

# Client Services Agreement

Futu Securities (Australia) Ltd

Effective Date: 7 January 2022



# Client Services Agreement

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# Client Services Agreement

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Please keep this agreement for future reference.

In this agreement, references to 'you' means each account holder and owner of a holding, jointly and severally and any person who holds office in an entity which is a customer. References to 'Futu', 'us', 'we' or 'our' are references to Futu Securities (Australia) Ltd ACN 095 920 648 (**FUTU AU**) or any of its Related Bodies Corporate (as defined in the *Corporations Act 2001* (Cth) (**Corporations Act**) (**Futu Group**).

## 1 Agreements with the Futu Group

- (a) FUTU AU and the Futu Platform provide you with various online securities and bonds trading, settlement and clearance systems in conjunction with members of the Futu Group.
- (b) FUTU AU holds an Australian Financial Service Licence (Licence Number: 224663) licenced and granted by the Australian Securities and Investments Commission (ASIC).
- (c) Services not provided by FUTU AU but provided by members of the Futu Group (if applicable) are provided under the dealing exemption in the *Corporations Regulations 2001* (Cth)
- (d) FUTU AU and Futu Group are engaged in the provision of a wide range of financial services and other related businesses. As a result, FUTU AU may have a material interest or an arrangement or a relationship of any type with another party which would involve a conflict with its duty owed to you. You acknowledge the existence of such potential conflict of interest and agree that the agreement will not preclude FUTU AU from conducting its businesses. FUTU AU shall take reasonable steps to ensure your fair treatment in relation to any transactions involving potential conflict of interest.
- (e) Services provided by the Futu Group in Australia are provided on the basis of a number of terms and conditions and agreements (each as amended from time to time), including but not limited to:
  - (i) The Moomoo Inc. Privacy Policy available here [Privacy Policy - moomoo](#); and
  - (ii) The Moomoo Inc. Terms of Use available here [Terms of Use - moomoo](#),(together the **Futu Affiliate Agreements**)
- (f) By accepting this agreement you also accept the Futu Affiliate Agreements where references in these Futu Affiliate Agreements to 'you', 'me', 'us', 'I' or 'Client', as applicable, means a FUTU AU Platform account holder.

## 2 Customer Information and Privacy

### 2.1 What information we collect

We collect information about you (such as your name, address and contact details), and information about your interactions with us, such as activity on your account. We may also collect publicly available information about you.

## 2.2 Why we collect your information and what we use it for

- (a) We collect your information because we are required to identify you in accordance with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act) (KYC Documents)* and in order to comply with taxation laws, such as the *Taxation Administration Act 1953* and the *Income Tax Assessment Act 1936*. We also collect it to administer our customer relationships and internal processes including risk management and pricing, under our arrangements with government agencies, and to identify and tell you about products and services that may interest you (unless you tell us not to). If you don't want to receive marketing information you can opt out on our website at <https://www.futuau.com>.
- (b) If you give us your electronic and telephone details, you agree we may use this to communicate with you electronically, by phone or SMS including providing updates, reminders and (unless you tell us not to) marketing information.
- (c) You must give us accurate and complete information; otherwise you may be breaking the law and we may not be able to provide you with the products and services that you require. If you change your personal details (e.g. address, name or email address) you must tell us as soon as possible.

## 2.3 Who we may exchange your information with

- (a) We may exchange your information with the Futu Group who may use your information for any of the purposes we can.
- (b) We may also exchange your information with others outside the Futu Group, for example:
  - (i) your representatives, advisers, brokers and agents, and their service providers;
  - (ii) our service providers and those who refer business to us;
  - (iii) market operators, operators of clearing and settlements facilities, share and other registries, regulatory and government authorities; and
  - (iv) platform providers, issuers of financial products, other financial institutions, and other bodies (for example, if you do not perform your obligations under a share trade).
- (c) Sometimes it may be necessary to send your information overseas - for example, where we outsource functions overseas, send information to Futu Group members overseas, where we need to complete a transaction on your behalf or where this is required by laws and regulations in Australia or in another country. See our Privacy Policy for more information.

## 2.4 FUTU AU Privacy Policy

- (a) FUTU AU Privacy Policy is available on our website at <https://www.futuau.com/privacy-policy> and should be read in conjunction with the above. It contains further details about our information collection and handling practices including information about:
  - (i) other ways and reasons we may collect, use or exchange your information;

- (ii) how you may access and seek correction of the information; and
  - (iii) how to make a complaint about a breach of your privacy rights, and our complaint handling procedures.
- (b) We encourage you to check our website regularly for any updates to the Policy.

## 2.5 Additional obligations

- (a) We may be subject to laws or regulations in Australia or another country that affect your relationship with us (e.g. laws that address taxation). So that we may comply with our obligations under these laws or regulations, we may:
- (i) require you to provide information about you or your product;
  - (ii) disclose any information we are required to concerning you (including sending your information overseas);
  - (iii) withhold an amount from a payment to you if required to do so, and if we do, we will not reimburse you for the amount withheld; and/or
  - (iv) take such other action as is reasonably required, including, for example, closing your account.

## 2.6 How to contact us

For privacy-related enquiries, please contact us by emailing [clientservice@futuau.com](mailto:clientservice@futuau.com) as we aim to resolve your query or complaint at your first point of contact with us.

# 3 General Terms and Conditions

## 3.1 General

- (a) This agreement applies to all dealings between you (**Client**) and us, FUTU AU. This includes dealings related to securities trading on our online brokerage and trading platform (**FUTU AU Platform**) and access to the content and functionality available through the Futu Platforms including third-party content and functionality.
- (b) You acknowledge that you have read and agreed to be bound by this agreement. Where there is more than one account holder, you acknowledge that all account holders and owners of the holding have read and agreed to be bound by this agreement.
- (c) By entering in to this agreement, you consent for us to act on your behalf in relation to your account and in accordance with your instructions and you acknowledge that we may enter in to agreements with third parties (including brokers and custodians) on your behalf and to which you agree to be bound as principal.
- (d) You agree to appoint us to execute, arrange or arrange facilities for execution of your instructions and to arrange associated settlement and custody services.
- (e) You agree that any dealing executed through a broker appointed by FUTU AU may be subject to the broker's terms and conditions.

- (f) You agree that when dealing in securities through the Futu Platform that you do not have the right to physical delivery of those securities where the securities are held in the name of FUTU AU, a broker or custodian.
- (g) You agree that where securities are held in the name of FUTU AU, a broker or custodian, you retain beneficial but not legal ownership of the securities. We remain responsible for ensuring that records are maintained in a way that enables ready identification of securities that are held on your behalf.
- (h) We or a broker appointed by us may deposit in one or more cash accounts all money received on your behalf. A cash account may be held in your name, our name or the name of an appointed broker or custodian. Any such account will be denominated in the currency of the country in which you wish to deal and may be on the terms and conditions of any such broker or custodian who holds the cash account. You agree to pay us any fees and charges and indemnify us for any liabilities arising from the operation of cash accounts by us, or an appointed broker or custodian that holds the account on your behalf.

### **3.2 Your commitment**

- (a) You warrant that all information provided by you in your application is complete and correct and is not misleading, and agree that we may rely on that information unless and until we receive written notice of any change signed by you or through a facility provided by us. Any such varied information will be covered by this warranty.
- (b) You warrant, if you are a company, that FUTU AU is able to rely on the Australian Securities and Investments Commission company search of you as being up to date and correct at all times.
- (c) You agree to notify us either in writing or through a facility provided by us of changes in information that are relevant to any dealing or proposed dealing. Email is not an acceptable method of notification. Information which is relevant to any dealing includes your:
  - (i) name;
  - (ii) postal address;
  - (iii) contact phone number, facsimile number and email address;
  - (iv) bank account details;
  - (v) settlement instructions; and
  - (vi) authorised representatives and particulars of that authorised representative as set out in 3.2(c)(i) to 3.2(c)(iii) above.
- (d) If you are a trustee:
  - (i) you warrant that you have properly exercised your powers in entering in to this agreement;
  - (ii) you warrant that you have full power and authority and have obtained all necessary consents to enter into these arrangements;

- (iii) you warrant that you have full power and authority to exercise the rights and perform the obligations under these arrangements;
  - (iv) you warrant that all instructions are binding on you and are authorised on a continuing basis; and
  - (v) you undertake to cooperate with the Futu Group to provide information about the trust and members of the trust as required by any relevant law.
- (e) You warrant to provide any KYC Documents to allow the Futu Group to comply with the AML/CTF Act at any time. You acknowledge that failure to provide the necessary documentation means that we may not be able to provide you with any services or may have to cease the provision of services. We will not be liable for any losses caused by our compliance with the AML/KYC Act.
- (f) You undertake not to reveal any access code, number or password for your account, not to otherwise allow or cause any unauthorised person to access, or to facilitate any unauthorised person accessing your account via any device app of ours and not to allow any unauthorised person to issue instructions on your account. You agree to abide by the following:
  - (i) not tell anyone your code or let anyone find out your code - not even family or friends;
  - (ii) not let anyone watch you enter your code;
  - (iii) if codes are advised by letter or electronically we suggest that they be memorised as soon as the correspondence is received. The letter or electronic message should then be destroyed or deleted. This is the safest policy;
  - (iv) make a reasonable attempt to disguise the code in any record - that is, scramble the details in such a way that others will not be able to decode;
  - (v) not allow or cause a fingerprint or facial identification record of another person to be used to permit another person to transact on your account through any device app of ours; and
  - (vi) not to otherwise allow or cause another person to access your account through any device app of ours by the use of your fingerprint or face identification.
- (g) We are not liable to reimburse you if an unauthorised transaction occurs on your account and you or any other user have not made a reasonable attempt to disguise a code or to prevent unauthorised access to the code record. We are also not liable to reimburse you if an unauthorised transaction occurs on your account and you either allowed or caused a fingerprint or facial identification record of another person to be used to permit an unauthorised person to transact on your account through any device app of ours, or you allowed or caused another person to access your account through any device app of ours by the use of your fingerprint or face identification. For example, we will not consider that a reasonable attempt has been made to disguise a code if you or any user only:
  - (i) recorded the code in reverse order;



- (ii) recorded the code as a 'phone' number where no other 'phone' numbers are recorded;
  - (iii) recorded the code as a number, prefixed by a telephone area code;
  - (iv) recorded the code as a series of numbers or words with any of them marked, circled or in some way highlighted to indicate the code;
  - (v) recorded the code disguised as a date (eg 9/6/63) where no other dates are recorded;
  - (vi) recorded the code in an easily understood code (eg A=1, B=2); or
  - (vii) self-selected a code which is an obvious word or number or one that can be found in a purse or wallet or can be easily guessed by someone else (such as a date of birth, middle name, family member's name or driver's licence number).
- (h) You are responsible for all fraudulent, illegal or unauthorised dealings on your account which are attributable to your conduct, and you release, discharge and indemnify us and the Futu Group and our directors, employees, agents and representatives in relation to all liability in this regard.
- (i) You acknowledge and agree that any search tools or calculators available on a Futu Platform are provided solely for informative or illustrative purposes and should not be relied upon for the purposes of you making an investment decision or decision to purchase or sell any securities or influence your decision making and do not in any way constitute us giving you personalised advice or making personalised recommendations or are intended to advertise or promote any specific financial product. You should consider obtaining advice from a financial services licensee before making any investment or financial decisions.
- (j) You have read and understood the risks set out in Schedule 3 of this agreement and acknowledge the risks which may arise in connection with the investments and transactions relating to your account.

### **3.3 Third party information**

- (a) You acknowledge that information or data on a Futu Platform supplied by a third party service provider which is not associated or affiliated with the Futu Group (**Third Party Provider**) (**Third Party Information**) are for informative purposes only and such Third Party Information do not in any way constitute our personalised advice or personalised recommendations.
- (b) A number of features on the Futu Platforms may be offered or processed through a Third Party Provider. Unless otherwise noted, all authority granted to us, or limitations of liability to us, shall include all members of the Futu Group, our directors, officers, employees, agents, representatives and any service provider. We, a member of the Futu Group or our agents acting on our behalf are authorised to provide the services contemplated by this agreement.
- (c) You agree that we are not responsible for any Third Party Information available on a Futu Platform and we make no warranties, express or implied, as to any such Third Party Information. You acknowledge and agree that such Third Party Information do not reflect our opinions or policies and we do not verify the accuracy or completeness of such Third Party Information.

- (d) You agree that we do not act as a referrer for any Third Party Provider and we do not earn a commission for any referrals.
- (e) You acknowledge and agree that we are not responsible for any third party advertisements or third party applications made available on a Futu Platform and you access these third party advertisements or third party applications at your own risk.

