

APPENDIX FOR FUTURES TRADING

This Appendix sets out the Terms and Conditions for Futures trading which apply where the Client opens or maintains a Futures Account with ICBCIS.

The Client requests and authorizes ICBCIS to open one or more Futures Account(s) which will be maintained and operated subject to and in accordance with the Agreement (including this Appendix for Futures Trading).

In the event that there is any inconsistency between the General Terms and Conditions and this Appendix, the latter shall prevail in respect of dealing in Futures/Options Contracts. Unless otherwise defined in this Appendix, terms defined in the "Definitions and Interpretation" section of the Standard Terms and Conditions shall have the same meaning when used in this Appendix. In addition, in this Appendix, the following terms shall have the following meanings:

"approved debt securities" means Exchange Fund Bills or Notes issued by the Hong Kong Government for the account of the Exchange Fund, Treasury Bills or Notes issued by the U.S. Government (other than U.S. Treasury Callable Corpus (TCAL) and Separate Trading of Registered Interest and Principal of Securities (STRIPS)) and such other debt securities or instruments as may from time to time be approved by HKFE as a form of cover for margin;

"approved securities" means TraHK Units and such other Securities as may from time to time be approved by HKFE as a form of cover for margin;

"TraHK Units" means units issued in accordance with the unit trust scheme named "Tracker Fund of Hong Kong" established by the trust deed dated 23 October, 1999 between (1) State Street Global Advisors (HK) Limited as manager, (2) State Street Bank and Trust Company as trustee, and (3) Exchange Fund Investment Limited as promoter, as from time to time modified or added to.

1. CLIENT'S INSTRUCTIONS AND SETTLEMENT

1.1 Where the Client places an order to enter into or close out any Futures/Options Contract, the order must specify all such information as ICBCIF may request. In relation to HKMEx Contracts, the Client agrees all orders for execution of Spread

Trades (as defined in the HKMEx Rules) and Strip Trades (as defined in the HKMEx Rules) shall be made at a stated price differential.

- 1.2 In respect of HKMEx Contracts, if ICBCIF has failed to execute an order placed by the Client or has made an error in handling an order from the Client, ICBCIF shall handle such orders or omissions in accordance with Rule 6.10 of the HKMEx Rules.
- 1.3 In respect of any Open Contracts, the Client shall at least 5 Business Days before the cut-off date for the tender of exercise Instructions or other close out or related Instructions prescribed under the Futures/Options Contract or the relevant Exchange, Clearing House, or other person(s) (whichever prescribes the earliest cut-off date) or such other time as ICBCIF may stipulate from time to time, either:
 - (a) give Instructions to ICBCIF to close out the Open Contracts; or
 - (b) pay ICBCIF all monies in cleared funds (in case of cash settlement) or deliver to ICBCIF such necessary delivery and title documents or other documents or to take such actions as ICBCIF may require to fulfill the delivery obligations of the Commodities (in case of physical settlement) required from the Client under such Open Contracts; or
 - (c) (wherever applicable) elect for EFP or EFS or any alternative delivery procedure acceptable to the relevant Exchange, Clearing House and ICBCIF, in order to enable due settlement in accordance with the Open Contracts, the rules of the relevant Exchange or Clearing House.

If the Client fails to provide ICBCIF with such Instructions, monies or Commodities, documents or take such necessary action on or before the aforesaid deadline, ICBCIF may without notice either close out the relevant contracts or make or receive delivery on behalf of the Client upon such terms and by such methods as ICBCIF may in its absolute discretion determine. The Client shall be deemed to have irrevocably authorized ICBCIF to purchase, borrow and/or do anything necessary to make delivery of any Commodity if ICBCIF decides in its absolute discretion to make delivery of the relevant Commodity but is unable to deliver the same to the relevant purchaser by reason of the Client's failure to supply ICBCIF therewith. Subject to the terms of the Agreement and to the Market Requirements, the Client may, at any time before the last trading day of a contract, request ICBCIF to close out the same. Any amount payable by the Client arising out of the closing out of any contract shall become immediately due and payable to ICBCIF upon the closing out.

