

**CONSOLIDATED TERMS FOR SALE AND PURCHASE OF  
SINGAPORE GOVERNMENT SECURITIES (“SGS”)**

In applying for tender, sale and purchase of SGS with United Overseas Bank Limited (the “Bank”) and in consideration of the Bank agreeing, from time to time and at your request to hold (in safe custody or for any specific purpose or generally) and/or deal with the Securities hereinafter mentioned on your behalf, whether in Singapore or elsewhere, you agree to abide by and be bound by the terms and conditions (the “Terms”) set out herein:

**1. Definitions**

1.1 In the Terms:

- (a) “Act” means the Companies Act, Chapter 50 of Singapore, including any re-enactments and amendments thereof and any subordinate legislation made thereunder;
- (b) “Agent Bank” means the bank where the customer’s CPF/SRS Investment Account is maintained
- (c) the terms “book-entry securities”, “Depository” and “depository agent” shall have the same meanings as are ascribed to them by the Act;
- (d) “Business Day” means a day on which banks in Singapore are open for business, and excludes Saturdays, Sundays and public holidays;
- (e) “CPF” means Central Provident Fund
- (f) “customer” or “you” means where the context so permits, a single or joint account holder;
- (g) “Debt Securities” or “Securities” means all treasury bills, notes, bonds, debentures, certificates of deposit, debt securities, and other securities and other instruments of indebtedness of any kind whatsoever issued by the Singapore Government whether the same is evidenced or represented by scrips, certificates or other documents or otherwise or is held by a clearing system, clearing house and/or central depository including the Depository or where transactions of the same are effected by an electronic or paper book-entry system or otherwise, which you or any other person in your name, for your account or at your request has now or at any time hereafter delivered, transferred or deposited to or with the Bank or a Nominee, correspondent or depository agent nominated by the Bank;
- (h) “Designated Account” means your existing cash account(s) with the Bank or any new account(s) now or hereafter opened with the Bank from time to time in whatever currency(ies) agreed upon for the purposes of Clause 6.1 below;
- (i) “FATCA” means sections 1471 through 1474 of the United States Internal Revenue Code and the regulations and other guidance thereunder, each as amended from time to time (“FATCA”) or any other agreement entered into with or between authorities for the implementation of FATCA.
- (j) “MAS” means the Monetary Authority of Singapore
- (k) “Nominee” means any person or legal entity that the Bank has at any time expressly authorised to act as the Bank’s agent whether in Singapore or elsewhere in relation to the Securities and includes any company which is within the United Overseas Bank Limited group of companies;
- (l) “Settlement Date” means the date when the transaction is to be settled;

- (m) “SRS” means the Supplementary Retirement Scheme
- (n) “US Person(s)” means a US Citizen or resident individual, a partnership or corporation organized in the US or under the laws of the US or any state of the US, a trust if (i) a court within the US would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of trust, and (ii) one or more US Person(s) have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the US. This definition shall be interpreted in accordance with the US Internal Revenue Code. Please note that persons who have lost their US citizenship and who live outside the US may nonetheless in some circumstances be treated as US Person(s).
- (o) references to the Securities shall include references to any part of them; and
- (p) all plural nouns shall include the singular and vice versa, “corporation” shall include bodies unincorporate.

