



**結好期貨有限公司**  
GET NICE FUTURES COMPANY LIMITED

## **Terms and Conditions for Futures and Options Trading**

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This document together with the related Account Opening Form contains important terms and conditions that apply to and constitute the agreement on all Accounts made between the Client and Get Nice Futures Company Limited. The Client has been advised to read this Agreement carefully and retain it for the Client's future reference.

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**The Client hereby requests Get Nice Futures Company Limited to open an Account(s) for the Client and agrees to accept and be bound by the following terms and conditions:**

### **Part 1 – Definition and Interpretation**

1. In this Agreement, unless the context otherwise requires, the following terms shall bear the following meanings:

“Account(s)”	any account(s) including internet trading account(s) from time to time opened in the Client’s name and maintained with GNF for use in connection with its trading, dealing in or other disposal of Commodities, Futures Contracts and/or Option Contracts
“Account Opening Form”	the account opening form or other documents (however described) prescribed by GNF from time to time in respect of the relevant Client’s application to open one or more Accounts with GNF
“Affiliate”	in relation to a party, an individual, corporation, partnership or any other form of entity directly or indirectly controlling, controlled by or under common control with such party or any of such entities’ directors, officers or employees
“Agreement”	this document, the related Account Opening Form and all other relevant documents (including the fee schedule) enclosed herewith which terms and conditions shall constitute a legally binding contract between the relevant Client and GNF, as may from time to time be amended, modified or supplemented
“Authorized Person(s)”	the person(s) authorized by the Client to give Instructions to GNF as notified to GNF from time to time in such manner as required by GNF
“Business Day”	a day (other than a Saturday) on which banks in Hong Kong generally are open for business
“Clearing House”	in respect of a Futures or Option, the clearing house (whether in or outside Hong Kong) which provides clearing and/or settlement services in relation to that Futures or Option
“Client(s)”	any personal client(s) and/or corporate client(s) of GNF including the Internet Trading Client(s) who has executed the related Account Opening Form (either individually or jointly with others) and agreed to accept and be bound by the terms and conditions of this Agreement
“Client Data Policy”	GNF’s privacy policy relating to the Personal Data (Privacy) Ordinance (Chapter 486 of the laws of Hong Kong) and as may from time to time be amended, modified or supplemented
“closing out”	either: (a) any Futures Contract or Option Contract in respect of which the Client enters into a corresponding Futures Contract or Option Contract of the same amount and quality of the relevant Commodity for delivery on the same date but of an opposite position in order to cancel the former contract and/or to crystallize the profit or loss on such former contract; or (b) a Futures Contract or Option Contract deemed to be a closed out contract pursuant to the rules of the relevant clearing house; and “close out” or “closed out” shall be construed accordingly
“Code of Conduct”	the Code of Conduct for Persons Licensed by or Registered with the SFC in force from time to time
“Commodity / Commodities”	any currency, securities, exchange rates, interest rates, indices (whether stock indices or otherwise), physical assets (including metals, precious metals, minerals, agricultural products, oil, energy and land) and/or property
“Dormant”	in respect of any Account, the state of any Account that has recorded no trading activity for a continuous period of thirty six (36) months
“Electronic Trading Services”	a facility which enables the Client to give Instructions to purchase, sell, close out and/or to dispose of Futures and Options through electronic means including but not limited to the internet, wire or wireless applications and to receive relevant information from GNF and/or other third party service providers
“Exchange” or “HKFE”	Hong Kong Futures Exchange Limited
“Financial Product”	any Futures Contracts or Option Contracts as defined under the SFO

“Futures Contract(s)”	a contract(s) pursuant to which: (a) one party agrees to deliver to the other party at an agreed future time an agreed Commodity or agreed quantity of an agreed Commodity at an agreed price; or (b) the parties agree to make an adjustment between them at an agreed future time according to whether the agreed Commodity is worth more or less or, as the case may be, stand higher or lower at that time than a level agreed at the time of making the contract, the difference being determined in accordance with the rules of the Exchange on which that contract is made; and in each case whether or not the relevant Commodity is deliverable, and “Futures” shall be construed accordingly
“GNF”	Get Nice Futures Company Limited – a company incorporated in Hong Kong licensed for type 2 and type 5 regulated activities under the SFO with CE No. ABS 125 and an exchange participant of the Exchange
“Group’s Companies”	in relation to GNF, a body corporation which is its holding companies or fellow subsidiaries, including but not limited to Get Nice Securities Limited, Get Nice Capital Limited and Get Nice Asset Management Limited
“Hong Kong”	the Special Administrative Region of Hong Kong of the People’s Republic of China
“HKFE Rules”	The rules, regulations and procedures of the Exchange (as amended from time to time)
“Instruction(s)”	any instruction(s) given by the Client and/or the Authorized Person(s) for purchasing, selling, closing out, or any other disposition of any Futures Contract or Option Contract and other order(s) incidental thereof
“Internet Trading Client”	any Client who has opened and maintained an internet trading account in his name with GNF and thus the Client is allowed to use the Electronic Trading Services provided by GNF
“Margin”	such cash, securities, guarantees and/or other collateral acceptable by GNF in such amount, for such value and in such form as may be determined and required by GNF to be placed with GNF as security for the performance by the Client of any Futures Contract or Option Contract and/or of any obligation of the Client arising from or in connection with this Agreement
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Option Contract(s)”	a contract(s) pursuant to which one party agrees to grant to the other party a right (but not an obligation) exercisable on or before an agreed future date or (as the case may be) on an agreed future date at the option of the party holding such right to acquire or (as the case may be) to dispose of an agreed Commodity or an agreed quantity of an agreed Commodity at an agreed price, in each case whether or not the relevant Commodity is deliverable, and “Option” shall be construed accordingly
“Transaction(s)”	any transaction(s) in Futures Contracts and Option Contracts and other transaction(s) incidental thereof which GNF effects for or on behalf of the Client
“Variation Adjustments”	the amount payable to GNF by the Client, calculated on a daily basis on the closing market price at the end of each day in respect of each open Futures Contract and/or Option Contract in the Account

2. Headings of this Agreement are inserted for convenience only and shall be ignored in construing this Agreement.
3. The expression “the Client(s)” shall, where the context permits, include their respective successors, personal representatives and permitted assigns.
4. Unless the context otherwise requires, references in this Agreement to the singular shall be deemed to include references to the plural and vice versa; references to one gender shall include all genders and references to any person shall include an individual, firm, body corporate or unincorporated.
5. References to any statute or statutory provision shall include any statute or statutory provision which amends or replaces or has amended or replaced it and shall include any subordinate legislation made under relevant statute.
6. References in this Agreement to clauses, schedules and exhibits are references to clauses, schedules and exhibits of this Agreement.
7. References to “other”, “include” and “including” in this Agreement shall not be construed restrictively although they are respectively preceded or followed by words or examples indicating a particular class of acts, matters or things.
8. References to times of a day are, unless otherwise provided herein, to Hong Kong time.
9. In event of inconsistency, the English text of this Agreement shall prevail the Chinese text.

## **Part 2A – Standard Terms and Conditions**

### **1. Application**

- 1.1 These terms form the standard terms and conditions of this Agreement and unless the context otherwise stated, shall be binding on all Clients and/or GNF. If the Client is allowed to use Electronic Trading Services provided by GNF, the Client shall be further subject to the terms and conditions set out in Part 2B hereof. If there is any inconsistency, the provisions for a particular service will prevail over general provisions.
- 1.2 The Client agrees to and hereby irrevocably appoint GNF with full power and authority as the Client's true and lawful attorney, to the fullest extent permitted by law, to act for and on the Client's behalf for the purpose of carrying out the provisions of this Agreement and taking any action and execution any document or instrument in his name or in GNF's own name which GNF may deem necessary or desirable to accomplish the purposes of this Agreement.

