

# Integrated Account Terms and Conditions

# Integrated Account Terms and Conditions – Summary

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<b>Section 1:</b>	<b>General Conditions of Integrated Account</b>	<b>3</b>
<b>Section 2:</b>	<b>Operations of Integrated Account</b>	<b>13</b>
<b>Section 3:</b>	<b>Other Services</b>	<b>28</b>
<b>Section 4:</b>	<b>Credit Facilities and Financial Accommodation – Unsecured and Secured</b>	<b>31</b>
<b>Section 5:</b>	<b>Investment Services</b>	<b>34</b>
<b>Section 6:</b>	<b>Other Supporting Services</b>	<b>59</b>
<b>Appendix I:</b>	<b>Definitions and Interpretations</b>	<b>68</b>
<b>Appendix II:</b>	<b>Investment Risk Disclosures</b>	<b>74</b>
<b>Appendix III:</b>	<b>NYSE Agreement For Market Data Display Services</b>	<b>78</b>
<b>Appendix IV:</b>	<b>China Connect: Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect Terms and Conditions (these “Terms and Conditions”)</b>	<b>79</b>
	Schedule: Definitions	86
	Appendix 1: Risk Disclosures and Other Information	89

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# Integrated Account Terms and Conditions

You agree to be bound by the terms and conditions in this document.

## Section 1: General Conditions of Integrated Account

### 1.1. Definitions and interpretation

Terms used in this document (including the Appendices) are defined in Appendix I. The rules for interpreting the provisions of this document are also set out in Appendix I.

### 1.2. Available Accounts, Services and Features

1.2.1. We may offer Accounts and Services with such Features and on such terms and conditions as we may specify. We have the right to do the following (or any of them) from time to time without prior notice:

- (a) introduce new (or new types of) Accounts, Services or Features;
- (b) vary, suspend or withdraw any existing (or existing type of) Accounts, Services (including not accepting a deposit) or Features; and
- (c) specify or vary the scope and extent of the Accounts, Services or Features.

1.2.2. Unless we specify otherwise, all Services are provided by us and all Accounts are maintained with us. If we arrange for you any service or account provided by any other person, you agree to be bound by the terms and conditions and sign the documents specified by that person.

### 1.3. Tiers

1.3.1. Tiers and Features are your privileges and not rights.

1.3.2. We may set Tiers with different Features. The Features may vary within the same Tier. The Features may include enhanced services, preferential terms, preferential interest rates, preferential fees and charges or special promotions.

- 1.3.3. (a) All Tiers and Features are offered by us at our discretion.
- (b) We may allocate, vary or withdraw a Tier or the Features associated with a Tier at any time without prior notice. Unless we specify otherwise:
- (i) the Features associated with that Tier will be made available, varied or withdrawn accordingly. Upon allocation or after variation or withdrawal of a Tier, you will become or remain (as the case may be) bound by the terms and conditions governing the Features until you have discharged all your obligations (if any) relating to the enjoyment of the Features; and
  - (ii) the withdrawal of a Tier does not affect your use or operation of the Master Account or the Accounts.
- (c) We have the right to set or vary the following (or any of them) at any time without prior notice:
- (i) the criteria for allocating, varying or withdrawing a Tier or Feature. These criteria may include (1) the value of assets deposited by you with us, and (2) the amount of credit facilities granted by us to you; and
  - (iii) the terms and conditions governing the enjoyment of any Feature.
- (d) Our decision to allocate, vary or withdraw a Tier or Feature is not only based on whether or not you fulfil the applicable criteria. Our decision is final.
- (e) We are not responsible for any loss or inconvenience suffered by you in connection with any variation or withdrawal of a Tier or Feature.
- 1.3.4. We may issue a card or identification to you to reflect the Tier allocated to you. That is intended to facilitate identification of your Tier only. Our records are conclusive as to the Tier allocated to you at any time in the absence of manifest error.
- 1.3.5. Details about the Tiers and Features (including the applicable criteria and terms and conditions) are available from us upon request. The terms and conditions applicable to a Tier or Feature prevail over the provisions of these Terms and Conditions if there is any inconsistency between them.

### 1.4. Your use of Accounts and Services; your Instructions

1.4.1. You are required to comply with all Applicable Regulations and Market Requirements in using the Services and Accounts or conducting transactions or activities under these Terms and Conditions.

How and when you may give Instructions

- 1.4.2. (a) If you wish to use any Services or open any Accounts, you have to give us Instruction. You also have to supply such information and documents, and complete such forms and procedures as we may specify from time to time.
- (b) We have the right to accept or refuse any Instruction or to prescribe any condition for accepting an Instruction without giving any reason and we are not liable for any loss, cost or damage of any kind incurred or suffered by you as a result. We are entitled to act in accordance with our regular business practice and procedure and will only accept Instructions insofar as it is (in our reasonable opinion) practicable and reasonable to do so.

- (c) We have the right to set or vary from time to time the manner in which a Service or an Account may be used. That includes when you may operate an Account on a Business Day, or the cut-off time for receiving Instructions on a Business Day.
- (d) You should give Instructions by allowing us sufficient time to process them. We have no obligation to act on any Instruction on the same day if we are not given sufficient time to process it or if it is received after the cut-off time on that day.

You authorise us to act on your Instructions

- 1.4.3. (a) You authorise us to act on any Instruction given or appears to be given by you. We have no obligation to verify the identity of the person giving an Instruction.
- (b) We may act on an Instruction if we reasonably believe that it is given or authorised by you without being liable in any circumstance. You will be bound by that Instruction as understood and executed by us in good faith even if (i) it is incorrect, false or unclear, or (ii) it was not given or authorised by you.
- 1.4.4. If you do not specify the Account to be credited or debited in order to effect a transaction, we have the right to credit or debit:
  - (a) your Savings Account if the transaction is in Hong Kong dollar, or
  - (b) your foreign currency Savings Account if the transaction is in a currency other than Hong Kong dollar.
- 1.4.5. Cancellation of Instructions
  - (a) We are not under an obligation to act on an Instruction to cancel or amend an earlier Instruction. We may have fully executed that Instruction or we may have insufficient time or we may be unable to cancel or amend an unexecuted or partly executed Instruction for any other reason. In that case, we are not liable for any loss or expense suffered or incurred by you arising from or in connection with our acting on the earlier Instruction.
  - (b) An Instruction (or a part of it) may not be executed. We may at our discretion cancel any Instruction (or any part of it) that has not yet been fully executed if, in our reasonable opinion, there are grounds for cancellation.
- 1.4.6. Our duties and rights in handling Instructions
  - (a) We will act on an Instruction as soon as reasonably practicable after we receive it.
  - (b) If the Services are suspended for any reason, we have the right without giving you notice either to cancel or act on an uncompleted Instruction on the first Business Day on which the Services are resumed, unless we specify otherwise in these Terms and Conditions.
  - (c) In addition to any other rights conferred on us under these Terms and Conditions, we have the right to delay acting or not to act on an Instruction without prior notice in the following circumstances (or any of them):
    - (i) if the Instruction is unclear in our reasonable opinion;
    - (ii) if the Instruction is not given in a form or by such means as acceptable to us;
    - (iii) if we are unable to act on the Instruction due to prevailing market conditions or any other reason beyond our reasonable control;
    - (iv) if, in our reasonable opinion, the Instruction is not consistent with any Applicable Regulations or Market Requirements or the provisions of these Terms and Conditions; and
    - (v) if the Instruction is not submitted by you in person.

## 1.5. Bank-customer relationship

- 1.5.1. (a) We are the debtor and you are the creditor of a deposit placed by you with us.
- (b) We are the bailee and you are the bailor of an item held by us for you in safe custody such as in a safety deposit box.
- (c) Other types of relationship may arise between us depending on the Services provided.
- 1.5.2. In relation to the Services and the Master Account including all Accounts, you confirm as follows:
  - (a) you act as principal and not as agent or nominee for any other person; and
  - (b) you do not and will not hold any funds or assets (or any part of them) on behalf of any other person.

## 1.6. Consolidated Statements

- 1.6.1. We will provide you with Consolidated Statements monthly or at such intervals as we may determine, unless the Master Account / Account(s) has zero balance or you request otherwise. Where the applicable regulatory requirements do not require us to provide statements for the Master Account, the Accounts or the Services, we may provide Consolidated Statement at our discretion if we consider appropriate whether or not you have opted not to receive Consolidated Statement.
- 1.6.2. A Consolidated Statement may set out information about the services, accounts or products offered to you by us and our subsidiaries respectively. A Consolidated Statement may include information about a service, account or product of our subsidiary for which you have applied using the same identification documents as that for the Master Account, even if you provided different correspondence addresses.
- 1.6.3. You will be considered as having received a Consolidated Statement:
  - (a) on the day of personal delivery to you;
  - (b) on the day we post it to you;
  - (c) on the day we email it to you; or
  - (d) on the day we place it in your Personal Internet Banking profile if it is made available there.

#### 1.6.4. Review of Consolidated Statements

- (a) You should examine and check the accuracy of each Consolidated Statement provided by us. You should see if there is any error, omission, discrepancy, unauthorised debit or irregularity in the entries or transactions shown in each Consolidated Statement, whether caused by forged signature or other forgery, fraud, lack of authority or negligence of any person.
- (b) You should notify us of any alleged error, omission, discrepancy, unauthorised debit or irregularity shown in a Consolidated Statement within ninety (90) days after we deliver it by the means set out in Clause 1.6.3. If we do not receive any such notice from you within the specified period, (i) the Consolidated Statement will be considered as correct, conclusive and binding on you, and (ii) you will be considered to have waived any right to raise any objection or pursue any remedies against us in relation to that Consolidated Statement.

#### 1.7. Joint Accounts

##### 1.7.1. If the Master Account is maintained in the joint names of two or more persons, or if a Service is provided to two or more persons:

- (a) You are jointly and severally liable with each other for the obligations and liabilities in connection with the Master Account, the Service or under these Terms and Conditions.
- (b) We are authorised to:
  - (i) honour and comply with all cheques, promissory notes, orders, bills, directions or receipts which are signed, sealed or chopped by any of you, whether the Master Account or the applicable Account is in credit or overdrawn;
  - (ii) comply with any Instruction or other directions given by any of you for or in connection with the Master Account (unless we agree or decide otherwise). This includes an Instruction to close the Master Account or any Account;
  - (iii) make any advance by way of overdraft or in any other manner with or without security at the request of any of you;
  - (iv) accept and act on any receipts given by any of you for moneys deposited with us or owing by us on the Master Account; and
  - (v) take the Instruction for a forward date transaction last received by us before we effect that transaction in our normal course of business as the final Instruction for that transaction.
- (c) The authorisation in paragraph (b) above may be revoked (i) by any of you in writing; or (ii) by us if we receive notice that any of you loses mental capacity.
- (d) Upon any of you accepting the terms and conditions governing the Master Account or any Service, each of you will be bound by such terms and conditions.
- (e) Upon the death of any of you, we will transfer any credit balance on any applicable Account to the order of the survivor(s). However, this will not limit or reduce any right we may have arising from any lien, mortgage, charge, pledge, set-off, counter-claim or in any other manner. Each of you will indemnify us for any claim which may be made by or against us in connection with processing any request and authorisation of the survivor(s).
- (f) Each of you are bound by these Terms and Conditions even if the following deficiencies (or any of them) exist, whether or not we know or ought reasonably to have known about them:
  - (i) any of you or any other person intended to be bound by these Terms and Conditions is not bound; and
  - (ii) any of these Terms and Conditions may be invalid or unenforceable against any one or more of you or any other person due to fraud, forgery or any other reason.
- (g) We have the right to deal separately with any of you on any matter without limiting or reducing our rights, powers and remedies against the others. This may include (i) varying or discharging any liability to any extent; or (ii) granting time or other indulgence or making other arrangements.
- (h) Items payable to any of you may be credited to the Master Account.
- (i) Any notice under these Terms and Conditions to any of you will be considered as effective notification to all of you.
- (j) Without limiting or reducing the effect of Clause 1.10, we are authorised, without further consent from any of you, to disclose amongst all of you:
  - (i) any information about the Master Account which may relate to any period before or after the Master Account is maintained in your joint names; and
  - (ii) any personal data and other information relating to or provided by any of you.

#### 1.8. Termination or suspension of Services or Accounts

- 1.8.1. (a) You may terminate the Master Account by giving us prior written notice of such period as we may accept. You may also terminate the Services or any one or more Accounts, to the extent that it is operationally feasible to do so, by giving us prior written notice of such period as we may accept.
- (b) We may terminate with or without giving you notice or reason (i) all or any part of the Services, or (ii) the Master Account or any one or more Accounts.
- 1.8.2. (a) This Clause 1.8.2 does not limit or reduce our termination right under Clause 1.8.1.
- (b) If we are of the opinion that the events set out in paragraph (c) below or any of them (in this Clause 1.8.2, each an "Event of Default") occur, we have the right to suspend or terminate all or any part of the Services, the Master Account or any one or more Accounts with immediate effect.
- (c) The Events of Default are as follows:

- (i) You breach or fail to perform or observe these Terms and Conditions. This may include your failure to settle any Transaction, pay any amount due or perform any other obligations in relation to the Services, the Master Account or any Account.
- (ii) Any confirmation given by you under these Terms and Conditions proves to be false or misleading in any material respect at the time it was given.
- (iii) You take any action or procedure to the following effect:
  - (1) declare bankruptcy;
  - (2) reschedule your debts or seek a freeze, moratorium or other similar relief relating to your debts. This may include you starting negotiations with one or more of your creditors for the general readjustment or rescheduling of your debts, or you entering into any composition or other arrangement for the benefit of your creditors generally; or
  - (3) appoint trustee, receiver, liquidator, administrator, custodian or other similar official (in this Clauses 1.8.2 and 5.1, each a "Custodian") for a substantial part of your assets.
- (iv) Any action or procedure is commenced against you or your assets (1) in the nature specified in paragraph (iii) above, or (2) for execution, distress, attachment or garnishment against your assets or for an encumbrancer to take possession of your assets.
- (v) You breach or fail to observe any Applicable Regulations or Market Requirement or it is necessary or useful in our opinion to prevent violation of any Applicable Regulation, Market Requirement or good standard of market practice.
- (vi) A legal order or request is binding on or issued in relation to the Master Account, any Account or any of your other accounts or assets maintained or deposited with us.
- (vii) It is necessary or useful for our protection, or if any action is taken or event occurs which we consider to have or may have a material adverse effect on your ability to perform your obligations under these Terms and Conditions.
- (viii) (Where any Services, the Master Account or any Account is provided to two or more persons or where there is another person with authority on the Master Account or any Account) there is any dispute or proceedings between you with respect to the Services, the Master Account or the Account.
- (ix) If you or (where the Services, the Master Account or any Account is provided to two or more persons) any of you die or become incapacitated.
- (x) The Master Account is terminated for any reason.
- (xi) We are of the opinion or have reason to suspect that (1) we have not been given a valid mandate or (2) you are not the true owner of the Accounts or otherwise do not have the authority to operate the Accounts.
- (xii) Any other event which, in our opinion, renders suspension or termination of the Services, the Master Account or any Account necessary or useful.

1.8.3. If all or any part of the Services, the Master Account or any Account are suspended or terminated for any reason whether by you or by us, or if any one or more Event of Default occurs, we have the right to do the following (or any of them):

- (a) cancel or terminate any Instruction that we have not executed at the time the Services, the Master Account or any Account are suspended or terminated, or at the time that Event of Default occurs;
- (b) complete any transaction that we have effected on your behalf before the Services, the Master Account or any Account are suspended or terminated, or before that Event of Default occurs;
- (c) exercise any of our rights under Clauses 1.9 and 5.1.11; and
- (d) not to accept or act on any Instruction given by you or on your behalf even if we have received contrary Instructions from you.

1.8.4. Except where the Master Account is terminated by you or by us, you may retain any one or more Accounts with our agreement and will continue to be bound by these Terms and Conditions.

1.8.5. Termination of the Master Account will for all purposes terminate the Tier and all the Features associated with that Tier that you enjoyed prior to termination.

1.8.6. Even after the Services, the Master Account or any Account are suspended or terminated or after any Event of Default has occurred, you remain responsible for performing and discharging your obligations and liabilities created or accrued before then.

## **1.9. Our right to debit your accounts; set-off**

1.9.1. In addition to and without limiting or reducing any of our rights in law or under any agreement, we are entitled without prior notice to you to do the following (or any of them):

- (a) debit any amount payable by you to us (including any fees, expenses or interest) from your accounts maintained with us, irrespective of whether there are sufficient available funds, overdraft or other facilities in the relevant account. If any debit causes the relevant account to be overdrawn, you are liable to repay the outstanding amount to us on demand together with fees, expenses and interest accruing on the outstanding amount at such rate as we may specify;
- (b) withhold, combine or consolidate the balance on your accounts maintained with us and set off or transfer any moneys (in the form of credit balance or credit facility) standing to the credit of any account in or towards settlement of any amount owing by you to us in connection with the Services or under these Terms and Conditions. The amounts owing by you (i) may be actual or contingent, present, future, or deferred, primary or collateral, (ii) may be owing by you solely or jointly with any other person, and (iii) may include fees, expenses or interest; and

- (c) refuse to repay you any moneys in any currency standing to the credit of your accounts maintained with us when due or on demand by you if and to the extent that such moneys are equal to or less than the amount owing by you to us. If we exercise this right with respect to any moneys, such moneys will remain outstanding from us on substantially the terms and conditions in force immediately before we exercise this right or on such other terms as we may consider appropriate.

1.9.2. Our rights under Clause 1.9.1 will not be limited or reduced by your death or legal incapacity.

## 1.10. Collection and disclosure of your information

### 1.10.1. Definitions

Terms used in this Clause 1.10 shall have the meanings set out below. If any term used in this Clause 1.10 is not defined below, that term shall have the meaning set out in Appendix I.

“**Authorities**” includes any local or foreign judicial, administrative, public or regulatory body, any government, any Tax Authority, securities or futures exchange, court, central bank or law enforcement body, self-regulatory or industry bodies or associations of financial service providers or any of their agents with jurisdiction over any part of the HSBC Group.

“**Compliance Obligations**” means obligations of the HSBC Group to comply with (a) any Laws or international guidance and internal policies or procedures, (b) any demand from Authorities or reporting, disclosure or other obligations under Laws, and (c) Laws requiring the HSBC Group to verify the identity of its customers.

“**Connected Person**” means a person or entity (other than you) whose information (including Personal Data or Tax Information) is provided by you, or on your behalf, to any member of the HSBC Group or which is otherwise received by any member of the HSBC Group in connection with the provision of the Services. A Connected Person may include any guarantor, a director or officer of a company, partners or members of a partnership, any “substantial owner”, “controlling person”, or beneficial owner, trustee, settlor or protector of a trust, account holder of a designated account, payee of a designated payment, your representative, agent or nominee, or any other persons or entities with whom you have a relationship that is relevant to your relationship with the HSBC Group.

“**controlling persons**” means individuals who exercise control over an entity. For a trust, these are the settlor, the trustees, the protector, the beneficiaries or class of beneficiaries, and anybody else who exercises ultimate effective control over the trust, and for entities other than a trust, these are persons in equivalent or similar positions of control.

“**Financial Crime**” means money laundering, terrorist financing, bribery, corruption, tax evasion, fraud, evasion of economic or trade sanctions, or any acts or attempts to circumvent or violate any Laws relating to these matters.

“**Financial Crime Risk Management Activity**” means any action to meet Compliance Obligations relating to or in connection with the detection, investigation and prevention of Financial Crime that we or members of the HSBC Group may take.

“**Laws**” include any local or foreign law, regulation, judgment or court order, voluntary code, sanctions regime, agreement between any member of the HSBC Group and an Authority, or agreement or treaty between Authorities and applicable to us or a member of the HSBC Group.

“**Personal Data**” means any information relating to an individual from which such individual can be identified.

“**Services**” includes (a) the opening, maintaining and closing of your accounts, (b) the provision of credit facilities and other banking products and services, processing applications, credit and eligibility assessment, and (c) maintaining our overall relationship with you, including marketing services or products to you, market research, insurance, audit and administrative purposes.

“**substantial owners**” means any individuals entitled to more than 10% of the profits of or with an interest of more than 10% in an entity, directly or indirectly.

“**Tax Authorities**” means Hong Kong or foreign tax, revenue or monetary authorities.

“**Tax Information**” means documentation or information about your tax status or the tax status of a Connected Person.

“**Your Information**” means all or any of the following items relating to you or that of a Connected Person, where applicable: (a) Personal Data, (b) information about you, your accounts, transactions, use of our products and services and your relationship with the HSBC Group and (c) Tax Information.

Reference to the singular includes the plural (and vice versa).

### 1.10.2. Collection, Use and Sharing of Your Information

This Clause 1.10.2 explains how we will use information about you and Connected Persons. The Notice relating to the Personal Data (Privacy) Ordinance (formerly known as Notice to Customers relating to the Personal Data (Privacy) Ordinance) that applies to you and other individuals (the “**Notice**”) also contains important information about how we and the HSBC Group will use such information and you should read this Clause 1.10 in conjunction with the Notice. We and members of the HSBC Group may use Your Information in accordance with this Clause 1.10 and the Notice.

Your Information will not be disclosed to anyone (including other members of the HSBC Group), other than where:

- ◆ we are legally required to disclose;
- ◆ we have a public duty to disclose;
- ◆ our legitimate business purposes require disclosure;
- ◆ the disclosure is made with the data subject’s consent;
- ◆ it is disclosed as set out in this Clause 1.10 or the Notice.

## Collection

- (a) We and other members of the HSBC Group may collect, use and share Your Information. Your Information may be requested by us or on behalf of us or the HSBC Group, and may be collected from you directly, from a person acting on your behalf, from other sources (including from publicly available information), and it may be generated or combined with other information available to us or any member of the HSBC Group.

## Use

- (b) We and members of the HSBC Group may use, transfer and disclose Your Information (i) in connection with the purposes set out in this Clause 1.10, (ii) as set out in the Notice (applicable to Personal Data) and (iii) in connection with matching against any data held by us or the HSBC Group for whatever purpose (whether or not with a view to taking any adverse action against you) ((i) to (iii) are collectively referred to as the “Purposes”).

## Sharing

- (c) We may (as necessary and appropriate for the Purposes) transfer and disclose any of Your Information to the recipients set out in the Notice (who may also use, transfer and disclose such information for the Purposes).

## Your obligations

- (d) You agree to inform us promptly and in any event, within thirty (30) days in writing if there are any changes to Your Information supplied to us or a member of the HSBC Group from time to time, and to respond promptly to any request for Your Information from us or a member of the HSBC Group.
- (e) You confirm that every Connected Person whose information (including Personal Data or Tax Information) has been (or will be) provided to us or a member of the HSBC Group has (or will at the relevant time have) been notified of and agreed to the processing, disclosure and transfer of his/its information as set out in this Clause 1.10 and the Notice (as may be amended or supplemented by us from time to time). You shall advise any such Connected Persons that they have rights of access to, and correction of, their Personal Data.
- (f) You consent and shall take such steps as are required from time to time for the purposes of any applicable data protection law or secrecy law to permit us to use, store, disclose, process and transfer all of Your Information in the manner described in these Terms and Conditions. You agree to inform us promptly in writing if you are not able or have failed to comply with the obligations set out in (e) and (f) in any respect.
- (g) Where
- ◆ you or any Connected Person fail(s) to provide promptly Your Information reasonably requested by us, or
  - ◆ you or any Connected Person withhold(s) or withdraw(s) any consents that we may need to process, transfer or disclose Your Information for the Purposes (except for purposes connected with marketing or promoting products and services to you), or
  - ◆ we have, or a member of the HSBC Group has, suspicions regarding Financial Crime or an associated risk,
- we may:
- (i) be unable to provide new, or continue to provide all or part of the Services to you and reserve the right to terminate our relationship with you;
  - (ii) take actions necessary for us or a member of the HSBC Group to meet the Compliance Obligations; and
  - (iii) block, transfer or close your account(s) where permitted under local Laws.

In addition, if you fail to supply promptly your, or a Connected Person's, Tax Information and accompanying statements, waivers and consents, as may be requested, then we may make our own judgment with respect to your status or that of the Connected Person, including whether you or a Connected Person is reportable to a Tax Authority, and may require us or other persons to withhold amounts as may be legally required by any Tax Authority and to pay such amounts to the appropriate Tax Authority.

### 1.10.3. Financial Crime Risk Management Activity

- (a) Financial Crime Risk Management Activity may include: (i) screening, intercepting and investigating any instruction, communication, drawdown request, application for Services, or any payment sent to or by you, or on your behalf; (ii) investigating the source of or intended recipient of funds; (iii) combining Your Information with other related information in the possession of the HSBC Group; and (iv) making further enquiries as to the status of a person or entity, whether they are subject to a sanctions regime, or confirming your identity and status or that of a Connected Person.
- (b) We and HSBC Group's Financial Crime Risk Management Activity may lead to the delay, blocking or refusing the making or clearing of any payment, the processing of your instructions or application for Services or the provision of all or part of the Services. To the extent permissible by law, neither we nor any member of the HSBC Group shall be liable to you or any third party in respect of any loss (howsoever it arose) that was suffered or incurred by you or a third party, caused in whole or in part in connection with the undertaking of Financial Crime Risk Management Activity.

### 1.10.4. Tax Compliance

You acknowledge that you are solely responsible for understanding and complying with your tax obligations (including tax payment or filing of returns or other required documentation relating to the payment of all relevant taxes) in all jurisdictions in which those obligations arise and relating to the opening and use of account(s) or Services provided by us or members of the HSBC Group. Each Connected Person acting in his/its capacity as a Connected Person also makes the same acknowledgement in his/its own regard. Certain countries may have tax legislation with extra-territorial effect regardless of a Connected Person's or your place of domicile, residence, citizenship or incorporation. Neither we nor any member of the HSBC Group provide tax advice. You are advised to seek independent legal and tax advice. Neither we nor any member of the HSBC Group have responsibility in respect of



your tax obligations in any jurisdiction which may arise including any that may relate specifically to the opening and use of account(s) and Services provided by us or members of the HSBC Group.

1.10.5. Miscellaneous

- (a) In the event of any inconsistency between any of the provisions of this Clause 1.10 and those in or governing any other service, product, business relationship, account or agreement between you and us, this Clause 1.10 shall prevail.
- (b) If all or any part of the provisions of this Clause 1.10 become illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair the legality, validity or enforceability of such provision in any other jurisdictions or the remainder of this Clause 1.10 in that jurisdiction.

1.10.6. Survival Upon Termination

This Clause 1.10 shall continue to apply notwithstanding any termination by you or us or a member of the HSBC Group of the provision of any Services to you, or the closure of any of your accounts.

1.10.7. You confirm that all Your Information provided to us is, to the best of your knowledge, complete, accurate and up-to-date.

**1.11. Communications**

1.11.1. You agree that we may use any contact information provided by you and kept on our records (including address, telephone number, email address and fax number) from time to time to communicate with you (whether through letters, telephone calls, SMS, fax, email or other means).

1.11.2. Unless we specify otherwise, you will be considered as having received any notice given by us:

- (a) at the time of personal delivery or leaving it at the address last notified in writing by you (if delivered personally);
- (b) forty-eight (48) hours after posting it to the above address if that address is in Hong Kong or seven (7) days after posting if that address is outside Hong Kong (if sent by post);
- (c) immediately after faxing it to the fax number last notified in writing by you (if sent by fax);
- (d) immediately after emailing it to the email address last notified in writing by you (if sent by email);
- (e) immediately after placing it in the Personal Internet Banking profile maintained by you with us (if made available there); or
- (f) immediately after displaying it at our premises (if communicated by display) .

1.11.3. Unless any relevant part of the postal service is affected by industrial action, we will be considered as having posted any notice, demand or other communication if we have posted it via pre-paid envelope and, if the above address is outside Hong Kong, by airmail.

1.11.4. Communications sent by you to us will be considered as having been received by us on the day of actual receipt.

1.11.5. This Clause 1.11 does not limit or reduce the effect of any provisions in these Terms and Conditions that apply to (i) the issuing of account statements, transaction advice or confirmation by us to you, or (ii) the giving of Instructions by you to us.

1.11.6. Making available to you any advertisements, marketing or promotional materials, market information or other information relating to a Product or Service shall not, by itself, constitute solicitation of the sale or recommendation of any Product or Service.

**1.12. Variation of terms**

We have the right to vary these Terms and Conditions (including fees and charges) and any other terms and conditions governing any Services, Features, Tiers, the Master Account or any Account from time to time by notice. We will give you notice by way of display at our premises or in any other manner we consider appropriate. You will be bound by a variation unless we have received notice from you to close the Master Account or terminate the relevant Services with effect before the date on which that variation takes effect.

**1.13. Limitation on our liability**

1.13.1. No trust and fiduciary relationship

- (a) Providing the Services to you does not make us your trustee or investment adviser. In providing the Services, we will use the same degree of care as we use in respect of our own property. We have no trust or other obligations in respect of your moneys or assets other than those expressly specified in these Terms and Conditions.
- (b) Where we provide custodian services relating to securities or Products or have discretion in managing your moneys or assets (if any), notwithstanding any other provisions contained in these Terms and Conditions or any other arrangements you have with us, you acknowledge that (i) such services provided by us do not constitute a fiduciary relationship between you and us, and (ii) we shall, in no circumstances, be required to undertake any action that could possibly characterise us as a fiduciary to you.

1.13.2. Neither we nor any of our agents or nominees are liable for the following (or any of them):

- (a) the management or performance of your assets (including any reduction in the value of your assets); and
- (b) any taxes or duties payable in respect of your assets.

1.13.3. (a) Except as set out in Clause 1.13.3(b), we are not liable for loss, damage or expense of any kind which you or any other person may incur or suffer arising from or in connection with the following (or any of them):

- (i) your use of the Services or our providing the Services to you, maintaining the Accounts for you, or effecting any transactions for or with you;
- (ii) our decision not to process any Instruction or our delay or failure to act on an Instruction in part or in full for any reason;

- (iii) any fluctuation in the price of the relevant asset between the time we receive an Instruction and the time we act on it;
  - (iv) any default by you in performing your obligations under these Terms and Conditions, the Applicable Regulations, Market Requirements or relating to the Services or the Accounts;
  - (v) the preservation or enforcement of our rights or exercise of our powers in connection with the Services and the Accounts; and
  - (vi) your failure to provide complete, accurate and up-to-date information requested by us in discharging our regulatory or legal duties (including but not limited to your Customer Financial Information under Clause 5.1.2A).
- (b) If it is proved in a case set out in Clause 1.13.3(a) that there was negligence or wilful default by (i) us, (ii) our agents or nominees, or (iii) our officers or employees or that of our agents or nominees, then we will be liable for any loss and damage you incur or suffer that is direct and reasonably foreseeable arising directly and solely from such negligence or wilful default.
- 1.13.4. If you use any service (which may include any Service) provided by any other person (such as an independent service provider) who is not our agent or nominee, we are not liable in any way for the following (or any of them):
- (a) the quality of the relevant service; and
  - (b) any action, claim, loss, damage or liability of any nature which you may suffer or incur arising from or in connection with any act or omission of (i) that other person providing the service or (ii) any agent or independent service provider appointed by it.
- 1.13.5. We are not liable for any loss, cost or damage of any kind incurred or suffered by you or any other person as a result of any interruption, delay or failure (whether total or partial) in providing any of the Services or our equipment or facilities to you or performing our duties and obligations in respect of the Services to the extent that it is attributable to any cause or circumstance that is beyond our reasonable control or the reasonable control of our agents or nominees.
- 1.13.6. In no circumstances will we be responsible to you or any other person for any loss of profit or interest, indirect or consequential loss arising from or in connection with our providing, or failure or delay in providing, the Services.

#### **1.14. Your indemnity**

- 1.14.1. Except as set out in Clause 1.14.2, you will indemnify and reimburse (i) us, (ii) our agents and nominees, and (iii) our officers and employees and that of our agents or nominees for all actions, proceedings and claims which may be brought by or against us or them, and for all losses, damages and reasonable costs and expenses which we or they may incur or suffer as a result of or in connection with the following (or any of them):
- (a) your use of the Services or our providing the Services to you, maintaining the Accounts for you, or effecting any transactions for or with you;
  - (b) our decision not to process any Instruction or our delay or failure to act on an Instruction in part or in full for any reason;
  - (c) any fluctuation in the price of the relevant asset between the time we receive an Instruction and the time we act on it;
  - (d) any default by you in performing your obligations under these Terms and Conditions, the Applicable Regulations, Market Requirements or relating to the Services or the Accounts;
  - (e) the preservation or enforcement of our rights or exercise of our powers in connection with the Services and the Accounts; and
  - (f) your failure to provide complete, accurate and up-to-date information requested by us in discharging our regulatory or legal duties (including but not limited to your Customer Financial Information under Clause 5.1.2A).

This indemnity shall continue after the termination of the Services, the Accounts or these Terms and Conditions.

- 1.14.2. If it is proved that any actions, proceedings, claims, losses, damages or amounts set out in Clause 1.14.1 was caused by negligence or wilful default of (i) ours, (ii) our agents or nominees, or (iii) our officers or employees or that of our agents or nominees, then you are not liable under Clause 1.14.1 to the extent that it is direct and reasonably foreseeable arising directly and solely from such negligence or wilful default.

#### **1.15. Fees, expenses, commissions and interest**

- 1.15.1. You are required to pay us fees for providing the Services or maintaining the Accounts. You will be notified of the fees at the time of opening an Account, requesting a Service or effecting an Instruction or from time to time. If the Account is closed within such period after the account opening date as specified by us from time to time or the credit balance of the Account falls below the minimum deposit amount set by us from time to time, we may impose a fee at our discretion. A list of our fees is available upon request at any of our branches.
- 1.15.2. We may collect fees from you in such manner and at such intervals as we may specify. Paid fees are not refundable unless we agree otherwise.
- 1.15.3. You are required to pay all costs and expenses of reasonable amounts and reasonably incurred by us in connection with the Services or the Accounts from time to time. These may include all applicable taxes, duties and levies payable in respect of your assets and any expenses for preserving or enforcing our rights in connection with the Services and the Accounts (including fees of any collection agent employed by us and legal fees in demanding, collecting, suing or recovering any outstanding or overdue amount).
- 1.15.4. We may use one or more members of the HSBC Group or any other person to assist us in providing services to you or fulfilling your requirements. You further agree that we may pay these persons remuneration of any nature (whether fees, commissions, rebates or other payments) for the services provided by them to us. We may also pay remuneration to members of the HSBC Group or any other person in return for introducing you to us. Payment of such remuneration by us does not affect the amount of fees and charges payable by you to us in connection with the Services or the Accounts.

- 1.15.5. We may accept from any manager, stockbroker, underwriter or any other person (whether or not a member of the HSBC Group) engaged in a transaction involving the purchase or sale of any securities or other assets for you any rebate or payment of brokerage, commission or discount payable in respect of that transaction. You further agree that we are entitled to retain for our own account and benefit absolutely the above amounts and any interest generated on any payment made by or to you pending transfer to the Cash Account (or any other account maintained by you with us) or to the manager, stockbroker, underwriter or any other person to effect an Instruction.
- 1.15.6. Where a negative interest rate applies to any currency, we have the right to impose negative interest on credit balances on any Account that are denominated in such currency. Where such interest becomes payable by you to us, we are entitled to debit any of the Accounts for the purpose of settling such negative interest, irrespective of whether there are sufficient available funds, overdraft or other facilities in the said Accounts. If any debit causes the relevant Account to be overdrawn, you are liable to repay the outstanding amount to us on demand together with any fees, expenses and interest accruing on the outstanding amount at such rate as we may specify.

## **1.16. Miscellaneous general provisions**

### **1.16.1. Currency conversion**

- (a) Unless we specify otherwise in these Terms and Conditions, where conversion of one currency into another currency is required or appropriate under these Terms and Conditions, such conversion will be effected at our prevailing exchange rate at the time of conversion. Any exchange rate provided by us at any other time may differ from the rate at which we effect the conversion and is for reference only.
- (b) (i) If we accept a Hong Kong dollar cheque for deposit into an Account in a currency other than Hong Kong dollar and that cheque is dishonoured, we will debit the Account with the amount of the cheque calculated using our prevailing selling rate or the original buying rate (whichever is lower).
- (ii) If we accept a cheque in a currency other than Hong Kong dollar for deposit into an Account in Hong Kong dollar and that cheque is dishonoured, we will debit the Account with the amount of the cheque calculated using our prevailing selling rate or the original buying rate (whichever is higher).
- (iii) If we accept a cheque in a currency other than Hong Kong dollar for deposit into an Account in any currency (not being Hong Kong dollar or the currency of the cheque) and that cheque is dishonoured, we will debit the Account with the amount of the cheque calculated using the exchange rates at which we effected currency conversion at the time of depositing the cheque or reversing the deposit as we may determine.
- (c) Before carrying out a currency conversion transaction, we may require you to provide information or documentation to prove that such transaction is in compliance with all Applicable Regulations. We have the right to refuse to carry out a currency conversion transaction if we are not satisfied with the information or documentation provided by you.

### **1.16.2. Collection and recovering of debts**

We have the right to employ any person to assist us in collecting and recovering any outstanding or overdue amount owing by you to us. Such person includes any collection agent or any other service provider.

### **1.16.3. Recording**

In the course of providing the Services, we (or any of our agents or nominees) may record and monitor Instructions or communications with you by tape, video or other means. We have the right to destroy these recordings after such period of time as we consider appropriate.

We may collect, store and analyse recordings of your voice to generate a "voice print" that is unique to you. We may use this voice print to identify you when you call us.

### **1.16.4. Microfilming or scanning**

We have the right to destroy any document or record relating to you, the Master Account or any of the Services after microfilming or scanning it. We also have the right to destroy any microfilmed or scanned document or record after such period of time as we consider appropriate.

### **1.16.5. Our by-laws and practices**

In addition to these Terms and Conditions, the Services, the Accounts, the Features, the Tiers and other related matters are governed by the rules of Hong Kong Association of Banks and our by-laws, regulations and practices. We may draw your attention to them by way of display at our premises, advertisement or in any manner.

### **1.16.6. Waivers and remedies**

A waiver by us of any provision of these Terms and Conditions will be effective only if given by us in writing and any such provision is waived only to the extent that is expressly stated in our written notice. No failure or delay by us in exercising any right, power or remedy will operate as a waiver of that right, power or remedy. Nor will any single or partial exercise preclude any other or further exercise of a right, power or remedy. Any right, power or remedy under these Terms and Conditions is intended to be cumulative and in addition to any other right, power or remedy we have in law.

### **1.16.7. Partial invalidity**

If any provision of these Terms and Conditions is or becomes illegal, invalid or unenforceable under any Applicable Regulation, such illegality, invalidity or unenforceability does not affect any other provision which remains in full force, validity and effect.

### **1.16.8. Appointment of agent or nominee**

We may appoint any other person as our agent or nominee to perform any of the Services for us. Such person includes any service provider or sub-contractor acting in its capacity as our agent or nominee and excludes any independent service provider or sub-contractor. For that purpose, (i) we may delegate any of our powers to that person, and (ii) you authorise us to disclose or transfer any information relating to you, the Master Account, any Account or the Services to that person. Subject to Clause 1.13, we remain

liable to you for the negligence or wilful default of any person appointed by us under this clause as if we performed the relevant Services ourselves.

1.16.9. Assignment by us or by you

- (a) We may at any time assign or transfer any or all of our rights and obligations to any person without your agreement.
- (b) You are not allowed to assign or transfer any of your rights or obligations to any person unless with our prior written agreement.

1.16.10. Loss of seal etc.

If you lose any identity document, seal or chop used for giving Instructions to us in relation to the Services or the Accounts, you must promptly notify us in writing. We are not liable to you for effecting any payment or transaction before we actually receive such written notice.

1.16.11. Staff's remuneration

The remuneration for our sales staff is determined based on the staff's overall performance with reference to a wide range of factors, and is not determined solely on his financial performance. Sales staff's remuneration is subject to review from time to time, for the purpose of encouraging the building of deep, long-lasting and mutually valuable relationships with customers.

1.16.12. Third party rights

No person other than you and us will have any right under the Contracts (Rights of Third Parties) Ordinance to enforce or enjoy the benefit of any of the provisions of these Terms and Conditions.

1.16.13. Governing law and version

- (a) These Terms and Conditions are governed by and will be construed according to Hong Kong laws.
- (b) Unless otherwise specified in these Terms and Conditions, the English version of these Terms and Conditions prevails to the extent of any inconsistency between the English and the Chinese versions. Any Chinese version of these Terms and Conditions is for reference only.

1.16.14. Jurisdiction

- (a) You submit to the non-exclusive jurisdiction of the Hong Kong courts.
- (b) These Terms and Conditions may be enforced in the courts of any competent jurisdiction.

## Section 2: Operations of Integrated Account

### 2.1. Savings Account

#### 2.1.1. Savings interest

- (a) Interest on a Savings Account accrues:
- (i) on a daily basis
  - (ii) on the credit balance in the Savings Account
  - (iii) at the interest rate specified by us at our discretion.

Interest rates applicable from time to time will be displayed at our premises or published on our website.

Interest at a rate above zero is payable by us to you and will become a credit entry to a Savings Account in Hong Kong dollar at the end of each calendar month (or at such other interval as we may set from time to time). Interest at a rate below zero is payable by you to us and will become a debit entry to a Savings Account in Hong Kong dollar at the end of each calendar month (or at such other interval as we may set from time to time).

- (b) We have the right to set or vary without prior notice from time to time any minimum amount of credit balance for interest to accrue. No such interest will accrue if the credit balance in the Savings Account falls below the minimum amount set by us.
- (c) Interest at a rate above zero is payable by us to you and will become a credit entry to a Savings Account in a currency other than Hong Kong dollar at the end of each calendar half-year (or at such other interval as we may set from time to time). Interest at a rate below zero is payable by you to us and will become a debit entry to a Savings Account in a currency other than Hong Kong dollar at the end of each calendar half-year (or at such other interval as we may set from time to time).
- (d) Where a Savings Account is closed during an interest period whether by you or by us for any reason, interest accrues only up to the last calendar day before the day of closure.

#### 2.1.2. Savings Account withdrawals and deposits

- (a) You may make withdrawals from your Savings Account at our counter during business hours of our branch. We do not allow withdrawal from a Savings Account by cheque.
- (b) Before a withdrawal, you have to produce satisfactory evidence of your identity. You also have to produce satisfactory evidence of your authority, if requested by us.
- (c) With respect to depositing currency notes in your Savings Account, you under take and agree that if, at any time after we have credited your Savings Account with the amount representing the value of the currency notes deposited, any one or more of such notes is found or reasonably suspected by us to be counterfeit notes, you authorise us, without notice to you, to forthwith debit your Savings Account or any other account(s) held by you with us for the aggregate amount of such note(s). You agree that such note(s) will not be returned to you and you authorise us to dispose of the same at our sole discretion and to inform the relevant authority and disclose to them all such information relating to the same, including your name, contact number and address, as we consider appropriate.
- (d) You agree to keep us at all times indemnified against all actions, claims, proceedings, loss, damages, costs and expenses which may be brought against us or suffered or incurred by us arising out of or in connection with Clause 2.1.2(c).
- (e) Where your Savings Account is in a currency other than Hong Kong dollar:
- (i) a withdrawal in cash in a currency other than Hong Kong dollar is subject to availability of that currency. We require prior notice from you to allow us sufficient time to process a foreign currency/Renminbi withdrawal request;
  - (ii) we have the right to charge a fee for depositing foreign currency/Renminbi notes in your Savings Account or withdrawing foreign currency/Renminbi notes from your Savings Account; and
  - (iii) you understand and agree that foreign currency/Renminbi Savings Accounts are at all times subject to, and you undertake to comply with, the law and all the rules, regulations, restrictions, directions, guidelines issued by the relevant authority governing the same and also any other related terms and conditions and publications issued by us from time to time.

#### 2.1.3. Payment to third party

Payment by us to a person has the same effect as if payment to you personally if that person produces:

- (a) satisfactory evidence of his identity; and
- (b) if requested by us, a withdrawal form appears to be signed, sealed or chopped by you (as applicable) or according to your authorisation.

By making payment to that person, we discharge all our liabilities to you or any other person with respect to the amount paid.

#### 2.1.4. Unauthorised overdraft

If you give us an Instruction to pay or withdraw from your Savings Account (i) where there are insufficient funds in your Savings Account and (ii) which, if executed by us, would cause your Savings Account to go overdrawn or over an existing overdraft limit, we will treat this as your informal request for an unauthorised overdraft and we may:

- (i) refuse your request and that Instruction and impose a service charge for considering and refusing your request; or

- (ii) agree to your request and provide you with an overdraft or an increase to your existing overdraft. The amount of the overdraft or increase will be subject to our prevailing interest rate calculated on a daily basis. We may charge an arrangement fee for the overdraft or the increase.

## 2.2. Current Account

### 2.2.1. No interest

Unless otherwise specified by us, no interest (whether at a rate above or below zero) accrues on a Hong Kong dollar Current Account.

### 2.2.2. Handling cheques with care

- (a) You are responsible for safekeeping your cheque books and cheques from loss, theft or unauthorised use. You should take appropriate security measures including lock and key.
- (b) All cheques on your Hong Kong dollar Current Account should be drawn in Hong Kong dollar.
- (c) You may apply for a cheque book for your Hong Kong dollar Current Account through our ATM, HSBC Internet Banking, Phone Banking Service or by any other means accepted by us. We have the right not to issue a cheque book. We will deliver a cheque book by post to your address on our records. We are not responsible for any delay or loss caused by any means of delivery.
- (d) After receiving a cheque book or before use, you should check the cheque serial numbers, account number and your name printed on the cheques and the total number of cheques. You should report any irregularity to us as soon as reasonably practicable.
- (e) You should delete the words "OR BEARER" and cross a cheque if you intend to deliver it other than in person.
- (f) You should be careful in drawing a cheque to ensure that it is correct. You should not draw a cheque in any manner that may allow it to be altered or may facilitate fraud or forgery. In particular:
  - (i) you should write the amount in the spaces provided on the cheque, both in words and figures as close to each other and to the left hand margin as possible, so as to leave no space for adding other words or figures;
  - (ii) you should add the word "only" after stating the amount in words and use only Arabic numerals to state the amount in figures;
  - (iii) you should write and sign a cheque with non-erasable ink or ball-point pen in Chinese or English. You should sign a cheque so that your signature matches the specimen signature on our record;
  - (iv) you should confirm any alteration on a cheque by your full signature. You agree that we are not responsible for any loss arising from an alteration which cannot be readily detected by us; and
  - (v) you should comply with the conditions printed on the inside cover of a cheque book.
- (g) You must report any loss, theft or unauthorised use of a signed cheque or a cheque book to us in writing as soon as reasonably practicable.
- (h) You agree and authorise us to do the following:
  - (i) record a cheque drawn by you in electronic or other form as we consider appropriate;
  - (ii) allow the cheque after payment to be retained by the collecting bank or HKICL for a period specified in the rules relating to the operation of the clearing house for the related currency, and to be destroyed by the collecting bank or HKICL after that period; and
  - (iii) contract with collecting banks, HKICL and other persons in relation to the arrangements and matters set out in paragraphs (i) and (ii) above.

### 2.2.3. Return cheques

We have the right not to pay a cheque in the following cases (or any of them):

- (a) if there is an error on the cheque; and
- (b) if there is any other reason that we consider appropriate.

We have the right to return that cheque and impose a service charge.

If you issue a cheque (i) where there are insufficient funds in your Current Account and (ii) which, if honoured by us, would cause your Current Account to go overdrawn or over an existing overdraft limit, we will treat this as your informal request for an unauthorised overdraft and we may:

- (i) refuse your request, return that cheque and impose a service charge for considering and refusing your request; or
- (ii) agree to your request and provide you with an overdraft or an increase to your existing overdraft. The amount of the overdraft or increase will be subject to our prevailing interest rate calculated on a daily basis. We may charge an arrangement fee for the overdraft or the increase.

### 2.2.4. Stop payment order

- (a) You should give us clear Instruction if you wish to stop payment of a cheque. We have no obligation to act on your Instruction if we do not receive it in time to enable us to stop payment.
- (b) You should clearly identify the cheque in your Instruction by quoting the cheque number. If you quote any other detail instead of the cheque number, we have no obligation to but may act on your Instruction at our discretion without being liable. If you

quote any other detail in addition to the cheque number, we are not responsible for checking whether that detail conforms with the corresponding detail on the cheque in question.

