

# **HSBC Broking Securities (Asia) Limited**

## **INSTITUTIONAL TERMS OF BUSINESS**

Address : Level 25, HSBC Main Building, 1 Queen's Road Central, Hong Kong

## Table of contents

<b>A.</b>	<b>Definitions and Interpretation</b>	<b>3</b>
<b>B.</b>	<b>Securities and Options</b>	<b>6</b>
1.	Transactions.....	6
2.	Investment Advisory Services.....	6
3.	Margin Deposit.....	7
4.	Delivery and Payment for Securities.....	7
5.	Possession of Securities.....	8
6.	Option Physical Delivery Obligations.....	9
<b>C.</b>	<b>General Business Terms</b>	<b>10</b>
1.	No Suitability Obligation.....	10
2.	Commissions and Charges.....	11
3.	Default and Deficit.....	11
4.	Arrangements for Customer's Money.....	13
5.	Currency Conversion.....	13
6.	Right of Set-Off and Lien, Consolidation of Accounts and Segregated Accounts.....	14
7.	Standing Authority to Deal with Customer's Money.....	14
8.	Orders and Instructions.....	15
9.	Digital Trading.....	17
10.	General Agreement Provisions.....	19
11.	Statement of Accounts.....	21
12.	Notices.....	21
13.	Electronic Notifications.....	21
14.	Electronic Statement.....	24
15.	Representations and Warranties.....	24
18.	Undertaking by HSBC Broking Securities.....	26
19.	Collection and disclosure of Customer Information.....	26
20.	Customer Complaints.....	29
21.	Dispute Settlement.....	29
22.	Jurisdiction and Governing Law.....	29
24.	Taxation.....	29
25.	Indemnity.....	30
	<b>Schedule 1 Personal Data</b>	<b>31</b>
	<b>Schedule 2 Additional Provisions for Certain Transactions</b>	<b>33</b>
	<b>Part 1. Exchange Traded Options</b>	<b>33</b>
	Part 2. Initial Public Offering of Securities	36
	Part 3. China Connect Services	40

## A. Definitions and Interpretation

1.1 In these Institutional Terms of Business the following expressions, unless the context requires otherwise, shall have the following meanings:

“Account Opening Form and Customer Information Statement” means the Account Opening Form and Customer Information Statement which contains information provided by the Customer to HSBC Broking Securities and as updated from time to time by the Customer.

“Affiliated Company” means a company that is a subsidiary or holding company of HSBC Broking Securities or a subsidiary of such holding company and includes, without limitation, The Hongkong and Shanghai Banking Corporation Limited, its subsidiary, holding company or a subsidiary of such holding company.

“Agreement” means the Customer Agreement made between HSBC Broking Securities and the Customer (as amended and supplemented from time to time), the Account Opening Form and Customer Information Statement and these Institutional Terms of Business (including the terms as set out in the Schedules).

“Applicable Law” means all applicable laws, rules, regulations, orders, rulings and directives, all written rules, policies, customs, decrees, permits, judgments, requirements and determinations of governmental, regulatory and self-regulatory bodies (whether or not having the force of law) having jurisdiction over HSBC Broking Securities, any Affiliated Company and/or the Customer.

“Authorised Trader(s)” means the person or persons whose names are set out in Schedule 1 of the Trading Authorisation.

“Business Day” means any day on which banks in Hong Kong are open for business, which is any day on Monday to Friday excluding any public holiday and any day on which a black rainstorm warning, or a number eight (8) or higher typhoon signal is hoisted before 2.00pm in Hong Kong.

“Call Option” means a class of Option which gives the Grantee the right to purchase certain quantity of the Underlying Securities on the terms and conditions of the Option.

“Cash Settlement” means a payment of differences at the expiration or exercise of an Option when the terms and conditions of such Option do not permit Physical Delivery of the Underlying Securities.

“CE number” means the unique identifier assigned to HSBC Broking Securities by the SFC which appears on the front page of the Customer Agreement.

“Clearing Rules” means the options clearing rules of the relevant clearing house(s) on which the relevant Securities and/or Options are cleared.

“Complaints Officer” means the Head of Regulatory Compliance of HSBC Broking Securities.

“Confirmation” means a written notice sent from time to time by HSBC Broking Securities to the Customer in relation to transactions executed by HSBC Broking Securities and other adjustments by HSBC Broking Securities to the Customer’s account with HSBC Broking Securities (including without limitation, daily statements, monthly statements and Contract Notes as applicable).

“Contract Note” means the contract note provided by HSBC Broking Securities to the Customer by the end of the second Business Day after the entry into each transaction, pursuant to the Securities and Futures (Contract Notes, Statement of Account and Receipt) Rules (Cap.571Q of the Laws of Hong Kong).

“Customer” includes its administrators, legal representatives and assigns.

“Customer Agreement” means the customer agreement completed and signed by the Customer and HSBC Broking Securities (as amended and supplemented from time to time) which will incorporate these Institutional Terms of Business.

“Deficit” means any negative balance in the account of the Customer with HSBC Broking Securities whatsoever and howsoever arising.

“Fees and Charges Schedule” means the fees and charges schedule, as revised from time to time, provided by HSBC Broking Securities to the Customer upon the Customer’s request pursuant to Clause C, 2.1.

“Grantee” means the buyer of an Option, who pays the Total Premium Amount to the Grantor pursuant to the terms and conditions of the Option.

“Grantor” means the seller of an Option, who receives the Total Premium Amount from the Grantee pursuant to the terms and conditions of the Option.

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“HSBC Broking Securities” means HSBC Broking Securities (Asia) Limited.

“HSBC Group Banks” means the banks which are members of the HSBC Group currently operating in Hong Kong.

“Information Statement for Other Relevant Person(s)” means the Information Statement for Other Relevant Person(s) which contains information provided by relevant person(s) (as defined in the Information Statement for Other Relevant Person(s)) to HSBC Broking Securities and as updated from time to time by the relevant person(s).

“Initial Offering” means an offer of new securities to the public or through private placement by an issuer or by a third party on behalf of the issuer.

“Institutional Professional Investor” means a person or undertaking that falls within any of paragraphs (a) to (i) of the definition of professional investor in section 1 of Part 1 of Schedule 1 to the SFO.

“Institutional Terms of Business” means the terms of business set out herein (including any terms set out in the Schedules).

“Investment Advice” means advice in relation to (among other things) the acquisition, disposal, retention, exchange or other dealing in Securities (but does not relate to advising in respect of corporate finance-related matters).

“Main Institutional Terms of Business” means the terms of business set out herein (but excluding any terms set out in the Schedules).

“Margin” means either Margin Deposit or Margin Payment.

“Margin Deposit” means a deposit of money and/or Securities or other property as required by HSBC Broking Securities to be placed by the Customer from time to time with HSBC Broking Securities as a guarantee of performance by the Customer.

“Margin Payment” means the amount of a partial payment for Securities bought by the Customer, with the remaining amount used to pay the full purchase price borrowed by the Customer from HSBC Broking Securities.

“Off-set” or “Off-setting” means a transaction which off-sets and closes an Option.

“Option” means a contract, either a Put Option or a Call Option, giving certain rights to the Grantee and creating certain obligations for the Grantor pursuant to the terms and conditions specified by the relevant exchange or other market, which may be for Physical Delivery or Cash Settlement.

“Options Trading Rules” means the options trading rules of the relevant stock exchange(s) on which the relevant Securities and/or Options are traded.

“Parties” means HSBC Broking Securities and the Customer and “Party” means either of them.

“Physical Delivery” means the form of delivery pursuant to the terms and conditions of an Option which requires the Physical delivery of and full payment for the Underlying Securities.

“Product Information” means product specification(s) or document(s), prospectus, offering document(s), marketing material(s) and any other related documents of the relevant investments.

“Put Option” means a class of Option which gives the Grantee the right to sell a certain quantity of the Underlying Securities pursuant to the terms and conditions of the Option.

“Relevant Affiliates” means HSBC Broking Services (Asia) Limited, HSBC Broking Futures (Asia) Limited and HSBC Broking Forex (Asia) Limited, and “Relevant Affiliate” means any one (1) of them.

“Securities” includes, without limitation, shares, stocks, debentures, loan stocks, funds, bonds, or notes or other similar instruments of any kind whatsoever or howsoever, certificates of deposit tradable through a clearing system, structured products (including, without limitation, Callable Bull/Bear Contracts (CBBCs), Real Estate Investment Trusts (REITs) and Equity Linked Instruments (ELIs)) of or issued by, anybody, whether incorporated or unincorporated, or of any government or local authority, and includes rights, options, or interests in or in respect of any of the foregoing as well as certificates of interest or participation in, or temporary or interim certificates for, receipts for, or warrants to subscribe for or purchase, any of the foregoing.

“SEHK” means the Stock Exchange of Hong Kong.

“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).

“Short Sale” means the sale and delivery by the Customer of Securities borrowed by the Customer from a lender, which the lender may be HSBC Broking Securities, on the condition that, among other things, the Customer will purchase Securities of an identical type, nominal value, description and amount as the Securities borrowed, for return to the lender at such later time as may be agreed by the lender and 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 Agreement and any tax differences reclaim as a result of any change of nationality or domicile or tax residency.

"Total Premium Amount" means the premium price per unit of the Underlying Securities multiplied by the total quantity of Underlying Securities subject to an Option.

"Trading Authorisation" means the trading authorisation given by the Customer to certain individuals appointed by the Customer to place orders to buy/sell Securities and/or Options on behalf of the Customer, as updated from time to time by the Customer, pursuant to the Agreement.

"Underlying Securities" means Securities of any type or form, including but not limited to, shares and indices of any kind or other interests, which may be physical or electronic, and which may be the basis for Physical Delivery or Cash Settlement.

**1.2** In these Institutional Terms of Business:

- (a) references to Clauses, Sub-Clauses and Schedules, unless otherwise stated, are references to Clauses, Sub-Clauses and Schedules of these Institutional Terms of Business;
- (b) the headings to the Clauses, Sub-Clauses and those contained in the Schedules are for convenience only and do not affect their interpretation or construction;
- (c) reference to a statute, statutory provision, subsidiary legislation, rules or regulations includes a reference to it as amended, extended or re-enacted from time to time;
- (d) words denoting the singular number only include the plural and vice versa; and
- (e) words denoting the masculine gender shall include the feminine and neuter genders and vice versa, as the context requires.

## **B. Securities and Options**

### **1. Transactions**

- 1.1** Types of Transactions. The Customer has commercial reasons for opening one (1) or more accounts with HSBC Broking Securities for the purpose of HSBC Broking Securities acting on behalf of the Customer on any securities exchange or other market, anywhere in the world, to buy and sell Securities and/or Options, as defined below, on margin or otherwise. HSBC Broking Securities agrees that from time to time at the request of the Customer, and at HSBC Broking Securities' sole discretion, HSBC Broking Securities will open one (1) or more accounts and accept and maintain such account(s) to be designated by names, numbers or otherwise, and will act as agent for the Customer in the purchase and sale of Securities and/or Options, as defined below, on margin or otherwise, on the terms and subject to the conditions of the Agreement. The details of certain types of transactions that can be entered into between HSBC Broking Securities and eligible Customers are set out in but not limited to Schedule 2 of these Institutional Terms of Business, which form part of the Agreement. For the avoidance of doubt, Schedule 2 does not limit the generality of any provision in the Main Institutional Terms of Business or the types of transactions that may be entered into and for this purpose, HSBC Broking Securities may provide additional information and terms whether under Schedule 2 or otherwise.
- 1.2** No Obligation to Provide Services. HSBC Broking Securities is not obliged to provide or continue to provide any service to the Customer pursuant to these Institutional Terms of Business, and may refuse to do so with or without any reason. The Customer must satisfy all applicable requirements under these Institutional Terms of Business and sign all additional documentation prescribed by HSBC Broking Securities. Whether HSBC Broking Securities provides or continues to provide any service to the Customer and the price and terms upon which such service is provided is determined by HSBC Broking Securities at its sole discretion.
- 1.3** Availability of Services. All services pursuant to these Institutional Terms of Business are made available to the Customer by HSBC Broking Securities, subject to all Applicable Laws and HSBC Broking Securities' internal policies and regulations. HSBC Broking Securities may provide new services to the Client from time to time. When new services are to be provided to the Customer, HSBC Broking Securities will notify the Customer of such new services and the new terms and conditions (if any) governing such new services which will supplement and form part of the Institutional Terms of Business and will be binding on the Customer. HSBC Broking Securities may automatically enroll the Customer except where the new service may involve a cost or potential liability to the Customer or potential risk of financial loss.
- 1.4** HSBC Broking Securities as Agent. Except as specified in the Agreement, or in the Options Trading Rules and the Clearing Rules and any other Applicable Laws, regulations or rules, and then only for the purposes so required, or as otherwise disclosed by HSBC Broking Securities to the Customer in writing, HSBC Broking Securities shall act as agent for the Customer in relation to all transactions executed pursuant to the terms and conditions of the Agreement.
- 1.5** Customer Authorisation. The Customer hereby requests and authorises HSBC Broking Securities to purchase and sell the Securities and/or Options for and on behalf of the Customer's accounts in accordance with the Customer's oral or written instructions.
- 1.6** Indirect Customers. If the Customer is acting as agent for and on behalf of any other person when instructing HSBC Broking Securities pursuant to the Agreement, HSBC Broking Securities will continue to treat the Customer alone (rather than any such other person) as its customer for all purposes and in relation to all obligations, and the Customer will be liable as such. This applies even if the Customer is acting on behalf of a person whom the Customer has notified to HSBC Broking Securities and no such person will be an "indirect customer".
- 1.7** Customer Compliance. HSBC Broking Securities shall have no responsibility for compliance by the Customer with any law or regulation governing the Customer's conduct as a fiduciary, if applicable.
- 1.8** HSBC Broking Securities shall accept orders for the purchase and sale of Securities and/or Options subject to the condition that the Customer shall make or take Physical Delivery of such Securities and, in the case of Options, when and if Physical Delivery is required, make or take Physical Delivery unless the Customer Off-sets the Option or the Option expires without being exercised.
- 1.9** Margin Transactions. Due to the leveraged nature of the products traded, all transactions shall be executed on a margin basis in accordance with the margin requirement set out in Clause B, 3.

### **2. Investment Advisory Services**

- 2.1** HSBC Broking Securities may, at its sole and absolute discretion, provide Investment Advice to the Customer from time to time.
- 2.2** If HSBC Broking Securities is in possession of any relevant Product Information, then it may, at its sole and absolute discretion, provide such Product Information or a copy of such Product Information to the Customer. If such Product Information is not available or is not provided to the Customer by HSBC Broking Securities, it is the Customer's duty to obtain such Product Information from the manager, issuer, representative, agent, investment manager or other relevant person before giving any instruction to HSBC Broking Securities.

- 2.3** HSBC Broking Securities may, at its sole and absolute discretion, agree to act on an instruction given by the Customer. In giving any instruction which relates to any Investment Advice provided by HSBC Broking Securities to the Customer, the Customer warrants and represents that it has obtained and understood the relevant Product Information.
- 2.4** The Customer acknowledges and agrees that:
- (a) Investment Advice given by HSBC Broking Securities to the Customer is based on the relevant Product Information that HSBC Broking Securities has in its possession at the time of providing the Investment Advice. The Product Information may not be accurate, complete or up to date and only be relevant or applicable at such relevant time;
  - (b) Customer's investment decisions with respect to the acquisition, disposal, retention, exchange or other dealing in investments are investment decisions independently made by the Customer on the Customer's own accord; and
  - (c) No warranty or undertaking is given by HSBC Broking Securities as to the performance or profitability of any investment.

### **3. Margin Deposit**

- 3.1** Margin Deposit Requirements. The Customer shall deposit, maintain or pay to HSBC Broking Securities such money, Securities and/or collateral in such currency, in such amounts and in such form and within such time as may be required from time to time by HSBC Broking Securities as Margin Payment and/or Margin Deposit, as the case may be, for the purchase and/or Short Sale of Securities and other transactions in Options. The Customer shall pay to HSBC Broking Securities or deposit additional money, Securities and/or collateral with HSBC Broking Securities in such currency, in such amounts and in such form and within such time as HSBC Broking Securities may determine and require at any time. No previous Margin requirement shall limit HSBC Broking Securities' right to vary Margin requirements at any later time. Changes in Margin requirements (increase or decrease) will apply to existing positions as well as new positions after the date of such change.
- 3.2** If:
- (a) the Customer fails to meet a call for Margin by the time prescribed by HSBC Broking Securities; and
  - (b) notwithstanding that the time period allowed for the provision of Margin has not expired,
- HSBC Broking Securities shall be entitled in its sole discretion to sell Securities, buy Securities borrowed for Short Sales or close by Off-set or any other form of liquidation any or all Options in any account of the Customer.
- 3.3** Obligation of the Customer to Pay Margin Deposit. The Customer shall be liable on a full indemnity basis for any Deficit resulting from losses and any cost and expense (including legal costs) incurred by HSBC Broking Securities in relation to the purchase and/or sale of Securities or Off-setting or other liquidating transactions initiated by HSBC Broking Securities arising from the Customer's failure to provide Margin Deposit pursuant to Clause B, 3.1 hereof.

### **4. Delivery and Payment for Securities**

- 4.1** General. The Customer may give orders and HSBC Broking Securities may accept orders to buy and sell Securities for delivery and payment, to buy Securities on margin, and to effect Short Sales on any exchange or other market where permitted.
- 4.2** Regular Delivery and Payment. The Customer shall provide Securities to HSBC Broking Securities for delivery against sales or provide money to HSBC Broking Securities for the payment of Securities purchased, by such time and at such place as may be necessary for HSBC Broking Securities to make delivery or payment as required by the relevant exchange or other market. Any failure by the Customer to provide such Securities or money to HSBC Broking Securities shall entitle HSBC Broking Securities, without further notice or demand, to forthwith:
- (a) buy the Securities required for delivery at a price HSBC Broking Securities believes to be reasonable, charge the Customer's account for the cost thereof, deliver the Securities to satisfy the Customer's obligation, and credit the Customer's account with the payment received for delivery; or
  - (b) accept delivery of the Securities, charge the Customer's account for the payment to satisfy the Customer's obligation, sell the Securities at a price HSBC Broking Securities believes to be reasonable, and credit the Customer's account for the proceeds thereof.
- 4.3** Obligations of the Customer. The Customer shall be liable for any Deficit resulting from losses and any cost or expense (including legal costs) incurred by HSBC Broking Securities, on a full indemnity basis, related to the purchase and sale of Securities pursuant to Clause B, 4.2 hereof.
- 4.4** Purchase on Margin. The Customer may purchase Securities on Margin if HSBC Broking Securities in its discretion agrees to lend to the Customer a portion of the money for such purchase, and:

- (a) the Customer provides to HSBC Broking Securities a Margin Payment in the amount required by HSBC Broking Securities and meets all calls for additional Margin Payments as may be required by HSBC Broking Securities from time to time; and
- (b) the Customer pays interest on all money borrowed from HSBC Broking Securities at a rate to be determined by HSBC Broking Securities from time to time.

**4.5** Short Sale Orders. The Customer acknowledges that in certain jurisdictions, (a) uncovered short selling is unlawful (including in Hong Kong); and (b) only certain securities are designated securities eligible for short selling. Subject to all Applicable Laws, the Customer may effect a short sale order in respect of Securities through HSBC Broking Securities which the Customer does not own PROVIDED that the Customer shall (i) designate such sale order as "short" at the time of giving instructions to effect the sale (if the Customer fails to do so, HSBC Broking Securities shall be entitled to assume for all purposes that the relevant sale is not a Short Sale and is not required to confirm whether or not a sale is a Short Sale whenever it receives an instruction to sell from the Customer); and (ii) provide HSBC Broking Securities with documentary evidence and assurance to the satisfaction of HSBC Broking Securities to warrant that the Customer or (where acting as agent) its underlying principal has a presently exercisable and unconditional right to vest such securities in the purchaser of such securities and cause such securities to be delivered on or before the relevant settlement date. In respect of any Short Sales, the Customer agrees to provide HSBC Broking Securities with any confirmation, information and/or assurances that HSBC Broking Securities may require from the Customer from time to time. The Customer shall at all times comply with all Applicable Laws.

