



Reference : RD 04/11
Comprising clause : No 1 to 5

RISK DISCLOSURE STATEMENT

TRADING ACTIVITY ON OPEN OUTCRY MARKETS

Please read the following carefully :

Certain exchanges to which the orders are routed through are non-electronic, open cry market places. On such exchanges, orders submitted will be routed to the floor electronically but are thereafter delivered to the trading floors manually and are subject to time disadvantages inherent with such markets. Buy and sell orders meet directly on the trading floor and prices are determined by the interplay of the supply and demand.

In consideration of the above, you should also be aware of the following:

1. All order actions (new orders, modifications, cancellations) are subject to delays relating to the delivery process. The delays are usually 30-60 seconds but can last longer in busy market conditions such as at the open or close of the trading session.
2. Frequent order modifications (price or quantity) will often result in poor executions since a modification requires the pre-existing order to be cancelled and a new order to be reinstated. If modifications are submitted faster than they can be processed, there is a possibility of poor or missed executions.
3. There is no time or price priority for orders. It is possible that an order will not be executed even though trades are reported at, or better than, the expected price.
4. Market orders may be executed at unfavorable prices. Use of market orders is permitted, but not recommended.
5. Cancelled orders may be executed. It is not uncommon that the report of an executed order is delayed due to market volume. When the cancel request is sent, the floor broker is then forced to report the status, that may be 'filled, too late to cancel'.

Based on the limitation of floor traded markets, our company will not be liable for delays and errors outside of our control relating to the manual open outcry trading process.