

CMC Markets Singapore Invest Pte. Ltd.

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Risk Disclosure Document

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INVEST

Risk Disclosure Document

This Risk Disclosure Document (which includes its Schedules) pertains to your access to and use of the Services made available by CMC Markets Singapore Invest Pte. Ltd. (“**CMC Invest**”) through CMC Invest’s websites, mobile applications and any other related services provided by CMC Invest, and constitutes a part of the General Terms and Conditions that are available on CMC Invest’s Website.

In the Schedules of this document, CMC Invest provides an overview of potential risks that could apply when using our Services and it includes risk disclosure documents or risk warning statements that we have to furnish to our customers in accordance with applicable laws and regulations or as prescribed by the Monetary Authority of Singapore. Please read through each Schedule in this document carefully.

The Schedules of this document do not propose to provide a definitive list of all risks and other significant aspects of any transaction as it is not possible to anticipate all risks. The information presented herein is intended for general circulation and does not constitute investment, legal, accounting, tax or financial advice. It does not take into account the specific investment objectives, financial situation, risk tolerance or specific needs of any entity, and any information contained herein should be verified independently, before you make a commitment to transact in any Investment Product.

It is important for you to determine whether any transaction in any Investment Product is suitable for you and your operations, business and organisation, and you should be aware that this is your responsibility. You should only undertake a transaction in any Investment Product if you understand the nature and fundamentals of the transaction and the Investment Product, the legal terms and conditions of the documentation for such transaction, the income tax treatment and accounting treatment of such transaction, the nature and scope of the relationship between yourself and CMC Invest with respect to such transaction and the extent of your exposure to economic risk. If you have any doubts or questions about the suitability of transacting in any Investment Product, please seek your own independent professional advice.

Capitalised terms used but not defined in this Risk Disclosure Document have the meanings given to them in the General Terms and Conditions.

The Schedules to this Risk Disclosure Document are as follows:

Schedule 1 - Risk Disclosure Document in accordance with the Securities and Futures (Licensing and Conduct of Business) Regulations

Schedule 2 - Risk Warning Statement For Overseas-Listed Investment Products provided as prescribed under paragraph 29D of the MAS Notice on the Sale of Investment Products [SFA04-N12]

Schedule 1

Risk Disclosure Document in accordance with the Securities and Futures (Licensing and Conduct of Business) Regulations

1. Overview

By using the Services, you accept all risk of transacting in the Investment Products through the Services. You are responsible for fully understanding the terms and conditions spelt out in the General Terms and Conditions, all of which are to be referred to and construed as part of the Agreement between you and CMC Invest. You are responsible for making an independent evaluation of the merits and risks of your use of the Services and any investments you make thereunder. You represent and warrant that you have sufficient knowledge, experience, understanding, and information to make such evaluations and have taken such professional advice as you deem necessary or relevant.

2. General Risks

a. Commission, Fees, Interest and Other Charges

Before you use the Services, please obtain a clear explanation of all commissions, fees, interest and other charges as these charges may affect your net profit (if any) or increase your loss. You agree that you will be liable for these charges (as may be amended from time to time).

b. Tax Treatment May Vary

Before entering into any transactions you should understand the tax implications of doing so, e.g. income tax. The tax treatment of your transactions and activities on our Services depends on your individual circumstances and the transactions in question, and may be subject to change in future. You should consult your tax adviser to understand the relevant tax considerations.

c. Counterparty Risks

Please ensure that you are aware of the identity of the contractual counterparty you are or may be matched with. Often, you will be purchasing an unsecured obligation of such counterparty (as opposed to an obligation of a central clearing corporation as would be the case with exchange traded futures and options) and you should evaluate the comparative credit risk.

If your counterparty is CMC Invest, you must note that CMC Invest deals with you at arm's length as your counterparty. Unless it agrees in writing or unless otherwise required by law, CMC Invest is not your fiduciary, nor is it willing to accept any fiduciary obligations to you. Any dealing, trading or engagement or transaction with CMC Invest by you could result in a loss to you and a gain to CMC Invest. CMC Invest does not and will not give you any advice whether written or oral other than the representations which will be expressly set forth in the relevant agreement, and any confirmation which may be signed or executed by you after negotiations with CMC Invest as your counterparty.

Your net returns from a transaction would also be affected by the transaction costs (i.e. commission, fees and other charges) charged by CMC Invest. These costs must be considered in any risk assessment made by you.