- (c) We have no obligation to act on an Instruction to stop payment if we are unable to verify its authenticity. However, that does not restrict us from acting on an Instruction at our discretion if we believe in good faith that it is given or authorised by you. We may also act on an Instruction under special arrangement with you. In any case, we are not liable and you will be bound by that Instruction if we act on it even if it is incorrect, false or unclear or was not given or authorised by you. You should confirm an Instruction as soon as reasonably practicable in a manner accepted by us.

#### 2.2.5. Unauthorised overdraft

If you give us an Instruction to pay or withdraw from your Current Account (i) where there are insufficient funds in your Current Account and (ii) which, if executed by us, would cause your Current Account to go overdrawn or over an existing overdraft limit, we will treat this as your informal request for an unauthorised overdraft and we may:

- (i) refuse your request and that Instruction and impose a service charge for considering and refusing your request; or
- (ii) agree to your request and provide you with an overdraft or an increase to your existing overdraft. The amount of the overdraft or increase will be subject to our prevailing interest rate calculated on a daily basis. We may charge an arrangement fee for the overdraft or the increase.

#### 2.2.6. e-Cheques

##### (a) e-Cheques Services provisions - applicability and definitions

- (i) The provisions in this Clause 2.2.6 apply to our services relating to e-Cheques. The other provisions of these Terms and Conditions which apply to paper cheques or generally to our services continue to apply to e-Cheques and our e-Cheques Services to the extent that they are relevant and not inconsistent with the provisions in this Clause 2.2.6. The provisions of this Clause 2.2.6 prevail if there is any inconsistency between them and the other provisions of these Terms and Conditions with respect to the e-Cheques Services.

- (ii) For the purpose of the e-Cheques Services, terms used in this Clause 2.2.6 shall have the meanings set out below. If any term used in this Clause 2.2.6 is not defined below, that term shall have the meaning set out in Appendix I.

**“Bills of Exchange Ordinance”** means the Bills of Exchange Ordinance (Cap. 19, Laws of Hong Kong), as may be amended from time to time.

**“Clearing House”** means Hong Kong Interbank Clearing Limited and its successors and assigns.

**“Deposit Channel”** means any channel offered by us from time to time for presentment of e-Cheques for deposit.

**“e-certificate”** means a certificate recognised by the Clearing House from time to time for the purpose of issuing e-Cheques that is issued by a certification authority acceptable to us.

**“e-Cheque”** means a cheque (including a cashier’s order), issued in the form of an electronic record (as such term is defined in the Electronic Transactions Ordinance (Cap. 553, Laws of Hong Kong)) with an image of the front and back of the e-Cheque or e-cashier’s order (as the case may be).

**“e-Cheque Drop Box”** or **“e-Cheque Drop Box Service”** means an electronic drop box provided by the Clearing House that accepts presentment of e-Cheques in respect of which an e-Cheque Drop Box user must register an e-Cheque Drop Box Account with the Clearing House before presenting e-Cheques to a Payee Bank Account, as this term may be amended from time to time in accordance with the e-Cheque Drop Box Terms.

**“e-Cheque Drop Box Account”** means a user account for the e-Cheque Drop Box Service, and for which each user must register with the Clearing House before using the e-Cheque Drop Box for presenting e-Cheques for deposit into a Payee Bank Account, as this term may be amended from time to time in accordance with the e-Cheque Drop Box Terms.

**“e-Cheque Drop Box Terms”** means all the terms and conditions prescribed by the Clearing House from time to time for governing the e-Cheque Drop Box Service provided by the Clearing House and the use of the e-Cheque Drop Box Service.

**“e-Cheques Issuance Services”** and **“e-Cheques Deposit Services”** mean the services offered by us from time to time for issuing e-Cheques (including any services relating to e-certificates) and depositing e-Cheques respectively, and **“e-Cheques Services”** means collectively the e-Cheques Issuance Services and the e-Cheques Deposit Services.

**“Industry Rules and Procedures”** means the rules and operating procedures governing the handling of e-Cheques adopted by the Clearing House and the banking industry from time to time.

**“Payee Bank”** means the bank at which a Payee Bank Account is held.

**“Payee Bank Account”** means, in respect of each e-Cheque presented for deposit using the e-Cheques Deposit Services, the bank account of the payee of the e-Cheque maintained with us into which the e-Cheque is to be deposited, which may be a sole name or a joint name account of the payee acceptable by us from time to time for the purposes of e-Cheque Deposit Services.

**“Payer Bank”** means the bank which digitally signed an e-Cheque created by its customer.

##### (b) Nature and scope of e-Cheques Services

- (i) We may provide e-Cheques Services at our discretion. If we provide e-Cheques Services to you, you may issue e-Cheques and deposit e-Cheques. In order to use the e-Cheques Services, you have to provide such information and documents and accept such terms and conditions which may be required or prescribed by us and the Clearing House respectively from time to time. You may also be required to sign forms and documents prescribed by us from time to time.
- (ii) e-Cheques Issuance Services allow you to issue e-Cheques drawn on us, in accordance with Clause 2.2.6(c) below.

- (iii) e-Cheques Deposit Services allow you and other persons to present e-Cheques (whether payable to you or any other holder of the Payee Bank Account) for deposit with us (as Payee Bank), using the e-Cheque Drop Box Service offered by the Clearing House or using our Deposit Channels, in accordance with Clause 2.2.6(d) below.
  - (iv) We may provide e-Cheques Services relating to e-Cheques that are issued in any currency specified by us from time to time.
  - (v) We have the right to set or vary from time to time the conditions for using the e-Cheques Services. These conditions may include the following (or any of them):
    - (1) the service hours of the e-Cheques Services (including cut-off times for issuing, countermanding or presenting e-Cheques);
    - (2) any maximum total amount or total number of e-Cheques which you may issue in any specified period; and
    - (3) any fees and charges payable by you for the e-Cheques Services.
- (c) e-Cheques Issuance Services
- (i) Format of and steps for issuing an e-Cheque
    - (1) You are required to issue an e-Cheque in the format with such layout specifications and following the steps and inputting the details prescribed by us from time to time. You are not allowed to add to, remove from or modify the contents, format, layout or image of an e-Cheque.
    - (2) Each e-Cheque must be signed by you (as payer) and by us (as Payer Bank) with our respective digital signatures in the sequence set by us, except that the payer's digital signature may not be required for an e-Cheque that is a cashier's order.
    - (3) Where you draw an e-Cheque on a joint account, you are solely responsible for ensuring that the e-Cheque is digitally signed by such person(s) following such signing arrangement as authorised by the joint account holders for signing e-Cheques from time to time.
  - (ii) e-certificate
    - (1) Your digital signature on an e-Cheque must be produced by an e-certificate that is valid (and not expired or revoked) at the time of producing that digital signature.
    - (2) Your digital signature on an e-Cheque may be produced by either a general purpose e-certificate or a specific usage e-certificate.
    - (3) If we provide such services and you choose to produce your digital signatures by a general purpose e-certificate, you are required to maintain a valid general purpose e-certificate on an on-going basis in compliance with Clause 2.2.6(c)(ii)(1) above.
    - (4) We may provide services relating to the specific usage e-certificate at our discretion. Our services may include applying for, holding, maintaining, renewing, revoking and managing (or any of the above) a specific usage e-certificate on your behalf. If we provide such services and you choose to produce your digital signatures by a specific usage e-certificate, you direct and authorise us to:
      - (A) provide such services in the scope and manner set by us from time to time, which may include holding the specific usage e-certificate and the corresponding key and password for you, and effect and produce your digital signatures on e-Cheques on your behalf as instructed by you from time to time; and
      - (B) take all necessary steps (including providing all necessary information and personal data to the certification authority issuing the specific usage e-certificate) for the purposes relating to the specific usage e-certificate.
    - (5) In applying for a specific usage e-certificate for you, we are entitled to rely on the information provided by you. You are solely responsible for providing us with correct and up-to-date information. If we obtain a specific usage e-certificate based on incorrect or outdated information provided by you, you are still bound by any e-Cheque signed by digital signatures produced by that e-certificate.
    - (6) An e-certificate is issued by the relevant certification authority. You are bound by the terms and conditions specified by that certification authority in relation to your e-certificate. You are solely responsible for performing your obligations under those terms and conditions.
  - (iii) Sending e-Cheques to payees
    - (1) Once you confirm to issue an e-Cheque, we will generate the e-Cheque file. You may download the e-Cheque file for delivery to the payee yourself. Alternatively, we may send the e-Cheque file to the payee by electronic means on your behalf, if we offer this service.
    - (2) You should not issue an e-Cheque (or instruct us to issue an e-Cheque on your behalf) to a payee unless the payee agrees to accept e-Cheques. You are solely responsible for:
      - (A) before issuing an e-Cheque (or instructing us to issue an e-Cheque on your behalf) to a payee, informing the payee that the payee may agree or decline to accept the e-Cheque;
      - (B) using secured electronic means and taking appropriate email encryption and other security measures in sending the e-Cheque file; and
      - (C) providing us with correct and up-to-date contact information of a payee to enable us to send the e-Cheque file to the payee by electronic means on your behalf, if we offer this service.



- (3) The e-Cheque file will be regarded as having been delivered to the payee upon our sending it to the payee by electronic means using the payee's contact information provided by you. We do not have any duty to verify whether the payee has actually received the e-Cheque file. We advise you to check with the payee whether the payee has actually received the e-Cheque file, whether it is sent by you or by us.
- (iv) Waiver of presentment requirements
- Each e-Cheque is only required to be presented by sending it in the form of an electronic record in accordance with the Industry Rules and Procedures. We are entitled to pay each e-Cheque against presentation of its electronic record in that manner without requesting any other form of presentation. Without reducing the effect of Clause 2.2.6(c)(i)(1) above and Clauses 2.2.6(e)(i) and 2.2.6(e)(ii) below, you expressly accept the waiver of presentment requirements set out on an e-Cheque from time to time.
- (d) e-Cheques Deposit Services
- (i) The e-Cheques Deposit Services may allow presentment of e-Cheques for deposit with us (as Payee Bank) using the e-Cheque Drop Box Service provided by the Clearing House or using our Deposit Channels.
- (ii) e-Cheque Drop Box Service
- (1) The e-Cheque Drop Box Service is provided by the Clearing House. You are bound by the e-Cheque Drop Box Terms in relation to your use of the e-Cheque Drop Box Service. You are solely responsible for performing your obligations under the e-Cheque Drop Box Terms.
- (2) In order to use the e-Cheque Drop Box Service, you are required by the e-Cheque Drop Box Terms to register an e-Cheque Drop Box Account with one or more Payee Bank Account for presenting e-Cheques. You are allowed by the e-Cheque Drop Box Terms to register an e-Cheque Drop Box Account with a Payee Bank Account that is your same-name account or an account other than your same-name account. You are responsible for the presentment of all e-Cheques by you or any other person using your e-Cheque Drop Box Account (including presentment of any e-Cheques to a Payee Bank Account other than your same-name account).
- (3) Any issue relating to the use of the e-Cheque Drop Box Service should be handled in accordance with the e-Cheque Drop Box Terms. We may (but have no obligation to) provide reasonable assistance to you. In particular, we do not have the electronic record or image of any e-Cheque deposited using the e-Cheque Drop Box Service. On your request, we may (but have no obligation to) provide the date, e-Cheque amount, e-Cheque number, payee name and any other information agreed by us relating to an e-Cheque deposited using your e-Cheque Drop Box Account.
- (4) We give no representation or guarantee, whether express or implied, relating to the availability, quality, timeliness or any other aspect of the e-Cheque Drop Box Service provided by the Clearing House. Unless otherwise stated in the e-Cheque Drop Box Terms, you bear the responsibilities and risks relating to the use of the e-Cheque Drop Box Service. We are not liable for loss, damage or expense of any kind which you or any other person may incur or suffer arising from or in connection with the use of the e-Cheque Drop Box Service.
- (iii) Our Deposit Channels
- (1) Our Deposit Channels are available in (A) our public website and (B) your Personal Internet Banking Profile maintained with us.
- (2) Any e-Cheques presented using our Deposit Channels after the applicable daily cut-off time on a Business Day will be treated as having been received by us on the next Business Day.
- (3) After presentment of an e-Cheque using our Deposit Channels, there are other validations and procedures in relation to presentment, clearing and settlement of an e-Cheque and the acceptance by us of an e-Cheque presented using our Deposit Channels itself does not guarantee clearing and settlement.
- (4) We will only credit to a Payee Bank Account such e-Cheques presented to us using our Deposit Channels after verification and validation to our satisfaction, and our decision is final and binding on you.
- (5) You shall ensure that an e-Cheque presented to us using our Deposit Channels is complete, accurate, virus free and in a prescribed format acceptable to us from time to time. We have the right not to accept an e-Cheque presented to us using the Deposit Channels without giving any reason.
- (6) We have the right to charge or vary the fees relating to the use of our Deposit Channels. We will give you prior notice of new fees or any variation of fees. We may collect fees from you in such manner and at such intervals as we may specify.
- (7) In addition to these Terms and Conditions, by using our Deposit Channels, you will be considered to have accepted the applicable terms and conditions published on (A) our public website and (B) your Personal Internet Banking Profile maintained with us and will be bound by them.
- (8) We may specify or vary from time to time (A) the available Deposit Channels without notice; and (B) the terms governing the use of any Deposit Channel.
- (e) Handling of e-Cheques, associated risks and our liabilities
- (i) Handling of e-Cheques
- You understand that we and other banks have to follow the Industry Rules and Procedures in the handling, processing, presentment, payment, collection, clearance and settlement of e-Cheques drawn by you or payable to you. Accordingly, we are entitled to pay and collect e-Cheques for you in the following manner even if the Bills of Exchange Ordinance may not expressly provide for presentment of e-Cheques or may specify other manner for presentment of cheques:

- (1) pay any e-Cheque drawn by you on us upon presentation of that e-Cheque to us in accordance with the Industry Rules and Procedures; and
  - (2) collect any e-Cheque payable to you by presenting that e-Cheque to the Payer Bank in accordance with the Industry Rules and Procedures.
- (ii) Limitation of our liability
- (1) Without limiting or reducing the effect of Clause 1.13.3, except as set out in paragraph (2) below, we are not liable for loss, damage or expense of any kind which you or any other person may incur or suffer arising from or in connection with the use of the e-Cheques Services or the handling, processing, presentment, payment, collection, clearance or settlement of e-Cheques issued by you or presented by you or any other person using the Deposit Channels provided by us to you.
  - (2) If it is proved that the events in paragraph (1) above was caused by negligence or wilful default of (A) ours, (B) our agents or nominees, or (C) our officers or employees or that of our agents or nominees, then we will be liable for any loss and damage you incur or suffer that is direct and reasonably foreseeable arising directly and solely from such negligence or wilful default.
  - (3) For clarity, we are not liable for loss, damage or expense of any kind which you or any other person may incur or suffer arising from or in connection with the following (or any of them):
    - (A) use of the e-Cheque Drop Box Service by you or any other person, or the e-Cheque Drop Box Terms;
    - (B) your failure to comply with your obligations relating to the e-Cheques Services, including your obligation to safeguard against issuance of e-Cheques by unauthorised persons;
    - (C) presentment of any e-Cheque issued by you or payable to you in accordance with the Industry Rules and Procedures despite the provisions of the Bills of Exchange Ordinance; and
    - (D) any failure or delay in providing the e-Cheques Services, or any error or disruption relating to the e-Cheques Services, caused by or attributed to any circumstance beyond our reasonable control; and

in no event will we be liable to you or any other person for any loss of profit or any special, indirect, consequential or punitive loss or damages.
- (iii) Your confirmation
- You accept the restriction of liabilities and disclaimers imposed by us and the Clearing House in relation to the e-Cheques Services and the services provided by the Clearing House respectively. You accept and agree to bear the risks and the liabilities for issuing and depositing e-Cheques.

## 2.3. Time Deposit Account

### 2.3.1. Time deposit interest

- (a) Interest on a time deposit accrues:
  - (i) on a daily basis
  - (ii) on the principal amount
  - (iii) at the interest rate specified by us at our discretion.

Interest rates applicable from time to time will be displayed at our premises or published on our website, which will serve as notice to you. We will advise the details of the accrued interest and the amount of tax deducted or withheld (if applicable) in respect of a time deposit each time you withdraw or renew the time deposit.

- (b) (i) Interest on a time deposit accrues up to the day prior to its maturity date and is payable on the maturity date. Interest at a rate above zero is payable by us to you and may be withdrawn or added to the principal amount of the time deposit on a Business Day. Interest at a rate below zero is payable by you to us and will be deducted from the principal amount of the time deposit or debited from any other accounts maintained by you with us on a Business Day.
- (ii) Notwithstanding paragraph (i) above, accrued interest on a time deposit for a term of eighteen (18) months or more is payable by us or by you at the end of each calendar half-year. We have the right to set or vary from time to time the minimum amount or term of deposit to which this paragraph (ii) applies and the date for paying interest.
- (c) Interest accrues on a time deposit that is a call deposit on a daily basis at our prevailing interest rate at the end of each day except that interest for the day on which the call deposit is made with us accrues at the interest rate set out in the deposit confirmation.

### 2.3.2. Making a time deposit

- (a) Your Time Deposit Account will be opened when you make a time deposit for the first time with us. All subsequent time deposits will be credited to that Time Deposit Account.
- (b) We have the right to set or vary from time to time the terms available for making time deposits. These terms may include the currencies, any minimum or maximum amount of deposit, the range of periods and maturity dates.

### 2.3.3. Renewal and withdrawal of time deposits

- (a) We have the right to set or vary from time to time the dates and hours when you may make, renew or withdraw a time deposit.
- (b) You may give an Instruction to renew automatically a time deposit. We have the right to accept or refuse your Instruction to renew automatically. If we accept your Instruction to renew automatically, our prevailing interest rate on the maturity date

(whether above or below zero) will be the interest rate for the renewed term. Even if we have accepted your Instruction to renew automatically, we have the right unilaterally to cease to act on the Instruction at any time without giving reason.

- (c) Where the maturity date of a time deposit falls on a day other than a business day in Hong Kong or in the jurisdiction of the foreign currency in which the time deposit is denominated, the time deposit is payable on:
  - (i) the next business day; or
  - (ii) the previous business day if the next business day would extend the term of the time deposit beyond the maximum deposit term acceptable to us or permitted by Applicable Regulations.
- (d) We have no obligation to but may at our discretion repay any part of a time deposit before its maturity date at your request. In that case, the following provisions apply:
  - (i) interest on the time deposit is not required to be paid to you or to us;
  - (ii) we may deduct the following amounts from the time deposit and repay the balance (if any) to you:
    - (1) applicable fees and charges (e.g. handling charges);
    - (2) additional cost (if any) incurred by us in obtaining funds in the market for the remaining term of the time deposit; and
    - (3) any amount we already paid to you by way of interest or to any Authority by way of taxation (if applicable); and
  - (iii) we may cancel the time deposit and charge handling fees if its amount is insufficient to pay the amounts set out in paragraph (ii) above.
- (e) You should give Instruction (including any amending Instruction) on how to handle the principal amount and interest of a time deposit at maturity at least one (1) Business Day before its maturity date. You may give us Instruction directly or through local bankers in writing or any other means as may be accepted by us.
- (f) If we do not receive your Instruction on how to handle the principal amount and interest of a time deposit by its maturity date, from the maturity date onwards interest will accrue only (i) on the principal amount of the time deposit; and (ii) at the interest rate (whether above or below zero) specified by us for the Savings Account in the same currency. You have to give Instruction on how to handle any accrued interest payable by us. Accrued interest payable by you will be deducted from the principal amount of the time deposit.

## **2.4. HSBC Premier Junior Pack**

### **2.4.1. Eligibility criteria**

- (a) In order to be eligible for a Junior Pack Account in your name, you have to maintain a separate Master Account in the same name at the HSBC Premier Tier at all times when you have a Junior Pack Account. You have to comply with such requirements as we may specify from time to time for maintaining the HSBC Premier Tier for the Junior Pack Account. A reference to the "Master Account" in this Clause 2.4 means the separate Master Account unless we specify otherwise.
- (b) Without limiting or reducing the effect of Clause 1.8 and any of our other rights, if the Master Account is closed for any reason or is no longer maintained at the HSBC Premier Tier, you are required to close the Junior Pack Account unless we agree otherwise. We have the right to close the Junior Pack Account at any time without giving you notice or reason.

### **2.4.2. Nature of Junior Pack Account**

- (a) The Junior Pack Account is not a trust account. The minor child registered by you under the Junior Pack Account (in this Clause 2.4, "Child") does not acquire any beneficial or other interest in the Junior Pack Account or any Services available under the Junior Pack Account. You are the holder of the Junior Pack Account and will be treated accordingly unless we have made any other arrangement with you.
- (b) Except as we specify otherwise in these Terms and Conditions, the Junior Pack Account is a Master Account subject to these Terms and Conditions and will be treated accordingly. However, the following Services are not available to a Junior Pack Account and the provisions in these Terms and Conditions that only relate to such Services do not apply to the Junior Pack Account:
  - (i) cheque book;
  - (ii) e-Cheques Services;
  - (iii) credit services including secured credit facility, clean credit facility and overdraft protection; and
  - (iv) inclusion of other account or product information on the Consolidated Statement.
- (c) Without limiting or reducing the effect of Clause 1.10, if you request us to issue a Cash Card to a Child or allow a Child to access the Junior Pack Account through any means made available by us, you authorise us to disclose information relating to the Junior Pack Account to the Child.

### **2.4.3. Cash Card for Junior Pack Account**

If you apply for a Cash Card under the Junior Pack Account:

- (a) The Cash Card remains our property. You should return it to us upon our request. We have the right to withdraw a Cash Card or any services offered with a Cash Card at our discretion at any time without notice.
- (b) The Cash Card and the PIN we issue to a Child are considered to have been issued to you. You are responsible for (i) all Cash Cards issued by us at your request (including all PINs and related facilities, services and charges) and (ii) all withdrawals and transactions effected by the use of a Cash Card or PIN.

- (c) You authorise us to debit the amount of each withdrawal or transaction effected by the use of a Cash Card or PIN from the Junior Pack Account.
- (d) You should promptly report to us any loss, theft, disclosure or unauthorised use of a Cash Card or PIN, followed by a written confirmation as soon as reasonably practicable. You are liable for all withdrawals and transactions effected by the use of a Cash Card or PIN (whether or not authorised by you) before we actually receive your report.
- (e) Use of a Cash Card and PIN is subject to the provisions of this Clause 2.4 and other applicable provisions of these Terms and Conditions. These include the provisions governing an ATM Card as if the Cash Card were an ATM Card. You are bound by these provisions. You have to ensure that each Child to whom we issue a Cash Card complies with these provisions.

## **2.5. Use of ATM Card and liabilities**

### **2.5.1. ATM Card**

- (a) For the purposes of this Clause 2.5, all references to Accounts include all other accounts accessible by the use of your ATM Card.
- (b) Your ATM Card remains our property. You should return it to us upon our request.
- (c) We may offer, vary, suspend or withdraw any Service relating to the ATM Card at any time without prior notice. You may be required to make separate application to obtain some Services relating to the ATM Card (such as to use the ATM Card at an ATM). We may also specify or vary the terms and conditions governing the use of ATM Cards from time to time. Without limiting or reducing the effect of Clause 1.12, you will be bound by a variation unless your ATM Card is returned to us for cancellation before the date on which that variation takes effect.
- (d) Without limiting our right, we may set daily transaction limits or specify the scope of any Service relating to the ATM Card available in or outside Hong Kong. If you want to use your ATM Card at an ATM outside Hong Kong for cash withdrawals and transfers, you are required to set your ATM daily withdrawal and transfer limits and corresponding activation periods in advance. You have to set the limits and periods through one of the channels designated by us from time to time.
- (e) You authorise us to disclose, in strict confidence, to other institutions (whether in or outside Hong Kong) personal data and information about you, your ATM Card and Accounts. Such disclosure may be required or appropriate in connection with any electronic fund transfer network or to enable us to provide the Services relating to your ATM Card.

### **2.5.2. Your responsibility for using the ATM Card**

- (a) By using (which includes activating) your ATM Card, you will be considered to have accepted the terms and conditions governing the use of ATM Cards from time to time and will be bound by them. You are responsible for all transactions effected by the use of your ATM Card (including all related fees and charges).
- (b)
  - (i) You should promptly report to us any loss, theft, disclosure or unauthorised use of your ATM Card or PIN, followed by a written confirmation as soon as reasonably practicable. You will be responsible for all transactions effected by the use of your ATM Card before we receive your report.
  - (ii) If you report loss, theft, disclosure or unauthorised use of your ATM Card or PIN in accordance with Clause 2.5.2(b)(i), your maximum liability for unauthorised transactions is HKD500 per ATM Card.
  - (iii) However, please note that the limit referred to in Clause 2.5.2(b)(ii) DOES NOT APPLY (and you will be liable for the full amount) in the cases below:
    - (A) if you have knowingly (whether or not voluntarily) permitted any other person to use your ATM Card or PIN; or
    - (B) if you have acted fraudulently or with gross negligence in using or safeguarding your ATM Card or PIN. Your failure to follow any of the security measures recommended by us from time to time regarding the use or safekeeping of your ATM Card or PIN may be treated as your gross negligence.
  - (iv) We have no obligation but may issue a replacement ATM Card to you. If we issue a replacement ATM Card, we will charge a handling fee by debiting any Account.
- (c) You should not transfer your ATM Card or PIN or allow any other person to use your ATM Card or PIN. You should keep your PIN strictly confidential. You should not write down or keep the PIN on or close to your ATM Card, or handle it in any other way that may enable another person to use your ATM Card.
- (d) We will debit the amount withdrawn, transferred or otherwise disposed of by the use of your ATM Card from the related Account. You will be unable to effect a transaction if there are insufficient funds in the related Account. If you effect a transaction in a currency other than Hong Kong dollar, we will debit that transaction from the related Account after conversion into Hong Kong dollar at our prevailing exchange rate at the relevant time of conversion.
- (e) We accept cash or cheque deposited into an ATM using your ATM Card subject to subsequent verification in our normal course of business. The statement issued by the ATM at the time of the deposit only represents what you purport to have deposited and is not binding on us. Further, a cheque is accepted subject to final payment or clearing. You are not entitled to use or withdraw the proceeds of a cheque until they have been cleared.

## **2.6. Use of Credit Card and liabilities**

2.6.1. Where we issue a Credit Card to you on your application, you are bound by the related Credit Card Cardholder Agreement

2.6.2. Where your Credit Card may be used at an ATM, that use is subject to the terms and conditions governing the use of ATM Cards from time to time..

## **2.7. Funds Transfer (including proxy registration, direct debit authorisation and use of QR code services)**

### 2.7.1 Definitions:

Terms used in this Clause 2.7 shall have the meanings set out below. If any term used in this Clause 2.7 is not defined below, that term shall have the meaning set out in Appendix 1.

**Addressing Service** means a service provided by HKICL as part of HKICL FPS to facilitate customers of Participants to use predefined Proxy ID instead of account number to identify the destination of a payment or funds transfer instruction and other communications for the purpose of HKICL FPS.

**Bank Services** means the services (including the QR Code Services) provided by us to customers from time to time to facilitate payments and funds transfers using HKICL FPS and the Addressing Service, eDDA Service and any other services and facilities provided by HKICL in connection with the Faster Payment System from time to time.

**Default Account** means the account maintained by you with us or any other Participant and set as the default account with respect to the use of a Proxy ID for receiving payment or funds using HKICL FPS or (if and to the extent specified or permitted by the rules, guidelines and procedures of HKICL) for debiting payment or funds using HKICL FPS.

**eDDA** means a direct debit authorisation set up by electronic means using HKICL FPS.

**eDDA Service** means a service provided by HKICL as part of HKICL FPS to facilitate customers of Participants to set up direct debit authorisation.

**FPS Identifier** means a unique random number generated by HKICL FPS to be associated with the account of a customer of a Participant.

**HKICL FPS or Faster Payment System** means the Faster Payment System and related facilities and services provided, managed and operated by HKICL from time to time for (i) processing direct debits and credits, funds transfers and other payment transactions and (ii) exchanging and processing instructions relating to eDDA Service and Addressing Service.

**Participant** means a participant of HKICL FPS which may be a bank or other financial institution, a retail payment system operator, a licensed stored value facility, or any other person accepted by HKICL as a participant of HKICL FPS from time to time.

**Proxy ID** means the identifiers which may be accepted by HKICL for registration in the Addressing Service to identify the account of a customer of a Participant, including the mobile phone number or email address of the customer, or the FPS Identifier.

**QR Code Services** means the QR code and the associated payment and funds transfer services provided by us to customers from time to time.

**Regulatory Requirement** means any law, regulation or court order, or any rule, direction, guideline, code, notice or restriction (whether or not having the force of law) issued by any regulatory authority, governmental agency (including tax authority), clearing or settlement bank or exchange, or industry or self-regulatory body, whether in or outside Hong Kong, to which HKICL, we or any other Participant or the respective affiliates or group companies, or you are subject or are expected to comply with from time to time.

### 2.7.2 Scope of Bank Services and conditions for use

- (a) The provisions of this Clause 2.7 apply to our services relating to funds transfer, including the services we provide in relation to the Faster Payment System. The provisions of other clauses continue to apply to the Bank Services to the extent that they are relevant and not inconsistent with the provisions of this clause. Unless otherwise specified, the provisions of this clause prevail if there is any inconsistency between them and the provisions of the other clauses with respect to the Bank Services.
- (b) We provide the Bank Services to customers to facilitate payment and funds transfer using the Faster Payment System and the Addressing Service, eDDA Service and any other services and facilities provided by HKICL in connection with the Faster Payment System from time to time. We have the right to set or vary from time to time the scope of the Bank Services and the conditions and procedures for using the Bank Services. In order to use the Bank Services, you have to accept and follow these conditions and procedures.
- (c) We may provide the Bank Services to facilitate payment and funds transfer in any currency specified by us from time to time, including Hong Kong dollars and Renminbi.
- (d) In order to enable us to handle an instruction for you in relation to payment or funds transfer using HKICL FPS, you have to provide or input the necessary information and complete the process by such means or in such manner prescribed by us from time to time.
- (e) All payment or funds transfer transactions using HKICL FPS will be processed, cleared and settled under the interbank clearing and settlement arrangements including without limitation the arrangements in relation to the Faster Payment System agreed by the Participants and HKICL from time to time.
- (f) We reserve the right to suspend or terminate the Bank Services in whole or in part at any time without giving notice or reason.
- (g) By requesting us to register any Proxy ID for you in the HKICL FPS or to set up any eDDA for you using the HKICL FPS, or by initiating any payment or funds transfer using the HKICL, you agree to be bound by all the provisions of this Clause 2.7.

### 2.7.3 Addressing Service - registration and amendment of Proxy ID and related records

- (a) In order to use the Addressing Service to receive payment or funds transfer using HKICL FPS, you have to register your Proxy ID in the HKICL FPS.
- (b) Registration and amendment of Proxy ID and related records in the HKICL FPS must be done in accordance with the applicable rules, guidelines and procedures imposed by HKICL from time to time. In order to enable us to register or amend

Proxy ID or any related records for you, you have to provide or input the necessary information and complete the registration process by such means or in such manner prescribed by us from time to time.

- (c) At any time where the same Proxy ID is registered by you for more than one account (whether maintained with us or with any other Participant), you must set one account as the Default Account. By instructing us to set or change the Default Account for you, you consent and authorise us to submit the request on your behalf to HKICL FPS to override the existing Default Account registered in HKICL FPS.

#### 2.7.4 eDDA Service

- (a) In order to enable us to handle a request for you in relation to eDDA setup, you have to provide or input the necessary information and complete the process by such means or in such manner prescribed by us from time to time. The prescribed process may include requiring the relevant parties to set up the eDDA using their respective account numbers or customer identification numbers or codes. For the avoidance of doubt, a Proxy ID is not intended for verifying eDDA setup. Any amendment of a Proxy ID and the related records or termination of a Proxy ID after an eDDA setup will not affect that eDDA. In the circumstances, we will not be notifying you of any changes to the Proxy ID in connection with the eDDA once it has successfully been set up.
- (b) Where you have set up a direct debit authorisation (including an eDDA) on an Account but no debit is made pursuant to that authorisation for a significant period of time, we have the right to cancel the direct debit authorisation without prior notice to you even if that authorisation has not expired or is not subject to an expiry or termination date.

#### 2.7.5 QR Code Services

- (a) Using the QR Code Services and your responsibility
- (i) The QR Code Services allow you to scan a QR code provided by us or by another person to automatically capture the payment or funds transfer data without the need for manually entering the data. Any QR code provided by another person must meet the specifications and standards prescribed by HKICL in order to be accepted. You are fully responsible for ensuring that the captured data is accurate and complete before confirming any payment or funds transfer instruction. We are not responsible for any error contained in such payment or funds transfer data.
- (ii) The QR Code Services can be used on a mobile device running an operating system supported and specified by us from time to time.
- (iii) Updates to the QR Code Services may be issued periodically through the supplying app store for the mobile app. For some devices, updates will be downloaded automatically. For other devices, you will need to download the updates yourself. Depending on the update, you may not be able to use the QR Code Services until the latest version has been downloaded. You are fully responsible for ensuring the latest version has been downloaded to your mobile device for the purpose of using the QR Code Services.
- (iv) The QR Code Services are intended for use by our customers only. We have the right to cancel your account for the mobile app and/or block you from accessing the QR Code Services if we discover that you are not eligible to use the QR Code Services.
- (v) The QR Code Services are not intended for use in any jurisdiction where their use would be contrary to any law or regulation of that jurisdiction or where we are not licensed or authorised to provide the QR Code Services.
- (vi) You must comply with all applicable laws and regulations that govern your download of the mobile app, or access or use of the mobile app or the QR Code Services.
- (b) Security
- (i) You must not use the QR Code Services on any device or operating system that has been modified outside the mobile device or operating system vendor supported or warranted configurations. This includes devices that have been "jail-broken" or "rooted". A jail broken or rooted device means one that has been freed from the limitations imposed on it by your mobile service provider and the phone manufacturer without their approval. The use of the QR Code Services on a jail broken or rooted device may compromise security and lead to fraudulent transactions. Use of the QR Code Services in a jail broken or rooted device is entirely at your own risk and we will not be liable for any losses or any other consequences suffered or incurred by you as a result.
- (ii) You are fully responsible for all instructions or requests given by you or any other person authorised by you during the use of the QR Code Services.
- (iii) You are fully responsible for ensuring that the information shown or stored on your mobile device is kept secure.
- (iv) If you know or suspect that any other person knows your security details, or has used or tried to use them, or if your mobile device is lost or stolen, you must notify us as soon as reasonably practicable.
- (c) Our responsibility and restriction of liability
- (i) While we make commercially reasonable efforts to provide the QR Code Services, we are not liable for any failure to provide the QR Code Services.
- (ii) The QR Code Services are provided on an "as is" basis with no representation, guarantee or agreement of any kind as to their functionality. We cannot guarantee that no viruses or other contaminating or destructive properties will be transmitted or that no damage will occur to your mobile device in the use of the QR Code Services. We are not responsible for any loss you may incur as a result of your use of the QR Code Services.
- (iii) You understand and agree that:

- (1) You use the QR Code Services at your sole risk. To the maximum extent permitted by law, we expressly disclaim all warranties and conditions of any kind, whether express or implied.
- (2) You download or obtain any material or information through the use of the QR Code Services at your sole risk and discretion. You are solely responsible for any damage to your computer or other device or loss of data resulting from downloading, obtaining or using such material or information.
- (iv) For the avoidance of doubt, nothing above is intended to exclude or restrict any condition, warranty, right or liability which may not be lawfully excluded or restricted.

#### 2.7.6 Collection and use of Customer Information

- (a) For the purposes of using the Bank Services, you may be required to provide us with the personal data and other information relating to one or more of the following persons from time to time:
  - (i) yourself;
  - (ii) the recipient of any payment or funds transfer to be made by you, or the counterparty of any eDDA to be set up by you; and
  - (iii) where you are a company, a corporation, or a sole proprietorship or partnership firm or any other unincorporated body, any of your directors, officers, employees, authorised persons and representatives,

all personal data and information provided to us or compiled by us from time to time in connection with the Bank Services are collectively referred to as "Customer Information".
- (b) You agree (and, where applicable, for and on behalf of each of your directors, officers, employees, authorised persons and representatives) that we may collect, use, process, retain or transfer any of the Customer Information for the purposes of the Bank Services. These purposes include without limitation one or more of the following:
  - (i) providing the Bank Services to you, maintaining and operating the Bank Services;
  - (ii) processing and executing your instructions and requests in relation to the Bank Services from time to time;
  - (iii) disclosing or transferring the Customer Information to HKICL and other Participants for their use for the purpose of the operation of HKICL FPS;
  - (iv) meeting the requirements to make disclosure under any Regulatory Requirements; and
  - (v) purposes relating to any of the above.
- (c) You understand and agree that the Customer Information may be further disclosed or transferred by HKICL, us or any other Participants to their customers and any other third parties who are users of HKICL FPS for the purposes of providing and operating the Bank Services.
- (d) If the Customer Information includes personal data or other information of any person other than yourself, you confirm that you will obtain and has obtained the consent from such person regarding the use (including disclosure and transfer) of his/her personal data and other information by HKICL, us and the other Participants as specified in this clause.

#### 2.7.7 Your responsibility

- (a) Present genuine owner or authorised user of Proxy ID and accounts  
You can only register your own Proxy ID for your own accounts or set up eDDA for your own accounts. You must be the present genuine owner or authorised user of each Proxy ID and each account provided to us for registration in the Addressing Service and the eDDA Service. By instructing us to register any Proxy ID or any account for you in relation to the Faster Payment System, you confirm that you are the present genuine owner or authorised user of the relevant Proxy ID or account. This is particularly important for mobile phone numbers as they may be recycled.
- (b) Proxy ID  
Any Proxy ID to be registered by you for the Addressing Service must satisfy any applicable requirements imposed by HKICL from time to time. For example, HKICL may require the mobile phone number or email address to be registered as Proxy ID to be the same number or address registered by you as contact information on our records at the relevant time.
- (c) Correct information
  - (i) You have to ensure that all the information provided by you for registration or amendment of Proxy ID (or any related records) or for any eDDA setup is correct, complete, up-to-date and not misleading. You have to notify us as soon as reasonably practicable of any changes or updates to such information by such means or in such manner specified by us from time to time.
  - (ii) You are fully responsible for using the correct and up-to-date Proxy ID and related records in giving each payment or funds transfer instruction. You are solely liable for and will hold us harmless from any incorrect payment or transfer effected by us and HKICL FPS due to incorrect or outdated Proxy ID or related records.
  - (iii) You acknowledge that we, other Participants and HKICL have the right to deregister any Proxy ID that is no longer correct or up-to-date in accordance with available information without your consent.
- (d) Timely updates  
You are fully responsible for giving instructions and information changes or updates to us on a timely basis for amending your Proxy ID (or related records) or any eDDA setup, including without limitation changing your Default Account, or terminating any Proxy ID or eDDA. You acknowledge that keeping your Proxy ID, eDDA and all related records up-to-date

is critical for ensuring effective execution of payment and funds transfer instructions and for avoiding incorrect payment or transfer due to incorrect or outdated Proxy ID, eDDA or related records.

(e) Change of Default Account

If an account is terminated as the Default Account by you or by the relevant Participant for any reason (including suspension or termination of the account), the system of HKICL will automatically assign the most recently registered record in the Addressing Service that is associated with the same Proxy ID to be the Default Account. If you wish to set another account as the Default Account, you have to change the registration through the Participant where you maintain that other account.

(f) Transactions binding on you

(i) For any payment or funds transfer, once you confirm the details of a transaction and submit instruction to us, such instruction and any resulting transaction is final, irrevocable and binding on you.

(ii) For any Proxy ID registration or eDDA setup, once you submit an instruction to us, such instruction is irrevocable and binding on you. You may amend or cancel any Proxy ID or eDDA setup in accordance with the procedures and requirements prescribed by us from time to time.

(g) Use Bank Services responsibly

You must use the Bank Services in a responsible manner. In particular, you have to comply with the following obligations:

(i) You must comply with all Regulatory Requirements that govern your use of the Bank Services, including collecting, using and handling the personal data and other information relating to any other person in compliance with the Regulatory Requirements protecting data privacy. You must not use the Bank Services for any unlawful purposes or any purposes other than those authorised or contemplated in the rules, guidelines and procedures of HKICL.

(ii) In sending remarks or messages to be displayed to recipients or counterparties of your payment or funds transfer instructions or eDDA setup using HKICL FPS, you should mask the name or other data of such recipients or counterparties to prevent unauthorised display or disclosure of any personal data or confidential data.

(iii) You should not repeatedly cancel the registration and request for generation of another FPS Identifier in an attempt to generate a number or value that you desire.

(h) Other obligations regarding payments and funds transfers

Any instruction given by you in relation to the Bank Services will be handled by us in accordance with this clause and the applicable provisions in these Terms and Conditions. You have to comply with the other obligations with respect to payments, funds transfers and direct debit authorisations, including without limitation maintaining sufficient funds in the relevant accounts for settling payment and funds transfer instructions from time to time.

(i) You are responsible for your authorised persons

Where you authorise any other person to give instructions or requests to us in connection with the use of the Bank Services (whether you are an individual, a company, a corporation, or a sole proprietorship or partnership firm or any other unincorporated body):

(i) you are responsible for all the acts and omissions of each person authorised by you;

(ii) any instruction or request received by us, believed by us in good faith to be given by you or any person authorised by you, will be irrevocable and binding on you; and

(iii) you are also responsible for ensuring that each person authorised by you will comply with the provisions of this Clause 2.7 that are applicable to him/her when acting on your behalf.

## 2.7.8 Our responsibilities regarding HKICL FPS

Where a funds transfer is effected through HKICL FPS, we will process and submit your instructions and requests to HKICL FPS in accordance with the applicable rules, guidelines and procedures imposed by HKICL from time to time. HKICL FPS has the right to process and execute your Instructions and requests in such sequence or manner as HKICL considers appropriate. We have no control over the operation of HKICL FPS nor the timing on which your instructions or requests are executed by HKICL FPS. Where we receive status update notifications involving any of your Proxy ID (or related records) or eDDA setup or any other matter relating to HKICL FPS from or through HKICL FPS from time to time, we will notify you accordingly by such means and at such time as we consider appropriate.

## 2.7.9 Limitation of Liability regarding HKICL FPS

Without limiting or reducing the effect of Clause 1.13:

(a) we are not liable for loss, damage or expense of any kind which you or any other person may incur or suffer arising from or in connection with the use of the Bank Services or the processing or execution of instructions or requests given by you in relation to the Bank Services or HKICL FPS, except to the extent that any loss, damage or expense incurred or suffered is direct and reasonably foreseeable arising directly and solely from our negligence or wilful default or that of our officers, employees or agents; and

(b) for clarity, we are not liable for loss, damage or expense of any kind which you or any other person may incur or suffer arising from or in connection with one or more of the following:

(i) your failure to comply with your obligations relating to the Bank Services; and

(ii) any delay, unavailability, disruption, failure, error of or caused by HKICL FPS, or arising from any circumstances beyond our reasonable control.



#### 2.7.10 Our Rights and Responsibilities regarding funds transfer

You may instruct us to effect a funds transfer (local or overseas) by such means accepted by us from time to time (e.g. electronic clearing, TT, RTGS or HKICL FPS). The following terms apply unless we specify otherwise:

- (a) We have the right to refuse an Instruction to effect a funds transfer without giving reason. If we accept an Instruction, we have the right to effect the Instruction using any routing arrangement at our discretion.
- (b) We have the right to effect the funds transfer either in words or in code. We are not responsible for (i) any loss, delay, error, omission or alteration of the message which may occur in its transmission, and (ii) any misinterpretation of the message by the recipient (or any of the above).
- (c) When a funds transfer is being effected, there may be a currency conversion if the beneficiary account is in a currency that is different from the remitting currency.
- (d) We will communicate to the correspondent or beneficiary bank your request to pay its charges or overseas charges. That bank decides whether the beneficiary receives the full amount of the funds transfer. We have no control and take no responsibility in that matter.
- (e) We have the right to effect the funds transfer through a correspondent or beneficiary bank or a Participant other than that specified by you if operational circumstances or Applicable Regulations so require.
- (f) Where we are unable to provide a firm exchange rate quotation for any reason, we have the right to effect the funds transfer on the basis of a provisional exchange rate. The provisional exchange rate is subject to adjustment when the actual exchange rate is ascertained. You authorise us to debit or credit any difference between the provisional rate and the actual rate to your Account.
- (g) If you wish a funds transfer to be effected on a particular date, you should clearly specify that date in your Instruction.
- (h) A funds transfer Instruction may not be processed on the same day if our remittances department does not receive it before the relevant cut-off time set by us.
- (i) A funds transfer Instruction is subject to the following (or any of them):
  - (i) the cut-off time of the place where payment is to be received;
  - (ii) the funding arrangement requirements of the settlement banks; and
  - (iii) the availability of the relevant services. This may include the availability of the clearing system of the applicable currency or the location of the correspondent or beneficiary bank or the Participant.This may mean that your Account is debited before the day the payment is received. We are not responsible for any interest expense or loss incurred or suffered by you or any other person as a result in that case.
- (j) We do not have to inform you of the following matters (or any of them). You should make your own enquiries about them:
  - (i) any exchange control or restriction which may be imposed by Applicable Regulations. We are not liable for any loss or delay to you arising from or in connection with such control or restriction; and
  - (ii) any charges which may be imposed by a correspondent or beneficiary bank or any other bank or Participant.
- (k) Where the beneficiary of payment does not maintain an account with any HSBC Group member or our agents, we and our agents have the right without giving you notice to make payment in accordance with the accepted banking practice in the place where the payment is to be received.
- (l) Even if we have accepted a funds transfer Instruction, we have the right to refuse to process or effect payment without giving you notice, if we are of the reasonable opinion that the following (or any of them) occur:
  - (i) there is insufficient available funds in the Account specified in your Instruction from which payment is to be made;
  - (ii) any information given about the Instruction is incorrect, incomplete or unclear;
  - (iii) the Instruction or processing of the Instruction would be a breach of any Applicable Regulations; and

- (iv) you have specified additional Instructions or requests which are not acceptable to us.
- (m) In processing a funds transfer Instruction, we may be required by Applicable Regulations concerning anti-money laundering and anti-terrorist financing activities to disclose personal data or other information about you. This may include the originating account number, your name, address, date of birth, personal identity document number and other unique references. You expressly authorise (i) us to make the required disclosure to any correspondent or beneficiary bank or Participant, the payee or any Authority as we may consider appropriate, and (ii) each correspondent or beneficiary bank or Participant to make the required disclosure to any other correspondent or beneficiary bank or Participant, the payee or any Authority as that correspondent or beneficiary bank or Participant considers appropriate.
- (n) We do not have to process any stop payment Instruction received by us even if your Account has not been debited when we receive the Instruction. We may at our discretion process a stop payment Instruction using commercially reasonable efforts. In that case, we will notify you whether we have successfully executed the stop payment Instruction as soon as reasonably practicable. We will not be able to process any stop payment Instruction for any funds transfer in which your Account has already been debited.
- (o) We have the right to deduct any charges imposed by a correspondent or beneficiary bank or a Participant from the payment amount or any of your accounts with us including an Account.
- (p) Whilst we will endeavour to communicate to the beneficiary bank any payment condition you specify in a funds transfer Instruction, we have no obligation to check or verify the satisfaction of such condition before effecting payment. You irrevocably authorise us to effect payment at your own risk.
- (q) We are unable to verify beneficiary account information. The verification procedures adopted by the beneficiary bank may vary in different countries. For example, some banks may process inward remittances by verifying both the account number and account name while other banks may require only the account number or account name. You should ensure that the beneficiary account information provided to us is correct and complete.
- (r) Whilst we will endeavour to communicate to the correspondent or beneficiary bank or the Participant any message to the beneficiary you specify in a funds transfer Instruction, whether the correspondent or beneficiary bank or the Participant will communicate or act on such message is beyond our control. We are not liable for any loss arising from or in connection with the failure of the correspondent or beneficiary bank or the Participant to communicate or act on such message.
- (s) (Applicable to non-Hong Kong residents making Renminbi cross-border remittances only) You understand and agree that cross-border remittances to or from the PRC or other places outside Hong Kong instructed by you are subject to the rules and requirements of the jurisdiction of the originating or receiving market.
- (t) In the event that:
  - (a) we debit any account (the "original account") you maintained with us and denominated in a particular currency (the "original currency") to purchase a different currency (the "new currency"):
    - (i) to effect any remittances in the new currency; and/or
    - (ii) for any other transactions; and
  - (b) any of such purchases, remittances or transactions or any instruction relating thereto is cancelled, rejected or returned, then we will convert the new currency back to the original currency at our prevailing buying rate or our original selling rate, whichever is lower, and deposit the resulting sum into the original account without notice.
- (u) We are fully authorised to deduct any charges from the original account for the currency exchange referred to in sub-clause (t) above and the Customer shall be solely liable for all losses, costs, expenses and charges of any kind resulting therefrom

## **2.8. Depositing Items or inward remittances**

- 2.8.1. You may deposit any Item to your Account using any means accepted by us from time to time. Before depositing an Item, you will ensure that the Item is on its face in order. This includes ensuring that an Item is appropriately dated and signed, with the amounts in words and figures matched.
- 2.8.2. We have the right to require you to provide details of an Item when depositing it. You will provide accurate and complete details. We are entitled to rely on the details provided by you in issuing a receipt and processing the Item. We also have the right to verify any details provided by you after issuing a receipt for the Item. If there is any discrepancy between a receipt and the outcome of our verification, the outcome of our verification is final and binding on you. We are entitled to adjust the applicable Account accordingly.
- 2.8.3. An inward remittance or Item may be in Hong Kong dollar or any other currency and may include a payment pursuant to the standing instruction of another person. If the inward remittance or Item (including the payment pursuant to the standing instruction of another person) is in a currency not supported by us, we have the right to convert it into Hong Kong dollar at the prevailing buying exchange rate before depositing it to your Account. We accept each inward remittance or Item for deposit into an Account subject to final payment or clearing. We may not make the proceeds available for use until receipt of unconditional payment. If unconditional payment of an inward remittance or Item is not actually received by us for any reason (including insufficient funds for effecting payment), we have the right to debit the relevant Account with the appropriate amount plus any charges.

