

## **SCHEDULE 1 EXPLANATION OF EFFECT OF BEING TREATED AS AN ACCREDITED INVESTOR UNDER THE CONSENT PROVISIONS**

*The following sets out the effect under the consent provisions of you being treated by us as an accredited investor. Where we deal with you as an accredited investor, we would be exempt from complying with certain requirements under the Securities and Futures Act 2001 of Singapore (the “SFA”) and certain regulations and notices issued thereunder.*

*Please note that the regulatory requirements that we are exempted from when dealing with you as an accredited investor may be amended and updated from time to time due to regulatory changes or otherwise. Whilst we have set out the consent provisions under the Securities and Futures (Licensing and Conduct of Business) Regulations, some of these provisions may not be in force yet and may only come into force vis-à-vis us at a later date.*

*Under the SFA and the regulations and notices issued thereunder:*

- 1. Compensation from fidelity fund under Section 186(1) of the SFA.** The fidelity fund is established by an approved exchange (such as and including Singapore Exchange Securities Trading Limited, Singapore Exchange Derivatives Trading Limited, ICE Futures Singapore Pte. Ltd. and Asia Pacific Exchange Pte. Ltd.). Section 186(1) of the SFA provides for a fidelity fund to be held and applied for the purposes of compensating persons who suffer pecuniary loss because of certain defaults. Compensation may be made where there is a defalcation committed by a member of the approved exchange or its agent in the course of, or in connection with, a dealing in capital markets products done on the approved exchange or through a trading linkage of the approved exchange with an overseas exchange, where the defalcation is committed in relation to any money or other property which (after the establishment of the fidelity fund) was entrusted to or received by, *inter alia*, that member or by any of its agents for or on behalf of any other person or as trustee.

*When we deal with you as an accredited investor, you would not be entitled to be compensated from the fidelity fund, even if you have suffered pecuniary loss in the manner contemplated under Section 186(1) of the SFA. You are therefore not protected by the requirements of Section 186(1) of the SFA.*

- 2. Part III of the Securities and Futures (Licensing and Conduct of Business) Regulations (“SFR”).**

Part III of the SFR stipulates the requirements imposed on us in relation to the treatment of customers’ moneys and assets. While we remain under the statutory obligation to deposit all moneys and assets received on your account in a trust account or custody account maintained in accordance with Regulations 17 and 27 of the SFR (respectively) or any other account into which you direct the moneys or assets be deposited, as an accredited investor, the enhanced safeguards in relation to the moneys that we receive from or on your account (in particular in relation to over-the-counter (“OTC”) derivatives transactions) will not apply.

We may also deposit moneys received on your account, including moneys received in respect of OTC derivatives contracts, with an approved clearing house, a recognised clearing house, a member of an organised market or a member of a clearing facility for the purposes of facilitating transactions on those clearing facilities or organised markets (as the case may be) on your behalf or for any other purposes as the rules that such clearing facilities or organised markets may specify (as the case may be).

We are also exempt from the following statutory obligations: (i) the disclosure requirements pertaining to the manner in which your moneys and assets are held (whether locally or in a foreign jurisdiction), as specified under Regulations 18A and 27A of the SFR (respectively); (ii) the prohibition against transferring title in your moneys or assets to us or any other person except in certain prescribed circumstances relating to the borrowing or lending of your specified products, and using your moneys or assets to meet our own obligations under Regulation 20A and 34A, and 35 of the SFR (respectively); (iii) the obligation to inform you that we may use your assets for a sum not exceeding the amount owed by you to us, disclose the risks of such use to you and obtain your consent before using your assets, including mortgaging, charging, pledging or hypothecating your assets under Regulation 34 of the SFR.

### Summary of Requirements

<b>Holder of capital markets services license (“CMSL”) that is a member of an approved clearing house or recognised clearing house</b>	<b>Retail Customer</b>	<b>Accredited Investor</b>
<b>Money received for OTC derivatives contract</b>	Deposit into trust account	Deposit into trust account; or  Deposit into account directed by accredited investor
<b>Money received for capital markets product that is not an OTC derivatives contract</b>	Deposit into a trust account maintained in accordance with Regulation 17 of the SFR (requires the trust account to be maintained with a certain specified institution which is assessed as suitable); or  Deposit into account directed by retail customer to which retail customer has legal and beneficial title and maintained with licensed banks, merchant banks or finance companies or banks established and regulated as banks outside Singapore	Deposit into a trust account maintained in accordance with Regulation 17 of the SFR (requires the trust account to be maintained with a certain specified institution which is assessed as suitable); or  Deposit into account directed by accredited investor
<b>Moneys must not be commingled or deposited in the same trust account</b>	Exception for money received in respect of OTC derivatives contracts, where moneys received on account of retail customers can be commingled	Exception for money received on account of non-retail customers, which can be commingled or deposited in the same trust account as money received on account of