You should be aware that CMC Invest is engaged in certain customer driven and proprietary activities in many markets. These general activities, as well as CMC Market's hedging activities which are related to certain transactions entered into with you, may adversely affect the value of such transactions.

d. Credit Risks

We may not always be your contractual counterparty or the issuer under certain transactions. Where we are not your contractual counterparty or the issuer, your contractual counterparty or a third-party issuer, and not us, will be liable to you under the transaction or otherwise in respect of a product purchased by you. Accordingly,

in considering whether to enter into such transaction, you should take into account all risks associated with such counterparty or third-party issuer, including the counterparty's or issuer's financial standing.

Certain transactions also involve the assumption by you of credit risks which you should ensure that you are able to evaluate.

e. Non-advisory Nature of Relationship

You should note and accept that CMC Invest does not provide any tax, legal, regulatory, investment or financial advisory services on any capital market products or on any of your transactions and will be acting on an execution-only basis. You acknowledge and understand that the dealings between CMC Invest and you are not subject to the Guidelines on Fair Dealing Board and Senior Management Responsibilities for Delivering Fair Dealing Outcomes to Customers issued by the Monetary Authority of Singapore. While information may be shared with you from representatives and/or agents of CMC Invest, it is to be used for educational purposes and the only obligation is to be honest. Such information should not be assumed to be backed by any prior reasonable due diligence or research or specifically suitable for reliance by yourself without you first independently confirming that the answer is intended as specific advice to and is suitable for or to your specific financial needs and objectives or you verifying the same with your independent advisers on its specific suitability for your specific financial needs and objectives.

f. Access to our Online Service via Mobile Applications

The functions that enable you to access our Online Service via mobile applications are not identical to the functions available to you when accessing our platform via a desktop computer. This may limit the information that you are able to see at any particular time and adversely affect your ability to take quick and reliable actions on your platform and to limit the related risks.

g. Online Service and Network Risks

Our website and/or Online Service may experience system or network failures, which could affect the ability to place orders, receive accurate market data, or transact generally in a timely manner. In addition, if you incorrectly enter the information required to initiate a transaction, your intended transaction might not be executed or an unintended transaction might be executed.

The Online Service may be unusable temporarily for various reasons, such as scheduled or emergency system maintenance, system failure (including, for example, malfunctioning telecommunications or system equipment), and telecommunication network problems. You may not be able to enter new orders, execute existing orders, modify or cancel orders that were previously entered or view the receipt of confirmations. Online Service or component failure may also result in loss of orders or order priority. You should be prepared and maintain alternative trading arrangements for order entry in the event that the Online Service is unavailable for any reason.

If the Online Service or your Trading Account(s) are subject to a security breach (for example, due to a leak of your security credentials such as your login ID or password), a third party may obtain access to your Trading Account(s) and you may suffer losses as a result.

h. Cybersecurity Risks

CMC Invest operates in businesses that are highly dependent on information systems and technology which may be vulnerable to attacks on their security, integrity or operation ("Attacks"). Attacks on our and our service providers' systems could involve, and in some instances have in the past involved, attempts intended to obtain unauthorized access to our proprietary information or our customer's accounts, destroy data or disable, degrade or sabotage our systems, including through the introduction of computer viruses. Cyberattacks and other security threats could originate from a variety of sources, including cyber criminals, nation state hackers, hacktivists and other outside parties. There has been an increase in the frequency and sophistication of the cyber and security threats that CMC Invest and the financial services industry faces, with attacks ranging from those common to businesses generally to those that are more advanced and persistent. If successful, these types of attacks on CMC Invest's network, our service providers' network or other systems could have a material

adverse effect on CMC Invest's business and operations, due to, among other things, the loss of use or proprietary data, interruptions, suspensions or delays in our operations and damage to our reputation which may in turn lead to you losing access to the Services, your personal information being compromised and the loss of your monies or assets held with CMC Invest (whether partially or in full). There can be no full assurance that measures CMC Invest takes to ensure the integrity of its systems and your Account will provide full and round the clock protection, especially because cyberattack techniques used change frequently or are not recognized until successful.

- i. Risks Associated with Not Using Two-Factor Authentication ("2FA") (where you have opted-out of the use of it with your Account)

The primary objective of 2FA is to mitigate some of the security risks highlighted above and to secure the customer authentication process and to protect customer accounts against unauthorized access. As cyber-attacks are becoming more prevalent and sophisticated, it is no longer sufficient to rely solely on usernames and passwords to secure your account. Usernames and passwords are vulnerable to a variety of attack methods, including phishing, credential leaks, and keylogging. Compared to single-factor authentication, 2FA offers greater protection against hacking and helps to provide an additional safeguard for your Account from unauthorized access. It is strongly recommended that you utilize 2FA with your Account as choosing not to use 2FA would increase your exposure to the aforementioned risks.