### **2. The Account**

- 2.1 The Client confirms that all information provided in relation to the Account including information in the related Account Opening Form is complete and accurate. The Client will inform GNF in writing of any changes to that information. It is the Client's responsibility to ensure Account accuracy and to notify GNF immediately with regard to any discrepancies.
- 2.2 GNF is authorized to conduct credit enquiries or check on the Client for the purpose of ascertaining the financial situation and investment objectives of the Client and to verify the information provided. The Client also understands that GNF may provide the Client's information to credit reference agencies and in the event of default to a debt collection agent.
- 2.3 GNF will keep information relating to the Account confidential, but may provide any such information to the regulators, law enforcement agencies and other competent authorities, including but not limited to the Exchange, the SFC and Independent Commission Against Corruption to comply with their requirements or requests for information or to any persons pursuant to any court orders or statutory provisions, even if the Account has been terminated prior to such request.
- 2.4 The Client's private information is collected and used by GNF in accordance with the requirements of the Hong Kong Personal Data (Privacy) Ordinance (Cap.486 of the Laws of Hong Kong).

### **3. Applicable Laws and Rules**

- 3.1 All Transactions will be effected in accordance with all laws, rules, regulatory directives, bye-laws, customs and usages applying to GNF. This includes the rules, codes and guidance of the Exchange, the Clearing House and the SFC from time to time. All actions taken by GNF in accordance with such laws, rules, regulatory directives, bye-laws, customs and usages will be binding on the Client. The Client also agrees that irrespective of his country of domicile (or if the Client is a company, its place of incorporation), any dispute with GNF may at GNF's discretion be referred to the SFC, and not other regulators in any jurisdictions.
- 3.2 This Agreement is governed by, and may be enforced in accordance with, the laws of Hong Kong.
- 3.3 If the Client is an individual domiciled or a company incorporated outside Hong Kong, the Client shall, immediately upon demand by GNF, appoint a person or an agent in Hong Kong to be his or its process agent to receive all notices and communications relating to any legal proceedings involving the Client, and the Client agrees that any service of any legal process on the process agent shall constitute sufficient service on the Client for purpose of legal proceedings in the Hong Kong courts.
- 3.4 No provision of this Agreement shall operate to remove, exclude or restrict any of the Client's rights or obligations of GNF under the laws of Hong Kong.

### **4. Instructions and Transactions**

- 4.1 GNF will act as the Client's agent in effecting Transactions unless GNF indicates (in the periodic statement which details the relevant Transaction or otherwise) that GNF is acting as principal.
- 4.2 The Client agrees that GNF shall not be accountable to the Client for any commissions, remuneration, rebates or other benefits which GNF may receive from or offer to any person in respect of any Transaction or business conducted with the Client or on the Client's behalf.

- 4.3 The Client agrees that GNF (including GNF's directors, officers, licensed representatives and employees) does not provide tax, legal or investment advice nor does GNF give advice or offer any opinion or recommendation with respect to the suitability of any Transactions. The Client agrees that the Client, independently and without reliance on GNF, makes his own decisions and judgments with respect to his Instructions. Should the Client need investment advice from GNF, a separate agreement has to be made between the Client and GNF.
- 4.4 The Client or the Client's Authorized Person(s) may give Instructions to GNF (which GNF may in its absolute discretion reject) to effect Transactions or other transactions for the Client. GNF may act on such Instructions given orally, in writing or electronically which purport, and which GNF reasonably believes to come from the Client or the Client's Authorized Person(s) or to have been given on behalf of the Client. GNF will not be under any duty to verify the capacity of the person(s) giving those Instructions.
- 4.5 GNF is hereby authorized to buy, sell, close out and/or otherwise dispose of futures and options for the Account in accordance with and in reliance on the Instructions, but GNF shall be entitled, at its sole and absolute discretion to refuse to accept any Instruction and shall not be obliged to give reasons for such refusal and shall not be liable to the Client for any loss arising out of or in connection with its not accepting or acting on any Instructions or omitting to notify the Client of such refusal. Without prejudice to the generality of the foregoing, GNF may refuse to so act:
- (a) if any Instructions are unclear or if GNF receives conflicting Instructions, or if GNF believes, in good faith, that Instructions are fraudulent, forged or unauthorized or that acting on any Instructions may be in breach of any law or regulation applicable to the Client, the Authorized Person and/or GNF or;
  - (b) unless it is satisfied that the Client has provided GNF with sufficient immediately available funds or Commodities to settle the relevant Transaction. The relevant funds or Commodities will not be regarded as immediately available until GNF has actually received them free from any conditions or encumbrances. The Client irrevocably authorizes GNF and its licensed representatives to execute or otherwise give effect to each Instruction for the settlement of the Account or of a Futures or Options Transaction executed on behalf of the Client pursuant to the Agreement, including the deposit or transfer of amounts of the net proceeds to the Client's bank account designated in the Account Opening Form or other bank account(s) designated by the Client or arranging for the cheque(s) for the net proceeds drawn in favor of the Client for personal collection by or delivery to the address specified by the Client, at the Client's risk.
- 4.6 GNF may in its sole discretion determine the priority in the execution of Instructions having due regard to market practice, applicable regulations and fairness to all clients.
- 4.7 If GNF shall not be able to enter into such number of Futures Contracts or Option Contracts as specified in an Instruction, GNF may, without prior notice to the Client, enter into such smaller number of Futures Contracts or Option Contracts as it deems appropriate in the circumstances for the Client. The Client shall be bound by such contracts so entered into.
- 4.8 GNF will not be liable for delays or failure in the transmission of Instructions due to breakdown, collapse, malfunction or interruption of communication facilities or for any other delay or failure beyond the control of GNF.
- 4.9 By reason of physical restraints and/or rapid changes of spot and futures prices or market conditions, GNF may not always be able to execute Instructions in full or at the prices quoted at any specific time or "at best" or "at market" and the Client agrees to be bound by such executions effected in good faith by GNF on behalf of the Client. GNF shall not be liable for any delay or failure to execute any Instruction in full for the reasons contemplated in this clause.
- 4.10 Request to cancel or amend an Instruction is only possible before it has been executed and is subject to acceptance by GNF (such acceptance not to be unreasonably withheld). In the case of full or partial execution of any Instruction before the request for cancellation has been accepted by GNF, the Client agrees to accept full responsibility for the Transactions which are effected by GNF on behalf of the Client in accordance with the Agreement. Instructions are, unless accepted by GNF for cancellation or amendment, good for the trading day on which it was received by GNF and shall lapse if not executed by the end of such trading day unless otherwise agreed by GNF.
- 4.11 It is the responsibility of the Client to check with GNF as to whether any of his Instructions has been executed. Following execution of an Instruction, GNF will send a confirmation of Transaction, periodic statements summarizing the Transactions effected through the Account over the period covered by the relevant periodic statement, and such other receipts or records, in each case in accordance with the applicable laws, regulations and Code of Conduct. However, GNF may not send any periodic statement if there is no Transaction or revenue or expense item in the Account and the Account does not have any outstanding balance or holding of positions or collateral during the relevant period. Save and except for such confirmation of Transaction and periodic statements, GNF shall not be obliged to notify the Client separately as to whether an Instruction has been

executed. The Client agrees to receive any confirmation of Transaction, periodic statement, receipt or record by post or electronic means. The Client further agrees that it is the Client's sole responsibility to ensure that every confirmation of Transaction and periodic statement is received in due time according to the ordinary course of transmission and to immediately enquire with and obtain the same from GNF if not duly received. The Client undertakes to verify the correctness of each confirmation of Transaction within 24 hours and each periodic statement within 7 days from the receipt thereof and to notify GNF within relevant time limit of any discrepancies, omissions or errors alleged by the Client. If GNF does not receive any such notification from the Client within the relevant time limit, GNF's records and details of the confirmation of Transaction or periodic statement shall, in the absence of any manifest errors, be conclusive and binding on the Client without further proof.

