HSBC 滙豐

V202505

Product and Service Prospectus for Non-Discretionary Money Trust Exchange-Traded Funds (ETFs) / Real Estate Investment Trusts (REITs) / Foreign Stocks

The product and service prospectus provides information about how to place orders, the restrictions of number of shares and dollar amount of a buy/sell transaction, and the fee standards for the exchange-traded funds (ETFs), real estate investment trusts (REITs), and foreign stocks traded at the US and Hong Kong exchanges (the "Products"). The client (or investor) is strongly advised to carefully read this prospectus before investing because the terms and conditions on products and details of services may vary due to changes of laws and regulations, exchanges/markets, or other applicable requirements. This prospectus constitutes part of the General Agreement and shall be as valid as the General Agreement. The Bank reserves the rights to change the products, services, or fee standards at any time. The details of all products and services should be governed by the then most current product prospectus.

Products	Selling the ETFs that were accepted by the Bank before 2019/10/15 (inclusive) (the "Existing ETFs").	Buying or selling of foreign stocks and REITs after 2019/10/16 (inclusive). Buying or selling of ETFs (excluding selling of the Existing ETFs) after 2019/10/16 (inclusive).
Business hours (when orders may be placed)	From Monday to Friday, 9:00-15:30 (GMT+8). However, the Bank may suspend these services in the following situations: (1) These services are completely suspended on non-business days in Taiwan. (2) On a business day in Taiwan, if quotes are not available at the trading markets because it is not a trading day at the markets or due to a force majeure event affecting the markets, the Bank will not accept any same-day orders for these markets. (3) Services must be suspended due to other special circumstances or as	From Monday to Friday, 9:00-15:30 (GMT+8), or 16:00 (GMT+8) for phone banking. For online banking, orders may be placed any time. However, the Bank may suspend these services in the following situations: (1) Although it is a business day in Taiwan, the following day is a public holiday, making it impossible to complete the trade settlement. In this case, the Bank will not accept any transaction for that business day. (A notice will be published at the Bank's official website to show services that will be suspended on a business day immediately before a public

	needed for operation.	holiday.) (2) On a business day in Taiwan, if quotes are not available at the trading markets because it is not a trading day at the markets or due to a force majeure event affecting the markets, the Bank will not accept any same-day orders for these markets. (3) Services must be suspended due to other special circumstances or as needed for operation.
How to place an order	Clients may place an order at one of the Bank's branches or call our call center during the business hours specified by the Bank.	Clients may place an order at one of the Bank's branches or call our call center during the business hours specified by the Bank, except for online banking services.
Order Types	Limit order	Limit order (valid for a maximum period of 14 calendar days, subject to options of number of days allowed in the system). Market order (available only during the business hours applicable to the relevant transaction; refer to Article 5 (6) for trading hours of the exchange).
When an order is executed	(Hong Kong Exchange) Orders placed before 11:30 AM in a day will be traded during the afternoon hours of the current day. Orders placed between 11:30 AM and 3:30 PM in a day will be traded during the hours of the following business day. (US Exchange) Orders placed before 3:30 PM in a day will be traded at the exchange during the hours of the current	Orders placed on the exchange's business day will be traded at the exchange during the hours of the current day. Orders placed on the exchange's non-business day will be traded at the exchange during the hours of the next business day.

	business day.	
Buy fee	(No in-person services at a branch or call center services for purchase will be available after 2019/10/15 (inclusive).)	Services at call center: 1% Services at online banking: 1% * If the calculated service fee is lower than the "minimum fee per transaction" applicable to the service, the Bank will charge the minimum fee per transaction according to its standards. * Refer to "7. Fee information" for complete fee rate information.
Sell fee	In-person services at one of the Bank's branches or call center services: 1%	Services at call center: 1% Services at online banking: 1% * If the calculated service fee is lower than the "minimum fee per transaction" applicable to the service, the Bank will charge the minimum fee per transaction according to its standards. * Refer to "7. Fee information" for complete fee rate information.
Minimum fee per transaction	N/A	(Hong Kong Exchange) HKD 250 CNY 250 USD 30 (US Exchange) USD 30 * Refer to "7. Fee information" for complete fee rate information.
Lowest transaction amount	(Hong Kong Exchange) HKD 50000 CNY 40000 (US Exchange) USD 5000	N/A
DR Pass-Through Charge	N/A	As notified by the custodian, when there are custody fee or applicable taxes or management fee to be paid to the custodian

		for investment in depository receipts, the Bank will deduct these fees from the client's current deposit account for the same currency. * Refer to "7. Fee information" for complete fee rate information.
Statutory fees/taxes required in the jurisdiction of registration	N/A	Statutory fees/taxes required by the competent authorities governing the Product For example, the financial transaction taxes for products registered in France or Italy: Buy French ADR: 0.3% and minimum fee of USD 0.01 per transaction Buy Italian ADR: 0.1% and minimum fee of USD 0.01 per transaction * Refer to "7. Fee information" for complete fee rate information.
Inquiry of transaction results	Clients may call the 24-hour call center or visit one of our branches to inquire about the order status and results on the day following the transaction. The Bank may notify the client of the order results through SMS.	Clients may directly access the online banking to inquire about the latest order status and results immediately, or may call the 24-hour call center or visit one of our branches on the day following the transaction. The Bank will send the client a transaction confirmation by email or in other manner agreed by the client.

