# General Risk Disclosures

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Non-Deliverable FX forwards (NDF)

The following are some, but not all, of the general risks associated with the product that you will be invested in (please note that the below is not an exhaustive list):

Derivatives – This is a derivative product. The investment decision is yours but you should not invest in this product unless the intermediary who sells it to you has explained to you that the product is suitable for your having regard to your financial situation, investment experience and investment objectives.

Market Risk – You will be exposed to the systematic risk of the market which you might experience losses due to factors that affect the overall performance of the financial markets which you are involved.

Credit Risk - You will be exposed to the general credit risk of Standard Chartered Bank, Standard Chartered Bank (Hong Kong) Limited (together “SCB”) or a product provider, including the risk that SCB or a product provider were to become insolvent or defaults on its obligations (including payment obligations) under the transaction.

Liquidity Risk - If the underlying rates, currency or commodity of the products goes against your expectation or position, you may suffer liquidity risk (i) in that you may not be able to liquidate your position for a reasonable price or (ii) in an illiquid market.

Interest Rate Risk – You will be exposed to the movement of interest rates whenever your products are redeemed or early terminated prior to the termination date or maturity date. Movements in interest rates will have an impact upon the value of the products.

Restricted Currency Risk – Where the products are in restricted currency and is not a freely convertible. Any conversion of this currency may be subject to certain restrictions.

Emerging Market Risk - Where the products relate to an underlying in or linked to emerging market countries, the risk of the occurrence and the severity of the consequences of the matters described herein may be greater than for more developed countries.

Foreign Exchange Risk - The products may subject to fluctuations in exchange rates between an investor's home currency and the products currency or settlement currency that adversely affect the value and performance of the products. Certain currencies may also be subject to exchange controls.

Taxation – Income or profit from trading in any products may be subject to withholding tax or capital gains tax or other tax of the country of SCB or product provider or the country in which such products are traded. In such event, unless SCB or product provider agrees to gross-up the income or profit received by the investors, the investors will only receive the interest payment or proceeds of sale or redemption of the products less the withholding tax or capital gains tax or other taxes.

Settlement Risk – If a disruption occurs or exists on a settlement date, settlement of the products will be postponed until a later day on which no disruption occurs and the investors shall not be entitled to any payment as a result of such delay. Alternatively, SCB or product provider may early terminate the products in whole.

Pricing Risk - This is an off-exchange derivative product and it may be difficult to establish a fair price and your exposure to risk.

Valuation of Derivatives - Valuation of a derivative transaction is affected by fluctuations in reference values (such as interest rates, foreign exchange rates, credit spreads, prices of equity, commodity or other instruments, index values or other reference rates, prices, or values) and implied volatility among other factors. At times of high market volatility, the changes in valuation could be very significant.
**Leveraged Risk** - A derivative transaction may be leveraged. Leverage substantially increases your exposure and potential losses when the reference value moves against your position. Such losses can be substantial and potentially unlimited.

**Termination Risk** - Unless otherwise expressly stated in the terms of a transaction, the transaction must continue till maturity and can only be early terminated subject to the SCB’s consent and upon mutually agreed terms. Such terms include SCB’s unwind and hedging costs, and the cost to you for early terminating a transaction may be substantial.

**Adjustment of terms** - The terms of a derivative transaction may be adjusted due to events such as market disruption, mergers, trading suspension, nationalization, insolvency and changes in taxation law.

**Hedging Risk** - This Transaction may not match your hedging needs perfectly and will not track any changes to your hedging needs, potentially leaving you under or over hedged or giving rise to other exposures.

**Price Fluctuation Risk** - At the maturity date, even if the exchange rate becomes more favourable than the trade date, you must exchange at a rate which is at a rate which is worse than the actual market rate. In such case, you will lose opportunity profit.

**Currency Risks** - The profit or loss in transactions in foreign currency-denominated products (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.

