3.3 a recommendation or an investment advice;
- 6.3.4 SCSB acting as the Customer's adviser or fiduciary;
- 6.3.5 information which the Customer can or may rely on in connection with his investment decision; or
- 6.3.6 a representation by SCSB that the information in the materials is complete, accurate, clear, fair and not misleading (as SCSB does not make any representation with respect to the contents of the materials),

and the Customer should seek his own independent advice as to the suitability of any Investment Product, Transaction or Service as he considers appropriate. The use of or reliance on any such information is at the Customer's own risk. SCSB is not responsible or liable for the accuracy and completeness of any such information, the performance of any Investment Product, or the outcome of any Transaction or Service.

**6.4** The Customer agrees and acknowledges that:

- 6.4.1 the Customer shall be solely responsible for making his own independent investment decisions;
- 6.4.2 all decisions on how to operate the Account, whether to enter into, invest in, hold or dispose of any Investment Product, and whether to enter into any Transaction or to accept a Service, are the Customer's; and
- 6.4.3 the Customer does not rely on SCSB, any of its Affiliates, Agents or nominees or any of their directors, officers or employees, or on any research, information, representation, advice, recommendation, view, opinion or other statement (in each case whether written or oral) produced or provided by any of the abovementioned persons in making any investment decision. The Customer has made and will make his own independent assessment of the Investment Products, Transactions and Services in terms of value, merit, suitability, effects or otherwise.

**6.5** Without prejudice to any provision of this Clause 6:

- 6.5.1 SCSB is not obliged to give investment advice or make recommendations and, notwithstanding that SCSB may do so on request by the Customer or otherwise, such investment advice or recommendations are given or made diligently and with reasonable care based on analyses and available alternatives SCSB should reasonably know to exist (and the Customer acknowledges and agrees that it is so given or made) without any responsibility on the part of SCSB; and

**6.5.2** the Customer acknowledges and agrees that the Customer is aware that SCSB does not hold out any of its Agents, directors, officers or employees as having any authority to advise the Customer and SCSB does not purport to advise the Customer on the terms of, or any other matters connected with, the Account, any Investment Product, Transaction or Service.

**6.6** None of this Agreement, the Account, any Service or Transaction or, to the extent applicable, any investment advice provided by SCSB to the Customer, shall give rise to any fiduciary or other equitable duties on the part of SCSB.

## **7 COMPLIANCE WITH LAWS**

**7.1** SCSB and its Affiliates may take any action in accordance with or in order to comply with any Applicable Laws (including the laws, regulations, notices and directions of public and regulatory authorities which relate to the prevention of money laundering, terrorist financing and the provision of financial and other services to any persons or entities) as it deems appropriate.

**7.2** The Customer undertakes to comply with Applicable Laws at all times. The Standard Chartered Group has no obligation to monitor or ensure the Customer's compliance with Applicable Laws including any restrictions on the powers to operate the Account, any restrictions in relation to investments, the authority and capacity of the Customer to open, maintain or operate the Account, to enter into any Transaction, to accept the provision of Services or to give Instructions or otherwise to act in connection with the Account, any Transaction or Service.

## **8 PAYMENTS**

**8.1** All payments by SCSB to the Customer under any Transaction or Service shall be made to the Account or any one of the Customer's accounts maintained with the Bank or by such other means, in each case, as SCSB shall determine in its discretion.

**8.2** All payments by the Customer to SCSB under any Transaction or Service shall be made either by:

**8.2.1** deductions from the Account or any one of the Customer's accounts with the Bank as authorized by the customer or as determined by SCSB in its sole and absolute discretion; or

**8.2.2** payment to an account designated by SCSB, or by such other means as may be notified to the Customer from time to time. All such payments shall be made in full in immediately available and freely transferrable funds without set-off or counterclaim or any restriction or condition, free and clear of and without withholding or deduction of any taxes, charges or fees of any nature now or hereafter imposed or howsoever arising. If the Customer is or becomes required by Applicable Laws to make any such withholding or deduction from any payment, then the Customer shall pay to SCSB, in addition to the payment to which SCSB is otherwise entitled under any Transaction or Service, such additional amount as is necessary to ensure that the net amount actually received by SCSB will equal the full amount SCSB would have received had no such deduction or withholding been required.

**8.3** The Customer shall be responsible for all risks and expenses in connection with any payment under any Transaction or Service. Any expenses in connection with the making of payments under any Transaction or Service will be paid by the Customer.

- 8.4** If, on any date, amounts are due and payable by each of SCSB and the Customer to the other in the same currency in respect of any one or more Transaction and/or Service, such amounts shall be automatically satisfied and discharged and only the net amount owing on that day shall be paid by the party owing the larger amount to the other party.
- 8.5** SCSB may charge interest in respect of any sums due to SCSB and unpaid at such rates as SCSB may determine until all such sums are fully paid, as well before as after judgment.
- 8.6** Any discharge of the obligations of the Customer or any Security Party by SCSB shall be deemed to be made subject to the condition that it will be void to the extent that any security, disposition or payment to SCSB by the Customer, such Security Party or any other person is set aside, avoided or reduced pursuant to any provision or enactment relating to the bankruptcy, liquidation, reorganisation or otherwise of the Customer, such Security Party or such other person (whether as an unfair preference or otherwise) or proves otherwise to have been invalid. In such event, the Customer and such Security Party shall make good to SCSB upon demand such amount as shall have been set aside, avoided or invalidated as aforesaid, and SCSB shall be entitled to enforce these indemnities against the Customer or such Security Party subsequently as if such discharge had not occurred.
- 8.7** In the event of any limitation on the use of funds or any unavailability or non-payment of funds due to Exchange restrictions, inconvertibility, governmental restriction or any other cause beyond the control of SCSB, SCSB may:
- 8.7.1** discharge its obligations by paying the Customer or to the Customer's order such funds at any time (whether before, on or after maturity), in any currency and in such manner as SCSB may determine in its discretion. For the purpose of this Clause 8.7.1, the funds shall be calculated at such exchange rate as SCSB may determine in its discretion; or
  - 8.7.2** with notice to the Customer, take action to appoint a successor in another jurisdiction, transfer the Customer's assets to another jurisdiction, change the Governing Law(s) of this Agreement, terminate the Account, the provision of Services and/or Transactions at the Customer's cost or take any other action that SCSB considers expedient.

## **9 FEES AND EXPENSES**

- 9.1** SCSB will charge fees and commissions in respect of the Account, Services and Transactions in accordance with the relevant provisions in the Customer Terms and notified to or otherwise agreed with the Customer from time to time.
- 9.2** Without limitation to SCSB's rights under Clause 11, Clause 21, Clause 22 and Clause 23 of Part One of this Agreement, the Customer shall on demand indemnify SCSB against, and SCSB may at any time debit the Account with, all costs and expenses incurred in connection with the operation of the Account, any Service provided or any Transaction effected (including costs and expenses incurred in unwinding any Transaction in accordance with an Instruction or this Agreement), and expenses incurred in the enforcement of SCSB's rights or the recovery of any amount due to SCSB.
- 9.3** The Customer acknowledges and agrees that a member of the Standard Chartered Group may receive remuneration, fees, benefit in-kind, soft commissions, trailer commissions, and other selling or placing commission (howsoever designated) ("**Benefits**") from any person arising out of or in connection with the operation of the Account, any Transaction or any



provision of Services to the Customer (including representatives of any issuer of Investment Products or any other person whatsoever in respect of which it provides information to the Customer), and such member of the Standard Chartered Group is entitled to retain such Benefits for itself and shall have no obligation to account to the Customer for all or any part of such Benefits. A member of the Standard Chartered Group may also share charges and commission with its affiliates or third parties in respect of the Account, Transactions or Services.

## 10 CURRENCY

- 10.1** SCSB may without prior notice to the Customer, make any currency conversions it considers necessary or desirable for the purpose of complying with its obligations or exercising its rights under or in connection with this Agreement, the Account, any Transaction or Service. Any such conversions will be effected by it in such a manner and at such rates as it may at its discretion determine having regard to the prevailing rates for freely convertible currencies.
- 10.2** All foreign currency exchange risk arising from any Transactions with or for, or Services provided to, the Customer or from the compliance by SCSB with its obligations or the exercise by it of its rights under this Agreement or in relation to the Account shall be borne by the Customer. The Customer acknowledges that the conversion of currency is ancillary to the Services only and SCSB shall not be liable for any Losses arising from such conversion.

## 11 COLLATERAL

- 11.1** Collateral may be required by SCSB for the operation of the Account and/or certain Transactions or Services.
- 11.2** As security for the Liabilities, the Customer and/or Security Party shall maintain at all times sufficient Collateral as determined by SCSB in its discretion from time to time. SCSB may require, from time to time, additional Collateral to meet the requirements for security or collateral prescribed by SCSB from time to time (the “**Collateral Requirement**”) for the operation of the Account and/or the relevant Transactions or Services.
- 11.3** Any such Collateral may be a combination of cash and/or securities or other forms of Collateral acceptable to SCSB in its discretion. Notwithstanding the foregoing, any discount formula applied or the acceptability of any Collateral may be changed at any time and from time to time at SCSB’s discretion.
- 11.4** In the event that the Collateral provided is, in the sole opinion of SCSB, no longer acceptable or sufficient to meet the Collateral Requirement, SCSB may take such action as SCSB in its discretion deems fit, including realising such part or all of the Collateral as SCSB deems necessary to satisfy the Liabilities without notice to or consent from the Customer or the Security Party. Without prejudice to the foregoing, if SCSB in its discretion deems appropriate, SCSB may (in addition to or instead of exercising, inter alia, its power of realisation aforesaid) require the Customer and/or the Security Party to deposit, within such time as SCSB thinks fit, additional Collateral acceptable to SCSB to meet the Collateral Requirement.
- 11.5** The Customer shall, and shall procure that each Security Party shall, immediately upon demand by SCSB and at the Customer’s expense (including the payment of any legal

charges and fees incurred by SCSB), make, execute, do and perform all such further assurances, instruments, acts or things as SCSB shall from time to time require to perfect, protect or enforce the Collateral or any part thereof and SCSB's title to the security thereby constituted or intended to be constituted by the Collateral, and to give effect to any of the rights conferred on SCSB, including any assignments and rights of subrogation.

- 11.6** The Customer shall not, and shall procure that the Security Party will not, sell, transfer, assign, encumber, pledge, create any mortgage or charge or other security interest (other than any security interest granted by the Customer in favour of SCSB and/or its Affiliates under this Agreement or otherwise) over, dispose of or otherwise deal with the Collateral or any part thereof or any interest therein. The Customer agrees that SCSB shall not be liable for any Losses due to or in connection with the restriction under this sub-clause on the Customer from doing any of the foregoing acts.
- 11.7** SCSB may, upon the enforcement of its rights, sell, dispose of, realise or otherwise deal with the Collateral as the Customer's agent or as mortgagee or pledgee thereof, as the case may be, as SCSB may at its discretion deem fit without incurring any liability whatsoever or howsoever.
- 11.8** Subject to the Applicable Laws the Customer grants SCSB the right to pledge, repledge, hypothecate, rehypothecate, invest or loan, either separately or with the property of other clients, to either itself as broker or to others, any Investment Product or other assets held by SCSB on margin for the Account or as Collateral thereof, without notice to the Customer and without any obligation to pay to the Customer, or to account to the Customer for, any interest, income, or benefit that may be derived therefrom.
- 11.9** Any Collateral provided by the Customer may, at SCSB's discretion, be regarded as meeting the Collateral Requirement in respect of more than one Transaction or Service at any time.

## **12 STATEMENTS**

SCSB shall provide the Customer with statements in accordance with the relevant provisions in the Customer Terms.

## **13 APPOINTMENT OF AGENTS**

- 13.1** SCSB may employ or utilise Agents and delegate to any such Agent the performance of any of SCSB's duties and exercise of any of SCSB's rights under this Agreement.
- 13.2** Without limiting the generality of Clause 13.1 above, SCSB may appoint any Agent to take delivery and to be registered as nominee of any of the Customer's assets in any part of the world.
- 13.3** SCSB will use reasonable care in the selection of the Agents, but will not otherwise be liable for any act or default of any Agent (including its bankruptcy or insolvency), non-delivery, loss or destruction of any Security or an item in transit or in the possession of others, or any Loss incurred by the Customer in connection therewith

## **14 CONFLICTS OF INTEREST**

- 14.1** The Customer acknowledges that SCSB and/or any Affiliate may from time to time have an interest, relationship or arrangement that could be material and/or could give rise to a



conflict of interest in relation to the Customer. In particular, the Customer acknowledges that the Standard Chartered Group may:

- 14.1.1 be the issuer of any Investment Product, including without limitation, Investment Products which are of the same type and/or class and are traded in the same market as any Investment Product held in or for the Account, Investment Products with the same underlying assets as any Investment Product held in or for the Account;
  - 14.1.2 combine the Customer's orders with its own orders or the orders of other customers;
  - 14.1.3 effect Transactions for or provide Services to the Customer through the agency of and/or with a counterparty which is a related organisation or a person otherwise associated with it;
  - 14.1.4 have a position or a direct or indirect interest in any Investment Product;
  - 14.1.5 have bought or sold or may buy or sell any Investment Product as principal or for its other Customers; or
  - 14.1.6 have other banking, advisory or any other business relationships with companies whose Investment Products are held for the Account or are purchased and sold for the Customer or whose Investment Products form part of the underlying assets of Investment Products held for the Account or purchased and sold for the Customer, and the Standard Chartered Group's officers and directors may be officers and directors of such companies.
- 14.2** Where permitted by Applicable Laws, the Customer agrees and acknowledges that:
- 14.2.1 the Standard Chartered Group, its officers, employees and representatives shall be permitted to act in any capacity for any other persons and trade for their respective own accounts provided that any such trading is done in accordance with the policies laid down from time to time by the Standard Chartered Group;
  - 14.2.2 SCSB may, at its discretion and without prior disclosure to the Customer, make payments out of the fees, commissions and/or spreads which the Customer pays to SCSB to any other members of the Standard Chartered Group and their respective officers, employees and representatives, including those who may be primarily responsible for managing the Account(s), effecting the Transactions, providing the Services or advising the Customer; and
  - 14.2.3 SCSB may in its discretion determine the priority of execution of the Customer's orders.
- 14.3** SCSB shall not be under any obligation to disclose to the Customer any fact or thing which may come to the notice of SCSB in the course of providing services to others in any other capacity or in any manner whatsoever.

## **15 JOINT ACCOUNTS**

Where an Account is opened in the name of more than one person, the operation of such joint accounts, including without limitation, any Transaction entered into or Service provided in relation to such Account shall be governed in accordance with the provisions in the Customer Terms.