	<p>or deposited in the same trust account</p> <p>Exception for money received on account of retail customers in respect of any capital markets products other than OTC derivatives contracts, where such moneys received on account of retail investors can be commingled or deposited in same trust account as money received on account of non-retail customers</p>	<p>retail customers in respect of any capital markets products other than OTC derivatives contracts</p>
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<b>CMSL holder that is not a member of an approved clearing house or recognised clearing house</b>	<b>Retail Customer</b>	<b>Accredited Investor</b>
<b>Money received on account of customer</b>	<p>Deposit into a trust account maintained in accordance with Regulation 17 of the SFR (requires the trust account to be maintained with a certain specified institution which is assessed as suitable); or</p> <p>Deposit into account directed by retail customer to which retail customer has legal and beneficial title and maintained with licensed banks, merchant banks or finance companies or banks established and regulated as banks outside Singapore</p>	<p>Deposit into a trust account maintained in accordance with Regulation 17 of the SFR (requires the trust account to be maintained with a certain specified institution which is assessed as suitable); or</p> <p>Deposit into account directed by accredited investor</p>

<b>All CMSL holders</b>	<b>Retail customer</b>	<b>Accredited investor</b>
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<b>Money received in foreign currency, subject to written consent of customer</b>	Deposit moneys (other than moneys received from or on account of retail customer in respect of OTC derivatives contracts entered into between the CMSL holder and retail customer) into a trust account with custodian outside Singapore which is licensed to conduct banking business	Deposit all moneys (including moneys received in respect of OTC derivatives contracts) into a trust account with custodian outside Singapore which is licensed to conduct banking business
<b>Disclosure requirement</b>	CMSL holder to make certain disclosures (such as whether the moneys/assets will be commingled with other customers and the risks of commingling, consequences if the institution which maintains the trust/custody account becomes insolvent) in writing prior to depositing moneys/assets in trust/custody account	No such requirement
<b>Depositing moneys with <i>inter alia</i> approved or recognised clearing house or member of organised market or clearing facility</b>	Permitted only for moneys received for non-OTC derivatives contracts for certain purposes, e.g. facilitating the continued holding of a position on behalf of the customer, clearing or settlement of capital markets products on the clearing facility	Permitted only for moneys received for certain purposes, e.g. facilitating the continued holding of a position on behalf of the customer, clearing or settlement of capital markets products on the clearing facility
<b>Prohibition on transferring title of moneys/assets received from customer to CMSL holder or any other person</b>	Prohibited unless transferred in connection with:  (i) in the case of moneys, lending of the retail customer's specified products; and  (ii) in the case of assets, the borrowing or lending of specified products,	No such requirement

	In accordance with Regulation 45 of the SFR.	
<b>Withdrawals from trust account/custody account to make payment/transfer the moneys/assets to any other person or account in accordance with the written direction of the customer</b>	Not permitted where the withdrawal is from a retail customer's trust account for the purpose of making a payment, and not permitted to transfer retail customer's assets, to meet any obligation of the CMSL holder in relation to any transaction entered into by the CMSL holder for the benefit of the holder	No such prohibition
<b>Customer Assets</b>	<p>Deposit into a custody account maintained in accordance with Regulation 27 of the SFR (requires the custody account to be maintained with certain specified institutions only); or</p> <p>Deposit into account directed by retail customer to which retail customer has legal and beneficial title and maintained with, inter alia, licensed banks or finance companies or banks established and regulated as banks outside Singapore</p>	<p>Deposit into a custody account maintained in accordance with Regulation 27 of the SFR (requires the custody account to be maintained with certain specified institutions only); or</p> <p>Deposit into account directed by accredited investor</p>
<b>Mortgage of customer's assets – CMSL holder may mortgage, pledge or hypothecate customer's assets for a sum not exceeding the amount owed by the customer to the holder</b>	Prior to doing so, CMSL holder must inform the retail customer of this right, explain the risks and obtain written consent of the retail customer	No equivalent requirement to inform, explain risks or obtain written consent of accredited investor

***When we deal with you as an accredited investor, we are exempt from treating you as a "retail investor" in relation to certain requirements stipulated under Part III of the SFR pertaining to the treatment of a retail customer's moneys and assets. You are therefore not protected by those requirements under Part III of the SFR.***

- Regulation 47BA of the SFR.** Regulation 47BA of the SFR provides that a CMSL holder must not deal with a retail customer as an agent when dealing in capital markets products that are over-the-counter derivatives contracts and/or spot foreign exchange contracts for the purposes of leveraged foreign exchange trading.

