

Form for accepting the Supplement to Sixth Schedule

Note to Client: Before signing this Form, you should first seek independent legal and other professional advices as necessary.

**Form for accepting the Supplement to Sixth Schedule
("Form")**

(I) I/We (i.e. Client), the undersigned, (each*) have read and fully understood the terms contained in the Supplement to Sixth Schedule to the Client Agreement and Schedules (January 2015 Edition) ("Client Agreement") of Sun Hung Kai Investment Services Limited ("SHK") and in the agreement(s) of the Information Services Provider(s) (as defined in clause 6 of the Supplement to Sixth Schedule ("Supplement") to the Client Agreement) chosen by me/us below and agree to be bound by them. (II) I/We (each*) hereby undertake, represent and warrant to SHK in and agree to the terms contained in the US Trader Anti-Money Laundering Undertakings, Representations and Warranties. (III) I/We (each*) confirm that the risk disclosure statements and other information in relation to US Trader ("US Trader RDS & Info") have been provided in a language of my/our (respective*) choice (English or Chinese) and that I/we have read, understood and accepted the nature and contents thereof. I/We (each*) appreciate that they are not and cannot be taken as a comprehensive or exhaustive list of all possible risks. I/We (each*) confirm that I/we have been given the opportunity to ask questions and take independent advice if I/we so wish. (IV) I/We (each*) consent that SHK may, at my/our own risk, send my/our Access Codes (as defined in the Client Agreement) for US Trader to my/our latest email address(es) in SHK's records and I/we (each*) understand and accept all the risks associated with the sending of my/our Access Codes for US Trader to my/our aforesaid email address(es) (including, without limitation, the risks arising from the unreliable and public nature of the Internet which may cause incorrect information transmission or loss of confidentiality of the information transmitted. (V) I/We (each*) acknowledge and agree that if there is any inconsistency or conflict between the English and Chinese versions of this Form, the English version shall prevail. (*Applicable to joint account holders only.)

The agreement(s) of the Information Services Provider(s) [Please cross out the inappropriate.]

1. Agreements & Disclosures/Equities Non-Professional Market Data Agreement:
 - (a) NYSE and Amex Terms and General Applicability of Market Data
 - (b) OPRA Exchange Agreement – Non Professional Subscriber Application And Agreement
(Last Sale and Quotation Information for Personal Nonbusiness Use Only)
2. Dow Jones Indices Terms and Conditions
3. Agreements & Disclosures/On-Line Nasdaq Subscriber Agreement

IN WITNESS whereof this Form has been executed by Client and is intended to be and is hereby delivered on _____.

<please insert date>

Form for accepting the Supplement to Sixth Schedule

IN WITNESS whereof this Form has been executed by Client and is intended to be and is hereby delivered on _____.
<please insert date>

For companies***

(***Please sign and affix common seal in accordance with supporting resolution acceptable to SHK.)

THE COMMON SEAL of

<please insert Client's name >

was affixed to this Form
in the presence of

)
) _____
) <Director(s)' signature(s)>
) Name & HKID / Passport No:
)
)
) _____
) <Director(s)' signature(s)>
) Name & HKID / Passport No:

Client's Common Seal

Witness's signature#

Staff / licensed representative name & no. of
a member of the Group (as defined in the
Client Agreement)

(#If not a staff or licensed representative of a member of the Group, please sign in the Certification below.)

Certification

I am a ## Justice of the Peace / branch manager of a licensed bank / practicing lawyer / certified public accountant (practising) / notary public. I hereby certify that on the date above written, this Form was executed by each / the abovenamed director (who had been previously identified by production of his / her Hong Kong Identity Card or Passport (detailed above) to me) in my presence. *I hereby confirm that I have received a copy of Sun Hung Kai Financial Group – Statement of Practice in regard to Personal Data (Privacy) Ordinance to Individuals other than the Applicants and Clients and agree to the terms therein contained.* (##Please delete as appropriate.)

Signature

Date

Name (Please print)

Title (Please print)

Form for accepting the Supplement to Sixth Schedule

Declaration by a licensed person accredited to SHK

I confirm that I have provided the risk disclosure statements and other information in relation to US Trader in a language of each abovenamed Client's choice (English or Chinese), and have invited such Client to read the risk disclosure statements and other information in relation to US Trader, ask questions and take independent advice if such Client wishes.

I confirm that I have discussed matters relating to options with each / the abovenamed Client and based on the information provided, I believe that such Client has sufficient income and liquid assets to meet its obligations in respect of the options activity proposed and that such activity is reasonably suitable for such Client.

Signature of the licensed person

Date

Name & CE No. of the licensed person *<please print>*:

Sun Hung Kai Investment Services Limited
新鴻基投資服務有限公司

US Trader Documentation
美股易文件

Please note that the signing of the Form for accepting the Supplement to Sixth Schedule (attached hereto) and/or any other document(s) prescribed by Sun Hung Kai Investment Services Limited ("SHK") and/or the provision of any information and/or document(s) to SHK do /does not mean that you will be allowed to access to and use of US Trader. The availability of US Trader to you shall be subject to the final approval of SHK which may or may not be given in SHK's absolute discretion.

請注意：簽署接納附件六補充文件的表格(內附)及／或新鴻基投資服務有限公司(「新鴻基」)規定的其他一份或多份文件及／或向新鴻基提供任何資料及／或一份或多份文件並非表示閣下將可接達並使用美股易。向閣下提供美股易將由新鴻基作最終核准而核准與否由新鴻基以其絕對酌情權決定。

If there is any inconsistency or conflict between the English and Chinese versions of the above, the English version shall prevail.

若上文的中及英文版本有任何不同或矛盾之處，當以英文版本為準。

SUPPLEMENT TO SIXTH SCHEDULE ("SUPPLEMENT") US TRADER

1. INTERPRETATION

- 1.1 In this Supplement, unless the context otherwise requires, the following words and expressions have the meanings set out below:
- 1.1.1 "this Agreement" means the Client Agreement and Schedules, this Supplement, the Account Application and any applicable schedule and/or other documents as specified in the Schedules or determined by SHK from time to time;
- 1.1.2 "Client Agreement" means the Client Agreement and Schedules (~~Revised~~ ^{as amended} Edition) of SHK;
- 1.1.3 "Schedules" means the Schedules to the Client Agreement;
- 1.1.4 "U.S." or "US" means the United States of America;
- 1.1.5 "US\$" means the lawful currency of the U.S.; and
- 1.1.6 "US Trader" means that part of the E-Service which enables Client to give electronic instructions for the execution of transactions in relation to the investment products (as specified in that part of the E-Service from time to time and permitted under applicable laws) in accordance with this Agreement, whether in Hong Kong or elsewhere, and to receive information and related services.
- 1.2 This Supplement is supplemental to the Sixth Schedule to the Client Agreement ("Sixth Schedule") and forms an integral part of the Client Agreement. Unless the context of this Supplement otherwise requires, (a) terms and expressions defined in this Agreement shall have the same meanings in this Supplement; (b) references to "E-Service" in the Sixth Schedule shall include "US Trader"; and (c) references to clauses in this Supplement shall refer to clauses contained in this Supplement.
- 1.3 Unless the context of this Supplement otherwise requires, (a) in the event of any inconsistency between the provisions of this Agreement (excluding this Supplement) and this Supplement, the provisions of this Supplement shall prevail; and (b) in the event of any inconsistency between the provisions of the Sixth Schedule and this Supplement, insofar as trading via US Trader is concerned, the provisions of this Supplement shall prevail. If there is any inconsistency or conflict between the English and Chinese versions of this Supplement, the English version shall prevail.

2. SHK may at its discretion provide Client with US Trader on the terms of this Agreement, and the provisions of the Sixth Schedule together with this Supplement apply if SHK provides Client with US Trader. Client agrees to use US Trader in accordance with the terms of this Agreement. **Client acknowledges that US Trader is provided by a third-party independent contractor ("US Trader Provider") which is not affiliated with SHK in any way and the US Trader Provider may execute Client's instructions via US Trader as principal or agent and it may trade on its own behalf or on behalf of its affiliates or other persons notwithstanding that subject to laws and regulations applicable to it, the US Trader Provider may simultaneously hold Client's unexecuted orders for the same products which could be executed at the same price and Client authorises the US Trader Provider to disclose Client's orders to others, including, without limitation, its affiliates and brokers, to disseminate quotes and to facilitate the execution of such orders. Client acknowledges that instructions via US Trader may be executed by the US Trader Provider or another executing broker which could be an affiliate of the US Trader Provider. Client hereby authorises that SHK, the US Trader Provider, their respective affiliates and other executing brokers may act as buyers with respect to Client's instructions to sell or as sellers with respect to Client's instructions to buy and that each of the foregoing entities may trade on its own behalf or on behalf of other persons (including, without limitation, any of its affiliates). In no event shall SHK be liable to Client for any action, inaction, decision or ruling of any exchange, market, clearing house or regulatory authority.**

3. Client understands that US Trader is a semi-automated facility which enables it to send electronic instructions and receive information services. Client acknowledges that notwithstanding any act of SHK or anything to the contrary contained in this Agreement or any other document (written form or otherwise) or any information (written form or otherwise) (including, without limitation, US Trader RDS & Info defined in clause 31 herein below), SHK shall have the absolute discretion to determine the functions of US Trader available to Client and such functions may be changed by SHK or the US Trader Provider at any time and from time to time, without notice to or consent from Client, without assigning any reason therefor and without incurring any liability to Client or any third party. Client further acknowledges receipt of the Access Codes for US Trader and agrees to be the sole user of such Access Codes and not to disclose such Access Codes to any other person; and to be solely responsible for the

confidentiality use and protection of such Access Codes and all instructions entered through US Trader using such Access Codes. Client agrees that SHK and SHK's directors, officers and employees shall not have any liability to Client, or to any other person whose claim may or may not arise through Client, for any claims with respect to the handling, mishandling or loss of, or loss of confidentiality of, any instruction.

There are certain system hardware and software requirements and where applicable, access requirements for using US Trader and where applicable, the Access Services on the US Trader website or on another website of SHK and Client must meet all such requirements prior to its use of US Trader and where applicable, the Access Services. Client acknowledges that such requirements may change from time to time and Client must periodically refer to such website for current system requirements. Client shall be solely responsible for obtaining and maintaining in full force and effect all licenses, consents and authorisations necessary for Client's use of all relevant hardwares and softwares and services.

Without limiting the generality of Clause 4.1 of the Client Agreement (under "Client's Instructions and Standing Authority"), Client acknowledges that it may not be possible to cancel / modify an instruction already given via US Trader and that Client shall be responsible for all executed instructions notwithstanding any cancel / modify request. Client also understands that the US Trader Provider may, at any time and from time to time, in its sole discretion, refuse to accept Client's instructions or execute transactions on Client's behalf or restrict or prohibit trading via US Trader.

Client shall provide and maintain, at Client's own risk and cost, the connection equipment (including personal computers, mobile trading devices and modems) and services for accessing and using US Trader and where applicable, the Access Services (as defined in clause 37.1.1 herein below). Client shall be solely responsible for obtaining and maintaining in full force and effect all licenses, consents and authorisations necessary for Client's use of all such connection equipment and services. Further, Client shall be solely responsible for preventing anything which may be harmful to any such equipment (including, without limitation, computer virus, malicious program or harmful component) from entering into any such equipment, whether or not it is originated from the US Trader website and, if applicable, whether or not originated from anything provided by SHK.

4. SHK or the US Trader Provider may, at any time and from time to time, restrict or block Client's access to and/or use of US Trader (or any part thereof) without prior notice to or any consent from Client, without assigning any reason therefor and without incurring any liability to Client or any third party.
5. Client agrees to monitor each instruction and in addition to its notification obligations specified in clause 5 of the Sixth Schedule, to immediately notify SHK if:
 - 5.1 Client fails to receive an accurate confirmation of its instruction via US Trader;
 - 5.2 Client receives a confirmation that is different from its instruction;
 - 5.3 Client receives a confirmation for an instruction that Client did not give;
 - 5.4 Client receives an Advice or other information reflecting any inaccurate instruction, trade, balance, position, margin status or transaction history, which is related to Client's trading via US Trader;
 - 5.5 Client becomes aware of any apparent unauthorised use of any of Client's Access Codes for US Trader;
 - 5.6 Client experiences any problems in accessing the Account through US Trader;
 - 5.7 Client loses, fails or is otherwise unable to adequately protect confidentiality of the Access Codes for US Trader; or
 - 5.8 where applicable, Client experiences any problem in accessing or using the Access Services.

Notwithstanding the foregoing, Client shall remain responsible for all instructions entered through US Trader using such Access Codes. Client is bound by the actual execution of any of its instructions. Client acknowledges that confirmations of Client's instructions may be delayed or may be erroneous for various reasons including, without limitation, due to computer system issues, trading network issues, cancellation or adjustment by an Exchange, etc. Client acknowledges and agrees that SHK may, at any time, adjust the Account to correct any error and Client agrees to promptly return to SHK any cash, securities or other assets erroneously distributed to Client. In the event of Client's failure to comply with, or Client's delaying in complying with, this clause 5 (or any part of it), SHK shall be entitled, at its absolute discretion and at any time(s), to remove the trade(s) concerned from the Account or require Client to accept the trade(s) concerned. SHK or the US Trader Provider or any other executing broker contemplated hereunder shall not be responsible for the execution of Client's instructions at limit prices if the transmission of such instructions is delayed or otherwise affected by data communication failure. Confirmations are also subject to change by the US Trader Provider, in which case Client shall be bound by the actual execution of the relevant instruction so long as it is consistent with such instruction.

6. Client acknowledges that the price quotations, market information, news, research and any other information accessible on or through US Trader ("Information") are prepared by third-party providers, whether appointed by SHK or not. The Information is the property of such third-party providers and is protected by law. Client agrees not to reproduce, distribute, sell or commercially exploit the Information in any manner. Such third-party providers

or SHK may, at any time, without notice to or consent from Client, without assigning any reason therefor and without incurring any liability to Client or any other person, terminate Client's access to the Information. None of the Information constitutes a recommendation by SHK or any such third-party provider or a solicitation to buy or sell any securities or other investment products or any trading, investment or tax advice. Neither SHK nor any such third-party provider guarantees the timeliness, sequence, accuracy, adequacy or completeness of the Information. Any reliance on the Information is at Client's own risk. Client acknowledges and agrees that neither SHK nor such third-party providers shall be responsible to Client or any other person for any losses (be they losses of business, profits, goodwill or any other losses), costs, expenses, damages, claims or liabilities of whatsoever nature (whether consequential, incidental, special, indirect, punitive or otherwise) which Client or such other person may suffer, directly or indirectly, as a result of or in connection with any Information or any reliance on or use of any Information. For obtaining certain Information, Client needs to apply for the relevant information services directly or indirectly (whether via the US Trader Provider or not) provided by the relevant third-party provider(s) ("Information Services Provider(s)") which are not affiliated with SHK in any way and therefore, Client's application(s) shall be subject to the final approval of the Information Services Provider(s). Client agrees to promptly sign such documents of the Information Services Provider(s) as required by SHK from time to time and acknowledges that notwithstanding the signing of such documents, the availability of any information services from any Information Services Provider(s) shall be subject to the absolute discretion of such Information Services Provider(s). Client acknowledges that notwithstanding any act of SHK or SHK's provision of the Information Services Provider(s)' documents to Client and Client being required by SHK to sign any such document, SHK shall not assume or accept any liability of whatsoever nature and howsoever arising from or in connection with (a) the provision of, any suspension or termination of the use of, or any failure to provide, or any delay or interruption or restriction in respect of, any such information services; and/or (b) any information provided by or via any such information services; and/or (c) Client's and/or any other person's reliance on and/or acting on any information provided by or via any such information services; and/or (d) any document, dealing or arrangement between Client and any Information Services Provider(s) (whether or not involving the US Trader Provider) or any document of any Information Services Provider(s) (whether or not involving the US Trader Provider) or any obligation of any person owed to Client or any right of Client under or in connection with any aforesaid document, dealing or arrangement.

Client accepts US Trader (for the avoidance of doubt, including, without limitation, the software and hardware of it) "as is" and further acknowledges that SHK and such third-party providers give no express or implied warranties (including, without limitation, warranties of merchantability, fitness for a particular use, purpose or application, timeliness, freedom from interruption or non-infringement of any person's right or title or warranties arising from trade usage, course of dealing or course of performance) with respect to the Information and/or US Trader.

7. Client acknowledges that as US Trader is provided by the US Trader Provider, notwithstanding any act of SHK or anything to the contrary which may contain in this Agreement or any other document (written form or otherwise) or any information (written form or otherwise) (including, without limitation, US Trader RDS & Info defined in clause 31 herein below), to the fullest extent permitted by law, SHK shall not be liable to Client by reason of delays or interruptions of service or transmissions, or performance or failures of performance of US Trader (or of any function or service provided by or via US Trader), regardless of cause (except for any fraud or wilful default on SHK's part), including, but not limited to, those caused by system or network failure, hardware or software malfunction; governmental, exchange or other regulatory action; Acts of God; war, terrorism or the US Trader Provider's intentional acts (e.g. for purposes of servicing US Trader). Client further acknowledges that the US Trader Provider has also disclaimed its liability by reason of delays or interruptions of service or transmissions, or failures of performance of US Trader, regardless of cause, including, without limitation, those mentioned in the foregoing. Client recognises that there may be delays or interruptions in the use of US Trader. Client agrees that should it experience any problems in accessing and/or using US Trader, it shall use the alternative method to communicate with SHK (whether or not for the purpose of any transaction) and immediately inform SHK of the difficulty it is experiencing. Client acknowledges and agrees that if US Trader is not available for use, any alternative trading arrangement made by SHK may not be able to provide all services and functions which were available on or via US Trader immediately before the unavailability of US Trader and SHK shall accept no liability howsoever arising from or in connection with any such alternative trading arrangement or the provision of the same. For the avoidance of doubt, any transaction or trading via any such alternative trading arrangement shall, for the purposes of this Supplement only, be construed as a transaction or trading via US Trader notwithstanding that such transaction or trading may not be effected via US Trader. Without prejudice to the foregoing, if SHK is held liable for any matter in relation to US Trader, its liability shall, to the fullest extent permitted by law, not exceed the highest aggregate monthly commissions and fees paid by Client to SHK (excluding those payments made to any third party).
8. Client acknowledges that notwithstanding that it is permitted to access to and use of US Trader in accordance with this Agreement, title to the software comprised in US Trader (including its updates, replacements, revisions, enhancements, additions and conversions from time to time) shall remain the sole property of the US Trader Provider including, without limitation, all patents, copyrights and trademarks. Client shall secure and protect such software in a manner consistent with the maintenance of the US Trader Provider's title and rights therein and shall not sell, exchange, or transfer such software to others. Client shall not copy, modify, translate, decompile, reverse engineer, disassemble or reduce to a human readable form, or adapt such software or use it to create a derivative work. The US Trader Provider is entitled to immediate injunctive relief for any threatened breach of any provision in this clause 8.