## 16 PARTNERSHIP ACCOUNTS

- 16.1** If the Customer is, and an Account is opened in the name of, a partnership, the Customer shall notify any change or changes in the name of the partnership or in the members of the partnership or in the constitution of the partnership to SCSB. Any such change shall not affect the Liabilities of the Customer or any partner in relation to the Account, any Transaction or Service. All partners for the time being, on a joint and several basis, shall be bound by this Agreement, the Services Documents and the Security Documents. Any person who stops being a partner of the Customer for any reason shall remain liable, on a joint and several basis, for the Liabilities of the Customer which have accrued up to and including the date that such person ceases to be a partner of the Customer.
- 16.2** Each partner hereby authorises SCSB at any time and without notice to combine or consolidate all or any accounts whether in any partner's individual name or in the name of the partnership with any Liabilities of the Customer to SCSB and set off or transfer any sums standing to the credit of any one or more of such accounts in or towards satisfaction of any Liabilities of the Customer to SCSB.
- 16.3** SCSB can treat any partner as having full authority to singly act or give any Instruction on the Customer's behalf and as an Authorised Person for the purpose of this Agreement until SCSB has received written notice of such person's retirement or resignation as a partner.
- 16.4** If SCSB receives Instructions from any one or more of the partners which, in SCSB's opinion, contradicts the Instructions of any other partner(s), SCSB will be entitled, upon notice being given to any one partner, to thereafter act only on the unanimous Instructions of all partners and/or take such action as SCSB deems fit.
- 16.5** Any demand or notice given by SCSB to any one partner shall be deemed to be a demand or notice given to all the Customer's partners.

## 17 TRUST ACCOUNTS

- 17.1** Where the Customer is acting in the capacity of a trustee of a trust (the "**Trust**") SCSB will deal with the Customer and be entitled to deal with the Customer as SCSB's customer as if there were no trust constituted or subsisting.
- 17.2** The Customer is required to provide SCSB with such information on the Customer, the Account, Transactions or Services, as may be required by SCSB or any regulatory or governmental authority. If the Customer cannot disclose such information due to the confidential nature of such information, the Customer must:
- 17.2.1** provide SCSB with undertakings in form and substance satisfactory to SCSB and in relation to such matters as SCSB may from time to time require; and
  - 17.2.2** upon SCSB's request, promptly provide SCSB with information and documents relating to the Customer's clients.
- 17.3** At SCSB's written request, the Customer shall provide SCSB with a certified copy of the most updated trust deed or other document(s) constituting the Trust. SCSB shall be

deemed not to have knowledge whether actual or constructive or otherwise of provisions in the document constituting or evidencing the Trust.

- 17.4** The Customer represents and warrants to SCSB (which representations and warranties shall be deemed repeated on each date the Customer enters into a Transaction or accepts the provision of Service or otherwise provides an Instruction of any kind to SCSB and on a continuous basis for so long as the Customer has any Account or any outstanding Transaction with, or is granted any Service by, SCSB) that:

**17.4.1** the Trust is validly constituted in accordance with all Applicable Laws; and

**17.4.2** all necessary steps have been taken, all discretions have been properly exercised and the Customer has the power to:

- (i) open and operate each Account and apply for each Service; and
- (ii) enter into each Transaction, this Agreement, the Services Documents and the Security Documents,

under Applicable Laws and, where the Customer is not an individual trustee, the Customer's constitution or the trust deed or instrument constituting the Trust (where applicable).

- 17.5** If required by SCSB, the Customer will provide SCSB with a legal opinion (in form and substance acceptable to SCSB) to confirm the above.

- 17.6** Any liability of or indemnity given by the Customer or any of the Customer's other obligations under this Agreement shall be on the basis that SCSB has full recourse to all the assets of the Trust as well as any and all amounts standing to the credit of the Account.

- 17.7** The Customer agrees that, even though the Customer is acting as trustee, the Customer will be personally liable in respect of any Liabilities for which the Customer has no right to be indemnified from the assets of the Trust or where SCSB has no right to be subrogated to such right of indemnity, or in respect of any breach by the Customer of any of the Customer's representations or warranties above or any of the terms of this Agreement, any of the Services Documents or any of the Security Documents.

- 17.8** SCSB will not be liable to the Customer and the beneficiaries of the Trust for any Losses arising from or in connection with its having executed or otherwise relied on Instructions that were given by the Customer, whether in breach of trust, duty or any lack of capacity, authority or power.

- 17.9** The Customer agrees that SCSB is entitled but not obliged to treat the Customer as trustee of a trust and to treat the Account as a trust Account to be governed by this Clause 17 even if the Customer has not opened the Account on the basis, or expressly instructed or informed SCSB, that the Account is held in trust.

## **18 INCAPACITY OF CUSTOMER**

- 18.1** The Customer's incapacity shall not terminate any Account or authority given to any of the Authorised Persons, or affect any Instructions until notice of the incapacity of the holder of the Account (or a Joint Account Holder) has been actually received by SCSB. Prior to actual receipt of such notice, SCSB shall be held harmless from acting in respect of the Account.

- 18.2** SCSB will not be responsible for any Losses resulting from the disability or incapacity of whatever nature on the part of the Authorised Person or representative or other third party.
- 18.3** SCSB may debit the credit balance in any Account for the amount of all costs and expenses (including legal fees on a full indemnity basis) reasonably paid or incurred by SCSB or its Agents with respect to:
- 18.3.1** any of the Customer's assets or Account (including its termination) or otherwise in respect of Transactions or Services; or
  - 18.3.2** the transfer of the assets and balance in the Account to:
    - (i) the Customer's successor(s) or personal representative;
    - (ii) the survivor(s) of a joint Account; or
    - (iii) any other person legally entitled to such balance or assets.

## **19 REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS**

- 19.1** The Customer represents and warrants to SCSB as follows (which representations and warranties shall be deemed repeated on each date the Customer enters into a Transaction or accepts the provision of Service or otherwise provides an Instruction of any kind to SCSB and on a continuous basis for so long as the Customer has any Account or any outstanding Service or Transaction with SCSB):
- 19.1.1** the Customer has full capacity, authority and legal right to open and maintain the Account, to enter into and engage in the Transactions and/or accept the provision of the Services and has taken or obtained all necessary action and consents to authorise the Customer's entry into and performance of the Customer's obligations in respect thereof in accordance with all Applicable Laws;
  - 19.1.2** no litigation, arbitration or administrative proceeding is currently taking place or pending or threatened against the Customer or the Customer's business or assets;
  - 19.1.3** this Agreement and any Services Documents and Security Documents constitute legal, valid and binding obligations of the Customer enforceable against the Customer in accordance with their respective terms;
  - 19.1.4** the opening and maintenance of each Account, the utilisation of the Services by the Customer, the entering into of the Transactions by the Customer, the Instructions given to SCSB and the performance by the Customer of the Customer's obligations will not contravene any Applicable Laws applicable to the Customer or of the location or market or local regulatory bodies where any Account is opened or any Services and investments and trading or other Transactions are effected nor constitute a breach of any of the Customer's other contractual obligations (such as lock-up agreements);
  - 19.1.5** the Customer has the capacity to operate the Account and to evaluate each Transaction and Service (including decisions regarding the appropriateness or

suitability of each Transaction and Service) and has made and will make its own decision to operate the Account and to enter into each Transaction and Service based upon its own judgment and upon advice from such professional advisers as he has deemed necessary to consult;

- 19.1.6 the Customer is not relying on any advice (whether written or oral) of SCSB regarding the Account, any Transaction or Service, and SCSB is not acting as fiduciary or advisor to him in connection with the Account, any Transaction or Service;
  - 19.1.7 no event or circumstances which constitute or which, with the giving of notice or lapse of time or both, would constitute an Event of Default has occurred;
  - 19.1.8 all information supplied by the Customer to SCSB in connection with this Agreement, the Account, the Services and the Transactions is true, complete and accurate in all respects;
  - 19.1.9 save as otherwise agreed by SCSB in writing, the Customer is the beneficial owner of the assets held in each Account and has maintained and will maintain unencumbered and absolute title to such property which is free from all charges, equities, liens and encumbrances (except as provided herein);
  - 19.1.10 any monies held in each Account or used in connection with any Transaction or Service are not in any way derived from money laundering or criminal activities;
  - 19.1.11 the Customer will at all times maintain complete and exclusive control of the Account, and will exclusively give Instructions (where applicable, through the Authorised Person(s)) with respect to the purchase, sale and delivery of any assets in the Account, the acceptance and utilisation of the Services or the entry into of the Transactions and, unless otherwise expressly agreed with SCSB, the Customer (where applicable, through its Authorised Person(s)) is the only person that is ultimately responsible for originating an Instruction in relation to the Account, any Transaction or Service and that stands to gain the commercial or economic benefit of the Account, any Transaction or Service and/or bear its commercial or economic risk;
  - 19.1.12 the Customer acknowledges that Applicable Laws of certain jurisdictions impose offer restrictions on individual clients who are either nationals of or are domiciled in certain countries, and/or prohibit the source of funds for investment in a foreign currency or transaction in which the underlying is foreign currency or certain types of Investment Products of certain countries. The Customer also acknowledges that the selling restrictions mentioned above may also apply to foreign currency and transactions entered into by the Customer's nominee or corporations that are controlled by the Customer. The Customer hereby expressly represents and warrants to SCSB that the Customer shall be responsible for ensuring that each investment in foreign currency and Transaction is in compliance with the applicable requirements in respect of the Customer's domicile/nationality and the source of funds;
  - 19.1.13 no deduction or withholding (whether on account of taxes or otherwise) will be required to be made under any Applicable Laws applicable to the Customer from any payment or delivery to be made by the Customer under any Investment Product; and
  - 19.1.14 the Customer is a qualified buyer within s117 Securities Market Order and specifically an accredited investor as defined by s20(1)(a) Securities Market Order.
- 19.3** The Customer agrees and undertakes with SCSB as follows:

- 19.2.1 to effect or procure that there are effected all stamping, filing or registration of all documents (including any Security Documents) which may be required under the laws of any relevant jurisdiction;
  - 19.2.2 to furnish such financial information to SCSB promptly as it may request from time to time;
  - 19.2.3 to immediately and in any event within one day of the occurrence of an Event of Default or Potential Event of Default notify SCSB of the occurrence of such Event of Default or Potential Event of Default, setting forth the details of the same and the action the Customer proposes to take with respect thereto;
  - 19.2.4 to immediately inform SCSB of any changes to the representations and warranties provided by the Customer in this Agreement or in any Services Document or Security Document, or in the event that such representations or warranties are no longer accurate or correct;
  - 19.2.5 on request by SCSB, to do or procure the doing of all such acts and things and execute or procure the execution of all such instruments and documents as SCSB may in its discretion consider necessary or desirable for giving full effect to this Agreement or any Services Document or Security Document, the operation of the Account, any Services, Instructions or Transactions or for securing to SCSB the full benefits of all rights, powers and remedies conferred upon SCSB thereunder;
  - 19.2.6 to assume responsibility for any disclosure of any holdings or other interest in any Investment Product required under any Applicable Laws;
  - 19.2.7 where the Customer is a company or a corporation, to provide a written mandate and a certified copy of a board resolution to SCSB in such form satisfactory to SCSB; and
  - 19.2.8 to ensure that each Security Party will abide *mutatis mutandis* by the foregoing representations, warranties and undertakings.
- 19.3 The Customer agrees and undertakes to notify SCSB in the event of any material change to the information provided by him in, or pursuant to, this Agreement. Any change to the information provided by the Customer shall only take effect upon receipt of such notification by SCSB.

## 20 DISCLOSURE OF CUSTOMER INFORMATION

- 20.1 Unless otherwise stated, the Customer must supply information relating to the Customer (including personal data), the Account, the Transactions and Services (collectively, the “**Customer Information**”) as requested by SCSB. If the Customer does not supply the Customer Information, it may not be possible for SCSB to maintain the Account, provide the Services or enter into any Transaction. The use of Customer Information shall be governed in accordance with the provisions in the Customer Terms.
- 20.2 This Clause 20 shall survive the termination of this Agreement.

## 21 SET-OFF AND COMBINATION OF ACCOUNTS

- 21.1** SCSB or its Affiliates shall be entitled to withhold or not repay any amount which is or may hereafter be owing from it or its Affiliates to the Customer or any monies which it or its Affiliates may hold, now or hereafter, for the account of the Customer, unless and until the Customer shall have discharged in full the Liabilities.
- 21.2** SCSB or any Affiliates shall be entitled, without prior notice to the Customer, to combine or consolidate any or all of the Account or accounts which SCSB or any Affiliates may hold for the Customer, now or in the future, and set-off any Liabilities against any amounts due to the Customer, any monies held on behalf of the Customer or any outstanding Transaction or Service in which the Customer is in the money, either individually or jointly with others, or to which the Customer is beneficially entitled, including any monies held on trust or in the trust account for the Customer, whether the debts are actual or contingent or joint or several and irrespective of any difference in currency. For the avoidance of doubt, where the Liabilities are not in the same currency as the relevant monies to be set off, SCSB may make any currency conversions it considers necessary or desirable.
- 21.3** The credit balance in the Account or any of the Customer's accounts with SCSB or any Affiliates shall be deemed to have been automatically set-off against the Liabilities immediately prior to the occurrence (whether or not such occurrence is known to the Customer or SCSB) of any event which may otherwise affect SCSB's right to effect a set-off including:
- 21.3.1** any assignment or charge on or any dealing in respect of the funds in the Account or accounts and the assets with SCSB and the Customer's assets or undertaking with any of the Affiliates, except in SCSB's favour or in favour of any of the Affiliates;
  - 21.3.2** an order of any court directing payment by SCSB to a third party or attaching or garnishing the credit balance in any Account or accounts or the assets with SCSB or the Customer's assets or undertaking with any of the Affiliates;
  - 21.3.3** a bankruptcy, judicial management or winding-up petition or other similar process is presented or a resolution is passed to effect the same, in relation to the Customer; or
  - 21.3.4** upon the crystallisation of any floating charge created by the Customer and/or over the Customer's property, assets or undertaking.
- 21.4** If any obligation is contingent, unliquidated or unascertained, SCSB may set off in an amount estimated by SCSB in good faith to be the amount of that obligation. The Customer agrees that the amounts estimated are reasonable pre-estimates and not a penalty and that the Customer will not be entitled to recover any additional damages as a consequence of such estimates.
- 21.5** The terms of this Clause 21 and all of the rights of SCSB in this Clause 21 shall apply to, and be conferred on, each member of the Standard Chartered Group, all of which shall be entitled to enforce and enjoy the benefit of this Clause 21 to the fullest extent permitted by Applicable Laws.

## 22 CHARGE

- 22.1** As a continuing security for the payment and satisfaction on demand of all monies and Liabilities and the performance of all obligations hereunder which may be due now or in the



future, owing or incurred by the Customer to SCSB or any of its Affiliates, the Customer charges and agrees to charge in favour of SCSB and its Affiliates, with the intent that it shall take effect by way of first fixed charge, and assigns and agrees to assign absolutely to SCSB and its Affiliates all its present and future rights, title and interest in and to and pledges, the Charged Assets (the “**Charge**”).