**Fail to Deliver** – If an underlying cannot be delivered to the investors due to an illiquidity in the market for such underlying, the terms of products may be adjusted to account for such failure or SCB or product provider may terminate the products at an amount determined by the Calculation Agent as representing their fair market value on such day as the Calculation Agent shall select in its discretion instead of delivering the underlying. Any such adjustment or termination may have an adverse effect on the value of such products and may result in an increased risk of the investors losing all or part of their investment.

**Unlimited loss** - You should appreciate that there may be no limit on the amount you will be required to pay.

**Deliverable FX Forwards**

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### Cross Currency Swap

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IBOR Discontinuation: If you transact any derivatives linked to an interbank offer rate (IBOR) such as LIBOR, or any synthetic rate (such as SOR) that use an IBOR in its calculation, please note that there is a risk that such IBOR may be discontinued prior to the maturity of the derivatives contract. There are public consultations by different industry groups, including by ISDA for derivatives contracts, to develop contractual fallbacks that will apply in the event of an IBOR discontinuation. A contractual fallback will define the events that will trigger the benchmark fallback and the methodology that will determine the fallback rate. ISDA has consulted on technical issues related to new benchmark fallbacks for derivatives contracts that reference certain IBORs. As and when the benchmark fallbacks are finalized, market participants are expected to incorporate them into existing derivatives contracts, by way of bilateral amendment or multilateral protocol adherence, to enhance contractual robustness. Please note that application of the benchmark fallbacks may cause a change in value of existing derivatives contracts. In addition, there is no assurance that the same trigger events and fallback methodologies will be incorporated into cash products (such as bonds, loans or other non-derivative products). Accordingly, you may run basis risks if you are using derivatives contracts to hedge your obligations or investments in cash products (or another financial instrument) that adopt different triggers and fallbacks. The potential mismatches may impact the hedge effectiveness, financial reporting and value of existing derivatives contracts. Please ensure that you understand the potential impact before you transact.

FX Options
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Risk of trading options - The risk of loss in trading 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. If the required funds are not provided within the prescribed time, your position may be liquidated. 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.

Commodity Forwards

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Market Risk – You will be exposed to the systematic risk of the market which you might experience losses due to factors that affect the overall performance of the financial markets which you are involved.

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Liquidity Risk - If the underlying rates, currency or commodity of the products goes against your expectation or position, you may suffer liquidity risk (i) in that you may not be able to liquidate your position for a reasonable price or (ii) in an illiquid market.

Interest Rate Risk – You will be exposed to the movement of interest rates whenever your products are redeemed or early terminated prior to the termination date or maturity date. Movements in interest rates will have an impact upon the value of the products.

Emerging Market Risk - Where the products relate to an underlying in or linked to emerging market countries, the risk of the occurrence and the severity of the consequences of the matters described herein may be greater than for more developed countries.

Taxation – Income or profit from trading in any products may be subject to withholding tax or capital gains tax or other tax of the country of SCB or product provider or the country in which such products are traded. In such event, unless SCB or product provider agrees to gross-up the income or profit received by the investors, the investors will only receive the interest payment or proceeds of sale or redemption of the products less the withholding tax or capital gains tax or other taxes.

Settlement Risk – If a disruption occurs or exists on a settlement date, settlement of the products will be postponed until a later date on which no disruption occurs and the investors shall not be entitled to any payment as a result of such delay. Alternatively, SCB or product provider may early terminate the products in whole.

Pricing Risk - This is an off-exchange derivative product and it may be difficult to establish a fair price and your exposure to risk.
Valuation of Derivatives - Valuation of a derivative transaction is affected by fluctuations in reference values (such as interest rates, foreign exchange rates, credit spreads, prices of equity, commodity or other instruments, index values or other reference rates, prices, or values) and implied volatility among other factors. At times of high market volatility, the changes in valuation could be very significant.

Leveraged Risk - A derivative transaction may be leveraged. Leverage substantially increases your exposure and potential losses when the reference value moves against your position. Such losses can be substantial and potentially unlimited.