US Trader Documentation

9. Unless otherwise directed, US Trader will select the market or dealer to which Client's instructions are routed. For products traded at multiple markets, US Trader may provide "Smart Routing", which may seek the best market for each instruction through a computerized algorithm. If Client directs instructions to a particular market, Client assumes sole responsibility for such instructions/orders including, without limitation, knowing and trading in accordance with the rules and policies of that market (e.g. trading hours, order types, etc.). Notwithstanding any act of SHK or anything to the contrary which may contain in this Agreement or any other document (written form or otherwise) or any information (written form or otherwise) (including, without limitation, US Trader RDS & Info defined in clause 31 herein below), SHK and the US Trader Provider cannot guarantee execution of every instruction at the best posted price. SHK and the US Trader Provider do not have access to every market or dealer; instructions of other persons or entities can trade ahead; market centres may not honor posted prices or may re-route instructions for manual handling; or market rules, decisions or system failures may prevent or delay execution of Client's instructions or cause Client's instructions not to receive the best price.
10. Client shall monitor the Account to ensure that at all times the Account contains sufficient securities and funds for settlement purpose or for meeting SHK's margin requirements from time to time. SHK is authorised to, at any time and from time to time, transfer out of or withdraw from the Account any securities and/or funds for settlement purpose and/or other purpose contemplated hereunder. Client acknowledges and agrees that SHK may delay the processing of any of Client's instructions while determining the correct status of the Account and/or the correct margin status of the Account. There may be formulas for calculating the margin requirements in relation to trading via US Trader on the US Trader website but these formulas are indicative only and SHK's determination of the actual margin requirements from time to time shall be final, conclusive and binding on Client. Client acknowledges that in respect of trading via US Trader, SHK will not credit the Account to meet intraday or overnight margin deficiencies. Client agrees that if it fails to meet any settlement or margin requirements, any or more or all of Client's positions, securities and/or other assets may be liquidated, sold and/or closed out and/or for Client's sale transactions, securities and/or other instruments may be borrowed and/or purchased in accordance with this Supplement. Client acknowledges that no previous margin call, notice, announcement or advertisement shall be deemed as a waiver of any right of SHK or the US Trader Provider under clause 14 hereof.
11. Client shall meet any margin call immediately. Client acknowledges and agrees that notwithstanding that any margin call has been issued to Client, any or more or all of Client's positions, securities and/or other assets may still be liquidated, sold and/or closed out and/or for Client's sale transactions, securities and/or other instruments may still be borrowed and/or purchased in accordance with this Supplement at any time(s) subsequently and that **notwithstanding anything to the contrary which may be contained in this Agreement or any other document (written form or otherwise) or any information (written form or otherwise) (including, without limitation, US Trader RDS & Info defined in clause 31 herein below) or any margin call previously made by SHK or the US Trader Provider, whether via US Trader or not, SHK or the US Trader Provider shall not be obliged to make any margin call.** Client further acknowledges and agrees that if any dispute arises concerning any Client's trades or if SHK or the US Trader Provider considers it necessary or advisable for the protection of the interest of SHK and/or the US Trader Provider, any or more or all of Client's positions, securities and/or other assets may be liquidated, sold and/or closed out and/or securities and/or other instruments may be borrowed and/or purchased in accordance with this Supplement.
12. US Trader may allow Client to pre-request the order of liquidation, selling, closing out, borrowing and/or purchasing in the event of a margin deficiency, but such requests are not binding on SHK or the US Trader Provider and SHK retains the sole discretion to determine or agree to which positions, securities, instruments and/or assets to be liquidated, sold, closed out, borrowed and/or purchased and the order(s) and manner(s) of liquidation, selling, closing out, borrowing and/or purchasing.
13. SHK may, at its absolute discretion, provide Client with risk management services via US Trader but SHK reserves the right to change or withdraw such services (or any or more of them) at any time and from time to time without notice to or consent from Client, without giving any reason therefor and without incurring any liability whatsoever to Client or any third party. If, at any time, the Account does not have sufficient balance to meet the risk management requirements provided by such risk management services from time to time, any or more or all of Client's positions, securities and/or other assets may be liquidated, sold and/or closed out and/or for Client's sale transactions, securities and/or other instruments may be borrowed and/or purchased in accordance with this Supplement and SHK and the US Trader Provider shall not be responsible for any loss of whatsoever nature in connection with any such liquidation, sale, closing out, borrowing or purchase (including, without limitation, any loss resulting from US Trader's delay in effecting, or failure to effect, any such liquidation, sale, closing out, borrowing or purchase) even if Client re-establishes any of its positions at a worse price. Notwithstanding the foregoing, neither SHK nor the US Trader Provider gives any warranty or representation of any nature regarding such services. Client shall remain responsible for all transactions via US Trader even if such transaction may result from the execution of Client's instructions via US Trader in excess of risk limits (i.e. at a time when the Account does not have sufficient funds to satisfy the risk management requirements) and neither SHK nor the US Trader Provider shall have any liability for failure to enforce the risk management requirements provided by US Trader's risk management services from time to time; for acceptance of instructions in violation of such risk management requirements; or failure to liquidate, sell, close out, borrow and/or purchase any positions, securities, instruments and/or assets in or for the Account when there is insufficient balance to satisfy such risk management requirements.

14. In the event of margin deficiency, a deficit in the Account, Client's failure to meet any settlement requirements or any risk management requirements mentioned in clause 13 hereof, the Account having insufficient funds at the time when an instruction is executed, or the occurrence of other Event of Default (as defined in Clause 16.1 of the Client Agreement (under "Default")), or in accordance with any provision of this Supplement, any or more or all of Client's positions, securities and/or other assets may be liquidated, sold and/or closed out and/or for Client's sale transactions, securities and/or other instruments may be borrowed and/or purchased, without notice or margin call to or consent from Client and at any time and from time to time, in such order or manner and/or through such market or dealer as determined or agreed by SHK in its absolute discretion and SHK or the US Trader Provider or their respective affiliates may take the other side of the transactions consistent with laws and regulations applicable to them respectively and SHK shall have the absolute discretion to determine or agree to which positions, securities, instruments and/or assets to be liquidated, sold, closed out, borrowed and/or purchased. Client agrees that SHK and the US Trader Provider shall not be responsible for any loss of whatsoever nature in connection with any such liquidation, sale, closing out, borrowing or purchase (including, without limitation, any loss resulting from US Trader's delay in effecting, or failure to effect, any such liquidation, sale, closing out, borrowing or purchase) even if Client re-establishes any of its positions at a worse price. Client further agrees that Client shall be responsible, and shall indemnify SHK, for all fees, costs (including legal costs on a full indemnity basis), expenses, taxes, duties, liabilities and losses howsoever arising from or in connection with any such liquidation, sale, closing out, borrowing or purchase (including any resulting deficiency in the Account), Client shall not be entitled to any profit as a result of any such liquidation, sale, closing out, borrowing or purchase.
- 14A. For the avoidance of doubt, any liquidation, sale, closing out, borrowing or purchase referred to in clause 10, 11, 13, 14 or 16 hereof is a right, not an obligation. Further, Client shall be liable to and shall promptly pay SHK for any deficiency in the Account that arises from any such liquidation, sale, closing out, borrowing or purchase.
15. SHK shall deduct the debit interest owed in the Account in accordance with debit interest terms and rates then set forth on the US Trader website or otherwise notified by SHK to Client. Client's funds may not be disbursed until after transactions are settled. SHK may, at any time and from time to time, in its absolute discretion, withhold funds in the Account and/or debit the Account for any payment(s) which may be required to be paid by Client under or in connection with this Agreement notwithstanding that any such withholding or debit may result into a margin deficiency or a deficit in the Account and Client shall be responsible for any such deficiency or deficit and shall immediately upon demand provide such additional funds as required by SHK. Terms and conditions for deposit and withdrawal of funds (including holding periods) are set out on the US Trader website or otherwise notified by SHK to Client and should there be any inconsistency between such terms and conditions and this Agreement, this Agreement shall prevail to the extent of such inconsistency. Client acknowledges that such debit interest terms and rates and such terms and conditions for deposit and withdrawal of funds (including holding periods) may be changed at any time and from time to time by notice to Client on the US Trader website or otherwise and subject to applicable Laws, any such change will become effective on the date specified in the relevant notice, whether the specified effective date is before or after the date of the relevant notice.
16. Commissions, charges, fees and other sums required to be paid by Client to SHK in relation to trading via US Trader (including, without limitation, market data fees) are specified on the US Trader website unless otherwise agreed in writing by SHK. Client agrees that such commissions, charges, fees and sums will be deducted from the Account which may thus cause a margin deficiency or a deficit in the Account and as a result of such deficiency or deficit, any or more or all of Client's positions, securities and/or other assets may be liquidated, sold and/or closed out and/or for Client's sale transactions, securities and/or other instruments may be borrowed and/or purchased in accordance with this Supplement. Subject to applicable Laws, SHK may, at any time and from time to time, in its absolute discretion, change and/or add any commission, fee, charge and/or other sum by notice to Client and subject to applicable Laws, the new commission, fee, charge and/or sum shall be applicable on the effective date specified in such notice, whether the specified effective date is before or after the date of such notice. Any such notice may be given to Client by posting on the US Trader website or other SHK website or by email or by written notice.
17. SHK may at any time terminate the provision, or Client may at any time terminate the use, of US Trader provided that such termination shall not affect:
- 17.1 the rights or liabilities of either party arising prior to such termination;
 - 17.2 the warranties, representations, undertakings and indemnities given by Client under this Agreement, all of which shall survive such termination; and
 - 17.3 any of the Client's obligations to SHK pursuant to this Agreement;
- and provided further that as long as there are any unsettled transactions or open positions in relation to trading via US Trader and there remain other requirements relating to the termination of the use of US Trader specified on the US Trader website or otherwise notified by SHK unsatisfied, Client shall not terminate the use of US Trader.
18. Client hereby repeats the Warranties (as defined in Clause 19.1 of the Client Agreement (under "Representation, Warranties and Undertakings")) to cover this Supplement and all instructions, transactions, investments and activities contemplated hereunder and further warrants and represents to SHK that

US Trader Documentation

- 18.1 it is not an affiliated person, officer, director or employee of any U.S. securities broker or dealer, introducing broker, futures commission merchant, exchange, market or clearing house;
- 18.2 it is not a U.S. person and it is not howsoever connected with the U.S.; and
- 18.3 it is trading solely as principal and not for the benefit of any third party.

The above warranties and representations are deemed to be repeated by Client, and are relied on by SHK, on each day for so long as any transaction contemplated under this Supplement remains unsettled or there is any open position in relation to trading via US Trader. Client further undertakes to notify SHK immediately of any change to the Warranties and other warranties or representations above mentioned. All information provided by Client to SHK with respect to Client's participation in US Trader is true and correct and Client shall notify SHK immediately of any change in such information.

- 19. Client acknowledges and agrees that in addition to its agreement to provide such information to such persons and for such purposes as stated in other provisions of this Agreement, SHK shall be entitled, at any time and from time to time, to provide to Information Services Provider(s) and/or the US Trader Provider and/or the US Trader Provider's affiliates and/or the respective employees, agents and/or appointed third-party contractors and/or providers of the foregoing entities any information relating to Client (including, without limitation, his personal data as defined in the Personal Data (Privacy) Ordinance (Cap.486, Laws of Hong Kong) as amended from time to time), the Account and/or any transaction or instruction for the purpose of providing, or continuing to provide, US Trader (or any function or services available on or via US Trader), complying with the Laws or Regulatory Rules, investigating suspicious activity, protecting the integrity of the systems of the US Trader Provider or any other purpose related to the foregoing. Client further consents that any aforesaid information may be, at any time and from time to time, given to any Regulator (including, without limitation, a self-regulatory body or agency having jurisdiction and any regulator which regulates, monitors or supervises the US Trader Provider and/or any Information Services Provider(s)) or any representative of, or any other person designated or authorized by, any Regulator. Any aforesaid information may also be disclosed to a third party in accordance with any Laws or Regulatory Rules.
- 20. Client acknowledges that in response to activity which SHK in its sole and absolute discretion suspects or believes to be potentially fraudulent, illegal or otherwise improper, SHK or the US Trader Provider may nullify, rescind, reject or adjust any instruction or transaction and/or to take any other action that SHK or the US Trader Provider considers, in its sole discretion and without liability to Client or any third party, appropriate. Client shall immediately notify SHK of any restriction on (or any event or occurrence which may restrict) SHK's activities with respect to Client or the Account.
- 21. Neither SHK nor the US Trader Provider makes any warranty or representation whatsoever with respect to whether the funds or positions in the Account are eligible for coverage by the Securities Investor Protection Corporation in the U.S. ("SIPC") or whether the funds and positions are eligible for any excess SIPC coverage carried by the US Trader Provider. Eligibility for SIPC coverage is determined by standards set forth in the U.S. Securities Investor Protection Act.
- 22. Client undertakes with SHK (for itself and as trustee for each Indemnified Person (defined below)) to, upon demand, indemnify and hold harmless SHK and its affiliates and their respective officers, employees and agents (each an "Indemnified Person") on a full indemnity basis from and against all losses, damages, interest costs, actions, demands, claims, proceedings, taxes, costs (including, without limitation, legal costs and costs reasonably incurred in collecting debts from Client) and liabilities of whatsoever nature (other than those resulting from fraud or wilful default on the part of SHK or its affiliates) incurred, suffered or sustained by or made or brought against or threatened to be made or brought against each or any of them directly or indirectly arising out of or in connection with any transaction or activity involving US Trader and/or the Account or any other transaction or activity contemplated under this Agreement or any act or omission of Client whether or not constituting any breach of this Agreement.
- 23. Client acknowledges and agrees that all orders (including, without limitation, instructions from Client, SHK, the US Trader Provider, SHK's and US Trader Provider's respective affiliates and brokers) are executed on a "first come, first served basis". Client agrees that it shall not be entitled to any profits, and shall not be responsible for any losses, resulting from its instructions which when entered exceed its trading limits. Client further agrees that it shall not submit any funds, securities or other property directly to the US Trader Provider.
- 24. Client acknowledges that trading securities on a foreign market is speculative and involves high risk. There are also special risks of trading outside ordinary market hours, including, without limitation, risk of lower liquidity, higher volatility, changing prices, un-linked markets, news announcements affecting prices, and wider spread. Client represents that Client knows and fully understands all risks associated with trading securities on a foreign market and all risks associated with trading outside ordinary market hours.
- 25. Without prejudice to the provisions of this Agreement in relation to short selling, Client acknowledges and agrees that:
 - 25.1 short sales via US Trader may only be effected in a margin account and are subject to margin requirements prescribed by SHK from time to time;

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25.2 prior to effecting a short sale via US Trader for Client, there must be assurance acceptable to SHK that the relevant stock can be obtained or borrowed on Client's behalf to effect delivery of the relevant stock to the purchaser;

25.3 if the relevant stock cannot be obtained or borrowed or cannot be re-borrowed in order to satisfy a re-call notice from a stock lender,

then a buy-in may be necessary according to the applicable Regulatory Rules notwithstanding any earlier indication to the contrary from SHK via US Trader or otherwise, it being expressly understood by Client that notwithstanding any earlier indication to the contrary from SHK via US Trader or otherwise, if the relevant stock cannot be obtained, borrowed or re-borrowed, then without notice to or consent from Client, Client's short position will be covered by purchasing the relevant stock on the open market at the then-current market price and Client shall be liable for any resulting losses and associated costs thereby incurred and the market value of the relevant stock is treated as a debit item to the Account. Client acknowledges and agrees that notwithstanding any act of SHK or anything to the contrary contained in this clause 25 or other clauses of this Agreement or any other document (written form or otherwise) or any information (written form or otherwise) (including, without limitation, US Trader RDS & Info defined in clause 31 herein below), SHK shall not be under any obligation to obtain, borrow or re-borrow any stock on behalf of Client.

26. If approved by SHK in writing, whether with or without further conditions, Client (who has a margin Account with SHK) may trade via US Trader such securities as specified on the US Trader website which are denominated in different currencies using a single Account ("Multi-Currency enabled Account"). Client agrees to pay additional fees (as notified by SHK from time to time) for any transaction denominated in a currency other than the base currency (defined below).

26.1 All balances, positions and margin requirements (prescribed by SHK from time to time) will be calculated and displayed in the currency in which the Multi-Currency enabled Account is denominated ("base currency"). When Client purchases a security denominated in a currency other than the base currency, a margin loan may be established to fund the purchase. This margin loan, once established, shall form part of the Liabilities (as defined in the First Schedule to the Client Agreement) secured by this Agreement.

26.2 All deposits into and withdrawals and transfers from the Multi-Currency Account shall be made in the base currency. All gains accruing in a currency other than the base currency must be converted back into the base currency for withdrawal from the Multi-Currency Account and all losses accruing in a currency other than the base currency must be repaid by converting funds in the base currency into that currency. Client undertakes to give 3 days' prior notice to SHK for any aforesaid conversion, withdrawal or transfer.

26.3 If Client maintains stock positions denominated in foreign currencies (i.e. currencies other than the base currency), US Trader may calculate the margin required to carry those positions by applying exchange rates specified on the US Trader website or otherwise notified by SHK and translating the foreign currency margin balances into the base currency and Client understands that this is a pro forma calculation and no funds will actually be converted for purposes of margin calculations. Client acknowledges and agrees that **IN TRANSLATING THE FOREIGN CURRENCY MARGIN REQUIREMENTS INTO THE BASE CURRENCY, US TRADER WILL APPLY "HAIRCUT" (A PERCENTAGE DISCOUNT ON THE FOREIGN CURRENCY EQUITY AMOUNT) TO REFLECT THE POSSIBILITY OF FLUCTUATION IN EXCHANGE RATES BETWEEN THE BASE CURRENCY AND THE FOREIGN CURRENCY. CLIENT MUST CLOSELY MONITOR MARGIN REQUIREMENTS IN THE ACCOUNT AT ALL TIMES, PARTICULARLY FOR STOCK POSITIONS DENOMINATED IN FOREIGN CURRENCIES (BECAUSE CURRENCY FLUCTUATION, IN ADDITION TO FLUCTUATION IN THE VALUE OF THE UNDERLYING POSITION, CAN CAUSE A DEFICIT).**

27. SHK, the US Trader Provider and their respective affiliates and brokers and other entities appointed by SHK and/or the US Trader Provider may each receive any benefit of any kind whatsoever and howsoever in respect of Client's trading via US Trader including, without limitation, any brokerage, commission rebates, commissions and/or interest of any kind. Client hereby consents and agrees that any of the foregoing entities may receive and retain for itself any such benefit, without further notice to or consent from Client, to the extent permitted by the laws respectively applicable to them.

28. Client acknowledges and agrees that any controversy, dispute, claim or grievance between the US Trader Provider, any of its affiliates or any of their respective shareholders, officers, directors, employees, associates or agents on the one hand and SHK or if applicable, any of its affiliates or any of their respective shareholders, officers, directors, employees, associates or agent or Client on the other hand, arising out of, or relating to US Trader, this Agreement, the Account or any transaction contemplated under this Agreement or any breach of any term of or in relation to such transaction or this Agreement shall be resolved by arbitration, in accordance with the rules then prevailing of any one of the following: (a) The American Arbitration Association; (b) The New York Stock Exchange, Inc.; (c) any other exchange or association of which the US Trader Provider is a member; or (d) the National Association of Securities Dealers, Inc. / Financial Industry Regulatory Authority, as the true claimant-in-interest may elect. If Client is the claimant-in-interest and has not selected an arbitration forum within ten days of providing notice of Client's intent to arbitrate, the US Trader Provider may select the forum. Client agrees that the award of the

arbitrators, or a majority of them, shall be final and binding on Client, and judgment upon the award rendered may be entered in any court having jurisdiction (state, federal or other).

Client further agrees that it shall not bring a putative or certified class action to arbitration or seek to enforce any pre-dispute arbitration agreement against any person who has initiated in U.S. court a putative class action; or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until: (a) the class certification is denied; or (b) the class is decertified; or (c) Client is excluded from the class by the U.S. court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this Agreement except to the extent stated herein.

After request by Client, SHK shall provide Client with the names of, and information on how to contact or obtain the rules of, all arbitration forums in which a claim may be filed under this clause 28 as well as the name of the US Trader Provider.

29. BY VIRTUE OF CLAUSE 28, CLIENT ACKNOWLEDGES AND AGREES AS FOLLOWS:

- 29.1 CLIENT IS GIVING UP THE RIGHT TO SUE THE US TRADER PROVIDER, ANY OF ITS AFFILIATES OR ANY OF THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, EMPLOYEES, ASSOCIATES OR AGENT IN COURT, INCLUDING THE RIGHT TO A TRIAL BY JURY, EXCEPT AS PROVIDED BY THE RULES OF THE ARBITRATION FORUM IN WHICH A CLAIM IS FILED.**
- 29.2 ARBITRATION AWARDS ARE GENERALLY FINAL AND BINDING; CLIENT'S ABILITY TO HAVE A COURT REVERSE OR MODIFY AN ARBITRATION AWARD IS VERY LIMITED.**
- 29.3 THE ABILITY OF CLIENT TO OBTAIN DOCUMENTS, WITNESS STATEMENTS AND OTHER DISCOVERY IS GENERALLY MORE LIMITED IN ARBITRATION THAN IN COURT PROCEEDINGS.**
- 29.4 THE ARBITRATORS DO NOT HAVE TO EXPLAIN REASON(S) FOR THEIR AWARDS.**
- 29.5 THE PANEL OF ARBITRATORS WILL TYPICALLY INCLUDE A MINORITY OF ARBITRATORS WHO WERE OR ARE AFFILIATED WITH THE SECURITIES INDUSTRY.**
- 29.6 THE RULES OF SOME ARBITRATION FORUMS MAY IMPOSE TIME LIMITS FOR BRINGING A CLAIM IN ARBITRATION. IN SOME CASE, A CLAIM THAT IS INELIGIBLE FOR ARBITRATION MAY BE BROUGHT IN COURT.**
- 29.7 THE RULES OF THE ARBITRATION FORUM IN WHICH THE CLAIM IS FILED, ANY AMENDMENTS THERETO, SHALL BE INCORPORATED INTO THIS SUPPLEMENT.**

30. To the fullest extent permitted by applicable Laws, in all judicial actions, arbitrations or dispute resolution methods, Client waives any right to punitive damages.

31. Client hereby acknowledges that the risk disclosure statements and other information in relation to US Trader ("US Trader RDS & Info") form part of the Risk Disclosure Statements contained in the Client Agreement. Client acknowledges that the risks mentioned in US Trader RDS & Info are not and cannot be taken as a comprehensive or exhaustive list of all possible risks and Client understands that notwithstanding any act of SHK or anything to the contrary contained in this Agreement or any other document (written form or otherwise) or any information (written form or otherwise), SHK is not acting as Client's advisor and it should not be regarded as so acting. Client acknowledges and agrees that it should consult its own independent legal and other professional advisors prior to entering into any transaction contemplated hereunder. Should there be any conflict or inconsistency between US Trader RDS & Info and this Agreement, this Agreement shall prevail.