- 22.2** The Customer shall from time to time on demand by or on behalf of SCSB, deposit and/or lodge with and/or transfer to SCSB (or as it may direct) all certificates or other documents evidencing title or any other documents relating to or connected with the Charged Assets, including without limitation, share or other certificates in respect of Investment Products together with duly executed instruments of transfer in blank or in favour of SCSB or such other person as it may direct.
- 22.3** During the continuance of the Charge, any withdrawal of the whole or any part of the Charged Assets by the Customer shall be subject to the approval of SCSB. The Charge may be discharged or released only upon SCSB’s prior written consent.
- 22.4** The Charge shall be a continuing security and shall remain in full force and effect until the Liabilities have been paid in full, notwithstanding the insolvency or liquidation or any incapability or change in the constitution or status of the Customer or any person or any intermediate settlement of account or other matter whatsoever. The Charge is in addition to, and independent of, any charge, guarantee or other security or right or remedy now or at any time hereafter held by or available to SCSB (whether or not documented under the Security Documents).
- 22.5** The Customer represents and undertakes that:
- 22.5.1** the Charged Assets are and shall remain in the sole beneficial ownership of the Customer free from all encumbrances and adverse interests;
  - 22.5.2** the Customer has full power, authority and legal right to grant the Charge in favour of SCSB and/or its Affiliates;
  - 22.5.3** the Charge constitutes legal, valid and binding obligations of the Customer enforceable in accordance with its terms;
  - 22.5.4** the Customer shall not be entitled to and will not withdraw nor attempt to encumber, transfer, assign or otherwise deal with or dispose of the Charged Assets except with SCSB’s prior written consent;
  - 22.5.5** the Customer will not take any action which might prejudice the effectiveness and enforceability of the Charge;
  - 22.5.6** upon demand from SCSB, the Customer shall deliver such further assets as shall be acceptable to SCSB for the purpose of further securing the Liabilities;
  - 22.5.7** the Charged Assets do not and will not include any property which the Customer is not able to validly and properly charge to SCSB and/or its Affiliates hereunder; and
  - 22.5.8** the Customer will do all acts and things as are necessary to enable and effect the creation and perfection of the Charge (including without limitation filing or registering with any relevant authorities such statements of prescribed particulars and/or other documents as may be required by any Applicable Laws) and/or the exercise of SCSB’s powers and rights under the Charge.
- 22.6** Neither the liability of the Customer nor the validity or enforceability of the Charge shall be prejudiced, affected or discharged by:
- 22.6.1** the invalidity or enforceability of any obligation or liability of the Customer to SCSB;



- 22.6.2 the insolvency or liquidation or any incapacity, disability or limitation or any change in the constitution, composition or status of the Customer;
  - 22.6.3 any change in the constitution or status of SCSB, any amalgamation or merger that may be effect by SCSB with any other company, or any transfer of the whole or part of the undertaking or assets of SCSB; or
  - 22.6.4 any other act, omission, event or circumstance which would or may but for this provision operate to prejudice, affect or discharge the Charge or the liability of the Customer hereunder.
- 22.7** In the event of the occurrence of any Event of Default specified in Clause 26, SCSB and any Affiliates shall be entitled to, without prior notice to the Customer, sell, realise, dispose of, or otherwise deal with, at their absolute discretion (but without being in any way responsible or liable for any Loss occasioned by the disposal), any of the Charged Assets and to deduct from the sale proceeds such amount as is necessary to pay, discharge and satisfy the Liabilities, indebtedness and expenses due and owing to SCSB and any Affiliates. Such power of sale or other disposal shall operate as a variation and extension of the power of sale conferred by any Applicable Laws.
- 22.8** The Charge may be enforced without SCSB first having recourse to any other security or rights or taking any other steps against the Customer or any other person.
- 22.9** A certificate made by any one or more of the officers of SCSB that a default has occurred and that the power of disposal has become exercisable shall be conclusive evidence of that fact in favour of any Purchaser. The Customer agrees to indemnify SCSB and its Affiliates on a full indemnity basis against any claim which may be made against SCSB or any of its Affiliates by any Purchaser by reason of any defect in title to such Charged Assets. “**Purchaser**” for the purposes of this Clause means such person to whom the Charged Assets are transferred pursuant to the disposal referred to in Clause 22.7 above.
- 22.10** Neither SCSB nor its Affiliates or Agents shall be liable to the Customer for any act, delay or failure to act on the part of SCSB and/or its Affiliates or Agents in respect of the Charge or the Charged Assets.
- 22.11** The Customer shall indemnify SCSB, and its Affiliates against all Losses incurred by him and/or any of them in respect of any matter or thing done or omitted relating in any way whatsoever to the Charge or the Charged Assets.
- 22.12** The Customer irrevocably and unconditionally appoints SCSB to be its attorney, and in its name or otherwise on its behalf, to sign, seal and deliver all deeds and instruments and do all things which may be required, or which SCSB shall think proper or expedient, for carrying out any obligations of the Customer under this Clause 22, for exercising any of SCSB’s powers under this Clause 22, or for giving to SCSB the full benefit of the Charge. The Customer ratifies and confirms, and agrees to ratify and confirm, any deed, instrument, act or thing which SCSB may execute or do pursuant to this Clause 22.12.
- 22.13** Nothing in this Clause 22 shall restrict the operation of any general lien or other rights or lien whatsoever which SCSB or its Affiliates may be entitled to under the general law.

## **23 LIEN**

The Customer agrees that all Investment Products, monies and other assets and the proceeds thereof, which the relevant Standard Chartered Group entities (including SCSB

and its Affiliates) or Agents may hold for the Customer (whether in the possession of, or under the control or direction of, SCSB, its Affiliates or Agents) shall be subject to a lien in favour of the relevant Standard Chartered Group entities (including SCSB and its Affiliates) or Agents for the discharge of all or any Liabilities. The Customer shall not be entitled to withdraw any monies, Investment Products or such other assets as held by SCSB, its Affiliates or Agents pending the repayment in full of the Liabilities.

## 24 SUSPENSION

- 24.1** SCSB may, at its discretion, at any time without prior notice to the Customer and for any reason whatsoever, suspend operation of the Account or any Service or Transaction without liability.
- 24.2** SCSB shall not be liable or responsible for any Losses suffered or incurred by the Customer arising from any delay, failure or inability of SCSB or any Agent to discharge any of its obligations in connection with the Account and/or any Service or Transaction as a result of any reasons or causes beyond SCSB's or the Agent's control (including any breakdown of and/or failure of transmission of telecommunications or computer facilities, Exchange closure, industrial action, acts and regulations of any public, regulatory or governmental authorities or clearing houses or settlement systems or failure by any third party for any reason to perform its obligations, in the relevant market) or any suspension of the Account or Service or Transaction under Clause 24.1. In such circumstances, SCSB may extend the time for performance by SCSB by a period equal to that during which performance is so prevented or hindered.
- 24.3** Each of SCSB and the Customer will take reasonable steps which in its sole opinion is available to mitigate any adverse effects on the other party of the circumstances listed in Clause 24.1 or Clause 24.2 above.

## 25 LIABILITY AND INDEMNITY

- 25.1** Any action which SCSB may take or omit to take in connection with any Account, any Services, any Instructions or Transactions shall be solely for the account of the Customer and at the Customer's risk. None of SCSB, its Affiliates, Agents and any director, officer, employee or agent of any of the foregoing (each, an **"Indemnified Person"**) shall be liable for any Losses or for the acts of any Agent appointed by SCSB in good faith, or any other persons through whom Instructions are effected, save where the same arises directly from SCSB's gross negligence, wilful misconduct or fraud. Indemnified Persons shall be entitled to every exemption from liability, every defence and every indemnity to which SCSB is entitled save in the event of SCSB's gross negligence, wilful misconduct or fraud. Notwithstanding any provision of this Agreement, SCSB shall not at any time be liable for any indirect, special or consequential Losses, loss of profits, goodwill or reputation whether or not they were foreseeable or likely to occur and even if the Customer may have advised SCSB of the possibility of such Losses.
- 25.2** The Customer further agrees to fully indemnify and keep indemnified each Indemnified Person against any and all Losses which any Indemnified Person may suffer or incur as a result of (directly or indirectly) or in connection with:
- 25.2.1** any breach by the Customer of any provision of this Agreement (including without limitation any representation or warranty under this Agreement);

- 25.2.2 any breach by the Customer of his obligations in connection with any Account, Transaction or Service;
- 25.2.3 any failure by the Customer to comply with any Applicable Laws in respect of any Account, Transaction or Service; and/or
- 25.2.4 any Event of Default or any demand notice being given in connection with any Event of Default,

in each case, save for where the same arises directly from SCSB's gross negligence, wilful misconduct or fraud.

**25.3** Without limiting the generality of Clause 25.2 above:

- 25.3.1 notwithstanding any other provision of this Agreement, SCSB shall have no responsibility in respect of the performance or outcome of any Investment Product, Transaction, or Service. The Customer acknowledges that past performance of any investment or class of investments is no indicator of future performance;
- 25.3.2 SCSB shall not be responsible for, nor have any liability for Losses attributable to, incorrect or incomplete information in any prospectus or other offering, transactional or marketing materials prepared or issued by third parties other than SCSB or derived from such third party materials; and
- 25.3.3 the Customer agrees to indemnify each Indemnified Person against any Losses arising from or as a result of acting on any Instruction or other communication received by SCSB by any means which SCSB reasonably believes to have been given by the Customer or on the Customer's behalf, and the Customer agrees to be bound by and ratify any Transaction entered into, Service provided or action taken by SCSB as the result of such Instruction or communication.

**25.4** For the avoidance of doubt, this Clause 25 and all rights of SCSB hereunder shall apply and be available to each Indemnified Person regardless of whether the Losses or any part thereof were also caused by SCSB (other than Losses which result directly and solely from SCSB's gross negligence, wilful misconduct or fraud).

**25.5** For the avoidance of doubt, this Clause 25 shall not be construed to limit SCSB's liability to a greater extent than permitted by Applicable Laws.

## **26 EVENTS OF DEFAULT AND TERMINATION**

### ***Events of Default***

**26.1** Each of the following shall, as determined by SCSB in good faith, be an "**Event of Default**":

- 26.1.1 the Customer or any Security Party fails to comply with any provisions of this Agreement or any other agreement between the Customer and any member of the Standard Chartered Group or any Services Document or Security Document (including failure to provide sufficient or acceptable Collateral or margin when requested);
- 26.1.2 the Customer or any Security Party fails to pay, or make any delivery to, SCSB or any other member of the Standard Chartered Group on the due date or on demand (as the case may be) any sums of money, or of any asset, outstanding in respect of the Liabilities;

- 26.1.3** the Customer or any Security Party has become insolvent or bankrupt, or generally fails or is unable to pay any of his debts as they mature; any action has been instituted or any step is taken by or against the Customer or any Security Party for the purpose of the Customer or any Security Party entering into winding-up, liquidation, judicial management, bankruptcy, any scheme or arrangement, or any similar arrangement under any bankruptcy or insolvency law; or any order has been made by any competent court or any resolution is passed or any step is taken for the appointment of a liquidator, receiver, custodian, executor, judicial manager, administrator or trustee of the whole or any part of the Customer's or any Security Party's assets or business; any warrant of attachment is issued or any step is taken for such issuance by any competent court in any jurisdiction against all or any part of the Customer's or any Security Party's assets or business; or the Customer or any Security Party has entered into or any step is taken for the entry by the Customer or any Security Party into any scheme or arrangement or composition with his creditors;
- 26.1.4** in the case where the Customer or any Security Party is an individual or a partnership, the Customer or any of the partners or any Security Party dies or becomes mentally incapacitated or suffers some other form of legal disability or a judicial declaration of incompetence is made in respect of the Customer or any of the partners or any Security Party;
- 26.1.5** in SCSB's opinion, a material adverse change occurs in the financial or other condition of the Customer or Security Party or any change in the operating environment or any event occurs or circumstances arise which causes SCSB to believe that the Customer or any Security Party may not (or may be unable to) perform or comply with any one or more of his or their obligations;
- 26.1.6** any representation or warranty made or deemed to be made by the Customer (including without limitation the representations and warranties in Clause 7.2 and Clause 17.4 above) or any Security Party to SCSB is incorrect or misleading;
- 26.1.7** SCSB reasonably believes that the Customer or someone else is using any Account, entering into any Transaction or utilising any Service illegally or has otherwise breached any Applicable Laws;
- 26.1.8** any Event of Default (as specified in any other Services Document) or any analogous event occurs as determined by SCSB in good faith;
- 26.1.9** any event of default (howsoever described) with respect to the Customer or Security Party under any agreement, mortgage, indenture or instrument entered into by the Customer or Secured Party with any party, which results in any of the Customer's or Secured Party's indebtedness or liability becoming or becoming capable of being declared due and payable before the date on which it would otherwise have become due and payable, or if the Customer or Secured Party fails to pay any amount under any such arrangement when it falls due or upon demand;
- 26.1.10** where SCSB determines in its discretion that the exercise by SCSB of any powers conferred by Clause 26.2 is necessary for compliance with any Applicable Laws;
- 26.1.11** where SCSB in its discretion deems that (i) a situation has arisen which causes SCSB to believe that the Customer may not (or may be unable to) perform or comply with any one or more of his obligations, or (ii) it is desirable or prudent for

SCSB's own protection to take any action as referred to in Clause 26.2 below; and/or

26.1.12 any other matter or event arises including any legal or regulatory requirement, which in SCSB's discretion renders the triggering of an Event of Default necessary or advisable in SCSB's interests.

**26.2** At any time after the occurrence of an Event of Default, SCSB may (but is not obliged to) with or without notice to the Customer do any one or more of the following in its absolute discretion:

26.2.1 terminate this Agreement;

26.2.2 suspend or terminate any Account and/or the provision of any of the Services to the Customer;

26.2.3 close out and unwind any outstanding Transaction (including without limitation exercising its rights to determine the Close-out Amount in accordance with Clause 26.5 below), unwind any Transaction and cancel any outstanding order or other commitments made on behalf of the Customer;

26.2.4 borrow or purchase any Investment Product or assets required to make delivery on behalf of the Customer; and

26.2.5 in any manner sell, realise, dispose of or otherwise deal with, in such manner as SCSB may determine in its discretion, any Charged Assets or other assets held on behalf of the Customer by SCSB, its Affiliates or Agents (whether in the possession of, or under the control or direction of, SCSB, its Affiliates or Agents), and to cover any potential or actual expenses, legal fees and or claims brought by the Customer or any third party against SCSB, its Affiliates or Agents in connection with the Account, Transactions or Services.

For the avoidance of doubt, the occurrence of an Event of Default or SCSB's exercise of the rights in this Clause 26.2 shall not in any way affect the rights of SCSB under Clause 8.6, Clause 21 and Clause 23 above and the security interest granted by the Customer in favour of SCSB and the Affiliates under Clause 22 above or any Security Document.

**26.3** Upon the occurrence of any Event of Default, all Liabilities shall become immediately payable on demand, the Collateral and all other rights, powers and remedies of SCSB shall become immediately enforceable and SCSB shall become immediately entitled to exercise any and all of the same.

**26.4** SCSB's obligations under this Agreement to make a payment or delivery is subject to the condition precedent that no Event of Default or Potential Event of Default with respect to the Customer has occurred and is continuing.

