Royal Bank of Canada Singapore Branch

Unique Entity Number S75FC2444C

Risk Disclosure Statement

Wealth Management

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Risk Disclosure Statement

Where applicable, terms not defined herein shall have the same meaning as in General Terms of the Royal Bank of Canada, Singapore Branch (the "**Bank**") between the Customer and the Bank (as the same may be amended, modified, supplemented or replaced from time to time), unless the context requires otherwise.

This Risk Disclosure Statement shall apply to all Customers with Account(s) with the Bank. This Risk Disclosure Statement comprises:

1. Part I – General Disclosure; and
2. Part II – Regulatory Disclosures.

Part I

General Disclosure

The Customer acknowledges and agrees that this brief statement cannot and does not disclose all the risks and other significant aspects of the various types of transactions involving cash, deposits, foreign currencies, securities, forwards, futures and option contracts, commodities, structured products, collective investment schemes/funds and derivatives transactions or use of any leverage facilities including but not limited to leveraged foreign exchange trading, currency leverage investment facility and derivatives trading facility. The Bank recommends that the Customer carefully studies and evaluates the terms and arrangements and whether such transactions are suitable for the Customer in the light of its experience, objectives, financial conditions and resources, its tolerance to exposure to Losses and gains and other circumstances. The Bank recommends that before the Customer trades or invests in any of the aforementioned products, the Customer should analyse the underlying risks and possible gains or Losses and other relevant implications and carefully consider whether such trading is suitable for the Customer in light of its financial condition. The Customer should also consult its financial and tax advisors or other professional advisors, as appropriate. The Customer should also read every part of this statement.

The Customer agrees that it assumes all the risk of its Transactions and that the Bank shall not be responsible for any Losses suffered by the Customer.

Part 1 – General

A. General Investment Risk

When considering whether to enter into such Transactions or use any leveraged facilities including but not limited to leverage foreign exchange trading, the Customer should be aware of the following:

1. Risk of Securities Trading

Prices of Securities can appreciate or depreciate, sometimes dramatically and may become valueless. It is as likely that Losses will be incurred rather than profit made as a result of buying and selling Securities. In addition, securities regulations and investor protection rules vary with different exchanges. Some may expose investors of Securities listed in those exchanges to high investment risk. In particular, certain exchanges allow companies to list with neither a track record of profitability nor any obligation to forecast future profitability. Such Securities may be very volatile and illiquid and their greater risk profile means that it is an exchange more suited for trading by professional and sophisticated investors. The Customer should seek independent professional advice if the Customer is uncertain of or have not understood any aspect of the nature of the exchange and risks involved in trading such Securities.

2. Risk of Foreign Currency Fluctuations

The profit or loss from foreign currency denominated Investments (whether they are traded in its own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency of denomination of the contract or investments to another currency. Where liabilities in one currency are matched by an asset in a different currency or where assets are denominated in a currency other than its reference currency, movements of exchange rates may have a separate effect, unfavourable as well as favourable, on any gain or loss otherwise experienced on the transactions.

3. Risk of Margin Trading

"**Margin**" refers to an amount of money, securities or other assets as collateral, representing any part or all of the value of an Investment or Agreement(s) to be entered into, which is deposited by a party to a financial transaction to ensure performance of the transaction. The risk of loss in financing a transaction by deposit of margin is significant. The margin cover may fall below the amount required from time to time due to various reasons such as book losses arising from mark-to-market valuation of outstanding Investments or losses arising from closed-out contracts or fall in value of the collateral. The Customer may sustain losses in excess of its margin deposited with the Bank and may be called upon at short notice to make additional margin deposits. If the required margin deposits are not made within the prescribed time, its collateral may be liquidated without the Customer's consent. Moreover, the Customer will remain liable for any resulting deficit in its Account(s). The Customer should therefore carefully consider whether such arrangement is suitable in light of its own financial position and Investment Objectives.

4. **Effect of Leverage or Gearing**

The high degree of leverage that is often obtainable for many financial transactions because of the small margin requirements can work against the Customer as well as for the Customer. The use of leverage can lead to large losses as well as gains. Such leveraging may be by way of loan, trading on a margin, or may be embedded within an instrument such as a structured note.

The Customer may be required to furnish margin when entering into many financial Transactions, in particular leveraged Transactions. Even if the amount of the initial margin deposit may be small relative to the value of a transaction, the transaction is highly "leveraged" or "geared". If the market moves against the Customer, the Customer may not only sustain a total loss of the initial margin deposit and any additional funds deposited to maintain its position, the Customer may also incur further liability to the Bank or the counterparty or sustain further losses. The Customer may be called upon to "top-up" its margin by substantial amount(s) at short notice to maintain its position, failing which its position may be liquidated at a loss, and the Customer will be liable for any resulting deficit in its Account(s). Such payment obligations may vary dramatically depending on fluctuations in the applicable interest rate, currency exchange rate or other indices used for calculating such payment obligations in the transaction.

5. **Risk-Reducing or "Stop Loss" Orders or Strategies**

The placing of certain orders (e.g. 'stop-loss' orders, where permitted under local law, or 'stop-limit' orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. At times, it is also difficult or impossible to liquidate a position without incurring substantial losses. Strategies using combinations of positions, such as "spread" and "straddle" positions may be as risky as taking simple "long" or "short" positions.

6. **Liquidation of Position**

Under certain market conditions, the Customer may find it difficult or impossible to liquidate a position. Adverse market conditions may result in the Customer not being able to effect transactions, liquidate all or part of its Investments, assess a value of its exposure or determine a fair price, as/when the Customer require. This may also arise from the rules in certain markets (for example, the rules of a particular exchange may provide for "circuit breakers" where trading is suspended or restricted at times of rapid price movements).

7. **"Spread" Position**

A "spread" position may not be less risky than a simple "long" or "short" position.

8. **Risk of Trading in Swap Transactions**

Swap transactions are used to exchange different instruments which results in an exchange of future payment streams and occasionally, the exchange of principal on commencement and/or maturity date. The swaps may be categorized as fixed to fixed swaps, fixed to floating swaps, or floating to floating swaps. As many instruments have now been used in swap transactions (e.g. currency, and interest rates), the risks are varied based on the instrument in question, and carry a high degree of risk. Risks include but are not limited to inflation, weakening currencies, fluctuations and unpredictability of markets, default of a party to the transaction, and general risks that the instruments individually carry.

The risk that one of the parties to the

swap will default or otherwise fail to perform its obligations is typically greater in swaps where both principal and income streams are exchanged.