## **2. Sale And Purchase Of Debt Securities**

- 2.1 You may not sell any Securities purchased until (a) after the Securities are successfully transferred from the Depository to the Bank; and (b) you have paid for them in full including payment of interest for late settlement, fees, commission, brokerage and other banking charges.
- 2.2 All purchases must be paid for in full on the date of application for the Securities, failing which, the Bank shall have the right to sell the unpaid Securities at any time the Bank thinks fit in accordance with Clause 8.1. Any losses suffered or expenses incurred on such sale shall be a debt due from you repayable forthwith on demand but any profit or gain made shall be forfeited to the Bank and you shall have no claim in respect thereof.
- 2.3 You may tender for the purchase of any issue of Securities by placing with the Bank as deposit a sum of such amount as the Bank may decide from time to time. The Bank may reject or decline to act upon any sale or purchase transaction that it deems is incomplete or completed wrongly and the Bank’s decision shall be final and you shall have no claim against the Bank for rejecting any such sale or purchase transaction.
- 2.4 Subject to these Terms (and other applicable terms and conditions for the time being prescribed by the Bank in its sole and absolute discretion) being duly complied with, the Bank will process the sale or purchase transaction.
- 2.5 The Bank may refuse to endorse any sale or purchase transaction on your behalf without disclosing any reason therefor.
- 2.6 The Bank will not be responsible or liable to you in any manner howsoever should any document relating to the sale or purchase transaction be lost, destroyed or misplaced through no fault of the Bank or due to fire, floods, civil commotion, events of force majeure, acts of God or other events or circumstances beyond the control of the Bank.

## **3. Sale And Purchase of Debt Securities Under the CPF Approved Investment Scheme**

- 3.1 The Bank will not sell any Securities on behalf of the customer unless the customer has provided a confirmation advice from the Agent Bank on the Securities holdings of customer as of a date that is not more than three business days prior to the date of the customer’s sell order.
- 3.2 All purchases must be made in full by 3:00pm on the Value Date failing which the Bank shall have the right to sell the Securities or to extend the settlement date at any time the Bank thinks fit. Any losses suffered or expenses incurred on such sale or extension of settlement date shall be borne by the customer forthwith and the customer shall have no claim in respect thereof.

- 3.3 (a) The customer may tender for the purchase of any new issue of Securities of the Singapore Government by completing the tender forms prescribed by MAS. The Bank may reject or decline to act upon any form that it deems is incomplete or completed wrongly and the Bank's decision shall be final and the customer shall have no claim against the Bank for rejecting any such form.
- (b) Subject to the Bank's terms being complied with, the Bank will forward the tender forms to MAS who may accept or reject the tender in whole or in part.
- (c) The Bank may refuse to endorse any tender form on behalf of the customer without disclosing any reason thereof.
- (d) The Bank will not be responsible or liable to the customer in any manner whatsoever should the tender form be lost, destroyed or misplaced through no fault of the Bank or due to fire, flood, civil commotion and other events of force majeure.

3.4 The customer shall pay the Bank interest at the rate per annum of 2% above the Bank's prime rate or at such other rate as the Bank may decide from time to time on all monies due owing or incurred to the Bank calculated from day to day on 360 day-year basis.

3.5 Clause 3 is to be read in conjunction with the other clauses in this document.

#### **4. Your Instructions To The Bank**

4.1 You authorise the Bank to act upon any instruction communicated to the Bank over the telephone (or purported to be so communicated by you), or given to the Bank in writing signed or sent by post, telex, teletype, facsimile or cable (or purporting to be so signed or sent), by you if you are a natural person and if you are a body corporate, by any of your duly authorised officers and so that the risks of misunderstandings and errors, and the risk of instructions being given by authorized parties are yours and the Bank shall not be liable for any loss, liability or expense that may result from such misunderstandings, errors and unauthorised instructions.

4.2 The Bank may (without being obliged to) record any telephone conversations with you whether with or without the use of a tone warning device and such recordings or transcripts thereof maybe used as evidence in any disputes.

4.3 The Bank may at any time, at the Bank's absolute discretion, refuse to execute your instructions or any part thereof without incurring any responsibility for loss, liability or expense arising out of such refusal.

#### **5. Tax**

5.1 If any law or regulation for the time being in force in Singapore requires tax to be withheld on interest payable to customers who are not residents in Singapore within the meaning of the relevant tax laws, interest will only be paid to such customers net of withholding tax. You shall inform the Bank immediately of any change in your tax residence status.

