

## U.S. Securities Services Terms & Conditions

**THIS SECTION CONTAINS A BRIEF SUMMARY OF SOME (BUT NOT ALL) OF THE FEATURES AND RISK DISCLOSURES OF INVESTING AND TRADING IN THE U.S. SECURITIES (INCLUDING NON-U.S. SECURITIES GIVING RISE TO PAYMENTS OF U.S. SOURCE INCOME) AND IS NOT MEANT TO BE AN EXHAUSTIVE STATEMENT. IF YOU ARE IN ANY DOUBT ABOUT THE RISKS INVOLVED IN INVESTING AND TRADING IN U.S. SECURITIES, YOU ARE ADVISED TO SEEK INDEPENDENT FINANCIAL, TAX, LEGAL OR OTHER PROFESSIONAL ADVICE.**

**The contents of “Conditions for Services” and “Conditions for Investment Services” shall be incorporated as an integral part of these conditions, as if the “Conditions for Services” and “Conditions for Investment Services” are written in full herein. In case of conflict between the “Conditions for Services” and “Conditions for Investment Services” and the terms and conditions set out in these conditions, the latter shall prevail.**

### **I. Important notes for U.S. Securities Services (the “Services”)**

U.S. securities in these terms refer to capital market products quoted only on stock exchanges in the United States. You should read these Terms, “Conditions for Services” and “Conditions for Investment Services”, additional terms and conditions of tax for investing in U.S. products and other relevant documents carefully before trading. You should carefully consider whether such transactions are suitable for you based on your experience, objectives, risk tolerance, financial resources and other relevant circumstances.

#### **1. If you are or become a US Person:**

- 1.1 we have the right to suspend or terminate any or all investment services with respect to any product listed or traded in the United States of America or with US source income or the relevant accounts (or both). We are not liable for any losses, costs, fees or expenses of any kind you may incur or suffer in connection with suspension or termination; and
- 1.2 we have the right (but have no obligation) to make or handle any tax reporting in

relation to that product on your behalf.

"US Person" means any one or more of the following (unless, other than the case of paragraphs (i) to (iii) below, applicable laws, rules and regulations provided that such person is subject to the federal income taxation of the United States of America on his worldwide income):

- (i) a citizen of the United States of America;
- (ii) a person that is not a citizen or national of the United States of America and who meets either the "green card" test or the "substantial presence" test under the Internal Revenue Code of 1986, as amended, and/or any other applicable laws, rules and regulations for the calendar year;
- (iii) a person electing to be treated as a tax resident of the United States of America;  
and
- (iv) any other person that is subject to the federal income taxation of the United States of America on his worldwide income regardless of its source.

**2.You confirm the following matters:**

2.1 You are not a US Person.

2.2 You are not a director or senior officer of a company listed on any stock exchange in the United States of America, or a shareholder who holds 10% or more of the interests in the shares of such a company.

2.3 You are not:

- (i) registered or qualified with the United States Securities and Exchange Commission, the Commodity Futures Trading Commission, any state securities agency, any securities exchange or association, or any commodities or futures contract market or association;
- (ii) employed as an "investment advisor" (as defined in Section 202(11)(a) of the Investment Advisor's Act of 1940, which may be amended from time to time), whether or not you are registered or qualified under that Act; or
- (iii) employed by a bank or other organization that is exempted from registration

under federal or state securities laws to perform functions that would require you to be so registered or qualified if you are in need to perform such functions for an organization with no exemption.

2.4 Any securities or products delivered or pledged by you or your transfer agent to us will be free from any lien, charge, claim or other encumbrance or restriction other than a lien imposed on all securities or products by the applicable clearing house or depository.

These restrictions may include:

- (i) the volume limitations and manner of sale limitations set out in Rule 144 of the Securities Act of 1933 (as may be amended from time to time);
- (ii) any requirement to obtain consent from any person or entity for a sale, pledge, assignment or other transfer of such securities;
- (iii) any limitation on the type or status of any purchaser, pledgee, assignee or transferee of such securities;
- (iv) any requirement to deliver any opinion of counsel, notice or other documentation to the issuer, registrar or any other person prior to a sale, pledge, assignment or other transfer; and
- (v) any registration or qualification requirement or prospectus delivery requirement pursuant to applicable securities laws.