- 4.12 The Client hereby agrees that GNF may use voice recording procedures in connection with communications between the Client or any of the Authorized Persons and GNF and any such voice record shall constitute conclusive and binding evidence of the Instructions or conversations so recorded.
- 4.13 GNF may, without prior reference to the Client and subject to any applicable laws, regulations and Code of Conduct, combine for execution the Client's Instructions with the orders of other clients, GNF's own orders, the orders of any Affiliates or any other person related to GNF. Where there are insufficient Futures Contracts or Option Contracts to satisfy the orders so combined, the Transactions shall be allocated in accordance with applicable laws, regulations and Code of Conduct always giving priority to orders of the clients of GNF over those of GNF or its Affiliates or related persons and with due regard to the time sequence in which such orders were received by GNF.
- 4.14 GNF shall upon request provide or procure to provide to the Client product specifications and any prospectus or other offering document in relation to any derivative products which the Client instructs GNF to purchase or sell on the Client's behalf pursuant to the terms of the Agreement.
- 4.15 The Client acknowledges and agrees that, subject to the provisions of the SFO and any applicable laws, regulations and Code of Conduct, GNF may take the opposite position to the Client's Instruction in relation to any Transaction, whether on GNF's own account or for the account of any of its associated company or other clients of GNF, provided that such trade is executed competitively on or through the facilities of HKFE in accordance with the HKFE Rules or the facilities of any other commodities, futures or options exchange in accordance with the rules of such other exchange.
- 4.16 The Client further acknowledges and agrees that GNF may (without the prior consent from the Client) effect Transactions for or on behalf of the Client through the agency of and/or with a counterparty which is related to GNF whether directly or indirectly (or through or with another Client of GNF) even if a conflict of interest may arise. GNF may also (without the prior consent from the Client) effect transactions for or on behalf of the Client in which GNF or its Affiliates has a direct or indirect interest (whether material or not), including but not limited to acting as agent for another party; acting as principal in selling its own property; receiving and retaining commission from other parties to a Transaction and/or from the Client; executing a Transaction with prior knowledge of other related Transactions; being a holder, dealer or market maker in Futures and Options or other investments purchased or sold by the Client, or otherwise participating in or having an interest in the underlying property of Futures and Options. GNF shall take all reasonable steps to ensure the Client receives fair treatment in the event that GNF has any such interest or in the event of an actual or potential conflict arising.
- 4.17 The Client further acknowledges that GNF is bound by the HKFE Rules which permits the HKFE or the Chief Executive (as defined in HKFE Rules) of the HKFE to take steps to limit the positions or require the closing out of contracts on behalf of Client who in its or his opinion is accumulating positions which are or may be detrimental to any particular market or markets established and operated by the HKFE or which are or may be capable of adversely affecting the fair and orderly operation of any such market or markets as the case may be.
- 4.18 Transactions in exchange traded Futures and Options shall be subject to the rules of the relevant markets and exchanges. GNF is required, upon the request of HKFE or SFC, to disclose the name, beneficial identity and such other information concerning the Client as HKFE or SFC may require and the Client agrees to provide such information concerning the Client as GNF may require in order for GNF to comply with this requirement and in the event GNF fails to comply with the disclosure requirement under Rule 606(a) or 613 (a) of the HKFE Rules, the Chief Executive of the HKFE may require the closing out of positions on behalf of the Client or the imposition of a Margin surcharge on the positions of the Client. In respect of Futures or Options Transactions which are executed in markets other than those operated by HKFE, such Transactions will be subject to the rules, regulations, practices and customs of such other markets with the result that the Client may have a markedly different level and type of protection in relation to such Transactions as compared to the level and type of protection afforded by the HKFE Rules.

- 4.19 GNF is not under any duty to disclose to the Client any information which may come to the notice of GNF in the course of its acting in any capacity for any other person.
- 4.20 If GNF solicits the sale of or recommend any Financial Product to the Client, the Financial Product must be reasonably suitable for the Client having regard to the Client's financial situation, investment experience and investment objectives. No other provision of this Agreement or any other document GNF may ask the Client to sign and no statement GNF may ask the Client to make derogates from this clause.

## **5. Single and Continuous Agreement**

- 5.1 The Agreement shall be continuous and shall cover all accounts which the Client may open with GNF from time to time with respect to the subject matter of the Agreement. Unless otherwise agreed, each Futures and Options Transaction shall be governed by the Agreement and the relevant confirmation of Transaction. Each confirmation of Transaction shall be supplemental to and form a part of the Agreement and shall be subject to the terms of the Agreement. At all times, the Agreement and all confirmations shall constitute the single and only agreement between GNF and the Client with respect to the subject matter of the Agreement.

## **6. Margin and Variation Adjustments**

- 6.1 The Client shall deposit and maintain with GNF the Margin within such time as GNF may determine and require before executing any Instruction and shall also pay the Variation Adjustments within such time as GNF may determine and require from time to time. GNF shall be entitled to refuse to execute any Instruction for the Client unless and until the Margin and/or Variation Adjustments required by GNF have been deposited and maintained by the Client. GNF may require more Margin or Variation Adjustments than that prescribed by any exchange, clearing house or broker. Calls for Margin or demands for Variation Adjustments must be satisfied by funds or other assets acceptable to GNF free from any conditions and encumbrances. The Client undertakes not to withdraw any Margin deposited with or Variation Adjustments paid to GNF without the prior consent of GNF.
- 6.2 Upon the request of GNF, the Client shall deposit and maintain such additional Margin within such time as GNF may determine and require from time to time. No previous Margin requirement shall limit the right of GNF to vary the Margin requirement at any later time. Changes in Margin requirement will apply to all existing open Futures Contracts and Option Contracts at the time of, and all new Futures Contracts and Option Contracts effected after, the effective date of such requirement as advised by GNF.
- 6.3 GNF shall be entitled to close out any or all open positions of the Client in such manner and at such price as GNF may determine without further notice to the Client if the Client shall fail to deposit and maintain such Margin and/or Variation Adjustments within such time as may be required by GNF or at the time of making such calls or demands. GNF has no obligation to notify the Client of the Client's failure to maintain the Margin. In addition, GNF may be required to report to the regulators particulars of all open positions in respect of which two successive calls or demands (or such other number of calls or demands as may be required by the regulators from time to time) for Margin or Variation Adjustments are not met within the period required by GNF. GNF may require more Margin or Variation Adjustments than that specified by the HKFE and/ or the Clearing House of the HKFE and may close out open positions in respect of which any margin calls and demands for Variation Adjustments are not met within the period specified by GNF at the time of making such calls or demands. The Client shall be liable for all loss arising out of the closing out of the open positions of the the Client by GNF as aforesaid and shall indemnify GNF for all loss (including legal cost on a full indemnity basis) suffered or incurred by GNF arising out of the failure of the Client to meet Margin calls and/or demands for Variation Adjustments of GNF pursuant to these terms and conditions.
- 6.4 Subject to applicable laws and regulations, the Client hereby authorizes GNF from time to time, without prior notice to the Client and in its absolute discretion, to transfer all or any part of the Margin or any other amounts held for the Client's Account to any account of any exchange, Clearing House or broker to enable GNF to pay any margin or such other sums of money by whatever name called demanded or required by such exchange, Clearing House or broker in connection with Futures or Options Transactions executed by GNF for the Client.
- 6.5 Any interest, dividends or other benefits accrued or to be accrued to or derived or to be derived from the Margin and/or Variation Adjustments shall form part of the Margin except to the extent provided in clause 7.5.
- 6.6 The value of any Margin and the amount of any Variation Adjustments at any time determined by GNF shall, in the absence of any manifest errors, be final, conclusive and binding on the Client.



## **7. Client's Assets**

- 7.1 All monies, securities and other property received by GNF from the Client or from any other person (including any Clearing House) for the account of the Client shall be held by GNF as trustee and segregated from GNF's own assets. These assets so held by GNF shall not form part of the assets of GNF for insolvency or winding up purposes but shall be returned to the Client promptly upon the appointment of a provisional liquidator, liquidator or similar officer over all or any part of GNF's business or assets.
- 7.2 All monies, approved debt securities and/or approved securities (being approved by HKFE as a form of cover for margin) received by GNF from the Client or from any other person (including the Clearing House of HKFE) shall be held by GNF in the manner specified under paragraphs 7 to 12 of Schedule 4 to the Code of Conduct and the Client authorizes GNF to apply any such monies, approved debt securities and/ or approved securities in the manner specified under paragraphs 14 to 15 of Schedule 4 to the Code of Conduct. In particular, GNF may, subject to applicable laws and regulations, apply such monies, approved debt securities and/or approved securities in or towards meeting GNF's obligations to any party insofar as such obligations arise in connection with or incidental to the business of dealing in Futures Contracts and/or Option Contracts transacted on the Client's behalf.
- 7.3 The Client acknowledges and agrees that in respect of any account of GNF maintained with the Clearing House of HKFE, whether or not such account is maintained wholly or partly in respect of the business of dealing in Futures Contracts and/or Option Contracts transacted on behalf of the Client and whether or not monies, approved debt securities and/or approved securities (being approved by HKFE as a form of cover for margin) paid or deposited by the Client has been paid to or deposited with the Clearing House of HKFE, as between GNF and the Clearing House of HKFE, GNF deals as principal and accordingly no such account is impressed with any trust or other equitable interest in favor of the Client and monies, approved debt securities and/ or approved securities paid to or deposited with the Clearing House of HKFE are thereby freed from the trust referred to clause 7.1 above.
- 7.4 The Client acknowledges and agrees that the Clearing House of HKFE may do all things necessary to transfer any open positions held by GNF on behalf of the Client and any money and security standing to the credit of the Client's Account with GNF to another participant of HKFE in the event the rights of GNF as a participant of HKFE are suspended or revoked.
- 7.5 Any interest earned or received on any credit cash balance held by GNF on behalf of the Client shall belong to GNF absolutely; however, GNF may at its full discretion pay part or all of such interest to the Client.

