

RISK DISCLOSURE STATEMENT FOR TRADING IN CFDS

The Risk Disclosure Statement shall apply where you trade in contracts for differences (“CFDs”) and is furnished to you pursuant to Regulation 47DA(1) of the Securities and Futures (Licensing and Conduct of Business) Regulations.

uSMART SG will act as principal in all transactions involving the sale and purchase of CFDs.

The objective of this statement is to explain to you the nature of trading in CFDs prior to your undertaking of such transactions in CFDs. This statement may not be sufficient to explain all the risks involved for trading in CFDs. You should therefore fully understand the nature of the transactions, how they actually work, the extent of their exposure to risks and the potential losses that could be incurred. You should carefully consider whether trading in CFDs is suitable for you in the light of your financial resources, experience, objectives for engaging in the transactions, ability to bear risks and other relevant circumstances. You should fully understand and be aware that except where we are obliged either contractually or under the provisions of relevant regulations to pro-actively provide you with suitability advice (which is not generally the case), it is your sole responsibility to make your own independent appraisal and investigation into the risks associated with the desired transaction or product. You should, therefore, consult with your own legal, tax, financial and other relevant professional advisers prior to entering into any particular transaction. You must also ensure that you have sufficient knowledge, experience, sophistication and professional advice to make your own evaluation of the merits and risks of entering into such transactions.

TRADING IN CFDS

In considering whether to trade in CFDs or enter into any such transaction, you should be aware of the following:

- (a) Trading in CFDs can be extremely risky. You should be prepared to lose all of the funds used for trading in CFDs. You should not fund your CFDs trading activities with life savings, retirement savings, emergency funds or funds set aside for important purposes.
- (b) You should be cautious of claims of huge profits from trading in CFDs. You should be wary of advertisements or other statements that emphasise the potential for huge profits in trading in CFDs. Trading in CFDs may also lead to significant and immediate financial losses.
- (c) Trading in CFDs requires knowledge of the markets in the underlying product. Trading in CFDs require in-depth sufficient knowledge of markets and trading techniques and strategies relating to the underlying product. In attempting to profit through trading in CFDs, you should have the appropriate experience before engaging in trading of CFDs.
- (d) It is crucial that you reconcile your account on a daily basis. Your review should include confirmations and monthly statements. You must always be aware of your purchasing power and positions held in your account. Any suspected errors should immediately be brought to the attention of uSMART SG. All losses are your responsibility only. uSMART SG shall only be responsible for loss of funds caused solely by the fraudulent or dishonest acts of its employees.

Trading in Commodity CFDs

The risk of loss in trading in commodity CFDs can be substantial and your losses can exceed your funds maintained with uSMART SG. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition and you should only trade after knowing and accepting the risks associated with such trading.

In considering whether to trade, you should be aware of the following:

- (a) **Margin:** You may sustain a total loss of the initial margin and any additional funds that you deposit to establish a position or maintain positions in the commodity market. If the market moves against your positions, you may be called upon to deposit a substantial amount of additional margins, on short notice, in order to maintain your positions. If you do not provide the required margins within the prescribed time, your positions may be liquidated at a loss, and you will be liable for any resulting deficit in your account.
- (b) **Leverage:** The high degree of leverage that is often obtainable, trading in commodity CFDs because of the small margin requirements can work against you as well as for you. Leverage magnifies trading risk and losses can exceed your deposit.
- (c) **Liquidation of position:** Under certain market conditions, you may find it difficult or impossible to liquidate a position.
- (d) **Contingent orders:** Placing contingent orders, such as “stop-limit” or “stop-loss” order, may not necessarily limit your losses to the amounts you have intended, since market conditions may make it impracticable and/or impossible to execute such orders especially in rapidly moving markets.
- (e) **“Spread” position:** Certain strategies such as a “spread” position may not necessarily be less risky than a simple “long” or “short” position.
- (f) **Foreign markets transactions:** If applicable, funds placed with a commodity broker for the purpose of participating in foreign markets may not enjoy the same level of protection as funds placed in commodity markets located in Singapore.

The market for and trading in commodities is speculative and may be highly volatile. Prices for commodities are affected by a variety of factors, including national and international political and economic events, wars and acts of terror, changes in interest and exchange rates, changes in supply and demand relationships, governmental programmes and policies, trading activities in commodities and related contracts, weather and agricultural harvest, trade, fiscal, monetary and exchange control policies.

The price volatility of each commodity also affects the value of the CFDs related to that commodity and its price at any such time. The volatility of commodity prices is significant and often higher than for equity portfolios. The commodity markets are in most cases less liquid as compared to the markets for equities, interest or currency-related products.

CFDs with commodities as underlying assets carry a high degree of risk and may not be suitable for you. The extent of loss due to market movements may be substantial or can even result in a total loss.