**4.6** Short Sale of Securities borrowed from HSBC Broking Securities. The Customer may sell Securities borrowed from HSBC Broking Securities if HSBC Broking Securities agrees to lend such Securities to the Customer, and the Customer provides to HSBC Broking Securities a Margin Payment in the amount required by HSBC Broking Securities and meets all calls for additional Margin Payments as required by HSBC Broking Securities from time to time.

## **5. Possession of Securities**

**5.1** General. Any Securities purchased for any account of the Customer shall be held in trust for the Customer by and in the name of HSBC Broking Securities or any nominee appointed by HSBC Broking Securities in any country where such Securities were issued, are listed on an exchange or otherwise are bought and sold.

**5.2** Dealing with Securities. The Customer agrees not to pledge, charge, sell, grant an option or otherwise deal in any of its Securities and/or Options being held by HSBC Broking Securities as custodian without the prior written consent of HSBC Broking Securities.

**5.3** Delivery to Agent. Subject to Clause C, 8.4 hereof, Securities purchased for the Customer shall be delivered by HSBC Broking Securities to the Customer or a custodian or agent for safe-keeping as the Customer may direct, provided that (i) such Securities are fully paid and (ii) such Securities are not held as collateral for accounts of the Customer or any third party with HSBC Broking Securities or an Affiliated Company.

**5.4** Equivalent Securities. HSBC Broking Securities, or its nominee, shall not be required to deliver to or return to the Customer the identical Securities delivered to or deposited with HSBC Broking Securities, provided that the Securities actually delivered or returned are of the same class, denomination and nominal amount and have equal rank in every respect with the Securities originally delivered or deposited (subject to any capital reorganisation that may have occurred in the interim).

**5.5** Dividends or Distributions. If in relation to any Securities of the Customer held by HSBC Broking Securities or any nominee appointed by HSBC Broking Securities which are not registered in the Customer's name any dividends or other distributions or benefits accrue in respect of such Securities, the Customer's account with HSBC Broking Securities shall be credited (or payment made to the Customer as may be agreed) with the proportion of such benefit equal to the proportion of the total number or amount of such Securities held for the Customer. If, as a result of the dividends and/or other distributions, the Customer is entitled to fractional entitlements, the Customer authorises HSBC Broking Securities at its sole discretion to round up or down such fractional entitlements and/or to sell such fractional entitlements if in HSBC Broking Securities' sole discretion it determines that the amount of the proceeds that may be realised would justify the costs and expenses of the sale of such fractional entitlements. To the extent that any such fractional entitlements, other dividends and/or other distributions and any proceeds from a sale of fractional entitlements that HSBC Broking Securities are for any reason unable to or it is not practicable for HSBC Broking Securities to credit to the Customer's account, the Customer authorises HSBC Broking Securities at its sole discretion to donate any such amount to charitable organisations.

**5.6** The Customer authorises HSBC Broking Securities, at its sole discretion, (but with no obligation on the part of HSBC Broking Securities) to take any action or inaction as it may consider expedient or convenient to enable it to provide the services and to exercise its powers under these Institutional Terms of Business, including the right:

- (a) to comply with any Applicable Law and nothing herein shall remove, exclude or restrict any rights of the Customer under such law;
- (b) on behalf of the Customer, to withhold and/or make payment of any taxes or duties payable on or in respect of the Securities;
- (c) not to act on the Customer's instructions due to any limitations and/or any restrictions relating to HSBC Broking Securities' internal policies or requirements;



- (d) in the absence of or delay in receiving instructions from the Customer in response to a notification to act or refrain from acting in accordance with the default option as specified in the notification;
  - (e) to accept any offers or take any action in relation to corporate actions (including, without limitation, voting rights or to deal with a delisting) on behalf of the Customer if HSBC Broking Securities is unable to reach the Customer to confirm their instructions on such matters within a reasonably practicable period of time as determined by HSBC Broking Securities in its sole discretion;
  - (f) to co-mingle the Securities with the property of other owners but not with the property of HSBC Broking Securities; and
  - (g) to participate in and to comply with the rules and regulations of a depository and any system which provides central clearing and settlement facilities in respect of Securities and to hold the Securities in any such depository or system without HSBC Broking Securities incurring any liability for any acts or omissions on the part of the manager or operator of such system or depository.
- 5.7** Error Trades. In the event that HSBC Broking Securities in its sole discretion determines that it has entered into a trade that is in error of the Customer's instruction as a result of its own negligence or willful default, then HSBC Broking Securities shall unwind the trade at its cost, in which case it shall not be liable for any further or indirect loss that may result from the error trade.

## **6. Option Physical Delivery Obligations**

- 6.1** Physical Delivery. HSBC Broking Securities shall accept orders for the purchase and sale of Securities and/or Options subject to the condition that the Customer shall make or take Physical Delivery of such Securities and, in the case of Options, when and if Physical Delivery is required, make or take Physical Delivery unless the Customer Off-sets the Option or the Option expires without being exercised.
- 6.2** Exercise of Physical Delivery Option. In the event that the Customer as Grantee intends to exercise a Put Option to make Physical Delivery or exercise a Call Option to take Physical Delivery, the Customer will provide to HSBC Broking Securities the type and quantity of Underlying Securities required to make delivery thereof or provide to HSBC Broking Securities the amount of money necessary to pay for delivery thereof. The Customer shall provide HSBC Broking Securities with control over the Underlying Securities or money for payment before HSBC Broking Securities gives formal notice of exercise to the exchange, clearing house or counterparty as the case may be. Any failure by the Customer to provide such Underlying Securities or money to HSBC Broking Securities shall relieve HSBC Broking Securities of any obligation to give such notice of exercise on behalf of the Customer to any such party.
- 6.3** Assignment of Physical Delivery Option. In the event that the Customer is assigned to make Physical Delivery as the Grantor of a Call Option or assigned to take Physical Delivery as the Grantor of a Put Option, the Customer will provide to HSBC Broking Securities the type and quantity of Underlying Securities required to make delivery thereof or provide to HSBC Broking Securities the amount of money necessary to pay for delivery thereof. Any failure by the Customer to provide such Underlying Securities or money to HSBC Broking Securities, within the time required by HSBC Broking Securities and notified to the Customer, shall entitle HSBC Broking Securities, without further notice or demand, to forthwith:
- (a) buy the Underlying Securities required for delivery at a price HSBC Broking Securities believes to be reasonable, charge the Customer's account for the cost thereof, deliver the Underlying Securities to satisfy the Customer's obligation, and credit the Customer's account with the payment received for delivery; or
  - (b) accept delivery of the Underlying Securities, charge the Customer's account for the payment to satisfy the Customer's obligation, sell the Underlying Securities at a price HSBC Broking Securities believes to be reasonable, and credit the Customer's account with the proceeds thereof.
- 6.4** Obligations of the Customer. The Customer shall be liable for any Deficit resulting from losses and any cost or expense (including legal costs) incurred by HSBC Broking Securities, on a full indemnity basis, related to the purchase or sale by HSBC Broking Securities of Underlying Securities pursuant to Clause B, 6.3 hereof. Further, in respect of Clause B, 6.2 hereof, the Customer shall have no claim against HSBC Broking Securities for losses arising from the Customer's failure to provide the Underlying Securities or money to HSBC Broking Securities and HSBC Broking Securities' inability to give notice of the exercise of an Option on behalf of the Customer, or otherwise in connection with any other matter herewith howsoever arising.
- 6.5** Exercise Procedures of Options. HSBC Broking Securities does not warrant that in-the-money Options are exercised unless specifically instructed by the Customer to exercise or the relevant exchanges provide for automatic exercise of in-the-money Options. Where the relevant exchanges do not specify the Option contract against which notice of assignment is being given, HSBC Broking Securities shall assign the option against a customer's account on a random basis as determined by a random computer allocation programme.

## **C. General Business Terms**

### **1. No Suitability Obligation**

- 1.1** Solicitation and Recommendation. In relation to the purchase and/or sale of any product:
- (a) HSBC Broking Securities may solicit the sale of or recommend a product to the Customer; and/or
  - (b) the Customer may enter into the transaction with HSBC Broking Securities on an execution-only basis.
- 1.2** Making available to the Customer any advertisements, Product Information, 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.
- 1.3** Unless otherwise specified in these Institutional Terms of Business or in other terms and conditions in relation to any product, HSBC Broking Securities does not have any obligation to make available any service or providing advice in relation to the purchase or sale of products which HSBC Broking Securities does not distribute or offer to customers.
- 1.4** Transactions entered into with HSBC Broking Securities to buy or sell products:
- 1.4.1**
- (a) HSBC Broking Securities will not have any obligation or duty to assess whether or ensure that the product is suitable for the Customer. The Customer acknowledges and agrees that it is the Customer's sole responsibility to assess and to satisfy itself that the transaction is appropriate for the Customer.
  - (b) Except in the case of negligence or wilful default, HSBC Broking Securities is not liable for any loss (including indirect or consequential loss), cost or damage of any kind incurred or suffered by the Customer or any other person with respect to or arising out of any transactions.
- 1.4.2** Before the Customer enters into a transaction with HSBC Broking Securities to buy and/or sell a product, the Customer should:
- (a) consider the Customer's own circumstances and understand the product features, terms and risks, and the Customer should contact HSBC Broking Securities if the Customer has any questions on the product;
  - (b) note that HSBC Broking Securities has no responsibility to ensure that a product HSBC Broking Securities has solicited the sale of or recommended to the Customer is suitable for the Customer;
  - (c) note that if circumstances relating to the Customer, such product, such product's issuer or general market conditions change, such product may no longer be suitable for the Customer; and
  - (d) note that HSBC Broking Securities does not provide legal, tax or accounting advice on the Customer's investments, and the Customer should therefore consider obtaining independent professional advice (including legal, tax and accounting advice) about the Customer's investments where necessary.
- 1.5** No Warranty as to Outcome. No representation or warranty is given by HSBC Broking Securities (expressly or by implication) as to the value or result of any transaction entered into by the Customer.
- 1.6** Views and Market Information Provided by HSBC Broking Securities. The Customer acknowledges that the market or other information or views communicated to the Customer by HSBC Broking Securities, although based upon information generally available to the public and from sources believed by HSBC Broking Securities to be reliable, may be incomplete, may not be verified and may be changed without notice to the Customer. (i) HSBC Broking Securities makes no representation, warranty or guarantee to the Customer with respect to the accuracy or correctness of such views and information; and (ii) the Customer acknowledges that in entering into any transaction, HSBC Broking Securities is not making any assurance as to the expected performance or result of any transaction.
- 1.7** Customer's Own Judgement. The Customer shall make its own judgement and decision with respect to any transaction. The Customer represents and warrants, on the date of the Agreement and on each date the Customer enters into any transaction with or through HSBC Broking Securities, that the Customer understands the nature and consequences of each transaction and can and will evaluate for itself the merits, risks and suitability of entering into each transaction having regard to the Customer's own circumstances including but not limited to its financial situation, investment experience and investment objectives. The Customer understands and accepts that HSBC Broking Securities and/or its Affiliated Companies may have a position in and may purchase or sell the product which is the subject of information or views communicated to the Customer, and that the positions or transactions of HSBC Broking Securities or its Affiliated Companies may or may not be consistent with any information communicated to the Customer by HSBC Broking Securities.

## 2. Commissions and Charges

- 2.1 Customer's Obligation to Pay Commission and Charges on Transactions. The Customer shall pay to HSBC Broking Securities commissions and charges as prescribed by HSBC Broking Securities from time to time. The Customer shall reimburse HSBC Broking Securities on a full indemnity basis for any other charges arising from the execution of orders, handling of instructions, account maintenance fees and custodian services for the Customer, including but not limited to statutory fees, stamp duties and taxes, exchange fees, levies, remittance charges, interest charges, settlement fees, custodian fees and delivery charges. Such charges may vary depending upon the market(s) and the types of transactions involved. HSBC Broking Securities will provide the Customer with the Fees and Charges Schedule upon request. HSBC Broking Securities may, at its option, deduct such commission and other charges mentioned in this Clause C, 2.1 from the Customer's account(s) to pay any amounts due to HSBC Broking Securities under the Agreement. HSBC Broking Securities shall, at its absolute discretion, be entitled to solicit, accept and retain any benefit in connection with any transaction effected with any person for the Customer pursuant to the terms and subject to the conditions of the Agreement, including any commissions, rebates or similar payments received in connection therewith, and rebates from standard commissions charged by brokers or other agents to their clients. HSBC Broking Securities shall also, at its absolute discretion be entitled to offer any benefit in connection with any transaction effected with any person for the Customer pursuant to the terms and subject to the conditions of the Agreement, including any benefit relating to commissions or similar payments in connection therewith.

## 3. Default and Deficit

- 3.1 Events of Default. All sums owed by the Customer to HSBC Broking Securities shall become immediately due and payable upon occurrence of any one (1) of the following events ("**Events of Default**") and interest on amounts outstanding shall accrue in accordance with the rate set out in Clause C, 3.6:
- (a) HSBC Broking Securities deems it necessary to have all such sums become immediately due and payable for its protection or for compliance with any Applicable Law or rules and regulations of any relevant exchange, clearing house or broker;
  - (b) the Customer or any guarantor of the Customer's obligation(s) hereunder shall become insolvent by reason of its inability to pay its debts as they fall due, or shall enter into liquidation whether voluntarily or compulsorily, or shall have appointed a receiver for all or any part of its assets, or suffer the filing of a petition for its winding-up or similar action in consequence of a debt or makes a general assignment, arrangement or composition with or for the benefit of its creditors or institutes or has instituted against it, by any entity a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger), or shall seek or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets, or shall have a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, and/or it or any guarantor of the Customer's obligations hereunder otherwise becomes (voluntarily or involuntarily) the subject of any equivalent procedures under any relevant bankruptcy, liquidation, reorganisation or similar law, and/or if the Customer is a limited partnership, any of its affiliated entities, or any other undertakings (including in each case, but not limited, to its partners) are the subject of any equivalent procedures under any relevant bankruptcy, liquidation, reorganisation or similar law, where in each of the above cases HSBC Broking Securities considers either upon the occurrence of any such events or at any such later date, and in HSBC Broking Securities' sole and absolute discretion, such event has or may have a material impact on the Customer;
  - (c) in the opinion of HSBC Broking Securities, the Customer has breached a material term of the Agreement;
  - (d) the Customer or any guarantor of the Customer fails to pay the Margin Deposit pursuant to Clause B, 3 or defaults in any obligations hereunder to HSBC Broking Securities or its Affiliated Company;
  - (e) a warrant or order of attachment or distress or an equivalent order is issued against the Customer's accounts or any affiliated entities with HSBC Broking Securities or its Affiliated Company, or a judgement is levied, enforced or executed against any such accounts;
  - (f) if the Customer is a limited partnership – a judicial declaration of incompetence is made in respect of any of the partners, which HSBC considers, in its sole and absolute discretion, has or may have a material impact on the Customer;
  - (g) if the Customer is a limited partnership, the mental incapacity/death of any of the partners, which HSBC considers, in its sole and absolute discretion, has or may have a material impact on the Customer;
  - (h) the deed of guarantee made between the guarantor named therein and HSBC Broking Securities in relation to the Customer's account(s) is terminated, otherwise ceases to have effect, or the guarantee provided thereunder ceases to be a continuing guarantee.

Once any of the Events of Default has occurred, further performance by HSBC Broking Securities of any of its obligations to the Customer under the Agreement shall be conditional upon the Customer having discharged its existing obligations to HSBC Broking Securities under the Agreement, and HSBC Broking Securities shall be entitled at its absolute discretion, without further notice or demand, to forthwith:

- (i) cancel or withdraw any order which may have been placed by the Customer with HSBC Broking Securities for the purchase or sale of Securities and/or Options and decline to accept further instructions from the Customer;
  - (ii) sell all or any of the Securities and sell and Off-set all or any Options in the Customer's account;
  - (iii) buy Securities previously sold as a Short Sale and buy and Off-set any or all Options short in any account of the Customer;
  - (iv) close out any open contract held by HSBC Broking Securities on behalf of the Customer, and make or take delivery of the Underlying Security in respect of any such contract;
  - (v) borrow or purchase any Underlying Security required to make delivery on behalf of the Customer;
  - (vi) exercise any Options held by HSBC Broking Securities on behalf of the Customer;
  - (vii) satisfy the debt or any obligations owed by the Customer to HSBC Broking Securities (either directly or by way of guarantee or other security) by selling, realising or otherwise dealing with in such manner as HSBC Broking Securities in its absolute discretion may determine, all or part of any property held by HSBC Broking Securities for any purpose in any account of the Customer, and to apply the proceeds in satisfaction of all or part of any liability of the Customer to HSBC Broking Securities;
  - (viii) set-off cash balances in Customer's account(s) maintained in different currencies against any monies owed by the Customer to HSBC Broking Securities in a certain currency in order to satisfy the Customer's obligation by payment in another currency;
  - (ix) set-off, combine or consolidate any of the Customer's accounts of any nature maintained with HSBC Broking Securities or its Affiliated Company, or any obligation of HSBC Broking Securities to the Customer under the Agreement against any obligation of the Customer to HSBC Broking Securities under the Agreement; and
  - (x) collect any amount due to HSBC Broking Securities and accelerate the maturity of any or all of the Customer's outstanding liabilities under the Agreement.
- 3.2** Application of Proceeds. HSBC Broking Securities may at its absolute discretion apply the net proceeds (after deduction of all fees, costs and expenses incurred in connection with the exercise of the powers conferred on HSBC Broking Securities by this provision) actually received by HSBC Broking Securities pursuant to the exercise of powers under Clause C, 3.1 in satisfaction of the Customer's then outstanding obligation to HSBC Broking Securities in such order or manner as HSBC Broking Securities deems appropriate.
- 3.3** Customer's Waiver of Claims and Demands. HSBC Broking Securities shall have absolute discretion in all matters relating to the exercise of its rights under Clause C, 3.1, and may sell any Security on a single or collective basis. The Customer hereby waives all claims and demands (if any) against HSBC Broking Securities in respect of any loss, involuntary or otherwise, directly arising from the exercise by HSBC Broking Securities of the powers conferred by the Agreement, howsoever such loss may have been caused (other than through the wilful misfeasance or negligence of HSBC Broking Securities, or the reckless disregard of the obligations of HSBC Broking Securities under this provision), whether in relation to the timing or manner of the exercise of such powers or otherwise.
- 3.4** Termination of Agreement. Upon occurrence of any of the events set out in Clause C, 3.1, the Agreement may be terminated by HSBC Broking Securities forthwith without notice to the Customer. Any such termination shall be without prejudice to the accrued rights and obligations of HSBC Broking Securities and the Customer contained in the Agreement which shall remain in full force and effect and shall be enforceable notwithstanding such termination.
- 3.5** Obligation of the Customer. The Customer shall be liable for any Deficit that may exist after HSBC Broking Securities has exercised its rights under Clause C, 3.1, and any cost or expense (including legal costs) incurred by HSBC Broking Securities, on a full indemnity basis, related to such exercise.
- 3.6** Interest on Customer's Obligation. All sums owed (including interest arising after a judgement debt is obtained against the Customer) by the Customer to HSBC Broking Securities under the Agreement including, but not limited to, HSBC Broking Securities' costs and expenses of collection (including legal costs), shall bear interest payable by the Customer on demand at a rate and on such other terms to be determined by HSBC Broking Securities conclusively from time to time and disclosed in the account statement.

