

## TERMS AND CONDITIONS GOVERNING SECURITIES TRADING ACCOUNTS

The following risk disclosure statement and general terms and conditions (hereinafter collectively referred to as the "Terms and Conditions") shall govern the relationship between Lim & Tan Securities Pte Ltd (hereinafter referred to as "L&T") and its clients (hereinafter referred to collectively as "Clients" and individually as "Client") relating to the trading of any securities, derivatives and securities-related products (as defined below) under the Client's securities trading and other account(s) opened and maintained with L&T (hereinafter referred to as the "Client's Account") and the provision of other services (including but not limited to custodian services) by L&T to the Client.

In these Terms and Conditions and in any other agreements entered into between L&T and the Client, unless the context requires otherwise, the term "securities", "derivatives" and "securities related products" shall include (but is not limited to) stocks, shares, debentures, bonds, rights, warrants, unit trusts, options, forwards and futures, structured products and other equity and equity-linked products.

### Risk Disclosure Statement

The Client understands, acknowledges and accepts that the risk of loss in trading securities can be substantial. This risk disclosure statement does not purport to disclose or discuss all of the risks and other significant aspects of trading securities, derivatives and securities-related products. In the light of the risks, the Client should undertake such transactions only if the Client understands the nature of the contracts (and contractual relationships) into which he is entering and the full extent of his exposure to risks. It is important that the Client should carefully consider whether such trading is appropriate for him in the light of his experience, investment objectives, financial situation, particular needs and other relevant circumstances, and the Client should be aware that this is solely his responsibility. The Client understands that he should therefore consult his own independent legal, tax and/or financial advisers before entering into any particular transactions. The Client further agrees that he shall accordingly be solely responsible for any transaction which he ultimately chooses to enter into.

It is important that the Client fully understands the Terms and Conditions of any transactions that the Client proposes to undertake, including the contractual specifications of any exchange-traded option or contract, the circumstances under which the Client may become obliged to make or take delivery of an underlying asset upon settlement of a derivatives transaction, and the commissions, fees and other charges for which the Client will be liable.

The Client should therefore familiarise himself with any agreement or confirmation that the Client may enter into with the broker. The Client must fully understand the Client's rights and obligations under that agreement or confirmation, and carefully study the trading mechanism and understand the potential risks involved before the Client trades. The Client should not sign any agreement or confirmation unless the Client is familiar with the contents or effects or the Client's professional advisers have explained the contents and effects. Unless the Client has a specific agreement with L&T for the provision of advisory services or fund management services the Client should note and accept that L&T's relationship with the Client in relation to the Client's securities and securities related transactions is purely for execution only as broker/dealer or as counterparty to the Client. In either case while the Client is entitled to expect L&T or its employees or representatives to answer the Client's queries, the obligation in so answering is only to be honest. Such answers should not be assumed to be backed by any prior reasonable due diligence or research specifically suitable for reliance by the Client without the Client first independently confirming that the answer is intended as specific advice to and is suitable for or to the Client's specific financial needs and objectives or the Client verifying the same with the Client's independent advisers on its specific suitability for the Client's specific financial needs and objectives. The Client should also note clause 8 of Part C of these Terms and Conditions and ensure the Client understands and accepts the same as a condition to the Client's relationship with L&T.

Part A sets out some general investment risks relating to most transactions generally. Part B explains the risks surrounding certain investments and derivatives. Part C consists of our General Terms and Conditions.

### Part A: General Investment Risks

There are various risks of a general nature associated with investing and transacting in securities, derivatives and securities-related products. These include but are not limited to the following.

- (1) **Risk on Securities Trading**

The prices of securities can and do fluctuate, sometimes dramatically, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities. In addition, securities regulations and investor protection rules vary with different exchanges. Some may expose investors in securities listed on those exchanges to high investment risk. In particular, certain exchanges allow companies to list with neither a track record of profitability nor any obligation to forecast future profitability. Such securities may be very volatile and illiquid and their greater risk profiles mean that trading on such exchanges or in such securities may be more suited to professional or sophisticated investors. The Client should seek independent professional advice if the Client is uncertain of or has not understood any aspect of the nature of the exchange or the risks involved in trading such securities. For securities not paid on a timely basis, L&T reserves the right to 'force-sell' the securities without notice to the Client and the Client is responsible for any losses that may arise from the 'force-sale'. In the case of 'short selling' (ie. selling securities that the Client does not already own), if the Client should fail to meet his delivery obligations to the Central Depository (Pte) Limited (hereinafter referred to as "CDP") or any other counterparty he is obligated to by the relevant due date, it may lead to unlimited losses as securities may be bought in by CDP at a price much higher than the Client's sale price. In the case of shares of smaller companies (sometimes known as "penny shares"), there may be a greater risk of loss because there may proportionately be a large difference between the buying price and the selling price of these shares. If they have to be sold immediately, the Client may get back much less than the amount that the Client paid for them.
- (2) **Risk of Margin Trading in leveraged foreign exchange contracts**

The risk of loss in leveraged trading or financing a transaction by deposit of collateral is significant. The high degree of leverage that is often obtainable in margin trading can work against the Client as well as for the Client due to fluctuating market conditions. The Client may sustain large losses as well as gains in response to a small market movement. While the amount of the initial margin required to enter into a transaction may be small relative to the value of the transaction, a relatively small market movement would have a proportionately larger impact. The Client may sustain losses in excess of the Client's cash and any other assets deposited as collateral with the broker. The Client may be called upon at short notice to make additional margin deposits or interest payments. The Client should be aware that the Client may not be entitled to an extension of time when a margin call is made. If the required margin deposits or interest payments are not made within the prescribed time, the Client's collateral may be liquidated without his consent. Moreover the Client will remain liable for any resulting deficit in his account and interest charged on his account. The Client should be aware that the broker may liquidate the Client's collateral without contacting the Client. Further, the broker may be entitled to decide which collateral to liquidate in order to best protect L&T's interests. The Client should therefore carefully consider whether such trading or financing arrangement is suitable in light of the Client's financial position and investment objectives.
- (3) **Currency Risk**

Where the Client transacts securities denominated in currencies other than the Client's primary reference currency, or where the Client converts funds from another currency upon making a transaction, there is the risk that if the foreign exchange markets move against the Client, then upon any dealing of the net proceeds converted into the Client's primary reference currency or the currency from which the initial funds were converted (as the case may be), such proceeds may be significantly less than the equivalent figure on the date the Client first traded in the securities, and that any income or gains made may be entirely negated, or even result in losses.
- (4) **Counterparty risks**

All transactions that are executed upon the Client's instructions with counterparties and brokers are dependent on their due performance of their obligations. The insolvency or default of such counterparties and brokers may lead to positions being liquidated or closed out without the Client's consent

Reference : T&C 01/09  
Comprising clauses : Part A No 1 to 13  
Part B No 1 to 7  
Part C No 1 to 33



- (5) **Potential losses**

The Client may sustain substantial losses on the transactions if market conditions move against the Client's positions. It is in the Client's interest to understand fully the impact of market movements, in particular the extent of profit or loss the Client would be exposed to when there is an upward or downward movement in the relevant rates. The Client's position on various transactions may be liquidated at a loss and the Client will then be liable for any resulting deficit in the Client's account with the broker. Under certain circumstances, it may be difficult to liquidate an existing position, assess the value, determine a fair price or assess the Client's exposure to risk.
  - (6) **Commission and Other Charges**

Before the Client begins to trade, he should obtain a clear explanation of all transaction costs (i.e. commissions, fees and other charges charged by L&T, the clearing house and the securities exchange for which he will be liable. These charges will affect the Client's net profit (if any) or increase his loss. The Client may consider these costs in any risk assessment made.
  - (7) **Liquidation of positions**

Under certain market conditions the Client may find it difficult or impossible to liquidate a position. This may arise from the rules in certain markets (for example, the rules of a particular exchange may provide for "circuit breakers" where trading is suspended or restricted at times of rapid price movements).
  - (8) **Limitation Orders May Not Limit Loss**

Placing contingent orders, such as "stop loss" or "stop limit" orders will not necessarily limit the Client's losses to the intended amounts, since market conditions may make it impossible to execute such orders without incurring substantial losses. Under certain circumstances, it may be difficult or impossible to assess the value of the Client's position, determine a fair price or assess his exposure to risk.
  - (9) **Pricing relationships**

The normal pricing relationships between a derivative and its underlying assets may not exist in certain circumstances. The absence of an underlying reference price may make it difficult to assess the "fair" value of a derivative position. Under certain circumstances, the specifications of outstanding contracts (including the exercise price of an option or warrant) may be modified by an exchange or clearing house to reflect changes in the underlying asset.
  - (10) **Tax risks**

Before entering into any transaction the Client should understand the tax implications of doing so, e.g. income tax. Different transactions may have different tax implications. The tax implications are dependent upon the nature of the Client's business activities and the transactions in question. The Client should therefore consult the Client's tax adviser to understand the relevant tax considerations.
  - (11) **Off-exchange transactions**