In addition, you agree with the following:

2.5 If you become a US Person, you should notify us in writing promptly. You understand that in such case we may be responsible to cancel your accounts and/or orders, and sell your products and/or securities (depending on the case), and you agree for us to do so. You should also transfer all your holdings in securities and products listed or traded in the United States of America within one (1) month of becoming a US Person (or any other period as we determine). You accept that in such case all the income, interest, proceeds and distributions arising from the securities or products will be subject to the maximum withholding tax rate (or any other withholding tax rate as we determine).

2.6 If you become engaged, registered, qualified or employed in the manner set out in paragraph (2.2) or (2.3) above, you should notify us in writing promptly. You understand that in such case we may be responsible to cancel your accounts and/or orders, and sell your products and/or securities (depending on the case), and you agree for us to do so. If you are deemed to be engaged, registered, qualified or employed in that manner by any US Market Data Provider, we have the right to pass any additional market data subscription fees and any other costs and expenses incurred as a result of or in connection with your status on you. "US Market Data Provider" means NASDAQ and any other US-registered national securities exchanges and national securities associations which may make available sale information, quotation information or any other market information or data relating to any product listed or traded in the United States of America to us from time to time.

### **3. Broker, Settlement and Custodian Arrangements**

The Bank has expressed authority from the Client to appoint Brokers, Nominees and other agents including custodians and sub-custodians and to terminate any such arrangements with said Brokers, Nominees and other agents and to appoint alternative Brokers, Nominees and/or other agents. The Bank shall use reasonable care in the selection and appointment of such Brokers, Nominees and/or other agents.

The Client agrees that the Bank shall have full power and authority to negotiate and agree for and on behalf of the Client all arrangements in respect of brokerage, nominee or custodian services with Brokers, Nominee and/or custodians, or other agents and, in relation to any termination, appointment or replacement appointment, to instruct such Brokers, Nominees and/or custodians or other agents to make suitable arrangements in respect of the completion of transactions and transfer of securities including, without prejudice to the above matters, the transfer of securities to a new or alternative Nominee.

### **4. Services Details**

4.1 The service is only available to non-U.S. persons. If there are any changes to your personal information, please visit any of our branches to update your information.

4.2 Services allow clients to trade U.S. equities listed on the American Stock Exchange (AMEX), NASDAQ, New York Stock Exchange (NYSE). Trading venue of U.S. equities is not confined to the primary exchange where the instrument is listed on. The Service does not currently support pre-market and post-market sessions trading.

4.3 The Bank may suspend acceptance of micro-cap stocks, fractional share, off exchange (OTC) securities, securities of U.S. publicly traded partnerships (PTP), cryptocurrency-related stocks, complex structures and leveraged products.

4.4 As the securities listed in paragraph 4.3 above are updated from time to time, the Bank will do its best to provide most updated information for reference. However, the Bank cannot guarantee the completeness, accuracy and immediacy of such lists. The client must pay attention to the risks of related securities on its own.

## **5. Brokerage Fee and Market Charges**

The client must pay the applicable brokerage fee, market charges and any costs, fees or expenses incurred due to the execution of securities orders or holding of securities. The Bank endeavors to provide the latest schedule of market charges, including the fees or levies charged by an exchange, a settlement system, a clearing agent, a custodian, a government or regulatory body and others from time to time through the Bank's website or other channels.

## **6. Instructions for general trading and pre-set order**

U.S. stock trading hours are from 9:30 a.m. to 4:00 p.m. Eastern Standard Time ("EST"), Monday to Friday. i.e. from 9:30 p.m. to 4:00 a.m. Hong Kong Time ("HKT") (summer trading hours) / 10:30 p.m. to 5:00 a.m. HKT (winter trading hours) of the following day. All "Day Orders" that have not been executed will be void on the same day (according to U.S. "EST") after closing. Any pre-set order made will be continued until the remaining part of order is canceled or all the orders are filled or expired. For details, please refer to "Securities Pre-set Order Services Terms & Conditions".

You can submit the U.S. securities trading orders at any time, except during the maintenance time where the Bank would not be able to accept any new orders. When submitting the trading orders, clients have to ensure that the settlement account possesses sufficient funds

and securities account is with sufficient purchasing power and stock positions to support the order.