32. In respect of trading via US Trader, any and all Client's securities, cash, investments, contracts, foreign currency, collaterals and/or other property, including all proceeds of the foregoing ("Client Assets") shall be, at Client's own risk and cost, kept outside Hong Kong and subject to applicable laws and regulatory requirements, may be deposited with, and/or registered in the name of, the US Trader Provider and/or any third party(ies) (including without limitation any affiliate of the US Trader Provider) and any aforesaid deposit or registration shall be made at Client's own risk and cost. The Client Assets shall, under all circumstances, be subject to such security interests and/or other rights of the US Trader Provider and/or other third parties as may be agreed by SHK from time to time for the purpose of providing US Trader and/or any services via US Trader and Client understands and agrees that such security interests and rights may limit Client's rights (including, without limitation, voting rights) in respect of the Client Assets and that SHK must satisfy, or procure to satisfy, all obligations in relation to such security interests and rights before Client Assets can be returned to Client in accordance with this Agreement. Client further understands and agrees that Client may not be able to get back any or more or all of the Client Assets in the event that any of the foregoing entities (with which the Client Assets (or any part thereof) are kept or deposited or in whose name the Client Assets (or any part thereof) are registered) is subject to any insolvency, liquidation, bankruptcy or analogous proceedings and to the fullest extent permitted by applicable laws, SHK shall not accept any liability whatsoever as a result of any such event (including, without limitation, any liability arising from the time of returning any Client Assets (if any) to Client). Client

further agrees that subject to applicable Laws and Regulatory Rules, its funds may be held in a money centre country, the country of origin of the relevant currency or in a jurisdiction which is neither a money centre country nor the country of origin of the relevant currency in order to facilitate Client's trading in securities denominated in the relevant currency. **IF CLIENT DOES NOT WISH TO KEEP ITS CLIENT ASSETS OUTSIDE HONG KONG OR DOES NOT WISH ITS CLIENT ASSETS TO BE SUBJECT TO ANY SECURITY INTEREST OR OTHER RIGHT OF THE US TRADER PROVIDER OR ANY THIRD PARTY UNDER ALL CIRCUMSTANCES, CLIENT SHOULD NOT ENTER INTO THIS SUPPLEMENT.**

33. (a) Notwithstanding any act of SHK or anything to the contrary which may be contained in this Agreement or any other document (written form or otherwise) or any information (written form or otherwise) (including, without limitation, US Trader RDS & Info defined in clause 31 above), SHK shall not be liable for any tax, duty, levy, impost, assessment or governmental charge of whatever nature (together, "Taxes") payable in connection with any transaction or activity contemplated under this Agreement (except for a tax imposed on SHK's overall net income) and Client shall be solely responsible for any payment obligation or other obligation in relation to any tax, duty, levy, impost, assessment or governmental charge applicable to it from time to time. (b) All payments by Client shall be made without any deduction or withholding for or on account of any Taxes unless Client is required to make any such deduction and/or withholding by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect, then Client will:
- 33.1 promptly notify SHK of such requirement;
 - 33.2 ensure that such deduction and/or withholding does not exceed the minimum legal requirement;
 - 33.3 pay to SHK such additional amount as necessary in order that the net amount received by SHK pursuant hereto after such deduction and/or withholding shall equal the amount which SHK would have received had no such deduction and/or withholding been required to be made;
 - 33.4 immediately and in any event no later than the date after which penalties would attach cause to be paid over to the relevant authority(ies) of the full amount of the deduction and/or withholding which Client is required to deduct and/or withhold including the whole amount of any deduction and/or withholding from such additional amount paid pursuant to clause 33.3 herein above; and
 - 33.5 promptly forward, or immediately upon demand deliver, to SHK an official receipt (or a certified copy), or other documentation reasonably acceptable to SHK, evidencing such payment to such authority(ies).
- (c) Without prejudice and subject to other provisions of this clause 33, all payments by SHK to Client (if any) will be made without withholding or deduction for or on account of any Taxes unless such withholding or deduction is required by any Laws or Regulatory Rules or any laws applicable to the US Trader Provider and/or any executing broker responsible for executing Client's instructions and/or any transactions contemplated hereunder, in which event such payments will be made subject to such withholding or deduction.
34. Client acknowledges Client's responsibility for knowing the terms of any securities, options, warrants or other products in the Account, including any upcoming corporate actions (e.g. tender offers, reorganizations, stock splits, etc.). Notwithstanding any act of SHK or anything to the contrary which may be contained in this Agreement or any other document (written form or otherwise) or any information (written form or otherwise) (including, without limitation, US Trader RDS & Info defined in clause 31 above), neither the US Trader Provider nor SHK has any obligation to notify Client of deadlines or required actions or dates of meetings, nor is the US Trader Provider or SHK obligated to take any action without specific written instructions sent by Client to SHK in sufficient time. Nothing in the foregoing shall limit SHK's or the US Trader Provider's right to reject any instruction of Client.
35. US Trader may accept Volume Weighted Average Price ("VWAP") instructions for certain securities. VWAP stock transactions will be executed after the close of trading at the average price for the relevant security during the reference period, as calculated by a third-party pricing service ("Pricing Service"). SHK and US Trader Provider do not have control over the methodology used by the Pricing Service to calculate VWAP prices and do not warrant the accuracy of those prices. Client acknowledges and agrees that a VWAP stock transaction will not be executed at the close of trading if (a) the relevant VWAP instructions violate any Laws or Regulatory Rules or are intended to defraud or manipulate the market; (b) a significant disruption in or premature close of trading in the market on which the relevant security is traded; (c) any "Act of God", war (declared or undeclared), terrorism, fire or action by an exchange or governmental authority that disrupts trading in the relevant security or the Pricing Service's calculation of the VWAP; or (d) the Pricing Service's calculation of VWAP prices is clearly erroneous.
36. Client acknowledges and agrees that if there is any inconsistency or conflict between any information available on or via US Trader, its website or any website of any other member of the Group and the terms of this Agreement, the terms of this Agreement shall prevail.
37. Client hereby consents to the following provisions:

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- 37.1.1 SHK may at its absolute discretion provide Client with an access (via the US Trader website or such other website as may be designated by SHK at any time and from time to time by prior notice to Client, whether electronically or otherwise) to such Client's Advices as determined by SHK in its absolute discretion from time to time and if SHK provides Client with the aforesaid access, SHK will send notices to Client's latest email address in SHK's records informing Client of the relevant Advices having been posted on the US Trader website or another website as described in the foregoing. The provision of the aforesaid access and notices are together hereinafter referred to as the "Access Services" and the Advices available via the Access Services are hereinafter referred to as the "Posted Advices". Further, Client hereby designates its latest email address in SHK's records as the specific email address for all purposes in connection with the Access Services ("Designated Email Address"). SHK will provide, on or via the US Trader website or any other website of SHK or otherwise, information regarding the type(s) of Advices which may be accessed via the Access Services and such information may be changed by SHK at any time and from time to time without notice to or consent from Client, without assigning any reason therefor and without incurring any liability to Client or any third party.
- 37.1.2 Notwithstanding any act of SHK or anything to the contrary contained in this Agreement or any other document (written form or otherwise) or any information (written form or otherwise), the provision of any Posted Advice through the Access Services in due time shall fully discharge SHK's duty (if any) to provide such Advice to Client in accordance with the Laws. Client acknowledges and agrees that Posted Advices will **NOT** be sent to Client by post or fax or by any other means as permitted under this Agreement and Client shall be deemed to have received a Posted Advice at the time of its being posted on the US Trader website or another website as described in clause 37.1.1. Notwithstanding the foregoing, SHK reserves its right to send to Client any Posted Advice(s) at any time and from time to time by post, fax and/or any other means as permitted under this Agreement but SHK's exercise of such right in relation to any Posted Advice shall not be construed as SHK's assumption of any obligation to send to Client any other Posted Advice(s) by post, fax and/or any other means as permitted under this Agreement.
- 37.1.3 Without prejudice to SHK's duty at law, Client's use of the Access Services may, at any time and from time to time, be restricted or blocked by SHK without prior notice to or any consent from Client, without assigning any reason therefor and without incurring any liability to Client or any third party.

Client may, at any time, revoke its above consent (in whole but not in part) by giving written notice to SHK in accordance with Clause 21.13 of the Client Agreement (under "Notice") and such written notice shall not take effect until 5 days after the actual receipt by SHK of it.

38. Client hereby acknowledges that it understands and accepts the following provisions and risks in relation to the use of the Access Services:

- 38.1.1 For the purpose of using the Access Services, Client must, in addition to its compliance with other provisions of this Agreement, have appropriate computer equipment and software, internet access and provide to SHK its Designated Email Address.
- 38.1.2 Internet and email services may be subject to information-technology risks and disruption.
- 38.1.3 Client may incur additional costs for using the Access Services.
- 38.1.4 In respect of each transaction via US Trader, an email from SHK will be Client's only notice that the relevant Posted Advice(s) has/have been posted on the US Trader website or another website as described in clause 37.1.1 and without prejudice to and in addition to Client's obligations under clause 5 of the Sixth Schedule and clause 5 of this Supplement, Client undertakes to ensure that it receives the relevant Posted Advices in due time by checking its Designated Email Address for all such notices or otherwise and to make enquiries with and obtain the relevant Posted Advices from SHK immediately if not duly received and further undertakes to review, immediately upon receipt of a notice from SHK, the relevant Posted Advices to ensure that any errors can be detected and must be notified to SHK as soon as practicable. Notwithstanding the foregoing, (i) Client shall remain responsible for all instructions entered through US Trader using its Access Codes for US Trader; (ii) Client is bound by the actual execution of any of its instructions; (iii) Client acknowledges and agrees that SHK may, at any time, adjust the Account to correct any error and Client agrees to promptly return to SHK any cash, securities or other assets erroneously distributed to Client; and (iv) if SHK opines and determines that in respect of any Posted Advice, Client has failed to notify, or has unreasonably delayed in notifying, SHK of any error contained in that Posted Advice, SHK shall be entitled, at its absolute discretion and at any time(s), to remove the trade(s) concerned from the Account or require Client to accept the trade(s) concerned and Client shall be bound by SHK's aforesaid determination and action.

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- 38.1.5 Client may be required to pay a reasonable charge for obtaining a hard copy of any Posted Advice that is no longer available for access or downloading through the US Trader website or another website as described in clause 37.1.1. SHK will provide, on or via the US Trader website or any other website of SHK or otherwise, information regarding the period of time for which any particular type of Posted Advices may be accessed via the Access Services and such information may be changed by SHK at any time and from time to time with prior notice to but without consent from Client and to the fullest extent as permitted by applicable laws, without incurring any liability to Client or any third party.
- 38.1.6 Client undertakes to notify SHK as soon as practicable upon a change in its Designated Email Address and such notice shall not take effect until 5 days after the actual receipt by SHK of it.
- 38.1.7 Client undertakes to save an electronic copy in its own computer storage, or print a hard copy, of each Posted Advice for future reference.
- 38.1.8 Client acknowledges that the risks mentioned in this clause 38 are not and cannot be taken as a comprehensive or exhaustive list of all possible risks in relation to the use of the Access Services and Client understands that notwithstanding any act of SHK or the provisions in this clause 38 or any other document (written form or otherwise) or any information (written form or otherwise), SHK is not acting as Client's advisor and it should not be regarded as so acting. Client acknowledges and agrees that it should consult its own independent legal and other professional advisors as necessary.

The agreements of the Information Services Provider(s)
資料服務供應商的協議

The following documents consist of:

以下文件包括：

1. Agreements & Disclosures/Equities Non-Professional Market Data Agreement:

協議及披露／股票非專業市場數據協議：

(a) NYSE and Amex Terms and General Applicability of Market Data

紐約證券交易所及美國證券交易所的條款及市場數據的普遍適用性

(b) OPRA Exchange Agreement – Non Professional Subscriber Application And Agreement (Last Sale and Quotation Information for Personal Nonbusiness Use Only)

期權報價管理局交易協議 – 非專業用戶申請及協議 (僅供個人非商業用途的最新沽售及報價資料)

2. Dow Jones Indices Terms and Conditions

道瓊斯指數條款及條件

3. Agreements & Disclosures/On-Line Nasdaq Subscriber Agreement

協議及披露／網上納斯達克用戶協議

Unless the context of the above documents requires otherwise, terms and expressions defined in the Agreement shall have the same meanings in the above documents. In the foregoing, "Agreement" means the Client Agreement and Schedules (Revised 10th Edition) of Sun Hung Kai Investment Services Limited (as amended from time to time) ("Client Agreement") including the Supplement to Sixth Schedule ("Supplement"), the Account Application (as defined in the Client Agreement) and any applicable schedule and/or other documents as specified in the Schedules (as defined in the Supplement) or determined by Sun Hung Kai Investment Services Limited from time to time.

除非以上文件之文意另有所指，協議所界定的詞語與以上文件所述者具相同涵義。於前面所述，「協議」指新鴻基投資服務有限公司的客戶協議及附件(二零一五年一月版)(經不時修訂)(「客戶協議」)包括附件六補充文件(「補充文件」)、開戶申請表(於客戶協議中定義)及附件(於補充文件中定義)內所列明或由新鴻基投資服務有限公司不時指定的任何適用附件及／或其他文件。

In the above documents, unless the context specifies otherwise, (i) laws, regulations, rules, orders, interpretations, codes, guidelines, legal requirements or regulatory requirements (whether from a regulator or not and whether mandatory or not) refer to those enacted, issued and/or applied by any U.S. governmental, judicial, legislative or other authority or body having the relevant powers; (ii) corporations, authorities, organisations, bodies, government departments or agencies or other entities refer to those of, within or established or recognised in the U.S.; and (iii) any currency and monetary unit mean the lawful currency of the U.S. and such monetary unit used in the U.S. respectively.

在以上文件中，除非文意另有所指，(i) 法律、規例、規則、法令、詮釋、守則、指引、法律要求或監管要求(不論是否由一監管機構發出亦不論是否具強制性)指該等由任何美國政府、司法、立法或其他具相關權力當局或機構制定、發出及／或使用的法律、規例、規則、法令、詮釋、守則、指引、法律要求或監管要求；(ii) 公司、機構、組織、政府部門或機關或其他實體指該等美國的、於美國內或於美國成立或被其認可的公司、機構、組織、政府部門或機關或其他實體；及(iii)任何貨幣及貨幣單位各自指美國的法定貨幣及該在美國使用的貨幣單位。

If there is any inconsistency or conflict between the English and Chinese versions of any of the above documents (including this page), the English version shall prevail.

若以上文件(包括本頁)之中及英文版本有任何不同或矛盾之處，當以英文版本為準。

Dow Jones Indices Terms and Conditions

Terms and Conditions of Access

The US Trader Provider, at its discretion, via US Trader, provides you (i.e. Client) with services including, but not restricted to, news and information services. You agree to comply with the conditions imposed on your use of the services, as set out in these Terms and Conditions of Access and elsewhere on or via US Trader. These services may be outside the control of the US Trader Provider or provided by a third party in which in case the US Trader Provider cannot take responsibility for their content, or for any delays, interruptions or errors in the provisions of these additional services, provided the US Trader Provider has exercised reasonable care and diligence in the selection of such providers.

Certain data accessible on or via US Trader is the intellectual property of the relevant news and information services provider or third parties that provide such data to the relevant service provider, or the US Trader. The data is protected by copyright and other intellectual laws and all ownership rights remain with the information service provider or the third party or the US Trader Provider, as the case may be.

You may only use the data retrieved from or via US Trader for your own personal and non-commercial purposes while accessing our services. Such use will be in accordance with these Terms and Conditions of Access and the requirements set out elsewhere on or via US Trader. You may not copy, distribute or redistribute the data, including by caching, framing or similar means or sell, resell, re-transmit or otherwise make the data retrieved from or via US Trader available in any manner to any third party. You may not store the data for the purposes of creating a historical database or historical data product. You may not use any of the data in connection with the issuance, trading, marketing or promotion of investment products (e.g., derivatives, structured products, investment funds, investment portfolios, etc. where the price, return and/or performance of the investment product is based on or related to the data) without a separate written agreement with the US Trader Provider, the information service provider or third party, as the case may be, that has ownership rights to the data (e.g. Dow Jones & Company, Inc., S&P, etc.).

The data is provided "as is". The US Trader Provider, any information service provider or any third party shall not be liable to you or any third party for any loss or damage, direct, indirect or consequential, arising from (i) any inaccuracy or incompleteness in, or delays, interruptions, errors or omissions in the delivery of the data or any other information supplied to you on or through US Trader or (ii) any decision made or action taken by you or any third party in reliance upon the data. Nor shall the US Trader Provider, any information service provider or any third party be liable for loss of business revenues, lost profits or any punitive, indirect, consequential, special or similar damages whatsoever, whether in contract, tort or otherwise, even if advised of the possibility of such damages incurred by you or any third party.

Where the information consists of pricing or performance data, the data contained therein has been obtained from sources believed reliable. Data computations are not guaranteed by any information service provider, third party or the US Trader Provider or any affiliates and may not be complete. Neither the US Trader Provider, any information service provider, nor any third party, give any warranties as to the accuracy, adequacy, quality or fitness, timeless, non-infringement, title, of any information for a particular purpose or use and all such warranties are expressly excluded to the fullest extent that such warranties may be excluded by law. You bear all risk from any use or results of using any information. You are responsible for validating the integrity of any information received over the Internet.

Transmission may be subject to arbitrary delays beyond the control of the US Trader Provider, which may delay the provision of any services available on or via US Trader and the execution of your orders. You acknowledge that neither the US Trader Provider, any information service provider, nor any third party will be liable to you or any third party for any losses arising from such delay. In no event will the US Trader Provider, any information provider, or third party be liable for any consequential loss including but not limited to special, incidental, direct or indirect damages resulting from delay or loss of use of any services available on or via US Trader. The US Trader Provider is not responsible for any damage to your computer, software, modem, telephone or other property resulting from your use of any services available on or via US Trader.

Agreements & Disclosures/Equities Non-Professional Market Data Agreement
NYSE and Amex Terms and General Applicability of Market Data

1. MARKET DATA DEFINITION - Subscriber (i.e. Client) agrees that for all purposes of this Agreement, "Market Data" means

- (a) last sale information and quotation information relating to securities that are listed on a national securities exchange,
- (b) such bond and other equity last sale and quotation information, and such index and other market information, as United States-registered national securities exchanges and national securities associations (each, an "Authorizing SRO") may make available and as the New York Stock Exchange ("NYSE") or the American Stock Exchange ("AMEX") may from time to time designate as "Market Data"; and
- (c) all information that derives from any such information.

2. PROPRIETARY NATURE OF DATA - Subscriber agrees, understands and acknowledges that each Authorizing SRO and Other Data Disseminator has a proprietary interest in the Market Data that originates on or derives from it or its market(s).

3. ENFORCEMENT - Subscriber agrees, understands and acknowledges that

- (a) the Authorizing SROs are third-party beneficiaries under this Agreement and
- (b) the Authorizing SROs or their authorized representative(s) may enforce this Agreement, by legal proceedings or otherwise, against Subscriber or any person that obtains Market Data that is made available pursuant to this Agreement other than as this Agreement contemplates. Subscriber shall pay the reasonable attorney's fees that any Authorizing SRO incurs in enforcing this Agreement against Subscriber.

4. DATA NOT GUARANTEED - Subscriber agrees and understands that no Authorizing SRO, no other entity whose information is made available over the Authorizing SROs' facilities (an "Other Data Disseminator") and no information processor that assists any Authorizing SRO or Other Data Disseminator in making Market Data available (collectively, the "Disseminating Parties") guarantees the timeliness, sequence, accuracy or completeness of Market Data or of other market information or messages disseminated by any Disseminating Party. Neither Subscriber nor any other person shall hold any Disseminating Party liable in any way for

(a) any inaccuracy, error or delay in, or omission of, (i) any such data, information or message or (ii) the transmission or delivery of any such data, information or message, or

(b) any loss or damage arising from or occasioned by (i) any such inaccuracy, error, delay or omission, (ii) non-performance or (iii) interruption in any such data, information or message, due either to any negligent act or omission by any Disseminating Party, to any "force majeure" (e.g., flood, extraordinary weather conditions, earthquake or other act of God, fire, war, insurrection, riot, labor dispute, accident, action of government, communications or power failure, equipment or software malfunction) or to any other cause beyond the reasonable control of any Disseminating Party.

5. PERMITTED USE - Subscriber agrees that Subscriber shall not furnish Market Data to any other person or entity and, subject to Paragraph 10, shall use Market Data only for its individual use in its business.

6. DISSEMINATION DISCONTINUANCE OR MODIFICATION - Subscriber agrees, understands and acknowledges that, at any time, the Authorizing SROs may discontinue disseminating any category of Market Data, may change or eliminate any transmission method and may change transmission speeds or other signal characteristics. The Authorizing SROs shall not be liable for any resulting liability, loss or damages that may arise therefrom.

