

## uSMART RISK DISCLOSURE STATEMENT

### OVERSEAS-LISTED INVESTMENT PRODUCTS

An overseas-listed investment product<sup>1</sup> is subject to the laws and regulations of the jurisdiction it is listed in. Before the Client trades in an overseas-listed investment product or authorise someone else to trade for the Client, the Client should be aware of:

- The level of investor protection and safeguards that the Client is 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 the Client's ability to recover the Client's funds.
- The tax implications, currency risks, and additional transaction costs that the Client may have to incur.
- The counterparty and correspondent broker risks that the Client is exposed to.
- The political, economic and social developments that influence the overseas markets the Client is investing in.

These and other risks may affect the value of the Client's investment. The Client should not invest in the product if the Client does not understand or is not comfortable with such risks.

### **OVERSEAS-LISTED INVESTMENT PRODUCTS**

1. This statement is provided by uSMART Securities (Singapore) Pte. Ltd. to the Client 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. The Client should undertake such transactions only if the Client understands and is comfortable with the extent of the Client's exposure to the risks.
3. The Client should carefully consider whether such trading is suitable for the Client in light of the Client's experience, objectives, risk appetite, financial resources and other relevant circumstances. In considering whether to trade or to authorise someone else to trade for the Client, the Client should be aware of the following:

#### **Differences in Regulatory Regimes**

4. 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 the Client's investment products or monies held overseas. There is also the risk of the Client's 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 the Client regarding transaction prices and the time the Client have to settle the Client's trade on such overseas markets.

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<sup>1</sup> An "overseas-listed investment product" in this statement refers to a capital markets products that is approved in-principle for listing and quotation on, or listed for quotation or quoted only on, one or more overseas securities exchanges or overseas futures exchanges (collectively referred to as "overseas markets").

5. Overseas markets may be subject to rules which may offer different investor protection as compared to Singapore. Before the Client starts to trade, the Client should be fully aware of the types of redress available to the Client in Singapore and other relevant jurisdictions, if any.
6. 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 system**

7. 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.
8. 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 the Client's transactions will be effected.
9. 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 the Client have invested and the funds arising from the Client's investment will be capable of being remitted.
10. 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 the Client invests in.

#### **Different costs involved**

11. 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.
12. The Client's 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.
13. The Client may have to pay additional costs such as fees and broker's commissions for transactions in overseas exchanges. In some jurisdictions, the Client may also have to pay a premium to trade certain listed investment products. Therefore, before the Client begins to trade, the Client should obtain a clear explanation of all commissions, fees and other charges for which the Client will be liable. These charges will affect the Client's net profit (if any) or increase the Client's loss.

#### **Counterparty and correspondent broker risks**

14. Transactions on overseas exchanges or overseas markets are generally effected by the Client's Singapore broker through the use of foreign brokers who have trading and/or clearing rights on those exchanges. All transactions that are executed upon the Client's 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 the Client's consent and/or may result in difficulties in recovering the Client's monies and assets held overseas.

**Political, economic and social developments**

15. 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.