1. Product scope and restriction

The Products may be common stocks, ETFs, depositary receipts, REITs and preferred shares listed on an exchange approved by the Bank, such as New York Stock Exchange, NASDAQ Stock Exchange, and Hong Kong Stock Exchange.

(1) Common stocks are securities listed for trading at a securities exchange, through which investors may participate in the operation of the company issuing the stocks.

(2) Exchange-traded funds (ETFs) are funds listed for trading at a securities exchange, though which investors may participate in the performance of an index.

(3) Depositary receipts are certificates representing a certain number of shares of a domestic company, to be issued in a foreign country by an international depositary bank for shares issued locally. When issued in the United States, they are called American Depositary Receipts (ADRs). DRs have the same rights and obligations as the shares of common stocks they are representing. When an investor purchases stocks traded in depositary receipts, there may be an additional depositary receipt pass-through charge.

(4) Preferred shares are stocks with the characteristics of both stocks and bonds. Similar to bonds, there will be regular dividend distributions and predetermined redemption price, but dividend distributions are not guaranteed as in the case of bonds. Like stocks, they are also traded at the exchange.

(5) Real estate investment trusts (REITs) work by securitization of ownership of real estates. They are traded at a securities exchange and their main income are from leasing of real estates.
At this moment, the Products the Bank is offering are securities that meet the requirements of the domestic competent authorities and are traded at the exchanges in the United States and Hong Kong. According to the current regulations of the competent authorities, the Products which the Bank is appointed to invest for trading in a foreign securities market must meet the following requirements:

a. Not denominated in TWD.

b. For investments involving securities in the Mainland Area or Hong Kong and Macau Area, their scope and restriction shall be governed by Article 5 of the Rules Governing Securities Firms Engaging in Consigned Trading of Foreign Securities.

c. Investment in securities to be issued by local enterprise in a foreign country is limited to securities that are issued in accordance with the Criteria Governing the Offering and Issuance of Overseas Securities by Issuers and have been traded in a secondary market.

d. In the event a client is not a professional investor or a qualified investor required under the law, the ETFs to be invested should mainly be securities and bonds and should not be exposed to leverage and not be in short position. In addition, issuance of ETFs should be subject to other terms and restriction in the issuance document for those ETFs and/or under the laws and rules of the exchange in the jurisdiction where they are issued.

2. Identity restriction: No clients may be US citizens or residents or possess the Permanent Resident Card of the US, or the US persons under Regulation S of the Securities Act of 1933 (as amended).

3. Investment currency: The investment currency of the trust investment should the currency of the underlying investment.

4. Earmarked amount

(1) The currency of the earmarked amount for the Products is the currency of the invested product instructed by the client.

(2) Regarding the US exchange Products, the client understands and agrees that the bank will earmark the total required earmark amount from the available balance on a designated foreign currency savings account and/or the funds receivable to proceed with the buy transaction. If the total of the available balance on a designated foreign currency savings account and the funds receivable is lower than instructed amount (collectively, the “Maximum buying power”), the Bank can reject the order instruction.
The funds receivable is the executed price multiplied by the quantity of shares sold after deducting the process fee and other related fees and expenses. Among them, the default earmark amount for custodian fee is 0.6% of the transaction amount (0.2% per year, 3 years maximum) at execution. On the next business day, the custodian fee will be recalculated and deducted according to the actual tenure of the product held by the client. When the client has both the available balance on a designated foreign currency savings account and funds receivable, the system will earmark the funds receivable first.

(3) Regarding the HK exchange Products, the client understands and agrees that the Bank will earmark the required earmark amount from the available balance on a designated foreign currency savings account. If the available balance on a designated foreign currency savings account is lower than instructed amount, the Bank can reject the order instruction.

(4) Required earmark amount: In case of purchase of the Products with a "limited order" by the client, the total earmarked amount is the designated limit price multiplied by expected units traded plus buy fee as well as expenses relating to the exchange and taxes. A limit price is the price specified by the client at the time of transaction. If the client instructs to buy the Products under a "market order", the order may only be traded during the business hours of the applicable exchange. In all cases, the Bank will earmark an amount according to below funding formula/methodology of respective session, plus transaction fee, exchange related fee and all related taxes at the time when the client placed the order, provided the actual settled amount may vary depending on the settlement price and number of units traded. The Bank reserve the right to adjust the funding formula.

funding formula for market order	
scenario / session	methodology
US market	
continuous trading	Limit up price of the Exchange (reference range: 5%~50%)
trading halt	max (Previous Close , Last traded

	price)* 115%
Hong Kong Market	
continuous trading	(Ask price) + 9 spread
trading halt	max (Previous Close , Last traded price)* 115%

(5) The Bank does not' guarantee a full execution. For an individual order, the result may be fully executed, unexecuted, or partially executed. In the case of failed execution, the Bank will automatically remove the earmarking and the order will automatically be void and shall not be part of any continuous buy/sell orders in the future.