- 2.8.4. The proceeds of an inward remittance or Item may not be credited to your Account on the same day we receive the remittance or Item if we do not receive it before the relevant cut-off time set by us. No interest (whether at a rate above or below zero) will accrue before the proceeds are actually credited to your Account.
- 2.8.5. There may be risks involved in accepting foreign currency cheques as payment or settlement of transactions. Some jurisdictions have Applicable Regulations dealing with the handling of cheques sent for clearing or collection that require return of a cheque and the amount paid even after clearing and payment. For example, the paying bank of a cheque drawn on a US bank has the right to seek refund of the cheque if it is subsequently found to be fraudulently drawn, fraudulently endorsed or fraudulently altered within a period of up to six (6) years. This refund period may be indefinite for a US Treasury cheque. We have the right to seek repayment from you of any cheque paid to you that is required to be refunded, whether the cheque is sent for collection or accepted for deposit by us. Our right remains throughout the period in which the Applicable Regulations may require refund of the cheque. We accept the deposit of any foreign currency cheques on the following terms:
- (a) In accepting cheques drawn on other banks, we have the right to decide which cheques to accept for deposit and which cheques to send for collection.
  - (b) Where we send a cheque for collection, this will be done subject to the rules set out in International Chamber of Commerce (ICC) Publication No. 522 (Uniform Rules for Collections), or any up-to-date equivalent in force. The proceeds of the cheque will only be credited to your Account after we actually receive payment from the other banks.
  - (c) If a cheque accepted for deposit is dishonoured or if a cheque collected by us is subsequently required to be refunded by Applicable Regulations, we will debit your account with the value of the cheque as calculated using our prevailing selling rate or the original buying rate (whichever is higher) plus any charges.
  - (d) Charges of other banks (if any) will be debited to your account with notice to you.

## 2.9. Withdrawals by cash or cheque

We have the right to pay any amount you withdraw from an Account by the following methods (or any of them):

- (a) by cash payment in the currency of the Account;
- (b) by issuing to you a cheque drawn by us on any bank payable in the currency of the Account; and
- (c) by cash payment in Hong Kong dollar, converting (if necessary) the equivalent amount from the relevant foreign currency at our prevailing buying rate for our customers at the time of conversion.

## 2.10. US Dollar Clearing System

In connection with a banking transaction in US dollar that is cleared or settled through the US Dollar Clearing System established in Hong Kong, you agree to the following:

- (a) the operation of the US Dollar Clearing System will be subject to the US Dollar Clearing House Rules and the US Dollar Operating Procedures; and
- (b) the Hong Kong Monetary Authority does not owe any duty or incur any liability to you or any other person in respect of any claim, loss, damage or expense of any kind or nature (including loss of business or business opportunity, loss of profit, or special, indirect or consequential loss) arising in any manner directly or indirectly from the following (or any of them), even if the Hong Kong Monetary Authority knew or ought reasonably to have known of the possibility of loss:
  - (i) anything done or not done by the Hong Kong Monetary Authority honestly in good faith or by the settlement institution of the US Dollar Clearing System, HKICL or any member of the US Dollar Clearing House in the management, operation or use of the US Dollar Clearing House or the US dollar clearing facilities (or any part of them). That may include the termination or suspension of the settlement institution, the US dollar clearing facilities or any such member of the US Dollar Clearing House; and
  - (ii) without limiting or reducing the effect of paragraph (i) above, the giving of any notice, advice or approval in relation to the US Dollar Clearing House Rules and the US Dollar Operating Procedures.

## 2.11. Inactive Account

We have the right to restrict or impose conditions for accessing an Account if it has been inactive for a period of time set by us. Unless we have received specific contrary instructions from you, we have the right to close an Account if it (i) has zero balance for a period of time set by us from time to time or (ii) remains inactive for a period of time set by us from time to time. The applicable periods may vary depending on the Account types and we will provide further information upon request.

## Section 3: Other Services

### 3.1. HSBC Premier Emergency Services

- 3.1.1. The HSBC Premier Emergency Services are provided to our customers who are allocated the Tier of HSBC Premier, by MasterCard Worldwide or its agents or independent service providers.
- 3.1.2. If you use the HSBC Premier Emergency Services, you authorise us to transfer or disclose any information held by us from time to time relating to you, HSBC Premier and the Master Account to MasterCard Worldwide or its agents or independent service providers for the purposes of providing the HSBC Premier Emergency Services to you.

### 3.2. Overseas HSBC Premier and HSBC Advance Services

#### 3.2.1. Services and Features

- (a) We and other members of the HSBC Group in or outside Hong Kong may offer or vary Services and Features under HSBC Premier or HSBC Advance at our discretion from time to time. These Services and Features may include accounts, services, rewards, benefits and privileges of any nature and may be provided by us, another member of the HSBC Group or any other person.
- (b) In order to be eligible for the Features under HSBC Premier or HSBC Advance, you have to maintain the necessary Tier of HSBC Premier or HSBC Advance set by us (or the other member of the HSBC Group providing the relevant Features), unless we or the other member agree otherwise. You have to satisfy and be bound by further terms and conditions applicable to the relevant Features that may be specified by us or the other member of the HSBC Group from time to time.

#### 3.2.2. Your obligations and liabilities

- (a) Where a member of the HSBC Group other than us offers you a banking or credit facility as a Feature under HSBC Premier or HSBC Advance, you authorise us and that HSBC Group member to do the following (or any of them) if you fail to repay any indebtedness owing by you under such facility (in this Clause 3.2.2, "Debts"):
- (i) for us, to collect the Debts for and on behalf of that HSBC Group member;
  - (ii) to employ collection agents and service providers to collect the Debts and you agree to bear any related expenses;
  - (iii) for that HSBC Group member, to assign the Debts (in whole or in part) to us at any time. We may accept assignment of the Debts and exercise our rights (including set-off rights) in respect of the assigned Debts. You waive all rights you may have in relation to the assigned Debts in our favour to the extent permitted by the Applicable Regulations; and
  - (iv) to collect all fees, charges, loss and expenses that we or that HSBC Group member may incur or suffer arising from or in connection with the Debts. These may include legal fees and other fees, charges and expenses of reasonable amount and reasonably incurred in collecting the Debts.
- (b) Where we or another member of the HSBC Group offer you one or more banking or credit facilities as Features under HSBC Premier or HSBC Advance, you agree that your failure to repay any indebtedness owing by you under any such facility may result in:
- (i) the withdrawal, suspension, cancellation or variation of any or all of the granted facilities; and
  - (ii) you having to pay interest at higher interest rates and increased fees, charges, costs and expenses.

Neither we nor the other HSBC Group member is liable for the above.

- (c) If you are required by any Applicable Regulations to deduct or withhold an amount from any sum payable by you to us or any other member of the HSBC Group, you should ensure that we or that other HSBC Group member receive a net payment equal to the amount which we or it would have received had no deduction or withholding been made. You are solely responsible for paying the amount deducted or withheld to the relevant authority within the applicable time limit. You will indemnify us and that other HSBC Group member for all consequences if you fail to make such payment.

### 3.3. Phone Banking Services

#### 3.3.1. Scope of Phone Banking Service and Telephone Instructions

- (a) We may specify or vary the scope, features and terms of the Phone Banking Service from time to time without prior notice. You may use the Phone Banking Service and give us Telephone Instructions on your accounts and cards.
- (b) You will designate the Accounts and the Debit Accounts on which the Phone Banking Service may be used in such manner or form accepted by us from time to time. By designating a Debit Account, you confirm that each Debit Account holder of that Debit Account (i) has authorised you to debit that Debit Account by using the Phone Banking Service and (ii) accepts the provisions of this Clause 3.3.
- (c) Your right to give Telephone Instructions is subject to our discretion. We may at any time revoke such right without prior notice.
- (d) You may use the Phone Banking Service and give Telephone Instructions singly even if the signing authority or signing arrangement applicable to the relevant Debit Account, Credit Account and any other account prescribes differently.

#### 3.3.2. Limitation of our liability

- (a) You authorise us to act on Telephone Instructions given using your Phone Banking PIN. We have no duty to verify the identity of the person using your Phone Banking PIN to give Telephone Instructions. We are not liable for acting in good faith on a Telephone Instruction given using your Phone Banking PIN, even if that Telephone Instruction was not authorised by

you. You agree and confirm that each Debit Accountholder agrees with that and agree(s) to be bound by the Telephone Instructions.

- (b) We may not process Telephone Instructions immediately or on the same day we receive the Telephone Instructions. This may be due to system constraint, equipment malfunction or failure, or other reasons (whether or not beyond our control). We are not liable for any delay or failure in effecting a Telephone Instruction. Our decision on whether or not to effect or the timing of effecting a Telephone Instruction will be final and binding on you and each Debit Accountholder.

### 3.3.3. Your responsibility and confirmations

- (a) You should not disclose your Phone Banking PIN or allow any other person to use your Phone Banking PIN (whether voluntarily or not). You should keep your Phone Banking PIN strictly confidential. You should not keep a record of your Phone Banking PIN in any way that may enable another person to use it. You should promptly report to us any loss, theft, disclosure or unauthorised use of your Phone Banking PIN.
- (b) You and each Debit Accountholder should ensure that there are sufficient funds or available credit facilities in the relevant Account or Debit Account to effect a Telephone Instruction. We have no obligation but may act on a Telephone Instruction where there are no sufficient funds or available credit facilities. We are not required to notify you or any Debit Accountholder before acting on that Telephone Instruction. You and each Debit Accountholder will be liable to repay and indemnify us for the resulting overdraft, advance or credit created by effecting that Telephone Instruction. If we decide not to act on that Telephone Instruction, we are not liable for any consequence of not acting.
- (c) Any exchange rate or interest rate quoted by us in response to a Telephone Instruction is for reference only, unless the rate is confirmed by us for a transaction. A rate confirmed by us and accepted by you for a transaction through the Phone Banking Service will be binding on you and each Debit Accountholder even if we may have quoted a different rate previously by any means.
- (d) With outlimiting or reducing the effect of Clause 1.14, you and each Debit Accountholder jointly and severally will indemnify and reimburse (i) us, (ii) our agents and nominees, and (iii) our officers and employees and that of our agents or nominees for all actions, proceedings and claims which may be brought by or against us or them, and for all losses, damages and reasonable amounts of costs and expenses which we or they may incur or suffer as a result of or in connection with our providing the Phone Banking Service to you or acting or not acting on Telephone Instructions.

This indemnity shall continue even after:

- (1) the termination of the Master Account, an Account, an ATM Card or a Credit Card;
- (2) the variation or withdrawal of a Tier;
- (3) the termination of the Phone Banking Service or any service accessible through the Phone Banking Service; or
- (4) the termination of these Terms and Conditions.
- (e) If it is proved that any actions, proceedings, claims, losses, damages or amounts set out in paragraph (d) above was caused by negligence or wilful default of (i) ours, (ii) our agents or nominees, or (iii) our officers or employees or that of our agents or nominees, then you are not liable under paragraph (d) above to the extent that it is direct and reasonably foreseeable arising directly and solely from such negligence or wilful default.
- (f) You should notify us if a Debit Account is converted to a joint account with joint signing arrangement. We have the right to exclude that account from the Phone Banking Service.
- (g) You should notify a Debit Accountholder, the holder of a Credit Account or any other person with whom you effect a transaction or fund transfer using the Phone Banking Service of the details of that transaction. We are not responsible for giving such notice.
- (h) All agreements, terms and conditions governing the respective accounts, services and products accessible or covered by the Phone Banking Service from time to time continue to apply unless we agree otherwise. The provisions of this Clause 3.3 prevail over such agreements, terms and conditions to the extent of any inconsistency between them.
- (i) If you have signed up for or have been provided with our Account-level Phone Banking Service before 14 December 2008 and continue to use it without converting to our Customer-level Phone Banking Service on or after 14 December 2008, the reference to a Credit Card in this Clause 3.3 shall be excluded.

## 3.4. Drop & Go Counter Service (applicable if you use the Drop & Go Counter Service)

### 3.4.1. Scope of Drop & Go Counter Service

- (a) Drop & Go Counter Service enables you to submit applicable documents and items at "Drop & Go Counters" accepted by us for our processing. You have to use the Drop & Go Counter Service in accordance with our guidelines and directions from time to time.
- (b) Where we allow deposit of banknotes, coins and cheques through the Drop & Go Counter Service, the following provisions apply:
  - (i) we are responsible only after we have received, counted and verified the banknotes, coins and cheques in accordance with our practice to our satisfaction;
  - (ii) in the cases below, we will only credit to your Account such banknotes, coins and cheques that we have received, counted and verified to our satisfaction. Our decisions are final and binding on you:
    - (1) if there is any discrepancy between the details specified in a pay-in slip and the banknotes, coins and cheques accompanying that pay-in slip that are actually received, counted and verified by us; or
    - (2) if for any reason we do not accept any banknotes, coins and cheques deposited.

3.4.2. Your responsibility

You should ensure that all documents and items submitted under the Drop & Go Counter Service are complete, accurate and duly signed as applicable. We have the right not to process any document or item if it is not complete, accurate or duly signed.

3.4.3. Limitation of our liability and your indemnity

- (a) In relation to your use or our provision of the Drop & Go Counter Service in accordance with your Instructions from time to time, we are not liable for loss, damage or expense of any kind which you or any other person may incur or suffer. We are not liable for our decision not to process or to delay processing any Instruction or item deposited (or part of it). We are also not liable for your default in performing your obligations under this Clause 3.4 or under the Applicable Regulations.
- (b) You will indemnify and reimburse (i) us, (ii) our agents and nominees, and (iii) our officers and employees and that of our agents or nominees for all actions, proceedings and claims which may be brought by or against us or them, and for all losses, damages and reasonable amounts of costs and expenses which we or they may incur or suffer as a result of or in connection with your use or our provision of the Drop & Go Counter Service.
- (c) If it is proved that any actions, proceedings, claims, losses, damages or amounts set out in paragraph (b) above was caused by gross negligence or wilful default of (i) ours, (ii) our agents or nominees, or (iii) our officers or employees or that of our agents or nominees, then you are not liable under paragraph (b) above to the extent that it is direct and reasonably foreseeable arising directly and solely from such gross negligence or wilful default.
- (d) This Clause 3.4.3 is not limited by Clause 1.13 or 1.14 and the indemnity in this Clause shall continue after the termination of the Drop & Go Counter Service, the Accounts or these Terms and Conditions.

## Section 4: Credit Facilities and Financial Accommodation – Unsecured and Secured

### 4.1. General provisions applicable to all facilities and accommodation

#### 4.1.1. Our overriding right to withdraw

We may grant, vary, cancel or suspend credit facilities or financial accommodation to you at our discretion from time to time. If we grant a credit facility or financial accommodation to you, we have the overriding right at any time and without giving any reason to do the following (or any of them):

- (a) to review or withdraw the credit facility or financial accommodation and demand immediate repayment of all indebtedness owing by you to us in connection with it; and
- (b) not to allow you to draw or use the credit facility or financial accommodation.

#### 4.1.2. You accept the terms of credit facility or financial accommodation

- (a) If we approve your application for a credit facility or financial accommodation, we will notify you in writing. You will be bound by the terms and conditions set out or referred to in the notification. We have the right to vary these terms and conditions from time to time. These terms and conditions include:
  - (i) the limit of the facility or accommodation and (if applicable) the basis on which it is calculated. In the case of Secured Credit, this may include the credit-to-asset ratio; and
  - (ii) the applicable interest rate and the basis on which it is calculated.
- (b) If you will be absent from Hong Kong for more than one (1) month, you will make arrangements before departure for repaying the credit facility or financial accommodation as any amount falls due during your absence.
- (c) You will notify us promptly if you have any difficulty in repaying any amount outstanding under a credit facility or financial accommodation.

#### 4.1.3. Interest and fees

- (a) We have the right to set or vary the interest rate at which interest on a credit facility or financial accommodation accrues from time to time.
- (b) Interest accrues on a daily basis on the debit balance in the Account to which the credit facility or financial accommodation is attached. We will debit the accrued interest to that Account at monthly intervals, irrespective of whether there are sufficient available funds, overdraft or other facilities in the Account.
- (c) We have the right to set or vary the basis for calculating any fee charged in relation to a credit facility or financial accommodation. We will debit the fee from the Account to which the credit facility or financial accommodation is attached at specified intervals, irrespective of whether there are sufficient available funds, overdraft or other facilities in the Account.

#### 4.1.4. Your confirmations

You confirm that you will do such acts and things when required by us in connection with the credit facility or financial accommodation. These may include the following (or any of them):

- (a) execute and give such agreements, documents or assurances to secure the Secured Indebtedness;
- (b) perfect, protect, preserve or improve any security created or intended to be created by Clause 4.3.1(a);
- (c) facilitate the exercise of our rights in connection with the credit facility or financial accommodation (including any related security);
- (d) pay us, on demand, all our expenses (including legal and out-of-pocket expenses) of reasonable amount and reasonably incurred by us in connection with the preservation, enforcement or exercise of our rights; and
- (e) pay each amount owing by you without any set-off, counterclaim, withholding or condition of any kind. If you are compelled by Applicable Regulations to make a withholding, you will pay an increased amount so that the amount actually received by us is the amount we would have received if there was no withholding.

#### 4.1.5. Payments without deduction

- (a) All payments to us under or in connection with a credit facility or financial accommodation (including outstanding amount on the Account to which the credit facility or financial accommodation is attached, interest, fees and charges) must be paid in full. You will not deduct any sums owed by us to you from any payments made or to be made by you under or in connection with a credit facility or financial accommodation. If a deduction on account of tax or a similar charge or any other reason is required by applicable laws or regulations, or we are later obliged under applicable laws or regulations to return any money received by us in payment of the amount owing, you must make up the payment so that we receive the full amount owing under or in connection with the credit facility or financial accommodation.
- (b) You agree that any termination of a credit facility or financial accommodation is subject to the condition that no money that we received in payment of the amount owing will subsequently be returned or reduced under any applicable laws or regulations. If after the termination of a credit facility or financial accommodation, we are later obliged under applicable laws or regulations to return any money received by us in payment of the amount owing, or if a credit facility or financial accommodation is terminated without receiving full payment of the amount owing, you will remain liable for making up the shortfall or the remaining balance so that we will receive the full amount owing under or in connection with the credit facility

or financial accommodation, and we have a right to claim against you for the shortfall or the remaining balance as if we had never terminated the credit facility or financial accommodation.

- (c) You hereby confirm that any withholding tax obligation or other obligations to make deduction or withholding (whether on account of tax or for any other reason), in respect of a credit facility or financial accommodation whether under applicable laws or regulations of Hong Kong or applicable laws or regulations of any other country where you may reside, would be your responsibility. You will upon our request, deliver promptly evidence satisfactory to us that you have complied with applicable deduction or withholding obligations. You hold us harmless and agree to fully indemnify us on demand for all consequences of any failure to comply with such obligations including any claim which may be made against us by any authorities.
- (d) This Clause 4.1.5 will continue to be effective after the termination of the credit facility or financial accommodation.

## **4.2. Unsecured credit facilities**

### **4.2.1. Unsecured OD Protection**

If we grant OD Protection to you, it will be attached to your Hong Kong dollar Current Account. We have the right to set or vary the limit and interest rate of OD Protection.

### **4.2.2. Unsecured Clean Credit**

#### **(a) Interest**

Without limiting or reducing our right under Clause 4.1.3, we have the right to impose a different interest rate on the Clean Credit in the following cases (or any of them):

- (i) if there is any change in your customer status as determined by us; and
- (ii) where you are a salaried employee, if no regular monthly salary is paid to any Account.

We will notify you if we impose a different interest rate.

#### **(b) Fee**

You will pay a non-refundable monthly facility fee on the Clean Credit facility limit applicable at the relevant time. We will debit the fee at monthly intervals.

#### **(c) Consolidated Statement**

The Consolidated Statement will detail:

- (i) the total amount outstanding on the statement date on the Account to which the Clean Credit is attached (in this Clause 4.2.2, the "total outstanding amount");
- (ii) where minimum payment arrangement is available, the minimum amount of the total outstanding amount that you must pay (in this Clause 4.2.2, "the minimum payment amount"); and
- (iii) the date by which you must pay us (in this Clause 4.2.2, "the payment date").

#### **(d) Payment and late charge**

- (i) We accept payment by cheque or other means subject to final payment or clearing.
- (ii) If we do not receive payment of the minimum payment amount by the payment date, we will debit a late charge and overdue interest to the Account to which the Clean Credit is attached on the following statement date. We have the right to set or vary the late charge and overdue interest from time to time.

## **4.3. Secured credit facilities**

### **4.3.1. Secured Credit**

#### **(a) Security over assets**

- (i) In consideration of our providing the Services and granting or continuing to grant the Secured Credit to you, **you as beneficial owner charge, pledge and assign the Secured Assets to us as a continuing security for the payment by you of the Secured Indebtedness. For clarity, no security will be created if we do not grant a Secured Credit to you.**
- (ii) In this Section 4:
  - (1) "Secured Assets" means all assets and property in the Master Account at any time and from time to time. These include (A) deposits (and renewals and extensions of the deposits), moneys, interest on such deposits and moneys (in any currency), (B) gold and any other precious metals, (C) commodities, stocks, shares, bonds, notes, options, (D) money market, debt and financial instruments, (E) investments and securities of any kind, (F) all rights and benefits deriving from or attached or accruing to (A) to (E) above, and (G) proceeds of sale of (A) to (F) above.
  - (2) "Secured Indebtedness" means all moneys (including interest, fees, charges, costs and expenses) in any currency owing by you to us in connection with the Secured Credit at any time and from time to time.
- (iii) You confirm that you will pay us the Secured Indebtedness on demand. You agree that a statement of account signed as correct by an officer duly authorised by us is conclusive evidence of the Secured Indebtedness at the relevant time in the absence of manifest error.
- (iv) You irrevocably and by way of security appoint us to be your attorney for the purpose of exercising our rights and powers under this Section 4. As your attorney, we are authorised by you to execute all documents and to do all acts and things without notice to you in your name and as your act, or in any other manner as we may consider appropriate



or useful in connection with the Secured Assets. This power of attorney is coupled with an interest and you cannot revoke it as long as any Secured Indebtedness remains outstanding. You ratify and confirm and agree to ratify and confirm each document, act or thing which we may lawfully execute, seal, deliver or do as your attorney.

- (v) You agree, as long as the security created under Clause 4.3.1(a) exists:
- (1) to maintain in the Master Account assets and property of a value or amount not less than the value or amount determined by us to be appropriate to secure the Secured Indebtedness in accordance with the loan-to-asset ratio we set from time to time. We have the right to determine the value of any assets and property for this purpose; and
  - (2) to maintain absolute title to the Secured Assets. You should not deal with the Secured Assets in the following manner, except in our favour or with our prior written consent, (A) withdraw, sell or dispose of the Secured Assets, (B) charge, pledge, assign or encumber the Secured Assets in any other manner, or (C) grant or permit to arise any third party right over the Secured Assets.
- (vi) The security created by Clause 4.3.1(a) will, to the extent that it may be a floating charge, crystallize and operate as a fixed charge automatically and without notice to you when the following events (or any of them) occur:
- (1) if you create or appear to create any security (whether fixed or floating) over any of the Secured Assets in breach of paragraph (v)(2) above; and
  - (2) if any person takes or attempts to take any form of process against any of the Secured Assets.
- (b) Enforcement of security
- (i) If the events set out in paragraph (ii) below (or any of them) occur, we have the right to realise or sell any of the Secured Assets at any time and in any way which we consider appropriate in or towards settlement of the Secured Indebtedness. We have the right to realise or sell the Secured Assets free and discharged from any trust, claim, right of redemption and any other rights which you may have. We may exercise this right without giving you notice or taking any legal process or other action against you.
  - (ii) The events referred to in paragraph (i) above are:
    - (1) you fail to pay any Secured Indebtedness on demand or to comply with any provisions of these Terms and Conditions;
    - (2) you are unable or admit to being unable to pay debts as they become due;
    - (3) you are subject to any proceedings relating to your bankruptcy or composition in favour of creditors or other proceedings with similar effect (whether started by you or any other person); and
    - (4) any legal process is taken or enforced against any of your assets or property.
  - (iii) Without limiting or reducing the effect of Clause 4.3.1(a)(vi) and insofar as the security created by Clause 4.3.1(a) is a floating charge, we have the right to convert the floating charge into a specific fixed charge over the Secured Assets at any time by giving you written notice.
  - (iv) We have the right to hold the proceeds of the realisation or sale of Secured Assets in a suspense account to preserve and prove our rights against you in any proceedings relating to your bankruptcy or composition in favour of creditors, or other proceedings with similar effect. We also have the right to apply those proceeds to settle any of your accounts, obligations or liabilities as we may determine at our discretion from time to time.
  - (v) If any Secured Indebtedness is in a currency other than the currency of the Secured Assets, we may convert the currency as we consider appropriate at our prevailing buying exchange rate.
  - (vi) A payment to us (even made pursuant to a judgement or court order) will not discharge your obligation in connection with the Secured Indebtedness unless we have received the full amount in the currency in which that obligation was incurred. To the extent that the amount of a payment after actual conversion falls short of the obligation in that currency, we have an additional cause of action against you. We are entitled to enforce the security created by Clause 4.3.1(a) to recover the shortfall amount.
- (c) Nature of security
- (i) The security created by Clause 4.3.1(a) is a continuing security. It secures the ultimate balance of the Secured Indebtedness owing by you to us. The security is not limited or reduced by your death, bankruptcy or incapacity (whether or not known to us), or by settlement of any indebtedness or any other circumstance.
  - (ii) The security created by Clause 4.3.1(a) is in addition to and may be enforced even if we hold or may be provided with any guarantee, indemnity, assurance, pledge, lien, bill, note, mortgage, charge, debenture, security or other right, power or remedy.
  - (iii) Any release, discharge or settlement by us of your obligations in connection with the Secured Indebtedness is conditional upon no security or payment to us by you or any other person having been avoided, reduced or refunded pursuant to any enactment or requirement relating to bankruptcy or other circumstances with similar effect. For this purpose, we are entitled to retain the account opening form and other documents signed by you creating the security for such period as we may consider appropriate. If the condition is not satisfied, we are entitled to enforce the security created by Clause 4.3.1(a) as if the release, discharge or settlement had not occurred.
  - (iv) If the Master Account is in the joint names of two or more persons, Clause 4.3.1(a) creates a security in the Secured Assets to the full extent of the interest held by each of you. None of you is entitled to any rights or remedies of a surety as regards your obligations in connection with the Secured Indebtedness.
  - (v) To the extent permitted by law, any restriction on our right of consolidating security in law does not apply to the security created by Clause 4.3.1(a).

## Section 5: Investment Services

### 5.1. General terms and conditions applicable to Investment Services

#### 5.1.1. Application and interpretation of Section 5

- (a) Clause 5.1 applies to all Investment Services. Clause 5.2 applies specifically to Investment Services relating to securities trading or custody. Appendix III applies specifically to the trading of any Product listed or traded in the United States of America. Appendix IV applies specifically to China Connect Service.
- (b) In the event of any inconsistency:
  - (i) between any of the provisions of this Section 5 and those of the remainder of these Terms and Conditions, this Section 5 shall prevail;
  - (ii) between any of the provisions of this Section 5 and those of Appendix III in relation to the trading of any Product listed or traded in the United States of America, Appendix III shall prevail;
  - (iii) between any of the provisions of this Section 5 and those of Appendix IV in relation to China Connect Service, Appendix IV shall prevail; and
  - (iv) between any of the provisions of Clause 5.1 and those of Clause 5.2 in relation to an Investment Service, the more stringent provision shall prevail.
- (c) Reference in this Section 5 to any nominee, agent, delegate or any other person appointed by us include any person appointed by that nominee, agent, delegate or other person in connection with the provision of any Investment Service unless otherwise specified or the context requires otherwise.

#### 5.1.2. Scope of Investment Services

##### (a) Provision of Investment Services

- (i) Without limiting or reducing our rights under Clause 1.2:
  - (1) we may offer any type of Services relating to securities or Products as we may specify from time to time;
  - (2) we have the right to provide any Investment Service in relation to some but not all markets (whether in or outside Hong Kong) or some but not all types of securities or Products. We have the right to specify, restrict or vary from time to time the securities, Products or markets for which we may provide an Investment Service; and
  - (3) we have no obligation but may provide, vary or terminate any Secured Credit to fund your purchase of any type of securities or Products in accordance with Clause 4.3.
- (ii) In relation to the purchase and/or sale of any Product:
  - (1) we may solicit the sale of or recommend a Product to you in accordance with Clause 5.1.2A(a)(i) or (iii); and/or
  - (2) you may enter into the Transaction without or inconsistent with any solicitation or recommendation from us in accordance with Clause 5.1.2A(a)(iv).
- (iii) We do not provide advisory services and therefore do not assume any advisory duty of care or obligation in the solicitation of the sale or recommendation of any Product other than to ensure reasonable suitability as set out in Clauses 5.1.2A(a)(i) and (iii).
- (iv) Making available to you any advertisements, marketing or promotional materials, market information or other information relating to a Product or Service shall not, by itself, constitute solicitation of the sale or recommendation of any Product or Service.
- (v) Unless otherwise specified in these Terms and Conditions or in other terms and conditions in relation to any Product:
  - (1) we do not advise on personalised asset allocation, investment portfolio and investment strategy; and
  - (2) we do not have any obligation to make available any service or provide advice in relation to the purchase or sale of products which we do not distribute or offer to our customers.
- (vi) Except otherwise specified in this Section 5, in performing the Investment Services we will use the same degree of care as we would use in respect of our own property.
- (vii) We have no obligation to ascertain your nationality or whether any restriction applies to any securities. This may include restriction on ownership, owner's nationality or foreign exchange control or requirement.
- (viii) Provision and use of the Investment Services are subject to Applicable Regulations and Market Requirements. In this connection:
  - (1) In the event of any inconsistency between this Section 5 and any Applicable Regulation or Market Requirement, that Applicable Regulation or Market Requirement shall prevail.
  - (2) You are bound by Applicable Regulations and Market Requirements and any action or step taken by us to prevent or remedy a breach of Applicable Regulations or Market Requirements, as if the Applicable Regulations and Market Requirements are expressly set out in these Terms and Conditions.

- (3) Nothing in this Section 5 will exclude or restrict any obligation or liability that we may owe to you in law or under any requirement imposed by the HKMA or the SFC if we are not permitted to exclude or restrict that obligation or liability under the relevant law or requirement.
- (b) Our authority and rights
- (i) By requesting us to provide any Investment Service, you authorise us as follows:
- (1) to open and maintain one or more Investment Services Accounts and other Accounts; and
  - (2) to conduct transactions and activities for you from time to time in accordance with these Terms and Conditions.
- You may cease using the Investment Services and revoke this authority at any time in accordance with Clause 5.1.14(a).
- (ii) In addition to the authority in paragraph (b)(i) above, you authorise us to take such steps from time to time as we consider appropriate or useful to enable us to provide the Investment Services and to exercise our authority or powers under these Terms and Conditions. Such steps may include the following (or any of them):
- (1) To take action or not to take action in order to comply with any Applicable Regulation or Market Requirement. Nothing in this clause will remove, exclude or restrict your rights in law.
  - (2) On your behalf, to withhold or make payment of any taxes or duties payable on or in respect of securities or Products.
  - (3) To co-mingle Your Securities or Products with the property of other persons.
  - (4) To return to you securities or Products which may not have the same serial number or identification as those deposited with or received by us as long as the securities or Products returned are of the same class and nominal amount.
  - (5) To act on the advice of our legal advisers, accountants, brokers or other professional advisers without liability for any acts or omissions on their part.
  - (6) Not to accept securities or Products for deposit or to return to you any securities or Products deposited with us without giving any reason or prior notice.
  - (7) Generally to do all acts and things which are necessary for or incidental to the provision of the Investment Services or exercise of our authority or powers under these Terms and Conditions.
- (iii) Subject to Market Requirements, in each case with our consent and only regarding such types of securities agreed by us from time to time, you may:
- (1) sell or otherwise dispose of those securities that are legally due to be but not yet credited to your Investment Services Account; or
  - (2) purchase or subscribe for those securities with funds which are legally due to be but not yet credited to your Cash Account.
- We have the right not to consent or to withdraw our consent at any time without giving notice or reason.
- (iv) We may appoint any person as our nominee, agent or delegate to perform any of the Investment Services for us. That person may or may not be a member of the HSBC Group and may be local or overseas. We may delegate any of our powers under these Terms and Conditions to that person. That person may further appoint any other person as its nominee, agent or delegate to perform any of the Investment Services for it and may further delegate to that other person the powers delegated by us.
- (v) Without limiting or reducing the effect of Clause 1.10 and Clause 5.1.2(b)(ii)(1), you authorise us to disclose any information we have relating to you, the Transactions, Products or Investment Services:
- (1) to any other person appointed by us as our nominee, agent or delegate to perform any of the Investment Services for us (whether or not a member of the HSBC Group and whether local or overseas); or
  - (2) where disclosure is:
    - (A) required or useful in the performance of any of the Investment Services;
    - (B) in our interests;
    - (C) required or requested by any Applicable Regulation or Market Requirement;
    - (D) required by any Authority or body which has jurisdiction over us, our nominee, agent or delegate or over you;
    - (E) required by any relevant exchange, clearing house, share registrar or U.S. Market Data Provider; or
    - (F) pursuant to any audit requirements or any internal policies of the HSBC Group relating to the prevention of criminal activities or the provision of services to any persons that may be subject to any sanctions regime.

#### 5.1.2A Transactions entered into with us to buy or sell Products

- (a) (i) If we solicit the sale of or recommend any Financial Product to you, the Financial Product must be reasonably suitable for you having regard to your financial situation, investment experience and investment objectives ("**Customer Financial Information**").
- (ii) No other provision of these Terms and Conditions or any other document we may ask you to sign and no statement we may ask you to make derogates from Clause 5.1.2A(a)(i).

- (iii) If we solicit the sale of or recommend any investment product not being a Financial Product (other than insurance product) to you, we will also ensure that the product is reasonably suitable for you based on our suitability assessment. In our assessment, we will take into account your financial situation, investment experience and/or investment objectives, if it is required by applicable regulatory requirements.
  - (iv) If you enter into a Transaction with us to buy and/or sell a Product without or inconsistent with any solicitation or recommendation from us, we will not have any obligation or duty to assess whether or ensure that the Product is suitable for you. You acknowledge and agree that it is your sole responsibility to assess and to satisfy yourself that the Transaction is appropriate for you.
  - (v) Except as set out in Clause 5.1.8(a)(xi), we are not liable for any loss (including indirect or consequential loss), cost or damage of any kind incurred or suffered by you or any other person with respect to or arising out of any Transactions which fall under Clause 5.1.2A(a)(iv).
- (b) By entering into a Transaction with us to buy or sell a Product, you confirm that any information you provide to us (including the Customer Financial Information) is complete, accurate and up-to-date. When we assess suitability, we will rely on your confirmation
- (c) Before you enter into a Transaction with us to buy and/or sell a Product, you should:
- (i) consider your own circumstances and understand the Product features, terms and risks, and you should contact us if you have any questions on the Product;
  - (ii) note that we have no ongoing responsibility to ensure that a Product we have solicited the sale of or recommended to you remains suitable for you;
  - (iii) note that if circumstances relating to you, such Product, such Product's issuer or general market conditions change, such Product may no longer be suitable for you; and
  - (iv) note that we do not provide legal, tax or accounting advice on your investments, and you should therefore consider obtaining independent professional advice (including legal, tax and accounting advice) about your investments where necessary.
- (d) This Clause 5.1.2A takes effect on 8 June 2017 ("**Effective Date**"), and applies to:
- (i) any solicitation and/or recommendation of a Product we make to you on or after the Effective Date, provided that you enter into a Transaction with us to buy and/or sell such Product following our solicitation and /or recommendation; and
  - (ii) any Transaction you enter into with us to buy and/or sell a Product without or inconsistent with any solicitation or recommendation from us on or after the Effective Date.

#### 5.1.3. Fees and expenses

Without limiting or reducing our rights under Clauses 1.9 and 1.15:

- (a) You are required to pay all fees and expenses of reasonable amounts and reasonably incurred by us or any person appointed by us in providing the Investment Services. These may include the charges of any exchange, depository or custodian. A contract note, certificate or other document issued by us setting out the amount and nature of any fees or expenses is conclusive evidence of such fees or expenses binding on you in the absence of manifest error.
- (b) If you fail to pay any fees or expenses when they are due and payable (including your failure to pay any fees and expenses incurred by us where you do not fulfil your settlement obligations relating to any Transaction and we take action at our discretion to fulfil the obligations on your behalf):
- (i) we are entitled without prior notice to you to debit the outstanding amount from any Account or any other account maintained by you with us; and
  - (ii) we have a lien over any securities or Products standing to the credit of any Account or any other account maintained by you with us. Such securities and Products shall stand as continuing security for the outstanding amount.

#### 5.1.4. Prices and quotes

- (a) You accept all of the following:
- (i) Prices of securities or Products quoted by us may be provided by various market information providers or obtained by us from other sources. We and our market information providers endeavour to ensure the accuracy and reliability of the prices quoted but neither we nor them guarantee that any price quoted is accurate, reliable, timely, complete or adequate for any purpose. We and our market information providers are not liable (whether in tort, contract or any other manner) for any loss or damages arising from or in connection with any inaccuracy, inadequacy or omission in any price quoted.
  - (ii) The price of any securities or Product quoted by us (whether or not in response to your enquiry) is for reference only and is not binding on us. You should not rely on any price quoted for reference and you are solely responsible for relying on that price.
  - (iii) The actual bid and offer prices of a Transaction may differ from the price quoted to you previously. Unless the price quoted is confirmed by us for a Transaction, we are entitled to act on your Instruction to sell or purchase any securities or Product at the price at which we or our agent actually effect the Transaction, even if that price is less favourable to you than the price quoted by us previously.
- (b) You should not do the following (or any of them) with any price quoted by us:
- (i) disseminate it (or any part of it) to any other person;
  - (ii) use or permit the use of it (or any part of it) for any illegal purpose;

- (iii) use it (or any part of it) other than for your personal reference; and
- (iv) use it (or any part of it) to effect any transaction or dealing in securities or products other than through us.

5.1.5. Reports, statements and information

(a) Reports and statements

- (i) We will provide you with such reports and statements relating to the Investment Services in accordance with the applicable requirements prescribed by the HKMA and the SFC:
  - (1) at such intervals as agreed by you and us but at least on a monthly basis; and
  - (2) as soon as reasonably practicable after receiving your request.
- (ii) We may provide the reports and statements by placing them in your Personal Internet Banking profile, or by email or post. We may charge reasonable fees for providing reports and statements by post at your request. Where the applicable regulatory requirements do not require us to provide statements for an Investment Services Account, we may provide statements at our discretion if we consider appropriate whether or not you have opted not to receive statement.
- (iii) You should examine each report or statement provided by us to check its accuracy. You should see if there is any error, omission, discrepancy, unauthorised transaction or irregularity shown in it, whether caused by forged signature or other forger y, fraud, lack of authority or negligence of any person. You should notify us of any alleged error, omission, discrepancy, unauthorised transaction or irregularity in a report or statement within ninety (90) days after we provide it by any means specified in paragraph (ii) above. If we do not receive any such notice from you within the specified period, (1) the report or statement will be considered as correct, conclusive and binding on you, and (2) you will be considered to have waived any right to raise objection or pursue any remedies against us in relation to that report or statement.
- (iv) You consent that we may send statements of Investment Services Accounts, confirmations or similar documents relating to the Investment Services electronically in the form of eStatements or eAdvices and do not have to send hard copies afterwards unless you request. Until you have revoked the consent to receive eStatements or eAdvices, the separate terms and conditions for eStatements and eAdvices shall apply. In the event of any inconsistency between those terms and conditions and this Clause 5.1.5 in relation to an eStatement or an eAdvice, the former shall prevail. The indemnity provisions set out in those terms and conditions do not and should not be interpreted to limit or reduce the effect of Clause 1.14 or any other indemnity provisions set out in these Terms and Conditions.
- (v) After effecting a Transaction, we will:
  - (1) make available the essential features of the Transaction as soon as reasonably practicable through any means or medium specified by us from time to time. You should check the essential features of the Transaction yourself through the specified means or medium. You accept that we have no obligation to confirm with you the essential features of a Transaction in any other manner; and
  - (2) provide you with a contract note in accordance with the Applicable Regulations. If the contract note refers to a settlement date and if settlement cannot take place on that date due to suspension of business or trading for any reason, the settlement date will be deferred to the next trading day. Reasons for suspending business or trading may include hoisting of typhoon signal No.8 or above or black rainstorm warning.
- (vi) In relation to any Product listed or traded in the United States of America as we may determine from time to time, you accept that:
  - (1) where an Instruction is executed at more than one (1) price, subject to applicable Market Requirements, the contract note of that Transaction may record only the average price of all the executed prices;
  - (2) the average price may be rounded off as we consider appropriate; and
  - (3) the total consideration will be calculated based on the rounded average price and may be rounded off as we consider appropriate.

(b) Information

- (i) We have no obligation to notify you if any Instruction relating to any Investment Service is not performed or is only partially performed for any reason. You should contact us subsequently if you require confirmation.
- (ii) We agree to notify you of any material change to our name, principal address, registration status, CE number or the Investment Services offered by us from time to time.
- (iii) You agree to notify us of any material change to any information provided to us in connection with your Accounts (including Investment Services Accounts) or use of the Investment Services.
- (iv) Without limiting or reducing the effect of Clauses 1.10 and paragraph (iii) above, you agree to the following:
  - (1) notify us promptly if your domicile, residence or nationality changes (including obtaining any new nationality);
  - (2) provide us with any information we may request for analysing the tax implications of any change above (including the reasons for such change); and
  - (3) if any change above occurs, we have the right to (A) cancel all your pending orders before the relevant exchange or market opens, and (B) withhold an amount calculated in accordance with the maximum withholding tax rate (or any other withholding tax rate as we determine from time to time).

5.1.6. Instructions given by using telephone or internet

We may accept at our discretion Instructions relating to Investment Services (including your Investment Services Accounts) given by using telephone or internet. If we accept those Instructions, the provisions of this Clause 5.1.6 apply without limiting or reducing the effect of Clause 3.3:

- (a) We are entitled to set from time to time the telephone number or website through which Instructions may be given.
- (b) Instructions given by using telephone or internet, to be effective, must be:
  - (i) given by using and quoting the Phone Banking PIN or the Identifiers (as appropriate) and such other details as we may require from time to time; and
  - (ii) accepted by us by such means prescribed by us.
- (c) (i) You should act in good faith and exercise reasonable care and diligence in keeping your Phone Banking PIN and Identifiers strictly confidential. You should not disclose your Phone Banking PIN or Identifiers or allow any other person to use your Phone Banking PIN or Identifiers (whether voluntarily or not).
- (ii) You are fully responsible for:
  - (1) any accidental or unauthorised disclosure of your Phone Banking PIN or Identifiers to any person; and
  - (2) your Phone Banking PIN or Identifiers being used by unauthorised persons or for unauthorised purposes.
- (iii) If you know or suspect that your Phone Banking PIN or Identifiers are disclosed or used by unauthorised persons or any unauthorised Instruction is given, you should report promptly to us by one of the following means and change your Phone Banking PIN or Identifiers as soon as reasonably practicable:
  - (1) in person at the branch office at which the Investment Services Account is kept (or any other address as we may set from time to time); or
  - (2) by telephone or internet at such telephone number or website as we may set from time to time, and confirm the details in writing if requested by us.
- (iv) You are liable for and will be bound by all Transactions, withdrawals and transfers effected by unauthorised use of your Phone Banking PIN or Identifiers before we actually receive the report mentioned in paragraph (iii) above.
- (d) As soon as you have first set and notified us of any Phone Banking PIN or Identifier, that Phone Banking PIN or Identifier will remain effective until it is cancelled by us or with our agreement. Any subsequent variation to your Phone Banking PIN or Identifiers is not effective unless accepted by us.
- (e) Where you have registered to use the Service via HSBC Internet Banking, the separate terms and conditions for HSBC Internet Banking will apply. In the event of any inconsistency between those terms and conditions and this Clause 5.1.6 in relation to an Instruction given by use of internet, the former shall prevail. The indemnity provisions set out in those terms and conditions do not and should not be interpreted to limit or reduce the effect of Clause 1.14 or any other indemnity provisions set out in these Terms and Conditions.

#### 5.1.7. Client money arrangement; interest

- (a) We hold your money as banker in an account in your name. The client money rules under the SFO do not apply. Accordingly, unless otherwise specified in these Terms and Conditions or under any applicable depositor protection legislation, you bear our full credit risk in respect of the money deposited with us.
- (b) You agree that we are entitled to retain any interest generated on any payment made by or to you pending transfer to your account or to stockbrokers, underwriters or fund houses to effect an Instruction.