For an uncovered contract, there is a risk which is directly related to the risks of the different instruments swapped. It is important to note that these risks may not be offsetting in effect, and should be viewed instead in aggregate.

9. Risk of Trading Warrants

A warrant is a right to subscribe for shares, debentures, loan stock or government securities, and is exercisable against the original issuer of the Securities. Warrants often involve a high degree of gearing, so that a relatively small movement in the price of the underlying security results in a disproportionately large movement in the price of the warrant. The prices of warrants can therefore be volatile. The Customer should not buy a warrant unless the Customer is prepared to sustain a total loss of money the Customer has invested plus any commission or other transaction charges. The Customer should also be aware that some other instruments which are called warrants may actually be options (for example, a right to acquire securities which is exercisable against someone other than the original issuer of the Securities, often called a covered warrant).

B. Risk of Trading in Forwards, Futures and Options Contracts and Leveraged Foreign Exchange Transactions

The risk of loss in trading forwards, futures or options or leveraged foreign exchange trading is substantial. The Customer should therefore undertake such transactions only if the Customer understands the nature of the derivatives contracts (and contractual relationships) and derivatives Transactions into which the Customer is entering and the extent of its exposure to risk. Trading in forwards, futures or options may not be suitable for many members of the public. The Customer should carefully consider whether such trading is appropriate for the Customer in the light of its experience, Investment Objectives, financial resources and other relevant circumstances. In considering whether to trade, the Customer should be aware of the various risks mentioned in Part 1 of this statement and those mentioned below:

1. Forwards and Futures

Forwards and futures entail the obligation to deliver or take delivery on a specified expiration date of a defined quantity of an underlying asset at a price agreed on the contract date. Futures are standardised contracts traded on exchange and forwards are traded over-the-counter. The risk lies in the difference between the agreed price and the market price. Forwards and futures may involve high degrees of risk and may not be suitable for many members of the public.

2. Forward Rate Agreement

A Forward Rate Agreement entails the obligation to pay or receive interest at an agreed rate over a period commencing at a future date regardless of the level of interest rates prevailing at that future date. For uncovered contract, there is an unlimited interest rate risk, computed on the full amounts contracted.

3. Options

Introduction

An option is a right granted by a person (the seller or writer) to another (the buyer or the holder) to buy (call option) or to sell (put option) a specified amount of an underlying share or other asset at a pre-defined price (strike price) at or until a certain time (expiration date), in exchange for the payment of a premium. Transactions in options carry a high degree of risk. The Customer should familiarise itself with the types of options (i.e. put option or call option) which the Customer contemplates trading and the associated risks. The Customer should calculate the extent to which the value of an option would have to increase for its position to become profitable, taking into account the premium paid and all transaction costs.

Variable Degree of Risks

Transactions in options carry a high degree of risk. The Customer should calculate the extent to which the value of the options would have to increase for its position to become profitable, taking into account the premium paid and all transaction costs.

The purchaser of options may offset its position by trading in the market or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a futures contract or leveraged foreign exchange transaction, the purchaser will have to acquire a futures or leveraged foreign exchange position, as the case may be, with associated liabilities for margin. If the purchased options expire worthless, the Customer will suffer a total loss of its Investment which will consist of the option premium paid plus transaction costs. If the Customer is contemplating purchasing deep-out-of-the-money options, the Customer should be aware that, ordinarily, the chance of such options becoming profitable is remote.

Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of the amount of premium received. The seller will be liable to deposit additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a futures contract or leveraged foreign exchange transaction, the seller will acquire a futures or leveraged foreign exchange position, as the case may be with associated liabilities for margin. If the option is "covered" by the seller holding a corresponding position in the underlying futures contract, leveraged foreign exchange transaction or another option, the risk may be reduced, but the seller is advised to enquire as to how and to what extent the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, limiting the liability of the purchaser to margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

4. Additional Risk Common to Forwards, Futures and Options Contracts and Leveraged Foreign Exchange Transactions

(a) Terms and Conditions of Transactions

Before the Customer conduct its Transactions, the Customer should understand the terms and conditions of the specific forwards, futures or option or leveraged foreign exchange Transaction which the Customer is trading and the associated obligations (e.g. the circumstances under which the Customer may become obligated to make or take delivery of the underlying interest of a forward or futures contract or leveraged foreign exchange Transaction and, in respect of options, expiration dates and restrictions on the time of exercise).

Under certain circumstances, the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

(b) Suspension or Restriction of Trading and Pricing Relationships

Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or 'circuit breakers') may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If the Customer has sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the futures contract, and the underlying interest and the option may not exist. For example, this can occur when the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge a "fair" value.

Whilst the Bank will provide periodic mark-to-market valuations to the Customer, the Customer acknowledges and agrees that the Bank's determination of the value is in accordance with the Bank's normal practices from time to time and shall be conclusive and binding on the Customer. The Customer further acknowledges and agrees that the Customer shall not have any access to and shall not query or require further particulars of the mode of calculation.

5. **Additional Risk of Trading in Futures and Leveraged Foreign Exchange Transactions**

Transactions in futures and leveraged foreign exchange carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract or leveraged foreign exchange transaction so that the transaction is highly "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact on the funds the Customer has deposited or will have to deposit; this may work against the Customer as well as for the Customer. The Customer may sustain a total loss of the initial margin funds and any additional funds deposited with the firm to maintain its position. If the market moves against its position or margin level are increased, the Customer may be called upon to apply substantial additional funds on short notice in order to maintain its position. If the Customer fails to comply with a request for additional funds within the time prescribed, its position may be liquidated at a loss and the Customer will be liable for any resulting deficit in its Account(s).

C. OTHERS

1. **Commission and Other Charges**

Before the Customer begins to trade, the Customer should obtain a clear explanation of all commissions, fees and other charges for which the Customer will be liable. These charges will affect its net profit (if any) or increase its loss. In some cases, managed Accounts may be subject to substantial charges for management and advisory fees. It may be necessary for those Accounts that are subject to these charges to make substantial trading profits to avoid depletion or exhaustion of their assets.

2. **Transactions in Foreign Jurisdictions**

Transactions on the markets in other jurisdictions, including markets formally linked to a domestic market, may involve additional risks. Such markets may be subject to regulation which may offer different or diminished investor protection. Before the Customer trades, the Customer should enquire about any rules relevant to its particular transactions. The local regulatory authority will be unable to compel the enforcement of the rules of foreign regulatory authorities or markets in other jurisdictions where the transactions have been effected. The Customer should understand the types of redress available in both its home jurisdiction and other relevant jurisdictions before the Customer starts to trade. There may be restrictions for foreigners, repatriation of capital investments and profits and there may be withholding or additional forms of taxes.