5. Order placing rules and trading method/restriction:

(1) When the client buys the US exchange Products, the client can sell the US Product within the same day (T day) immediately after the bought shares are executed; When the client buys Hong Kong exchange Products, the client cannot sell the Products until confirmation of transaction and allocation of shares are completed in the Bank's system (T+1 business day). Similarly, when the client sells the US Products, the client can use the funds receivable to buy US Products after the sold shares are executed on the T day; When the client buys Hong Kong exchange Product, the client cannot use the funds until after confirmation of transaction and allocation of funds are completed in the Bank's system (T+3 business day). The above provides a general rule for time schedule of cash/share allocation. In the event of close of markets where delivery is to take place, the delivery will be postponed accordingly.

(2) If the information on the page of Bank's system is not timely updated/adjusted or in the event of the operational procedure delay due to suspension of trading or any other reason, the client understands and agrees that the Bank may firstly accept a trading order based on the price and quantity (which might not be the most updated info) indicated on the page of the Bank's system, but the final price and quantity shall be subject to the Bank’s trade confirmation. In the event where a client has already applied funds receivable (or together with available balance on the designated account) for a further buy instruction, the Bank may refuse the further trade instructions if, due to the system delay or error in updating the funds receivable figures, the Maximum buying power is in fact insufficient to execute the further trades.

(3) For an individual trading order, the result may be full execution or partial execution. In the case of partial execution, the number of units in an executed order must meet the requirement of "minimum buy/sell units". The Bank will continue to process the trading order until occurrence of any of the following events, whichever is earlier, at which time the trading order terminates, whether or not the order is valid for current day or multiple days.

a. The order remains unexecuted at closing of market where the transaction is to

take place on the maturity date.
b. The issuer is in the following circumstances, including but not limited to allocation of shares, replacement and issuing of new shares through capital reduction, stock split (or reverse split), stock merger, delisting of stock, and other corporate events for which trading is suspended as noted in the system.
c. The trading order of the product is rejected by the exchange where it is listed or by the related trading system or irregularity occurs.
d. The exchange where the product is listed is closed for business expectedly for reason of, including but not limited to, weather condition, natural disaster or political situation.

(4) Clients may freely designate the buy/sell price. However, the actual strike price is subject to the outcome of market transaction. An individual exchange may have additional regulations on the available price range. You are advised to review the product prospectus or the information disclosed by the exchange before placing an order. An unqualified order will be directly canceled by the exchange. After an order is placed, please stay posted of the transaction status. You may access complete information about the status of transaction at the Bank's online banking. The product information platform provides delayed quotes for the Products at the exchanges within the range designated by the Bank available by UK company Refinitiv. The Bank shall not be responsible for any losses or damages caused by use or inability to use of information on the web page or other error, interference, operational delay or failure to transmit complete information, or malfunction of connection or system.

(5) The Bank may collectively process orders of the same product at the same price and deliver an order to our upstream securities firm to come the value of underlying investments. If our upstream securities firm notifies that the order results in a partial execution, the Bank will make the allocation based on the time sequence when clients place their orders.

(6) If a client wants to cancel/amend an order, the deadline to cancel/amend the order is the same as that for accepting the order. But cancellation/amendment of an order can only be executed before the transaction is completed. If the transaction of the order is already completed at the market, no cancellation/amendment of the order will take place. After an order is placed, please keep posted of the status of transaction. If the status indicates "pending cancellation/pending amendment", it means the order is awaiting confirmation of the exchange/securities firm. You may visit our online banking for a complete list of categories of trading status. For cancellation/amendment of after-market order for multiple days, whether the order is successfully canceled/amended is based on the reply message from the exchange. If the Bank's system shows "pending amendment/pending cancellation", it means the request for amendment/cancellation of trading order is pending acceptance or confirmation by securities firm, at which time no further amendment/cancellation is allowed. After trading begins on the following trading day at the exchange, if the system indicates "all cancellation" or "partial cancellation", it means the client's request for cancellation is confirmed and completed, and earmarking of funds will be simultaneously removed.

(7) Information about the trading markets below should be updated based on the condition of the local markets and changes in local laws. The Bank will notify or publish the updated information in accordance with applicable laws and/or contracts.