***When we deal with you as an accredited investor, we are exempt from treating you as a “retail investor” and may therefore deal with you as an agent in relation to over-the-counter derivatives contracts and/or spot foreign exchange contracts for the purposes of leveraged foreign exchange trading.***

- 4. Regulation 47E of the SFR.** Regulation 47E(1) and (2) of the SFR provide for certain risk disclosure requirements that a CMSL holder that deals in capital markets products and provides fund management services respectively must comply with in relation to trading in futures contracts, spot foreign exchange contracts for the purposes of leveraged foreign exchange trading, and foreign exchange over-the-counter derivatives contracts for retail customers that are not related corporations of the CMSL holder.

A CMSL holder that deals in capital markets products must not open a trading account for a

retail customer who is not its related corporation for the purpose of entering into transactions of sale and purchase of the abovementioned capital markets products unless it has furnished the customer with a written risk disclosure document disclosing the material risks of the specified capital markets products in a prescribed form (Form 13), and receives an acknowledgement signed and dated by the customer that he has received and understood the nature and contents of the Form 13.

A CMSL holder that provides fund management services shall not solicit or enter into an agreement with a prospective retail customer who is not its related corporation for the purpose of managing or guiding the retail customer's trading account for the purposes of futures contracts, spot foreign exchange contracts for the purposes of leveraged foreign exchange trading, and foreign exchange over-the-counter derivatives contracts by means of a systematic programme that recommends specific transactions unless it has delivered the prospective retail customer with a written risk disclosure document in a prescribed form (Form 14), and received an acknowledgement signed and dated by the prospective retail customer that he has received and understood the nature and contents of the Form 14.

Regulation 47E also specifies that copies of Forms 13 and 14 are kept in Singapore.

When we deal with you as an accredited investor, we are not under any statutory obligation to provide you with the risk disclosures in the manner contemplated under Regulation 47E of the SFR. You are therefore not protected by the risk disclosure requirements under Regulation 47E of the SFR.

- 5. Section 99H(1)(c) of the SFA read with Regulations 3A(5)(c), (d), (e) and (7) of the SFR.** Section 99H(1)(c) of the SFA read with Regulations 3A(5)(c), (d) and (e) of the SFR provide that where a principal wishes to appoint an individual as a provisional representative or temporary representative in respect of any SFA regulated activity, the principal is required to lodge with the MAS an undertaking to ensure that (i) the provisional representative or temporary representative is accompanied at all times by an authorised person when meeting any client or member of the public in the course of carrying on business in any SFA regulated activity, (ii) the provisional representative or temporary representative sends concurrently to an authorised person all electronic mail that he sends to any client or member of the public in the course of carrying on business in any SFA regulated activity and (iii) the provisional representative or temporary representative does not communicate by telephone with any client or member of the public in the

course of carrying on business in any SFA regulated activity, other than by telephone conference in the presence of an authorised person. An “authorized person” for these purposes refers to an appointed representative or a director of the principal, an officer of the principal whose primary function is to ensure that the carrying on of business in the SFA regulated activity in question complies with the applicable laws and requirements of the MAS or an officer of the principal appointed to supervise the representative in carrying on of business in the SFA regulated activity.

When we deal with you as an accredited investor, we are not under any statutory obligation to restrict the interactions with you that may be undertaken by our provisional representatives or temporary representatives in the course of carrying on business in any SFA regulated activity in the manner set out in Regulations 3A(5)(c), (d) and (e) of the SFR. You are therefore not protected by the requirements of Section 99H(1)(c) of the SFA read with Regulations 3A(5)(c), (d) and (e) of the SFR.

6. **Regulation 33 of the SFR.** Regulation 33(2) of the SFR provides that a CMSL holder shall not lend or arrange for a custodian to lend the specified products of the customer unless it has explained the risks involved to the customer (Regulation 33(2)(a)) and obtained the customer's written consent to do so (Regulation 33(2)(b)). The requirement to explain the risks involved to the customer does not apply where the customer is an accredited investor, expert investor or institutional investor. However, regardless of whether the customer is a retail investor or an accredited investor, the CMSL holder shall nevertheless enter into an agreement with the customer to set out the terms and conditions for such lending, or as the case may be, enter into an agreement with the custodian setting out the terms and conditions for the lending and disclose these terms and conditions to the customer.

