

CMC MARKETS SINGAPORE PTE. LTD.
Customer Acknowledgement

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Registered in Singapore. Company Reg No./UEN 200605050E



Customer Acknowledgement

Please read this document fully.

IMPORTANT NOTICE

Customers (including account applicants) of CMC Markets Singapore Pte. Ltd. ("**CMC Markets**") should be aware of the risks involved in trading or transacting in contracts for difference(s). This document however does not purport to disclose or discuss all the risks and other significant aspects of such transactions. You may wish to obtain independent professional advice from a suitably qualified adviser on any investment and financial or similar or related matter before trading with CMC Markets and this is your sole responsibility.

Risk Warning Notice for CFD

Please read this document completely.

CMC Markets Singapore Pte. Ltd. (referred to below as "CMC Markets", "we", "us" or "our") is committed to treating you fairly. In this notice, we provide you with information to help you understand the nature and risks of our contracts for differences ("CFD", whether singular or plural as the case may be). However, this notice does not and cannot explain all of the risks and other significant aspects involved in investing in CFD. You should take sufficient time to read all the relevant information that we provide to you, including this notice, our Terms of Business, our Order Execution Policy Summary for CFDs, and the information on our website and the Platform.

CFD is a leveraged product and can potentially carry a high risk to your capital as prices may move rapidly against you. With leveraged products and if you invest on leverage, you can lose more than your initial investment and you may be required to make further payments. Please note that the higher the leverage rate, the higher the risks involved.

You should not enter into any transactions with us unless you fully understand the risks involved. If you are in any doubt you should seek independent professional advice.

1. CFD may not be appropriate for you

When we process your application to open an account with us we will conduct our own assessment of whether you have sufficient knowledge and experience to understand the risks involved in investing in CFD, and we will inform you of the outcome of our assessment. However, our assessment does not relieve you of the need to carefully consider whether to invest in CFD.

If we inform you that investing in CFD may not be appropriate for you, then you should refrain from investing in CFD. If you nonetheless wish to trade on CFD, you should only invest using the live account only after you have acquainted yourself sufficiently with CFD through our demo version and understood the risks involved. If you do wish to invest in CFD, you should carefully consider your investment objectives, financial situation and particular needs. If we tell you that we have insufficient information to perform our assessment, then you should consider carefully whether you still wish to proceed with your application and start investing in CFD.

2. We do not provide investment or financial advice

We do not provide investment advice relating to investments or possible transactions in investments. Any information we provide to you is purely factual and does not take into account your personal circumstances (for example, information about trading processes or minimising potential risks).

3. CFD are OTC derivatives

When you enter into any transaction with us through our Platform, you will be entering into an off-exchange (sometimes known as an ‘over-the-counter’, or ‘OTC’) derivative, which is non-transferable. This means you will enter into transactions directly with us, and also that those transactions (or ‘positions’) can only be closed with us. This involves greater risk than investing in a financial instrument such as a share which is transferable, or dealing in an exchange-traded derivative, because your ability to open and close transactions is dependent on our Platform being in a position to accept orders from you and to execute them. Therefore, as our customer investing in our CFD, you can only open and close such transactions with us and not anybody else. In certain circumstances this may not be possible (see paragraphs 7, 9 and 11 below).

In addition, all of your transactions with us are settled in cash, and you do not have any rights to any underlying instrument. Please note that you may only profit from our CFD through changes in our prices, which is different from other assets, such as shares or currencies, where you can profit from real market fluctuations and where you may be entitled to dividends or interest.

4. We act as a market maker

Although the prices generated by our Platform will take into account current exchange and market data from various sources, they are not taken directly from any source. This means that our price may be different to any current exchange or market price, or another financial product provider’s price, for the relevant underlying instrument. The profits or losses that you make from trading with us will be in relation to our prices only, and not to prices prevailing or shown anywhere else.

5. You may lose more than your deposit

When you transact with us, you risk losing more than the amount that you deposited with us. This is different to investing in other types of financial instruments, for example shares, where generally you only stand to lose the amount you pay for the asset that you buy. **Although the Platform has features that are designed to help minimise your risk of loss, none of these are guaranteed or will be made available at all times and you should not rely on them.**

Losses from your transactions: The amount of any loss for an individual transaction will be the amount that you owe us when that transaction is closed. Even over a short space of time this amount may exceed the amount of the deposit that you used to enter into the transaction. This is a feature of leveraged (also known as ‘geared’ or ‘margined’) instruments – you can lose more than your initial payment.

Leverage can lead you to participate over-proportionally in market fluctuations (both as profits made or losses incurred). For illustration only: If you choose a leverage rate of 10, then any market fluctuation will have an impact which is ten times higher than if you had traded without leverage or invested directly into the underlying instrument.

Consequently, the higher the leverage rate, the higher the risk involved.