#### 5.1.8. Limitation on our liability and your indemnity

- (a) Without limiting or reducing the effect of Clause 1.13 and subject to Clause 5.1.2A ("Transactions entered into with us to buy or sell Products"), our liability in relation to the Investment Services is limited as follows:
  - (i) You are responsible for making your own independent investment decisions. We do not make investment decisions on your behalf. Even if you may have informed us of your risk tolerance, financial situation, investment experience, investment objectives and investment period, we do not owe you a duty to exercise judgment as to the merits of any Transaction (save only to the extent required by the HKMA or the SFC and subject to Clause 5.1.2A). While any information or view given by us or our agents will be given in good faith, neither we nor any person giving the information or view are responsible for that information or view. You are responsible for the Instructions you give relating to securities, Products or the Investment Services.
  - (ii) We do not guarantee gains or profitability to you. We are not responsible for the management of or any loss or diminution in the value of any securities or Products purchased or held by us on your behalf.
  - (iii) We have no obligation to examine or verify the validity of ownership or title of any securities or Products. We are not responsible for any defect in ownership or title of any securities or Products purchased or held or to be purchased or held by us on your behalf.
  - (iv) You are responsible for any applicable taxes or duties payable or to be withheld in respect of any securities, Products or Investment Services in accordance with the maximum rate by law or any other rate as we determine from time to time. We and our agents, nominees, delegates or market information providers are not liable for any such taxes or duties. If we determine that any taxes or duties in respect of any income, interest, proceeds, dividend or distribution credited to the Cash Account should have been paid or withheld, we have the right to collect from you and you agree to pay to us the amount to be paid or withheld.
  - (v) You are solely responsible to attend to the following matters relating to trading, holding, disposing of or otherwise dealing in securities, Products or investments via us, and bear the related costs and expenses:

- (1) handle and fulfil any local, overseas or worldwide tax issues, liabilities and obligations under all Applicable Regulations. These may include tax reporting, filing tax returns, paying applicable taxes and dealing with any application for Tax Reclaim Arrangement;
  - (2) seek independent professional advice from your own tax advisers to determine your tax position, liabilities and obligations; and
  - (3) (on our request where we or our agents or nominees are required by the tax authority of any jurisdiction to provide information) complete, sign and file any form, certificate or document and provide necessary information and assistance.
- (vi) We are not responsible for the following (or any of them):
- (1) advising you on tax issues, liabilities or obligations or handling them for you; and
  - (2) providing or procuring any service or assistance in this regard, including handling any Tax Reclaim Arrangement that may be available to you.
- (vii) You should solely bear any losses or liabilities of any kind you incur in using any securities or funds which are legally due to be but not yet credited into your Investment Services Account. We are not responsible for such losses or liabilities.
- (viii) You authorise us (but we have no obligation) to take any action or step to settle a Transaction as we consider appropriate if you fail to settle. Such actions or steps may include purchasing securities on your behalf or using Your Securities which are of the same class as the securities required for settlement of the Transaction. We also have discretion to cancel or revoke your order. In each case, you are liable for all losses, costs, fees and expenses we incur or suffer as a result. This may include the costs of purchasing securities in the market or any shortfall in the price of the securities.
- (ix) Where you are or become a US Person:
- (1) we have the right to suspend or terminate any or all Investment Services with respect to any Product listed or traded in the United States of America or with US source income or the relevant Accounts (or both). We are not liable for any losses, costs, fees or expenses of any kind you may incur or suffer in connection with suspension or termination; and
  - (2) we have the right (but have no obligation) to make or handle any tax reporting in relation to that Product on your behalf.
- (x) Except as set out in paragraph (xi) below, we are not liable for loss, damage or expense of any kind which you may incur or suffer arising from or in connection with the following (or any of them):
- (1) your use of the Investment Services or our provision of the Investment Services in accordance with your Instructions from time to time;
  - (2) any error, delay or failure in providing the Investment Services; and
  - (3) any delay or failure in settling a Transaction by the settlement date set out in the contract note of that Transaction.
- (xi) If it is proved in a case set out in paragraph (x) above that there was negligence or wilful default by (i) us, (ii) our agents or nominees, or (iii) our officers or employees or that of our agents or nominees, then we will be liable for any loss and damage you incur or suffer that is direct and reasonably foreseeable arising directly and solely from such negligence or wilful default.
- (b) Without limiting or reducing the effect of Clause 1.14, you give the following indemnity in relation to the Investment Services:
- (i) Except as set out in paragraph (ii) below, you will indemnify and reimburse (i) us, (ii) our agents and nominees, and (iii) our officers and employees and that of our agents or nominees for all actions, proceedings and claims which may be brought by or against us or them, and for all losses, damages and reasonable costs and expenses which we or they may incur or suffer as a result of or in connection with the following (or any of them):
    - (1) your use of the Investment Services; and
    - (2) your default in performing your obligations under this Section 5. This may include your failure to provide us with sufficient securities or funds to settle Transactions from time to time.

This indemnity will continue after the termination of the Investment Services, your Investment Services Account or these Terms and Conditions.
  - (ii) If it is proved that any actions, proceedings, claims, losses, damages or amounts set out in paragraph (i) above was caused by negligence or wilful default of (i) ours, (ii) our agents or nominees, or (iii) our officers or employees or that of our agents or nominees, then you are not liable under paragraph (i) above to the extent that it is direct and reasonably foreseeable arising directly and solely from such negligence or wilful default.
  - (iii) We may at our discretion agree to accept for deposit or handle securities which are not fully paid. If we agree to accept or handle such securities, we are entitled to impose any conditions as we consider appropriate. You authorise us (but we have no obligation) to make any payment relating to the securities on your behalf as we consider appropriate. The indemnity in paragraph (i) above applies in this case. In particular, you agree to pay us on demand the amount of any call in respect of the securities.
  - (iv) If we receive or recover any amount in respect of your obligation in a currency other than that in which the obligation was owed, you will indemnify and reimburse us for all costs and losses we incur or suffer as a result. This may include the costs and losses relating to currency conversions or exchange rates fluctuation. This indemnity applies to any amount received or recovered by us by any means whether or not pursuant to a court order.

5.1.9. Your confirmations and agreements

(a) You understand and confirm the following matters:

- (i) Investments in derivatives are generally not suitable for investors without knowledge of derivatives. Where you have been characterised by us as a customer without knowledge of derivatives:
  - (1) if you decide to purchase a derivative product traded on an exchange, you confirm that we have explained to you the risks associated with the relevant product either orally or in writing (including by electronic means); and
  - (2) if you decide to purchase a derivative product not traded on an exchange, you confirm that we have warned you about the relevant transaction which is generally not suitable for you as an investor without knowledge of derivatives.
- (ii) You act as principal (and not as agent or nominee for any other person) in relation to all the Investment Services. You do not and will not hold any securities or Products (or any parts of them) on behalf of any other person.
- (iii) You have disclosed all information requested by us in relation to your status for tax purposes accurately and completely.
- (iv) Any securities or Products that are foreign or held by us or any other person appointed by us for you outside Hong Kong are subject to the Applicable Regulations of the relevant overseas jurisdiction. These overseas regulations may differ from the Applicable Regulations of Hong Kong. As a result, you may not enjoy the same protection for those securities or Products as you enjoy for securities or Products that are held in Hong Kong.
- (v) You are not restricted by any law from giving the confirmations or performing your obligations in this Clause 5.1.9 or in other provisions of these Terms and Conditions. You confirm that you have waived and will waive the benefit of such law to the extent permitted by such law.
- (vi) We may distribute unit trusts or other Products that are managed by other members of the HSBC Group.
- (vii) In respect of a unit trust or Product distributed by us, we act as principal or agent in the Transaction as we may specify and will benefit from the Transaction or distribution of that unit trust or Product. As a distributor, we are entitled to receive and retain commissions and other fees from the fund manager or product provider of that unit trust or Product. That may include full rebate of the initial charge (subject to any cap specified in the offering document of that unit trust or Product) and sharing in the management fee and the marketing sponsorship fee. For a unit trust or Product issued or managed by any other member of the HSBC Group, we (as distributor) and the issuer or fund manager of that unit trust or Product are members of the HSBC Group. We or our associates (or both) will benefit from the origination and distribution of that unit trust or Product.
- (viii) We do not act for the fund manager or product provider of any unit trust or Product. We have no authority to accept your application for a unit trust or Product on behalf of the fund manager or product provider. Receipt by us of your application does not amount to acceptance of that application by the fund manager or product provider.

(b) You agree to the following matters:

- (i) The offering documents of any securities or Product are not intended to provide tax, legal, accounting, investment or financial advice. You should not rely on them for such advice or for credit or other evaluation of that securities or Product. Nor should you rely on them as assurance or guarantee as to the expected return (if any) of that securities or Product. You should consult your own tax, legal, accounting, investment, financial or other advisors.
- (ii) You should consider diversifying your investment and allocating your funds across different products.
- (iii) Before instructing us to effect a Transaction in any securities or Product, you should ensure that:
  - (1) You own the relevant securities or Product.
  - (2) You are not subject to any prohibitions and are permitted to effect that Transaction and own the relevant securities or Product under all Applicable Regulations that apply in the relevant jurisdictions including the jurisdiction where you domicile, reside or you are a national.
  - (3) You have received and read all offering documents of the relevant securities or Product. You should ensure that you fully understand and accept the terms of the Transaction or Product which may include:
    - (A) the product structure, investment tenor and obligations and consequences of early redemption;
    - (B) the associated risks and returns; and
    - (C) the associated fees, charges, expenses and commissions.
- (iv) If you become subject to any prohibitions described in paragraph (iii)(2) above, you should inform us promptly. You should also sell or redeem any restricted securities or Products if we require.
- (v) If you intend to leave Hong Kong for a total period of one hundred and eighty (180) days or more in any twelve (12)-month period, you should give us written notice in advance. You should also give us written notice if you have resided outside Hong Kong for a cumulative total of one hundred and eighty (180) days or more in any twelve (12)-month period.
- (vi) You will execute such documents and perform such acts at our request as we may consider necessary or useful for providing Investment Services or exercising our powers and rights under this Section 5.

(c) If you trade securities or Products listed or traded in the United States of America:

- (i) You confirm the following matters:
  - (1) You are not a US Person.



- (2) You are not a director or officer of a company listed on any stock exchange in the United States of America, or a shareholder who holds 10% or more of the interests in the shares of such a company.
- (3) You are not:
  - (A) registered or qualified with the Securities and Exchange Commission of the United States of America, the Commodities Futures Trading Commission of the United States of America, any state securities agency, any securities exchange or association, or any commodities or futures contract market or association;
  - (B) engaged as an "investment advisor" as that term is defined in Section 202(11)(a) of the Investment Advisor's Act of 1940 (as may be amended from time to time), whether or not you are registered or qualified under that Act; or
  - (C) employed by a bank or other organisation exempt from registration under Federal or state securities laws to perform functions that would require you to be so registered or qualified if you were to perform such functions for an organisation not so exempt.
- (4) Any securities or Products delivered or pledged by you or your transfer agent to us will be free from any lien, charge, claim or other encumbrance or restriction other than a lien imposed on all securities or Products by the applicable clearing house or depository. These restrictions may include:
  - (A) the volume limitations and manner of sale limitations set out in Rule 144 of the Securities Act of 1933 (as may be amended from time to time);
  - (B) any requirement to obtain consent from any person or entity for a sale, pledge, assignment or other transfer of such securities;
  - (C) any limitation on the type or status of any purchaser, pledgee, assignee or transferee of such securities;
  - (D) any requirement to deliver any opinion of counsel, notice or other documentation to the issuer, registrar or any other person prior to a sale, pledge, assignment or other transfer; and
  - (E) any registration or qualification requirement or prospectus delivery requirement pursuant to applicable securities laws.
- (ii) You agree to the following matters:
  - (1) If you become a US Person, you should notify us promptly. You should also transfer all your holdings in securities and Products listed or traded in the United States of America within one (1) month of becoming a US Person (or any other period as we determine). You accept that in that case all the income, interest, proceeds and distributions arising from the securities or Products will be subject to the maximum withholding tax rate (or any other withholding tax rate as we determine).
  - (2) If you become engaged, registered, qualified or employed in the manner set out in paragraph (i)(2) or (i)(3) above, you should notify us promptly. If you are or become deemed by any US Market Data Provider to be engaged, registered, qualified or employed in that manner, we have the right to pass on to you any additional market data subscription fees and any other costs and expenses incurred as a result of or in connection with your status.

#### 5.1.10. Trading restrictions and risk disclosures

- (a) You should at all times comply with all trading restrictions applicable to any of your trading activities. These restrictions are set out on our website as informed by us to you from time to time or in the offering documents of the relevant securities or Product. These restrictions may be varied from time to time.
- (b) You confirm that you have read, fully understood and accepted the risk disclosure statements in relation to the Investment Services, securities and Products. These risk disclosure statements are set out in Appendix II, on our website as informed by us to you from time to time or in the offering documents of the relevant securities or Product. These risk disclosure statements may be varied from time to time. You confirm that the risk disclosure statements are in the language of your choice and that we have invited you to read the risk disclosure statements, ask questions and take independent advice if you wish.
- (c) You agree that you are responsible for checking and ensuring that you have understood all trading restrictions and risk disclosure statements on our website or in the offering documents of the relevant securities or Product from time to time.

#### 5.1.11. Power to debit, power to deal with securities and exchange rate

Without limiting or reducing our rights under any other provisions of these Terms and Conditions (including our rights under Clauses 1.9, 5.1.2(b) and 5.1.3), we have the right without prior notice to you to do the following (or any of them):

- (a) debit from your Cash Account the sums payable in respect of a Transaction. These sums may include (i) any amount of fees payable to us or any person appointed by us, and (ii) any amount of taxes or duties payable in respect of any securities or Products or relating to any Investment Services which should have been made or withheld by you but is eventually made or withheld by us on your behalf. You are required to repay on demand unless we agree otherwise;
- (b) withhold, combine or consolidate the balance on any or all of your accounts maintained with us (including any Cash Account, Securities Account or other Account) and set off or transfer any moneys (in the form of credit balance or credit facility) or assets standing to the credit of any such account in or towards settlement of any amount owing by you to us in connection with the Investment Services. The amounts owing by you (i) may be actual or contingent, present or future, (ii) may be owing by you solely or jointly with any other person, and (iii) may include fees, expenses or interest;
- (c) credit to your Cash Account any sale proceeds, dividends, interests or any other amount received by us in respect of the Investment Services after deduction of the maximum or relevant amount of withholding tax (if applicable); and

- (d) collect or effect any amount payable in respect of a Transaction in any currency as we may determine. Where conversion of one currency into another currency is required for that purpose or otherwise to enable us to exercise our powers and rights under this Section 5, such conversion will be effected at the Exchange Rate.

#### 5.1.12. Connected parties

- (a) You accept that when we arrange a Transaction with or for you, we or a Connected Company or some other person connected with us may have an interest, relationship or arrangement which is material in respect of the securities, Products, Transaction, arrangement or service concerned.
- (b) You consent that we and any Connected Company may have interests which conflict with your interests and may owe duties to other customers which would otherwise conflict with our duties to you. In particular, you consent that in providing the Investment Services to you, we may execute Transactions on your behalf and we (or a Connected Company) may do the following (or any of them):
  - (i) enter into Transactions in securities or Products with you on our own account as principal or on account of a Connected Company, or otherwise deal or arrange deals involving a Connected Company, or make a market or deal in securities or Products (or transactions relating to them) on our own account;
  - (ii) act as your agent and receive commission from you;
  - (iii) act or may have acted as financial adviser to other customers who have interests in the relevant securities or Products (or transactions relating to them); and
  - (iv) act or may have acted as financial adviser to or have some other relationship or arrangement with the issuer, holder or contracting party in respect of the relevant securities or Products (or transactions relating to them) or with another person who has an interest in such securities, Products or transactions.

We will take all reasonable steps to ensure you receive fair treatment if we have any such interest or if an actual or potential conflict arises.

- (c) To the fullest extent permitted by Applicable Regulations and applicable Market Requirements, you agree that we may solicit or accept from, or offer to, any stockbroker, underwriter, issuer, fund manager or any other person (including a Connected Company) engaged in a Transaction, any rebate or reallowance of any brokerage or commission payable or any other benefit.

#### 5.1.13. Disclosure of information to regulators

- (a) This Clause 5.1.13 applies in relation to any Transaction or dealing where we have received:
  - (i) an enquiry from The Stock Exchange of Hong Kong Limited, the HKMA, the SFC or any other Authority (whether in or outside of Hong Kong) having jurisdiction over us, our agents, nominees and delegates or you (in this Clause 5.1.13, collectively the "regulators"); or
  - (ii) a request from a stockbroker, registered person or intermediary in response to such enquiry from any of the regulators.

This Clause 5.1.13 does not limit and is in addition to our authority to disclose information or require you to disclose information to regulators.

- (b) You will, upon our request, inform the relevant regulator of the following within two (2) Business Days:

- (i) your identity, address, occupation and contact details; or
- (ii) if the Transaction or dealing is originated by any third party, the identity, address, occupation contact details of such third party.

We will indicate in our request the contact details of the relevant regulator.

You also authorise us to disclose any information relating to you, your Investment Services Account, Transactions, securities or Products which a regulator or any Applicable Regulation requires disclosure.

This paragraph (b) shall continue in effect even after the termination of these Terms and Conditions.

#### 5.1.14. Termination of Investment Services and Investment Events of Default

- (a) Without limiting or reducing our rights under Clause 1.8, either you or we may terminate all or any part of the Investment Services by giving to the other prior written notice of at least thirty (30) days.
- (b) For clarity, this Clause 5.1.14 does not limit or reduce our rights under Clause 1.8. Clause 1.8 and the Events of Default set out in Clause 1.8 apply with respect to the Investment Services and the activities contemplated by this Section 5.
- (c) If we are of the opinion that the events set out in paragraph (d) below or any of them (in this Clause 5.1, each an "Investment Event of Default") occur, we have the right to suspend or terminate all or any part of the Investment Services, your Investment Services Account or any one or more Accounts with immediate effect.
- (d) The Investment Events of Default are as follows:
  - (i) You or any Credit Support Provider (or any Custodian acting on your or its behalf) disaffirms, disclaims or repudiates any of your obligations under these Terms and Conditions or any obligation under a Credit Support Document.
  - (ii) You or any Credit Support Provider fails to comply with or perform any of your or its obligations or agreements in accordance with the applicable Credit Support Document.
  - (iii) Any Credit Support Document expires or ceases to be in full force and effect for any reason before all your obligations under these Terms and Conditions are satisfied in full, unless we agree in writing that this does not amount to an Investment Event of Default.

- (iv) Any confirmation given by any Credit Support Provider pursuant to any Credit Support Document proves to be false or misleading in any material respect as at the time it was given.
  - (v) Any event set out in Clause 1.8.2(c)(iii), (iv) or (ix) or any other similar event occurs in respect of any Credit Support Provider (including where any non-individual Credit Support Provider is adjudicated or found insolvent as defined under any insolvency law applicable to it).
  - (vi) If any Credit Support Provider is a partnership, any event set out in Clause 1.8.2(c) (iii), (iv) or (ix) occurs in respect of any partner of that Credit Support Provider.
  - (vii) It becomes unlawful for you to perform any of your obligations under these Terms and Conditions or the Transactions, or to enter into any further transactions under these Terms and Conditions.
  - (viii) Any other event which, in our opinion, renders suspension or termination of the Investment Services, your Investment Services Account or any Account necessary or useful. These events may include you being domicile or resident in a jurisdiction where you are restricted from purchasing or holding any securities or Products.
- (e) If all or any part of the Investment Services, your Investment Services Account or any Account are suspended or terminated for any reason whether by you or by us, or if any one or more Investment Event of Default occurs, we have the right to do the things set out in Clause 1.8.3 (as if any reference to Event of Default in Clause 1.8.3 were a reference to Investment Event of Default). We also have the right to do the following (or any of them):
- (i) cover, reduce or eliminate any loss or liability relating to any contract, position or commitment by doing the following (or any of them) at such time and in such manner as we consider necessary or appropriate: (1) closing out, replacing or reversing any outstanding contract we entered with you or on your behalf, (2) entering into any other transaction, and (3) taking or refrain from taking any action; and
  - (ii) sell or otherwise dispose of any of your securities, Products or assets on such terms as we may determine, whether to ourselves, a member of the HSBC Group or any other person.
- (f) Termination of all or any part of the Investment Services and withdrawal of any funds, securities or Products by you will not limit or reduce our right to settle any Transaction or liability entered or incurred by you under these Terms and Conditions or by us on your behalf before termination.
- (g) Even after the Investment Services, your Investment Services Account or any Account are suspended or terminated or after any Investment Event of Default has occurred, you remain responsible for performing and discharging your obligations and liabilities created or accrued before then.

## **5.2. Securities trading services and custodian services**

### **5.2.1. Scope of securities trading services**

- (a) Without limiting or reducing our authority and rights under Clause 5.1.2(b), you authorise us to take such steps from time to time as we consider appropriate or useful to enable us to provide the Investment Services relating to securities trading. Such steps may include the following (or any of them):
- (i) to purchase or subscribe for any type of securities or Products in accordance with your Instructions;
  - (ii) to sell, redeem, transfer, convert, switch, exchange or otherwise dispose of securities or Products and to deal with the proceeds in accordance with your Instructions;
  - (iii) to deliver the documents of title and any other instruments relating to securities or Products to you or to your order in accordance with your Instructions and at your risk; and
  - (iv) to aggregate orders effected on your behalf with the orders of other customers, any Connected Company or ourselves.
- (b) FundMax Account
- (i) This Clause 5.2.1(b) applies to any FundMax Account made available by us from time to time.
  - (ii) We have the right to decide and vary the terms and conditions on which a FundMax Account is made available from time to time. These terms and conditions may include the following (or any of them):
    - (1) investor eligibility criteria;
    - (2) the unit trusts, investment funds or other types of investment available for trading or investing through the FundMax Account;
    - (3) investment amounts or currencies (including payment method or any minimum or maximum requirement);
    - (4) dealing timelines, procedures and restrictions applicable to purchase, subscription, sale, redemption, transfer, conversion, switching, exchange or other disposal of investment;
    - (5) timing or frequency of reviewing or rebalancing the portfolio in the FundMax Account;
    - (6) whether to provide portfolio building service and the terms and conditions on which such service is provided;
    - (7) variation, withdrawal or termination of investment; and
    - (8) fees, charges, expenses or commissions.
  - (iii) You are not allowed to use a FundMax Account to trade or invest in stocks, warrants, equity-linked notes or other equity-linked investments, or stocks or unit trust monthly investment plan.
  - (iv) We have the right to terminate your FundMax Account if you engage in frequent trading or market timing activities. Those activities are strictly prohibited in the interest of the unit trusts or investment funds.

- (v) We have no obligation to make available or continue any FundMax Account.
- (vi) Details of a FundMax Account will be notified or agreed by us when you apply for it.
- (vii) Fees relating to FundMax Account
  - (1) We will waive the initial charge and switching fee for subscription or switching unit trusts or investment funds using a FundMax Account. You are still required to pay other charges including annual management fee, redemption charge and performance fee as set out in the offering documents of the relevant unit trusts or investment funds.
  - (2) Monthly account fee will start to accrue from the date on which a FundMax Account first records a holding of unit trust or investment fund excluding funds in the 'No Subscription Fee Series', CapitALL funds, guaranteed funds and such other unit trusts and investment funds specified by us from time to time (in this Clause 5.2.1(b), "Relevant Funds").
  - (3) Monthly account fee is calculated based on the average holding balance of Relevant Funds during the charging period and the rate corresponding to that balance. For a Relevant Fund denominated in a currency other than Hong Kong dollar, the holding balance will be converted into Hong Kong dollar at our prevailing exchange rate on the date when the holding balance is calculated. Monthly account fee is calculated in Hong Kong dollar and charged in the denomination currency of the Cash Account designated by you for the purpose of your FundMax Account. The fee amount will be converted at our prevailing exchange rate on the date when the fee is collected if the Cash Account is denominated in a currency other than Hong Kong dollar.
  - (4) Monthly account fee is collected on the last Business Day of each calendar month and on a full-month basis. If the date from which a FundMax Account first records a holding of unit trust or investment fund does not cover a full month, the monthly account fee for that month will be charged in the following month. Details of the monthly account fee may be found in the monthly composite statement for your FundMax Account.
  - (5) Monthly account fee is debited from the Cash Account designated by you at the time of opening your FundMax Account. If you wish the monthly account fee to be debited from another Cash Account from a specified month, you are required to ensure that we actually receive Instruction to change the Cash Account at least three (3) Business Days before the last Business Day of that month.
  - (6) If the average holding balance of Relevant Funds during the charging period is below the minimum charging balance set by us from time to time for the Master Account under which your FundMax Account is held, the monthly account fee will be calculated based on that minimum charging balance.
  - (7) If the debit for monthly account fee has been unsuccessful for three (3) consecutive months, we have the right to suspend your FundMax Account.
  - (8) In the case of closure of your FundMax Account, we will debit from the designated Cash Account any monthly account fee accrued but not yet debited, and all investment holdings in the FundMax Account should be redeemed or transferred out.
  - (9) If your FundMax Account is closed less than one (1) year after the date of completion of the last subscription or switching of a Relevant Fund using the FundMax Account, we will charge an administration fee based on the relevant minimum charging balance and the corresponding rate. That fee will be charged for the period from the date following the closure date of the FundMax Account up to the first anniversary date of the last subscription or switching transaction. We will debit that fee from the designated Cash Account.
  - (10) For each transfer out of investment holding from your FundMax Account to any other account, we will charge a transfer fee of one (1)% of the prevailing market value of the investment holding being transferred. The transfer fee will be debited from the designated Cash Account upon receipt of the transfer Instruction at the denomination currency of the Cash Account. If the denomination currency of the investment holding differs from the denomination currency of the Cash Account, the transfer fee will be converted to the denomination currency of the Cash Account at our prevailing exchange rate on the date when the fee is collected. The transfer fee is not refundable whether or not the transfer Instruction is successfully executed.

#### 5.2.2. Purchase and sale Instructions

- (a) Without limiting or reducing our rights under Clause 1.4.6(c), we have the right not to accept or act on any Instruction in the following circumstances (or any of them):
  - (i) as regards an Instruction to purchase or subscribe for securities or Products:
    - (1) if there are insufficient available funds in the same currency as the currency of the relevant securities or Products standing to the credit of the Cash Account to meet the purchase price and estimated expenses in connection with that purchase or subscription. However, we may at our discretion accept the Instruction. In that case, we have the right to convert any funds in the Cash Account into the currency of the relevant securities or Products at the Exchange Rate as we consider appropriate; and
    - (2) if there are insufficient available credit facilities to meet such purchase price and expenses, or any terms and conditions relating to such facilities have not been satisfied in our opinion;
  - (ii) as regards an Instruction to sell or dispose of securities or Products if there are insufficient quantity of the relevant securities or Products to meet the settlement obligation. The securities or Products must be free from any charge, lien or other security interest or encumbrances or claims in favour of any person (including us). The securities or Products may be:
    - (1) held in our name as nominee or in our nominee's name; or
    - (2) due to be but not yet credited to your Securities Account.
- (b) Without limiting or reducing our rights under Clause 5.2.2(a), the following apply where we accept an Instruction:

- (i) on receipt of an Instruction to purchase or subscribe for securities or Products:
  - (1) we will calculate in good faith the amount required to meet the purchase price and estimated expenses (including tax, duty or other expenses) in connection with that purchase or subscription;
  - (2) we have the right (but have no obligation) to debit or withhold an amount to cover all actual or contingent liabilities incurred by us in connection with that Instruction (including the amount in paragraph (1) above). We may debit or withhold such amount from the sum available (whether in the form of credit balance or credit facility) in the Cash Account (including funds arising from the sale or disposal of securities on your behalf) or any other account maintained by you with us; and
  - (3) until completion of that purchase or subscription you are not entitled to withdraw all or any part of the amount debited or withheld under paragraph(2) above and that amount does not constitute a debt owed by us to you.
- (ii) on receipt of an Instruction to sell or dispose of securities or Products:
  - (1) we have the right (but have no obligation) to debit or withheld the relevant securities or Products from the Securities Account on completion of that sale or disposal or (at our discretion) at any time before completion; and
  - (2) until completion of that sale or disposal you are not entitled to withdraw or in any way deal with all or any part of the securities or Products debited or withheld under paragraph (1) above and you should hold them on trust for us.
- (c) Cut-off time and expiry of Instructions
  - (i) We have the right to set cut-off time for receiving Instructions to purchase or sell securities or Products in respect of any exchange or market. We will inform you of the applicable cut-off time upon request.
  - (ii) We have the right not to execute an Instruction on the same day if it is received by us after the applicable cut-off time.
  - (iii) If a trading date is specified in an Instruction and that Instruction is not executed (in whole or in part) for any reason on that trading date, that Instruction (or the unexecuted part) will be considered to lapse (1) on the expiry of that trading date, or (2) on the following business day if that trading date is a public holiday in the market where the Instruction is to be executed. Any other Instructions will be effective until cancelled by you or by us.
  - (iv) If the date of an Instruction is a public holiday in the market where the Instruction is to be executed, we will execute the Instruction on the following business day in that market.

#### 5.2.3. Safe custody arrangement and possession of securities and Products

- (a) We may at your request provide custodian services for securities or Products. Such services are subject to the provisions of Clause 5.2.9 below.
- (b) To the extent not inconsistent with the provisions of Clause 5.2.9 below, the following provisions apply in relation to securities or Products purchased or held for your account:
  - (i) Such securities or Products will be held for you by us (1) in our name, (2) in the name of a nominee appointed by us in the market where such securities or Products are issued, listed on an exchange or bought or sold, or (3) in the name of a nominee in accordance with the rules of the applicable system which provides central clearing and settlement facilities. In holding such securities or Products for you, neither we nor any of our nominees act as trustee for you or any other person.
  - (ii) Any securities or Products purchased for you will be delivered by us to you or a custodian or agent for safe-keeping as you may direct provided that (1) they are fully paid and (2) they are not held as collateral for your or any other person's obligations.
  - (iii) We and our nominees are not required to return to you the identical securities or Products deposited with us. We will return securities or Products of the same class, denomination and nominal amount and have equal ranking in every respect with the securities or Products deposited with us (subject to any capital reorganisation or conversion or other Corporate Action that may have occurred in the meantime).
  - (iv) If we actually receive any dividends, distributions or other benefits on any securities or Products held by us or our nominees for you but not registered in your name, we will credit the relevant amount to your account with us (or pay in another manner agreed by us). We have the right to take any action relating to fractional entitlements as we consider appropriate.
  - (v) We have no duty to investigate, participate in or take affirmative action concerning proxies received by us, attendance at meetings and voting except we have received and agreed to act on your express written instructions. In the absence of such instructions, we have the right to take the default position or act in our discretion as regards such proxies, meeting attendance and voting. However, we have no discretion and may not take any action in respect of any proxies, meeting attendance and voting where the relevant securities comprise any ordinary shares (or other shares of a class carrying rights to vote in all circumstances at general meetings) of, or otherwise constitute relevant share capital of, any public company quoted on a recognised stock exchange.
  - (vi) Without limiting or reducing the effect of any indemnity provisions in these Terms and Conditions and except as set out in paragraph (vii) below, you will indemnify and reimburse (1) us, (2) our agents and nominees, and (3) our officers and employees and that of our agents or nominees for all actions, proceedings and claims which may be brought by or against us or them, and for all losses, damages and reasonable costs and expenses which we or they may incur or suffer as a result of or in connection with our or their holding your securities or Products for you in any market. This indemnity will continue after the termination of the Investment Services, your Investment Services Account or these Terms and Conditions.
  - (vii) If it is proved that any actions, proceedings, claims, losses, damages or amounts set out in paragraph (vi) above was caused by negligence or wilful default of (1) ours, (2) our agents or nominees or (3) our officers or employees or that of

our agents or nominees, then you are not liable under paragraph (vi) to the extent that it is direct and reasonably foreseeable arising directly and solely from such negligence or wilful default.

#### 5.2.4. Short selling

- (a) Until such time we notify you that you may give short sale instructions, you should ensure that each sale Instruction is a "long" sale. That means that you will never give us a sale Instruction unless, at the time of giving that Instruction, you either:
  - (i) own the securities or Products to be sold; or
  - (ii) have already exercised an instrument convertible into the securities or Products to be delivered to the purchaser.
- (b) If we notify you that you may give short sale instructions, you must comply with all Applicable Regulations concerning short selling of securities or Products.
- (c) We have the right not to accept or act on any short sale Instructions.

#### 5.2.5. Connected parties

Without limiting or reducing the effect of Clause 5.1.12, you accept that in providing the Investment Services to you, we may make recommendations to you or execute Transactions on your behalf. In doing so, we (or a Connected Company) are or may be effecting or arranging Transactions on your behalf in:

- (a) a unit trust, mutual fund or other collective investment scheme which is managed or operated by us or by a Connected Company or for which we or a Connected Company is a trustee or adviser;
- (b) securities or Products or transaction relating to them in which we have a material interest as a result of the following:
  - (i) the issue of such securities or Products or any transactions relating to them having been guaranteed or underwritten by us or by a Connected Company;
  - (ii) a commission relating to the matters set out in paragraph (i) above is paid to us or a Connected Company by a third party with which we or a Connected Company has a marketing arrangement; or
- (c) securities or Products whose issuer is a Connected Company.

#### 5.2.6. Execution of Transactions

- (a) Unless we disclose otherwise to you in writing at any time whether before or after a Transaction, we act as your agent in executing Transactions for you.
- (b) Without limiting or reducing the effect of Clause 5.2.6(a), when you give us an Instruction to execute or clear a Transaction, we have the right to execute or clear (as appropriate) that Transaction through the following persons (or any of them):
  - (i) any Connected Company;
  - (ii) any member or participant of the applicable exchanges and clearing houses; and
  - (iii) any intermediary or principal in the applicable exchanges and clearing houses or in any other market.

In each case the person through which we execute or clear the Transaction will (unless we agree otherwise) act as your sub-agent, pursuant to arrangements which we may make from time to time at our discretion in connection with trade execution or clearing. References to execution or clearing of Transactions by us as your agent will be construed accordingly.
- (c) Local charges levied on you in relation to a Transaction represent our charges and may not necessarily equal to charges paid by us to local brokers.
- (d) We have the right to refuse or not to execute an Instruction for any relevant pre-market session or relevant market opening. If we have specifically agreed with you, Instructions to execute Transactions given by you and instructions given by our other customers in respect of the same securities may be bundled together for execution by us as a single transaction at a single price when the relevant pre-market session starts or the relevant market opens. We will allocate the transaction between you and the other customers on a pro rata basis.
- (e) Without limiting or reducing the effect of the other provisions of these Terms and Conditions, you agree that we and any person set out in Clause 5.2.6(b) may execute an Instruction on your behalf through the relevant exchange or market or otherwise act as your agent and receive commission from you.
- (f) Where your Instruction is a Stop Loss Limit Order, the provisions of Clause 6.2 will apply.

#### 5.2.7. Settlement

- (a) You shall provide us with:
  - (i) securities or Products for delivery in the case of a sale; or
  - (ii) money for payment in the case of a purchase,

by such time and at such place as may be necessary for us to make delivery or payment as required by the relevant exchange or market.
- (b) If you fail to provide the relevant securities, Products or money to us, we have the right (but have no obligation) without further notice or demand to take the following steps (or any of them) immediately to satisfy your settlement obligation:
  - (i) in case of a sale, to deliver the securities or Products by:
    - (1) buying the securities or Products required for delivery at a price we believe to be reasonable; and
    - (2) using any securities or Products held in your Securities Account which are issued by the same issuer and are of the same class as the securities or Products required for delivery,

then debiting all the costs (including our reasonable commission and other transaction costs) from your Cash Account, and crediting to your Cash Account the payment received against delivery (if applicable, after deduction of the maximum or relevant amount of withholding tax);

- (ii) in case of a purchase, to accept delivery of the securities or Products and do the following:
  - (1) debiting the purchase price and expenses from your Cash Account or any other account maintained by you with us; and
  - (2) selling the relevant securities or Products at a price we believe to be reasonable, then crediting to your Cash Account or any other account maintained by you with us the proceeds of sale (after deduction of our reasonable commission and other transaction costs and, if applicable, the maximum or relevant amount of withholding tax); and
- (iii) take any other action or step as we in our discretion consider appropriate or necessary.
- (c) You accept that the timing of crediting to your account any money, securities, Products or other property that are legally due to be paid or delivered to you is subject to (i) time zone differences and (ii) the timing of confirmation by any third party custodian appointed by us. Therefore, such money, securities, Products or property may not be credited to your account on the date of payment or delivery as announced in the relevant market.

#### 5.2.8. Right of set-off

Without limiting or reducing our rights under these Terms and Conditions, we may set off any amount payable by you and any amount payable to you where such amounts arise from the purchase or sale of securities or Products by you on a cash-against-delivery basis (or from any related currency exchange transaction).

#### 5.2.9. Custodian services and Instructions

- (a) The provisions of this Clause 5.2.9 apply where we provide custodian services relating to securities or Products at your request.
- (b) In addition to the authority conferred on us by the other provisions of these Terms and Conditions, you authorise us to take such steps from time to time as we consider appropriate or useful to enable us to provide custodian services and to exercise our authority or powers in connection with these services. These steps may include the following (or any of them):
  - (i) As soon as reasonably practicable upon receipt of securities or Products from you or any person acting on your behalf:
    - (1) to hold or arrange for securities or Products and the relevant documents of title to be held in safe custody. This may include holding or depositing securities or Products with any clearing or settlement system, centralised depository or similar facility, or other system or depository as we or any person appointed by us consider appropriate; or
    - (2) to hold or arrange for bearer instruments to be held in bearer form and to register other instruments in our name or in the name of any other person appointed by us.
  - (ii) To withdraw securities or Products from your Securities Account or to purchase, sell, dispose of or deal with securities or Products in any other manner, and to handle their proceeds, in each case in any manner or for any purpose in accordance with your Instructions or as permitted by these Terms and Conditions to the fullest extent permitted by Applicable Regulations.
  - (iii) To deliver documents of title and any other instruments relating to securities or Products to you or to your order in accordance with your Instructions and at your risk.
  - (iv) Where securities or Products are registered in our name or in the name of any other person appointed by us and have been deposited or held with us under this Clause 5.2.9:
    - (1) to notify you of any notice or information received by us which requires your action in relation to such securities or Products;
    - (2) to make request, collect or receive payments, interests or any other cash distributions payable on such securities or Products arising from acquisition, ownership, disposal, redemption, conversion, exchange or other dealing of such securities or Products;
    - (3) to exercise any rights arising from or attached to such securities or Products; and
    - (4) to execute documents as necessary or useful for the purposes of any of the above matters.

In each case we will act upon your Instructions provided that we receive Instructions from you within a reasonable time. If we do not receive an Instruction at all or within a reasonable time, we are entitled not to attend any meeting or exercise any voting or other right (including the completion of proxies) and we are entitled to act or refrain from acting in accordance with the default option specified in any notice or request for Instructions.

  - (v) Nothing in paragraph (iv) above obliges us to notify you of any notice or Corporate Action information (including proxy voting form) received by us or restricts our right to take such actions as we consider appropriate in our discretion.
  - (vi) Unless we have received conflicting Instructions, without giving you notice to:
    - (1) exchange securities or Products where the exchange is purely administrative. This may include exchanging temporary securities for definitive securities, and exchanging warrants or other documents evidencing title to securities for the actual securities; and
    - (2) perform all other ancillary acts which we or any other person appointed by us may reasonably consider to be necessary or useful to carry out any Instructions, perform custodian services or exercise our rights under this Clause 5.2.9.

- (vii) To participate in and to comply with the rules and regulations of any depository or system which provides central clearing and settlement facilities for securities or Products and to hold securities or Products in such depository or system on such terms as such depository or system may customarily operate. In each case we are not liable for any act or omission on the part of the manager or operator of the relevant depository or system.
- (c) In providing custodian services, we will maintain records which identify your securities or Products. Such records will segregate such securities or Products from other assets held by us for ourselves or for our other customers.
- (d) We have the right not to accept securities or Products for deposit under this Clause 5.2.9 in the following circumstances (or any of them):
  - (i) you are not the legal and beneficial owner of the securities or Products and you do not give us the necessary transfer documents or Instruction to enable us to transfer the beneficial ownership to you, or you hold any of the securities or Products on behalf of any third party;
  - (ii) you do not give us the necessary transfer documents or Instruction as we may require to enable us to register the securities or Products in our name or in the name of our nominee;
  - (iii) the securities or Products are not free of mortgage, charge, pledge, lien, right of set-off or any security interest, encumbrances or claims of any kind in favour of any person other than us; and
  - (iv) you do not pay any fees, reasonable expenses, duties or other amounts payable in respect of any transfer or registration set out in paragraph (i) or (ii) above.
- (e) All securities or Products delivered, purchased or held pursuant to this Clause 5.2.9 may be held in our name (as your nominee), by our nominee or agent or by the nominee of the relevant clearing system, custodian or depository. These securities or Products will be held in accordance with or as permitted by Applicable Regulations and Market Requirements. For the purposes of settling any purchase or sale of securities or Products or transacting with regard to any Corporate Action, we and the other nominee entities may transfer securities or Products between one another.
- (f) Entitlements to shares and any other benefits (including cash proceeds arising from Corporate Action) accruing on securities or Products held for customers by us or any person appointed by us which have been pooled will be distributed amongst those customers. Such entitlements will be distributed in the same proportions as the respective holdings of customers who have given identical instructions in connection with the relevant Corporate Action in relation to their holdings of the pooled securities or Products. If a distribution would otherwise require the allocation of a fraction of an asset or unit of currency to you, we are entitled to credit to the Cash Account an amount which we calculate to be the value of the fractional entitlement instead of allocating such entitlement to you.
- (g) Without limiting or reducing our rights under other provisions of these Terms and Conditions, we have the right without giving reason:
  - (i) (either directly or via any agent or nominee) not to (1) act on any Instructions to requisition any meeting of or propose or second any resolution at any meeting of any issuer of securities or Products, or (2) take any other action as registered or nominee holder of any securities or Products, in each case if such action would in our opinion materially prejudice our position or reputation (or that of any relevant agent or nominee). We (either directly or via any agent or nominee) will inform you of our decision not to act as soon as practicable after receipt of the relevant Instructions or of notice of the relevant meeting; and
  - (ii) not to provide any custodian or withdrawal service for securities or Products listed or traded in the United States of America.
- (h) Limitation on our liability and your indemnity
  - (i) Without limiting or reducing the effect of Clause 1.13 or other liability limitation provisions of these Terms and Conditions, our liability in relation to the custodian services are limited as follows:
    - (1) We are not liable for any losses incurred or suffered by you or any other person as a result of the benefit of Corporate Action not being obtained or voting rights not being exercised.
    - (2) Where foreign listed securities or Products are accepted in a jurisdiction restricting foreign ownership of securities or Products, we have no duty to ascertain the nationality and the location of domicile or residence of the owner of the securities or Products or whether the securities or Products deposited are approved for foreign ownership.
    - (3) All securities or Products deposited or held with us under this Clause 5.2.9 are so deposited or held at your risk. We are not liable except if it is proved that there was negligence or wilful default by (i) us, (ii) our agents or nominees, or (iii) our officers or employees or that of our agents or nominees in the performance of our or their duties under this Clause 5.2.9. Then we will be liable for any loss and damage you incur or suffer that is direct and reasonably foreseeable arising directly and solely from such negligence or wilful default.
  - (ii) Without limiting or reducing the effect of Clause 1.14 or other indemnity provisions of these Terms and Conditions:
    - (1) Except as set out in (2) below, you will indemnify and reimburse (i) us, (ii) our agents and nominees, and (iii) our officers and employees and that of our agents or nominees for all actions, proceedings and claims which may be brought by or against us or them, and for all losses, damages and reasonable costs and expenses which we or they may incur or suffer as a result of or in connection with your use or our provision of the custodian services under this Clause 5.2.9. Such liabilities may include losses and costs incurred as a result of (i) the remittance of payments to you before actual receipt of cleared funds from the issuer of securities or Products or from any other person, or (ii) the provision of any adjustment in the computation of any interest, dividends or other receivables received by us in respect of any securities or Products (whether such adjustment is made before or after receipt by us).

This indemnity will continue after the termination of the custodian services under this Clause 5.2.9.



- (2) If it is proved that any actions, proceedings, claims, losses, damages or amounts set out in (1) above was caused by negligence or wilful default of (i) ours, (ii) our agents or nominees, or (iii) our officers or employees or that of our agents or nominees, then you are not liable under (1) above to the extent that it is direct and reasonably foreseeable arising directly and solely from such negligence or wilful default.
- (i) Termination of custodian services
  - (i) Either you or we may terminate the custodian services in accordance with these Terms and Conditions.
  - (ii) You are required to make all necessary arrangements at your cost and expense to transfer any assets held by us under this Clause 5.2.9 to another entity or to yourself. You should ensure that such transfer takes place at the same time as the termination of our custodian services, failing which we may arrange for such transfer at your cost and expense.

### 5.3. Wayfoong Statement Gold

#### 5.3.1. Wayfoong Statement Gold product key facts statement and product fact sheet

You should read the provisions of this Clause 5.3 together with the Wayfoong Statement Gold product key facts statement and product fact sheet which are available upon request at any of our branches.

#### 5.3.2. Purchase of Wayfoong Statement Gold

- (a) You should give Instructions to purchase Wayfoong Statement Gold in such form and manner set by us from time to time. Each purchase Instruction should be for not less than one (1) unit of Wayfoong Statement Gold or in whole multiple thereof.
- (b) The price per unit at which you make each purchase of Wayfoong Statement Gold should be the prevailing price for purchase of per mace of gold that we conclusively determine at the time we execute the relevant purchase Instruction. Such price is binding on you and is recorded on the receipt relating to the purchase. Any price quoted by us at any other time is for reference only and is valid only at the exact time that it is quoted. We will effect a purchase Instruction, if time permits, during the Business Day of receipt of your purchase Instruction. However, if a purchase Instruction is to be settled by you by cheque, we will effect that purchase Instruction, if time permits, during the Business Day on which the cheque is cleared.
- (c) A purchase of Wayfoong Statement Gold will be settled by:
  - (i) an immediate direct debit of your Current Account or Savings Account or any other account designated by you; or
  - (ii) full payment by you in cash, by cheque or by cashier's order on the same Business Day as execution of the purchase Instruction.
- (d) You agree that if the amount of any cheque tendered as payment for a purchase Instruction is insufficient on clearance to purchase the units of Wayfoong Statement Gold specified in the Instruction, we have the right to purchase less units of Wayfoong Statement Gold with the amount of the cleared cheque. We will account to you for any amount of money remaining after that purchase. We are not liable to you for purchasing less units of Wayfoong Statement Gold in that case.
- (e) By giving a purchase Instruction, you confirm that you have full right, power and authority to purchase the Wayfoong Statement Gold specified in that Instruction.

#### 5.3.3. Sale of Wayfoong Statement Gold

- (a) You should give Instructions to sell the Wayfoong Statement Gold held in your Wayfoong Statement Gold Account in such form and manner set by us from time to time. You should specify in each sale Instruction the Wayfoong Statement Gold Account designation and the number of units of Wayfoong Statement Gold to be sold.
- (b) Each sale Instruction is irrevocable. The details specified in the form setting out a sale Instruction are conclusive evidence as to the number of units of Wayfoong Statement Gold to be sold in that transaction in the absence of manifest error.
- (c) The price per unit at which you make each sale of Wayfoong Statement Gold should be the prevailing price for sale of per mace of gold that we conclusively determine at the time we execute the relevant sale Instruction. Such price is binding on you and is recorded on the receipt relating to the sale. Any price quoted by us at any other time is for reference only and is valid only at the exact time that it is quoted.
- (d) The proceeds of a sale of Wayfoong Statement Gold will, if time permits, be paid to you on the same Business Day as execution of the sale Instruction. Payment may be made by direct credit to your Current Account or Savings Account or any other account designated by you. Payment may also be made in cash, by cheque or by cashier's order as specified by you in the sale Instruction.

#### 5.3.4. Your indemnity

Where the law or any governmental agency or regulatory authority imposes any tax, levy or penalty with respect to your Wayfoong Statement Gold Account or the purchase or sale of Wayfoong Statement Gold and

- (a) we are liable to pay or withhold any tax, levy or penalty for you as a result of your failure to pay or withhold it.
- (b) we are liable to pay any tax, levy or penalty as a result of your breach or non-compliance with your obligations in connection with your establishment or operation of your Wayfoong Statement Gold Account or your use of the related services.
- (c) we are liable to pay any tax, levy or penalty as a result of your breach or non-compliance with any legal or regulatory requirement applicable to you, or
- (d) we are liable to pay any tax, levy or penalty in connection with the establishment or operation of your Way foong Statement Gold Account or the purchase or sale of Wayfoong Statement Gold on your behalf in any other case.

you should pay and indemnify us against such liability in each case.