In some jurisdictions and only in restricted circumstances, firms are permitted to effect off-exchange transactions. In addition to the issues concerning the liquidation of positions and pricing relationships generally set out above, off-exchange transactions may be less regulated or subject to a separate regulatory regime. Because prices and characteristics of over-the-counter financial instruments are often individually negotiated, there may be no central source for obtaining prices and there can be inefficiencies in the pricing of such instruments. Off-exchange transactions may also involve greater risk than dealing in exchange traded products because there is no exchange market through which to liquidate the Client's position, to assess the value of the product or the exposure to risk. Bid and offer prices need not be quoted, and even where they are, they will be established by dealers in these products and consequently, it may be difficult to establish what a fair price is. Before the Client undertakes such transactions, the Client should familiarise himself with applicable rules and attendant risks.
  - (12) **Trading facilities and electronic trading**

Most trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. The Client's ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms. Such limits may vary. Before the Client conducts any transactions through such facilities or systems, the Client should understand the details in this respect. Further, trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If the Client undertakes transactions on an electronic trading system, the Client will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be the Client's order is either not executed according to the Client's instructions or not executed at all.
  - (13) **Mobile Broking**

If the Client's Trading Representative is, or becomes L&T's mobile Trading Representative, he will be operating from outside L&T's office premises. The Client is not permitted to indicate 'care-of' address, 'P.O. Box' address or a mobile Trading Representative's address as his mailing address for contract notes and statements to be sent to. The Client is advised to place trade orders only with the mobile Trading Representative concerned and such trade orders are channeled through L&T's online trading system [hereafter referred to as the "OTS"]. The Client understands that there might be limitations that might affect customer service and that there is the risk of possible delays in trade processing and/or outages without prejudice to Part B: General Terms And Conditions, Pt 27: Exclusion Of Liability. The Client understands that complaints, if any, shall be directed to L&T for investigation.
- Part B: Transactions involving special risks**
- (1) **Unit Trusts**

Before investing in any unit trust, the Client advised to read and understand the contents of the prospectus or any information memorandum. The prospectus or information memorandum may, but need not always contain, a statement of the risks specific to a particular unit trust. The Client should carefully assess the nature, characteristics and mandate of a unit trust and, amongst other things, consider the fees and charges involved. The Client should be aware that an investment in unit trusts is subject to various risks such as those highlighted in Section A of this document and there can be no assurance that a unit trust's investment objectives will be realised. In particular, the price of units in a unit trust is subject to both upwards and downwards movements. In this respect, the past performance of a unit trust should not be taken as an indication of its future performance. The Client should also understand that the issue, subscription and redemption price of units in respect of any unit trust is usually only indicative and not final and binding.
  - (2) **Warrants**

What are warrants?  
A warrant is a right to subscribe for shares, debentures or other securities, and is exercisable against the original issuer of the securities. As in the case of options, warrants often involve a high degree of gearing, so that a relatively small movement in the price of the underlying security results in a disproportionately large movement in the price of the warrant. The prices of warrants can therefore be very volatile and may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the underlying security, the time remaining to expiry and the creditworthiness of the issuer.

A "covered warrant" refers to a right to acquire shares or other securities which is exercisable against someone other than the original issuer of the securities.

#### Risks of trading in warrants

As in the case of options, the buyer of a warrant is subject to the risk of losing the premium and transaction costs. Investments in warrants involve substantial risks including market risk, liquidity risk and the risk that the issuer will be unable to satisfy its obligations under the warrants. The Client should not buy a warrant unless the Client is prepared to sustain a total loss of the money invested plus the commission or other transaction costs.

An investment in warrants involves valuation risks in relation to the underlying asset, which may vary over time and may increase or decrease by reference to various factors, which may include corporate actions (where the underlying asset is a share or a basket of shares), changes in computation or composition (where the underlying asset is an index), macro economic factors and market trends. Although the issuer may be required or permitted to adjust or amend the conditions of the warrants under certain circumstances, if an event occurs which does not require the issuer to make such adjustments, the price of the warrants and the return upon the exercise of the warrants may be affected.

In the case of exchange-traded warrants, it is not possible to predict the price at which the warrants will trade in the secondary market or whether such market will be liquid or illiquid. To the extent that warrants of a particular issue are exercised, the number of warrants of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining warrants of such issue. A decrease in the liquidity of an issue of warrants may in turn cause an increase in the volatility associated with the price of such issue of warrants. To the extent that an issue of warrants becomes illiquid, the buyer may have to exercise such warrant to realise value. In respect of European-style warrants, as they are only exercisable on the expiration date, the Client will not be able to exercise his warrants to realise value in the event that the relevant issue becomes illiquid.

- (3) **Contracts for differences**  
"CFD" means trading on the outcome of the price of a financial instrument (e.g. equities) and all CFD trades are open-ended margined products that require funding or financing on a daily basis.

The Client understands, acknowledges and accepts that the risk of loss in trading of CFD can be substantial.

Trading in CFD by way of margin financing involves the risk that adverse market movements may give rise to losses substantially in excess of the sums deposited and the placing of such a margin as security in no way limits the Client's liability in the event of such losses being sustained. The Client will be liable without limit for all such losses. The use of leverage can therefore lead to large and unlimited losses as well as gains. The Client's Account is also subject to interest charges and the Client may be called upon to 'top-up' the Client's Account by substantial amounts at short notice to maintain the Client's position, failing which L&T may liquidate the Client's position at a loss and the Client would be liable for any resulting loss. If the Client does not provide the required additional funds or fail to make interest payments within the prescribed time or if the market moves against the Client further before the receipt by L&T of the additional funds, notwithstanding that the prescribed time has not elapsed, L&T at its sole discretion may (but is not obligated to) close all or any of the Client's positions that the Client may have and liquidate the Client's collateral without the Client's consent or prior notice.

If the amount is still not adequate to meet the Client's obligations to L&T, the Client should be aware that the Client would be liable to L&T for the difference. The Client should not commit to any transaction that is beyond the Client's means.

- (4) **Equity-Linked Products**  
A transaction involving an equity-linked product may be based on or linked to a deposit, and such deposit is not a typical bank time deposit. The Client should study the terms of such equity-linked products carefully, as they may not necessarily return the principal amount of the deposit in the currency of the deposit. Also, being linked to deposits, the Client may suffer additional costs and expenses if he seeks to liquidate the transaction prior to the expiry of the term of the deposit.

Certain equity-linked product transactions will involve the selling of an option to L&T, which option is secured on the Client's deposit. In this case L&T will pay to the Client a premium in the form of a higher yield on the deposit. If the option is exercised by L&T against the Client, the Client's deposit will be appropriated to the extent necessary to satisfy all the Client's obligations to L&T. It is important for the Client to understand the risks that he, as an options seller, would be exposed to if L&T exercises the option, and if the option is not "covered" by a corresponding position in the underlying contract or another option, then the possible loss will be unlimited, in which case the Client's deposit may not be adequate to meet his obligations to L&T and the Client should be aware that he would be liable to L&T for the difference.

The Client is encouraged to take independent advice before entering into any transaction involving equity-linked products.

- (5) **Forward and futures**  
What are forward and futures?  
Forward and futures entail the obligation to deliver or take delivery on a specified expiration date of a defined quantity of an underlying at a price agreed on the contract date. Forwards and futures can involve special risks and are therefore only suitable for investors who are familiar with this type of instrument, have sufficient liquid assets and are able to absorb any losses that may arise.

Futures are traded on an exchange. They take the form of contracts in which the quantity of the underlying and the expiration date are standardised. Forwards are not traded on an exchange; hence they are referred to as OTC (over-the-counter) forwards. Their specifications may also be standardised; otherwise they may be agreed between the buyer and the seller. Underlying for forwards and futures include assets such as equities, currencies, bonds, commodities and precious metals, and benchmarks such as interest rates and indices.

#### Risks of trading in forwards and futures

**Margin requirements** : On buying or (short) selling an underlying asset on the futures markets, the client must supply a specified initial margin on agreement of the contract. This is usually a percentage of the total value of the contracted instruments. In addition, a variation margin is calculated periodically during the life of the contract. This corresponds to the book profit or loss arising from any change in value in the contract or underlying instrument. In the event of a book loss, the variation margin can be several times as large as the initial margin. The terms for calculating the variation margin are laid down in the applicable exchange regulations or contract provisions. The client will be obliged to deposit the required initial or variation margin cover with the broker for the entire life of the contract.