## 4. Arrangements for Customer's Money

- 4.1 Customer's Money Treated in Accordance with the Securities and Futures (Client Money) Rules (the "**Client Money Rules**"). HSBC Broking Securities will deal with Customer's money in accordance with the Client Money Rules. Accordingly, unless otherwise provided in the Agreement or in the Client Money Rules, all money for the Customer's account will be held as client money (as defined in, and in accordance with, the Client Money Rules) on behalf of the Customer and at the risk of the Customer.
- 4.2 Customer's Money Held Outside of Hong Kong. With respect to Customer's money received by HSBC Broking Securities outside of Hong Kong and denominated in currencies other than Hong Kong dollar, HSBC Broking Securities may hold such Customer's money in a segregated bank account outside of Hong Kong.
- 4.3 Risk Associated with Customer's Money Held Outside of Hong Kong. Where Customer's money is held at a segregated bank account maintained by HSBC Broking Securities outside of Hong Kong, (i) the Client Money Rules do not apply and (ii) the legal and regulatory regime applying to the bank with which the Customer's money is held will be different from that of Hong Kong and, in the event of a default of the relevant bank, Customer's money may be treated differently from the position which would apply if the Customer's money was held by a licensed bank in Hong Kong.
- 4.4 Interest on Customer's Monies. Interest credited to the Customer by HSBC Broking Securities is calculated at the higher of the savings rate and the call rate quoted by HSBC Group Banks. Interest received by HSBC Broking Securities in its management of Customer's monies may be at a higher rate than the interest rate offered by the HSBC Group Banks. The Customer hereby agrees that HSBC Broking Securities may retain for its own account any interest received in respect of the Customer's funds which is in excess of that paid by HSBC Broking Securities to the Customer.
- 4.5 All monies, securities and other property received by HSBC Broking Securities from the Customer or from any other person (including a clearing house) for the account of the Customer shall be held by HSBC Broking Securities as trustee and segregated from HSBC Broking Securities' own assets. These assets so held by HSBC Broking Securities shall not form part of the assets of the HSBC Broking Securities for insolvency or winding up purposes but shall be returned to the Customer promptly upon the appointment of a provisional liquidator, liquidator or similar officer over all or any part of HSBC Broking Securities' business or assets.
- 4.6 Right to Impose Negative Interest
- (a) Where a negative interest rate applies to any currency, HSBC Broking Securities shall 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 the Customer to HSBC Broking Securities, HSBC Broking Securities is 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, the Customer is liable to repay the outstanding amount to HSBC Broking Securities on demand together with any fees, expenses and interest accruing on the outstanding amount at such rate as HSBC Broking Securities may set.
- (b) Negative interest (if any) on an account accrues:
- (i) on a daily basis;
- (ii) on the credit balance in the account; and
- (iii) at the interest rate specified by HSBC Broking Securities at its discretion.
- (c) Interest rates applicable from time to time will be displayed at HSBC Broking Securities' premises or published on HSBC Broking Securities' website. Negative interest (if any) is payable by the Customer to HSBC Broking Securities and will become a debit entry to the account at the end of each calendar month (or at such other interval as HSBC Broking Securities may set from time to time).
- (d) Where an account is closed during an interest period whether by the Customer or by HSBC Broking Securities for any reason, negative interest (if any) accrues only up to the last calendar day before the day of closure.
- (e) HSBC Broking Securities shall have the right to set or vary without prior notice from time to time any minimum amount of credit balance for negative interest to accrue. No such interest will accrue if the credit balance in the account falls below the minimum set by HSBC Broking Securities.

## 5. Currency Conversion

- 5.1 Currency Conversion. In the event that the Customer instructs HSBC Broking Securities to enter into any Securities or Option transaction on an exchange or other market on which such transactions are effected in a currency other than the currency in which the Customer's account with HSBC Broking Securities is denominated:
- (a) any profit or loss arising from fluctuations in the rate of exchange between the two (2) currencies will be for the account and risk of the Customer;

- (b) all Margin Deposits and Margin Payments will be provided to HSBC Broking Securities in such currency and in such amounts as HSBC Broking Securities may require from time to time; and
- (c) when such Securities are sold or Options are Off-set or otherwise liquidated, and any Margin Deposits are liquidated, HSBC Broking Securities shall debit or credit the Customer's account in the currency in which the account is denominated, at a rate of exchange determined conclusively by HSBC Broking Securities on the basis of the then-prevailing market rates of exchange between the two (2) currencies.

## **6. Right of Set-Off and Lien, Consolidation of Accounts and Segregated Accounts**

- 6.1** Combine and Consolidate Accounts. Where the Customer has one (1) or more accounts held at HSBC Broking Securities and/or its Affiliated Companies, HSBC Broking Securities shall have the right (but in relation to the Customer's money, only so far as consistent with Applicable Law) at any time without notice to set-off, combine and/or consolidate all or any accounts maintained with HSBC Broking Securities and its Affiliated Companies in such manner as determined by HSBC Broking Securities for the purposes of Clauses C, 6.2 and C, 6.3.
- 6.2** HSBC Broking Securities' Right of Set-off. HSBC Broking Securities is hereby authorised by the Customer to set-off, transfer or apply (insofar as consistent with Applicable Law), at any time and without notice to the Customer, monies or any other property in any of the Customer's account(s) at HSBC Broking Securities and its Affiliated Companies, in satisfaction of the obligations and liabilities of the Customer owed to HSBC Broking Securities and such obligations and liabilities may be actual or contingent, primary or collateral, secured or unsecured, joint or several. In the event that the Customer incurs a Deficit denominated in a particular currency, HSBC Broking Securities (as broker) shall have the right to set-off at any time and without notice to the Customer, the Deficit against the Customer's deposit in the equivalent amount denominated in other currencies in satisfaction of the Customer's Deficit. When such set-off or transfer requires the conversion of one (1) currency to another, such conversion shall be at a rate of exchange determined conclusively by HSBC Broking Securities on the basis of the then-prevailing market rates of exchange between the two (2) currencies. Notwithstanding any other provision of the Agreement, HSBC Broking Securities, in connection with the provision of its custodial services, shall not exercise any right of set-off over or in respect of, or any other discretionary right to deal in or exercise rights attached to, any of the Customer's property that constitutes Securities, or which is derived from or relates to Securities, listed on SEHK.
- 6.3** General Lien. Until any amount owed to HSBC Broking Securities or any Affiliated Company has been paid in full, HSBC Broking Securities shall hold as security and subject to a general lien in HSBC Broking Securities' favour all money, Securities and other property of the Customer held from time to time by HSBC Broking Securities or any Affiliated Company, whether held for safe-keeping or otherwise.
- 6.4** Segregated Accounts. Subject to Clause B, 5 all money or other property received by HSBC Broking Securities from the Customer or from any other person for the account of the Customer shall be held by HSBC Broking Securities, and within a reasonable time from the receipt of such money or other property by HSBC Broking Securities, shall be segregated from HSBC Broking Securities' own assets and:
- (a) in respect of money, be paid into a segregated bank account in the name of HSBC Broking Securities, any Affiliated Company or any nominee appointed by HSBC Broking Securities, established and maintained with any financial institution; or
  - (b) in respect of any other property:
    - (i) be deposited into a segregated account established and maintained with any financial institution; or
    - (ii) be deposited with an overseas custodian or overseas clearing house; and
    - (iii) be registered in the name of the Customer, HSBC Broking Securities, any Affiliated Company or any nominee appointed by HSBC Broking Securities,

each of the above at HSBC Broking Securities' sole discretion.
- 6.5** HSBC Broking Securities as Principal. The Customer acknowledges that in respect of any account of HSBC Broking Securities or any Affiliated Company maintained with any clearing house, whether or not such account is maintained wholly or partly in respect of Securities and/or Options transacted on behalf of the Customer and whether or not money paid by the Customer has been paid to such clearing house, as between HSBC Broking Securities or any Affiliated Company and the relevant clearing house, HSBC Broking Securities (or Affiliated Company as the case may be) deals as principal.

## **7. Standing Authority to Deal with Customer's Money**

- 7.1** Standing Authority with regard to Customer's Money. Where the Customer maintains one (1) or more accounts with HSBC Broking Securities or its Affiliated Companies, HSBC Broking Securities is hereby authorised by the Customer to transfer money from any of the Customer's account(s) with HSBC Broking Securities to any of the Customer's account(s) with the relevant Affiliated Company for purpose of trading or fulfilling the Customer's settlement or margin obligations in respect of dealing activities carried out by the Affiliated Company on behalf of the Customer, subject always to Applicable Law.

- 7.2** Standing Authority to Pay Customer's Money to Third Party. Where the Customer wishes to transfer or pay Customer's money to a bank account bearing a name different from the name of the Customer's account(s) at HSBC Broking Securities, the Customer shall give HSBC Broking Securities a separate standing authority in writing to that effect which will be subject to the acceptance of HSBC Broking Securities.
- 7.3** Validity of Standing Authority. Any standing authority given by the Customer pursuant to Clauses C, 7.1 and 7.2 shall be valid until revoked by the Customer. The Customer shall have the right to revoke any or all such standing authority at any time by the Customer giving two (2) Business Days' notice in writing in accordance with Clause C, 12.

## **8. Orders and Instructions**

- 8.1** Trading Instructions. Subject to Clause C, 8.9, the Customer hereby requests and authorises HSBC Broking Securities to accept and execute the Customer's instructions:
- (a) to purchase (including by way of Initial Offering) or sell Securities and/or Options, exercise Options for Physical Delivery or Cash Settlement, and in connection with any Option make delivery of the relevant Underlying Securities for payment credited to the Customer's account or take delivery of the relevant Underlying Securities and charge payment to the Customer's account; and
  - (b) to borrow money from or through HSBC Broking Securities and to secure repayment thereof with the property of the Customer.
- 8.2** Instructions. HSBC Broking Securities shall be entitled to rely on instructions, directions, notices or other communications, which HSBC Broking Securities reasonably believes in good faith, are issued by (a) the Customer (b) an authorised person acting on behalf of the Customer or (c) any Connected Person (only in relation to information about that Connected Person), and the Customer hereby (jointly and severally if there are two (2) or more Customers to the Agreement) agrees to indemnify HSBC Broking Securities and to hold HSBC Broking Securities harmless from and against any losses, costs, liabilities, damages and expenses (including but without limitation legal costs) suffered or incurred by HSBC Broking Securities in reliance thereon. Instructions shall only be effective upon actual receipt by HSBC Broking Securities. In this Clause C, 8.2, "Connected Person" has the meaning given to such term in Clause C, 19.1.
- 8.3** Amending and Cancelling Instructions. The Customer cannot amend or cancel an instruction that has been fully executed. If instructed by the Customer, HSBC Broking Securities will use its best efforts to amend or cancel an instruction that has not been fully executed. If an instruction cannot be amended or cancelled, the Customer shall be bound by the original instruction.
- 8.4** HSBC Broking Securities' Right to Decline Orders and Instructions. HSBC Broking Securities shall have the right to decline any orders and/or instructions from the Customer (including, without limitation, in respect of Initial Offerings). Without prejudice to the foregoing, HSBC Broking Securities shall be under no obligation to enter into any particular transaction. HSBC Broking Securities shall not have an obligation to act on the Customer's instruction if there are insufficient funds in the relevant Customer's account or where HSBC Broking Securities believes that such instructions might conflict with its internal policies or with Applicable Law. In the event that HSBC Broking Securities in its absolute discretion declines to accept any instructions of the Customer, the Customer shall be notified accordingly. HSBC Broking Securities shall not be liable for any loss, loss of profit or gain, damage, liability, cost or expense suffered or incurred by the Customer howsoever arising out of or in connection with HSBC Broking Securities declining to act on the Customer's instructions or failing to notify the Customer as aforesaid.
- 8.5** HSBC Broking Securities' Execution of Orders. HSBC Broking Securities shall cause and control the execution of the Customer's orders on exchanges and other markets anywhere in the world through HSBC Broking Securities, any of HSBC Broking Securities' Affiliated Companies, or through members of the various exchanges and clearing houses, or independent floor brokers, or market makers and principals in other markets, by arrangements which HSBC Broking Securities at its absolute discretion shall make from time to time with various companies and persons as may be necessary to provide order execution and references in the Agreement to transactions or execution by HSBC Broking Securities shall be construed accordingly.
- 8.6** HSBC Broking Securities' Right to Aggregate Orders. HSBC Broking Securities may aggregate the Customer's order with its own orders or with those of persons connected with HSBC Broking Securities or with those of other customers. Such aggregation may on some occasions operate to the Customer's disadvantage and on other occasions to the Customer's advantage. In the case of Initial Offerings HSBC Broking Securities may in certain circumstances allocate Securities in its sole discretion which may be to the Customer's advantage or disadvantage.
- 8.7** The Customer authorises HSBC Broking Securities to conduct a credit enquiry or check on the Customer for the purpose of ascertaining the Customer's financial situation, investment experience and investment objectives.
- 8.8** Execution of Payment Instruction. HSBC Broking Securities and its Affiliated Companies are obliged to comply with Applicable Law and requests of public and regulatory authorities in various jurisdictions which relate to the prevention of money laundering or financing of, among other things, named terrorists and sanctioned persons. Such obligation may require HSBC Broking Securities to, among other things, intercept and investigate any payment instructions, messages and other information or communications sent to or by the Customer or on the Customer's behalf via HSBC Broking Securities' systems and this process may involve the making of further enquiries by HSBC Broking Securities with the Customer. The Customer hereby authorises HSBC Broking Securities to do all such acts as HSBC Broking Securities may in its absolute discretion deem to be necessary or appropriate for complying with such Applicable Law and requests.

HSBC Broking Securities and its Affiliated Companies will not be liable for any loss (whether direct or consequential and including without limitation loss of profit or interest), costs or damage suffered by any party arising out of any delay or failure by HSBC Broking Securities or its Affiliated Companies in performing any of its obligations under the Agreement in whole or in part by any steps taken pursuant to this Clause C.8.8.

- 8.9** Form of Instructions. Subject to HSBC Broking Securities' internal policies from time to time and unless otherwise agreed, HSBC Broking Securities will only accept instructions or notices under the Agreement from the Customer (or any Authorised Trader pursuant to Clause C, 8.16) in the manner described in Clause C, 12 except that if the instructions relate to Clause C, 8.1, such instructions may be made by telephone or in writing and the Customer or Authorised Trader must quote the Customer's account number, account name and any other information to the extent required by HSBC Broking Securities for authentication purposes unless explicitly waived in writing by HSBC Broking Securities.

Notwithstanding Clause C, 12, the Customer's or Authorised Trader's instructions under this Clause C, 8.9 shall only be effective upon actual receipt by HSBC Broking Securities.

- 8.10** Instructions Via Fax. The Customer may authorise HSBC Broking Securities to accept from time to time instructions or other documents purporting to come from the Customer in the form of facsimile not bearing an original signature ("**faxed instructions**"). In consideration of HSBC Broking Securities or any Relevant Affiliate (as applicable) agreeing to accept from the Customer, notwithstanding the terms of the relevant mandate with HSBC Broking Securities, faxed instructions in relation to the Customer's account(s) with HSBC Broking Securities or any Relevant Affiliate (as applicable) without requiring written confirmation in respect of any faxed instruction prior to acting thereon, the Customer confirms that:

- (a) the Customer is aware of the possible risks involved in or connected with the giving of any faxed instruction;
- (b) HSBC Broking Securities or any Relevant Affiliate (as applicable) is hereby irrevocably and unconditionally authorised to act on or rely upon any faxed instruction which HSBC Broking Securities or any Relevant Affiliate (as applicable) in its sole discretion believes to emanate from the Customer or otherwise appear to comply with the terms of the mandate for the Customer's account(s), and neither HSBC Broking Securities nor any Relevant Affiliate (as applicable) shall be liable for acting in good faith on faxed instructions which emanate from unauthorised individuals or in any circumstances whatsoever;
- (c) in particular neither HSBC Broking Securities nor any Relevant Affiliate (as applicable) shall be under any duty to verify the identity of the person or persons giving any faxed instruction purportedly made on the Customer's behalf or the authenticity of any signature on any faxed instruction;
- (d) any transaction made (including without limitation any order to buy or sell securities, futures contracts, leveraged foreign exchange contracts, bullion or other financial instruments) or service effected or confirmation given (including without limitation any placement or sub-underwriting letter) pursuant to any faxed instruction shall be binding upon the Customer whether made with or without the Customer's authority, knowledge or consent;
- (e) the Customer undertakes to keep HSBC Broking Securities or any Relevant Affiliate (as applicable) indemnified at all times against, and to save HSBC Broking Securities or any Relevant Affiliate (as applicable) harmless from all actions, proceedings, claims, loss, damage, costs and expenses which may be brought against HSBC Broking Securities or any Relevant Affiliate (as applicable) or suffered or incurred by HSBC Broking Securities or any Relevant Affiliate (as applicable) and which shall have arisen either directly or indirectly out of or in connection with HSBC Broking Securities or any Relevant Affiliate (as applicable) accepting faxed instructions believed to emanate from the Customer and acting thereon, whether or not the same are confirmed in writing by the Customer;
- (f) notwithstanding any authorisation given under this clause, HSBC Broking Securities may in its absolute discretion refuse to act in accordance with any faxed instructions from the Customer; and
- (g) the Customer acknowledges that all faxed instructions given to HSBC Broking Securities by the Customer shall only be effective upon actual receipt by HSBC Broking Securities.

- 8.11** Telephone Recording. All telephone conversations between the Customer and HSBC Broking Securities in the course of business shall be recorded on a centralised tape recording system operated by HSBC Broking Securities. Such recording is subject to monitoring by HSBC Broking Securities and shall remain the property of HSBC Broking Securities.

- 8.12** Confirmations. HSBC Broking Securities shall send a Confirmation to the Customer promptly following the execution of an order and send a monthly statement which summarises entries in the account, including but not limited to, collection of dividends and payment of interest. In the absence of manifest error, Confirmations and statements shall be conclusive and deemed to be accepted if no objection is received by HSBC Broking Securities within five (5) Business Days of Confirmation or statement being given by HSBC Broking Securities to the Customer. The Customer shall be deemed to have waived any such error in the absence of such notification. For the avoidance of doubt, any such objections from the Customer must be in writing and addressed to HSBC Broking Securities.



- 8.13** Conflict between Agreement and Confirmation. For the avoidance of doubt, in the event of a conflict between the terms of the Agreement and any Confirmation, the terms of the Agreement shall prevail.
- 8.14** Communications Failure. HSBC Broking Securities shall not be responsible for delays in the transmission of orders to the place of execution or the transmission of reports of executed orders to the Customer due to any failure or interruption of communications facilities, or any other delays beyond the control of HSBC Broking Securities.
- 8.15** Product Specifications and Prospectus. HSBC Broking Securities shall provide to the Customer upon request product specifications and any prospectus or other offering document relating to Options.
- 8.16** Trading Authorisation. The Trading Authorisation does not limit or restrict in any way HSBC Broking Securities' rights or the Customer's obligations under the Agreement, and the terms of the Agreement shall apply equally to transactions initiated by each Authorised Trader and to the interpretation generally of rights and obligations under the Trading Authorisation.
- Under the Trading Authorisation, the Customer appoints each Authorised Trader severally to be the Customers' agent and attorney-in-fact, and each Customer further authorises HSBC Broking Securities to accept and execute orders and other transaction instructions from each Authorised Trader for the purchase and sale of Securities and/or Options on any securities exchange, or other market, anywhere in the world, all for the account of all of the Customers, jointly and severally, subject to the terms and conditions of the Agreement. The Customer shall procure that:
- (a) each Authorised Trader provide to HSBC Broking Securities each Authorised Trader's Hong Kong Identity Card, Passport or other identification documents as specified by the Customer and/or Authorised Trader on the Trading Authorisation to enable HSBC Broking Securities to take such copies thereof as HSBC Broking Securities may at its discretion require; and
  - (b) each Authorised Trader shall sign where indicated in the Trading Authorisation.
- 8.17** Termination of the Trading Authorisation. The Customer or HSBC Broking Securities may terminate the Trading Authorisation by giving two (2) Business Days' notice in writing to the other; provided, however, that a termination of the Trading Authorisation shall not prejudice the accrued rights of HSBC Broking Securities, and any obligations of the Customer contained in any provision thereof or in the Agreement shall remain in full force and effect and be enforceable notwithstanding such termination.
- 8.18** Use of Overseas Brokers. HSBC Broking Securities may, for the purpose of carrying out any instructions by the Customer, engage, deal with or through, or otherwise act through any broker, dealer or clearing agent (each a "Delegate") outside of Hong Kong who may or may not be an Affiliated Company on such terms and subject to such conditions as HSBC Broking Securities may in its absolute discretion determine. None of HSBC Broking Securities and its directors, officers and employees shall be liable to the Customer for any loss, damage or cost suffered by or incurred to the Customer as a result of any act, omission or insolvency of any Delegate.

