InteractiveBrokers

HONG KONG RISK DISCLOSURE STATEMENT

SELF-DIRECTED TRADING PLATFORM; NO GENERAL MONITORING OF CLIENT TRADING ACTIVITY

Interactive Brokers Hong Kong Limited ("IBHK") provides accounts through which clients may access IBHK's electronic trading platform for self-directed trading in Securities, futures, options, foreign exchange, and other financial products. IBHK is an execution-only broker. IBHK does not provide investment advice, portfolio management, or discretionary trading services. IBHK interacts with your account through the credentials associated with it - not with any particular individual - and is not in a position to distinguish between trades placed by you and trades placed by an unauthorised third party who has obtained access to your credentials and account. All instructions received through your account using your account credentials are treated as your instructions in accordance with the Client Agreement.

1. **IBHK does not monitor your trading**

   IBHK does not monitor trading activity in your account for, and has no duty to alert you to, changes in trading patterns, strategy, frequency, profitability, losses, the types of products traded, generally, or in the way a full-service or advisory broker may.

   IBHK does not verify whether any particular trade was personally placed by you or by another person using your account credentials and authentication measures, and IBHK's point-of-sale obligations (where applicable) do not extend to confirming the identity of the person submitting the order.

   This does not affect IBHK's obligations under applicable law - including obligations relating to anti-money laundering, counter-terrorist financing, market surveillance, and market misconduct under the Securities and Futures Ordinance (Cap. 571) ("SFO").

2. **You are responsible for your own trading**

   IBHK treats every order submitted via your account as your own decision (whether such originates from a user accessing the account using the appropriate credentials or any other authorised users of your account, such as a financial adviser), based on your own assessment of your financial situation,

needs, and objectives. IBHK is not in a position to, and does not, evaluate whether trading in your account is consistent with your stated goals in any specific circumstance or consistent with past trading behaviour. Subject to IBHK's pre-point-of-sale obligations under Section 4, you are solely responsible for monitoring your account, positions, margin requirements, and the ongoing suitability of your trading.

3. **Margin and liquidation and security notifications are not monitoring**

   IBHK's margin and liquidation practices protect IBHK and the broader market. They are risk-control mechanisms, not a service to monitor the suitability or profitability of trading in your account.

   Similarly, security notifications (such as new device or location alerts) are provided for your information and action; they do not create an obligation on IBHK to intervene in, halt, or reverse any trading activity conducted using valid credentials.

4. **Suitability checks apply only at point of sale**

   For certain products - including complex products and derivative products under the SFC's Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "Code", as amended from time to time) - IBHK may be required to provide a warning statement or assess suitability before a trade occurs in respect of your account. Where IBHK does so, that obligation applies only prior to execution of the relevant transaction and does not, subject to Section 6 below, create any obligation on IBHK to monitor your account or trading activity generally.

5. **All transactions are treated as unsolicited**

   All transactions in your account are treated as unsolicited and self-directed. General market commentary, research, or educational content that IBHK makes available is not a recommendation or solicitation and does not give rise to any suitability or monitoring obligation.

6. **Regulatory obligations are not affected**

   Nothing in this section excludes or limits any duty IBHK owes you under the SFO, the Code, or any other applicable law, to the extent that duty cannot be excluded or limited as a matter of law. Any provision that would otherwise have that effect is to be read down to the extent permitted by law, without affecting the remaining provisions.

A. **RISK OF SECURITIES TRADING**

The prices of securities fluctuate, sometimes dramatically. The price of a security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities.

The Securities and Futures Commission (SFC), the Stock Exchange of Hong Kong (SEHK) and IBHK have the right through the consent given in the IBHK Client Agreement to collect, store, process, use, disclose and transfer personal data relating to IBHK clients who trade securities listed or traded on the SEHK. IBHK clients who do not wish to give consent should not request for the relevant trading permission to trade Hong Kong securities. IBHK clients who wish to withdraw their consent should request for their relevant Hong Kong trading permission to be removed. For avoidance of doubt, this paragraph does not apply to non-IBHK clients.

B. **RISK OF TRADING IN GROWTH ENTERPRISE MARKET STOCKS**

- Growth Enterprise Market (GEM) stocks involve a high investment risk. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. GEM stocks may be very volatile and illiquid.
- You should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.
- Current information on GEM stocks may only be found on the internet website operated by The Stock Exchange of Hong Kong Limited. GEM Companies are usually not required to issue paid announcements in gazetted newspapers.
- You should seek independent professional advice if you are uncertain of or have not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of GEM stocks.

C. **RISK OF PROVIDING AN AUTHORITY TO REPLEDGE YOUR SECURITIES COLLATERAL ETC.**

- There is risk if you provide the licensed or registered person with an authority that allows it to apply your securities or securities collateral pursuant to a securities borrowing and lending agreement, repledge your securities collateral for financial accommodation or deposit your securities collateral as collateral for the discharge and satisfaction of its settlement obligations and liabilities.
- If your securities or securities collateral are received or held by the licensed or registered person in Hong Kong, the above arrangement is

allowed only if you consent in writing. Moreover, unless you are a professional investor, your authority must specify the period for which it is current and be limited to not more than 12 months. If you are a professional investor, these restrictions do not apply.

- Additionally, your authority may be deemed to be renewed (i.e. without your written consent) if the licensed or registered person issues you a reminder at least 14 days prior to the expiry of the authority, and you do not object to such deemed renewal before the expiry date of your then existing authority.
- You are not required by any law to sign these authorities. But an authority may be required by licensed or registered persons, for example, to facilitate margin lending to you or to allow your securities or securities collateral to be lent to or deposited as collateral with third parties. The licensed or registered person should explain to you the purposes for which one of these authorities is to be used.
- If you sign one of these authorities and your securities or securities collateral are lent to or deposited with third parties, those third parties will have a lien or charge on your securities or securities collateral. Although the licensed or registered person is responsible to you for securities or securities collateral lent or deposited under your authority, a default by it could result in the loss of your securities or securities collateral.
- A cash account not involving securities borrowing and lending is available from most licensed or registered persons. If you do not require margin facilities or do not wish your securities or securities collateral to be lent or pledged, do not sign the above authorities and ask to open this type of cash account.