- 1.4 In respect of an exchange of a Futures/Options Contract for a physical/swap transaction (including EFP and EFS transactions), the Client undertakes the following:
- (a) the physical/swap transaction is bona fide and legitimate; and
 - (b) the physical/swap transaction is of a type approved by the relevant Exchange.
- 1.5 The Client undertakes to provide documentary evidence to ICBCIF of full details of the physical/swap transaction (including documentary evidence in respect of change of ownership of the physical product or commitment for that product in the case of an EFP) which attach to exchange for physical/swap transaction effected by ICBCIF on behalf of the Client upon request, and authorizes ICBCIF to provide such evidence to the relevant Exchange if so requested.
- 1.6 The Client authorizes and gives consent to ICBCIF to enter into pre-execution discussions with other market participants and execute pre-negotiated business on its behalf in respect of Futures/Options Contracts subject to the applicable laws, regulations and rules of the relevant Exchange or Clearing House from time to time.
- 1.7 Where the Client holds a short position under an Options Contract and the option is exercised (or deemed to be exercised on expiry or otherwise), the Client shall on demand pay ICBCIF in cash the settlement amount payable by the Client or make or take delivery (as the case may be) of the Commodity, which is the subject matter of the Options Contract, pursuant to the terms of the Options Contract.
- 1.8 Notwithstanding anything in the Agreement to the contrary, if ICBCIF or its agent (as the case may be) shall for any reason whatsoever and howsoever fail to receive payment of all or any part of any amount or delivery of all or any part of any amount of any Commodity (whether from the relevant Exchange and/or Clearing House and/or any other person) due to be paid or delivered to the Client in respect of any Futures/Options Contract entered into by ICBCIF on behalf of the Client on the due date for payment or delivery thereof in accordance with the rules and regulations of the relevant Exchange and/or Clearing House and/or any applicable laws and regulations, ICBCIF's obligations to make payment or to deliver any Commodity to the Client in respect such Futures/Options Contracts shall thereupon and by virtue of such failure become obligations to make payment of such amount or delivery of such amount of such Commodity as is equal to such payment or such amount as is actually received by ICBCIF in respect thereof.
- 1.9 ICBCIF shall be entitled, in its sole and absolute discretion, but shall not be bound to act on any instruction from the Client to take any action whatsoever or howsoever

against any Exchange and/or Clearing House and/or any other person in respect of any failure by such Exchange and/or Clearing House and/or other person to make any payment or to deliver any amount of any Commodity in respect of any Futures/Options Contract entered into by ICBCIF on behalf of the Client as provided in Clause 1.8 above.

1.10 The Client may request that it be admitted as a Direct Access Client of ICBCIF for HKMEx, subject to the approval of HKMEx. ICBCIF may, in its sole and absolute discretion, refuse such a request without assigning any reason therefor or agree to seek the approval of such admission from HKMEx subject to such condition(s) as ICBCIF considers appropriate (including without limitation, the execution by the Client of any undertaking, indemnity and warranty in such terms as ICBCIF may prescribe from time to time). In any event, ICBCIF shall not be required to seek HKMEx's approval for such admission unless and until ICBCIF has been indemnified and/or secured to ICBCIF's satisfaction against any and all costs, expenses or liabilities which ICBCIF, or its officers, employees or agents would or might incur or suffer as a result.

1.11 Each HKMEx Contracts registered with the relevant Clearing House is subject to the applicable laws, regulations and rules of, and the practices, directions and requirements of the Clearing House. The Client hereby expressly authorizes ICBCIF to deliver or procure the delivery of the Client's money, Commodities and assets to the non-segregated account maintained *via* the third party clearing agent in respect of such HKMEx Contracts, whether for clearing or settlement or otherwise. **The Client acknowledges and agrees that the Client's money, Commodities and assets will not be held separately from and may be co-mingled with the money, Commodities and assets of the other clients of ICBCIF, other clients of the third party clearing agent or of the third party clearing agent itself and there is no assurance that the Client's money, Commodities and assets will not be used to meet the default of such other clients or of the third party clearing agent.**

2. TRADING LIMIT, MARGIN, COMMISSIONS AND FEES

2.1 The Client acknowledges that the Exchange and/or the Clearing House may from time to time establish gross positions and/or net long or net short position in any Futures/Options Contract which ICBCIF may hold or control (whether on its own behalf or on behalf of all of its clients) in respect of any one or more Futures/Options Contract. ICBCIF may also in its sole and absolute discretion impose on the Client trading limits, position limits or trading restrictions from time to time. The Client

agrees to comply with all such limits and restrictions as may be set by the Exchange, the Clearing House and/or ICBCIF from time to time.