## **9. Digital Trading**

- 9.1** The Customer may register to use digital trading services.
- 9.2** After successful registration, the Customer may use a digital trading service at any time, unless:
- (a) HSBC Broking Securities is maintaining or upgrading the service;
  - (b) HSBC Broking Securities cannot provide the service due to any other reason outside its control; or
  - (c) there are issues with the Customer's internet or mobile services.
- 9.3** Only the Customer's authorised user(s) may use digital trading services.
- 9.4** The Customer must use the latest version of an internet browser and any app provided by HSBC Broking Securities. HSBC Broking Securities' digital trading services may not operate in the way they should if older versions are used.
- Solicitation, recommendation and advice
- 9.5** All transactions through a digital trading service are execution-only. HSBC Broking Securities does not solicit the sale of any product, recommend any product or give advice on any product through any digital trading service.
- 9.6** When using a digital trading service, the Customer must not rely on any solicitation, recommendation or advice made or given by HSBC Broking Securities. Any solicitation, etc. is only valid at the time and through the channel it is made.
- Using information available through a digital trading service
- 9.7** The Customer must not share any market data and other information available through a digital trading service with a third party, or use this data:

- (a) for an illegal purpose;
- (b) other than for the Customer's own use; or
- (c) to establish, maintain or provide or to assist in doing any of those things for a trading floor or dealing service for trading in securities listed on SEHK.

**9.8** The Customer must comply with any reasonable directions in writing from HSBC Broking Securities from time to time about how this information may be used.

**9.9** The Customer authorises HSBC Broking Securities to provide HKEX Information Services Limited ("HKEX-IS") with information on the services supplied to the Customer hereunder, to enable HSBC Broking Securities to comply with the licence agreement between HKEX-IS and HSBC Broking Securities relating to market data feeds.

#### Instructions

**9.10** The Customer may give HSBC Broking Securities instructions through a digital service. HSBC Broking Securities will ordinarily acknowledge that it has received an instruction; however, the Customer is bound by an instruction even if HSBC Broking Securities does not acknowledge receipt. The Customer must call HSBC Broking Securities immediately if there is any doubt that about whether HSBC Broking Securities has received an instruction.

#### Security

**9.11** The Customer is responsible for any transactions through a digital trading service until the Customer tells HSBC Broking Securities that the Customer's account, security details, devices or data may have been compromised. Security details are information that confirm the Customer's identity and include passwords, security codes, PINs, or biometric data (such as a fingerprint, facial recognition or retinal image). The Customer must keep these private.

**9.12** The Customer must:

- (a) take all reasonable precautions to prevent misuse of, or unauthorised access to, the Customer's account, security details, electronic devices and data;
- (b) follow the security tips and guidance that HSBC Broking Securities makes available on its app, website or other channels;
- (c) only access digital trading services on the Customer's computer or mobile device;
- (d) keep the anti-virus protection on the Customer's computer or mobile device up to date; and
- (e) inform HSBC Broking Securities immediately if the Customer knows or thinks that the Customer's account, security details, devices or data have been compromised.

**9.13** The Customer must not:

- (a) allow non-authorised user(s) to have access to any electronic devices or security details that can be used to access a digital trading service;
- (b) alter, modify, adapt, reverse-engineer, copy or reproduce all or any part of any app provided by HSBC Broking Securities; or
- (c) use a digital trading service on any device or operating system that had been modified outside of its manufacturer's or its operating system vendors supported or warranted configurations. This includes devices that have been jail-broken or rooted.

**9.14** HSBC Broking Securities may suspend the Customer's access to digital trading services if HSBC Broking Securities suspects that non-authorised user(s) have attempted to access the Customer's account.

#### Indemnity

**9.15** The Customer hereby undertakes to keep HSBC Broking Securities harmless and indemnified at all times against all losses, liabilities, claims, actions, proceedings, damages, costs, expenses or demands which may have arisen directly or indirectly out of or in connection with the use of any digital trading service with the Customer's account.

#### Ending digital trading services

**9.16** The Customer can end digital trading services at any time by contacting HSBC Broking Securities.

**9.17** In addition to the grounds stated in Clause A, 1.3, HSBC Broking Securities can limit or end the Customer's use of digital trading services immediately and without notice if:

- (a) the Customer's mobile phone or device manufacturer or operating system no longer supports or permits the use of any app provided by HSBC Broking Securities;

- (b) HSBC Broking Securities suspects that the Customer's computer, mobile phone or device lacks critical software, has been jailbroken, contains harmful software or has viruses on it; or
- (c) HSBC Broking Securities believes the Customer has seriously or repeatedly broken this Agreement.

**9.18** References to "the Customer" in this Clause C, 9 include the Customer's authorised user(s) for digital trading services, except in 9.1, 9.3, 9.15 and 9.16.

## **10. General Agreement Provisions**

**10.1** Compliance with Applicable Law. All Securities and/or Options transactions executed by HSBC Broking Securities for and on behalf of the Customer under the Agreement will be subject to Applicable Law, including, without limitation:

- (a) all applicable laws and regulations of government agencies and statutory bodies of the relevant jurisdictions;
- (b) the constitution, rules, regulations, policies, practices and customs of the exchange, clearing house or other markets where the transactions are executed;
- (c) banking regulations, practices and customs in any country where payments are effected in connection with Securities and/or Options delivery, settlement and margins; and
- (d) Exchange Rules, Options Trading Rules and Clearing Rules.

Notwithstanding anything in the Agreement, HSBC Broking Securities, its agents and Affiliated Companies, and each of their respective employees shall be entitled to take (or refrain from taking) such action or steps as it shall in its absolute discretion consider necessary or appropriate to ensure compliance with or to prevent or remedy any breach of any Applicable Law, and none of HSBC Broking Securities, its agents and Affiliated Companies, and any of their respective employees shall be liable to the Customer for any loss or claim arising out of or in connection with any such action or steps.

**10.2** Single and Continuous Agreement. The Agreement shall be continuous, and shall cover individually and collectively all accounts which the Customer may open from time to time with HSBC Broking Securities, and each order executed by HSBC Broking Securities shall be subject to the terms and conditions of the Agreement. Each Confirmation shall supplement and form an integral part of the Agreement and shall be read and construed according to the terms and conditions of the Agreement, so that the Agreement and all the Confirmations, and their amendments (if any), shall constitute a single agreement between the Customer and HSBC Broking Securities. The Customer hereby acknowledges that all transactions executed in accordance with the Agreement by HSBC Broking Securities are executed by HSBC Broking Securities in reliance upon, among other things, the foregoing provisions of this Clause C, 10.2 and agrees that the representations and warranties made and given by the Customer in the Agreement shall be repeated on the day of execution of each such transaction.

**10.3** Time of the Essence. Time shall be of the essence in relation to all matters arising under the Agreement.

**10.4** Purchase and Sale of Customer Property. In the event that HSBC Broking Securities buys or sells Underlying Securities for the account of the Customer, or HSBC Broking Securities sells any collateral or other property of the Customer held by HSBC Broking Securities or an Affiliated Company, pursuant to any Clause of the Institutional Terms of Business, HSBC Broking Securities may make such purchases and sales on commercial terms without prior demand or notice to the Customer. HSBC Broking Securities or an Affiliated Company may be the counterparty to the Customer's account, buying or selling the Underlying Securities, or buying other property sold from the Customer's account.

**10.5** Termination of Agreement. HSBC Broking Securities may close or terminate any account and/or the Agreement by giving two (2) Business Days' notice in writing to the Customer. Any such notice shall be without prejudice to the accrued rights of the Parties, and any obligations of the Parties under the Agreement shall remain in full force and effect and shall be enforceable notwithstanding such closure of account or termination of the Agreement.

**10.6** Unclaimed Assets. If the Customer's account has been closed or terminated for more than seven (7) years, HSBC Broking Securities may convert all monies held in or for the account into Hong Kong Dollars and realise all Securities and/or Options in the Customer's account (if any) and subject to the full payment of all sums owed by the Customer to HSBC Broking Securities, HSBC Broking Securities shall:

- (a) credit any balance in the Customer's account to the Customer's other bank account; or
- (b) send by post at the risk of the Customer to the Customer's last known address a cheque in the name of the Customer in the amount of the credit balance of the Customer's account.

In the event that HSBC Broking Securities is not able to perform either (a) or (b) above because the Customer has not provided the relevant information, the Customer directs HSBC Broking Securities to place the balance in a general account maintained by HSBC Broking Securities for unclaimed funds.

HSBC Broking Securities will not pay interest on funds held in the general account for unclaimed funds. The Customer must provide HSBC Broking Securities with sufficient proof of identity, including the Customer's permanent address, and proof of entitlement before the Customer can recover their funds.

- 10.7** Remedies are Cumulative. Except as provided in the Agreement, the rights, powers, remedies and privileges under the Agreement are cumulative and not exclusive of any rights, powers, remedies or privileges provided by law. A single or partial exercise of any right, power or privilege under the Agreement will not be presumed to preclude any subsequent or further exercise of that or any other right, power or privilege.
- 10.8** Severability. Each of the provisions in the Agreement is severable and distinct from the others and if at any time one (1) or more of such provisions shall become invalid or unenforceable, the validity, legality and enforceability of the remaining provisions in the Agreement shall not in any way be affected or impaired thereby.
- 10.9** Assignment. Subject to any Applicable Laws:
- (a) HSBC Broking Securities may transfer or assign any or all of its interests and obligations in or under the Agreement or any Securities or Options without the consent of the Customer; and
  - (b) Interests or obligations in or under the Agreement or any Securities or Options may not be transferred or assigned by the Customer without the prior written consent of HSBC Broking Securities.
- 10.10** Amendments. No amendment, modification or waiver in respect of the Agreement by the Customer shall be effective unless agreed by HSBC Broking Securities in writing and deemed to be agreed by the Customer in accordance with this Clause C, 10.10. HSBC Broking Securities may make amendment to the Agreement and shall notify the Customer in accordance with Clause C, 12 ("**Amendment Notification**"). If the Customer objects to the amendment, the Customer must notify HSBC Broking Securities in accordance with Clause C, 12 hereof within the time prescribed by HSBC Broking Securities in the Amendment Notification. If no written objection is received from the Customer as aforementioned, the Customer is deemed to have accepted the amendment.
- 10.11** Waiver of Rights. A failure or delay by HSBC Broking Securities in exercising its right, power or privilege in respect of the Agreement shall not be deemed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be deemed to preclude any subsequent or further exercise of that right, power or privilege.
- 10.12** Force Majeure. Neither of the Parties hereto shall be liable for any loss sustained by the other, directly or indirectly, if either Party is prevented from acting as a direct or indirect result of government restrictions, the imposition of emergency procedures or suspension of trading by any relevant exchange, clearing house or other market, civil disorder, acts or threatened acts of terrorism, natural disasters, war, strikes or other circumstances beyond that Party's control.
- 10.13** Conflict of Interest. HSBC Broking Securities and its directors, employees, agents and Affiliated Companies may at any time trade as principals in Securities and Options, on any exchange or market anywhere in the world, and in that connection:
- (a) the Customer consents that without prior notice from HSBC Broking Securities, when HSBC Broking Securities sells or buys on behalf of the Customer, on any exchange or market anywhere in the world, HSBC Broking Securities' directors, employees, floor brokers, agents or the Affiliated Companies may, subject to Applicable Laws, buy or sell in the same market for an account in which HSBC Broking Securities or such other person has a direct or indirect interest;
  - (b) the Customer consents that HSBC Broking Securities or such other person may take the opposite position to the Customer's order, whether for HSBC Broking Securities' or such other person's account on behalf of other customers, provided that such transactions are executed competitively in accordance with Applicable Law; and
  - (c) the Customer acknowledges and consents that HSBC Broking Securities, its directors, employees, agents and/or its Affiliated Companies may at any time (subject to Applicable Law) have an interest in a transaction undertaken by the Customer, including but not limited to: acting as agent for another party, acting as principal in selling its own property, receiving and retaining commission to other parties, executing a transaction with prior knowledge of other related transactions, being a holder, dealer or market maker in other investments purchased or sold by the Customer, or otherwise participating or having an interest in a transaction or its underlying assets.
- 10.14** Third Party Rights. No person other than HSBC Broking Securities and the Customer will have any right under the Contracts (Rights of Third Parties) Ordinance to enforce or enjoy the benefit of any of the provisions of the Agreement.
- 10.15** Successors and Assigns. The Agreement shall enure for the benefit of HSBC Broking Securities, its successors and assigns and shall be binding upon the Customer and the Customer's successors, administrators, legal representatives and assigns permitted pursuant to Clause C, 10.9.
- 10.16** The Agreement supersedes all prior representations, arrangements, understandings and agreements between the Parties to the Agreement (whether written or oral) relating to the subject matter hereof and sets forth the entire complete and exclusive agreement and understanding between the Parties hereto relating to the subject matter hereof.
- 10.17** No Fiduciary Relationship. Where HSBC Broking Securities acts as custodian or has discretion in managing the Customer's assets (if any), notwithstanding any other provisions contained in the Agreement or any other

arrangements the Customer has with HSBC Broking Securities, the Customer acknowledges that (i) such services provided by HSBC Broking Securities do not constitute a fiduciary relationship between HSBC Broking Securities and the Customer and (ii) HSBC Broking Securities shall, in no circumstances, be required to undertake any action that could possibly characterise HSBC Broking Securities as a fiduciary to the Customer.

## 11. Statement of Accounts

- 11.1** Account Statements. HSBC Broking Securities shall send a statement (and Contract Note if applicable) to the Customer promptly following the execution of an order and a monthly statement which summarises entries in the account, including but not limited to payment of interest during the month. In the absence of manifest error, statements and Contract Notes issued by HSBC Broking Securities shall be conclusive and deemed to be accepted if not objected to in writing by the Customer within five (5) Business Days of such statements being dispatched to the Customer by HSBC Broking Securities. The Customer shall be deemed to have waived any such error in the absence of such notification.
- 11.2** Conflict between Agreement and Account Statements. In the event of a conflict between the terms of the Agreement and any account statements, the terms of the Agreement shall prevail.
- 11.3** Customer's Undertaking and Acknowledgement. The Customer hereby acknowledges and agrees that:
- (a) HSBC Broking Securities does not assume responsibility whatsoever for any interruption, delay or failure of mail services, loss of mail or third party interception of mail;
  - (b) the Customer shall notify HSBC Broking Securities in writing of any change in particulars such as its correspondence address. Notwithstanding the effect of notices pursuant to Clause C, 12, the Customer acknowledges that HSBC Broking Securities shall require five (5) Business Days from the date of the relevant notice was received by HSBC Broking Securities to process the said change.

## 12. Notices

- 12.1** Save and except for the circumstances set out in Clause C, 8.9, or unless otherwise specified by HSBC Broking Securities, any notice, instruction or communication by the Customer shall be in writing and sent to HSBC Broking Securities using the contact details that appear on HSBC Broking's website from time to time. HSBC Broking Securities may reject any notice, etc. if HSBC Broking Securities is unable to verify that it was sent by the Customer. Any notice, etc. to HSBC Broking Securities does not have effect until it has been processed and reflected in HSBC Broking Securities' records.
- 12.2** HSBC Broking Securities shall send any notice or communication to the Customer in accordance with the latest information in HSBC Broking Securities' records. Any notice or communication to the Customer shall take effect in accordance with the following table:

Delivery method	Effective time
By hand	At the time of (a) delivery or (b) leaving it at the Customer's address
By post to an address in Hong Kong	Two (2) days after it is sent
By post to an address outside Hong Kong	Ten (10) days after it is sent
By email or through a digital trading service	Immediately after it is sent
By phone	At the time of the call
By fax	Twenty four (24) hours after it is sent

## 13. Electronic Notifications

- 13.1** Interpretation. In this Clause C, 13, "telecommunications equipment" includes mobile telephones, laptop computers, desktop personal computers, pocket personal computers, personal digital assistants and any other electronic media or equipment. Reference to "the Customer" in this Clause C, 11 include the Customer's authorised user(s), save that the Customer shall be fully responsible for such authorised user(s) compliance with this Clause C, 13 except in 13.3 and 13.9(e).
- 13.2** Electronic Notifications. The Customer authorises HSBC Broking Securities to send information and communications electronically by way of short message service messages or email ("Electronic Notifications") to the Customer's appropriate telecommunications equipment from time to time in respect of matters relevant to the Customer's account and the availability of services provided pursuant to these Institutional Terms of Business. The range of such Electronic Notifications available may vary depending on the country in which the Customer is located or with which the Customer has connections.
- 13.3** Opt-Out. The Customer may opt out from receiving Electronic Notifications where permitted by HSBC Broking Securities. For example, the Customer is not permitted to opt out from Electronic Notifications sent in order to satisfy a legal or regulatory requirement that applies to HSBC Broking Securities.
- 13.4** Use of Electronic Notifications
- (a) HSBC Broking Securities may restrict the number of telecommunications equipment which the Customer uses to receive Electronic Notifications.

- (b) To use the Electronic Notifications, the Customer is solely responsible for:
  - (i) paying the fees, charges and expenses for the Customer's telecommunications equipment and the services provided by the Customer's telecommunications service provider; and
  - (ii) complying with the terms and conditions governing the Customer's telecommunications equipment and the services provided by the Customer's telecommunications service provider from time to time.

**13.5** Nature of information provided through Electronic Notifications

- (a) Any information provided to the Customer through Electronic Notifications is for the Customer's personal reference only. HSBC Broking Securities is not bound by the information and such information is not proof of any matter it describes or relates.
- (b) The information provided to the Customer through Electronic Notifications may be provided to HSBC Broking Securities by other persons or compiled by HSBC Broking Securities based on materials provided by other persons. HSBC Broking Securities does not represent or guarantee the accuracy, reliability, adequacy, timeliness, sequence or completeness of any information provided to the Customer through Electronic Notifications, or whether it is fit for any purpose. The Customer should not rely on such information as investment advice or for any trading purpose. The Customer is solely responsible for verifying such information before using it for any purpose. HSBC Broking Securities is not liable in any manner to the Customer or any other person for using such information for any purpose.

**13.6** Notifications

- (a) The Customer should ensure that its mobile phone and other telecommunications equipment and related services are capable of receiving Electronic Notifications.
- (b) HSBC Broking Securities only sends an Electronic Notification once and will not re-send it.
- (c) The Customer should never respond to a request received through an Electronic Notification to provide its password or account or security details, even if the request appears to be sent by HSBC Broking Securities. HSBC Broking Securities will never make such request.
- (d) The Customer should check the telephone number, email address or website address of the sender of an Electronic Notification to ensure that the Electronic Notification is genuine and sent by us. The Customer should not reply to an Electronic Notification that does not appear to be genuine.
- (e) The Customer should never provide its account or personal data on screen following a website hyperlink from an Electronic Notification. All website hyperlinks authorised by HSBC Broking Securities are for the Customer's information only and HSBC Broking Securities will not require the Customer to provide data in that manner.
- (f) Electronic Notifications may not be encrypted and may not be free of virus, interception or tampering. Electronic Notifications may be routed through overseas networks (eg where the Customer is outside Hong Kong or the Customer uses an email service provider located outside Hong Kong), whose security cannot be guaranteed.
- (g) The Customer should inform HSBC Broking Securities as soon as reasonably practicable if any Electronic Notification or website hyperlink appears to be irregular.