**26.5** If an Event of Default has occurred, SCSB may (but is not obliged to) designate a close-out date (the "**Close-out Date**"). Upon the designation of a Close-out Date:

26.5.1 A "**Close-Out Amount**", if any, payable either by the Customer to SCSB or by SCSB to the Customer, as the case may be, will be payable on such date as SCSB shall determine after the Close-Out Date. The Close-out Amount will be determined by SCSB taking into account the following:

- (i) The Early Termination Amount for each outstanding Investment Product as of the Close-out Date or, if this would not be commercially reasonable, as of such date(s) as would, in SCSB's sole opinion be commercially reasonable.
- (ii) The amounts owing to each party as of the Close-out Date, being the aggregate of (a) the amounts that had become payable (or would have become payable) and (b) the amount(s) equal to the fair market value of each obligation which was deliverable (or would have been deliverable), each of which, but for the occurrence and/or continuance of an Event or Default or Potential Event of Default to such party on or before such Close-out Date and which remain unpaid or undelivered as at such Close-out Date.

**26.5.3** The Customer agrees that the amounts recoverable under this Clause are a reasonable pre-estimate of loss and not a penalty and that the Customer will not be entitled to recover any additional damages as a consequence of such losses.

**26.6** Notwithstanding Clauses 26.4 and 26.5, SCSB may at its absolute discretion elect to apply the net proceeds (after deduction of all fees, costs and expenses incurred in connection with the exercise of the powers hereinbefore conferred on SCSB) actually received by SCSB pursuant to the exercise of powers under Clause 26.2 in reduction of the Customer's then outstanding Liabilities in such order or manner as SCSB considers fit.

**26.7** The Customer hereby waives all claims and demands (if any) against SCSB in respect of any Loss, involuntary or otherwise, directly or indirectly arising from the exercise by SCSB of the powers conferred by the Agreement, howsoever such Loss may have been caused (other than through the gross negligence, wilful misconduct or fraud of SCSB), whether in relation to the timing or manner of the exercise of powers or otherwise.

### ***Termination***

**26.8** Notwithstanding any other provision of this Agreement, SCSB may at any time and from time to time vary or terminate any or all of the Transactions or the Services for any reason (whether there is an Event of Default or not) without prior notice to the Customer and SCSB reserves the right to require the Customer to repay immediately all outstanding amounts owed to SCSB (as determined by SCSB) under such Transactions or Services which have been terminated. SCSB may in addition close any Account with immediate effect upon giving the Customer notice.

**26.9** Unless otherwise provided in this Agreement, the Customer may terminate any Account, Transaction or Service upon giving SCSB prior written notice, provided such termination shall not discharge or affect any accrued, existing or contingent Liabilities and obligations of the Customer (including without limitation the obligation of the Customer to complete a Transaction or Service initiated prior to the date of termination).

**26.10** Termination shall not terminate or affect any of the representations, warranties and indemnities made by the Customer under this Agreement.

**26.11** The termination by the Customer or by SCSB of any of the Transactions, Services or Account provided pursuant to this Agreement shall not affect the provision of the remaining Transactions, Services and/or Account.

## **27 THE CUSTOMER'S RESPONSIBILITY**

**27.1** The Customer shall at all times exercise due care to prevent payment or other orders or instruments, Instructions, electronic aids, passwords, tests, codes or digital signatures from



coming into the possession of unauthorised persons and to prevent alteration in a manner which may facilitate fraud or forgery. The Customer shall notify SCSB immediately on discovering that any such items have been stolen, lost, misappropriated or mislaid, but such notification shall not relieve the Customer from his liability to assume and bear the consequences of the same. It is the Customer's duty to ensure Instructions are clear, correct and intelligible, and that they have been received and/or read, as applicable, by SCSB's officer designated to deal with the Account, to enter into the Transaction or provide the Service.

- 27.2** The Customer undertakes to consult with the Customer's own independent legal, regulatory, tax, financial, accounting and other advisors to the extent the Customer deems necessary in respect of the Account, any Transaction or Service (or any Transaction or Service that the Customer proposes to enter into with or through SCSB).
- 27.3** The Customer shall be responsible for all taxes, duties and charges (including but not limited to tax reporting and withholding obligations) of any kind arising pursuant to the Account, Transactions or Services conducted with or through SCSB. For the avoidance of doubt, in no event shall SCSB or any of its Affiliates and Agents or any director, officer, employee or agent of any of the foregoing be liable for any adverse tax implications in respect of the Account, any Transaction or Service.

## **28 RISK DISCLOSURE**

- 28.1** The Customer accepts all risks arising from its opening and maintenance of the Account, the entry into of any Transactions and the acceptance of any Services. The Customer's attention is drawn to and the Customer acknowledges that he has read and fully understood the Risk Disclosure Statement and all documents referred to therein. By opening and maintaining the Account, in accepting any Services and/or entering into any Transactions, the Customer acknowledges that he has made his own assessment and has relied on his own judgement.

## **29 AMENDMENT**

- 29.1** SCSB may vary or amend this Agreement and any Services Document and any Security Document at any time at SCSB's discretion by notifying the Customer of such variations or amendments at the address provided by the Customer to SCSB or by such other means as SCSB may deem fit. Any such variation or amendment shall take effect from such date as SCSB shall stipulate or, in the absence of express stipulation, upon notice being given to the Customer, without the need for any further consent or agreement by the Customer and shall be binding on the Customer even if the Customer has not received the notification from SCSB.

## **30 NOTICES AND COMMUNICATIONS**

- 30.1** Without prejudice to any other effective mode of dispatch, any report, statement, written confirmation, notice, demand or any other communication from SCSB to the Customer shall be deemed to have been sufficiently dispatched, given or made if:
- 30.1.1** left by personal delivery addressed to the Customer, at the address last known to SCSB at the time of delivery;
  - 30.1.2** by prepaid post similarly addressed, five days after posting;

- 30.1.3 communicated or transmitted to the Customer by telephone, telex, cable, telegraph or facsimile transmission at the respective numbers last known to SCSB, at the time of communication/ transmission;
  - 30.1.4 communicated by e-mail, on the date and time of transmission by the e-mail server operated by SCSB and/or its service provider, notwithstanding any non-delivery or "returned mail" reply message or any error message indicating that the e-mail was not successfully sent to the Customer's mailbox. The Customer will bear the risk of any non-delivery of e-mails from SCSB; and/ or
  - 30.1.5 communicated via electronic banking channel or website, such as Online/ Mobile Banking duly registered for us by the Customer, on the scheduled date of its publication that SCSB has announced.
- 30.2 Any communication from the Customer to SCSB shall only be effective upon actual receipt thereof by SCSB.
- 30.3 All notices and other communication sent by SCSB to the Customer or vice versa are to be sent at the Customer's risk, and SCSB does not assume any responsibility for any inaccuracy, interruption, error or delay or total failure in transmission or delivery by any form of communication or other cause beyond the control or anticipation of SCSB. SCSB shall not be obliged to preserve any documents which may be returned undelivered.

## 31 MISCELLANEOUS

- 31.1 **Assignment:** The Customer shall not in any way encumber, charge, declare a trust over, assign or transfer all or any of his Liabilities, rights, interest or benefit in or to any Account, Service or Transaction or any assets kept in the custody of SCSB, or any Agent without SCSB's prior written consent. The Customer hereby agrees that SCSB may assign and transfer all or any of its rights and obligations under any Account, Service or Transaction to any person at SCSB's discretion and without the need for any further consent or agreement on the part of the Customer. This Agreement shall be binding and enure to the benefit of SCSB and the Customer and their respective successors-in-title and permitted assigns, and shall continue to be binding on the Customer notwithstanding:
- 31.1.1 any change in name or constitution of SCSB; or
  - 31.1.2 any consolidation or amalgamation of SCSB into or with any other entity. In the event of such consolidation or amalgamation, such entity shall be substituted for SCSB in relation to this Agreement, all written confirmations and all assets placed with SCSB, and this Agreement and all written confirmations, correspondence, acknowledgements, directions, instructions and authorisations shall continue in full force and effect as between the Customer and such entity.
- 31.2 **Destruction of documents:** SCSB may in its discretion destroy any cheques or other records and documents relating to any Account, Service or Transaction after the same have been processed by microfilm or any other form of electronic media. Production of the microfilm or other form of electronic media shall be binding on and shall be conclusive evidence against the Customer. SCSB may destroy any records after the retention period required by law.
- 31.3 **Recording of telephone conversations and other electronic communications:** Subject to any Applicable Laws, the Customer agrees that all telephone conversations and electronic communications (including electronic message correspondence delivered by e-mail and instant messaging services) between SCSB or an Affiliate and the Customer or Authorised Persons (and the Customer confirms that he/she is authorized to and does provide consent on behalf of all Authorised Persons) may be recorded and/or monitored. SCSB may not inform



the Customer at the time of the recording and/or monitoring. SCSB may also keep records of such telephone conversations and/or of other electronic communications. A copy of such recordings and communications will be available to the Customer on request for a period of five years, and where required by the Applicable Laws, for a period of up to seven years. These recorded conversations or communications (or transcripts of such conversations or communications) may, to the fullest extent permitted by Applicable Laws, be used as conclusive evidence of the content of the calls or electronic messages and will be admissible in evidence in any proceedings. The Customer waives any right to challenge or dispute the admissibility, reliability, accuracy or the authenticity of the contents of such records.

- 31.4 Severability:** If any of this Agreement is or becomes illegal, invalid or unenforceable in any respect, the legality, validity or enforceability of the remaining provisions shall not be affected or impaired.
- 31.5 Time of the essence:** The Customer agrees that time shall be of the essence in respect of his responsibilities and Liabilities in all matters arising under this Agreement.
- 31.6 No waiver of rights:** No indulgence or forbearance granted by SCSB, no failure to exercise and no delay in exercising on the part of SCSB of any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise of such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege.
- 31.7 Remedies cumulative:** Any rights and remedies of SCSB under this Agreement are cumulative and are not exclusive of any rights or remedies provided by law.
- 31.8 Successors:** The Customer's rights and obligations under this Agreement shall be binding on the Customer's heirs and successors, subject to Clause 31.1.
- 31.9 Signing Authority:** The Customer hereby authorises SCSB to sign on behalf of the Customer and in the name of the Customer any customer agreement or other document to enable or better enable SCSB to carry out the Instructions, to operate the Account, to enter into Transactions and/or to provide Services.
- 31.10 Waiver on Syariah Product :** The principle of payment of interest is repugnant to the principles of Syariah and to the extent that any law would impose (whether by contract or statute) an obligation to pay interest to the other party or in relation to this Agreement and the Islamic product offering provided in accordance therewith, the parties expressly waive and reject the entitlement to recover interest from the other party.
- Non-Syariah Compliant terminologies / terms mentioned in document are not applicable to Syariah compliant product.
- 31.11 Standard Chartered Bank's intellectual property:** The Customer will not use the "Standard Chartered Bank" name, logo or trademark or any other intellectual property belonging to the Standard Chartered Group for marketing or publicity purposes without the prior written consent of SCSB.
- 31.12 Conclusive evidence:** For all purposes, including without limitation, any legal proceedings against the Customer, a certificate by any of SCSB's officers as to any amount due from the Customer to SCSB or as to any other determination, notification or opinion or the like of SCSB shall, in the absence of manifest error, be binding and conclusive evidence.
- 31.13 Governing law and jurisdiction:** This Agreement and all relations between the parties shall be governed by and construed in accordance with the laws of the Governing Law. Any legal action or proceedings in connection with the Agreement, or any dispute thereunder, may be brought in the courts of Brunei and the Customer irrevocably submits to the jurisdiction of the Brunei courts. SCSB reserves the right to institute proceedings in the Customer's domicile or in any other appropriate jurisdiction.

## PART TWO

### PRODUCT/SERVICE TERMS

#### A. Investment Products dealing

**WHERE A SECURITY IS A COLLECTIVE INVESTMENT SCHEME, IF THERE IS ANY INCONSISTENCY BETWEEN THE PROVISIONS OF SECTION A OF PART TWO OF THIS AGREEMENT AND SECTION C OF PART TWO OF THIS AGREEMENT, THE LATTER WILL PREVAIL.**

### 1 Instructions

- 1.1 The Customer may instruct SCSB and SCSB may on the Customer's behalf purchase, sell and/or otherwise deal in Investment Products subject (if applicable) to the rules of the relevant Exchange, clearing house or depository or customs and the right of SCSB under Clause 5.6 of Part One of this Agreement.
- 1.2 Any Instruction for dealing in Investment Products shall only be accepted if it is received before such cut off time as SCSB may from time to time prescribe. Where for whatever reason such Instruction has not been executed (or any unexecuted part of any such Instruction in the case of a partially executed Instruction), it shall be deemed to lapse at the expiry of the trading date specified in any such Instruction. Any Instruction for dealing in Investment Products for execution on the date of the Instruction must also be received before any relevant cut-off time in respect of any relevant Exchange or market, as determined by SCSB. All other Instructions shall be given so as to allow SCSB sufficient time within which to comply.
- 1.3 The Customer shall provide additional information as may be required under any such documents signed by SCSB on the Customer's behalf. Failure to provide such information may, among other things, lead to an Instruction not being effected or, where relevant, may cause the redemption of an investment or suspension of redemption rights of an investment.

### 2 Transactions

#### *Nature of Relationship –*

- 2.1 Unless SCSB notifies the Customer otherwise:
  - 2.1.1 in respect of Transactions in Investment Products which are bonds, securitised structured products such as notes, warrants or certificates or such other Investment Products as notified to the Customer from time to time, SCSB will transact with the Customer as principal; and
  - 2.1.2 in respect of Transactions in Investment Products other than Investment Products which are bonds, securitised structured products such as notes, warrants or certificates or such other Investment Products as notified to the Customer from time to time, SCSB will act as the Customer's execution agent in effecting such Transactions (notwithstanding that SCSB may be deemed to be transacting as principal under the rules or regulations of the relevant Exchange or clearing house).

The Customer acknowledges and agrees that SCSB owes no fiduciary or other equitable duties to the Customer with respect to Transactions.

#### *Execution*

- 2.2 SCSB will execute orders for Transactions in Investment Products on the Customer's behalf, at the Customer's risk and upon the Customer's specific Instructions, provided that SCSB is prepared at its discretion to transact such Investment Products.

