Standard Chartered
Private Bank

General Risk Disclosure Statement

Singapore

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Standard Chartered Private Bank is the private banking division of Standard Chartered Bank (Singapore) Limited (Registration No. 201224747C) (GST Group Registration No. MR-8500053-0).

12 Risks of margin trading

The risk of loss in depositing *collateral* for the purposes of margin trading in a transaction or pursuant to a *product* or *service* can be significant. You may suffer losses in excess of your assets deposited as *collateral*. You may be called upon at short notice to provide additional margin (or *collateral*) and this amount could be substantial. If the required margin (or additional *collateral*) is not provided within the prescribed time, or if the market moves further against you (whether or not the prescribed time has expired), your *collateral* may be liquidated without your consent. The high degree of leverage resulting from a relatively small margin requirement can work against you as well as in your favour. The use of leverage may also result in large losses as well as gains.

13 Custody services

There may be risks in depositing investments in our safekeeping or that of our nominee, including the risk of loss of all of the investments. We may appoint foreign custodians / sub-custodians to provide custodial services. Additional risks in relation to such foreign custodians / sub-custodians may arise from the operation of foreign *law*, rules and regulations. Your ability to withdraw the investments may be affected if we or our nominee defaults or becomes insolvent.

14 Risks associated with various modes of communication

14.1 Unsecured e-mail communication

You acknowledge that e-mail is sent via public and private data transfer networks and providers which are accessible worldwide, and available to anyone. It is therefore impossible to control the transmission route of an e-mail. You acknowledge and agree that a multitude of risks are inherent in unsecured e-mail, for example, e-mail can be faked as a result of e-mail or computer infections created or spread by third parties. We accept no responsibility for any *losses* arising from such risks.

14.2 Instructions via facsimile

Non-original signatures on the facsimile may be forged and such instructions may be transmitted to, and received at, wrong numbers, may never reach us or may be disclosed to third parties at the wrong number thereby losing their confidential nature.

14.3 Hold Mail

If you use our Hold Mail Service, you may not be able to monitor your *account* or transactions on your *account* for any *errors*, detect any fraud, or receive any communication from us in relation to your *account* or transactions on your *account*. It is therefore important for you to promptly and regularly collect your mail (which includes statements of your *account*, contract notes and general correspondence to you) and review them in detail, to ensure that any *errors* or fraud can be detected in a timely fashion.

15 Commissions, fees and charges

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

16 Taxation

Any income or profit from investments may be subject to withholding *tax*, capital gains tax or other *tax* of the country in which such investments are traded, or other country. This may result in you receiving proceeds less the amount of *tax*. You are responsible for all *taxes* on your account.

We do not provide you with *tax* advice. You should consult your *tax* adviser about your *tax* situation.

17 Other related documentation

We will, in appropriate cases, furnish you with term sheets and other documentation (whether issued by us or third parties) setting out the material terms, associated obligations, underlying assumptions, pricing basis and sensitivity analysis to illustrate the impact of market movements on the proposed financial investment and / or such other information as we may think relevant. Any sensitivity analysis which may be provided is for the purpose of illustration only. The provision of such term sheets or other documentation shall not detract from your duty to take all such steps and make all such enquiries as may be necessary or desirable to ensure that you fully understand and are familiar with the investment concerned, prior to making the investment. We take no responsibility or other liability for the accuracy and completeness of such term sheet or other documentation or any information set out there, in particular if they are not issued by us.

B - Risks relating to specific financial products or services

18 Equity securities and debt securities

In buying equity securities, you will become a member of the company and participate fully in its economic risk. You will be entitled to receive any dividend distributed each year (if any) out of the company's profits made during the reference period.

Buying debt securities means that you are, in effect, a lender to the company or the entity that has issued the securities. You are entitled to receive specified periodic interest payments, as well as repayment of the principal at maturity.

Both holders of equity and debt securities will be exposed to the specific risks associated with the individual securities (and the financial soundness of the issuers), as well as the systemic risks of the equity and debt securities markets.

In the case of shares of smaller companies, there may be an additional greater risk of loss due to a proportionately larger difference between the buying and selling prices of the shares to the price of the shares. If they have to be sold immediately, you may get back much less than the amount originally paid.

19 Derivatives

19.1 General

Derivatives are complex financial instruments. They can be linked to a wide range of reference underlyings. Their nature and terms vary significantly.