<table>
<tr><th>Market names / Items</th><th>US</th><th>Hong Kong</th></tr>
<tr><td>Trading hours (Taipei time)</td><td>21:30 ~ 04:00
(Daylight saving time; Summer time)
22:30 ~ 05:00
(Winter time)</td><td>09:30 ~ 12:00
13:00 ~ 16:00</td></tr>
<tr><td>Minimal transaction unit</td><td>1 share</td><td>1 lot
* Each individual stock has its own restriction on the minimum number of shares to be transacted.</td></tr>
<tr><td>Transaction currency</td><td>USD</td><td>HKD/CNY/USD</td></tr>
<tr><td>Price range of an order</td><td>Price restriction for a buy-high-sell-low order:
- Share price of $25 and below: not more than 10%;
- Share price of $25 to $50 (inclusive): not more than 5%;
- Share price of over $50: not more than 3%.</td><td>- Range limit for "buy order": not higher than 9 ticks from market price or not lower than 24 ticks from market price.
- Range limit for "sell order": Not lower than 9 ticks from market price or not higher than 24 ticks from market price.</td></tr>
<tr><td>Tick</td><td>Quote is based on USD 0.01
For certain US stocks that participate in the Tick Size Pilot Program, the minimum tick must be USD 0.05 (for example, $0.05, $0.10, $0.15 etc.) or the trading order for that US stock will not be executed. As the Financial Industry Regulatory Authority (FINRA) may revise the requirements on relevant securities, for orders that have not been executed due to unacceptable pricing unit, the client may place a new limit order at an increment of USD 0.05. For more details, refer to the website of the FINRA at http://www.finra.org/investors/tick-size-pilot-program.</td><td>Stocks and REITs
<table>
<tr><th>Price range</th><th>Tick</th></tr>
<tr><td>0.01-0.25</td><td>0.001</td></tr>
<tr><td>0.25-0.50</td><td>0.005</td></tr>
<tr><td>0.50-10.00</td><td>0.010</td></tr>
<tr><td>10.00-20.00</td><td>0.020</td></tr>
<tr><td>20.00-100.00</td><td>0.050</td></tr>
<tr><td>100.00-200.00</td><td>0.100</td></tr>
<tr><td>200.00-500.00</td><td>0.200</td></tr>
<tr><td>500.00-1,000.00</td><td>0.500</td></tr>
<tr><td>1,000.00-2,000.00</td><td>1.000</td></tr>
<tr><td>2,000.00-5,000.00</td><td>2.000</td></tr>
<tr><td>5,000.00-9,995.00</td><td>5.000</td></tr>
</table>
Exchange Traded Funds
<table>
<tr><th>Price range</th><th>Tick</th></tr>
<tr><td>0.01-1.00</td><td>0.001</td></tr>
<tr><td>1.00-5.00</td><td>0.002</td></tr>
<tr><td>5.00-10.00</td><td>0.005</td></tr>
<tr><td>10.00-20.00</td><td>0.010</td></tr>
</table></td></tr>
</table>

		20.00-100.00 | 0.020 100.00-200.00 | 0.050 200.00-500.00 | 0.100 500.00-1,000.00 | 0.200 1,000.00-2,000.00 | 0.500 2,000.00-9,999.00 | 1 .000
Price fluctuation	No price fluctuation limit	No price fluctuation limit

(8) When a buy order is executed, if the sum of the actual transaction amount and the required service fee, DR pass-through charge (applicable only to DRs) and related statutory fee/taxes is higher than the earmarked amount, the client agrees that the Bank may directly deduct the difference between the amount payable and the earmarked amount from the client's account from which funds are deducted/to which funds are transferred. If the balance of the client's account is not enough to pay the actual transaction amount, the client agrees to make up for the shortfall before the settlement date. Failing to do that, the client should agree that the Bank will have the right to deduct the shortfall amount from all their deposit accounts with various branches. The exchange rate used will be the medium of the exchange rates published by the Bank at the time of deduction. If, however, the balance of all of the client's deposit accounts is still not enough for the payment, the client agrees the Bank may sell that stock/ETFs at the market price on the settlement date and use the fund received to pay for the difference. The funds from the sale are subject to applicable service fee, trust custody fee, DR pass-through charge (applicable only to DRs) and related statutory fee/taxes. After deduction of these fees, if there are funds left, they will be transferred to the client's foreign currency deposit account for the same currency. If the funds are lower than the cost of the original purchase, the client will bear the loss.

(9) When a sell order is executed, if the actual transaction amount is not enough to pay required service fee, DR pass-through charge (applicable only to DRs) and related statutory fee/taxes, the client agrees that the Bank may directly deduct the difference between the amount payable and the total transaction amount from the client's account from which funds are deducted/to which funds are transferred. If the balance of the client's account is not enough to pay the required service fee, DR pass-through charge (applicable only to DRs) and related statutory fee/taxes, the client agrees to make up for the shortfall before the settlement date. Failing to do that, the client should agree that the Bank will have the right to deduct the shortfall amount from all their deposit accounts with various branches. The exchange rate used will be the medium of the exchange rates published by the Bank at the time of deduction. If, however, the balance of all of the client's deposit accounts is still not enough for the payment, the Bank reserves the right to seek payment of the overdue amount.

(10) Odd lot transactions accepted at the Hong Kong exchange include buy and sell transactions. But the Bank accepts only sell orders for odd lots that meet the

restriction of the minimum one share set forth by the exchange. Further, in view of the trading practice and risk considerations, odd lot transactions are not available at the US exchange.

(11) The client understands if the Product to be purchased is a product with source of income in the United States, they are required to provide the valid Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individuals/Entities) (W-8BEN/W-8BEN-E). Term of validity of these forms is governed by the US tax laws or the Bank's policies (currently three years) and these forms should be updated regularly to protect the client's rights and interests in filing of tax returns. The client understands false representation of the US tax status is a violation of the US law and all applicable penalties should be the client's own responsibility.