- 2.3** SCSB may, on the Customer's Instructions, effect Transactions in Investment Products on any market or with such counterparty, negotiate and execute counterparty and account opening documentation on the Customer's behalf.
- 2.4** Without limiting the generality of Clause 5.6 of Part One of this Agreement:
- 2.4.1** SCSB may refuse to carry out an Instruction to deal in Investment Products if there are insufficient monies held in cleared funds or due to be received to the credit of the Account to meet any purchase price (or any other amount payable by the Customer under the relevant Transaction) together with any estimated expenses to be incurred in connection with the relevant Transaction. Where the Customer has placed several orders or Instructions and there are insufficient monies or available credit facilities to meet the resulting obligations, SCSB may in its discretion decide which of the orders or Instructions will be executed, irrespective of the order in which, or dates on which SCSB received them. SCSB shall be entitled to debit any account that the Customer has opened with the Bank with the amount payable for any Transaction in Investment Products on or (at SCSB's discretion) at any time before the settlement date; and
- 2.4.2** SCSB may refuse to carry out any Instruction to sell or deliver any Investment Product if insufficient Investment Products are held in or for the Account or are due to be credited to the Account under any purchase transactions. SCSB will only place orders for the sale of Investment Products provided such Investment Products are in the Account free of all liens and other encumbrances whatsoever. On receipt of any Instruction to sell the Investment Products, SCSB shall be entitled to debit any account that the Customer has opened with SCSB with the relevant Security on or (at SCSB's discretion) at any time before completion of the said sale. The Customer acknowledges that the Customer shall not be entitled to withdraw or in any way deal with all or any part of such Investment Products until completion of the said sale.
- 2.5** The Customer should note that certain products (including collective investment schemes and securitised structured products) may have deadlines for making subscriptions, redemptions or withdrawals and that SCSB may also need to comply with its own internal deadlines for taking such actions for customers. When giving SCSB Instructions in relation to such products, the Customer should ensure that he allows reasonable time for SCSB to process his Instructions and communicate them to the product provider in order to meet the relevant deadlines. SCSB will not be liable for any failure to meet a deadline for any reason (whether clear instructions are not received from the Customer within a reasonable time prior to the deadline or otherwise) except where such failure is directly due to SCSB's gross negligence, wilful misconduct or fraud. In relation specifically to payment orders, SCSB sets cut-off times by which instructions must be received by SCSB on a working day in order for SCSB to process them on the same day. All other instructions shall be given so as to allow SCSB sufficient time within which to process the Customer's instructions.
- 2.6** The Customer agrees that:
- 2.6.1** SCSB may aggregate any order received from the Customer with SCSB's own orders or with the orders of any Affiliate or with those of SCSB's other customers, and the Customer acknowledges that such aggregation may on some occasions operate to the Customer's disadvantage and on other occasions to the Customer's advantage;

- 2.6.2** SCSB may execute any order received from the Customer in a series of Transactions in Investment Products over a period of time and report to the Customer an average price for such Transactions in the series instead of the actual price for each Transaction;
- 2.6.3** SCSB or an Affiliate may from time to time at the request of the Customer guarantee the execution quantity and prices of certain Transactions in Investment Products based on an agreed market reference price and the Customer agrees and acknowledges that in such circumstances regardless of whether the actual executions, in respect of the entirety of the Transactions, could have achieved a price more favourable to the Customer than the guaranteed price, the Customer will only be entitled to the guaranteed price and accordingly any amount, benefit, advantage or profit over and above such guaranteed price shall pass to SCSB or its Affiliates for its respective account; and
- 2.6.4** without limitation to Clause 5.5 of Part One of this Agreement, if the Customer chooses to withdraw any order before execution is completed (and notwithstanding that SCSB did not inform the Customer that the Customer's order has been partially executed), the Customer shall remain liable for all Transactions in Investment Products which were done for the Account until SCSB accepts the Customer's withdrawal.

#### ***Trading/Position Limits***

- 2.7** The Customer undertakes to comply with any trading restrictions or position limits under Applicable Laws, including those imposed by any relevant Exchange or market or clearing house, and irrespective of whether the Customer trades through one or more banks or brokers. If any such trading restriction or position limit is exceeded, SCSB is authorised to disclose the Customer's identity and its positions, and/or liquidate any of the Customer's positions, if SCSB is requested to do so by any regulatory authority, Exchange, market or clearing house. SCSB may, upon request and the payment by the Customer of relevant processing fees, provide the Customer with information with respect to any of the Customer's positions.
- 2.8** In addition to any trading restrictions or position limits under Applicable Laws, SCSB may, at any time in its discretion, impose upon the Customer any position or transaction limits, or any trading or transaction restrictions. Such limits may include minimum sizes for transactions, specified times or procedures for communicating orders to SCSB or otherwise. SCSB may, at any time in its discretion, vary any such limits or restrictions. No previous limit or restriction shall set a precedent or bind SCSB. In placing orders with SCSB, the Customer shall not exceed any such limits or breach any such restrictions, whether imposed by SCSB, any relevant Exchange or market or clearing house or otherwise imposed under Applicable Laws.

#### ***Settlement***

- 2.9** The Customer acknowledges that SCSB's sole responsibility with regard to the proceeds of any sale of Investment Products pursuant to Instructions or any authority otherwise conferred on SCSB is to receive payment by way of cheque, bank draft or any other appropriate form of such proceeds from the purchaser (or its agent) of the relevant Investment Products, provided that SCSB will not be liable to pay to the Customer any such proceeds of sale or be liable to the Customer in any other way if such payment to SCSB by any purchaser (or its agent) is not honoured by the banker upon whom that payment is

drawn or otherwise not good and valid payment by that purchaser. The Customer further acknowledges that SCSB may make delivery of the relevant Investment Products contemporaneously with the receipt of such payment or purported payment in any case.

- 2.10** If SCSB or its correspondent broker shall for any reason whatsoever and howsoever fail to receive payment of all or any part of any amount due to be paid, or fail to receive delivery of any Investment Product (whether from the relevant Exchange, clearing house, and/or any other person) due to be delivered to the Customer, in respect of any sale or purchase entered into by SCSB or its correspondent broker (as the case may be) on behalf of the Customer on the due date for payment or delivery in accordance with the rules and regulations of the relevant Exchange or clearing house and/or any Applicable Laws, SCSB's obligations to make payment or to deliver Investment Products to the Customer in respect of such sale or purchase shall at such time, and by virtue of such failure, become obligations to make payment of such amount or delivery of such quantity of such Investment Products as is equal to such payment or such quantity as is actually received by SCSB or its correspondent broker (as the case may be) in respect thereof.
- 2.11** If SCSB credits:
- 2.11.1 the Account with the receipt of investments or other assets; or
  - 2.11.2 an account that the Customer maintains with the Bank with cash, before their actual receipt, SCSB may reverse such credit at any time before actual receipt.
- 2.12** SCSB may debit:
- 2.12.1 the Account with investments or other assets; or
  - 2.12.2 an account that the Customer maintains with the Bank with cash, on or before the date they are due to be transferred to a third party even though actual settlement has not yet occurred. SCSB may reverse such debit at any time before actual settlement.
- 2.13** The Customer accepts that he may not rely on any such debit or credit referred to at Clause 2.11 and Clause 2.12 above until actual settlement. The procedures described at Clause 2.11 and Clause 2.12 above are of an administrative nature and do not amount to an agreement by SCSB to make loans or investments available to the Customer.

### **3 Cessation of Trading**

The Customer acknowledges and agrees that SCSB shall cease trading on behalf of the Customer in the event that SCSB is notified that the Customer's account with any member of the relevant Exchange on which a Transaction in Investment Products is executed has been classified as a delinquent or disputed account.

### **4 Limitation of Liabilities and Indemnities**

- 4.1** The Customer retains full responsibility for making all investment decisions to buy or sell or otherwise deal in the Investment Products and will not hold SCSB liable for any Losses as a result of the Customer's investment or dealing.
- 4.2** The Customer acknowledges that the Customer will be liable and that SCSB shall have no responsibility for any liabilities in respect of unpaid calls or any other sums, costs or expenses payable in respect of any Investment Product held by SCSB on the Customer's behalf.

- 4.3** The Customer agrees and acknowledges that SCSB shall not be liable to the Customer for any Loss arising in whatever manner directly or indirectly from, or as a result of, any act or omission of or delay by the seller/issuer (or its agent) of the Investment Products to make valid or timely delivery of the relevant Investment Products to SCSB, or as the case may be, effect valid or timely payments/payouts to SCSB.
- 4.4** SCSB shall act on Instructions as soon as reasonably possible but shall not be liable for any Losses suffered by the Customer (including any Loss suffered or incurred as a result of any change in the price of any Security or other assets between the time of giving or receipt of any instruction to or by SCSB and the time at which any such Instruction is acted on) by virtue of any delay in acting on any Instruction or any partial completion of or failure or inability to act on any Instruction for whatever reason (including any failure or error of any computer or electronic system or equipment).
- 4.5** Where any jurisdiction restricts foreign ownership of Investment Products, SCSB shall have no duty to ascertain the nationality of the owner of the Investment Products or whether Investment Products deposited or received by the Customer are approved for foreign ownership.
- 4.6** The Customer shall indemnify SCSB and keep SCSB indemnified in full against any Loss of any kind or nature whatsoever which may be made against SCSB by a purchaser or any other person by reason of any defect in the Customer's title (or lack thereof) to any of the Investment Products or by reason of any of the Investment Products not being genuine.

## **5 Security Interest**

The Customer agrees and acknowledges that (apart from SCSB's Charge and right of set-off as set out in the Agreement), any Agent appointed by SCSB as nominee or sub-custodian may claim a security interest over any of the Customer's Investment Products held by it.

### **B. Custody services**

## **1 Provision of Custody Services**

- 1.1** Unless agreed otherwise, SCSB shall be responsible for the safekeeping of all Investment Products held in the Account including all Investment Products that the Customer acquires through SCSB hereunder ("**Custody Property**") and the settlement on the Customer's behalf of any dealings in Investment Products.
- 1.2** No Custody Property may be deposited with SCSB for custody unless it is:
- 1.2.1** beneficially owned by the Customer and registered in the Customer's name; or
  - 1.2.2** accompanied by such transfer documents and/or Instructions as SCSB may require to transfer the beneficial ownership to the Customer.

## **2 Scope of Authority**

- 2.1** The Customer authorises SCSB, and SCSB may (but is not obliged to) exercise the following powers (whether directly or by or through the Agents) in SCSB's discretion without prior reference or notice to the Customer:



- 2.1.1 to surrender any of the Custody Property against receipt of monies payable at maturity or on redemption if called prior to maturity or against other Custody Property delivered upon any exchange of Custody Property;
  - 2.1.2 where monies are payable in respect of any of the Custody Property in more than one currency, to collect them in such currency as may be permissible by Applicable Laws and as SCSB may in its discretion determine;
  - 2.1.3 where monies are payable in respect of any of the Custody Property in any currency, to carry out any foreign exchange transaction at the prevailing rates of SCSB or its Agents to convert such foreign currency to the currency of the Account and to make any necessary withholding or deduction as may be required by applicable law;
  - 2.1.4 to consolidate any odd lots of Investment Products held by the Customer with securities of other Customers in order to qualify for any rights offered in respect of a specified block of securities and at SCSB's discretion to take up, call for, receive, hold and sell any shares or rights accruing by reason of such consolidation;
  - 2.1.5 to exchange any of the Investment Products in interim or temporary form for securities in definitive form and (where applicable) to deliver the physical scrips to a central depository or other similar system set up for the purpose of scripless trading;
  - 2.1.6 at SCSB's discretion, to take up, call for, receive, hold, sell, or dispose of fractional shares which may accrue from the holding of the Investment Products without limiting the generality of any other provision in this Agreement;
  - 2.1.7 to charge the Customer a gross commission (including any commission charged by an Agent) for any of the above services provided that SCSB shall not be liable in any way whatsoever for any act, default, omission or failure of any Agent;
  - 2.1.8 in the case of scripless Investment Products, to deposit the Custody Property with, and hold the Custody Property through, any centralised securities depository, clearing house or securities depository agencies on such terms as such systems customarily operate, and to effect the purchase or sale or transfer of such Investment Products through the Account or any account of SCSB's custodian or nominee maintained with any centralised securities depository or other similar system set up for the purpose of scripless trading; and
  - 2.1.9 to take any action as SCSB thinks fit including:
    - (i) any act which SCSB determines to be necessary to preserve the integrity of the Custody Property and/or to protect the Customer's interests and SCSB's interests; and
    - (ii) splitting of the Investment Products into marketable lots to enable delivery of the Investment Products and certificates evidencing the Investment Products.
- 2.2 SCSB shall be entitled to appoint, without the further consent of the Customer, any bank, trust company or member firm of any Exchange or market or clearing house or any other person (whether as a member of the Standard Chartered Group or any third party) to act as a sub-custodian or nominee (each, a "**Nominee**") of any of the Custody Property on such terms as SCSB may, in its discretion, consider appropriate, and to pay the fees, costs, commissions and other expenses of such Nominee. SCSB shall exercise reasonable care

in the appointment of any Nominee. The Nominee in turn shall be entitled to appoint, without the further consent of the Customer, any other person to act as sub-custodian or nominee of the Custody Property.

- 2.3 SCSB shall be authorised but shall not be obliged to register the Custody Property and hold the same in its own name and/or in the name of a Nominee, or any other nominee or sub-custodian, and/or to deliver the Custody Property to any authority as now or hereafter required by Applicable Laws on the Customer's behalf. SCSB may delay in procuring any such registration or delivery for such period as SCSB in its discretion thinks fit. The Customer shall sign and execute all instruments of transfer and other documents and give all such instruments and things that may be required by SCSB or any Nominee in its dealings with the Custody Property.
- 2.4 Investment Products which are traded exclusively or primarily outside the jurisdiction where the Account is opened ("**Home Jurisdiction**") may, where SCSB considers appropriate, be held in custody abroad or, if they are delivered elsewhere, shall be transferred, at the Customer's sole risk and expense. Investment Products held in custody outside of the Home Jurisdiction are subject to the Applicable Laws of the relevant overseas jurisdiction. Consequently such Investment Products may not enjoy the same protection as that conferred on Investment Products held in custody in the Home Jurisdiction.
- 2.5 Where the Customer has instructed SCSB to open additional sub-accounts for the Customer, SCSB reserves the right not to do so in its discretion and/or to transfer Custody Property between such sub-accounts.

### 3 Segregation/Pooling

- 3.1 SCSB shall, or shall procure that a Nominee shall, keep a separate record in its books of all Custody Property received and held by it from time to time for the Customer's account and shall arrange for all Custody Property to be held in safe custody in such manner and in such name as SCSB may in its discretion determine. Custody of the Custody Property may be held on the basis that it is capable of being separately identified as belonging to or being attributed to the relevant Customer or otherwise (as solely determined by SCSB or a Nominee).
- 3.2 If custody is held on the basis that it is not capable of being so separately identified, the Custody Property will be pooled, such that any Custody Property which in the opinion of SCSB is of the same nature or category are held together on a commingled basis. In this situation:
  - 3.2.1 the Customer's interest in the Custody Property may not be identifiable by separate certificates, or other physical documents or equivalent electronic records;
  - 3.2.2 in the event of an irreconcilable shortfall after the default of SCSB, any Nominee or their respective sub-custodians, nominees or agents, the Customer may not receive the Customer's full entitlement and may share in that shortfall pro-rata among SCSB's other customers or those of the sub-custodian;
  - 3.2.3 any distribution of entitlements to any benefits or entitlements arising as a result of corporate action will be allocated pro rata provided that (i) fractions of entitlements that arise as a result of this process will be rounded down to the nearest whole unit or share and (ii) the accumulated amount of any undistributed entitlements arising



as a result of this process will be sold and the proceeds allocated on a pro rata basis;

- 3.2.4 where there is an allocation or share issue with rights weighted towards smaller investors, the Customer's allocation may be less than it otherwise would have been; and
- 3.2.5 SCSB or the relevant Nominee shall maintain a record of the Customer's interest in the Custody Property.