5.2 For income tax purposes, a resident of Singapore:

- (a) in relation to an individual, means a person who, in the year preceding the year of assessment, resides in Singapore except for such temporary absences therefrom as may be reasonable and not inconsistent with a claim by such person to be resident in Singapore, and includes a person who is physically present or who exercised an employment (other than as a director of a Company) in Singapore 183 days or more during the year preceding the year of assessment;
- (b) in relation to a company or body of persons, means a company or body or persons the control and management of whose business is exercised in Singapore.

5.3 You represent and warrant to the Bank that unless and until you notify the Bank to the contrary, your aforesaid declaration of tax status is true and correct.

5.4 You agree and consent to the Bank taking all necessary action and measures to ensure compliance with international tax agreement treaties including FATCA and to take all necessary measures required under FATCA if you are deemed to be a US Person for the purpose of the same.

## 6. Your Warranties And Undertakings

6.1 You hereby represent, warrant and undertake to the Bank that:

- (a) all financial settlements resulting from payment in respect of the Securities shall be made and settled through your Designated Account;
- (b) the Bank shall be entitled to the debit without notice the Designated Account with the full or (estimated) amount of any transaction contemplated under these Terms (including without limitation any commission or other charges payable to the Bank) before executing such transaction and the Bank shall have no duty or obligation whatsoever to carry out any instruction or transaction until you have put the Bank in sufficient funds (taking into account possible foreign exchange fluctuations);
- (c) any amount payable to you shall be credited to the Designated Account upon the Bank's receipt of such monies and where applicable after the Bank has converted the currency of such monies to the currency of the Designated Account at the Bank's rate of exchange then prevailing, and after taking into account any necessary deduction or withholding tax; and
- (d) you shall examine all entries in any statement of account the Bank may send to you, report promptly to the Bank any error or omission therein, return any confirmation slip, if requested to do so, duly signed and notify the Bank should you not receive any statement that is due to you. You undertake to check each such statement carefully and to report to the Bank at once any error or omission therein. You further agree that the Bank shall have the right to make adjustments to the statements if there is any error or omission therein. **YOU AGREE THAT IF YOU DO NOT OBJECT IN WRITING TO THE CONTENTS OF THE STATEMENT WITHIN FOURTEEN (14) DAYS OF THE DATE OF THE STATEMENT, YOU SHALL BE DEEMED TO HAVE ACCEPTED THE COMPLETENESS AND ACCURACY OF THE STATEMENT.** The Bank or its Nominee's record of all transactions processed shall be conclusive and binding on you.

6.2 You hereby further represent and warrant that:

- (a) you have read, understood and accept the Risk Disclosure Statement set out in the Appendix;
- (b) you are the legal and beneficial owner of the Securities;
- (c) all the Securities are fully paid up and paid for, in the required or regular form and in good delivery order;

6.3 You hereby agree to the fully indemnify the Bank and hold the Bank harmless from and against all loss, damage or claims suffered by the Bank, its Nominee, correspondent, broker and/or dealer (whether in Singapore or elsewhere) as a result of the Bank's/their handling, keeping custody of or dealing with the Securities and any Securities which may be forged, stolen or otherwise irregular, or arising from the Bank's/their inability to effect in a timely fashion or altogether the sale or delivery of such Securities because of your breach of this warranty. Nothing in these Terms shall be prejudice or affect any lien to which the Bank is entitled.

6.4 You hereby undertake for yourselves and your personal representatives or successors in title to perform such acts and sign and execute all such transfers, powers of attorney, agreement, proxies, authorities or other documents whatsoever as the Bank may require for perfecting its title or that of its Nominee to the Securities or for vesting or enabling the Bank to vest the same in itself or its Nominee or any purchaser or otherwise for the performance or enforcement of these Terms.

6.5 You hereby agree that all sale and purchase transactions are subjected to the Bank's processes and policies.

## **7. Fees, Commission, Brokerage, Interest and Other Charges**

7.1 You shall pay all fees, commission, brokerage, interest and other charges as the Bank may from time to time prescribe and all expenses paid or incurred by the Bank, its Nominee, correspondent, broker and/or dealer in Singapore or elsewhere. The Bank may deduct or set off any amount due and payable hereunder from any monies received by the Bank or on deposit for your account or standing to your credit with the Bank, and the Bank may further retain the Securities by way of mortgage to secure the payment thereof. If you fail to pay the same within seven (7) days after a demand is mailed by ordinary post to your address in the Bank's records, the Bank shall be entitled without further notice to you or any other person, to sell the Securities by public or private sale and to apply the proceeds thereof (after deduction of expenses) in payment or reduction of such fees, commission, interest and charges.