### **7. Settlement Day**

The settlement day for U.S. securities is the following working day after Trade day (T+1). The funds from the unsettled transaction can be used to place new orders in real time. The actual settlement day is affected by the market arrangement and may exceed the specified date due to time zone differences, required settlement times or business or transaction suspension.

### **8. Purchasing Power and Positions**

Before trading U.S. securities, your settlement account must have sufficient USD and securities account is with sufficient purchasing power or relevant securities holdings. You can deposit U.S. dollars or convert from other currencies into U.S. dollars for U.S. securities investment.

### **9. Others**

Services may be suspended due to special holidays or individual corporate activities without further notice.

## **II. Key Risks for Trading U.S. Securities**

It is crucial to understand the specific terms and risks mentioned in this document and other relevant documents before trading U.S. securities.

U.S. securities in these terms refer to capital market products quoted only on stock exchanges in the United States. This statement does not disclose all the risks and other important matters of trading in U.S. securities. You should only conduct such transactions if you understand and is satisfied with your risk tolerance.

### **1. Key risks include but are not limited to below:**

U.S. securities is subject to the laws and regulations of the U.S. Before you trade in U.S. securities, you should be aware of:

- The level of investor protection and safeguards that you are covered in U.S., as U.S. securities would operate under a different regulatory regime.
- The differences between the legal systems in U.S., Macau and Hong Kong may affect your ability to retrieve your funds.
- The tax implications, currency risks, and additional transaction costs that you may have to incur.
- The counterparty and correspondent broker risks that you are exposed to.
- The political, economic and social developments that influence the U.S. markets you are investing in.
- The foreign exchange can negatively affect your value of investment.
- U.S. markets may be subject to rules that offer different or diminished investor protection, which may expose additional risks to you.
- U.S. suspension or restriction of trading, market conditions and/or the operation of the regulations of certain markets will make it difficult or impossible to execute certain transactions or liquidate positions. In such cases, you may face a higher risk of loss.

These and other risks may affect the value of your investment. You should not invest in the product if you do not understand or are not familiar with such risks.

\*U.S. securities in this statement refers to a capital market product that is listed for quotation or quoted only in U.S. exchange(s). This statement does not disclose all the risks and other significant aspects of trading in U.S. securities. You should undertake such transactions only if you understand and are comfortable with the extent of your exposure to the risks. You should carefully consider whether such trading is suitable for you in light of your experience, objectives, risk appetite, financial resources and other relevant circumstances. In considering whether to trade or not, you should fully understand this document and other relevant documents.

## **2.Differences in Regulatory Regimes**

U.S. markets may be subject to different regulations and may operate differently from Hong Kong Stock Exchange. For example, there may be different rules on the safekeeping of

securities and funds held by custodian banks or depositories. This may affect the level of safeguards in place to ensure proper segregation and safekeeping of your investment products or funds held overseas. There is also the risk of your investment products or funds not being protected if the custodian has credit problems or shutdown. U.S. markets may also have different periods for clearing and settling transactions. These may affect the information available to you regarding transaction prices and the time of settlement.

U.S. markets may be subject to rules which may offer different investor protection as compared to Hong Kong. Before you start to trade, you should be fully aware of the types of assistance available to you in Macau, Hong Kong and U.S., if any.

U.S. securities may not be subject to the same disclosure standards that apply to investment products listed for quotation or quoted on SEHK. Where disclosure is made, differences in accounting, auditing and financial reporting standards may also affect the quality and comparability of information provided. It may also be more difficult to locate up-to-date information, and the information published may only be available in a foreign language.

### **3. Differences in Legal Systems**

Regulatory authorities in Macau will be unable to compel the enforcement of the rules of the regulatory authorities or markets in U.S. where your transactions will be effected.

The laws of U.S. may prohibit or restrict the repatriation of funds from such jurisdictions including capital, divestment proceeds, profits, dividends and interest arising from investment in U.S. Therefore, there is no guarantee that the funds you have invested and the funds arising from your investment will be capable of being remitted.

U.S. may also restrict the amount or type of investment products that foreign investors may purchase. This can affect the liquidity and prices of the U.S. securities that you invest in.

### **4. Different Costs Involved**

You may have to pay additional costs such as fees and broker's commissions for transactions in U.S. stock exchanges. You may also have to pay a premium to trade certain listed investment products.

Therefore, before you begin to trade, 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.