Termination Risk - Unless otherwise expressly stated in the terms of a transaction, the transaction must continue till maturity and can only be early terminated subject to the SCB’s consent and upon mutually agreed terms. Such terms include SCB’s unwind and hedging costs, and the cost to you for early terminating a transaction may be substantial.

Adjustment of terms - The terms of a derivative transaction may be adjusted due to events such as market disruption, mergers, trading suspension, nationalization, insolvency and changes in taxation law.

Hedging Risk - This Transaction may not match your hedging needs perfectly and will not track any changes to your hedging needs, potentially leaving you under or over hedged or giving rise to other exposures.

Price Fluctuation Risk - At the maturity date, even if the exchange rate becomes more favourable than the trade date, you must exchange at a rate which is worse than the actual market rate. In this case, you will lose opportunity profit.

Currency Risks - The profit or loss in transactions in foreign currency-denominated products (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.

Fail to Deliver – If an underlying cannot be delivered to the investors due to an illiquidity in the market for such underlying, the terms of products may be adjusted to account for such failure or SCB or product provider may terminate the products at an amount determined by the Calculation Agent as representing their fair market value on such day as the Calculation Agent shall select in its discretion instead of delivering the underlying. Any such adjustment or termination may have an adverse effect on the value of such products and may result in an increased risk of the investors losing all or part of their investment.

Unlimited loss - You should appreciate that there may be no limit on the amount you will be required to pay.

Commodity Swaps
The following are some, but not all, of the general risks associated with the product that you will be invested in (please note that the below is not an exhaustive list):

Derivatives – This is a derivative product. The investment decision is yours but you should not invest in this product unless the intermediary who sells it to you has explained to you that the product is suitable for your having regard to your financial situation, investment experience and investment objectives.

Market Risk – You will be exposed to the systematic risk of the market which you might experience losses due to factors that affect the overall performance of the financial markets which you are involved.

Credit Risk - You will be exposed to the general credit risk of Standard Chartered Bank, Standard Chartered Bank (Hong Kong) Limited (together “SCB”) or a product provider, including the risk that SCB or a product provider were to become insolvent or defaults on its obligations (including payment obligations) under the transaction.
Liquidity Risk - If the underlying rates, currency or commodity of the products goes against your expectation or position, you may suffer liquidity risk (i) in that you may not be able to liquidate your position for a reasonable price or (ii) in an illiquid market.

Interest Rate Risk – You will be exposed to the movement of interest rates whenever your products are redeemed or early terminated prior to the termination date or maturity date. Movements in interest rates will have an impact upon the value of the products.

Emerging Market Risk - Where the products relate to an underlying in or linked to emerging market countries, the risk of the occurrence and the severity of the consequences of the matters described herein may be greater than for more developed countries.

Taxation – Income or profit from trading in any products may be subject to withholding tax or capital gains tax or other tax of the country of SCB or product provider or the country in which such products are traded. In such event, unless SCB or product provider agrees to gross-up the income or profit received by the investors, the investors will only receive the interest payment or proceeds of sale or redemption of the products less the withholding tax or capital gains tax or other taxes.

Settlement Risk – If a disruption occurs or exists on a settlement date, settlement of the products will be postponed until a later day on which no disruption occurs and the investors shall not be entitled to any payment as a result of such delay. Alternatively, SCB or product provider may early terminate the products in whole.

Pricing Risk - This is an off-exchange derivative product and it may be difficult to establish a fair price and your exposure to risk.

Valuation of Derivatives - Valuation of a derivative transaction is affected by fluctuations in reference values (such as interest rates, foreign exchange rates, credit spreads, prices of equity, commodity or other instruments, index values or other reference rates, prices, or values) and implied volatility among other factors. At times of high market volatility, the changes in valuation could be very significant.

Leveraged Risk - A derivative transaction may be leveraged. Leverage substantially increases your exposure and potential losses when the reference value moves against your position. Such losses can be substantial and potentially unlimited.