#### 5.3.5. Risk and other disclosures relating to investment in Wayfoong Statement Gold

- (a) You accept the following:
- (i) The gold market is volatile and that in particular:
    - (1) the value of your investment in Wayfoong Statement Gold may go down as well as up. There is the possibility that a loss will be incurred from an investment in Wayfoong Statement Gold;
    - (2) investment in Wayfoong Statement Gold is subject to investment risk and is not insured by any governmental agency. The risk includes the possible loss of the principal invested;
    - (3) gold prices have to rise over the purchase price in order to provide a return equal to that of income-producing assets; and
    - (4) Wayfoong Statement Gold Account does not represent a deposit of money and provides no yield or interest.
  - (ii) We do not make, and should not be considered as having made, any representation of any kind on the performance of Wayfoong Statement Gold. You should make each decision to purchase or sell Wayfoong Statement Gold based on your own judgment. You should not rely on any advice, view or information provided by us or any other member of the HSBC Group.
  - (iii) At no time are you able to take delivery of gold from us. The operation of your Wayfoong Statement Gold Account is restricted to purchase and sale of units of Wayfoong Statement Gold. When you wish to close the Wayfoong Statement Gold Account, you may only do so by selling the units of Wayfoong Statement Gold in the Wayfoong Statement Gold Account and receiving the proceeds of sale.
  - (iv) If we accept any means of giving Instructions not bearing an original signature (e.g. by telephone), you will be bound by each purchase or sale Instruction given by such means. You will be bound by the transaction executed by us at the price we notify you using such means (e.g. in the course of the telephone communication). In the case of a purchase Instruction, you must make payment in accordance with Clause 5.3.2(c). In the case of a sale Instruction, the proceeds of sale will be paid to you in accordance with Clause 5.3.3(d).
  - (v) We may close your Wayfoong Statement Gold Account by giving you not less than one (1) month's prior notice (or such shorter period subject to the approval by the SFC). You could suffer a loss from the sale of the units of Wayfoong Statement Gold upon account closure, depending on the price of gold at the time of account closure.
  - (vi) If you need to convert the units of Wayfoong Statement Gold held in your Wayfoong Statement Gold Account to another currency, you may suffer a loss due to foreign exchange rate fluctuations.
  - (vii) If by virtue of or arising out of the purchase or sale of units of Wayfoong Statement Gold in accordance with these Terms and Conditions any profit, commission, fee, benefit or other advantage shall accrue to us or any member of the HSBC Group, we or such member are entitled to retain the same for our or its own benefit.
  - (viii) The units of Wayfoong Statement Gold held in your Wayfoong Statement Gold Account is subject to both the actual and perceived measures of our credit worthiness and there is no assurance of protection against default by us in respect of our repayment obligations.
- (b) You accept this Clause 5.3.5 explains some principal risks but is not an exhaustive list of all possible risks associated with investment in Wayfoong Statement Gold.
- (c) We have the right to vary the provisions of this Clause 5.3 at our discretion from time to time upon giving you not less than thirty (30) days prior notice. You will be bound by a variation if we do not receive notice from you to close the Wayfoong Statement Gold Account with effect before the date on which that variation takes effect.

#### 5.3.6. Use of Wayfoong Statement Gold for discharging your liability

- (a) You authorise us to appropriate from your Wayfoong Statement Gold Account such units of Wayfoong Statement Gold as may be required to discharge your liability to us from time to time. We have a lien over the Wayfoong Statement Gold in your Wayfoong Statement Gold Account. The lien stands as a continuing security for the payment by you of any liability whether actual or contingent, present or future (including any fees, expenses or interest) owing by you to us.
- (b) If you fail to pay any amount due to us within five (5) Business Days after we demand payment, we have the right to sell all or any of the units of Wayfoong Statement Gold in your Wayfoong Statement Gold Account at any time and in any way which we consider appropriate as if we have received a sale Instruction. We may apply the proceeds of sale in or towards settlement of any amount owing by you to us after deducting the costs and expenses of reasonable amounts and reasonably incurred by us in relation to the sale.

#### 5.3.7. Termination of Wayfoong Statement Gold Account

- (a) If your Wayfoong Statement Gold Account is to be closed at any time by you or by us, we will sell the units of Wayfoong Statement Gold in the Wayfoong Statement Gold Account. The proceeds of sale will be paid to you in accordance with Clause 5.3.3(d). The Wayfoong Statement Gold Account will be closed afterwards.
- (b) Subject to our records, the balance entry in your Wayfoong Statement Gold Account shall confirm that we hold for you the units of Wayfoong Statement Gold described in that entry.

#### 5.3.8. Recording

We may record Instructions or communications with you in connection with your Wayfoong Statement Gold Account. You consent to such recording and accept that such recording may be used to resolve any question relating to such Instructions or communications.

#### 5.3.9. Communications

If any notice, demand or other communication is sent to you by post, you will be considered as having received such notice, demand or other communication twenty-four (24) hours after posting it to the address last notified in writing by you.

#### 5.3.10. Governing version

The English version and Chinese version of Section 5.3 shall have equal weight.

### 5.4. Structured Investment Deposits (SID Deposits)

#### 5.4.1. General terms of SID Deposits

- (a) The provisions of Clause 5.4 govern all SID Deposits. In addition, supplemental terms and conditions set out in Clauses 5.4A to 5.4D apply to the respective types of SID Deposit offered by us. An appendix to any supplemental terms and conditions or to the SID Terms and Conditions sets out (i) the structure selected or considered selected by you from those offered by us from time to time and (ii) the methodology for determining the Return, Redemption Amount or other factors relating to the SID Deposit (in Clauses 5.4, 5.4A, 5.4B, 5.4C and 5.4D, "relevant Appendix of SID Deposit"). Where you place a deposit which is accepted by us as a SID Deposit, we will issue a relevant Confirmation setting out details (such as the principal amount) of that SID Deposit. The relevant Confirmation will incorporate by reference the relevant Appendix of SID Deposit.
- (b) In addition to the supplemental terms and conditions and appendices described in Clause 5.4.1(a), we may specify other supplemental terms and conditions and appendices relating to SID Deposits from time to time. All supplemental terms and conditions and appendices specified by us from time to time form part of these Terms and Conditions.
- (c) These Terms and Conditions, each set of supplemental terms and conditions, each appendix and the form of confirmation are subject to variation in accordance with these Terms and Conditions.
- (d) In the event of any conflict in the documentation relating to a SID Deposit, the documentation will govern and prevail in the following order:
  - (i) the relevant Confirmation;
  - (ii) the relevant Appendix of SID Deposit;
  - (iii) the supplemental terms and conditions relating to that SID Deposit;
  - (iv) the SID Terms and Conditions;
  - (v) Clause 5.1 of these Terms and Conditions; and
  - (vi) Section 1 of these Terms and Conditions.
- (e) For the purpose of the SID Deposits only, the English version and Chinese version of the documentation shall have equal weight.

#### 5.4.2. Making SID Deposits

- (a) We have the right to specify and vary from time to time the terms on which you may make SID Deposits. These terms may include the following:
  - (i) the available currencies;
  - (ii) the applicable minimum initial deposit amount;
  - (iii) the applicable multiple of such minimum amount; and
  - (iv) the available SID Deposit Periods.
- (b) Funds for the purpose of making a SID Deposit must be received by us before the Cut-off Time for the relevant SID Deposit Period. Once we have received such funds, they cannot be withdrawn except in accordance with these Terms and Conditions. Subject to the terms of this Clause 5.4.2:
  - (i) such funds will be held in an interest bearing account until the relevant SID Deposit Date as a time deposit to which the terms and conditions for time deposit apply. Details of interest rates payable on that time deposit will be available on request; and
  - (ii) the Reserved Amount will be placed as a SID Deposit on the SID Deposit Date.
- (c) No SID Deposit can or will be automatically renewed for any subsequent SID Deposit Period. This includes no renewal of the principal amount of a SID Deposit or any Return or Redemption Amount payable in respect of a SID Deposit.
- (d) We have the right not to accept any funds received from you or to accept only part of such funds as a SID Deposit. We may exercise that right even if (i) we have received the Reserved Amount; or (ii) we have accepted funds from any other customer as a SID Deposit. If we do not accept any funds, we will notify you as soon as practicable and place any funds received in the Disposal Account.

#### 5.4.3. Withdrawal of SID Deposits

- (a) You are not allowed to withdraw a SID Deposit (or any part of it) without our consent prior to the SID Maturity Date relating to the current SID Deposit Period.
- (b) Where we allow you to redeem a SID Deposit prior to the relevant SID Maturity Date (in Clauses 5.4, 5.4A and 5.4C, "Early Redemption"), the terms for Early Redemption will be set out in the relevant Appendix of SID Deposit. **It is likely that the Return on such Early Redemption will be lower than that if the SID Deposit had been kept in place until the relevant SID Maturity Date, and the Return may be negative.**
- (c) We have the right to uplift a SID Deposit (or any part of it) prior to the SID Maturity Date. We may exercise this right if we determine, in our discretion, that it is necessary or appropriate to protect our security interest or right to combine accounts or set of f, or to protect your interests. If we uplift a SID Deposit (or any part of it), we will deduct such break costs or add such proportion of the Return or Redemption Amount, as we may determine conclusively to be deductible or to have accrued. We

will then place the resulting deposit amount in the Disposal Account or on interest bearing deposit. The resulting deposit amount may be less than the original principal amount of the SID Deposit.

#### 5.4.4. Capital protection

- (a) The principal amount of a SID Deposit is fully (i.e. 100%) capital protected on maturity unless otherwise stated in the relevant Appendix of SID Deposit.
- (b) If the Return calculated on maturity in accordance with the relevant formula in the relevant Appendix of SID Deposit would be negative, it will not be deducted from the principal amount but will be considered to be nil instead, unless otherwise stated in the relevant Appendix of SID Deposit or the provisions relating to Early Redemption or early withdrawal by us (such as in the case of illegality or in accordance with Clause 5.4.3(c)).

#### 5.4.5. Return and Redemption Amount

- (a) Unless otherwise stated in the relevant Appendix of SID Deposit, interest will not be paid on a SID Deposit at a predetermined rate. Instead, depending on the types of SID Deposit, a Return or Redemption Amount will be payable on maturity.
- (b) The Return or Redemption Amount payable on a SID Deposit in respect of any SID Deposit Period will be calculated in accordance with the terms of the relevant Appendix of SID Deposit. Such Return or Redemption Amount is payable on the SID Maturity Date. We will notify you of the Return or Redemption Amount payable in respect of a SID Deposit as soon as practicable after the SID Maturity Date.
- (c) **In certain circumstances depending on the applicable capital protection provisions (if any), the Redemption Amount may be greater than or less than the original principal amount of the SID Deposit.**

#### 5.4.6. Interest

- (a) Interest on a SID Deposit in respect of any SID Deposit Period, if stated to be payable in the relevant Appendix of SID Deposit:
  - (i) will accrue from (and including) the SID Deposit Date up to (but excluding) the SID Maturity Date;
  - (ii) will be calculated at the applicable Interest Rate per annum on the basis of the actual number of days that have elapsed during the period referred to in (i) above and in accordance with prevailing market practice; and
  - (iii) will be payable on the SID Maturity Date,unless otherwise stated in the relevant Appendix of SID Deposit.
- (b) Where Interest Rate on a SID Deposit is calculated by reference to HIBOR, LIBOR or other reference rate (as such terms may be defined in the relevant Appendix of SID Deposit) and the rate is not available for any reason, it will be determined conclusively by us in good faith and in a commercially reasonable manner.

#### 5.4.7. Calculations and determinations

We will determine conclusively, acting in a reasonable manner in accordance with prevailing market practices, all rates, fixings and values required for the purposes of calculating the Return or Redemption Amount, and all other matters to be established in relation to a SID Deposit.

#### 5.4.8. Participation Rate

- (a) Depending on the type of SID Deposit, a Participation Rate may or may not apply and may differ for each type of SID Deposit or for each choice of Return or Redemption Amount calculation offered by us.
- (b) The Participation Rate is used to calculate the Return or Redemption Amount. Calculation will be made in accordance with the relevant formula set out in the relevant Appendix for SID Deposit or the supplemental terms and conditions relating to the SID Deposit. The Participation Rate represents the percentage of the increase or decrease (if any, as the case may be) of the underlying Index or other reference, in respect of which you will receive benefit over the SID Deposit Period.
- (c) The Participation Rate is affected by a number of variables. These variables may include interest rates, currency exchange rates, market volatility and dividend or coupon yield. We have the right to vary the Participation Rate for each SID Deposit Period.

#### 5.4.9. Fees

We have the right to impose fees and charges from time to time as we in our discretion consider appropriate. We will notify you of any fees or charges imposed or of any changes to them at least one (1) month in advance. Such fees or charges will not apply to a SID Deposit already placed with us during the SID Deposit Period.

#### 5.4.10. Tax

We will pay any Return, Redemption Amount or interest subject to any deduction or withholding in respect of tax required by Applicable Regulations. We will inform you of the amount of deduction or withholding (if applicable) each time any Return, Redemption Amount or interest is paid.

#### 5.4.11. Waiver

No act or omission by us will affect our rights, powers or remedies under these Terms and Conditions or the SID Terms and Conditions or any further or other exercise of such rights, powers or remedies.

#### 5.4.12. Business Days

If any payment or calculation to be made or other action to be taken by us or by you in relation to a SID Deposit would fall otherwise on or by reference to a day which is not a Business Day, it will be postponed until (or, as appropriate, by reference to)

the following Business Day unless otherwise specified in the relevant Confirmation, relevant Appendix of SID Deposit or the supplemental terms and conditions relating to that SID Deposit.

#### 5.4.13. Joint depositors

If a SID Deposit is or is to be made in the joint names of two or more persons:

- (a) you are jointly and severally liable with each other for the obligations and liabilities under these Terms and Conditions and the SID Terms and Conditions;
- (b) any act or omission of any of you will be deemed the act or omission of all of you; and
- (c) any notice to be given to you under these Terms and Conditions or the SID Terms and Conditions will be validly given to all of you if given to any of you.

#### 5.4.14. Risk disclosures applicable to all SID Deposits

- (a) **A SID Deposit is NOT equivalent to, and should not be treated as a substitute for, time deposit. A SID Deposit is NOT a protected deposit and NOT protected by the Deposit Protection Scheme in Hong Kong.**
- (b) **The Return or Redemption Amount in relation to a SID Deposit will depend on market conditions and the performance of the asset or investment linked to that SID Deposit. The performance of the linked asset or investment may go up or down during the relevant SID Deposit Period and this will affect the Return or Redemption Amount.**
- (c) **The Return or Redemption Amount may be less than would have been payable on a time deposit for the same period. It is possible that no amount by way of return will be payable at all. You must be prepared to risk losing (i) the interest that you might otherwise have earned on money invested as a SID Deposit or (ii) where a SID Deposit is not 100% capital protected, the principal amount of that SID Deposit to the extent not so protected.**
- (d) **You acknowledge the risk disclosures in this Clause 5.4 explain some principal risks but is not an exhaustive list of all possible risks associated with investment in SID Deposits generally or with respect to specific types of SID Deposits. If you have any concerns about SID Deposits or any type of SID Deposits, you should consult your professional advisers.**

#### 5.4A Index-linked SID Deposits supplemental terms and conditions

The provisions of this Clause 5.4A apply specifically to SID Deposits that are linked to Indices.

##### 5.4A.1 Fixing dates

- (a) Where a fixing for an Index in respect of a SID Deposit is required to be taken on a date which (i) is not an Index Business Day, or (ii) is an Index Business Day but a Market Disruption Event exists in relation to that Index, that fixing will be taken on the following Index Business Day on which no Market Disruption Event exists (whether or not that date is already a date on which a fixing is taken). However, if there is a Market Disruption Event on each of the five (5) consecutive Index Business Days following the original date that would have been the fixing date, that fifth Index Business Day will be considered to be the applicable fixing date even if a Market Disruption Event exists on that date (in this Clause 5.4A, such fixing date, the "Amended Fixing Date"). In that case, we will determine conclusively the relevant level of that Index in good faith and in a commercially reasonable manner.
- (b) Where as a result of Clause 5.4A.1(a) (but not any other reason) the SID Deposit Date (or, as applicable, the SID Maturity Date) would fall otherwise before the last Amended Fixing Date related to it, the SID Deposit Date (or, as applicable, the SID Maturity Date) will be considered to be the day (in this Clause 5.4A, "Applicable Day") which is:
  - (i) the Interim Day Count after that last Amended Fixing Date; or
  - (ii) the Interim Day Count on that last Amended Fixing Date (if the Interim Day Count is zero).

However, if the day set out in paragraph (i) or (ii) above is not a Business Day in the relevant location, the Business Day in that location following that day will be considered to be the Applicable Day.

- (c) Where the Return or Redemption Amount in respect of a SID Deposit is determined by reference to more than one (1) Index, the provisions set out in Clause 5.4A.1(a) or 5.4A.1(b) will (unless otherwise provided in the relevant Appendix of SID Deposit) apply separately in respect of each Index, with the effect that:
  - (i) all calculations of the relevant Return or Redemption Amount will be made (and the SID Deposit Date or, as applicable, the SID Maturity Date will be determined) by reference to such provisions, except for any Index that is not affected by such provisions, fixings for that Index will be taken as of the relevant scheduled date without reference to such provisions, and
  - (ii) the SID Deposit Date or, as applicable, the SID Maturity Date will be determined by reference to the last fixing date to occur.

##### 5.4A.2 Adjustment to an Index

- (a) If an Index:
  - (i) ceases to be calculated and announced by the original Sponsor but is calculated and announced by a successor Sponsor acceptable to us; or
  - (ii) is replaced by a successor index using, in our good faith determination, the same or a substantially similar formula and method of calculation as used in the calculation of that Index,

then the Index linked to the relevant SID Deposit will be considered to be (1) the index so calculated and announced by that successor Sponsor or (2) that successor index (as the case may be).

- (b) If the original Sponsor (or any relevant successor Sponsor):
- (i) on or prior to a date upon which the level of an Index falls to be determined, makes a material change in the formula or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock, capitalisation or other routine events); or
  - (ii) on such a date fails to calculate and announce that Index,
- then we will ascertain the relevant level of that Index using, instead of a published level for that Index, the level of that Index as at the relevant date as determined conclusively by us so as to produce substantially the same economic effect as if the change or failure had not occurred.

#### 5.4A.3 Correction of an Index

Where the level of an Index used for the purpose of calculating the Return or Redemption Amount is corrected by the Sponsor prior to the SID Maturity Date (or, where applicable, prior to the date of Early Redemption), such amended level shall be used (instead of the level originally published) for such calculation.

#### 5.4A.4 Disclaimers and definitions relating to an Index

You acknowledge the various disclaimers and definitions attached to or referenced in the relevant Appendix of SID Deposit in relation to each Index.

#### 5.4A.5 Risk disclosure applicable to index-linked SID Deposits

**The Return or Redemption Amount in relation to an index-linked SID Deposit will depend on market conditions prevailing at the relevant fixing times of the linked Index during or in respect of the relevant SID Deposit Period. The level of the linked Index may go up or down during the relevant SID Deposit Period and this will affect the Return or Redemption Amount.**

#### 5.4B Currency-linked SID Deposits supplemental terms and conditions

The provisions of this Clause 5.4B apply specifically to SID Deposits that are linked to currencies.

#### 5.4B.1 Risk disclosure applicable to currency-linked SID Deposits

**The Return or Redemption Amount in relation to a currency-linked SID Deposit will depend on the exchange rate movements of the linked currencies prevailing at the relevant fixing times during or in respect of the relevant SID Deposit Period or such other period as stated in the relevant Appendix of SID Deposit. The exchange rates may go up or down during the relevant SID Deposit Period and this will affect the Return or Redemption Amount.**

#### 5.4C Interest rate-linked SID Deposits supplemental terms and conditions

The provisions of this Clause 5.4C apply specifically to SID Deposits that are linked to interest rates.

#### 5.4C.1 Risk disclosure applicable to interest rate-linked SID Deposits

**The Return or Redemption Amount in relation to an interest rate-linked SID Deposit will depend on the interest rate movements of the linked currencies prevailing at the relevant fixing times during or in respect of the relevant SID Deposit Period or such other period as stated in the relevant Appendix of SID Deposit. The interest rates may go up or down during the relevant SID Deposit Period and this will affect the Return or Redemption Amount.**

#### 5.4D Equity-linked or equity basket-linked SID Deposits supplemental terms and conditions

The provisions of this Clause 5.4D apply specifically to SID Deposits that are linked to an equity or a basket of equities.

#### 5.4D.1 Disruption

- (a) If we determine that a Valuation Date relating to the applicable Equity is a Disrupted Day, the relevant Valuation Date will become the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Equity. However, if each of the eight (8) consecutive Scheduled Trading Days following that Scheduled Trading Day is a Disrupted Day, (i) that eighth Scheduled Trading Day will be considered to be the Valuation Date relating to that Equity even if it is a Disrupted Day (in this Clause 5.4D, such Valuation Date, the "Amended Valuation Date"), and (ii) we will determine conclusively the value of the relevant Unit as of the Valuation Time on that Amended Valuation Date in good faith and in a commercially reasonable manner.
- (b) Where as a result of Clause 5.4D.1(a) (but not any other reason) the SID Deposit Date (or, as applicable, the SID Maturity Date) would fall otherwise before the last Amended Valuation Date related to it, the SID Deposit Date (or, as applicable, the SID Maturity Date) will be considered to be the day (in this Clause 5.4D, "Applicable Day") which is:
  - (i) the Interim Day Count after that last Amended Valuation Date; or
  - (ii) the Interim Day Count on that last Amended Valuation Date (if the Interim Day Count is zero).

However, if the day set out in paragraph (i) or (ii) above is not a Business Day in the relevant location, the Business Day in that location following that day will be considered to be the Applicable Day.
- (c) Where the Return or Redemption Amount in respect of a SID Deposit is determined by reference to an Equity Basket, the provisions set out in Clause 5.4D.1(a) or 5.4D.1(b) will (unless otherwise provided in the relevant Appendix of SID Deposit) apply separately in respect of each Component Equity, with the effect that:

- (i) the Valuation Date for each Component Equity affected by the occurrence of a Disrupted Day will be determined in accordance with such provisions and the Valuation Date for each Component Equity not affected by the occurrence of a Disrupted Day will be the Scheduled Valuation Date; and
- (ii) the SID Deposit Date or, as applicable, the SID Maturity Date will be determined by reference to the last Amended Valuation Date to occur in respect of the Scheduled Valuation Date in question.

#### 5.4D.2 Averaging Dates

- (a) If Averaging Dates are a feature of a SID Deposit linked to an Equity, then unless otherwise stated in the relevant Appendix of SID Deposit:
  - (i) the Initial Price, Final Price or other relevant value will be the arithmetic mean of the Relevant Prices of the Unit on each relevant Averaging Date; and
  - (ii) if we determine that an Averaging Date is a Disrupted Day, then the relevant Averaging Date will become the first succeeding Valid Date. However, if the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that (but for the occurrence of another Averaging Date or Disrupted Day) would have been the final Averaging Date in respect of the relevant Scheduled Valuation Date, then:
    - (1) that eighth Scheduled Trading Day will be considered to be the Averaging Date (whether or not that eighth Scheduled Trading Day is already an Averaging Date); and
    - (2) we will determine conclusively the value of the relevant Unit as of the Valuation Time on that Averaging Date in good faith and in a commercially reasonable manner.
- (b) If Averaging Dates are a feature of a SID Deposit linked to an Equity Basket, then:
  - (i) the Initial Price, Final Price or other relevant value will be the arithmetic mean of the total values calculated for the Component Equities of each Issuer comprised in the Equity Basket on each Averaging Date. The values for the Component Equities of each Issuer will be calculated by multiplying:
    - (1) the Relevant Prices of one (1) unit of the relevant Component Equity; and
    - (2) the relevant number of the relevant Component Equity in the Equity Basket; and
  - (ii) the provisions set out in Clause 5.4D.2(a) will apply separately in respect of each Component Equity, with the effect that:
    - (1) the Averaging Dates for each Component Equity not affected by the occurrence of a Disrupted Day will be the dates stated in (or determined in accordance with the provisions of) the relevant Appendix of SID Deposit as Averaging Dates in respect of the relevant Valuation Date; and
    - (2) the Averaging Dates for each Component Equity affected by the occurrence of a Disrupted Day will be determined in accordance with the provisions set out in Clause 5.4D.2(a).

#### 5.4D.3 Correction of an Equity value

Where the value of a Unit or (in the case of a SID Deposit linked to an Equity Basket) of a Component Equity used for the purpose of calculating the Return or Redemption Amount is corrected by the relevant Exchange prior to the SID Maturity Date (or, where applicable, prior to the date of Early Redemption), such amended value will be used (instead of the value originally published) for such calculation.

#### 5.4D.4 Reference value or Equity Basket adjustment

We have the right to adjust at our discretion the Final Price, the Initial Price or any other value relating to a Unit or to the composition of the Component Equities of the applicable Equity Basket if the following events (or any of them or any similar event) occur:

- (a) A Market Disruption Event.
- (b)
  - (i)
    - (1) A sub-division, consolidation or reclassification of the relevant Equity or, as applicable, any relevant Component Equity; or
    - (2) A free distribution or dividend of the relevant Equity or, as applicable, any relevant Component Equity to existing holders by way of bonus, capitalization or similar issue.
  - (ii) A distribution, issue or dividend to existing holders of the relevant Equity or, as applicable, any relevant Component Equity of the following (or any of them):
    - (1) that Equity or, as applicable, that Component Equity;
    - (2) other share capital or securities granting the right to payment of dividends or proceeds of liquidation of the Issuer equally or proportionately with such payments to holders of that Equity or, as applicable, that Component Equity; or
    - (3) any type of securities, rights or warrants or other assets for payment (by cash or other means) at less than the prevailing market price as determined conclusively by us.
  - (iii) An extraordinary dividend.
  - (iv) A call by the Issuer in respect of that Equity or, as applicable, that Component Equity that is not fully paid.
  - (v) A repurchase by the Issuer of that Equity or, as applicable, that Component Equity whether out of profits or capital and whether the consideration for such repurchase is cash, securities or other assets.

- (vi) An event relating to the Issuer of that Equity or, as applicable, that Component Equity that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of that Issuer pursuant to a shareholder rights plan or arrangement directed against hostile takeover. However, any adjustment effected as a result of this event will be readjusted upon any redemption of such rights. That shareholder rights plan or arrangement provides for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value (as determined by us) where certain events occur.
- (vii) Any other event that may have a diluting or concentrative effect on the theoretical value of that Equity or, as applicable, that Component Equity as determined conclusively by us.
- (c) (i) Any reclassification or change of that Equity or, as applicable, that Component Equity that results in transferring or an irrevocable commitment to transfer to another person all of that Equity or, as applicable, that Component Equity that is outstanding.
- (ii) Any consolidation, amalgamation, merger or binding share exchange of the Issuer of that Equity or, as applicable, that Component Equity with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange where that Issuer is the controlling entity which does not result in any reclassification or change of that Equity or, as applicable, that Component Equity that is outstanding).
- (iii) Any takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any person to purchase or otherwise obtain 100% of that Equity or, as applicable, that Component Equity of the Issuer that is outstanding that results in transferring or an irrevocable commitment to transfer all of that Equity or, as applicable, that Component Equity (except any of that Equity or, as applicable, that Component Equity owned or controlled by that person).
- (iv) Any consolidation, amalgamation, merger or binding share exchange of the Issuer of that Equity or, as applicable, that Component Equity or its subsidiaries with or into another entity where that Issuer is the continuing entity and which:
  - (1) does not result in a reclassification or change of that Equity or, as applicable, that Component Equity that is outstanding; but
  - (2) results in all of that outstanding Equity or, as applicable, that Component Equity (other than those owned or controlled by that other entity) immediately prior to that event collectively representing less than 50% of that outstanding Equity or, as applicable, that Component Equity immediately following that event.
- (d) All the shares or all or substantially all of the assets of the Issuer of that Equity or, as applicable, that Component Equity are nationalized, expropriated or otherwise required to be transferred to any governmental agency, authority or entity or its instrumentality.
- (e) By reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any similar proceedings affecting the Issuer of that Equity or, as applicable, that Component Equity, (i) all the equities of that Issuer are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of that Equity or, as applicable, that Component Equity become legally prohibited from transferring them.
- (f) The relevant Exchange announces that that Equity or, as applicable, that Component Equity (i) ceases or will cease to be listed, traded or publicly quoted on that Exchange pursuant to its rules for any reason and (ii) is not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same jurisdiction as that Exchange (or, where that Exchange is in the European Union, in any European Union member state).
- (g) We determine in good faith that:
  - (i) it has become illegal to hold, acquire or dispose of that Equity or, as applicable, that Component Equity; or
  - (ii) we will incur a materially increased cost in performing our obligations relating to SID Deposits, including due to any increase in tax liability, decrease in tax benefit or other adverse effect on our tax position
 due to the following events or any of them:
  - (iii) the adoption of or any change in any Applicable Regulations (including any tax law); and
  - (iv) the promulgation of any Applicable Regulations or any change in the interpretation of any Applicable Regulations by any court, tribunal or regulatory authority with competent jurisdiction (including any action taken by a taxing authority).
- (h) The following legal proceedings or any of them is (1) initiated by the Issuer of that Equity or, as applicable, that Component Equity, (2) initiated against that Issuer by a regulator, supervisor or any similar official in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office with primary insolvency, rehabilitative or regulatory jurisdiction over it or (3) consented to by that Issuer:
  - (i) proceedings seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors rights; and
  - (ii) petition for winding-up or liquidation.
 For clarity, the proceedings or petitions above do not include those initiated by creditors and not consented to by that Issuer.
- (i) Due to an event beyond our reasonable control (including adverse price movements or change in Applicable Regulations), we are unable having used commercially reasonable efforts, to do the following (or any of them):
  - (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset we consider necessary to hedge any relevant price risk (including any equity price risk or currency risk) of entering into and performing our obligations with respect to SID Deposits; and
  - (ii) freely realize, recover, receive, repatriate, remit or transfer the proceeds of SID Deposits or any transaction or asset maintained or held by us for the purpose of hedging our obligations with respect to SID Deposits.

5.4D.5 Risk disclosure applicable to equity-linked or equity basket-linked SID Deposits



**The Return or Redemption Amount in relation to an equity-linked or equity basket-linked SID Deposit will depend on market conditions prevailing at the relevant valuation times during or in respect of the relevant SID Deposit Period. The value of an Equity or a Unit may go up or down during the relevant SID Deposit Period and this will affect the Return or Redemption Amount.**

## **5.5. Deposit Plus**

### **5.5.1. Invest in Deposit Plus**

- (a) Deposit Plus is governed by the provisions of this Clause 5.5 and the other provisions of these Terms and Conditions applicable to Time Deposits. For the purpose of Deposit Plus, the provisions of this Clause 5.5 prevail over such other provisions to the extent of any inconsistency between them.
- (b) (You may invest in Deposit Plus (i) in such currencies, (ii) with such minimum initial investment amount, and (iii) for such periods as we may allow from time to time.
- (c) We may set additional conditions relating to the Deposit Plus Deposit Currency or the Linked Currency (or both) in the relevant Confirmation as we consider appropriate.
- (d) Each Deposit Plus investment is subject to the terms of the relevant Confirmation. The terms of each relevant Confirmation should be read with these Terms and Conditions and together are considered to form a single agreement between you and us governing that Deposit Plus investment. For the purpose of a Deposit Plus investment, the terms of the relevant Confirmation prevail over these Terms and Conditions to the extent of any inconsistency between them.
- (e) Our certificate as to the amount of any sum payable by or to us pursuant to Clause 5.5 will be conclusive in the absence of any manifest error.

### **5.5.2. Returns and currency of Deposit Plus**

- (a) Payment of a Deposit Plus investment (whether on maturity or in any other case) by us will be credited to an account maintained with us in Hong Kong unless we agree otherwise.
- (b) Subject to the provisions of Clause 5.5, we will pay the principal amount of a Deposit Plus investment plus interest on its Maturity Date for value on the same day to the credit of an Account designated in your disposal Instructions. If you do not designate an Account or if the designated Account is inactive or closed, we have the right to credit the relevant amount to any other account maintained by you with us.
- (c) (i) Interest on a Deposit Plus investment is calculated on its principal amount on the basis of:
  - (1) the number of days in the Interest Period; or
  - (2) if the Deposit Plus investment is uplifted before its Maturity Date for any reason, the number of days elapsed prior to the date of breaking the Deposit Plus investment, and the number of days in the relevant Interest Year.(ii) Interest will accrue at the interest rate stated in the relevant Confirmation.
- (d) Upon maturity of a Deposit Plus investment, its principal amount and interest will be paid in the Deposit Plus Deposit Currency where:
  - (i) the Final Exchange Rate is less than or equal to the Conversion Rate, if the Relevant Rate stated in the relevant Confirmation is the amount of the relevant Linked Currency for one (1) unit of the relevant Deposit Plus Deposit Currency; or
  - (ii) the Final Exchange Rate is greater than or equal to the Conversion Rate, if the Relevant Rate stated in the relevant Confirmation is the amount of the relevant Deposit Plus Deposit Currency for one (1) unit of the relevant Linked Currency; and
- (e) Upon maturity of a Deposit Plus investment, its principal amount and interest will be paid in the Linked Currency where:
  - (i) the Final Exchange Rate is greater than the Conversion Rate, if the Relevant Rate stated in the relevant Confirmation is the amount of the relevant Linked Currency for one (1) unit of the relevant Deposit Plus Deposit Currency; or
  - (ii) the Final Exchange Rate is less than the Conversion Rate, if the Relevant Rate stated in the relevant Confirmation is the amount of the relevant Deposit Plus Deposit Currency for one (1) unit of the relevant Linked Currency.

### **5.5.3. Withdrawal and renewal of Deposit Plus**

- (a) A Deposit Plus investment (or any part of it) cannot be withdrawn without our consent prior to its Maturity Date. We may refuse to give consent at our discretion without giving reasons.
- (b) Where we consent to withdrawal of a Deposit Plus investment prior to its Maturity Date, we have the right to impose conditions as we consider appropriate. Such conditions may include deduction of break costs as we may determine conclusively. Such break costs include the costs, expenses, liabilities or losses we incur or suffer in connection with (i) breaking our hedging arrangement or (ii) obtaining funds from other sources for paying the Deposit Plus investment in the Deposit Plus Deposit Currency or the Linked Currency (as the case may be). Therefore the total amount paid on withdrawal may be less than the original principal amount of the Deposit Plus investment.
- (c) No Deposit Plus investment (including its principal amount and interest) can or will be automatically renewed.

### **5.5.4. Tax**

We will pay the principal amount of a Deposit Plus investment and any interest or return subject to any deduction or withholding in respect of tax required by Applicable Regulations. We will inform you of the amount of deduction or withholding (if applicable) each time any principal amount, interest or return is paid.

5.5.5. Risk disclosure

- (a) **The net return on a Deposit Plus investment will depend on market conditions prevailing at the Fixing Time on the Fixing Date.**
- (b) **You must be prepared to risk any loss as a result of depreciation of value of the currency paid. Such loss may offset the interest or return earned on a Deposit Plus investment, or may even result in a loss to the principal amount of the Deposit Plus investment.**
- (c) **You acknowledge this Clause 5.5.5 explains some principal risks but is not an exhaustive list of all possible risks associated with investment in Deposit Plus. If you have any concerns about Deposit Plus, you should consult your professional advisers.**

5.5.6. Governing version

The English version and Chinese version of Section 5.5 shall have equal weight.

## Section 6: Other Supporting Services

### 6.1. eAlerts Service

#### 6.1.1. Interpretation

In this Clause 6.1, “telecommunications equipment” include mobile telephones, laptop computers, desktop personal computers, pocket personal computers, personal digital assistants and any other electronic media or equipment.

#### 6.1.2. Scope of eAlerts Service

You may use the eAlerts Service to receive information and communications electronically through appropriate telecommunications equipment. The range of eAlerts available to you may vary depending on the country in which you are located or with which you have connections. We have the right to stop providing you with eAlerts Service (or provide limited eAlerts Service) without prior notice in order to comply with restrictions under applicable laws or regulations or internal policies relating to such restrictions, without being liable to you.

#### 6.1.3. Opening and using eAlerts Service

##### (a) Enrolment for eAlerts Service

- (i) You will enrol for the eAlerts Service in such manner or form accepted by us from time to time. We will usually send a welcome message via SMS messaging or e-mail within 24 hours of successful enrolment. You must contact us if you do not receive the message within 48 hours of enrolment.
- (ii) When you enrol for the eAlerts Service, you have to advise us of the type, number and frequency of eAlerts you want and details of your telecommunications equipment for receiving eAlerts. You may vary this information from time to time after enrolment in such manner or form accepted by us.

##### (b) Use of eAlerts Service

- (i) We may restrict the number of telecommunications equipment which you use to receive eAlerts. We may impose different restrictions depending on the type of customers or the type or model of telecommunications equipment.
- (ii) To use the eAlerts Service, you have to use such telecommunications equipment and telecommunications service provider accepted by us from time to time. You are solely responsible for:
  - (1) paying the fees, charges and expenses for your telecommunications equipment and the services provided by your telecommunications service provider; and
  - (2) complying with the terms and conditions governing your telecommunications equipment and the services provided by your telecommunications service provider from time to time.
- (iii) To receive Chargeable eAlerts, you have to maintain and designate a Nominated Account in such manner accepted by us from time to time. You have to ensure that there are sufficient funds or available credit facilities in the Nominated Account for paying charges for the Chargeable eAlerts.
- (iv) You must notify us promptly if:
  - (1) your telecommunication equipment or the related services is disconnected or suspended for any reason; or
  - (2) there are any changes to the information you provided to us in connection with the eAlerts Service.

#### 6.1.4. Nature of information provided through eAlerts Service

- (a) Any information provided to you through the eAlerts Service is for your personal reference only. We are not bound by the information and it is not proof of any matter it describes or relates.
- (b) The information provided to you through the eAlerts Service may be provided to us by other persons or compiled by us based on materials provided by other persons. We do not represent or guarantee the accuracy, reliability, adequacy, timeliness, sequence or completeness of any information provided to you through the eAlerts Service, or whether it is fit for any purpose. You should not rely on such information as investment advice or for trading purpose. You are solely responsible for verifying such information before using it for any purpose. We are not liable in any manner to you or any other person for using such information for any purpose.

#### 6.1.5. SMS messaging and email eAlerts

- (a) We accept one (1) mobile phone number only for receiving eAlerts through SMS messaging. You will designate one (1) mobile phone number for receiving eAlerts.
- (b) You should ensure that your mobile phone and other telecommunications equipment and related services are capable of receiving eAlerts through SMS messaging and e-mail.
- (c) We only send an eAlert once and will not re-send it again. We may send an eAlert once through SMS messaging and once through e-mail.
- (d) You should never respond to a request to provide your password or account or security details by SMS messaging or e-mail, even if the request appears to be sent by us through the eAlerts Service. We will never make such request.
- (e) You should not reply to an eAlert sent by us through SMS messaging or e-mail as it is a one-way message.
- (f) You should never provide your account or personal data on screen following a website hyperlink from an e-mail eAlert. All website hyperlinks authorised by us are for your information only and we will not require you to provide data in that manner.
- (g) eAlerts sent by e-mail may not be encrypted and may not be free of virus, interception or tampering.

- (h) You should inform us as soon as reasonably practicable if SMS messaging or any e-mail or website hyperlink appears to be irregular.

6.1.6. Security

- (a) You must keep your telecommunications equipment under personal control and keep your password, account and security details secret. You must take all reasonable precautions to prevent loss, theft or unauthorised or fraudulent use of your telecommunications equipment, your password, account, security details or other confidential information.
- (b) You should choose a nick-name for every account designated by you for using the eAlerts Service. You should avoid names that are easy to guess such as your name or account number. You should check that eAlerts received by you that contain your account information quote the nick-name for the relevant account.
- (c) You should re-set any pre-set SIM Card PIN Code. You should use your SIM Card PIN Code on your mobile phone as a security measure. You should also re-set your SIM Card PIN Code if you know or suspect that any other person knows it. You should avoid numbers that are easy to guess when you choose your SIM Card PIN Code.
- (d) You should not tell any other person the nick-name of any account or your SIM Card PIN Code. You should not keep a written record of it in any way that may enable another person to use it.
- (e) You should only use secure private e-mail sites with the protection of a password. You should keep your password secret and avoid choosing passwords that are easy to guess.
- (f) You must inform us as soon as reasonably practicable of any matter which may affect your using or our providing the eAlerts Service. These matters include:
  - (i) if you know or suspect that any person knows your SIM Card PIN Code, nick-name of any account or password;
  - (ii) if you know or suspect that any person uses your telecommunications equipment or accesses your information without authorisation;
  - (iii) if your mobile phone is lost or stolen;
  - (iv) if you change your mobile phone number or e-mail address; and
  - (v) if your contract with the relevant telecommunications service provider is terminated for any reason.
- (g) You should check the telephone number, email address or website address of the sender of eAlerts to ensure that the eAlerts are genuine and sent by us.
- (h) You should suspend use of SMS messaging of the eAlerts Service whenever you are outside Hong Kong. This is because eAlerts will have to be transmitted to your mobile phone through an overseas telephone network and its security cannot be guaranteed.
- (i) If you travel outside Hong Kong without suspending the eAlerts Service, you authorise us to transfer information about you and your account to the relevant network operator and any other service provider for the purpose of providing the eAlerts Service to you outside Hong Kong. You further authorise us and them to use, transfer and store such information in such territories as are necessary for that purpose.

6.1.7. Service providers supporting the eAlerts Service

We may use any person (including any telecommunications service provider or other independent service provider) for supporting the eAlerts Service. That person is not our agent or nominee and we have no co-operation, partnership, joint venture or other relationship with it. We are not liable for any action, claim, loss, damage or liability of any nature which you may suffer or incur arising from or in connection with any act or omission of that person.

6.1.8. Limitation of our liability

- (a) Without limiting or reducing the effect of Clause 1.13.3, except as set out in Clause 6.1.8(b), we are not liable for loss, damage or expense of any kind which you may incur or suffer arising from or in connection with the following (or any of them):
  - (i) any failure or delay in providing the eAlerts for any reason (including as a result of failure or error of any computer or electronic system or equipment);
  - (ii) any error or omission in the eAlerts;
  - (iii) any disclosure of confidential information; and
  - (iv) any loss or damage to your data, software, telecommunications equipment or other equipment arising from or in connection with your use of the eAlerts Service.
- (b) If it is proved that the events in paragraph (a) above was caused by negligence or wilful default of (i) ours, (ii) our agents or nominees, or (iii) our officers or employees or that of our agents or nominees, then we will be liable for any loss and damage you incur or suffer that is direct and reasonably foreseeable arising directly and solely from such negligence or wilful default.
- (c) We are not liable for any loss, cost or damage of any kind incurred or suffered by you as a result of any interruption, delay or failure (whether total or partial) in providing the eAlerts Service to you to the extent that it is attributable to any cause or circumstance that is beyond our reasonable control or the reasonable control of our agents or nominees.
- (d)
  - (i) If we believe a communication sent through the eAlerts Service does not reach you, we may re-send it to the contact details you provided in accordance with the procedures for re-sending eAlerts set by us from time to time. If we believe a communication re-sent through the eAlerts Service does not reach you, we may in our discretion stop sending any further communication through the eAlerts Service.
  - (ii) You are considered as having received a communication sent or re-sent through the eAlerts Service to the contact details you provided.

- (e) (i) Except as set out in Clause 6.1.8(e)(ii), you will indemnify and reimburse (1) us, (2) our agents and nominees, and (3) our officers and employees and that of our agents or nominees for all actions, proceedings and claims which may be brought by or against us or them, and for all losses, damages and reasonable costs and expenses which we or they may incur or suffer as a result of or in connection with your use or our provision of the eAlerts Service.

This indemnity will continue after the termination of the eAlerts Service.

- (ii) If it is proved that any actions, proceedings, claims, losses, damages or amounts set out in Clause 6.1.8(e)(i) was caused by negligence or wilful default of (1) ours, (2) our agents or nominees, or (3) our officers or employees or that of our agents or nominees, then you are not liable under Clause 6.1.8(e)(i) to the extent that it is direct and reasonably foreseeable arising directly and solely from such negligence or wilful default.

#### 6.1.9. Charges (applicable to Chargeable eAlerts)

- (a) You may choose the eAlerts that you want to receive through the eAlerts Service. We charge a fee for providing Chargeable eAlerts at rates as we may set from time to time. We may charge for Chargeable eAlerts on an individual basis or by a monthly payment package. You should check with us regularly for the applicable fees and charges.
- (b) You have to designate a Nominated Account for debiting the charges for Chargeable eAlerts. Without limiting or reducing our rights to debit your accounts (including set-off rights) under these Terms and Conditions, you authorise us to debit the charges for Chargeable eAlerts from the Nominated Account on a monthly basis or pursuant to a monthly payment package.
- (c) We will charge for a Chargeable eAlert sent to you even if you do not receive it as long as that is not caused by our negligence or wilful default.
- (d) If the same eAlert is sent to you through SMS messaging and e-mail, it will be counted as two (2) eAlerts for the purposes of (i) charging for Chargeable eAlerts on an individual basis; and (ii) reducing the number of eAlerts available to you.
- (e) We have the right to revise any existing charging structure or impose additional charges from time to time.

#### 6.1.10. Suspension or termination of the eAlerts Service

- (a) (i) Without being limited by Clause 1.8.1, you may suspend or terminate the eAlerts Service at any time in such manner accepted by us from time to time.
- (ii) You have to set a start date and a finish date for suspending the eAlerts Service. We will resume to provide and charge for the eAlerts Service after the suspension period.
- (iii) You may reactivate the eAlerts Service during the suspension period at any time. We will resume the eAlerts Service as soon as reasonably practicable after receiving your reactivation request, and charges will accrue accordingly.
- (b) Without limiting or reducing the effect of Clause 1.8, we have the right to suspend or terminate the eAlerts Service for any reason without notice and without being liable in the following cases (or any of them):
- (i) if any information you provided to us in connection with the eAlerts Service is or becomes incorrect or incomplete;
- (ii) if we believe that eAlerts have not been received by you or are being accessed by an unauthorised person;
- (iii) if the Nominated Account is closed for any reason;
- (iv) if there are insufficient funds or available credit facilities in the Nominated Account for paying charges for the Chargeable eAlerts;
- (v) if there is equipment, system or network breakdown or maintenance; and
- (vi) if the relevant telecommunications service provider modifies its network or services.
- (c) You will not receive any eAlerts when the eAlerts Service is suspended or terminated by you or us. Only for the purpose of calculating charges payable by you, termination of the eAlerts Service will be deemed to take effect on the 5th day of the month following the month in which the eAlerts Service is terminated unless we decide otherwise. You may reactivate the eAlerts Service before the 1st day of that month and charges will accrue accordingly. You cannot reactivate the eAlerts Service on or after the 1st day of that month. You have to enrol again if you want to use the eAlerts Service afterwards.
- (d) We have the right to debit any outstanding charges from the Nominated Account even if the eAlerts Service is suspended or terminated. We will usually debit the Nominated Account on the 5th day of the month following the month the eAlerts Service is suspended or terminated.
- (e) Charges for the eAlerts Service are in arrears. Any charges paid are non-refundable even if the eAlerts Service is suspended or terminated.
- (f) Any suspension or termination of the eAlerts Service does not affect the liabilities and rights that have accrued to you and us respectively before the date of suspension or termination.

#### 6.1.11. Applicable Terms

All agreements, terms and conditions governing the respective accounts, services and products covered by the eAlerts Service from time to time continue to apply unless we agree otherwise. The provisions of this Clause 6.1 prevail over such agreements, terms and conditions to the extent of any inconsistency between them.

## 6.2. Stop Loss Limit Order Service

### 6.2.1. Scope of Stop Loss Limit Order Service and definitions

- (a) You authorise us (but we have no obligation) to accept any Stop Loss Limit Order. We will inform you promptly if we do not accept a Stop Loss Limit Order.
- (b) We have the right to specify and vary from time to time the stocks for which you may give Stop Loss Limit Orders.

(c) Stop Loss Limit Orders are governed by the provisions of this Clause 6.2 and the other provisions of these Terms and Conditions applicable to securities trading. For the purpose of a Stop Loss Limit Order, the provisions of this Clause 6.2 prevail over such other provisions to the extent of any inconsistency between them.

(d) Unless the context requires otherwise, terms used in this Clause 6.2 have the meanings set out below:

**Lowest Selling Price** means a price equal to or greater than HKD0.01 and equal to or lower than the Stop Loss Price.

**Multiple Day Stop Loss Limit Order** means a Stop Loss Limit Order that, if not triggered on the Trading Day on which it is given, will be carried forward in accordance with Clause 6.2.2(c)(ii).

**Nominal Price** has the meaning set out in the Rules of The Stock Exchange of Hong Kong Limited from time to time.

At present, in relation to a stock stated in a Stop Loss Limit Order, Nominal Price means the previous closing price, the current bid price or the current ask price of that stock at any time during or at the close of the pre-opening trading session or continuous trading session, depending on whether or not that stock has been traded during the day under the various circumstances as set out in the definition in the Rules of The Stock Exchange of Hong Kong Limited. You may obtain such Rules from the website of Hong Kong Exchanges and Clearing Limited.

**Single Day Stop Loss Limit Order** means a Stop Loss Limit Order that is to be executed only on the Trading Day on which it is given.

**Stop Loss Limit Order** means an Instruction to sell a stock stated in that Instruction at a price not less than the Lowest Selling Price if the Nominal Price falls to a level that is equal to or less than the Stop Loss Price.

**Stop Loss Price** in relation to a Stop Loss Limit Order, means the price below the Nominal Price designated by you (but always within a spread range as determined conclusively by us from time to time) at which that Stop Loss Limit Order is to be triggered.

