

GUIDE AND CAUTIONARY NOTES IN APPLYING FOR/CONTINUING WITH A FUTURES & LEVERAGED FOREIGN EXCHANGE ACCOUNT WITH OCBC SECURITIES – "GUIDE"

Many thanks for your interest in opening an account with OCBC Securities for the trading of futures and/or leveraged foreign exchange contracts ("the Account").

We provide this Guide and Cautionary Notes in the interest of transparency and fair dealing with you.

It is designed to assist you in with respect to the Account in:

- (i) understanding the types of services we offer; and their respective limits; and
- (ii) with that understanding, deciding on whether to use, and if so, which of our service or services to use.

While there are common terms governing all of our services – as you will note from a study of our general terms for conduct of our businesses - the terms specific to each service will vary.

Who are we and What Services can we provide?

We are the holder of a capital markets services license ("CMS license") under the Securities and Futures Act of Singapore (the "SFA") for the carrying out of the following activities regulated under the SFA:

- Dealing in Securities
- Trading in Futures Contract
- Leveraged Foreign Exchange
- Securities Financing
- Providing Custodial Services for Securities

Because we hold a CMS license for the regulated activities set out above, we are also entitled to be, and are, registered as an exempt financial adviser ("EFA") under the Financial Advisers Act of Singapore (the "FAA") for the carrying out of financial advisory services as defined under the FAA or its regulations.

What Services are Available to You from Us?

We provide basically three levels of service:

- (i) execution only;
- (ii) dealing with execution related advice ("ERA"); and
- (iii) dealing with advice under a formal advisory agreement ("Paid Advice").

ERA is specifically defined by our regulators as advice or recommendation that we provide with no additional payment made to us apart from any fee that we may earn from your actually dealing (i.e. buying/selling) in investment products with or through us. We refer to such advice or recommendation as free advice or recommendation.

Types of Services for Excluded Investment Product and Specified Investment Products

1. Excluded Investment Products (“EIPs”)

1.1 What are EIPs?

EIPs are limited to securities (and options on such securities) that are listed for trading on an approved securities exchange in Singapore and not specifically specified by such securities exchange to be a Specified Investment Product. EIPs¹ are less complex products which are already established in the market and are generally well understood by retail investors. The following have been classified by the Monetary Authority of Singapore (“MAS”) as EIPs:

- (i) Shares
- (ii) Fully-paid depository receipts representing shares
- (iii) Subscription rights pursuant to rights issues
- (iv) Company warrants
- (v) Units in business trusts
- (vi) Units in real estate investment trusts
- (vii) Debentures (other than asset-backed securities & structured notes)
- (viii) Life insurance policies (other than investment-linked life insurance policies)
- (ix) Contracts or arrangements for the purpose of foreign exchange trading (other than derivatives of foreign exchange contracts and leveraged foreign exchange trading)

Please note that EIPs are not available for trading through the Account.

If you would like to trade in EIPs through us, you must distinctly open a securities trading account with us. For more information, please contact our customer service hotline at 1800 338 8688.

2. Specified Investment Products (“SIPs”)

2.1 What are SIPs?

SIPs are (for the purposes of our dealing services available to you as a CMS license holder) capital markets products that are not EIPs. SIPs include any investment products that are only listed on an overseas exchange.

SIPs are then further divided into three general types –

- (i) those listed solely on a securities or futures exchange outside of Singapore;
- (ii) those listed on a securities or futures exchange in Singapore; and
- (iii) those that are not listed on any securities or futures exchange.

Futures contracts are classified as listed SIPs, and contracts for leveraged foreign exchange are classified as unlisted SIPs.

A general guide on SIPs is available on the MAS website www.mas.gov.sg.

¹ See MAS press release on 28 July 2011 titled MAS Requires Intermediaries to Assess Investment Knowledge and Experience of Retail Customers.

2.2 What is the service available for SIPs?

For dealings in SIPs, all three levels of services are (depending on your circumstances and the circumstances of your particular transacting in SIPs) available options **but only** if you are not any of the following:

- (i) An accredited or expert investor as defined below;
- (ii) Resident outside of Singapore and not a Singapore citizen or a permanent resident of Singapore; and not wholly or partly dependent on a Singapore citizen or a permanent resident of Singapore.

If you fall within (i) and/or (ii) then, our services are limited to execution-only services; and/or dealing with Paid Advice only.

If you do not fall within either (i) or (ii) and you are a natural person, then you will be regarded as a Retail Singapore Investor. Please see below under the heading of "Retail Singapore Investor" for the services that we will offer you.

Retail Singapore Investors

Depending on whether a Retail Singapore Investor wishes to deal in listed or unlisted SIPs, he will first need to pass respectively a Client Account Review ("CAR") and/or a Customer Knowledge Assessment ("CKA") before he may be permitted to begin or continue trading in the relevant SIP.

Therefore, unless we had expressly agreed otherwise in your case, you must have had passed either the CAR and/or CKA with us before you can begin or continue trading in the relevant SIP. In such a case you would also have been provided with a Client Investment Profile questionnaire (the "CIP") together with our request that you properly complete that CIP and return the properly completed CIP to us.