Derivatives are linked to one or more reference underlyings, whereby the value of the derivatives and / or the rights and obligations under the derivatives depend on the performance of and / or occurrence or non-occurrence of events related to the reference underlyings. However, investing in derivatives is not the same as investing directly in the reference underlyings. You will not acquire any right in respect of the reference underlyings. For example, where the relevant derivatives are linked to shares, you do not acquire any right in respect of the shares, including without limitation, the right to receive dividends or other distributions related to the shares. Changes in the price or level of the reference underlyings may not lead to a corresponding change, or any change at all, in the value of, and / or the potential payment and / or deliveries under the derivatives.

Derivatives are volatile instruments and may be subject to considerable fluctuations in value and other inherent risks associated with the reference underlyings. Changes in the price(s) of the reference underlyings can be unpredictable, sudden and large. Such changes may result in the price(s) of the reference underlyings moving adversely against your interest. A small movement in the price(s) of the reference underlyings may result in a drastic change in the value of, and / or potential payments and / or deliveries under, the derivatives. When two or more factors are exerting effects on a derivative simultaneously, the value of the derivative may become unpredictable.

The value of, and / or potential payments and / or deliveries under, derivatives may be affected by various market factors such as, but not limited to, the price, level, yield, volatility and / or creditworthiness of the reference underlyings and time remaining until scheduled termination. The 'time value' of derivatives may depend partly upon the length of the period remaining to scheduled termination and expectations concerning the value or other attributes of the relevant reference underlyings.

Derivatives may employ leverage, which increases the exposure to the reference underlyings, and can therefore magnify both returns and losses. You should note that derivatives that employ leverage involve a higher level of risk, and that losses under such derivatives (other things being equal) will be higher than those of similar derivatives that are not leveraged.

There may not be an active market for a derivative or the liquidity for a derivative may be poor, particularly in the case of unlisted derivatives. You may not be able to dispose of or terminate the derivative before its scheduled maturity or termination date, or the payments and / or deliveries under the derivative may be substantially less than the original amount invested.

19.2 Options

Transactions in options carry a high degree of risk. You should familiarise yourself with the type of option that you are contemplating on trading in 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. There are many different types of options with different characteristics. Primarily however, an option means a right but not an obligation on the part of the buyer to purchase or sell an underlying asset at a specified price on an agreed date(s).

Buying options

The purchaser of options may 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 purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs.

Selling options

Selling ("writing" or "granting") an option generally entails considerably greater risk than buying 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. 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 option in cash or to acquire or deliver the underlying interest. 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 options markets operate on a margined basis, under which buyers do not pay the full premium on their option at the time of purchase. In this situation, you may subsequently be called upon to pay a margin on the option up to the level of the premium. If you fail to do so as required, your position may be closed or liquidated.

19.3 Futures

Transactions in futures involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date at a pre-determined price, or in some cases to settle the position with cash. They carry a high degree of risk. The "gearing" or "leverage" often obtainable in trading in futures means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you.

19.4 Structured products

Generally, structured products are financial instruments with investment returns that are linked to the performance of reference underlyings. Examples include (but are not limited to) equity-linked notes, interest rate-linked notes and credit-linked notes. Structured products can come in a variety of forms and linked to a wide range of reference underlyings and can be complex financial instruments. You should read the offering document, term sheet, and documentation pertaining to the particular structured product carefully and fully understand the nature, terms and risks of such product. In our General Terms and Conditions, we refer to structured products as *derivative contracts*.

19.5 Structured investments

Structured investments are derivative transactions entered into between you and us that are linked to one or more reference underlyings. You should refer to our Structured Investment Terms and the relevant risk factors set out there.

20 Collective investment schemes

20.1 General

Collective investment schemes invest the funds paid in by the subscribers of units or shares in the collective investment schemes in different types of investments provided for in their offering documents or constitutional documents. You will therefore be exposed to the risks and returns associated with the nature of the financial instruments in which the collective investment scheme invests, including without limitation:

- Market risk – the value of an investment will decrease due to moves in market factors, and this will impact on the net asset value of the collective investment scheme.