### **3.4 Recording of telephone calls**

- (a) You authorise us to record any telephone conversation(s) between you and us, with or without an audible tone warning device.
- (b) You acknowledge that any recording is our property and that we reserve the right to charge you a cost recovery fee for access to a recording.
- (c) You agree to record all relevant details of any conversation that you have with us, including the name of the operator and the date and time of the call, and you acknowledge that we will ask you for this information when you seek access to a recording.

### **3.5 Variation**

- (a) We may from time to time vary this agreement to:
  - (i) add, change or remove any concessions or benefits;
  - (ii) adopt or implement any legal requirement, decision, recommendation, regulatory guidance or standard of any court, tribunal, or ombudsman service regulator;
  - (iii) accommodate changes in the needs or requirements of our clients, such as new product features or services;
  - (iv) correct errors, inconsistencies, inadvertent omissions, inaccuracies or ambiguities;
  - (v) bring us into line with our competitors,
  - (vi) industry or market practice or best practice in Australia or overseas; or
  - (vii) reflect changes in technology or our processes including our computer systems.
- (b) Each of the changes in paragraph 3.5(a) is a separate right and this clause is to be read as if such change was a separately expressed right.
- (c) Without limiting our rights under paragraph 3.5(a), we may from time to time vary any of the terms of this agreement for reasons other than the ones mentioned above (e.g. due to unforeseen events).
- (d) If we vary this agreement, the changes shall apply to all dealings between you and us on and from the day on which the variation takes effect and your continued use of a Futu Platform is an acceptance of the variation.

- (e) Where we amend this agreement, we will give not less than seven days notice to you at the postal or electronic ('*email*') address last notified to us by you, or at our website or app.
- (f) We may make a variation without prior notice where such variation is necessary to restore or maintain the security of our systems or any accounts.

### **3.6 Notice**

- (a) Any notice, request, demand or other communication may be sent to your postal, facsimile or electronic address last notified to us and the notice, request, demand or other communication shall be taken to have been received by you:
  - (i) when sent by email, one hour after we sent it;
  - (ii) when sent by facsimile transmission, when it has been sent;
  - (iii) when sent by mail, six (6) business days after we sent it;
  - (iv) when delivered, on the day of delivery.
- (b) If you are a joint accountholder, a notice, request, demand or other communication sent to the postal, facsimile or electronic address last notified to us will be taken to be given to all of you.
- (c) Any notice, request, demand or other communication that you send to us is taken to have been received by us when we receive it.

### **3.7 Termination and Suspension**

- (a) In this clause 3.7 an Event of Default means:
  - (i) where or any guarantor or security provider of your obligations under the arrangements becomes bankrupt, enters into liquidation, initiates or suffers the filing of a petition for its winding-up or similar action, or becomes (voluntarily or involuntarily) the subject of any equivalent or analogous procedures under any law;
  - (ii) the event of your death, or a declaration is made as to your capacity or competence, or (in the case of a partnership) the partnership dissolved or enters into an arrangement or composition for the benefit of its creditors or ceases or threatens to cease to make payment of its debts;
  - (iii) where you have, in our opinion, breached any term of the arrangements or any other agreement between you and FUTU AU or any member of the Futu Group;
  - (iv) where you or any guarantor or security provider of your obligations under the arrangements defaults in a material way in performing obligations or discharging liabilities whether or not in respect of any transaction (including the failure to pay any sum due to FUTU AU);
  - (v) if any information supplied, or any representation or warranty given by you is or becomes incomplete or untrue in any aspect when made or repeated;

- (vi) any warrant or order of attachment or distress or equivalent or analogous order is issued, or any judgment is levied, enforced or executed, against any of your assets held pursuant to the arrangements or your account;
- (vii) an encumbrancer takes possession or a receiver, trustee or other similar officer is appointed in respect of any part of the undertaking, assets or revenues or a distress, execution or other process is levied or enforced or sued out upon or against any of your property and is not removed, discharged or paid out in full within 7 days; or
- (viii) an administrator, liquidator or similar officer is appointed or an administration order or other similar order is made with respect your assets or business, or any application is made to any court for a debt moratorium in respect of your assets or business;
- (ix) there is, without our prior written consent, a debit balance on your account;
- (x) where you breach any applicable law or regulations, including the Operating Rules of an applicable market or exchange;
- (xi) where you cause us to breach any applicable law or regulations, including the Operating Rules of an applicable market or exchange;
- (xii) any consent, authorisation or board resolution required for you to enter into any arrangements with FUTU AU are wholly or partly revoked, suspended, terminated or ceasing to remain in full force and effect;
- (xiii) the occurrence of any event which, in our sole opinion, might jeopardise any of our rights under the arrangements, including the occurrence of any adverse market conditions;
- (xiv) any event or series of events which, in our reasonable opinion, has or is likely to have a material adverse effect;
- (xv) you assign, or purport to assign the whole or any part of the benefit of any part of the arrangements;
- (xvi) any security created or any part thereof in relation to your indebtedness, obligations or liabilities under the arrangements is or becomes avoided, discontinued, jeopardised or adversely affected, or there is any action commenced or any claim made by any person in respect of any asset or property comprised in such securities, or such assets and properties deteriorate, decline or depreciate in the market value thereof;
- (xvii) you sell all or a material proportion of your business or assets;
- (xviii) where you are a company, there occurs any change in the corporate structure, business, assets, financial or generation condition or prospect of the company that, in our sole opinion, has a material adverse effect;
- (xix) it is or becomes unlawful for you to perform any of obligations under any the arrangements or any other agreement with FUTU AU or any of the Futu Group;
- (xx) it is or becomes illegal for FUTU AU to provide any of its services under the arrangements; and

- (xxi) we reasonably believe that any of the circumstances set out under clause 3.7(a) above is imminent and we form the view, in good faith, that the exercise of any or all of the remedies provided for in clauses 3.7(b) to 3.7(f) are necessary, desirable or expedient to protect or preserve our rights or interests.
- (b) Subject to our other rights under these arrangements and the completion of any outstanding obligations:
  - (i) these arrangements, may be terminated by either party giving not less than five business days notice to the other party; or
  - (ii) these arrangements, may be terminated by us, without prior notice to you, if you have not transacted on your account for a period exceeding 12 months and your account has a credit balance of less than \$[10];
  - (iii) these arrangements may be terminated by us at any time with immediate effect upon the occurrence of an Event of Default.
- (c) Upon termination, all amounts due or owing to FUTU AU or the Futu Group become immediately payable. We will cease to have any obligation to effect transactions on your behalf and are entitled to cancel any unexecuted instructions. Termination shall not affect the actions taken by us, our affiliates or any third party under the arrangements prior to termination.
- (d) Any cash proceeds and monies remaining after satisfaction of all of your liabilities will be returned to you as soon as practicable at your sole risk and expense. Any assets which are not realised or disposed of together with any relevant documents of title in our possession shall be delivered to you at your sole risk and expense. We will have no liability for any loss or damage incurred arising from such return and delivery. You may, by notice to us, elect to forfeit any such cash proceeds, monies, and other assets.
- (e) The suspension or termination of any of services or arrangements shall be without prejudice to our rights and remedies in respect of your obligations or liabilities including our right to settle any transactions entered into or liabilities incurred by or on your behalf under the arrangements prior to suspension or termination, and shall not affect any of our rights over any of your property in our possession or control, whether the same be held for safe custody, margin or otherwise and whether pursuant to the arrangements or otherwise so long as you are liable to us for any amount.
- (f) Notwithstanding the suspension or termination of any of services or the arrangements, you continue to be bound by the provisions of the arrangements to the extent that they relate to any obligations or liabilities which remain to be performed or discharged. Termination shall not terminate or affect any warranties, promises, statements, declarations, commitments, and indemnities made by you in relation to the arrangements or any asset.

### **3.8 Liability**

- (a) Our liability under this agreement is subject to any applicable contrary provisions in the *Australian Securities and Investments Commission Act 2001 (Cth)* and *Competition and Consumer Act 2010 (Cth)*.

- (b) If you are a consumer, as defined in consumer protection laws, our service comes with a non-excludable warranty under those laws that it will be carried out with due care and skill, and be reasonably fit for the purpose. If we breach any of those warranties you may be entitled to compensation. If you are not a consumer as defined in consumer protection laws, our liability for loss or damage is limited to resupplying the service to you or paying the costs of having the service resupplied to you. When you are a consumer under consumer protection laws our liability is limited to resupplying the service to you or paying the costs of having the service resupplied to you, but only to the extent permitted by those laws.
  
- (c) FUTU AU maintains a business continuity plan appropriate for its services and as required by law. However, to the extent permitted by law, in no event shall we, any member of the Futu Group or any of our officers, directors, agents, representatives or employees be liable for any damage, claim or loss incurred by you in connection with or arising from:
  - (i) us undertaking your instructions;
  - (ii) us refusing to act on your instructions;
  - (iii) any failure by you to comply with this agreement;
  - (iv) us not receiving your instructions;
  - (v) any dealing or proposed dealing is interrupted, unable to be completed or unable to take place due to the failure or delay of any telephone, computer or other electronic or technological service;
  - (vi) any error, omission or invalidity in your instructions;
  - (vii) any problems in relation to any exchange, Market Operator (as defined below) and/or failure of an exchange, including any error, omission, interruption, deletion, defect, delay in operation or transmission or any other factor;
  - (viii) market movements and other risks associated with dealing in securities;
  - (ix) the conversion of an amount to or from Australian dollars or as a result of the timing of the conversion;
  - (x) us being unable to receive or act on your instructions due to circumstances that are beyond our reasonable control, including but not limited to government restrictions, natural disaster, imposition of emergency procedures or suspension of trading, war, strike, industrial action, riot or civil disturbance;
  - (xi) our compliance with a direction, request or requirement of the Corporations Act, the rules of a Market Operator (**Market Operating Rules**) or any regulatory authority;
  - (xii) your reliance on research reports provided by us;
  - (xiii) your use of any Third Party Information;
  - (xiv) market movements and other risks associated with trading; or



- (xv) any insider trading, false or misleading trading, market rigging or market manipulation,
- (xvi) any act, omission, fraud or negligence on behalf of a broker or custodian appointed by us,

including, without limitation, compensatory, incidental, direct, indirect, special, consequential or exemplary damages, irrespective of whether we have been informed of, knew of, or should have known of, the likelihood of such damage, claim or loss. This limitation applies to all causes of action in the aggregate.

- (d) You acknowledge and agree that you shall not have access to any of the approved dispute resolution schemes to recover any loss or damage you may suffer as a result of your reliance on any Third Party Information.
- (e) You acknowledge and agree that your use of the Futu Platforms or the Third Party Information is at your own risk.

### **3.9 Indemnities**

- (a) In addition to any other indemnities contained in this agreement, you agree to indemnify and hold us, the Futu Group and our directors, officers, agents, representatives and employees harmless against any actions, claims, demands, proceedings, costs, damages, expenses, liabilities and losses (including without limitation legal costs on a solicitor and client basis) paid, suffered or incurred by us directly or indirectly as a result of:
  - (i) us undertaking your instructions in respect of any dealings in securities;
  - (ii) any failure by you to comply with this agreement;
  - (iii) your use of a Futu Platform or any Third Party Information in violation of this agreement; or
  - (iv) any breach of your representations and warranties set forth in this agreement.
- (b) Each indemnity in this agreement is a continuing obligation, which is independent of and separate from your other obligations, and survives termination of this agreement.

### **3.10 Severance**

If any part of any of this agreement is found to be void or unenforceable for unfairness or any other reason (for example, if a court or other tribunal or authority declares it so), the remaining parts of this agreement will continue to apply as if the void or unenforceable part had never existed.

### **3.11 Governing laws**

- (a) You acknowledge that this agreement is governed by the laws of New South Wales, and you submit to the non-exclusive jurisdiction of the courts of Victoria.
- (b) If you choose to access a Futu Platform from overseas, you are also responsible for complying with all relevant local laws.

## 4 General Conditions of Trade

### 4.1 Definitions

- (a) In these General Conditions of Trade, '*Proscribed Person*' means a person who appears to us either:
  - (i) to be a proscribed person or entity under the *Charter of the United Nations Act 1945* (Cth);
  - (ii) to be in breach of the laws of any jurisdiction relating to money laundering or counter-terrorism;
  - (iii) to appear in a list of persons with whom dealings are proscribed by the government or a regulatory authority of any jurisdiction; or
  - (iv) act on behalf, or for the benefit of, a person listed in subclauses 4.1(a)(i) to 4.1(a)(iv).