Client Investment Profile (CIP) Response

If you, as a Singapore retail Investor, have passed the CAR and/or CKA as applicable, you are actually regarded as competent to understand the nature and risks of the SIP products you will be dealing or continue to deal in. Despite that, it is our policy for us to secure information on your ability and willingness to accept the risks inherent in trading in leveraged foreign exchange and/or futures contracts (as relevant) and your investment objectives for our own internal satisfaction that the competence you may be regarded as having in choosing to apply for an Account is not patently at odds with your actual and declared ability and willingness to accept the risks inherent in trading in leveraged foreign exchange and/or futures contracts (as relevant) read in the context of your declared investment objectives. The information we seek from you is as set out in our CIP.

Where you do not complete and/or return the CIP to us, as notified in the CIP provided to you, you must note that you will not be permitted to trade SIPs with us. If we do not receive the duly completed CIP by 6 January 2012, you will not be allowed to continue to effect new transactions for both futures contracts or leveraged foreign exchange. For existing customers with open positions in leveraged foreign exchange, you will be able to liquidate them at any time at your own discretion. For open positions in futures contracts, they will be liquidated at any time at your own discretion or when the contracts expire, whichever is earlier.

Where you properly complete and return the CIP to us, then, if the information provided in the CIP is not patently at odds with the risks inherent and investment objectives consistent in trading in leveraged exchange and/or futures contracts (as relevant):

We will ensure that such free advice or recommendation that may be provided to you by us from time to time will be reasonably consistent with the information you provide in the CIP with regard to your suitability; but it remains your choice to choose whether you wish to follow or not. Where you choose not to follow the advice or recommendation we will assume that you have made your own informed determination not to follow the advice or recommendation **and instead are accepting** sole responsibility for determining the merits or suitability of any and all transactions that you may enter into contrary to the advice or recommendation given to you.

Generally Circulating Materials and Resources Warning

Please also note that you may be provided or given access to resources or materials that are intended to be for general circulation. The materials intended for general circulation will have an express notice accompanying the materials to that effect. Such resources and materials are provided with the sole aim of enabling you to manage and control your own investments and this means also that you need to be able and willing to accept sole responsibility for ensuring the merits and suitability of any and all investments that you may make with or through us before making any investment or effecting any transaction with or through us. None of the advice or recommendation appearing in such generally-circulated materials and resources should be taken by you as intended for you specifically to rely on. They are provided expressly subject to the exemption notice and disclaimer against such effect accompanying the materials.

Accredited, Expert and Overseas Investor Exemption Notice:

Please be reminded as noted above that we are expressly exempted from assuming and will not assume (short of an express and formal agreement otherwise) any suitability obligation under the FAA or any obligation to provide product information under the FAA to any person who is either an accredited investor or an expert investor for the purposes of the FAA or a resident outside of Singapore and who is not a Singapore Citizen or Singapore Permanent Resident, and not wholly or partly dependent upon a Singapore Citizen or Singapore Permanent Resident.

For convenience of reference, we set out below the relevant definition of “accredited investor” and “expert investor” respectively.

Definitions of “Accredited Investor” and “Expert Investor”

(A) “Accredited Investor” means —

- (i) an individual —
 - (a) whose net personal assets exceed in value \$2 million (or its equivalent in a foreign currency) or such other amount as the Monetary Authority of Singapore (“MAS”) may prescribe in place of the first amount; or
 - (b) whose income in the preceding 12 months is not less than \$300,000 (or its equivalent in a foreign currency) or such other amount as the MAS may prescribe in place of the first amount;
- (ii) a corporation with net assets exceeding \$10 million in value (or its equivalent in a foreign currency) or such other amount as the MAS may prescribe, in place of the first amount, as determined by —
 - (a) the most recent audited balance-sheet of the corporation; or
 - (b) where the corporation is not required to prepare audited accounts regularly, a balance-sheet of the corporation certified by the corporation as giving a true and fair view of the state of affairs of the corporation as of the date of the balance-sheet, which date shall be within the preceding 12 months;

- (iii) the trustee of such trust as the MAS may prescribe, when acting in that capacity; or
 - (iv) such other person as the MAS may prescribe, who are at present (by virtue of the Securities And Futures (Prescribed Specific Classes of Investors) Regulations 2005):
 - (a) the trustee of a trust of which all property and rights of any kind whatsoever held on trust for the beneficiaries of the trust exceed \$10 million in value (or its equivalent in a foreign currency);
 - (b) an entity (other than a corporation) with net assets exceeding \$10 million in value (or its equivalent in a foreign currency);
 - (c) a partnership (other than a limited liability partnership within the meaning of the Limited Liability Partnerships Act 2005 (Act 5 of 2005)) in which each partner is an accredited investor;
 - (d) a corporation, the sole business of which is to hold investments and the entire share capital of which is owned by one or more persons, each of whom is an accredited investor.
- (B) “Expert Investor” means —
- (i) a person whose business involves the acquisition and disposal, or the holding, of capital markets products, whether as principal or agent;
 - (ii) the trustee of such trust as the Authority may prescribe, when acting in that capacity; or
 - (iii) such other person as the Authority may prescribe.

Non Application of CAR/CKA requirements to Non-Retail Singapore Investors

As we provide Overseas Investors purely “execution-only” services and no free advisory services generally, we are also required by our regulators to also formally notify all Overseas Investors that we are not required to and will not conduct either the Customer Knowledge Assessment or Customer Account Review (as otherwise required of us for Retail Singapore Customers under the Monetary Authority of Singapore Notices SFA-N12 and FAA N16).