- Risk relating to investment in equity – the equity markets may fluctuate significantly with prices rising and falling sharply, and this will impact on the net asset value of the collective investment scheme.
- Risk relating to investment in debt securities – the value of the investments will depend on (among others) market interest rates, the credit quality of the issuer and liquidity considerations. Some collective investment schemes may invest in high yielding debt instruments where the level of income may be relatively high (compared to investment grade debt instruments), however, the risk of depreciation and realisation of capital losses on such instruments will be significantly higher than on lower yielding debt instruments.
- Currency risk – since the investments held by a collective investment scheme may be denominated in currencies different from its base currency, the collective investment scheme may be affected adversely by exchange control regulations or changes in the exchange rates between such reference currency and other currencies. Changes in currency exchange rates may influence the value of the units in a collective investment scheme, and also may affect the value of dividends and interests earned by the collective investment scheme.
- Investment grade risk – some collective investment schemes invest in investment grade debt securities, which, like other types of debt securities, involve credit risk of the debt security issuer and may be subject to ratings downgrades by the rating agencies.
- Investment in derivative instruments – some collective investment schemes invest in derivative instruments which can involve additional material risks such as counterparty risks or credit and liquidity risk. Some derivative instruments may employ leverage which can cause greater volatility.
- Country concentration – collective investment schemes which invest in one country or limited countries will have greater exposure to market, political, legal, economic and social risks of that country / countries than a scheme which diversifies country risk across a number of countries.
- Holdings concentration – collective investment schemes which invest in a relatively small number of investments or may be concentrated in a specific industry sector are subject to higher concentration risk.
- Emerging market risk – some collective investment schemes invest in part or in whole via the methods detailed above in emerging markets which may be more volatile and subject to greater political and economic risks.
- Liquidity risk – investments held by a collective investment scheme may need to be sold if insufficient cash is available to finance redemptions of the scheme by investors. If the size of the disposals is sufficiently large, or the market is illiquid, there is a risk that the investments might not be sold or the price at which they are sold may adversely affect the net asset value of the scheme.

20.2 Exchange traded funds

Exchange traded funds (“ETFs”) are closed ended collective investment schemes, traded as shares on stock exchanges, and typically replicate a stock market index, market sector, commodity or basket of assets.

ETFs can be broadly grouped into two types. Traditional ETFs track, replicate and correspond to the performance of an underlying index. Synthetic ETFs mimic the behavior of traditional ETFs through the use of derivatives such as swaps and performance-linked notes.

ETFs are subject to tracking error risk, namely the disparity between the performance of the ETF as measured by its net asset value and the performance of the underlying index. Tracking error may arise due to various factors. These include, failure of the ETFs tracking strategy, the impact of fees and expenses, foreign exchange differences between the base currency or trading currency of an ETF and the currencies of the underlying investments, or corporate actions such as rights and bonus issues by the issuers of the ETFs underlying securities.

Trading on an *exchange* does not, in and of itself guarantee that a liquid market exists for an ETF. A higher liquidity risk is also involved if an ETF invests in financial derivative instruments that are not actively traded in the secondary market and where price transparency is not as easily accessible as physical securities. This may result in a bigger bid and offer spread. Further, an ETF is exposed to the economic, political, currency, legal and other risks of a specific sector or market related to the underlying equity, commodity, asset or index that the ETF is designated to track. Synthetic ETFs typically invest in over-the-counter derivatives issued by counterparties. Such a synthetic ETF may suffer losses potentially equal to the full value of the derivatives issued by the counterparty upon its default. Synthetic ETFs are therefore exposed to both the risks of the securities that constitute the index as well as the credit risk of the counterparty that issues the financial derivative instruments for replicating the performance of the index.

20.3 Non-traditional funds (hedge funds)

Non-traditional funds (which may take a variety of legal forms such as investment companies or partnerships) differ from traditional investment funds such as equity or fixed income funds in respect of their investment style. A common type of a non-traditional fund is a hedge fund. Some of the common features of, and risks of investing in, a non-traditional fund include the following:

- non-traditional funds have variable liquidity and tradeability, and may have limited subscription and redemption rights with lengthy notice periods (e.g. fund issues and redemptions are often allowed only on a monthly, quarterly or annual basis). Fixed holding periods are common, and liquidations may stretch out over a period of years;
- the fund often aims to make an absolute return, under varying market conditions;
- sometimes, the fund takes on very high levels of risk and may have significant leverage from the investment of borrowed capital;
- the fund often uses derivatives, whether for hedging or for investment or speculation;
- the fund may be able to carry out short sales;
- the fund may not be subject to any restrictions on investment categories, markets or trading methods, and the strategies adopted by the fund may be speculative in nature;
- the fund may require a high minimum investment amount; and
- many non-traditional funds are located in “offshore” jurisdictions, and are subject to less stringent laws and supervision, which in turn provides relatively weaker investor protection relative to a traditional fund. There is no assurance that an investor’s legal rights will be enforceable. There may be other risks associated with weaker regulation of such funds; for example, the fund may have poor or unsuitable operating systems and checking procedures.