**Forward sales and purchases**: For forward sales, the underlying must be delivered at the price originally agreed even if its market value has since risen above the agreed price. In such cases, the client risks losing the difference between these two amounts. Theoretically, there is no limit to how far the market value of the underlying can rise. Hence potential losses are similarly unlimited and can substantially exceed the margin requirements. For forward purchases, the client must take delivery of the underlying at the price originally agreed even if its market value has since fallen below the agreed price. The client's potential loss corresponds to the difference between these two values. The client's maximum loss corresponds to the originally agreed price. Potential losses can substantially exceed the margin requirements. In order to limit price fluctuations, an exchange may set price limits for certain contracts. Find out what price limits are in place before effecting forward or futures transactions. This is important since closing out a contract can otherwise be much more difficult or even impossible. If the client sells forward an underlying which the client does not hold at the outset of the contract, this is referred to as a short sale. In this case, the client risks having to acquire the underlying at an unfavorable market price in order to fulfill the client's obligation to effect delivery on the contract's expiration date.

**OTC forwards** : There is no actual market for OTC forwards agreed individually, and hence such positions may only be closed out with agreement of the counterparty.

**Combinations** : Since combinations comprise various elements, the closing out of individual elements can be considerably alter the risks inherent in the overall position. Before entering into any such transaction, the client should consult L&T about the particular risks involved. Given the many possible combinations, it is impossible to go into detail in this document the risks involved in any particular case.

- (6) **Options**  
What are options?  
An option is a right granted by a person (the seller or writer) to another (the buyer or holder) to buy (call option) or to sell (put option) a specified amount of an underlying share or other asset at a predefined price (strike price) at or until a certain time (expiration date). The price the client pays for this right is called the "premium". American-style options are exercisable on any trading day up until the expiration date. European-style options may only be exercised on their expiration date. This does not however limit their tradability on the secondary market.

The following can underlie an option:

- Assets such as equities, bonds, commodities and precious metals
- Benchmarks such as currencies, interest rates and indices
- Derivatives or
- Any combination of the above

During the life of an option, the writer must often provide margin. The margin is determined by the counterparty or, in the case of exchange traded options, the exchange may determine the required margin. If the deposited margin proves insufficient, the writer may have to provide additional collateral or be faced with his position being closed-out. Certain exchanges in some jurisdictions permit deferred payment of the option premium, limiting the liability of the buyer to margin payments not exceeding the amount of the premium. The buyer is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the buyer is responsible for any unpaid premium outstanding at that time.

A call option is in-the-money if the current market value of the underlying is higher than the strike price. A put option is in-the-money if the current market value of the underlying is lower than the strike price. An option which is in-the-money is said to have an intrinsic value. A call option is out-of-the-money if the current market value of the underlying is lower than the strike price. A put option is out-of-the-money if the current market value of the underlying is higher than the strike price, meaning it has no intrinsic value. If the current market value of the underlying is equal to its strike price, the option is at-the-money.

That price of an option depends on its intrinsic value and on its time value. The latter depends on a variety of factors, including the remaining life of the option and the volatility of the underlying asset. The time value of an option reflects the chance that it will be in-the-money. Generally, the value of a call option decreases, and the value of a put option increases, as the value of the underlying asset falls. The less an option is in-the-money, the larger the decrease in value. This decrease also generally accelerates as the life of the option expires, and is proportionally larger than the decrease in value of the underlying asset. However, in certain cases, the value of an option may decrease even if the value of the underlying asset remains unchanged or moves in favor of the buyer.

#### Risk of options trading

Transactions in options carry a higher degree of risk. Buyers and sellers of options should familiarize themselves with the type of options (i.e. put or call) which they contemplate trading and the associated risks. The client should calculate the extend to which the value of the options would have to increase for the client's position to become profitable, taking into account the premium paid and all transaction costs. The client should also inform himself of the exercise and expiration procedures and the client's rights and obligations upon exercise or expiry.

The buyer of options may offset its position by trading in the market or exercise the options or allow the options to expire. A person who purchases an option should be aware that in order to realize any value from the option, it will be necessary either to offset the option position or to exercise the option. The buyer of an option should be aware that some option contracts may provide only a limited period of time for exercise of the option (e.g. an American-style option), and some option contracts may provide for the exercise of the option on a specified or stipulated date (e.g. a European-style option). The exercise of an option results either in a cash settlement or in the buyer acquiring or delivering the underlying interest. If the option is on a futures contract or leveraged foreign exchange transaction, the buyer will have to acquire a futures or leveraged foreign exchange position, as the case may be, with associated liabilities for margin. If the purchased options expire worthless, the client will suffer a total loss of his investment which will consist of the option premium paid plus transaction costs. If the client is contemplating buying deep-out-of-the-money options, the client should be aware that, ordinarily, the chance of such options becoming profitable is remote. It may sometimes even be impossible to acquire the necessary underlying asset.

#### **Selling (writing or granting) an option generally entails considerably greater risk than buying options.**

Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of the amount of the premium received. The seller will be liable to deposit additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the buyer exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a futures contract or a leveraged foreign exchange transaction, the seller of a put option will acquire a futures contract or leveraged foreign exchange position, as the case may be, with associated liabilities for margin. If the option is "covered" by the seller holding a corresponding position in the underlying futures contract, leveraged foreign exchange transaction or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

#### Additional risks common to options trading

**Terms and conditions of contracts**: Before the client conducts his transactions, the client should understand the terms and conditions of the specific option which the client is trading and the associated obligations (e.g. the expiration dates and restrictions on the time of exercise). Under certain circumstances, the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

**Commodity options**: Before entering into any transaction involving a commodity option, the client should thoroughly understand the nature and type of option involved and the underlying physical commodity. In addition to the risks set out above and in Section A, the client should note that specific market movements of the underlying physical commodity cannot be predicted accurately. The prices of commodities can and do fluctuate, and may experience up and down movements which would affect the value of the option.

**Exotic options**: Unlike "plain vanilla" put and call options, exotic options are subject to additional conditions and agreements. Exotic options come in the form of tailor-made over the-counter options or as warrants (see section on warrants above). Given the special composition of exotic options, their price movements can vary markedly from those of their "plain vanilla" cousins. The client must also be aware that larger transactions can trigger price movements even shortly before expiration and that these can render an option worthless. There is no limit to the structures exotic options may take. We cannot go into detail here about the risks involved in any particular case. Before buying any exotic options, be sure to seek comprehensive advice about then particular risks involved.

- (7) **Structured Products**  
What are structured products?  
Structured products are combinations of two or more financial instruments. At least one of them will typically be a derivative. Together, they form a new investment product. Structured products can be traded either on-exchange or over-the-counter. Every structured product has its own risk profile since the risks of their individual components may be reduced, eliminated or increased. Hence it is particularly important that the client is fully aware of the risks involved before acquiring any such product. Such information can be found in the relevant product literature or the contractual terms for the product.

What are structured products with capital protection?

Structured products with capital protection consist of two elements: a fixed-income investment (especially a bond or a money market investment) and an option. This combination enables the holder to participate in the price movements of one or more underlying assets (via the option or participation component) while at the same time limiting potential losses (via the bond or capital protection component). The capital protection component may only cover a portion of the capital invested and can be well under 100% of the capital invested, depending on the product. Capital protection therefore does not mean 100% repayment of the purchase price for all products. The option component usually comprises one option or a combination of options. The risks this component entails therefore correspond to those of the corresponding option or option combination. Depending on the underlying's market value, it can expire without value. The participation and protection elements can be separated, depending on the product in question. This allows the client to retain or dispose of each individual component separately.

Risks of structured products

Every structured product has its own risk profile resulting from the interaction of its component risks. Since there is almost limitless potential to combine product elements, we cannot go into detail here about the risk involved in any particular case. Before effecting any such transaction, the client needs to be fully aware of the risks involved. Such information can be found, for example, in relevant product literature.

**Issuer's credit risk and liquidity risk:** With structured products, buyers can only assert their rights against the issuer. Hence, alongside the market risk, particular attention needs to be paid to issuer risk. The client therefore needs to be aware that, as well as any potential loss the client may incur due to a fall in the market value of the underlying, a total loss of the client's investment is possible if the issuer should default. The client should also note that while market makers, who in most cases are the issuers themselves, normally guarantee that structured products are tradable, liquidity risks cannot be excluded.

**Risks arising from equity and commodity linked notes and other structured securities:** Certain notes and securities may be linked to the performance of equities, currencies, commodities or other underlying references. The client should study the terms of such products carefully and understand the risks involved. Such instruments may not be capital guaranteed and the client may sustain a total or partial loss of the client's investment. Moreover, the share purchase mechanism embedded in equity linked notes could result in the holder being required to take delivery of the underlying reference shares at maturity instead of a cash amount. In relation to structured notes ("Notes") where the returns on the Notes are linked directly or indirectly (such as via options) to changes in the market of the underlying instrument, the client will be exposed to price volatility in that market. The client should therefore make his own assessment of the relevant market concerned. The client should note that the underlying instrument may be traded in different jurisdictions and on different markets. The market on which the Notes may be traded may be different from the market on which the underlying instrument is traded. Accordingly, the nature of the risks a holder of the Notes is subject to may be very complex.

