

## APPENDIX 8 DISCLOSURES PURSUANT TO REGULATION 16(5) AND REGULATION 26(5) OF THE SECURITIES AND FUTURES (LICENSING AND CONDUCT OF BUSINESS) REGULATIONS

1. This Appendix is provided to Clients (as defined in the Agreement) to comply with Regulations 16(5) and 26(5) of the Securities and Futures (Licensing and Conduct of Business) Regulations (**SFR**).
2. Capitalised terms used in this Appendix which are defined in the Agreement shall have the same meanings ascribed to them in the Agreement. Words and expressions used in both Regulations 16(5) and 26(5) of the SFR and in this Appendix shall bear the same meanings as construed under the SFR.
3. A customer may, request Orient Futures International (Singapore) Pte. Ltd. ("**Orient Futures**"), being a member of an approved/recognised clearing house, to:
  - (a) separate, pursuant to Regulation 16(5) of the SFR, the books for any money deposited or paid for or in relation to the OTC derivatives contracts of the customer; and/or
  - (b) separate, pursuant to Regulation 26(5) of the SFR, the books for any asset deposited or paid for or in relation to the OTC derivatives contracts of the customer,from the books for the moneys or assets, respectively, deposited or paid for or in relation to the OTC derivatives contracts of any other customer or customers of Orient Futures (each a "Request"), subject to additional costs that may be imposed by Orient Futures on the customer (which Orient Futures will inform the customer of if the customer makes such Request).
4. In the event of Orient Futures becoming insolvent, and with respect to the OTC derivatives contracts of a customer that are cleared by a clearing house:
  - (a) (even) if the customer had made the Request, the customer may face time delay and costs (e.g. legal costs) in recovering its moneys and/or assets (as the case may be) deposited by Orient Futures with a clearing house pursuant to Regulation 19 (in the case of moneys) or Regulation 30 (in the case of assets) of the SFR, may not recover all of its moneys and/or assets back and may not retain the benefit of its positions, as (i) the customer generally has no rights or remedies against the clearing house and only has recourse against Orient Futures and (ii) any stage of a transaction may, in certain circumstances, be challenged by an insolvency representative;
  - (b) if the customer had not made the Request: (i) the customer's moneys and/or assets (as the case may be) deposited with the clearing house may, in certain circumstances, be applied towards other obligations owing to the clearing house arising from the failure of Orient Futures to discharge any obligation to the clearing house in respect of other customers. In addition, the customer's moneys and/or assets may also be reduced or may not increase by as much as expected because the collateral posted by other customers have decreased in value (collectively referred to as "**Fellow Customer Risk**"); (ii) it would likely be difficult to satisfy the conditions imposed by the clearing house for the transfer of the positions and related moneys and/or assets of the customer to other clearing member(s) of the clearing house. The clearing house may also have a discretion not to make such a transfer. The positions and related moneys and assets of a customer of a defaulted clearing member that have not been transferred within the period of time specified by the clearing house may then be liquidated by the clearing house (collectively referred to as "**Difficulty in Porting**");
  - (c) the differences between the consequences mentioned in sub-paragraphs (a) and (b) above are that, if the customer had made the Request, the customer would likely not be exposed to Fellow Customer Risk and Difficulty in Porting; and

- (d) for the avoidance of doubt, both a customer that had made the Request and a customer that had not made the Request would be exposed to the risks mentioned in sub-paragraph (a) above.

## 5. Important Notice

- (a) 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.
- (b) Without prejudice to the generality of the foregoing: (i) The description set out above in paragraph 4 is a very high-level summary of the consequences involved and does not address any other consequence that may arise as a result of a Client's particular circumstances or as a result of the terms of particular Transactions; (ii) The description set out above in paragraph 4 is based on the typical levels of segregation in the account types offered by clearing houses. However, the particular characteristics of the accounts each clearing house offers may affect such consequences so the recipient must review the information provided by a clearing house on the account structures it offers and may wish to seek professional advice to understand the differences in detail; (iii) The description set out above in paragraph 4 deals only with Orient Futures' insolvency (and does not consider the insolvency of any other party in the clearing structure, e.g. the clearing house itself or a custodian); (iv) A large part of the customer's protection comes from clearing house arrangements and the legal regimes surrounding them. It is important that the recipient review the relevant disclosures by the clearing house in this respect. In addition, insolvency law may override the terms of contractual arrangements. The recipient may wish to take professional advice on the interaction of these various regimes; (v) This Appendix is not intended to provide a comprehensive description of the treatment of customer moneys or assets protection regime under Singapore law (or any other Applicable Law).
- (c) 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.
- (d) 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.
- (e) Nothing contained in this Appendix is intended to create or shall be construed as creating a fiduciary relationship between the recipient and Orient Futures.