3. **Emerging Markets Risk**

Emerging markets are the markets for Securities trading in countries that possess one or more of the following characteristics:

(a) a degree of political instability;

(b) relatively unpredictable financial markets and economic growth patterns;

(c) financial markets and systems that are still in a relatively early stage of development; and

(d) a less developed economy.

Risks associated with Emerging Markets

There are risks linked to Investments in emerging markets that are not encountered in their more established counterparts. These risks are relevant where the issuer or provider of a product has its headquarters or primary focus of activity in an emerging nation. Such risks include:

(a) currency risk – currencies in which investments are denominated may be unstable, and may not be freely convertible;

(b) country risk – investments may be affected by political, legal, economic and fiscal uncertainties, and existing laws and regulations may not be consistently applied;

(c) market characteristics – emerging markets are still in the early stages of development, have less volume, are less liquid and experience greater volatility than more established markets;

(d) regulation – emerging markets are not highly regulated, and settlement of transactions may be subject to delay and administrative uncertainties; and

(e) disclosure – less comprehensive and reliable fiscal and other information may be available.

4. Risk of Counterparties and Brokers

All transactions that are executed upon the Customer's instructions with counterparties and brokers are dependent on their due performance of their obligations. The insolvency or default of such counterparties and brokers may lead to positions being liquidated or closed out without the Customer's consent.

5. No Obligation to Advise

The Bank will act upon the instructions of the Customer or its Authorised Persons. The Customer cannot assume that the Bank will or shall be under any obligation to warn the Customer or its Authorised Persons if any of their Instructions are ill-timed or inadvisable for any reason or are likely to cause the Customer to suffer losses.

6. Liquidity and Marketability Risk

Under certain times or under certain market conditions, it may be difficult or impossible to liquidate a position, to assess value or to determine a fair price. Certain instruments may not be realisable or marketable. There can be no certainty that market traders will be prepared to deal in them, and proper information for determining their current value may not be available as well.

7. Tax Risk

Before entering into any transaction, the Customer should understand the tax implications (including the implications of any applicable income tax, goods and services or value added taxes, stamp duties and other taxes) of acquiring, entering into, holding and disposing of the relevant transaction. Different transactions may have different tax implications as they would depend upon the nature of its business activities and the transaction in question. The Customer should therefore consult its independent tax advisor to understand the relevant tax considerations.

8. Deposited Cash and Property

The Customer should familiarise itself with the protection accorded to any money or other property, which the Customer deposits for domestic and foreign transactions, particularly in a firm's insolvency or bankruptcy. The extent to which the Customer may recover its money or property may be governed by specific legislation or local rules. In some jurisdictions, property which has been specifically identifiable as its own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

9. Trading Facilities

Most open-outcry and electronic trading facilities are supported by computer based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Its ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/ or member firms, and such limits may vary. Before the Customer conducts its transactions, the Customer should understand the details in this respect. The Bank is not responsible for losses resulting from such disruption or failure.

10. Electronic Trading

Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If the Customer undertakes transactions on an electronic trading system, the Customer will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that the Customer's order is either not executed according to its Instructions or not executed at all. The Bank is not responsible for losses resulting from such disruption or failure.

11. Off-Exchange Transactions

In some jurisdictions and only in restricted circumstances, firms are permitted to effect off-exchange transactions. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. Price indications might only reflect historic prices or based on the latest available market prices or are arrived from sources believed to be reliable. No warranty is given on the prices indicated. For these reasons, these transactions may involve increased risk. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before the Customer undertakes such transactions, the Customer should familiarise itself with applicable rules and attendant risks.

Part 2

Structured Products, Collective Investment Schemes / Funds, Private Equities and Precious Metal Accounts

D. Basic Structured Products

1. Dual Currency Investments

Dual Currency Investments ("**DCIs**") are exchange-rate-related instruments that enable the buyer to obtain a higher return than on a money market instrument. When a DCI matures, the buyer will receive payment of principal and interest either in the primary or the alternative currency. If payment is in the alternative currency, the strike rate will be used for conversion. DCIs are suitable for buyers who wish to see a high return on their investments and accept the risk of repayment in the alternative currency at the strike rate. The higher the potential earnings, the greater the risk that payment will be made in the alternative currency at the strike price. DCI buyers do not enjoy downside protection, and thus investing in DCIs involves substantial risks.

2. Equity-linked notes

Equity-linked notes ("**ELNs**") may be considered as combining a debt instrument with an option that allows a bull (rising), bear (falling) or range view. Although industry practice is for the price of ELNs to be quoted in yield terms similar to treasury bills, they carry a higher degree of risk because ELNs are investments with an embedded option, usually in respect of the shares of a single underlying entity. ELNs are typically sold at a discount to par value and the discount represents the equity option premium. The return on an ELN is usually determined by the performance of a single security, a basket of securities or an index. Whenever the Customer buys an ELN, the Customer will, correspondingly, be selling (writing) an option on chosen securities.

A bull ELN combines a traditional deposit with the premium received from writing a put option on the chosen securities. If the value of these securities falls to a level less than the strike price minus the premium received, the buyer will suffer a loss. The maximum potential loss could be the entire capital sum. Although the bull ELN offers a higher yield than traditional deposits, it is only suitable for investors who are prepared to accept the risk of receiving the underlying securities if the value of the securities falls below the strike price at maturity.

A bear ELN combines a deposit with the premium received by selling a call option on the chosen securities. Upon maturity, the amount that the issuer of a bear ELN will repay the investor depends on the strike price and the market value of the securities at maturity. Buyers of a bear ELN must be prepared for the risk of losing the entire capital invested, in the event that the market value of the securities is above the strike price.

A range ELN combines a traditional deposit with the premium received by selling both a put option and a call option on the chosen securities. The risk of this product is that while the upside returns is limited, the investor stands to lose the entire capital invested. Losses will be realised if the market value of the securities exceeds the call strike price or the investor will receive the underlying securities if the market value of the securities falls below the put strike price at maturity.

The Customer should also note that the return on investment of an ELN is pre-determined, so that even if its view of the direction of the underlying market is correct, the Customer will not gain more than the specified amount. The return payable for an ELN is determined at a specific time on the valuation date, irrespective of the fluctuations in the underlying securities prices before or after that specific time. The Customer should also note that unlike a traditional time deposit, there is no guarantee that the Customer will receive the principal amount invested or that the Customer will derive any return on its investment or yield from an ELN. In addition, there is a limited secondary market for outstanding ELN issues.