Termination Risk - Unless otherwise expressly stated in the terms of a transaction, the transaction must continue till maturity and can only be early terminated subject to the SCB’s consent and upon mutually agreed terms. Such terms include SCB’s unwind and hedging costs, and the cost to you for early terminating a transaction may be substantial.

Adjustment of terms - The terms of a derivative transaction may be adjusted due to events such as market disruption, mergers, trading suspension, nationalization, insolvency and changes in taxation law.

Hedging Risk - This Transaction may not match your hedging needs perfectly and will not track any changes to your hedging needs, potentially leaving you under or over hedged or giving rise to other exposures.

Price Fluctuation Risk - At the maturity date, even if the exchange rate becomes more favourable than the trade date, you must exchange at a rate which is worse than the actual market rate. In this case, you will lose opportunity profit.

Currency Risks - The profit or loss in transactions in foreign currency-denominated products (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.
Fail to Deliver – If an underlying cannot be delivered to the investors due to an illiquidity in the market for such underlying, the terms of products may be adjusted to account for such failure or SCB or product provider may terminate the products at an amount determined by the Calculation Agent as representing their fair market value on such day as the Calculation Agent shall select in its discretion instead of delivering the underlying. Any such adjustment or termination may have an adverse effect on the value of such products and may result in an increased risk of the investors losing all or part of their investment.

Unlimited loss - You should appreciate that there may be no limit on the amount you will be required to pay.

Interest Rate Swaps
The following are some, but not all, of the general risks associated with the product that you will be invested in (please note that the below is not an exhaustive list):

Derivatives – This is a derivative product. The investment decision is yours but you should not invest in this product unless the intermediary who sells it to you has explained to you that the product is suitable for your having regard to your financial situation, investment experience and investment objectives.

Market Risk – You will be exposed to the systematic risk of the market which you might experience losses due to factors that affect the overall performance of the financial markets which you are involved.

Credit Risk - You will be exposed to the general credit risk of Standard Chartered Bank, Standard Chartered Bank (Hong Kong) Limited (together “SCB”) or a product provider, including the risk that SCB or a product provider were to become insolvent or defaults on its obligations (including payment obligations) under the transaction.

Liquidity Risk - If the underlying rates, currency or commodity of the products goes against your expectation or position, you may suffer liquidity risk (i) in that you may not be able to liquidate your position for a reasonable price or (ii) in an illiquid market.

Interest Rate Risk – You will be exposed to the movement of interest rates whenever your products are redeemed or early terminated prior to the termination date or maturity date. Movements in interest rates will have an impact upon the value of the products.

Emerging Market Risk - Where the products relate to an underlying in or linked to emerging market countries, the risk of the occurrence and the severity of the consequences of the matters described herein may be greater than for more developed countries.

Taxation – Income or profit from trading in any products may be subject to withholding tax or capital gains tax or other tax of the country of SCB or product provider or the country in which such products are traded. In such event, unless SCB or product provider agrees to gross-up the income or profit received by the investors, the investors will only receive the interest payment or proceeds of sale or redemption of the products less the withholding tax or capital gains tax or other taxes.

Settlement Risk – If a disruption occurs or exists on a settlement date, settlement of the products will be postponed until a later day on which no disruption occurs and the investors shall not be entitled to any payment as a result of such delay. Alternatively, SCB or product provider may early terminate the products in whole.

Pricing Risk - This is an off-exchange derivative product and it may be difficult to establish a fair price and your exposure to risk.
Valuation of Derivatives - Valuation of a derivative transaction is affected by fluctuations in reference values (such as interest rates, foreign exchange rates, credit spreads, prices of equity, commodity or other instruments, index values or other reference rates, prices, or values) and implied volatility among other factors. At times of high market volatility, the changes in valuation could be very significant.

Leveraged Risk - A derivative transaction may be leveraged. Leverage substantially increases your exposure and potential losses when the reference value moves against your position. Such losses can be substantial and potentially unlimited.