### 4.2 General

- (a) These General Conditions of Trade apply to all dealings between you and us.
- (b) All dealings between you and us are subject to:
  - (i) the *Corporations Act*;
  - (ii) the rules, directions, decisions and requirements from time to time of the operator of the market (**Market Operator**);
  - (iii) the customs and usages of the market;
  - (iv) the correction of errors and omissions; and
  - (v) the international and domestic anti-money laundering and counter-terrorism laws.
- (c) Each dealing between you and us is also subject to the provisions of the relevant Confirmation issued by us and if there is any conflict between these General Conditions of Trade and those provisions, the provisions of the Confirmation shall prevail to the extent of the inconsistency.
- (d) Dealing in securities outside Australia are subject to the laws, rules, customs, usages and practices, including taxation, of the country in which the dealing is transacted, either in whole or in part.
- (e) You acknowledge that the Confirmation is issued subject to:
  - (i) the Rules, directions, decisions and requirements of the Market Operator;
  - (ii) the customs and usages of the market; and
  - (iii) the correction of errors and omissions.
- (f) When you provide us with an electronic address ('*email address*') you authorise us to dispatch electronic Confirmations to your email address in respect of your



dealings. It is your responsibility to ensure that your email address is operational and available for receipt of electronic Confirmations issued by us and to advise us of any change to your email address as soon as practicable after the change is made.

- (g) You further acknowledge that, at our discretion, we may:
  - (i) provide you with access to a standing facility (**Standing Confirmation Facility**), through which you can obtain or view an electronic version of a Confirmation;
  - (ii) issue paper based Confirmation to your postal address in lieu of electronic Confirmation at your email address, or in lieu of a Standing Confirmation Facility; or
  - (iii) substitute electronic Confirmations with a Standing Confirmation Facility by giving you notice in accordance with this agreement.
- (h) If you do not wish to use the Standing Confirmation Facility, or you do not want to receive electronic Confirmations at your email address, you must notify us either in writing or through a facility provided by us.
- (i) We may issue a further Confirmation if the previous one(s) contained any errors or omissions and, in this event, the further Confirmation shall supersede the previous one(s) in all respects.
- (j) Unless stated otherwise, all Confirmations for the sale or purchase of securities outside Australia will be for your account in the currency of the country in which you have chosen to deal. You agree that you will bear the foreign exchange risks of trading including, but not limited to, the risks of cash held, of dividends or other income payments received, of expenses or other liabilities incurred and of exchange controls or other laws that prohibit or impose costs on transfers of securities, cash or accounts held outside Australia or denominated in currencies other than Australian dollars.
- (k) Each dealing between you and us is also subject to the Trading Rules at the time of dealing, and if there is any inconsistency between these General Conditions of Trade and the Trading Rules (as set out in clause 5), the latter shall prevail to the extent of the inconsistency.
- (l) You consent to your order being matched with an order of another client or an order we place as principal. Where your order is matched with another client order, we charge brokerage on both orders. We do not charge brokerage for the portion of your order that is matched with a principal order.
- (m) In the event that you appear to be a Proscribed Person, we will not be responsible for any loss, damage, liability or costs incurred by you where we are unable to receive or act on your instructions.

#### **4.3 Your commitments**

- (a) You represent that at all times during your dealings with us you will be in a position to meet all your commitments and obligations arising from these dealings.
- (b) You represent that when you wish to sell shares, you own those shares and that they are available for delivery, and when you wish to buy shares, you will have

sufficient funds to pay for those shares at the time the order is placed, and at the time the order is settled.

- (c) Where you have a margin lending account, you acknowledge that you are liable for:
  - (i) all settlement obligations irrespective of whether your margin lender is able to deliver sufficient securities or funds to satisfy your obligations;
  - (ii) any over-sold positions on your account; and
  - (iii) the payment of monies owing on your account irrespective of whether the margin lender will advance you those monies.
- (d) You agree that we may debit any of your accounts, or any margin lending facility, with monies that you owe us, eg unpaid settlement obligations.
- (e) You acknowledge and agree that:
  - (i) we are entitled to cancel or reverse a dealing or order without further reference to you where a Market Operator has recommended or required cancellation or reversal for market integrity reasons, or where the market was operating under an error, or where the cancellation or reversal is permitted under Market Operating Rules;
  - (ii) the Market Operators may be entitled under Market Operating Rules to require cancellation or amendment of a dealing or order;
  - (iii) if you or a signatory appears to be a Proscribed Person, then we may immediately refuse to process or complete any transaction or dealing of yours; suspend the provision of a product or service to you; refuse to allow or to facilitate any of your assets held by us to be used or dealt with; refuse to make any asset available to you or to any other proscribed person or entity; or terminate these arrangements with you. We will be under no liability to you if we do any or all of these things. Our rights under this clause are in addition to all other rights we may have; and
  - (iv) if we exercise our rights under sub-clause 4.3(e)(iii) you must pay us any damages, losses, liabilities, costs or expenses that we incur in relation to any action taken, including without limitation administrative costs and/or costs of sale or purchase of any transaction or deal put in place for the purposes of meeting our obligations under these General Conditions.
- (f) You acknowledge that we do not give personalised advice or make personalised recommendations and that it is therefore your responsibility, before ordering the purchase or sale of any securities through us, to assess and evaluate the proposed transaction in light of your financial situation, investment objectives and particular needs.
- (g) You acknowledge that as soon as you become aware of an error or omission, you are responsible for taking necessary action to mitigate further loss within 24 hours of receipt of notification.
- (h) You acknowledge that time is of the essence in dealings with us.

#### 4.4 Market information

- (a) You acknowledge that:
  - (i) we make the market information we display on a Futu Platform (**Market Information**) available to you only for your personal use;
  - (ii) third parties who provide data, such as other Market Operators, may assert proprietary interests in the Market Information;
  - (iii) the accuracy, timeliness or completeness of the Market Information is not guaranteed by us or any third party; and
  - (iv) we may in our absolute discretion terminate or suspend your access to the Market Information at any time without notice to you.
- (b) You must not make the Market Information available to any other person or company, in any manner, including by way of downloading, copying, reproducing, adapting, publishing, selling, or distributing the Market Information, without our express written consent, which we may grant with or without conditions.
- (c) You must not procure or assist another person or company to do an act prohibited by sub-clause 4.4(b).

#### 4.5 Your instructions

- (a) We will only act within the parameters of your instructions.
- (b) If you are a body corporate, you acknowledge that we reserve the right at any time to request a guarantee from all or any one of your directors in such form as we may reasonably require relating to your obligations under these arrangements.
- (c) We are not obliged to accept any application or instruction to trade, nor are we obliged to provide you with reasons for refusing your application or instruction to trade. If we consider it is in our reasonable interest to do so, we may decline to act on your behalf in relation to any particular dealings, without explanation or advance notice. Additionally, we may decline to act on your behalf:
  - (i) where the original instruction is more than 20 business days and is not reconfirmed at that time;
  - (ii) where the basis of quotation for the security has changed and the order has not been reconfirmed;
  - (iii) where the security has been subject to a trading halt and the order has not been reconfirmed;
  - (iv) where the Market Operator has purged the order from the Market Operator's trading platform;
  - (v) where we believe the transaction would result in no change of beneficial ownership;
  - (vi) if there are insufficient funds in your account to complete the application or instruction;

- (vii) where we believe the transaction would have the effect, or is likely to have the effect, of creating a false or misleading appearance of active trading in any securities or with respect to the market for, or the price of, any securities; or
  - (viii) where we believe the instructions are ambiguous, incomplete or unclear.
- (d) If more than one person constitutes the Client, then they are jointly and severally bound by these arrangements and we are entitled to act upon the instructions of any one of those persons.
- (e) We are entitled to assume that any instruction received from your individual Client ID and password originates from You or the authorised representative to whom the Client ID and password is assigned and that such instruction is a valid instruction to access the services. We are not obliged to inquire into the validity of any such instruction received.
- (f) You acknowledge that we are not responsible for missed market opportunities during the time it takes us, acting reasonably, to follow our internal procedures or the procedures of share registries or product issuers.
- (g) You acknowledge that we will make all reasonable attempts to enter your instructions to buy or sell securities as quickly as possible. However, should delays be experienced:
  - (i) in connection with the number of participants or persons attempting to participate in the market at a point in time;
  - (ii) due to verification or authorisation processes; or
  - (iii) due to delays resulting from call waiting time or adherence to internal procedures,we will not be liable for any claims for lost opportunity.
- (h) You acknowledge that we will make all reasonable attempts to effect any instructions to cancel or amend orders as quickly as possible. However, should an order be filled prior to a cancellation or amendment instruction being effected, you will be obliged to accept the transaction(s) on the original terms. Whilst all reasonable attempts will be made to inform you when the order is filled prior to an amendment or cancellation instruction being effected, we are not obliged to do so.
- (i) You acknowledge and accept that there may be delays in processing between the time an amendment or cancellation instruction is dealt with by us and the time the amendment or cancellation is effected on market. In the event an order is filled between the time it has been 'approved' by us and the time we effect the instruction on market, you will be obliged to accept the transaction on the original terms.
- (j) If you are uncertain as to whether your order has been received you will make all reasonable attempts to verify whether the order has been received, approved and effected prior to taking any further action. You agree to issue specific cancellation or amendment instructions with respect to an existing order and not to attempt to effect such changes by placing a second or duplicate order. You will be solely responsible and liable for any duplicate instruction that you place.

- (k) You acknowledge that we are not liable to you for any loss you incur under a share purchase plan due to a seller or buyer or their broker failing to complete a transaction in accordance with the rules or procedures of the market, the clearing facility or the settlement facility.
- (l) If you purchase on market a holding of rights for a security that is traded separately to the security, you acknowledge that we automatically exercise those rights on your behalf unless you tell us not to exercise them.
- (m) In the course of processing a sell order for a security, we may remove your holding of the security from the register before the due date for settlement under the Market Operating Rules.
- (n) If, in our reasonable opinion, we believe there is a dispute between us about an order or instruction you have given us, for example, the number of shares you have asked us to buy, or the bid price for shares, we may take, without prior notice to you, any action which in our reasonable opinion we consider necessary to close any open position the subject of the dispute, for example, by selling shares.
- (o) You acknowledge that, due to market conditions, we may complete your order by multiple market transactions, across multiple markets and you authorise us to accumulate those transactions on a single Confirmation and specify the volume weighted average price for those market transactions.

#### **4.6 Corporate Actions and Voting**

- (a) Subject to clause 4.5, you authorise FUTU AU to act in accordance with your instructions regarding the exercise of rights relating to corporate actions and other voting rights.
- (b) FUTU AU has no duty in respect of notices, communications, proxies and other documents relating to the assets received by FUTU AU or to send such documents or to give any notice of the receipt of such documents to you unless otherwise required by law.
- (c) Nothing in this agreement shall impose a duty on FUTU AU to inform you or to take any action with regards the attendance of meetings and to vote at such meetings.
- (d) Where assets are held in FUTU AU's name, FUTU AU may (but is not under a duty to):
  - (i) notify you of any of notices, communications, proxies and other documents relating to the asset;
  - (ii) act on your instructions regarding the exercise of rights if such instructions are received in sufficient time;
  - (iii) refrain from acting or exercise the default option as provided by the relevant entity;
  - (iv) exercise, subscribe, take up or otherwise dispose of rights or new issues as FUTU AU may think fit which shall be binding on you unless FUTU AU has actually received prior instructions to the contrary.
- (e) FUTU AU has the right to charge the you for its services in taking any action pursuant to the your instructions under this clause.

#### **4.7 Dividends**

We will pay all dividends and distributions relating to investments held on your behalf to your account.

#### **4.8 Client money**

- (a) You agree that any money paid into your account is to be held in accordance with client money rules under the Corporations Act and may be used by FUTU AU in accordance with the terms of this agreement and the Corporations Act.
- (b) You agree that FUTU AU may aggregate money paid into your account with funds received from other clients into a single or multiple designated account(s) which will be maintained as required by the Corporations Act.
- (c) You consent to and direct FUTU AU to:
  - (i) retain any interest accrued from time to time on the client money, and to invest that money as permitted by the Corporations Act;
  - (ii) withdraw client money in circumstances permitted by the Corporations Act including, but not limited to, acquiring products and services on your behalf and paying costs and remuneration payable to FUTU AU; and
  - (iii) withdraw client monies that FUTU AU is otherwise entitled to pursuant to Law.
- (d) You agree that when FUTU AU uses the client monies for a lawful purpose as set out in this clause, the client monies do not belong to you and do not constitute a loan or constructive trust in your favour.

