

## Guide And Cautionary Notes In Applying For/Continuing With An Account With OCBC Securities – “Guide”

Many thanks for your interest in opening an account with OCBC Securities. We provide this Guide and Cautionary Notes in the interest of transparency and fair dealing with you. It is designed to assist you in:

- (i) understanding the types of services we offer; and their respective limits; and
- (ii) with that understanding, deciding on whether to use, and if so, which of our service or services to use.

While there are common terms governing all of our services – as you will note from a study of our general terms for conduct of our businesses - the terms specific to each service will vary.

### Who Are We?

We are the holder of a capital markets services license (“CMS license”) under the Securities and Futures Act of Singapore (the “SFA”) for the carrying out of the following activities regulated under the SFA:

- Dealing in Capital Markets Products:
  - Securities
  - Collective Investment Schemes
  - Exchange-Traded Derivatives Contracts
  - Over-The-Counter Derivatives Contracts
  - Spot Foreign Exchange Contracts for the Purposes of Leveraged Foreign Exchange Trading
- Securities Financing
- Providing Custodial Services for Securities

Because we hold a CMS license for the regulated activities set out above, we are also entitled to be, and are, registered as an exempt financial adviser (“EFA”) under the Financial Advisers Act of Singapore (the “FAA”) for the carrying out of financial advisory services as defined under the FAA or its regulations.

### What Services Can We Provide?

We can provide two levels of service:

- (i) execution only; and
- (ii) execution related advice (“ERA”).

ERA is specifically defined by our regulators as advice or recommendation that we provide (with) no additional payment (made to us) apart from any fee that we may earn from your actual dealing (i.e. buying/selling) in investment products with or through us. We refer to such advice or recommendation as free advice or recommendation.

### Types of Services for Excluded Investment Product and Specified Investment Products

#### 1. Excluded Investment Products

##### 1.1 What is the service available for Excluded Investment Products?

For dealings in Excluded Investment Products (“EIP”), the **only** level of service available from us is execution only. Neither we nor any of our representatives will or will be providing ERA.

We or our representatives may still from time to time comment or give opinions and suggestions or otherwise make statements in relation to EIPs. HOWEVER – as you will also note from a study of our disclaimers in relation to EIPs - **you MUST assume and accept ALL such statements as being no more than our respective expressions of opinions honestly held; or statements of fact honestly believed not to be inaccurate or misleading. This is particularly so for responses off the cuff to any questions you may ask orally or via electronic communications to us or our representatives.** No reliance on such supposed statements, even if given in language indicating them to be recommendations or advice, should or can be made by you to make any trading or investment decision without you first independently satisfying yourself of the correctness and suitability of such supposed statements, recommendations or advice.

##### 1.2 What are Excluded Investment Products?

EIPs means any capital markets products that belong to a class of capital markets products listed in the Schedule to the Securities and Futures (Capital Markets Products) Regulations 2018.

**List of EIPs :** Shares/Fully Paid Depository Receipts representing shares/Subscription rights pursuant to rights issues/Company warrants/Units in Business Trusts/ Units in Real Estate Investment Trusts/Debentures (other than asset-backed securities & structured notes)/Exchange traded funds that are classified as EIPs.

EIPs<sup>1</sup> are less complex products which are already established in the market and are generally well understood by retail investors. As such we will provide you our services on a purely execution only dealing services in relation to EIPs.

For our services in relation to EIPs, we therefore assume and materially rely on you being agreeable and willing to generally accept sole responsibility for determining the merits or suitability of any and all transactions that you may enter into with respect to any and all EIPs. If you are not agreeable and willing, you should and must not apply for an account for dealing in EIPs with us. If you have such an account you must take steps to close that account.

#### 2. Specified Investment Products

##### 2.1 What is the service available for Specified Investment Products?

For dealings in Specified Investment Products (“SIPs”), both levels of services are (depending on your circumstances and the circumstances of your particular transacting in SIPs) available options **but only** if you are not an accredited or expert investor as defined below.

If you are an accredited or expert investor as defined below, our services are (as with EIPs generally) limited to execution only services only.

If you are a natural person and are **not** an accredited or expert investor as defined below, then you will be regarded as a Retail Client. Please see overleaf under the heading of “Retail Client ” for the services that we will offer you.

##### 2.2 What are Specified Investment Products?

SIPs are (for the purposes of our dealing services available to you as a CMS license holder) capital markets products that are not EIPs.

SIPs are then further divided into three general types –

- (a) those which is approved in-principle for listing and quotation on, or listed for quotation or quoted solely on a securities or futures exchange outside of Singapore;
- (b) those which is approved in-principle for listing and quotation on, or listed for quotation or quoted on a securities or futures exchange in Singapore; and
- (c) those that is not approved in-principle for listing and quotation on, or listed for quotation nor quoted on, any securities or futures exchange.

<sup>1</sup>See MAS press release on 28 July 2011 titled MAS Requires Intermediaries to Assess Investment Knowledge and Experience of Retail Customers.