7. DURATION; SURVIVAL - Subscriber agrees that this Agreement remains in effect for so long as Subscriber has the ability to receive Market Data as contemplated by this Agreement. In addition, Subscriber agrees that Vendor (i.e. the US Trader Provider) may terminate this Agreement at any time, whether at the direction of the Authorizing SROs or otherwise. Paragraphs 2, 3 and 4, and the first two sentences of Paragraph 8, survive any termination of this Agreement.

8. MISCELLANEOUS - Subscriber agrees that (i) the laws of the State of New York shall govern this Agreement and it shall be interpreted in accordance with those laws. This Agreement is subject to the Securities Exchange Act of 1934, the rules promulgated under that act, and the joint-industry plans entered into pursuant to that act; (ii) this writing contains the entire agreement between the parties in respect of its subject matter; (iii) Subscriber may not assign all or any part of this Agreement to any other person; and (iv) the person manifesting assent to this agreement by signing the Form for accepting the Supplement to Sixth Schedule ("Form") represents and warrants that it has legal capacity to contract and, if that person is manifesting assent on behalf of a proprietorship or a business, partnership or other organization, represents and warrants that he or she has actual authority to bind the organization.

9. ACCEPTED AND AGREED: Subscriber to which the preceding terms and conditions refer, acknowledge that Subscriber has read the preceding terms and conditions, that Subscriber understands them and that Subscriber hereby manifest Subscriber's assent to, and agreement to comply with, those terms and conditions by signing the Form.

OPRA Exchange Agreement

**NON PROFESSIONAL SUBSCRIBER APPLICATION AND AGREEMENT
(Last Sale and Quotation Information for Personal Nonbusiness Use Only)**

The Applicant (i.e. Client) hereby applies to the Vendor (i.e the US Trader Provider) for approval as a Nonprofessional Subscriber to receive for personal nonbusiness use current options last sale information and current options quotation information (the "Information") published by the Options Price Reporting Authority ("OPRA") pursuant to a Plan declared effective by the Securities and Exchange Commission. In reviewing and approving this Application and Agreement, Vendor is authorized to act on behalf of the OPRA participants, which are those national securities exchanges and associations who, from time to time, are parties to said Plan. Applicant acknowledges that all representations and agreements made herein and all payments made hereunder are for the benefit of the OPRA participants.

1. Applicant's full name and residence address: Please refer to the Form and Sun Hung Kai Investment Services Limited's Account Application.
2. Name and address of Applicant's employer(s) and/or Applicant's other business address(es): Please refer to the Form and Sun Hung Kai Investment Services Limited's Account Application.
3. Location where the Information is to be received by Applicant (state "Portable" if Information is to be received on portable equipment): US Trader.
4. A description of the equipment to be used by Applicant in receiving the Information (identify number and types of devices; include mfr. and model no. if available): US Trader.

5. As a condition of being approved as a Nonprofessional Subscriber, Applicant represents and agrees that the following statements are and will continue to be true for so long as Applicant receives Information as a Nonprofessional Subscriber:

- (a) Applicant is making this Application and Agreement in his or her own individual capacity and not on behalf of a firm, corporation, partnership, trust or association.
- (b) Applicant shall use the Information solely in connection with his or her individual personal investment activities and not in connection with any trade or business activities.
- (c) Applicant shall receive the Information only at the location and via the equipment identified in Item 3 and 4 above, and shall not furnish the Information to any other person.
- (d) Applicant is not a securities broker-dealer, investment advisor, futures commission merchant, commodities introducing broker or commodity trading advisor, member of a securities exchange or association or futures contract market, or an owner, partner, or associated person of any of the foregoing.
- (e) Applicant is not employed by a bank or an insurance company or an affiliate of either to perform functions related to securities or commodity futures investment or trading activity.

6. For the privilege of receiving the Information, Applicant agrees to pay to Vendor for the benefit of the OPRA participants the OPRA Nonprofessional Subscriber Fee in such amount and at such times as shall be established by OPRA from time to time, plus any applicable federal, state or local taxes. This Fee shall be in addition to any charges imposed by Vendor. OPRA shall provide notice to Vendor of any change in this Fee not less than 30 days prior to the effectiveness of such change. Vendor shall be responsible for notifying its Nonprofessional Subscribers of all Fee changes.

7. Applicant acknowledges that the Information is and shall remain the property of the respective exchange or other market on which a reported transaction took place or a reported quotation was entered, and Applicant shall make no use of the Information except in compliance with the terms of this Application and Agreement.

8. **DISCLAIMER OF LIABILITY - NEITHER OPRA NOR ANY OPRA PARTICIPANT " GUARANTEES THE TIMELINESS, SEQUENCE, ACCURACY OR COMPLETENESS OF ANY OF THE OPTIONS LAST SALE PRICES, QUOTATION INFORMATION, OR OTHER MARKET INFORMATION SUPPLIED TO APPLICANT HEREUNDER AND NEITHER OPRA NOR ANY OPRA PARTICIPANT SHALL BE LIABLE IN ANY WAY TO APPLICANT OR TO ANY OTHER PERSON, FOR ANY DELAYS, INACCURACIES, ERRORS IN OR OMISSIONS OF, ANY OF THE INFORMATION OR THE TRANSMISSION THEREOF, OR FOR ANY DAMAGES ARISING THEREFROM OR OCCASIONED THEREBY OR BY REASON OF NONPERFORMANCE OR INTERRUPTION OF ANY OF THE OPTIONS LAST SALE PRICES, QUOTATION INFORMATION OR OTHER MARKET INFORMATION SUPPLIED TO APPLICANT FOR ANY CAUSE WHATSOEVER.**

9. Applicant's privilege of receiving the Information hereunder may be terminated by Applicant or by Vendor upon 30 days written notice from the terminating party to the other party, and shall be terminated immediately at any time that Vendor or OPRA, determines that Applicant is not in compliance with this Application and Agreement or that any of Applicant's representations herein are not true. Upon a determination by Vendor or OPRA that Applicant received access to

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Information as a Nonprofessional Subscriber during any period when Applicant did not meet the qualifications for such access, within 30 days of receipt of written notice of such determination Applicant shall pay to OPRA the full amount of OPRA's Professional Subscriber fee for the period during which " Applicant had access to the Information, less Applicant's Nonprofessional Subscriber fees for such period actually received by OPRA.

10. Nothing herein shall be deemed to prevent or restrict any OPRA " Participant from discontinuing to furnish options last sale information or quotation information for dissemination nor to restrict OPRA from making such changes in the speed of transmission, the characteristics of the electrical signals representing the Information or the manner of disseminating the same, as OPRA shall from time to time determine to be appropriate; but in the event of any such discontinuance or change, OPRA shall give such notice thereof to Vendor as is reasonable under the circumstances.

11. Applicant agrees to inform Vendor promptly in writing via Sun Hung Kai Investment Services Limited ("SHK") of any changes to any information provided herein by Applicant and to furnish Vendor via SHK any additional information requested by it in connection with Applicant's receipt of the information.

By signing the Form, Applicant agrees that:

- i. Applicant has read and he/she understands all of the terms and conditions set forth in the applicable Non-Professional OPRA Online Subscriber Agreement; and
- ii. Applicant intends to form a legally binding and valid contract under which he/she will be bound by all of the terms and conditions set forth therein.

Agreements & Disclosures/On-Line Nasdaq Subscriber Agreement

On-Line Nasdaq Subscriber Agreement

DISCLOSURE - PLEASE READ

Subscribers must sign a contract entitled The Nasdaq Stock Market, Inc. ("Nasdaq") Subscriber Agreement ("Agreement") in order to receive Information [see definition in Paragraph [1] of the Agreement] from Nasdaq. While all terms are important, please particularly note the following. For more information regarding each term, the paragraph number at the end of each term refers to the paragraph in the Agreement where more information can be located.

RESTRICTIONS ON USES & TRANSFER: Subscribers may not provide access to Information or transfer the Agreement to others. The Information is only for personal non-professional use or, if you are a Professional Subscriber (see definition in Paragraph [1] of the Agreement) for internal business use and/or personal use. [Paragraph 3]

MOST TYPES OF DAMAGES ARE EXCLUDED AND REMAINING DAMAGES ARE LIMITED: Nasdaq is not liable for trading losses, lost profits or incidental, consequential or other indirect damages, even if the Information is untimely or incorrect. Other damages (if any), are strictly limited (in contract, tort, or otherwise) to a capped amount. [Paragraphs 9 and 10]

NO IMPLIED OR STATUTORY WARRANTIES OR DUTIES: All warranties and duties (if any) are eliminated. There are no express warranties except for a Limited Warranty regarding efforts only. STOCK QUOTES MIGHT NOT BE CURRENT OR ACCURATE. [Paragraph 9]

SUBSCRIBERS PROVIDE AN INDEMNITY: Subscriber (i.e. Client) indemnifies and holds harmless Nasdaq from any Claims or Losses (see definition in Paragraph [1] of the Agreement) resulting from Subscriber's breach of the Agreement, for Subscriber's infringement of a third party's intellectual property rights, or from any third party suit related to Subscriber's use or receipt of the Information. [Paragraph 13 and 14]

MARYLAND LAWS AND COURTS APPLY: Everything relating to the Agreement is governed by the laws of the United States and the State of Maryland and any disputes can only be heard in Maryland. [Paragraph 23]

NO ORAL AMENDMENTS & ONLY NASDAQ MAY AMEND: The Agreement may not be altered orally and may be altered by Nasdaq pursuant to an Agreement procedure which includes notice either to Subscriber or to Vendor (i.e. the US Trader Provider). Failure to terminate the Agreement before, or use of Information after, an amendment will be Subscriber's consent (or confirmation of an earlier consent) to the amendment. [Paragraph 17 and 21]

VENDORS CAN IMPACT SUBSCRIBER'S RIGHTS BUT NOT NASDAQ'S RIGHTS: Vendor does not have authority to change the Agreement. Vendors are obligated to provide notice of Nasdaq changes to Subscriber, but if they do not, Nasdaq's notice to Vendor is still effective, as to Subscriber including notice of cancellation. [Above Paragraph 1 and Paragraph 17]

The Agreement appears below. If you (i.e. Subscriber) are at least 18 years old, sign it as either a Professional or a Non-Professional Subscriber by signing the Form for accepting the Supplement to Sixth Schedule ("Form").

By signing the Form, (a) you confirm that you qualify as a non-professional as defined in paragraph [1] of the Agreement

Subscriber: Please refer to the Form.

Date: Please refer to the Form.

If you signed on behalf of the Subscriber:

Print Name: Please refer to the Form.

Title: Chief Executive Officer / Chief Operating Officer / Managing Director / President / Senior Vice-President / Vice-President / Please refer to the Form (please specify only if you have the same contracting authority as the listed titles but your title is different.

(b) you agree to be bound by the terms of the Agreement.

After signing of the Form, please make a copy of this document for your records.

Nasdaq Subscriber Agreement

THE VENDOR AND ITS AGENTS MAY NOT MODIFY OR WAIVE ANY TERM OF THIS AGREEMENT. ANY ATTEMPT TO MODIFY THIS AGREEMENT, EXCEPT BY NASDAQ, IS VOID.

1. The word "Nasdaq" means The Nasdaq Stock Market, Inc. and its affiliates. The word "Information" means certain data and other information relating to securities or other financial instruments, products, vehicles or devices; or relating to Persons regulated by Nasdaq or to activities of Nasdaq; or gathered by Nasdaq from other sources. The word "or" includes the word "and". The phrase "Claims or Losses" means any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, judgments, settlements, and expenses of whatever nature, whether incurred by or issued against an indemnified party or a third party, including, without limitation, (1) indirect, special, punitive, consequential or incidental loss or damage, (including, but not limited to, trading losses, loss of anticipated profits, loss by reason of shutdown in operation or increased expenses of operation, or other indirect loss or damage) and (2) administrative costs, investigatory costs, litigation costs, and auditors' and attorneys' fees and disbursements (including in-house personnel). The word "Person" means any natural person, proprietorship, corporation, partnership, or other entity whatsoever. The phrase "Non-Professional Subscriber" means any natural person who is neither: (a) registered or qualified in any capacity with the U.S. Securities and Exchange Commission ("SEC"), the U.S. Commodities Futures Trading Commission, any state securities agency, any securities exchange or association, or any commodities or futures contract market or association; (b) engaged as an "investment advisor" as that term is defined in Section 201 (11) of the U.S. Investment Advisors Act of 1940 (whether or not registered or qualified under that Act); nor, (c) employed by a bank or other organization exempt from registration under federal or state securities laws to perform functions that would require registration or qualification if such functions were performed for an organization not so exempt. The phrase "Professional Subscriber" means all other persons who do not meet the definition of Non-Professional Subscriber. When it appears alone, the word "Subscriber" encompasses all Non-Professional and Professional Subscribers. The phrase "Vendor's Service" means the service from a vendor, including the data processing equipment, software, and communications facilities related thereto, for receiving, processing, transmitting, using and disseminating the Information to or by Subscriber.

2. Subscriber (i.e. Client) is granted the right to receive from Nasdaq the Information under the terms stated herein or in the NASD Rules. "NASD Rules" shall mean all applicable laws (including intellectual property, communications, and securities laws), statutes, and regulations, the rules and regulations of the SEC, the rules and regulations of Nasdaq including, but not limited to, those requirements established by Nasdaq's rule filings (with such SEC approval as may be required), Nasdaq's decisions and interpretations and any User Guides, or successors of the components of the NASD Rules, as they may exist at the time. For Professional Subscriber, if any payment is due directly to Nasdaq under this Agreement, payment in full is due to Nasdaq in immediately available U.S. funds, within 30 days of the date of an invoice, whether or not use is made of, or access is made to, the Information. Interest shall be due from the date of the invoice to the time that the amount(s) that are due have been paid. Subscriber shall assume full and complete responsibility for the payment of any taxes, charges or assessments imposed on Subscriber or Nasdaq (except for U.S. federal, state, or local income taxes, if any, imposed on Nasdaq) by any foreign or domestic national, state, provincial or local governmental bodies, or subdivisions thereof, and any penalties or interest, relating to the provision of the Information to Subscriber.

3. The Information is licensed only for the personal use of the Non-Professional Subscriber and the internal business use and/or personal use of the Professional Subscriber. By representing to Vendor that Subscriber is a non-professional, or by continuing to receive the Information at a non-professional subscriber rate, Subscriber is affirming to Vendor and Nasdaq that Subscriber meets the definition of Non-Professional

Subscriber as set forth in paragraph 1 above. Subscriber will promptly give written notice to Vendor of any change in the name or place of residence or place of business at which the Information is received. Subscriber may not sell, lease, furnish or otherwise permit or provide access to the Information to any other Person or to any other office, or place. Subscriber will not engage in the operation of any illegal business; use or permit anyone else to use the Information, or any part thereof, for any illegal purpose; or violate any NASD Rule. Professional Subscribers may, on a non-continuous basis,

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furnish limited amounts of the Information to customers: in written advertisements, correspondence, or other literature; or during voice telephonic conversations not entailing computerized voice, automated information inquiry systems, or similar technologies. Subscriber may not present the Information rendered in any unfair, misleading, or discriminatory format. Subscriber shall take reasonable security precautions to prevent unauthorized Persons from gaining access to the Information.

4. Subscriber acknowledges that Nasdaq, in its sole discretion, may from time to time make modifications to its system or the Information. Such modifications may require corresponding changes to be made in Vendor's Service. Changes or the failure to make timely changes by Vendor or Subscriber may sever or affect Subscriber's access to or use of the Information. Nasdaq shall not be responsible for such effects.

5. Nasdaq grants to Subscriber a nonexclusive, non-transferable license during the term of the Agreement to receive and use the Information transmitted to it by Vendor and thereafter to use such Information for any purpose not inconsistent with the terms of the Agreement or with the NASD Rules. Subscriber acknowledges and agrees that Nasdaq has proprietary rights in the Information that originates on or derives from markets regulated or operated by Nasdaq and compilation or other rights in Information gathered from other sources. Subscriber further acknowledges and agrees that Nasdaq's third party Information providers have exclusive proprietary rights in their respective Information. In the event of any misappropriation or misuse, Nasdaq or its third party information providers shall have the right to obtain injunctive relief for its respective materials. Subscriber will attribute source as appropriate under all the circumstances.

6. Subscriber acknowledges that Nasdaq, as a subsidiary of NASD, when required to do so by NASD in fulfillment of NASD's statutory obligations, may by notice to Vendor unilaterally limit or terminate the right of any or all Persons to receive or use the Information, and that Vendor will immediately comply with any such notice and will terminate or limit the furnishing of the Information and confirm such compliance by notice to Nasdaq. Any affected Person will have available to it such procedural protections as are provided by the U.S. Exchange Act and applicable rules thereunder. Neither Nasdaq nor NASD shall have any liability when complying with such NASD notice.

7. Professional Subscriber shall make its premises available to Nasdaq for physical inspection of Vendor's Service and of Professional Subscriber's use of the Information (including review of any records regarding use of, or access to, the Information and the number and locations of all devices that receive Information), all at reasonable times, upon reasonable notice, to ensure compliance with this Agreement. Nonprofessional Subscriber shall comply promptly with any reasonable request from Nasdaq for information regarding the Non-Professional Subscriber's receipt, processing, display and redistribution of the Information.

8. To the extent permitted by applicable law, Subscriber acknowledges and agrees that the termination of the Vendor's Service for failure to make payments shall not be deemed or considered to be, and Subscriber waives any right to represent or assert that any such exercise constitutes, an act or omission or an improper denial or limitation of access by Nasdaq to any service or facility operated by Nasdaq as contemplated in Section 11A of the U.S. Exchange Act, or any other provision of the U.S. Exchange Act, or any rule, regulation, or interpretation adopted thereunder.

9. NASDAQ'S WARRANTIES/DISCLAIMER OF WARRANTIES. NASDAQ SHALL ENDEAVOR TO OFFER THE INFORMATION AS PROMPTLY AND ACCURATELY AS IS REASONABLY PRACTICABLE. IN THE EVENT THAT THE INFORMATION IS NOT AVAILABLE AS A RESULT OF A FAILURE BY NASDAQ TO PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT, NASDAQ WILL ENDEAVOR, GIVING DUE REGARD FOR THE COST, TIME, AND EFFECT ON OTHER USERS, TO CORRECT ANY SUCH FAILURE. IN THE EVENT THAT THE INFORMATION IS NOT AVAILABLE, IS DELAYED, IS INTERRUPTED, IS INCOMPLETE, OR IS NOT ACCURATE OR IS OTHERWISE MATERIALLY AFFECTED FOR A CONTINUOUS PERIOD OF FOUR (4) HOURS OR MORE DURING THE TIME THAT NASDAQ REGULARLY TRANSMITS THE INFORMATION DUE TO THE FAULT OF NASDAQ (EXCEPT FOR A REASON PERMITTED IN THIS AGREEMENT OR IN NASDAQ'S AGREEMENT WITH THE VENDOR), SUBSCRIBER'S OR ANY OTHER PERSON'S EXCLUSIVE REMEDY AGAINST NASDAQ SHALL BE (A) IF SUBSCRIBER OR ANY OTHER PERSON CONTINUES TO RECEIVE THE INFORMATION OR ANY OTHER DATA AND/OR INFORMATION OFFERED BY NASDAQ, A PRORATED MONTH'S CREDIT OF ANY MONIES DUE, IF ANY, FOR THE AFFECTED INFORMATION DIRECTLY TO NASDAQ FROM SUBSCRIBER, OR, IF APPLICABLE, FROM SAID OTHER PERSON, FOR THE PERIOD AT ISSUE OR, (B) IF SUBSCRIBER OR ANY OTHER PERSON NO LONGER RECEIVES EITHER THE INFORMATION OR ANY OTHER DATA AND/OR INFORMATION OFFERED BY NASDAQ, A PRORATED MONTH'S REFUND OF ANY MONIES DUE FOR THE AFFECTED INFORMATION DIRECTLY TO NASDAQ FROM SUBSCRIBER, OR, IF APPLICABLE, FROM SAID OTHER PERSON, FOR THE PERIOD AT ISSUE. SUCH CREDIT OR REFUND SHALL, IF APPLICABLE, BE REQUESTED BY WRITTEN NOTICE TO NASDAQ WITH ALL PERTINENT DETAILS. BEYOND THE WARRANTIES STATED IN THIS SECTION, THERE ARE NO OTHER WARRANTIES OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY (INCLUDING, WITHOUT LIMITATION, TIMELINESS, TRUTHFULNESS, SEQUENCE, COMPLETENESS, ACCURACY, FREEDOM FROM INTERRUPTION), ANY IMPLIED WARRANTIES ARISING FROM TRADE USAGE, COURSE OF DEALING, OR COURSE OF PERFORMANCE, OR THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE.