E. Collective Investment Schemes / Funds

Collective Investment Schemes/Non-traditional funds (collectively referred to as funds), may take a variety of legal forms such as investment companies, partnerships or unit trust structures and differ from traditional investment funds which invest in equities and/or fixed income instruments.

1. Futures and Options Funds

These include funds with the primary objective of investing in financial and/or commodity derivative contracts. Such funds may invest in exchange-traded futures and options contracts, including OTC options, forwards and swaps. These funds tend to be highly volatile and the Customer should therefore assess if it is able to understand and tolerate the risks associated with trading in such funds.

2. Property Funds

These are funds that invest or propose to invest in real estate and real estate related assets. The fund may or may not be listed or traded on an exchange. An investment in real estate may be by way of direct ownership or a shareholding in an unlisted corporation whose sole purpose is to hold/own real estate. Some examples of the risks specific to investing in property funds include (but is not limited to) the following:

- **Diversification** - Property funds tend to be less well-diversified than general securities funds.
- **Illiquidity of Properties** - The underlying properties in a property fund are often illiquid. Property may have to be sold to make distributions if market conditions change, or to meet redemptions if the fund is unlisted or delisted; the property fund may be unable to do this expediently where the need arises.
- **Valuation** - Property valuation, which affects the offer price of units in a property fund, is subjective.
- **High Gearing** - Property funds tend to be more highly geared than securities funds. This could be risk if interest rates rise sharply.

3. Hedge Funds

A common type of a non-traditional fund is the hedge fund, which notwithstanding its name, does not necessarily have anything to do with hedging. There are different characteristics and investment strategies that define hedge funds which in general seek to deliver an “absolute” return independent of the directional move of equity, fixed income or cash markets. A hedge fund-of-funds is a portfolio in which a professional manager will allocate capital across a range of hedge funds, which in turn may invest in a wide range of investment markets using differing techniques. A non-exhaustive list of the risks of investing in a hedge fund is provided below for the Customer’s reference:

- The fund may be able to carry out short sales.
- There may be limited information available about the hedge fund and underlying hedge funds (if any), its investment strategies or investment situation.
- Hedge funds have variable or limited liquidity and tradability, and may have limited subscription and redemption rights with long notice periods.
- The redemption price may be affected by fluctuations in value of the underlying investments from the time a redemption request

is submitted and the date the redemption price is determined.
- The performance of a hedge fund is dependent substantially on individual fund managers.
- Portfolio managers may receive performance-linked bonus and may have a personal stake in the fund.
- The fund may be located in offshore jurisdictions with less stringent laws and minimal supervision. There may be no assurance that an investor's legal rights will be enforceable.

F. Private Equities

These are participations into private companies and/or funds to provide such companies with capital in order to finance projects which are expected to generate higher returns and involving higher risks. Private equities are less liquid than other securities and in certain cases, fund holdings of private equities cannot be sold and/or transferred freely. If transferred, this may take place at a discount. Returns on private equity generally occur in several ways such as:

- sale of the participations through eventual public listings on stock exchanges;
- mergers with other companies, sale to another interested party; or
- a recapitalisation amongst others.

Considerable losses or even a total loss over the Investments into private equities may take place in certain cases such as when the relevant private companies and/or funds are wound up or declared insolvent, should the projects fail and/or should commercial interest in the business of the private companies or projects cease to exist.

G. Precious Metal Account

1. The Customer should be familiar with how the Precious Metal Account would operate and all risk factors associated with the Precious Metal Account including but not limited to the risks highlighted below and in particular the fact that the markets in Precious Metal are volatile and the Precious Metal Account may be subject to higher volatility as a result and that there is a possibility that a loss will be incurred. There is no yield or interest payable for the Precious Metal Account, and the notional Precious Metal held in the Precious Metal Account is not an "insured deposit" under the provisions of the Deposit Insurance and Policy Owners' Protection Schemes Act, Chapter 77B of Singapore and is not eligible for deposit insurance coverage under the Deposit Insurance Scheme in Singapore. The Precious Metal Account product is not a capital markets product (as defined under the SFA or an investment product (as defined under the FAA), and accordingly, an investment in the Precious Metal Account product will not be accorded the same regulatory safeguards as investors in capital markets products and/or investment products. It is the Customer's responsibility to ensure that the Precious Metal Account is suitable for the Customer in light of his financial position, risk appetite, risk profile and investment objectives.
2. The Customer does not have any entitlement or interest in any identifiable Precious Metal but only a contractual right against the Bank to be paid for the notional Precious Metal in the Precious Metal Account in Acceptable Currency upon the withdrawal of such Precious Metal from or closure of the Precious Metal Account in accordance with the terms of the Precious Metal Account Terms. Upon the insolvency of the Bank, the Customer will be treated as an unsecured creditor of the Bank.
3. If the Amount Receivable is not denominated in the Customer's home currency that the Customer ordinarily transacts in, the Customer will be subject to the risk of exchange rate fluctuations that may cause a loss of the Amount Receivable if the Amount Receivable is converted back to the Customer's home currency. Exchange controls may also be applicable in respect of certain foreign currencies. The Customer should therefore determine, where applicable, whether establishing a Precious Metal Account in a foreign currency is suitable for the Customer in light of his investment objectives, financial means and risk profile.

H. Risk associated with Structured Products

1. Introduction

Structured products are not conventional financial products and are formed by combining two or more financial instruments including one or more derivatives (for example, a structured investment comprises a deposit combined with an option). These may be traded either over-the-counter or on-exchange and can be in various forms (for example deposits, debt securities, etc.)

Structured products may carry a high degree of risk and may not be suitable for all investors, as the risks associated with the financial instruments may be interconnected. As such, the extent of loss due to market movements can be substantial. Prior to engaging in structured products, the Customer should understand the inherent risks involved. In particular, the various risks associated with each financial instrument should be evaluated separately in addition to taking the structured product as a whole.

As most structured products are complex, the Customer should also understand the terms and conditions of the structured products as provided in the term sheet, confirmation and/or any other documents (for example, offering circulars or pricing supplements) provided to the Customer including the calculation of the returns and redemption amounts, restrictions, liquidity, transferability and the nature and economic risks of the underlying securities or assets. With structured products in the form of debt securities, buyers can only assert their rights against the issuer. Hence, particular attention needs to be paid to issuer risk. The Customer need therefore be aware that a total loss of its investment is possible if the issuer should default. Structured products in investment form can only be assigned or transferred with the Bank's consent. Structured products often combine debt securities or deposits with one or a number of derivative components. The products may consist of warrants, options, or forwards embedded in debt securities or any of a wide variety of equity securities, deposits, commodities and/or currency combinations. As a result the income, average life, and/or redemption value for these products can become dependent upon the forward movement or future performance of various underlying indices, currency spot and forward rates, credit events occurrence, equities prices, commodities prices, futures, funds net realisable values, etc. Further, the value of a structured product may be linked to the value of its embedded derivative component(s), which may be subject to considerable fluctuation depending on market forces.

