



Grasp the Flexibility of Currency Switching
Increase the Potential Return of FOREX

Switch the principal and interest of your fixed deposit or the principal of your Currency Linked Principal Guaranteed Deposit with Currency Switching of Dah Sing Bank, Limited ("the Bank") between different currencies for unlimited turns within deposit period to grasp the potential return from foreign exchange.

Currency Switching allows you to flexibly manage your deposit. You can switch the principal and interest of your fixed deposit or the principal of your Currency Linked Principal Guaranteed Deposit from one currency to another by entering into foreign exchange forward contract before the maturity date of the deposit to catch every investment opportunity in the foreign exchange market in a hassle-free way.

Product Highlights

- 10 currencies available (AUD, CAD, CHF, EUR, GBP, HKD, JPY, NZD, CNY^α and USD) (availability is at the Bank's discretion)
- Minimum transaction amount at USD 20,000 or equivalent
- Unlimited foreign exchange forward transactions[^] within deposit period (12 months or below)[†]
- No handling fee will be charged
- The principal and interest of the fixed deposit or the principal of Currency Linked Principal Guaranteed Deposit will be automatically converted to the final designated currency^Δ at the pre-determined exchange rate of the last entered foreign exchange forward contract at the maturity date

^α Exchange rate of CNY refers to the rate quoted in offshore market, known as "CNH" or "CNY(HK)".

[^] The sell amount and currency of a subsequent foreign exchange forward contract must be the same as the buy amount and currency of the immediately preceding foreign exchange forward contract.

[†] Deposit period is the period between the date of setting up Currency Switching and the maturity date of the deposit.

^Δ If the final designated currency of the last entered foreign exchange forward contract is not the customer's home currency and the customer chooses to convert it back to the home currency, the customer will be subject to additional risk concerning the exchange rate fluctuation between the final designated currency and the home currency.

As the return under the foreign exchange forward contract is dependent on exchange rate movements, this product is more suitable for customers who have a basic knowledge in the operation and behavior of the foreign exchange market. Besides, customer may incur loss arising from exchange rate fluctuations which are beyond customer's anticipation.

Illustration Examples (The following examples are for illustration purpose only and shall not constitute any forecast, representation or warranty by the Bank in respect of any possible gain or loss.)

Example 1: A customer would like to grasp the chance of AUD appreciation during the deposit period after setting up a HKD fixed deposit.

The customer set up a 6-month HKD fixed deposit on 6 Feb 20XX and during the deposit period, set up foreign exchange forward contracts through Currency Switching as follows:

Fixed Deposit Information	
Deposit Date	6 Feb 20XX
Maturity Date	6 Aug 20XX
Principal	HKD 500,000
Interest Rate	2.00%
Principal & Interest at Maturity Date*	HKD 504,958.90

* The interest is calculated based on a 365-day year basis.

Foreign Exchange Forward Contract Set up Date	Transaction Details	Foreign Exchange Forward Contract Rate [#]	Maturity Date / Settlement Date
6 Mar 20XX	Sell HKD 504,958.90	6.1262	6 Aug 20XX
	Buy AUD 82,426.12		
8 Mar 20XX	Sell AUD 82,426.12 ^θ	6.2283	6 Aug 20XX
	Buy HKD 513,374.60		

[#] Foreign Exchange Forward Contract Rate is subject to the agreement of the Bank taking into account market condition.

^θ The sell amount and currency must be the same as the buy amount and currency of the immediately preceding foreign exchange forward contract.

The customer will receive HKD **513,374.60** on 6 Aug 20XX.

Example 2: After setting up a HKD Currency Linked Principal Guaranteed Deposit, a customer would like to lock the exchange rate of Euro and convert the HKD Currency Linked Principal Guaranteed Deposit to Euro at maturity according to the agreed exchange rate.