The Notes may provide that the issuer may discharge its obligations by delivery of the underlying instrument to the client on the maturity of the Notes. If the underlying instrument is a basket of shares, these shares which are delivered to the client may be traded in a foreign stock market. The client should be aware of the implications in relation to this method of settlement; in particular, the client may have to open and maintain accounts with a custodian for the purpose of settlement, and pay related cost and expenses in relation to the settlement. By holding the shares or basket of shares, the client may also be subject to the regulatory and disclosure requirements of the jurisdictions in which the issuer of each of these shares is incorporated or carries on business and the shares are traded. There may also be restrictions relating to the trading of the shares and holding of the shares and the client is strongly advised to seek independent advice on these issues. The client should also note that once he receives shares traded in a foreign jurisdiction, the client will be subject to all risks relating to making an investment in shares in that jurisdiction. Accordingly, the client have to be aware of risks such as exchange control risks, currency risks, transactional risks which include suspension of trading, extreme market conditions, failure of telecommunications or electronic systems, and events commonly known as "force majeure".

The client is subject to exchange risks as the Notes may not be denominated in the same currency as the currency in which the underlying instrument is traded and settled. As the underlying instrument may be traded in different jurisdictions, the currency in which the reference underlying instrument for the Notes is traded may differ from the currency in which the same underlying instrument for the Notes is traded may differ from the currency in which the same underlying instrument is traded in a different jurisdiction. Therefore, the client's returns on the Notes depend not only on the value of the underlying instrument but on the exchange rate between the two currencies on the maturity of the Notes. If settlement is affected by the delivery of the underlying instrument, the client's returns in the form of proceeds from the sale of the underlying instrument may be in a currency different from the currency in which the Notes are denominated.

If the underlying instrument is a stock or commodity index, the client should note that the value of the underlying instrument may change if the method of calculating the index is changed not with standing that the market for the underlying component stocks or commodities remains unchanged.

Although the Notes may be listed on a stock exchange, there may not be a secondary market for the Notes. Accordingly the client may not be able to find a purchaser for the Notes should the client wish to dispose of the Notes and the Notes may not have any market value. The client should expect that he is required to hold the Notes until its maturity.

The client should also note that the tax implications of the Notes may be different from the underlying instrument.

#### Part C: General Terms and Conditions

- (1) **Warranties by Client**  
The Client hereby warrants to L&T that:-
- (a) (Where the Client is an individual) The Client is (i) over 21 years old; (ii) not an undischarged bankrupt; (iii) opening the Client's Account for the Client's own behalf as the principal; and (iv) applying for the Client's Account on the Client's own judgment and without relying on any representations, inducements, views or information from L&T or any of its trading representatives or officers.
- (b) (Where the Client is a corporation) The Client is (i) a validly existing company; (ii) not wound up or insolvent or in liquidation or under judicial management or does not have a receiver appointed over all or part of its assets; (iii) legally capable of opening and operating the Client's Account; (iv) opening the Client's Account for the Client's own behalf as the principal; and (v) applying for the Client's Account on the Client's own judgment and without relying on any representations, inducements, views or information from L&T or any of its trading representatives or officers.
- (2) **Change Of Particulars**  
The Client assures and undertakes to L&T that the Client will forthwith notify L&T in writing of :-

- (a) any change in the particulars given on the application form executed by the Client for the purpose of opening the Client's Account (hereinafter referred to as the "Account Opening Form"). Until notification of such change is received by L&T in sufficient time as shall enable L&T to effectively act upon such notification, the Client shall absolve L&T of any responsibility or liability resulting from L&T's acting on the basis of the original particulars.
- (b) any material change in personal situation, financial circumstances and/or investment profile, failing which any assessment of the Client will be based on the latest copy of the Client's CIP in L&T's file.
- (3) **Rules Governing Transactions**  
The Client agrees to be bound by all bye-laws, rules, regulations, guidelines, customs, practices, notices, directives, advice or recommendations of the Singapore Exchange Securities Trading Limited (hereinafter referred to as the "SGX-ST") and any relevant regulatory body as are in force from time to time which govern the purchase and sale of securities.
- (4) **Fees, Commissions and Other Charges**  
The Client agrees to pay all fees, commissions, brokerage, stamp duties, clearing fees, goods and services tax and any other fees and duties which may be payable in relation to the transactions which L&T may effect from time to time at the Client's request. All payments by the Client to L&T shall be made without deduction or withholding for or on account of any tax, duty or other levy. If the Client is obliged by law to so deduct or withhold, the Client shall pay such additional sums in order to ensure that the net amount received by L&T after such deduction or withholding shall equal the amount which would have been received by L&T had no such deduction or withholding been required to be made.
- (5) **Indemnity**  
The Client shall indemnify and hold harmless L&T, its employees and agents against all losses, damages, liabilities, claims, expenses, duties, fines, penalties, charges of any nature including legal costs (on a full indemnity basis) which L&T, its employees or agents may suffer or incur whether directly or indirectly as a result of or in connection with any transaction or instruction that may be carried out by L&T on behalf of the Client or the Client's use of or access to the Online Trading System referred to hereinafter or any breach of these Terms and Conditions or any action taken to enforce the same or any other agreements entered into between L&T and the Client.
- (6) **Interest**  
The Client agrees to pay interest on all monies due and payable by the Client to L&T, before as well as after judgment and whether or not prior notification thereof has been given to the Client, at the rate of 2.5% above the prevailing United Overseas Bank Limited's prime lending rate from time to time and (in the case of foreign currency denominated accounts) at such rate as may be determined by L&T in its sole discretion. Interest shall be calculated on a daily basis on a 360-day year on all outstanding sums from the due date to the date of full payment. The Client further agrees that the interest rate may be varied by L&T from time to time in its absolute discretion.
- (7) **Instructions and Orders**  
The Client authorises L&T to rely and act on, and treat as fully authorised by and binding upon the Client, any order, instruction or communication (by whatever means transmitted and whether or not in writing) in respect of the Client's Account (including any part or all of the securities held on custody by L&T) which purports to have been given and which is reasonably accepted by L&T in good faith as having been given by the Client or on its behalf, without further enquiry on the part of L&T as to the accuracy, completeness or genuineness of such instructions or the authority or identity of the person giving or purporting to give such instructions and regardless of the circumstances prevailing at the time. The Client agrees that it shall be responsible to L&T for all engagements, indebtedness and any obligations made or entered into in the Client's name or in respect of the Client's Account (including any part or all of the securities held on custody by L&T) whether in writing (including in any electronic form or media) or orally and howsoever communicated or purported to be given in the manner above and the Client shall indemnify L&T from and against all losses, damages, costs, charges and expenses suffered or incurred by L&T as a result of L&T so acting in the manner above. L&T shall have the discretion to refuse to accept or act on any instructions or requests of the Client without having to assign any reason whatsoever for such refusal and L&T shall not be liable for any losses, damages, costs, charges and expenses suffered or incurred by the Client as a result of such refusal. For the avoidance of doubt, L&T shall not be required to act in accordance with any instruction from the Client which purports to dispose of or deal with securities which are in fact not held in any Client's Account.
- (8) **Investment Advice and Disclaimers**  
Without prejudice to the recommendation or advice the Client may receive from any of L&T's representatives or officers, advice may be general or specific and the Client needs to understand and take note of the different implications of each type of advice received.

It is a material part of the Client being allowed to open and maintain Client's Account that the Client agrees that while the Client has the option to decide whether the Client wishes to provide L&T with the information and answers L&T request of the Client in the Client Investment Profile Questionnaire (hereinafter referred to as the "CIP") and such supplemental information and answers as L&T may ask the Client as are reasonably relevant in the circumstances, the Client has the obligation if the Client chooses to do so to provide L&T answers in full and not in part. The Client therefore agrees that partial or incomplete provision of information and answers may be disregarded by L&T and the Client may be treated as having refused and provided no answers or information. Where the Client has provided L&T full information and answers, it shall also be the Client's obligation to keep such information current and accurate, failing which L&T is entitled to assume that the information and answers provided remain complete and accurate.

Where the Client has failed or refused or deemed to have failed or refused to provide L&T with any information or answers as requested, then the Client will also be taken as having acknowledged (and L&T will be regarded as materially relying on the Client having acknowledged) that L&T cannot identify with any certainty its investment objectives, financial circumstances and particular needs and therefore the Client agrees that any advice or recommendation provided in respect of the Client's Account by any of L&T's duly authorized representatives or officers shall be treated at best only as general advice or recommendation and the Client acknowledges and agrees that such advice does not take into account and may not be suitable for the Client's investment objectives, financial situation and particular needs.