2. **Capital Guarantee**

   Structured products that do not carry a capital guarantee involve a capital risk. Where the capital is guaranteed, the Customer will be exposed to the credit risk of the guarantor. The guarantee does not give any assurances as to the future solvency of the guarantor and the guarantee may be terminated prior to maturity of the structured products upon the occurrence of certain events as stated in the relevant product specific documents. The capital guarantee is also linked to the nominal value rather than the issue price or the secondary market price. Capital guarantee does not therefore mean 100% or full repayment of the purchase price for all products. The market value of a structured product can fall below the level of its guaranteed amount, which can increase the potential loss on a sale before maturity. In other words, a capital guarantee is only available if the buyer holds the structured product until maturity.

3. **Early Withdrawal/Redemption**

   For structured products for which whole or partial withdrawal prior to the maturity date is permitted as specified in the product specific documents, the deposit or debt securities may be withdrawn or redeemed in whole or in part, before the maturity date of its option. This is subject to the conditions and procedures for withdrawal. In this case, the early withdrawal/redemption amount shall be the fair market value of the structured product as determined by the specified calculation agent in its discretion, having regard to the customary practices or market practice (if any) and taking into account any cost suffered by the Bank or the issuer or any of their counterparties in respect of unwinding any financial instruments which have been set up to hedge against exposure in connection with the structured product. Such determinations by the calculation agent shall be binding and conclusive as against the Customer. The result of an early withdrawal is that the amount received by the Customer may be significantly less than the original amount invested and even zero. However, the Customer has to note that unless expressly permitted, the Customer may not have the right to terminate the transaction before its maturity date or there may be a lock-up period during which early withdrawal is not permitted. In the event that withdrawal or termination occurs, for whatever reason, the Customer will be required to pay all damages (including, without limitation, any replacement costs incurred) resulting or arising from such withdrawal or termination.

I. Market Disruption and other events beyond control of parties

1. Introduction

The Customer's investment in structured products may be adversely affected by events occurring beyond the Customer's control or the control of the Bank or the issuer or any of their counterparties. The nature of such events and their consequences are varied and how they may apply to the Customer and its investment in structured products will be specified in the product specific documents. The Customer should understand how these events might impact on its investment in structured products before investing in them. The occurrence of such events may lead to early termination or unwinding of its investment in the structured products.

The Customer may suffer losses or damages (including the loss of its whole investment) or make further payments to the Bank or the issuer or any of their counterparties or bear costs and expenses resulting from such termination or unwinding. The calculation agent may determine such amounts and in doing so, take into account all costs, expenses, liabilities or losses incurred or suffered by the Bank or the issuer or any of their counterparties as a consequence of breaking or unwinding any funding, hedging or other arrangements that the Bank or the issuer or any of their counterparties may have made in relation to the structured product. The calculation agent may also determine the valuation or settlement of the structured products or any components thereof in accordance with customary or market practices instead of the agreed method of valuation. The determination of the calculation agent is final and binding on the Customer. A brief and non-exhaustive discussion on some of the more common events is set out below for the Customer's information.

2. Market Disruption

The value of some structured products is derived from an exchange or market index. If an event affecting the exchange or market occurs on the valuation date that disrupts the agreed method of valuation, the calculation agent may postpone the valuation to a later date or if the market disruption still persists, determine valuation in accordance with customary or market practices instead of the agreed method of valuation. Such market disruption events may include events affecting the operation of the relevant market or exchange, such as suspension or limitation of trading, or situations where pricing has moved excessively or liquidity has been impaired.

3. Force Majeure

The occurrence of events, such as Acts of God, natural or man-made disasters or crises, outbreak of hostilities, war or acts of terrorism or any change in law, that either prevent the fulfillment or performance of a structured product or render such structured products illegal or unenforceable may lead to early termination of that structured product.

4. Extraordinary Events

Some structured products derive their value from securities, funds or indices. An extraordinary event may occur to the securities, funds or indices. For example, in the case of securities, the issuer of the securities may become insolvent, its assets may be nationalised or expropriated or the trading of such securities may be suspended or the securities may be de-listed. In the case of funds, there may be material changes to the funds that affect their value or reduction of the funds' net asset value. Other examples include situations where the relevant sponsor ceases to calculate or announce indices. Such events may lead to early termination of the structured product.

5. **Settlement Disruption**

The Customer may not receive physical delivery of the securities, commodities or other assets or be paid the amount due to the Customer in accordance with the agreed settlement procedure upon the occurrence of any event that either disrupts the relevant market or the mode of settlement, such as the imposition of exchange or capital controls. The calculation agent may determine the manner of settlement in accordance with customary or market practices.

6. **Adjustment**

Adjustments may be made to the quantity and price of the securities or other indices used in calculating or deriving the value of a structured product to account for the occurrence of events that either have a dilutive or concentrative effect, such as bonus or capitalisation issue, rights issue, split, sub-division, consolidation or re-classification or distributions.

7. **Replacement**

Replacements may be made to the securities, indices or other benchmarks used in calculating or deriving the value of a structured product due to the occurrence of events that have a substitutionary or structural impact on such securities, indices or benchmarks, such as the replacement of an index or conversion of a class of securities into another class. Such events may also lead to an early termination or adjustment of the terms of the structured products.

Part 3

Short Selling of Securities

J. Short Selling Of Securities

As short-selling of securities entails considerably more risks than an outright purchase of securities, the Customer should be aware of the nature of the transaction and the related risks involved when engaging in such activity.

1. **Stock Borrowing**

When the Bank executes its short-sell order, as its agent with the broker, concurrently the broker will arrange for a stock-borrowing arrangement for the Customer in order to deliver the relevant securities to the purchasers on settlement date of the transaction. The securities borrowed will be collateralised with the proceeds from the sale. Therefore the cash proceeds will be blocked as collateral for the securities-borrowed and shall not be available to the Customer for withdrawal or any other use, until the securities-borrowed through the broker are repaid. Please take note that the cash proceeds placed with the broker, as collateral will not earn any interest.