7.2 Without prejudice to the Bank's rights pursuant to Clause 7.1 above, you shall pay the Bank interest at the rate per annum of 2% above the Bank's prime rate or at such other rate as the Bank may decide from time to time on all monies due owing to or incurred by the Bank calculated daily based on a 360 day-year.

## **8. The Bank's Security And Other Rights**

8.1 Without prejudice and in addition to any other rights that the Bank may have:

- (a) The Bank shall have a lien on your monies, Securities and other property deposited with the Bank whether by way of pledge, mortgage or for safe-custody, for all present and future unpaid monies, fees, commission, brokerage and other banking charges, expenses due owing or incurred by you to the Bank whether in respect of the tender application, or in relation to the Debt Securities or any other account which you may have with the Bank whether alone or jointly with another.
- (b) The Bank shall have the power to sell by public auction, tender or private treaty all or any of your Securities or other property over which it has lien but no such sale shall be made until the expiry of seven (7) days after a notice in writing demanding payment of the sum due and giving notice of intention to sell on default is mailed by ordinary post to your address in the Bank's records. The Bank may recover from the proceeds of sale all costs and expenses incurred in effecting the sale.
- (c) The Bank may but is under no obligation to, apply (without prior notice) any credit balance (whether or not then due) to which you are at any time entitled on any account at any of the Bank's offices in or towards the satisfaction of any sum then due from you to the Bank under these Terms. For that purpose, you authorise the Bank to use all or any part of such credit balance to buy such other currencies as may be necessary to effect such application.
- (d) The Bank may consolidate and combine all or any of your accounts with the Bank whether in Singapore or elsewhere and set-off or transfer any sums standing to the credit of one account against any monies due, owing or incurred on another or other accounts.
- (e) The Bank shall have the power to dispose the Securities as it deems fit, in the event the Securities purchased cannot be delivered to the Depository, or the Securities sold cannot be delivered from the Depository to the Bank. The Bank may recover any expenses incurred arising from the disposal from you.

## **9. Indemnity By You To The Bank**

You undertake to indemnify and to keep the Bank and its Nominee harmless from and fully indemnified against all costs, claims, expenses, liabilities, losses and damages (including, without limitations, costs on a solicitor and client basis incurred or suffered by the Bank or any loss arising from fluctuations in the relevant money or securities market) as a result of any breach of any Terms by you or in respect of legal proceedings, court orders or notices served on the Bank concerning the sale or purchase transaction, the Debt Securities or any other account of yours with the Bank, in respect of any representation and warranty in these Terms being found to be untrue or inaccurate or incurred for anything done or omitted in the exercise or purported exercise of the Bank's powers or remedies in these Terms.

## **10. Indemnity for Inaccurate Information**

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

## **11. Rule and Practices Of Markets**

You agree that all transactions in Securities shall be subject to the rules and market practices of the market in which the Securities are traded.

## **12. No Liability On The Part Of The Bank**

The Bank shall not be liable for loss you suffer arising from any cause including without limitation from computer breakdown or suspension of operation due to events beyond the Bank's control.

## **13. Closure Of Your Debt Securities Account**

13.1 The Bank shall have the right to close the Debt Securities Account at any time upon giving thirty (30) days written notice to you and without giving any reason whatsoever. In the event there are no Securities in the Debt Securities Account for a continuous period of one (1) year the Bank shall have the right to unilaterally close the Debt Securities Account without prior notice to you.