Therefore, the impact of any price movement on your account will depend on the transaction size as well as the leverage rate of your transaction, rather than the amount of your transaction deposit. So a small movement in price may have a large impact on your account if you have entered into a large transaction on margin. In addition, when entering into short transactions it is possible to lose more than the transaction value, since any increase in price may be more than the price at which you opened the transaction. Therefore, short transactions can be riskier than long transactions.

Costs incurred through investing: Depending on the transactions you enter into, and how long you hold them for, we may require you to pay transaction holding costs. These transaction holding costs will be incurred on a daily basis (and are subject to amendments) when you keep a transaction on certain of our products open overnight. In some cases, and particularly where you keep transactions open for a long time, the aggregate of these transaction holding costs may exceed the amount of any profits or increase

your loss. Please refer to our Terms of Business for further information on how transaction holding costs are calculated.

6. **Your transactions are at risk of being closed automatically**

It is your responsibility to monitor your positions closely and at all times, and you will be able to monitor your Account Value through the Platform. You must ensure that your Account Value, at all times, is equal to or above the aggregate Minimum Margin Requirement for all Leveraged Transactions, otherwise any or all your transactions in your account with us (and not just such leveraged transactions or those which are making a loss) may be closed in accordance with the Terms of Business. The Close-Out Level is 20% (or at such other level as we may stipulate from time to time) of the aggregate Minimum Margin Requirement for all Leveraged Transactions. However, **we do not guarantee such closure and you must not rely on it.** (The automatic closure of your Transactions is aimed to prevent you incurring any further losses and may close all positions on your account, not just leveraged transactions or those that are making a loss. This means that your losses (and any profits) will be realised, even if the price movements against you are only temporary.)

To prevent closure of your transactions, you should deposit a sufficient amount of money into your account to cover any potential losses or costs from your transactions. It is important to note that even an amount that you previously deposited and which appeared to be more than sufficient at the time, can very quickly become insufficient due to rapidly changing market conditions.

In addition, if the 'transaction based stop loss' function is on or kept enabled, the Platform will automatically attach a stop loss to each transaction, and will seek to close any transaction that incurs losses in excess of the relevant Margin requirement, unless you specify otherwise. However, execution of such orders **is not guaranteed and you must not rely on them.**

7. **Market circumstances may impact your transactions**

The ability of our Platform to generate prices and execute orders is dependent on the availability of prices and liquidity in the exchanges, markets and other venues from which we gather data. In addition, because we maintain our own financial stability by hedging with other counterparties, we may be unable to execute your orders where we cannot enter into a corresponding transaction to hedge our own risk (for example, due to the activities of an issuer of shares to which your transactions relate, which can sometimes restrict the market liquidity in those shares). Therefore, market circumstances may impact on your ability to place an order or close a transaction with us. In contrast, if we enter into a corresponding transaction, to hedge our risk, this may have an influence on the underlying market conditions and consequently also on the prices we quote on the Platform and your account.

Financial markets may fluctuate rapidly and prices of our products are no exception. Any movements in our prices will have a direct and real time effect on your account.

One form of price volatility that can happen regularly is called 'gapping'. This occurs where there is a sudden shift in price from one level to another. This can be caused, for example, by unexpected economic events or market announcements, particularly where these occur outside trading hours. There may not always be an opportunity for you to place an order between the two price levels, or for the Platform to execute an open order at a price between those two levels. Certain markets also have limited trading hours which can impose a significant risk to your ability to place orders and close transactions.

8. **The Price of a Transaction may be different from the Price displayed on the Platform when you place an Order**

There is the risk that the price displayed on your device when you place an order and on the basis of which you wish to place an order is not identical to the price at which the transaction is executed, and that the corresponding difference puts you at a disadvantage. We generally attempt to generate prices on a continuous basis but technical conditions (e.g., the transfer rate of data networks) may lead to a change in the applicable price during the period between the time the order is placed by you and the time the relevant order is received by us or the order is executed by the Platform. Such changes are based on the

continuous automatic calculation of the applicable price by the Platform which is based on market data of exchanges, markets and other trading investment platforms. This means such changes are indirectly based on fluctuations in the financial markets rather than on arbitrary interventions made by us. If such changes occur, the order is generally executed at the price applicable when the order is executed by the Platform. Such movements in the prices may either be to your disadvantage or have a favourable impact. You can limit the effect of such movements in prices by using the Boundary feature (on orders where this is available) or by placing a Limit Order.

9. Technical risks and other circumstances may affect your transactions

There is a risk that other circumstances may prevent us from executing orders, or prevent you from accessing our Platform. These include, for example, system errors and outages, maintenance periods, internet connectivity issues and/or failures of third parties on whom you or we are dependent (for example, internet service providers or electricity companies). We have business continuity measures in place to deal with some of these issues, but in some circumstances you may not be able to access the Platform. These technical risks and other circumstances can pose a significant risk to the execution of your Orders.