**13.7** Security

- (a) The Customer must keep its telecommunications equipment under personal control and keep its password, account and security details secret. The Customer must take all reasonable precautions to prevent loss, theft or unauthorised or fraudulent use of its telecommunications equipment, its password, account, security details or other confidential information.
- (b) The Customer should re-set any pre-set SIM Card PIN Code. The Customer should use its SIM Card PIN Code on its mobile phone as a security measure. The Customer should also re-set its SIM Card PIN Code if the Customer knows or suspects that any other person knows it. The Customer should avoid numbers that are easy to guess when the Customer chooses its SIM Card PIN Code.
- (c) The Customer should not tell any other person its SIM Card PIN Code. The Customer should not keep a written record of it in any way that may enable another person to use it.
- (d) The Customer should only use secure private email sites with the protection of a password. The Customer should keep its password secret and avoid choosing passwords that are easy to guess.
- (e) The Customer must inform HSBC Broking Securities as soon as reasonably practicable of any matter which may affect the Customer's using or our providing the Electronic Notifications. These matters include:

- (i) the Customer knows or suspects that any other person knows its SIM Card PIN Code, nick-name of any account or password;
- (ii) the Customer knows or suspects that any other person uses its telecommunications equipment or accesses its information without authorisation;
- (iii) the Customer's mobile phone is lost or stolen;
- (iv) the Customer changes its mobile phone number or email address; and
- (v) the Customer's contract with the relevant telecommunications service provider is terminated for any reason.

**13.8** Service Providers supporting the Electronic Notifications. HSBC Broking Securities may use any person (including any telecommunications service provider or other independent service provider) for supporting the Electronic Notifications. That person is not HSBC Broking Securities' agent or nominee and HSBC Broking Securities has no cooperation, partnership, joint venture or other relationship with it. HSBC Broking Securities is not liable for any action, claim, loss, damage or liability of any nature which the Customer may suffer or incur arising from or in connection with any act or omission of that person.

**13.9** Limitation of Liability

- (a) Without limiting or reducing the effect of other clauses in these Institutional Terms of Business, except as set out in Clause C, 13.9(b), HSBC Broking Securities is not liable for loss, damage or expense of any kind (including international data charges incurred when receiving Electronic Notifications outside Hong Kong) which the Customer may incur or suffer arising from or in connection with the following (or any of them):
  - (i) any failure or delay in HSBC Broking Securities sending Electronic Notifications 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 Electronic Notifications;
  - (iii) any disclosure of confidential information; and
  - (iv) any interception, loss or damage to the Customer's data, software, telecommunications equipment or other equipment arising from or in connection with the receipt of Electronic Notifications by the Customer.
- (b) If it is proved that the events in paragraph (a) above was caused by wilful default of (i) HSBC Broking Securities, (ii) HSBC Broking Securities' agents or nominees, or (iii) HSBC Broking Securities' officers or employees or that of HSBC Broking Securities' agents or nominees, then HSBC Broking Securities will be liable for any loss and damage the Customer incurs or suffers that is direct and reasonably foreseeable arising directly and solely from such wilful default.
- (c) HSBC Broking Securities is not liable for any loss, cost or damage of any kind incurred or suffered by the Customer as a result of any interruption, delay or failure (whether total or partial) in providing Electronic Notifications to the Customer to the extent that it is attributable to any cause or circumstance that is beyond HSBC Broking Securities' reasonable control or the reasonable control of HSBC Broking Securities' agents or nominees.
- (d)
  - (i) If HSBC Broking Securities believes a communication sent through Electronic Notifications does not reach the Customer, HSBC Broking Securities may re-send it to the contact details the Customer provided in accordance with the procedures for re-sending Electronic Notifications set by HSBC Broking Securities from time to time. If HSBC Broking Securities believes a communication re-sent through Electronic Notifications does not reach the Customer, HSBC Broking Securities may in HSBC Broking Securities' discretion stop sending any further communication through Electronic Notifications.
  - (ii) The Customer is considered as having received a communication sent or re-sent through Electronic Notifications to the contact details the Customer provided.
- (e)
  - (i) Except as set out in Clause C, 13.9(e)(ii), the Customer will indemnify and reimburse (1) HSBC Broking Securities, (2) HSBC Broking Securities' agents and nominees, and (3) HSBC Broking Securities' officers and employees and that of HSBC Broking Securities' agents or nominees for all actions, proceedings and claims which may be brought by or against HSBC Broking Securities or them, and for all losses, damages and reasonable costs and expenses which HSBC Broking Securities or they may incur or suffer as a result of or in connection with the provision of Electronic Notifications. This indemnity will continue after the termination of Electronic Notifications.
  - (ii) If it is proved that any actions, proceedings, claims, losses, damages or amounts set out in Clause C, 13.9(e)(i) was caused by wilful default of (1) HSBC Broking Securities, (2) HSBC Broking Securities' agents or nominees, or (3) HSBC Broking Securities' officers or employees or that of HSBC Broking Securities' agents or nominees, then the

Customer is not liable under Clause C, 13.9(e)(i) to the extent that it is direct and reasonably foreseeable arising directly and solely from such wilful default.

- 13.10** Conflict between Contract Notes and Accounts Statements, and Electronic Notifications. The Electronic Notifications are in addition to, and do not replace, Contract Notes and account statements provided to the Customer pursuant to Clause C, 11 and Clause C, 14. In the event of a conflict between any Electronic Notification and any Contract Note or account statement, the Contract Note or account statement shall prevail.
- 13.11** Variation or Termination of Electronic Notifications. HSBC Broking Securities may, without prior notice, vary the types of Electronic Notifications it may send to the Customer, provide limited Electronic Notifications or stop sending Electronic Notifications to the Customer at its sole discretion without being liable to the Customer.

#### **14. Electronic Statement**

- 14.1** Request for Electronic Statement. The Customer may elect to receive Contract Notes, daily activity statements and monthly activity statements via electronic mail to an electronic mail address designated by the Customer and such request shall be made in writing and is effective only upon HSBC Broking Securities' receipt of said request and an electronic mail address designated by the Customer.
- 14.2** Customer's Undertaking and Acknowledgement. By requesting HSBC Broking Securities to send Contract Notes, daily activity statements and monthly activity statements to the Customer via electronic mail pursuant to Clause C, 14.1, the Customer hereby acknowledges and agrees that:
- (a) HSBC Broking Securities does not assume any responsibility whatsoever for any interruption, loss of or corruption to data, third party interception or hacking, delay or failure in electronic transmission;
  - (b) the Customer has responsibility to ensure that its software system is compatible to that of HSBC Broking Securities;
  - (c) electronic transmission of Customer's Contract Notes, daily activity statements and monthly activity statements shall be automatically suspended by HSBC Broking Securities if any Contract Note, daily statement or monthly activity statement is returned to HSBC Broking Securities after delivery trials in two (2) consecutive statement days. The returned Contract Notes, daily activity statements and monthly activity statements shall be re-sent to the Customer by post thereafter. All subsequent Contract Notes, daily activity statements and monthly activity statements will be sent by post thereafter; and
  - (d) the Customer shall notify HSBC Broking Securities in writing of any change in particulars such as its electronic mail address. Notwithstanding the effect of notices pursuant to Clause C, 12, the Customer acknowledges that HSBC Broking Securities shall require five (5) Business Days from the date of the relevant notice was received by HSBC Broking Securities to process the said change.

#### **15. Representations and Warranties**

- 15.1** The Customer hereby warrants, represents and undertakes the following to HSBC Broking Securities on the date of the Customer Agreement and each date the Customer enters into a transaction under this Agreement:
- (a) the Customer is an Institutional Professional Investor and will inform HSBC Broking Securities immediately if it no longer meets the criteria to be categorised as an Institutional Professional Investor;
  - (b) the Customer is entering into the Agreement as principal and is not trading on behalf of another person unless HSBC Broking Securities is notified otherwise in writing;
  - (c) the Customer shall be solely responsible for compliance with Applicable Law and undertakes not to engage in any conduct that will cause the Customer, HSBC Broking Securities, its agents, employees or Affiliated Companies to be in breach of Applicable Law, and shall indemnify HSBC Broking Securities in respect of all losses, claims, damages and liabilities as a result of any breach of this Clause C, 15;
  - (d) the Customer shall provide the name(s), address(es) and other required details of the person(s) appointed to give orders on its behalf to HSBC Broking Securities and complete a Trading Authorisation;
  - (e) the Customer is a duly incorporated company or a limited partnership and has the full power and authority to carry on, undertake, conduct and engage in activities mentioned in the Agreement and to own its property and other assets and to enter into and perform its duties and obligations as contained in the Agreement, and that all necessary shareholders and board and other actions to enable the Customer to execute, deliver and perform the same have been taken according to its constitution, and the Customer has obtained and shall maintain in full force and effect any necessary consents, licences and authorities;



- (f) the Customer shall maintain a copy of the Agreement, correspondence provided by HSBC Broking Securities, (including but not limited to Contract Notes, daily and monthly activity statements) and other Confirmations and evidence of its authorisation in its books and records at its principal place of business;
- (g) the Customer's board of directors by resolution (or in the case of a limited partnership, the resolution of its members) has approved the Agreement and authorised any of its director(s) (or in the case of a limited partnership, its member(s)) and/or certain named individual(s) to act on its behalf to execute and deliver the Agreement to HSBC Broking Securities and the said resolution authorises named individuals to act on behalf of the Customer to enter orders through, and give other instructions to, HSBC Broking Securities verbally by telephone, or in writing;
- (h) the information supplied by or on behalf of the Customer to HSBC Broking Securities in connection with the opening of the Options account(s) or other Securities account(s) at any time and from time to time is up-to-date, true, complete and accurate;
- (i) the Agreement has been validly executed by the Customer and constitutes a valid and legally binding agreement on the Customer enforceable in accordance with its terms;
- (j) the Agreement and its performance and the obligations provided in the Agreement do not and will not:
  - (i) contravene any Applicable Law; or
  - (ii) conflict with or result in any breach of the terms of or constitute any default under any agreement or other instrument to which the Customer is a party or is subject or by which any of the Customer's property is bound; or
  - (iii) contravene or conflict with any provision of the Customer's memorandum and articles of association or articles of incorporation or by-laws or other constitutional documents as appropriate and as the case may be.
- (k) the Customer will enter into Securities transactions and Options based on its own judgement and investigations.

**15.2** The Customer hereby warrants, represents and undertakes the following to HSBC Broking Securities on the date of the Account Opening Form and Customer Information Statement and throughout the currency of the Agreement:

- (a) the Account Opening Form and Customer Information Statement shall form an integral part of the Customer Agreement;
- (b) the Customer agrees and accepts that in no circumstances will HSBC Broking Securities or any of their nominees, custodians and/or agents be under any obligation or responsibility to apply for, or assist in the application for, Tax Reclaim Arrangement that may be available to the Customer. The Customer agrees and accepts that neither HSBC Broking Securities nor their 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; and
- (c) the Account Opening Form and Customer Information Statement and any supporting documents (and, in the case of the Information Statement for Other Relevant Person(s), to procure the relevant person to warrant, represent and undertake that the relevant documents) are up-to-date, true, complete and accurate on the date of the Customer Agreement, and the Customer shall forthwith notify HSBC Broking Securities upon any changes in the information provided by the Customer and provide HSBC Broking Securities with the relevant information. Until and unless the Customer provides such notification and updated information, HSBC Broking Securities shall be entitled to rely fully on such information for all purposes and the Customer authorises HSBC Broking Securities to verify the same from any source it may deem fit.

**15.3** The Customer hereby warrants, represents and undertakes the following to HSBC Broking Securities on the date of the Trading Authorisation and throughout the currency of the Trading Authorisation that:

- (a) the Customer and each Authorised Trader has the full power and authority to enter into and perform and will perform its obligations as contained in the Trading Authorisation, and that all actions to enable the Customer and each Authorised Trader to execute, deliver and perform the same have been taken, and that the Customer and each Authorised Trader has obtained and will maintain in full force and effect any necessary consents, licenses and authorities;
- (b) the Customer shall maintain a copy of the Trading Authorisation and evidence of any necessary authorisation in its books and records;
- (c) the information contained in the Trading Authorisation is up-to-date, true, complete and accurate at the date of the Trading Authorisation and the Customer shall notify HSBC Broking Securities forthwith upon any material changes in the information provided by such Trading Authorisation;
- (d) the Trading Authorisation has been validly executed by the Customer and constitutes a valid and legally binding agreement on the Customer; and

- (e) the Trading Authorisation and its performance and the obligations contained therein do not and will not:
  - (i) contravene any existing applicable law, statute, ordinance, rule or regulation or any judgement decree or permit to which any one (1) of the Customer is subject; or
  - (ii) conflict with or result in any breach of the terms of or constitute any default under any agreement or other instrument to which any one (1) of the Customer is a party or is subject or by which any of its property is bound.

16. [Intentionally blank]

17. [Intentionally blank]

18. [Intentionally blank]

19. **Collection and Disclosure of Customer Information**

19.1 **Definitions**

Terms used in this Clause C, 19 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 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 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, 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, a representative, agent or nominee, or any other persons or entities with whom the Customer has a relationship that is relevant to its 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.

**"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 HSBC Broking Securities' products and services and the Customer's relationship with the HSBC Group, including information contained in the Account Opening Form and Customer Information Statement, 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 HSBC Broking Securities or members of the HSBC Group may take.

**"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.

**"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 HSBC Broking Securities 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 investment, dealing or related services or products, processing applications, credit and eligibility assessment, and (c) maintaining HSBC Broking Securities' overall relationship with the Customer, including marketing services or products to the Customer, market research, insurance, audit and administrative purposes.

**"Substantial Owners"** means any individuals entitled to more than ten per cent. (10%) of the profits of or with an interest of more than ten per cent. (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 Customer’s tax status or the tax status of a Connected Person.

## 19.2 Collection, use and sharing of Customer Information

This Clause C, 19.2 explains how HSBC Broking Securities will use information about the Customer and Connected Persons. The Notice relating to the Personal Data (Privacy) Ordinance (formerly known as Circular to Customers relating to the Personal Data (Privacy) Ordinance) that applies to the Customer and other individuals (the **“Notice”**) also contains important information about how HSBC Broking Securities and the HSBC Group will use such information and the Customer should read this Clause C, 19 in conjunction with the Notice. HSBC Broking Securities and members of the HSBC Group may use Customer Information in accordance with this Clause C, 19 and the Notice.

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

- (a) HSBC Broking Securities is legally required to disclose;
- (b) HSBC Broking Securities has a public duty to disclose;
- (c) HSBC Broking Securities’ legitimate business purposes require disclosure;
- (d) the disclosure is made with the data subject’s consent;
- (e) it is disclosed as set out in this Clause C, 19 or the Notice.

### Collection

- (i) HSBC Broking Securities and other members of the HSBC Group may collect, use and share Customer Information. Customer Information may be requested by HSBC Broking Securities or on behalf of HSBC Broking Securities 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 HSBC Broking Securities or any member of the HSBC Group.

### Use

- (ii) HSBC Broking Securities and members of the HSBC Group may use, transfer and disclose Customer Information (1) in connection with the purposes set out in this Clause C, 19 or Schedule 1 (applicable to Customer Information other than Personal Data), (2) as set out in the Notice (applicable to Personal Data) and (3) in connection with matching against any data held by HSBC Broking Securities or the HSBC Group for whatever purpose (whether or not with a view to taking any adverse action against the Customer) ((1) to (3) are collectively referred to as the **“Purposes”**).
- (iia) Without limiting the generality of Clause C, 19.2(ii), such use, transfer and disclosure may include HSBC Broking Securities and its Relevant Affiliates using Customer Information collected in respect of an account with any of them in relation to another account with any of them where the Customer Information relates to the same person, regardless of whether the person concerned is an account holder or a Connected Person of an account.

### Sharing

- (iii) HSBC Broking Securities 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 Customer Information for the Purposes) and Schedule 1 (applicable to Customer Information other than Personal Data).

### The Customer’s Obligations

- (iv) the Customer shall, upon signing of the Agreement and from time to time at the request of HSBC Broking Securities, complete and submit the Account Opening Form and Customer Information Statement provided by HSBC Broking Securities to the Customer, which shall contain detailed questions concerning the Customer which may be required by HSBC Broking Securities. The Customer shall provide in the Account Opening Form and Customer Information Statement such information, including but without limitation, financial data concerning the Customer as HSBC Broking Securities may request.
- (v) the Customer agrees to promptly, and in any event, within thirty (30) days, (A) furnish appropriate financial statements (if applicable) to HSBC Broking Securities, (B) disclose to HSBC Broking Securities any material changes in the financial position of the Customer, (C) furnish such Customer Information as HSBC Broking Securities or the HSBC Group may reasonably request, (D) notify HSBC Broking Securities in writing if any of the representations contained in the Agreement cease to be up-to-date, true, complete and accurate in all material respects, (E) notify HSBC Broking Securities of the occurrence of an Event of Default upon its occurrence and (F) notify HSBC Broking Securities if there are any changes to Customer Information supplied to HSBC Broking Securities or a member of the HSBC Group from time to time, and to respond promptly to any request for Customer Information from HSBC Broking Securities or a member of the HSBC Group.

- (vi) the Customer confirms that every Connected Person whose information (including Personal Data or Tax Information) has been (or will be) provided to HSBC Broking Securities 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 C, 19, Schedule 1, and the Notice (as may be amended or supplemented by HSBC Broking Securities 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.
- (vii) 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 HSBC Broking Securities to use, store, disclose, process and transfer all Customer Information in the manner described in these Institutional Terms of Business. The Customer agrees to inform HSBC Broking Securities promptly in writing if it is not able or has failed to comply with the obligations set out in (iv) and (v) in any respect.
- (viii) where
  - (A) the Customer or any Connected Person fails to provide promptly Customer Information reasonably requested by HSBC Broking Securities, or
  - (B) the Customer or any Connected Person withholds or withdraws any consents that HSBC Broking Securities 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
  - (C) HSBC Broking Securities has, or a member of the HSBC Group has, suspicions regarding Financial Crime or an associated risk,

HSBC Broking Securities may:

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

In addition, if the Customer fails to supply promptly its, or a Connected Person's, Tax Information and accompanying statements, waivers and consents, as may be requested, then HSBC Broking Securities may make its own judgment 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 require HSBC Broking Securities 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.

#### **19.3 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 the Customer, or on the Customer's behalf; (ii) investigating the source of or intended recipient of funds; (iii) combining Customer 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 the identity and status of the Customer or a Connected Person.
- (b) HSBC Broking Securities 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 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 HSBC Broking Securities 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 was 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.

#### **19.4 Tax Compliance**

The Customer acknowledges that it is solely responsible for understanding and complying with its 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 HSBC Broking Securities or members of the HSBC Group. Each Connected Person acting in its capacity as a Connected Person also makes the same acknowledgement in 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 HSBC Broking Securities nor any member of the HSBC Group provides tax advice. The Customer should seek independent legal and tax advice. Neither HSBC Broking Securities 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 HSBC Broking Securities or members of the HSBC Group.

## **19.5 Miscellaneous**

- (a) in the event of any conflict or inconsistency between any of the provisions of this Clause C, 19 and those in or governing any other service, product, business relationship, account or agreement between the Customer and HSBC Broking Securities, this Clause C, 19 shall prevail.
- (b) if all or any part of the provisions of this Clause C, 19 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 C, 19 in that jurisdiction.

## **19.6 Survival upon Termination**

This Clause C, 19 shall continue to apply notwithstanding any termination by the Customer or HSBC Broking Securities 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.

## **20. Customer Complaints**

- 20.1** Complaints Officer. The Customer shall have the right to make complaints in relation to the provision of service to the Complaints Officer.
- 20.2** All complaints or grievances to be made or given by the Customer to HSBC Broking Securities should be directed to the Complaints Officer at the Regulatory Compliance Department at (852) 3989 8291.

