

General Disclosures - Foreign Exchange Transactions

Dah Sing Bank, Limited ("DSB") engages in the sale or purchase and execution of foreign exchange transactions ("FX") and would like to highlight certain matters related to DSB's role in the FX markets. This document sets out our standard business practices and terms and conditions of dealing with our customers in respect of FX transactions. It establishes the basis on which DSB can provide with pricing and execution of trade requests.

This document is not intended to conflict with or override any relevant law, regulatory rule or other applicable requirement in any jurisdiction in which DSB operates.

Role of DSB

Unless otherwise specified, DSB shall act in a principal capacity in respect of FX transactions with all of its customers. In that capacity, DSB does not act as agent, fiduciary or financial adviser or in any similar capacity on behalf of its customers. Unless the context requires otherwise, any FX transaction related document provided by DSB is for information purposes only and does not constitute any recommendation or solicitation to any person to enter into any FX transaction. DSB does not provide any advice in respect of the FX transactions. Customers are advised to make their own judgment and must carefully consider whether the FX transaction concerned is appropriate to them having considered their objective, experience, financial status and other relevant circumstances and consult their own business, tax, legal, accounting and any other professional advisors with respect to the FX transaction concerned.

The role of DSB in the FX transactions may give rise to actual or potential conflicts of interest. DSB will attempt to mitigate such conflicts through appropriate policies and procedures, and if necessary, DSB will decline to enter into relevant transactions in order to avoid the conflicts. DSB's dealings in foreign exchange transactions are subject to the FX Global Code, to which DSB is committed.

Order Handling

DSB will handle orders in good faith and in a commercially reasonable manner. Order is deemed accepted only after DSB has acknowledged and agreed receipt of the order. DSB is not obliged to accept and act upon any customer order in any form (either voice or electronic means), subject to any applicable terms and conditions. During the period between order placement and order acceptance by DSB, customers will be exposed to the risk that their orders may not be filled.

As a principal, DSB shall always attempt to execute an order by taking into account market conditions at the time, other customer orders, DSB's position, including its inventory strategy and overall risk management, its fees and costs, its risks and any other possible business factors and objectives it elects to consider. If and when an order becomes executable, it does not mean that DSB holds, acquires, or will be able to acquire, sufficient inventory to complete the transaction at the order price level (after taking into account any spread, mark-up, or similar adjustment reflecting DSB's return on the FX transaction) or that there exists a tradable market at that level.

When DSB has trading interest from multiple sources (including from DSB itself), DSB retains discretion on how to fulfill those competing interests, including order execution, fill quantity, aggregation, priority, timing and pricing. When exercising discretion to aggregate or prioritise a customer's order with other orders, DSB's goal is to meet the needs of these competing interests. It is possible this may result in a worse outcome than if the customer's order had been executed sequentially or on an individual basis.

It may happen in various market situations that your order is partially filled. Any such fills are considered part of the completed order, and corresponding market risk is considered transferred to you at the time such fills are executed which may be prior to communication of such fills to you.

Pre-Hedging and Pre-Positioning

DSB may pre-hedge your anticipated order or pre-position in the market to manage its portfolio and risks for the following non-exhaustive reasons:

- (i) Receiving a large order size;
- (ii) Minimize the risk of execution slippage; and
- (iii) Manage DSB's exposure and reduce the impact to market.

DSB will take all commercially reasonable steps to ensure such pre-hedging and pre-positioning will not be detrimental to your orders and to mitigate potential conflicts of interest.

Last Look

Last look is applied in DSB's systems to mitigate risk by checking if the requested trade price is consistent with the prevailing market rate. This mechanism applies simultaneously to you and DSB by setting thresholds on both sides. If the price moves beyond the threshold on either side, the order will be rejected and refreshed with a revised price. DSB will set these thresholds in good faith and a commercially reasonable manner, and may adjust from time to time subject to market condition.

DSB Sales Practices

Any firm or indicative price or spread quoted by DSB is an "all-in" price inclusive of any sales mark-up applied to the price at which DSB perceived from the prevailing FX market. Different customers may receive different prices for transactions that are the same or similar. DSB's all-in prices and spreads are tailored to individual customers which are mainly based on prevailing market price together with a wide range of standard commercial factors, including (but not limited to) the customers' trading history, size and nature of trade, market conditions, DSB's position and own costs, transactions, settlement, operational and credit risks, balance sheet, overall services provided by DSB and DSB's broad relationship with customers. DSB is not committed to disclose the components of its all-in price or the mark-up that it is expected to earn on any particular FX transaction.

Customer Information

DSB may share information from customer orders, executed or unexecuted, individual or aggregate, to internal parties for the tailoring of products and services for DSB's customers. DSB may also need to disclose information relating to your order internally or externally in order to execute the transaction, and will be doing so in accordance with applicable legal and regulatory requirements, DSB's confidentiality policies and procedures and / or specific agreements with you (if any).

DSB also has regulatory and other legal obligations and therefore may disclose your information to regulators or industry bodies pursuant to its regulatory or contractual reporting obligations, as well as in the course of regulatory investigations or legal proceedings.

DSB is committed to the protection of customer information and has policies and procedures in place to ensure customer information will not be disclosed improperly.

Should you have any queries relating to this document and / or DSB's dealings with you, please contact your DSB representative. Please note that this document may be updated from time to time without prior notice in order to address changing regulatory, industry and other developments.