10. NASDAQ'S LIMITATION OF LIABILITY. (A) EXCEPT AS MAY OTHERWISE BE SET FORTH HEREIN, NASDAQ SHALL NOT BE LIABLE TO SUBSCRIBER, ITS VENDOR OR ANY OTHER PERSON FOR INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL, OR INCIDENTAL LOSS OR DAMAGE (INCLUDING, BUT NOT LIMITED TO, TRADING LOSSES, LOSS OF ANTICIPATED PROFITS, LOSS BY REASON OF SHUTDOWN IN OPERATION OR INCREASED EXPENSES OF OPERATION, COST OF COVER, OR OTHER INDIRECT LOSS OR DAMAGE) OF ANY NATURE ARISING FROM ANY CAUSE WHATSOEVER, EVEN IF NASDAQ HAS BEEN ADVISED OF THE POSSIBILITY OF

SUCH DAMAGES (B) NASDAQ SHALL NOT BE LIABLE TO SUBSCRIBER OR ANY OTHER PERSON FOR ANY UNAVAILABILITY, INTERRUPTION, DELAY, INCOMPLETENESS, OR INACCURACY OF THE INFORMATION THAT LASTS LESS THAN FOUR (4) CONTINUOUS HOURS DURING THE TIME THAT NASDAQ REGULARLY TRANSMITS THE INFORMATION OR IF THE INFORMATION IS MATERIALLY AFFECTED FOR LESS THAN FOUR (4) CONTINUOUS HOURS DURING THE TIME THAT NASDAQ REGULARLY TRANSMITS THE INFORMATION. (C) IF NASDAQ IS FOR ANY REASON HELD LIABLE TO SUBSCRIBER OR TO ANY OTHER PERSON, WHETHER IN TORT OR IN CONTRACT, THE LIABILITY OF NASDAQ WITHIN A SINGLE YEAR (FROM THE EFFECTIVE DATE OF THE AGREEMENT) OF THE AGREEMENT [COMBINED WITH THE TOTAL OF ALL CLAIMS OR LOSSES OF SUBSCRIBER'S VENDOR, AND ANY OTHER PERSON CLAIMING THROUGH, ON BEHALF OF, OR AS HARMED BY SUBSCRIBER] IS LIMITED TO AN AMOUNT OF SUBSCRIBER'S DAMAGES THAT ARE ACTUALLY INCURRED BY SUBSCRIBER IN REASONABLE RELIANCE, AND WHICH AMOUNT DOES NOT EXCEED THE LESSER OF: (I) IF SUBSCRIBER OR ANY OTHER PERSON CONTINUES TO RECEIVE THE INFORMATION OR ANY OTHER DATA AND/OR INFORMATION OFFERED BY NASDAQ, A PRORATED MONTH'S CREDIT OF ANY MONIES DUE DIRECTLY TO NASDAQ FROM SUBSCRIBER, OR, IF APPLICABLE, FROM ANY OTHER PERSON, FOR THE INFORMATION AT ISSUE DURING THE PERIOD AT ISSUE OR, IF SUBSCRIBER OR ANY OTHER PERSON NO LONGER RECEIVES EITHER THE INFORMATION OR ANY OTHER DATA AND/OR INFORMATION OFFERED BY NASDAQ, A REFUND OF ANY MONIES DUE DIRECTLY TO NASDAQ FROM SUBSCRIBER, OR, IF APPLICABLE, FROM ANY OTHER PERSON, FOR THE INFORMATION AT ISSUE DURING THE PERIOD AT ISSUE; OR (II) \$500.00. (D) THIS SECTION SHALL NOT RELIEVE NASDAQ, SUBSCRIBER OR ANY OTHER PERSON FROM LIABILITY FOR DAMAGES THAT RESULT FROM THEIR OWN GROSS NEGLIGENCE OR WILLFUL TORTIOUS MISCONDUCT, OR FROM PERSONAL INJURY OR WRONGFUL DEATH CLAIMS. (E) SUBSCRIBER AND NASDAQ UNDERSTAND AND AGREE THAT THE TERMS OF THIS SECTION REFLECT A REASONABLE ALLOCATION OF RISK AND LIMITATION OF LIABILITY.

11. THIRD PARTY INFORMATION PROVIDERS' DISCLAIMERS OF WARRANTIES/LIMITATIONS OF LIABILITIES. NASDAQ'S THIRD PARTY INFORMATION PROVIDERS MAKE NO WARRANTIES OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY (INCLUDING, WITHOUT LIMITATION, TIMELINESS, RUTHFULNESS, SEQUENCE, COMPLETENESS, ACCURACY, FREEDOM FROM INTERRUPTION), ANY IMPLIED WARRANTIES ARISING FROM TRADE USAGE, COURSE OF DEALING, OR COURSE OF PERFORMANCE, OR THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE AND THEY SHALL HAVE NO LIABILITY FOR THE ACCURACY OF, OR FOR DELAYS OR OMISSIONS IN, ANY OF THE INFORMATION PROVIDED BY THEM. NASDAQ'S THIRD PARTY INFORMATION PROVIDERS SHALL ALSO HAVE NO LIABILITY FOR ANY DAMAGES, WHETHER DIRECT OR INDIRECT, WHETHER LOST PROFITS, IN DIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES OF THE SUBSCRIBER OR ANY OTHER PERSON SEEKING RELIEF THROUGH SUBSCRIBER, EVEN IF THE THIRD PARTY INFORMATION PROVIDERS HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT WILL THE LIABILITY OF THE THIRD PARTY INFORMATION PROVIDERS OR THEIR AFFILIATES TO SUBSCRIBER OR ANY OTHER PERSON SEEKING RELIEF THROUGH SUBSCRIBER PURSUANT TO ANY CAUSE OF ACTION, WHETHER IN CONTRACT, TORT, OR OTHERWISE, EXCEED THE FEE PAID BY SUBSCRIBER OR ANY OTHER PERSON SEEKING RELIEF THROUGH SUBSCRIBER, AS APPLICABLE.

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12. Notwithstanding any other term or condition of this Agreement, Nasdaq, its third party information providers or Subscriber shall not be obligated to perform or observe their respective obligations undertaken in this Agreement (except for obligations to make payments hereunder and regulatory obligations) if prevented or hindered from doing so by any circumstances found to be beyond their control.

13. Subscriber will indemnify and hold harmless Nasdaq and its employees, officers, directors, and other agents from any and all Claims or Losses imposed on, incurred by or asserted as a result of or relating to: (a) any noncompliance by Subscriber with the terms and conditions hereof; (b) any third-party actions related to Subscriber's receipt and use of the Information, whether authorized or unauthorized under the Agreement.

14. Each party warrants and represents and will indemnify and hold harmless (and in every case, Nasdaq shall be permitted to solely defend and settle) another party (including Nasdaq) and their officers, directors, employees, and other agents, against any Claims or Losses arising from, involving, or relating to a claim of infringement or other violation of an intellectual property right by the indemnifying party, its actions or omissions, equipment, or other property. This right is conditioned on the indemnified party giving prompt written notice to the indemnifying party (as does not prejudice the defense) of the Claims or Losses and providing cooperation in the defense of the Claims or Losses (without waiver of attorney-client, work-product or other legal privilege, or disclosure of information legally required to be kept confidential).

15. Subscriber agrees that Nasdaq may enforce the terms of this Agreement against any Person, whether or not Vendor or Subscriber is a party to any such action or against Subscriber itself. In any action there shall be available injunctive relief or damages, with the prevailing party being awarded costs and attorneys' fees (including in-house counsel).

16. In the event of any conflict between the terms of this Agreement and of the Vendor's agreement, the terms of this Agreement shall prevail as between Nasdaq and Subscriber.

17. In addition to terminations permitted under the Vendor's agreement, this Agreement may be terminated by Subscriber on 30 days written notice to Vendor and by Nasdaq on 30 days written notice either to Vendor or Subscriber. Nasdaq may also alter any term of this Agreement on 60 days written notice either to Vendor or Subscriber, and any use after such date is deemed acceptance of the new terms. In the event of Subscriber breach, discovery of the untruth of any representation of Subscriber, or where directed by NASD in its regulatory authority, Nasdaq may terminate this Agreement on not less than three (3) days written notice to Subscriber provided either by Nasdaq or Vendor.

18. Nasdaq does not endorse or approve any equipment, Vendor, or Vendor's Service.

19. Natural persons executing this Agreement warrant and represent that they are at least eighteen (18) years of age. Subscriber and the Person executing this Agreement on behalf of Subscriber which is a proprietorship, corporation, partnership or other entity, represent that such Person is duly authorized by all necessary and appropriate corporate or other action to execute the Agreement on behalf of Subscriber.

20. All notices, invoices, and other communications required to be given in writing under this Agreement shall be directed to: The Nasdaq Stock Market, Inc., 1735 K Street, NW, Washington, DC 20006, Attn.: Manager: Market Data Distribution, or to Subscriber at the last address known to the Vendor, and shall be deemed to have been duly given upon actual receipt by the parties, or upon constructive receipt if sent by certified mail, postage pre-paid, return receipt requested, at such address or to such other address as any party hereto shall hereafter specify by written notice to the other party or parties hereto.

21. Except as otherwise provided herein, no provision of this Agreement may be amended, modified, or waived, unless by an instrument in writing executed by a duly authorized signatory of the party against whom enforcement of such amendment, modification, or waiver is sought. No failure on the part of Nasdaq or Subscriber to exercise, no delay in exercising, and no course of dealing with respect to any right, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power, or privilege preclude any other or further exercise thereof or the exercise of any other right, power, or privilege under this Agreement. If any of the provisions of this Agreement, or application thereof to any Person or circumstance, shall to any extent be held invalid or unenforceable, the remainder of this Agreement, or the application of such terms or provisions to Persons or circumstances other than those as to which they are held invalid or unenforceable, shall not be affected thereby and each such term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

22. The terms of this Agreement apply to those obligations that survive any cancellation, termination, or rescission, namely, obligations relating to intellectual property, indemnification, limitation of liability, warranties, disclaimer of warranties, and U.S. Exchange Act related provisions.

23. This Agreement shall be deemed to have been made in the United States in the State of Maryland and shall be construed and enforced in accordance with, and the validity and performance hereof shall be governed by, the laws of the State of Maryland, without reference to principles of conflicts of laws thereof. Subscriber hereby consents to submit to the jurisdiction of the courts of or for the State of Maryland in connection with any action or proceeding instituted relating to this Agreement.

US Trader Documentation

End of The Nasdaq Subscriber Agreement.

US TRADER ANTI-MONEY LAUNDERING UNDERTAKINGS, REPRESENTATIONS AND WARRANTIES

The following undertakings, representations and warranties are made by Client and are independent of the provisions contained in other documents and separate action(s) based on these undertakings, representations and warranties (or any or more of them) may be taken or brought by Sun Hung Kai Investment Services Limited against Client if Client is in breach of any provision hereof or any representation, warranty or information herein contained or other information provided by Client pursuant hereto is or becomes untrue, inaccurate or incomplete (whether in whole or in part) at any time during the Effective Period (defined below).

Client hereby undertakes, represents and warrants to Sun Hung Kai Investment Services Limited ("SHK"), as follows, and Client acknowledges that such undertakings, representations and warranties are deemed to be repeated by Client, and are relied on by SHK, on each day for so long as any transaction contemplated under the Supplement to Sixth Schedule ("Supplement") to SHK's Client Agreement and Schedules (Part 6 of the 2017 Edition) remains unsettled or there is any open position in relation to trading via US Trader (as defined in the Supplement) ("Effective Period"):

1. Client has reviewed the website of the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC")¹ and conducted such other investigation as Client deems necessary or prudent, prior to making these undertakings, representations and warranties. Client acknowledges that U.S. federal regulations and executive orders administered by OFAC prohibit, among other things, engaging in transactions with, and the provision of services to, certain countries, territories, entities and individuals.²
2. All evidence of identity provided by Client to SHK is genuine and all related information furnished is accurate.
3. No funds provided by (or on behalf of) Client to SHK are directly or indirectly derived from activities that may contravene U.S. federal, state or international laws and regulations, including anti-money laundering laws.
4. Neither Client, nor any person controlling, controlled by, or under common control with, Client, or for whom Client is acting as agent or nominee is (a) a country, territory, organization, person or entity named on an OFAC list, (b) a person or entity that resides or has a place of business in a country or territory named on such lists or which is designated as a Non-Cooperative Jurisdiction by the Financial Action Task Force on Money Laundering ("FATF"),³ or whose funds are transferred from or through such a jurisdiction; (c) a "Foreign Shell Bank" within the meaning of the USA PATRIOT Act, i.e. a foreign bank that does not have a physical presence in any country and that is not affiliated with a bank that has a physical presence and an acceptable level of regulation and supervision; or (d) a person or entity that resides in or is organized under the laws of a jurisdiction designated by the Secretary of the Treasury of the U.S. under Section 311 or 312 of the USA PATRIOT Act as warranting special measures due to money laundering concerns.⁴
5. Client acknowledges and understands that SHK, in its discretion, may decline to accept funds from any person who is a "Covered Person" within the meaning of the Guidance on Enhanced Scrutiny for Transactions that May Involve the Proceeds of Foreign Official Corruption, issued by the Department of the Treasury of the U.S., et al., January, 2001, i.e. a senior foreign political figure,⁵ or an immediate family member⁶ or close associate⁷ of a senior foreign political figure. Accordingly, Client agrees to inform SHK, prior to the provision of any funds by Client (or on behalf of Client) to SHK, if Client or any person controlling, controlled by, or under common control with, Client, or for whom Client is acting as agent or nominee, is a Covered Person.
6. Client agrees to provide any information deemed necessary by SHK, in its sole discretion, to comply with its anti-money laundering responsibilities and policies.
7. Client is trading solely as principal and not for the benefit of any third party.

¹ The lists of OFAC prohibited countries, territories, persons and entities may be found on the OFAC website at <www.ustreas.gov/ofac>.

² These individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs.

³ The list of Non-Cooperative Jurisdictions may be found at <www.oecd.org/fatf>.

⁴ The list of these jurisdictions may be found at <www.ustreas.gov/fincen>.

⁵ A "senior foreign political figure" is defined as a senior official in the executive, legislative, administrative, military or judicial branches of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned corporation. In addition, a "senior foreign political figure" includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure.

⁶ "Immediate family" of a senior foreign political figure typically includes the figure's parents, siblings, spouse, children and in-laws.

⁷ A "close associate" of a senior foreign political figure is a person who is widely and publicly known to maintain an unusually close relationship with the senior foreign political figure, and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of the senior foreign political figure.

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8. Client authorizes and permits SHK, using its reasonable business judgment, to report information about Client to appropriate authorities and Client agrees not to hold SHK liable for any loss or injury that may occur as a result of providing such information.

9. Client agrees that, in the event of a material change with respect to the information provided to SHK, Client will provide SHK promptly with updated information affected by the material change.

10. Client agrees that, notwithstanding any other statement to the contrary in any agreement into which it has entered, if SHK determines that Client has appeared on a list of known or suspected terrorists or terrorist organizations compiled by any U.S. or non-U.S. governmental agency, or that any information provided by Client to SHK is no longer true or accurate, SHK shall be authorized to take any action as shall be necessary or appropriate as a result thereof, including but not limited to suspending Client's participation in US Trader and/or notifying the appropriate authorities.

11. Client understands, acknowledges, represents and agrees that Client's participation in US Trader will not breach any applicable money laundering or related rules or regulations (including, without limitation, any statutes, rules or regulations in effect under the laws of the United States pertaining to prohibitions on money laundering or to transacting business or dealing in property that may be blocked or may belong to Specially Designated Nationals, as those terms are used by OFAC).

12. Client does not reside in, is not domiciled in, was not formed or organized in and is not a citizen of: Afghanistan, Angola, Burma (Myanmar), Cuba, Iran, Islamic Republic of Iraq, Liberia, Libya (Socialist People's Libyan Arab Jamahiriya), Macedonia (the former Republic of Yugoslavia), Науру, Nigeria, North Korea, Serbia, Sierra Leone, Sudan, Syria, Yugoslavia, Zimbabwe, or a country or region that has been sanctioned by the U.S. government or an agent thereof;

13. Client does not utilize a post office box or "in care of" address as its residential address or principal place of business;

14. Client is not a foreign bank as that term is defined in 31 CFR 103.175 and "foreign bank" means a bank organized under non-US law, or an agency, branch or office located outside the U.S. of a bank but does not include an agent, agency, branch or office within the U.S. of a bank organized under non-US law and "CFR" refers to the Code of Federal Regulations which is the codification of the general and permanent rules published in the Federal Register by the executive departments and agencies of the Federal Government of the U.S.;

15. Client is not a private banking account as that term is defined in Section 5318(i) of the USA PATRIOT Act and "private banking account" means an account (or any combination of accounts) that – (i) requires a minimum aggregate deposits of funds or other assets of not less than US\$1,000,000; (ii) is established on behalf of one or more individuals who have a direct or beneficial ownership interest in the account; and (iii) is assigned to, or is administered or managed by, in whole or in part, an officer, employee, or agent of a financial institution acting as a liaison between the financial institution and the direct or beneficial owner of the account; and

16. Client is not a senior political figure of a non-US government.

In this document, terms in the singular shall include the plural and vice versa. If there is any inconsistency or conflict between the English and Chinese versions of this document, the English version shall prevail.

US Trader RDS & Info
美股易風險披露聲明及資料

The following documents consist of the risk disclosure statements and other information in relation to US Trader ("US Trader RDS & Info"). Unless the context of these documents requires otherwise, terms and expressions defined in the Agreement shall have the same meanings in the US Trader RDS & Info. In the foregoing, "Agreement" means the Client Agreement and Schedules (as amended from time to time) ("Client Agreement") including the Supplement to Sixth Schedule ("Supplement"), the Account Application (as defined in the Client Agreement) and any applicable schedule and/or other documents as specified in the Schedules (as defined in the Supplement) or determined by Sun Hung Kai Investment Services Limited from time to time.

以下文件包括關於美股易的風險披露聲明及其他資料(「美股易風險披露聲明及資料」)。除非此等文件之文意另有所指，協議所界定的詞語與美股易風險披露聲明及資料所述者具相同涵義。於前面所述，「協議」指新鴻基投資服務有限公司的客户協議及附件(二零一五年一月版)(經不時修訂)(「客户協議」)包括附件六補充文件(「補充文件」)、開戶申請表(於客户協議中定義)及附件(於補充文件中定義)內所列明或由新鴻基投資服務有限公司不時指定的任何適用附件及／或其他文件。

In the US Trader RDS & Info, unless the context specifies otherwise, (i) laws, regulations, rules, orders, interpretations, codes, guidelines, legal requirements or regulatory requirements (whether from a regulator or not and whether mandatory or not) refer to those enacted, issued and/or applied by any U.S. governmental, judicial, legislative or other authority or body having the relevant powers; (ii) corporations, authorities, organisations, bodies, government departments or agencies or other entities refer to those of, within or established or recognised in the U.S.; and (iii) any currency and monetary unit mean the lawful currency of the U.S. and such monetary unit used in the U.S. respectively.

在美股易風險披露聲明及資料中，除非文意另有所指，(i) 法律、規例、規則、法令、詮釋、守則、指引、法律要求或監管要求(不論是否由一監管機構發出亦不論是否具強制性)指該等由任何美國的政府、司法、立法或其他具相關權力當局或機構制定、發出及／或使用的法律、規例、規則、法令、詮釋、守則、指引、法律要求或監管要求；(ii) 公司、機構、組織、政府部門或機關或其他實體指該等美國的、於美國內或於美國成立或被其認可的公司、機構、組織、政府部門或機關或其他實體；及 (iii) 任何貨幣及貨幣單位各自指美國的法定貨幣及該在美國使用的貨幣單位。

If there is any inconsistency or conflict between the Agreement and the US Trader RDS & Info, the Agreement shall prevail. 若協議與美股易風險披露聲明及資料有任何不同或矛盾之處，當以協議為準。

If there is any inconsistency or conflict between the English and Chinese versions of the US Trader RDS & Info (including this page), the English version shall prevail.

若美股易風險披露聲明及資料(包括本頁)之中及英文版本有任何不同或矛盾之處，當以英文版本為準。

Order Routing and Payment for Order Flow Disclosure

Order Routing System: US Trader offers its customers two primary methods of routing their orders to the market for execution. First, customers may directly route their orders to a particular market of their choice. For stocks and options traded at exchanges or ECNs (defined below), however, the US Trader Provider recommends that customers use the intelligent Best Execution Order Routing System via US Trader ("Smart Routing"), which is designed to optimize both speed and total cost of execution. The Smart Routing system continually scans competing market centers and automatically seeks to route orders to the best market, taking into account factors such as quote size, quote price, liquidity-taker costs, liquidity-provider rebates and the availability of automatic order execution.