13.2 Upon the closure of the Debt Securities Account, all Securities held by the Bank shall be delivered to you or to such other party as you may designate provided that the Bank shall not be required to make any such delivery unless and until the Bank has received full payment of all monies due and owing to the Bank under such agreement. You or the party designated by you shall collect the Securities within two (2) weeks of the Bank notifying you to do so. Termination of the Debt Securities Account shall not affect any antecedent rights or liabilities of the parties hereto.

## **14. Communications To You**

Any notice or communication under or in connection with the Terms shall, without prejudice to anything in the Terms or any other effective mode of making the same, be deemed to have been duly served on you if made by the Bank or its solicitors by ordinary post or by personal or recorded delivery, telex, facsimile, electronic mail or cable to you or any of you or to your personal representatives at your last known place of abode or business (or in the case of a corporation at its registered office) and shall be deemed to have been served on the addressee on the next succeeding Business Day following the day of posting notwithstanding that it be undelivered or returned undelivered and in proving such service it shall be sufficient to prove that the notice or demand was properly addressed and posted. Any notice or demand sent by telex, facsimile, electronic mail or cable on a Business Day shall be deemed to have been served at the time of despatch or transmission thereof.

## 15. Variation Of The Terms

15.1 The Bank may alter, add to or delete any of the terms and conditions in the Terms by notice given in any one of the following ways:

- (a) by post to your address last known to the Bank;
- (b) by notification in the Bank's branches;
- (c) by publication in the Bank's website; or
- (d) by advertisement in any major English language newspaper in Singapore,

and the terms and conditions as so altered, added to or deleted shall be binding on you.

## 16. Waivers and Remedies

No failure to exercise or no delay or omission on the Bank's part in exercising or enforcing any right, remedy, power or privilege hereunder nor any indulgence or concession extended to you shall impair or operate as a waiver thereof, any single or partial exercise or enforcement of any such right, remedy, power or privilege shall not preclude any other or further exercise or enforcement thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges provided in the Terms are cumulative and not exclusive of any rights, remedies, powers or privileges provided by law.

## 17. Severability

If any of the provisions or any part of any provision of the Terms becomes invalid, illegal or unenforceable in any respect under any law; the validity, legality and enforceability of the remaining provisions or the remaining part of that provision shall not in any way be affected or impaired.

## 18. Translations

If there are differences in meaning between the English version of the Terms and any translation thereof, the English version shall prevail.

## 19. Governing Law & Jurisdiction

19.1 The Terms shall be governed by and construed in accordance with the laws of the Republic of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the courts of the Republic of Singapore and waive any objection to proceedings in such courts on the grounds of venue or that such proceedings have been brought in an inconvenient forum.

19.2 You consent to the effecting of personal service or any document in any legal action in respect of your agreement to these Terms, by way of registered post to your last known address in the Bank's records and also consent to such service being deemed as effective personal service three (3) days after such document was posted by registered post as aforesaid, even if it could not be delivered or was returned undelivered.

## 20. Online Application

20.1 The Bank does not warrant that any online application will be secure, uninterrupted, or error-free and shall not be responsible or liable for any loss or misuse of any information submitted online by you. By submitting, you agree to the aforesaid and that all information/material as submitted by you shall be deemed to be the property of the Bank and the Bank shall not be obliged to return the same to you whether your application is successful, rejected or withdrawn thereafter.

## APPENDIX

### RISK DISCLOSURE STATEMENT

#### IMPORTANT NOTICE

Customers who trade or transact in Securities and/or other financial instruments with or through United Overseas Bank Limited (“the Bank”) should be aware of the risks which may be involved in such trading. You should not enter into such a transaction unless you fully understand:

- (a) the nature and fundamentals of the transaction, payments and the market underlying such transaction and/or payments;
- (b) the legal terms and conditions of the documentation for such transaction;
- (c) the extent of the economic risk to which you are exposed as a result of such transaction (and determine that such risk is suitable for you in light of your specific experience in relation to the specific transaction and your financial objectives, circumstances and resources);
- (d) the income tax treatment and the accounting treatment of such transaction (which can be complex);
- (e) the regulatory treatment of such transaction; and
- (f) the nature and scope of the relationship between yourself and the Bank in respect of such transaction undertaken by you.