#### ***Corporate Actions/Voting rights***

- 3.3 SCSB shall not be required to inform the Customer of the dates on which any shareholders' or bondholders' meetings in respect of any Custody Property will be held, nor of the items on the agendas of such meetings, nor of any notices, proxies or proxy soliciting materials in relation to the Custody Property. SCSB shall not be required to attend any such shareholders' or bondholders' meetings. In addition, SCSB shall not be obliged to forward to the Customer, after receipt by SCSB, of any letters, notices, circulars, reports and announcements relating to any Custody Property.
- 3.4 To the extent relevant, SCSB shall not exercise any voting rights attached to any Custody Property, either directly or through a proxy designated by the Customer, unless the Customer has given, and SCSB has accepted, Instructions to this effect.

## **4 Payments and distributions**

- 4.1 SCSB shall claim all amounts in respect of interests, dividends (whether in cash or in other form of payment) and other payments or distributions pertaining to the Custody Property held in custody which are known to SCSB to be payable. Such amounts, payments or distributions shall be paid or delivered to the Customer as and when they are actually received by SCSB, but SCSB shall not be responsible for claiming any other distribution or entitlement or benefit the Customer may have on the Customer's behalf, or for taking up or exercising any conversion rights, subscription rights or other rights of any nature attached to or arising from the Custody Property.
- 4.2 SCSB may execute in the Customer's name whenever SCSB deems it appropriate such documents and other certificates as may be required to obtain the payment of income from the Custody Property or the sale thereof.

## **5 Reports and Valuations**

SCSB will send to the Customer a report and valuation of Custody Property held by SCSB each month. In preparing the reports and valuations SCSB will use the most up-to-date information available to SCSB or its Agents from sources reasonably believed to be reliable. However, SCSB accepts no liability for any Loss arising from inaccuracies in the data provided to SCSB or its Agents except to the extent it arises as a result of SCSB's own gross negligence, wilful misconduct or fraud. Variations in market conditions will mean that the prices shown in the statements do not necessarily reflect realisable values.

## **6 Legal/Administrative proceedings**

The Customer does not intend to be a party to legal or administrative proceedings in which the Customer may have an interest as the holder of Investment Products and SCSB shall therefore not provide the Customer with any information about such proceedings unless

specifically instructed to do so. SCSB shall not be a party to such proceedings in any capacity whatsoever.

## **7 Security Interest**

For the avoidance of doubt, any Custody Property held by SCSB or the Nominee as custodian shall be subject to SCSB's rights under Clause 23 of Part One of this Agreement, the Charge under Clause 22 of Part One of this Agreement, and may also be subject to other similar rights or security interests of SCSB under other agreements between SCSB and the Customer.

## **8 No Interest**

SCSB will not pay any interest to the Customer on any Custody Property held in custody regardless of the rate of interest (if any) paid by any third party sub-custodian or nominee or bank at which such Custody Property may be deposited or held. SCSB may, in its discretion, from time to time, pay interest to the Customer but any such payment of interest shall not oblige SCSB to continue making such payments on any other occasion.

## **9 Limitations of Liabilities**

- 9.1** SCSB shall not be liable or responsible for any act or omission of, or any insolvency fraud, default, negligence or dissolution of, any such Nominee or any of its officers, employees, servants or agents in connection with the Custody Property in its custody and any Losses which the Customer may suffer or incur arising from or in connection therewith. SCSB may accept for safe custody such other Investment Products that are delivered by the Customer provided they are delivered at the Customer's own risk and SCSB has discretion not to accept or to return any Investment Product which is not acceptable to it in such manner as it sees fit.
- 9.2** The Customer acknowledges that prior to SCSB becoming the registered owner of the Custody Property, SCSB may not be in a position to carry out all of its obligations as custodian under this Agreement, and SCSB shall not be liable for any loss that the Customer may suffer or incur as a result of SCSB not being the registered owner.
- 9.3** SCSB shall have no duty or responsibility to return to the Customer Investment Products or other Custody Property bearing serial numbers identical with those delivered to SCSB so long as the Investment Products or other Custody Property returned are of the same class, denomination and nominal amount and rank *pari passu* with those accepted by SCSB, subject always to any capital re-organisation or adjustment or exchange which may have occurred.
- 9.4** The Customer agrees that any and all Custody Property held by or deposited with SCSB, any Nominee or their respective sub-custodians, nominees or agents is at the Customer's sole risk.

## **10 Termination of Custody Services**

- 10.1** SCSB may in its discretion terminate the custody services at any time, in which case the following shall apply:

- 10.1.1 the Customer shall arrange for the transfer of the Custody Property from SCSB to the Customer or some other person designated by the Customer in writing; and
- 10.1.2 if the Customer fails to complete such arrangements, SCSB (at the cost of the Customer) may transfer or redeem all of the Custody Property held in such manner as SCSB may think fit and the Customer irrevocably authorises SCSB to give necessary instructions to third parties on behalf of the Customer to execute documents and to do all such other things as SCSB shall deem fit in its discretion and pay the realisation proceeds (with any costs and expenses incurred by SCSB deducted) to the Customer by crediting to the Account. In this case, SCSB shall not be liable for any Losses incurred or suffered by the Customer.

## 11 Definitions

For the purpose of this Section B of Part Two of this Agreement:

**“Custody Property”** has the meaning ascribed to it in Clause 1.1 of Section B of Part Two of this Agreement.

**“Home Jurisdiction”** has the meaning ascribed to it in Clause 2.4 of Section B of Part Two of this Agreement.

**“Nominee”** has the meaning ascribed to it in Clause 2.2 of Section B of Part Two of this Agreement.

### C. Collective investment schemes

#### 1 SCSB as agent

The Customer acknowledges that in respect of any Transaction of interests in a fund/collective investment scheme (the **“Fund”**), SCSB acts as agent on the Customer's behalf for the execution of Instructions. SCSB does not owe the Customer any fiduciary or other equitable duties in respect of any dealings in the Fund above or beyond its obligations as the Customer's agent.

#### 2 Acknowledgement by the Customer

2.1 The Customer is aware and acknowledges that:

- 2.1.1 he is responsible for obtaining from SCSB or the relevant representative of the Fund an up-to-date version of the offering document, the subscription agreements and any other additional material (including fact sheets and annual reports) in relation to the Fund (the **“Fund Documentation”**) and he will read and ensure that he understands the Fund Documentation, and his application to subscribe for interests in the Fund is made on the basis of information set out in the Fund Documentation;
- 2.1.2 his investment in the Fund may not be principal protected and is further subject to the risk factors as described in the Fund Documentation and the Customer is willing to accept such risks;

- 2.1.3 SCSB has no liability whatsoever to the Customer for any error, misstatement or omission in the Fund Documentation or any Loss suffered or incurred by the Customer in connection with any transaction entered into or steps taken or omitted to be taken by the Customer on the basis of the Fund Documentation;
  - 2.1.4 the Fund will be investing in the assets as described in the Fund Documentation;
  - 2.1.5 all his investments in the Fund shall be issued, distributed, switched and redeemed and cancelled pursuant to the provisions set out in the Fund Documentation and the constitutional documents of the Fund;
  - 2.1.6 there may be limited liquidity to an investment in the Fund. The Fund may suspend the redemption rights of holders. Interests in the Fund may only be redeemed or transferred subject to restrictions and other requirements set out in the Fund Documentation and the constitutional documents of the Fund; and
  - 2.1.7 Instructions from the Customer to purchase, sell and/or otherwise deal in collective investment schemes may be executed in accordance with the usual practice of SCSB and as such may not be effected on the same day the Instructions are placed. SCSB shall not be responsible for any price difference as a result of executing the Instruction in accordance with its usual practice.
- 2.2** The Customer represents and/or warrants that (which representations and warranties shall be deemed repeated in relation to each Instruction in relation to the Fund and on a continuous basis so long as the Customer maintains an Account with SCSB):
- 2.2.1 he will comply with all sale and/or transfer restrictions, undertakings, representations, warranties and indemnities set out in the Fund Documentation and the constitutive documents of the Fund, and he agrees to be bound by the terms thereof;
  - 2.2.2 he has sufficient knowledge and experience to make his own evaluation of the investment (including the merits and risks of entering into investment) and is not relying on any representation of SCSB and/or, to the extent that SCSB or any of the Affiliates has agreed separately in writing to provide investment advice, such investment advice provided by SCSB or any of the Affiliates or any employee or agents of any of them. The Customer acknowledges that he is capable of accepting any and all risks associated with such investment and that he has taken/will take advice from independent professional advisers as he deems necessary;
  - 2.2.3 he is an eligible investor of the Fund;
  - 2.2.4 he has/will have full power, authority and legal right to purchase, sell, switch, transfer or otherwise deal in an interest in the Fund and such purchase, sale, switching, transfer or action does not/will not contravene any Applicable Laws, any Fund Documentation, (where the Customer is an entity) any constituent documents and (where the Customer is a trustee) the trust deed or instrument constituting the trust of which he is acting as a trustee;
  - 2.2.5 SCSB may rely upon valuations from the Fund and/or other third parties for the purposes of reporting to the Customer the value of the Customer's beneficial interest in the Fund. SCSB shall not be under any duty to seek to verify the accuracy of such valuations;

- 2.2.6 representations made by SCSB and/or its nominees in relation to the Customer (if any, relying on information provided by the Customer) are accurate and correct and the Customer shall not do any act which may as a consequence cause a breach of such representations;
  - 2.2.7 he shall indemnify SCSB and/or its nominees for any Losses that it/they may incur as a consequence of acting on the Customer's behalf in subscribing, selling, transferring, switching or otherwise dealing in an interest in the Fund; and
  - 2.2.8 SCSB and/or its nominees shall have no responsibility for the performance of the Customer's investment in the Fund.
- 2.3 SCSB shall not be liable for any inability to execute, or delay in executing, the Customer's investment in part or full.

### 3 Fund subscription

- 3.1 The Customer may from time to time instruct SCSB to make subscription in relation to the Fund, by any means as required by SCSB from time to time (which may include providing Instructions by phone or filing in and signing the application form and delivering the application form (together with payment) in person at, or by mail to, any of SCSB's branches). The Customer authorizes SCSB, on the Customer's behalf and as the Customer's agent, to place a subscription for such number of units or shares in the Fund (the "**Purchase Order**") as the payment amount made by the Customer shall allow and give representations and/or make confirmations as any of the Fund Documentation may require.
- 3.2 SCSB may consolidate the Purchase Order with its own orders and those of its other clients. The Customer acknowledges that the aggregation of his Purchase Order with those of SCSB's or of SCSB's other clients may operate on some occasions to his advantage and other occasions to his disadvantage.
- 3.3 SCSB is authorised to:
- 3.3.1 debit the investment amount and all other charges, costs and expenses that may arise out of the Customer's Instruction to subscribe to the Fund from the Account and/or any account that the Customer maintains with the Bank as SCSB considers appropriate; and
  - 3.3.2 take such actions (including execution of documents) as SCSB considers necessary or appropriate to subscribe to the Fund on the Customer's behalf.
- 3.4 The Customer undertakes at all times to maintain sufficient funds in any account the Customer maintains with the Bank for the purpose of making payment for any purchase of interests in the Fund and for payment of any fees, costs or other expenses which the Customer is liable under this Agreement. The Customer acknowledges and agrees that if at any time there are in SCSB's opinion insufficient funds in such account for these purposes, SCSB may:
- 3.4.1 decline to place the Purchase Order on the Customer's behalf; or
  - 3.4.2 (in SCSB's discretion and without any obligation to do so on SCSB's part and without notice to the Customer) transfer funds as necessary from any other accounts maintained by the Customer with the Bank.

- 3.5** SCSB has the discretion to purchase interests in the Fund on behalf of the Customer based on the price of such interests as designated by the Fund from time to time.
- 3.6** No certificate will be issued in respect of the interests in the Fund but the Customer shall receive:
  - 3.6.1** a confirmation statement from SCSB in respect of any subscription of interests in the Fund by the Customer; and
  - 3.6.2** a statement of holdings indicating the number of interests in the Fund issued to SCSB as nominee for the Customer, periodically.
- 3.7** Dividends declared by the Fund will be disbursed according to any valid dividend Instruction from the Customer. If the Customer:
  - 3.7.1** has a “cash” dividend instruction, all dividends will be credited to the Customer’s bank account provided to SCSB;
  - 3.7.2** has a “reinvestment” dividend instruction, all dividends will be automatically reinvested in the Fund through the subscription of additional interests in the Fund and SCSB will hold the same for the account of the Customer as nominee for the Customer; and
  - 3.7.3** has not provided any Instruction within the timeframe specified by SCSB, SCSB may disburse the dividends in the manner as it considers appropriate.

## **4 Fund switching**

- 4.1** Where switching is permitted by a Fund, the Customer may from time to time instruct and authorise SCSB on his behalf, and as his agent, to place a switching order and switch interests in the Fund to interests in another fund provided that such other fund is distributed by SCSB and the Customer has complied with all relevant requirements under the Fund Documentation and the constitutional documents of the Fund in relation to such switching.
- 4.2** The provisions of Clauses 3.1 to 3.3 shall apply as if all references therein to the “Purchase Order” and other purchase or subscription order were references to an application to switch an interest in the Fund.

## **5 Fund redemption**

- 5.1** If, at any time the Customer wishes to redeem all or any of the interests in the Fund acquired pursuant to this Agreement, the Customer shall instruct SCSB to apply to the Fund for the redemption of such interests.
- 5.2** Upon any redemption of interests in the Fund held pursuant to this Agreement, SCSB will credit to the account maintained by the Customer with the Bank such monies (net of any fees, charges or expenses incurred in connection with the redemption) as may be received in consideration for the redemption of the interests in the Fund. SCSB has no duty to ascertain, nor will it be responsible for, the adequacy of the consideration received.

## 6 Transfer

- 6.1** After SCSB receives the transfer Instructions from the Customer, SCSB may (but will not be obliged to) act upon any further Instructions from the Customer relating to the interests in a Fund subject to its discretion and within the timeframe permitted by the Fund.
- 6.2** Any Instruction given by the Customer to SCSB to transfer interests in a Fund shall be deemed to be an Instruction to transfer all the Customer's interests in that Fund unless otherwise agreed by SCSB at its discretion.

## 7 Acceptance of Instructions

The Customer acknowledges that the Fund is not obliged to accept any order received from SCSB in part or whole. SCSB shall not be liable or responsible for any action, rejection or delay on the part of the Fund or agents of the Fund in respect of any such order, or for any Loss which the Customer may suffer or incur as a result of the foregoing.

## 8 Definitions

For the purpose of this Section C of Part Two of this Agreement:

**"Fund"** has the meaning ascribed to it in Clause 1 of Section C of Part Two of this Agreement.

**"Fund Documentation"** has the meaning ascribed to it in Clause 2.1.1 of Section C of Part Two of this Agreement.

**"Purchase Order"** has the meaning ascribed to it in Clause 3.1 of Section C of Part Two of this Agreement.



## PART THREE RISK DISCLOSURE STATEMENT

### **Part A - Risks relating to Transactions and Services**

#### **1 General**

- 1.1** This Risk Disclosure Statement does not explain all the risks and other significant aspects of entering into a Transaction or accepting the provision of a Service. Such risks can be substantial. The Customer should consult his advisors on the nature of the Transaction or Service. In addition, the Customer should carefully consider the risks specific to the Transaction or Service and whether the particular Transaction or Service is appropriate and suitable for him in the light of his experience, objectives and personal and financial circumstances.
- 1.2** In particular, each Customer should:
- 1.2.1** have sufficient knowledge and experience to make a meaningful evaluation of a Transaction or Service, including the merits and risks of such Transaction or Service;
  - 1.2.2** have access to, and knowledge of, appropriate analytical tools to evaluate a Transaction or Service and the impact the Transaction or Service will have on his overall investment portfolio;
  - 1.2.3** have sufficient financial resources and liquidity to bear all relevant risks;
  - 1.2.4** understand thoroughly the terms and conditions of the Transaction or Service; and
  - 1.2.5** be able to evaluate (either alone or with the help of an independent financial adviser) possible scenarios for economic, interest rate and other factors that may affect the Transaction or Service and his ability to bear the applicable risks.

