

SECURITIES AND FUTURES ACT
(Cap. 289)

SECURITIES AND FUTURES
(LICENSING AND CONDUCT OF BUSINESS)
REGULATIONS (Rg 10)

**RISK DISCLOSURE STATEMENT REQUIRED TO
BE FURNISHED UNDER SECTION 128(2) AND TO
BE KEPT UNDER REGULATION 39(2)(d) BY THE
HOLDER OF A CAPITAL MARKETS SERVICES
LICENCE FOR FUND MANAGEMENT RELATING
TO MANAGEMENT OF PORTFOLIO
OF FUTURES CONTRACTS, AND
FOREIGN EXCHANGE**

FORM
14

1. This statement is provided to you in accordance with section 128(2) of the Securities and Futures Act (Cap. 289) (the Act).
2. This statement does not disclose all the risks and other significant aspects of the futures or leveraged foreign exchange markets. You should therefore carefully study futures and leveraged foreign exchange trading before you trade.
3. The intention of this statement is to inform you that the risk of loss in trading futures contracts, options, foreign exchange and leveraged foreign exchange transactions can be substantial. You should therefore carefully consider whether such trading is suitable for you in the light of your experience, objectives, financial condition and other relevant circumstances. In considering whether to trade or to authorise someone else to trade for you, you should be aware of the following:
 - (a) If you purchase or sell a futures contract or leveraged foreign exchange transaction, you may sustain a total loss of the initial margin funds and any additional funds that you deposit with the holder of a capital markets services licence to establish or maintain your position. If the market moves against your position, you may be called upon by the holder to deposit a substantial amount of additional margin funds on short notice in order to maintain your position. If you do not provide the required 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.
 - (b) Under certain market conditions, you may find it difficult or impossible to liquidate a position.
 - (c) The placement of contingent orders by you or the holder of a capital markets services licence authorised by you, such as a 'stop-loss' or 'stop-limit' order, will not necessarily limit your losses to the intended amounts, since market conditions may make it difficult or impossible to execute such orders.
 - (d) A 'spread' position may not be less risky than a simple 'long' or 'short' position.

- (e) The high degree of leverage that is often obtainable in futures and leveraged foreign exchange trading can work against you as well as for you. The use of leverage can lead to large losses as well as gains.
- (f) In some cases, managed accounts, such as yours, are subject to substantial charges for management and advisory fees. It may be necessary for those accounts that are subject to these charges to make substantial trading profits to avoid depletion or exhaustion of their assets.

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.

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.