(12) The Products are not to be subscribed by an individual who is a US citizen/resident/person eligible for residency. The client understands if there is any change to their tax status in the future, they should immediately notify the Bank and provide the most current forms and documents. If Forms W-8BEN/W-BEN-E become invalid due to expiration or other cause, the orders for current day/orders for multiple days placed by the client will become void and no transaction will be proceeded based on these orders. When this happens, the client should promptly provide valid Forms W-8BEN/W-BEN-E to protect their rights to subscribe investment products of various types. Further, if, under the domestic or foreign laws or the legal requirements of the jurisdiction where the client is registered or incorporated, country of the client's nationality, country where the client is residing or is located, the client (for example, if the client is the citizen of certain nationality) may be ineligible to invest in or hold the securities issued in a certain jurisdiction, or investing or holding certain securities by the client has an adverse administrative or tax consequence on the issuer of those securities or the Bank, the Bank shall have the right to decline to act according to that client's instructions on investment in the relevant securities, and the Bank may further notify the client to terminate the applicable terms and conditions and sell those securities held by the client.

(13) The client understands and agrees the Bank may suspend acceptance of trading orders in the event that the information system is down or connection is interrupted to such an extent prompt repair is impossible. The client shall not claim any rights or demand damage compensation against the Bank or ask the Bank to be jointly and severally liable for losses caused by risks not attributable to the Bank's willful act or gross negligence, including but not limited to malfunction of computer system or disruption of connection. In addition, to ensure the performance of the trading system, the number of transactions displayed in the mobile and online banking transaction record will be limited, but the bank will still retain all transaction details. If the client wishes to know all the transaction details, kindly contact the bank for more details

(14) When the Bank is asked to purchase or sell the Product, in no circumstance shall the Bank be held liable for all losses caused by (a) what the Bank did to facilitate the

settlement, (b) exchange rate, (c) changes in interest rate, or (d) other market environment variables, or due to any and all acts or omission of acts, including but not limited to malfunction of computer system or disruption of connection, by the issuer, exchange or associated institutions (e.g. local and foreign custodians, investment consultants, securities firms, registrars, certified public accountants and lawyers) after the transaction instructions have been entered into the system according to the general operational procedure.

6. Exercise of rights in the event of a corporate event arising out of the Product:

(1) For exercise of rights in the event of a corporate event arising out of the Bank's purchase or sale of the Product upon request, Article XIV (IV) 6 "Use and Management of Trust Funds/Exercise of Rights and Interests Arising out of Corporate Events" and the applicable regulations of the local laws of the jurisdiction where the market is located and the rules of the exchange shall govern.

(2) For allocation of cash dividends, if the cash dividends allocated from the Products and the Products themselves are denominated in different currencies, the Bank may, at its discretion, convert the cash dividends to the currency in which the Products are denominated at the exchange rate of the most recent trading date since receipt of the allocated dividends, before directly transferring the amount into the deposit account designated by the client. For allocation of stock dividends, round lots will be directly distributed to the client. If, however, there are odd lots in the stock dividends allocated from the Product, the Bank will sell these odd lots at the market price in an open market to receive a cash income before distributing the amount to the applicable account. If settlement is not occurring on the same day for any reason, the Bank shall have the right to continue to sell these odd lots at the market price in an open market on any subsequent trading day.

(3) For notification of a corporate event, the Bank will send a notice of events including stock split (reverse split), stock merger, liquidation/early redemption of preferred shares. For other corporate events, including but not limited to replacement and issuing of new shares, replacement and issuing of new shares through capital reduction, or other exercise of securities rights (e.g. rights issue, stock subscription, partial acquisition and partial share swap), the client agrees the Bank may decide at its discretion on how to handle, dispose of or not acting on these events, to which the client will never disagree. The client understands that the notice of events will be sent only upon the Bank receive the notification from the custodian bank, and the Bank may not be able to notify the client in advance or before the transaction is suspended.

(4) In the event of exercise of equity right due to corporate event, resulting in related transaction costs or tax liabilities, the Bank will notify the client to transfer such amount of the costs or taxes to the client's account by a specified time, and the client agrees to authorize the Bank to directly deduct such amount from the client's account for payment of these costs in a prompt manner. If the client fails to transfer the necessary funds for payment of these costs and taxes within the specified time

frame, the Bank may redeem the client's trust assets with the Bank (not limiting to those trust assets from which these costs or taxes arise) or at such time when funds from other income are allocated deduct these costs or taxes from the redeemed/allocated funds and deposit the remainder of the redeemed/allocated funds to the client's account. The Bank reserves the right to retrospectively claim payment of costs and taxes that are payable.

(5) When the Bank is handling various matters relating to equity rights, due to a certain amount of time needed in the allocation of assets associated with equity rights, The Bank may suspend the transaction before and for a certain period after the effective date of the corporate event, the client agrees not to use the equity assets before completion of handling and allocation of the relevant equities. Prior to completion of handling and allocation of equity rights, the Bank will not accept the client's instruction on use of equity assets, client shall not ask the Bank to be liable to compensate any damages arising therefrom

(6) Stocks listed on the US exchange or HK exchange which the Bank may be requested to trade are stocks publicly traded at the exchange. Public information about individual securities may be available from the issuer or other public information websites. The client is expected to make themselves understand the information about the securities they wish to invest or have invested and the issuer of these securities. In the event the Products are delisted from the exchange and is trade at an OTC market due to a special corporate event, the client understands the Bank will not accept any order for trading at an OTC market because it is not an competent authority accredited exchange. Therefore, the client shall not ask the Bank to be liable to compensate any damages arising therefrom.