There are tax implications of investing in U.S. securities. For example, sale proceeds or the receipt of any dividends and other income may be subject to tax levies, duties or charges in the foreign country/region, in Macau, or in both countries/regions.

The U.S. tax regime covers everyone holding U.S.-based investments (such as marketable securities, mutual funds, or bonds, etc.) in his/her own name, regardless of whether the person is a U.S. citizen or permanent resident. In other words, all investors holding U.S. securities of any form are required to pay a withholding tax on dividends gained.

Any U.S. source income received by you through the Bank, including interests or dividends, is subject to the U.S. withholding tax. Therefore, the Bank's executing broker for U.S. securities is required to withhold a tax of up to 30% of any payment of the said income to a foreign person (always subject to the U.S. Internal Revenue Service). Moreover, the Bank does not offer tax relief service, i.e. tax treaty withholding tax rates are not offered, nor the Bank will represent or assist client for any application filed with the IRS for reduction or exemption of the withholding tax or any request for a refund due to any tax being over-withheld.

#### **5.Counterparty and Correspondent Broker Risks**

Transactions on U.S. markets are generally effected by the broker through the use of foreign brokers who have trading and/or clearing rights on those exchanges. All transactions that are executed upon your instructions with such counterparties and correspondent brokers are dependent on their respective due performance of their obligations. The insolvency or default of such counterparties and correspondent brokers may lead to positions being liquidated or closed out without your consent and/or may result in difficulties in recovering your money and assets held overseas.

#### **6.Political, Economic and Social Developments**

U.S. markets are influenced by the political, economic and social developments in U.S. These

factors may be uncertain and may increase the risk of investing in U.S. securities.

### **7. Not Protected by Investor Compensation Fund, Securities and Futures Ordinance (SFO) and Related Subsidiary Legislation**

Hong Kong Investor Compensation Fund is established to pay compensation to investors who suffer pecuniary losses as a result of default of a licensed intermediary or authorized financial institution in relation to exchange-traded products in Hong Kong. According to the SFO, the Investor Compensation Fund only covers products trading in Hong Kong's recognized securities market (SEHK), investors should note that any U.S. securities will NOT be covered by Hong Kong's Investor Compensation Fund. As the U.S. securities are not listed or traded on the SEHK, clients will not have protection under the Securities and Futures (Client Securities) Rules. As a result, clients engaging in U.S. securities do not have protection under the SFO and related subsidiary legislation.

### **8. Risks of Trading Complex or Leveraged Exchange-Traded Products**

Complex or leveraged ETPs are complex financial instruments. Complex or leveraged ETPs in the U.S. market may include, but are not limited to: (1) leveraged ETFs and ETPs; (2) inverse ETFs and ETPs; (3) volatility-linked ETFs and ETPs; (4) exchange-traded notes (ETNs); (5) cryptocurrency ETFs and ETPs; and (6) any other ETPs that use derivatives, that contain imbedded leverage, or that are based on exotic or volatile underlying commodities or indices or financial products. Investors should fully understand the product terms, issuer information, investment strategies and risks before trading. Investors should also be aware of the following risks, including but not limited to:

- (1) **Use of Leverage and/or Derivative Instruments:** many leveraged and inverse funds as well as volatility-linked products use leverage and derivatives to achieve their stated investment objectives. Therefore, these products can be extremely volatile and carry a high risk of substantial losses.
- (2) **Holding-Period Risk:** many complex or leveraged ETPs are designed to achieve a stated daily objective. The actual returns may deviate significantly from the objectives or may differ substantially from the performance of the objective benchmark.

- (3) Higher Operating and Management expenses: many complex or leveraged ETPs typically rebalance their portfolios frequently in order to respond to anticipated changes in overall market conditions. Such rebalancing can result in frequent trading and increased portfolio turnover. Therefore, these ETPs will generally have higher operating expenses and investment management fees than other funds or products.
- (4) Tax Treatment may vary: complex or leveraged ETPs may generate their returns through the use of derivative instruments. As derivatives are taxed differently from equity or fixed-income securities, these ETPs may not be as tax efficient as other funds or products.
- (5) Credit risk: ETNs are unsecured debt obligations of the issuer. If the issuer defaults on the note, investors may lose some or all of their investment.
- (6) Market risk: the value of an ETP is largely influenced by the value of the index it tracks or underlying investments it is based on.
- (7) Liquidity risk: although ETPs are exchanged-traded, they do carry some liquidity risks.
- (8) Price-Tracking risk: ETPs typically trade at the prices that closely track their indicative values, but it still has a certain price-tracking risk.
- (9) Call, Early Redemption and Acceleration risk: ETNs may be called at any time, their value when called may be less than the market price that you paid or even zero, resulting in a partial or total loss of your investment.
- (10) Conflict of Interest: there may be potential conflicts of interest between investors and product issuers.