## **21. Dispute Settlement**

- 21.1** Dispute Settlement by Arbitration. HSBC Broking Securities shall, subject to Clause C, 21.4, by notice in writing to the Customer, have the right to determine that all disputes in respect of, or in connection with, the Agreement or any dispute regarding non-contractual obligations arising out of or relating to the Agreement be settled by arbitration administered by the Hong Kong International Arbitration Centre ("**HKIAC**"), under the Hong Kong International Arbitration Centre Administered Arbitration Rules in force when the notice of arbitration is submitted, as follows:
  - (a) a panel of three (3) persons appointed by the HKIAC or
  - (b) a person or persons mutually agreed by the Customer and HSBC Broking Securities.
- 21.2** Seat. The seat of the arbitration shall be Hong Kong.
- 21.3** Award of Arbitrators. The award of the arbitrators shall be final and judgment upon the award rendered may be entered in any court having jurisdiction.
- 21.4** Judicial Proceedings as Dispute Resolution. In the event that HSBC Broking Securities chooses not to exercise its right under Clause C, 21.1 to arbitration as the means of dispute resolution, then the Parties hereto may initiate judicial proceedings. If proceedings are commenced by the Customer without HSBC Broking Securities' express agreement then HSBC Broking Securities may, by giving notice in writing to the Customer, invoke its rights under Clause C, 21.1, provided that such notice is given no later than the date for service of the acknowledgment of service in those proceedings. Following such notice, the Parties agree that those proceedings shall be stayed by consent in favour of arbitration, with no order as to costs.

## **22. Jurisdiction and Governing Law**

The validity, construction, interpretation and enforcement of the Agreement shall be governed by the laws of Hong Kong and the Parties, subject to Clause C, 21 above, irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong in connection with any suit, actions or proceeding arising out of or in connection with the Agreement, provided that nothing contained in this Clause C, 22 shall preclude the taking of proceedings in any other court of competent jurisdiction.

## **23. [Intentionally blank]**

## **24. Taxation**

- 24.1** It is the Customer's sole responsibility to handle and/or fulfil any local, overseas or worldwide tax issues, liabilities and/or obligations under all applicable laws (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 HSBC Broking Securities. The Customer must seek independent professional advice from its own tax advisers to determine its tax position, liabilities and obligations in relation to the relevant Securities or investments. HSBC Broking Securities assumes no responsibility for advising on or handling such tax issues, liabilities and/or obligations nor will HSBC Broking Securities provide any service or assistance in this regard.

- 24.2** In particular, the Customer agrees and accepts that, unless otherwise specified by HSBC Broking Securities, in no circumstances will HSBC Broking Securities 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 HSBC Broking Securities 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.
- 24.3** Notwithstanding the above but without prejudice to the full force of the foregoing provisions, if HSBC Broking Securities so requests at its absolute discretion, the Customer shall complete, provide information, sign and file any tax forms, certificates or documents which HSBC Broking Securities 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 Agreement. The Customer agrees to co-operate with HSBC Broking Securities, its nominees, custodians and/or agents and provide the necessary information and assistance to them or any of them for such purposes.
- 24.4** All payments to HSBC Broking Securities under or in connection with a transaction and/or service must be paid in full. The Customer will not deduct any sums owed by HSBC Broking Securities to the Customer from any payments made or to be made by the Customer under or in connection with a transaction and/or service. If a deduction on account of tax or a similar charge or for any other reason is required by applicable laws or regulations, or HSBC Broking Securities are later obliged under applicable laws and regulations to return any money received by HSBC Broking Securities in payment of the amount owing, the Customer must make up the payment so that HSBC Broking Securities receives the full amount owing under a transaction and/or service.
- 24.5** The Customer agrees that any termination of a transaction and/or service is subject to the condition that no money that HSBC Broking Securities 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 transaction and/or service, HSBC Broking Securities is later obliged under applicable laws and regulations to return any money received by it in payment of the amount owing, the Customer will remain liable for making up the shortfall or the remaining balance so that HSBC Broking Securities will receive the full amount owing under or in connection with the transaction and/or service, and HSBC Broking Securities has a right to claim against the Customer for the shortfall or the remaining balance as if HSBC Broking Securities had never terminated the transaction and/or service.
- 24.6** The Customer hereby confirms 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 transaction and/or service whether under the applicable laws or regulations of Hong Kong or applicable laws or regulations of any other country where the Customer may reside, would be the Customer's responsibility. The Customer will upon HSBC Broking Securities' request, deliver promptly evidence satisfactory to HSBC Broking Securities that the Customer has complied with applicable deduction or withholding obligations. The Customer holds HSBC Broking Securities harmless and agrees to fully indemnify HSBC Broking Securities on demand for all consequences of any failure to comply with such obligations including any claim which may be made against HSBC Broking Securities by any authorities. Clauses C, 24.4, C, 24.5 and C, 24.6 will continue to be effective after the termination of the relevant transaction and/or service.

## **25. Indemnity**

The Customer undertakes to indemnify HSBC Broking Securities and its officers, employees and agents or any Affiliated Company for any loss, cost, claim, liability or expense arising out of or connected with any breach by the Customer of its obligations under the Agreement or any other ancillary document in relation thereto, or the Customer's failure to provide up-to-date, true, complete and accurate information requested by HSBC Broking Securities in discharging HSBC Broking Securities' regulatory or legal duties (including but not limited to the Customer's financial situation, investment experience and investment objectives), including without limitation, any costs reasonably incurred by HSBC Broking Securities in collecting any debts due to HSBC Broking Securities or in connection with the closure of any account of the Customer with HSBC Broking Securities.

## Schedule 1 - PERSONAL DATA

The following terms supplement Clause C, 19 and relate to the use, store, process, transfer and disclosure of Customer Information other than Personal Data. Terms used in this Schedule 1 shall have the meanings set out in Clause C, 19 of the Main Institutional Terms of Business.

### Use of Customer Information other than Personal Data

The purposes for which Customer Information (other than Personal Data) may be used are as follows:

- (1) considering applications for Services;
- (2) approving, managing, administering or effecting Services or any transaction that the Customer requests or authorises;
- (3) meeting Compliance Obligations;
- (4) conducting Financial Crime Risk Management Activity;
- (5) collecting any amounts due from the Customer and from those providing guarantee or security for the Customer's obligations;
- (6) conducting credit checks and obtaining or providing credit references;
- (7) enforcing or defending HSBC Broking Securities' or a member of the HSBC Group's rights;
- (8) meeting internal operational requirements of HSBC Broking Securities or the HSBC Group (including credit and risk management, system or product development and planning, insurance, audit and administrative purposes);
- (9) creating and maintaining HSBC Broking Securities' credit and risk related models;
- (10) ensuring ongoing credit worthiness of the Customer and of those providing guarantee or security for the Customer's obligations;
- (11) marketing, designing, improving or promoting Services or related products to the Customer (and to Connected Persons to the extent permissible by Laws) and conducting market research;
- (12) determining the amount of indebtedness owed to or by the Customer and by those providing guarantee or security for the Customer's obligations;
- (13) complying with any obligations, requirements or arrangements that HSBC Broking Securities or any member of the HSBC Group is expected to comply according to:
  - (a) any Laws or Compliance Obligations;
  - (b) any codes, internal guidelines, guidelines or guidance given or issued by any Authorities;
  - (c) any present or future contractual or other commitment with any Authorities with jurisdiction over all or any part of the HSBC Group; or
  - (d) any agreement or treaty between Authorities;
- (14) complying with any obligations, requirements, policies, procedures, measures or arrangements for sharing data and information within the HSBC Group or any other use of data and information in accordance with any programmes for compliance with sanctions or prevention or detection of Financial Crime;
- (15) meeting any obligations, demand or request from Authorities;
- (16) enabling an actual or proposed assignee of HSBC Broking Securities, or participant or sub-participant of HSBC Broking Securities' rights in respect of the Customer to evaluate the transaction intended to be the subject of the assignment, participation or sub-participation;
- (17) maintaining HSBC Broking Securities' or the HSBC Group's overall relationship with the Customer; and
- (18) any purposes relating or incidental to any of the above.

### Sharing and Transfer of Customer Information other than Personal Data

HSBC Broking Securities may (as necessary and appropriate for all or any of the Purposes) transfer, share, exchange and disclose any Customer Information (other than Personal Data) to all such persons as HSBC Broking Securities may consider necessary (wherever located) including:

- (a) any member of the HSBC Group;
- (b) any agents, contractors, sub-contractors, service providers or associates of the HSBC Group (including their employees, directors and officers, agents, contractors, service providers and professional advisers);
- (c) any Authorities;

- (d) anyone acting on behalf of the Customer, payment recipients, beneficiaries, account nominees, intermediary, correspondent and agent banks, clearing houses, clearing or settlement systems, market counterparties, upstream withholding agents, swap or trade repositories, stock exchanges, companies in which the Customer has an interest in securities (where such securities are held by HSBC Broking Securities or any member of the HSBC Group for the Customer);
- (e) any party acquiring an interest in or assuming risk in or in connection with the Services;
- (f) other financial institutions, credit reference agencies or credit bureaus, for obtaining or providing credit references; and
- (g) any party involved in any business transfer, disposal, merger or acquisition by HSBC Broking Securities or any member of the HSBC Group.



## Schedule 2 - ADDITIONAL PROVISIONS FOR CERTAIN TRANSACTIONS

The following terms supplement Clause B of the Main Institutional Terms of Business, form part of the Agreement, and relate to different products or services that HSBC Broking Securities may provide to eligible Customers as agreed between the Parties from time to time.

### Part 1. Exchange Traded Options

This Part 1 of Schedule 2 shall, in addition to the provisions in the Main Institutional Terms of Business, apply to eligible Customers (as determined by HSBC Broking Securities) in connection with any transactions involving Exchange Traded Options (as defined below). The terms and conditions of this Part 1 of Schedule 2 and the Main Institutional Terms of Business should be read together accordingly.

In the event of any conflict between the terms of this Part 1 of Schedule 2, and the Main Institutional Terms of Business, this Part 1 of Schedule 2 shall prevail as between HSBC Broking Securities and the Customer.

Capitalised terms used in this Part 1 of Schedule 2 shall have the same meanings as those defined in the Main Institutional Terms of Business, unless separately defined herein or the context otherwise requires.

#### 1. Definitions

(a) In this Part 1 of Schedule 2:

**"Default":**

- (i) in respect of any Options Trading Member, has the meaning given to that term in section 114 and 115 of the Options Trading Rules and Operational Trading Procedures; and
- (ii) in respect of HSBC Broking Securities, means any default arising from (1) the winding up or insolvency of HSBC Broking Securities; (2) any breach of trust committed by HSBC Broking Securities; or (3) any defalcation, fraud or misfeasance committed by HSBC Broking Securities or HSBC Broking Securities' directors or employees in relation to the Customer's Options Trading Business transacted through HSBC Broking Securities.

**"Exchange Traded Options"** means any options contracts traded on SEHK on the terms and subject to the conditions of the Agreement.

**"Options Trading Rules"** means the options trading rules of SEHK.

**"SEHK"** means the Stock Exchange of Hong Kong.

- (b) Words and expressions defined in the Options Trading Rules and Clearing Rules shall have the same meanings when used in the Agreement unless otherwise defined in the Agreement;
- (c) Reference to a statute, Exchange Rule or other applicable rule or regulation of any body of competent jurisdiction includes a reference to it as enacted, amended, extended or re-enacted from time to time.

2. **General.** The terms of this Part 1 of Schedule 2 are in addition and supplemental to the Agreement.

3. **Authorisation.** In accordance with the Main Institutional Terms of Business, the Customer authorises HSBC Broking Securities to transact Exchange Traded Options Business for the Customer's account(s) in accordance with the Customer's oral or written instructions.

4. **Options Trading Rules.** HSBC Broking Securities shall cause and control the execution of the Customer's orders on SEHK through HSBC Broking Securities (Hong Kong) Limited, an Affiliated Company of HSBC Broking Securities and an Options Trading Member registered with SEHK, or through any other Affiliated Company of HSBC Broking Securities or through any other Options Trading Member or other independent floor broker or other organisation, by arrangements which HSBC Broking Securities at its absolute discretion shall make from time to time with various companies and persons as may be necessary, in HSBC Broking Securities' opinion, to provide order execution and any reference in the Agreement to execution by HSBC Broking Securities or the performance by HSBC Broking Securities of any of its obligations hereunder shall be construed accordingly. In accordance with the Options Trading Rules, where HSBC Broking Securities enters into an Options Contract with HSBC Broking Securities (Hong Kong) Limited or other Options Trading Member pursuant to the terms of the Agreement, there shall arise a contract between HSBC Broking Securities and HSBC Broking Securities (Hong Kong) Limited or other Options Trading Member as principals to such contract.

5. **Customer Consent.** The Customer consents to the creation, exercise, settlement, and discharge by HSBC Broking Securities, on behalf of the Customer, of the Client Contracts in accordance with the Options Trading Rules and the Clearing Rules and the Customer agrees to be bound by the terms and conditions as set out in the Standard Contract of all Client Contracts to which HSBC Broking Securities contracts on behalf of the Customer in relation to Exchange Traded Options business and in accordance with the provisions of the Main Institutional Terms of Business and this Part 1 of Schedule 2.

6. **Transaction Levy.** All Exchange Traded Options business is subject to a Transaction Levy. The Customer authorises HSBC Broking Securities to collect any such levy from the Customer in accordance with the Options Trading Rules.

7. **Rights of Customer.** In the event that HSBC Broking Securities (Hong Kong) Limited, or other Options Trading Member through whom HSBC Broking Securities contracts on behalf of the Customer in relation to Exchange Traded Options business and in accordance with the provisions of Clause 4 of this Part 1 of Schedule 2, commits a Default and the Customer thereby suffers a pecuniary loss, the Customer understands and acknowledges that if it is not a qualifying client, as defined under the Securities and Futures (Investors Compensation – Claims) Rules.
8. **Limits on Positions.** HSBC Broking Securities may place limits on the positions that may be held or exercised by the Customer. In addition, the Customer agrees that subject to the Options Trading Rules and Clearing Rules and the terms of any contract entered into by HSBC Broking Securities in accordance with the provisions of Clause 4 of this Part 1 of Schedule 2 (whether as agent for the Customer or not), HSBC Broking Securities may be required to close or give-up other contracts on behalf of the Customer as will result in the compliance by the Customer and/or HSBC Broking Securities and/or any third party through whom HSBC Broking Securities may arrange the execution of the orders of the Customer in accordance with the provisions of Clause 4 of this Part 1 of Schedule 2 and Clause C, 8 of the Main Institutional Terms of Business with (i) position limits prescribed by the Exchange; and/or (ii) where HSBC Broking Securities or any Options Trading Member acting as agent for HSBC Broking Securities in respect of such contract is in default, the default procedures of the Exchange, and that the result of such could be the closing or give-up of one (1) or more such contract to which the Customer or HSBC Broking Securities as agent for the Customer, is party.
9. **Premium.** Premium is payable in respect of an Option. The premium to be charged shall be settled in cash. The Customer agrees to pay such premium to HSBC Broking Securities within the time period required by HSBC Broking Securities and notified to the Customer. Where HSBC Broking Securities purchases, sells, or exercises an Option in accordance with the instructions of the Customer, the Customer shall pay commission as agreed with HSBC Broking Securities. HSBC Broking Securities shall provide the Customer with prior notice of any other fees or charges applicable to the Customer's account(s).
10. **Margin.** The Customer agrees to pay margin to HSBC Broking Securities in relation to Exchange Traded Options business as required by the Options Trading Rules and in such additional amounts and at such times as may be required by HSBC Broking Securities and notified to the Customer from time to time. The Customer will, on request, provide HSBC Broking Securities with such authority as HSBC Broking Securities may require under Applicable Laws to authorise HSBC Broking Securities to deliver Securities held on margin to SEOCH as SEOCH Collateral in respect of Exchange Traded Business resulting from the Customer's instructions.
11. **Delivery Obligation.** Delivery obligations shall arise when a Client Contract is validly exercised. The Customer shall perform such delivery obligations in accordance with the Agreement and the Standard Contract and in a manner consistent with the performance of HSBC Broking Securities' corresponding delivery obligations under the Options Trading Rules in relation to any Options Trading Member or other agent through which HSBC Broking Securities has transacted such Client Contract in accordance with the provisions of Clause 4 of this Part 1 of Schedule 2.
12. **HSBC Broking Securities' Rights under Default.** If the Customer commits a Default in payment of premium, delivery of margin, performance of delivery obligations, or otherwise fails to comply with any of the terms contained in the Agreement, without prejudice to any other rights HSBC Broking Securities may have hereunder, under the Agreement or otherwise, HSBC Broking Securities shall have the right, and the Customer hereby authorises HSBC Broking Securities: to decline to take further instructions from the Customer in respect of Exchange Traded Options business, to close, give-up or exercise some or all of the Client Contracts to which the Customer is party; to enter into any Contracts for the purpose of hedging risk to which HSBC Broking Securities is exposed as a result of the Customer's default; to make, on an exchange or otherwise, any contract for the sale, purchase or other acquisition or disposal of any Securities, futures contracts or commodities for the purpose of meeting obligations, or of hedging risks to which HSBC Broking Securities is exposed, in relation to the Customer's Default; to dispose of some or all of the Margin Deposit or SEOCH Collateral (other than cash) held by HSBC Broking Securities on behalf of the Customer and apply the proceeds thereof, plus any cash, Margin Deposit or SEOCH Collateral held by HSBC Broking Securities, to all outstanding balances of the Customer owing to HSBC Broking Securities; and to dispose of any or all Securities held for or on behalf of the Customer in order to set off any obligations of the Customer and to exercise any rights of set off that HSBC Broking Securities may have in relation to the Customer. Subject always to any other rights HSBC Broking Securities may have in relation to the Customer in accordance with the provisions hereunder, of the Agreement or otherwise, any monies remaining after such application shall, if the Customer so notifies HSBC Broking Securities, be refunded to the Customer. Notwithstanding any other provision of the Agreement, HSBC Broking Securities, in connection with the provision of its custodial services, shall not exercise any right of set-off over or in respect of, or any other discretionary right to deal in or exercise rights attached to, any of the Customer's property that constitutes Securities, or which is derived from or relates to Securities, listed on SEHK.
13. **Undertaking from HSBC Broking Securities.** HSBC Broking Securities shall not, without the Customer's prior written consent, deposit any of the Customer's Securities as security for any loans or advances made to HSBC Broking Securities, or borrow or lend or otherwise part with the possession of any of the Customer's Securities for any purpose.
14. **Customer Information.** Whilst the Customer expects HSBC Broking Securities to keep confidential all matters relating to the Customer's Exchange Traded Options Business, the Customer hereby expressly agrees that HSBC Broking Securities may, if requested by SEHK or the SFC or any third party (whether or not an Affiliated Company) through which HSBC Broking Securities executes Exchange Traded Options business in accordance with the provisions of Clause 4 of Part 1 of Schedule 2, provide the name of the Customer and details of the Customer's Exchange Traded Options Business. The Customer agrees to immediately notify HSBC Broking Securities, on request, of the identity of persons ultimately beneficially interested in Client Contracts and that this information may be disclosed to SEHK and/or SFC and/or any relevant third party, as the case may be.

15. **Customer Accounts.** The Customer warrants that the Customer is the true owner of the account(s) and that the Customer is not holding the account(s) on behalf of or for the benefit of any other person, or where the foregoing is not applicable, a signed declaration by the Customer stating the name of the person for whom or for whose benefit the Customer is holding the account(s) together with the Customer's warranty that the Customer is not holding the account(s) on behalf or for the benefit of any person other than the named person.
16. **Adjustment.** The Customer acknowledges that where there is a change in the capital structure or composition of the issuer of the Underlying Securities of an option class, or in other exceptional circumstances, SEOCH may make such adjustments to the terms and conditions of that option class as are, in its opinion, necessary or desirable to ensure that all Parties to Contracts comprised in open positions in that option class are treated fairly. The Customer agrees that all such adjustments shall be binding on the Customer.
17. **Client Contract.** HSBC Broking Securities may, where requested by the Customer, and in accordance with the Customer's instructions, request the give-up of Client Contracts of the Customer to an Options Trading Member specified by the Customer. The Customer agrees that, upon acceptance of such request, any Client Contract entered into by HSBC Broking Securities on behalf of the Customer shall, by operation of the Options Trading Rules and the Agreement, immediately be novated into a new Client Contract, on identical terms to that Client Contract, between the Options Trading Member and the Customer, as principals to such contract. If the request is not accepted, the original Client Contract shall remain in full force and effect, as if the give-up had never been requested.
18. **Conflict of Interest.** The Customer confirms, undertakes, represents and warrants to HSBC Broking Securities that none of its directors, officers or other controllers with any connection at all to any account of the Customer with HSBC Broking Securities, is an employee of any person or corporation registered with the SFC and that no employee of any other person or corporation registered with the SFC will have a beneficial interest in any such account of the Customer with HSBC Broking Securities provided that where the director, officer or other controller is an employee of a person registered with the SFC and is not an employee of an Options Trading Member, then the Customer shall provide to HSBC Broking Securities the written consent of the registered person before any Exchange Traded Options Business is carried on through HSBC Broking Securities and, further, the Customer authorises HSBC Broking Securities to contact the registered person for this purpose from time to time.
19. **HSBC Broking Securities as Agent.** The Customer agrees and understands that, save as expressly provided in the Agreement, HSBC Broking Securities is acting as agent and not as principal.
20. **SEHK Booklet.** The Customer confirms that the Customer has received SEHK booklet "Understanding Stock Options (and their Risks)".