- 2.2 The Client agrees to provide to and maintain with ICBCIF immediately upon demand such Margin together with such guarantees and other security in such form and amount and on such terms as ICBCIF may in its absolute discretion require from time to time. Such Margin requirement established by ICBCIF shall not be less than and may exceed any margin requirements prescribed by the relevant Exchange or Clearing House, clearing member or broker. If ICBCIF determines that additional Margin is required, the Client agrees to deposit with ICBCIF such additional Margin forthwith upon demand. If the Client maintains an Omnibus Account, ICBCIF will impose Margin requirements on such Client on a gross basis and will not net off the positions of the customers of the Client in accordance with the requirements prescribed by the relevant Exchange or Clearing House. For this purpose, the Client undertakes that (i) it shall not net off the positions of its customers and shall take all steps as may be required to enable ICBCIF to ascertain and impose the margin requirements on a gross basis; and (ii) it shall comply with such margin requirements on a gross basis, and any other relevant requirements imposed by any relevant Exchange and/or Clearing House and/or clearing member and/or broker or any applicable laws, rules and regulations from time to time.
- 2.3 Margin in the form of assets other than cash will only be accepted by ICBCIF in its absolute discretion and is subject to approval by the relevant Exchange and the Clearing House (if so required under the rules and procedures issued by the Exchange and/or the Clearing House from time to time). Where shares, stocks and/or other valuables are deposited as Margin, ICBCIF shall have an absolute discretion to assign a notional value (which need not correspond to the market value) to the asset for Margin purpose, which value may change from time to time as determined by ICBCIF in the light of the prevailing market value of the asset or otherwise.
- 2.4 Without prejudice and in addition to any other rights and remedies of ICBCIF under the Agreement, the Client irrevocably authorizes ICBCIF, without prior notice to the Client, to apply all or any part of any cash deposit or other property held for the account of the Client by ICBCIF or its Affiliates on any Account whatsoever and whether or not relating to trading in Futures/Options Contracts:-
- (a) in or towards the provision of any Margin or additional Margin demanded by ICBCIF pursuant to Clause 2.2 in this Part;
 - (b) in payment to any Exchange, Clearing House, clearing member or broker in or towards satisfaction of any liability to provide margin demanded or

required by such Exchange, Clearing House, clearing member or broker in respect of any Futures/Options Contract entered into by ICBCIF on behalf of the Client, or towards provision of security (whether in the form of mortgage, deposit, charge, pledge or otherwise) in favour or to the order of any Exchange, Clearing House, clearing member or broker, without prior notice to the Client and free of any beneficial interest of the Client or of any other person in the Margin, as security for ICBCIF's obligations to (and upon terms specified by) the Exchange, Clearing House, clearing member or broker in respect of any Futures/Options Contract entered into by ICBCIF on behalf of the Client, with power to such Exchange, Clearing House, clearing member or broker to enforce the security in satisfaction of any obligations of ICBCIF, provided that the Client's deposit or property shall not be applied to finance or act as security for any Clearing House margin requirements or trading liabilities in respect of Futures/Options Contract entered into by ICBCIF on behalf of any other client (and in either event, such deposit or property will be dealt with according to the rules and regulations of the relevant Exchange, or Clearing House, or the terms of clearing of the clearing member or the terms of trading of the broker);

- (c) in satisfaction of any other obligations of ICBCIF to any party insofar as such obligations arise in connection with or incidental to any Futures/Options Contract entered into by ICBCIF on behalf of the Client including but not limited to the rents or any fee charged by the depository or any fee arising from making or taking physical delivery of the underlying Commodity, for which the Client elects to settle the Open Contracts; and/or
- (d) in or towards payment of money properly required to meet commissions, brokerage, levies or other proper charges relating to any Futures/Options Contract entered into by ICBCIF on behalf of the Client,

notwithstanding that any such application may result in the Client being required by ICBCIF to provide additional Margin.