Please take note that the lender(s) of the securities in the stock –borrowing transaction has the right to recall the securities lent at any time, upon giving notice to the borrower. In such circumstances, the Customer has to deliver the relevant securities into its Account with the Bank within the time specified. If the Customer does not have the relevant securities to deliver or if the Customer is not able to make alternative arrangements to borrow them, the Customer may have to purchase from the market at prices and conditions that may be unfavourable to the Customer. The Customer is also accountable to the lender(s) for any corporate actions or dividends received during this period. Adjustments may also be made due to the occurrence of events that either have a dilutive or concentrative effect on the securities, such as a bonus or capitalisation issue, rights issue, stock-split, consolidation, re-classification, etc.

2. **Margin Requirement**

The broker will mark-to-market ("**MTM**") the value of the securities that the Customer has borrowed during the term of the security-loan and depending upon the market price movements, there will be a margin call for further top-up of the collateral amount. The Bank will inform the Customer of any margin required by the Bank's broker as well as the time deadlines for payment of the same. In addition, please take note that the Bank may in certain circumstances decide in the Bank's discretion to require more stringent margin requirements than that imposed by the broker depending upon the Bank's views on the general economic and financial market conditions, volatility of the stock prices as well as any other relevant factors. The Customer will have to provide any such additional margin requirements that the Bank may impose.

In the event that the Customer is not able to meet the margin call within the prescribed time, the Bank's broker will close out its short-sell position in the relevant securities by buying the securities from the market. Such buy-in transactions will be conducted at the prevailing market prices, on a reasonable effort basis. The Customer will be liable to settle the losses sustained by the buy-in transactions, including any related charges and taxes.

Its losses may be higher when it becomes difficult or impossible to effect buy-in transactions should a market disruption event occur. Market disruption event may include events affecting the normal operation of the exchanges where the securities are traded, such as suspension or limitation on trading activities or situations where there is a serious impairment in trading liquidity or settlement systems.

3. **Risk of Brokers and Counterparties**

As the Bank is acting as its agent in executing the short sale and stock borrowing on its behalf, the Customer is bound by the terms and conditions of the Bank's broker and its recourse is solely with the broker. All transactions with the brokers are dependent upon their due performance of their obligations. The insolvency and default of such brokers may lead to positions being liquidated without its consent or losses to be sustained by the Customer.

The risk of loss from short-selling of securities can be substantial. This brief statement cannot and does not disclose all the risks and other significant aspects. The Customer should not engage in such transactions unless the Customer has fully understood the nature and commitments associated with short-selling of securities, the fundamentals of the markets on which the securities short-sold are traded and the extent of economic risk the Customer is exposed to as a result of short-selling securities. The Bank recommend that the Customer engage in such Transactions only after having analysed (if necessary with the help of outside professional advisors) the specific risk such Transactions imply and the possible advantages to be obtained by the Customer in light of its financial objectives, experience and resources. The Bank assumes no fiduciary responsibility or liability for any consequences, whether financial or otherwise.

Part 4

For Currency Option Facility

K. Currency Option Facility

This brief statement cannot and does not disclose all the risks and other significant aspects. The risks associated with Currency Option Facility (the "**CO Facility**") and the contracts related thereto (the "**FX Transactions**") can be substantial, and the Bank will not be responsible for any losses whatsoever arising from such FX Transactions. FX Transactions which may be entered into involve a high degree of risk due to, inter alia, the volatile nature of interest rates, currency exchange rates and other financial indices which may be used in FX Transactions. FX Transactions should be entered into only by persons who understand the nature and extent of the risks associated with derivative transactions including, specifically, the unpredictable amount of future payment obligations under the CO Facility. Such payment obligations may vary dramatically depending on fluctuations in the applicable interest rate, currency exchange rate or other indices used for calculating such payment obligations in the FX Transactions. The Customer should carefully consider whether such FX Transactions are suitable for the Customer. In considering whether to enter into any FX Transaction, the Customer should be aware of the following: -

1. In respect of leveraged Transactions, a small market movement could multiply its losses.

2. While the amount of the initial margin deposit may be small relative to the value of the Transaction, a relatively small market movement would have a proportionately larger impact on the security and/or funds deposited as margin with the Bank. The Customer may thus sustain the total loss of its initial margin deposit and any additional deposit and/or additional funds and/or security deposited with the Bank to establish or maintain its position if the market moves against the Customer. The Bank may then call on the Customer to "top up" its margin by depositing additional

deposit and/or margin, and/or further security in order to maintain its position. If the Customer does not immediately provide the required funds and/or further security, its position may be liquidated without further reference to the Customer. Liquidation may well result in a loss to the Customer and the Customer will be liable for such loss and to make further payment to the Customer in the event that its deposit and/or security does not cover the full loss accruing to its Account upon liquidation. Under certain market conditions, it may be difficult or impossible to liquidate a position. Placing stop orders will thus not necessarily limit its losses to the intended amounts, since market conditions may make it difficult or impossible to execute such orders.

3. A position involving purchase of one delivery month against sale of another delivery month may not be less risky than an outright purchase or sale.

4. Before the Customer begins to trade, the Customer should obtain a clear explanation of all commissions, fees and other charges (including but not limited to the interest payable on the CO Facility to the Bank) for which the Customer will be liable. These charges will affect its net profit (if any) or increase its loss.

5. The profit or loss in transactions in foreign currency denominated FX Transactions will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the FX Transaction to another currency.

6. The Customer must be aware of the extent to which the value of the FX Transactions must increase for its position to become profitable, taking into account the premium and all transaction costs including interest payable on the CO Facility to the Bank.

7. The Bank recommends that the Customer enters into the FX Transaction only after having analysed (if necessary with the help of outside advisors) the specific risks and the possible advantage to be obtained.

Acknowledgement

By negotiating and/or entering into any Transactions and by accepting and executing the relevant Facility documentation, the Customer confirms that it has read and fully understood the Risk Disclosure Statement, the term sheets or any other documents pertaining to the Transaction, the nature of the transaction and the terms and conditions governing the Transaction and Facility as well as the margin requirements, if applicable.

The Customer acknowledges that in entering into any Transaction, the Customer has obtained all relevant terms of the Transaction and on its own have made its own independent assessment of the Transaction on its own Investment Objectives, knowledge, experience, financing risk capacity and ability to monitor the transaction, based on such independent financial, tax, legal or other advice as the Customer considers appropriate and not upon any view or upon any representations (whether written or oral) expressed by the Bank or any of its officers, employees, servants, nominees or agents.

The Customer further acknowledges that it has the knowledge and sophistication to independently appraise and understand, is familiar with and is fully aware of the financial and legal terms and conditions and the risks related to the Transaction and Facility, is willing to take such risks and economic consequences, and is capable of bearing a full loss of the amounts invested as a result of or in connection with any Transaction entered into and any additional loss over and above the initial amounts invested.