7. Fee information

(1) Product/service fee rate chart

Charges	**HK Exchange (%)**		**US Exchange (%)**	
	Buy trade	Sell trade	Buy trade	Sell trade
Buy/sell fee (published)*	Up to 1%	Up to 1%	Up to 1%	Up to 1%
Trust custody fee*	Zero	0.2	Zero	0.2
Stamp duty**	0.1	0.1	Zero	Zero
Exchange trading fee**	0.00565	0.00565	Zero	0
Transaction levy**	0.0027	0.0027	Zero	Zero
FRC transaction levy**	0.00015	0.00015	Zero	Zero
The above rates for stamp duty, exchange trading fee and transaction levy (including Financial Reporting Commission transaction levy) are provided for reference. The actual rates published by the exchange shall govern.				
DR pass through charge***	Subject to the notice of the custodian bank and transaction confirmation. In the event of required custody fee payable to the custodian or taxes and management fee associated with investment in DRs, the Bank will deduct these payments from the client's current deposit account for the same currency. Amounts collected and payment time vary depending on different			

	ADRs/HDRs.
Statutory fees required in the jurisdiction of registration of product****	Financial transaction taxes or other statutory fees required in the jurisdiction of registration of product Buy French ADR: 0.3% and minimum fee of USD 0.01 per transaction Buy Italian ADR: 0.1% and minimum fee of USD 0.01 per transaction Jurisdictions where financial transaction taxes are required, as indicated above, basis of taxation and applicable tax rates may change at any time and the Bank will not issue a separate notice.
Others	Other charges or fees required by local exchange or under local laws.

* The above buy/sell fee and trust custody fee will be charged by the Bank. Minimum trust custody fee is NTD 1 or an equivalent foreign currency.
** Stamp duty, exchange trading fee and transaction levy (including Financial Reporting Commission transaction levy) are collection by the Bank on behalf of the exchange. The amount collected is always rounded up to the nearest one hundredth (stamp duty is rounded to nearest dollar).
*** DR pass through charge applies only to DRs. The pass through charge will be collected by the Bank on behalf of the custodian bank of the DRs.
**** Statutory fees/taxes required in the jurisdiction of registration of product charged by the applicable jurisdiction will be collected by the Bank.

(2) These fees to be charged or collected are subject to the settlement notice from the exchange, whether they are for same day orders or orders valid for multiple days. Service fee shall not be lower than the amount of "minimum fee per transaction" per transaction serial number per trading day. Please note if an order valid for multiple days is settled on different trading days, the rule of minimum fee per serial number per day still applies.

(3) For fees to be charged or collected, the client agrees to authorize the Bank to directly deduct such amount from the client's account for payment of these fees. If the client fails to transfer the necessary funds for payment of these fees, the Bank may redeem the client's trust assets with the Bank (not limiting to those trust assets from which these fees arise) or at such time when funds from other income are allocated deduct these fees from the redeemed/allocated funds and deposit the remainder of the redeemed/allocated funds to the client's account. The Bank reserves the right to retrospectively claim payment of fees that are payable.

(4) The Bank is not receiving other benefits such as compensations, fees or discounts from our trading counterparty (the other party to transaction).

8. Delivery of certificates of securities:
(1) Delivery method: Full delivery. T day is the equity execution day. The date of receipt/payment of funds are different depending on different exchanges. Regarding US exchange Products, the payment deduction of buy order is T+1 business day and the receipt of sell order is T+1 business day. Regarding Hong Kong exchange Products, the payment deduction of buy order is T+1 business day and the receipt of sell order

is T+3 business days.
For ETFs products beginning with the Bank's internal product code 7, the funds from redemption will be transferred to the account in 5-7 business days after the Bank's receipt of our custodian bank's notice of fund transferring).

(2) Settlement and allocated income: The Bank's settlement and allocated income will be transferred to the client's current deposit account for foreign currency. But if, when the Bank is processing fund transfers, the above account is in an abnormal status and fund transfer fails as a result, the client agrees the Bank may instead transfer the funds to the client's deposit account that is most recently opened with the Bank and is a valid and active account.

9. Method of distributing dividends and other incomes arising out of corporate events: The Bank will transfer the allocated amount received from the upstream counterparty (securities firms/issuing institutions) or from the custodian bank to the client's personal account within 5-7 business days after our receipt these funds.

10. Trust account statement and transaction notice
Consolidated monthly statement: The Bank provides the "consolidated monthly statements" for the client's verification.
Trust account transaction notice: The Bank provides the "notice for subscription/redemption of securities under non-discretionary money trust investment" within 10 business days of the client's execution of trust transaction to the client for verification. In case of partial redemption of the Product, the accumulated balance of investment on the account will be deducted according to the first-in-first-out rule based on the number of redeemed shares.
If the price or the number of units/shares of the investment in the trust account of the client is display incorrectly, no matter whether the mistakes are caused by the issuer, the Bank or the custodian bank or due to other reasons, the Bank may revoke such posting in the trust account without notifying the client/beneficiary in advance. If the Bank discovers the error after the client/beneficiary sells the investment, the client/beneficiary shall return the relevant amount that should be returned to the Bank immediately per notification of the Bank.

