RISK FACT SHEET AND RISK DISCLOSURE STATEMENT

Acknowledgement of Receipt of the Risk Fact Sheet
I/we hereby acknowledge that I/we have received a copy of this Risk Fact Sheet and Form 13 Risk Disclosure Statement on contracts for differences ("**CFDs**") and fully understand its contents.
Name of customer
Designation*
Corporation Name*
Signature of customer *For corporations only

Note:
Customer should request for a copy of the *__trading agreement and associated risk disclosures__* *from Maybank Kim Eng Securities Pte Ltd as this Risk Fact Sheet does not disclose all the risks of trading in CFDs. Risk Fact Sheet only highlights the common risks of trading in CFDs. It complements the trading agreement and associated risk disclosures furnished by Maybank Kim Eng Securities Pte Ltd.*

<u>Risk Fact Sheet for CFDs</u>
Prepared on: [15/08/19]

This Risk Fact Sheet is provided to you in accordance with Notice SFA N04-N15. It highlights the common risks of trading in CFDs and complements the trading agreement and associated risk disclosures furnished by Maybank Kim Eng Securities Pte Ltd. This Risk Fact Sheet does not disclose all the risks of trading in CFDs. It is important to read the trading agreement and associated risk disclosures before deciding whether to trade in CFDs. You should also carefully consider whether trading in CFDs is appropriate for you in the light of your experience, objectives, financial resources and other relevant circumstances. If you do not have a copy of the trading agreement and associated risk disclosures, please contact Maybank Kim Eng Securities Pte Ltd to request for a copy. You should not trade in CFDs if you do not understand the product or are not comfortable with the accompanying risks.

Q1. What is my potential loss when I trade on margin in CFDs?

When you enter into a CFD transaction, you need to pre-fund a margin deposit as collateral to the trade. The margin deposit is based on a percentage of the value of the trade. When you trade a leveraged product like CFDs, you should be prepared to lose more than or all of your initial investment amount that you have placed as margin deposit.

Illustration: You buy 2,000 shares of XYZ Ltd as a CFD at S$2.00 per [CFD].
XYZ Ltd has a margin rate of 10%, which required you to have a deposit of S$400 at the time the order was placed. The calculation of initial margin is: 10% X S$2.00 X 2,000 = S$400.

- Suppose the share price of XYZ Ltd falls from S$2.00 to S$1.95. In such a case, you will be incurring an unrealised marked-to-market loss of S$100 [S$1.95 – S$2.00 X 2,000].

- Assuming adverse market information on XYZ Ltd causes the share price to fall further to S$1.75. You are now running an unrealised loss of S$500 [(S$1.75 – S$2.00) X 2,000]. Even if you were able to liquidate the position, the value of the stock has fallen 12.5% in comparison to the 10% of margin deposit that you are holding as collateral. As a result, you will be required to make good the overloss in the account by transferring monies into your account.

- The worst case scenario for a CFD holder is where the listed company's shares become worthless. Should you still be holding onto CFDs of the underlying share, you would have not just lost your entire margin deposit, but will need to make good on the overloss, and the additional charges and fees incurred.

Q2. What will happen if I do not have enough margin to cover my losses?

A margin call situation occurs when your Free Equity falls into Negative; meaning that the marked-to-market cash balance in your account, is insufficient to support the margin deposit required to maintain the open positions that you have. If you fail to meet the margin call, the firm has the right to close out your CFD positions without notifying you

Q3. How is the CFD quoted?

The firm adopts a direct-market-access model that executes all your equity CFD orders directly into the underlying stock exchange. Your order will join the underlying exchange's bid or ask order queue, and you can even participate in the opening and closing auctions of each exchange. Unlike the market-making model offered by other CFD providers, we do not give price re-quotes, show synthetic prices or impose additional spreads on your equity CFD orders.

Q4. Can my order be executed at a price that is less favourable than the price quoted on the trading system, or the price that I have submitted?

Yes, this can happen when there is a change in the quoted price of the underlying stock in the Exchange, between the time your order is placed and the time your order is received or executed (e.g., delay in the internet transmission of your order, or rapid price fluctuations in the financial markets). Such situations can also occur for stop-loss orders that are triggered into the underlying share market during periods of insufficient liquidity, high price volatility and rapid price fluctuation.