Non-traditional fund investments involve a high degree of risk. Before making any investments, you should seek independent advice about the particular risks involved and carefully study the relevant information memorandum, subscription agreement and other information on the investments.

21 Precious metals

In addition to the risks related to currency exchange, interest rate movements and commodity trading, trading in precious metals (such as gold, silver, platinum or palladium) will expose you to the following additional risks:

- Precious metal markets are volatile and there is the possibility that a loss will be incurred from an investment in precious metals;
- An investment in precious metals provides no yield or interest;
- Precious metal prices have to rise over the purchase price in order to provide a return; and
- A deposit of precious metals does not represent a deposit of money.

22 Renminbi (“RMB”) denominated products

22.1 RMB currency risks

RMB is currently not a freely convertible currency. It is subject to foreign exchange control policies of the mainland People’s Republic of China (“mainland China”). The exchange rate of RMB may fluctuate from time to time. Any devaluation of RMB may adversely affect the value of your investment in RMB denominated assets.

22.2 Repatriation and conversion limitations

The relevant authorities in mainland China have imposed restrictions on the repatriation of RMB out of mainland China, which may limit the amount of RMB available outside mainland China and reduce the liquidity of your investment. In addition, government policies in mainland China on repatriation restrictions may be subject to change, which may adversely affect your investment. Further, conversion of RMB through banks outside mainland China may be subject to restrictions (including limitations on the amount that can be converted). You may have to allow time for the conversion of RMB from / to another currency of an amount exceeding such limit and is subject to further currency risk in the interim.

22.3 Limited availability of underlying investments denominated in RMB

Where a RMB denominated *product* is referenced to underlying investments denominated in RMB, it may not have access to invest directly in mainland China. The pool of underlying investments denominated in RMB outside mainland China (i.e. "offshore RMB instruments") may be limited, which may adversely affect the return and performance of RMB *products*. Further, offshore RMB instruments may not be regularly traded and there may not be an active secondary market. The bid and offer spread of the price of offshore RMB instruments may be large. Trading in RMB *products* may therefore incur significant trading and realisation costs.

22.4 Projected returns which are not guaranteed

Where the offering documents, term sheet or documentation pertaining to the RMB *product* contains a statement of illustrative return which is not guaranteed, you should note that the return is not guaranteed and should pay attention to the assumptions on which the illustrations are based.

22.5 Long term commitment to investment

Some RMB denominated *products* involve a long period of investment. If you wish to redeem your investment before the maturity date or during the lock-up period (if applicable), you may incur significant losses if the proceeds are substantially lower than the amount invested. In addition, heavy penalties or charges may be payable for the early termination or surrender of such *products*.

22.6 Credit risk of counterparties

Where a RMB denominated *product* invests in underlying instruments, such *product* is exposed to the counterparty risks associated with the issuers of or counterparties to such instruments. In particular, RMB denominated *products* may invest in instruments whereby the investment is not supported by any collateral, and such RMB *products* will be fully exposed to the credit / insolvency risk of the relevant counterparties. Further, where RMB *products* invest in derivative instruments, counterparty risk may arise as the default by the derivative counterparty may adversely affect the performance of the RMB *products* and result in substantial losses.

22.7 Interest rate risk

Where RMB denominated *products* invest in RMB debt instruments, such instruments are susceptible to interest rate fluctuations, which may adversely affect the return and performance of the RMB denominated *products*.

22.8 Liquidity risk

It is possible that the RMB denominated *products* may suffer losses in liquidating the underlying investments, especially if such investments do not have an active secondary market and their prices have large bid / offer spreads.

22.9 Possibility of not receiving RMB upon redemption

For RMB denominated *products* with a significant portion of non-RMB denominated underlying investments, you may not receive the full amount in RMB upon redemption or sale of your investment. Even if a *product* aims to deliver RMB, it may not be able to pay you in RMB if the product has to sell non-RMB-denominated investments to meet your redemption or sale request or if it encounters conversion restrictions when converting the proceeds in non-RMB currencies to RMB. Even if the investments are denominated in RMB, there may not be sufficient RMB to satisfy the redemption or sale requests due to repatriation or other controls on RMB. As a result, you may not receive RMB when you redeem or sell your investments.