10. Different products pose different risks

We offer numerous products, which are derived from very different underlying instruments. Each of these products poses specific risks which can differ widely from other products, for instance with regard to the range and speed of price fluctuations or with respect to the liquidity. Therefore, you should ensure that you understand the specific risks of a product before you open a transaction on that product.

Where a product is based on multiple underlying instruments (a 'basket' product), this will have an impact on the risk of the product. The risk involved in a basket product will depend on the risks involved in its constituents. If the basket constituents share similarities (for example they all relate to the same sector or country) then this can make the product riskier. Also, if riskier constituents are given a higher weighting within the product, this will make the product riskier. If you choose to use a basket product then you should make sure that you understand the risks involved in all the different constituents, the risks involved in the overall combination of constituents that make up the product, and the risks involved in how the constituents are given their respective weightings.

11. Foreign markets add further risks

Foreign markets will involve different risks from Singapore markets. In some cases those risks will be greater, for example where those foreign markets are less well supervised, have greater or more rapid market fluctuations or when those markets are less liquid. This can impair our ability to generate prices. The potential for profit or loss from transactions relating to foreign markets will also be affected by fluctuations in foreign exchange rates.

In particular, if you are trading in a product that is denominated in a currency different to your Account Currency, any Margin requirement, holding costs, and Realised Losses or Realised Profits and Unrealised Profits or Losses will be converted to your Account Currency at the CMC Currency Conversion Rate at the relevant time (and in respect of Unrealised Profits or Losses, in real time). Depending on the CMC Currency Conversion Rates (which may be different to those available elsewhere) and currency fluctuations, this may have an impact on your Account Value on an ongoing basis (and therefore on whether or not your transactions might be automatically closed), and on any eventual profits that you make or losses that you incur.

12. You should not finance your Transactions with us on credit

If you fund your transactions with us with credit (e.g. a bank loan), your risk will be significantly increased and if you make a loss using that money, you will still have to repay your credit including interest. Therefore, you must not rely on being able to redeem borrowed funds with any profits from transactions with us.

13. Past performance is not necessarily indicative of future performance

You should bear in mind that past performance is not necessarily indicative of future performance and is no guarantee of future results. Any past performance, simulation or prediction does not constitute a reliable indicator of future performance. Therefore, you cannot and must not rely on such past performances, simulations or predictions to indicate future performances.

14. We cannot guarantee protection of your money

Subject to Applicable Law, money that we hold on your behalf will be held in a segregated client money bank account separate from our own money, although this may not provide complete protection (for example, if the bank that we use becomes insolvent). Money that is owed by you to us under our agreement will be transferred from the segregated client money bank account to our own account and then be treated as our own money.

15. Tax treatment may vary

The tax treatment of your trading activities depends on your individual circumstances, and may be subject to change in future.

16. Access to the trading investment platform via mobile applications

The functions that enable you to access the Platform via mobile applications (such as “apps”) may not be identical to the functions available to you when accessing the Platform via a desktop computer. This may adversely affect your ability to take quick and reliable actions on the Platform and to limit the related risks.

Form 13

RISK DISCLOSURE STATEMENT REQUIRED TO BE FURNISHED UNDER REGULATION 47E(1) AND TO BE KEPT UNDER REGULATION 39(2)(c) BY THE HOLDER OF A CAPITAL MARKETS SERVICES LICENCE TO TRADE IN FUTURES CONTRACTS OR LEVERAGED FOREIGN EXCHANGE CONTRACTS

1. This statement is provided to you in accordance with regulation 47E(1) of the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg 10).

2. This statement does not disclose all the risks and other significant aspects of trading in futures, options and leveraged foreign exchange. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to the risks. Trading in futures, options and leveraged foreign exchange may not be suitable for many members of the public. You should carefully consider whether such trading is appropriate for you in the light of your experience, objectives, financial resources and other relevant circumstances. In considering whether to trade, you should be aware of the following:

(a) Futures and Leveraged Foreign Exchange Trading

(i) Effect of ‘Leverage’ or ‘Gearing’

Transactions in futures and leveraged foreign exchange carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract or leveraged foreign exchange transaction so that the transaction is highly ‘leveraged’ or ‘geared’. A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit; this may work against you as well as for you. You may sustain a total loss of the initial margin funds and any additional funds deposited with the firm

to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice in order to maintain your position. If you fail to comply with a request for additional funds within the specified time, your position may be liquidated at a loss and you will be liable for any resulting deficit in your account.

(ii) *Risk-Reducing Orders or Strategies*

The placing of certain orders (e.g. 'stop-loss' orders, where permitted under local law, or 'stop-limit' orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. At times, it is also difficult or impossible to liquidate a position without incurring substantial losses. Strategies using combinations of positions, such as 'spread' and 'straddle' positions may be as risky as taking simple 'long' or 'short' positions.