Automatic Execution and Price Improvement: Electronic Communication Networks ("ECNs") and exchange automatic execution systems generally execute orders instantaneously at the posted bid or offer, rather than routing orders to a specialist or a trading crowd for manual handling. Generally, when a customer selects Smart Routing, US Trader routes eligible customer orders to exchanges and market centers currently offering automatic execution of orders. While automatically executed orders may not have an opportunity to be executed at a price better than the market center's posted bid or offer, automatic execution of customer orders is faster and more certain than other methods of execution and eliminates execution of orders at prices inferior to the prices posted at the market when the order was routed to it. Automatic execution of orders also eliminates the ability of a market maker or a specialist to hold a customer order and perhaps decline to execute the order if the market moves in the customer's favor while the order is pending. Overall, The US Trader Provider believes that use of the Smart Routing system to route orders to the exchange or market center with the best price, combined with automatic execution, provides customers with the most favorable order execution.

Order Routing System and Reg NMS: For U.S. stocks, the Smart Routing system is designed to comply fully with Reg NMS and with the US Trade Provider's duty as a broker-dealer to provide best execution for customer orders. The Smart Routing system connects to most or all exchanges and public market centers, and the US Trader Provider receives direct market data feeds from most or all of these market centers. Therefore the US Trader Provider can route an order directly to the market with the best price. If an order is not executed immediately, US Trader then constantly monitors the open order and in most cases will cancel and reroute it if market conditions or prices change and another market center becomes more favorable for the order. If an order is too large to be executed at the best price at a single exchange or market center, the Smart Routing system will split the order and send it to multiple destinations to get the fastest fill at the most favorable price.

Intermarket Sweep Orders for U.S. National Market System Stocks: Because US Trader monitors the available markets and is designed to send orders only to the markets posting the best price, orders routed by the Smart Routing system generally will be marked as "Intermarket Sweep Orders" – "ISOs" – meaning that an exchange that receives such an order will be able to execute the order in reliance that US Trader did not identify any better prices for the order, or that other orders sent at or around the same time by the US Trader Provider have already taken out any better quotes on other exchanges or market centers. The US Trader Provider has certain processes in place to monitor its connections to various exchanges and market centers, the quality of its market data feeds and the quality of its order executions. If an exchange system or US Trader is experiencing technical problems, or if US Trader Provider is not connected to the market that is posting the best price, the US Trader Provider may route an order to an exchange without marking the order as ISO. This will allow the receiving market to re-route the order to a market offering a better price, if necessary.

Orders Sent Near the Opening of Trading: Please note that markets can be especially volatile near the opening of a trading session, with prices and available volume often changing rapidly and with data feeds from various markets potentially being slow or temporarily unavailable. SHK and the US Trader Provider cannot guarantee that orders sent near the opening of trading necessarily will receive the best posted price. You may want to consider the use of limit orders at the open, although market orders should be used if you want a higher certainty of getting a fill.

Order Conversion and Designation: The US Trader Provider may convert certain order types or apply conditions to certain customer orders sent via Smart Routing in order to facilitate an execution. For example, order types not offered by certain exchanges may be simulated by the US Trader Provider's system using order designations. In addition, orders may be sent Immediate or Cancel, Fill-Or-Kill, All-Or-None, etc. in order to facilitate an immediate automatic execution, consistent with the objectives of the customer order (also, see discussion of "ISO" designation above).

Payment for Order Flow - Stocks: the US Trader Provider does not generally accept direct payment for order flow for stock orders. However, several types of payments received by the US Trader Provider for various types of order executions may be considered indirect payment for order flow under SEC interpretations.

ECN Rebates: The US Trader Provider receives liquidity rebates from ECNs for certain orders routed to those ECNs, ECN liquidity rebates are credited against the fees charged by the ECNs to execute other orders. ECN rebate amounts change frequently. Rebate rates for most ECNs are posted on the US Trader website. They also typically are posted on ECN websites.

Payment for Order Flow - Options: The US Trader Provider receives order flow payments in varying amounts (from 65 cents to 75 cents per eligible contract as of February 2009) from U.S. option exchanges, specialists and/or market makers pursuant to the mandatory marketing fee programs that have been adopted by the exchanges and approved by the SEC. For options that are quoted in penny increments the payments generally are between 25 cents and 35 cents for eligible contracts. If multiple exchanges are quoting at the NBBO for an option order and the US Trader Provider has discretion as to where to send the order or a portion of it, the US Trader Provider generally will "break the tie" by sending the order to an

exchange where it will receive the most payment for the order, or to an exchange designated by the firm from whom the US Trader Provider will receive the most payment (typically the US Trader Provider's affiliate – see below).

Several options exchanges, including BOX and NYSE ARCA have adopted a "maker-taker" market structure, in which exchange members are charged for orders that take liquidity from the exchange (i.e., marketable orders that trade against a posted quote or limit order) and receive a rebate for orders that provide liquidity to the exchange (i.e., non-marketable limit orders that are posted and then trade against incoming marketable orders). The charges imposed or rebates offered by these exchanges affect the total cost of execution, and the Smart Routing System may take this into account in determining where and how to route options orders. For example, for certain types of orders and when certain exchanges are posting the best price, the US Trader Provider may route to a certain exchange and rely on the options intermarket linkage to get an execution at the NBBO at the lowest total execution cost (but only for those orders that have a high likelihood of being filled at the NBBO after linkage).

Affiliate Relationships: The US Trader Provider's affiliates make markets in stocks and act as specialists or market makers on all U.S. option exchanges and also act as market makers on global exchanges.

As specialist on various options exchanges, an affiliate of the US Trader Provider may be responsible for allocating payment for order flow that is generated in its assigned options classes, depending on the design of the applicable exchange's SEC-approved payment for order flow plan. As much as consistent with these plans, such affiliate pays such funds to the US Trader Provider.

Additionally, the US Trader Provider itself pays certain other broker-dealers for routing option orders to the US Trader Provider, for the US Trader Provider then to execute, generally using the Smart Routing system.

Quarterly Order Routing Reports and Other Order Routing Information Available upon Request: U.S.

Securities and Exchange Commission rules require all brokerage firms to make publicly available quarterly reports describing their order routing practices. For the US Trader Provider, these quarterly reports describe how and where customer orders are routed when customers use the Smart Routing system rather than directing their order to a particular market center. The US Trader Provider's quarterly order routing reports are available on the US Trader website or can be obtained by contacting SHK.

In addition to the basic quarterly reports, under SEC NMS Rule 606 a broker-dealer is required upon a customer request to provide information regarding the identity of the market center to which any customer order (or all orders) was routed in the six months prior to the request; whether the order was a directed or non-directed order, and the time of the transaction, if any, that resulted from such order. Please contact the SHK if you wish to receive the foregoing routing information for any order(s) within the past six months. Please type "Request for Order Routing Information" in the subject line of your request and please include your name, user id and account number as well as the date of the order, the security, the quantity, and any other information necessary to identify the order (e.g., the time of day if there were several similar orders that day).

Risks of After-Hours Trading

There are special characteristics and unique risks associated with trading in securities at times that are outside the ordinary trading hours for the exchange(s) upon which such securities are traded ("After-Hours Trading" or "Extended Hours Trading"). Customers must familiarize themselves with these risks and determine whether After-Hours Trading is appropriate in light of their objectives and experience.

Customers are responsible for familiarizing themselves with the hours of the relevant markets upon which they trade and for determining when to place orders for particular securities, how they wish to direct those orders, and what types of orders to use. US Trader's provision of After-Hours Trading (if any) does not constitute a recommendation or conclusion that After-Hours Trading will be successful or appropriate for all customers or trades.

Some risks associated with After-Hours Trading are as follows:

1. **Risk of Lower Liquidity.** Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders that are available in a market, the greater the liquidity. Liquidity is important because with greater liquidity it is easier for investors to buy or sell securities, and as a result, investors are more likely to pay or receive a competitive price for securities purchased or sold. There may be lower liquidity in extended hours trading as compared to regular market hours. As a result, your order may only be partially executed, or not at all.
2. **Risk of Higher Volatility.** Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater volatility in extended hours trading than in regular market hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price in extended hours trading than you would during regular markets hours.
3. **Risk of Changing Prices.** The prices of securities traded in extended hours trading may not reflect the prices either at the end of regular market hours, or upon the opening of the next morning. As a result, you may receive an inferior price in extended hours trading than you would during regular market hours.
4. **Risk of Unlinked Markets.** Depending on the extended hours trading system or the time of day, the prices displayed on a particular extended hours system may not reflect the prices in other concurrently operating extended hours trading systems dealing in the same securities. Accordingly, you may receive an inferior price in one extended hours trading system than you would in another extended hourstrading system.
5. **Risk of News Announcements.** Normally, issuers make news announcements that may affect the price of their securities after regular market hours. Similarly, important financial information is frequently announced outside of regular market hours. In extended hours trading, these announcements may occur during trading, and if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.
6. **Risk of Wider Spreads.** The spread refers to the difference in price between what you can buy a security for and what you can sell it for. Lower liquidity and higher volatility in extended hours trading may result in wider than normal spreads for a particular security.
7. **Risk of Lack of Calculation or Dissemination of Underlying Index Value or Intraday Indicative Value ("IIV").** For certain Derivative Securities Products, an updated underlying index value or IIV may not be calculated or publicly disseminated in extended trading hours. Since the underlying index value and IIV are not calculated or widely disseminated during the pre-market and post-market sessions an investor who is unable to calculate implied values for certain Derivative Securities Products in those sessions may be at a disadvantage to market professionals.

During After-Hours Trading, the US Trader Provider may provide via US Trader quotations from and execute Customer trades through various Electronic Communications Networks ("ECNs"), exchanges or other trading systems ("After-Hours Trading Facilities"). Quotations provided during After-Hours Trading may be different than quotations provided during exchange trading hours. Likewise, it is possible that the quotations displayed by the US Trader Provider from After-Hours Trading Facilities on which the US Trader Provider can execute Customer trades may be less favorable than those on other After-Hours Trading Facilities to which US Trader Provider does not have access. Last sale information provided by the US Trader Provider may not reflect the prices of the most recent trades on all of the various After-Hours Trading Facilities.

For a list of trading hours for exchanges and ECNs, please refer to the US Trader website.

**DISCLOSURE REGARDING THE US TRADER PROVIDER'S PROCEDURES FOR
ALLOCATING EQUITY OPTION ASSIGNMENT NOTICES FROM OCC**

As described in the Options Clearing Corporation ("OCC") Publication "Characteristics and Risks of Standardized Options", the OCC assigns exercise notices to clearing firms such as the US Trader Provider using a specified assignment procedure. The US Trader Provider, in turn, is required to maintain a procedure to allocate such exercise notices to those customer accounts carried by the US Trader Provider that hold short positions in the relevant options. Upon assignment, customers whose accounts are carried by the US Trader Provider shall be required: (1) in the case of an equity option, to deliver or accept the required number of shares of the underlying security, or (2) in the case of an equity index option, to pay or receive the settlement price, in cash. Customer understands that it may not receive notice of an assignment until one or more days following the date of the initial assignment by OCC to the US Trader Provider and that the lack of such notice creates a special risk for uncovered writers of physical delivery call stock options.

Described below are the US Trader Provider's procedures for allocation of exercise notices, which are based on a random selection process:

Steps

1. Each night, the US Trader Provider receives from the OCC the "OCC E&A" (exercise and assignment activity) file in machine-readable format setting forth, on a per contract basis, the aggregate exercise and assignment quantities to the US Trader Provider.
2. For each contract assignment record, the US Trader Provider's system ("System") compiles a list, in ascending account number order, of all customer accounts the US Trader Provider's held at it with short positions in the relevant contract.
3. If only one customer holds a short position in the contract assigned, that customer is automatically allocated the assignment and no lottery is needed.
4. If more than one customer holds a short position in the contract assigned, the System runs an automated random lottery to determine the allocation of quantities that are to be assigned to each customer. The System shall:
 - a. Assign two sequence ranges to each customer's holdings (see Exhibit A).
 - b. Generate a random number to find a "Starting Point". The Starting Point is the customer contract sequence number from which the allocation of the assignment quantity begins. To generate a Random Number, the System will:
 - Initialize the Oracle random number generator with the system time (HH24MISS)
 - Find the Random Number by taking the MOD (random number, total position) + 1 to ensure that the Random Number is between one and the total number of short contracts.

(Note: the System will generate a new Random Number for each lottery to be run.)

5. The System will then (a) find the account that has the assigned sequence range into which the Random Number falls; and (b) select contracts to be assigned in increments of one, beginning with the contract that correlates with the Random Number until the total number of contracts assigned has been satisfied.
6. The System will then process the assigned positions by (a) removing the options positions from customers' accounts and (b) if the option delivers underlying stock, entering the corresponding stock trades at the strike price or (c) if the option assignment settles in cash, entering the corresponding cash debit.

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EXHIBIT "A"

Assume there are 1186 options contracts held at OCC for 10 customers and that 50 contracts are assigned to IB LLC by OCC.

1. Assign sequence numbers to each security:
No. of Contracts Assigned Sequence Numbers

	No. of Contracts	Assigned Sequence Numbers	
Customer Accounts	Held at OCC	1 st Range	2 nd Range
A 1		0001	1187
B 50		0002-0051	1188-1237
C 100		0052-0151	1238-1337
D 2		0152-0153	1338-1339
E 1		0154	1340
F 1		0155	1341
G 1000		0156-1155	1342-2341
H 1		1156	2342
I 10		1157-1166	2343-2352
J 20		1167-1186	2353-2372
Total in OCC	1186		

2. FIND A STARTING RANDOM NUMBER BETWEEN 0001 AND 1186 using the Oracle random number generator.

3. ASSUMING THE RANDOM NUMBER GENERATED WAS 0396, ALLOCATE THE 50 CONTRACTS TO CUSTOMERS STARTING AT CONTRACT NUMBER 0396.
SUMMARY OF ALLOCATION

	No of Contracts	Allocation of Assigned
Customer Accounts	Held at OCC	Options Contracts
A 1		0
B 50		0
C 100		0
D 2		0
E 1		0
F 1		0
G 1000		50
H 1		0
I 10		0
J 20		0
Total at OCC	1186 50	

OCC RISK DISCLOSURE STATEMENT AND ACKNOWLEDGEMENTS

OCC Risk Disclosure

I/We acknowledge that:

1. I/We have received and carefully read each section of, and the supplements to, the Options Clearing Corporation ("OCC") document "Characteristics and Risks of Standardized Options" (the "OCC Risk Disclosure Document"). The "Characteristics and Risks of Standardized Options" is available at <http://www.optionsclearing.com/about/publications/character-risks.jsp>.
2. I/We have received and carefully read the "Special Statement for Uncovered Option Writers" (set forth below);
3. I/We have received and carefully read the "Disclosure Regarding the US Trader Provider's procedures for Allocating Equity Option Exercise Notices Assigned by OCC" ("Exercise Allocation Disclosure").
4. I/We understand the OCC Risk Disclosure Document, the "Special Statement for Uncovered Option Writers" and the Exercise Allocation Disclosure, each of which is in a language I/We fully understand; and
5. If there is any aspect of the OCC Risk Disclosure Document, the "Special Statement for Uncovered Option Writers" or the Exercise Allocation Disclosure that I/We do not understand, I/We shall consult my/our independent adviser and obtain a full understanding of such term(s).

Special Statement for Uncovered Option Writers

There are special risks associated with uncovered option writing which expose the investor to potentially significant loss. Therefore, this type of strategy may not be suitable for all customers approved for options transactions.

1. The potential loss of uncovered call writing is unlimited. The writer of an uncovered call is in an extremely risky position, and may incur large losses if the value of the underlying instrument increases above the exercise price.
2. As with writing uncovered calls, the risk of writing uncovered put options is substantial. The writer of an uncovered put option bears a risk of loss if the value of the underlying instrument declines below the exercise price. Such loss could be substantial if there is a significant decline in the value of the underlying instrument.
3. Uncovered option writing is thus suitable only for the knowledgeable investor who understands the risks, has the financial capacity and willingness to incur potentially substantial losses, and has sufficient liquid assets to meet applicable margin requirements. In this regard, if the value of the underlying instrument moves against an uncovered writer's options position, the investor's broker may request significant additional margin payments. If an investor does not make such margin payments, the broker may liquidate stock or options positions in the investor's account, with little or no prior notice in accordance with the investor's margin agreement.
4. For combination writing, where the investor writes both a put and a call on the same underlying instrument, the potential risk is unlimited.
5. If a secondary market in options were to become unavailable, investors could not engage in closing transactions, and an option writer would remain obligated until expiration or assignment.
6. The writer of an American-style option is subject to being assigned an exercise at any time after he has written the option until the option expires. By contrast, the writer of a European-style option is subject to exercise assignment only during the exercise period.

NOTE: It is expected that you will read the booklet entitled CHARACTERISTICS AND RISKS OF STANDARDIZED OPTIONS available from your broker. In particular your attention is directed to the chapter entitled Risks of Buying and Writing Options. This statement is not intended to enumerate all of the risks entailed in writing uncovered options.

Risks of Trading Equity Options and Terms and Conditions for Trading Equity Options

Customers trading equity options understand and agree to the following:

1. Customer understands that trading equity options is highly speculative in nature and involves a high degree of risk.
2. Prior to entering into its first equity options transaction through US Trader, Customer shall acknowledge that Customer has read and fully understood: (a) the current Options Clearing Corporation ("OCC") disclosure document "Characteristics and Risks of Standardized Options" (the "OCC Document") and (b) the "Special Statement for Uncovered Option Writers." Customer agrees to seek clarification of any term, condition or risk contained in either of these documents prior to making such acknowledgment.
3. Customer is financially able to undertake the risks associated with trading equity options and withstand any losses incurred in connection with such trading (including the total loss of premiums paid by Customer for long put and call options, margin requirements for short put and call options, and transaction costs).
4. Among the risks Customer acknowledges are: (a) option contracts are traded for a specified period of time and have no value after expiration; (b) trading halts in the underlying security, or other trading conditions (for example, volatility, liquidity, systems failures) may cause the trading market for an option (or all options) to be unavailable, in which case, the holder or writer of an option would not be able to engage in a closing transaction and an option writer would remain obligated until expiration or assignment.
5. US Trader is an electronic system and is, therefore, subject to unavailability. Customer represents that it has trading arrangements for the placement of Customer's orders and shall use such arrangements in the event that US Trader becomes unavailable. Although US Trader is designed to perform certain automatic functions, SHK or the US Trader Provider does not warrant that US Trader will perform as it is designed to, and SHK or the US Trader Provider will not have any liability to Customer for losses or damages which result from such failures of performance or unavailability. Subject to the foregoing, Customer acknowledges that US Trader is designed to automatically liquidate Customer positions if Customer's account equity is not sufficient to meet margin requirements.
6. Customer has reviewed and understands the applicable margin requirements for trading equity options. Customers who want to trade equity options agree to the following terms and conditions:
 - A. Each equity option transaction entered into is subject to the rules and regulations of the Securities & Exchange Commission, the Financial Industry Regulatory Authority, the self-regulatory organizations that regulate the US Trader Provider, the relevant options exchange, and the OCC.
 - B. Equity options traded in the US are issued by the OCC and Customer shall not, alone or in concert with others, exceed the position and exercise limits imposed by exchange rules and regulations.
 - C. With certain exceptions, a Customer order to purchase an equity option will not be executed if Customer does not have equity in its account at least equal to the full purchase price of a put or call option (equity options may not be purchased on margin).
 - D. Customer shall comply with SHK's margin requirements in connection with Customer's sale of put and call options.
 - E. Customers who wish to exercise an option on a particular trading day acknowledge that they must provide specific, written instructions to SHK using the procedure specified on the SHK website before the Close Out Deadline specified. Customer further acknowledges that, absent receipt of such instructions, SHK has no obligation to exercise Customer's option on any given trading day or prior to the expiration of the option. Customer acknowledges that, subject to paragraph H below, OCC will automatically exercise any long equity option held by a Customer that is in-the-money by US\$.01 or more at expiration, absent specific instructions to the contrary provided by Customer to SHK using the procedures specified on the US Trader website.
 - F. Customer understands that OCC assigns exercises to clearing firms such as the US Trader Provider and Customer acknowledges that it has read and understands the description of the OCC assignment procedures available on request from the OCC as set forth in Chapter VIII of the OCC Document. Customer acknowledges that, upon assignment, Customer shall be required: (1) in the case of an equity option, to deliver or accept the required number of shares of the underlying security, or (2) in the case of an equity index option, to pay or receive the settlement price, in cash. Customer understands that it may not receive notice of an assignment from SHK until one or more days following the date of the initial assignment by OCC to the US Trader Provider and that the lack of such notice creates a special risk for uncovered writers of physical delivery call stock options. Customer acknowledges that it has read and understands this risk as described in Chapters VIII and X of the OCC Document.
 - G. Customer is responsible for entering an offsetting transaction to close out a Customer position, or to exercise an equity option by written instruction to SHK prior to the expiration date, and Customer's failure to do so may result in the equity option expiring worthless, regardless of the monetary value of the equity option on its expiration date.
 - H. If, prior to expiration of an option contract, Customer does not have sufficient equity to meet the initial margin requirement for the purchase or sale of the underlying security, then SHK: (1) shall have no obligation to purchase or sell such underlying security or (2) upon exercise may immediately liquidate the underlying security position which results from the exercise of the option contract and Customer shall be liable for resulting losses and costs.
 - I. In connection with the exercise of a long put option that results in a short position in the underlying stock, Customer acknowledges that: (1) short sales may only be effected in a margin account and are subject to initial and maintenance margin requirements; and (2) if such stock cannot be borrowed on Customer's behalf or if a lender subsequently issues a recall notice for such stock, then SHK, without notice to Customer, is authorized by Customer to cover Customer's short position by purchasing stock on the open market at the then current market price and Customer agrees that it shall be liable for any resulting losses and all associated costs incurred by SHK. As noted above, the market value of short stock is treated as a debit item to Customer's SHK margin account.