#### **4.9 Authorities**

- (a) When you open a FUTU AU account you may need to provide your nominated account details to share registries yourself. If you hold shares in a company that does not support electronic payment of dividends, you may still receive dividend cheques sent to your registered address.
- (b) You agree to pay our normal costs associated with your trades, including, without limitation, brokerage and administration fees and to reimburse us for any extraneous costs, such as GST, for share transactions made on your behalf. Full details of our current fees and the schedules of our standard fees and charges may be obtained by visiting our website at <https://www.futuau.com> or by emailing us at [clientservice@futuau.com](mailto:clientservice@futuau.com).
- (c) You authorise us to appropriate any credits, payments and other receipts from you or your account in such manner and order as we think fit against any amounts due or owing by you to us or otherwise.
- (d) You acknowledge that we may pay money that we have received for you into a trust account, for example, if we cannot effect payment into your nominated bank account, and that we retain any interest earned on such money.



#### 4.10 Acceptable settlement methods

We accept payment for settlement by deduction from your account, direct debit from your nominated settlement account, BPay or from your margin lending facility. We do not accept cheques as a method of payment for settlement purposes.

#### 4.11 Failure to settle

- (a) In the case of a purchase or a subscription of securities or other financial products, if by the settlement date shown on any Confirmation you do not have sufficient cleared funds on your account to settle such purchase or subscription, you agree to pay us:
  - (i) interest on the amount outstanding from time to time at the Reserve Bank of Australia (RBA) Cash Rate on the settlement date plus 100 basis points, calculated daily; and
  - (ii) a late settlement fee determined by us from time to time to cover our reasonable costs and expenses arising from your failure to settle by the due date together with any applicable GST.
- (b) In the case of a sale of securities or other financial products, if by the settlement date shown on any Confirmation you have not delivered to us the relevant certificates or security holder information, you agree to pay us:
  - (i) any fail fees levied by a Market Operator; and
  - (ii) a late settlement fee determined by us from time to time to cover our reasonable costs and expenses arising from your failure to settle by the due date together with any applicable GST.
- (c) We may suspend your account at any time and without notice to you if you fail to settle on time for orders we have executed for you.
- (d) If, after a demand, you have not delivered to us the relevant certificates or security holder information, or payment due, then:
  - (i) you direct us to buy back or sell on your behalf any of the securities that are the subject of the contract;
  - (ii) you authorise us to sell any other securities outstanding on your account, or any securities in our control or possession; and
  - (iii) you agree to indemnify us against all costs, expenses and losses incurred, including brokerage, GST, fail fees levied by a Market Operator and fees, resulting from your failure to settle by the due date.

## 5 Trading Rules

### 5.1 Trading Rules

- (a) We accept orders from registered clients on the Futu Platforms. Orders must comply with the trading rules set out in this clause 5 (**Trading Rules**).

- (b) When an order is received that does not comply with these Trading Rules, we will endeavour to notify you. However, you are ultimately responsible for revising your order. We will not be held responsible for any loss that may arise when an order is not accepted.
- (c) These Trading Rules apply to all dealings between you as a client and us. We reserve the right to vary these Trading Rules at any time. Any such variation shall apply to any dealing by you after it takes effect and your continued use of a Futu Platform is an acceptance of the variation.
- (d) You should be aware that different Trading Rules may apply to the different Futu Platforms and different markets, and it is important that you understand the different Trading Rules when trading on the different Futu Platforms. In addition, you need to understand that not all features or order types are available on all Futu Platforms and we will notify you of this fact either in these Trading Rules or on the specific Futu Platform itself.

## 5.2 Limit Orders

- (a) A limit order is an order to buy or sell specified units of a security at a specified price or better.
- (b) A limit order will not be accepted, without any advice to you, if we consider the limit price to be too far away from the prevailing market price of that stock.
- (c) Limit orders can be amended or cancelled provided the order has not already been executed.
- (d) It will be your responsibility to manage any unfilled portions of your order.

## 5.3 Market Orders

- (a) An '*At Market*' order is an order to buy or sell specified units of a security at the current market price at the time the order is given.
- (b) We will use best endeavours when executing your '*At Market*' order but cannot guarantee precise execution as to the price specified by guidance provided by us at order entry.
- (c) We will place your '*At Market*' order instruction for execution only when:
  - (i) trading for the particular stock is in continuous match mode;
  - (ii) trading for the particular security is not suspended or halted; and
  - (iii) placing the order will not contravene our obligation to maintain an 'orderly market'.
- (d) '*At Market*' orders cannot be accepted on the Futu Platforms:
  - (i) outside of market hours; or
  - (ii) when trading in a particular stock is halted/suspended.
- (e) '*At Market*' orders can be rejected at our discretion.



#### **5.4 Buy Orders**

- (a) Buy orders can be placed for securities on the Futu Platform.
- (b) In some circumstances, a deposit may be required before your order is sent to market.
- (c) Unless otherwise advised, we provide each account with a limit. Part of this limit can be used for non-leading stocks.
- (d) If your order exceeds the limit, then a deposit may be required before your order is sent to market. The notional deposit amount is calculated by reference to:
  - (i) whether you are buying a leading or non-leading stock;
  - (ii) the market value of the order; and
  - (iii) other open or unsettled buy orders.

#### **5.5 Sell orders**

- (a) We do not accept short selling orders.
- (b) If selling Issuer-sponsored stock, it is your responsibility to ensure that details of the holding are correct and that there are sufficient units available for settling the trade.
- (c) Sell orders may not be accepted if:
  - (i) there are insufficient units available for settlement in your account; or
  - (ii) incorrect details of the holding are supplied.

#### **5.6 General**

- (a) Except as provided for in clause 4.5(c), a limit order if not cancelled or executed earlier is valid for:
  - (i) Exchange Traded Funds – either for that trading day by the end of trading hours (Day order) or up to 90 days (Good till cancelled order); or
  - (ii) Shares – either for that trading day by the end of trading hours (Day order) or up to 90 days (Good till cancelled order).
- (b) An order received after market closing time will be submitted to the exchanges on the next trading day.
- (c) In the event of a change in the basis of quotation of a stock (e.g. the stock going ex-dividend), your outstanding order could be purged by the Market Operator prior to the expiry date.
- (d) We reserve the right to take such steps as we consider necessary to check the bona fides of any client, order or instruction before acting on that order or instruction.

## 5.7 Additional rules

- (a) At any time, FUTU AU may allow access to additional services through the Futu Platform including:
  - (i) Initial Public Offerings ('**IPOs**'); and
  - (ii) Fund Subscription Services.
- (b) Where IPO investments or Fund Subscription Services are available, you agree to be bound by the terms set out in Schedule 1 or Schedule 2 (as applicable) in addition to the terms of this agreement as amended from time to time.

## 6 Conditional Order Instruction

### 6.1 Conditional order instruction

- (a) We accept, administer and implement a Conditional Order Instruction, or a variation or cancellation of a Conditional Order Instruction, in accordance with the terms and conditions set out in this clause 6 – Conditional Order Instruction (**Conditional Order Instruction Terms and Conditions**).
- (b) Conditional Orders may not available on all Futu Platforms through which you can trade.

### 6.2 Definitions

**Conditional Order Instruction** means an instruction you give to us on a Futu Platform to place an order for a Security on the market:

- (a) when the Trigger occurs; and
- (b) at market price or at a price in accordance with the Limit.

**Limit** means the minimum price at which we are instructed to sell, or the maximum price at which we are instructed to purchase, the Security under your Conditional Order Instruction.

**Security** means a security or securities for which you have placed a Conditional Order Instruction.

**Trigger** means criteria that are acceptable to us, which you nominate for your Conditional Order Instruction, which, when satisfied, causes us to place an order for the Security on the available markets.

A Trigger may not consider all markets.

### 6.3 Placing a Conditional Order Instruction

- (a) We are not obliged to accept a Conditional Order Instruction, for example, if there is market volatility, the security is too thinly traded, or the price for the Limit is too far from the price at which the security is currently traded.

- (b) We accept a Trigger only if it relates specifically to the same Security for which the Conditional Order Instruction is being placed. We do not accept the price of another stock as a Trigger or a Limit.
- (c) You must not place a Conditional Order Instruction for the purposes of manipulating or influencing the price of a Security, market rigging, insider trading, disruption of the market, threatening the integrity of the market, misleading or deceptive conduct concerning dealings in the security, or where you do not have proper authority to place a Conditional Order Instruction.
- (d) The range between the price in the Trigger and the price in the Limit must be acceptable to us if the Conditional Order Instruction has a Limit.
- (e) We accept a selling Conditional Order Instruction only for a Participant Sponsored Holding that is sponsored by us. You must nominate the Participant Sponsored Holding to which the Conditional Order Instruction applies. We apply the Conditional Order Instruction only to that holding.
- (f) A Conditional Order Instruction is not valid until we have told you that we have accepted it.

#### **6.4 Maintaining your Conditional Order Instruction**

- (a) You must ensure that you have sufficient securities and funds, either in your bank account, or your margin lending facility, to satisfy an order.
- (b) We apply the Conditional Order Instruction for a holding only to securities which are in that holding. We do not satisfy an order by taking securities from another holding.
- (c) A Conditional Order Instruction is valid for the day by the end of trading hours (Day order) or up to 90 days (Good till cancelled order).
- (d) A Conditional Order Instruction remains valid in the event of a trading halt, unless the Market Operator purges orders for the Security from the market.

#### **6.5 Variation or cancellation of a Conditional Order Instruction**

- (a) Conditional Order Instructions are taken on a 'best endeavours' basis. In the event of system failure, we may cancel Conditional Order Instructions.
- (b) We may cancel a Conditional Order Instruction if orders for the Security are purged from the market by the Market Operator, for example:
  - (i) the Security going ex-dividend;
  - (ii) the Security being subject to a reconstruction of capital such as a share split or consolidation; or
  - (iii) a rights issue.
- (c) You may vary or cancel a Conditional Order Instruction. When you do, we may accept or reject it, and in doing so, we are entitled to rely on these Conditional Order Instruction Terms and Conditions as if the variation or cancellation is a new Conditional Order Instruction.

- (d) We reserve the right to charge a fee for a cancellation or variation of a Conditional Order Instruction.
- (e) You must apply to us to reinstate a Conditional Order Instruction after it has been cancelled. When you apply, we will apply our rules and policies for accepting a new or varied Conditional Order Instruction. We may charge a fee for the reinstatement.

## **6.6 Implementing a Conditional Order Instruction**

- (a) A Conditional Order Instruction is triggered when the Trigger for the Security occurs.
- (b) When the Conditional Order Instruction is triggered, we place an order for the Security on the market:
  - (i) at a price not below the Limit, in the case of a sale order, and
  - (ii) at a price not greater than the Limit in the case of a purchase order.
- (c) When the Conditional Order Instruction without a Limit is triggered, we place a market order for the Security.
- (d) If the order is triggered by events as a result of the closing price auction, the order may be placed on the market the following day, during the pre-open.
- (e) A Conditional Order Instruction will not be triggered by notional values or indicative prices.
- (f) We place a Conditional Order Instruction according to the time precedence of the Conditional Order Instruction, but we cannot guarantee the order in which it is placed onto the market.
- (g) In the event of system failure or malfunction, we may not have placed orders in accordance with the Conditional Order Instruction. Upon resumption from an outage, the system will not act on events that occurred during the system failure or malfunction.
- (h) The placement of an order on the market does not guarantee that the order will be filled.
- (i) The order remains on the market in accordance with our Trading Rules.
- (j) We use our best endeavours to place an order on the market following a Conditional Order Instruction being triggered. However, we reserve the right to review an order that results from a triggered Conditional Order Instruction and to refuse to place that order on the market, for example, if we consider that placing the order would not be consistent with a fair and orderly market. Also, it might not be possible for us to place an order on the market for example:
  - (i) where the basis for quotation for the Security has changed and you have not varied your Conditional Order Instruction;
  - (ii) where the Security has been subject to a trading halt and you have not varied your Conditional Order Instruction;
  - (iii) if we believe that your instructions are ambiguous, incomplete or unclear;

- (iv) where we believe that the instruction contravenes these Conditional Order Instruction Terms and Conditions, the General Conditions of Trade, the Trading Rules or the General Terms and Conditions; or
- (v) where acting on the order is inconsistent with our legal obligations in respect of the maintenance of an orderly market.