(b) Options

(i) *Variable Degree of Risk*

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarise themselves with the type of options (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options would have to increase for your position to become profitable, taking into account the premium paid and all transaction costs.

The purchaser of options may offset its position by trading in the market or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a futures contract or leveraged foreign exchange transaction, the purchaser will have to acquire a futures or leveraged foreign exchange position, as the case may be, with associated liabilities for margin (see the section on Futures and Leveraged Foreign Exchange Trading above). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium paid plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that, ordinarily, the chance of such options becoming profitable is remote.

Selling ('writing' or 'granting') an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of the amount of premium received. The seller will be liable to deposit additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a futures contract or a leveraged foreign exchange transaction, the seller will acquire a futures or leveraged foreign exchange position, as the case may be, with associated liabilities for margin (see the section on Futures and Leveraged Foreign Exchange Trading above). If the option is 'covered' by the seller holding a corresponding position in the underlying futures contract, leveraged foreign exchange transaction or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, limiting the liability of the purchaser to margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

(c) Additional Risks Common to Futures, Options and Leveraged Foreign Exchange Trading

(i) Terms and Conditions of Contracts

You should ask the corporation with which you conduct your transactions for the terms and conditions of the specific futures contract, option or leveraged foreign exchange transaction which you are trading and the associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of the underlying interest of a futures contract or a leveraged foreign exchange transaction and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances, the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

(ii) Suspension or Restriction of Trading and Pricing Relationships

Market conditions (e.g. illiquidity) or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or 'circuit breakers') may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the futures contract, and the underlying interest and the option may not exist. This can occur when, e.g., the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge 'fair' value.

(iii) 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) Commission and Other Charges

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.

(e) Transactions in Other Jurisdictions

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to a rule which may offer different or diminished investor protection. Before you trade, you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of the regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you conduct your transactions for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

(f) Currency Risks

The profit or loss in transactions in foreign currency-denominated futures and options contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

(g) Trading Facilities

Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the one or more parties, namely the system provider, the market, the clearing house or member firms. Such limits may vary. You should ask the firm with which you conduct your transactions for details in this respect.

(h) Electronic Trading

Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or not executed at all.

(i) Off-Exchange Transactions

In some jurisdictions, firms are permitted to effect off-exchange transactions. The firm with which you conduct your transactions may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarise yourself with the applicable rules and attendant risks.

ACKNOWLEDGEMENT OF RECEIPT OF THIS RISK DISCLOSURE STATEMENT

This acknowledges that I/we have received a copy of the RISK DISCLOSURE STATEMENT and understand its contents.

I/we have also read and understand and hereby accept the Terms of Business (including all the associated documents) set out in the application and confirm the declaration I/we made in the application. For my/our own benefit and protection, I/we should also read all the documents referred to in the Terms of Business, including the Risk Warning Notice for CFD (see above) and the Order Execution Policy Summary for CFDs (see CMC Markets' website), which states, among others, the following:

- the Prices of the CMC Products are generated electronically by the Platform. Whilst these Prices will take into account market data from various sources, you [*i.e. CMC Markets' customers*]

should note that they are not taken directly from any source, and therefore may not match prices that you see elsewhere (including prices quoted on stock exchanges).

- The Price displayed on your device when you place an Order and on the basis of which you wish to place an Order may not be identical to the Price at which the Transaction is executed. We generally attempt to generate prices on a continuous basis but technical conditions (e.g., the transfer rate of data networks) may lead to a change in the applicable price during the period between the time the order is placed by you and the time the relevant order is received by us or the order is executed by the Platform. Such changes are based on the continuous automatic calculation of the applicable Price by the Platform which is based on market data of exchanges, markets and other trading investment platforms. This means such changes are indirectly based on fluctuations in the financial markets rather than on arbitrary interventions made by us. If such changes occur, the Order is generally executed at the Price applicable when the Order is executed by the Platform. Such movements in the Prices may either be to your disadvantage or have a favourable impact.
- In addition, there will be times when circumstances may prevent the Platform from generating Prices or affect the Prices being generated. Please refer to, in particular, clauses 4.2.1 (“Accessing the Platform”) and 8.2 (“Circumstances Outside Our Control”) as well as paragraph 13.2 (relating to Corporate Actions and Adjustment) of Schedule 1 of our Terms of Business for more information.

Signature of _____
Customer

Name of customer _____

Designation* _____

Corporation name* _____

Signature of witness _____

Name of witness _____

Date _____

*For corporations only.

Note:

“Margin” means an amount of money, securities, property or other collateral, representing a part of the value of the contract or agreement to be entered into, which is deposited by the buyer or the seller of a futures contract or in a leveraged foreign exchange transaction to ensure performance of the terms of the futures contract or leveraged foreign exchange transaction.