

## **APPENDIX 12 POTENTIAL LIMITATIONS AND RISKS OF INTERNET TRADING**

This Appendix is provided to non-Accredited Investors (as defined in the Agreement) pursuant to Rule 3.3.5(a) of the Futures Trading Rules of the Singapore Exchange Derivatives Trading Limited. The Client acknowledges that the Client has read and understood this Appendix.

### **Limitations**

Any online or internet services provided by Orient Futures, and all information, materials and functions contained therein including software, programs, data, databases, text, graphics, links or other materials, are provided "as is" and "as available". No warranty of any kind, implied, express or statutory, including but not limited to any warranties of title, non-infringement of third party rights, merchantability, satisfactory quality, fitness for a particular purpose and freedom from computer virus or other malicious, destructive or corrupting code, agent, program or macros, is given in conjunction with such services or any information and materials provided through such services. Orient Futures does not warrant: (i) the accuracy, timeliness, adequacy or completeness of the information, materials, services and/or functions provided at or contained in online or internet services; (ii) that the Client's use of and/or access to such services or any information or any materials on the services, or the services as a whole, will be uninterrupted, secure or free from errors or omissions or that any identified defect will be corrected; (iii) that the services or any information or materials provided are free from any virus or other malicious, destructive or corrupting code, agent, program or macros.

Online, internet and other electronic or computer-based systems are vulnerable to disruption or failure of hardware or software, because of high demand, market volatility, systems upgrades or maintenance, or any other reason. Accordingly, the Client acknowledges that any online or internet service (including order-routing, execution, matching, registration or clearing of trades) may be subject to such disruption or failure. For example:

- (a) market, order or transaction information transmitted to the Client through the online or internet system may not be accurate, even if it appears to be real-time information. The price at which the Client's order is executed may be different from the displayed quote at the time the order was entered;
- (b) the Client may not be able to enter new orders, or modify or cancel existing orders;
- (c) existing orders may not be executed according to the instructions given by the Client, or may not be executed at all. Such orders may be lost or modified, or their priority affected; and
- (d) where an order has been executed, the Client may experience delay in receiving confirmation of such execution, or may not receive a confirmation at all, or may receive inaccurate or conflicting information.

Where there is any disruption or failure of an online or internet system, or where the Client experiences any delay in the transmission of its orders or instructions, the Client should immediately contact Orient Futures.

### **Speed of online or internet trading**

Although execution of an order that was entered online or via the internet typically occurs only seconds after being sent to the market, sometimes orders can be delayed due to high volume or low liquidity. Prices can change very quickly, and even where the order is executed in seconds, the Client may not always receive the quoted price last seen before placing the order. To avoid entering into a transaction at a price higher or lower than is acceptable to the Client, the Client may consider using limit orders rather than market orders. A limit order is an order to enter into a transaction at no higher or lower than a specified price. However, using a limit order often results in the trade executions failing to occur when that specified price cannot be met.

Delays in executing trades may occur for other reasons. For example, Orient Futures may manually review and

enter an order. It may do this to verify that Client's account and margin requirements are in order, or to examine the order for trading restrictions.

Where there is delay in execution of an order, the Client may be tempted to cancel and resubmit an order. However, by cancelling and resubmitting an order in a fast market, the Client runs the risk of entering duplicate orders.

Conversely, the fact that orders are sometimes executed quickly may be to the Client's disadvantage, where the Client has erroneously placed an order; in this situation, the Client may not be able to withdraw or correct the erroneous order before it is executed and the Client may then be bound to perform its obligations under the erroneous trade.

### **Online or internet identification**

Orient Futures is entitled and authorised to act upon, rely on or regard electronic instructions given online or via the internet as if they were carried out or transmitted by the Client or its authorised persons.

Whilst Orient Futures uses reasonable efforts to ensure that access to and use of its online or internet services will be given only where a user accesses the service with a valid user ID and corresponding password, user authentication on the Internet or other online systems is generally difficult to establish.