## **6.7 General**

- (a) You accept these Conditional Order Instruction Terms and Conditions, or any variation of them, the first time you place a Conditional Order Instruction after receiving these Conditional Order Instruction Terms and Conditions, or a notice of variation of these Conditional Order Instruction Terms and Conditions.
- (b) Your obligations to us under these Conditional Order Instruction Terms and Conditions are in addition to your obligations to us under:
  - (i) our General Conditions of Trade;
  - (ii) our Trading Rules; and
  - (iii) our General Terms and Conditions.
- (c) An order that is placed pursuant to a Conditional Order Instruction is subject to:
  - (i) these Conditional Order Instruction Terms and Conditions;
  - (ii) our General Conditions of Trade;
  - (iii) our Trading Rules; and
  - (iv) our General Terms and Conditions.
- (d) You agree to use Conditional Order Instructions only in connection with your personal investment activities, and not use Conditional Order Instructions in connection with any business activities or to hold or monitor security trading for another person.
- (e) In addition to any other indemnities contained in this agreement, you indemnify us for any liability for loss or damage (including consequential loss, loss of profit and economic loss) that we incur as a result of your use of the Conditional Order Instruction in breach of these Conditional Order Instruction Terms and Conditions, or in a manner, or for a purpose, not reasonably contemplated by us.
- (f) If you are not a consumer as defined in consumer protection laws, our liability for loss or damage is limited to resupplying the service to you or paying the costs of having the service resupplied to you and we will not be liable for loss (including consequential loss, loss of profit and economic loss) that you incur or suffer as a result of:
  - (i) delays in executing orders following a triggered Conditional Order Instruction;
  - (ii) system failure; or

- (iii) a triggered Conditional Order Instruction not being executed upon submission to the market.
- (g) If you are a consumer as defined in consumer protection laws, then to the extent permitted by those laws, our liability is limited to resupplying the service to you or paying the costs of having the service resupplied to you and we will not be liable for loss or damage (including consequential loss, loss of profit and economic loss) that you incur or suffer as a result of:
  - (i) delays in executing orders following a triggered Conditional Order Instruction;
  - (ii) system failure; or
  - (iii) a triggered Conditional Order Instruction not being executed upon submission to the market.
- (h) If there is more than one account holder, or there is more than one owner of a holding, you represent to us that all account holders and owners of the holding have read and that they accept:
  - (i) these Conditional Order Instruction Terms and Conditions; and
  - (ii) any Risk Disclosure Statement (as defined below) for the particular Conditional Order Instruction facility,

and that each account holder and owner of the holding agrees to act in accordance with these Conditional Order Instruction Terms and Conditions.

## **6.8 Conditional Trading Risk Disclosure Statement**

- (a) This Risk Disclosure Statement does not disclose all the risks associated with the use of a Conditional Order Instruction. It should not be relied upon as a complete explanation of the risks involved with using a Conditional Order Instruction. If you need further explanation of the risks associated with the use of a Conditional Order Instruction, you should seek appropriate professional advice.
- (b) While the intention of a Conditional Order Instruction is to limit losses to a certain amount, an Instruction may not always be effective because market conditions may make it impossible to execute a particular instruction.
- (c) Market conditions such as illiquidity may make it difficult or impossible for Futu to find sufficient counterparty volume to purchase/sell securities between the conditional Trigger price and the Limit price.
- (d) Action by a Market Operator such as the suspension of trading in certain securities may make it difficult or impossible to effect transactions so as to limit losses.
- (e) A Conditional Order Instruction does not make any provision for temporary falls or rises in security prices. Security prices may return to, exceed or fall short of the Trigger price at which Futu was instructed to buy or sell, within a short period of time.
- (f) It may not be possible for Futu to carry out your instruction, if to do so would, in the opinion of Futu or the regulatory authorities, result in illegal conduct such as market manipulation.

## **6.9 Trailing Buy and Trailing Sell Conditional Order Instruction**

Trailing Buy and Trailing Sell conditional orders by nature are prone to share price movements. When using these conditional orders it is important to note that your trail start price may differ significantly from where your trail end condition is met. Further, as the fired conditional order is a market order, in a rapid moving market your conditional order may be executed at a significantly less favourable price than where your trigger condition is met.

## **6.10 Falling Sell Conditional Order Instruction**

- (a) A Falling Sell Conditional Order Instruction uses the last traded price on the market to determine whether the Trigger price condition has been met.
- (b) A triggered Falling Sell Conditional Order Instruction does not guarantee that your sale order will be filled. The market price might fall or rise rapidly through the Trigger price and the Limit price.
- (c) There may not be a buyer or seller at your Limit price.
- (d) By using Conditional Order Instructions you acknowledge that:
  - (i) Futu does not provide any guarantee as to the effectiveness of a Conditional Order Instruction in limiting your losses or ensuring gains;
  - (ii) you accept without limitation all risks associated with the use of a Conditional Order Instruction;
  - (iii) you have read and accept the Conditional Order Instruction Terms and Conditions and the Conditional Trading Risk Disclosure Statement; and
  - (iv) Futu recommends you seek appropriate professional advice before using a Conditional Order Instruction.





## Schedule 1 - Initial Public Offerings

This Schedule governs the provision of services in relation to Applications (as defined below) for Initial Public Offerings ('**IPOs**'). It supplements, and should be read together with, the Client Services Agreement and any other terms and conditions governing the services provided by us, as they may be amended from time to time.

### 2 Definitions and Interpretation

In this Schedule 1, the following expressions, unless the context requires otherwise, shall have the following meanings:

'**Allotted Securities**' in respect of each Application, means all the securities in relation to which the Application is accepted;

'**Application**' means any and each application to be made by us, as agent on your behalf, for the subscription of the Offer Securities;

'**Application Amount**' in respect of each Application, means an amount equal to the total value of the Offer Securities applied for in the Application plus all fees, charges and expenses payable by the Client in connection with the Application (including transaction levy, commission, account opening fee and such other fees where applicable);

'**Issuer**' means any company or other legal person whose Securities are offered for subscription on an Exchange;

'**Offer**' means any offer of Securities for subscription in a new issue or sale to the public by an Issuer;

'**Offer Securities**' in respect of each Offer, means the securities offered by the Issuer for subscription to the public; and

'**Relevant Person**' in respect of each Offer, means the Issuer, sponsors, underwriters, placing agents, registrar, central depository, receiving bank and other intermediaries involved in such Offer, the relevant Market Operator, the clearing house, any other relevant regulators and/or persons.

### 3 Application

#### 3.1 Application

In respect of this Schedule 1, you authorise us as your agent to make Application(s) from time to time and subject to agreement on the following items in respect of the relevant Application:

- (a) the quantity of the Offer Securities;
- (b) the name of the Issuer; and
- (c) the Application Amount.



### **3.2 Discretion to Refuse**

We reserve the right, in our absolute discretion, to refuse to make any Application for any reason whatsoever, including if there are insufficient funds in your account at the relevant time for settling the Application Amount or pre-arranged facilities for such purpose.

### **3.3 Agent of the Client**

Where we submit an Application, we do so as your agent for the purpose of applying for the Offer Securities and, unless otherwise notified to you explicitly or through the offering documents of the Offer, we are not the agent of the Issuer or other parties involved in the relevant Offer.

### **3.4 Client as Principal**

You must apply for the Offer Securities as principal only. We reserve the right not to process any Application if you are acting as agent, nominee or trustee for any other person.

### **3.5 Application Requirements**

You must ensure that each Application complies with any minimum, maximum, denomination and/or other requirements (whether in respect of the quantity or value of the Offer Securities or the number of the Application) prescribed by the Issuer of the relevant Offer. Any Application which does not fully comply with all such requirements will not be processed.

### **3.6 Bulk Application**

Where an Application forms part of a bulk application made by us, you acknowledge and agree that:

- (a) such bulk application may be rejected for reasons which are unrelated to you and the Application, and we shall not, in the absence of fraud, gross negligence or wilful default on their part, be liable to you or any other person in consequence of such rejection;
- (b) you will indemnify us against all losses, damages, costs, charges, expenses (including legal fees on a full indemnity basis), claims or demands which may be sustained or incurred by or made against us if such bulk application is rejected as a result of your failure to comply with any of your obligations under the Agreement or otherwise in connection with the Application (including any representations and warranties given by you being or becoming untrue) or any other factors relating to you. You acknowledge that you may also be liable in damages to other persons affected by such failure or factors; and
- (c) in the event that the bulk application is only partially accepted, you agree that we are entitled to distribute the Allotted Securities in our absolute discretion, including distributing the Allotted Securities equally among our clients under the bulk application and you shall not have any claim to the Allotted Securities or claim of priority to another client in relation to the bulk application.

### **3.7 No Withdrawal**

You acknowledge and agree that any Application, once submitted, might not be capable of being withdrawn, cancelled or modified.

## **4 Responsibility of FUTU AU**

### **4.1 No Endorsement**

We shall not have any liability in respect of, is not responsible for, has not, and shall not be deemed to have authorised, endorsed or verified the contents of any prospectus, offering document, application form(s) and/or other documents relating to any Offer.

### **4.2 Not Investment Advisor**

- (a) Unless otherwise appointed as such in writing, we are not your investment adviser with respect to any Offer or Application and shall not be responsible for any loss which you may suffer as a result of any Application made.
- (b) You confirm that each Application is made by you on your own judgment and at your sole risk.

### **4.3 No Representations**

We make no undertakings, warranties or representations as to the result of the allotment of the Offer Securities in any Offer and in any event we shall not be responsible for the result of the allotment or any rejection in full or in part of any Application for any reason.

## **5 Notification and Approval**

### **5.1 Approval of Applications**

The Issuer shall be solely responsible for approving or disapproving Applications and for announcing the results of allocation of the Offer Securities. The specific arrangements regarding the announcement of results may differ from one Offer to another and you are responsible for ascertaining details of such arrangements by reviewing the relevant prospectus. We will notify you of the results of your Application in such manner as we consider appropriate.

### **5.2 Disposal of Allotted Securities**

Unless we receive notice from you to the contrary and payment of all amounts owing by you in connection with any Application (within such time as we may specify in their notification of allotment to the you (without prejudice to our right of repayment on demand or any other rights or remedies)), we are authorised but not obliged, without notice to or consent from you, to sell or otherwise dispose of any and all Allotted Securities in such manner and for such price, free from any restrictions and claims and without being responsible for any loss, as we think fit and apply the proceeds of such sale or disposal towards discharging any liabilities in such order of priority as we consider appropriate, including the costs incurred in connection with the sale or disposal of the Allotted Securities and all other costs incurred by us in connection with the Application and the Application Amount, and the remaining amount (if any) shall be paid to you. In the event of any deficit after applying the proceeds of sale or disposal of the Allotted Securities, then you shall make good and pay us on demand such deficit.

### **5.3 Payment and Release**

If you give any notice to us pursuant to Clause 4.2 (Disposal of Allotted Securities) of this Schedule, you shall pay to us at the time of giving such notice or otherwise on demand all

amounts owing to us in connection with the relevant Application (including all fees, charges and expenses specified by any Relevant Person). We are not obliged to release to you the certificates relating to the Allotted Securities, or to procure the Allotted Securities to be credited to your account, unless and until all amounts owing to us have been received in full to our satisfaction.

## **6 Refunds**

### **6.1 Unsuccessful Application**

If an Application is submitted but is wholly or partly unsuccessful, we will arrange for refund of the Application Amount (or the applicable balance as the case may be) on the refund date as announced by the Issuer in the same manner described in this Clause 5 subject to clause 5.3 of this Schedule.

### **6.2 Lower Offer Price**

In the event that the offer price of the Offer Securities (as finally determined by the Issuer) is less than the Application Amount initially paid by you, we will arrange to refund the surplus of the Application Amount to you in accordance with the terms and conditions of the relevant Offer subject to clauses 5.3 of this Schedule.

### **6.3 Fees**

All fees in connection with an Application are not refundable, even where the listing of the relevant Issuer is delayed or cancelled.

## **7 Undertakings and Responsibilities**

### **7.1 Not Prohibited**

You warrant that you are not a person prohibited by any Relevant Person or any applicable regulations from making the Application(s) or from owning the Offer Securities and that you make each Application as principal and not on behalf of any person subject to such prohibition or any other person.

### **7.2 Offering Documents**

With respect to each Application, you understand, and shall accept and comply with all the terms and conditions governing the relevant Offer as set out in the relevant application form, prospectus and/or offering document and any other relevant document in respect of such Offer. You agree to be bound by such terms and conditions in respect of each Offer for we make an Application. You shall make the investment decision based on the prospectus and other offering documents in respect of the relevant Offer. We have no obligation to provide such prospectus and other offering documents to you.

### **7.3 Multiple Applications**

- (a) You represent and warrant that in respect of any Application:
  - (i) (where multiple Applications for subscription of Offer Securities are not permitted) you have not made and will not make, and has not procured and will not procure, more than one Application for subscription of Offer

Securities whether for you own account or for the account of any other person, and

- (ii) you have not been placed (whether for your own benefit or for the benefit of any other person) with any shares or warrants or interests which are of the same class or type as those applied for in the Application.

- (b) You acknowledge that any breach by you of or any inaccuracy of the representation and warranty set out in this clause 6.3 may result in, in addition to the rejection of the Application, the rejection of other applications submitted us for ourselves or on behalf of other clients. You shall us on demand for all losses resulting from such breach or inaccuracy. You acknowledge and accept that the representation and warranty set out in this clause 6.3 will be relied upon by the us and the Relevant Persons in respect of the relevant Application.