## **8. Exchange Conversion**

- 8.1 In respect of any Transaction on the Account(s) executed in any currency other than the currency that the Client has in the Account(s), any profit or loss arising as a result of exchange rate fluctuation will be entirely for the Account and at the Client's risk, and will accordingly be credited or debited (as the case may be) to the Account at the exchange rate adopted by the relevant bank at the time. The Client is also responsible for any expenses and charges that may be incurred as a result of such foreign exchange.

## **9. Charges and Expenses**

- 9.1 GNF will charge the Client fees and commissions calculated at such rate and on such basis as GNF may from time to time determine and notify to the Client. The Client shall be liable for payment upon demand of any debts whatsoever and howsoever arising on the Account including commission, brokerages, charges, fees, statutory fees, taxes, levies and delivery charges. The Client will also reimburse GNF of all amounts paid or payable by it to any third party (including any exchange and Clearing House) arising out of the Account or any transaction. The Client authorizes GNF to withdraw cash from or liquidate open positions in the Account at such time and in such manner as it deems fit to discharge the amounts due.
- 9.2 All amounts due by the Client to GNF will be charged with interest at such rate(s) to be notified by GNF from time to time.
- 9.3 Every contract executed on the floor of HKFE shall be subject to the charge of an Investor Compensation Fund (as defined under SFO) levy and a levy pursuant to the SFO, the cost of both of which shall be borne by the Client.

## **10. Joint Account**

- 10.1 Where the Client consists of more than one person:
- (a) the liability and obligations of each of them shall be joint and several and references to the Client shall be construed, as the context requires, to any or each of them;
  - (b) GNF shall be entitled to, but shall not be obliged to, act on Instructions or any other requests from any of them;
  - (c) each of them shall be bound though any other Client or any other person intended to be bound is not, for whatever reason, so bound; and
  - (d) any notice, payment or delivery by GNF to either any one the joint Account holders shall be a full and sufficient discharge of GNF's obligations to notify, pay or deliver under this Agreement.
- 10.2 Where the Client consists of more than one person, on the death of any of such persons (being survived by any other such persons), this Agreement shall not be terminated and the interest in the Account of the deceased will thereupon vest in and ensure for the benefit of the survivor(s) provided that any liabilities incurred by the deceased Client shall be enforceable by GNF against such deceased Client's estate. The surviving Client(s) shall give GNF written notice immediately upon any of them becoming aware of any such death.

## **11. Liens, Set-off and Transfer of Funds**

11.1 The Client agrees that in addition to any general lien or similar right to which GNF may be entitled at law, GNF may (subject to applicable laws and regulations), at any time and without prior notice, combine, consolidate, set off or transfer any securities or monies standing to the credit of the Client's Account(s) with GNF and/or its Affiliates of whatever description and in whatever currency and whether held singly or jointly with others towards discharge of all the obligations or liabilities to GNF and/or its Affiliates whether such obligations or liabilities be primary, collateral, several, joint or in other currencies. GNF shall not be concerned whether or not such obligations or liabilities owed to its Affiliates exist, provided that demand has been made on GNF by such Affiliates. Where such combination, consolidation, set-off or transfer requires the conversion of one currency to another, GNF (itself or through its Affiliates) may use the credit balance of any of the Client's Account(s) to purchase the currency of any indebtedness for this purpose and any such purchase may be effected by GNF or its Affiliates at the spot rate of exchange as conclusively determined by GNF to be prevailing in such foreign exchange market as GNF may determine to be relevant on the date of such purchase. Insofar as any of the obligations or liabilities to GNF and/or its Affiliates are contingent or future, the obligation or liability of GNF or its Affiliates to the Client to make payment of any sums standing to the credit of any such accounts after the application of set-off hereunder will to the extent necessary to cover such sums be suspended until the happening of the contingency or future event.

For the purpose of this clause 11, the term "Affiliates" shall mean, in relation to a company, its subsidiaries, any holding companies of that company and any subsidiaries of such holding companies.

- 11.2 GNF may hold as security and subject to a general lien in its favour all or any of the money, Commodities, securities and other property held by GNF or its Affiliates for the account of the Client until the Client has fully paid GNF any amount owed.
- 11.3 GNF may, whenever GNF considers it necessary, in settlement of any liability owed by or on behalf of the Client to GNF or its associated entities or any other person, dispose of any securities or Commodities belonging to the Client or in which the Client has an interest or cancel any open orders for the purchase and sale of any securities or Commodities, with or without notice to the Client and GNF may borrow or buy any securities or Commodities required to make delivery against any sale effected for the Client. Such sale or purchase may be public or private and may be made without advertising or notice to the Client and in such manner as GNF may in its discretion determine, and no demands or notices which GNF makes or gives shall invalidate GNF's rights pursuant to this clause 11.3. At any such sale GNF and/or any of its Affiliates may, subject to applicable laws and regulations, purchase the securities or Commodities free of any right of redemption and the Client agrees that in respect of any such sale GNF and/or any of its Affiliates shall not have any responsibility concerning the manner of sale or timing thereof. The proceeds of such transactions are to be applied to reduce the indebtedness owing by the Client to GNF and/or its Affiliates (if any).
- 11.4 GNF is hereby authorized, subject to applicable laws and regulations, to deposit any of the Client's collateral deposited with it with a recognized Clearing House or another intermediary licensed or registered for dealing in Futures Contracts, as collateral for the discharge and satisfaction of GNF's settlement obligations and liabilities.
- 11.5 Without prejudice to any other rights or remedies available to GNF, the Client authorizes GNF to set off any amount receivable from the Client against any amount payable to the Client where such amounts arise from any Futures or Option Transaction effected by GNF on behalf of the Client pursuant to the Agreement.

11.6 For the purpose of the Agreement, a certificate issued by GNF or any of its Affiliates certifying the amount of any outstanding indebtedness owing by the Client at any time shall, in the absence of manifest errors, be conclusive and binding on the Client.

## **12. Money Laundering**

12.1 The Client acknowledges and agrees that any Transaction in Futures Contracts or Option Contracts and monies flow activities in the Account will be covered by the applicable requirements relating to money laundering as set forth by the Financial Action Task Force of which Hong Kong is a member ("the Money Laundering Requirements"). The Client agrees to comply with the Money Laundering Requirements and GNF shall attempt within its power to meet or comply with the verification and identification procedures necessary.

## **13. Tax Requirements**

13.1 The Client authorizes and agrees to GNF to disclose account and personal information to any local or foreign legal, regulatory, governmental, tax, law enforcement or other authorities, or self-regulatory or industry bodies or associations of financial service providers, including but not limited to any settlement and clearing agencies, all of which may be within or outside Hong Kong and may be existing currently and in the future, where such disclosure is required under:

- (a) applicable laws, binding or applying to GNF within or outside Hong Kong;
- (b) any guidelines or guidance given or issued by any legal, regulatory, governmental, tax, law enforcement or other authorities, or self-regulatory or industry bodies or associations of financial service providers within or outside Hong Kong; and
- (c) any present or future contractual or other commitments with local or foreign legal, regulatory, governmental, tax, law enforcement or other authorities, or self-regulatory or industry bodies or associations of financial service providers that are assumed by or imposed on GNF by reason of its financial, commercial, business or other interests or activities in or related to the jurisdiction of the relevant local or foreign legal, regulatory, governmental, tax, law enforcement or other authorities, or self-regulatory or industry bodies or associations.

