

## uSMART RISK DISCLOSURE STATEMENT

### FRACTIONAL SHARE TRADING

uSmart Securities (Singapore) Pte. Ltd. (“uSMART”) allows the Client to purchase certain stocks (“Shares”) in fractional Shares rather than whole Share quantities. This Risk Disclosure Statement outlines the unique features, limitations, and risks associated with trading in and holding fractional Shares.

- Capacity.** In connection with any fractional Share component of any purchase or sale transaction, uSMART may act in various capacities including as principal or as agent on the Client’s behalf. For orders that contain both whole and fractional Shares, uSMART may act in a mixed capacity: as agent for the whole Share portion and as principal (or riskless principal) for the fractional Share portion of the order. The Client will always be the beneficial owner of any fractional Shares in their account and all fractional Shares owned by the Client are segregated in uSMART’s books and records in the same manner and to the same extent as whole shares owned by such Client.
- Transfer of Fractional Shares.** While clients maintain complete day-to-day control of any fractional Shares in their account, fractional shares are not transferable to another broker. If the Client wants to transfer the fractional Share holdings in an account to another brokerage firm, the Client will be required to sell the fractional Share holdings, which may have tax consequences and will result in commission charges. uSMART does not accept any request for transfer in relation to fractional share(s) through a position transfer.
- Available Order Types.** uSMART will only accept certain types of orders for fractional Shares. In the event that the Client chooses to place an unmarketable limit order with a fractional Share component, the fractional component may not execute until the order becomes marketable (and therefore may not execute at all), even if the order might have executed earlier if submitted for a whole Share quantity.
- Voting Rights.** The Client will not have voting rights for any of the fractional Shares held in their account, will not be able to make voluntary elections on any corporate action (including, without limitation, any tender offers or rights offerings) with respect to such fractional Shares, and uSMART cannot provide clients any other shareholder documentation for any holdings of less than one Share. The Client will, however, receive payments of dividends, or in some cases in connection with stock dividends, either

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dividend shares or value commensurate to the dividend Shares, and will otherwise participate normally in any stock splits, mergers or other mandatory corporate actions.

5. **Four-Decimal Place Recording.** uSMART records the quantity of fractional Shares traded or otherwise held in an Account down to four decimal places as long as the value of the order is at least US\$1.00.
  
6. **Pricing and liquidity risks.** Due to the nature of fractional Share(s) trading, the market may be illiquid, and the prices of securities (including fractional Share(s)) may fluctuate, sometimes dramatically. The security may move up or down and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities due the fees and charges to be borne by the Client in respect of the investments.