- 2.5 ICBCIF may make a margin call and/or demand orally or in writing. Margin calls must be met on demand (or such other time limit as may be specified by ICBCIF from time to time but, in any event shall not be later than the time the relevant Exchange or Clearing House requires client margin to be met). Without prejudice to the provisions of Clause 3 in this Part, failure to meet such calls may result in ICBCIF being entitled or obliged by the rules or regulations of the relevant Exchange and/or Clearing House to close out the Open Contracts held on behalf of the Client in respect

of which calls have not been met, and/or to notify the relevant Exchange, Clearing House, clearing member or broker particulars of such Open Contracts. In particular, ICBCIF may be required to report to HKFE or HKMEx (as the case may be) and the SFC particulars of all open positions in respect of which two or more successive Margin calls have not been met by the Client within the period specified by ICBCIF.

- 2.6 Unless specifically instructed by the Client, any Futures/Options Contracts held in the Account which the relevant Exchange allows to be set off for margin purpose will automatically be set off for the determination of Margin without reference to the Client, but these Futures/Options Contracts will not be closed out or treated as netted off for any other purpose.

3. CLOSING OUT

- 3.1 ICBCIF shall have the right, without notice and in its absolute discretion, to take such action as it may consider necessary or desirable to comply with or to perform, cancel or satisfy any obligation of ICBCIF to a Client or any obligations of the Client and/or ICBCIF to a relevant Exchange and/or Clearing House and/or clearing member and/or broker, as the case may be, in respect of any Open Contract (including closing out and/or performing any and all such Open Contracts, cancelling any outstanding order or other commitments made on behalf of the Client or exercising any option (put or call) arising from any Options Contract held by ICBCIF on behalf of the Client) and may for such purpose borrow, buy or sell in any manner whatsoever (including from or to any ICBC International Group Member) the Commodity underlying any Open Contract and/or apply any Margin and/or enforce any security held by it and apply the proceeds thereof in such manner as it may, in its absolute discretion, determine if:
- (a) ICBCIF in its sole discretion considers it necessary for its protection because of Margin requirements or otherwise;
 - (b) ICBCIF determines in its absolute discretion that it is under an obligation to comply with any requirement imposed by any relevant Exchange and/or Clearing House and/or clearing member and/or broker or any applicable laws, rules and regulations;
 - (c) the Client violates or fails to perform on a timely basis any term, covenant, or condition on its part to be performed under the Agreement;
 - (d) the Client becomes dissolved for any reason whatsoever or merges or becomes consolidated with any non-affiliated party or sells all or a substantial portion of its business or assets;

- (e) a petition for its bankruptcy or winding-up, or a petition for the appointment of a receiver, is filed by or against the Client, or the Client resolves to enter into liquidation, administration or other insolvency procedure or takes advantage of any bankruptcy, reorganization, moratorium, insolvency or similar law or makes or proposes to make any arrangements or compositions for the benefit of any of its creditors, or is the subject of any order, judgment or decree entered by any court providing for the winding up, reorganization, liquidation or appointment of a liquidator, administrator, trustee or receiver of the Client or a substantial part of its business or assets;
- (f) any third party asserts a claim in respect of any monies in the Account;
- (g) any information supplied by the Client to ICBCIF, whether in the Account Opening Document or otherwise, or any warranty made by the Client in the Agreement, is incorrect or misleading in any material respect;
- (h) it shall become unlawful for the Client to maintain the Account or to perform any of the Client's obligations under the Agreement, or any authorization, consent, approval or licence necessary for the Client to continue the Account or to perform any of its obligations under the Agreement shall be revoked or otherwise cease to be in full effect; or
- (i) there occurs a material adverse change in the business, assets or general condition of the Client which, in the absolute opinion of ICBCIF, may adversely affect the due performance by the Client of its obligations under the Agreement,

and all sums expended and liabilities incurred by ICBCIF thereby shall be paid or reimbursed by the Client to ICBCIF immediately on demand.