3. Risks Associated with Transacting in Capital Market Products

a. Market Conditions

There is no guarantee that profits can be made from your investments and an inherent risk of transacting in capital market products is that losses may be incurred. Market conditions can change rapidly and can be influenced by various economic and geopolitical factors that are beyond your or CMC Invest's control. The price and value of your investments may fluctuate and drop against your interest. You should bear in mind that any past performance, simulation or prediction is not indicative of future performance. Therefore, you cannot and must not make any assumptions as to future performance based on any past performance, simulation or prediction.

Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any security because of price limits or trading halts) may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/ offset positions. The placing of contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily limit losses to intended amounts, as it may be difficult or impossible to execute such orders without incurring substantial losses under certain market conditions.

b. Foreign Exchange Risks

Trading in foreign currencies may involve risks that are different from those associated with trading in your local currency. The value of foreign currencies may be affected by changes in exchange rates, which could have a negative impact on the value of your investment (including foreign currency-denominated capital market products) where a transaction is denominated or settled in a different currency from the currency where you carry on your ordinary business or keep your accounts.

c. Deposited Cash and Property

You should familiarise yourself with the protection accorded to any money or other property which you deposit for domestic and foreign transactions, particularly in a firm's insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

d. Monies/Assets Received or Held Outside Singapore

Client monies or assets received or held by the licensed person or registered outside Singapore may be subject to different laws and practices than in Singapore. Consequently, this may affect the level of safeguards in place

for proper segregation and safekeeping of Client monies or assets and may affect your ability to recover the same deposited with such persons.

e. Transactions in Other Jurisdictions

Transactions on markets in other jurisdictions, including markets formally linked to the Singapore market, may expose you to additional risks. Such markets may be subjected to rules and regulations that may offer different or diminished investor protection. Before entering into such trades, you should be aware of the rules relevant to the particular transactions, Singapore regulatory authority may be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected.

f. Contractual Terms

You have the responsibility to fully understand the terms and conditions of the transactions to be undertaken, including without limitation (a) the terms as to price, term, expiration dates, restrictions on exercising an option and other terms material to the transaction; (b) any terms describing risk factors, such as volatility, liquidity and so on; (c) the circumstances under which you may become obliged to make or take delivery of the underlying interest of a transaction; and (d) the legal risks surrounding the transaction, including but not limited to the circumstances under which the transaction may be illegal, resulting in it being void and unenforceable. CMC Invest may expect you to bear such risks.

You should therefore familiarise yourself with the terms and conditions of any agreement, contract or confirmation that you may enter into with CMC Invest. You must fully understand your rights and obligations under that agreement, contract or confirmation.

4. Disclosures in relation to moneys and assets received on account of retail customers under the Securities and Futures (Licensing and Conduct of Business) Regulations (“SF (LCB)R”) – Regulations 18A and 27A

Retail customers are advised to take note of the following information as they pertain to moneys and assets that CMC Invest receives for their account, with respect to the services provided in accordance with agreed terms.

Your moneys will be held by CMC Invest on your behalf in a trust account, either with a bank that holds a licence under section 7 or 79 of the Banking Act or if the custodian is outside of Singapore, then one that is licensed, registered or authorised to conduct banking business in the country or territory where the account is maintained. This means that your moneys will be segregated and maintained separately from CMC Invest’s own funds, and can only be withdrawn as a result of your trading-related activities or withdrawal requests. In the event of any insolvency of the bank/ custodian holding your money, CMC Invest will have only an unsecured claim against the bank/ custodian on behalf of you and our other customers, and you may be exposed to the risk that the money recovered by us from the bank/ custodian is insufficient to satisfy your claims in respect of your money held with the bank/ custodian.

Your assets will be deposited in a custody account in accordance with Regulation 27 of the SF(LCB)R.

CMC Invest may withdraw both moneys and assets from the aforesaid accounts and deposit them with an approved clearing house, a recognised clearing house, a member of a clearing facility or a member of an organised market for the following purposes in accordance with Regulation 19 and 30 of the SF(LCB)R as the case may be:

- (a) Entering into, facilitating the continued holding of a position in, or facilitating a transaction in, any capital markets products on your behalf on the organised market;
- (b) For the purpose of the clearing or settlement of any capital markets products on the clearing facility for you; or

(c) For any other purpose specified under the business rules and practices of the approved clearing house, recognised clearing house, organised market or clearing facility.