The Client also acknowledges and agrees that a distinction should be made with respect to any advice or recommendation that is given on a solicited basis from one given on an unsolicited basis. An advice or recommendation is to be regarded as having been given on an unsolicited basis if it is given otherwise than in response to its query or request. Except if given pursuant to a specific advisory services agreement (and for the payment of an agreed and additional fee for such advice or recommendation), the Client must and should regard any advice or recommendation given in response to the Client's request or question as in the nature of general advice or recommendation and again the Client acknowledges and agrees that such advice may not be suitable for the Client's investment objectives, financial situation and particular needs. Only if the Client has provided full information and answers as requested by L&T in the CIP and L&T's supplementary questions and requests and then only in respect of unsolicited advice and recommendations given by a duly authorized representative or officer of L&T duly authorized to give such advice and recommendations is the Client entitled to regard the advice and recommendation given as specific advice given after having taken into account the Client's investment objectives, financial situation and particular needs as may be reasonably inferred from its answers.

Please note in relation to the preceding that no trading representative has any authority to give any advice or make any recommendation on L&T's behalf or on L&T's account unless specifically authorized to do so by a duly authorized officer of L&T. In any other case, the trading representative if he gives any advice or recommendation to the Client must be assumed and accepted as having given the same without authority from L&T in his own personal capacity. The provisions of this clause 8 shall be without prejudice to the generality of, and in addition to, Part A of these Terms and Conditions.

- (9) **Investment and Financial Related Information and Reports**  
The Client may from time to time be provided with investment and financial related information and reports, including but not limited to research reports and market or securities specific analysis. Please note that the information are provided for the Client by way of information only. All of the information, report and analysis were and should

be taken as having been prepared for the purpose of general circulation and that none were made with regard to any specific investment objective, financial situation or the needs of any particular person who may receive the information, report or analysis (including the Client). Any recommendation or advice that may be expressed in or inferred from such information, reports or analysis therefore does not take into account and may not be suitable for the Client's investment objectives, financial situation and particular needs.

(10) Disclosure

(a) The Client agrees and consents to the disclosure by L&T of all information and transactions relating to the Client's Account to any exchange, any self-regulatory body, any competent authority, the police, the professional and other advisors of L&T, the SGX-ST or to any government department or agency of any government in charge of any regulatory exchange on which the Client had traded or to any issuer of any of the securities traded by the Client.

(b) The Client agrees and consents to the disclosure by L&T of any and all information relating to the Client, the Client's personal particulars, Client's accounts, transactions between Client and L&T, Client's facilities, credit standing and financial position to the Credit Bureau (Singapore) Pte Ltd and/or any Credit Bureau of which L&T is a member or subscriber and /or to any other member, subscriber and/or compliance committee of such credit bureau and to any other person to whom disclosure is permitted or required by any statutory provision or law or Order of Court

(11) Money Laundering

The Client hereby warrants that:

(a) the Client is the underlying principal of the Client's Account;

(b) no person other than the Client has or will have any interest in the Client's Account;

(c) all monies which will be paid to L&T shall come from a legitimate (and not illegal) source; and

(d) The Client agrees to provide all such information and documents as may be necessary to verify the Client's identity and do all such acts and things as may be necessary to enable L&T to comply with all applicable anti-money laundering and "know-your client" laws, rules and regulations (whether in Singapore or elsewhere). The Client agrees that L&T shall not be liable or responsible in any way whatsoever and shall be held harmless against any loss arising as a result of or in connection with any delay or failure to process any application or transaction if such information and documents requested by L&T have not been promptly provided by the Client to L&T.

(12) Delinquent/Disputed Account

The Client understands that L&T is obliged by the SGX-ST Trading Rules to report all delinquent and disputed accounts. Without prejudice to the generality of clause 10 above, the Client further consents to L&T reporting to the SGX-ST any particulars relating to the Client's Account, including, but not limited to, his name, address and NRIC/Passport number and any outstanding amount due to L&T in the event that the Client's Account is classified by L&T in its sole discretion to be delinquent or disputed.

(13) Set-off

Without prejudice to any other right which L&T may have under the law or otherwise, L&T shall be entitled at any time and from time to time, without notice to the Client and irrespective of any differences in currency, to set-off any amounts due to the Client or held in any Client's Account against any liabilities or obligations (whether actual or contingent) owing by the Client to L&T. L&T shall be entitled to effect such currency conversions and at such rates of exchange as L&T may in its absolute discretion deem necessary or appropriate in order to effect such set-off.

(14) Lien

The Client agrees that all monies (including any deposit placed or maintained with L&T) and/or securities and/or all other property of the Client in L&T's custody or control held from time to time in any Client's Account (hereinafter referred to as the "Client's Property") shall be subject to a general lien in favour of L&T for the discharge of all or any indebtedness and other obligations of the Client owing to L&T. The Client shall not be entitled to withdraw any monies or securities held by L&T pending the repayment or satisfaction in full to L&T of any indebtedness or obligation of the Client owing to L&T. L&T shall be entitled at any time and without notice to the Client to retain, apply, sell or dispose of all or any of the Client's Property towards the payment and discharge of such indebtedness or obligation and L&T shall be under no duty to the Client as to the price obtained or any losses or liabilities incurred in respect of any such retention, application, sale or disposal.

(15) Custodian Services

The provisions contained in clauses 15A and 15B hereinafter relating to the provision of custodian services are without prejudice to the generality of, and in addition to, the other clauses of these Terms and Conditions.

(15A) Securities held on Client's behalf

(1) Unless otherwise instructed by the Client in writing, L&T shall at its sole discretion receive and hold all securities deposited by the Client with L&T or purchased by L&T on behalf of the Client and held by L&T for safe-keeping, upon and subject to these Terms and Conditions.

(2) The Client hereby authorises L&T to open one or more custodian account(s) as and when necessary or applicable on behalf of the Client in the name of the Client or L&T or L&T's nominees, agents, representatives or delegates whether in Singapore or elsewhere (hereinafter referred to as "Nominees") as L&T deems fit, to hold therein as custodian, all securities received and accepted by L&T at its sole discretion on behalf of the Client. The Client agrees to sign and execute all necessary instruments of transfer and documents and pay such fees and charges in connection with the registration of the securities in the event L&T decides, in its absolute discretion, to register the securities in the name of L&T or its Nominee.

(3) The Client acknowledges that the duties of L&T are strictly restricted to those expressly provided herein and that L&T shall be regarded solely as a bare custodian of the securities and nothing herein shall have the effect of constituting any relationship of trustee and beneficiary or of any other relationship between L&T and the Client.

(4) The Client acknowledges that any securities deposited and held by L&T or its Nominees are at the Client's sole risk as regards any loss or destruction of or any damage to the same or otherwise.

(5) The Client acknowledges and consents to the fact that any securities belonging to him held by L&T or its Nominees for any reason whatsoever may be held collectively with other securities held for other clients of L&T on an aggregate or omnibus basis. Accordingly, the Client's entitlements may not be identifiable by separate certificates, physical documents of title or other equivalent electronic records. This may in some instances result in prejudice to the Client and the Client accepts and consents to this. The Client shall not have any right to specific securities held by L&T or its Nominees, but will be entitled, subject to these Terms and Conditions, to delivery by L&T of securities of the same class, denomination and nominal amount, and which rank pari passu with those originally delivered to L&T or its Nominee, subject to any capital reorganization or share exchange which may have occurred. L&T shall maintain records of the Client's interest in the commingled securities. The securities held by L&T or its Nominees for L&T itself shall be segregated at all times from the securities of the Client.

(6) The Client acknowledges and agrees that L&T will not be held liable or responsible in any way whatsoever for any loss, costs, expenses, claims, damages, or liability suffered or incurred by the Client or any profit or advantage of which the Client may be deprived in the event of a default by L&T's Nominee or sub-custodian in whose name the Client's securities may be registered (including without limitation the insolvency or any act or omission of such Nominee or sub-custodian).

(7) The Client acknowledges that the Client's securities received or held by L&T and/or its Nominees outside Singapore may be subject to different settlement, legal and regulatory requirements and different practices relating to the segregation of those securities. The applicable laws, rules and regulations of the relevant overseas jurisdiction may be different from the laws, rules and regulations in Singapore. Consequently, the Client agrees that such securities may not enjoy the same protection as that conferred on the Client's securities received or held by L&T and/or its Nominees in Singapore.

(8) In acting as custodian, L&T is authorized at all times, at the cost and expense of the Client, to maintain the securities with any centralized depository or clearing agency incorporated or organized under the laws of any country and to make arrangements with and enter into agreements on such terms and conditions as may be imposed by such centralized depositories or clearing agencies which L&T may deem fit for any of the securities and to permit such depositories or clearing agencies to sub-delegate and to register such securities in the name of their nominees upon such terms and conditions as L&T may in its absolute discretion stipulate. L&T is authorized at all times, to delegate to any other person, whether in or outside Singapore, for any period whatsoever, the performance of the services as well as the exercise of L&T's powers set out in these Terms and Conditions.