3.2 In respect of any transaction related to HKMEx Contracts, without prejudice and in addition to the ICBCIF's rights and powers under Clause 3.1 in this Part, the Client acknowledges and agrees that:

- (a) if ICBCIF exceeds any position limit imposed under the HKMEx Rules, it is bound by the provisions of the HKMEx Rules which permit the compliance department of HKMEx or the Emergency Committee (as defined under the HKMEx Rules) to require ICBCIF to close out all or any of the open positions or to effect the transfer of positions on behalf of the Client in accordance with the relevant Clearing House Rules to other member of HKMEx of such number of Open Contracts entered into by ICBCIF on behalf of the Client as in the opinion of the President (as defined under the HKMEx

Rules) or his designee will result in ICBCIF complying with the position limit; and

- (b) in order to maintain an orderly market free from undesirable practices and ensure the proper operation of the HKMEx Market, HKMEx, through its Emergency Committee (as defined under the HKMEx Rules), may direct ICBCIF to take or desist from any action without limitation, including closing out all or part of any position held by ICBCIF for the Client and/or taking action in relation to physical positions held.

- 3.3 On the exercise of ICBCIF's rights under Clauses 3.1 and 3.2 above in this Part, all amounts owing to ICBCIF under the Agreement shall become immediately payable and ICBCIF shall not be obliged to deliver to the Client any amount of the underlying Commodity or any money due to the Client in respect of any Futures/Options Contract until all sums due from and Liabilities of the Client to ICBCIF in respect of any such contract or otherwise howsoever in accordance with the terms of the Agreement are satisfied or discharged to the satisfaction of ICBCIF.

4. OMNIBUS ACCOUNT

- 4.1 In relation to transactions on HKFE, if the Client is not a member of HKFE and the Futures Account which the Client opens with ICBCIF is to be operated as an Omnibus Account, the Client shall notify ICBCIF immediately of the same and shall at all times:

- (a) in the Client's dealing with the person(s) from whom it receives instructions with respect to the Omnibus Account, comply with and enforce the margin and variation adjustment requirements and procedures as stipulated in HKFE Rules as though the Client were an exchange participant of HKFE and as though the person(s) for whose account or benefit such instructions are given were "clients" (as defined in HKFE Rules);
- (b) cause HKFE Contracts to be entered into in fulfilment of such instructions, so that there shall in no circumstances be any dealing with the instructions in a manner which constitutes unlawful dealing in differences in market quotations of Commodities under the laws of Hong Kong or any other applicable jurisdiction or in a manner which constitutes or involves betting wagering, gaming or gambling with respect to such items in contravention of Hong Kong laws or any other applicable laws;

- (c) ensure that the persons from whom the Client receives instructions comply with the margin and variation adjustment requirements as stipulated in HKFE Rules;
- (d) disclose to ICBCIF before each transaction details of persons who are ultimately beneficially interested in the Omnibus Account and those persons or entities who are ultimately responsible for originating the instruction in relation to a transaction or such other information as HKFE or the SFC may require from time to time; and
- (e) submit all necessary information as set out in paragraph 5 of Schedule 4 to the Code to ICBCIF from time to time.

5. WARRANTIES AND UNDERTAKINGS AND OTHER MISCELLANEOUS PROVISIONS

5.1 Each Direct Access Client represents, warrants and undertakes that:

- (a) it is a body corporate or other properly formed legal entity;
- (b) it is properly incorporated in a jurisdiction, and regulated to the satisfaction of HKMEx;
- (c) it is licensed or otherwise regulated in the jurisdiction in which it conducts activities of dealing in HKMEx Contracts and/or advising on HKMEx Contracts or managing investment portfolios comprising HKMEx Contracts;
- (d) it has obtained all necessary approvals for the trading of HKMEx Contracts and the placement of terminals or automated order routing systems from the relevant regulatory authority of the jurisdiction in which it carries on the trading of HKMEx Contracts;
- (e) it has satisfied HKMEx that the placement of terminals and automated order routing systems will not cause HKMEx to be subject to any regulatory, reporting or other requirements of any authority of that jurisdiction unless otherwise agreed by HKMEx;
- (f) it has complied with all conditions specified in the notice of approval of the Direct Access Client;
- (g) the person notified to HKMEx as the contact person and representative of the Direct Access Client is an employee of the Direct Access Client and is regulated to the satisfaction of HKMEx;

- (h) it complies with all requirements for the maintenance, operation, use and security of the electronic trading system administered by HKMEx for the trading of HKMEx Contracts;
- (i) it satisfies all requirements as prescribed by HKMEx from time to time either generally or on a case-by-case basis;
- (j) it notifies ICBCIF immediately of any change in the particulars provided to HKMEx in the application made under Rule 4.9.1 of the HKMEx Rules and provides information to ICBCIF in relation to its status as a Direct Access Client upon request; and
- (k) it complies with all relevant laws, regulations and rules of the relevant Exchange or Clearing House.