Termination Risk - Unless otherwise expressly stated in the terms of a transaction, the transaction must continue till maturity and can only be early terminated subject to the SCB’s consent and upon mutually agreed terms. Such terms include SCB’s unwind and hedging costs, and the cost to you for early terminating a transaction may be substantial.

Adjustment of terms - The terms of a derivative transaction may be adjusted due to events such as market disruption, mergers, trading suspension, nationalization, insolvency and changes in taxation law.

Hedging Risk - This Transaction may not match your hedging needs perfectly and will not track any changes to your hedging needs, potentially leaving you under or over hedged or giving rise to other exposures.

Unlimited loss - You should appreciate that there may be no limit on the amount you will be required to pay.

IBOR Discontinuation: If you transact any derivatives linked to an interbank offer rate (IBOR) such as LIBOR, or any synthetic rate (such as SOR) that use an IBOR in its calculation, please note that there is a risk that such IBOR may be discontinued prior to the maturity of the derivatives contract. There are public consultations by different industry groups, including by ISDA for derivatives contracts, to develop contractual fallbacks that will apply in the event of an IBOR discontinuation. A contractual fallback will define the events that will trigger the benchmark fallback and the methodology that will determine the fallback rate. ISDA has consulted on technical issues related to new benchmark fallbacks for derivatives contracts that reference certain IBORs. As and when the benchmark fallbacks are finalized, market participants are expected to incorporate them into existing derivatives contracts, by way of bilateral amendment or multilateral protocol adherence, to enhance contractual robustness. Please note that application of the benchmark fallbacks may cause a change in value of existing derivatives contracts. In addition, there is no assurance that the same trigger events and fallback methodologies will be incorporated into cash products (such as bonds, loans or other non-derivative products). Accordingly, you may run basis risks if you are using derivatives contracts to hedge your obligations or investments in cash products (or another financial instrument) that adopt different triggers and fallbacks. The potential mismatches may impact the hedge effectiveness, financial reporting and value of existing derivatives contracts. Please ensure that you understand the potential impact before you transact.

Dual Currency Investments

The following are some, but not all, of the general risks associated with the product that you will be invested in (please note that the below is not an exhaustive list):

Principal Loss Risk / Currency Risk – This product is not principal-protected and the return of which will be dependent on movements in some specified currency exchange rates which are affected by a wide range of factors and may rise or fall rapidly.

Not Protected under Deposit Protection Scheme – Dual currency investments is not an alternative to ordinary saving or time deposit, and is not a protected deposit and not being protected under the Deposit Protection Scheme in Hong Kong.
Derivatives – This is a derivative product. The investment decision is yours but you should not invest in this product unless the intermediary who sells it to you has explained to you that the product is suitable for your having regard to your financial situation, investment experience and investment objectives.

Market Risk – You will be exposed to the systematic risk of the market which you might experience losses due to factors that affect the overall performance of the financial markets which you are involved.

Credit Risk - You will be exposed to the general credit risk of Standard Chartered Bank, Standard Chartered Bank (Hong Kong) Limited (together “SCB”) or a product provider, including the risk that SCB or a product provider were to become insolvent or defaults on its obligations (including payment obligations) under the transaction.

Liquidity Risk - If the underlying rates, currency or commodity of the products goes against your expectation or position, you may suffer liquidity risk (i) in that you may not be able to liquidate your position for a reasonable price or (ii) in an illiquid market.

Interest Rate Risk – You will be exposed to the movement of interest rates whenever your products are redeemed or early terminated prior to the termination date or maturity date. Movements in interest rates will have an impact upon the value of the products.

Restricted Currency Risk – Where the products are in restricted currency and is not a freely convertible. Any conversion of this currency may be subject to certain restrictions.

Emerging Market Risk - Where the products relate to an underlying in or linked to emerging market countries, the risk of the occurrence and the severity of the consequences of the matters described herein may be greater than for more developed countries.

Foreign Exchange Risk - The products may subject to fluctuations in exchange rates between an investor's home currency and the products currency or settlement currency that adversely affect the value and performance of the products. Certain currencies may also be subject to exchange controls.