There is therefore a risk that online or internet activities may be subject to fraudulent or deceptive activity (including but not limited to unauthorised users falsely pretending to be authorised representatives of the Client).

### **Security and confidentiality**

The Client and its authorised persons play a part as well in protecting the security and confidentiality of the Client's password, security tokens, personal details and other confidential data or information. These will help to prevent unauthorised transactions and the fraudulent access and use of user accounts.

Some recommended good practices include the following:

- (a) A user should adopt the following approach when creating a secure password ("**credentials**"):
  - (i) Credentials should be at least eight characters, comprised of an alphanumeric mix;
  - (ii) Credentials should not be based on easily inferred information such as username, personal telephone number, birthday dates or other personal information;
  - (iii) Credentials should be kept confidential and not be divulged to anyone;
  - (iv) Credentials should be memorised and not be recorded anywhere;
  - (v) Credentials should be changed regularly or when there is any suspicion that it has been compromised or impaired; and
  - (vi) The same password should not be used for different websites, applications or services, particularly when they relate to different entities.
- (b) A user should not select the browser option for storing or retaining username and password.
- (c) A user should check the authenticity of Orient Futures' website by comparing the URL and Orient Futures' name in its digital certificate or by observing the indicators provided by an extended validation

certificate.

- (d) A user should check that the website address changes from 'http://' to 'https://' and a security icon that looks like a lock or key appears when authentication and encryption are expected.
- (e) A user should install anti-virus, anti-spyware, and firewall software in its personal computers and mobile devices.
- (f) A user should update the operation systems, virus and firewall products with security patches or newer versions on a regular basis.
- (g) A user should remove file and printer sharing in computers, especially when they are connected to the internet.
- (h) A user should make regular backups of critical data.
- (i) A user should use 2FA security measures (where offered) to protect their online trading account and information from unauthorized access and enhance the overall security of online trading systems.
- (j) A user should log off each and every online session and clear their browser cache.
- (k) A user should not install software or run programs of unknown origin.
- (l) A user should delete junk or chain e-mails.
- (m) A user should not open e-mail attachments sent from unknown individuals or parties.
- (n) A user should not disclose personal, financial, or credit card information to little-known or suspect websites.
- (o) A user should not use a computer or a device which cannot be trusted.
- (p) A user should not use public or internet café computers to access online services or perform financial transactions.

### **Important Notice**

This Appendix is not intended to provide, and should not be relied on for, legal, tax, accounting, regulatory or financial advice. It does not provide all the information which the recipient of this Appendix may need, and the recipient may wish to appoint its own professional advisers to assist it. No representation or warranty, whether express or implied, is made as to the accuracy, completeness or reliability of the disclosure provided.

Without prejudice to the generality of the foregoing: (i) the Appendix does not explain all the potential limitations and risks of internet trading and electronic communications, which can be substantial; (ii) before entering into any internet trading, the recipient should be satisfied that it fully understands the precise nature of internet trading and electronic communications, how it actually works, the extent of its exposure to risks and the potential losses that it could incur; (iii) this Appendix does not address any other risks that may arise as a result of a person's particular circumstances or as a result of the terms of particular transactions.

Nothing contained in this Appendix should be considered as an offer or a solicitation to engage in any transaction or to purchase or sell or enter into any financial instrument or transaction, or that Orient Futures will provide any services referred to in this Appendix to the recipient.

Orient Futures shall not in any circumstances be liable, whether in contract, tort, breach of statutory duty or otherwise, for any losses or damages that may be suffered as a result of using or relying on this Appendix. Such excluded losses or damages include (i) any loss of profit or revenue; (ii) damage to reputation or loss of any contract or other business opportunity or goodwill; or (iii) any indirect loss or consequential loss. This paragraph does not extend to an exclusion of liability for, or remedy in respect of, fraudulent misrepresentation, death or personal injury caused by negligence or any other liability which may not be excluded or restricted by law.

Nothing contained in this Appendix is intended to create or shall be construed as creating a fiduciary relationship between the recipient and Orient Futures.