5.2 **ICBCIF may, subject to the provisions of the SFO and any applicable law, take the opposite position to the Client's order in relation to any Exchange traded Futures/Options Contract, whether on ICBCIF's own account or for the account of its Affiliates or associated company or other clients of ICBCIF, provided that such trade is executed competitively on or through the facilities of HKFE or HKMEx (as the case may be) in accordance with the relevant rules, or the facilities of any other commodity, futures or options exchange in accordance with the rules and regulations of such other Exchange;**

5.3 Any monies, approved debt securities or approved securities received by ICBCIF from the Client or from any other person (including the relevant Clearing House) are held in the manner specified under paragraphs 7 to 12 of Schedule 4 to the Code and the Client authorizes ICBCIF to apply such monies, approved debt securities or approved securities in the manner specified in paragraphs 14 to 15 of Schedule 4 to the Code and, in particular, ICBCIF may apply such monies, approved debt securities or approved securities in or towards meeting ICBCIF's obligations to any party insofar as such obligations arise in connection with or incidental to the business of dealing in Futures/Options Contracts transacted on that Client's behalf;

5.4 The Client agrees that ICBCIF may withdraw from a segregated debt securities account:

- (a) approved debt securities required to meet obligations of ICBCIF to the Clearing House or an executing agent arising in connection with the business of dealing in Futures/Options Contracts transacted by ICBCIF on the instructions of one or more clients provided that no withdrawal may be made which would have the effect that Clearing House margin, variation

adjustment, variation margin or other trading related liabilities in respect of the business of dealing in Futures/Options Contracts conducted on behalf of any client are thereby financed by other clients' approved debt securities;

- (b) approved debt securities which are transferred to another segregated debt securities account; and
- (c) approved debt securities returned to or in accordance with the directions of the Client, but in such a case notwithstanding the Client's directions, no approved debt securities may be deposited into another account of ICBCIF unless that account is a segregated debt securities account;

5.5 Subject to ICBCIF having obtained such other consent(s) as may be required under applicable laws, rules and regulations, the Client agrees and gives specific authority to ICBCIF that the following may be withdrawn from a segregated securities account:

- (a) approved securities required to meet the obligations of ICBCIF to the Clearing House or an executing agent arising in connection with the business of dealing in Futures/Options Contracts transacted by ICBCIF on the instructions of one or more clients provided that no withdrawal may be made which would have the effect that Clearing House margin, variation adjustment, variation margin or other trading related liabilities in respect of the business of dealing in Futures/Options Contracts conducted on behalf of any client are thereby financed by other clients' approved securities;
- (b) approved securities which are transferred to another segregated securities account; and
- (c) approved securities returned to or in accordance with the directions of the Client, but in such a case notwithstanding the Client's directions, no approved securities may be deposited into another account of ICBCIF unless that account is a segregated securities account.

5.6 In the event ICBCIF fails to comply with the disclosure requirement under Rule 606(a) or Rule 613(a) of the HKFE Rules, the Chief Executive (as defined in the HKFE Rules) may require the closing out of positions on behalf of the Client or the imposition of a margin surcharge on the positions of the Client.

5.7 The Client acknowledges that HKMEx has established the gross position and/or net long or net short position in any Futures/Options Contracts traded on HKMEx which the Client may hold or control in respect of any one futures contract month or option series, or in respect of any number of futures contract months or option series

combined. In particular, ICBCIF has a duty to report to HKMEx positions equal to or in excess of the levels set by HKMEx from time to time and shall comply with the Position Reporting Procedures as published by HKMEx at all times. The prescribed limits and reporting level for Futures/Options Contracts traded on HKMEx is available from ICBCIF upon request.

- 5.8 Termination of the Agreement shall not affect the effectiveness of any warranties, representations, undertakings and indemnities given by the Client under these Terms and Conditions for Futures Trading all of which shall survive such termination.