(9) L&T or its Nominees shall be under no duty or responsibility to:-

(a) send to the Client any notices, proxy forms or other documents or communications which L&T may receive in respect of the securities held by or registered with L&T on behalf of the Client;

(b) attend any meetings or to exercise any voting rights on behalf of the Client pursuant to its holding of the securities; or

(c) take any action in respect of any dividends, bonus issues, rights issues, warrants, bonds or other securities accruing, offered or accruing to the benefit of the securities (hereinafter collectively referred to as "the accrued rights").

In addition, L&T or its Nominees shall not be liable for any loss or damage for whatsoever acts or things done or omitted to be done in respect or such securities or the accrued rights in the absence of fraud or wilful default on its part.

(10) Notwithstanding the foregoing, if L&T or its Nominees shall determine that any action is required in respect of such securities or the accrued rights and the Client cannot be contacted or fails to give punctual or adequate instructions or provide the necessary funds for such action, the Client hereby authorizes L&T or its Nominees to act on the Client's behalf and in such manner as they shall in their absolute discretion think fit and L&T or its Nominees shall not be liable, in the absence of fraud or wilful default on its part, for such action as L&T or its Nominee may take. The Client further undertakes to indemnify L&T or its Nominees against all costs, charges and expenses that may be incurred by L&T or its Nominees in respect of any such action taken and in respect of the securities held by L&T or its Nominees.

(11) The Client agrees to pay L&T such fee charges and expenses at such rate as L&T may from time to time charge or incur for its services rendered in relation to the safe keeping of any securities deposited by the client with L&T and held by L&T or a sub-custodian or its Nominee or purchased by L&T on behalf of the Client.

(12) A monthly statement of the Client's securities holdings in L&T or its Nominees or the sub-custodian will be sent to the Client.

(13) For the avoidance of doubt, the other provisions of Part B of these Terms and Conditions shall apply mutatis mutandis to custodian account(s) opened by L&T pursuant to this clause 15A for the custody of securities, and for this purpose, the term "Client's Account" in such provisions shall include such custodian account(s).

(15B) Monies held on Client's behalf

(1) The Client agrees that all monies received by L&T on the account of the Client (including any deposit placed or maintained with L&T by the Client) shall be held in a trust account maintained with such banks or financial institutions as may be permitted under the Securities and Futures (Licensin and Conduct of Business) Regulations 2002. The Client's monies will be segregated from L&T's own monies at such approved bank or financial institution. The approved bank or financial institution may hold the Client's monies with the monies of other clients of L&T in a pooled account in the name of "L&T A/c Clients" and L&T shall maintain records of the Client's monies in the pooled account. The Client agrees that he shall not be entitled to make any claim for any specific sum in any specific account and any claim made by the Client shall be against the pooled clients' monies account in general.

(2) The Client acknowledges that it is administratively and operationally difficult for L & T to account separately to the Client and the other clients of L & T for all interest earned from the maintenance of monies received by L & T. Hence, the Client agrees that L & T may fully retain any interest earned, and the Client agrees to permanently waive and relinquish claim/s, if any, against L & T for the interest. L & T may at its sole discretion credit the Client with interest, whether wholly or partially, provided always that such crediting is without prejudice in any way to L & T's right to retain interest in full.

(3) The Client agrees to pay L & T such administrative fees as L & T may from time to time determine at L & T's sole discretion. Any waiver of administrative fees, whether wholly or partially and regardless of the period of waiver, shall only apply to the said period of waiver and shall be without prejudice to L & T's right to charge administrative fees thereafter in any event.

(4) The Client agrees that L&T may, at its sole discretion where it deems appropriate, hold foreign currency denominated monies received on the account of the Client in a trust account maintained with a bank or financial institution outside Singapore which is licensed, registered or authorised to conduct banking business in the country or territory where the account is maintained. The legal and regulatory regime governing approved banks or financial institutions outside Singapore may be different from that governing banks and financial institutions in Singapore. In addition, such approved banks or financial institutions may have different practices relating to segregation of clients' monies. Consequently, the Client agrees that Client's monies held or deposited in approved banks or financial institutions outside Singapore may not enjoy the same protection as that conferred on the Client's monies held or deposited in Singapore.

(16) Right to delegate execution and to use foreign brokers

The Client consents to L&T delegating to and/or using foreign brokers in other jurisdictions for the execution of the Client's orders with respect to securities listed and traded in those jurisdictions. The Client agrees that L&T shall have no liability or responsibility whatsoever for any default negligence or failure of such foreign brokers in respect of or in connection with the performance of its duties or obligations.

(17) Principal obligations to foreign brokers or in respect of trading in a foreign jurisdiction

(1) The Client acknowledges and agrees that where L&T uses a foreign broker to execute the Client's orders, L&T may have to accept sole and principal responsibility to the foreign broker for the executed order (notwithstanding that as between the Client and L&T, L&T is in fact the agent of the Client). Accordingly, the Client shall indemnify L&T against any and all actions which L&T deems in good faith necessary to be taken to ensure that L&T will not be in default of its said principal obligation or responsibility. The foregoing right of L&T will apply even though as between L&T and the Client, the Client may be in actual or anticipatory default. The foregoing indemnity in favour of L&T is in addition to any other right that L&T may have (whether expressly provided as between the parties or otherwise available under the law).

(2) In view of the fact that L&T may have accepted principal responsibility and/or liability to a foreign broker, the Client also acknowledges and consents to the fact that any securities (which as between L&T and the Client is to be regarded as) purchased by the Client will be regarded in any and/or every such foreign jurisdictions as being the securities purchased by L&T for itself.

This may in some instances result in prejudice to the Client and the Client accepts and consents to this.

- (3) Where securities are deposited with or held by a foreign broker for safe keeping pursuant to instructions given by L&T on the Client's behalf, the Client shall indemnify L&T for all fees, commission, expenses or any charges which L&T may incur in respect of such safe keeping. The Client further agrees that any securities deposited with or held by a foreign broker for safe keeping shall be at the Client's sole risk as regards any loss or destruction of or damage to the same or otherwise.
- (18) **Foreign Exchange Risks**  
The Client hereby agrees that in the event the Client directs or instructs L&T to carry out any transactions on the Client's behalf on an exchange or other market on which such transactions are effected in a foreign currency, all such transactions shall (unless indicated by the Client to the contrary at the time of the giving of such instructions) as between L&T and the Client be settled in Singapore Dollars at a rate of exchange determined by L&T at its sole discretion on the basis of the then prevailing money market rates of exchange between such currencies. If L&T agrees, transactions in respect of the Client's Account may be settled in any other currency requested by the Client, but at a rate of exchange decided by L&T. The Client shall bear any losses, damages or costs that may result from any currency conversion effected as aforesaid.
- (19) **Waiver**  
The Client agrees that the fact that L&T does not exercise or delays in exercising a right under these Terms and Conditions does not mean that it has given up or waived the right or that it cannot exercise the right later. The Client agrees that the only way L&T can waive any of its rights is by giving the Client a written letter signed by the manager of L&T or his superiors.
- (20) **Force Majeure**  
L&T shall not be held liable to the Client for any partial performance, delay in performance, or non-performance of any of its obligations under these Terms and Conditions or any agreement with the Client by reason of any cause beyond L&T's control, including but not limited to any act of force majeure, any breakdown or failure of communication or transmission (including electronic transmission) or any breakdown or failure of any computer facilities or systems of L&T or of the SGX-ST or of any exchange, market or clearing house or of any Internet service provider or of any party, or any war, strike or labour problem, hostility, riot, civil commotion, foreign exchange control laws, regulations or measures of any government or requisition by any government or any regional or local authority, or any agency thereof, or any law, regulation, edict, executive order or mandate of any such body, or any act of God, fire, flood, draught, frost, storm or explosion.
- (21) **Unclaimed Property**  
In the event that any Client's Property is unclaimed by the Client six (6) years after L&T received such Client's Property and L&T determines in good faith that it is not able to trace the Client, the Client agrees that all the Client's Property then standing to the credit of the Client's Account together with such Client's Property as may from time to time continue to accrue to the Client's Account (whether by way of dividends, interest or otherwise) may forthwith be appropriated by L&T to itself to utilise in any manner L&T so wishes for its own benefit. The Client thereafter shall have no right to claim such Client's Property or any loss and damage relating thereto, and the Client shall be deemed to have waived and abandoned all its rights to such Client's Property in favour of L&T, and L&T shall not be liable to account to the Client.
- (22) **Suspension of Counter**  
Where instructions given by the Client to purchase securities are duly carried out by L&T prior to the suspension from trading of the counter of such securities for any reason whatsoever, the Client shall be and shall remain liable for payment of all monies due to L&T in respect of the carrying out by L&T of such instructions.
- (23) **Suspension and Termination**  
(1) L&T may in its absolute discretion at any time forthwith suspend or close the Client's Account without giving any reason whatsoever, without giving any prior notice to the Client and without being responsible in any way for any loss or damage resulting therefrom.  
(2) In the event L&T exercises its discretion to suspend or close the Client's Account for any reason whatsoever, all rights which have accrued to L&T before such suspension or closure shall not in any way be affected. Without prejudice to the generality of the foregoing, the Client shall upon such suspension or closure forthwith pay on demand to L&T all outstanding sums due or owing to L&T.
- (24) **Joint Accounts**  
Where the Client's Account (with the exception of estate accounts) is a joint account and the Client comprises more than one person but no more than two persons (referred to collectively as the "Joint Account Holders" and severally as the "Joint Account Holder"), these Terms and Conditions shall at all times be binding on the Joint Account Holders jointly and severally and the Joint Account Holders and each of them hereby agree, without prejudice to the generality of, and in addition to, the other clauses of these Terms and Condition, as follows:
- (a) in the absence of express instructions received by L&T as to which Joint Account Holder is authorised to give trading instructions, orders or other communications to L&T, instructions, orders or communications given by any one of the Joint Account Holders shall be deemed to have been given by, and binding on, both the Joint Account Holders;
- (b) in the absence of express instructions received by L&T as to which Joint Account Holder is authorised to collect and/or receive cheques and/or scrips from L&T, delivery of cheques and/or scrips by L&T to any one of the Joint Account Holders shall be deemed to be delivery to both the Joint Account Holders;
- (c) in the event of death of any one of the Joint Account Holders, the surviving Joint Account Holder shall have the right of survivorship and L&T shall be entitled to pay all monies and/or deliver securities to the surviving Joint Account Holder and such payment and/or delivery shall be good sufficient and effective discharge of L&T's obligations under these Terms and Conditions;
- (d) any communications sent by L&T to:
- (i) an address stated in the Account Opening Form; or
- (ii) to the last mailing address notified to L&T by any one of the Joint Account Holders, shall be deemed to be sufficient delivery to both the Joint Account Holders.
- (e) L&T shall be at liberty to waive or vary the obligations of any one of the Joint Account Holders under these Terms and Conditions or make any other arrangements with any one of the Joint Account Holders, without prejudicing or affecting its rights, powers and remedies against the other Joint Account Holder.
- (f) Both Joint Account Holders are required to individually complete and return the CIP as if each Joint Account Holder is an individual account holder.