Q5. Will my order be manually executed? If so, under what circumstances does the firm rely on manual execution?

In the normal course of business, any order placed via the firm's system will be executed electronically and does not rely on any dealer intervention. When you trade electronically, you will be able to view the status of the order on your platform and can contact the Helpdesk should you have enquiries on the status of your order.

We do offer CFDs into markets that cannot be traded electronically on the platform. In such cases, clients should call the dealing desk to place orders for those markets.

Q6. Where are my margins kept and maintained? Can the firm use my margins for its own purposes?

The firm is authorised to hold client monies under the Securities & Futures Act. All client monies are held in designated omnibus client segregated bank trust accounts, at approved banks; separate and distinct from the bank's own money. We do not offer legally segregated trust accounts for each client. We do not use your money to settle dealings with our hedge counterparties.

Q7. What will happen to my margins if [the firm] becomes insolvent? Will I be able to get back my moneys or other assets?

The firm is your contractual counterparty and is obliged according to the terms and conditions of the trading agreement to honour your CFD trades and any profits made. If the firm becomes insolvent, you face the risk that the firm will not be able to honour any profits that you made. All monies that are held in the segregated account, will be protected from the claims of the firm's creditors. Nonetheless, the recovery and return of your moneys or other assets will take time, as this is subject to due process of the firm's liquidation, including the reconciliation of all its customers' positions and monies.

Q8. Under what circumstances can [the firm] close my position or void my order?

Under the terms of the trading account, the firm can close out your position or void your trade when:

(i) you are unable to meet the margin calls within the requested timeframe;
(ii) by reason of any cause beyond the firm's control, including but not limited to any act of force majeure as listed in Point 1.35 of the General Terms & Conditions

Q9. What are the commissions, fees and other charges that I have or may have to pay?

There are 2 basic costs incurred during CFD trading – commission and financing charges.
A pricefeed fee is also payable if you are interested in trading CFDs with real-time prices.

Commission:	Levied on the full contract value on a per trade basis.
Finance charges:	A financing fee is charged daily on CFD positions held overnight. This amount is debited or credited (if applicable for shorting) from your CFDs account on a daily basis. Finance charges are computed based on the end-of-day marked-to-market value of your CFD portfolio, and are charged on 100% of the contract value. There are no finance charges if the position is closed within the same day.

Monthly Price Feed Fee (Optional):	Live price feed is payable for all markets except Singapore. Live or delayed market price feed is required for online trading access. If market data is not available, only offline trades (placing trade through a Trading Representative) will be allowed.

A snapshot of the commission, financing and pricefeed charges can be found in the table attached.

Country	Commission (online/offline)	Financing Charges	Live Price Feed / Month*
Singapore	0.25% (Min. SGD 15)	**Long** Base Rate + 3.5% **Short** Base Rate - 3.5%	FREE
Hong Kong	0.33% (Min. HKD 100)		HKD 120
USA	0.22% (Min. USD 15)		USD 3
UK	0.35% (Min. GBP 15)		GBP 5
Australia	0.23% (Min. AUD 15)		AUD 37.50
Japan+	0.27% (Min. JPY 2500)		NA
Malaysia	0.40% (Min. USD 20)	**Long** Base Rate + 3.5% **Short** Base Rate - 8.5%	SGD 5
Indonesia	0.30% (Min. USD 30)	**Long** Base Rate + 5% **Short** Base Rate - 8%	USD 2.50

Q10. What happens when trading in the underlying share or asset is suspended or halted? How can I exit my position and will I suffer losses?

All CFDs are entered with the firm transacting as principal. The terms and conditions of CFDs are established solely by the firm and an investor's rights and obligations under a CFD are not assignable or transferable to any other person.

In event of a suspension where the price of the underlying share is unavailable, the firm will advise you should there be an opportunity to exit the CFD position. During the period of suspension, holders of long positions will continue to be charged overnight interest. In the event of a prolonged period of suspension, the firm holds the right to increase margins, require clients to pay up the contract value in full, or to close off the position at an appropriate price determined by the firm.

Risk Disclosure Statement

1. This statement is provided to you in accordance with regulation 47E(1) of the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg 10).