D. RISK OF TRADING NASDAQ-AMEX SECURITIES AT THE STOCK EXCHANGE OF HONG KONG LIMITED

The securities under the Nasdaq-Amex Pilot Program ("PP") are aimed at sophisticated investors. You should consult the licensed or registered person and become familiarized with the PP before trading in the PP securities. You should be aware that the PP securities are not regulated as a primary or secondary listing on the Main Board or the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.

E. RISK OF FUTURES AND OPTIONS TRADING

The risk of loss in trading futures contracts or options is substantial. In some circumstances, you may sustain losses in excess of your 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. You may be called upon at short notice to deposit additional margin funds. Your position maybe liquidated in order to satisfy margin requirements without prior notice. You will remain liable for any resulting deficit in your account.

You should therefore study and understand futures contracts and options before you trade and carefully consider whether such trading is suitable in the light of your own financial position and investment objectives. If you trade options you should inform yourself of exercise and expiration procedures and your rights and obligations upon exercise or expiry.

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, 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 risk. Trading in futures and options is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

Futures

1. 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 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 initial margin funds and any additional funds deposited with the firm with which you deal 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 to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss and you will be liable for any resulting deficit

2. 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

3. 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 option (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 must increase for your 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, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-out-of-the- money options, you 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 unfavourably against him. The seller will also be exposed to the risk of the purchaser exercising the option 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.

Event/Forecast Contracts

Event contracts are highly risky due to the speculative and volatile markets for these contracts. The value of event contracts is determined by the probability of a given event occurring (or not occurring), and the outcome of such event may not be directly tied to the financial markets (e.g., consumer sentiment and climate indicators). Once such event occurs (or doesn't occur), the payout is all-or-nothing, which means the market may move quickly against your position and/or the position may expire worthless.

ForecastEx contracts are only offered by ForecastEx LLC, which is an exchange and clearinghouse designated by the U.S. Commodities Futures Trading Commission. As a participating exchange member of ForecastEx LLC, Interactive Brokers LLC acts as the execution and clearing broker for IBHK.

Although ForecastEx LLC operates separately, it shares common ownership with IBHK and Interactive Brokers LLC through a shared holding company, IBG LLC.

Because we (IBHK) have close links to ForecastEx LLC, we are NOT an independent intermediary. Please refer to our website for details of any commissions, if applicable.

Additional Risks Common to Futures and Options

4. Terms and conditions of contracts

You should ask the firm with which you deal about the terms and conditions of the specific futures or options which you are trading and associated obligations (e.g. the circumstances under which you 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.

5. 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 you have sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the future, 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.

6. Deposited cash and property

You should familiarize yourself with the protections given to money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm 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.

7. Commission and other charges

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

8. Currency risks

The profit or loss in transactions in foreign currency-denominated contracts (whether they are traded in your 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.

9. 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. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or participant firms. Such limits may vary: you should ask the firm with which you deal for details in this respect.

10. 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 result of any system failure may be that your order is either not executed according to your instructions or is not executed at all.

11. Off-exchange transactions

In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off- exchange transactions. The firm with which you deal may be acting as your 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 you undertake such transactions, you should familiarize yourself with applicable rules and attendant risks.

F. DISCLOSURE REGARDING HONG KONG OPTIONS

Hong Kong options are treated as normal premium options in that IBHK will not post changes in variation margin (profits or losses) for such options. The profit or

loss will be determined at the time a position is closed and will be the difference between the opening and closing transaction prices. You should note that the end profit or loss calculation result remains identical. It is important to note that positions resulting from strategies with combined futures and options legs may require additional collateral to maintain. This is because commodity accounts must maintain a positive cash balance and adverse market movements may cause the futures portion of the strategy to generate negative cash which will not be offset by options price changes.

G. RISK OF TRADING IN LEVERAGED FOREIGN EXCHANGE CONTRACTS

The risk of loss in leveraged foreign exchange trading can be substantial. You may sustain losses in excess of your initial margin funds. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily limit losses to the intended amounts. Market conditions may make it impossible to execute such orders. You may be called upon at short notice to deposit additional margin funds. Your position may be liquidated in order to satisfy margin requirements without prior notice. You will remain liable for any resulting deficit in your account. You should therefore carefully consider whether such trading is suitable in light of your own financial position and investment objectives.

IBHK only offers Spot Foreign Exchange ("FX") contracts which use spot exchange rates. IBHK is quoting the rate at which it will exchange currencies with you on the settlement date, which is typically 2 business days after the trade date. You are required to have sufficient equity in your account to enter into a Spot FX contract.

You will not be able to execute a transaction, if doing so it would cause your account to go into deficit or cause a margin deficiency. If your account goes into margin deficit, then IBHK may, at its sole discretion but is not obligated to, liquidate all or part of the assets held in your account, or otherwise close your open positions to eliminate the deficiency. You are responsible to all losses resulting from closing out your positions that will be debited to your account and you may be required to provide additional funds to IBHK to cover any shortfall.

IBHK acts as riskless principal on FX contracts and earns a commission on such FX contracts. IBHK may effectuate the transaction by entering into an offsetting transaction with one of the IBHK affiliates, with another customer that enters quotes into IBHK's system, or with a third-party bank ("FX Providers"). The FX Provider may make a market or otherwise buy or sell instruments similar or related to the contracts entered into by you.

Prices quoted on IBHK's system reflect changing market conditions and can change rapidly. As such, when your order is received and processed by the IBHK system, the quote may be different from the quote displayed at the time when the order was sent by you. This change in price is commonly referred to as

"slippage". If the requested price is no longer available, IBHK will not execute the order but will place it in limit order book in accordance with your time-in-force instructions. IBHK may execute the order if it becomes marketable based on prices received from IBHK's FX Providers. If the current price of a Spot FX contract is more favourable, the order will generally be executed at the available better price.