The objective of this statement is to explain to you, briefly, the nature of the transactions prior to your undertaking of such transactions. In particular, you must be aware that the associated risk of loss in trading transactions or contracts can be substantial.

**HOWEVER, THIS NOTICE DOES NOT PURPORT TO DISCLOSE OR DISCUSS ALL OF THE RISKS AND OTHER SIGNIFICANT ASPECTS OF ANY TRANSACTION. YOU SHOULD THEREFORE CONSULT WITH YOUR OWN LEGAL, TAX AND FINANCIAL ADVISERS BEFORE ENTERING INTO ANY PARTICULAR TRANSACTION. IT IS IMPORTANT FOR YOU TO DETERMINE WHETHER ANY TRANSACTION IS SUITABLE FOR YOUR OPERATIONS, BUSINESS AND ORGANISATION, AND YOU SHOULD BE AWARE THAT THIS IS SOLELY YOUR RESPONSIBILITY.**

In considering whether to trade or enter into any transaction, you should be aware of the following:

#### 1. Contractual Terms

- 1.1 You are responsible to fully understand the terms and conditions of the transactions to be undertaken, including, without limitation:
  - (a) the terms as to price, term, expiration dates, restrictions on exercising an option and other terms material to the transaction;
  - (b) any terms describing risk factors, such as volatility, liquidity, and so on;
  - (c) the circumstances under which you may become obliged to make or take delivery of the underlying interest of a transaction; and



- (d) the legal risks surrounding the transaction, including but not limited to the circumstances under which the transaction may be illegal, resulting in it being void and unenforceable. The Bank may expect you to bear such risks.

1.2 You should therefore familiarize yourself with the terms and conditions of any agreement, contract or confirmation that you may enter into with the Bank. You must fully understand your rights and obligations under that agreement, contract or confirmation.

## **2. Market Forces**

2.1 Your payments or receipts under a transaction will be linked to changes in the particular financial market or markets to which the transaction is linked, and you will be exposed to price, currency exchange, interest rate, payment schedule, time differences or other volatility in that market or markets. You may sustain substantial losses on the contract, trade, product or financial investment if the market conditions move against your positions. It is in your interest to fully understand the impact of market movements, in particular the extent of profit/loss you would be exposed to when there is an upward or downward movement in the relevant rates, and the extent of loss if you have to liquidate a position if market conditions move against you. Your position may be liquidated at a loss, and you will be liable for any resulting deficit in your account with the Bank.

2.2 The Bank may supply you with a sensitivity analysis, and if this is supplied, you would be well advised to familiarise yourself with it. However, the Bank is not obliged, nor will it be obliged, to supply you with such a sensitivity analysis.

2.3 Under certain market conditions you may find it difficult or impossible to liquidate a position, to assess a fair price or assess risk exposure. This can happen, for example, where the market for a transaction is illiquid or where there is a failure in electronic or telecommunications systems, and where there is the occurrence of an event commonly known as “force majeure” (which shall include without limitation, any form of restriction, moratorium or suspension on trading imposed by an exchange, market or other authority regulating trading in the transactions). Placing contingent orders, such as “stop-loss” or “stop-limit” orders, will not necessarily limit your losses to the intended amounts, as it may be impossible to execute such orders under certain market conditions.

2.4 Because the prices and characteristics of over-the-counter transactions are individually negotiated and there is no central source for obtaining prices, there are inefficiencies in transaction pricing. We consequently cannot and do not warrant that our prices or the prices we secure for you are or will at any time be the best price available to you. We may make a profit from a transaction with you no matter what result the transaction has from your point of view.

2.5 You should be aware that if you trade through or on an electronic system, you will be exposed to the risks of any defect, deficiency or malfunction in, and/or any breakdown, disruption or failure of, any telecommunications, computer or other electronic equipment or system associated with such electronic system. This may result in the transaction not being executed according to your instructions or not executed at all. The methods and risks of trading on each electronic system may also differ.