#### **7.4 General Representations**

With respect to each Application, you represent and warrant that:

- (a) you are an independent third party and is not connected with or acting in concert with any directors, chief executive officer, substantial shareholders of the Issuer and/or any of their respective subsidiaries or an associate of any of them (as defined in the Corporations Act). Further, your subscription is not directly or indirectly financed or backed by any such persons;
- (b) you do not hold any interests in the Issuer prior to the subscription of the Offer Securities; and
- (c) you are not a U.S. Person and your subscription would not require the Issuer and/or us to comply with any requirements under any law or regulation of any territory outside Australia.

#### **7.5 Additional Representations**

In addition to the other representations, warranties and undertakings given or to be given by you in connection with each Application, the you give all warranties and undertakings which an applicant for Offer Securities in respect of an Offer is required to give (whether to any or all of the Relevant Persons).

#### **7.6 Further Assurance**

You recognise and understand that the legal and regulatory requirements and market practice in respect of each Offer or Application may vary from time to time. You undertake to provide us such information, make such disclosure, take such steps and give such representations, warranties and undertakings as may be required in accordance with such legal and regulatory requirements and market practice as we may determine from time to time. You shall also comply with such requirements and practice.

#### **7.7 FUTU AU's Representations**

Where we are required, in respect of any Offer or Application, to give any undertakings, representations and warranties to any one or more of the Relevant Persons with respect to you or any other matters, you authorise us to give such undertakings, representations and warranties in reliance solely upon any corresponding undertakings, representations and warranties given by you to us. You shall be bound by all applicable announcements made

by any Relevant Person and all applicable regulations governing each Offer and Application and the issue of the Allotted Securities.

### **7.8 Company to Act on Behalf of Client**

You authorise us to execute all documents and to do all things necessary on behalf of you for the purposes of making any Application. You accept all things done by us, as agent on your behalf connection with each Application. You shall accept the Offer Securities applied for in each Application or any lesser quantity allocated to the us, as agent your behalf, pursuant to each Application. You indemnify us against any loss or claim suffered or incurred in connection with each Application.

### **7.9 Disclosure**

You authorise us to disclose to any Relevant Person all information relating to you and the relevant Application if disclosure is required by applicable regulations or is requested or required in connection with the relevant Offer or Application.



## Schedule 2 - Fund Subscription Services

### 1 Application and Definitions

- (a) This Schedule governs the FUTU AU's provision of Fund Subscription Services (as defined below). It supplements, and should be read together with, the Client Services Agreement and any other terms and conditions governing the services provided by us, as they may be amended from time to time.
- (b) In this Schedule, unless the context requires otherwise, the terms defined in the agreement shall have the same meaning when used herein.
- (c) In this Schedule:

**'Dealing Procedures'** means any procedures agreed between us and the Fund or the fund manager of the relevant Fund from time to time to govern the subscription, switching and redemption of Units therein and other incidental matters.

**'Fund'** means any unit trust, investment fund, mutual fund or any other collective investment scheme distributed by or otherwise made available through the Futu Platform.

**'Fund Account'** means an account with us primarily for the purchase, subscription, switching, transfer redemption or sale of any unit in any Fund, and dealing with any related proceeds or moneys as you may from time to time instruct the us to effect.

**'Fund Subscription Services'** means services provided by us connection with the purchase, subscription, switching, transfer, redemption or sale of any Unit in any Fund, and the dealing with any relating proceeds or moneys in accordance with your instructions.

**'Portfolio'** means a portfolio of Funds selected by us and made available through the Futu Platform to from time to time.

**'Units'** means any shares or units in a Fund (including where such Fund is distributed or made available on a standalone basis or as part of a Portfolio).

### 2 Scope of Fund Subscription Services

- (a) We may (but is not obliged to) provide the Fund Subscription Services. Additional functions and services in connection with the Fund Subscription Services may be provided by us from time to time, and you agree to be bound by and to comply with any additional terms and conditions pertaining to such functions or services as we may prescribe. The Fund Subscription Services and any additional services in connection with the Fund Subscription Services shall be provided through the Fund Account and/or other client account.
- (b) We shall make available to via electronic means (including via Futu Platform), the offering documents, notices, communications or any other documents in connection with the relevant Funds or Portfolios. You consent to the use of such



electronic means (including the Futu Platform) as a mode of delivery of the abovementioned documents.

### **3 Subscription and Redemption Applications and Payment**

- (a) Any instruction to subscribe for or purchase, redeem, sell or switch any Unit or Portfolio (whether in whole or in part) must be made electronically through the Futu Platform or any manner as prescribed by the us, accompanied by any required documentation as may be required by us from time to time.
- (b) All instructions and the resulting transactions and payment in relation to the subscription, switching or redemption of Units shall be subject to the Dealing Procedures. We are entitled, without reference to you and without giving any reason, either ignore any instruction that fails to comply with the Dealing Procedures or to execute such instruction with such modifications to it as may be necessary to comply with the Dealing Procedures.
- (c) We will not be responsible to you for any losses, damages, costs or expenses that you may suffer or incur arising from or in connection with any delay or failure in transmitting or effecting any instruction to subscribe, purchase, switch, transfer, redeem, sell or otherwise deal with any Units or Portfolios in connection with exercising such discretion.
- (d) We are authorised to act on any instruction given or purportedly given by or on your behalf. We do not have any obligation to authenticate, verify the completeness and accuracy of any such instruction or verify the identity of any person giving such instruction.
- (e) We are entitled to rely and act on any such instruction which we in good faith believe to be genuine and shall not be responsible for any loss which you may incur as a result. However, we have absolute discretion to refuse to act upon any such instruction without reason, and we will not be responsible to you for any losses, damages, costs or expenses that you may suffer or incur arising from or in connection with any delay or failure in transmitting or effecting any instructions to subscribe, purchase, switch, transfer, redeem, sell or otherwise deal with any Units or Portfolios.
- (f) Your right to give instructions via a particular channel shall at all times be subject to our discretion. We may at any time by notice to revoke your ability to use a particular channel to give instructions. We shall execute any instructions placed by you or any Authorised Person by relaying your application to subscribe for, purchase, switch or redeem Units by placing it with the relevant fund manager or the relevant Fund upon and us receiving payment of the purchase price, subscription moneys or expenses payable by you.
- (g) We will effect any instruction as soon as practicable. However, the execution of such instruction may not coincide with the timeframe stipulated in the relevant offering documents of the Fund. You acknowledge that orders placed with us may be aggregated and consolidated either daily or from time to time together with orders placed by our other clients for the purpose of placement of such orders with the relevant fund manager or the Fund for execution.
- (h) Subject to the continuing operation of an account, an instruction will generally be processed on the day of receipt by us if a valid and complete instruction (together with all monies, required information and documents) is received before the dealing

cut off times for the relevant Fund as specified by us in our sole and absolute discretion from time to time. If an instruction (and monies) is received after this dealing cut off time, execution will be done usually on the next dealing date of the Fund in accordance with the terms of the offering documents of the Fund (or as otherwise determined by the relevant fund manager or the Fund). You must specify the choice of the Fund or Portfolio (where appropriate) in order for the instruction to be processed.

- (i) The actual bid price (the '**Actual Bid Price**') and offer price of a Fund shall be determined at the time when the transaction is effected and settled and any figures which may be quoted or provided to you by us or our representatives at the time of instruction (the '**Quoted Price**') are for reference only and are not binding on us.
- (j) The Actual Bid Price of a Fund may be higher or lower than the Quoted Price. You agree that, in respect of any redemption of a money market fund (or any other fund designated by us from time to time), we may, in our absolute discretion, advance an amount equivalent to the proceeds of such redemption calculated with reference to the Quoted Price to you on our own account (an '**Advance**') by crediting the account (designated by you and agreed by us to receive the redemption proceeds) with such amount. When the transaction is settled, and if the actual proceeds of such redemption:
  - (i) exceeds the Advance received by you, you agree that we may retain the redemption proceeds in excess of the Advance as a handling fee for processing and arranging for the execution of such instruction; or
  - (ii) is less than the Advance received by you, we may recover such shortfall from you in any manner.
- (k) You acknowledge that our role in connection with the Fund Subscription Services is only to process your instructions by relaying your application for subscription, purchase, switching or redemption of any Units, to the fund manager of the relevant Fund or to the Fund. We owe no obligation to you to ensure that the relevant fund manager or the relevant Fund will necessarily accept your application. You agree that the decision on whether to accept your application is solely at the discretion of the relevant fund manager or relevant Fund. Our acceptance of any instructions for the subscription, purchase, switching or redemption of any Units shall not amount to any binding commitment by the relevant fund manager or the relevant Fund to accept your application.
- (l) You acknowledge that any fund manager, or Fund who receives an instruction from us is not obliged to accept such order in part or whole. We have no responsibility nor liability for ensuring that the relevant Fund manager or the relevant Fund allots the Units or for any losses (including any loss of investment opportunity) which you may suffer or incur as a result of any refusal to accept or delay in accepting such instruction by the fund manager or the Fund.
- (m) You acknowledge that:
  - (i) the purchase price, subscription moneys or expenses payable by you to us (or any other person as specified by us) in relation to each order to buy or subscribe for Units or Portfolios shall be debited from an account designated by you (or otherwise directed by us from time to time); and
  - (ii) any redemption proceeds received by us in relation to each order to sell, redeem or otherwise dispose of the Units (whether such Units are part of a



Portfolio or not) shall, in any event, be paid or credited to an account designated by you and agreed by us in accordance with the settlement periods stipulated in the offering documents of the relevant Funds (or otherwise determined by the Fund manager or the Fund from time to time).

- (n) If at any time there is insufficient balance in the account that you have elected (or otherwise directed by us from time to time) to make the required payments under clause 3(m) of this Schedule, you irrevocably directs and authorises us to, without prior notice, set-off or transfer any sum standing to the credit of the your other account (for example, the Fund Account), towards the satisfaction of any payments to be made under clause 3(m) of this Schedule.
- (o) You further agree that for purchases or subscriptions of Units or Portfolios, we reserve the right to reject or delay the processing of any orders if there are insufficient funds in the account designated for payment or if cleared funds (free of any deductions or withholdings) are not received by such time as prescribed by us.
- (p) We are authorised to take such steps as it may consider expedient to enable it to provide Fund Subscription Services to you including the right to withhold and/or make payment of any taxes or duties payable on or in respect of the Units without any liability thereof and to disclose information about you (including your authorised persons and beneficiaries), any Units or Portfolios held by you or any transactions in connection thereto in accordance with applicable law or to any of the Futu Group, any third party service providers or agents of FUTU AU, any fund manager, or any Fund (or its representatives) upon request.
- (q) You agrees to (and shall procure that any Authorised Person to) provide the us with such information, materials and documents in such manner and take such steps and by such time as prescribed by us from time to time so as to enable us or any of the Futu Group to effect an instruction, perform the Fund Subscription Services and/or to comply with any term of any document in respect of any Funds, applicable law and the applicable market practice.

#### **4 Title and Registration of Investments**

- (a) If you subscribe for Units in a Fund (including any Units in a Fund that forms a part of a Portfolio), the Units will be registered in your name. We will not be the beneficiary of any of your investments in a Fund.
- (b) No Unit certificates will be issued to you. You will be sent a confirmation of its subscription/acquisition (or disposal) of any Unit.

#### **5 Reports and Voting**

- (a) Subject to the requirements of the applicable law, we and any appointed custodian shall have no duty or obligation to exercise the voting rights or other elective rights of any Units subscribed or acquired, or received or held for you, except upon your prior written instructions (or instructions from an Authorised Person) in such form and by such time as prescribed by us from time to time, and then only upon such terms, conditions, indemnities, fees and charges as agreed.
- (b) In the absence of such instructions and agreements, we and any appointed custodian shall be entitled to, but not obliged to, exercise the voting rights or other

elective rights of any Fund (if any). Under such circumstance, you agree that we and any appointed custodian may be exempted from any duty and obligation in respect of notification and delivery of any proxy or other document issued to you, unless otherwise provided in Applicable Regulations.

## 6 Termination

- (a) Upon termination of the Client Services Agreement or termination of the Fund Subscription Services, in the absence of any other arrangement mutually agreed between you and FUTU AU, we are authorised, at our discretion to:
  - (i) cause any Units then held by the custodian for your account to be redeemed or otherwise dealt with on the effective date of termination of the Fund Account, or if that day is not a dealing day or is after the latest time for dealing as specified in the offering document of such Fund, on the next dealing day ('**Effective Date**') and for the redemption or dealing proceeds thereof (after settling any outstanding liabilities, costs and expenses owed to us or the Futu Group) to be remitted to you and/or settle any liability incurred by you, FUTU AU or any custodian;
  - (ii) cause any Units then held by the custodian for your account to be transferred by the custodian on the Effective Date directly to you (if applicable); and
  - (iii) cancel any unexecuted transactions.