Part II

Regulatory Disclosures

1. Private Banking Exemption

(a) If the Customer is a High Net Worth Individual, the Customer should note that the Bank's private banking unit is exempt under section 100(2) of the FAA (the "**Unit Exemption**") from complying with sections 25, 27, 28 and 36 of the FAA, as well as the following notices issued by the MAS:

(i) MAS Notice on Recommendations on Investment Products [Notice No. FAA–N16] (which sets out requirements which are to be complied with when a financial adviser makes recommendations on investment products to clients);

(ii) MAS Notice on Appointment and Use of Introducers by Financial Advisers [Notice No. FAA–NO2] (which sets out requirements which are to be complied with when a financial adviser appoints an introducer);

(iii) MAS Notice on Information to Clients and Product Information Disclosure [Notice No. FAA–NO3] (which sets out the minimum standards a financial adviser should meet in its product information disclosures and information to clients, and the type of information which must be disclosed by such financial adviser to its client); and

(iv) MAS Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Advisers and Exempt Financial Advisers [Notice No. FAA–N13] (which sets out examination requirements and other continuing professional development requirements for regulated activities).

(b) The exemption applies only in respect of the provision by the Bank through its private banking unit of financial advisory services as defined under the FAA. It is not an exemption from the licensing requirement for other activities regulated under the Banking Act, the Insurance Act, Chapter 142 of Singapore and the SFA.

Notification and Explanation of Implications of the Unit Exemption

(c) In compliance with the conditions of the Unit Exemption, the Bank details below an explanation of the provisions of the FAA it is exempt from and the resulting implications to the Customer.

(i) **Section 25 of the FAA and MAS Notice on Information to Clients and Product Information Disclosure [Notice No. FAA-N03]**. Section 25 of the FAA imposes an obligation on a financial adviser to disclose to its clients and prospective clients all material information relating to any designated investment product recommended by the financial adviser, including the form and manner in which the information shall be disclosed. "Material information" includes the terms and conditions of the designated investment product and the benefits and risks that may arise from the designated investment product.

The MAS Notice on Information to Clients and Product Information Disclosure [Notice No. FAA-N03] sets out the standards to be maintained by a financial adviser and its representatives with respect to the information they disclose to clients. The Notice also sets out the general principles that apply to all disclosures by a financial adviser to its clients and the specific requirements as to the form and manner of disclosure that the financial adviser has to comply with in relation to, among others, section 25 of the FAA.

As a result of the Bank's exemption from compliance with these requirements, the Bank is not under any statutory obligation to provide the Customer with all material information on any designated investment product in the prescribed form and manner, e.g. the benefits and risks of the designated investment product and the illustration of past and future performance of the designated investment product. The Customer is therefore not protected by the disclosure requirements in section 25 of the FAA and MAS Notice on Information to Clients and Product Information Disclosure [Notice No. FAA-N03].

(ii) **Section 27 of the FAA and MAS Notice on Recommendations on Investment Products [Notice No. FAA-N16]**. Section 27 of the FAA requires a financial adviser to have a reasonable basis for any recommendation on an investment product that is made to a client. The financial adviser is required to give consideration to the investment objectives, financial situation and particular needs of the client. Failure to do so could, if certain conditions are satisfied, give the client a statutory cause of action to file a civil claim against the financial adviser for investment losses suffered by the client.

The MAS Notice on Recommendations on Investment Products [Notice No. FAA-N16] sets out requirements which apply to a financial adviser when it makes recommendations on investment products to its clients. In particular, the Notice sets out: (i) the type of information the financial adviser needs to gather from its client as part of the "know your client" process; (ii) the manner in which the financial adviser should conduct its analysis of the client's financial needs and how it should present its investment recommendations; and (iii) documentation and record keeping requirements relating to this process. In this connection, a financial adviser is required to ensure that, before it makes any recommendation on an investment product which is neither listed nor quoted on an organised market, it has been informed by the product manufacturer of the investment product as to whether the investment product is a "Specified Investment Product" ("**SIP**"). The financial adviser is required to keep proper records of such information and accordingly convey this information to a client who intends to transact in the investment product. SIPs include certain collective investment schemes, and structured notes. A financial adviser is required to conduct a review of a client's knowledge and experience in derivatives for the purpose of making a recommendation to the client on, or allowing the client to transact in, a SIP which is approved in-principle for listing and quotation on, or listed for quotation or quoted on, an organised market ("**Listed SIP**"), before making a recommendation on any Listed SIP ("**Customer Account Review**"). Alternatively, if an investment product is an unlisted or unquoted SIP, prior to making a recommendation on such investment product, a financial adviser is required to conduct an assessment of the client's knowledge and experience in unlisted and unquoted SIPs ("**Customer Knowledge Assessment**"). In both cases, the financial adviser must take into account information on the client's educational qualifications, investment experience and work experience, where the client is a natural person. The financial adviser is required to comply with various procedures ("**Procedures**") depending on whether the client has the requisite knowledge and experience in the Listed SIP or the unlisted or unquoted SIP (as the case may be), including the provision of financial advice and/or obtaining senior management approvals.

A financial adviser is also required to furnish a Customer with certain prescribed risk warning statements before making a recommendation on any overseas-listed investment product ("**Overseas-Listed Investment Product**") for the first time on or after 8 October 2018, and obtain the Customer's acknowledgement in respect of such risk warning statement.

As a result of the Bank's exemption from compliance with these requirements, the Bank is not under any statutory obligation to ensure that the Bank has regard to the information possessed by it concerning the Customer's investment objectives, financial situation and particular needs and have given consideration to and conducted investigation of the subject matter of any recommendation, and that the recommendation is based on such consideration and investigation. The Bank is also not statutorily required to conduct a Customer Account Review or Customer Knowledge Assessment to determine the Customer's investment experience and knowledge (which it would otherwise have been required to conduct if the Customer is a natural person), nor is the Bank required to comply with the Procedures or provide the Customer with the prescribed risk warning statement for Overseas-Listed Investment Products. Further, the Customer will not be able to rely on section 27 of the FAA in any claim against the Bank for losses that may be suffered in respect of any investment that the Bank may have recommended to the Customer. The Customer is therefore not protected by the requirements of section 27 of the FAA and MAS Notice on Recommendations on Investment Products [Notice No. FAA-N16].