***When we deal with you as an accredited investor, we are not under any statutory obligation to explain the risks involved to you prior to us lending or arranging for a custodian to lend your specified products. You are therefore not protected by the requirements of Regulation 33(2)(a) of the SFR.***

7. **Regulation 40 of the SFR.** Regulation 40(1) of the SFR provides that a CMSL holder is required to furnish to each customer on a monthly basis a statement of account containing certain particulars prescribed under Regulation 40(2) of the SFR. In addition, Regulation 40(3) of the SFR provides that a CMSL holder is required to furnish to each customer, at the end of every quarter of a calendar year, a statement of account containing, where applicable, the assets, derivatives contracts of the customer and spot foreign exchange contracts for the purposes of leveraged foreign exchange trading of the customer that are outstanding and have not been liquidated and cash balances (if any) of the customer at the end of that quarter.

***When we deal with you as an accredited investor and provided we have made available to you (on a real-time basis) the prescribed particulars in the form of electronic records stored on an electronic facility and you have consented to those particulars being made available in this manner or you have requested in writing not to receive the statement of account, we are not under any statutory obligation to furnish a monthly or quarterly statement of account to you. You are therefore not protected by the requirements of Regulations 40(1) and (3) of the SFR.***

8. **Regulation 45 of the SFR.** Regulation 45 of the SFR provides that borrowing and lending of specified products by a CMSL holder (i) must be recorded in a prior written agreement between the CMSL holder and the lender or borrower or their duly authorised agent where such agreement

includes certain prescribed details; and (ii) must be collateralised. In particular, the CMSL holder is required to ensure that the collateral provided must, throughout the period that the specified products are borrowed or lent, have a value of not less than 100% of the market value of the specified products borrowed or lent. Regulation 45 of the SFR further sets out the acceptable forms of collateral for these purposes.

***When we deal with you as an accredited investor, we are not under any statutory obligation to provide collateral to you under Regulation 45 of the SFR when we borrow specified products from you. Where we provide assets to you as collateral for the borrowing, the agreement shall specify whether the specified products borrowed and the assets provided comprising specified products (if any) are marked to market and if so, the procedures for calculating the margin. However (unlike for retail investors), the agreement does not have to include the requirement to mark-to-market on every business day the specified products that are borrowed nor the minimum collateral comprising specified products nor procedures for calculating the margins.***

9. **Regulation 47DA of the SFR.** Regulation 47DA(1) and (2) of the SFR provide for certain general risk disclosure requirements that a CMSL holder dealing in specified capital markets must comply with. For this purpose, “specified capital markets products” means capital markets products other than futures contracts, spot foreign exchange contracts for the purposes of leveraged foreign exchange trading and foreign exchange over-the-counter derivatives contracts. In particular, the CMSL holder must not open a trading account for a customer for the purpose of entering into transactions of sale and purchase of any specified capital markets products unless it has furnished the customer with a written risk disclosure document disclosing the material risks of the specified capital markets products, and receives an acknowledgement signed and dated by the customer that he has received and understood the nature and contents of the risk disclosure document. Further, the CMSL holder must not enter any transaction of sale or purchase of any specified capital markets products unless it has informed the customer whether it is acting in that transaction as a principal or agent and/or its intention to do so.

***When we deal with you as an accredited investor, we are not under any statutory obligation to provide you with the risk disclosures, and the capacity in which we act, in the manner contemplated under Regulation 47DA of the SFR. You are therefore not protected by the requirements under Regulation 47DA of the SFR.***

10. **Regulation 32C(1)** of the FAR exempts a foreign research house from having to hold an FA Licence in respect of advising others by issuing or promulgating any research analyses or research reports concerning any investment product to any investor under an arrangement between the foreign research house and a financial adviser in Singapore, subject to certain conditions. These include a condition that where the research analysis or research report is issued or promulgated to a person who is not an accredited investor, expert investor or institutional investor, the analysis or report must contain a statement to the effect that the financial adviser in Singapore accepts legal responsibility for the contents of the analysis or report without any disclaimer limiting or otherwise curtailing such responsibility.

***When the Foreign Offices and the Foreign Related Corporations deal with you as an accredited investor, the financial adviser in Singapore need not expressly accept legal responsibility for the contents of any research analysis or research report issued or promulgated to you pursuant to an arrangement between the Foreign Offices or the Foreign Related Corporations and a financial adviser in Singapore. The financial adviser in Singapore is also not limited by the requirement to not include a disclaimer limiting or***



***otherwise curtailing such legal responsibility. You are therefore not protected by these requirements under regulation 32C of the FAR.***