## Part 2. Initial Public Offerings of Securities

### Initial Public Offerings of Securities

This Part 2 of Schedule 2 shall, in addition to the provisions in the Main Institutional Terms of Business, apply to eligible Customers (as determined by HSBC Broking Securities) in connection with any transactions authorising HSBC Broking Securities to make applications for initial public offerings of Securities or similar transactions involving Securities for which application has been made for listing on SEHK through the Customer's account with HSBC Broking Securities. The terms and conditions of this Part 2 of Schedule 2 and the Main Institutional Terms of Business should be read together accordingly.

In the event of any conflict between the terms of this Part 2 of Schedule 2, and the Main Institutional Terms of Business, this Part 2 of Schedule 2 shall prevail as between HSBC Broking Securities and the Customer.

Capitalised terms used in this Part 2 of Schedule 2 shall have the same meanings as those defined in Clause A of the Main Institutional Terms of Business, unless separately defined herein or the context otherwise requires.

#### 1. General Provision

- 1.1 Instruction.** Subject to the Agreement, HSBC Broking Securities will from time to time accept instructions, and will permit the Customer to make applications ("**Applications**") for initial public offerings of Securities (whether by way of an offer for sale or a new issue) or similar transactions involving Securities for which application has been made for listing on the SEHK ("**New Issues**" or "**IPO**") through the Customer's account with HSBC Broking Securities.
- 1.2 Application.** All Applications shall (i) be subject to the Agreement between HSBC Broking Securities and the Customer and (ii) be conditional upon the Customer having read, understood, executed and returned the Agreement to HSBC Broking Securities. Applications may also be subject to a subscription handling charge as set out in the fees and charges schedule. The Customer cannot revoke or withdraw an instruction to submit an Application without HSBC Broking Securities' prior consent.
- 1.3 Authorisation.** HSBC Broking Securities is authorised from time to time to apply for New Issues (i) as agent on behalf of the Customer upon the instructions of the Customer; (ii) as agent on behalf of other customers of HSBC Broking Securities and its Affiliated Companies including discretionary Customers; and (iii) for the account of HSBC Broking Securities and/or its Affiliated Companies, through one (1) or more applications made by HSBC Broking Securities or such nominee companies or agents from time to time appointed by HSBC Broking Securities. HSBC Broking Securities shall be under no obligation to make any particular Application, and, once made, HSBC Broking Securities may, where possible, withdraw any Application made for the account of the Customer at any time.
- 1.4 Customer's Undertaking to Relevant Person.** In accordance with current Hong Kong regulatory requirements for New Issues, such nominee companies or HSBC Broking Securities or HSBC Broking Securities' agents, as the case may be, may be required, in respect of the Customer and/or the Customer's application, to make certain undertakings, representations and warranties to any one (1) or more of the following persons (together "Relevant Persons"):
- (a) The issuer of the Securities (the "**Issuer**");
  - (b) Sponsors, underwriters, placing agents and other intermediaries involved in the New Issue (whether or not acting on behalf of the Issuer) (each an "**Intermediary**");
  - (c) SEHK, the SFC, HKSCC, their agents, or other relevant regulators (each a "**Regulator**"); and
  - (d) any other relevant person.

HSBC Broking Securities is authorised to enter into such undertakings, representations and warranties in reliance solely upon undertakings, representations and warranties being given by the Customer to HSBC Broking Securities.

The Customer acknowledges that the legal and regulatory requirements and market practice in relation to New Issues may vary from time to time as may the requirements of particular New Issues. To the extent that such variations affect Applications, or the performance of the Parties' obligations hereunder, the Customer: (a) will provide such information and take such additional steps and make such additional representations, warranties and undertakings as HSBC Broking Securities may require, and (b) authorises HSBC Broking Securities to make such disclosure and take such additional steps as may be necessary or, in HSBC Broking Securities' opinion desirable, from time to time in relation to such variations.

#### 2. Undertaking, Representation and Warranties

- 2.1 Customer's Undertaking, Representation and Warranties.** In addition to Clause C, 15 of the Main Institutional Terms of Business, the Customer hereby agrees that: (a) the Customer shall not request HSBC Broking Securities to make an Application unless all of the following undertakings, representations and warranties ("**Representations and Warranties**") are up-to-date, true, complete and accurate in respect of the Application and the New Issue to which the Application relates at the time of making such request, (b) such Representations and Warranties will continue to be up-to-date, true, complete and accurate at all relevant times after such request is made; (c) upon making such a request, the Customer shall be deemed to give to HSBC Broking Securities such Representations and Warranties in respect of such Application and such New Issue; and (d) HSBC Broking Securities shall rely on the same and, on behalf of the Customer, may give similar undertakings, representations and warranties to any Relevant Person:

- (a) the Customer is acting as principal;
- (b) the Application is the only application for Securities made and the only application intended by the Customer to be made, for the benefit of the Customer in respect of such New Issue by the Customer or by anyone applying as the Customer's agent or by any other person and if the Customer is an unlisted company which does not carry on any business other than dealing in Securities, the Application of the Customer in respect of such New Issue is the only application intended to be made for the benefit of the person, if any, who exercises statutory control over the Customer;
- (c) the Customer will familiarise himself and comply with all the terms and conditions governing the Securities of the New Issue and the application for such Securities set out in any prospectus/offering document and the application form or any other relevant document in respect of such New Issue;
- (d) the Customer gives to HSBC Broking Securities all the representations, warranties and undertakings which an applicant for Securities in such New Issue is required by any Relevant Person or legislation, rule or regulation to give;
- (e) the Customer will be bound by all applicable announcements made by any Relevant Person and all the applicable legislation, rules and regulations governing the New Issue;
- (f) the Customer is not a person prohibited or restricted by any Relevant Person or any legislation, rule or regulation from applying for the Securities in such New Issue and the Application is not being made on behalf of such person;
- (g) the Application is not being made on behalf of a beneficial owner of existing issued securities of the Issuer or a director of the Issuer or any related person of such director of the Issuer or their respective associates save in circumstances permitted by the Rules Governing the Listing of Securities on SEHK; and
- (h) there has been no change to the Customer's advice to HSBC Broking Securities in respect of whether the customer is in any way related or connected to the HSBC Group since the last notification provided by the Customer.

**2.2** In the event that HSBC Broking Securities is asked to provide or, in its absolute discretion considers it necessary for its own protection to provide, to a Relevant Person any information in the knowledge of HSBC Broking Securities that may relate to the Customer in any way, the Customer hereby authorises HSBC Broking Securities to disclose any such information as HSBC Broking Securities sees fit.

### **3. Customer Acknowledgment**

**3.1 Customer Acknowledgment.** The Customer hereby also acknowledges and agrees that:

- (a) the Representations and Warranties made in this Part 2 of Schedule 2 together with the representations and warranties in Clause C, 15 of the Main Institutional Terms of Business will be relied upon by HSBC Broking Securities in deciding whether or not to make, as agent for the Customer, an Application in respect of a New Issue;
- (b) the Representations and Warranties made in this Part 2 of Schedule 2 together with the representations and warranties in Clause C, 15 of the Main Institutional Terms of Business will be relied upon by HSBC Broking Securities and/or a Relevant Person in deciding whether or not to make any allotment of Securities in response to the Application made by HSBC Broking Securities as agent for the Customer in respect of a New Issue;
- (c) any Application made by an unlisted company which does not carry on any business other than dealing in Securities and in respect of which the Customer exercises statutory control shall be deemed to be an Application made for the benefit of the Customer;
- (d) each Application will be made subject to allotment in whole or in part or otherwise by such Issuer in accordance with the terms of its prospectus/offering document and application form of any such New Issue, and if such Application is successful in whole or in part, the Securities allotted will be registered in the name of such nominee companies appointed by HSBC Broking Securities;
- (e) the Customer's personal identification information with HSBC Broking Securities is accurate and up-to-date. The Customer will inform HSBC Broking Securities of any changes to the personal identification information and will provide any related information required by HSBC Broking Securities as soon as possible after any change;
- (f) for an IPO processed via the Fast Interface for New Issuance (also known as "FINI") platform, HSBC Broking Securities will share the Customer's Broker-to-Client Assigned Number ("**BCAN**") or Client Identification Data ("**CID**") as permitted under HSBC Broking Securities' Notice relating to the Personal Data (Privacy) Ordinance; and

- (g) if the Customer applies for an IPO and subsequently withdraws the consent to HSBC Broking Securities sharing the Customer's BCAN or CID without also cancelling the Application, HSBC Broking Securities may still share the Customer's BCAN or CID for that IPO. If the Customer applies for an IPO and subsequently update the CID with HSBC Broking Securities, (i) the Application may be processed based on the original CID, and (ii) if the Customer wants the Application to be processed using the updated CID, the Customer should cancel the Application and submit another application after the CID has been updated.

#### **4. Initial Subscription Cost and Providing Information**

- 4.1** The Customer authorises HSBC Broking Securities to debit funds from the Customer's account to cover any subscription cost (which includes (i) the application money (which includes any applicable premium), (ii) the expected fees, charges and expenses, and (iii) any other amount representing actual or contingent liabilities incurred by HSBC Broking Securities in connection with acting on the Customer's instruction to make an Application (collectively, the "Initial Subscription Cost") for an Application).
- 4.2** The Customer must ensure that there are sufficient available cleared funds in the Customer's account with HSBC Broking Securities at all times between (i) the time HSBC Broking Securities receives an Application; and (ii) the time HSBC Broking Securities transfers the relevant amount for the purposes of settling the Application. The Customer irrevocably authorises HSBC Broking Securities to apply the Initial Subscription Cost from the Customer's account directly for the Application if made by HSBC Broking Securities or remit it to its nominee(s) if the Application is made by them.
- 4.3** The Customer agrees that HSBC Broking Securities has the right to withhold the relevant amount from the sum available in the Customer's account from the date HSBC Broking Securities receives an Application until the relevant amount is actually transferred from the Customer's account. If HSBC Broking Securities exercises this right, the Customer is not entitled to withdraw, use or deal with all or any part of such balance until such date as specified in the application instruction of the relevant IPO or until HSBC Broking Securities notifies the Customer that the instruction is not carried out for any reason.
- 4.4** If the offer price of the Securities the Customer applied for in an IPO (as finally determined by the Issuer) is higher than the initial offer price, the Customer agrees to pay for the shortfall amount of the Initial Subscription Cost and authorises HSBC Broking Securities (but HSBC Broking Securities has no obligation) to debit the shortfall amount from the Customer's account.
- 4.5** The Customer understands that HSBC Broking Securities or its nominee(s) will not make an Application on the Customer's behalf unless HSBC Broking Securities or its nominee(s) have received at a time specified by HSBC Broking Securities all documents and information necessary to enable HSBC Broking Securities or its nominee(s) to make the Application.
- 4.6** The Customer agrees that HSBC Broking Securities may exercise any of the rights under this clause 4 any number of times after the Customer submits an Application.

#### **5. Submission of Application**

- 5.1** HSBC Broking Securities will process the Customer's instruction to apply for Securities in an IPO and process the Application (including exercising HSBC Broking Securities's right to refuse to make the Application) in accordance with the terms and conditions set out in this Part 2 of Schedule 2 and the Agreement (including the IPO Supplemental Letter for Cash Clients and Margin Financing Clients).
- 5.2** If HSBC Broking Securities refuses to act on any instruction to apply for Securities in an IPO for any reason, HSBC Broking Securities will refund any amount debited by HSBC Broking Securities in relation to that instruction (in full but without interest) in accordance with clause 6 below
- 5.3** Where multiple or suspected multiple applications for Securities in an IPO from the Customer are identified by the Issuer, its share registrar or the Issuer's advisers, the Application submitted by HSBC Broking Securities on behalf of the Customer may be removed from balloting. The removed application will be regarded as an unsuccessful application by HSBC Broking Securities and will be arranged for refund of the Initial Subscription Cost (excluding HSBC Broking Securities's handling fee, if any) in connection with that application in accordance with clause 6 below.

#### **6. Refund of Initial Subscription Cost**

- 6.1** HSBC Broking Securities will arrange for refund of Initial Subscription Cost in the following circumstances:
- (a) if HSBC Broking Securities does not submit an application for the Customer for any reason, HSBC Broking Securities will arrange to refund the Initial Subscription Cost in connection with the application debited by HSBC Broking Securities (in full but without interest) to the Customer by crediting the relevant amount to the Customer's account within a reasonable time upon closing of the relevant IPO application or such period of time as HSBC Broking Securities considers appropriate; or

- (b) if HSBC Broking Securities submits an application on behalf of the Customer but it is unsuccessful or only partly successful or rejected where multiple or suspected multiple application from the Customer are identified, HSBC Broking Securities will arrange to refund the Initial Subscription Cost (in full or in part (as applicable) but without interest) to the Customer by crediting the relevant amount to the Customer's account within a reasonable time after: (1) the allotment and the settlement of the successful applications of the relevant IPO; or (2) HSBC Broking Securities receives the refund from the relevant Issuer, including where the offering is cancelled during or after the settlement of the IPO.

**6.2** If the offer price of the Securities the Customer applied for in an IPO (as finally determined by the Issuer) is less than the initial offer price, HSBC Broking Securities will arrange to refund the surplus amount of the Initial Subscription Cost debited in connection with the application to the Customer in accordance with the terms and conditions of the relevant IPO.

**6.3** All fees, charges and expenses charged by HSBC Broking Securities in relation to an application are not refundable unless HSBC Broking Securities agrees otherwise.

## **7. Indemnity and Continuation**

**7.1 Indemnity.** Without prejudice to the Agreement, the Customer will fully indemnify HSBC Broking Securities and keep HSBC Broking Securities, its Affiliated Companies, agents, nominees, directors and employees fully and effectively indemnified, on a continuing basis, on demand against any loss, damage, claim, liability, cost or expense arising out of or in connection with any breach by the Customer of any of the Representations and Warranties (and other provisions of this Part 2 of Schedule 2) in respect of any Application from time to time made by HSBC Broking Securities on behalf of the Customer.

**7.2 Disclaimer.** HSBC Broking Securities shall not be liable to the Customer or to any other person for any loss, damage, claim, liability, cost or expense arising out of or in connection with any Application made by HSBC Broking Securities or any refusal to make or any withdrawal of any Application save where such loss, damage, claim, liability, cost or expenses as is incurred or suffered by the Customer solely as a result of the fraud, negligence or wilful default of HSBC Broking Securities.

## **8. Additional Disclosure**

Without limiting the disclosure made in the Agreement, HSBC Broking Securities and/or its Affiliated Companies may act as sponsor and/or underwriter or otherwise be interested in a New Issue and the Securities the subject of a New Issue. HSBC Broking Securities and/or its Affiliated Companies may receive a commission or other remuneration in respect of a New Issue and may, in certain circumstances subject to applicable laws, rules and regulations, take steps to stabilise the price of Securities the subject of a New Issue. Stabilisation may affect the market price of such Securities and HSBC Broking Securities and/or its Affiliated Companies may profit as a result of such measures.

### Part 3. China Connect Services

This Part 3 of Schedule 2 shall, in addition to provision in the Main Institutional Terms of Business, apply to eligible Customers (as determined by HSBC Broking Securities) in connection with any transactions with HSBC Broking Securities for China Connect Services (“**China Connect Terms**”). The terms and conditions of this Part 3 of Schedule 2 and the Main Institutional Terms of Business should be read together accordingly.

In the event of any conflict between the terms of this Part 3 of Schedule 2, and the Main Institutional Terms of Business, this Part 3 of Schedule 2 shall prevail as between HSBC Broking Securities and the Customer.

Capitalised terms used in this Part 3 of Schedule 2 shall have the same meanings as those defined in Clause A of the Main Institutional Terms of Business, unless separately defined here in or context otherwise requires.

#### 1. Application

- 1.1 These China Connect Terms are in addition and supplemental to, and without prejudice to, and form an integral part of, the Agreement. Notwithstanding any provision in the Agreement, these China Connect Terms and the Agreement shall apply where the Customer informs or indicates to HSBC Broking Securities that the Customer wishes to trade China Connect Securities through China Connect.
- 1.2 Capitalised terms used in these China Connect Terms will have the meanings given to such terms in the Schedule hereto or otherwise in the Agreement.
- 1.3 For the purpose of these China Connect Terms, “China Connect Market” shall mean SSE, SZSE, and/or a stock market in mainland China 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 HSBC Broking Securities shall otherwise notify the Customer.

#### 2. Compliance With Trading Restrictions And Market Requirements

- 2.1 These China Connect Terms highlight only certain key features applicable to China Connect as of the date of these China Connect Terms. 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. These China Connect Terms 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 Agreement, the Customer shall at all times comply with the Market Requirements and all such trading restrictions applicable to China Connect. HSBC Broking Securities shall not be under any obligation, or assume any responsibility, to advise the Customer on any of the Market Requirements. The Customer should 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.
- 2.2 In addition, HSBC Broking Securities shall have the right to apply any procedures or requirements in respect of any trading in China Connect Securities pursuant to China Connect which HSBC Broking Securities determines in its absolute discretion to be necessary or desirable to comply with Market Requirements. Neither HSBC Broking Securities 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.
- 2.3 In addition and without prejudice to any of HSBC Broking Securities’ rights under the Agreement, HSBC Broking Securities 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):
  - 2.3.1 such instruction given by the Customer is not compliant with any Market Requirements or if HSBC Broking Securities reasonably believes that such instruction given by the Customer may not be compliant with any Market Requirements or if HSBC Broking Securities is required by SEHK not to accept such instruction;
  - 2.3.2 in respect of any instruction given by the Customer to make a Northbound sell order, HSBC Broking Securities 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
  - 2.3.3 in respect of any instruction given by the Customer to make a Northbound buy order, HSBC Broking Securities 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, HSBC Broking Securities may in its absolute discretion refuse to receive and/or accept for deposit from the Customer or its 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 HSBC Broking Securities 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 HSBC Broking Securities or rejection by any China Connect Authority.



- 2.4 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 HSBC Broking Securities provide such information (including translations into Chinese if requested by HSBC Broking Securities) as HSBC Broking Securities 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 mainland China 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.
- 2.5 Under the laws of mainland China, the relevant China Connect Market may reject a sell order if an investor does not have sufficient available China Connect Securities in its 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 HSBC Broking Securities. 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 HSBC Broking Securities considers that the Customer has not (by the commencement of trading on the Trading Day on which the Customer wishes to execute a sell order or any other cut-off time specified by HSBC Broking Securities 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, HSBC Broking Securities 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 HSBC Broking Securities 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 HSBC Broking Securities for any costs, losses or expenses which HSBC Broking Securities 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 HSBC Broking Securities shall determine in its absolute discretion; or (c) perform any other act which HSBC Broking Securities 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 HSBC Broking Securities) from any stock borrowing arrangements (to the extent permitted by Market Requirements and available to HSBC Broking Securities) or other sources. In addition, HSBC Broking Securities may in its absolute discretion reject the Customer's sell order (in whole or in part) if for any other reason HSBC Broking Securities 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.