**Trading Day** means a day on which the Stock Exchange of Hong Kong is open for business.

#### 6.2.2. Our obligations

(a) We are not under an obligation to act on an Instruction to cancel or amend a Stop Loss Limit Order received by us. We may have fully executed that Stop Loss Limit Order or we may have insufficient time or we may be unable to cancel or amend an unexecuted or partly executed Stop Loss Limit Order for any other reason. In that case, we are not liable for any loss or expense suffered or incurred by you arising from or in connection with our acting on the earlier Stop Loss Limit Order.

(b) Single Day Stop Loss Limit Order

(i) You are required to state clearly in each Single Day Stop Loss Limit Order the stock to which it relates and the Stop Loss Price. We have no obligation to accept or process a Single Day Stop Loss Limit Order if (1) the stock to which it relates or the Stop Loss Price is not clearly stated in our reasonable opinion, (2) we are not given sufficient time to process it or (3) it is received after the cut-off time on the Trading Day on which it is given. We will inform you of the applicable cut-off time from time to time.

(ii) If a Single Day Stop Loss Limit Order is triggered on the Trading Day on which it is given but is not executed (in whole or in part) for any reason on that Trading Day, that Single Day Stop Loss Limit Order (or the unexecuted part) will lapse on the expiry of that Trading Day.

(c) Multiple Day Stop Loss Limit Order

(i) You are required to state clearly in each Multiple Day Stop Loss Limit Order (1) the stock to which it relates, (2) the Stop Loss Price and (3) its expiry date. We have the right not to accept or process a Multiple Day Stop Loss Limit Order if any of the above items is not clearly stated in our reasonable opinion.

(ii) If a Multiple Day Stop Loss Limit Order is not triggered on the Trading Day on which it is given, it will be carried forward for up to seven (7) consecutive days including the day on which it is given until it is triggered or expires, or is cancelled with our consent (whichever is the earliest).

(iii) If a Multiple Day Stop Loss Limit Order is triggered on a Trading Day but is not executed (in whole or in part) for any reason on that Trading Day, that Multiple Day Stop Loss Limit Order (or the unexecuted part) will lapse on the expiry of that Trading Day even if it has not then expired.

(d) Execution of Stop Loss Limit Order

You authorise us to execute in the following manner a Stop Loss Limit Order that is triggered:

(i) execute that Stop Loss Limit Order in whole or in part in any number of tranches at any price between the Stop Loss Price and the Lowest Selling Price (as long as the price is not less than the Lowest Selling Price); or

(ii) if that Stop Loss Limit Order is not executed at all or in whole at a price between the Stop Loss Price and the Lowest Selling Price, and the Nominal Price then rises above the Stop Loss Price, execute that Stop Loss Limit Order in whole or in part at the then Nominal Price being a price higher than the Stop Loss Price.

(e) Limitation of our liability

(i) Except as set out in paragraph (ii) below, we are not liable for loss, damage or expense of any kind which you may incur or suffer arising from or in connection with the following (or any of them):

(1) any delay or failure in executing a Stop Loss Limit Order;

(2) any partial execution of a Stop Loss Limit Order; and

(3) any execution of a Stop Loss Limit Order at a price above the Stop Loss Price.

(ii) If it is proved in a case set out in paragraph (i) above that there was negligence or wilful default by (1) us, (2) our agents or nominees, or (3) our officers or employees or that of our agents or nominees, then we will be liable for any

loss and damage you incur or suffer that is direct and reasonably foreseeable arising directly and solely from such negligence or wilful default.

(f) No withdrawal

On receipt of a Stop Loss Limit Order we are entitled to hold the stocks to which that Stop Loss Limit Order relates. You agree that you are not entitled to withdraw or deal in any way all or any part of such stocks until that Stop Loss Limit Order expires or lapses, or is cancelled with our consent (whichever is the earliest).

### 6.3. Forex/RMB Switching Service

#### 6.3.1. Scope of Forex/RMB Switching Service

- (a) You authorise us (but we are under no obligation) to provide the Forex/RMB Switching Service to you. You have to designate your Savings Account or Current Account (or both) for using the Forex/RMB Switching Service. The Savings Account or Current Account may be in Hong Kong dollar or any other currency and may be in multiple currencies. Under the Forex/RMB Switching Service we are authorised to do the following (or any of them) without further notice to or consent from you:
- (i) debit any available credit balance in any Savings Account or Current Account designated by you in accordance with Clause 6.3.2(d) (in this Clause 6.3, the "Available Balance") at the intervals designated by you;
  - (ii) apply the amount of Available Balance to purchase the currencies in accordance with the Exchange Rate Criteria chosen by you; and
  - (iii) credit the amount of each purchased currency to any account maintained by you under the Master Account in that currency.
- (b) Without being limited by any other provisions of these Terms and Conditions, we have the right to set or vary the following (or any of them) by reference to such factors or standards (or a combination of factors and standards) at our discretion from time to time:
- (i) the currencies and any minimum or maximum amount of each currency which may be converted by you under the Forex/RMB Switching Service;
  - (ii) any minimum or maximum amount which you may transfer, and the timing or frequencies of transfer under the Forex/RMB Switching Service;
  - (iii) the criteria for determining the availability and amount of Available Balance (in this Clause 6.3, "Balance Criteria") from which you may choose to set a transfer amount (in this Clause 6.3, "Marked Transfer Amount");
  - (iv) the criteria which you may choose for determining whether an actual transfer will be made to purchase currencies (in this Clause 6.3, "Exchange Rate Criteria");
  - (v) the timing at which we apply the Balance Criteria chosen by you to the relevant account to determine the Available Balance and the Marked Transfer Amount;
  - (vi) the timing and frequencies at which we check the Exchange Rate Criteria chosen by you against our prevailing buying rate or selling rate applicable to the relevant currencies to determine whether an actual transfer will be made to purchase currencies; and
  - (vii) any minimum or maximum number of transfer Instruction which you may set up under the Forex/RMB Switching Service, whether by reference to an account, a currency or any other criteria.
- (c) We have the right not to act on any transfer Instruction set up by you if the following (or any of them) occur:
- (i) if the Available Balance in the debit account is insufficient, at the time of actual transfer, to pay the Marked Transfer Amount determined in accordance with Clause 6.3.2(d); and
  - (ii) there are any irregularities concerning the relevant account or any other technical or operational reason not to act on the transfer Instruction.

#### 6.3.2. Balance Criteria and Exchange Rate Criteria

- (a) You have to choose your Balance Criteria and Exchange Rate Criteria and notify us in such manner or form accepted by us from time to time.
- (b) You may give Instruction to vary your Balance Criteria and Exchange Rate Criteria or cancel a transfer Instruction. However, that Instruction will not be effective until we have been given reasonable time to process and decide to accept it. You authorise us to continue to act on the existing Balance Criteria, Exchange Rate Criteria or transfer Instruction until your Instruction to vary or cancel them becomes effective.
- (c) You may set a fixed transfer amount subject to our agreement. If you do not set or if we do not agree to a fixed transfer amount, we will determine the Marked Transfer Amount in accordance with Clause 6.3.2(d). You authorise us to debit the Marked Transfer Amount from the debit account if there is sufficient Available Balance in that account at the time of actual transfer. We have no obligation to ensure that any minimum credit balance remains in the debit account after debiting a Marked Transfer Amount.
- (d) We will determine the Available Balance and the Marked Transfer Amount in the debit account by applying the Balance Criteria chosen by you against the day-end balance in the account as reflected in our records on the Business Day before the transfer date. If you set a fixed transfer amount, and the Available Balance in the debit account on the Business Day before the transfer date exceeds the fixed transfer amount set by you, then the fixed transfer amount set by you will be marked as the Marked Transfer Amount.
- (e) If the day on which we are to (i) apply the Exchange Rate Criteria to determine whether a transfer and purchase will be made or (ii) make a transfer or purchase is not a Business Day, we will perform the relevant act on the next Business Day.

However if the next Business Day falls into the next calendar month, we will perform the relevant act on the previous Business Day.

#### 6.3.3. Transactions

- (a) We will check the Exchange Rate Criteria chosen by you against our prevailing buying rate or selling rate applicable to the relevant currency at the time of checking. Unless we have made other arrangements with you, we are entitled to effect a currency transaction for you at that prevailing rate if it falls within the Exchange Rate Criteria chosen by you. We have no obligation to check the Exchange Rate Criteria chosen by you against the rates in the relevant foreign exchange market on a real time basis or to effect a currency transaction at such rates.
- (b) You agree that we have no obligation to effect any transaction for you pursuant to the Forex/RMB Switching Service at any particular time or at all. We may be unable to check the Exchange Rate Criteria chosen by you against the prevailing rates quoted by us or unable to effect a transaction even if your Exchange Rate Criteria have been met. This may be due to the volume of transactions, market conditions or other circumstances beyond our reasonable control. We are not liable for any loss or damage which you may suffer or incur in these cases.

#### 6.3.4. Fees

We have the right to charge or vary the fees relating to the use or termination of the Forex/RMB Switching Service and the intervals at which they are payable. We will notify you of the rate of a fee and you have to pay it if you continue to maintain or use the Forex/RMB Switching Service after the effective date for imposing a fee or a revised fee. Paid fees are not refundable unless we agree otherwise.

### 6.4. FX Order Watch Trading Service

#### 6.4.1. Scope of FX Order Watch Trading Service

- (a) The FX Order Watch Trading Service is governed by the provisions of this Clause 6.4 and the other provisions of these Terms and Conditions applicable to currencies trading. For the purpose of the FX Order Watch Trading Service, the provisions of this Clause 6.4 prevail over such other provisions to the extent of any inconsistency between them.
- (b) You authorise us (but we are under no obligation) to provide the FX Order Watch Trading Service to you. Under the FX Order Watch Trading Service we are authorised to do the following (or any of them) without further notice to or consent from you:
  - (i) debit any available balance (whether in the form of credit balance or credit facility) in any account maintained by you with us that is designated by you and accepted by us as the debit account (whether in Hong Kong dollar or any other currency and whether in one or more currencies);
  - (ii) apply the amount debited to purchase the currencies chosen by you and subject to the Target Rate chosen by you; and
  - (iii) credit the amount of each purchased currency to any account in that currency maintained by you with us that is designated by you and accepted by us as the credit account.
- (c) Without being limited by any other provisions of these Terms and Conditions, we have the right to set and vary the following (or any of them) by reference to such factors or standards (or a combination of factors and standards) at our discretion from time to time:
  - (i) the eligibility criteria for using the FX Order Watch Trading Service;
  - (ii) the currencies and any minimum or maximum amount of each currency which may be converted by you under the FX Order Watch Trading Service;
  - (iii) any minimum or maximum amount which you may transfer, and the timing or frequencies at which transfers may be made, under the FX Order Watch Trading Service;
  - (iv) the form or kind of Instruction (including limit order) which you may give under the FX Order Watch Trading Service;
  - (v) the exchange rates from which you may choose for purchasing currencies in actual transfers (each a "Target Rate");
  - (vi) the timing and frequencies at which we check the relevant rates to determine whether an actual transfer will be made to purchase currencies. We will check the Target Rate chosen by you against our prevailing buying rate or selling rate applicable to the relevant currencies quoted by us; and
  - (vii) any minimum or maximum number of transfer Instruction which you may set up under the FX Order Watch Trading Service, whether by reference to an account, a currency or any other criteria.
- (d) We have the right not to act on any transfer Instruction set up by you if the following (or any of them) occur or continue:
  - (i) if the available balance or the available credit facilities (as determined conclusively by us) in the debit account is insufficient, at the time of the transfer Instruction or the actual transfer, to determine the Marked Transfer Amount or to pay the Actual Transfer Amount (as the case may be), whether or not due to any decrease in the available balance or the available credit facilities in the debit account after determining the Marked Transfer Amount;
  - (ii) there are any irregularities concerning the relevant account or any technical or operational reason not to act on the transfer Instruction; and
  - (iii) you no longer meet the eligibility criteria for using the FX Order Watch Trading Service.

#### 6.4.2. Target Rate and Transfer Amount

- (a) You have to choose your Target Rate and notify us of your choice in such manner or form as we may accept from time to time.



- (b) You may give Instruction to vary your Target Rate or cancel a transfer Instruction. That Instruction will not be effective until we have been given reasonable time to process and decide to accept it. You authorise us to continue to act on the existing Target Rate or transfer Instruction until your Instruction to vary or cancel it becomes effective.
- (c) You may choose an amount to convert or an amount to be converted into (in this Clause 6.4, "Transfer Amount") subject to our agreement. We will determine the marked transfer amount (in this Clause 6.4, "Marked Transfer Amount") with reference to the Transfer Amount and the Target Rate.
- (d) After we receive your transfer Instruction and until completion of the actual transfer, you are not entitled to withdraw all or any part of the Marked Transfer Amount (whether in the form of available credit balance or credit facility) from the debit account, and that amount does not constitute a debt owed by us to you. You hereby charge that amount in our favour as security for our actual or contingent liabilities in connection with the actual transfer. We do not have any obligation to ensure that any minimum available credit balance or credit facility remains in the debit account. You are liable for and have to repay us on demand any overdraft or other amount resulting from insufficiency of funds in the debit account.
- (e) At the time of actual transfer, we will debit from the debit account an amount determined by us with reference to the Transfer Amount chosen by you and the then prevailing exchange rate (in this Clause 6.4, "Actual Transfer Amount"). We have the right to do the following (or any of them):
  - (i) if the available balance or the available credit facilities (as determined conclusively by us) in the debit account is insufficient at the time of actual transfer:
    - (1) we have the right not to act on the transfer Instruction. In that case, the transfer Instruction will lapse, no transfer will be made and you are liable for any loss and reasonable expenses incurred by us as a result; or
    - (2) we may act on the transfer Instruction at our discretion and you are liable for any overdraft (whether authorised or unauthorised) and any loss and reasonable expenses incurred by us as a result;
  - (ii) if the amount to be purchased pursuant to the actual transfer cannot be credited to the designated credit account, we have the right not to act on the transfer Instruction. In that case, the transfer Instruction will lapse, no transfer will be made and you are liable for any loss and reasonable expenses incurred by us as a result; and
  - (iii) we may collect our loss and expenses on the same day on which such loss or expense is incurred by us or on later dates. We have the right to debit such loss or expense from any one or more of your accounts.

#### 6.4.3. Transactions

- (a) (i) We will check the Target Rate chosen by you against our prevailing buying rate or selling rate applicable to the relevant currency quoted by us at the time of checking. We have the right to determine the time of checking as we consider appropriate. Unless we have made other arrangements with you, we are entitled to effect a currency transaction for you at that prevailing rate quoted by us if it meets the Target Rate chosen by you.
- (ii) We have no obligation to check the Target Rate chosen by you against the rates prevailing in the relevant foreign exchange market on a real time basis or to effect a currency transaction at such rates.
- (iii) There is no guarantee that our quoted prevailing rate represents the rate available elsewhere in the market or is the same as the rate quoted or provided by us through other means, channels or services.
- (b) You agree that:
  - (i) we have no obligation to effect any transaction for you pursuant to the FX Order Watch Trading Service at any particular time or at all. We may be unable to check whether the Target Rate chosen by you matches the prevailing rates quoted by us. We may also be unable to effect a transaction even if your Target Rate has been met due to the volume of instructions or transactions, market conditions or other circumstances beyond our reasonable control at the relevant time. We are not liable for any loss or damage which you may suffer or incur in these cases; and
  - (ii) in a rapidly changing market the rates quoted to you earlier may no longer remain in effect at the time we receive a transfer Instruction. We are not liable for any loss or damage which you may suffer or incur if we misquote any rates.
- (c) We may (but have no obligation to) notify you when the Target Rate chosen by you is met or of the execution, expiry or cancellation of any transfer Instruction. We may notify you via the eAlerts Service, the FX Rate Alerts Service or other means. Your use or our provision of the eAlerts Service and the FX Rate Alerts Service in relation to the FX Order Watch Trading Service are governed by Clauses 6.1 and 6.5 respectively.
- (d) You should ensure the accuracy and completeness of the details of each transfer Instruction (including clearly stating the Target Rate and Transfer Amount chosen by you). We are entitled to rely on any transfer Instruction received by us. You agree to bear the risk of any misunderstanding of an Instruction or any error in an Instruction, and the risk of any unauthorised instructions. We are entitled to act in accordance with our regular business practice and procedure and will only accept Instructions insofar as it is (in our reasonable opinion) practicable and reasonable to do so.
- (e) (i) You must keep your login credentials for accessing the FX Order Watch Trading Service secret, and take all reasonable precautions to prevent them from unauthorised or fraudulent use. These credentials may include login user name, password, security code or any other code or security device.
- (ii) You authorise us to act on any transfer Instruction given by using your login credentials. We have no obligation to verify the identity, capacity or authority of the person using your login credentials to give any transfer Instruction. We may act on a transfer Instruction if we reasonably believe that it is given by you without being liable in any circumstance. You will be bound by that transfer Instruction as executed by us in good faith even if it was not given or authorised by you.
- (f) (i) You expressly authorise us to record all transfer Instructions and any interaction between you and us (or our representatives) from time to time. If a dispute arises in relation to the nature or content of any communication between you and us, our recording or a copy or transcript of it, certified as a true copy or transcript by our officer, may be used

in such dispute and is conclusive evidence as to the nature and content of such communication (unless the contrary is established).

- (ii) All transaction data relating to the FX Order Watch Trading Service is automatically stored on our system for a minimum period required by Applicable Regulations. We may delete such data afterwards without giving notice.

#### 6.4.4. Fees

We have the right to charge or vary the fees relating to the use or termination of the FX Order Watch Trading Service and the intervals at which they are payable. We will notify you of the rate of a fee and you have to pay it if you continue to maintain or use the FX Order Watch Trading Service after the effective date for imposing a fee or a revised fee. Paid fees are not refundable unless we agree otherwise.

#### 6.4.5. Limitation of our liability and your indemnity

- (a) (i) Except as set out in Clause 6.4.5(a)(ii), we are not liable for loss, damage or expense of any kind which you or any other person may incur or suffer arising from or in connection with your use of the FX Order Watch Trading Service or FX Rate Alerts Service or our providing the FX Order Watch Trading Service or FX Rate Alerts Service to you.
- (ii) If it is proved in a case set out in Clause 6.4.5(a)(i) that there was negligence or wilful default by (1) us, (2) our agents or nominees, or (3) our officers or employees or that of our agents or nominees, then we will be liable for any loss and damage you incur or suffer that is direct and reasonably foreseeable arising directly and solely from such negligence or wilful default.
- (b) We are not liable for loss, damage or expense of any kind which you or any other person may incur or suffer arising from or in connection with any transfer Instruction not being performed in full or at all due to market conditions or any other cause beyond our reasonable control.
- (c) (i) Except as set out in paragraph (ii) below, you will indemnify and reimburse (1) us, (2) our agents and nominees, and (3) our officers and employees and that of our agents or nominees for all actions, proceedings and claims which may be brought by or against us or them, and for all losses, damages and reasonable costs and expenses which we or they may incur or suffer as a result of or in connection with your use of the FX Order Watch Trading Service or FX Rate Alerts Service or our providing the FX Order Watch Trading Service or FX Rate Alerts Service to you.  
This indemnity shall continue after the termination of the FX Order Watch Trading Service or FX Rate Alerts Service or these Terms and Conditions.
- (ii) If it is proved that any actions, proceedings, claims, losses, damages or amounts set out in paragraph (i) above was caused by negligence or wilful default of (1) ours, (2) our agents or nominees, or (3) our officers or employees or that of our agents or nominees, then you are not liable under paragraph (i) above to the extent that it is direct and reasonably foreseeable arising directly and solely from such negligence or wilful default.

#### 6.4.6. Suspension or termination

Even if other provisions of these Terms and Conditions may specify otherwise, we have the right at any time, without giving notice or reasons, suspend or terminate the FX Order Watch Trading Service or FX Rate Alerts Service or your use of the FX Order Watch Trading Service or FX Rate Alerts Service. Any suspension or termination of the FX Order Watch Trading Service or FX Rate Alerts Service does not and will not affect the liabilities and rights which have accrued between you and us before suspension or termination.

### 6.5. FX Rate Alerts Service

#### 6.5.1. Scope of FX Rate Alerts Service

- (a) The FX Rate Alerts Service is governed by the provisions of this Clause 6.5 and the other provisions of these Terms and Conditions applicable to the eAlerts Service. For the purpose of the FX Rate Alerts Service, the provisions of this Clause 6.5 prevail over such other provisions to the extent of any inconsistency between them.
- (b) The FX Rate Alerts Service include all FX Rate Alerts and other eAlerts we provide under the FX Order Watch Trading Service.
- (c) You are eligible for the FX Rate Alerts Service if you are eligible for the FX Order Watch Trading Service.
- (d) (i) To use the FX Rate Alerts Service, you have to use such telecommunications equipment or device and telecommunications service provider prescribed by us from time to time. You are solely responsible for ensuring that you have the necessary equipment and internet connection services in order to use the FX Rate Alerts Service.
- (iii) We are not liable for loss, damage or expense of any kind which you or any other person may incur or suffer arising from or in connection with the following (or any of them):
  - (1) any failure, delay, interruption or suspension in providing the FX Rate Alerts Service; and
  - (2) your failure to meet the requirements prescribed by us, or the failure to meet such requirements by any third party service provider (including any internet service provider or any provider of equipment or devices) which directly or indirectly supports or is involved in the provision of the FX Rate Alerts Service.

#### 6.5.2. Fees

We have the right to charge or vary the fees for providing the FX Rate Alerts Service. You are solely responsible for paying the fees, charges and expenses imposed by or payable to your service providers for providing equipment, device or services to enable you to use the FX Rate Alerts Service.

#### 6.5.3. Limitation of our liability

Without limiting or reducing the effect of Clause 1.13 or other liability limitation provisions of these Terms and Conditions, our liability in relation to the FX Rate Alerts Service is limited as follows:

- (a) While we will endeavour to provide you with FX Rate Alerts and other eAlerts in a timely manner, you understand and agree that there will inevitably be a time lag (i) between your designated price being reached and our issuing FX Rate Alerts or eAlerts relating to that and (ii) between our sending FX Rate Alerts or eAlerts to you and your receipt of such FX Rate Alerts or eAlerts. We and any service provider appointed by us in providing the FX Rate Alerts Service are not liable in any way for any time lag unless it is caused by any gross negligence or wilful default on our part and only to the extent of direct and reasonably foreseeable loss and damage (if any) arising directly and solely from it.
- (b) (i) FX Rate Alerts or eAlerts issued by us are not and should not be regarded as an offer or solicitation to buy or sell investments. Any information contained in FX Rate Alerts or eAlerts is not intended to provide professional advice.
- (ii) You should make your own independent investment decision and seek professional advice as appropriate. You should not rely on any information contained in FX Rate Alerts or eAlerts. You are responsible for verifying any such information (especially its accuracy and timeliness) before relying or acting on it.
- (c) (i) We do not give and should not be considered to have given any confirmation (whether express or implied) that the prices provided under the FX Rate Alerts Service (1) represent the prices available in the market, (2) are the same as the prices provided by us through other means, channels or services, or (3) are the same as the prices quoted by us in transactions.
- (ii) We do not represent or guarantee the accuracy, reliability, adequacy, timeliness, sequence or completeness of any information contained in FX Rate Alerts or eAlerts. We are not liable (whether in tort, contract or any other manner) for any loss or damage which you incur or suffer arising from or in connection with (1) any error, inaccuracy, delay or omission in such information or (2) your reliance on any such information. WE EXPRESSLY DISCLAIM ALL CONFIRMATIONS, EXPRESSED OR IMPLIED, AS TO THE ACCURACY OF ANY SUCH INFORMATION, OR AS TO THE FITNESS OF ANY SUCH INFORMATION FOR ANY PURPOSE.

# Appendix I: Definitions and Interpretations

## 1. Interpretation

- (a) Unless the context requires otherwise, in these Terms and Conditions:
- (i) any reference to a “Section”, “Clause” or “Appendix” is a reference to a section, clause or appendix of these Terms and Conditions;
  - (ii) any reference to these Terms and Conditions, an agreement or document is a reference to the same as amended, varied or supplemented from time to time;
  - (iii) any reference to an Applicable Regulation is a reference to the same as amended, re-enacted or in effect from time to time; and
  - (iv) a singular expression includes the plural and vice versa, and reference to a gender includes any gender.
- (b) All Appendices form part of these Terms and Conditions.
- (c) Headings in these Terms and Conditions are for ease of reference only and do not affect the interpretation of these Terms and Conditions.

## 2. Definitions

Unless we specify or the context requires otherwise, the following terms in these Terms and Conditions have the meanings set out below.

**Account** means any Savings Account, Current Account, Time Deposit Account, Investment Services Account and any other account under the Master Account.

**Actual Transfer Amount** has the meaning set out in Clause 6.4.2(e).

**Amended Fixing Date** has the meaning set out in Clause 5.4A.1(a).

**Applicable Day** has the meaning set out in Clause 5.4A.1(b).

**Applicable Regulation** means any law, regulation or court order, or any rule, direction, guideline, code, notice or restriction (whether or not having the force of law) issued by any Authority or industry or self-regulatory body, whether in or outside Hong Kong, to which we or you are subject or with which we or you are expected to comply from time to time.

**ATM** means an automated teller machine.

**ATM Card** means any card issued to you by us in relation to the Master Account or a Tier which may be used to effect transactions by electronic means, whether at an ATM, a point of sale terminal or other devices as we may make available or accept from time to time.

**Authority** means any regulatory authority, governmental agency (including tax authority), clearing or settlement bank or exchange.

**Available Balance** has the meaning set out in Clause 6.3.1(a)(i).

**Averaging Date** means, in relation to a Valuation Date, each date set or determined by us as an Averaging Date, as stated in the relevant Appendix of SID Deposit.

**Balance Criteria** has the meaning set out in Clause 6.3.1(b)(iii).

**Business Day** in these Terms and Conditions (other than Clauses 5.4 to 5.4D and 5.5) means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general business in Hong Kong.

**Business Day** in Clause 5.4 to 5.4D means a day (other than a Saturday, a Sunday or a public holiday) on which banks are open for business including dealings in foreign exchange and foreign currency deposits (i) in Hong Kong or (ii) where another location is stated or referenced, in that location.

**Business Day** in Clause 5.5 means a day (other than a Saturday, a Sunday or a public holiday) on which banks are open for business including dealings in foreign exchange and foreign currency deposits in Hong Kong and in the principal banking centre of the jurisdiction of issuance of the Deposit Plus Deposit Currency and the Linked Currency.

**Cash Account** means any account (including an Account) maintained by you with us and designated by you for debiting and crediting funds relating to the Investment Services.

**Cash Card** means an account card issued by us to a Child to access the related Junior Pack Account.

**Chargeable eAlerts** means eAlerts for which we may impose charges.

**Child** has the meaning set out in Clause 2.4.2(a).

**China Connect Service** has the meaning set out in the Schedule I to Appendix IV.

**Clean Credit** means any unsecured banking or credit facility or financial accommodation made available by us to you or at your request.

**Component Equity** in relation to a SID Deposit linked to an Equity Basket, means each Equity comprised in that Equity Basket.

**Confirmation** in relation to a SID Deposit or a Deposit Plus (as the case may be), means each separate confirmation issued by us to you in respect of that SID Deposit or Deposit Plus investment pursuant to these Terms and Conditions; and “relevant Confirmation” means the Confirmation of the SID Deposit or Deposit Plus investment in question.

**Connected Company** means HSBC Holdings plc and any of its subsidiaries or affiliates and any other member of the HSBC Group and, for the purpose of this definition, “subsidiary” shall have the meaning ascribed to it in section 15 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

**Consolidated Statement** means a consolidated statement relating to the Master Account, the Accounts and the Services (or any of them).

**Conversion Rate** in relation to a Deposit Plus investment, means the rate stated as Relevant Rate in the relevant Confirmation.

**Corporate Action** means any right, benefit or entitlement attributable to securities and offered by the issuer of the securities.

**CPI Deposit** means a type of investment which we offer from time to time as a Capital Protected Investment Deposit.

**Credit Account** means an Account or any other account maintained by you with us to which funds may be credited using the Phone Banking Service.

**Credit Card** means any credit card issued to you by us in relation to the Master Account or a Tier.

**Credit Support Document** means a security, collateral, margin, guarantee, hypothecation or other agreement or document that contains or constitutes an obligation on you or on a Credit Support Provider in our favour in support of your obligations under these Terms and Conditions.

**Credit Support Provider** means a person who provides a Credit Support Document to us.

**Current Account** means a current account maintained by you with us.

**Custodian** has the meaning set out in Clause 1.8.2(c)(iii)(3).

**Cut-off Time** in relation to the SID Deposit Period of a SID Deposit, means (i) the applicable time and date stated in the relevant Confirmation or relevant Appendix of SID Deposit, or (ii) if not so stated, our close of business on the second Business Day prior to the relevant scheduled SID Deposit Date.

**Debit Account** means any account maintained with us that is designated by you from which funds may be debited using the Phone Banking Service.

**Debit Accountholder** means each holder of a Debit Account which may include you.

**Debts** has the meaning set out in Clause 3.2.2(a).

**Deposit Plus** means each investment accepted by us as a Deposit Plus investment pursuant to these Terms and Conditions.

**Deposit Plus Deposit Currency** in relation to a Deposit Plus investment, means the currency in which that Deposit Plus investment is denominated, as accepted by us and stated in the relevant Confirmation.

**Deposit Plus Deposit Date** in relation to a Deposit Plus investment, means the date (being a Business Day) on which that Deposit Plus investment is made with us in accordance with these Terms and Conditions, as stated in the relevant Confirmation.

**Disposal Account** means an account (which may be the Account or any other account) maintained by you with us and designated by you for the purpose of holding funds which are not accepted by us as a SID Deposit or which are withdrawn from a SID Deposit.

**Disrupted Day** means any Scheduled Trading Day (i) on which a relevant Exchange or a Related Exchange fails to open for trading during its regular trading session or (ii) on which a Market Disruption Event has occurred.

**Drop & Go Counter Service** means the Service which we may provide pursuant to Clause 3.4.

**eAdvice** means any advice, report, confirmation, receipt, record, acknowledgement, notice, message or communication issued or made available by us from time to time in electronic form in relation to any Account or Service, or any other services or products offered by us, and marked as such and excludes an eStatement.

**eAlerts Service** means the Service which we may provide pursuant to Clause 6.1.

**Early Closure** means the closure on any Exchange Business Day of any relevant Exchange or Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by that Exchange or Related Exchange at least one hour prior to the earlier of:

- (i) the actual closing time for the regular trading session on that Exchange or Related Exchange on that Exchange Business Day; and
- (ii) the submission deadline for orders to be entered into that Exchange or Related Exchange system for execution at the Valuation Time on that Exchange Business Day.

**Early Redemption** has the meaning set out in Clause 5.4.3(b).

**Equity** in Clause 5.4D means an Underlying Stock.

**Equity Basket** in Clause 5.4D means the basket comprised of Component Equities of Issuers, with each Issuer and the relative proportions or number of Component Equities of each Issuer as stated in the relevant Appendix of SID Deposit, subject to the provisions relating to Component Equities in these Terms and Conditions or in any supplemental terms and conditions.

**eStatement** means any statement, report, confirmation, receipt, record, acknowledgement, notice, message or communication issued or made available by us from time to time in electronic form in relation to any Account or Service, or any other services or products offered by us, and marked as such and excludes an eAdvice.

**Event of Default** has the meaning set out in Clause 1.8.2.

**Exchange** in Clause 5.4D in relation to an Equity or, as applicable, Component Equity, means the principal stock exchange for that Equity or Component Equity, as determined conclusively by us.

**Exchange Business Day** means a Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, even if any Exchange or Related Exchange closes prior to its Scheduled Closing Time.

**Exchange Disruption** means an event (other than an Early Closure) that disrupts or impairs (as determined conclusively by us) the ability of market participants in general:

- (i) to effect transactions in, or obtain market values for, an Equity or, as applicable, a Component Equity, on the Exchange; or

- (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to an Equity or, as applicable, a Component Equity, on any relevant Related Exchange.

**Exchange Rate** means the rate for converting one currency into another currency which we determine to be prevailing in the relevant foreign exchange market at the relevant time, and the rate determined by us will be conclusive and binding on you.

**Exchange Rate Criteria** has the meaning set out in Clause 6.3.1(b)(iv).

**Features** means any Services, rewards, benefits, privileges, promotions and the likes associated with a Tier.

**Final Exchange Rate** in relation to a Deposit Plus investment, means the Relevant Rate as quoted by us in good faith, as of approximately the Fixing Time on the Fixing Date.

**Final Price** in relation to an Equity or an Equity Basket, means the price per Unit as determined conclusively by us as of the Valuation Time on the applicable Valuation Date, or as stated in the relevant Appendix of SID Deposit.

**Financial Product** means any securities, futures contracts or leveraged foreign exchange contracts as defined under the SFO. For the purpose of this definition, "leveraged foreign exchange contracts" mean those traded by persons licensed for Type 3 regulated activity under the relevant regulations in Hong Kong.

**Fixing Date** in Clause 5.5 in relation to a Deposit Plus investment, means the date stated as Fixing Date in the relevant Confirmation.

**Fixing Time** means 10:00 am Hong Kong time.

**Forex/RMB Switching Service** means the Service which we may provide pursuant to Clause 6.3.

**FundMax Account** means a FundMax Account maintained by you with us under these Terms and Conditions.

**Futures and Options Exchange** in Clause 5.4A in relation to an Index linked to a SID Deposit, means the principal exchange on which futures and options contracts on that Index are traded, as determined conclusively by us.

**FX Order Watch Trading Service** means the Service which we may provide pursuant to Clause 6.4.

**HKD** means Hong Kong dollars.

**HKICL** means Hong Kong Interbank Clearing Limited in Hong Kong.

**HKMA** means Hong Kong Monetary Authority or its successor.

**Hong Kong** means the Hong Kong Special Administrative Region of the People's Republic of China.

**HSBC Advance or HSBC Premier** is a Tier.

**HSBC Group** means HSBC Holdings plc, its affiliates, subsidiaries, associated entities and any of their branches and offices (together or individually), and "member of the HSBC Group" has the same meaning.

**Identifier** has the meaning set out in the terms and conditions for HSBC Internet Banking.

**Index** means a market index one or more levels of which are used for the purpose of calculating the Return or Redemption Amount in respect of a SID Deposit, as stated in the relevant Appendix of SID Deposit or relevant Confirmation.

**Index Business Day** in relation to an Index linked to a SID Deposit, means a Business Day which is or (but for the occurrence of a Market Disruption Event) would have been a trading day on each relevant Exchange and each relevant Futures and Options Exchange or any successor exchange, but does not include a day on which trading on any such exchange is scheduled to close prior to its regular Business Day closing time.

**Initial Price** in relation to an Equity or an Equity Basket, means the price per Unit as set by us in the relevant Appendix of SID Deposit, or determined by us in accordance with the relevant provisions set out in the relevant Appendix of SID Deposit.

**Instruction** means any instruction in relation to the Master Account, any Account or Service given in any form or by any means accepted by us from time to time which may include telephone, ATM, point of sale terminal and electronic means.

**Interest Period** in relation to a Deposit Plus investment, means the period from (and including) the Deposit Plus Deposit Date to (but excluding) the Interest Period End Date of that Deposit Plus investment.

**Interest Period End Date** in relation to a Deposit Plus investment, means the Maturity Date as stated in the relevant Confirmation. For the purpose of this definition, no adjustment to the Maturity Date as contemplated in the definition of "Maturity Date" should be made.

**Interest Rate** in Clause 5.4 to 5.4D in relation to a SID Deposit and a SID Deposit Period, means the interest rate stated as Interest Rate in the relevant Appendix of SID deposit (which may be zero).

**Interest Rate** in Clause 5.5 in relation to a Deposit Plus investment, means the interest rate stated as Interest Rate in the relevant Confirmation.

**Interest Year** means the number of days in a year for the purpose of calculating the accrual of interest, as determined conclusively by us by reference to the current market practice in Hong Kong in respect of the Deposit Plus Deposit Currency.

**Interim Day Count** in Clause 5.4A in relation to a fixing for a SID Deposit linked to an Index, means the number of days, Business Days (in the relevant location) or Index Business Days from (but excluding) the relevant scheduled fixing date to (and including) the relevant scheduled SID Deposit Date (or, as applicable, the relevant scheduled SID Maturity Date). Where the scheduled fixing date falls on the scheduled SID Deposit Date (or, as applicable, the scheduled SID Maturity Date), the Interim Day Count will be zero.

**Interim Day Count** in Clause 5.4D in relation to a valuation for a SID Deposit linked to an Equity or an Equity Basket, means the number of days, Business Days (in the relevant location) or Scheduled Trading Days or Exchange Business Days from (but excluding) the relevant Scheduled Valuation Date to (and including) the relevant scheduled SID Deposit Date (or, as applicable, the relevant scheduled SID Maturity Date). Where the Scheduled Valuation Date falls on the scheduled SID Deposit Date (or, as applicable, the scheduled SID Maturity Date), the Interim Day Count will be zero.

**Investment Event of Default** has the meaning set out in Clause 5.1.14(d).

**Investment Services** means all or any part of the Services which we may provide pursuant to Clauses 5 and 6.

**Investment Services Account** means an Account maintained by you with us and designated for conducting investment transactions, including the Securities Account, the FundMax Account and the Wayfoong Statement Gold Account.

**Issuer** means the issuer of the relevant Equity or, as applicable, Component Equity.

**Item** means any cheque or other monetary instrument which we may accept for deposit.

**Junior Pack** means a banking service which we may offer in relation to a minor child of a customer who meets our eligibility criteria.

**Junior Pack Account** means a separate Master Account maintained by you with us in connection with Junior Pack including any Account maintained under that Master Account.

**Linked Currency** in relation to a Deposit Plus investment, means such currency other than the Deposit Plus Deposit Currency selected by you and agreed by us, as stated in the relevant Confirmation.

**mace** means the unit weight of gold for the purpose of determining the price per unit of Wayfoong Statement Gold with respect to transactions under these Terms and Conditions.

**Marked Transfer Amount** in Clause 6.3 in relation to the Forex/RMB Switching Service, has the meaning set out in Clause 6.3.1(b)(iii).

**Marked Transfer Amount** in Clause 6.4 in relation to the FX Order Watch Trading Service, has the meaning set out in Clause 6.4.2(c).

**Market Disruption Event** in Clause 5.4A in relation to an Index linked to a SID Deposit, means the occurrence or existence of any of the following events or any of them (as determined conclusively by us in good faith) on an Index Business Day during the half-hour period that ends at the relevant time for ascertaining the level of that Index: the suspension of or a material limitation in trading (by reason of movements in price exceeding limits permitted by the relevant Exchange or for any other reason) on (i) the relevant Exchange or any successor exchange in securities that (in our opinion) comprise a material part of that Index, and (ii) the relevant Futures and Options Exchange or any successor exchange in futures or options contracts on that Index.

**Market Disruption Event** in Clause 5.4D in relation to an Equity or, as applicable, a Component Equity, means the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption (which in either case determined conclusively by us to be material, at any time during the one(1)- hour period that ends at the Valuation Time on a Scheduled Trading Day), or (iii) an Early Closure.

**Market Requirement** means the constitution, by-law, rule, regulation, custom, procedure, usage, ruling and interpretation of (i) any relevant exchange or market (whether in or outside Hong Kong) where Transactions are executed, or (ii) any clearing house, custodian or depository of the relevant exchange or market, to which we or you are subject or with which we or you are expected to comply from time to time.

**Master Account** means each integrated account maintained by you with us under these Terms and Conditions including any Account.

**Maturity Date** in relation to a Deposit Plus investment, means (i) the date of maturity of that Deposit Plus investment agreed by you and us, as stated in the relevant Confirmation, or (ii) if that date is not a Business Day, the following date which is a Business Day, or (iii) any other date as determined by us in accordance with these Terms and Conditions.

**Nominated Account** means the account designated by you for paying charges for Chargeable eAlerts.

**OD Protection** means an overdraft protection credit facility which we may make available from time to time.

**Participation Rate** in relation to a SID Deposit, means the rate stated as Participation Rate in the relevant Appendix of SID Deposit or the relevant Confirmation (or both).

**person** includes an individual, sole proprietorship, partnership, firm, company, corporation or unincorporated body of persons.

**Phone Banking PIN** means the PIN designated specifically for use in connection with the Phone Banking Service.

**Phone Banking Service** means the Service which we may provide pursuant to Clause 3.3 or Clause 5.1.6 (or both).

**PIN** means personal identification number or any code or number or your voice print or other biometric credential that is used by us to identify you when you access information, give Instructions or make a transaction using an ATM Card, Credit Card or Cash Card, HSBC Internet Banking, Phone Banking Service or any other Service. A PIN may be designated by us or you or generated by a security device designated or approved by us or generated by our collecting and analysing your voice or other biometric credential.

**Product** means any product (including securities and Financial Products) in relation to which we offer the Investment Services from time to time.

**Redemption Amount** in relation to a SID Deposit, means the amount representing the original principal amount of that SID Deposit increased (or reduced, as applicable) in accordance with the relevant Appendix of SID Deposit, these Terms and Conditions or any supplemental terms and conditions.

**Related Exchange** in relation to an Equity or, as applicable, a Component Equity, means each exchange or quotation system where trading has a material effect (as determined conclusively by us) on the overall market for futures or option contracts relating to that Equity or that Component Equity.

**relevant Appendix of SID Deposit** has the meaning set out in Clause 5.4.1(a).

**Relevant Price** in relation to an Averaging Date, means (unless otherwise stated in the relevant Appendix of SID Deposit) the official closing price of the Unit or, as applicable, Component Equity on the relevant Exchange on that Averaging Date.

**Relevant Rate** means, in relation to the Deposit Plus Deposit Currency and the Linked Currency selected by you and agreed by us:

- (i) the amount of the relevant Linked Currency for one (1) unit of the relevant Deposit Plus Deposit Currency; or
- (ii) the amount of the relevant Deposit Plus Deposit Currency for one (1) unit of the relevant Linked Currency.

**Reserved Amount** means the principal amount of the funds placed by you with us which are intended to be placed as a SID Deposit on the relevant SID Deposit Date subject to these Terms and Conditions.

**Return** means the amount representing the return on a SID Deposit calculated and payable in accordance with the relevant Appendix of SID Deposit, these Terms and Conditions or any supplemental terms and conditions.

**RTGS** means interbank funds transfer under Real Time Gross Settlement.

**Savings Account** means a savings account maintained by you with us.

**Scheduled Closing Time** in relation to an Exchange or a Related Exchange and a Scheduled Trading Day, means the scheduled Business Day closing time of that Exchange or Related Exchange on that Scheduled Trading Day, without regard to after-hours or any other trading outside of its regular trading session hours.

**Scheduled Trading Day** means a day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

**Scheduled Valuation Date** means an original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

**Secured Assets** has the meaning set out in Clause 4.3.1(a)(ii)(1).

**Secured Credit** means any secured banking or credit facility or financial accommodation made available by us to you or at your request.

**Secured Indebtedness** has the meaning set out in Clause 4.3.1(a)(ii)(2).

**securities** means such stocks, shares, warrants, bonds, notes, derivative instruments, certificates of deposit, unit trusts, mutual funds and other collective investment schemes, and other interests commonly known as securities which we may accept or handle from time to time pursuant to these Terms and Conditions; and **Your Securities** means securities beneficially owned by you solely or all of you jointly, held or to be held as nominee in our name or our nominee's name.

**Securities Account** means an Account maintained by you with us for the purpose of holding Your Securities.

**Service** means any service which we may provide or procure in relation to a Master Account or a Tier, including credit facility, investment service and account service (including any e-Cheques Services).

**SFC** means Securities and Futures Commission or its successor.

**SFO** means the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

**SID Deposit** means a type of investment offered by us from time to time as a Structured Investment Deposit pursuant to these Terms and Conditions and includes a CPI Deposit.

**SID Deposit Date** in relation to a SID Deposit and a SID Deposit Period, means (subject to these Terms and Conditions) the Business Day which is the first (1st) day of that SID Deposit Period as stated in the relevant Confirmation.

**SID Deposit Period** in relation to a SID Deposit, means the period from (and including) its SID Deposit Date to (but excluding) its SID Maturity Date.

**SID Maturity Date** in relation to a SID Deposit and a SID Deposit Period, means (subject to these Terms and Conditions) (i) the date stated as the SID Maturity Date in the relevant Confirmation or such other date as stated in the relevant Appendix of SID Deposit, or (ii) if that date is not a Business Day, the following date which is a Business Day on which, subject to these Terms and Conditions, the SID Deposit is repayable together with any Return or any Redemption Amount in respect of the SID Deposit is payable.

**SID Terms and Conditions** means the "Structured Investment Deposit Terms and Conditions" specified by us from time to time.

**SIM Card PIN Code** means the SIM Card personal identification number on your mobile telephone.

**Sponsor** in relation to an Index, means the person calculating and announcing that Index.

**Target Rate** has the meaning set out in Clause 6.4.1(c)(v).

**Tax Reclaim Arrangement** means any tax refund, tax concession or preferential tax treatment or similar arrangement, and any tax differences reclaim. This may include (i) any tax credit or refund, or reduced tax rate on interest, dividend, proceeds, gains or other distribution from any investment or transaction contemplated under Section 5, and (ii) any tax differences reclaim as a result of any change of nationality or domicile or tax residency.

**Telephone Instruction** means any Instruction given by telephone.

**Tier** means a tier which we may designate and allocate to you which allows you to enjoy the Features associated with that tier.

**Time Deposit Account** means a time deposit account maintained by you with us.

**Trading Disruption** means (i) in relation to an Equity or, as applicable, a Component Equity on the relevant Exchange or (ii) in relation to a futures or options contract relating to an Equity or, as applicable, a Component Equity on a relevant Related Exchange, any suspension of or limitation on trading of that Exchange or Related Exchange, as the case may be (whether imposed by it or not) and whether by reason of movements in price exceeding the limits permitted by that Exchange or Related Exchange or any other reason.

**Transaction** means any transaction effected by us pursuant to or as a result of an Instruction or in accordance with any provisions of Section 5.

**Transfer Amount** has the meaning set out in Clause 6.4.2(c).

**TT** means telegraphic transfer.

**Underlying Stock** in relation to a SID Deposit, means the share or security as stated in the relevant Appendix of SID Deposit.



**Unit** in relation to a SID Deposit, means (i) the share or other security which is the relevant Equity linked to that SID Deposit or (ii) the equity basket which is the relevant Equity Basket linked to that SID Deposit.

**unit trust** means any unit, share or interest of or in a collective investment scheme commonly known as a unit trust or mutual fund which we are prepared to deal or handle under these Terms and Conditions.

**US Market Data Provider** means the New York Stock Exchange and any other US-registered national securities exchanges and national securities associations which may make available sale information, quotation information or any other market information or data relating to any Product listed or traded in the United States of America to us from time to time.

**US Person** means any one or more of the following (unless, in the case of paragraphs (a) to (c) below, applicable laws, rules and regulations provide that such person is not subject to the federal income taxation of the United States of America on his worldwide income):

- (i) a citizen of the United States of America;
- (ii) a person that is not a citizen or national of the United States of America and who meets either the "green card" test or the "substantial presence" test under the Internal Revenue Code of 1986, as amended, and/or any other applicable laws, rules and regulations for the calendar year;
- (iii) a person electing to be treated as a tax resident of the United States of America; and
- (iv) any other person that is subject to the federal income taxation of the United States of America on his worldwide income regardless of its source.

**Valid Date** means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date for the relevant Valuation Date does not or is not considered to occur.

**Valuation Date** in relation to a SID Deposit, means (subject to the provisions relating to Disrupted Days) (i) each date stated as a Valuation Date in the relevant Appendix of SID Deposit or (ii) if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Valuation Time** in relation to a SID Deposit, means (i) the time on the relevant Valuation Date or Averaging Date (as the case may be) stated as the Valuation Time in the relevant Appendix of SID Deposit or (ii) if no such time is stated, the Scheduled Closing Time of the relevant Exchange relating to the Equity or Component Equity (as the case may be) to be valued on the relevant Valuation Date or Averaging Date (as the case may be). If the regular trading session of the relevant Exchange closes prior to its Scheduled Closing Time and the stated Valuation Time is after the actual closing time, then the Valuation Time will be such actual closing time.

**Wayfoong Statement Gold** means the paper gold which may be purchased or sold under a Wayfoong Statement Gold Account.

**Wayfoong Statement Gold Account** means an Account maintained by you with us and designated for conducting Wayfoong Statement Gold transactions.

