

Treatment for EI and II

Explanation Of Effect Of Being Treated As An Expert/ Institutional Investor

As a Capital Markets Services License (“CMSL”) holder, Straits Financial Services Pte. Ltd. (“SFSPL”) is exempt from complying with certain regulatory requirements of the Securities and Futures Act, Chapter 289 of Singapore (SFA”) and its related regulations when SFSPL deal with you as an Expert Investor (“EI”) / Institutional Investor (“II”), Please note that the regulatory requirements that SFSPL is exempted from when dealing with you as an EI/ II may be amended and updated from time to time due to regulatory changes or otherwise. We will publish any updates on SFSPL website.

The following sets out the effect of you being treated by SFSPL as an EI/ II.

Part III of the Securities and Futures (Licensing and Conduct of Business) Regulations (“SFR”)

SFSPL is exempt from treating you as a retail investor in relation to certain requirements stipulated under Part III of the SFR pertaining to the treatment of a retail customer’s moneys and assets and you are thus not protected by those requirements which are summarized below.

	Expert/Institutional Investor	Retail Customer
Money received for OTC derivatives contract (Regulation 16(1)(b) of the SFR)	<ul style="list-style-type: none"> • Deposit into a trust account; or • Deposit into account directed by expert/ institutional investor 	Deposit into a trust account
Money received for capital markets product that is not an OTC derivatives contract (Regulation 16(1)(b) of the SFR)	<ul style="list-style-type: none"> • Deposit into a trust account maintained in accordance with Regulation 17 of the SFR (requires the trust account to be maintained with a certain specified institution which is assessed as suitable); or • Deposit into account directed by expert/ institutional investor 	<ul style="list-style-type: none"> • Deposit into a trust account maintained in accordance with Regulation 17 of the SFR (requires the trust account to be maintained with a certain specified institution which is assessed as suitable); or • Deposit into account directed by retail customer to which retail customer has legal and beneficial title and maintained with licensed banks, merchant banks or finance companies or banks established and regulated as banks outside Singapore.
Moneys must not be commingled or deposited in the same trust account (Regulation 16(3) of the SFR)	Exception for money received on account of non-retail customers, which can be commingled or deposited in	<ul style="list-style-type: none"> • Exception for money received in respect of OTC derivatives contracts, where moneys received on account of

	the same trust account as money received on account of retail customers in respect of any capital markets products other than OTC derivatives contracts	retail customers can be commingled or deposited in same trust account <ul style="list-style-type: none"> • Exception for money received on account of retail customers in respect of any capital markets products other than OTC derivatives contracts, where such moneys received on account of retail investors can be commingled or deposited in same trust account as money received on account of non-retail customers
Money received in foreign currency, subject to written consent of customer (Regulation 17(2) of the SFR)	<ul style="list-style-type: none"> • Deposit all moneys (including moneys received in respect of OTC derivatives contracts) into a trust account with custodian outside Singapore which is licensed to conduct banking business 	<ul style="list-style-type: none"> • Deposit moneys (other than moneys received from or on account of retail customer in respect of OTC derivatives contracts entered into between the CMSL holder and retail customer) into a trust account with custodian outside Singapore which is licensed to conduct banking business
Disclosure requirement (Regulations 18A and 27A of the SFR)	<ul style="list-style-type: none"> • No such requirement 	<ul style="list-style-type: none"> • CMSL holder to make certain disclosures (such as whether the moneys/assets will be commingled with other customers and the risks of commingling, consequences if the institution which maintains the trust/custody account becomes insolvent) in writing prior to depositing moneys/assets in trust/custody account
Depositing moneys with approved or recognised clearing house or member of organised market or clearing facility (Regulation 19 of the SFR)	Permitted only for moneys received for certain purposes, e.g. facilitating the continued holding of a position on behalf of the customer, clearing or settlement of capital markets products on the clearing facility	<ul style="list-style-type: none"> • Permitted only for moneys received for non-OTC derivatives contracts for certain purposes, e.g. facilitating the continued holding of a position on behalf of the customer, clearing or settlement of capital markets products on the clearing facility
Prohibition on transferring title of moneys/assets received from customer to	No such requirement	Prohibited unless transferred in connection with: - in the case of moneys, the

<p>CMSL holder or any other person (Regulations 20A and 34A of the SFR)</p>		<p>lending of the retail customer's specified products; and - in the case of assets, the borrowing or lending of specified products, in accordance with Regulation 45 of the SFR</p>
<p>Withdrawals from trust account/custody account to make payment/transfer the moneys/assets to any other person or account in accordance with the written direction of the customer (Regulations 21(2) and 35(2) of the SFR)</p>	<ul style="list-style-type: none"> • No such prohibition 	<ul style="list-style-type: none"> • Not permitted where the withdrawal is from a retail customer's trust account for the purpose of making a payment, and not permitted to transfer retail customer's assets, to meet any obligation of the CMSL holder in relation to any transaction entered into by the CMSL holder for the benefit of the holder
<p>Customer Assets (Regulation 26(1)(a) of the SFR)</p>	<ul style="list-style-type: none"> • Deposit into a custody account maintained in accordance with Regulation 27 of the SFR (requires the custody account to be maintained with certain specified institutions only); or • Deposit into account directed by expert/ institutional investor 	<ul style="list-style-type: none"> • Deposit into a custody account maintained in accordance with Regulation 27 of the SFR (requires the custody account to be maintained with certain specified institutions only); or • Deposit into account directed by retail customer to which retail customer has legal and beneficial title and maintained with, inter alia, licensed banks, merchant banks or finance companies or banks established and regulated as banks outside Singapore
<p>Mortgage of customer's assets – CMSL holder may mortgage, charge, pledge or hypothecate customer's assets for a sum not exceeding the amount owed by the customer to the holder (Regulation 34(2) of the SFR)</p>	<ul style="list-style-type: none"> • No equivalent requirement to inform, explain risks or obtain written consent of expert/ institutional investor 	<ul style="list-style-type: none"> • Prior to doing so, CMSL holder must inform the retail customer of this right, explain the risks and obtain written consent of the retail customer