Where only one of the Joint Account Holders completes and returns the CIP, it shall be deemed that the other Joint Account Holder is confirming that any issue as to suitability determination is to be determined solely and wholly by reference only to the answers provided by the Joint Account Holder who completes and returns the CIP.

Where both Joint Account Holders complete and return the CIP, it shall be deemed that both are representing that any issue as to suitability determination may be determined wholly by reference by either set of answers or information provided or (where relevant) an aggregate or consolidation of such answers and information. In

the event of ambiguity or apparent conflict in or as between the answers and information from each of the Joint Account Holders, such ambiguity or conflict will be

resolved against the Joint Account Holders. For example if the answers from one of the Joint Account Holders indicate a higher risk tolerance, both Joint Account Holders will be deemed to have communicated to L&T the highest of such risk tolerance as their joint preferred risk tolerance for L&T to assume in making L&T's suitability determination where relevant.

Answers and information provided by either of the Joint Account Holders shall be deemed to be provided for, and binding and applicable equally to, both the Joint Account Holders.

- (25) **Amendments to Terms and Conditions**  
The Client agrees to be bound by any amendments to these Terms and Conditions as may be made by L&T and notified to the Client from time to time.
- (26) **Online Trading**  
The provisions contained in clauses 26A, 26B and 26C hereinafter relating to online trading in securities through or over the Internet, the telephone and/or other telephonic or telecommunication equipment (whether electronic, mechanical, wireless or otherwise) are without prejudice to the generality of the other clauses of these Terms and Conditions and are in addition to the same.
- (26A) **Online Trading System**  
(1) The Client agrees that for online trading of securities through or over the Internet, the telephone and/or other telephonic or telecommunication equipment (whether electronic, mechanical, wireless or otherwise), the Client shall access and use a system provided by L&T (including any other services or systems developed or provided by L&T and/or any other party in relation thereto, as may be modified from time to time) known as the Online Trading System (hereinafter referred to as the "OTS").  
(2) The Client acknowledges, represents and warrants that:  
(a) access to or use of the OTS shall be made through a UserID and Password issued by L&T to the Client or such other form of user identification system expressly approved or issued by L&T for the purposes of trading on the OTS which is referable to or identifies the Client (hereinafter referred to as the "ID");  
(b) he is and shall be the sole, authorised and exclusive person using the ID and shall not make use of or access the OTS other than for his own personal use and in accordance with these Terms and Conditions;  
(c) he accepts full responsibility for the use, protection and confidentiality of the ID as well as for any transaction executed or carried out through the ID; and  
(d) he accepts that his access to and use of the OTS will not be free from any fault, error or defects in the design or engineering.  
(3) The Client agrees that he shall be bound by any trading limits or other restrictions imposed by L&T on trading of securities through the OTS, whether or not such trading limits or other restrictions have been notified to him. The Client further agrees that for the purpose of trading through the OTS, he shall place and maintain at all times a deposit with L&T, the quantum of which is to be determined by L&T from time to time in its absolute discretion. Without prejudice to the generality of clause 14 above, L&T shall be entitled to apply the said deposit towards payment of any indebtedness owing by the Client to L&T.  
(4) For such period during which the Client is permitted to access and use the OTS, the Client shall maintain such suitable equipment and software (including without limitation, approved telecommunication equipment and means), permits, approvals and consents as shall be required to lawfully access and use the OTS.  
(5) The Client shall permit L&T, its servants and agents, access to his equipment, software and/or data as L&T deems necessary to inspect and check the same in connection with or in respect of the Client's access to and use of the OTS.  
(6) The Client undertakes that he shall not (including by the use of any equipment or software) cause the normal use and operation of the OTS or any system, equipment or software connected thereto, belonging to or operated by L&T or any other person, to be restricted or interfered with or impaired in any manner whatsoever.  
(7) L&T may require the Client, at his own cost, to upgrade or modify or disconnect, or cease the use of, any equipment or software which is or has been or is likely to be, in the opinion of L&T, the cause of failures, interruptions, errors, defects in, misuse of or unauthorised access to any part of the OTS.  
(8) The Client shall use the OTS strictly in accordance with these Terms and Conditions, and shall procure that no person (including himself) shall, in any way:  
(a) gain unauthorised access to or make unauthorised use of the OTS;  
(b) make any additions, modifications, adjustments or alterations to, or corrupt, any information or services available on the OTS;  
(c) tamper with any part of the OTS;  
(d) use the ID or any equipment and/or software in a manner inconsistent with these Terms and Conditions; or  
(e) permit any equipment or software to be linked to or communicate in any manner or be used in connection with any other database, time-sharing or other system, computer bureau, data or telecommunication service or any other service or word-processing system or information distribution network, whereby the information, material or data obtained from the OTS may be accessed, used, stored or redistributed by or through such other equipment or software, and the Client shall be liable for, and shall fully indemnify L&T against, all losses, damages, liabilities, expenses, costs and consequences in respect of or in connection with the occurrence of any of the foregoing.  
(9) The Client has a non-exclusive right to access and use the OTS which right shall not (unless otherwise expressly specified) extend to any other services provided by L&T. L&T reserves the exclusive right to amend or modify or suspend or terminate the operation of the OTS for any reason whatsoever at any time and in any manner it deems fit without giving any prior notice to the Client and without being responsible in any way for any loss or damage resulting therefrom.  
(10) The Client agrees and accepts that L&T may in its absolute discretion at any time forthwith suspend or terminate the Client's access to or use of the OTS and/or issue any conditions or directions in relation to its access or use from time to time without giving any reasons whatsoever, without giving any prior notice to the Client and without being responsible in any way for any loss or damage resulting therefrom.
- (26B) **Receipt and Acknowledgement of Instructions**  
(1) Any instructions received by L&T through the use of the ID on the OTS shall be deemed to have been given by the Client notwithstanding that it may have been given

by a third party with or without authority to give such instructions on behalf of the Client.

- (2) Any acknowledgement of receipt of the instructions of the Client by L&T through the OTS shall be deemed conclusive as to the fact that such instructions were received and that the content of such instructions was in the same form and substance as was received, and such instructions may be relied on, and be acted upon, by L&T without further reference to or verification from the Client.
- (3) The receipt of any instructions given by the Client to L&T shall be deemed to have taken place on the date and time when an acknowledgement is given by L&T or on such date and time as may be specified in such acknowledgment and not the date and time when such instructions are given.
- (4) The Client shall be deemed to have received and be bound by any notification or acknowledgment given by L&T on the OTS concerning the carrying out or execution of the instructions of the Client notwithstanding that such notification or acknowledgment may not have actually been received by the Client for any reason whatsoever.
- (5) The Client accepts that the receipt of any of his instructions by L&T does not mean that such instructions will be or are in fact carried out or executed until the acknowledgement or notification of the carrying out or execution of such instructions have been given by L&T to the Client on the OTS.