2.6 Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation that may offer different or diminished investor protection. Before you trade, you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected.

### **3. Structured Transactions**

- 3.1 Where a transaction is “structured” or made up of several instruments, you should be aware that there is risk associated with each instrument evaluated separately and the risk of the transaction evaluated as a whole. Therefore your assessment of the transaction should consider the individual instruments and the transaction as a whole.
- 3.2 Certain transactions may be high risk transactions and the net outcome will depend on the performance of underlying reference obligations, assets and/or certain other financial instruments or indices (the “Underlying Indicator”), whether the Underlying Indicator forms part of the security under the transaction or not. You should therefore ensure that you fully understand the risks involved in the Underlying Indicator and satisfy yourself that you are willing to accept such risks.
- 3.3 As these structured transactions are usually executed over-the-counter, you should be aware that it may accordingly be difficult for you to liquidate an existing position under, assess the value of, determine a fair price for or assess your exposure to risks under such transaction. This uncertainty should be factored in by you in the overall consideration of the potential impact of your investment in the transaction.

### **4. Credit Risks**

- 4.1 We may not always be your contractual counterparty or the issuer under certain transactions. Where we are not your contractual counterparty or the issuer, your contractual counterparty or a third party issuer, and not us, will be liable to you under the transaction or otherwise in respect of a product purchased by you. Accordingly, in considering whether to enter into such transaction, you should take into account all risks associated with such counterparty or third party issuer, including the counterparty’s or issuer’s financial standing.
- 4.2 Certain transactions also involve the assumption by you of credit risks which you should ensure that you are able to evaluate.

### **5. Currency Risks**

The fluctuations in foreign currency rates have an impact on the profit/loss and the financial investment where the transaction is denominated or settled in a different currency from the currency where you carry on your ordinary business or keep your accounts.

### **6. Tax Risks**

Before entering into any transactions you should understand the tax implications of doing so, e.g. income tax. Different derivatives transactions may have different tax implications. The tax implications of transactions are dependent upon the nature of your business activities and the transactions in question. You should, therefore, consult your tax adviser to understand the relevant tax considerations.

### **7. Counterparty Risks**

- 7.1 Please ensure that you are aware of the identity of the contractual counterparty you are or may be matched with. Often, you will be purchasing an unsecured obligation of such counterparty (as opposed to an obligation of a central clearing corporation as would be the case with exchange traded futures and options) and you should evaluate the comparative credit risk.

- 7.2 If your counterparty is the Bank, you must note that the Bank deals with you at arms length as your counterparty. The Bank is not your fiduciary, nor is it willing to accept any fiduciary obligations to you. Any dealing, trading or engagement or transaction with the Bank by you could result in a loss to you and a gain to the Bank. The Bank does not and will not give you any advice whether written or oral other than the representations which will be expressly set forth in the relevant agreement, and any confirmation which may be signed or executed by you after negotiations with the Bank as your counterparty.
- 7.3 Your net returns from a transaction would also be affected by the transaction costs (i.e. commission, fees and other charges) charged by the Bank. These costs must be considered in any risk assessment made by you.
- 7.4 You should be aware that the Bank is engaged in certain customer driven and proprietary activities in many markets. These general activities, as well as the Bank's hedging activities which are related to certain transactions entered into with you, may adversely affect the value of such transactions.

#### **8. Non-Transferability And Non-Marketability**

A transaction generally cannot be assigned or transferred without the consent of the other party. The Bank is not obliged to repurchase a transaction from you. Because transactions are customised and not fungible, engaging in a transaction with another dealer to offset a transaction you have entered into with the Bank will not automatically close out those positions (as would be true in the case of equivalent exchange-traded futures and options) and will not necessarily function as a perfect hedge.

**The Bank strongly suggests that you review all materials (as supplied by the Bank and as supplemented with independent advice which you have been encouraged to take) pertaining to the risks associated with any transaction.**