Taxation – Income or profit from trading in any products may be subject to withholding tax or capital gains tax or other tax of the country of SCB or product provider or the country in which such products are traded. In such event, unless SCB or product provider agrees to gross-up the income or profit received by the investors, the investors will only receive the interest payment or proceeds of sale or redemption of the products less the withholding tax or capital gains tax or other taxes.

Settlement Risk – If a disruption occurs or exists on a settlement date, settlement of the products will be postponed until a later day on which no disruption occurs and the investors shall not be entitled to any payment as a result of such delay. Alternatively, SCB or product provider may early terminate the products in whole.

Pricing Risk - This is an off-exchange derivative product and it may be difficult to establish a fair price and your exposure to risk.

Valuation of Derivatives - Valuation of a derivative transaction is affected by fluctuations in reference values (such as interest rates, foreign exchange rates, credit spreads, prices of equity, commodity or other instruments, index values or other reference rates, prices, or values) and implied volatility among other factors. At times of high market volatility, the changes in valuation could be very significant.

Leveraged Risk - A derivative transaction may be leveraged. Leverage substantially increases your exposure and potential losses when the reference value moves against your position. Such losses can be substantial and potentially unlimited.
**Termination Risk** - Unless otherwise expressly stated in the terms of a transaction, the transaction must continue till maturity and can only be early terminated subject to the SCB’s consent and upon mutually agreed terms. Such terms include SCB’s unwind and hedging costs, and the cost to you for early terminating a transaction may be substantial.

**Adjustment of terms** - The terms of a derivative transaction may be adjusted due to events such as market disruption, mergers, trading suspension, nationalization, insolvency and changes in taxation law.

**Hedging Risk** - This Transaction may not match your hedging needs perfectly and will not track any changes to your hedging needs, potentially leaving you under or over hedged or giving rise to other exposures.

**Price Fluctuation Risk** - At the maturity date, even if the exchange rate becomes more favourable than the trade date, you must exchange at a rate which is worse than the actual market rate. In this case, you will lose opportunity profit.

**Currency Risks** - The profit or loss in transactions in foreign currency-denominated products (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.

**Fail to Deliver** – If an underlying cannot be delivered to the investors due to an illiquidity in the market for such underlying, the terms of products may be adjusted to account for such failure or SCB or product provider may terminate the products at an amount determined by the Calculation Agent as representing their fair market value on such day as the Calculation Agent shall select in its discretion instead of delivering the underlying. Any such adjustment or termination may have an adverse effect on the value of such products and may result in an increased risk of the investors losing all or part of their investment.

**Unlimited loss** - You should appreciate that there may be no limit on the amount you will be required to pay.

**Trading market** - Structured Investments do not have an established trading market. There is no secondary market for Structured Investments. It is not possible to predict whether a secondary market for Structured Investments will develop. If such secondary market were to develop, there is no assurance of its liquidity or continued liquidity, and it is not possible to predict the price at which Structured Investments would trade in such secondary market.

**Certificate of Deposits**

The following are some, but not all, of the general risks associated with the product that you will be invested in (please note that the below is not an exhaustive list):

**Credit or Issuer Risk** - You will be exposed to the general credit risk of Standard Chartered Bank, Standard Chartered Bank (Hong Kong) Limited (together “SCB”) or an issuer, including the risk that SCB or an issuer were to become insolvent or defaults on its obligations (including payment obligations) under the transaction.

**Currency Risks** - The profit or loss in transactions in foreign currency-denominated products (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.

**Early Withdrawal/Cancellation Risk** - Any cancellation or withdrawal prior to the maturity date is subject to the consent of SCB, and investors may incur costs or losses which may result in receiving a lower return than expected, or even a negative rate of return, or an amount less than the principal amount.