(26C) Information on OTS

- (1) The Client shall keep confidential all information available to him through the use of the OTS and shall not at any time copy, reproduce, disclose, distribute or disseminate the same to any other person in any manner, in whole or in part, and shall not cause suffer or permit to be done any of the foregoing.
- (2) The Client shall return to L&T and/or dispose in such manner as L&T may direct all information in whatever form or media (including copies thereof or derivations therefrom, however constituted) in the Client's possession, custody or control which the Client obtained from his access to or use of the OTS immediately upon L&T's request or in the event that the Client's right to use the OTS is suspended or terminated, whichever is earlier.
- (3) The Client shall not treat any information on the OTS as representing advice from L&T. L&T makes no warranty or representation, express or implied, as to the information on the OTS or as to its accuracy, completeness or otherwise. The availability of any information on the OTS shall not be taken as an inducement or be relied upon to undertake any transaction and the Client shall at all times rely on his own assessment of the information and the merits of any proposed transaction.
- (4) Any information made available to the Client prior to, in the course of or for the purpose of, any proposed transaction on the OTS shall not constitute or form part of any offer to trade or solicitation for any offer to trade any securities nor shall such information form the basis of or be relied on in connection with any contract.

(27) Exclusion of Liability

Without prejudice to the generality of the preceding clauses and in addition to the same, L&T shall not be liable to the Client for any loss, damage, expense, liability, cost or claim whatsoever and howsoever caused by or arising from (including any act or default or omission of any person(s)), including but not limited to the following:

- (1) any loss or unauthorised use of the ID;
- (2) any unauthorised use of or access to the OTS;
- (3) any failure, downtime, crash, breakdown or malfunction of, or defects, bugs or glitches in, the OTS or any other computer system or electronic or mechanical or telecommunication equipment of L&T, the SGX-ST, any exchange, market, clearing house, the CDP, any telecommunication network operator, any Internet service provider or any other party;
- (4) any delay, fault, failure or loss of access to or unavailability of the OTS;
- (5) any telecommunication or interconnection defects, faults or problems, system crashes, software errors or defects, operator errors, sabotage or unlawful access;
- (6) any error(s) in transmission of the instructions of the Client through the OTS or Internet;
- (7) any delay in the execution of the instructions of the Client; or
- (8) any direct, indirect, consequential or incidental loss (including but not limited to loss of profits, trading or other losses) arising out of or in connection with L&T's failure, neglect or omission to carry out or execute any instruction given by the Client.

(28) Notices and Communication

- (1) All notices and communications sent by L&T to the Client may be sent by prepaid ordinary post, hand delivery, telex, facsimile or such other manner as L&T may in its discretion deem fit, to the address of the Client stated in the Account Opening Form or such other address as may be notified in writing by the Client to L&T.
- (2) All notices and communications sent by L&T to the Client shall be conclusively deemed to have been received by the Client on the next business day after posting if sent by prepaid ordinary post, notwithstanding that the same be returned unclaimed; on the day of delivery if delivered by hand; and on the day of despatch if sent by telex or facsimile. Where the Client is authorised to access or use the OTS as hereinbefore stated, the Client shall be deemed to have notice of and be bound by all notices and communications (including but not limited to amendments to these Terms and Conditions) as may be given by L&T from time to time on the OTS not with standing that such notices or communications may not have actually been received by the Client for any reason whatsoever.

(29) Service of Writ

L&T may serve any writ of summons, statement of claim or other legal process or document in respect of any action or proceedings required by any relevant law or the rules of court to be served on the Client by personal service, by leaving the same at, and/or sending the same by ordinary post, to the last known address (whether within or outside Singapore and whether such address is a Post Office Box or is a place of residence or business) as may be provided to L&T or their solicitors.

Such legal process or document is deemed to have been duly served on the Client:-

- (i) on the date of delivery, if sent by hand; and
- (ii) on the date immediately following the date of posting, if sent by post.

Service of such legal process is deemed to be good and effective service of such legal process on the Client even if documents are returned undelivered and nothing in the Agreement between L&T and the Client shall affect the right to serve legal process in any other manner permitted by law.

- (30) Invalidation of any provision  
If any of the provisions of these Terms and Conditions or any part thereof shall be adjudged invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions or any part thereof shall not in any way be affected.
- (31) General  
The headings in these Terms and Conditions are for convenience only and shall not affect the interpretation of these Terms and Conditions. Unless the context otherwise requires, references to "Parts" and "clauses" are references to the parts and clauses of these Terms and Conditions. references to the singular number shall include references to the plural and vice versa, references to a particular gender shall include all genders, and references to natural persons shall include bodies corporate and vice versa.
- (32) Governing Law and Jurisdiction  
These Terms and Conditions are governed by and shall be construed in accordance with the laws of Singapore. The Client hereby irrevocably submits to the non-exclusive jurisdiction of the courts of Singapore.
- (33) Contracts (Rights of Third Parties) Act, Chapter 53B  
A person who is not a party to these Terms and Conditions has no right under the Contracts (Rights of Third Parties) Act, Chapter 53B to enforce any term of these Terms and Conditions but this does not affect any right or remedy of a third party which exists or is available apart from the aforesaid Act.

## APPLICATION FOR ELECTRONIC PAYMENT FOR SHARES

### TERMS AND CONDITIONS

1. The Member Company shall be entitled, but not bound, from time to time to pay the sales proceeds and contra gains (the "sales proceeds") arising from the transactions effected through the Trading Account to the designated Bank Account. The Member Company may, at its option, elect to pay Client the sales proceeds by cheque and such election shall be binding on Client.
2. No payments shall be made by the Member Company to the designated Bank Account through the Electronic Payment For Shares service ( the "service") on Saturdays or half business days on the Participating Banks or the Member Company.
3. The Member Company shall be entitled, but not bound, from time to time to :
  - (a) deem and treat any payments made by Client from time to time through the service (the "electronic payment") as being paid on the market day following the date of the electronic payment;
  - (b) apply all or any amounts received pursuant to the electronic payment in payment of outstanding purchases or contra losses ( the "outstanding contracts") made through the Trading Account in chronological order so that the outstanding contract for which payment is due first will be settled first, notwithstanding any instructions from Client as to how the electronic payment is to be applied; and
  - (c) set-off all or any amounts received pursuant to the electronic payment against all or any amounts due and owing by the Member Company before applying the said electronic payment to settle any outstanding contracts, notwithstanding any instructions from Client as to which outstanding contract the electronic payment is to be applied.
4. The Member Company and the Participating Bank are not responsible for any errors, inaccuracies or omissions (the "omissions") in the information that may be displayed or transmitted by the Participating Bank to Client for the purpose of making electronic payments through the service such as the contract or contra statement numbers and the amounts due thereunder. Client's liability to the Member Company for all and any amounts owing to the Member Company shall be unaffected by the omissions.
5.
  - (a) Client shall remain liable to the Member Company for all and any amounts owing to the Member Company howsoever arising from transactions effected through the Trading Account until full payment is received by the Member Company.
  - (b) An electronic payment shall be deemed to be received by the Member Company if the Member Company's Bank account is credited with the electronic payment. An instruction to the Participating Bank to debit the designated Bank Account and/or to transfer any amount from the designated Bank Account to the Member Company shall not constitute payment to the Member Company.
  - (c) Nothing herein shall prejudice or preclude the Member Company from exercising its rights to recover any amounts due and owing to the Member Company howsoever arising from transactions effected the Trading Account, including the right to force-sell securities purchased under outstanding contracts, until the Member Company has received full payment therefor.
  - (d) Where the Member Company has exercised its rights to force-sell any securities, the Member Company shall be entitled to apply all or any amounts received pursuant to the electronic payment in accordance with condition 3(c) hereof.
6. Neither the Member Company, the Participating Bank nor their respective agents shall be liable for any loss, consequential loss, damages, costs and charges suffered by Client or any other party as a result of any failure by the Participating Bank to credit payment of the sales proceeds into the designated Bank Account or as a result of any failure by the Participating Bank to transfer any electronic payment from the designated Bank Account to the Member Company or as a result of any malfunction, partial or total failure of any machine, data processing system, electronic transmission or communications system or arising from causes or circumstances beyond the control of the Member Company, the Participating Bank or their respective agents.
7. The Member Company and/or its agent's records of the instructions, operations or transactions made or performed, processed or effected through the service by the Member Company and/or its agent or by or purported to be by Client or by the Participating Bank shall be binding and conclusive on Client for all purposes whatsoever and shall be conclusive evidence of the instructions, operations or transactions.
8. The Member Company shall be entitled to add, vary, rescind or amend any or all these terms and conditions at time as its discretion.