13.2 The Client agrees and acknowledges that pursuant to the foregoing, GNF may, without notice or liability, perform, or cause to be performed, withhold any monies, deposit any such monies into a sundry or other account and/or retain such monies pending determination of the applicability of such withholding tax requirements, foreign exchange restrictions or control. GNF shall not be liable for any gross up or any losses that may be incurred by reason of such withholding, retention or deposit.

## **14. Amendment**

14.1 GNF may from time to time in its absolute discretion add, amend, delete or substitute any of the terms and conditions of this Agreement by giving the Client notice of such changes which will become effective from the date specified in such notice.

14.2 The Client acknowledges and agrees that if the Client does not accept any amendments (including the amendments to GNF's commission rates and fees etc.) as notified by GNF from time to time, the Client shall have the right to terminate this Agreement in accordance with the termination clause under this Agreement. The Client further agrees that any amendments shall be deemed to be accepted by the Client, should GNF continue to effectuate any Transaction(s) in the Account without being expressly communicated with the Client's objections to such amendments prior to the Transaction(s).

## **15. Limitation of Liability and Indemnity**

15.1 GNF shall not be liable for any delay or failure to perform their obligations or any losses, damages or costs resulting therefrom so long as they have acted in good faith. Moreover, GNF shall not be held responsible for any consequences resulting whether directly or indirectly from any uncontrollable events including without limitation government restrictions, imposition of emergency procedures, exchange ruling, third party conduct, suspension of trading, breakdown or collapse of communication facilities, war, strike, market conditions, civil order, acts or threatened acts of terrorism, natural disasters, or any other circumstances beyond GNF's control whatsoever.

15.2 The Client further agrees that GNF (including GNF's directors, officers, licensed representatives and employees) shall not be liable in respect of any information rendered, whether such information was given at the Client's request.

15.3 The Client shall fully indemnify GNF (including GNF's directors, officers, licensed representatives and employees) against all claims, actions, liabilities (whether actual or contingent) and proceedings against any one of them and bear any losses, costs, charges or expenses (including legal fees) which any one of them may suffer or incur in connection with their carrying out of obligations or services, or exercise of rights, powers or discretion under this Agreement, including any action taken by GNF to protect or enforce its rights, or its security interest under this Agreement, whether or not as a result of any default or breach of the Client.

## 16. Default

- 16.1 All amounts owing by the Client to GNF together with interest become immediately due and payable without any notice or demand upon any one of the following events of default:
- (a) if, in GNF's opinion, the Client has breached any material term of this Agreement or defaulted in respect of any transaction with or through GNF;
  - (b) if any representation, warranty or undertaking to GNF was then given or hereafter becomes incorrect in any material respect;
  - (c) for compliance with any rules or regulations of any relevant exchange or clearing house;
  - (d) in the event of the Client's death (in the case of joint Account, clause 10.2 of this Agreement shall apply) or being declared incompetent or a petition in bankruptcy is filed by or against the Client or an order is made or resolution passed for the Client's voluntary or compulsory winding up or a meeting is convened to consider a resolution that the Client should be so wound up;
  - (e) any warranty or order of attachment or distress or equivalent order is issued against any of the Client's Accounts with GNF; or
  - (f) when the Client's Account has become Dormant and the balance of which is zero or negative (i.e. in the case that the Client has indebtedness owing to GNF), and upon the occurrence of any of such events (collectively referred to as "**Default**"), GNF shall be entitled in its absolute discretion, without notice or demand and without prejudice to any other rights or remedies available to GNF, forthwith to:
    - (i) sell or realize all or any part of the Client's property held by GNF in such manner and upon such terms as GNF may conclusively decide and satisfy the Client's obligations and indebtedness towards GNF out of the net proceeds (with fees, expenses and costs deducted) thereof;
    - (ii) cancel any outstanding Instructions for the purchase or sale of Futures or Options;
    - (iii) close out any open positions held by GNF on behalf of the Client and make or take delivery of Commodities pursuant to the relevant Futures Contract or Option Contract;
    - (iv) borrow or purchase any Commodity required to be delivered under any open Futures Contract on behalf of the Client;
    - (v) exercise any Option held by GNF on behalf of the Client; and/or
    - (vi) exercise any of its rights under this Agreement.

## 17. Termination

- 17.1 Either party may terminate this Agreement at any time on the giving of not less than seven (7) Business Days' prior written notice to the other. However, GNF may terminate this Agreement forthwith at any time without notice to the Client in the case of Default committed by the Client.
- 17.2 Any termination shall not affect any transaction entered into, or prejudice or affect any right, power, duty and obligation of either party accrued, prior to such termination.
- 17.3 Upon termination of this Agreement, the Client will immediately pay GNF any and all amounts due or owing to it.

## 18. Notices and Communication

- 18.1 Any notice or communication given by GNF to the Client shall be deemed made or given:
- (a) if made by letter, upon delivery to the Client by hand or if sent by prepaid mail, within two (2) days if the Client is in Hong Kong or within five (5) days if the Client is outside Hong Kong; and
  - (b) if made by telex, facsimile, electronic mail or other electronic means, upon transmission of the message to or accessible by the Client.
- 18.2 GNF may also communicate with the Client verbally. The Client is deemed to have received any message left for the Client on the Client's answer machine, voicemail or other similar electronic or mechanical devices at the time it is left for the Client.
- 18.3 Any notice or communications made or given by the Client will be sent at the Client's own risk and will be effective only upon actual receipt by GNF.
- 18.4 Unless otherwise inform GNF in writing, the Client expressly consents to GNF sending any notice, documents or communication to the Client by electronic means.
- 18.5 The Client agrees to check regularly the Client's mailbox, electronic mailbox, facsimile machine and other sources of facilities through which the Client receives communication from GNF. GNF will not be responsible for any losses that arise from the Client's failures, delay or negligence to check such sources or facilities.

- 18.6 The Client understands, for the security and integrity of the Account, that GNF may temporarily or permanently disable or restrict the Account, if and when the mails become undeliverable or are returned as a result of the Client's failure to provide, update and/or notify GNF with most current and accurate Account information.
- 18.7 The Client is responsible for reviewing all acknowledgements, confirmations, contract notes and Account statements in relation to the Client's Transactions and other Account activities information upon first receiving them. All Transactions and other information therein contained will be binding on the Client unless GNF receives the Client's notice of objection in writing within seven (7) days after the Client receives or deemed to have received them. In all cases, GNF reserves the right to determine the validity of the Client's objection to the relevant Transaction or information.

## **19. General Provisions**

- 19.1 All currency exchange risks in respect of any Transactions, settlement actions or steps taken by GNF under this Agreement shall be borne by the Client.
- 19.2 If the Client suffers pecuniary loss by reason of GNF's default, the liability of the Investor Compensation Fund will be restricted to valid claims as provided for in the SFO and the relevant subsidiary legislation and will be subject to the monetary limits specified in the Securities and Futures (Investor Compensation – Compensation Limits) Rules and accordingly there can be no assurance that any pecuniary loss sustained by reason of such a default will necessarily be recouped from the Investor Compensation Fund in full, in part or at all.
- 19.3 Each of GNF and the Client undertakes to notify the other in the event of any material change to the information (as specified in the Code of Conduct) provided in this Agreement.
- 19.4 The terms and conditions of this Agreement shall survive any changes or succession in the Client's business, including the Client's bankruptcy or death and will be binding on the Client's successor(s), personal representative(s) or permitted assign(s).
- 19.5 Time shall be of essence in relation to all matters arising under this Agreement.
- 19.6 Waiver of any right under this Agreement must be in writing signed by the party waiving such right. The rights, powers, remedies and privileges in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law. Any failure or delay in exercising all or part of any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver to preclude any subsequent exercise of that right, power or privilege.
- 19.7 Each of the provisions in this Agreement is several and distinct from the others and if any one or more of such provisions is or becomes invalid or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.
- 19.8 GNF shall have the right to assign, transfer or otherwise dispose of all or any of its rights, interests or obligations in or under this Agreement to its Affiliates as it thinks fit and without having to notify the Client or obtain the Client's consent. The Client shall not assign, transfer or dispose of the Client's rights, interests or obligations in or under this Agreement to any third party without the prior written consent of GNF.