The customer set up a 9-month HKD Currency Linked Principal Guaranteed Deposit on 6 Mar 20XX and also, a foreign exchange forward contract as follows before the maturity date:

Currency Linked Principal Guaranteed Deposit Information	
Deposit Date	6 Mar 20XX
Maturity Date	10 Dec 20XX
Principal	HKD 500,000

Foreign Exchange Forward Contract Set up Date	Transaction Details	Foreign Exchange Forward Contract Rate [#]	Maturity Date / Settlement Date
10 Apr 20XX	Sell HKD 500,000.00	9.6826	10 Dec 20XX
	Buy EUR 51,639.02		

[#] Foreign Exchange Forward Contract Rate is subject to the agreement of the Bank taking into account market condition.

The customer will receive EUR **51,639.02** on 10 Dec 20XX.

Example 3: After setting up a USD fixed deposit, a customer intends to take advantage from the ups and downs of foreign currencies. However, the market does not go the way he anticipated and he suffers a loss eventually.

The customer set up a 6-month USD fixed deposit on 6 Mar 20XX and also, foreign exchange forward contracts as follows before the maturity date:

Fixed Deposit Information	
Deposit Date	6 Mar 20XX
Maturity Date	6 Sep 20XX
Principal	USD 200,000
Interest Rate	2.40%
Principal & Interest at Maturity Date*	USD 202,453.33

* The interest is calculated based on a 360-day year basis.

Foreign Exchange Forward Contract Set up Date	Transaction Details	Foreign Exchange Forward Contract Rate [#]	Maturity Date / Settlement Date
11 May 20XX	Sell USD 202,453.33	1.1949	6 Sep 20XX
	Buy EUR 169,431.19		
23 Jul 20XX	Sell EUR 169,431.19 ^θ	1.1701	6 Sep 20XX
	Buy USD 198,251.44		

[#] Foreign Exchange Forward Contract Rate is subject to the agreement of the Bank taking into account market condition.

^θ The sell amount and currency must be the same as the buy amount and currency of the immediately preceding foreign exchange forward contract.

The customer will receive USD **198,251.44** on 6 Sep 20XX.

Key Risks Warning

There are risks involved in entering into currency transactions due to currency exchange and market movements. The customer should therefore carefully consider whether such transactions are suitable in light of his / her financial position and investment objectives and study the market before entering into such transactions. Any cancellation or withdrawal prior to maturity is subject to the prior consent of the Bank. With these risks, the customer may incur significant costs or losses.

Investment Risk

Any transaction under Currency Switching is an investment activity and it involves risks. The worst case will result in loss of the customer's entire investment.

The customer should understand the specific terms and risks mentioned in the Investment Services Application Form, the "Master Terms and Conditions" / "Master Terms and Conditions for VIP Banking Services" of the Bank in particular the Specific Terms for Call and Time Deposits and Specific Terms for Foreign Exchange Forward Contracts and other relevant documents provided by the Bank before using Currency Switching. If the customer has any concern(s) about Currency Switching, he / she should consult his / her professional advisers.

Credit Risk

The customer who invests in Currency Switching is subject to the creditworthiness of the Bank. If the Bank becomes insolvent or goes into liquidation or defaults on its obligations under Currency Switching while it is still outstanding, the customer will rank as an unsecured creditor of the Bank and could, in the worst case, lose his / her entire principal irrespective of the terms of Currency Switching.

Derivative Risk

Foreign exchange forward contract under Currency Switching is an embedded derivative which involves risk. The value of the contract might drop significantly if the market moves against the customer's expectation at the time he / she enters into foreign exchange forward contract.

Cost of Early Termination

Foreign exchange forward contracts and deposits under Currency Switching should be held until maturity. Any early termination of the foreign exchange forward contracts and the deposits before maturity is subject to the sole discretion and consent of the Bank. Even if the Bank allows the customer to early terminate, he / she may suffer significant costs or losses.

Non-Principal Protected and Not Protected by Deposit Protection Scheme

Currency Switching is not a principal guaranteed investment. Deposits subject to any foreign exchange forward contract under Currency Switching may incur loss of principal amount and are not protected deposits and are not protected by the Deposit Protection Scheme in Hong Kong.

Interest Rate Risk

Foreign Exchange Forward Contract Rate is embedded with the interest rate differential between the trading currencies and movement of interest rate between trading currencies will have impact on the foreign exchange forward rate.