## Schedule 3 - Risk Disclosure Statements

You (or, in this Schedule 2, the '**Client**') should read these risk disclosure statements carefully. These statements form an integral part of this agreement. By executing this agreement, the Client acknowledges that it has received and read these statements and confirms its understanding of the risks which may arise in connection with the investments and transactions relating to the accounts.

The products and services whose risks are outlined within this Schedule are available only at the discretion of FUTU AU and may not necessarily be made available or offered in certain countries.

Nothing in this Schedule shall be considered or construed as an offer, invitation, solicitation or inducement by FUTU AU to enter into any particular investment or transaction nor as a holding out by FUTU AU that it is conducting business in activities involving such products or services.

These risk disclosure statements do not disclose or purport to disclose all the risks and relevant considerations in connection with any investment or transaction relating to the accounts. Risks described in this Schedule may not be applicable to every client. The Client should carefully consider whether entering into any particular investment or transaction is suitable for it, its operation, business and organisation in light of its financial resources, experience, objectives for engaging in the investments or transactions, ability to bear risk and other relevant circumstances. It is the Client's sole responsibility to make its own independent appraisal and investigation into the risks associated with the desired investment or transaction. The Client should refrain from entering into any particular investment or transaction unless the Client fully understands the risks involved and has obtained independent legal, tax, financial and other advice from its own advisers as it considers appropriate. FUTU AU is not, and shall not be deemed to be, the Client's financial advisor.

### **1 General risks in securities trading**

This clause is not intended to be exhaustive and it is important that you also carefully read through the other sections of this Schedule that address more specific risks that may arise in respect of certain types of products.

There are various risks of a general nature associated with investing and transacting in securities. Different products involve different level of risks and in considering whether to trade or invest in securities generally, you should be aware of the following:

#### **1.1 Risks Associated with Securities Trading**

(a) Price fluctuation

The prices of securities (including but not limited to bonds or benefits of unit trust funds, mutual funds, or other collective investment schemes) fluctuate, sometimes dramatically. The price of a security may move up or down, and may fall against your interest and under some circumstances even become valueless. It is as likely that losses will be incurred, rather than profit made, as a result of buying and selling securities.

(b) Past performance not indicative of future performance

Any representation of past performance is not necessarily a guide to future performance.

(c) Currency risks

Where investments involve exposure to foreign currencies, changes in rates of exchange may cause the value of the investments to fluctuate up or down.

(d) Emerging markets risks

Investments in emerging markets need careful and independent assessment by you of each investment and the risks (including without limitation sovereign risk, issuer risk, price risk, liquidity risk, legal and tax risks). Further, you should be aware that, while such investments can yield high gains, they can also be highly risky as the markets are unpredictable and there may be inadequate regulations and safeguards available to investors.

(e) Impact of commission, fees, and other charges

Commissions, fees, and other charges levied by FUTU AU or other intermediaries may reduce the overall quantum of your net profit or exacerbate the overall quantum of your net loss.

(f) Suspension or restriction of trading

Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any security because of price limits or trading halts) may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions.

(g) Transactions in other jurisdictions

Transactions on markets in other jurisdictions, including markets formally linked to the Australian market, may expose you to additional risks. Such markets may be subjected to rules that may offer different or diminished investor protection. Before entering into such trades, you should be aware of the rules relevant to the particular transactions.

(h) Deposited cash and property

You should familiarise yourself with the protection accorded to any money or other property which you deposit for domestic and foreign transactions, particularly in a firm's insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

(i) Risks of third party authorisations

There are substantial risks in allowing an authorised third party to trade or operate your account, and it is possible that instructions could be given by persons not properly authorized. You accept all of the risks of such an operation and irrevocably releases FUTU AU from all liabilities arising out of or in connection with such instructions, whether taken by FUTU AU or otherwise.

- (j) Risks of providing an authority to hold mail or to direct mail to third parties

If you provide FUTU AU with an authority to hold mail or to direct mail to third parties, it is important for you to promptly collect in person all contract notes and statements of your account and review them in detail to avoid the risk that any anomalies or mistakes may fail to be detected in a timely fashion.

## **1.2 Additional Risks Relating to Repos**

- (a) The term 'repo' refers to a sale and repurchase transaction in securities. In a repo, the repo seller transfers title in the securities to the repo purchaser. The repo is in effect for a specific period, and at the end of the period the repo purchaser transfers title to equivalent securities (of the same issuer and type) to the repo seller.
- (b) The repo purchaser's obligation to transfer equivalent securities is usually secured against collateral. There is, accordingly, credit risk. Selling securities under a repo may also affect your tax position (you should seek independent advice on the issue).
- (c) As a result of selling securities under a repo the seller will cease to be the owner of them, although the seller will have the right to reacquire at a future date equivalent securities (or in certain circumstances their cash value or the proceeds of redemption). However, except to the extent that the seller has received collateral, the seller's right to the repurchase of securities is subject to the risk of insolvency or other non-performance by the repo purchaser. Since the seller is not the owner of the securities during the period of the repo, the seller will not have voting rights nor will the seller directly receive dividends or other corporate actions although the seller will normally be entitled to a payment from the repo purchaser equivalent to the dividend the seller would otherwise have received and the repo purchaser will be required to account for the seller for the benefit of corporate actions.
- (d) Repos also entail counterparty default risk and operational risks such as the non-settlement or delay in settlement of instructions.

## **1.3 Risks of Trading in Exchange-Traded Structured Products ('Structured Products')**

- (a) Risk of issuer default

In the event that a Structured Product issuer becomes insolvent or defaults, you will be considered as an unsecured creditor and will have no preferential claims to any assets held by the issuer. You should therefore pay close attention to the financial strength and credit worthiness of Structured Product issuers.

- (b) Risk of uncollateralised product

Uncollateralised Structured Products are not asset-backed. In the event of issuer bankruptcy, you can lose your entire investment. You should read the listing documents to determine if a product is uncollateralised.

- (c) Gearing risk

Structured Products such as warrants and Callable Bull/Bear Contracts ('CBBCs') are leveraged and can change in value rapidly according to the gearing ratio

relative to the underlying assets. You should be aware that the value of a Structured Product may fall to zero resulting in a total loss of the initial investment.

(d) Expiry considerations

Structured Products have an expiry date after which the issue may become worthless. You should be aware of the expiry time horizon and choose a product with an appropriate lifespan for their trading strategy.

(e) Extraordinary price movements

The price of a Structured Product may not match its theoretical price due to outside influences such as market supply and demand factors. As a result, actual traded prices can be higher or lower than the theoretical price.

(f) Risks of foreign exchange

You are exposed to exchange rate risk when trading Structured Products with underlying assets not denominated in AUD. Currency rate fluctuations can adversely affect the underlying asset value, also affecting the Structured Product price.

(g) Risks of liquidity

Structured Product issuers may be required to appoint a market-maker/liquidity provider for each individual issue. The role of market-makers/liquidity providers is to provide two way quotes to facilitate trading of their products. In the event that a market-maker/liquidity provider defaults or ceases to fulfil its role, you may not be able to buy or sell the product until a new market-maker/liquidity provider has been assigned. There is no guarantee that you will be able to buy or sell your Structured Products at your target price any time you wish.

## 2 Risks of trading in synthetic exchange traded funds

Unlike traditional exchange traded funds (ETFs), synthetic ETFs do not buy the assets in their benchmark. Instead, they typically invest in financial derivative instruments to replicate the benchmark's performance. Investments in synthetic ETFs are highly risky and not suitable to all. You must understand clearly and consider the following risks prior to the purchase of synthetic ETFs.

### 2.1 Market risks

ETFs are typically designed to track the performance of certain indices, market sectors, or group of assets such as stocks, bonds, or commodities. You are exposed to the political, economic, currency and other risks related to the ETF's underlying index/assets it is tracking. You must be prepared to bear the risk of loss and volatility associated with the underlying index/asset.

### 2.2 Risks of counterparties

Where a synthetic ETF invests in derivatives to replicate the index performance, you are exposed to the credit risk of the counterparties who issued the derivatives, in addition to the risks relating to the index. Further, potential contagion and concentration risks of the derivatives issuers should be taken into account (e.g. since derivative issuers are predominantly international financial institutions, the failure of one derivative counterparty



of synthetic ETF may have a 'knock-on' effect on other derivative counterparties of the synthetic ETFs). Some synthetic ETFs have collateral to reduce the counterparty risk, but there may be a risk that the market value of the collateral has fallen substantially when the synthetic ETF seeks to realise the collateral.

### **2.3 Liquidity risk**

There is no assurance that a liquid market exists for an ETF. A higher liquidity risk is involved if a synthetic ETF involves derivatives which do not have an active secondary market. Wider bid-offer spreads in the price of derivatives may result in losses. Therefore, they can be more difficult and costly to unwind early, when the instruments provide access to a restricted market where liquidity is limited.

### **2.4 Tracking error risk**

There may be disparity between the performance of the ETFs and the performance of the underlying index due to, for instance, failure of the tracking strategy, currency differences, fees and expenses.

### **2.5 Trading at discounts or premiums**

Where the index/market that the ETF tracks is subject to restricted access, the efficiency in unit creation or redemption to keep the price of the ETFs in line with its net asset value (NAV) may be disrupted, causing the ETF to trade at a higher premium or discount to its NAV. If you had bought an ETF at a premium, you may not be able to recover the premium in the event of termination.

### **2.6 Risks of foreign exchange**

You are exposed to exchange rate risk when trading ETFs with underlying assets not denominated in AUD. Currency rate fluctuations can adversely affect the underlying asset value, also affecting the ETFs price.

## **3 Risks in relation to Funds**

- (a) The Client understands that the following risk disclosure statements explain some general risks, but are not meant to be an exhaustive list of all possible risks, involved in the Client's investment or dealing in Funds. For specific risks associated with a particular Fund, the Client should refer to the relevant offering documents for details.
- (b) Investment in Funds involves risks and prior to investing, the Client should read the relevant constitutive documents, offering documents and other relevant documents of a particular Fund to understand its features, terms and risks. Before investing or dealing in a Fund, the Client should carefully consider whether that Fund is suitable having regard to the Client's investment experience, investment objectives, financial resources and other relevant circumstances.
- (c) The Client must also consider these risk disclosure statements together with those set out under the section titled 'General Risks in Securities Trading' above.



### **3.2 Variable returns contingent on performance of financial instruments**

- (a) Funds are investment products and may involve derivatives. Funds are not equivalent to term deposits.
- (b) Whilst derivative instruments may be used in a Fund for hedging purposes, the risks remain that the relevant hedging instrument may not necessarily fully correlate to the investments in a Fund and accordingly, not fully reflect changes in the value of the investment, giving rise to potential net losses.
- (c) Some Funds may use financial derivatives instruments for investment purposes, which may involve embedded leverage. The use of financial derivatives instruments may expose the Client to additional risks including but not limited to volatility risk and counterparty risk. Fund manager(s) of a Fund may invest a substantial portion of the Funds' net assets in structured products, derivatives and non-investment grade debt securities. During adverse market conditions, you may suffer significant financial losses.
- (d) A Fund that is a hedge fund uses alternative investment strategies and the inherent risks are different and are not typically encountered in traditional funds.

### **3.3 Price fluctuation**

- (a) The price of the Units of a Fund can and do fluctuate, sometimes dramatically. The value of and income from a Fund is not guaranteed and may move up or down and may even become valueless. There is an inherent risk that losses may be incurred rather than profits made as a result of buying and selling Units of a Fund. You may not get back the amount that you had initially invested. In the worst case scenario, the value of the Units of a Fund may be worth substantially less than the amount that you had invested (and in an extreme case could be worth nothing).
- (b) Past performance not indicative of future performance
- (c) Past performance of a Fund is not an indication of future performance. There can be no assurance that the investment objective and strategy of a Fund will be successfully achieved.

### **3.4 Market risks**

A Fund that invests in certain markets and companies (e.g. emerging markets, commodity markets or smaller companies) may also involve a higher degree of risk and is usually more sensitive to price movements.

### **3.5 Charges and expenses**

Deductions of charges and expenses mean that you may not get back the amount you invested.

### **3.6 Limits on redemption**

- (a) Your right to redeem Units in a Fund may be restricted by certain circumstances (depending on the feature and terms of the Fund). In other words, there is a risk that Units in a Fund may be difficult to (purchase or) sell depending on those circumstances.

- (b) A Fund could contain Units that do not permit dealing every day. Investment in such funds will only be realisable on their respective dealing days. The appropriate market price of these investments can only be determined on the relevant Fund's dealing days.