## **20. Risk Disclosure Statements and Disclaimers**

- 20.1 The Client acknowledges that the relevant risk disclosure statements and disclaimers specified in Part 3A hereof form part of this Agreement. If the Client is allowed to use Electronic Trading Services provided by GNF, the Client shall further acknowledge the relevant risk disclosure statements set out in Part 3B hereof.

## **21. Representation, Warranties and Undertakings**

- 21.1 The Client represents that he is of required legal age and mentally fit to enter into this Agreement. If the Client is a corporate client, it has obtained all necessary consents from shareholders and directors and has taken all necessary actions to enable the Client to enter into this Agreement and perform its obligations under this Agreement.
- 21.2 Save as disclosed in the Account Opening Form, the Client represents and warrants to GNF that the Client is not associated with any directors, employees or licensed representatives of GNF or its associated companies and agrees that if the Client is or becomes associated with any of such directors, employees or licensed representatives, the Client shall promptly notify GNF of the existence and nature of such association and acknowledge that GNF may, upon receipt of such notice, at GNF's discretion, choose to terminate the Account. If the Client is a corporate client, the expression "Client" in this clause 21.2 and clause 21.3 below shall include any of the Client's directors, shareholders or Authorized Persons.

- 21.3 The Client represents that, unless the Client has previously disclosed in writing to GNF, the Client is not a director or employee of any exchange, Clearing House or any licensed or registered person under the SFO.
- 21.4 This Agreement and its performance and the obligations contained in this Agreement do not and will not contravene any applicable law and regulations, any provisions of the Client's memorandum and articles of association or by-laws (where applicable), or constitute a breach of default under any agreement or arrangement by which the Client is so bound.
- 21.5 The Client will not charge, pledge or allow to subsist any charge or pledge over the Client's Futures Contracts and Option Contracts or monies or other assets in the Account or grant or purport to grant an option over any Futures Contracts and Option Contracts or monies or other assets in the Account without the prior written consent of GNF.
- 21.6 All representations and warranties appeared in this Agreement shall be deemed to be repeated immediately before each Transaction or dealing is carried out for or any service is provided to the Client or on the Client's behalf.

## **22. Arbitration**

- 22.1 At the sole option of GNF and in its absolute discretion, any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the UNICITRAL arbitration rules as at present in force and as may be amended by the rest of this clause. The appointing authority shall be Hong Kong International Arbitration Centre (HKIAC). The place of arbitration shall be in Hong Kong at HKIAC. There shall be only one arbitrator. Any such arbitration shall be administered by HKIAC in accordance with HKIAC procedures for arbitration in force at the date of this Agreement including such additions to the UNICITRAL arbitration rules as are therein contained. The language to be used in the arbitral proceedings shall be English.

## **Part 2B – Additional Terms and Conditions for Internet Trading Client**

1. In addition to Part 2A of this Agreement, this Part 2B sets out the terms and conditions to which the Client shall be further subject upon the Client opening an internet trading account with GNF in relation to Transactions carried out in connection therewith and the Client shall in this Part 2B be referred to as Internet Trading Client.
2. Internet Trading Client consents to the use of the Electronic Trading Services as a medium of communication with GNF and to transmit information, data and document (for avoidance of doubt, the transmission of document includes but does not limit to sending the contract note, trading confirmation, statement of the Account and other documents in electronic form through any electronic means) to Internet Trading Client.
3. Internet Trading Client accepts the risk of receiving or gaining access to services through and communication and conducting Transactions over the internet or other electronic means or facilities.
4. Internet Trading Client acknowledges that information concerning the use, operation, policy and procedures of the Electronic Trading Services and the Account applicable at all time has been made available to Internet Trading Client on the service website or other applicable wire or wireless facilities, and have read and understood the terms of which may be amended, modified and supplemented from time to time and which shall be binding on Internet Trading Client in respect of Internet Trading Client's use of the Electronic Trading Services and the Account. In the event of inconsistencies between the terms of this Agreement and the information, the terms of this Agreement shall prevail.
5. Internet Trading Client shall not and shall not attempt to tamper with, modify, de-compile, reverse engineer or otherwise alter in any way, or gain unauthorized access to, the Electronic Trading Services.
6. Internet Trading Client shall be the only authorized user of the Electronic Trading Services, and acknowledges that the services may require Internet Trading Client to use various identification and access codes, including a password, account identification number and other user identification to access the service and the Account and that Internet Trading Client shall be responsible for the confidentiality and proper use at all time of Internet Trading Client's password, account identification number, user identification and account number for all Transactions initiated through the Electronic Trading Services.
7. Internet Trading Client agrees to notify GNF immediately of Internet Trading Client's becoming aware of any loss, theft or unauthorized use of Internet Trading Client's password, account identification number, user identification, Account or account number, or any unauthorized use of the Electronic Trading Services or any information or data provided.
8. Internet Trading Client acknowledges that any information and data (including news and real time quotes) provided through the Electronic Trading Services are obtained from any exchanges and markets and from other third party service providers appointed by GNF from time to time. Internet Trading Client further acknowledges and accepts that:
  - (a) such information and data are or may be protected by copyright laws, and are provided for personal noncommercial use only, and Internet Trading Client may not use, reproduce, retransmit, disseminate, sell, distribute, publish, broadcast, circulate or commercially exploit any information or data in any way without the consent of such service providers.
  - (b) such information and data are received by GNF from sources that are believed to be reliable, however neither the accuracy, completeness, timeliness or sequence of any of the information or data can be guaranteed either by GNF or by such services providers.
9. Internet Trading Client acknowledges and agrees that neither GNF nor any of the services providers shall be liable to Internet Trading Client for any reliance by Internet Trading Client on any of the information or data provided through the Electronic Trading Services nor for availability, accuracy, completeness or timeliness of such information or data nor any actions taken or decisions made by Internet Trading Client in reliance of such information or data.
10. GNF is not obliged to execute Internet Trading Client's Instructions until there are sufficient cleared funds or Futures/Option Contracts in Internet Trading Client's Account to settle Internet Trading Client's Transactions.
11. Internet Trading Client acknowledges and agrees that GNF shall not be deemed to have received or executed Internet Trading Client's Instructions unless and until Internet Trading Client has received GNF's message acknowledging receipt or confirming execution of Internet Trading Client's Instructions.
12. Internet Trading Client acknowledges and agrees that if the Electronic Trading Services become temporarily unavailable, Internet Trading Client may during such period continue to operate the Account subject to GNF's right to obtain such information regarding the verification of Internet Trading Client's identity to GNF's satisfaction.
13. Internet Trading Client agrees that GNF shall not be liable for any loss Internet Trading Client may suffer as a result of using or attempting to use the Electronic Trading Services. Internet Trading Client further undertakes to indemnify GNF in full for any loss or damage GNF may suffer as a result of the use of the Electronic Trading Services, save for damages caused by willful default on GNF's part.

## **Part 3A – Risk Disclosure Statements and Disclaimers**

### **Risk of trading Futures and Options**

The risk of loss in trading Futures Contracts or Options is substantial. In some circumstances, the Client may sustain losses in excess of the Client's initial margin funds. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily avoid loss. Market conditions may make it impossible to execute such orders. The Client may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, the Client's position may be liquidated. The Client will remain liable for any resulting deficit in the Client's Account. The Client should therefore study and understand Futures Contracts and Options before trade and carefully consider whether such trading is suitable in the light of the Client's own financial position and investment objectives. If the Client trade Options the Client should inform himself of exercise and expiration procedures and the Client's rights and obligations upon exercise or expiry.

### **Risk of margin trading**

The risk of loss in financing a transaction by deposit of collateral is significant. The Client may sustain losses in excess of the Client's cash and any other assets deposited as collateral with GNF. Market conditions may make it impossible to execute contingent orders, such as "stop-loss" or "stop-limit" orders. The Client may be called upon at short notice to make additional margin deposits or interest payments. If the required margin deposits or interest payments are not made within the prescribed time, the Client's collateral may be liquidated without the Client's consent. Moreover, the Client will remain liable for any resulting deficit in the Client's Account and interest charged on the Client's Account. The Client should therefore carefully consider whether such a financing arrangement is suitable in light of the Client's own financial position and investment objectives.

