



## **CLSA SECURITIES DEALING SERVICES: PHILIPPINES MARKET ANNEX**

### **1. Definitions and Interpretation**

- 1.1 In this Securities Dealing Services: Philippines Market Annex, including the Schedule, capitalised terms have the meaning given to them in the "CLSA Asia-Pacific Terms of Business" (the "**Terms of Business**") and the Securities Dealing Services Annex. In addition, the following capitalised terms have the following meaning:

"**SEC**" means the Philippine Securities and Exchange Commission.

"**SRC**" means the Securities Regulation Code of the Philippines.

- 1.2 This Securities Dealing Services: Philippine Market Annex is referred to herein as "this Annex".
- 1.3 References in this Annex to "we", "us" and "our" mean, unless the context otherwise requires, CLSA and where the context requires will also include any company in the CLSA Group, or persons connected with the CLSA Group.

### **2. Effect of Terms of Business; Amendment**

- 2.1 This Annex shall apply to you if (a) you requested in your Application Form that we provide you with Securities Dealing Services and requested that such Securities Dealing Services be provided in respect of the Philippine Market; or (b) we currently provide you with Securities Dealing Services in respect of the Philippine Market.
- 2.2 The terms and conditions set out in this Annex shall apply to all Securities Dealing Services in the Philippine Market provided by us to you in addition to, and supplemental to, the terms and conditions set out in the Terms of Business and in the Securities Dealing Services Annex. Accordingly, the terms and conditions in this Annex are legally binding and take effect when you signify your acceptance by placing an order for Securities in the Philippine Market with us following your receipt of our Terms of Business, the Securities Dealing Services Annex and this Annex.

### **3. Short Selling**

- 3.1 Without limitation to your obligations under the Terms of Business and the Securities Dealing Services Annex, for every transaction in Securities in the Philippine Market, you will inform us if that trade is a short selling order prior to or at time of the order. This shall include orders placed by oral or electronic means, or in writing by fax or other means of transmission.
- 3.2 For every short selling order conducted through us, you confirm that you will make proper arrangements to cover the trade settlement, and if applicable, that you have confirmation from your lender for the delivery of the trade. Prior to acceptance of any short sale order, we are required by SRC rules to arrange to borrow the securities to make delivery by the settlement date.

- 3.3 You acknowledge that, in case of a short sale on an Exchange, we are required to effect the sale at a price higher than the last sale price or at the price of the sale if and only if that price is above the next preceding different sale price on such day.
- 3.4 In case the short sale has not resulted in delivery by us within the settlement period, you acknowledge that we are required to close-out the transaction by purchasing for cash or guaranteed delivery securities of like kind and quantity on the next business day after the settlement date.
- 3.5 Should we request, prior to accepting the order you will provide, in written form by Bloomberg or means as otherwise agreed, relevant information and assurances in relation to the short selling order which confirms to us that you have the proper arrangements in place.
- 3.6 Without limiting your obligations to at all times comply with the Market Requirements, you shall at all times comply with the provisions of the SRC (specifically SRC Rule 24.2-2) in relation to short selling.

#### **4. Securities Positions and Reporting Limits**

The Securities Regulation Code of the Philippines has prescribed certain disclosure requirements on securities that may be held or controlled by a person and require a person holding or controlling a reportable position to notify the SEC. You may need to take legal advice regarding your obligations thereunder. You acknowledge that it is your responsibility to observe such position limits, to monitor your holdings and to make reports where applicable.

#### **5. Risk Disclosure Statement**

You have confirmed (whether in the Application Form or otherwise) that you acknowledge and confirm that the terms and conditions applicable to the Services and the risk disclosure statements in the "Risk Disclosure Statement Schedule" to this Annex are and have been fully explained to you in a language that you understand and that you have read and understood them.

**- End -**



## **Securities Dealing Services: Philippine Market Annex Risk Disclosure Statement Schedule**

This Risk Disclosure Statement Schedule does not disclose all of the risks and other significant aspects of trading in securities. 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 risk. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. Please read this Schedule carefully, and ask questions and take independent advice as you consider appropriate.

### **Securities Risk Disclosure Statement**

- You acknowledge that the price of Securities can and does fluctuate, sometimes dramatically, and that the price of any individual security may experience downward movements, and may become valueless. You appreciate therefore that it is as likely that losses will be incurred rather than profit made as a result of buying and selling securities. This is a risk that you are prepared to accept.
- You acknowledge that there are risks in leaving Securities in our custody or in authorising us to deposit securities as collateral for loans or advances made by us or authorising us to borrow or loan Securities and you confirm that you are prepared to accept such risk notwithstanding that in these circumstances you face the risk of loss of such Securities.
- You confirm that you understand the short selling requirements in the Philippines and, in particular, that uncovered short selling on an exchange in the Philippines is unlawful.

### **Electronic Communication and Trading System Risk Disclosure Statement**

- You understand that the electronic communication systems (including the internet) may not be a reliable medium of communication due to unpredictable traffic congestion or other reasons and that such unreliability is beyond our control. This may give rise to situations, including delays, in transmission and receipt of your instructions or other information, delays in execution or execution of your instructions at prices different from those prevailing at the time your instructions were given, misunderstanding and errors in any communication between you and us and so on. Whilst we will take every possible step to safeguard our systems, client information, accounts and assets held for the benefit of our clients, you accept the risk of conducting transactions via electronic communication systems.

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