### **3.7 Time lag**

The Company will effect your orders as soon as practicable; however, the execution of such orders may not coincide with the dealing days stipulated in the relevant offering document of a Fund. Furthermore, before your order is placed by the Company with the relevant Fund manager for execution, the Company may aggregate and consolidate (either daily or from time to time) your order together with orders placed by the Company's other clients. There may be a discrepancy in the price or value of a Unit between when you place your order with the Company and when the order is executed by the relevant Fund manager.

### **3.8 Currency risks**

An investment in a Fund that is not denominated in Singapore dollars is exposed to exchange risk fluctuations. Exchange rates may cause the value of the investment to fluctuate.

### **3.9 Differences in regulatory regimes**

Units of a Fund held by the Company or any other person appointed by the Company as your nominee outside of Singapore are subject to the applicable laws and regulations of the relevant overseas jurisdiction. These overseas laws and regulations may differ from the laws and regulations in Singapore. As a result, you may not enjoy the same protection for those Units in a Fund as you would enjoy for the same Units in a Fund that are held in Singapore.

## **4 Risks in relation to bonds trading**

Bonds are not an alternative to ordinary savings or time deposits. The price of bonds may fluctuate during its tenor and may even become valueless.

The Client understands that the following risk disclosure statements explain some general risks, but are not meant to be an exhaustive list of all possible risks, involved in the Client's investment or dealing in bonds. It is crucial to understand the specific risks mentioned in the relevant offering documents (if applicable) before investing.

### **4.1 Key Product Risks**

Key risks include, but are not limited to, the ones listed below:

- (a) Credit risk

You assume the credit risk of the issuer and the guarantor (if applicable). Any changes to the credit rating of them will affect the price and value of the bonds. Bonds are subject to the risk of the issuer defaulting on its obligations, i.e. an issuer fails to make principal and interest payments when due. In the worst case scenario of a bankruptcy of the issuer/guarantor, you could risk losing the value of the entire investment. Credit ratings assigned by credit rating agencies do not guarantee the creditworthiness of the issuer.

(b) Liquidity risk

The bond may have limited liquidity and may not be actively traded and/or quoted by brokers in the market. As such:

- (i) the value of bond and/or indicative bid/offer price will depend on market liquidity and conditions which may not be available at all times;
- (ii) it may take longer or it may be impossible to sell the bond at prevailing market conditions; and
- (iii) the executable sale price may differ unfavourably by large amounts from the indicative bid price quoted.

(c) Currency risks

For bonds denominated in a foreign currency, there may be an exchange loss when converting the redemption amount back to the local or base currency.

(d) Interest rate risk

Bonds are more susceptible to fluctuations in interest rates and generally prices of bonds will fall when interest rates rise.

(e) Market risk

The value of investments may fluctuate due to changing political, legal and, economic conditions and changes in interest rates. This is common to all markets and asset classes. Your return may be substantially less than the initial investment.

## 4.2 Additional Risks for High-Yield Bonds

In addition to the risks listed above, high-yield bonds are subject to additional risks such as:

(a) Higher credit risk

Since high-yield bonds are typically rated below investment grade or are unrated, they are often subject to a higher risk of issuer default.

(b) Vulnerability to economic cycles

During economic downturns high-yield bonds typically fall more in value than investment grade bonds as (i) investors become more risk averse and (ii) default risk rises.

(c) Specific Risks

It is important to note that certain bonds may contain special features and risks that warrant special attention. These include:

(i) Perpetual bonds

Perpetual debentures do not have a maturity date, and the coupon payments pay-out depends on the viability of the issuer in the very long term, it may be deferred or even suspended subject to the terms and conditions of the issue. Furthermore, perpetual debentures are often

callable and/or subordinated, and bear re-investment risk and/or subordinated bond risk, as detailed below.

(ii) Re-investment risk of callable bonds

If the bond is callable in which the issuer may redeem the bond before maturity, it is subject to re-investment risk. The yield received when re-investing the proceeds may be less favourable.

(iii) Subordinated bonds

Holders of subordinated debentures will bear higher risks than holders of senior debentures of the issuer due to a lower priority of claim in event of the issuer's liquidation. Subordinated debentures are unsecured and have lesser priority than that of an additional debt claim of the same asset. They usually have a lower credit rating than senior bonds. Your specific attention is drawn to the credit information of this product, including the respective credit rating of the issuer, the debenture and/or the guarantor, as the case may be.

(iv) Bonds with variable coupon/coupon deferral features

If the bonds contain variable and/or deferral of interest payment terms, then you would face uncertainty over the amount and time of the interest payments to be received.

(v) Bonds with extendable maturity date

If the bonds contain extendable maturity date terms, then you would not have a definite schedule of principal repayment.

(vi) Convertible or exchangeable bonds

Convertible or Exchangeable bonds are convertible or exchangeable in nature and the Client is subject to both equity and bond investment risk. They may additionally have a contingent write-down or loss absorption feature, meaning the bond may be written-off fully or partially or converted to common stock on the occurrence of a trigger event. These bonds generally absorb losses while the issuer remains a going concern. Before investing in bonds of this nature, you should pay extra attention to its features, the trigger events, the implications and consequences of such trigger events.

(vii) Multiple credit support providers

This refers to bonds with more than one guarantor. You should take into account matters such as the credibility of the guarantors, whether such guarantors have material operations and the credit support structure(s) involved. Under some credit support structures, the bondholders' rights may be subordinated to those of the issuer, the guarantors and/or other parties where an event of default were triggered.

(viii) Other/multiple credit support structures

This refers to bonds with keepwell deeds in place as a form of credit enhancement. Some of these bonds may also have credit support

providers serving as guarantors. Keepwell deeds need to be individually assessed and could be structurally complex. They are not necessarily comparable to guarantees and are subject to much greater legal and regulatory uncertainty compared to guarantees. In particular, capital control laws in certain countries could heighten the risk that timely payments will not be made, even if there is a keepwell deed.

#### **4.3 Risks of transaction in foreign jurisdictions**

- (a) Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. In particular, securities that are foreign listed securities and are held outside Australia are subject to the applicable laws and regulations of the relevant overseas jurisdiction that may differ from Australian law. Consequently, such securities may not enjoy the same protection as that conferred on securities received or held in Australia. Before you enter into a transaction, you should enquire about any rules relevant to such transactions, and comply with the same. There may be restrictions for foreign investors, repatriation of capital investments and profits and there may be withholding or additional forms of taxes.
- (b) You should only consider trading outside the Australian market if you fully understand the nature of the relevant foreign market and the extent of your exposure to risks. You should carefully consider whether such trading is appropriate for you in light of your experience, risk profile, and other relevant circumstances, and seek independent professional advice when you are in doubt. You should not rely on this information as a complete explanation of the risks of trading in foreign jurisdictions.

#### **4.4 Risks related to algorithmic trading**

FUTU AU may make available to clients a suite of various order types on its trading platform that may use computerized algorithms. These order types allow clients to input various conditions as part of their Instructions for Transactions to FUTU AU. FUTU AU's computerised routing systems will attempt to place such effect such Instructions into the market in accordance with the conditions set. Algorithmic order types range from standard limit orders to more complex strategies. The trading platform may require additional systems on the clients' part in order to function properly.

There are special characteristics and risks associated with algorithmic trading. You should understand these risks and determine whether algorithmic trading is appropriate in light of your objectives and experience:

- (a) Technical errors

Algorithmic trading can be effected when your systems, FUTU AU's systems or the Exchanges' systems are experiencing technical difficulties. Risks include possible delays or failures in (i) availability of your connection to FUTU AU's services and of FUTU AU's services to the relevant Exchange; (ii) the operation of databases and internal transfers of data; (iii) the provision of data feeds (accuracy of data and stability of data connections); (iv) possible hardware failures; (v) usage loads, bandwidth limitations, and other bottlenecks inherent in computerised and networked architectures; (vi) issues, disputes, or failures of third party vendors and other dependencies; and (vii) other general risks inherent in computer-based operations. Any of these could lead to delays or failures in order execution, incorrect order execution and other problems.

(b) Software and design flaws

All software is subject to inadvertent programming errors and bugs embedded in the code comprising that software. Algorithmic order types may contain logical errors in the code to implement them. Errors may exist in the data used for testing the algorithm or the applicable model of the market. Despite testing and monitoring, inadvertent errors and bugs may still cause algorithmic order types to fail or behave incorrectly.

(c) Market impact and events

Market conditions will impact the execution of algorithmic orders. Possible adverse market conditions include lack of liquidity, price swings, late market openings, early market closings, market chaos, and mid-day trading pauses, and other such disruptive events. The execution of an algorithm can itself have an impact on the market, including causing lack of liquidity or abrupt and unwarranted price swings.

(d) Losses

Losses can happen more quickly with electronic and algorithmic trading compared to other forms of trading. Any or all of the other risk factors could cause more significant trading losses when using algorithmic trading compared to other forms of trading.

## 5 Risks specific to initial public offerings

If the Offer Securities (as defined in Schedule 1) are denominated in a foreign currency (i.e. other than AUD) or in both AUD and a foreign currency, you are exposed to exchange rate risk and may suffer loss as a result of the fluctuations in exchange rates.

## 6 Risks related to biometric authentication

Biometric authentication is one of the ways to confirm an identification apart from user name and password. FUTU AU may offer biometric authentication as a means by which to identify you. By switching on this function, you will be able unlock your trading account and operate your account using biometric identification. By using the biometric authentication function, you agree that FUTU AU is authorised to use your biometric data for the purposes of providing products and services to you and acknowledge that you accept the following risks:

- (a) All biometric credentials stored on your device must be your own. If you store any other person's biometric credentials and/or allow any other person's biometric credentials to be stored on your device, you are responsible for all instructions and the resulting transactions made from the instructions on behalf of that other person.
- (b) The use of biometric authentication on a "Jail-broken" or "Rooted" device may induce system security risk, including but not limited to information leakage or fraudulent transactions.
- (c) The biometric authentication function may not be available in all instances and may not function as intended. Any unavailability or malfunction may be caused by many reasons, including but not limited to issues with your internet services provider or



issues with your device. Futu shall not liable for any failure relating to the biometric authentication function.

## **7 Extended Trading Hours Risk Disclosure**

You should consider the following points before engaging in extended hours trading. 'Extended hours trading' means trading outside of Regular Trading Hours.

Within Australia, Regular Trading Hours generally means the time between 10:00am - 4:00pm Australian Eastern Daylight Time (GMT +11:00), however this may vary depending on the operating rules of the relevant market operator and will vary in relation to international markets.

### **7.1 Risk of Lower Liquidity**

Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders that are available in a market, the greater the liquidity. Liquidity is important because with greater liquidity it is easier for investors to buy or sell securities, and as a result, investors are more likely to pay or receive a competitive price for securities purchased or sold. There may be lower liquidity in extended hours trading as compared to regular trading hours. As a result, your order may only be partially executed, or not at all.

### **7.2 Risk of Higher Volatility**

Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater volatility in extended hours trading than in regular trading hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price when engaging in extended hours trading than you would during regular trading hours.

### **7.3 Risk of Changing Prices**

The prices of securities traded in extended hours trading may not reflect the prices either at the end of regular trading hours or upon the opening the next morning. As a result, you may receive an inferior price when engaging in extended hours trading than you would during regular trading hours.

### **7.4 Risk of Unlinked Markets**

Depending on the extended hours trading system or the time of day, the prices displayed on a particular extended hours trading system may not reflect the prices in other concurrently operating extended hours trading systems dealing in the same securities.

### **7.5 Risk of News Announcements**

Normally, issuers make news announcements that may affect the price of their securities after regular trading hours. Similarly, important financial information is frequently announced outside of regular trading hours. In extended hours trading, these announcements may occur during trading, and if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.

## 7.6 Risk of Wider Spreads

The spread refers to the difference in price between what price you can buy a security and at what price you can sell it. Lower liquidity and higher volatility in extended hours trading may result in wider than normal spreads for a particular security.

## 8 Foreign Securities Risk Disclosure

Investments in foreign securities involve certain risks that differ from the risks of investing in domestic securities including:

- (a) Adverse political, economic, social, or other conditions in a foreign country may make products issued in that country difficult or impossible to sell;
  - (b) foreign markets may be subject to different regulations, and may be subject to rules which may offer different levels of investor protection than Australia;
  - (c) foreign securities may not be subject to the same disclosure standards that apply to investment products listed for quotation or quoted on Australian exchanges;
  - (d) it may be more difficult to obtain reliable information about some foreign securities;
  - (e) the costs of investing in some foreign markets may be higher than investing in domestic markets and may incur additional tax obligations in those foreign markets; and
  - (f) investments in foreign securities are subject to currency fluctuations.
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