You are reminded to observe the features and operation of different order types that IBHK provides on our website.

Other Risks associated with trading in Spot FX with IBHK:

- FX Markets can be volatile and are subject to a host of factors, including economic conditions, government regulations, legislation, market sentiment, local and international political events, environmental and technological issues.
- Exchange rates between foreign currencies can change rapidly due to a wide range of economic, political and other conditions, exposing you to risk of exchange rate losses in addition to the inherent risk of loss from trading the underlying financial product.
- Spot FX is an OTC product, so it may involve greater risk than investing in exchange traded products because there is no exchange market on which to close out an open position. IBHK acts as the counterparty to your transaction and you may be subject to IBHK's credit risk.

Spot FX can be traded on margin if you have a margin account with IBHK. It is your responsibility to actively monitor and manage your open positions and ensure that you are aware of any changes in margin obligations and we recommend that you monitor your positions continuously. This means that sufficient cleared funds must be on deposit in your account to enable you to meet margin requirements immediately as and when they fall due.

H. RISKS OF TRADING EXCHANGE TRADED DERIVATIVE PRODUCTS

1. Issuer default risk

In the event that an exchange traded derivative product issuer becomes insolvent and defaults on their listed securities, investors will be considered as unsecured creditors and will have no preferential claims to any assets held by the issuer. Investors should therefore pay close attention to the financial strength and credit worthiness of exchange traded derivative product issuers.

2. Uncollateralised product risk

Uncollateralised exchange traded derivative products are not asset backed. In the event of issuer bankruptcy, investors can lose their entire investment.

Investors should read the listing documents to determine if a product is uncollateralised.

3. Gearing risk

Exchange traded derivative products such as derivative warrants and callable bull/bear contracts (CBBCs) are leveraged and can change in value rapidly according to the gearing ratio relative to the underlying assets. Investors should be aware that the value of an exchange traded product may fall to zero resulting in a total loss of the initial investment.

4. Expiry considerations

Most of the exchange traded derivatives products have an expiry date after which the issue may become worthless. Investors should be aware of the expiry time horizon and choose a product with an appropriate lifespan for their trading strategy.

5. Extraordinary price movements

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

6. Foreign exchange risk

Investors trading exchange traded derivative products with underlying assets not denominated in Hong Kong dollars are also exposed to exchange rate risk. Currency rate fluctuations can adversely affect the underlying asset value, also affecting the exchange traded product price.

7. Liquidity risk

The Exchange requires all exchange traded product issuers to appoint a liquidity provider for each individual issue. The role of liquidity providers is to provide two way quotes to facilitate trading of their products. In the event that a liquidity provider defaults or ceases to fulfill its role, investors may not be able to buy or sell the product until a new liquidity provider has been assigned.

For foreign exchanges, often the issuer is the only market maker and is not under any obligation to provide liquidity in all circumstances, even when the product is traded on an exchange. Even when a market is provided you might not be able to obtain an appropriate price for the product when you sell it. It might also be difficult or impossible to determine a fair price or even compare prices at all.

8. Regulatory and taxation change risks

Changes in taxation and other laws, government, fiscal, monetary and regulatory policies may have an adverse impact on the value of exchange traded derivative products, including the taxes you pay and the total return you receive.

9. Risks of Trading Derivative Warrants

Trading derivative warrants is highly risky due to the speculative and volatile markets in these products, the complexity of how they are structured, and the leverage (margin) involved in many of them. The leverage may vary during the life of the product and can in certain circumstances become extremely high. Products with barrier features (e.g., knock-outs (turbo and bonus certificates) or stop-loss products) may become instantly worthless.

Derivative warrants are an instrument that gives an investor the right to "buy" or "sell" an underlying asset at a pre-set price prior to a specified expiry date. At expiry, settlement is usually made in cash rather than a purchase or sale of the underlying asset.

Derivative warrants can be issued over a range of assets, including stocks, stock indices, currencies, commodities, or a basket of securities. They are generally divided into two types: calls and puts. Holders of call warrants have the right, but not obligation, to purchase from the issuer a given amount of the underlying asset at a predetermined price (also known as the exercise price) within a certain time period. Conversely, holders of put warrants have the right, but not obligation, to sell to the issuer a given amount of the underlying asset at a predetermined price within a certain time period.

- The value of a derivative warrant will decay over time as it approaches its expiry date. Derivative warrants should therefore not be viewed as long term investments.
- Prices of derivative warrants can increase or decrease in line with the implied volatility of underlying asset price. Investors should be aware of the underlying asset volatility.
- IBHK may or may not facilitate the early exercise of derivative warrants, even when the terms of the product specifically allow for it.

10. Risks of Trading Callable Bull/Bear Contacts ('CBBCs')

CBBCs are a type of exchange traded derivative product that tracks the performance of an underlying asset without requiring investors to pay the full price required to own the actual asset. They are issued either as Bull or Bear contracts with a fixed expiry date, allowing investors to take bullish or bearish positions on the underlying asset. CBBC are issued by a third party, usually an investment bank, independent of HKEX and of the underlying asset.

CBBC are issued with the condition that during their lifespan they will be called by the issuers when the price of the underlying asset reaches a level (known as the "Call Price") specified in the listing document. If the Call Price is reached before expiry, the CBBC will expire early and the trading of that CBBC will be terminated immediately. The specified expiry date from the listing document will no longer be valid.

- Investors trading CBBCs should be aware of their intraday "knockout" or mandatory call feature. A CBBC will cease trading when the underlying asset value equals the mandatory call price/level as stated in the listing documents. Investors will only be entitled to the residual value of the terminated CBBC as calculated by the product issuer in accordance with the listing documents. Investors should also note that the residual value can be zero.
- The issue price of a CBBC includes funding costs. Funding costs are gradually reduced over time as the CBBC moves towards expiry. The longer the duration of the CBBC, the higher the total funding costs. In the event that a CBBC is called, investors will lose the funding costs for the entire lifespan of the CBBC. The formula for calculating the funding costs are stated in the listing documents.