Your moneys and assets will be deposited into a trust account or custody account and be commingled with the other customers of CMC Invest.

While commingling of moneys and/or assets in omnibus account(s) often create savings in fees and have advantages in efficiency, there are risks associated with the commingling of moneys and/or assets. You may be exposed to losses of other customers whose moneys and assets are held in the omnibus account(s), including through cross-netting and/or mutualisation risk.

Trust accounts and custody accounts bear risk. Depending on the transaction, a “holding chain” may exist in which multiple capital markets intermediaries may be involved in a transaction, which may hold the moneys and/or assets differently. Should the financial institution or custodian with which your trust account or custody account is maintained or other capital markets intermediaries as part of the holding chain become insolvent, you may face a delay in the recovery of your moneys and/or assets or not be able to fully recover your moneys and/or assets.

Where your moneys are deposited with an approved clearing house, a recognised clearing house, a member of a clearing facility or a member of an organised market and where such entity becomes insolvent, this may impact your transactions and you may suffer the loss of some or all of the moneys that were deposited. You may also suffer losses resulting from failed transactions.

As your moneys and/or assets (depending on the currency or securities transacted) may be maintained with a custodian outside Singapore, the laws and practices relating to trust accounts and/or custody accounts in the jurisdiction where the custodian is licensed, registered or authorised may be materially different from the laws and practices in Singapore relating to trust accounts and/or custody accounts. Accordingly, the level of protection may not be the same as that accorded to moneys and assets that are held in Singapore, which may affect your ability to recover the moneys and/or assets.

5. Risks Associated with Lending of Investment Products

You should note that CMC Invest has the right to borrow your Investment Products. Any borrowing and on-lending of your Investment Products by CMC Invest will necessarily mean that you lose ownership rights to these Investment Products. In its place, you have a right to claim for equivalent Investment Products from CMC Invest.

Lent Investment Products will not be protected under the customer asset provisions of the Securities and Futures Act (the “SFA”) and the SF (LCB)R. The provisions of the SFA and the SF (LCB)R will not apply with respect to Lent Investment Products once such Investment Products are removed from your Account and, therefore the right to return of equivalent Investment Products and the CMC Collateral delivered to you would constitute the only source of satisfaction of CMC Invest’s obligations in the event CMC Invest fails to return the Lent Investment Products. This means that you will be exposed to the credit risk of CMC Invest. Should CMC Invest go insolvent, you will only rank as an unsecured creditor in respect of the claim for equivalent Investment Products.

Should you enter into any transaction to sell the Lent Investment Products, CMC Invest will undertake best efforts to return Investment Products to you in order for you to fulfill your obligations under the transaction. However, there is a risk that CMC Invest may not be able to return the Lent Investment Products and may instead provide you with a monetary amount. You may have to borrow Investment Products from other sources in order to fulfil your obligations under your transaction.

You acknowledge that CMC Invest may on-lend your Lent Investment Products, and may receive fees, commissions or other compensation in connection with such use of your Lent Investment Products.

If you are a retail investor, you may receive CMC Collateral from CMC Invest. Such CMC Collateral will typically be marked to market by CMC Invest at the close of trading on each Business Day and, if necessary, CMC Invest will transfer (i.e. add or deduct) CMC Collateral no later than the close of business on the next Business Day so that the market value of the CMC Collateral is equal to the market value of the Lent Investment Products. If CMC Invest defaults and the market value of the Lent Investment Products increases in value on the day CMC Invest defaults, the CMC Collateral provided by CMC Invest may be insufficient to fully collateralise the Lent Investment Products. Accordingly, there is a risk that the CMC Collateral may not fully cover your exposure to CMC Invest. You should note that CMC Invest will determine the respective current market values of the Lent Investment Products and CMC Collateral.

During the term of any loan of the Lent Investment Products, you are entitled to receive the amount of all dividends and distributions made on or in respect of your Lent Investment Products. However, you will receive manufactured payments (e.g. receive cash substitute payments) in lieu of receiving dividends or distributions directly from the issuer. Insofar as you will receive manufactured dividends, you may be required to treat the entire amount as income for tax purposes.