DISCLOSURE OF RISKS OF MARGIN TRADING

This document provides you with some basic facts about purchasing securities and other investment products on margin, and to alert you to the risks involved with trading in a margin account. "Margin trading" can mean engaging in a transaction in which securities are purchased partially through a margin loan extended to you by SHK, for which the securities act as collateral. Margin trading can also mean trading investment products such as options in which an initial "margin" deposit is made to secure your obligations and further margin may be required to secure your obligations as the value of your positions changes.

Before trading stocks or other investment products in a margin account, you should carefully review the relevant agreement provided by SHK and you should consult SHK regarding any questions or concerns you may have with your margin accounts.

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from SHK. If you choose to borrow funds from SHK, you will open a margin account with the firm. The securities purchased are SHK's collateral for the loan to you. If the securities or other investment products in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, SHK can take action, such as sell securities or other assets in any of your accounts held with SHK or issue a margin call, in order to maintain the required equity in the account.

You should understand that pursuant to the relevant agreement, SHK generally will not issue margin calls, that SHK will not credit your account to meet intraday margin deficiencies, and that SHK generally will liquidate positions in your account in order to satisfy margin requirements without prior notice to you and without an opportunity for you to choose the positions to be liquidated or the timing or order of liquidation.

In addition, it is important that you fully understand the risks involved in trading securities or other investment products on margin. These risks include the following:

- You can lose more funds than you deposit in the margin account. A decline in the value of securities or other investment products that are purchased on margin may require you to provide additional funds to SHK or you must put up margin to avoid the forced sale of those securities, other investment products and/or other assets in your account(s).
- SHK can force the sale of securities, other investment products and/or other assets in your account(s). If the equity in your account falls below the maintenance margin requirements, or if SHK has higher "house" requirements, SHK can sell the securities, other investment products and/or other assets in any of your accounts held at the firm to cover the margin deficiency. You also will be responsible for any shortfall in the account after such a sale.
- SHK can sell your securities, other investment products and/or other assets without contacting you. Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that the firm cannot liquidate securities, other investment products and/or other assets in their accounts to meet the call unless the firm has contacted them first. This is not the case. As noted above, SHK generally will not issue margin calls and can immediately sell your securities or other investment products and/or other assets without notice to you in the event that your account has insufficient margin.
- You are not entitled to choose which securities, other investment products and/or other assets in your account(s) are liquidated or sold to meet a margin call. SHK has the right to decide which positions to sell in order to protect its interests.

US Trader Documentation

- SHK can increase its "house" maintenance margin requirements at any time and is not required to provide you with advance written notice. These changes in firm policy often take effect immediately. Your failure to maintain adequate margin in the event of an increased margin rate generally will cause SHK to liquidate or sell securities, other investment products and/or other assets in your account(s).
- If SHK chooses to issue a margin call rather than immediately liquidating undermargined positions, you are not entitled to an extension of time on the margin call.

Day Trading Risk Disclosure Statement

This Day Trading Risk Disclosure Statement is being provided to you in the event your account becomes, or already is, classified as a Pattern Day Trader account. As required by current SEC and SRO rules and regulations, the US Trader Provider will classify an account that effects three (3) day trades within a five (5) day period as a Pattern Day Trader account. (A day trade is a buy and sell of the same security on the same day). The regulations prohibit the US Trader Provider from permitting a Pattern Day Trader account from effecting any transactions unless such account maintains a Minimum Equity Requirement of at least \$25,000.

You should consider the following points before engaging in a day-trading strategy. For purposes of this notice, a "day-trading strategy" means an overall trading strategy characterized by the regular transmission by a customer of intra-day orders to effect both purchase and sale transactions in the same security or securities.

Day trading can be extremely risky. Day trading generally is not appropriate for someone of limited resources and limited investment or trading experience and low risk tolerance. You should be prepared to lose all of the funds that you use for day trading. In particular, you should not fund day-trading activities with retirement savings, student loans, second mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required to meet your living expenses. Further, certain evidence indicates that an investment of less than \$50,000 will significantly impair the ability of a day trader to make a profit. Of course, an investment of \$50,000 or more will in no way guarantee success.

Be cautious of claims of large profits from day trading. You should be wary of advertisements or other statements that emphasize the potential for large profits in day trading. Day trading can also lead to large and immediate financial losses.

Day trading requires knowledge of securities markets. Day trading requires in-depth knowledge of the securities markets and trading techniques and strategies. In attempting to profit through day trading, you must compete with professional, licensed traders employed by securities firms. You should have appropriate experience before engaging in day trading.

Day trading requires knowledge of a firm's operations. You should be familiar with a securities firm's business practices, including the operation of the firm's order execution systems and procedures. Under certain market conditions, you may find it difficult or impossible to liquidate a position quickly at a reasonable price. This can occur, for example, when the market for a stock suddenly drops, or if trading is halted due to recent news events or unusual trading activity. The more volatile a stock is, the greater the likelihood that problems may be encountered in executing a transaction. In addition to normal market risks, you may experience losses due to systems failures.

Day trading will generate substantial commissions, even if the per trade cost is low. Day trading involves aggressive trading, and generally you will pay commission on each trade. The total daily commissions that you pay on your trades will add to your losses or significantly reduce your earnings. For instance, assuming that a trade costs \$16 and an average of 29 transactions are conducted per day, an investor would need to generate an annual profit of \$111,360 just to cover commission expenses.

Day trading on margin or short selling may result in losses beyond your initial investment. When you day trade with funds borrowed from a firm or someone else, you can lose more than the funds you originally placed at risk. A decline in the value of the securities that are purchased may require you to provide additional funds to the firm to avoid the forced sale of those securities or other securities in your account. Short selling as part of your day-trading strategy also may lead to extraordinary losses, because you may have to purchase a stock at a very high price in order to cover a short position.

Potential Registration Requirements. Persons providing investment advice for others or managing securities accounts for others may need to register as either an "Investment Advisor" under the Investment Advisors Act of 1940 or as a "Broker" or "Dealer" under the Securities Exchange Act of 1934. Such activities may also trigger state registration requirements.

ELECTRONIC TRADING AND ORDER ROUTING SYSTEMS RISK DISCLOSURE STATEMENT

Electronic trading and order routing systems differ from traditional open outcry pit trading and manual order routing methods. Transactions using an electronic system are subject to the rules and regulations of the exchanges offering the system and/or listing the contract. You are responsible for directing your trading in accordance with the relevant policies, procedures and trading rules of the exchanges or systems to which your orders are routed. Before you engage in transactions using an electronic system, you should carefully review the rules and regulations of the exchanges offering the system and/or listing the instruments you intend to trade.

DIFFERENCES AMONG ELECTRONIC TRADING SYSTEMS: Trading or routing orders through electronic systems varies widely among the different electronic systems. You should consult the rules and regulations of the exchange offering the electronic system and/or listing the contract traded or order routed to understand, among other things, in the case of trading systems, the system's order matching procedure, opening and closing procedures and prices, error trade policies, and trading limitations or requirements, and, in the case of all systems, qualifications for access and grounds for termination and limitations on the types of orders that may be entered into the system. Each of these matters may present different risk factors with respect to trading on or using a particular system. Each system may also present risks related to system access, varying response times, and security. In the case of Internet-based systems, there may be additional types of risks related to system access, varying response times and security, as well as risks related to service providers and the receipt and monitoring of electronic mail.

RISKS ASSOCIATED WITH SYSTEM FAILURE: Trading through an electronic trading or order routing system exposes you to risks associated with system or component failure. In the event of system or component failure, it is possible that, for a certain time period, you may not be able to enter new orders, execute existing orders, or modify or cancel orders that were previously entered. System or component failure may also result in loss of orders or order priority. In this regard, Customer must maintain alternative trading arrangements in addition to Customer's account in the event that US Trader is unavailable for any reason.

SIMULTANEOUS OPEN OUTCRY PIT AND ELECTRONIC TRADING: Some contracts offered on an electronic trading system may be traded electronically and through open outcry during the same trading hours. You should review the rules and regulations of the exchange offering the system and/or listing the contract to determine how orders that do not designate a particular process will be executed.

LIMITATION OF LIABILITY: Exchanges offering an electronic trading or order routing system and/or listing the contract may have adopted rules to limit their liability, the liability of FCMs and software and communication system vendors, and the amount of damages you may collect for system failure and delays. These limitations of liability provisions vary among the exchanges. You should consult the rules and regulations of the relevant exchanges in order to understand these liability limitations.

INTERNET SERVICES: To the extent that Customer or SHK / the US Trader Provider uses Internet services to transport data or communications, SHK and the US Trader Provider disclaim any liability for interception of any such data or communications. SHK and the US Trader Provider are not responsible, and make no warranties regarding, the access, speed, availability or security of Internet or network services.

Important Information About Equity and Options Exchange Rules

1. **Manipulative Trading:** It is a violation of exchange rules for a customer, acting alone or in concert with others, to engage in manipulative trading, including trading designed to unlawfully influence the price or volume of an instrument, and trading without a bona fide investment or hedging or speculative purpose.

Manipulative trading includes, but is not limited to: "wash sales", "matched orders", "painting the tape", "spoofing/small-lot baiting" (sending an order to an exchange in order unlawfully to manipulate the execution price of a separate order on that exchange or on another exchange), "marking the close" (sending an order to influence the price of an instrument near the close of trading) and sending orders whose primary purpose is the collection of rebates or payment for order flow rather than investment or trading of the relevant instrument.

2. **Pre-Arranged Trading, Block Trading, Crossing and Facilitation:** Exchange rules govern the circumstances and procedures under which customers can seek to trade against each other, including pre-arranged trading, block trading, crossing trades, facilitation trades and solicitation trades. Customer must review relevant exchange rules before seeking intentionally to trade against another person or entity. See e.g., ISE Rules 716 (Block Trades), 717 (Limitations on Orders), and 723 (Price Improvement); CME Rule 539 (Prearranged, Pre-Negotiated and Noncompetitive Trades Prohibited); CBOT Rule 539 (Prearranged, Pre-Negotiated and Noncompetitive Trades Prohibited) and NYSE Liffe Rule 615 (Pre-Arranged Trades), 422 (Exchange for Physical) and 423 (Block Trading).

3. **Improper Market Making:** It is a violation of U.S. option exchange rules and American Stock Exchange ETF rules for a customer effectively to act as a market maker by holding itself out as willing to buy and sell securities on a regular or continuous basis. In determining whether a customer effectively is operating as a market maker, the exchanges will consider, among other things, the simultaneous or near-simultaneous entry of limit orders to buy and sell the same security; the multiple acquisition and liquidation of positions in the security during the same day; and the entry of multiple limit orders at different prices in the same security.

4. **Order Designation:** It is a violation of exchange rules to transmit an order for a broker-dealer account or an account in which a broker-dealer has a beneficial ownership interest unless such order is properly marked as a broker-dealer order. Users of US Trader cannot transmit broker-dealer orders with a "customer" designation.

BY USING US TRADER, CUSTOMERS REPRESENT THAT THEY WILL CONDUCT THEIR TRADING IN ACCORDANCE WITH EXCHANGE RULES.

Algorithmic Execution Venue Disclosure

If you are an algorithmic execution destination or algorithm for your orders, your orders will be executed on your behalf using the algorithm provided by the designated broker-dealer, but you understand that you are not establishing a brokerage relationship with that broker-dealer and the broker-dealer has no obligations to you with respect to your orders. SHK will continue to be your broker on these orders, even if you have a separate account directly with the designated broker-dealer providing the algorithmic execution venue and orders that you enter through US Trader will be executed and cleared in the same manner as other trades the US Trader Provider executes on your behalf (where applicable) . If you have any questions about an order you have placed via US Trader, whether directed to an algorithmic execution venue destination or any other destination, please contact SHK immediately.

LOST AND STOLEN SECURITIES PROGRAM

EXECUTIVE SUMMARY

Section 17(f)(1) of the US Securities and Exchange Act of 1934 (Exchange Act), 17 U.S.C. § 78q(f)(1), which was added in 1975, requires the Securities and Exchange Commission to administer a Lost and Stolen Securities Program (LSSP or Program). The Program's objective is to curtail trafficking in lost, stolen, missing and counterfeit securities certificates. To achieve the Program's objective, the Commission awarded a contract to the Securities Information Center (SIC) to operate a computerized database of lost, stolen, missing and counterfeit certificates.

Under the Program, most financial institutions, including securities firms, banks and transfer agents, are required to report lost, stolen, missing or counterfeit securities certificates to the LSSP database. These financial institutions must also inquire about any securities certificates valued at more than \$10,000 that comes into their possession or keeping, to determine whether the certificate has been reported as lost, stolen, missing or counterfeit. Financial institutions may, on a voluntary basis, report or inquire about other securities certificates, such as cancelled securities certificates.

Beginning in 2000, Program members began voluntarily adding reports of cancelled securities certificates to the database as a result of an industry-wide initiative to make the database more complete and to assist Program participants in determining whether securities certificates that come into their possession are valid. The addition of cancelled certificates to the database has benefited the Program but has also resulted in significant increases in Program costs.

The US Trader Provider found that the Division of Market Regulation (MR), which is responsible for overseeing the Program, and members of the LSSP Advisory Board (an informal discussion group) are generally satisfied with the operation of the Program. The US Trader Provider also found that SIC, the contractor since the Program's inception in 1977, generally appears to be in compliance with the most recent contract (awarded in 2003).

The US Trader Provider is making several recommendations for improvements in the Program. The US Trader Provider is recommending that MR take appropriate steps to ensure banks' compliance with the Program's registration requirements. MR should also suggest to SIC that it expand the membership of the LSSP Advisory Board to include bank regulatory agencies and increase the frequency of LSSP Advisory Board meetings. The US Trader Provider is also recommending that MR request additional Program information from SIC, review the current allocation of Program fees among participants (which has not changed since 1977) to determine if it should be revised, and ensure that fees charged for making voluntary reports to the LSSP database are reasonable and consistent with the Commission's contract with SIC.

In addition, the US Trader Provider is recommending that the Offices of Information Technology (OIT), Filing and Information Services (OFIS), and Financial Management (OFM) determine the applicability of Federal Information Technology (IT), records management, and financial management laws and regulations to the LSSP.

OBJECTIVES AND SCOPE

The US Trader Providers' objectives were to evaluate the effectiveness of the Commission's LSSP and SIC's compliance with its contract with the Commission. During the audit, The US Trader Provider interviewed Commission and SIC staff, staff from the Federal Reserve Board (FRB) (Note 1), the Federal Deposit Insurance Corporation (FDIC), the National Association of Securities Dealers (NASD), the Securities Industry Association (SIA), the Federal Bureau of Investigations (FBI), clearing corporations and Program participants, such as banks, broker-dealers and transfer agents. The US Trader Provider also reviewed relevant documentation, including Commission contract files, SIC annual statistics reports, and other documents provided by MR and the contractor. The US Trader Provider also met with the contractor on site.

The audit was performed from September 2003 to February 2004 in accordance with generally accepted government auditing standards, except that the US Trader Provider did not evaluate the validity and reliability of the data in SIC's LSSP database.

BACKGROUND

Description of the Program

In 1975, Congress enacted Section 17(f)(1) of the Exchange Act, 15 U.S.C. 78q(f)(1), requiring the Commission to operate the LSSP. The purpose of the Program was to curtail trafficking in lost, stolen, missing, and counterfeit securities certificates. Rule 17f-1 under the Exchange Act, 17 C.F.R. 240.17f-1, first adopted in 1976, governs LSSP operations. The Program consists primarily of a database of securities that have been reported as lost, stolen, missing, or counterfeit.

The LSSP has two major components: "reports" and "inquiries." Most financial institutions (including exchanges, banks, brokers, clearing agencies and transfer agents) are required to report any certificates that they discover to be lost, stolen, missing or counterfeit (Note 2). These financial institutions must also inquire about any securities certificate valued at more than \$10,000 that come into their possession or keeping to determine whether the certificate has been reported as lost, stolen,

Notes:

1 Abbreviations also listed in Appendix.

2 See Rule 17f-1(c).

missing or counterfeit (Note 3). In addition to the mandatory reports and inquiries, financial institutions may voluntarily report or inquire about any other securities certificates, such as cancelled securities certificates (Note 4).

The Commission has chosen to operate the LSSP through a contractor, the Securities Information Center (SIC). SIC, a component of the Thomson Corporation, has administered the Program since the Program's inception in 1977. The contract is re-competed every five years and was last competed in May 2003. SIC receives all reports and inquiries, responds to inquiries, and maintains the Program's database. The contract is cost-free to the Commission. SIC earns annual revenues of approximately \$6 million from operating the LSSP by assessing fees to the Program's participants. In 2002, Program participants paid costs of approximately \$5.5 million, compared to industry savings of \$18 million, as estimated by SIC (Note 5).

As of December 31, 2003, the Program had 25,714 participants, consisting of 13,855 banks, 10,927 securities organizations and 932 non-bank transfer agents. During 2003, 1,074,251 reports of lost, stolen, missing or counterfeit certificates were added to the database, and inquiries were made on 4,710,852 certificates. If an inquiry about a certificate results in a match or "hit," the inquiring financial institution is alerted that the certificate has been reported as lost, stolen, missing, or counterfeit and is not eligible for transfer. In 2003, there were "hits" on 172,200 certificates that had been reported as lost, stolen, missing or counterfeit. An additional 292,274 "hits" occurred on certificates that had been reported as cancelled.

Program Oversight

MR oversees SIC's performance of the contract. MR receives and reviews contract deliverables and consults with SIC. MR also participates on a LSSP Advisory Board, an informal discussion group that meets periodically to discuss industry trends, challenges and Program enhancements. Other participants on the Board include representatives from the SIC, brokers, banks, transfer agents, clearing corporations, SIA and FBI. The Board has no official standing and was organized in 1995, following a suggestion by MR. SIC calls and hosts the Board's meetings.

Trends

The number of inquiries to the LSSP database has declined significantly in recent years. The number of inquiries to the database, on a yearly basis, between 1999 and 2003, was 8 million, 7.3 million, 6.2 million, 5.2 million and 4.7 million, respectively. This decline is due to the reduced movement of physical certificates and increased reliance on electronic records. As dependence on physical certificates continues to decline, use of the Program to identify lost and stolen certificates will likely decrease further.

Notes

3 See Rule 17f-1(d).

4 See Rule 17f-1(e).

5 The US Trader Provider did not verify SIC's estimate of industry savings.

Beginning in 2000, as part of an industry-wide initiative by the SIA, Program members began voluntarily adding reports of cancelled, stopped and escheated securities certificates to the LSSP database. The purpose of the initiative was to make the database more complete and to assist Program participants in determining whether securities certificates that come into their possession are valid. The vast majority of the voluntary reports in the database are reports of cancelled securities (Note 6). The voluntary reporting of cancelled securities appears to be consistent with the goals of the LSSP, as there have been a number of cases where cancelled securities have re-entered the market place and defrauded banks and brokers, as well as individuals (Note 7).

In recent years, the number of voluntary reports to the LSSP database has far exceeded the number of mandatory reports (Note 8). As of December 31, 2003, voluntary reports comprised 79% of total reports in the LSSP database, while mandatory reports comprised 21% of total reports in the LSSP database. Tables 1 and 2 in the Appendix reflect the composition of the database by year (1998-2003) and the type of reports added during each of those years.

Since the addition of voluntary reports to the LSSP database, the total number of hits resulting from inquiries to the database has increased significantly. (See Table 6 in the Appendix.) The number of "hits" as a percentage of certificates checked against the database also increased from approximately 4% in 2000 to nearly 10% in 2003. The addition of voluntary reports has also significantly contributed to total

LSSP annual costs rising from approximately \$3 million in 1999 to an estimated \$8 million in 2003. (See Table 7 in the Appendix.)

AUDIT RESULTS

The Division of Market Regulation, which is responsible for overseeing the Program, and members of the LSSP Advisory Board that the US Trader Provider contacted, are generally satisfied with the operation of the Program. SIC, the contractor since the Program's inception in 1977, generally appears to be in compliance with the most recent contract (awarded in 2003). The US Trader Provider is making several suggestions for improvement in the Program.