**Negative Disclosure on Deposit Protection Scheme** – this product will not be protected by the Hong Kong Deposit Protection Scheme.
Bonds or Debt Instruments (including high-yield bonds and bonds with special features)

The following are some, but not all, of the general risks associated with the product that you will be invested in (please note that the below is not an exhaustive list):

**General Bond Risks:**

**Credit or Issuer Risk** - You will be exposed to the general credit risk of Standard Chartered Bank, Standard Chartered Bank (Hong Kong) Limited (together “SCB”) or an issuer, including the risk that SCB or an issuer were to become insolvent or defaults on its obligations (including payment obligations) under the transaction.

**Liquidity Risk** - If the market valuation of the products goes against your expectation or position, you may suffer liquidity risk (i) in that you may not be able to liquidate your position for a reasonable price or (ii) in an illiquid market.

**Interest Rate Risk** – You will be exposed to the movement of interest rates whenever your products are redeemed or early terminated prior to the termination date or maturity date. Movements in interest rates will have an impact upon the value of the products.

**Price fluctuation** - The price of bonds/structured notes can and does fluctuate and the price of any individual bonds/structured notes may experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred rather than profits made as a result of trading bonds/structured notes. Independent assessment of the risk and appropriateness of the transaction in light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction, should be considered before entering into any transaction.

**Currency Risks** - The profit or loss in transactions in foreign currency-denominated products (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.

**Specific Risks:**

**High-yield bonds**

- **Higher credit risk** - since they are typically rated below investment grade or are unrated and as such are often subject to a higher risk of issuer default; and
- **Vulnerability to economic cycles** - during economic downturns such bonds typically fall more in value than investment grade bonds as (i) investors become more risk averse and (ii) default risk rises.

**Callable bonds** - the bonds may be called by investors during the term of the bond and redeemed at the relevant call price. For full details relating to the terms of such redemption, please refer to the full offering documentation.

**Convertible bonds** - the bonds may be converted into shares during the term of the bond and the terms of conversion will be in accordance with the terms and conditions of the bond. For full details relating to the terms of such conversion, please refer to the full offering documentation.

**Bonds with bank letter-of-credit backed transaction features** - in addition to the risks relating to the issuer, investors will also be subject to the credit risk of the bank issuing the letter of credit supporting the
transaction(s). For full details relating to the risks of the issuer and the bank, please refer to the full offering documentation.

**Perpetual bonds** - the bonds do not have a stated maturity and may continue indefinitely. For full details relating to the bond’s perpetuity, please refer to the full offering documentation.

**ABS (Asset Backed Securities) features** - asset backed securities are complex debt instruments involving derivatives and investors may be exposed to significant risks. Please refer to the full offering documentation for full details relating to the features and risks of this product.

**Sukuk (Islamic financing) features** - sukuks are not traditional debt instruments and may involve significant risks. Please refer to the full offering documentation for full details relating to the features and risks of this product.

**Structured notes / credit linked notes features** - structured notes involve derivatives. In addition to the risk relating to the issuer, investors should also be aware of the risks relating to the underlying entity or reference asset(s). Please refer to the full offering documentation for full details relating to the features and risks of this product.

**Subordination** – the bonds will constitute direct, unconditional and unsecured obligations of the issuer and will be subordinated in right of payment of the claims of depositors and all other unsubordinated creditors of the issuer.

**Variable and/or Deferral of Interest Payment Terms** – the bonds may have a variable interest rate and the issuer may, at its sole discretion, elect to defer any scheduled interest for any period of time. The issuer is not subject to any limits as to the number of times interest can be deferred.

**Extendable Maturity Dates** – the bonds may have an extendable maturity date and investors will not be able to receive the principal on the original maturity date. Investors who wish to sell their bonds in the secondary market may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the bonds.

**Debt Instruments with loss-absorption features and related products (including but not limited to Contingent convertible bonds, Additional Tier 1 (“AT1”) bonds):**

The following are some, but not all, of the general risks associated with the product that you will be invested in (please note that the below is not an exhaustive list):

**Credit or Issuer Risk** - You will be exposed to the general credit risk of Standard Chartered Bank, Standard Chartered Bank (Hong Kong) Limited (together “SCB”) or an issuer, including the risk that SCB or an issuer were to become insolvent or defaults on its obligations (including payment obligations) under the transaction.