Exchange Rate Risk

The return on Currency Switching will be dependent, at least to some extent, on movements in some specified currency exchange rate. Currency exchange rates are affected by a wide range of factors, including national and international financial and economic conditions and political and natural events. The effect of normal market forces may at times be countered by intervention by central banks and other bodies. At times, exchange rates, and prices linked to such rates, may rise or fall rapidly. Depending on the agreed exchange rate in the foreign exchange forward contract(s), the value of the relevant deposit(s) payable on the maturity date may be significantly less than the value of the original deposit in the event of an adverse movement in the relevant exchange rate(s). Also, if the designated currency of the last foreign exchange forward contract the customer entered into is not the customer's home currency and the customer chooses to convert it back to the home currency, the customer will be subject to additional risk concerning the exchange rate fluctuation between the designated currency and the customer's home currency.

Exchange Control

For currencies subject to exchange controls imposed by the relevant governments, such as renminbi (RMB), the exchange rates may be easily affected by change in government policies. Such currencies may have different exchange rates quoted in different markets. For example, exchange rates of RMB are quoted in onshore and offshore markets; the onshore rate of RMB is being referred as "CNY" and the offshore rate (i.e. when traded in Hong Kong) is being referred as "CNH". Although CNY and CNH represent the same currency, they do not necessarily have the same exchange rate and may not move in the same direction. Exchange controls or other monetary measures may be imposed by a government, sometimes with little or no warning. Such controls and measures may have a significant effect on the convertibility or transferability of a currency and may have unexpected consequences of Currency Switching.

Conflicts of Interests

Potential conflicts of interest may arise from the different roles played by the Bank, its subsidiaries and / or its affiliates in connection with the Currency Switching. The Bank and / or its subsidiaries and / or its affiliates may enter into, adjust or unwind transactions relating to the relevant currencies, whether for its or its subsidiaries' or its affiliates' proprietary accounts or for account under management or to facilitate transactions on behalf of investors or otherwise. In carrying out these roles, the Bank's economic interests and those of its subsidiaries and / or its affiliates are potentially adverse to the investors' interests in the Currency Switching.

Currency Switching is an investment product. This investment decision is yours but you should not invest in this product unless the Bank has explained to you that this product is suitable for you having regard to your financial situation, investment experience and investment objectives.

Notes:

1. For details, please contact our staff at branches.
2. Unless the context requires otherwise, this document does not constitute any offer, invitation or recommendation to any person to enter into any investment transaction nor does it constitute any prediction of likely future movements in prices of any investment products.
3. The "Master Terms and Conditions" or the "Master Terms and Conditions for VIP Banking" (for VIP Banking Customer) (in particular, the provisions relating to the Specific Terms for Call and Time Deposits and the Specific Terms for Foreign Exchange Forward Contracts) together with the Confirmation govern any Currency Switching transactions.
4. The fixed deposit is subject to a fixed charge in favor of the Bank pursuant to the "Master Terms and Conditions" / "Master Terms and Conditions for VIP Banking Services" of the Bank and may not be withdrawn at any time when there is an outstanding foreign exchange forward contract.
5. In engaging in any Currency Switching, with or through the Bank, the customer understands and agrees that:
 - The customer makes his own judgment in relation to investment or trading transactions;
 - Subject to applicable laws and legislation, the Bank assumes no duty to make or give advice or recommendations;
 - The Bank, its subsidiaries and affiliates may hold positions which may not be consistent with any advice by the Bank and which may result in losses on the customer's part; and
 - Any risks associated with any losses suffered as a result of the Bank entering into any transactions or investments on the customer's behalf are for the customer's account.
6. The above information has not been reviewed by the Securities and Futures Commission or any regulatory authority in Hong Kong.
7. This service / product is not targeted at customers in the European Union.
8. The Chinese version is for reference only and if there is any discrepancy between the English and Chinese version, the English version shall prevail.

This brief warning cannot, of course, disclose all risks and other aspects in relation to Currency Switching. The customer should accordingly obtain independent expert financial advice before engaging in any Currency Switching.

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