Schedule 2

Risk Warning Statement For Overseas-Listed Investment Products provided as prescribed under paragraph 29D of the MAS Notice on the Sale of Investment Products [SFA04-N12]

OVERSEAS-LISTED INVESTMENT PRODUCTS

RISK WARNING

An overseas-listed investment product* is subject to the laws and regulations of the jurisdiction it is listed in. Before you trade in an overseas-listed investment product or authorise someone else to trade for you, you should be aware of:

- The level of investor protection and safeguards that you are afforded in the relevant foreign jurisdiction as the overseas-listed investment product would operate under a different regulatory regime.
- The differences between the legal systems in the foreign jurisdiction and Singapore that may affect your ability to recover your funds.
- The tax implications, currency risks, and additional transaction costs that you may have to incur.
- The counterparty and correspondent broker risks that you are exposed to.
- The political, economic, and social developments that influence the overseas markets you are investing in.

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

**An "overseas-listed investment product" in this statement refers to a capital markets product that is approved in-principle for listing and quotation only on, or listed for quotation or quoted only on, one or more overseas exchanges.*

1. This statement is provided to you in accordance with paragraph 29D of the Notice on the Sale of Investment Products [SFA04-N12].
2. This statement does not disclose all the risks and other significant aspects of trading in an overseas-listed investment product. You should undertake such transactions only if you understand and are comfortable with the extent of your exposure to the risks.
3. You should carefully consider whether such trading is suitable for you in light of your experience, objectives, risk appetite, financial resources, and other relevant circumstances. In considering whether to trade or to authorise someone else to trade for you, you should be aware of the following:

Differences in Regulatory Regimes

- (a) Overseas markets may be subject to different regulations, and may operate differently from approved exchanges in Singapore. For example, there may be different rules providing for the safekeeping of securities and monies held by custodian banks or depositories. This may affect the level of safeguards in place to ensure proper segregation and safekeeping of your investment products or monies held overseas. There is also the risk of your investment products or monies not being protected if the custodian has credit problems or fails. Overseas markets may also have different periods for clearing and

settling transactions. These may affect the information available to you regarding transaction prices and the time you have to settle your trade on such overseas markets.

- (b) Overseas markets may be subject to rules which may offer different investor protection as compared to Singapore. Before you start to trade, you should be fully aware of the types of redress available to you in Singapore and other relevant jurisdictions, if any.
- (c) Overseas-listed investment products may not be subject to the same disclosure standards that apply to investment products listed for quotation or quoted on an approved exchange in Singapore. Where disclosure is made, differences in accounting, auditing and financial reporting standards may also affect the quality and comparability of information provided. It may also be more difficult to locate up-to-date information, and the information published may only be available in a foreign language.

Differences in legal systems

- (d) In some countries, legal concepts which are practiced in mature legal systems may not be in place or may have yet to be tested in courts. This would make it more difficult to predict with a degree of certainty the outcome of judicial proceedings or even the quantum of damages which may be awarded following a successful claim.
- (e) The Monetary Authority of Singapore will be unable to compel the enforcement of the rules of the regulatory authorities or markets in other jurisdictions where your transactions will be effected.
- (f) The laws of some jurisdictions may prohibit or restrict the repatriation of funds from such jurisdictions including capital, divestment proceeds, profits, dividends and interest arising from investment in such countries. Therefore, there is no guarantee that the funds you have invested and the funds arising from your investment will be capable of being remitted.
- (g) Some jurisdictions may also restrict the amount or type of investment products that foreign investors may trade. This can affect the liquidity and prices of the overseas-listed investment products that you invest in.

Different costs involved

- (h) There may be tax implications of investing in an overseas-listed investment product. For example, sale proceeds or the receipt of any dividends and other income may be subject to tax levies, duties, or charges in the foreign country, in Singapore, or in both countries.
- (i) Your investment return on foreign currency-denominated investment products will be affected by exchange rate fluctuations where there is a need to convert from the currency of denomination of the investment products to another currency, or may be affected by exchange controls.
- (j) You may have to pay additional costs such as fees and broker's commissions for transactions in overseas exchanges. In some jurisdictions, you may also have to pay a premium to trade certain listed investment products. Therefore, before you begin to trade, you should obtain a clear explanation of all commissions, fees, and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

Counterparty and correspondent broker risks

- (k) Transactions on overseas exchanges or overseas markets are generally effected by your Singapore broker

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

Political, Economic and Social Developments

- (l) Overseas markets are influenced by the political, economic, and social developments in the foreign jurisdiction, which may be uncertain and may increase the risk of investing in overseas-listed investment products.