I. RISKS OF TRADING EXCHANGE TRADED FUNDS (ETF)

Exchange Traded Funds (ETFs) are passively-managed and open-ended funds, which are traded on the securities market of Hong Kong Exchanges and Clearing Limited (HKEx). All listed ETFs are authorised by the SFC as collective investment schemes. ETFs can be broadly grouped into two types: Physical ETFs (ie traditional or in-specie ETFs) and Synthetic ETFs. Many of these ETFs directly buy all the assets needed to replicate the composition and weighting of their benchmark (eg constituents of a stock index). Some physical ETFs with underlying equity-based indices may also invest partially in futures and options contracts. Synthetic ETFs do not buy the assets in their benchmark. Instead, they typically invest in financial derivative instruments to replicate the benchmark's performance. Investors should read the ETF prospectus carefully to ensure they understand how the fund operates.

1. Counterparty risk

Synthetic ETFs are subject to counterparty risk associated with the derivatives issuers and may suffer losses if the derivatives issuers default or fail to honour their contractual commitments. Further, potential contagion and concentration risks of the derivative issuers should be taken into account (eg since derivative issuers are predominantly international financial institutions, the failure of one derivative counterparty of a synthetic ETF may have a "knock-on" effect on the other derivative counterparties of the synthetic ETF). Although synthetic ETFs are fully collateralised from their counterparties, this may not completely remove

the counterparty risk. For instance, when the right against the collateral is exercised, the market value of the collateral could be substantially less than the amount secured, resulting in significant losses to the ETF.

2. Market risk

ETFs are exposed to the economic, political, currency, legal and other risks of a specific sector or market related to the index that it is tracking. ETF managers do not have the discretion to take defensive positions in declining markets. Investors must be prepared to bear the risk of loss and volatility associated with the underlying benchmarks.

3. Tracking error risk

Tracking error is the difference between the performance of an ETF and its underlying benchmark. Tracking error can arise due to factors such as the impact of the Total Expense Ratio (TER), changes in the composition of the underlying benchmark and type of ETF (physical vs synthetic). The TER of an ETF may include management fee and other fees and costs (eg transaction costs, stamp duties, costs for preparing financial reports and other prescribed documentation, legal and auditing fees, insurance costs, fees for custody services, etc) - there is no universal definition. An ETF's estimated TER is stated in the prospectus. The estimated TER of an ETF does not necessarily represent the fund's tracking error because the fund's NAV may be affected by other factors, i.e. dividends and other income from the portfolio, and in the case of a synthetic ETF, the indirect costs borne by the fund may only be reflected in the market value of the derivatives it holds.

4. Risk in trading at discount or premium

The market price of an ETF may be at a discount or premium to its NAV. This price discrepancy is caused by supply and demand factors and may be more likely to emerge during periods of high market volatility and uncertainty. This phenomenon may also be observed in ETFs tracking specific markets or sectors that are subject to direct investment restrictions. As a result, investors who buy at a premium may suffer losses even if the NAV is higher when they sell and they may not fully recover their investment in the event of termination of the ETF.

5. Liquidity risk

Although ETFs usually have one or more market makers (known as Securities Market Makers, or SMMs) to help provide liquidity, there is no assurance that active trading will be maintained at all times. In the event that the SMMs are unable to fulfil their obligations, investors may not be able to buy or sell the ETF through the trading system or may find the market price of the ETF is at a discount or premium to its NAV.

J. RISKS OF TRADING LEVERAGED AND INVERSE PRODUCTS (L&I PRODUCTS)

L&I Products offer a new world of opportunities for active investors who want to pursue short- term market views. L&I Products, structured as Exchange Traded Funds (ETFs), seek to achieve short term investment results that correspond to the daily magnified or daily inverse performance of their underlying benchmarks on a daily basis.

Like ETFs, the risk of L&I Products can include counterparty risk, market risk, tracking errors, trading at discount or premium, and liquidity risk. In addition, investors should understand how the performance of L&I Products is likely to be affected when they are held for more than one trading day.

K. RISK OF TRADING OUTSIDE THE HONG KONG MARKET

(I) Transactions on markets or exchanges in other jurisdictions, including markets formally linked to the domestic Hong Kong markets, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection compared to that offered in Hong Kong.

Before you trade, you should enquire about any rules relevant to your particular transactions. The Hong Kong SFC will be unable to compel the enforcement of domestic Hong Kong rules in markets in other jurisdictions where your transactions have been effected.

You should only consider trading outside the Hong Kong market if you fully understand the nature of the relevant foreign market and the extent of your exposure to risks. You should carefully consider whether such trading is appropriate for you in light of your experience, risk profile, and other relevant circumstances and seek independent professional advice when you are in doubt. You should ensure you familiarize yourself with and understand the relevant rules for trading in the overseas markets including if there are any rules regarding shareholding restrictions and any disclosure obligations related to positions you hold.

If you wish to transact in markets and exchanges outside of Hong Kong, you acknowledge that IBHK arranges for the execution of orders on these exchanges and market centers by participants in the local market or on the relevant exchange and that transaction(s) will be cleared by such entity or their nominated clearing agents. Such entities may or may not be affiliates of IBHK.

You must recognize that such transactions, and the entities which execute orders and clear such transactions and the markets on which such transactions are

executed will be subject to the applicable local laws, rules and regulations of that overseas jurisdiction and not subject to the regulation of the Hong Kong SFC. Consequently, such local laws, rules and regulation will be different to those prevailing in Hong Kong and you may not enjoy the same protections as that conferred if you were transacting in Hong Kong.

Where IBHK arranges for the execution and clearing of a transaction, and custody of any resulting position, on an overseas market by a third party (including an affiliate), IBHK and you in turn also are exposed to the risks of dealing with such entities including for example but without limitation, credit risk (risk of failure or default), fraud (for example the risk of theft, embezzlement), information security (for example hacking risk) and operational risk (e.g. the failure of such entities' processes or procedures or technology), amongst others.