Notes:

6 The Commission has amended Rule 17f-1 to clarify that cancelled certificates that were lost, stolen, missing or counterfeit, must be reported to the LSSP. See Securities Exchange Act Release No. 34-48931 (December 23, 2003). Thus, the voluntary reporting of cancelled certificates applies only to cancel certificates that have not been discovered to be lost, stolen, missing or counterfeit.

7 See Securities Exchange Act Release No. 34-48931 (December 23, 2003).

8 In 2000, some transfer agents began to add their entire inventories of cancelled certificates to the LSSP database. Once this effort is complete (which SIC estimates will occur at the end of 2005), the number of voluntary reports added to the database should decrease significantly. At that time, transfer agents will only be making voluntary reports of cancelled securities that presently come into their possession.

LSSP OVERSIGHT

Non-Registration

Unlike banks, all broker-dealers and transfer agents must register with the LSSP as a condition of registering with the Commission. This helps ensure that all broker-dealers and transfer agents are registered with the LSSP.

However, staff at the Commission, SIC and the LSSP Advisory Board agreed that not all banks required to register with the LSSP have actually registered with the LSSP (Note 9). Banks under the jurisdiction of the FRB and banks whose deposits are insured by the FDIC are required to register with the LSSP, absent any exemptions (Note 10). Some banks, particularly small FDIC banks, may incorrectly believe they are exempt from registration, while others may be unaware of the Program's requirements.

The Commission has authority to enforce §17(f)(1) and Rule 17f-1 against all entities that are required to register with LSSP under the rule, including banks. MR has communicated with the FRB and FDIC regarding the operation of the Program.

Recommendation A

MR should encourage the FRB and FDIC to ensure that their applicable member banks register with and utilize the LSSP, as required by law and regulation.

LSSP Advisory Board

The bank regulatory agencies are currently not represented on the LSSP Advisory Board. Such representation could assist MR in encouraging increased bank participation in the Program.

In addition, the Commission's procurement staff in the Office of Human Resources and Administrative Services (OHRAS) and OIT staff do not attend LSSP Advisory Board meetings and are not consulted concerning those meetings. The procurement staff have ultimate responsibility for the contract, while OIT staff could provide technical expertise on technical issues being discussed by the Board.

Recommendation B

MR should ask SIC to invite representatives from the bank regulatory agencies to participate in Board meetings. MR should also inform OHRAS and OIT of issues affecting the contract and any technical issues covered in the Board meetings.

Notes:

9 The US Trader Provider was unable to ascertain an approximate number or percentage of banks not registered with the Program.

10 For example, reporting institutions that have not handled securities certificates within the last six months are exempt from registering with the Program. See Rule 17f-1(b).

The last LSSP Advisory Board meeting was more than two years ago (February 2002). Some Advisory Board members told the US Trader Provider that semi-annual or annual meetings would be beneficial. More frequent meetings would also provide MR with additional opportunities to coordinate with the bank regulatory agencies (provided they attend).

Recommendation C

MR should suggest that SIC hold LSSP Advisory Board meetings on a semi-annual or annual basis.

CONTRACT OVERSIGHT

Reporting

SIC currently reports certain revenues as aggregate figures in its annual statistics report. This report could be more useful to MR if SIC also provided separate figures showing revenues received from each of the following sources:

- Processing inquiries;
- Adding reports of lost, stolen, missing, counterfeit, cancelled, stopped and escheated securities certificates (separate figure for each);
- Participant registration and usage fees (separate figure for each);
- Performing mandatory operations;
- Performing voluntary operations; and
- Any other significant revenue sources.

This report could also be more useful to MR if it listed the number of lost, stolen, missing, counterfeit, cancelled, stopped, and escheated reports that SIC adds to the database each year (separate number for each) and the dollar value of the certificates associated with each type of report that SIC adds to the database.

Recommendation D

MR should determine what additional annual report information would be useful and request this information from SIC. In making this determination, MR may wish to consult with the LSSP participants, bank regulators, OHRAS procurement staff, and OIT staff.

Information Technology

The LSSP contract requires certain IT-related contract deliverables (i.e., risk analysis reports, system change reports and operational environment change reports) to be provided to both MR and OIT. However, only MR currently receives these documents. The MR staff that receive these documents do not have IT backgrounds. Having IT staff review the documents would help ensure that they comply with applicable security standards and IT best practice guidance.

Recommendation E

The Commission's Chief Information Officer, in consultation with MR, should designate OIT staff to review the IT-related contract deliverables (i.e., risk analysis reports, system change reports and operational environment change reports) received from SIC.

FEES AND BILLING PRACTICES

Equity of Fee Allocations Among Direct Inquirers

Participants in the LSSP must register as either direct or indirect inquirers and may change their status at any time. Direct inquirers contact SIC directly to ascertain the status of a security. Indirect users make their inquiries through a direct inquirer for a fee (charged by the direct inquirer at its discretion). As of December 2003, the Program had 1,430 direct inquirers and 24,284 indirect inquirers.

Under the contract, direct users pay all Program costs. These include nominal registration and maintenance fees that are assessed for all direct and indirect inquirers. Additionally, on a semi-annual basis, the aggregate amount of all fees charged for adding reports and making inquiries (usage fees) are divided among the direct users based on their size and type of institution. This billing allocation was designed so that larger institutions (presumably larger users) paid higher fees. The billing allocation has not changed since the Program's inception in 1977. As a result, institutions that are not considered large by current market standards may still be charged the highest level of fees. For example, a broker-dealer with \$25.1 million in revenue (considered "small" by current market standards) pays the same fee as a broker-dealer with \$500 million in revenue (considered "large" by current market standards). For this reason, the current billing methodology appears to be inequitable. Some direct inquirers believe that the fees they pay unfairly subsidize other larger direct inquirers.

Recommendation F

MR, in consultation with SIC and other interested parties (e.g., bank regulatory agencies, NASD, the Securities Transfer Association and the Commission's Office of Economic Analysis), should review the Program's current allocation of fees to determine whether it should be revised to make it more equitable among the Program's direct inquirers, and take appropriate action.

Reasonableness of Assessing Voluntary Report Fees Among all Direct Inquirers

SIC charges all of the Program's direct inquirers for the cost of adding voluntary (as well as mandatory) reports to the database. The fees charged for adding voluntary reports are the same as the fees charged for adding mandatory reports. While fees charged for adding mandatory reports are provided for in the Commission's contract with SIC, the US Trader Provider believes that the contract does not expressly provide for the assessment of fees for voluntary reports.

SIC and MR believe that if SIC billed only the participants that added the voluntary reports to the LSSP database, these participants would not add the reports to the database. The availability of reports of cancelled certificates in the database benefits Program participants because it assists them in determining if physical securities that come into their possession are invalid because they have been cancelled.

The addition of voluntary reports has significantly contributed to total LSSP annual costs rising from approximately \$3 million in 1999 to an estimated \$8 million in 2003. (See Table 7 in the Appendix.) Costs are expected to remain elevated through 2005, when SIC estimates the addition of inventories of cancelled certificates to the database will be complete.

Recommendation G

MR, in consultation with OHRAS and OGC, should review SIC's practice of billing all direct inquirers for adding voluntary reports to the system to determine if it is reasonable. MR should then determine whether the billing practice and/or the contract should be revised and the appropriate disposition of fees paid to date for adding voluntary reports.

COMMISSION COMPLIANCE WITH POLICIES AND LAWS

Information Technology

Investment Portfolio

The Commission's IT Investment Portfolio is defined as "all of its IT assets, resources, and investments owned or planned by an organization in order to achieve its strategic goals, objectives, and mission." (Note 11)

The Commission's LSSP is not included in its IT Investment Portfolio. Including it in the Portfolio would make the Portfolio more complete and ensure that the Program is accounted for among the Commission's various IT activities.

Investment Decision-Making

The Commission's Information Officers Council (IOC) and Capital Planning Committee (CPC) review IT investment proposals of \$25,000 or more. The IOC consists of senior managers from Commission divisions and major offices. The CPC is comprised of division directors. The IOC makes recommendations to the CPC on which IT projects to fund; the CPC is the final decision maker.

The IOC and CPC reviews are intended to ensure that Commission IT projects meet Federal IT requirements and are consistent with agency business processes and objectives. The IOC and CPC did not review the LSSP upon contract renewal in May 2003. MR believed this review was unnecessary because the LSSP contract is cost-free to the Commission. The LSSP contract cost Program users \$5.5 million in 2002. Additionally, the Commission makes significant financial decisions upon contract renewal, owns the data that the contractor collects, approves user fees and negotiates contract requirements. Moreover, the contract is an IT-based contract because it involves maintaining a database, having backup and recovery procedures, and ensuring that appropriate technology is utilized.

Security

The Federal Information Securities Management Act (FISMA) enacted in December 2002, requires each Federal agency to develop, document, and implement an agency-wide program to provide information security for the information and information systems that support the operations and assets of the agency, including those provided or managed by another agency, contractor, or other source. FISMA also provides a framework for developing and maintaining minimum controls required to protect Federal information and information systems. The US Trader Provider believes that the LSSP database may be subject to FISMA.

Notes:

11 Commission draft SECR 24-1.1, version 1, June 2002, page 5.

Recommendation H

OIT, in consultation with MR and OGC, should review the applicability of the IT Investment Portfolio, the IOC and CPC reviews, and FISMA to the LSSP and take appropriate action.

Records Management

According to OFIS, the Program's data constitutes a Federal record. As a result, OFIS should account for this data in its inventory of Commission records and establish a retention period for the Program's data.¹²

Recommendation I

OFIS, in consultation with MR and OGC, should review compliance with applicable Federal record-keeping requirements and take appropriate action.

Financial Management

Although the LSSP contract does not use appropriated Commission funds, the Commission may be required to reflect the LSSP in its financial statements.

Recommendation J

OFM should review the LSSP and determine if it should be accounted for in the Commission's financial statements, and take appropriate action.

Notes:

12 SIC, however, may choose to retain the Program data for a longer period of time than is required under Federal record-keeping laws.

ABBREVIATIONS

CPC	Capital Planning Committee
FBI	Federal Bureau of Investigations
FDIC	Federal Deposit Insurance Corporation
FISMA	Federal Information Security Management Act
FRB	Federal Reserve Bank
IOC	Information Officers Council
IT	Information Technology
LSSP or Program	Lost and Stolen Securities Program
Mandatory Reports	Refers to reports of lost, stolen, missing and counterfeit securities certificates added to the LSSP Database
MR	Division of Market Regulation
NASD	National Association of Securities Dealers
OFIS	Office of Filings and Information Services
OFM	Office of Financial Management
OHRAS	Office of Human Resources and Administrative Services
OIT	Office of Information Technology
SIA	Securities Industry Association
SIC	Securities Information Center
Voluntary Reports	Refers to reports added to the database, other than lost, stolen, missing and counterfeit securities certificates (e.g., reports of cancelled, stopped and escheated securities certificates)

Table 1 - Total Reports in Database

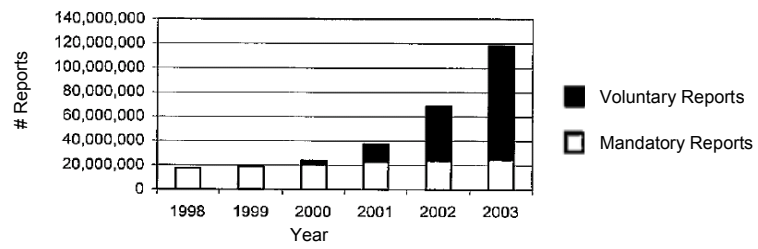


Table 2 – Reports Added to Database by Year

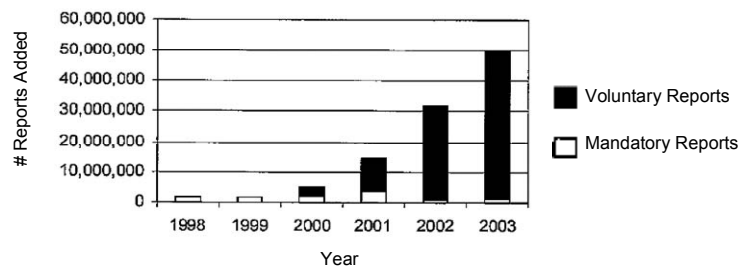
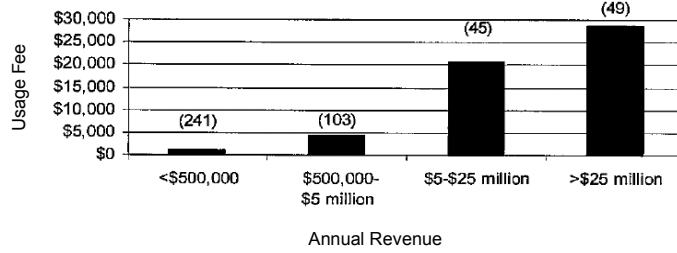
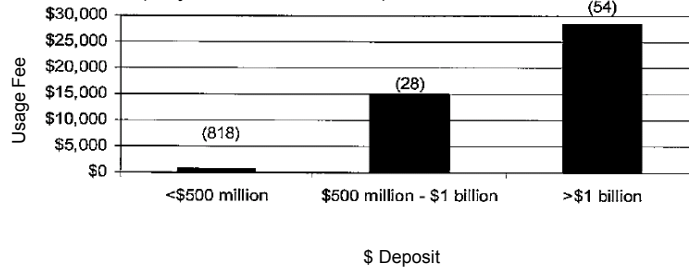


Table 3 – Semi-Annual Usage Fee Per Broker-Dealer
(July – December 2003)



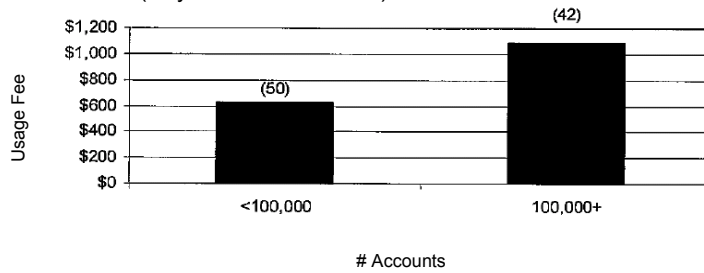
Figures in parenthesis show the number of broker-dealers registered as direct inquirers.

Table 4 – Semi-Annual Usage Fee Per Bank
(July – December 2003)



Figures in parenthesis show the number of banks registered as direct inquirers.

Table 5 – Semi-Annual Usage Fee Per Transfer Agent
(July – December 2003)



Figures in parenthesis show the number of banks registered as direct inquirers.

Table 6 – Total # Hits Over Time

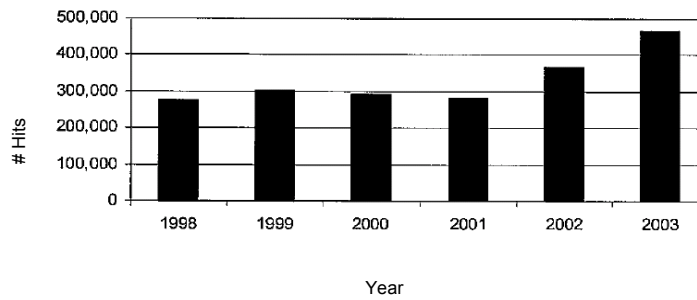
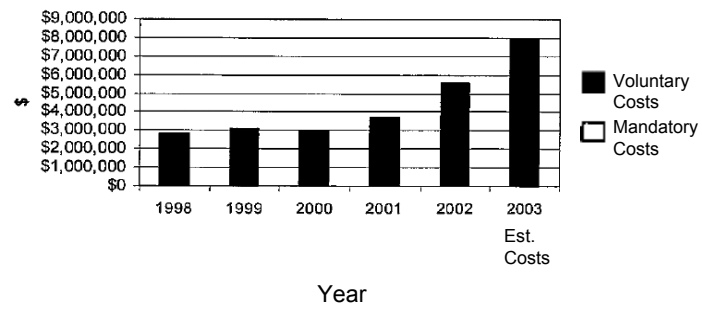


Table 7 – Total LSSP Costs



DESCRIPTION OF THE US TRADER PROVIDER'S CUSTOMER INFORMATION POLICIES AND PROCEDURES

The policies and procedures described herein apply to the US Trader Provider and its affiliates, and generally relate to the confidentiality and prevention of misuse of, or access to, Customer trading information, including Customer orders. The US Trader Provider does not engage in investment banking or research or providing investment advice, nor do US Trader Provider's account executives engage in verbal communications with Customers for the purpose of making recommendations or giving advice with respect to the purchase or sale of financial products. Customer orders ordinarily are transmitted through the US Trader Provider's automated order routing system. As such, the US Trader Provider's personnel have a limited role in relation to particular Customer orders.

The US Trader Provider generally engages in proprietary trading only to correct errors, or in connection with authorized adjustments of Customer orders or accounts (e.g., close-outs, fails, or other similar transactions). Its affiliates are primarily engaged in proprietary trading (i.e., dealing or market-making for their own account) and these affiliates may place orders with the US Trader Provider for execution. Protections built into the US Trader Provider's automated order routing system are designed to assure that when a Customer order is entered into the US Trader Provider's system and transmitted for execution (e.g., to an exchange's electronic system), the identity of the Customer is anonymous.

In addition, whether an order is designated as a Customer order or a proprietary order of the US Trader Provider or one of its affiliates, the processing modules in the US Trader Provider's automated order routing system are designed to process orders on a "first come, first served" basis without reference to the source of the order (please note however that Customer orders must pass through certain processing steps -- e.g., margin checks and various other Customer-protection filters -- that do not apply to orders of the US Trader Provider's broker-dealer affiliates).

The integrity of the US Trader Provider's order routing system is evidenced by an audit trail that is maintained and that time stamps Customer orders as well as proprietary orders and orders of the US Trader Provider's affiliates. Further, the US Trader Provider's order routing system is not designed to allow disclosure of Customer orders to any person, including the trading personnel of the US Trader Provider and its affiliates (together the 'Group') trading personnel, prior to the transmission of these orders to the exchange or market center for execution.

Finally, only a limited number of identified and approved personnel of the Group may enter proprietary orders or affect the trading engaged in through the systems that generate the Group's proprietary orders.

RISK DISCLOSURE STATEMENT FOR FOREX TRADING AND MULTI-CURRENCY ACCOUNTS

A. Overview: Multi-Currency enabled accounts allow customers to trade investment products denominated in different currencies using a single account denominated in a "base" currency.

B. General Risk: Customer understands and acknowledges that buying and selling securities, options and other financial products that are denominated in foreign currencies or traded on foreign markets is inherently risky and requires substantial knowledge and expertise. Customers applying for Multi-Currency enabled accounts represent that they are aware of and understand the risks involved in trading foreign securities, options and financial products and that they have sufficient financial resources to bear such risks.

C. Customer Responsibility for Investment Decisions: Customer acknowledges that SHK or the US Trader Provider's representatives are not authorized to provide investment, trading or tax advice and therefore will not provide advice or guidance on trading or hedging strategies in the Multi-Currency enabled account. Customers must evaluate carefully whether any particular transaction is appropriate for them in light of their investment experience, financial objectives and needs, financial resources, and other relevant circumstances and whether they have the operational resources in place to monitor the associated risks and contractual obligations over the term of the transaction. In making these assessments, SHK strongly recommends that Customers obtain independent business, legal, and accounting advice before entering into any transactions.

D. Exchange Rate Risk: Exchange rates between foreign currencies can change rapidly due to a wide range of economic, political and other conditions, exposing the Customer to risk of exchange rate losses in addition to the inherent risk of loss from trading the underlying financial product. If a Customer deposits funds in a currency to trade products denominated in a different currency, Customer's gains or losses on the underlying investment therefore may be affected by changes in the exchange rate between the currencies. If Customer is trading on margin, the impact of currency fluctuation on Customer's gains or losses may be even greater.

E. Currency Fluctuation: When Customer uses any foreign exchange facility to purchase or sell foreign currency, fluctuation in currency exchange rates between the foreign currency and the base currency could cause substantial losses to the Customer, including losses when the Customer converts the foreign currency back into the base currency.

F. Nature of Foreign Currency Exchange Transactions: When Customer enters into a foreign exchange transaction for trading via US Trader, Customer should be aware that Customer's counterparty may from time to time have substantial positions in, and may make a market in or otherwise buy or sell instruments similar or economically related to, foreign currency transactions entered into with Customer. The Customer's counterparty may also undertake proprietary trading activities, including hedging transactions related to the initiation or termination of foreign exchange transactions with Customer, that may adversely affect the market price or other factors underlying the foreign currency transaction entered into with Customer and consequently, the value of such transaction.

G. Other Risks: There are other risks that relate to trading foreign investment products that cannot be described in detail in this document. Generally, however, foreign securities, options and financial products involve exposure to a combination of the following risk factors: market risk, credit risk, settlement risk, liquidity risk, operational risk and legal risk. For example, there can be serious market disruptions if economic or political or other unforeseen events locally or overseas affect the market. In addition to these types of risk there may be other factors such as accounting and tax treatment issues that Customers should consider.