### **III. Additional terms and Conditions for U.S. Securities Services**

These terms and conditions set out the rights and obligations of you in connection with your use of U.S. Securities Services. All these terms and conditions are legally binding, so please read them

carefully before you agree to be bound by them. You hereby acknowledge and accept that there are significant risks in trading U.S. securities and confirm that you are prepared to accept all risks on trading U.S. securities.

## **1. Interpretation**

1.1 In the event of any conflict or discrepancy between these terms and conditions and (a) “Conditions for Investment Services” or (b) the terms of any other agreement subsisting from time to time between the Bank and the Client or (c) the terms of any agreement between such Client and any other Bank Affiliate in respect of dealings in Securities, these terms and conditions shall prevail. For the avoidance of doubt, the terms shall apply in relation to the giving of instructions by all channels.

1.2 The Chinese version shall prevail in the event of any inconsistency between the English and Chinese versions.

1.3 In these Terms and Conditions:

- “Regulatory Authority” means the U.S. Exchanges, Depository Trust Company (“DTC”) and regulators;
- “United States dollar” means the lawful currency for the time being of the United States of America and “USD” shall be construed accordingly;
- “U.S. Exchanges” means Nasdaq, New York Stock Exchange, American Stock Exchange.
- “U.S. Securities Services” means the services provided by the Bank to the client who may invest in U.S. securities, in accordance with U.S. rules and the relevant terms and conditions of the Bank.

## **2. Trade Settlement and Settlement Instructions**

2.1 With respect to a BUY order:

- (i) Before placing a BUY order, you are required to ensure you have sufficient USD to deliver to the Bank upon settlement;
- (ii) You authorize the Bank to debit the funding required to settle your Buy trades from your settlement account 1 working day after Trade Day (“T+1”);

2.2 With respect to a SELL order:

- (i) i. Before placing a SELL order, you are required to ensure you have sufficient U.S. securities to deliver to the Bank upon settlement;
- (ii) The Bank will credit the sales proceeds to your settlement account on 1 working

day after Trade Day (“T+1”) upon receipt of the relevant sales proceeds from the Bank’s settlement agent.

### **3. Trading Restrictions**

Client agrees to fully comply with and be bounded with the trading restrictions, including but not limited to any imposed by U.S. Exchanges, the Bank and its execution broker from time to time.

### **4. Corporate Actions**

4.1 Investors engaged in the trading of U.S. securities will not be able to attend meetings by proxy or in person, unlike the current practice in Hong Kong in respect of shares listed on the SEHK.

4.2 Since the distribution proceeds received by the Bank from Settlement agent in relation to corporate action entitled by Clients are after tax deduction, unless otherwise specified, the distribution rate specified in the correspondence issued by the Bank for corporate action events is after tax deduction.

4.3 The Bank does not and cannot ensure the accuracy, reliability or timeliness of any company announcements of corporate actions and the Bank accepts no liability (whether in tort or contract or otherwise) for any loss or damage arising from any errors, inaccuracies, delays or omissions or any actions taken in reliance thereon. The Bank expressly disclaims all terms and Conditions for Securities Services warranties, expressed or implied, as to the accuracy of any company announcement or as to the fitness of the information for any purpose.

4.4 Any corporate action in respect of U.S. securities will be announced by the relevant issuer through U.S. Exchanges website and the channel as officially approved by the Authority. You should note that issuers which are listed on the U.S. Exchanges may publish such corporate action documents in English only, and documents in Chinese may not be available, and the Bank has no responsibility to produce such translation for its clients.

## **5. Disclosures of information**

U.S. Exchanges may disclose your information (including any personal data) without the Bank's prior approval to U.S. Exchanges' affiliates and relevant Authorities, including but not limited to surveillance or investigation purposes.