If an overseas entity who provides such services to IBHK were to default or become insolvent, positions (including securities or positions in futures or derivatives) and funds held with such entity would also be subject to the insolvency or bankruptcy laws and rules, including if applicable any investor protection schemes, of that overseas jurisdiction and not those applying in Hong Kong. Bankruptcy and insolvency laws are complex, and the extent of recovery of positions or funds would depend on the facts and circumstances of the default or insolvency. Depending on the value of positions and the sufficiency of assets held by an overseas executing or clearing participant (as the case may be), the entities' other liabilities, any investor protection regimes that may be applicable, you may only recover less or substantially less than the value of the positions or funds held with such entity, or in a worst case scenario, you may loss all funds or the value of any positions with such entity.

All transactions executed in pursuance of your instructions on an oversea market will be subject to a transaction levy and any other costs that the relevant exchange may impose from time to time. IBHK is authorized to collect such levies and costs in accordance with the rules prescribed by the relevant affiliate or exchange.

IBHK will determine the amounts required to meet your obligations (including without limitation for settlement, premium payments, initial or maintenance margins required by either of the relevant exchange or the market participant, and amounts to which you may be entitled (in relevant foreign currencies). You should closely monitor your positions, as in some unforeseeable market conditions we may be unable to contact you and forced liquidation may be necessary.

(II) Automatic foreign exchange conversion for certain cash accounts - please refer to the terms and conditions governing the Account to determine if this functionality is enabled

Where you conduct transactions and trade products denominated in different currencies and you do not hold a margin account, you will be authorizing IBHK to enter into foreign exchange transaction(s) with you or on your behalf to purchase the necessary amount (including associated commissions and fees)required in such other currency ("Purchase Currency") to meet your settlement obligation(s) when you do not have the requisite amount of Purchase Currency in your cash account.

You understand that the currency conversion will be undertaken at a rate derived from prevailing market conditions at the time of the execution and adjusted for differences between the agreed settlement cycle for the purchase transaction and the standard settlement cycle for that currency pair and that IBHK will have the sole discretion to determine which of your long currency balance(s) will be sold to buy the required Purchase Currency, having regard to, without limitation, the amount of Client's long currency balance(s) and the number of transactions IBHK is required to enter into or arrange in order to meet your settlement obligation.

You understand that you may be exposed to loss, including but not limited to foreign exchange losses resulting from specific long currency balance(s) being sold as opposed to other currency balance(s) existing in your account, or the resulting number and costs of the foreign exchange transactions IBHK is required to undertake to procure delivery of the Purchase Currency may not achieve the most favourable outcome for you compared to if a different currency (or currencies) was utilised, and/or relying on the service may cause a long currency position in your account to decrease which you may not have otherwise selected to sell at the relevant time.

If you wish to avoid utilisation of the automatic foreign exchange conversion functionality, you should closely monitor and ensure that your account has sufficient Purchase Currency balance before conducting a transaction in a particular Purchase Currency.

(III) Automatic Conversion of "Nominal Balances"

In addition to the element of service described in (II) above, where an amount of money held in your account in a currency, other than amounts in the nominated base currency in the Account, is less than 5 USD or equivalent in foreign currency ("Nominal Balance"), IBHK is authorised to automatically enter into (a) foreign exchange transaction(s) with you or on your behalf to convert such amounts to the nominated base currency. IBHK currently does not charge for this automatic currency conversion functionality.

You should also recognize that, without limitation, for transactions executed on any exchanges outside the Hong Kong market these will not be subject to a right to claim under the Investor Compensation Fund established under the Securities

and Futures Ordinance, and may be marked with different level or type of protection compared to the protection afforded by the laws of Hong Kong.

L. RISK OF CLIENT ASSETS RECEIVED OR HELD OUTSIDE HONG KONG

Client assets received or held by the licensed or registered person outside Hong Kong are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from the Securities and Futures Ordinance (Cap.571) and the rules made thereunder. Consequently, such client assets may not enjoy the same protection as that conferred on client assets received or held in Hong Kong.

M. RISK DISCLOSURE REGARDING TRADING VIA CHINA CONNECT

The following describes some of the risks and other significant aspects of trading the Shanghai Stock Exchange ("SSE") and Shenzhen Stock Exchange ("SZSE") securities via China Connect through Interactive Brokers Hong Kong Limited. In light of the risks, clients should undertake such transactions only if they understand the nature of China Connect trading and the extent of their exposure to risk. Clients should carefully consider (and consult their own advisers where necessary) whether trading is appropriate for clients in light of clients' experience, objectives, financial resources and other relevant circumstances.

Clients must observe the relevant laws and regulations of Mainland China and Hong Kong as well as the rules of the exchanges. Clients must accept and agree the aforesaid and the risks related to China Connect, including but not limited to being liable or responsible for breaching the SSE Listing rules, SSE Rules, SZSE Listing Rules, SZSE Rules and other applicable laws and regulations before giving instructions. Detailed information on trading via China Connect can be referred to on HKEX's website.

1. Day trading

You are not allowed to carry out A-shares day trading. A-shares bought on trade day ("T-day") can only be sold on or after T+1 day.

2. OTC trading and restriction on naked short selling

No over-the-counter ("OTC") or manual trades are allowed. All China Connect trading must be conducted on relevant participating China Connect exchanges (i.e. currently the participating exchanges are Shanghai Stock Exchange ("SSE")/Shenzhen Stock Exchange ("SZSE")). In addition, naked short selling is currently not allowed under the rules.

3. Restriction on selling

Pre-trade checking is applicable to the Northbound China Connect, so if you want to sell A shares through IBHK, the A shares must be transferred to, and received in, your account at IBHK prior to market open on the day you are looking to sell the A shares, unless a Special Segregated Account ("SPSA") arrangement is in place.