11. Taxation and 2nd Generation National Health Insurance (“NHI”) Supplementary Premium: Taxes will be handled in accordance with local tax laws of the jurisdiction governing the underlying investment as well as investor’s tax residency.
(1) U.S. Tax Compliance: Currently, Taiwanese residents investing in US stocks are subject to **30% tax for income from dividends** (to be withheld before income is allocated), and there is no tax on capital gains. The Internal Revenue Service (IRS) announced regulations on the withholding and information declaration of the transfer of publicly traded partnerships (PTPs) held by non-U.S. investors in accordance with Section 1446(f) of the Internal Revenue Code (IRC Section). The regulations are effective on January 1, 2023. In order to reduce the complex tax risks and impacts derived from investing in these securities, the Bank has no longer accepted transaction instructions to buy PTP-related securities since September 19, 2022. However, redemption of the relevant securities is still available through the

original trading channel. The above information is based on the current IRS announced laws and future regime may be different due to future changes in regulations. The Bank will no longer notify client of such changes in laws related to PTP products in the future. The client is advised to monitor the development of relevant laws and regulations and understand the impact on their rights and interests.

(2) Taiwan Tax Compliance and 2nd Generation NHI Supplementary Premium Obligations:

(a) According to Taiwan’s current Income Tax Act and related regulations, capital gains from offshore investments held by individuals residing in Taiwan are classified as offshore-sourced income. If the total annual offshore-sourced income (including capital gains, dividends, interest, etc.) exceeds NT$1,000,000, it must be fully included in the basic income for calculation of alternative minimum tax purposes.

(b) Additionally, dividends or interest derived from onshore or offshore investment products and sourced from Taiwan or Mainland China (e.g., TSMC ADRs, Ping An Insurance H-shares or ADRs, or funds distributing income originating from Taiwan and Mainland China) must be reported as part of his/her consolidated income for taxation or subjected to separate taxation. Such distributions of dividends or interests are also subject to withholding for 2nd generation NHI supplementary premiums at the time of distribution in accordance with relevant NHI regulations.

(c) Investors are reminded to file their personal income tax returns truthfully in compliance with the relevant tax laws. 2nd generation NHI supplementary premiums may be included in itemized deductions for tax calculation purposes. For any questions regarding tax filing, investors are advised to seek advice from a tax professional.

The above tax information is for general reference only and may not apply to all circumstances. Investors are advised to consult tax professionals for personalized advice before making investment decisions. Any matters not covered herein shall be governed by the applicable terms and conditions of the General Agreement and relevant tax laws.

12. Risk disclosure: Please see "Risk Disclosure Statement for Investment in Non-Discretionary Money Trust Exchange-Traded Funds (ETFs) / Foreign Stocks / Real Estate Investment Trusts (REITs)" for details.

13. All statutory fees charged by the exchange and related custody fees payable by the client in accordance with the practice of handling the underlying investment in the financial market or pursuant to the applicable laws governing the underlying investment shall be borne by the client.

14. If the client wishes to provide any feedback on or is dissatisfied with the services provided by the Bank, please directly contact your relationship managers or send your feedback/complaint by (1) calling our Customer Service Center (02-66166000), (2) visiting one of the Bank's branches across Taiwan, or (3) calling the Complaint Line (0800-050-018).

15. Investor Notice: For rights and obligations relating to the trust, in addition to the information contained in the trust transaction instructions and the product and service prospectus, the client and the Bank both agree to act in accordance with the terms and conditions in respect of the trust signed by the parties, as in the General Agreement. Investors are strongly advised to review information and regulation relating to individual underlying investments before making a decision to invest in this Product. Investors should also understand the details of their investment and associated risks, including but not limited to losses of investment principal, changes in exchange rates, fluctuations in prices and political risks. Investors select this investment based on their independent determination. All capital gains and proceeds from the investment in the Products with the trust funds shall be for the benefit of the client. Related investment risks, expenses and taxes should all be borne by the client. The Bank is not responsible to manage or trade securities. Nor is the Bank responsible for profits or losses of securities. Further, the Bank does not provide any guarantee on the principal of securities or their proceeds. The Bank does not take any responsibility for the acts or omission of act by fund management company, securities firm, custodial institution, other broker or their agents and employees. The trust funds delivered by the client to the Bank are for subscription of securities, not deposits. Nor do they form part of the deposits or liabilities of the Bank, HSBC Group and their branches. Non-discretionary money trust funds are not covered by the insurance provided by Central Deposit Insurance Corporation. The Bank shall exercise care of a good faith manager and perform its fiduciary duties when handling trust business. The Bank does not guarantee performance of management of trust business or use of trust funds. The client is solely liable for profits and losses. When trust assets are used for investment other than deposits, they will not be covered by the deposit insurance. The Bank reserves the rights to modify this product and service prospectus and trading operational rules in accordance with the applicable laws and internal policies.

