

CLIENT COMMUNICATION

FOREIGN EXCHANGE TRANSACTIONS - Trading Practices and Information

United Overseas Bank Limited and its branches and subsidiaries, (collectively, “UOB”) engages in the sale or purchase and execution of foreign exchange transactions (“FX”).

This communication is part of UOB’s effort to provide transparency to our FX clients and other market participants (collectively the “Counterparties”) on our business practices. UOB would like to highlight certain matters relating to its role in the FX markets. This document sets out UOB’s relevant business practices and procedures of dealing with our FX clients, on which UOB can provide clients with pricing and execution of trade requests. To the extent that the clients continue to enter into FX transactions with UOB, it will be on the basis that they have read and understood the following.

This communication is not intended to conflict with or override any relevant law, regulatory rule or other applicable requirement in any jurisdiction in which UOB operates, the terms of which may vary depending on the precise nature of the FX clients’ relationship with UOB and the jurisdiction(s) in which UOB operates.

- **UOB’s Role/Principal Trading**

UOB acts as an arm’s length party in FX dealings with all of its Counterparties on a principal basis for its own account as a dealer or market-maker. In that capacity, UOB does not act as agent, fiduciary or financial adviser or in any similar capacity on behalf of its Counterparties. In adherence to its hedging strategy or in anticipation of demand, UOB may maintain positions as principal in various currencies and other instruments regardless of trades with or orders received from the Counterparties. That said, UOB’s principal trading and market-making activity may conflict with or diverge from the interests of its Counterparties.

When UOB accepts Counterparties’ orders at a price (such as a limit order), the acceptance is only an indication of UOB’s willingness to attempt, and not a commitment to enter into the trade at or close to the price requested by the Counterparties. Such indication does not create a contractual relationship between the Counterparties and UOB and do not commit UOB to execute any or all of the order in any particular way.

Unless specifically agreed between UOB and the Counterparties, within the realms of its obligation to execute the orders fairly, UOB will exercise its discretion when deciding which orders it would accept based on the best practice generally acceptable by other market participants. At a relevant timing, UOB may monitor the market and when the target price is reached, it will then execute the Counterparties’ order at the Counterparties’ price.

- **Market Making/Pricing**

As market makers, UOB may receive requests for quotations and multiple orders for the same or related currency pairs. As principal, UOB may seek to meet its Counterparties' requests and its independent risk management objectives but retains absolute discretion to satisfy its Counterparties, including with respect to order execution, aggregation, priority and pricing.

Taking into account market conditions at the time, UOB's position, including its inventory strategy and overall risk management strategies, its costs, its risks and other business factors and objectives which UOB elects to consider, UOB in its principal capacity, may attempt to execute an order when it can expect to make an appropriate return on the transaction. If and when a Counterparty's order becomes executable, it does not mean that UOB holds, acquired, or will be able to acquire, sufficient inventory to complete the transaction at the order price level (after taking into account any spread or similar adjustment reflecting UOB's return on the transaction) or that there exists a tradable market at that level.

Any firm or indicative price or spread quoted by UOB is an "all-in" price inclusive of any sales and trading mark-ups over the price at which UOB traded or may have been able to trade with other Counterparties, regardless of the circumstances the Counterparties may receive or overhear a price. Counterparties may receive different prices of transactions that are the same or similar because UOB's all-in prices and spreads are tailored to individual Counterparties and are based on a wide range of standard commercial factors, including the Counterparties' trading history, size of trade, market conditions and UOB's own costs and transactions.

For orders using a third-party pricing source in establishing the reference price, such as Fixing Orders, in the event that such third-party pricing is unavailable or should there be any extraordinary event as determined in good faith by UOB, including but not limited to legal and regulatory developments, force majeure and market disruption, UOB shall be entitled to reject to effect the affected Counterparty's orders. UOB shall not be liable to any customer for any loss caused by such extraordinary event.

As market makers and regulated entities, UOB acts as principal and may trade prior to or alongside Counterparties' transactions to execute transactions for UOB or to facilitate executions with other Counterparties, to manage risk, to source liquidity or for other reasons. Accordingly, these activities can have an impact on the prices UOB offers its Counterparties on a transaction and the availability of liquidity at levels required to execute Counterparties' orders. In addition, UOB may also trigger or prevent triggering of stop-loss orders, take profit orders, barriers, knock-outs, knock-ins and similar conditions. In conducting these activities, UOB endeavours to employ reasonably designed means to avoid undue market impact.

When solicited for, and prior to the execution of, a transaction, UOB may risk-mitigate or hedge any exposure that would be created by such transaction.

- **Handling of Orders**

UOB will use its professional judgment to execute the order with the aim of achieving the best possible outcome. UOB will undertake working the Counterparties' order within the operating framework. By leaving the order with UOB, the Counterparties expressly agree to the framework outlined in this communication.

A. **Market Orders**

A market order means an order to transact immediately at the best available price. In executing such order, UOB will take into consideration various factors, such as prevailing liquidity and market depth, and market forces. UOB will execute the Counterparties' order using its discretion and expertise to achieve the best price UOB is able to offer to its Counterparties.

B. **"Limit" Orders**

A limit order means setting a target price that will ordinarily be at a more favourable price than the current market price. The order may not be executed promptly. In leaving a limit order the Counterparties must be aware that it is forgoing the certainty of immediate execution in exchange for the possibility of getting a better price in the future. If the target price is reached, the limit order will be filled when UOB is prepared to enter into a transaction with the Counterparties at the required target price.

C. **"Stop-loss" Orders**

A stop-loss order means setting a target price at which the order becomes live at a less favourable price than the current market price. It may not be executed promptly. When the price indicated as a trigger for the stop has been reached, UOB will attempt to enter into a transaction with its Counterparties at, or as close as is practically possible to, the target price. UOB will not guarantee the order is executed at the target price but UOB will endeavour to execute the Counterparties' transaction at the nearest possible level given prevailing market conditions.

D. **"Fixing" Orders**

When the Counterparties place an order for execution at the "fix" (i.e. for execution at a specific time and date) if the order is accepted UOB will execute the transaction at the published "fix rate" after applying a bid offer spread around that price.

E. **At Risk Orders**

An at risk order is where UOB is asked to provide a firm two-way price in an instrument in a given size. Once such a price is made by UOB, UOB will consider it to be executable immediately, and in any event subject to change according to market conditions. In fast moving markets, of which the price may change rapidly, if the Counterparties do not deal immediately UOB will require the Counterparties to request a requote price to transact.

- **Conflicts of Interest**

UOB complies with high professional standards and ethical values and takes all reasonable steps to avoid conflicts of interest so as to promote fair treatment of Counterparties.

- **Information Handling**

UOB has policies and controls that are designed to protect the Counterparties' confidential information. However, UOB may share such information to execute the FX transactions and Counterparties should understand that UOB, as part of its obligations as a regulated entity, also discloses Counterparties' information as required by its global regulators. UOB may use anonymized and aggregated information of executed transactions, together with other relevant market information, internally and to third parties, as market colour.

At the reasonable request of Counterparties, UOB is able to provide information pertaining to the actions taken in handling a particular transaction with such Counterparties.

Should you have any queries relating to this communication and/or UOB's dealings with you, please do not hesitate to contact your UOB representative. Please note that this communication may be updated from time to time in order to address changing regulatory, industry and other developments.