4. Shareholding restriction and disclosure obligation

Under Mainland China laws and regulations, a single foreign investor's shareholding in a single Mainland China listed company shall not exceed 10% of the total issued shares. All foreign investors' shareholding in the A shares of a Mainland China listed company is not allowed to exceed 30% of its total issued shares. You should ensure that the shareholding percentage complies with the relevant restriction. IBHK have the right to "force-sell" clients' shares upon receiving the force-sale notification from the SEHK.

a. Mainland China laws also require investors to report to the relevant authorities when the percentage of shares held or controlled by the investor reaches certain level. You have to conform to the relevant rules.

b. You should also ensure that you fully understand the Mainland China rules and regulations in relation to short-swing profits as well as other disclosure obligations and ensure that they follow and complies with such rules and regulations accordingly.

5. Trading day difference

You can only trade China Connect Securities on a Hong Kong business day, and only if both markets in Hong Kong and Mainland are open for trading (T-day) and bank services are available in the Hong Kong and Mainland markets on the corresponding money settlement days (T+1). This arrangement is essential in ensuring that proper banking support is available to settle money obligations. So it is possible that there are occasions when it is a normal trading day on the Mainland but Hong Kong investors cannot carry out any A-shares trading through China Connect.

6. Arrangement under severe weather conditions and in cases of contingencies

In the case of any contingency, such as typhoon signal no. 8 or above or Black Rainstorm warning issued in Hong Kong resulting in any suspension or delay of service, IBHK shall have the right to cancel your orders in response to the above contingencies. Also, IBHK may not be able to send in your order cancellation requests in case of contingency such as when SEHK losses all its communication lines with SSE/SZSE. You should still bare the settlement obligation if the orders are matched and executed.

7. Northbound trading regulations and risks

a. You must understand and to fully comply the applicable laws and regulation of Mainland for Northbound trading and the applicable laws and regulation in Hong Kong. IBHK provides executing and clearing service and shall not be under any obligation, or responsibly to provide advices on trading rules or market requirements on northbound trading. You are advised to refer to the SEHK and the SFC website for detailed information in relation to China Connect to understand the relevant requirement (including the relevant quotas and etc) and consult professional advisors if there is any query.

b. You must accept the risks concerned in Northbound trading, including but not limited to prohibition of trading certain SSE Securities, being liable or responsible for breaching the SSE/SZSE Listing Rules, SSE/SZSE Rules and other applicable laws and regulations.

c. IBHK has the right to forward your identification information to SEHK, who may transfer the relevant data to SSE/SZSE, for supervision and surveillance. More detailed information on the use of your personal data can be found under the IBHK Client Agreement. Clients who are unwilling to give consent should not request for the relevant China Connect trading permission.

d. If the SSE/SZSE Rules are breached, or the disclosure and other obligations referred to in the SSE/ SZSE Listing Rules or SSE/SZSE Rules are breached, SSE/SZSE has the power to carry out an investigation and may, through SEHK, require IBHK to provide the relevant information and materials (including your identification information) to SSE/SZSE through SEHK.

e. SSE and/or SZSE may request SEHK to require IBHK to issue warning statements (verbally or in writing) to you and/or other client, and not to extend SSE and/or SZSE trading service to you and/or any other clients.

f. HKEX may upon SSE's or SZSE's request, require IBHK to reject orders from you. IBHK has the rights to execute the request.

g. IBHK, HKEX, SEHK, SEHK Subsidiary, SSE, SSE Subsidiary, SZSE, SZSE Subsidiary and their respective directors, employees and agents shall not be responsible or held liable for any loss or damage directly or indirectly suffered by the you or any third parties arising from or in connection with China Connect Northbound Trading or the order routing system (China Stock Connect System ("CSC")).

8. Restrictions on trading Shenzhen ChiNext shares (Only eligible for Shenzhen-Hong Kong Stock Connect) and Shanghai Star shares (Only eligible for Shanghai-Hong Kong Stock Connect).

Trading Shenzhen ChiNext and Shanghai Star shares are limited to institutional professional investors.

N. RISK OF MARGIN TRADING

The risk of loss in financing a transaction by deposit of collateral is significant. You may sustain losses in excess of your cash and any other assets deposited as collateral with the licensed or registered person. Market conditions may make it impossible to execute contingent orders, such as "stop-loss" or "stop-limit" orders. You 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, your collateral may be liquidated without your consent. Moreover, you will remain liable for any resulting deficit in your account and interest charged on your account. You should therefore carefully consider whether such a financing arrangement is suitable in light of your own financial position and investment objectives.

O. RISKS ASSOCIATED WITH ORDER PLACEMENT

1. Important Characteristics and Risks of Using Stop Orders

A Stop Order - i.e., a Stop (Market) Order - is an instruction to buy or sell at the market price once your trigger ("stop") price is reached. Please note that a Stop Order is not guaranteed a specific execution price and may execute significantly away from its stop price, especially in volatile and/or illiquid markets. Stop Orders may be triggered by a sharp move in price that might be temporary. If your Stop Order is triggered under these circumstances, you may buy or sell at an undesirable price. Sell Stop Orders may make price declines worse during times of extreme volatility. If triggered during a sharp price decline, a Sell Stop Order also is more likely to result in an execution well below the stop price. Placing a limit price on a Stop Order may help manage some of these risks. A Stop Order with a limit price - a Stop (Limit) Order - becomes a limit order when the stock reaches the stop price. By using a Stop (Limit) Order instead of a regular Stop Order, you will receive more certainty regarding the execution price, but there is the possibility that your order will not be executed at all if your limit price is not available in the market when the order is triggered.

2. Important Characteristics and Risks of Using Market Orders

Please note that a Market Order is an instruction to execute your order at any price available in the market. A Market Order is not guaranteed a specific execution price and may execute at an undesirable price. If you would like greater control over the execution prices you receive, please submit your order using a Limit Order, which is an instruction to execute your order at or better than the specified limit price.

P. RISKS OF RIGHTS ISSUE

A rights issue is a one-time offering of shares in a company to existing shareholders, allowing them an opportunity to maintain their proportional ownership without being diluted by buying additional new shares at a discounted price on a stated future date. Until the date at which the new shares can be purchased, investors may trade the rights to the market the same way they would trade ordinary shares. If the investors do not exercise their rights within the specified period of time, the rights will expire. If the investors do not intend to exercise their rights, they can sell them on the open market. Once exercised, the rights cannot be used again.