By entering into a Transaction or agreeing to the provision of a Service, the Customer acknowledges that he makes his own assessment and relies on his own judgement in relation to any and all investment or trading or other decisions in respect of such Transaction or Service and accepts any and all risks associated therewith and any Losses suffered as a result. SCSB is not responsible for any Losses whatsoever or howsoever arising from the Transaction or Service. In addition, the Customer confirms that he has read and fully understood this Risk Disclosure Statement and all offering documents, term sheets, and documentation pertaining to the Transaction or Service, and that he fully understands the nature and terms and conditions of the Transaction or Service.

#### **2 Risk of Investment Products trading**

The prices of Investment Products fluctuate, sometimes dramatically. The price of a Security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling Investment Products. In addition, any representation of past performance is not necessarily a guide to future performance.

### **3 Liquidity risks**

At certain times, or under certain market conditions, the Customer may find it difficult or impossible to liquidate a position, to assess the value or to determine a fair price. This is particularly so for unlisted Investment Products where there is no formal market for such Investment Products and are often thinly traded. In addition, there can be no certainty that market traders will be prepared to deal in Investment Products, in particular in relation to unlisted Investment Products, and proper information for determining their current value may not be available. Whilst generally it may be easier to liquidate a position or to assess the value or determine a fair price for listed Investment Products, there is no assurance that there will be a liquid market for such Investment Products or that the value or fair price can be obtained.

### **4 Trading of listed Investment Products on certain stock exchanges**

There are certain stock exchanges which have been established as markets designed to accommodate companies to which a high investment risk may be attached, such as the Growth Enterprise Market in Hong Kong and the Catalist in Singapore. In particular, companies may list on these stock exchanges with neither a track record of profitability nor any obligation to forecast future profitability. There may be risks arising out of the emerging nature of companies listed on these exchanges and the business sectors or countries in which the companies operate (see paragraph 15 “Emerging Markets” below). Further, there is a risk that companies traded on such exchanges may be susceptible to market volatility and there is no assurance that there will be a liquid market in the Investment Products of such companies.

### **5 Trading of listed Investment Products outside the home jurisdiction**

Trading of listed Investment Products in jurisdictions other than the jurisdiction where the Account is opened may expose the Customer to additional risks. Such markets may be subject to regulation which may offer different or diminished investor protection. Before the Customer trades in such markets, the Customer should enquire about the relevant rules as the Customer’s local regulatory authority may not be able to enforce such rules. The Customer should ask SCSB for details on, and understand, the redresses available in his local jurisdiction as well as the relevant overseas jurisdictions.

### **6 Custodial services**

There may be risks in depositing Investment Products in the safekeeping of SCSB or the Nominee, including the risk of loss of all of the Investment Products. SCSB may appoint foreign custodians/sub-custodians to provide custodial services. Additional risks in relation to such foreign custodians/sub-custodians may arise from the operation of foreign law, rules and regulations. The Customer’s ability to withdraw the Investment Products may be affected if SCSB or the Nominee defaults or becomes insolvent.

## **7 Credit risks**

The Customer should satisfy himself that the credit risk of the issuer of a Security or the counterparty to a Transaction or Service is acceptable to him, including but not limited to the failure by the issuer or counterparty to make good, valid or timely delivery or payment to the Customer. Further, an issuer to a Security may experience adverse changes to its financial condition which may result in an increased volatility in the price of the Security (including in the case of a debt security, a possible downgrade to any credit rating assigned to such security), negatively affect the liquidity of the Security and thereby make it more difficult to sell the Security. In addition, changes in the economic and political conditions in general, or changes in economic and political conditions specific to an issuer of a Security or a counterparty a Transaction or Service, may have an adverse impact on the creditworthiness of the issuer or the counterparty. There is no assurance of protection against a default of its obligations by the issuer or counterparty. A Customer who has received delivery of such Investment Products would be adversely impacted.

## **8 Currency risk**

Where the Customer engages in a Transaction involving one currency to hedge an original investment in another currency, or where the Transaction entered into by the Customer references two different currencies, fluctuations of the currencies against each other or against the other underlying elements of the Transaction may affect the Customer's net profit on the Transaction or increase the Customer's loss. In addition, where the Customer's home currency differs from the currency in which payments pursuant to the Transaction are made, foreign currency fluctuations may affect the Customers who intend to convert profits or losses pursuant to the Transaction to their home currency. Foreign exchange rates may fluctuate significantly and suddenly and are determined by (among other things) the supply and demand for currencies in the international foreign exchange markets, inflation rates in the countries concerned, interest rate differences between the respective countries, currency convertibility and measures (e.g. exchange controls) taken by government and monetary authorities.

## **9 Risks of over-the-counter transactions**

As 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 and a lack of transparency in the pricing of such instruments. In entering into an over-the-counter Transaction, the Customer will bear the credit risk of issuer of such instruments as his counterparty defaulting. It may also be difficult or impossible to liquidate an existing position.

## **10 Exchange traded instruments**

For Transactions involving underlying contracts or instruments which are traded on Exchanges, disruption of the normal market operation or conditions of such Exchanges and/or the rules of operation of such Exchanges (e.g. discretion on the part of the exchange to suspend or limit trading of certain contracts or instruments under certain market conditions) may increase the risk of loss by making it difficult or impossible to close out the Transactions. The Customer should inform himself of exercise and expiration procedures and his rights and obligations upon exercise or expiry of Transactions.

For Transactions in which the underlying contracts or instruments are supported by electronic trading facilities at Exchanges (e.g. computer-based component systems for order-routing, execution, matching, registration, or clearing of trades), any temporary disruption or power/system failure of such electronic trading facilities could result in a disruption in the trading activities at the Exchange and an unavailability of reference prices for the relevant Transaction. In such circumstances, the Customer's order may not be executed according to his Instructions or at all, which may lead to losses. It is likely that such losses will not be recoverable from the relevant Exchanges as the rules thereof invariably exempt them from such liabilities.

## **11 Clearing House Protections**

On many Exchanges, the performance of a Transaction on such Exchange is "monitored" or "administered" by the Exchange or clearing house. However, this protection is unlikely to directly extend to the Customer, and may not protect the Customer if SCSB defaults on its obligations to the Customer.

## **12 Insolvency**

In the event of the insolvency of the issuer of a Security or the counterparty to a Transaction or Service, the Customer may experience delay in liquidating his investment and may suffer losses, including a decline in the value of his investment (which may be zero). Further, the insolvency of the issuer of a Security or the counterparty to a Transaction or Service may lead to positions being liquidated or closed out without the Customer's consent. The Customer could lose his entire investment, including any monies held in the Account, any payment to be made or Investment Products to be delivered to the Customer, and any assets lodged by the Customer as collateral. In the event of the insolvency of the issuer of a Security or the counterparty to a Transaction or Service, the Customer's claims for recovery will generally be subordinated to the claims of the preferred or secured creditors of the issuer or counterparty.

## **13 Risk of margin trading**

The risk of loss in depositing collateral for the purposes of margin trading in a Transaction or pursuant to a Service can be significant. The Customer may sustain losses in excess of the Customer's assets deposited as collateral. The Customer may be called upon at short notice to provide additional margin and this amount could be substantial. If the required margin is not provided within the prescribed time, the Customer's collateral may be liquidated without his consent. The high degree of leverage resulting from a relatively small margin requirement can work against the Customer as well as in the Customer's favour. The use of leverage may also result in large losses as well as gains.

## **14 No investment advice or recommendations**

SCSB is not obliged to, and does not, give investment advice or make recommendations. Whilst it may provide recommendations on request by the Customer, such investment advice or recommendations are given or made (and the Customer acknowledges and agrees that it is so given or made) without any responsibility on the part of SCSB unless otherwise agreed in writing by SCSB and on the basis that the Customer will nevertheless

make his own assessment and rely on his own judgment in respect of all Transactions executed or Services rendered under this Agreement.

## **15 Emerging markets**

Transactions or Services related to emerging countries (e.g. Investment Products or underlying Reference Assets which are listed in or linked to emerging countries), including those located in Asia, Latin America and eastern Europe, may carry high investment risks. Such risks include political risks (including confiscation of assets, restriction of the Customer's rights of disposal, or declines in the value of assets as a result of state intervention or the introduction of state monitoring and control mechanisms), risks of economic instability, greater prevalence of illegitimate market practices (e.g. insider trading) and laws and regulations which afford inadequate protection and safeguards to investors.

## **16 Risks associated with unsecured e-mail communication**

The Customer acknowledges that e-mail is sent via public and private data transfer networks and providers which are accessible worldwide, and available to anyone. It is therefore impossible to control the transmission route of an e-mail. The Customer acknowledges and agrees that a multitude of risks are inherent in unsecured e-mail, for example, e-mail from SCSB can be faked as a result of e-mail or computer infections created or spread by third parties. SCSB accepts no responsibility for any losses arising from such risks.

## **17 Risks associated with Instructions via facsimile**

Non-original signatures on the facsimile may be forged and such instructions may be transmitted to, and received at, wrong numbers, may never reach SCSB and may be disclosed to third parties at the wrong number thereby losing their confidential nature.

## **18 Other Related Documentation**

SCSB may, in appropriate cases, furnish the Customer with term sheets and other documentation (whether issued by SCSB or third parties) setting out the material terms, associated obligations, underlying assumptions, pricing basis and sensitivity analysis to illustrate the impact of market movements on the proposed financial investment and/or such other information as SCSB may think relevant. Any sensitivity analysis which may be provided are for the purposes of illustration only. The provision of such term sheet or other documentation shall not detract from the Customer's duty to take all such steps and make all such enquiries as may be necessary or desirable prior to making any investment decision and SCSB takes no responsibility or liability for the accuracy and completeness of such term sheet or other documentation or any information set out therein.

## 19 Commissions, Fees and Charges

Before the Customer enters into any Transaction or accepts any Service, the Customer should obtain a clear explanation of all commissions, fees and other charges for which the Customer will be liable. These charges will affect the Customer's net profit (if any) or increase the Customer's loss.

## 20 Taxation

SCSB does not provide tax advice and the Customer has full responsibility for any tax implication of entering into a Transaction or accepting the provision of a Service. Any tax treatment depends on a Customer's individual circumstances and may be subject to change in the future. The Customer should consult his tax adviser about his own tax situation.

### **Part B - Specific financial products or services**

## 1 Equity securities and debt securities

In buying equity securities, the Customer will become a member of the company and participate fully in its economic risk. The Customer will be entitled to receive any dividend distributed each year (if any) out of the company's profits made during the reference period.

Buying debt securities means that the Customer is, in effect, a lender to the company or the entity that has issued the securities. The Customer is entitled to receive specified periodic interest payments, as well as repayment of the principal at maturity.

Both holders of equity and debt securities will be exposed to the specific risks associated with the individual securities (and the financial soundness of their issuers), as well as the systemic risks of the equity and debt securities markets.

In the case of shares of smaller companies, there is an additional risk that there may be a greater risk of loss as there may proportionately be a large difference between the buying and selling prices to these shares. If they have to be sold immediately, the Customer may get back much less than the amount that the Customer has originally paid.

## 2 Derivatives

### 2.1 General

Derivatives are complex financial instruments. They can be linked to a wide range of reference underlying(s). Their nature and terms vary significantly.

Derivatives are linked to one or more reference underlyings, whereby the value of the derivatives and/or the rights and obligations under the derivatives depend on the performance of and/or occurrence or non-occurrence of event(s) related to the reference underlying(s). However, investing in derivatives is not the same as investing directly in the reference underlying(s). The Customer does not acquire any right in respect of the reference underlyings(s). For example, where the relevant derivatives are linked to share(s), the Customer does not acquire any right in respect of the share(s), including without limitation, the right to receive dividends or other distributions related to the share(s). Changes in the price or level of the reference underlying(s) may not lead to a corresponding

change, or any change at all, in the value of, and/or the potential payment and/or deliveries under the derivatives.

Derivatives are volatile instruments and may be subject to considerable fluctuations in value and other inherent risks associated with the reference underlying(s). Changes in the price(s) of the reference underlying(s) can be unpredictable, sudden and large. Such changes may result in the price(s) of the reference underlying(s) moving adversely to the Customer's interest. A small movement in the price(s) of the reference underlying(s) may result in a drastic change in the value of, and/or potential payments and/or deliveries under, the derivatives. When two or more factors are exerting effects on a derivative simultaneously, the value of the derivative may become unpredictable.

The value of, and/or potential payments and/or deliveries under, derivatives may be affected by various market factors such as, but not limited to, the price, level, yield, volatility and/or creditworthiness of the reference underlying(s) and time remaining until scheduled termination. The 'time value' of derivatives may depend partly upon the length of the period remaining to scheduled termination and expectations concerning the value or other attributes of the relevant reference underlying(s).

Derivatives may employ leverage, which increases the exposure to the reference underlying(s), and can therefore magnify both returns and losses. Customer should note that derivatives which employ leverage involve a higher level of risk, and that losses under such derivatives (other things being equal) will be higher than those of similar derivatives which are not leveraged.

There may not be an active market for a derivative or the liquidity for a derivative may be poor, particularly in the case of unlisted derivatives. A Customer may not be able to dispose of or terminate the derivative before its scheduled maturity or termination date, or the payments and/or deliveries under the derivative may be substantially less than the original amount invested.

## **2.2 Options**

Transactions in options carry a high degree of risk. The Customer should familiarise himself with the type of option which he contemplates trading and the associated risks. The Customer should calculate the extent to which the value of the options must increase for his position to become profitable, taking into account the premium and all transaction costs. There are many different types of options with different characteristics. Primarily however, an option means a right but not an obligation on the part of the buyer to purchase or sell an underlying asset at a specified price on an agreed date(s).

### **Buying options**

The purchaser of options may 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 purchased options expire worthless, the Customer will suffer a total loss of his investment which will consist of the option premium plus transaction costs.

### **Selling options**

Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to



the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is “covered” by the seller holding a corresponding position in the underlying interest or a futures contract or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain options markets operate on a margined basis, under which buyers do not pay the full premium on their option at the time they purchase it. In this situation the Customer may subsequently be called upon to pay margin on the option up to the level of his premium. If the Customer fails to do so as required, his position may be closed or liquidated.

## **2.3 Futures**

Transactions in futures involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date at a pre-determined price, or in some cases to settle the position with cash. They carry a high degree of risk. The “gearing” or “leverage” often obtainable in trading in futures means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of the Customer’s investment, and this can work against the Customer as well as for the Customer.