**we, us, our** means The Hongkong and Shanghai Banking Corporation Limited of 1 Queen's Road Central, Hong Kong, a registered institution under the SFO with central entity number AAA523, and its successors and assigns.

**you or your** means each person in whose name a Master Account is maintained or to whom a Service is provided and, where the context permits, includes any individual authorised by you to give Instructions relating to the Master Account or Service.

## Appendix II: Investment Risk Disclosures

The following risk disclosure statements explain some principal risks but is not an exhaustive list of all possible risks involved.

### 1. Risk of Securities Trading

The prices of securities fluctuate, sometimes dramatically. The price of a security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities.

### 2. Risk of Trading Futures and Options

The risk of loss in trading futures contracts or options is substantial. In some circumstances, you may sustain losses in excess of your initial margin funds. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily avoid loss. Market conditions may make it impossible to execute such orders. You may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, your position may be liquidated. You will remain liable for any resulting deficit in your account. You should therefore study and understand futures contracts and options before you trade and carefully consider whether such trading is suitable in the light of your own financial position and investment objectives. If you trade options you should inform yourself of exercise and expiration procedures and your rights and obligations upon exercise or expiry.

### 3. Risk of Trading Growth Enterprise Market Stocks

Growth Enterprise Market (GEM) stocks involve a high investment risk. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. GEM stocks may be very volatile and illiquid.

You should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Current information on GEM stocks may only be found on the internet website operated by The Stock Exchange of Hong Kong Limited. GEM Companies are usually not required to issue paid announcements in gazetted newspapers.

You should seek independent professional advice if you are uncertain of or have not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of GEM stocks.

### 4. Risks of Client Assets Received or held outside Hong Kong

Client assets received or held by the licensed or registered person outside Hong Kong are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from the Securities and Futures Ordinance (Cap.571) and the rules made thereunder. Consequently, such client assets may not enjoy the same protection as that conferred on client assets received or held in Hong Kong.

### 5. Risk of Providing an Authority to repledge your Securities Collateral etc.

There is risk if you provide the licensed or registered person with an authority that allows it to apply your securities or securities collateral pursuant to a securities borrowing and lending agreement, repledge your securities collateral for financial accommodation or deposit your securities collateral as collateral for the discharge and satisfaction of its settlement obligations and liabilities.

If your securities or securities collateral are received or held by the licensed or registered person in Hong Kong, the above arrangement is allowed only if you consent in writing. Moreover, unless you are a professional investor, your authority must specify the period for which it is current and be limited to not more than 12 months. If you are a professional investor, these restrictions do not apply.

Additionally, your authority may be deemed to be renewed (i.e. without your written consent) if the licensed or registered person issues you a reminder at least 14 days prior to the expiry of the authority, and you do not object to such deemed renewal before the expiry date of your then existing authority.

You are not required by any law to sign these authorities. But an authority may be required by licensed or registered persons, for example, to facilitate margin lending to you or to allow your securities or securities collateral to be lent to or deposited as collateral with third parties. The licensed or registered person should explain to you the purposes for which one of these authorities is to be used.

If you sign one of these authorities and your securities or securities collateral are lent to or deposited with third parties, those third parties will have a lien or charge on your securities or securities collateral. Although the licensed or registered person is responsible to you for securities or securities collateral lent or deposited under your authority, a default by it could result in the loss of your securities or securities collateral.

A cash account not involving securities borrowing and lending is available from most licensed or registered persons. If you do not require margin facilities or do not wish your securities or securities collateral to be lent or pledged, do not sign the above authorities and ask to open this type of cash account.

### 6. Risk of providing an authority to hold mail or to direct mail to third parties

If you provide the licensed or registered person with an authority to hold mail or to direct mail to third parties, it is important for you to promptly collect in person all contract notes and statements of your account and review them in detail to ensure that any anomalies or mistakes can be detected in a timely fashion.

### 7. Risk of Margin Trading

The risk of loss in financing a transaction by deposit of collateral is significant. You may sustain losses in excess of your cash and any other assets deposited as collateral with the licensed or registered person. Market conditions may make it impossible to execute contingent orders, such as "stop-loss" or "stop-limit" orders. You may be called upon at short notice to make additional margin deposits or interest payments. If the required margin deposits or interest payments are not made within the prescribed time, your collateral may be liquidated without your

consent. Moreover, you will remain liable for any resulting deficit in your account and interest charged on your account. You should therefore carefully consider whether such a financing arrangement is suitable in light of your own financial position and investment objectives.

## **8. Risk of Trading Nasdaq-Amex Securities at The Stock Exchange of Hong Kong Limited**

The securities under the Nasdaq-Amex Pilot Program ("PP") are aimed at sophisticated investors. You should consult the licensed or registered person and become familiarised with the PP before trading in the PP securities. You should be aware that the PP securities are not regulated as a primary or secondary listing on the Main Board or the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

## **9. Additional Risk Disclosure for Futures and Options Trading**

This brief statement does not disclose all of the risks and other significant aspects of trading in futures and options. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in futures and options is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

### **9.1. Futures**

#### **(a) Effect of "Leverage" or "Gearing"**

Transactions in futures carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit: this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with the firm to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss and you will be liable for any resulting deficit.

#### **(b) Risk-reducing orders or strategies**

The placing of certain orders (e.g. "stop-loss" orders, 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. Strategies using combinations of positions, such as "spread" and "straddle" positions may be as risky as taking simple "long" or "short" positions.

### **9.2. Options**

#### **(a) Variable degree of risk**

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarise themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.

The purchaser of options may offset 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, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures above). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily 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 that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavourably.

The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a futures contract, the seller will acquire a position in a futures contract with associated liabilities for margin (see the section on Futures above). If the option is "covered" by the seller holding a corresponding position in the underlying interest or a futures contract or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for 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.

## **10. Additional Risks common to Futures and Options**

### **10.1. Terms and conditions of contracts**

You should ask the firm with which you deal about the terms and conditions of the specific futures or options which you are trading and associated obligations (e.g. the circumstances under which you may become obliged to make or take delivery of the underlying interest of a futures contract and, in respect of options, expiration dates and restrictions on the time for 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.

### **10.2. 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 you have sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the futures, and the underlying interest and the option may not exist. This can occur when, for example, 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 "fair value".

### 10.3. **Deposited cash and property**

You should familiarise yourself with the protections given to money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

### 10.4. **Commission and other charges**

Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

### 10.5. **Transactions in other jurisdictions**

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 which 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. You should ask the firm with which you deal for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

### 10.6. **Currency risks**

The profit or loss in transactions in foreign currency-denominated contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

### 10.7. **Trading facilities**

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. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or participant firms. Such limits may vary: you should ask the firm with which you deal for details in this respect.

### 10.8. **Electronic trading**

Trading on an electronic trading system may differ from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you 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 your order is either not executed according to your instructions or is not executed at all.

### 10.9. **Off-exchange transactions**

In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which you deal may be acting as your counterparty to the transaction. 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. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarise yourself with applicable rules and attendant risks.

### 10.10. **Use of Alternative Liquidity Pools for Securities Listed on Stock Exchanges Outside of Hong Kong**

In respect of orders for securities listed on stock exchanges outside of Hong Kong, we may transmit your orders to affiliated HSBC entities and third party brokers for execution, who may, subject to local regulation, execute such orders on alternative trading venues ("ATVs"), including dark pools. The primary potential benefits for using ATVs is to achieve better pricing and to reduce transaction costs. In general, ATVs and ATV operators are subject to regulations which are not necessarily the same as regulations that are applicable to exchanges and exchange operators. A typical feature of ATVs is that there is no pre-trade transparency. The reference prices on an ATV could be "stale" or out-of-date due to latency from data feeds. Separately, access to ATVs is usually restricted and there could be less supply and/or demand on an ATV (as compared to the supply and/or demand on an exchange) due to the limited number of participants. Our affiliated HSBC entities and third party brokers generally consider the execution price and opportunities for price improvement when deciding the appropriate venue for executing orders. There may also be other factors in their consideration, for example (i) market depth and order size; (ii) the trading characteristics of the security; (iii) speed and accuracy of executions; (iv) the availability of efficient and reliable order handling systems; (v) liquidity and automatic execution guarantees; (vi) service levels; (vii) the cost of executing orders; and (viii) execution certainty. We will continue to monitor and evaluate the execution practices of our affiliated HSBC entities and third party brokers.

## 11. **Risk of Trading Warrants and Callable Bull/Bear Contracts**

11.1. Warrants and Callable Bull/Bear Contracts ("CBBCs") are structured products which involve derivatives.

11.2. You rely on the creditworthiness of the issuer of warrants and/or CBBCs. Warrants and CBBCs are subject to both the actual and perceived measures of the credit worthiness of its issuer. There is no assurance of protection against a default by its issuer in respect of its payment obligations. If the issuer becomes insolvent, you may get nothing back and the potential maximum loss could be 100% of the investment amount and no return may be received.

11.3. You are warned that the prices of warrants and CBBCs may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment.

11.4. CBBCs have a mandatory call feature and may therefore be subject to early termination. Upon early termination (i) investors in category N CBBCs will lose all of their investments in the CBBCs; and (ii) the residual value of category R CBBCs may be zero.

11.5. Before you purchase any warrants or CBBCs, you should ensure the following:

- (a) you fully understand the nature of the warrants or CBBCs to be purchased by you;
- (b) you fully understand the potential risks and rewards involved;
- (c) you carefully study the full details and risk factors set out in the relevant listing documents and consider whether the warrants or CBBCs are suitable for you having regard to your investment objectives, investment experience, financial and operational resources and other relevant circumstances; and
- (d) where necessary, you seek professional advice before you invest in any warrants or CBBCs.

11.6. You should note that we, acting through our appointed liquidity provider, may be the only market participant in HSBC-issued warrants and CBBCs.

## Appendix III: NYSE Agreement For Market Data Display Services

The terms of this Appendix shall apply only where you trade any Product (as defined in Appendix I) traded in the US (as defined in Appendix I) under any of the Investment Services (as defined in Appendix 1).

We agree to make "Market Data" (as defined below) available to you pursuant to the terms and conditions set forth in this Appendix, and you agree to comply with those terms and conditions.

### TERMS AND CONDITIONS OF GENERAL APPLICABILITY

1. **MARKET DATA DEFINITION** – For all purposes of this Appendix, "Market Data" means
  - 1.1. last sale information and quotation information relating to securities that are admitted to dealings on the New York Stock Exchange ("NYSE"),
  - 1.2. such bond and other equity last sale and quotation information, and such index and other market information, as US-registered national securities exchanges and national securities associations (each, an "Authorising SRO") may make available and as the NYSE may from time to time designate as "Market Data"; and
  - 1.3. all information that derives from any such information.
2. **PROPRIETARY NATURE OF DATA** – You understand and acknowledge that each Authorising SRO and Other Data Disseminator (as defined below) has a proprietary interest in the Market Data that originates on or derives from it or its market(s).
3. **ENFORCEMENT** – You understand and acknowledge that
  - 3.1. the Authorising SROs are third-party beneficiaries under this Appendix and
  - 3.2. the Authorising SROs or their authorised representative(s) may enforce this Appendix, by legal proceedings or otherwise, against you or any person that obtains Market Data that is made available pursuant to this Appendix other than as this Appendix contemplates. You shall pay the reasonable attorney's fees that any Authorising SRO incurs in enforcing this Appendix against you.
4. **DATA NOT GUARANTEED** – You understand that no Authorising SRO, no other entity whose information is made available over the Authorising SROs' facilities (an "Other Data Disseminator") and no information processor that assists any Authorising SRO or Other Data Disseminator in making Market Data available (collectively, the "Disseminating Parties") guarantees the timeliness, sequence, accuracy or completeness of Market Data or of other market information or messages disseminated by any Disseminating Party. Neither you nor any other person shall hold any Disseminating Party liable in any way for
  - 4.1. any inaccuracy, error or delay in, or omission of,
    - (a) any such data, information or message or
    - (b) the transmission or delivery of any such data, information or message, or
  - 4.2. any loss or damage arising from or occasioned by
    - (a) any such inaccuracy, error, delay or omission,
    - (b) non-performance or
    - (c) interruption in any such data, information or message,due either to any negligent act or omission by any Disseminating Party, to any "force majeure" (e.g., flood, extraordinary weather conditions, earthquake or other act of God, fire, war, insurrection, riot, labor dispute, accident, action of government, communications or power failure, equipment or software malfunction) or to any other cause beyond the reasonable control of any Disseminating Party.
5. **PERMITTED USE** – You shall not furnish Market Data to any other person or entity and shall use Market Data only for your individual use in your business.
6. **DISSEMINATION DISCONTINUANCE OR MODIFICATION** – You understand and acknowledge that, at any time, the Authorising SROs may discontinue disseminating any category of Market Data, may change or eliminate any transmission method and may change transmission speeds or other signal characteristics. The Authorising SROs shall not be liable for any resulting liability, loss or damages that may arise therefrom.
7. **DURATION; SURVIVAL** – This Appendix remains in effect for so long as you have the ability to receive Market Data as contemplated by this Appendix. In addition, we may terminate this Appendix at any time, whether at the direction of the Authorising SROs or otherwise. Paragraphs 2, 3 and 4, and the first two sentences of Paragraph 8, survive any termination of this Appendix.
8. **MISCELLANEOUS** – The laws of the State of New York shall govern this Appendix and it shall be interpreted in accordance with those laws. This Appendix is subject to the Securities Exchange Act of 1934, the rules promulgated under that act, and the joint-industry plans entered into pursuant to that act. This writing contains the entire agreement between the parties in respect of our supply of Market Data to you. You may not assign all or any part of this Appendix to any other person. The person manifesting assent to this Appendix represents and warrants that it has legal capacity to contract and, if that person is manifesting assent on behalf of a proprietorship or a business, partnership or other organization, represents and warrants that he or she has actual authority to bind the organization.

## Appendix IV: China Connect: Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect Terms and Conditions (these “Terms and Conditions”)

### 1. INTERPRETATION

- 1.1. Terms and expressions used herein (including the Appendix hereto), unless the context requires otherwise, have the meanings set out in the Schedule hereto or otherwise in the Master Terms and Conditions.
- 1.2. In the event of any inconsistency between these Terms and Conditions and the Master Terms and Conditions, the terms of these Terms and Conditions shall prevail.
- 1.3. For the purpose of these Terms and Conditions, “China Connect Market” shall mean SSE, SZSE, and/or a stock market in the PRC acceptable to SEHK and included in the list of China Connect Markets which are eligible for China Connect trading (as the case may be), unless and until the Bank shall otherwise notify the Customer.
- 1.4. The English version shall prevail in the event of any inconsistency between the English and Chinese versions.

### 2. AUTHORITY AND APPLICATION

- 2.1. The Bank is hereby appointed and authorised by the Customer on the terms of these Terms and Conditions, as may be amended from time to time, to perform all or any of the Investment Services in respect of any trading of China Connect Securities through China Connect.
- 2.2. These Terms and Conditions are in addition and supplemental to, and without prejudice to, and form an integral part of, the Master Terms and Conditions. Notwithstanding any provision in the Master Terms and Conditions, these Terms and Conditions shall apply where the Customer informs or indicates to the Bank that the Customer wishes to trade China Connect Securities through China Connect.

### 3. COMPLIANCE WITH TRADING RESTRICTIONS AND MARKET REQUIREMENTS

- 3.1. These Terms and Conditions highlight only certain key features applicable to China Connect as of the date of these Terms and Conditions. The Bank is not liable for any inaccuracies or misstatements in the information set out in Appendix 1 to these Terms and Conditions. Any trading in China Connect Securities will be subject to the China Connect Rules and all Market Requirements, including, without limitation, any applicable requirements and/or restrictions pursuant to China Connect as may be amended from time to time, certain of which are referred to in Appendix 1 to these Terms and Conditions. These Terms and Conditions do not purport to cover all the rules, requirements and features relating to China Connect and all Market Requirements. The Customer shall be fully responsible for understanding and at all times complying with all Market Requirements as amended from time to time and for any consequences, risks, losses or costs of Northbound trading. In addition and without prejudice to the generality of the Master Terms and Conditions, the Customer shall at all times comply with the Market Requirements and all such trading restrictions applicable to China Connect, including, without limitation, the requirements and restrictions (as may be amended from time to time by the relevant China Connect Authorities) set out in Appendix 1 to these Terms and Conditions. The Bank shall not be under any obligation, or assume any responsibility, to advise the Customer on any of the Market Requirements. The Customer is advised to refer to the HKEx website and the SFC website relating to China Connect as updated from time to time and other relevant sources for detailed information.
- 3.2. In addition, the Bank shall have the right to apply any procedures or requirements in respect of any trading in China Connect Securities pursuant to China Connect which the Bank determines in its absolute discretion to be necessary or desirable to comply with Market Requirements. Neither the Bank nor any Related Person shall have any liability for any losses or risks that the Customer may incur or suffer arising out of or resulting from such procedures or requirements.
- 3.3. In addition and without prejudice to any of the Bank’s rights under the Master Terms and Conditions, the Bank may, in its absolute discretion and without further notice or demand, refuse to execute any Instruction given by the Customer, if (for example, and without limitation):
  - 3.3.1. such Instruction is not compliant with any Market Requirements or if the Bank reasonably believes that such Instruction may not be compliant with any Market Requirements or if the Bank is required by SEHK not to accept such Instruction;
  - 3.3.2. in respect of any Instruction to make a Northbound sell order, the Bank determines in its absolute discretion that the Customer does not have sufficient securities at the time of such Instruction to settle the delivery obligation; or
  - 3.3.3. in respect of any Instruction to make a Northbound buy order, the Bank determines in its absolute discretion that the Customer does not have sufficient funds to settle the payment obligation in respect of such order on the settlement day.

Without prejudice to the foregoing, the Bank may in its absolute discretion refuse to receive and/or accept for deposit from the Customer or his custodian any China Connect Securities without giving any reason.

The Customer acknowledges and accepts that any Northbound order placed by the Customer may also be rejected by any China Connect Authority if such order is not compliant with any Market Requirements or if the relevant China Connect Authority believes that such order may not be compliant with any Market Requirements. Neither the Bank nor any Related Person shall have any liability for any losses or risks incurred or suffered, directly or indirectly, by the Customer arising out of or resulting from such refusal by the Bank or rejection by any China Connect Authority.

- 3.4. In the event that SEHK, the relevant SEHK Subsidiary(ies) or HKSCC is(are) notified by SSE, SZSE, CSDCC or any other relevant exchange, clearing house or governmental or regulatory body that there is reasonable cause to believe that the Customer has failed to comply with or has breached any Market Requirements, the Customer shall, upon the request of the Bank, provide such information (including translations into Chinese if requested by the Bank) as the Bank may reasonably request to enable it to assist the relevant exchange, clearing house or governmental or regulatory body (including, without limitation, SSE, SZSE, CSDCC or any PRC governmental or regulatory authority or agency) to assess whether there is any non-compliance or breach of Market Requirements and/or the extent of any non-compliance or breach, and, by providing such information, the Customer is deemed to waive the benefit of any bank or other secrecy laws and data protection laws which may be applicable.

#### **4. RISK DISCLOSURES AND ACKNOWLEDGEMENT**

By instructing the Bank in respect of any transaction relating to China Connect Securities, the Customer acknowledges, represents, warrants and confirms:

- 4.1. that (a) he has read, fully understood and accepted the risk disclosures and other information applicable to China Connect set out in Appendix 1 to these Terms and Conditions; (b) the Customer understands and agrees that there is a risk of prohibition from trading China Connect Securities; (c) the Customer's Instructions to trade China Connect Securities may not be accepted; and (d) the Customer understands and agrees to accept his obligations when trading China Connect Securities through China Connect including any consequences of a breach of Market Requirements;
- 4.2. that neither the Bank nor any Related Person shall be liable for any loss, liability, or third party claim or demand that he may suffer or incur directly or indirectly as a result of any action or inaction by the Bank or any Related Person in connection with the provision of trading services in respect of China Connect Securities to the Customer by the Bank including, without limitation, the materialisation of any of the risks described in Appendix 1 to these Terms and Conditions;
- 4.3. that SEHK has the power not to extend the China Connect Service to him and the power to require the Bank not to accept Instructions from him, if it is found that he, the Bank or any of the Bank's clients has or may have committed any abnormal trading conduct referred to in the SSE Rules and/ or the SZSE Rules (as the case may be) or failed to comply with any China Connect Rules;
- 4.4. that the Bank and/or any Related Person may provide to a China Connect Authority relevant information and materials relating to the Customer, including, without limitation, in relation to the Customer's identity, personal data and trading activities for the purposes of assisting any investigation or surveillance by a China Connect Authority;
- 4.5. that if the SSE Rules and/or the SZSE Rules are breached, or the disclosure and other obligations referred to in any Market Requirements are breached, (a) the relevant China Connect Market(s) has(have) the power to carry out investigations, and may, through SEHK (or the relevant SEHK Subsidiary or any other governmental or regulatory body), require the Bank and/or any Related Person to (i) provide relevant information and materials relating to him (including, without limitation, in relation to his identity, personal data and trading activity) and any other information requested by any China Connect Authority; and (ii) assist in a China Connect Authority's investigation in relation to him and/or his trading activity, and (b) he may be subject to regulatory investigations and the relevant legal and regulatory consequences if he is in breach of, or fails to comply with, such laws, rules and regulations;
- 4.6. that SEHK may (for the purpose of assisting the relevant China Connect Market in its regulatory surveillance of the China Connect Market and enforcement of the relevant China Connect Rules and as part of the regulatory cooperation arrangement between SEHK, the relevant SEHK Subsidiary and the relevant China Connect Market), at the request of the relevant China Connect Market, require the Bank to provide information (including, without limitation, in relation to his identity, personal data and trading activity) in relation to him and any other persons referred to in the SEHK China Connect Rules with respect to any China Connect orders placed or China Connect transactions made or entered into by the Bank on their behalf;
- 4.7. that where a China Connect Authority considers that there is a serious breach of the SSE Rules and/or the SZSE Rules, the Bank may be required by a China Connect Authority to (a) issue warning statements (verbally or in writing) to him; and (b) cease providing him with any service relating to trading China Connect Securities through China Connect;
- 4.8. that, prior to the Bank informing him that a Northbound buy order instructed by him has been settled, he shall not instruct a Northbound sell order in respect of the China Connect Securities which are the subject of such Northbound buy order;
- 4.9. that he consents to the Bank and/or any Related Person providing his Customer Information (as defined in Clause 10) and information relating to his profile and the types and values of Northbound buy and sell orders and transactions made and executed on his behalf to any China Connect Authority at such intervals and in such forms as such China Connect Authority may specify or require from time to time (including for the purpose of compliance with requirements arising under any China Connect Rules in relation to Northbound trading);
- 4.10. that he accepts responsibility for paying all fees, charges, levies and taxes and shall comply with any filing or registration obligations as may be required by any China Connect Authority or any Market Requirements relating to any China Connect Securities;
- 4.11. that the Bank will be required under the China Connect Rules to keep, for a period of not less than 20 years, records (including telephone records) of (a) all orders and trades executed on his behalf; (b) any Instructions received from him ; and (c) his account information in relation to Northbound trading;
- 4.12. that SEHK may upon the request of the relevant China Connect Market require the Bank to reject any order made on his behalf; and
- 4.13. that none of the China Connect Authorities or their respective directors, employees and agents shall be responsible or held liable for any loss or damage directly or indirectly suffered by the Bank or any Related Person, the Customer or any other third party arising from or in connection with (a) the trading of China Connect Securities or the operation of the CSC in respect of China Connect Securities; (b) any amendment, making or enforcement of the China Connect Rules; or (c) any action taken by a China Connect Authority in the discharge of its supervisory or regulatory obligations or functions (including any action taken in respect of abnormal trading activities).

#### **5. REPRESENTATIONS**

- 5.1. The Customer makes the following representations to the Bank on a continuing basis:
  - 5.1.1. that he is aware of and shall comply with all Market Requirements to which he may be subject;
  - 5.1.2. that the execution of any Instruction he gives to the Bank shall not result in any breach of any Market Requirements;
  - 5.1.3. that he understands and has assessed the risks relating to China Connect and he is willing to undertake the risks relating to China Connect;



- 5.1.4. that he is not a PRC Citizen resident or domiciled in the PRC and his authorised agents with authority to give Northbound trading Instructions with respect to China Connect Securities are not PRC Citizens resident or domiciled in the PRC;
- 5.1.5. that (a) his opening of any account with the Bank (or other member of the HSBC Group) is not prohibited by or restricted under any applicable PRC law or regulation; (b) all governmental and other consents (including, without limitation, any approval by SAFE) that are required to have been obtained and are in full force and effect; and (c) all conditions of any such consents have been complied with;
- 5.1.6. that any funds used by the Customer for the purpose of trading in China Connect Securities is permitted under PRC laws and regulations to be placed in an offshore account;
- 5.1.7. that any personal data provided to the Bank is not a state secret as defined under PRC law and the Customer will indemnify the Bank and hold the Bank harmless from any illegal disclosure of state secrets; and
- 5.1.8. that he will trade ChiNext Shares only when he is , and, in the case where he is an intermediary (including, but not limited to, a fund manager, asset manager, broker or order placer) trading for or on behalf of an underlying client or clients, each such underlying client is, an Eligible Investor.

In the event that the Customer becomes or has any reason to believe he is or may become in breach of any of the representations above, the Customer will notify the Bank immediately.

- 5.2. The Customer makes the following representations to the Bank on each date the Customer instructs an order to sell China Connect Securities:
  - 5.2.1. that the Customer does not know of any fact that might impair the validity of such China Connect Securities and that the Customer has full authority to receive, deal with and give Instructions, authorisations or declarations in respect of the same;
  - 5.2.2. that there is no adverse claim to such China Connect Securities;
  - 5.2.3. that there is no restriction on the transfer of such China Connect Securities other than those expressly provided for under the SEHK China Connect Rules or CCASS China Connect Rules; and
  - 5.2.4. that, where the order is for a sale of one or more odd lots in respect of a China Connect Security, such order relates to all, and not some only, of the odd lots held by the Customer in respect of that China Connect Security.

## 6. SETTLEMENT, RENMINBI PAYMENTS AND CURRENCY CONVERSION

- 6.1. As all Northbound trading is effected and settled in Renminbi, if the Bank does not receive sufficient funds in Renminbi before settlement of a Northbound buy order to settle such purchase of China Connect Securities, settlement may be delayed and/or fail and the Customer may not acquire title to, or become entitled to sell or transfer, the relevant China Connect Securities.
- 6.2. Where the Bank holds any funds on the Customer's behalf, if the Customer instructs (a) Northbound buy orders only or (b) both Northbound buy orders and other buy orders (in respect of Securities other than China Connect Securities) and if the Customer does not have sufficient Renminbi funds in his account to settle all such orders and all payment obligations in relation thereto, the Bank may reject all such orders or process only one or some of such orders with the available Renminbi funds in the Customer's account and the Bank may in its absolute discretion decide which of the buy orders to process without regard to the sequence in which the orders were placed by the Customer.
- 6.3. If the Bank receives any funds arising from any China Connect Securities which the Bank holds for the Customer and the Bank does not hold any cash account for the Customer in the same currency as the funds received, the Customer authorises the Bank to convert such funds into the currency of, and credit such funds to, any cash account that the Bank holds for the Customer as determined by the Bank in its absolute discretion.
- 6.4. Notwithstanding any provisions in the Master Terms and Conditions, where it is necessary to convert one currency to another pursuant to these Terms and Conditions, such conversion may be carried out by the Bank in a commercially reasonable manner without prior instruction from or notice to the Customer at the prevailing market rate of exchange between the two currencies.
- 6.5. Unless and until the Customer has settled all payment obligations in connection with any and all Northbound buy orders, the Bank will not release to the Customer's account any China Connect Securities acquired by virtue of buy orders.
- 6.6. Notwithstanding any provisions in the Master Terms and Conditions, where the Bank determines that there is insufficient liquidity in Renminbi to settle any buy order, the Bank may, in its sole and absolute discretion, reject the Customer's instruction to place such buy order.
- 6.7. Any loss, risk or cost which may result to the Customer directly or indirectly from any actions taken by the Bank pursuant to this Clause shall be borne by the Customer.

## 7. SALE, TRANSFER AND DISGORGEMENT

- 7.1. Where, under the terms of the China Connect Rules, the Bank receives notice from a China Connect Authority requiring the Bank to sell and liquidate a specified number of China Connect Securities owned by the Customer (a "**Forced-sale Notice**"), the Customer hereby authorises the Bank to sell or arrange for the sale of such China Connect Securities on behalf of the Customer on such terms and at such price (including any associated fees and expenses, and without any obligation to ensure the best price) and at such time as the Bank may determine in its absolute discretion within the period specified by the relevant China Connect Authority.
- 7.2. Where China Connect Securities owned by the Customer that are the subject of a Forced- sale Notice have been transferred from the holding of the Clearing Participant that settled the relevant Northbound buy order (the "**Original CP**") to another Clearing Participant or custodian (the "**Recipient Agent**"), the Customer hereby authorises the Bank to instruct the Recipient Agent on behalf of the Customer to return the relevant China Connect Securities to the Original CP for sale and liquidation in accordance with Market Requirements. The Customer also undertakes to inform the Recipient Agent of such authorisation and, where required, to instruct the Recipient Agent to act accordingly.

- 7.3. The Customer hereby authorises the Bank to sell or arrange for the sale of any amount of China Connect Securities owned by the Customer if the Bank receives notice from any China Connect Authority requiring the Customer to disgorge any profits as a result of the "short swing profit rule", described in paragraph 6 (Short Swing Profit Rule) of Appendix 1 to these Terms and Conditions.
- 7.4. In addition to the above, the Customer hereby authorises the Bank to sell, transfer or carry out any other action in relation to China Connect Securities owned by the Customer if the Bank is instructed to do so by any China Connect Authority or if the Bank otherwise determines in its absolute discretion that it is necessary or desirable to do so in order to comply with any Market Requirements (including, but not limited to, complying with eligibility requirements in respect of any ChiNext Shares).
- 7.5. Neither the Bank nor any Related Person shall have any liability for any losses or risks which may result directly or indirectly from any actions taken by the Bank or any Related Person pursuant to this Clause.

## 8. INDEMNITY

- 8.1. In addition and without prejudice to any of the Bank's rights under the Master Terms and Conditions, the Customer will indemnify the Bank and each Related Person on a full indemnity basis against any claims, demands, actions, proceedings, damages, costs, expenses, losses and all other liabilities whatsoever arising directly or indirectly from the Bank providing any services to the Customer in respect of the Customer's trading or investment in China Connect Securities, including without limitation (a) any Taxes arising out of or resulting from any trading or holding of or otherwise dealing in China Connect Securities pursuant to China Connect; (b) the materialisation of any risk referred to in Appendix 1 to these Terms and Conditions; (c) any legal costs which the Bank may incur in connection with any Instruction given by the Customer; or (d) any costs incurred in connection with Clause 7 (Sale, Transfer and Disgorgement) above.
- 8.2. In addition and without prejudice to any other right or remedy which the Bank may have, the Bank shall be entitled in its absolute discretion, without further notice or demand, forthwith to satisfy any claims, demands, actions, proceedings, damages, costs, expenses, losses and all other liabilities whatsoever referred to in Clause 8.1 above, and any obligation of the Bank or any Related Person or the Customer to pay or account for any amounts in respect of any Taxes, by selling, realising or otherwise dealing with, in such manner as the Bank in its absolute discretion may determine, all or part of any property held by the Bank or any Related Person for any purpose in any of the Customer's accounts with the Bank or any Related Person, and to apply the proceeds in reduction of all or part of the Customer's liability to any tax authority or the Bank or any Related Person.
- 8.3. Neither the Bank nor any Related Person shall have any liability for any losses or risks which may result directly or indirectly from any actions taken by the Bank or any Related Person in connection with the foregoing.
- 8.4. The Customer shall be fully and solely responsible for paying all fees, charges, levies and taxes, and the Customer shall be required to comply with any filing or registration obligations, in each case as may be required by any China Connect Authority or any applicable Market Requirements, relating to any trading or investment or holding by the Customer of or in China Connect Securities.

## 9. LIABILITY

Notwithstanding any other provision in these Terms and Conditions, neither the Bank nor any Related Person shall be responsible for or have any liability to the Customer for any damage, liability or loss (including loss of profit) unless such damage, liability or loss is a direct result of the Bank's fraud, wilful default or gross negligence.

## 10. COLLECTION AND DISCLOSURE OF CUSTOMER INFORMATION

### 10.1. Definitions

Terms used in this Clause 10 shall have the meanings set out below.

**"Authorities"** includes any local or foreign judicial, administrative, public or regulatory body, any government, any Tax Authority, securities or futures exchange, court, central bank or law enforcement body, self-regulatory or industry body or association of financial service providers or any of their agents with jurisdiction over any part of the HSBC Group or to which it may be subject.

**"Compliance Obligations"** means obligations of the HSBC Group to comply with (a) any Laws or international guidance or internal policies or procedures, (b) any demand from Authorities or reporting, disclosure or other obligations under Laws, and (c) Laws requiring the HSBC Group to verify the identity of its customers.

**"Connected Person"** means a person or entity (other than the Customer) whose information (including Personal Data or Tax Information) is provided by the Customer, or on the Customer's behalf, to any member of the HSBC Group or which is otherwise received by any member of the HSBC Group in connection with the provision of the Services. A Connected Person may include any guarantor, a director or officer of a company, any partner or member of a partnership, any "substantial owner", "controlling person", or beneficial owner, trustee, settlor or protector of a trust, account holder of a designated account, payee of a designated payment, a representative, agent or nominee, or any other person or entity with whom the Customer has a relationship that is relevant to his relationship with the HSBC Group.

**"controlling persons"** means individuals who exercise control over an entity. For a trust, these are the settlor, the trustee(s), the protector, the beneficiaries or a class of beneficiaries, and anybody else who exercises ultimate effective control over the trust, and for entities other than a trust, these are persons in equivalent or similar positions of control.

**"Customer Information"** means all or any of the following items relating to the Customer or a Connected Person, where applicable: (a) Personal Data, (b) information about the Customer, the Customer's accounts, transactions, use of the Bank's products and services and the Customer's relationship with the HSBC Group and (c) Tax Information.

**"Financial Crime"** means money laundering, terrorist financing, bribery, corruption, tax evasion, fraud, evasion of economic or trade sanctions, or any acts or attempts to circumvent or violate any Laws relating to these matters.

**"Financial Crime Risk Management Activity"** means any action to meet Compliance Obligations relating to or in connection with the detection, investigation and prevention of Financial Crime that the Bank or members of the HSBC Group may take.

“**Laws**” include any local or foreign law, regulation, judgment or court order, voluntary code, sanctions regime, agreement between any member of the HSBC Group and an Authority, or agreement or treaty between Authorities and applicable to the Bank or a member of the HSBC Group.

“**Personal Data**” means any information relating to an individual from which such individual can be identified.

“**Services**” includes (a) the opening, maintaining and closing of the Customer’s accounts, (b) the provision of credit facilities and other banking products and services, processing applications, and credit and eligibility assessment, and (c) maintaining the

Bank’s overall relationship with the Customer, including marketing services or products to the Customer, market research, insurance, audit and administration.

“**substantial owner**” means any individual entitled to more than 10% of the profits of or with an interest of more than 10% in an entity, directly or indirectly.

“**Tax Authorities**” means Hong Kong or foreign tax, revenue or monetary authorities.

“**Tax Information**” means documentation or information about the tax status of the Customer or a Connected Person.

The singular includes the plural (and vice versa).

## 10.2. Collection, Use and Sharing of Customer Information

This Clause 10.2 explains how the Bank will use information about the Customer and Connected Persons. The Notice relating to the Personal Data (Privacy) Ordinance (formerly known as Notice to Customers relating to the Personal Data (Privacy) Ordinance) (the “**Notice**”) that applies to the Customer and other individuals also contains important information about how the Bank and the HSBC Group will use such information and the Customer should read this Clause in conjunction with the Notice. The Bank and members of the HSBC Group may use Customer Information in accordance with this Clause 10.2 and the Notice.

### 10.2.1. Disclosure

Customer Information will not be disclosed to anyone (including other members of the HSBC Group), other than where

- (a) the Bank is legally required to disclose;
- (b) the Bank has a public duty to disclose;
- (c) the Bank’s legitimate business purposes require disclosure;
- (d) the disclosure is made with the data subject’s consent; or
- (e) it is disclosed as set out in this Clause 10.2 or the Notice.

### 10.2.2. Collection

The Bank and other members of the HSBC Group may collect, use and share Customer Information. Customer Information may be requested by the Bank or on behalf of the Bank or the HSBC Group, and may be collected from the Customer directly, from a person acting on behalf of the Customer, from other sources (including from publicly available information), and it may be generated or combined with other information available to the Bank or any other member of the HSBC Group.

### 10.2.3. Use

The Bank and members of the HSBC Group may use, transfer and disclose Customer Information (a) in connection with the purposes set out in this Clause 10.2, (b) as set out in the Notice (applicable to Personal Data) and (c) in connection with matching against any data held by the Bank or the HSBC Group for whatever purpose (whether or not with a view to taking any adverse action against the Customer) ((a) to (c) are collectively referred to as the “**Purposes**”).

### 10.2.4. Sharing

The Bank may (as necessary and appropriate for the Purposes) transfer and disclose any Customer Information to the recipients set out in the Notice (who may also use, transfer and disclose such information for the Purposes).

### 10.2.5. The Customer’s Obligations

- (a) The Customer agrees to inform the Bank promptly, and in any event within 30 days, in writing if there is any change to Customer Information supplied to the Bank or a member of the HSBC Group from time to time, and to respond promptly to any request for Customer Information from the Bank or a member of the HSBC Group.
- (b) The Customer confirms that every Connected Person whose information (including Personal Data or Tax Information) has been (or will be) provided to the Bank or a member of the HSBC Group has (or will at the relevant time have) been notified of and agreed to the processing, disclosure and transfer of such information as set out in this Clause 10.2 and the Notice (as may be amended or supplemented by the Bank from time to time). The Customer shall advise any such Connected Persons that they have rights of access to, and correction of, their Personal Data.
- (c) The Customer consents and shall take such steps as are required from time to time for the purposes of any applicable data protection law or secrecy law to permit the Bank to use, store, disclose, process and transfer all Customer Information in the manner described in this Clause 10.2. The Customer agrees to inform the Bank promptly in writing if he is not able or has failed to comply with the obligations set out in paragraphs (b) and (c) in any respect.
- (d) Where:
  - (i) the Customer or any Connected Person fails to provide promptly Customer Information reasonably requested by the Bank, or
  - (ii) the Customer or any Connected Person withholds or withdraws any consents that the Bank may need to process, transfer or disclose Customer Information for the Purposes (except for purposes connected with marketing or promoting products and services to the Customer), or

(iii) the Bank has, or a member of the HSBC Group has, suspicions regarding Financial Crime or an associated risk, the Bank may:

- (A) be unable to provide new, or continue to provide all or part of the, Services to the Customer, and reserves the right to terminate its relationship with the Customer;
- (B) take actions necessary for the Bank or a member of the HSBC Group to meet the Compliance Obligations; and
- (C) block, transfer or close the Customer's account(s) where permitted under local Laws.

In addition, if the Customer fails to supply promptly his, or a Connected Person's, Tax Information and accompanying statements, waivers and consents, as may be requested, then the Bank may make its own judgement with respect to the status of the Customer or the Connected Person, including whether the Customer or a Connected Person is reportable to a Tax Authority, and may withhold or require other persons to withhold amounts as may be legally required by any Tax Authority and to pay such amounts to the appropriate Tax Authority.

#### 10.3. Financial Crime Risk Management Activity

- 10.3.1. Financial Crime Risk Management Activity may include: (a) screening, intercepting and investigating any instruction, communication, drawdown request, application for Services, or any payment sent to or by the Customer, or on the Customer's behalf; (b) investigating the source of or intended recipient of funds; (c) combining Customer Information with other related information in the possession of the HSBC Group; and (d) making further enquiries as to the status of a person or entity, whether they are subject to a sanctions regime, or confirming the identity and status of the Customer or a Connected Person.
- 10.3.2. The Bank's and the HSBC Group's Financial Crime Risk Management Activity may lead to the delay, blocking or refusing the making or clearing of any payment, the processing of the Customer's instructions or application for Services or the provision of all or part of the Services. To the extent permissible by law, neither the Bank nor any member of the HSBC Group shall be liable to the Customer or any third party in respect of any loss (howsoever it arose) that may be suffered or incurred by the Customer or a third party, caused in whole or in part in connection with the undertaking of Financial Crime Risk Management Activity.

#### 10.4. Tax Compliance

The Customer acknowledges that he is solely responsible for understanding and complying with his tax obligations (including tax payment or filing of returns or other required documentation relating to the payment of all relevant taxes) in all jurisdictions in which those obligations arise and relating to the opening and use of account(s) or Services provided by the Bank or members of the HSBC Group. Each Connected Person acting in his/its capacity as a Connected Person shall be regarded as making the same acknowledgement in his/its own regard. Certain countries may have tax legislation with extra-territorial effect regardless of the Customer's or a Connected Person's place of domicile, residence, citizenship or incorporation. Neither the Bank nor any member of the HSBC Group provides tax advice. The Customer is advised to seek independent legal and tax advice. Neither the Bank nor any member of the HSBC Group has responsibility in respect of the Customer's tax obligations in any jurisdiction which may arise including any that may relate specifically to the opening and use of account(s) and Services provided by the Bank or members of the HSBC Group.

#### 10.5. Miscellaneous

- 10.5.1. In the event of any conflict or inconsistency between any of the provisions of this Clause 10 and those in or governing any other service, product, business relationship, account or agreement between the Customer and the Bank, this Clause 10 shall prevail.
- 10.5.2. If all or any part of any provision of this Clause 10 becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair the legality, validity or enforceability of such provision in any other jurisdiction or the remainder of this Clause 10 in that jurisdiction.

#### 10.6. Survival Upon Termination

This Clause 10 shall continue to apply notwithstanding any termination by the Customer or the Bank or a member of the HSBC Group of the provision of any Services to the Customer, or the closure of any of the Customer's accounts.

### 11. TAXATION

- 11.1. It is the Customer's sole responsibility to handle and/or fulfill any local, overseas or worldwide tax issues, liabilities and/or obligations under all Market Requirements (including, without limitation, tax reporting, filing relevant tax return(s), paying any applicable tax and dealing with any application for Tax Reclaim Arrangement) arising from or in connection with trading, holding, disposing of or otherwise dealing with Securities or investment via the Bank. The Customer must seek independent professional advice from his own tax advisors to determine his tax position, liabilities and obligations in relation to the relevant Securities or investments. The Bank assumes no responsibility for advising on or handling such tax issues, liabilities and/or obligations nor will the Bank provide any service or assistance in this regard.
- 11.2. In particular, the Customer agrees and accepts that, unless otherwise specified by the Bank, in no circumstances will the Bank or any of its nominees, custodians and/or agents be under any obligation or responsibility to apply for, or assist in the application for, any Tax Reclaim Arrangement that may be available to the Customer. The Customer agrees and accepts that neither the Bank nor its nominees, custodians and/or agents shall be held liable for the loss of Tax Reclaim Arrangement or any other losses, damages, costs and/or expenses incurred or suffered by the Customer in this regard.
- 11.3. Notwithstanding the above but without prejudice to the full force of the foregoing provisions, if the Bank so requests at its absolute discretion, the Customer shall complete, provide information, sign and file any tax forms, certificates or documents which the Bank or any of its nominees, custodians and/or agents is required by any tax authority of any applicable jurisdiction to submit in respect of the Customer in connection with any investment or transaction made on behalf of the Customer pursuant to the Master Terms and Conditions. The Customer agrees to cooperate with the Bank, its nominees, custodians and/or agents and provide the necessary information and assistance to them or any of them for such purposes.

- 11.4. Without prejudice to the foregoing, the Bank shall be entitled in its absolute discretion, without further notice or demand, forthwith to satisfy any actual or potential obligation of the Bank arising from or in connection with any trading, investment, holding, disposing of or otherwise dealing in any China Connect Securities by the Customer to: (a) require the Customer promptly to provide to the Bank the relevant details and information in respect of all of his transactions in China Connect Securities as and when required by the Bank; and (b) provide all required information related to the Customer and/or his transactions in China Connect Securities to any China Connect Authority as and when required by the Bank, and the Customer agrees and fully consents to the Bank providing the same.
- 11.5. Without prejudice to any of the rights of the Bank, the Bank shall be entitled in its absolute discretion, without further notice or demand, forthwith to satisfy any obligation or potential obligation of the Bank or any Related Person or the Customer to pay or account for any amounts in respect of any Taxes by selling, realising or otherwise dealing with (including but not limited to withholding or deducting any amount towards Taxes), in such manner as the Bank in its absolute discretion may determine, all or part of any property held by the Bank or any Related Person for any purpose in any of the Customer's accounts with the Bank or any Related Person, and to apply the proceeds in reduction of all or part of the Customer's liability to any tax authority or the Bank or any Related Person.

## **12. FURTHER INFORMATION AND SURVIVAL OF OBLIGATIONS**

- 12.1. The Customer will execute any further documents and provide any materials and/or information as may be reasonably requested by the Bank to enable it to perform its duties and obligations under these Terms and Conditions which may become necessary as and when the China Connect Rules are amended from time to time.
- 12.2. The Customer will provide all information (including translations into Chinese, if required) to the Bank which the Bank requests if such information is requested by any China Connect Authority or any exchange or regulatory authority or any organisation (whether within or outside Hong Kong) with which HKEx or the SEHK has entered into an information-sharing arrangement or agreement. Amongst other things, the Customer's failure to comply with this Clause 12.2 may result in a suspension of China Connect Services to the Customer.
- 12.3. The Bank reserves the right to vary any of the terms of these Terms and Conditions in accordance with the Master Terms and Conditions.
- 12.4. Clauses 3 (Compliance with Trading Restrictions and Market Requirements), 4 (Risk Disclosures and Acknowledgement), 7 (Sale, Transfer and Disgorgement), 8 (Indemnity), 10 (Collection and Disclosure of Customer Information), 11 (Taxation) and 12.2 of these Terms and Conditions and paragraphs 13 (Taxation) and 22 (Disclosure of Information and Publication of Trade Information) in Appendix 1 hereto (and such other provisions of these Terms and Conditions or of Appendix 1 hereto as the context requires) shall survive termination of these Terms and Conditions and the Master Terms and Conditions but otherwise these Terms and Conditions shall automatically terminate upon termination of the Master Terms and Conditions.

## **13. MARKET DATA INFORMATION**

Where the Customer receives any Market Data Information from the Bank and/or any Related Person, the Customer agrees as follows:

- 13.1. he shall use the Market Data Information only as an end-user and shall not disseminate the Market Data Information to any person or grant any person any access to the Market Data Information, whether free of charge or otherwise;
- 13.2. he shall not use or permit the use of the Market Data Information for any illegal purpose;
- 13.3. he shall not use the Market Data Information for index computation and compilation or as the basis for any tradable derivative product;
- 13.4. subject to Clause 13.3, he shall use the Market Data Information only for his own purposes, in the ordinary course of his own business (which shall not include the dissemination of Market Data Information to any persons or third parties, whether on a for-profit basis or otherwise), or for the purpose of enabling his software system suppliers to develop, connect or apply relevant software solutions to facilitate his use of the Market Data Information;
- 13.5. he acknowledges that the China Connect Markets endeavour to ensure the accuracy and reliability of the information provided but does not guarantee its accuracy or reliability and accepts no liability (whether in tort or contract or otherwise) for any loss or damage arising from any inaccuracies or omissions;
- 13.6. he acknowledges that the SEHK, its holding company and/or any subsidiaries of such holding company endeavour to ensure the accuracy and reliability of the information provided but do not guarantee its accuracy or reliability and accept no liability (whether in tort or contract or otherwise) for any loss or damage arising from any inaccuracies or omissions; and
- 13.7. the Bank and/or any Related Person, by disseminating or making available any Market Data Information received from the SEHK to the Customer, does not warrant or represent the accuracy or reliability of any Market Data Information or accept any responsibility (whether in tort or contract or otherwise) with respect to any loss or damage caused to the Customer or any third parties arising from any inaccuracy or omission in or of the Market Data Information.

## Schedule: Definitions

“**A Shares**” means any securities issued by companies incorporated in the PRC which are listed and traded on any PRC A Share market (i.e. the Shanghai Stock Exchange or the Shenzhen Stock Exchange) and not on SEHK.