**Liquidity Risk** - If the market valuation of the products goes against your expectation or position, you may suffer liquidity risk (i) in that you may not be able to liquidate your position for a reasonable price or (ii) in an illiquid market.

**Interest Rate Risk** – You will be exposed to the movement of interest rates whenever your products are redeemed or early terminated prior to the termination date or maturity date. Movements in interest rates will have an impact upon the value of the products.
Price fluctuation - The price of bonds/structured notes can and does fluctuate and the price of any individual bonds/structured notes may experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred rather than profits made as a result of trading bonds/structured notes. Independent assessment of the risk and appropriateness of the transaction in light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction, should be considered before entering into any transaction.

Currency Risks - The profit or loss in transactions in foreign currency-denominated products (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.

Taxation – Income or profit from trading in any products may be subject to withholding tax or capital gains tax or other tax of the country of SCB or product provider or the country in which such products are traded. In such event, unless SCB or product provider agrees to gross-up the income or profit received by the investors, the investors will only receive the interest payment or proceeds of sale or redemption of the products less the withholding tax or capital gains tax or other taxes.

PI only – The bond is targeted only to Professional investors (PIs), as defined in Part 1 of Schedule 1 to the Securities and Futures Ordinance, in both primary and secondary markets.

High Risk and Complex – it is a high risk and complex product. As the circumstances in which the product may be required to bear loss are difficult to predict and ex ante assessments of the quantum of loss will also be highly uncertain;

Contingent convertible features – You will be exposed to risks associated with both equity investments and fixed income investments as it is a hybrid debt-equity instrument. Upon the occurrence of specified trigger events, the issuer may, depending on the terms of the specific security, elect to either: (i) write down some or all of such securities in issue on a permanent basis and re-pay you only a fraction (if any) of your investment principal or (ii) convert such securities into shares. The specific trigger events (for example, a breach of certain quantitative thresholds used to gauge the issuer’s financial viability) would be specified in the terms and conditions for that security. If the issuer elects to convert the securities into shares, it is very likely that the market value of the shares received will deteriorate further after conversion as a result of the trigger event. You may be exposed to liquidity risk. Also, any regular interest payments which you expect to receive (and would have previously received) will be either reduced or eliminated. As it is difficult to predict when a trigger event will occur and following that, whether or not the issuer will elect to convert the securities into shares, you are exposed to the risk of uncertainty as to when (and whether) the contingent convertible security will be converted into shares and the extent of loss you may suffer in the event of such conversion.

Loss Absorption Features – loss absorption event occurs when the issuer was notified by the relevant regulator that (i) it is of the opinion that a write-off is necessary, without which the issuer would become non-viable; or (ii) of its decision to make a public-sector injection of capital, or equivalent support, without which the issuer would have become non-viable. Upon the loss absorption event occurs, the issuer shall (i) cancel any accrued and unpaid distribution up to the relevant loss absorption measure effective date; and (ii) if there is insufficient to result in the relevant loss absorption event to be no longer continuing, to irrevocably reduce the prevailing principal amount by the relevant write down amount. If a loss absorption event occurs, the investors could risk losing up to the full principal amount, as well as the cancellation of any accrued and unpaid distributions, without receiving any compensation for such loss or cancellation.

Contingent Write Down – upon the occurrence of a loss absorption event, the issuer may reduce the prevailing principal amount by the relevant write down amount. Once the prevailing principal amount has been written down, write down amount shall not be restored in any circumstances including where the relevant loss absorption event ceases to continue. Each bond may be written down on more than one occasion up to the full amount of the prevailing principal amount.
Subordination – the bonds will constitute direct, unconditional and unsecured obligations of the issuer and will be subordinated in right of payment of the claims of depositors and all other unsubordinated creditors of the issuer.