### **Risks of Client assets received or held outside Hong Kong**

Client's assets received or held by GNF outside Hong Kong are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from the SFO and the rules made thereunder. Consequently, such Client's assets may not enjoy the same protection as that conferred on Client's assets received or held in Hong Kong.

### **Additional risks disclosure to Futures and Options**

This brief statement does not disclose all of the risks and other significant aspects of trading in Futures and Options. In light of the risks, the Client should undertake such Transactions only if the Client understands the nature of the contracts (and contractual relationships) into which the Client is entering and the extent of the Client's exposure to risk. Trading in Futures and Options is not suitable for many members of the public. The Client should carefully consider whether trading is appropriate for the Client in light of the Client's experience, objectives, financial resources and other relevant circumstances.

### **Futures**

#### *Effect of 'Leverage' or 'Gearing'*

Transactions in Futures carry a high degree of risk. The amount of initial margin is small relative to the value of the Futures Contract so that Transactions are 'leveraged' or 'geared'. A relatively small market movement will have a proportionately larger impact on the funds the Client have deposited or will have to deposit: this may work against the Client as well as for the Client. The Client may sustain a total loss of initial margin funds and any additional funds deposited with GNF to maintain the Client's position. If the market moves against the Client's position or margin levels are increased, the Client may be called upon to pay substantial additional funds on short notice to maintain the Client's position. If the Client fails to comply with a request for additional funds within the time prescribed, the Client's position may be liquidated at a loss and the Client will be liable for any resulting deficit.

#### *Risk-reducing orders or strategies*

The placing of certain orders (e.g. "stop-loss" orders, 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. Strategies using combinations of positions, such as 'spread' and 'straddle' positions may be as risky as taking simple 'long' or 'short' positions.

### **Options**

#### *Variable degrees of risk*

Transactions in Options carry a high degree of risk. Purchasers and sellers of Options should familiarize themselves with the type of Options (i.e. put or call) which they contemplate trading and the associated risks. The Client should calculate the extent to which the value of the options must increase for the Client's position to become profitable, taking into account the premium and all transaction costs.



The purchaser of Options may offset 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, the purchaser will acquire a Futures position with associated liabilities for margin (see the section on Futures above). If the purchased Options expire worthless, the Client will suffer a total loss of the Client's investment which will consist of the Option premium plus transaction costs. If the Client is contemplating purchasing deep-out-of-the-money Options, the Client should be aware that the chance of such Options becoming profitable ordinarily is remote.

Selling ('writing' or 'granting') Options generally entails considerably greater risk than purchasing Options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavorably against him. The seller will also be exposed to the risk of the purchaser exercising the Options and the seller will be obligated to either settle the Options in cash or to acquire or deliver the underlying interest. If the Option is on a Futures Contract, the seller will acquire a position in a Futures Contract with associated liabilities for margin (see the section on Futures above). If the Option is 'covered' by the seller holding a corresponding position in the underlying interest or a Futures 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, exposing the purchaser to liability for 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.

### **Risks common to Futures and Options**

#### *Terms and conditions of contracts*

The Client should ask GNF about the terms and conditions of the specific Futures or Options which the Client is trading and associated obligations (e.g. the circumstances under which the Client may become obliged to make or take delivery of the underlying interest of a Futures Contract 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.

#### *Suspension or restriction of trading and pricing relationships*

Market conditions (e.g. illiquidity) and/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 the Client has sold Options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the Futures, and the underlying interest and the Option may not exist. This can occur when, for example, 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.

#### *Deposited cash and property*

The Client should familiarize himself with the protections given to money or other property the Client deposits for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which the Client may recover the Client's money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as the Client's own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

#### *Commission and other charges*

Before the Client begins to trade, the Client should obtain a clear explanation of all commission, fees and other charges for which the Client will be liable. These charges will affect the Client's net profit (if any) or increase the Client's loss.

#### *Transactions in other jurisdictions*

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose the Client to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before trade, the Client should enquire about any rules relevant to the Client's particular transactions. The Client's local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where the Client's transactions have been effected. The Client should ask GNF for details about the types of redress available in both the Client's home jurisdiction and other relevant jurisdictions before the Client starts to trade.

#### *Currency risk*

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

### *Trading facilities*

Electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. The Client's ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the exchange, the clearing house and/or participant firms. Such limits may vary: the Client should ask GNF for details in this respect.

### *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 the Client undertakes transactions on an electronic trading system, the Client will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that the Client's order is either not executed according to the Client's instructions or is not executed at all.

### *Off-exchange transactions*

In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. GNF may be acting as the Client's counterparty to the transaction. It may be difficult or 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 the Client undertakes such transactions, the Client should familiarize himself with applicable rules and attendant risks.

### **Disclaimers**

The following disclaimers are furnished to the Client pursuant to Regulation (020) of the Regulations for Trading Stock Index Futures Contracts and Regulation (024) of the Regulations for Trading Stock Index Options Contracts and the Client is requested to note the contents of the same.

#### *Hang Seng Indices Futures Disclaimer*

HSI Services Limited ("HSI") currently publishes, compiles and computes a number of stock indices and may publish, compile and compute such additional stock indices at the request of Hang Seng Data Services Limited ("HSDS") from time to time (collectively, the "Hang Seng Indices"). The marks, names and processes of compilation and computation of the respective Hang Seng Indices are the exclusive property of and proprietary to HSDS. HSI has granted to Hong Kong Futures Exchange Limited (the "Exchange") by way of licence the use of the Hang Seng Index and the four Sub-indices of the Hang Seng Index, the Hang Seng China-Affiliated Corporations Index and the Hang Seng China Enterprises Index solely for the purposes of and in connection with the creation, marketing and trading of futures contracts based on such indices respectively and may from time to time grant to the Exchange corresponding use of any other Hang Seng Indices for the purposes of and in connection with futures contracts based on such other Hang Seng Indices (collectively, "Futures Contracts"). The process and basis of compilation and computation of any of the Hang Seng Indices and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by HSI without notice and the Exchange may at any time require that trading in and settlement of such of the Futures Contracts as the Exchange may designate be conducted by reference to an alternative index or alternative indices to be calculated. Neither the Exchange nor HSDS nor HSI warrants or represents or guarantees to any participant of the Exchange or any third party the accuracy or completeness of the Hang Seng Indices or any of them and the compilation and computation thereof or any information related thereto and no such warranty or representation or guarantee of any kind whatsoever relating to the Hang Seng Indices or any of them is given or may be implied. Further, no responsibility or liability whatsoever is accepted by the Exchange, HSDS or HSI in respect of the use of the Hang Seng Indices or any of them for the purposes of and in connection with the Futures Contracts or any of them and/or dealings therein, or for any inaccuracies, omissions, mistakes, errors, delays, interruptions, suspension, changes or failures (including but not limited to those resulting from negligence) of HSI in the compilation and computation of the Hang Seng Indices or any of them or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any participant of the Exchange or any third party dealing with the Futures Contracts or any of them. No claims, actions or legal proceedings may be brought by any participant of the Exchange or any third party against the Exchange and/or HSDS and/or HSI in connection with or arising out of matters referred to in this disclaimer. Any participant of the Exchange or any third party deals in the Futures Contracts or any of them in full knowledge of this disclaimer and can place no reliance whatsoever on the Exchange, HSDS and/or HSI.