“**Cash**” means all cash or cash equivalents in Renminbi received and held by the Bank on the terms of these Terms and Conditions.

“**CCASS**” means the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on SEHK and/or any system established for the purpose of China Connect.

“**CCASS China Connect Rules**” means the general rules of CCASS, as amended for the purposes of implementing China Connect, and as amended, supplemented, modified and/or varied from time to time.

“**China Connect**” means the Shanghai Hong Kong Stock Connect, the Shenzhen Hong Kong Stock Connect and/or any other securities trading and clearing links programme developed or to be developed by SEHK, the relevant China Connect Market(s), HKSCC and CSDCC for the establishment of mutual market access between SEHK and the relevant China Connect Market(s) (as the case may be).

“**China Connect Authorities**” means the exchanges, clearing systems and regulators which provide services in relation to and/or regulate China Connect and activities relating to China Connect, including without limitation SEHK, HKSCC, the relevant SEHK Subsidiary(ies), the relevant China Connect Market(s), CSDCC, CSRC, PBOC, SAFE, SAT, SFC, HKMA and any other regulator, exchange, clearing system, agency or authority with jurisdiction, authority or responsibility in respect of China Connect (including, without limitation, any tax or other authority that may impose or levy any form of tax, duty, fine, penalty or interest on or in respect of any China Connect Securities under any applicable law or regulation); and “**China Connect Authority**” means any one of them.

“**China Connect Market**” means SSE, SZSE, and/or a stock market in the PRC acceptable to SEHK and included in the list of China Connect Markets which are eligible for China Connect trading (as the case may be).

“**China Connect Market System**” means the system used for the trading of (a) SSE Securities on SSE, as operated by SSE, (b) SZSE Securities on SZSE as operated by SZSE (as the case may be) and/or (c) China Connect Securities on the relevant China Connect Market, as operated by the relevant exchange that operates such China Connect Market and has entered into trading links with SEHK.

“**China Connect Rules**” means any laws, rules, regulations, policies or guidelines published or applied by any China Connect Authority from time to time in respect of China Connect or any activities arising from China Connect.

“**China Connect Securities**” means any SSE Securities, SZSE Securities and/or securities listed on the relevant China Connect Market which may be eligible for trading on China Connect.

“**China Connect Service**” means the order-routing service through which Northbound orders placed by an Exchange Participant may be transmitted by an SEHK Subsidiary to the corresponding China Connect Market for the buying and selling of China Connect Securities and any related supporting services.

“**ChiNext Shares**” means any securities listed on the ChiNext Board of the SZSE which may be traded by Hong Kong and international investors under China Connect.

“**Clearing Participant**” has the meaning given to such term in the rules of CCASS.

“**Client Identity Rules**” means the SFC’s client identity rules in the Code of Conduct and Client Identity Rule Policy.

“**Client Securities Rules**” means the Securities and Futures (Client Securities) Rules (Cap 571H of the Laws of Hong Kong).

“**Code of Conduct**” means the SFC’s Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.

“**CSC**” means the China Stock Connect System for receiving and routing China Connect orders to a China Connect Market System for automatic matching and execution.

“**CSDCC**” means China Securities Depository and Clearing Corporation.

“**CSDCC China Connect Rules**” means the rules of CSDCC, including without limitation, the rules published by CSDCC for the purposes of implementing China Connect, as amended, supplemented, modified and/or varied from time to time.

“**CSRC**” means China Securities Regulatory Commission.

“**Eligible Investor**” means a “professional investor” within the meaning of paragraph (a), (b), (c), (d), (e), (f), (g), (h) or (i) of the definition of “professional investor” in section 1 of Part 1 of Schedule 1 to the SFO or other types of investors that are permitted or approved by the China Connect Authorities to trade ChiNext Shares through Shenzhen Hong Kong Stock Connect.

“**Exchange Participant**” means (a) the Bank which is a person registered as a China Connect Exchange Participant (as defined in the SEHK China Connect Rules) by SEHK; or (b) where the context requires, any China Connect Exchange Participant (as defined in the SEHK China Connect Rules).

“**Forced-sale Notice**” has the meaning given to such term in Clause 7.1.

“**H Shares**” means any securities issued by companies incorporated in the PRC and listed on the SEHK.

“**HKEx**” means the Hong Kong Exchanges and Clearing Limited. “**HKMA**” means the Hong Kong Monetary Authority.

“**HKSCC**” means the Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of HKEx.

“**Market Data Information**” means any market data information in respect of any China Connect Security which SEHK or any other China Connect Authority from time to time disseminates or otherwise makes available to the Bank and which the Bank and/or any Related Person disseminates or otherwise makes available to the Customer.

“**Market Requirements**” has the meaning given in Section XI of the Master Terms and Conditions and, for the purposes of these Terms and Conditions, shall include, without limitation, the China Connect Rules.

**“Master Terms and Conditions”** means the Integrated Account Terms and Conditions from time to time governing the Bank’s provision of Services to the Customer, as supplemented by these Terms and Conditions.

**“Non-trade Transfer”** means a transfer of China Connect Securities which involves a change in the beneficial ownership of the China Connect Securities and which is not conducted through the China Connect Service and executed on the China Connect Market.

**“Northbound”** denotes the trading of China Connect Securities by Hong Kong and international investors through China Connect.

**“PBOC”** means the People’s Bank of China.

**“personal data”** has the meaning as defined in the Personal Data (Privacy) Ordinance (Cap 486 of the Laws of Hong Kong).

**“PRC”** means, for the purposes of these Terms and Conditions, the People’s Republic of China (excluding Hong Kong, Macau and Taiwan).

**“PRC Citizen”** means any person holding a resident identification card or other equivalent government-issued identification of the PRC.

**“PRC Listco”** has the meaning given to such term in paragraph 5 of Appendix 1 to these Terms and Conditions.

**“Pre-Trade Checking”** has the meaning given to such term under paragraph 1 of Appendix 1 to this Schedule.

**“QFII”** means the Qualified Foreign Institutional Investor program which was launched in 2002 in the PRC to allow licensed foreign investors to buy and sell A Shares in the PRC stock exchanges.

**“Related Person”** means (i) any Connected Company of the Bank, or (iii) any director, officer, employee or agent of the Bank or any Connected Company of the Bank.

**“Renminbi”** or **“RMB”** means the lawful currency of the PRC, deliverable in Hong Kong. **“RQFII”** means the RMB Qualified Foreign Institutional Investor program which was launched in 2011 to allow Hong Kong and other foreign jurisdictions to reinvest offshore RMB into the PRC securities market.

**“SAFE”** means the State Administration of Foreign Exchange of the PRC. **“SAT”** means the State Administration of Taxation of the PRC.

**“SEHK”** means The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of HKEx.

**“SEHK China Connect Rules”** means the rules of HKEx, as amended for the purposes of implementing China Connect, and as amended, supplemented, modified and/or varied from time to time.

**“SEHK Subsidiary”** means a wholly-owned subsidiary of SEHK duly authorised as an automated trading service provider under the SFO and licensed under applicable laws in the PRC to provide the order-routing service under China Connect.

**“SFC”** means the Securities and Futures Commission of Hong Kong.

**“SFO”** means the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong).

**“Shanghai Hong Kong Stock Connect”** means a securities trading and clearing links programme developed or to be developed by SEHK, SSE, HKSCC and CSDCC for the establishment of mutual market access between SEHK and SSE.

**“Shenzhen Hong Kong Stock Connect”** means a securities trading and clearing links programme developed or to be developed by SEHK, SZSE, HKSCC and CSDCC for the establishment of mutual market access between SEHK and SZSE.

**“Special China Connect Securities”** means any securities listed on the relevant China Connect Market which SEHK (after consulting with the relevant China Connect Market) from time to time accepts or designates as eligible only for China Connect sell orders and not for China Connect buy orders.

**“SSE”** means the Shanghai Stock Exchange.

**“SSE China Connect Rules”** means the SSE Regulations on the Shanghai-Hong Kong Stock Connect Programme which have been published by SSE for the purposes of implementing China Connect, as amended, supplemented, modified and/or varied from time to time.

**“SSE Listing Rules”** means the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, as amended, supplemented, modified and/or varied from time to time.

**“SSE Rules”** means the SSE China Connect Rules and the business and trading rules and regulations of SSE, as amended, supplemented, modified and/or varied from time to time.

**“SSE Securities”** means any securities listed on the SSE which may be traded by Hong Kong and international investors under China Connect.

**“SZSE”** means the Shenzhen Stock Exchange.

**“SZSE China Connect Rules”** means the SZSE Regulations on the Shenzhen Hong Kong Stock Connect Programme which have been published by SZSE for the purposes of implementing China Connect, as amended, supplemented, modified and/or varied from time to time.

**“SZSE Listing Rules”** means the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange (including the Rules Governing the Listing of Stocks on the ChiNext Board) as amended, supplemented, modified and/or varied from time to time.

**“SZSE Rules”** means the SZSE China Connect Rules and the business and trading rules and regulations of SZSE, as amended, supplemented, modified and/or varied from time to time.

**“SZSE Securities”** means any securities listed on the SZSE which may be traded by Hong Kong and international investors under China Connect. For the avoidance of doubt, SZSE Securities shall include ChiNext Shares.

**“Taxes”** means all taxes, (including but not limited to income tax, business tax, stamp duty, value added tax, capital gains tax, if applicable), duties, levies, imposts, charges, assessments, deductions, withholdings and related liabilities, including but not limited to additions to tax, penalties and interest imposed on or in respect of (i) China Connect Securities or Cash, (ii) any transaction effected under these Terms and Conditions or (iii) the Customer.

**“Tax Reclaim Arrangement”** means any tax refund, tax concession, tax differences reclaim, preferential tax treatment or the like, including any tax credit or refund or a reduced tax rate or preferential tax treatment on interest, dividend, or any other distribution, proceeds or gains from any investment or transaction contemplated under the Master Terms and Conditions and any tax differences reclaim as a result of any change of nationality or domicile or tax residency.

**“Terms and Conditions”** means this supplement (including the Appendix hereto) to the Master Terms and Conditions, as amended, supplemented, modified and/or varied from time to time.

**“Trading Day”** means a day on which SEHK is open for Northbound trading for (a) Hong Kong and Shanghai (in the case of Shanghai Hong Kong Stock Connect) or (b) Hong Kong and Shenzhen (in the case of Shenzhen Hong Kong Stock Connect), where **“T day”** denotes the day on which a transaction is executed and **“T+1 day”** denotes (as the case may be) the day which is one Trading Day or, in the context of settlement of funds, one business day (when banks in (a) Hong Kong and Shanghai (in the case of Shanghai Hong Kong Stock Connect) or (b) Hong Kong and Shenzhen (in the case of Shenzhen Hong Kong Stock Connect) are generally open for business) after T day.



## Appendix 1: Risk Disclosures and Other Information

This Appendix describes some of the key risk disclosures and other information concerning China Connect. This Appendix does not disclose all the risks and other significant aspects of Northbound trading through China Connect. The Customer should ensure that he understands the nature and risks of China Connect and Northbound trading and he should consider carefully (and consult his own advisers where necessary) whether trading in China Connect Securities is suitable for him in light of his circumstances. The decision to trade in China Connect Securities is the Customer's, but he should not trade in China Connect Securities unless he fully understands and is willing to assume the risks associated with China Connect. The Customer acknowledges the risks, and agrees to the terms, set out in this Appendix.

The Bank does not represent that the information set out in this Appendix is up to date or comprehensive, and does not undertake to update the information set out in this Appendix.

### 1. Pre-Trade Checking

Under PRC law, the relevant China Connect Market may reject a sell order if an investor does not have sufficient available China Connect Securities in his account. SEHK will apply similar checking on all Northbound sell orders at the Exchange Participant level to ensure there is no overselling by any Exchange Participant ("**Pre-Trade Checking**"). Accordingly, the Customer will comply with any requirements relating to Pre-Trade Checking required by the China Connect Authorities and/or as notified to the Customer by the Bank. The Customer will in addition ensure there are sufficient available China Connect Securities in the Customer's account to cover any proposed sell order.

If the Bank considers that the Customer has not (by the commencement of trading on the Trading Day on which he wishes to execute a sell order or any other cut-off time specified by the Bank from time to time) transferred sufficient available China Connect Securities to the Exchange Participant's designated CCASS stock account(s) to cover a proposed sell order, the Bank may (but shall not be obliged to) in its absolute discretion: (a) reject the Customer's sell order (in whole or in part); (b) where appropriate arrangements are in place and as permitted by Market Requirements, use any China Connect Securities in the Exchange Participant's (or any other Exchange Participant's) designated CCASS stock account(s) which the Bank holds for itself or on behalf of its other customers to fulfil the Pre-Trade Checking requirement in respect of the Customer's sell order, in which case, the Customer shall reimburse the Bank for any costs, losses or expenses which the Bank incurs as a result of buying in or otherwise sourcing the amount of China Connect Securities which the Customer has failed to deliver in respect of the Customer's sell order, on such terms and at such price (including any associated fees and expenses) and at such time as the Bank shall determine in its absolute discretion; or (c) perform any other act which the Bank considers necessary or desirable to comply with Pre-Trade Checking and/or relevant Market Requirements and to cover the Customer's shortfall (including but not limited to applying any other China Connect Securities available to the Bank) from any stock borrowing arrangements (to the extent permitted by Market Requirements and available to the Bank) or other sources. In addition, the Bank may in its absolute discretion reject the Customer's sell order (in whole or in part) if for any other reason the Bank considers that there is or may be non-compliance or potential non-compliance with Market Requirements. Any risk, loss or cost resulting from non-compliance or potential non-compliance with Pre-Trade Checking and/or any relevant Market Requirements shall be borne by the Customer.

### 2. Settlement

Northbound trades will follow the settlement cycle of the relevant China Connect Market. For settlement of China Connect Securities trades, CSDCC will debit or credit the securities accounts of its participants (including HKSCC as clearing participant) on T day free of payment. The Bank may have settlement arrangements in place different from the CSDCC settlement arrangements. Unless the Bank agrees to pre-fund, settlement of funds relating to such trading will be effected on T+1 day. Where any China Connect Securities have been overbought or oversold (notwithstanding any Pre-Trade Checking arrangements), there may be a delay in settlement due to a delay or failure by the Bank's system for reconciliation of orders.

Although the transfer of the China Connect Securities precedes the transfer of cash, under the China Connect Service, the title to China Connect Securities will not be released until the receipt of confirmation of payment. Accordingly, for the purpose of contract notes, the settlement date would be T+1 day when both the securities and the cash are settled or, where the purchase is pre-funded (by way of a debit of available funds in the Customer's account upon placement of the order and a corresponding cash prepayment by the Bank to HKSCC), the settlement date would be the date on which the securities are released from hold (usually on T day).

### 3. Quota Restrictions

Purchases of China Connect Securities through China Connect are subject to certain quota controls as described below. As a result, there is no assurance that a buy order can be successfully placed through China Connect. There is a daily quota limiting the maximum value of all Northbound buy trades that can be executed by Exchange Participants on each Trading Day ("**Daily Quota**") in respect of each China Connect Market. The Daily Quota may change from time to time without prior notice and the Customer is advised to refer to the HKEx website and other information published by HKEx for up-to-date information.

Under the China Connect Rules, Northbound selling is permitted regardless of whether the Daily Quota has been reached. If there is a restriction, rejection or suspension of Northbound buying as a result of the Daily Quota being fully utilised, the Bank will be unable to carry out any further buy orders.

### 4. Restriction on Day Trading

Unless SEHK otherwise determines, day (turnaround) trading is not permitted on the China Connect Markets. If the Customer buys China Connect Securities on T day, the Customer may be able to sell the China Connect Securities only on or after settlement has been completed (normally on T+1 day). Due to Pre-Trade Checking requirements, the Bank may process an Instruction to sell China Connect Securities that were bought on T day only on or after the applicable cut-off time (as notified to the Customer by the Bank from time to time) on T+1 day subject to any Market Requirements.

## 5. Disclosure of Interests

Under PRC laws, rules and regulations, if the Customer holds or controls shares (on an aggregate basis, i.e., including both domestically and overseas issued shares of the same PRC Listco (as defined below), whether the relevant holdings are through Northbound trading, the QFII/RQFII regime or other investment channels) in a PRC incorporated company which is listed on a PRC stock exchange (a “**PRC Listco**”) up to a certain threshold (as may be specified from time to time by the relevant China Connect Authorities), the Customer must disclose such interest within the period specified by the relevant China Connect Authority, and the Customer must not buy or sell any such shares within the period specified by the relevant China Connect Authority. The Customer must also disclose any substantial change in his holding as required by the relevant China Connect Authority.

Under Hong Kong law, where a PRC incorporated company has both H Shares listed on SEHK and A Shares listed on a China Connect Market, if an investor is interested in more than a certain threshold (as may be specified from time to time) of any class of voting shares (including A Shares purchased through China Connect) in such PRC incorporated company, the investor is under a duty of disclosure pursuant to Part XV of the SFO. Part XV of the SFO does not apply where the PRC incorporated company has not listed any shares on SEHK.

It shall be the Customer’s responsibility to comply with any disclosure of interest rules from time to time imposed by the relevant China Connect Authorities and to arrange for any relevant filings.

## 6. Short Swing Profit Rule

Under PRC laws, rules and regulations, the “short swing profit rule” requires the Customer to give up/return any profits made from purchases and sales in respect of China Connect Securities of a particular PRC Listco if (a) the Customer’s shareholding in such PRC Listco exceeds the threshold prescribed by the relevant China Connect Authority from time to time and (b) the corresponding sale transaction occurs within the six months after a purchase transaction, or vice versa. The Customer (and the Customer alone) must comply with the “short swing profit rule”. The Bank shall have no responsibility to alert the Customer or otherwise assist the Customer in complying with the “short swing profit rule”.

## 7. Foreign Ownership Limits

Under PRC laws, rules and regulations, there is a limit to how many shares a single foreign investor is permitted to hold in a single PRC Listco, and also a limit to the maximum combined holdings of all foreign investors in a single PRC Listco. Such foreign ownership limits may be applied on an aggregate basis (i.e. across both domestically and overseas issued shares of the same issuer, whether the relevant holdings are through Northbound trading, the QFII/RQFII regime or other investment channels). It shall be the Customer’s responsibility to comply with all foreign ownership limits from time to time imposed by Market Requirements. In addition, in accordance with Clause 3.2 above, the Bank shall have the right to apply any procedure or requirements which the Bank determines in its absolute discretion to be necessary or desirable to comply with any foreign ownership limits from time to time including (for example, and without limitation) imposing any threshold on the Customer that is lower than the foreign ownership limits prescribed by any China Connect Authority. Such legal and regulatory restrictions or limitations may have an adverse effect on the liquidity and performance of an investment in China Connect Securities due to factors such as limitations on fund repatriation, dealing restrictions, adverse tax treatments, higher commission costs, regulatory reporting requirements and reliance on services of local custodians and service providers. As a result, the Customer may suffer losses through his trading, holding or investment of or in China Connect Securities.

If the Bank becomes aware that the Customer has breached (or reasonably believes that the Customer may breach upon execution of further Northbound buy orders) any foreign ownership limits, or if the Bank is so required by any China Connect Authority, including without limitation, as a result of any Forced-sale Notice issued by the relevant China Connect Market, the Bank will sell any China Connect Securities pursuant to Clause 7 (Sale, Transfer and Disgorgement) above in order to ensure compliance with all Market Requirements. In such case, no China Connect Securities buy orders for the relevant China Connect Securities will be accepted until the relevant China Connect Market informs its corresponding SEHK Subsidiary or SEHK that the aggregate foreign shareholding has fallen below a certain percentage. SEHK may determine in its absolute discretion which Exchange Participants and what quantity of China Connect Securities should be subject to a Forced- sale Notice (this is generally likely to be on a “last-in, first-out” basis), and SEHK’s (or the relevant SEHK Subsidiary’s) own records shall be final and conclusive.

Moreover, under PRC laws, where the aggregate holding of foreign investors exceeds a specified percentage (the “**Cautionary Level**”) of the issued shares of a single PRC Listco, upon notification by the China Connect Market to its corresponding SEHK Subsidiary, SEHK and the relevant SEHK Subsidiary are required as soon as practicable thereafter to suspend accepting buy orders in respect of the relevant China Connect Securities. In such circumstances, the Bank may reject the Customer’s buy order Instructions until the aggregate shareholding of foreign investors has fallen below a specified percentage (the “**Permitted Level**”) as advised by the relevant China Connect Market from time to time.

As of the date of these Terms and Conditions, the single foreign investor limit is set at 10% of the shares of a PRC Listco and the aggregate foreign investor limit is set at 30% of the shares of a PRC Listco (while the Cautionary Level and the Permitted Level are set at 28% and 26% respectively of the shares of a PRC Listco). Such limits and levels are subject to change from time to time and the Bank shall not be under any obligation to inform the Customer of any such changes relating to foreign ownership limits.

## 8. Securities Eligible for Northbound Trading

SEHK will include and exclude securities as China Connect Securities based on the prescribed criteria under the China Connect Rules and any other relevant rules and regulations from time to time. The Bank shall not be under any obligation to inform the Customer of any changes to the eligibility of securities for Northbound trading. The Customer should refer to the HKEx website and other information published by HKEx for up-to-date information.

According to the SSE Listing Rules and the SZSE Listing Rules, if any company listed on the SSE or the SZSE (other than a company listed on the ChiNext Board) is in the delisting process, or its operation is unstable due to financial or other reasons such that there is a risk of being delisted or exposing investors’ interests to undue damage, such listed company will be earmarked and traded on the risk alert board. Any change to the risk alert board may occur without prior notice. If a China Connect Security has been placed under risk alert, it ceases to be a China Connect Security and investors under China Connect will be allowed only to sell it and are prohibited from further buying. For details concerning the risk alert board, please refer to the SSE Listing Rules, the SZSE Listing Rules and any other relevant sources from time to time.

**9. Special China Connect Securities**

SEHK will accept or designate securities which cease to meet the eligibility criteria for China Connect Securities as Special China Connect Securities (provided that they remain listed on the relevant China Connect Market). In addition, any securities or options (which are not 'eligible for China Connect trading') received by the Customer as a result of any distribution of rights or entitlements, conversion, takeover, other corporate actions or abnormal trading activities will be accepted or designated by SEHK as Special China Connect Securities. The Customer will be able only to sell, but not to buy, any Special China Connect Securities.

**10. ChiNext Shares**

ChiNext Shares involve a high investment risk. In particular, profitability and other financial requirements for listing on the ChiNext Board are less stringent than the Main Board and the SME Board of the SZSE. The Customer should make the decision to invest only after due and careful consideration.

Companies listed on the ChiNext Board may include enterprises in the innovation and technology sector as well as other start-up and/or growth enterprises with smaller operating scale and share capital. Stock prices may also be more susceptible to manipulation due to fewer circulating shares. Accordingly, the ChiNext Shares may be very volatile and illiquid. In addition, current information on such companies may be limited and may not be widely available.

It may be more common and easier for companies listed on the ChiNext Board to be delisted. The ChiNext Shares may become very illiquid after delisting. The Customer may suffer a total loss of his investment in the event of a delisting.

The Customer should seek independent professional advice if he is uncertain of or has not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of ChiNext Shares.

**11. No Off-exchange Trading and Transfers**

The Customer, the Bank and any Related Person shall not trade or provide services to facilitate trading of any China Connect Securities otherwise than through the China Connect Market System, and the Bank shall not (unlike the current practice in Hong Kong in respect of SEHK-listed shares) match, execute or arrange the execution of any sale and purchase Instructions or any transfer Instructions from the Customer or effect any Non-trade Transfer or settlement of transaction in respect of any China Connect Securities in any manner otherwise than through China Connect in accordance with the China Connect Rules, except in the circumstances specified in the China Connect Rules or any other situations specified by the relevant China Connect Market and CSDCC (including but not limited to any Non-trade Transfer as a result or for the purpose of (a) succession; (b) divorce; (c) dissolution, liquidation or winding up of any company or corporation; (d) donation to a charitable foundation; and (e) assisting in any enforcement action or proceedings of any court, prosecutor or law enforcement agency) or as otherwise provided by a relevant China Connect Authority.

The Customer acknowledges that the rule against off-exchange trading and transfers under Northbound trading may delay or disrupt reconciliation of orders by the Bank. The Bank shall not be responsible or held liable for any loss or damage directly or indirectly suffered by the Customer arising from this rule, including, without limitation, any loss arising from any delay in settlement of trades.

**12. Placing Orders**

Only limit orders with a specified price are allowed pursuant to Market Requirements, whereby buy orders may be executed at or lower than the specified price and sell orders may be executed at or higher than the specified price. Market orders will not be accepted.

**13. China Connect Market Price Limits**

China Connect Securities are subject to a general price limit of a  $\pm 10\%$  based on the previous Trading Day's closing price (and a price limit of  $\pm 5\%$  where the China Connect Securities are on risk alert). The price limit may be changed from time to time. All orders in respect of China Connect Securities must be within the price limit. Any orders with a price beyond the price limit will be rejected by the relevant China Connect Market.

**14. Taxation**

Whether PRC capital gains tax and/or other PRC Taxes will be payable on the trading of China Connect Securities under China Connect is subject to clarification by the SAT. In addition and without prejudice to any of the Bank's rights under the Master Terms and Conditions, the Customer will be fully and solely responsible for any and all his liabilities and obligations for any Taxes in respect of China Connect Securities including, without limitation, any capital gains tax or other PRC Taxes, and will indemnify the Bank from and against all Hong Kong and/or PRC Taxes which the Bank may incur or be subject to arising in connection with any China Connect Securities which the Customer holds, trades or otherwise deals in. Neither the Bank nor any Related Person assumes any responsibility for advising on or handling any tax issues, liabilities and/or obligations in connection with China Connect, and neither the Bank nor any Related Person will provide any service or assistance in this regard. The Customer acknowledges and agrees that the Bank shall have no responsibility to act as tax agent, representative or adviser of the Customer in respect of any Taxes. Prior to investing in China Connect Securities, the Customer is strongly urged to consult his own tax advisers and counsel with respect to the possible tax consequences to him of such investment since such tax consequences may differ in respect of different investors.

Without prejudice to the foregoing and any other right or remedy which the Bank may have, the Bank shall be entitled in its absolute discretion, without further notice or demand, forthwith to satisfy any obligation of the Bank or any Related Person or the Customer to pay or account for any amounts in respect of any Taxes by selling, realising or otherwise dealing with (including but not limited to withholding or deducting any amount towards Taxes), in such manner as the Bank in its absolute discretion may determine, all or part of any property held by the Bank or any Related Person for any purpose in any of the Customer's accounts held with the Bank or any Related Person, and to apply the proceeds in reduction of all or part of the Customer's liability to the Bank or any Related Person. Neither the Bank nor any Related Person shall have any liability for any losses or risks which may result to the Customer directly or indirectly from any actions taken by the Bank or any Related Person in respect of the foregoing.

## 15. Client Securities Rules

By way of brief background, the Client Securities Rules prescribe how client assets are to be dealt with by all intermediaries and their associated entities. However, as the China Connect Securities traded through China Connect are not listed or traded on SEHK, the Customer will not have protection under the Client Securities Rules, unless otherwise specified by the SFC or any other relevant China Connect Authority.

## 16. Investor Compensation Fund

Trading in China Connect Securities does not enjoy the protection afforded by the Investor Compensation Fund established under the SFO. Accordingly, unlike the trading of SEHK-listed securities, the Customer will not be covered by the Investor Compensation Fund in respect of any loss he may sustain by reason of a default by any SFC licensed or registered person.

## 17. Ownership of China Connect Securities

China Connect Securities are held in CSDCC. HKSCC will become a direct participant in CSDCC and China Connect Securities acquired by investors through Northbound trading will be (if applicable):

- (a) recorded in the name of HKSCC in the nominee securities account opened by HKSCC with CSDCC and HKSCC will be nominee holder of such China Connect Securities; and
- (b) held in custody by the depository of CSDCC and registered in the securityholders' register of the issuer of the China Connect Securities.

HKSCC will record interests in such China Connect Securities in the CCASS stock account of the relevant CCASS Clearing Participant.

Under Hong Kong law, HKSCC will be regarded as the legal owner of such China Connect Securities and will be regarded as holding the beneficial entitlement to the China Connect Securities on behalf of the relevant Clearing Participant(s). Depending on the custody arrangements between a Clearing Participant and its Hong Kong or overseas clients, such Clearing Participant will in turn generally be regarded as holding the beneficial entitlement for such Hong Kong or overseas clients.

Under current PRC regulations, China Connect Securities will be recorded in a nominee account opened by HKSCC with CSDCC and Northbound investors have rights and interests in China Connect Securities acquired through China Connect according to the applicable laws. The CSRC Securities Registration and Settlement Measures, CSDCC Securities Registration Rules and Administrative Rules on Securities Accounts, the CSDCC China Connect Rules, SSE China Connect Rules and SZSE China Connect Rules generally provide for the concept of a "nominee holder" and recognise the Northbound investors as the "ultimate owners" of China Connect Securities.

Northbound investors shall exercise their rights in relation to China Connect Securities through HKSCC as the nominee holder. As Northbound investors will have actual control over voting rights in respect of such China Connect Securities (either individually or acting in concert with others), Northbound investors are responsible for complying with disclosure obligations under PRC laws and regulations in relation to China Connect Securities acquired through Northbound trading.

After the launch of the Shanghai Hong Kong Stock Connect, and concurrent with the promulgation of the expanded and revised China Connect Rules, CSRC issued two FAQs respectively on 15 May 2015 and 30 September 2016, which provided regulatory clarification and affirmation that HKSCC is the nominee holder for China Connect Securities, and Hong Kong and overseas investors shall enjoy property rights as the holder and shall exercise their rights in relation to China Connect Securities as proprietary owners through HKSCC.

HKEx has published materials explaining the ownership rights of Northbound investors in China Connect Securities and may publish further information from time to time. In summary, the HKEx published materials state that:

- (a) it is the Hong Kong and overseas investors as the ultimate investors (rather than any broker, custodian or intermediary through whom such investors hold the China Connect Securities) who should be recognised under PRC laws and regulations as having beneficial ownership in the China Connect Securities;
- (b) as key functions of a nominee holder, HKSCC will be responsible for collecting and distributing dividends to its participants (for their own account and/or as agent for their investors) and obtaining and consolidating voting instructions from its participants and submitting a combined single voting instruction to the issuer of the relevant China Connect Securities. Under the CCASS China Connect Rules, HKSCC is prepared to provide assistance to the beneficial owners of China Connect Securities where necessary. Further details are set out in the HKEx published materials.
- (c) HKEx notes that any beneficial owner who decides to take legal action is responsible for seeking its own independent legal advice to satisfy itself and HKSCC that a cause of action exists and the beneficial owner should be prepared to conduct the action and take up all costs in relation to the action, including providing HKSCC with indemnities and legal representation in proceedings; and
- (d) on the insolvency of HKSCC, the China Connect Securities would not be regarded as the general assets of HKSCC under Hong Kong and PRC law and would not be available to the general creditors of HKSCC. CSDCC and the PRC courts would recognise the liquidator of HKSCC, duly appointed pursuant to Hong Kong law, as the rightful person to deal with China Connect Securities in the place of HKSCC.

The Customer should conduct his own review of the HKEx published materials and the applicable China Connect Rules from time to time. The Customer should also consult his own legal advisers to make his own assessment of his rights as a Northbound investor in China Connect Securities.

## 18. Amendment of Orders and Loss of Priority

Consistent with the current practice in the PRC, if an investor engaged in Northbound trading wishes to amend an order, the investor must first cancel the original order and then input a new one. Accordingly, order priority will be lost and, subject to the Daily Quota restrictions (see paragraph 3 above), the subsequent order may not be filled on the same Trading Day.

**19. Risk of CSDCC Default**

CSDCC has established a risk management framework and measures that are approved and supervised by the CSRC. If CSDCC (as the host central counterparty) defaults, HKSCC may (but shall have no obligation to) take any legal action or court proceeding to seek recovery of the outstanding China Connect Securities and monies from CSDCC through available legal channels and through CSDCC's liquidation process, if applicable. As CSDCC does not contribute to the HKSCC guarantee fund, HKSCC will not use the HKSCC guarantee fund to cover any residual loss as a result of closing out any of CSDCC's positions. HKSCC will in turn distribute China Connect Securities and/or monies recovered to clearing participants on a pro-rata basis as prescribed by the relevant China Connect Authorities. The Bank in turn will be distributing China Connect Securities and/or monies only to the extent recovered directly or indirectly from HKSCC. Although the likelihood of a default by CSDCC is considered to be remote, investors should be aware of this arrangement and of this potential exposure before engaging in Northbound trading.

**20. Risk of HKSCC Default**

The Bank's provision of services pursuant to these Terms and Conditions also depends upon the performance by HKSCC of its obligations. Any action or inaction of HKSCC or a failure or delay by HKSCC in the performance of its obligations may result in a failure of settlement, or the loss, of China Connect Securities and/or monies in connection with them and the Customer may suffer losses as a result. Neither the Bank nor any Related Person shall have any responsibility or liability for any such losses.

**21. Scripless Securities**

China Connect Securities are traded in scripless form, and accordingly China Connect Securities may not be physically deposited into and/or withdrawn from CCASS.

**22. Company Announcements on Corporate Actions**

Any corporate action in respect of China Connect Securities will be announced by the relevant issuer through the SSE website and/or SZSE website (as the case may be) and certain officially appointed newspapers. HKSCC will also record all corporate actions relating to China Connect Securities in CCASS and inform its clearing participants of the details via the CCASS terminals as soon as practicable on the announcement date. Investors engaged in Northbound trading may refer to the SSE website and/or the SZSE website (as the case may be) and the officially appointed newspapers and website (such as Shanghai Securities News (上海證券報), Securities Times (證券時報), China Securities Journal (中國證券報), Securities Daily (證券日報) and www.cninfo.com.cn (巨潮資訊網) or, alternatively, the HKEx website's China Stock Markets Web (or such other replacement or successor web-page from time to time) for corporate actions in respect of China Connect Securities issued on the previous Trading Day. Investors should note that (i) issuers that are listed on the China Connect Markets publish corporate documents in Chinese only and English translations will not be available and (ii) issuers listed on the ChiNext Board are required to publish certain corporate announcements on their corporate websites and the officially appointed websites only.

Unlike the current practice in Hong Kong in respect of SEHK-listed shares, investors engaged in Northbound trading may not be able to attend shareholder meetings by proxy or in person.

In addition, HKSCC will endeavour to collect and distribute cash dividends relating to China Connect Securities to clearing participants in a timely manner. Upon receipt of the dividend amount, HKSCC will to the extent practicable arrange to distribute to relevant clearing participants on the same day.

The Bank shall have no obligation whatsoever to collect or receive or take any other action (including attending any general meeting and/or exercising any voting right) in relation to any payment or distribution (including, but not limited to, any cash or scrip dividends) or voting in respect of China Connect Securities for the Customer's account or to notify the Customer of the existence of or the terms of any notice, circular, report, announcement or similar corporate action in respect of China Connect Securities. If the Bank shall make any such collection or receipt, take any such action or give the Customer any such notification or shall take any action pursuant to any such notification, the Bank shall not have:

- (a) any liability in respect of any inaccuracies or delays (including, but not limited to, any delays in delivering cash or scrip dividends to the Customer); and
- (b) any obligation to continue or repeat any such action.

The Bank does not and cannot ensure the accuracy, reliability or timeliness of any company announcements of corporate actions, and neither the Bank nor any Related Person accepts any liability (whether in tort or contract or otherwise) for any loss or damage arising from any errors, inaccuracies, delays or omissions or any actions taken in reliance thereon. The Bank expressly disclaims all warranties, express or implied, as to the accuracy of any company announcement or as to the fitness of the information for any purpose.

**23. Disclosure of Information and Publication of Trade Information**

SEHK may require the Bank to provide information on the Customer's profile, and the type and value of the Customer's orders in relation to Northbound trading of China Connect Securities and the trades which the Bank executed for the Customer, at such intervals and in such form as SEHK may specify from time to time for purposes of the publication, dissemination or public distribution of aggregated information in respect of China Connect Securities trades under China Connect, trading volumes, investor profiles and other related data.

In addition, the Customer will provide to the Bank, promptly upon request by the Bank, such materials and/or information as may be required by the Bank or any China Connect Authority including, without limitation, any information relating to China Connect trades executed by the Customer through Exchange Participants other than the Bank, where the China Connect Securities in respect of such trades have been transferred to the Bank for sale, and the Customer hereby expressly consents to the disclosure by the Bank of any of the foregoing materials and/or information and any Customer Information to any China Connect Authority as the Bank deems necessary to comply with any Market Requirements.

#### **24. Retention of Information**

The Customer acknowledges and accepts that the Bank will be required under the China Connect Rules to keep records for a period of not less than 20 years of (a) all orders and trades executed on the Customer's behalf; (b) any Instructions received from the Customer; and (c) the Customer's account information in relation to Northbound trading.

#### **25. Client Error**

Neither the Bank nor any Related Person shall be liable for any loss, damage or expense or consequential loss, damage or expense suffered by the Customer as a result of any trading based on the Customer's Instructions. The Bank will not be able to unwind any trade, and the Customer should also take note of the settlement arrangements in respect of China Connect Securities, including, but not limited to, quota restrictions, which may affect the Customer's ability to mitigate the consequences of any error trades.

The China Connect Rules generally prohibit any off-exchange trading or transfers. However, transfers may be permitted between Exchange Participants and their clients to rectify an error trade in limited circumstances, although there is a lack of clarity as to the circumstances in which such transfers may be permitted. Any Exchange Participant who performs a Non-trade Transfer to rectify an error trade will be required to submit to SEHK an error trade report together with supporting documents explaining how the error was made and providing details of the Non-trade Transfer. SEHK has the power to disallow a particular Exchange Participant to conduct Non-trade Transfers for error trade rectification if SEHK has reasonable cause to suspect or to believe that the Exchange Participant may abuse or may have abused such rectification arrangements or may have used such rectification arrangements to circumvent the prohibition against off-exchange trades or transfers. SEHK may provide error trade reports and related information to the SFC and the relevant China Connect Market. Exchange Participants are warned by SEHK not to misuse this arrangement to effect off-exchange trades or transfers which are otherwise disallowed under the relevant China Connect Rules. The Bank shall have absolute discretion to determine whether to conduct any transfer to rectify any error trade and shall have no obligation to do so. Neither the Bank nor any Related Person shall have any liability for any losses which may result directly or indirectly from any error trade or any refusal to conduct a transfer to correct an error trade.

#### **26. Operation of China Connect Service/China Connect Market System**

SEHK or the relevant SEHK Subsidiary (after consulting with SEHK) may, under certain circumstances as specified in the SEHK rules and/or whenever SEHK determines that it is appropriate and in the interest of a fair and orderly market to protect investors, temporarily suspend or restrict all or part of the order-routing and related supporting services with regard to all or any Northbound trading of China Connect Securities, and for such duration and frequency as the SEHK may consider appropriate. The Customer will not be able to buy or sell China Connect Securities through China Connect during any period in which trading of China Connect Securities is suspended. In particular, the Customer should note that while trading of China Connect Securities is suspended by SEHK, trading of such China Connect Securities may continue on the relevant China Connect Market. The Customer may remain exposed to fluctuations in the price of China Connect Securities caused by trading on the relevant China Connect Market during the period when trading of such China Connect Securities is suspended by SEHK.

SEHK has absolute discretion to change the operational hours and arrangements of the China Connect Service at any time and without advance notice, whether on a temporary basis, due to operational needs, inclement weather, under emergency situations or otherwise. Moreover, SEHK or the relevant SEHK Subsidiary (with the agreement of SEHK) may cease the provision of the China Connect Northbound trading service permanently.

Such suspension, restriction or cessation will affect the Bank's ability to accept and process the Customer's orders and the Customer is advised to refer to the HKEx website and other information published by HKEx for up-to-date information. There can be no assurance that the Customer's orders will be accepted or processed, notwithstanding that China Connect Securities may be traded through other channels including, without limitation, by PRC investors on the relevant China Connect Market.

Further, the SEHK Rules state that, where any H Shares with corresponding A Shares eligible as China Connect Securities are suspended from trading on SEHK, but the corresponding A Shares are not suspended from trading on the relevant China Connect Market, the service for routing the China Connect sell orders and China Connect buy orders for such A Shares to the relevant China Connect Market for execution will normally remain available. However, SEHK may, in its discretion, restrict or suspend such service without prior notice and the Customer's ability to place sell orders and buy orders may be affected.

In addition, the China Connect Market System is a platform for trading of China Connect Securities under China Connect. The Bank provides trading services based on the China Connect Market System which is operated by the relevant China Connect Market. The Bank is not responsible for any delay or failure caused by any China Connect Market System and investors accept all risks arising from trading China Connect Securities through any China Connect Market System. Neither the Bank nor any Related Person shall be responsible or held liable for any loss or damage directly or indirectly suffered by the Customer arising from or in connection with the China Connect Service or the CSC through Northbound trading including, without limitation, the following:

- (a) a suspension, restriction or cessation of the China Connect Service or the CSC, or any inability to access or use the CSC or the China Connect Service (including any inability of the Bank to provide the Customer with access to or use of the CSC or the China Connect Service);
- (b) any special arrangement put in place or any action, step or measure taken or not taken to deal with an emergency, including but not limited to the cancellation of any or all China Connect orders input by Exchange Participants;
- (c) any suspension, delay, interruption or cessation of trading of any China Connect Securities on the relevant China Connect Market or through SEHK;
- (d) any delay, suspension, interruption or order cancellation of any China Connect Securities as a result of the hoisting of a Typhoon Signal No. 8 or above or the issuance of the Black Rainstorm Warning in Hong Kong;
- (e) any delay or failure to route any China Connect orders or any delay or failure to send any order cancellation requests or to provide the China Connect Service, due to any system, communication or connection failure, power outage, software or hardware malfunction or other event beyond the control of SEHK, the Bank or any Related Person;
- (f) any circumstance in which a China Connect order which a China Connect Exchange Participant has requested to be cancelled is not cancelled for any reason whatsoever;

- (g) any delay, failure or error of any China Connect Market System or any system upon which the relevant SEHK Subsidiary, the Bank or any Related Person is reliant in providing the China Connect Service; and
- (h) any delay or failure to execute, or any error in matching or executing, any China Connect order due to any reason beyond the control of SEHK, HKEx or the relevant SEHK Subsidiary, the Bank or any Related Person (including, without limitation, any action or decision taken or made, or not taken or made, by the relevant China Connect Market, any China Connect Authority or any other relevant governmental or regulatory body).

If there is any delay or failure to send any order cancellation request in any circumstance described in paragraph (e) or (f) above, the Customer shall, in the event such order is matched and executed, remain responsible to fulfil any settlement obligations in respect of such transaction.

## **27. Operational Hours**

SEHK has absolute discretion to determine from time to time the operational hours of the China Connect Service, and will have absolute discretion to change the operational hours and arrangements of the China Connect Service at any time and without advance notice, whether on a temporary basis or otherwise. The Bank shall not be under any obligation to inform the Customer of any such determination by SEHK as to the operational hours of the China Connect Service. Any such change to the operational hours and arrangements with respect to the China Connect Service may affect the Bank's ability to accept and/or process the Customer's orders and/or to provide, in a timely manner, any China Connect trading services generally.

Where, for example, there is any price sensitive information relating to a PRC Listco during a time when the China Connect Service is not in operation, China Connect Securities issued by or in respect of the PRC Listco may continue to trade on the relevant China Connect Market and the price of such China Connect Securities may move significantly. In such case, Northbound investors will not be able to trade in such securities until the next available Trading Day under China Connect.

## **28. Rights Issuances**

Where a Hong Kong or overseas investor receives any form of entitlement security from the issuer of a China Connect Security, if such entitlement security:

- (a) is a China Connect Security, Hong Kong and overseas investors will be allowed to buy and sell the entitlement security through China Connect;
- (b) is not a China Connect Security but is a RMB-denominated security listed on a China Connect Market, Hong Kong and overseas investors may be permitted to sell the entitlement security through China Connect but will not be permitted to buy such entitlement security;
- (c) is a security listed on a China Connect Market but is not traded in RMB, Hong Kong and overseas investors will not be allowed to buy or sell the entitlement security through China Connect. HKEx has stated that the relevant China Connect Market and SEHK will consult each other to agree on the appropriate treatment of the entitlement security; or
- (d) is not listed on a China Connect Market, Hong Kong and overseas investors will not be allowed to buy or sell the entitlement security on China Connect unless and until appropriate arrangements (if any) have been provided by HKSCC. It is possible that no such arrangements will be provided.

## **29. Odd Lot Trading**

Odd lot trading in China Connect Securities is available only for sell orders and all odd lots must be sold in one single order. A board lot order may be matched with different odd lot sell orders, resulting in odd lot trades. Board lot and odd lot orders are matched on the same platform on China Connect and subject to the same share price. The maximum order size is 1 million shares and the tick size is uniformly set at RMB0.01.

## **30. Risks associated with investing in China Connect Securities**

### **PRC-related risks**

Investing in the PRC, an emerging market, involves special considerations and risks, including without limitation greater price volatility, less developed regulatory and legal framework, economic, and social and political instability.

### **Market risk**

The market value of China Connect Securities and the income from them may go down as well as up. There can be no assurance that the Customer will achieve profits or avoid losses from trading China Connect Securities, significant or otherwise. The return the Customer receives from China Connect Securities (if any) will fluctuate in response to changes in capital appreciation and/or income relating to such China Connect Securities. Furthermore, China Connect Securities may experience volatility and decline depending on market conditions. Through trading China Connect Securities, the Customer is exposed to various forms of risk, including (for example) interest rate risks (risks of falling China Connect Securities values in a rising interest rate market), income risks (risks of falling incomes from China Connect Securities in a falling interest rate market) and credit risk (risk of a default by an issuer of China Connect Securities).

### **Possible business failure risk**

In the current economic environment, global markets are experiencing very high levels of volatility and an increased risk of corporate failures. The insolvency or other corporate failure of any issuer of China Connect Securities may have an adverse effect on the Customer's investment. The Customer may lose money by investing in China Connect Securities.

### **Equity risk**

Investing in China Connect Securities may offer a higher rate of return than investing in short term and longer term debt securities. However, the risks associated with investments in China Connect Securities may also be higher, because the investment performance of China Connect Securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies.

**Dividend risk**

Whether an issuer of China Connect Securities will pay distributions is subject to such issuer's dividend policy. Dividend payment rates in respect of China Connect Securities may depend on factors including general economic conditions and the financial positions of the relevant issuers. There can be no assurance that any dividends or distributions in respect of China Connect Securities will be declared or paid.

**Liquidity risks**

Although China Connect Securities are listed for trading on a China Connect Market and available for trading through SEHK by China Connect, there can be no assurance that an active trading market for China Connect Securities will develop or be maintained. If spreads on China Connect Securities are wide, this may adversely affect the Customer's ability to dispose of China Connect Securities at the desired price. If the Customer needs to sell China Connect Securities at a time when no active market for them exists, the price the Customer receives for his China Connect Securities — assuming he is able to sell them — is likely to be lower than the price received if an active market did exist.

**General legal and regulatory risk**

The Customer must comply with all Market Requirements. Furthermore, any change in any Market Requirements may have an impact on the market sentiment which may in turn affect the performance of China Connect Securities. It is impossible to predict whether such an impact caused by any such change will be positive or negative for China Connect Securities. In the worst case scenario, the Customer may lose a material part of his investments in China Connect Securities.

**Currency risk**

The value of RMB against Hong Kong dollars or other foreign currencies may be affected by a wide range of factors. There is no guarantee that RMB will not depreciate. A depreciation of RMB may result in a decrease in the market value of RMB securities and the realisation price of RMB securities. Non-RMB based investors who are trading in RMB securities may also sustain loss in the event that they subsequently convert any RMB proceeds back to Hong Kong dollars or other base currencies.

There are also significant restrictions on the remittance of RMB into and out of the PRC. If the issuer of RMB securities is not able to remit RMB to Hong Kong or make distributions in RMB due to exchange controls or other restrictions, the issuer may make distributions (including dividends and other payments) in other currencies. Investors may therefore be exposed to additional foreign exchange risk and liquidity exposures.

The liquidity and trading price of China Connect Securities may be adversely affected by the limited availability of RMB outside the PRC and restrictions on the conversion of RMB. These factors may affect the liquidity of RMB for investors and accordingly adversely affect the market demand for China Connect Securities.