- It is easy to be enticed by shares offered at a discount, but you should not assume that you are getting a bargain. An informed decision should be made by looking at the rationale behind the fund raising exercise.
- A company may use a rights issue to cover debt, especially when they are unable to borrow money from other sources. You should be concerned with whether or not the management is addressing any underlying problems.
- If you decide not to take up the rights your overall shareholdings in the company will be diluted as a result of the increased number of shares in issue.
- If you do not participate in the rights issue within the specified time-frame your nil-paid rights will lapse. The company will sell these entitlements and distribute any net proceeds after deduction of the offer price and costs. The amount of lapsed proceeds, if any, will not be known until the offer has closed. Lapsed proceeds are not guaranteed.
- Investments and income arising from them can fall in value and you may get back less than you originally invested.

Q. RISKS AND LIMITATIONS OF HKD-RMB DUAL COUNTER SECURITIES

Although Dual Counter Securities under the HKEx's HKD-RMB Dual Counter Model in either HKD or RMB are of the same class, they are not interchangeable/fungible since IBHK does not support inter-counter trading (including the intra-day counter interchange for settlement (ICI)) nor netting between the two counters. Therefore, as an example, clients buying shares from one counter and then selling the same shares in the other counter will trigger the opening of a short position, unless sufficient shares are held in the other counter. For more information on the HKD-RMB Dual Counter Model or a list of designated Dual Counter Securities, please refer to the HKEx website.

R. DISCLOSURE FOR THIRD PARTY INTRODUCED OR MANAGED IB CLIENTS ACCOUNTS REGARDING COMMISSIONS, FEES, AND INTEREST

If your account was introduced to IBHK, or your Interactive account is managed

by a third-party intermediary who you have engaged to provide certain service(s) to you (for instance, your broker, asset manager or financial advisor), such intermediary has the ability to request IBHK to change certain of IBHK's standard fees, charges, and published interest rates in accordance with their arrangements with you. If the intermediary does this, it may impact how much you pay to transact products (commissions) with, and to borrow money or securities from (e.g., debit interest) IBHK and/or the amount of interest you earn on certain eligible cash balances. The amounts which you pay (for instance, commissions or debit interest) or receive (for example, on cash balances) may be different to the commission, fees and interest rates displayed on Interactive's website from time to time.

In some situations, where such third-party intermediaries have requested IBHK to vary the amounts payable (commissions, fees) and paid (interest) in relation to your IBHK account, Interactive may pay a portion of the amounts it deducts from your account (commissions, fees, or interest amounts) to such intermediaries. Depending on your arrangements with such entity, IBHK may also pay amounts of money to said intermediaries referable to any long cash balances in your account and IBHK's published interest rates.

The intermediary you have selected (e.g., your introducing broker, asset manager or financial advisor) is responsible for informing you of, and agreeing with you the commission, fee, and interest rates applicable to your IBHK account which is introduced or managed by them. You should direct questions about the commissions, fees, and interest rates applicable to the relevant intermediary (i.e., your broker, asset manager or financial advisor).

S. SOFT DOLLARS

IBHK offers certain intermediaries the functionality to purchase or pay for approved products and services using "soft dollars".

Intermediaries accrue soft dollar balances with IBHK based on the brokerage commissions paid by the accounts managed by (or linked to) them. If instructed by the intermediary, IBHK may make disbursement from the soft dollar balance accrued for the intermediary to certain approved product and service providers.

If you are a client (or represent a client) of an intermediary which utilises the soft dollar functionality, this means the brokerage rates you (or the client) pay(s) may be different to (and greater than) the brokerage commission(s) rates displayed on Interactive's website from time to time.

As the intermediary you (or the client) have/has selected is responsible for informing its clients of and agreeing with its clients the brokerage commission rates applicable to the IBHK account(s) managed or linked to the intermediary, questions about the use of "soft dollars", and, if it is used by the intermediary, the

way in which soft dollars relates to managed/linked IBHK account(s) and the services and products such intermediary uses soft dollars amounts for, should be directed to the intermediary.

T. FRACTIONAL SHARES

IBHK supports holding fractional shares in certain stocks and ETF. If you have enabled Fractional Share Trading Permission on your account, you will be able to purchase, hold and close fractional share positions through any of Interactive Brokers' trading platforms, including if those fractional positions are allocated as a result of a mandatory corporate action.

Fractional share position quantities are reflected using decimals and will be displayed in all systems and reports. Clients using FIX or WebAPI services that do not support the reflection of fractional shares positions and/or the receipt of executions in fractions, should reach out to customer service for assistance in upgrading their session(s) if adding either of these features is required.

Some mandatory corporate actions in certain stocks and warrants, (such as stock dividends, stock splits, mergers, etc.) may result in fractional share positions, instead of being paid cash in lieu. If you receive fractional shares but do not have Fractional Share Trading Permission enabled in your account, IBHK or it affiliates, as applicable, will initiate a closing transaction to liquidate the fractional position. In most instances the fraction will be liquidated on the business day following the allocation. In some cases, liquidation may be blocked or delayed causing the fractional position to remain in your account (e.g., if a trading restriction is placed on the security).

It is important that you understand that you cannot transfer fractional positions outside of IBHK. However, you are able to sell fractional share positions via IBHK (subject to any restrictions on trading the relevant security).

For more information about fractional shares, please refer to the Interactive Brokers Fractional Share Trading Disclosure on the IBHK website.

U. DISCLOSURES ON CORPORATE ACTIONS AND ASSET SERVICING

This section should be read together with, and is subject to, the legal terms governing your (i) account with, and (ii) any particular services and products you have obtained from, IBHK, including any provisions relating to custody, securities borrowing and lending, re-use, rehypothecation, repledging, margin, corporate actions and asset servicing.