## Retail Client

Depending on whether a Retail Client wishes to deal in listed or unlisted SIPs, he will first need to pass respectively a Customer Account Review (“CAR”) and/or a Customer Knowledge Assessment (“CKA”) before he may be permitted to begin or continue trading in the relevant SIP.

In such a case you would also have been provided with a Client Investment profile questionnaire (the “CIP”) together with our request that you properly complete that CIP and return the properly completed CIP to us.

## CIP Response

As you had passed the CAR and/or CKA as applicable, you are actually regarded as competent to understand the nature and risks of the SIP products you will be dealing or continue to deal in. As such, you are also assumed by us to be able to make your own decisions and judgements as to the merits or suitability for you to do any trade or investment in such SIP products. You therefore need not but may (and we do suggest you seriously consider) properly complete and return to us the CIP.

Where you **do not complete and/or return the CIP to us, as notified in the CIP provided to you, you must note, agree and accept as conditions to your being allowed to trade or continue to trade in the relevant SIPs that:**

**A. we are in no position to ensure that any free advice or recommendation that may be provided to you by us are specifically suitable for you bearing in mind your specific financial position, attitude and capacity to take financial risks and financial objective trading in the SIPs that you will be trading in; and therefore.**

**B. Any and all free advice or recommendation you receive from us will not be based on, nor take into consideration, your specific investment objectives, financial situation or needs; and**

**C. You must assess for yourself whether any of our free advice or recommendation as may be provided to you is specifically of merit and appropriate or suitable to your individual investment objectives, financial situation or particular needs. In particular, the mere fact that our advice or recommendation is to buy or sell or hold any SIP does not necessarily mean, and must not be taken to mean, that the recommendation is suitable for you and you should therefore either make your own assessment (if you are able) or (if you cannot properly or reasonably make your own assessment) consult with your own financial adviser before acting on any such free advice or recommendation. You should do this before you make any decision on the basis of any free advice or recommendation we may provide to you.**

Where you properly complete and return the CIP to us, then we will ensure that such free advice or recommendation that may be provided to you by us from time to time will be reasonably consistent with the information you provide in the CIP with regards to your suitability; but it remains your choice to choose whether you wish to follow or not. Where you choose not to follow the advice or recommendation we will assume that you have made your own informed determination not to follow the advice or recommendation and instead are accepting sole responsibility for determining the merits or suitability of any and all transactions that you may enter into contrary to the advice or recommendation given to you.

## Generally Circulating Materials and Resources Warning

**Please also note that regardless of whether you properly complete and return the CIP to us, you may be provided or given access to resources or materials that are intended to be for general circulation. The materials intended for general circulation will have an express notice accompanying the materials to that effect.**

**Such resources and materials are provided with the sole aim of enabling you to manage and control your own investments and this means also that you need to be able and willing to accept sole responsibility for ensuring the merits and suitability of any and all investments that you may make with or through us before making any investment or effecting any transaction with or through us. None of the advice or recommendation appearing in such generally-circulated materials and resources should be taken by you as intended for you specifically to rely on. They are provided expressly subject to the exemption notice and disclaimer against such effect accompanying the materials.**

## Accredited And Expert Investor:

Please be reminded as noted above that, under the FAA, we are expressly exempted from assuming and will not assume (short of an express and formal agreement otherwise) any suitability obligation or any obligation to provide product information to any person who is either an accredited investor or an expert investor.

For convenience of reference, we set out below the relevant definition of “accredited investor” and “expert investor” respectively.

## Definitions of “Accredited Investor” and “Expert Investor”.

(a) “Accredited Investor” means —

(i) an individual —

(A) whose net personal assets exceed in value \$2 million (or its equivalent in a foreign currency) or such other amount as the Authority may prescribe in place of the first amount;

(B) whose financial assets (net of any related liabilities) exceed in value \$1 million (or its equivalent in a foreign currency) or such other amount as the Authority may prescribe in place of the first amount, where “financial asset” means —

(BA) a deposit as defined in section 4B of the Banking Act;

(BB) an investment product as defined in section 2(1) of the Financial Advisers Act; or

(BC) any other asset as may be prescribed by regulations made under section 341; or

(C) whose income in the preceding 12 months is not less than \$300,000 (or its equivalent in a foreign currency) or such other amount as the Authority may prescribe in place of the first amount;

(ii) a corporation with net assets exceeding \$10 million in value (or its equivalent in a foreign currency) or such other amount as the Authority may prescribe, in place of the first amount, as determined by—

(A) the most recent audited balance-sheet of the corporation; or

(B) where the corporation is not required to prepare audited accounts regularly, a balance-sheet of the corporation certified by the corporation as giving a true and fair view of the state of affairs of the corporation as of the date of the balance-sheet, which date shall be within the preceding 12 months;

(iii) the trustee of such trust as the Authority may prescribe, when acting in that capacity; or

(iv) such other person as the Authority may prescribe.

(b) “Expert Investor” means —

(i) a person whose business involves the acquisition and disposal, or the holding, of capital markets products, whether as principal or agent;

(ii) the trustee of such trust as the Authority may prescribe, when acting in that capacity; or

(iii) such other person as the Authority may prescribe.