## **2.4 Structured products**

Generally structured products are financial instruments whose investment returns are linked to the performance of reference underlying(s). Examples include (but are not limited to) equity-linked notes, interest rate-linked notes and credit-linked notes. Structured products can come in a variety of forms and linked to a wide range of reference underlying(s) and can be complex financial instruments. The Customer should read the offering document, term sheet, and documentation pertaining to the particular structured product carefully and fully understand the nature, terms and risks of such product.

# **3 Collective investment schemes**

## **3.1 General**

Collective investment schemes invest the funds paid in by the subscribers of units or shares in the collective investment schemes in different types of investments provided for in their offering documents or constitutional documents. The Customer will therefore be exposed to the risks and returns associated with the nature of the financial instruments in which the collective investment scheme invests, including without limitation:

- 3.1.1** Market risk – the value of an investment will decrease due to moves in market factors, and this will impact on the net asset value of the collective investment scheme.
- 3.1.2** Risk relating to investment in equity – the equity markets may fluctuate significantly with prices rising and falling sharply, and this will impact on the net asset value of the collective investment scheme.
- 3.1.3** Risk relating to investment in debt securities – the value of the investments will depend on (among others) market interest rates, the credit quality of the issuer and liquidity considerations. Some collective investment schemes may invest in high yielding debt instruments where the level of income may be relatively high (compared to investment grade debt instruments), however, the risk of depreciation and

realisation of capital losses on such instruments will be significantly higher than on lower yielding debt instruments.

- 3.1.4 Currency risk – since the investments held by a collective investment scheme may be denominated in currencies different from its base currency, the collective investment scheme may be affected adversely by exchange control regulations or changes in the exchange rates between such reference currency and other currencies. Changes in currency exchange rates may influence the value of the units in a collective investment scheme, and also may affect the value of dividends and interests/ profit earned by the collective investment scheme.
- 3.1.5 Investment grade risk – some collective investment schemes invest in investment grade debt securities, which, like other types of debt securities, involve credit risk of the debt security issuer and may be subject to ratings downgrades by the rating agencies.
- 3.1.6 Investment in derivative instruments – some collective investment schemes invest in derivative instruments which can involve additional material risks such as counterparty risks or credit and liquidity risk. Some derivative instruments may employ leverage which can cause greater volatility.
- 3.1.7 Country concentration – collective investment schemes which invest in one country or limited countries will have greater exposure to market, political, legal, economic and social risks of that country/countries than a scheme which diversifies country risk across a number of countries.
- 3.1.9 Holdings concentration – collective investment schemes which invest in a relatively small number of investments or may be concentrated in a specific industry sector are subject to higher concentration risk. Emerging market risk – some collective investment schemes invest in part or in whole via the methods detailed above in emerging markets which may be more volatile and subject to greater political and economic risks.
- 3.1.10 Liquidity risk – Investments held by a collective investment scheme may need to be sold if insufficient cash is available to finance redemptions of the scheme by investors. If the size of the disposals is sufficiently large, or the market is illiquid, there is a risk that the investments might not be sold or the price at which they are sold may adversely affect the net asset value of the scheme.

## 3.2 Exchange traded funds

Exchange traded funds (“**ETFs**”) are closed-ended collective investment schemes, traded as shares on stock exchanges, and typically replicate a stock market index, market sector, commodity or basket of assets.

ETFs can broadly be grouped into two types. Traditional ETFs track, replicate and correspond to the performance of an underlying index. Synthetic ETFs mimic the behavior of traditional ETFs through the use of derivatives such as swaps and performance-linked notes.

ETFs are subject to tracking error risk, namely the disparity between the performance of the ETF as measured by its net asset value and the performance of the underlying index. Tracking error may arise due to various factors. These include, failure of the ETFs tracking

strategy, the impact of fees and expenses, foreign exchange differences between the base currency or trading currency of an ETF and the currencies of the underlying investments, or corporate actions such as rights and bonus issues by the issuers of the ETFs underlying securities.

Trading on an Exchange does not, in and of itself guarantee that a liquid market exists for an ETF. A higher liquidity risk is also involved if an ETF invests in financial derivative instruments that not actively traded in the secondary market and where price transparency is not as easily accessible as physical securities. This may result in a bigger bid and offer spread. Further, an ETF is exposed to the economic, political, currency, legal and other risks of a specific sector or market related to the underlying equity, commodity, asset or index that the ETF is designated to track. Synthetic ETFs typically invest in over-the-counter derivatives issued by counterparties. Such a synthetic ETF may suffer losses potentially equal to the full value of the derivatives issued by the counterparty upon its default. Synthetic ETFs are therefore exposed to both the risks of the securities that constitute the index as well as the credit risk of the counterparty that issues the financial derivative instruments for replicating the performance of the index.

### **3.3 Non-traditional funds (hedge funds)**

Non-traditional funds (which may take a variety of legal forms such as investment companies or partnerships) differ from traditional investment funds such as equity or fixed income funds in respect of their investment style. A common type of a non-traditional fund is a hedge fund. Some of the common features of, and risks of investing in, a non-traditional fund include the following:

- 3.3.1** non-traditional funds have variable liquidity and tradeability, and may have limited subscription and redemption rights with lengthy notice periods (e.g. fund issues and redemptions are often allowed only on a monthly, quarterly or annual basis). Fixed holding periods are common, and liquidations may stretch out over a period of years;
- 3.3.2** the fund often aims to make an absolute return, under varying market conditions;
- 3.3.3** sometimes, the fund takes on very high levels of risk and may have significant leverage from the investment of borrowed capital;
- 3.3.4** the fund often uses derivatives, whether for hedging or for investment or speculation;
- 3.3.5** the fund may be able to carry out short sales;
- 3.3.6** the fund may not be subject to any restrictions on investment categories, markets or trading methods, and the strategies adopted by the fund may be speculative in nature;
- 3.3.7** the fund may require a high minimum investment amount; and
- 3.3.8** many non-traditional funds are located in “offshore” jurisdictions, and are subject to less stringent laws and supervision, which in turn provides relatively weaker investor protection relative to a traditional fund. There is no assurance that an investor's legal rights will be enforceable. There may be other risks associated with weaker regulation of such funds; for example, the fund may have poor or unsuitable operating systems and checking procedures.

Non-traditional fund investments involve a high degree of risk. Before making any investments, the Customer should seek independent advice about the particular risks involved and carefully study the relevant information memorandum, subscription agreement and other information on the investments.

### **3.4 Islamic Unit Trust / Mutual Fund**

Islamic Unit Trust comprises a joint pool wherein investors contribute capital for investment purposes to earn halal profits in adherence to the principles, rules and regulations of Syariah. The unit trust manager establishes Syariah compliance of the funds it manages through its Syariah supervisory committee or firm of external consultant, expert in Syariah.

For equity unit trust, where the underlying investment pertains to companies, the Unit Trust Manager evaluates the investment in accordance with its Syariah compliant equity investment guidelines.

These generally include:

- Assessment of underlying business activity of the company into which the Unit Trust invests - Such an assessment is necessary to prevent the investor from getting involved in any activity which is not permissible from a Syariah standpoint. Any company primarily engaged in an activity contrary to Syariah will be ineligible and its shares must not be considered for investment. Non- Syariah compliant sectors include alcohol, tobacco, gambling, casinos etc.
- Screening of Financial Ratios - Certain financial ratios are reviewed to gain comfort that the company into which the Unit Trust invests may neither derive a substantial portion of its revenue from interest-based investments, nor can it rely heavily on interest bearing loans to maintain its operations.
- Purification of Income earned through dividends - Income purification is required in instances where a percentage of revenues of the company into which the Unit Trust invests is earned from non-permissible means such as interest income or income from other prohibited activities. Under this process where the profits are earned through dividends, a certain proportion of the dividend, which corresponds to the proportion of non-permissible income earned by the company is taken out and devolved to charity.

In other respects, an investment in an Islamic Unit Trust bears the same risks as investing in conventional unit trust (see the other risk disclosures in Part Three of this document).

## 4 Renminbi (“RMB”) denominated Investment Products

### 4.1 RMB currency risks

RMB is currently not a freely convertible currency. It is subject to foreign exchange control policies of Mainland China. The exchange rate of RMB may fluctuate from time to time. Any devaluation of RMB may adversely affect the value of the Customer's investment in RMB denominated assets.

### 4.2 Repatriation and conversion limitations

The relevant authorities in Mainland China have imposed restrictions on the repatriation of RMB out of Mainland China, which may limit the amount of RMB available outside Mainland China and reduce the liquidity of the Customer's investment. In addition, the Mainland China's government policies on repatriation restrictions may be subject to change, which may adversely affect the Customer's investment.

Further, conversion of RMB through banks outside Mainland China may be subject to restrictions (including limitations on the amount that can be converted). The Customer may have to allow time for the conversion of RMB from/to another currency of an amount exceeding such limit and is subject to further currency risk in the interim.

### 4.3 Limited availability of underlying investments denominated in RMB

Where a RMB denominated Investment Product is referenced to underlying investments denominated in RMB, it may not have access to invest directly in Mainland China. The pool of underlying investments denominated in RMB outside Mainland China (“**Offshore RMB Instruments**”) may be limited, which may adversely affect the return and performance of RMB Investment Products. Further, the Offshore RMB Instruments may not be regularly traded and there may not be an active secondary market. The bid and offer spread of the price of Offshore RMB Instruments may be large. Trading in RMB Investment Products may therefore incur significant trading and realisation costs.

### 4.4 Projected returns which are not guaranteed

Where the offering documents, term sheet or documentation pertaining to the RMB Investment Products contain a statement of illustrative return of the products which is not guaranteed, the Customer should note that the return is not guaranteed and should pay attention to the assumptions on which the illustrations are based.

### 4.5 Long term commitment to investment

Some RMB denominated Investment Products involve a long period of investment. If the Customer wishes to redeem his investment before the maturity date or during the lock-up period (if applicable), the Customer may incur a significant losses if the proceeds are substantially lower than the amount invested. In addition, heavy penalties or charges may be payable for the early termination or surrender of such products.

**4.6** Credit risk of counterparties

Where a RMB denominated Investment Product invests in underlying instruments, such product is exposed to the counterparty risks associated with the issuers of or counterparties to such instruments. In particular, RMB denominated Investment Products may invest in instruments whereby the investment is not supported by any collateral, such RMB products will be fully exposed to the credit/insolvency risk of the relevant counterparties. Further, where RMB products invest in derivative instruments, counterparty risk may arise as the default by the derivative counterparty may adversely affect the performance of the RMB products and result in substantial losses.

**4.7** Interest rate risk

Where RMB denominated Investment Products invest in RMB debt instruments, such instruments are susceptible to interest rate fluctuations, which may adversely affect the return and performance of the RMB denominated Investment Products.

**4.8** Liquidity risk

It is possible that the RMB denominated Investment Products may suffer losses in liquidating the underlying investments, especially if such investments do not have an active secondary market and their prices have large bid/offer spreads.

**4.9** Possibility of not receiving RMB upon redemption

For RMB denominated Investment Products with a significant portion of non-RMB denominated underlying investments, the Customer may not receive the full amount in RMB upon redemption or sale of his investment. Even if a product aims to deliver RMB, it may not be able to pay the Customer in RMB if the product has to sell non-RMB-denominated investments to meet the Customer's redemption or sale request or if it encounters conversion restriction when converting the proceeds in non-RMB currencies to RMB. Even if the investments are denominated in RMB, there may not be sufficient RMB to satisfy the redemption or sale requests due to repatriation or other controls on RMB. As a result, the Customer may not receive RMB when the Customer redeems or sells his investments.

## 5 Sukuk

A Sukuk is a Syariah compliant variant of a conventional fixed income instrument. In Arabic, *Sukuk* is the plural of *sakk*, a generic term for “certificates”, representing an undivided ownership claim in underlying asset(s) proportionate to the individual’s investment. In practice, the market now uses the term generically to refer to capital market instruments compliant with Syariah principles.

The concept of a Sukuk is based on the premise that any Islamic financing contract which represents ownership in a tangible asset can be bought or sold, and hence, can be securitised in the form of tradable securities.

Sukuks are typically structured to give an investor generic exposure to the credit quality of an originator, whose obligations generate the cashflows used by the Sukuk issuer to make payments in accordance with the terms of the Sukuk and do not give exposure to risks arising from the underlying, tangible asset, nor to the fluctuations of its market value. Sukuks, for this reason, are called asset-based investments, to distinguish them from asset-backed investments, which, on the contrary, give exposure to the underlying asset performance. Sukuks therefore operate similarly to conventional fixed income instruments in most characteristics such as trading, listing, rating, and regular periodic income streams. However, Sukuks are structured to deliver such outcomes in a Syariah compliant manner.

The Syariah compliance of a sukuk is usually established by the supervisory committees of Sukuk issuer or well-known financial institutions which act as arrangers at the time of the sukuk issuance. Syariah Advisory Body of SCSB will endorse the Sukuk and underlying, tangible asset as part of the approval process. Before Sukuks become part of SCSB’s offering, they are reviewed and identified among selected Sukuks which are based on Syariah concepts endorsed by the Syariah Advisory Board of SCSB. Sukuks that are included in the offering comply with certain Islamic concepts (*Ijarah*, *Musharakah*, *Mudaraba*, etc.). As mentioned, the underlying structures of these instruments have been reviewed and approved by internationally reputed Syariah scholars engaged by the issuer / arrangers for the respective Sukuks at the time of issuance.

As financial instruments, Sukuks are subject to various risks and market events, which are the same risks as those which an investor in conventional bonds is exposed to (see the other risk disclosures in Part Three of this documents).

Clients should note that other risks may also be relevant to their investments, including risks that are specific to a particular Sukuk which are described in the Sukuk offering documentation.



## 6 Important note on Syariah Compliance

The Syariah compliance of Islamic investment products such as Islamic Unit Trusts, Sukuks and others Islamic Investment products originated by a third party Islamic financial institutions, are established and vetted by an internal committee of Scholars or by external consultants, expert in Syariah, engaged by the third-party Islamic financial institution (such as a Unit Trust manager, a Sukuk issuer or arranger or another third-party Islamic Investment product provider). The Syariah Advisory Board of SCSB endorses the decisions of the scholars or consultants engaged by such third parties but does not independently verify the continuing compliance with Syariah of the third-party Islamic Investment products, nor the Syariah compliance of the activities or process of such third parties. Insofar as the Customer wishes or is required for any reason to enter only into transactions or investments which comply with Syariah, we encourage Customers to satisfy themselves as to the Syariah compliance of the Islamic Investment product, by making their own investigations and not relying on any written declaration, fatwa, opinion or other document prepared by, on behalf or at the request of the Islamic Investment provider or by SCSB for the purpose of determining or confirming that a transaction or Investment Product are Syariah compliant.

**THIS RISK DISCLOSURE STATEMENT DOES NOT DISCLOSE ALL THE RISKS AND SIGNIFICANT ASPECTS OF THE INVESTMENTS. THE CUSTOMER IS ADVISED TO STUDY CAREFULLY THE TERMS AND CONDITIONS OF THE RELEVANT INVESTMENT AND SEEK INDEPENDENT FINANCIAL, TAX, LEGAL OR OTHER ADVICE, AS APPROPRIATE, BEFORE ENTERING INTO ANY INVESTMENT.**