### 3. Representations

- 3.1 The Customer makes the following representations to HSBC Broking Securities on a continuing basis:
- 3.1.1 that it is aware of and shall comply with all Market Requirements to which it may be subject;
- 3.1.2 that the execution of any instruction it gives to HSBC Broking Securities shall not result in any breach of any Market Requirements;
- 3.1.3 that it understands and has assessed the risks relating to China Connect and it is willing to undertake the risks relating to China Connect;
- 3.1.4 that it places an order or gives an instruction in respect of China Connect Securities on and subject to these China Connect Terms;
- 3.1.5 (i) where the Customer is an individual, (a) he, and (b) his authorised agents with authority to give Northbound trading instructions with respect to China Connect services (if any) is either (1) not a Chinese citizen or (2) a Chinese citizen with permanent residence status outside mainland China;
- (ii) where the Customer is a body corporate, it is either (1) not a legal entity incorporated or registered in mainland China, or (2) a legal entity incorporated or registered in mainland China which operates through a branch in a place outside mainland China and that branch is appropriately registered in that place;
- (iii) where the Customer is a limited partnership, (a) it is not organised or registered in mainland China, (b) any partner that is an individual satisfies (i) above, and (c) any partner that is a body corporate satisfies (ii) above;
- (iv) where the Customer acts as the agent or trustee of a third party, that third party satisfies (i), (ii), or (iii) above (as the case may be);

and if the Customer is an asset manager or investment advisor regulated under the Securities and Futures Ordinance in Hong Kong or under a similar regulatory regime outside Hong Kong managing a collective fund or investment scheme, and is not a legal entity incorporated or registered in mainland China (whether having legal personality or not), the representations set out under sub-clause (i); (ii); (iii) and (iv) immediately above shall not apply to underlying investors of the collective fund or investment scheme;

- 3.1.6 that (a) its opening of any account with HSBC Broking Securities is not prohibited by or restricted under any applicable mainland China law or regulation; (b) all governmental and other consents (including, without limitation, any approval by SAFE) that are required to have been obtained with respect to the opening of any account by the Customer have been obtained and are in full force and effect; and (c) all conditions of any such consents have been complied with;
- 3.1.7 that any funds used by the Customer for the purpose of trading in China Connect Securities is permitted under mainland China laws and regulations to be placed in an offshore account;
- 3.1.8 that any personal data provided to HSBC Broking Securities is not a state secret as defined under mainland China law and the Customer will indemnify HSBC Broking Securities and hold HSBC Broking Securities harmless from any illegal disclosure of state secrets; and
- 3.1.9 that neither HSBC Broking Securities nor any Related Person shall be liable for any loss, liability, or third party claim or demand that it may suffer or incur directly or indirectly as a result of any action or inaction by HSBC Broking Securities or any Related Person in connection with the provision of trading services in respect of China Connect Securities to the Customer by HSBC Broking Securities;
- 3.1.10 that SEHK has the power not to extend the China Connect Service to it and the power to require HSBC Broking Securities not to accept instructions from it, if it is found that it, HSBC Broking Securities or any of HSBC Broking Securities' Customers 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;
- 3.1.11 that HSBC Broking Securities 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;
- 3.1.12 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, (i) 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 HSBC Broking Securities and/or any Related Person to (A) provide relevant information and materials relating to him/it (including, without limitation, in relation to its identity, personal data and trading activity) and any other information requested by any China Connect Authority; and (B) assist in a China Connect Authority's investigation in relation to it and/or its trading activity; and (ii) he/it may be subject to regulatory investigations and the relevant legal and regulatory consequences if he/it is in breach of, or fails to comply with, such laws, rules and regulations;
- 3.1.13 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 co-operation arrangement between SEHK, the relevant SEHK Subsidiary and the relevant China Connect Market) at the request of the relevant China Connect Market, require HSBC Broking Securities to provide information (including, without limitation, in relation to its identity, personal data and trading activity) in relation to it 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 HSBC Broking Securities on their behalf;
- 3.1.14 that where a China Connect Authority considers that there is a serious breach of the SSE Rules and/or the SZSE Rules, HSBC Broking Securities may be required by a China Connect Authority to (a) issue warning statements (verbally or in writing) to it; and (b) cease providing him/it with any service relating to trading China Connect Securities through China Connect;
- 3.1.15 that, prior to HSBC Broking Securities informing it that a Northbound buy order instructed by it has been settled, it shall not instruct a Northbound sell order in respect of the China Connect Securities which are the subject of such Northbound buy order;
- 3.1.16 it consents to HSBC Broking Securities and/ or any Related Person providing its Customer Information and information relating to its profile and the types and values of Northbound buy and sell orders and transactions made and executed on its 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);
- 3.1.17 it 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;

- 3.1.18 that HSBC Broking Securities will be required under the China Connect Rules to keep, for a period of not less than twenty (20) years, records (including telephone records) of (i) all orders and trades executed on its behalf; (ii) any instructions received from him/it and (iii) its account information in relation to Northbound trading;
- 3.1.19 that SEHK may upon the request of the relevant China Connect Market require HSBC Broking Securities to reject any order made on its behalf;
- 3.1.20 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 HSBC Broking Securities or any Related Person, the Customer or any other third party arising from or in connection with (i) the trading of China Connect Securities or the operation of the CSC in respect of China Connect Securities; or (ii) any amendments, making or enforcement of the China Connect Rules; or (iii) 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); and
- 3.1.21 that it will trade ChiNext Shares only when it is, and in the case where it 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 it is or may become in breach of any of the representations above, the Customer will notify HSBC Broking Securities immediately.

- 3.2 The Customer makes the following representations to HSBC Broking Securities on each date the Customer instructs an order to sell China Connect Securities:
  - 3.2.1 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;
  - 3.2.2 that there is no adverse claim to such China Connect Securities;
  - 3.2.3 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
  - 3.2.4 that, where the order is for a sale of one (1) 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.

#### **4. Settlement, Renminbi Payments And Currency Conversion**

- 4.1 As all Northbound trading is effected and settled in Renminbi, if HSBC Broking Securities 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.
- 4.2 Where HSBC Broking Securities 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 its account to settle all such orders and all payment obligations in relation thereto:
  - 4.2.1 it authorises HSBC Broking Securities to convert any funds in any other currency which HSBC Broking Securities holds on its behalf into Renminbi for the purposes of settlement and/or payment thereof; and
  - 4.2.2 HSBC Broking Securities may reject all such orders or process only one (1) or some of such orders with the available Renminbi funds in the Customer's account and HSBC Broking Securities 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.
- 4.3 If HSBC Broking Securities receives any funds arising from any China Connect Securities which HSBC Broking Securities holds for the Customer and HSBC Broking Securities does not hold any cash account for the Customer in the same currency as the funds received, the Customer authorises HSBC Broking Securities to convert such funds into the currency of, and credit such funds to, any cash account that HSBC Broking Securities holds for the Customer as determined by HSBC Broking Securities in its absolute discretion.
- 4.4 Notwithstanding any provisions in the Agreement, where it is necessary to convert one (1) currency to another pursuant to these China Connect Terms, such conversion may be carried out by HSBC Broking Securities in a commercially reasonable manner without prior instruction from or notice to the Customer at the prevailing market rate of exchange between the two (2) currencies.
- 4.5 Unless and until the Customer has settled all payment obligations in connection with any and all Northbound buy orders, HSBC Broking Securities will not release to the Customer's account any China Connect Securities acquired by virtue of buy orders.

- 4.6 Notwithstanding any provisions in the Agreement, where HSBC Broking Securities determines that there is insufficient liquidity in Renminbi to settle any buy order, HSBC Broking Securities may, in its sole and absolute discretion, reject the Customer's instruction to place such buy order.
- 4.7 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. HSBC Broking Securities may have settlement arrangements in place different from the CSDCC settlement arrangements. Unless HSBC Broking Securities agrees to pre-fund, settlement of funds relating to such trading will be effected on T + 1 day. In the event, HSBC Broking Securities agrees to pre-fund the settlement of China Connect Securities trades, (a) HSBC Broking Securities shall retain the funds received from HKSCC on T + 1 day; and (b) the Customer shall reimburse HSBC Broking Securities with respect to any pre-funding provided by HSBC Broking Securities. 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 HSBC Broking Securities' 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, the settlement date would be the date on which the securities are released from hold (usually on T day).
- 4.8 Any loss, risk or cost which may result to the Customer directly or indirectly from any actions taken by HSBC Broking Securities pursuant to this Clause 4 shall be borne by the Customer.

## 5. Sale, Transfer And Disgorgement

- 5.1 Where, under the terms of the China Connect Rules, HSBC Broking Securities receives notice from a China Connect Authority requiring HSBC Broking Securities to sell and liquidate a specified number of China Connect Securities owned by the Customer (a "**Forced-sale Notice**"), the Customer hereby authorises HSBC Broking Securities 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 HSBC Broking Securities may determine in its absolute discretion within the period specified by the relevant China Connect Authority.
- 5.2 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 HSBC Broking Securities 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.
- 5.3 The Customer hereby authorises HSBC Broking Securities to sell or arrange for the sale of any amount of China Connect Securities owned by the Customer if HSBC Broking Securities receives notice from any China Connect Authority requiring the Customer to disgorge any profits as a result of the "short swing profit rule". 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 mainland China Listco if (a) the Customer's shareholding in such mainland China 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 (6) months after a purchase transaction, or vice versa. The Customer (and the Customer alone) must comply with the "short swing profit rule". HSBC Broking Securities shall have no responsibility to alert the Customer or otherwise assist the Customer in complying with the "short swing profit rule".
- 5.4 In addition to the above, the Customer hereby authorises HSBC Broking Securities to sell, transfer or carry out any other action in relation to China Connect Securities owned by the Customer if HSBC Broking Securities is instructed to do so by any China Connect Authority or if HSBC Broking Securities 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).
- 5.5 Neither HSBC Broking Securities nor any Related Person shall have any liability for any losses or risks which may result directly or indirectly from any actions taken by HSBC Broking Securities or any Related Person pursuant to Clause 5.1 to Clause 5.4.
- 5.6 For the avoidance of doubt, neither HSBC Broking Securities nor any Related Person shall be required to provide any notice to the Customer in relation to any actions taken by HSBC Broking Securities or any Related Person pursuant to Clauses 5.1 to 5.4.

## 6. Application To Fund Clients

- 6.1 This Clause 6 applies if China Connect trading services are provided by HSBC Broking Securities to the Customer as fund manager and the Customer acts as a fund manager to more than one (1) fund.
- 6.2 The Customer may elect whether to allocate China Connect Securities to funds pre-trade or post-trade as agreed with HSBC Broking Securities. The Customer has sole responsibility to comply with and to procure each fund that the Customer manages to comply with all Market Requirements.

- 6.3 Whether the Customer elects to perform pre-trade or post-trade allocation pursuant to Clause 6.2 of this Part 3 of Schedule 2, the Customer has sole responsibility for complying with all Market Requirements, notwithstanding that HSBC Broking Securities may carry out the Customer's election.
- 6.4 Where the Customer pre-allocates China Connect orders across funds or clients which the Customer manages, HSBC Broking Securities may offer Average Pricing for such orders notwithstanding such orders may be executed at different times during the same Trading Day. Where Average Pricing applies, each fund or client will be allocated China Connect Securities (or their proceeds) at the same averaged price, which may be higher or lower than the price which such fund or client would have paid or received had the orders been processed individually and in the order submitted directly or indirectly to HSBC Broking Securities. Neither HSBC Broking Securities nor any Related Person will be responsible for any such difference in pricing or any loss or risk arising from the application of Average Pricing.

## **7. NO OFF-EXCHANGE TRADING AND TRANSFERS**

- 7.1 The Customer, HSBC Broking Securities 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 HSBC Broking Securities 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 following circumstances or as otherwise provided by a relevant China Connect Authority:
- 7.1.1 stock borrowing and lending of China Connect Securities which are eligible for covered short selling and with a tenor of no more than one (1) month;
- 7.1.2 stock borrowing and lending of China Connect Securities which are eligible for satisfying the Pre-Trade Checking requirement, with a tenor of one (1) day (and which is not renewable);
- 7.1.3 post-trade allocation of China Connect Securities by a fund manager or an asset manager across the funds and/or sub-funds or clients it manages; and
- 7.1.4 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 (i) succession; (ii) divorce; (iii) dissolution, liquidation or winding-up of any company or corporation; (iv) donation to a charitable foundation; and (v) assisting in any enforcement action or proceedings of any court, prosecutor or law enforcement agency.
- 7.2 The Customer acknowledges that the rule against off-exchange trading and transfers under Northbound trading may delay or disrupt reconciliation of orders by HSBC Broking Securities. HSBC Broking Securities 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.

## **8. Indemnity**

- 8.1 In addition and without prejudice to any of HSBC Broking Securities' rights under the Agreement, the Customer will indemnify HSBC Broking Securities 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 HSBC Broking Securities 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) any legal costs which HSBC Broking Securities may incur in connection with any instruction given by the Customer; or (c) any costs incurred in connection with Clause 5 of this Part 3 of Schedule 2.
- 8.2 In addition and without prejudice to any other right or remedy which HSBC Broking Securities may have, HSBC Broking Securities 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 of this Part 3 of Schedule 2, and any obligation of HSBC Broking Securities 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 HSBC Broking Securities in its absolute discretion may determine, all or part of any property held by HSBC Broking Securities or any Related Person for any purpose in any of the Customer's accounts with HSBC Broking Securities 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 HSBC Broking Securities or any Related Person.
- 8.3 Neither HSBC Broking Securities nor any Related Person shall have any liability for any losses or risks which may result directly or indirectly from any actions taken by HSBC Broking Securities 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. Taxation

- 9.1 It is the Customer's sole responsibility to handle and/or fulfil 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 HSBC Broking Securities. The Customer must seek independent professional advice from its own tax advisers to determine its tax position, liabilities and obligations in relation to the relevant Securities or investments. HSBC Broking Securities assumes no responsibility for advising on or handling such tax issues, liabilities and/or obligations nor will HSBC Broking Securities provide any service or assistance in this regard.
- 9.2 In particular, the Customer agrees and accepts that, unless otherwise specified by HSBC Broking Securities, in no circumstances will HSBC Broking Securities 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 HSBC Broking Securities 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.
- 9.3 Notwithstanding the above but without prejudice to the full force of the foregoing provisions, if HSBC Broking Securities so requests at its absolute discretion, the Customer shall complete, provide information, sign and file any tax forms, certificates or documents which HSBC Broking Securities 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 Agreement. The Customer agrees to co-operate with HSBC Broking Securities, its nominees, custodians and/or agents and provide the necessary information and assistance to them or any of them for such purposes.
- 9.4 Without prejudice to the foregoing, HSBC Broking Securities shall be entitled in its absolute discretion, without further notice or demand, forthwith, to satisfy any actual or potential obligation of HSBC Broking Securities arising from or in connection with any trading, investment, holding, disposing of or otherwise dealing in any China Connect Securities by the Customer to: (i) require the Customer to promptly provide to HSBC Broking Securities, the relevant details and information in respect of all of its transactions in China Connect Securities as and when deemed required by HSBC Broking Securities; and (ii) provide all required information related to the Customer and/or its transactions in China Connect Securities to any China Connect Authority as and when deemed required by HSBC Broking Securities, and the Customer agrees and fully consents to HSBC Broking Securities providing the same.
- 9.5 Without prejudice to any of the rights of HSBC Broking Securities, HSBC Broking Securities shall be entitled in its absolute discretion, without further notice or demand, forthwith, to satisfy any obligation of HSBC Broking Securities 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 HSBC Broking Securities in its absolute discretion may determine, all or part of any property held by HSBC Broking Securities or any Related Person for any purpose in any of the Customer's accounts held with HSBC Broking Securities 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 HSBC Broking Securities or any Related Person.

## 10. Further Information And Survival Of Obligations

- 10.1 The Customer will execute any further documents and provide any materials and/or information as may be reasonably requested by HSBC Broking Securities to enable it to perform its duties and obligations under these China Connect Terms which may become necessary as and when the China Connect Rules are amended from time to time.
- 10.2 The Customer will provide all information (including translations into Chinese, if required) to HSBC Broking Securities which HSBC Broking Securities 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 SEHK has entered into an information-sharing arrangement or agreement. Among other things, the Customer's failure to comply with this Clause 10.2 may result in a suspension of China Connect Services to the Customer.
- 10.3 Clauses 2 (Compliance With Trading Restrictions And Market Requirements), 5 (Sale, Transfer And Disgorgement), 7 (Indemnity), 8 (Taxation) and 10.2 in this Part 3 of Schedule 2, Clause C, 19 (Collection and Disclosure of Customer Information) of the Main Institutional Terms of Business and paragraph 15 (Taxation) (and such other provisions of these China Connect Terms as the context requires) shall survive termination of these China Connect Terms and the Agreement, but otherwise these China Connect Terms shall automatically terminate upon termination of the Agreement.
- 10.4 The rights, powers, remedies and privileges in these China Connect Terms and the Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

## 11. Market Data Information

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

- 11.1 It 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, save the Customer's authorised user(s) may use Market Data Information in connection with the Agreement;
- 11.2 It shall not use or permit the use of the Market Data Information for any illegal purpose;
- 11.3 It shall not use the Market Data Information for index computation and compilation or as the basis for any tradable derivative product;
- 11.4 Subject to Clauses 10.1 and 11.3 of this Part 3 of Schedule 2, it shall use the Market Data Information only for its own purposes, in the ordinary course of its 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 its software system suppliers to develop, connect or apply relevant software solutions to facilitate its use of the Market Data Information;
- 11.5 It 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;
- 11.6 It 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
- 11.7 HSBC Broking Securities 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.

## 12. Definitions

**"A Shares"** means any securities issued by companies incorporated in mainland China which are listed and traded on any mainland China A Share market (ie the Shanghai Stock Exchange or the Shenzhen Stock Exchange) and not on SEHK.

**"Agreement"** means the Agreement between HSBC Broking Securities and the Customer as may be supplemented and amended from time to time and as supplemented by these China Connect Terms.

**"Average Pricing"** means the allocation or application of an average price per China Connect Security to each individual fund managed by the same fund manager in respect of trades in such China Connect Security on the same Trading Day.

**"Cash"** means all cash or cash equivalents in Renminbi received and held by HSBC Broking Securities on the terms of these China Connect Terms.

**"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 mainland China 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.

**"China Connect Terms"** means this supplement to the Agreement, as amended, supplemented, modified and/or varied from time to time.

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

**"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) HSBC Broking Securities which is a person registered as a China Connect Securities 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 5 of this Part 3 of Schedule 2.

**"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 HSBC Broking Securities and which HSBC Broking Securities and/or any Related Person disseminates or otherwise makes available to the Customer.

**"Market Requirements"** means the constitutions, by-laws, rules, regulations, customs, procedures, usages, rulings and interpretations of the relevant exchange or other market where the transactions in the relevant products are executed by HSBC Broking Securities on behalf of the Customer, and/or the clearing house, custodians or depositories thereof, as may be applicable, the SFO, the rules of the SFC, the rules of the HKMA, the rules of SEHK and all other applicable laws, rules and regulations of governmental or quasi-governmental agencies or regulators, exchanges or clearing houses of any relevant jurisdictions including, without limitation, the China Connect Rules.

**"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).

**"mainland China"** means, for the purposes of these China Connect Terms, the People's Republic of China (excluding Hong Kong, Macau and Taiwan).

**"Related Person"** means (a) any Affiliated Company of HSBC Broking Securities, or (b) any director, officer, employee or agent of HSBC Broking Securities or any Affiliated Company of HSBC Broking Securities.

**"Renminbi"** or **"RMB"** means the lawful currency of mainland China, deliverable in Hong Kong.

**"SAFE"** means the State Administration of Foreign Exchange of mainland China.

**"SAT"** means the State Administration of Taxation of mainland China.



“**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 mainland China to provide the order-routing service under China Connect.

“**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 (a) China Connect Securities or Cash, (b) any transaction effected under these China Connect Terms or (c) the Customer.

“**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 (1) Trading Day or, in the context of settlement of funds, one (1) 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.

[THIS PAGE INTENTIONALLY LEFT BLANK]  
此乃白頁 特意留空

[THIS PAGE INTENTIONALLY LEFT BLANK]  
此乃白頁 特意留空

[THIS PAGE INTENTIONALLY LEFT BLANK]  
此乃白頁 特意留空