#### *Hang Seng Indices Options Disclaimer*

HSI Services Limited ("HSI") currently publishes, compiles and computes a number of stock indices and may publish, compile and compute such additional stock indices at the request of Hang Seng Data Services Limited ("HSDS") from time to time (collectively, the "Hang Seng Indices"). The marks, names and processes of compilation and computation of the respective Hang Seng Indices are the exclusive property of and proprietary to HSDS. HSI has granted to Hong Kong Futures Exchange Limited (the "Exchange") by way of licence the use of the Hang Seng Index and the four Sub-indices of

the Hang Seng Index, the Hang Seng China-Affiliated Corporations Index and the Hang Seng China Enterprises Index solely for the purposes of and in connection with the creation, marketing and trading of option contracts based on such indices respectively and may from time to time grant to the Exchange corresponding use of any other Hang Seng Indices for the purposes of and in connection with option contracts based on such other Hang Seng Indices (collectively, "Option Contracts"). The process and basis of compilation and computation of any of the Hang Seng Indices and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by HSI without notice and the Exchange may at any time require that trading in and settlement of such of the Option Contracts as the Exchange may designate be conducted by reference to an alternative index or alternative indices to be calculated. Neither the Exchange nor HSDS nor HSI warrants or represents or guarantees to any participant of the Exchange or any third party the accuracy or completeness of the Hang Seng Indices or any of them and the compilation and computation thereof or any information related thereto and no such warranty or representation or guarantee of any kind whatsoever relating to the Hang Seng Indices or any of them is given or may be implied. Further, no responsibility or liability whatsoever is accepted by the Exchange, HSDS or HSI in respect of the use of the Hang Seng Indices or any of them for the purposes of and in connection with the Option Contracts or any of them and/or dealings therein, or for any inaccuracies, omissions, mistakes, errors, delays, interruptions, suspension, changes or failures (including but not limited to those resulting from negligence) of HSI in the compilation and computation of the Hang Seng Indices or any of them or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any participant of the Exchange or any third party dealing with the Option Contracts or any of them. No claims, actions or legal proceedings may be brought by any participant of the Exchange or any third party against the Exchange and/or HSDS and/or HSI in connection with or arising out of matters referred to in this disclaimer. Any participant of the Exchange or any third party deals in the Option Contracts or any of them in full knowledge of this disclaimer and can place no reliance whatsoever on the Exchange, HSDS and/or HS.

#### *HK Exchange Disclaimer*

Stock indices and other proprietary products upon which contracts traded on Hong Kong Futures Exchange Limited (the "Exchange") may be based may from time to time be developed by the Exchange. The HKFE Taiwan Index is the first of such stock indices developed by the Exchange. The HKFE Taiwan Index and such other indices or proprietary products as may from time to time be developed by the Exchange (the "Exchange Indices" are the property of the Exchange. The process of compilation and computation of each of the Exchange Indices is and will be the exclusive property of and proprietary to the Exchange. The process and basis of compilation and computation of the Exchange Indices may at any time be changed or altered by the Exchange without notice and the Exchange may at any time require that trading in and settlement of such futures or options contracts based on any of the Exchange Indices as the Exchange may designate be conducted by reference to an alternative index to be calculated. The Exchange does not warrant or represent or guarantee to any participant of the Exchange or any third party the accuracy or completeness of any of the Exchange Indices or their compilation and computation or any information related thereto and no such warranty or representation or guarantee of any kind whatsoever relating to any of the Exchange Indices is given or may be implied. Further, no responsibility or liability whatsoever is accepted by the Exchange in respect of the use of any of the Exchange Indices or for any inaccuracies, omissions, mistakes, errors, delays, interruptions, suspensions, changes or failures (including but not limited to those resulting from negligence) of the Exchange or any other person or persons appointed by the Exchange to compile and compute any of the Exchange Indices in the compilation and computation of any of the Exchange Indices or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any participant of the Exchange or any third party dealing with futures or options contracts based on any of the Exchange Indices. No claims, actions or legal proceedings may be brought by any participant of the Exchange or any third party against the Exchange in connection with or arising out of matters referred to in this disclaimer. Any participant of the Exchange or any third party engages in transactions in futures and options contracts based on any of the Exchange Indices in full knowledge of this disclaimer and can place no reliance on the Exchange in respect of such transactions.

### **Part 3B – Additional Risk Disclosure Statements for Internet Trading Client**

In addition to Part 3A, the Internet Trading Client should be aware of the following potential risks in connection with the use of Electronic Trading Services.

#### **Risk of electronic trading services**

The access, communication and conducting transactions over the internet or other electronic means or facilities involve the use of public networks and represent an attractive target for attacks by intruders. Should intruders infiltrate the electronic trading system of GNF and obtain sensitive data and information or create bugs or virus which sabotages its function, the electronic trading system (including the Client's Account) may be damaged. While various steps and procedures (e.g. the use of login password, cryptography, firewall) have been taken and/or implemented by GNF to protect unauthorized access to electronic trading system and the Client's Account, there can be no assurance that such steps and procedures can prevent or respond to all forms of attacks in a timely or effective manner.

Internet or any other electronic means are, due to unpredictable traffic congestion and other reasons, an inherently unreliable medium of communication and that such unreliability is beyond the control of GNF. As a result of such unreliability, there may be delays in the transmission and receipt of instructions or other information (e.g. canceling or changing the Client's original instructions), delays in execution or execution of the Client's instructions at prices different from those prevailing at the time the Client's instructions were given, transmission interruption or breakdown and/or for some reason GNF may not be able to act on the Client's instructions at all. If the Client subsequently gives instructions canceling or changing the Client's original instructions, GNF will not accept them if it has already acted on the Client's original instruction or there is insufficient time to act on the Client's subsequent instruction. The Client should therefore give instructions in good time before the closes of the market.

Information and data provided through the Electronic Trading Services has been obtained from any exchanges and markets and from other third party service providers. Owing to market volatility, possible delay in data transmission process and other reasons, the information and data may not be accurate, complete, timely and in correct sequence. Thus any reliance on such information and data may lead to incorrect investment decisions and/or other actions.

#### **Part 4 — Personal Information Collection Statement**

This statement is given pursuant to the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) ("Ordinance") in relation to the supply of Client's personal data to GNF for the opening or maintaining of the Account for futures and options trading and related services with GNF.

##### **1. Purposes of Collection**

The personal data provided by Client to GNF and in any documentation which comes into existence as a result of Client's opening or maintaining of the Account with GNF, will be used by GNF for the following purposes:-

- (a) activities relating to processing Client's application to open and maintain the Account, including but not limited to conducting credit reporting through credit report agencies both in Hong Kong and overseas, or processing of Client's application for grant of credit or margin facilities by GNF or maintaining and review of such credit or margin facilities (if applicable);
- (b) activities relating to purchasing, selling, investing, exchanging, acquiring, holding, disposing of and generally dealing in and with all kinds of futures and options on behalf of Client;
- (c) maintenance of particulars and data in compliance with the statutes and subsidiary legislation which are enacted and effective in Hong Kong relating to futures and options business and transactions and also in compliance with the codes of SFC, the rules and regulations of the Exchange and the Clearing House.

##### **2. The Obligation to provide personal data**

- 2.1 It is obligatory for Client to supply the personal data as required by GNF. If Client fails to supply the required personal data, GNF may refuse to open or maintain the Account or may refuse to provide services to Client.
- 2.2 When providing any personal data to GNF, please ensure that the data is accurate having regard to Client's obligations under the Ordinance.

##### **3. Disclosure of Information**

- 3.1 GNF may, as it deems necessary, disclose to its agents or nominees, associates, individuals or corporations dealing with securities, futures and options clearing and GNF's auditors such information as it requires to operate Client's Account or execute Client's orders relating to the activities described in 1(b) above.
- 3.2 In compliance with any statute and subsidiary legislation which are enacted and effective in Hong Kong relating to futures & options business and transactions and also in compliance with the codes of SFC, the rules and regulations of the Exchange and the Clearing House, the personal data provided by client may be disclosed to the Exchange and the Clearing House, SFC and any financial regulator as defined in the Ordinance, government bodies, other regulatory authorities, individuals or corporations who have the right to such data and information as prescribed by law.

##### **4. Access to Personal Data**

In accordance with the terms of the Ordinance, Client may request access to the personal data supplied by Client and may request GNF to correct any inaccurate data. GNF shall be entitled to charge a reasonable fee for processing of any data access request.

##### **5. Direct Marketing**

With Client's consent, GNF may use any of the personal information it holds about the Client for direct marketing purposes in relation to futures and options trading and related services.

If the Client does not consent to GNF using personal information for the above purposes, please tick the relevant "opt-out" box on GNF's Account Opening Form, and GNF will not do so. The Client may also subsequently withdraw consent by writing to Data Protection Officer. If the Client exercises the right to opt-out of the use of personal information for the above purposes, it will mean that GNF will not be able to send the Client any market commentary, direct marketing, targeted or special offers in the future.

##### **6. Enquiries**

Enquiries concerning the personal data provided by Client to GNF, including the request for access and corrections, should be addressed to:-

Data Protection Officer  
G/F-3/F Cosco Tower, Grand Millennium Plaza, 183 Queen's Road Central, Hong Kong