2. This statement does not disclose all the risks and other significant aspects of trading in futures, options, over-the-counter derivatives contracts where the underlying is a currency or currency index ("**OTCD currency contracts**") and spot foreign exchange contracts for the purposes of leveraged foreign trading exchange ("**Spot LFX trading contracts**"). In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to the risks. Trading in futures, options, OTCD currency contracts and Spot LFX trading contracts may not be suitable for many members of the public. You should carefully consider whether such trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. In considering whether to trade, you should be aware of the following:

(a) Futures, OTCD currency contracts and Spot LFX trading contracts

(i) Effect of 'Leverage' or 'Gearing'

Transactions in futures, OTCD currency contracts and Spot LFX trading contracts carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract, OTCD currency contract or Spot LFX trading contract transaction so that the transaction is highly 'leveraged' or 'geared'. A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit; this may work against you as well as for you. You may sustain a total loss of the initial margin funds and any additional funds deposited with the firm to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice in order to maintain your position. If you fail to comply with a request for additional funds within the specified time, your position may be liquidated at a loss and you will be liable for any resulting deficit in your account.

(ii) *Risk-Reducing Orders or Strategies*

The placing of certain orders (e.g. 'stop-loss' orders, where permitted under local law, or 'stop-limit' orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. At times, it is also difficult or impossible to liquidate a position without incurring substantial losses. Strategies using combinations of positions such as 'spread' and 'straddle' positions may be as risky as taking simple 'long' or 'short' positions.

(b) Options

(i) *Variable Degree of Risk*

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarise themselves with the type of options (i.e put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options would have to increase for your position to become profitable, taking into account the premium paid and all transaction costs.

The purchaser of options may offset its position by trading in the market or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a futures contract, OTCD currency contract or Spot LFX trading contract, the purchaser will have to acquire a position in the futures contract, OTCD currency contract or Spot LFX trading contract, as the case may be, with associated liabilities for margin (see the section on Futures, OTCD currency contracts and Spot LFX trading contracts above). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium paid plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that, ordinarily, the chance of such options becoming profitable is remote.

Selling ('writing' or 'granting') an option generally entails considerably greater risks than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of the amount of premium received. The seller will be liable to deposit additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising he option and the seller will be obligated to either settle the option in cash or to acquire or contract or spot LFX trading contract, the seller will acquire a position in the futures contract, OTCD currency contract or spot LFX trading contract, as the case may be, contract, with associated liabilities for margin (see the section on Futures, OTCD currency contracts and Spot LFX trading contracts above). If the option is 'covered' by the seller contract, spot LFX trading contract or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, limiting the liability of the purchaser to margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

(c) Additional Risks Common to Futures, Options and Leveraged Foreign Exchange Trading

(i) *Terms and Conditions of Contracts*

You should ask the corporation with which you conduct your transactions for the terms and conditions of the specific futures contract, option, OTCD currency contract or spot. LFX trading contract which you are trading and the associated obligations (e.g the circumstances under which you may become obligated to make or take delivery of the underlying interest of a futures contract, OTCD currency contract or spot LFX trading contract transaction and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances, the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

(ii) *Suspension or Restriction of Trading and Pricing Relationships*

Market conditions (e.g illiquidity) or the operation of the rules of certain markets (e.g the suspension of trading in any contract or contract month because of price limits or ‘circuit breakers’) may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the futures contract, and the underlying interest and the option may not exist. This can occur when, e.g., the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge ‘fair’ value.

(iii) *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.

(d) Commission and Other Charges

Before you begin to trade, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

(e) Transactions in Other Jurisdictions

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 a rule which may offer different or diminished investor protection. Before you trade, you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you conduct your transactions for details about types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

(f) Currency Risks

The profit or loss in transactions in foreign currency-denominated futures and options contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates whether there is a need to convert from the currency denomination of the contract to another currency.

(g) Trading Facilities

Most open-outcry and electronic trading facilities are supported by computer-based component systems for order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the one or more parties, namely the system provider, the market, the clearing house or member firms. Such limits may vary. You should ask the firm with which you conduct your transactions for details in this report.

(h) Electronic Trading

Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The results of any system failure may be that your order is either not executed according to your instructions or not executed at all.

(i) Off-Exchange Transactions

In some jurisdictions, firms are permitted to effect off-exchange transactions. The firm with which you conduct your transactions may be acting as your counterparty to the transaction. It may be difficult to impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarise yourself with the applicable rules and attendant risks.