1. Holding of Securities and Custody Arrangements

Securities held in your IBHK account are generally held in "street name" (that is, registered in the name of IBHK or its nominee or a sub-custodian, rather than in your personal name). This is a standard industry practice. Whilst securities held in street name remain beneficially owned by you (subject to IBHK's rights to re-use, rehypothecate or repledge your securities, or deposit your securities as collateral and security for settlement obligations and liabilities, and any authority given by you for securities borrowing and lending, repledging or collateral arrangements, and applicable law, generally), the fact that they are not registered in your name may affect the manner in which corporate actions are processed and the timing of your receipt of entitlements.

2. Processing of Corporate Actions

Corporate actions (including but not limited to dividends, stock splits, rights issues, mergers, tender offers and other issuer-initiated events) are processed by IBHK in accordance with information received from Service Providers in the relevant custody chain. You should be aware that:

a. **Processing timelines.** The time required to process corporate actions and to credit or debit your account with applicable entitlements, proceeds, distributions, payments or other amounts may vary, and may be extended, depending on the nature of the corporate action, the market in which the relevant security is held, eligibility requirements, issuer, transfer agent or funddocumentation requirements, and the actions of third parties over whom IBHK may have no or limited control. IBHK is reliant upon Service Providers to receive accurate and timely information, assets and proceeds, to determine client entitlements and process payments. In certain cases, determining or paying client entitlements may involve manual processes, aggregation through the custody chain, liquidation or conversion of securities or other assets, completion of third-party KYC or other issuer, Service Provider or operational requirements, or other third-party action before cash or other entitlements can be credited to your account. There may therefore be delays, including substantial delays, between any record date, ex-dividend date, effective date, issuer payment date or other relevant date and the crediting of dividends, distributions, proceeds, cash or other entitlements to your account. IBHK will attempt to process corporate actions and related payments promptly after it receives the necessary information, assets and proceeds, but IBHK does not guarantee any specific timeframe for such processing or payment.

b. **Mandatory corporate actions.** Some corporate actions apply automatically to holders of the relevant security or other asset and do not involve any election or choice by the holder. IBHK may process any non-elective mandatory corporate action affecting securities or other assets held in your account on your behalf without obtaining further instructions or prior consent, in accordance with the terms of the corporate action, applicable laws, rules and regulations, market practice, and the requirements or procedures of any relevant Service Provider.

c. **Mandatory corporate actions with options.** Some mandatory corporate actions may apply automatically but include an election or option as to the form, treatment or entitlement to be received. Depending on the terms of the corporate action, applicable requirements and IBHK's procedures, IBHK may request instructions from you and, if so, you must provide any valid instruction in accordance with IBHK's procedures and applicable deadlines. If IBHK does not request instructions from you, does not receive valid instructions from you in accordance with IBHK's procedures and applicable deadlines, or if an election or option must otherwise be applied through the custody chain, IBHK may apply, facilitate, or implement a default option or other option without obtaining your further instruction or prior consent, taking into account factors such as your status, residence, account type or eligibility, applicable legal or regulatory restrictions, custody-chain requirements, and whether the resulting asset, entitlement or position is supported by IBHK. Any relevant Service Provider may also apply, select, facilitate or implement an election or option by reference to its own status, residence, jurisdiction, account classification or eligibility, or that of any nominee or other Service Provider further in the custody chain, and IBHK may accept, rely on and give effect to that election, selection, application or implementation.

d. **Voluntary corporate actions - Client responsibility.**

Voluntary corporate actions are events that require an affirmative election by the holder to participate (for example, rights issues, tender offers, optional dividends, and certain exchange offers). It is your responsibility to:

i. monitor announcements and communications relating to securities held in your account;
ii. inform yourself of any voluntary corporate actions affecting your holdings and the terms, conditions, and deadlines applicable to such actions;
iii. notify IBHK in a timely manner if you wish to participate in a voluntary corporate action, in accordance with any procedures and deadlines notified by IBHK, or make an election in relation to an elective corporate action affecting your assets.

IBHK is not obliged to notify you of voluntary corporate actions or to take any action on your behalf in relation to a voluntary corporate action unless you have provided valid instructions within the applicable deadline. If you do not provide timely instructions, your rights may lapse or you may be deemed to have elected the default option (if any), and IBHK shall not be liable for any loss arising therefrom.

e. **Default decisions of Service Providers.** IBHK may be bound by the default decisions of Service Providers in the custody chain which might otherwise impact you if the assets were held differently. For example, issuer eligibility may be defined on a look-through or omnibus basis, or rights and entitlements may change based on the residency or citizenship details of holders that are affected by the specific end beneficial owner or Service Provider appointed by IBHK or its agents.

f. **Non-supported assets**. Non-supported assets may arise from corporate actions outside of IBHK's control. If the financial instrument resulting from a corporate action cannot be supported by IBHK, you are obliged to remove the asset from your account. If no positive action is taken by you within such timeframe as IBHK may notify, IBHK reserves the right (but has no obligation) to liquidate the relevant financial instrument ahead of the corporate actions event (such as conversion) and deposit the corresponding cash, minus applicable commissions, into your account.

3. **Mutual Fund Distributions and Dividend Payments**

You should be aware that the payment of dividends and distributions in respect of mutual funds (including Exchange Traded Funds) may be subject to processing delays. The timing of dividend and distribution payments may vary and depends on IBHK's receipt of the relevant information, funds or assets from the relevant Service Provider(s). IBHK does not control the timing of such payments, the completion of any third-party processes, or the timing of any information, funds, assets or proceeds received from those parties. There may be delays between the record date, ex-dividend date, declared payment date or other relevant date and the date on which dividends or distributions are credited to your account due to the actions or omissions of such parties, or any manual review or adjustment required by IBHK. While IBHK will attempt to process any distributions or dividends promptly after it receives the necessary information, funds or assets, IBHK does not guarantee any specific timeframe for, and shall not be liable for any delay in, the payment of mutual fund dividends or distributions caused by Service Providers or by processing requirements outside IBHK's control.