(iii) **Section 28 of the FAA**. Section 28 of the FAA provides that the MAS may by regulations determine the manner in which a financial adviser may receive or deal with client's money or property or prohibit a financial adviser from receiving or dealing with client's money or property in specified circumstances or in relation to specified activities. In particular, where a financial adviser or its representatives receive a client's money in the marketing of collective investment schemes, the financial adviser or its representatives would have to hand over the money received no later than the next business day to any of the following persons: (i) the provider of the collective investment schemes; or (ii) a capital markets services licence holder to provide custodial services for Securities, or a person exempt from holding such a licence, and who has been authorised by the client in this respect.

As a result of the Bank's exemption from compliance with section 28 of the FAA, the Bank is not under any statutory obligation to ensure that the Bank hands over any of the Customer's moneys which the Bank receives in the marketing of collective investment schemes to the persons stated above within any prescribed time frame. The Customer is therefore not protected by the requirements of section 28 of the FAA.

(iv) **Section 36 of the FAA**. Section 36 of the FAA provides that when sending a circular or other written communication in which a recommendation is made in respect of specified products (i.e. securities, specified securities-based derivatives contracts or units in a collective investment scheme), a financial adviser is required to include a concise statement, in equally legible type, of the nature of any interest in, or any interest in the acquisition or disposal of, those specified products that it or any associated or connected person has at the date on which the circular or other communication is sent. Such circular or written communication must be retained by the financial adviser for five years.

As a result of the Bank's exemption from compliance with section 36 of the FAA, the Bank is not under any statutory obligation to include such a statement of interest in specified products in any written recommendation or document that the Bank may send to the Customer. The Customer is therefore not protected by the requirements of section 36 of the FAA if no disclosure is made of any interest that the Bank or any associated or connected person may have in the specified products that the Bank may recommend in such document.

(v) **MAS Notice on Appointment and Use of Introducers by Financial Advisers [Notice No. FAA-N02]**. The Notice requires a financial adviser to meet certain standards in respect of the appointment and use of persons carrying out "introducing activities" (as defined in regulation 31 of the Financial Advisers Regulations). In particular, a financial adviser would have to establish adequate control systems and procedures to ensure the proper conduct of the introducer, including complying with the requirements set out in paragraph 7 of the Notice. Such requirements include: (i) entering into a written agreement with the introducer setting out the scope of the introducing activities, and monitoring the conduct of the introducer; (ii) ensuring that the introducer discloses to clients that it is carrying out introducing activities for the financial adviser, and providing to clients certain prescribed information relating to the relationship between the introducer and the financial adviser and the remuneration paid to the introducer by the financial adviser; (iii) providing a script to the introducer to guide the introducer in relation to its introducing activities; (iv) ensuring that the introducer does not receive or deal with client's money or property in relation to its carrying out of introducing activities; (v) maintaining a register containing certain particulars of introducers appointed by the financial adviser, and ensuring that such introducers maintain a register of their representatives as well; and (vi) ensuring that the introducer's sole business does not comprise the introducing activities.

As a result of the Bank's exemption from compliance with the Notice, the Bank is not under any statutory obligation to comply with any of the foregoing requirements, and the Customer is therefore not protected by the requirements of this Notice.

(vi) **MAS Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers [Notice No. FAA-N13]**. The Notice sets out examination and other entry requirements for representatives of a financial adviser and the requirement for the representatives to undergo continuing professional development in relation to the provision of any financial advisory service. The Notice also imposes an obligation on the financial adviser to maintain a register of its representatives, which must set out certain prescribed information, including whether its representative is subject to the examination requirements, or the non-examinable courses (where applicable), under the Notice relevant to the regulated activities of the representative.

As a result of the Bank's exemption from compliance with the Notice, the Bank's representatives are not under any statutory obligation to (and therefore it is not a criminal offence for the Bank's representatives if they do not) fulfill any formal examination or other minimum entry requirements before providing any financial advisory service to the Customer.

(c) The Bank through its private banking unit may be exempted from other requirements under the FAA when providing financial advisory services to a Customer who is a High Net Worth Individual.

2. Accredited Investor or Expert Investor Notification

(a) If the Customer is an Accredited Investor or Expert Investor, the Bank is also required to notify the Customer that, in view of the Customer's declaration or representation and warranty (as applicable) that the Customer is an Accredited Investor or Expert Investor (as applicable), the Bank will be exempted from complying with certain compliance requirements under the FAA, the Financial Advisers Regulations and the relevant Notices and Guidelines issued thereunder in respect of any financial advisory service that the Bank may provide to the Customer. In particular, the Bank will be exempt from:

(i) section 25 of the FAA (relating to the disclosure of material information on collective investment schemes, life insurance policies and any investment product as the MAS may prescribe);

(ii) section 27 of the FAA (which requires that there must be a reasonable basis for recommendations of investment products) when making recommendations on investment products to Accredited Investors and Capital Markets Products to Expert Investors; and

(iii) section 36 of the FAA (which requires the disclosure of interests when making recommendations on specified products in a circular or other similar written communication) when sending a circular or other similar written communication in which a recommendation is made in respect of specified products.

(b) The Bank will also be exempt from the following notices issued by the MAS pursuant to section 58 of the FAA:

(i) MAS Notice on Recommendations on Investment Products [Notice No. FAA-N16] (which sets out requirements which are to be complied with when a financial adviser makes recommendations on investment products to clients);

(ii) MAS Notice on Information to Clients and Product Information Disclosure [Notice No. FAA-N03] (which sets out the minimum standards a financial adviser should meet in its product information disclosures and information to clients, and the type of information which must be disclosed by such financial adviser to its client);

(iii) MAS Notice on Dual Currency Investments [Notice No. FAA-N11] (which sets out additional product information disclosures and warnings, as well as prohibitions on the use of the term "deposit" when describing dual currency investments;

(iv) MAS Guidelines on Structured Deposits [Guidelines No. FAA-G09] (which sets out additional product information, disclosures and warnings, as well as training and competency requirements, segregation between activities pertaining to structured deposits vs fixed deposits);

(v) MAS Guidelines on Fair Dealing – Board and Senior Management Responsibility for Delivering Fair Dealing Outcomes to Customers [Guidelines No. FAA-G11] (which sets out guidelines for delivering fair dealing outcomes to customers); and

(vi) MAS Guidelines on Switching of Designated Investment Products [Guidelines No. FAA-G10] (which provide guidance on the controls, processes and procedures that the MAS requires a financial adviser to implement in order to monitor switching and ensure that its representatives do not advise clients to switch from one designated investment product to another designated investment product in a manner that would be detrimental to its clients).

(c) The Bank may be exempted from other requirements under the FAA and/or SFA when providing services to a Customer who is an Accredited Investor or Expert Investor.