16. The Bank accepts the investor's request to invest in the Products with non-discretionary money trust according to the investor's instruction on how funds may be used. The Bank, in our capacity as trustee, appoints HSBC to provide services for placing trading orders and custody, which is transactions with the related parties under Article 25, paragraph 1 of the Trust Enterprise Act.

17. Information about the exchange: The Products the Bank is asked to trade are stocks publicly traded at the foreign exchange. Public information about individual commodity may be available on the public information websites. The client is advised to understand information about the commodity they wish to invest or have invested and its issuer. The client agrees and understands by notifying the client of changes in the information about the Products they invested in, the Bank should not be deemed to have the obligation to track changes in the information about trading of the Products and notify the client of the changes. Investors may access relevant information of the official websites of the exchanges:

US:	The New York Stock Exchange (NYSE) www.nyse.com
	The Nasdaq Stock Exchange (NASDAQ) www.nasdaq.com
Hong Kong:	The Stock Exchange of Hong Kong (HKEX) www.hkex.com.hk

Risk Disclosure of Investment in ETFs/Foreign Stocks/REITs through Non-Discretionary Trusts

Exchange-trade funds (ETFs)/foreign stocks (stocks)/real estate investment trusts (REITs) are all listed and traded on exchanges. ETFs are funds that provide investors opportunities to share the performance of indices and are set to track the performances of specific indices. Therefore, investing in ETFs is more likely to bring returns similar to those of indices and can bring the benefit of risk diversification. Stocks provide investors opportunities to directly share the performance of companies, with the goal being to earn capital gains. REITs enable general investors without huge capital to participate in the real estate market with lower thresholds, in order to gain from real estate market transactions, rentals, and added values, mainly through asset securitization and fundraising from numerous investors.

Common risks

1. ETFs/stocks/REITs are not subject to the protection of the Deposit Insurance Act, Taiwan Insurance Guaranty Fund, or other relevant protective mechanisms, and have investment risk. The maximal possible loss is the total principal.
2. ETFs/stocks/REITs are not deposits. Investors have to bear their own gains and losses. The Bank is entrusted to invest and does not guarantee principal and interest. Except for the due care of a good administrator, the possible loss of invested amount from investment, loss from currency exchange, or the risk of the dissolution, liquidation, transfer, share split, and reverse split, are borne by the investor.
3. The ETFs/stocks/REITs investments entrusted to the Bank accord with the scopes and conditions set forth in the Regulations Governing the Scope of Business, Restrictions on Transfer of Beneficiary Rights, Risk Disclosure, Marketing, and Conclusion of Contract by Trust Enterprises, Regulations Governing Securities Firms Accepting Orders to Trade Foreign Securities and relevant directives of the competent authorities of the R.O.C. However, this does not indicate the absence of risk.
4. The risk of trading ETFs/stocks/REITs varies in terms of the product and the market in which the product is traded. The investor should understand the features and risks of the product, as well as the region where the issuing company operates and the change of sovereign rating of the invested foreign security.
5. The investor’s investments in ETFs/stocks/REITs are based on independent and prudent judgments. In addition, the investor should understand before investing the possible risks of (including but not limited to) country, interest rate, liquidity, currency exchange, inflation, settlement, event (market risk), tax, and credit. The

Bank does not guarantee any profit or protection of the initial investment amount of foreign securities.
6. The investment performances of ETFs/stocks/REITs may differ based on different timing. Past performances do not guarantee future performances. Offshore stock dividend rates do not represent offshroe stock return rates. Past dividend rates do not indicate future return rates. The prices of ETFs/stocks/REITs may fluctuate due to market factors.
7. Transaction Risk of ETFs/Stocks/REITs: The trading of ETFs/stocks/REITs may be subject to special mechanisms of foreign exchanges or markets on which they are traded, for early closing or suspension of trading. This will limit the ability to buy or sell specific ETFs/stocks/REITs, and the actual strike price may cause transaction losses.
8. ETF/Stock/REIT Tax Risk: The income of ETFs/stocks/REITs can be affected by the tax regimes applicable to the product, issuer, and investor. The change of tax-related regulation may further impact.
a. The Bank, when subject to laws requiring tax withholding, will withhold tax upon payment in accordance with related tax laws. If tax laws change, the tax of the investor will be governed by the relevant laws and regulations, and the gain and loss of the investor may be different from the expectation when buying.
b. Risk of Taxation affecting Returns after Dividends: Because the countries (or regions) in which investors give instructions to invest in offshore listed stocks vary, tax rate regulations on dividends of shares and capital gains vary as well. The tax rate regulations applicable to the foreign exchanges on which investors order to invest shall still be governed by the laws and regulations of local governments. Stock dividend income tax will be withheld in advance from the cash dividend distributed by US-listed ETFs/stocks/REITs to non-US nationals, thereby affecting the after-tax return after dividend distribution.
9. Price Fluctuation and Principal Risks: The prices of ETFs/stocks/REITs may severely fluctuate in a short period of time due to some factors. Investors may lose part of or all of the initial principal due to investment risk.
10. Liquidity risk: Some ETFs/stocks/REITs may not have adequate market liquidity and may be hard to or unable to trade, stopped from trading or delisted from the market. This may lead to losses to the investor. In addition, in the event of inadequate liquidity, investors may not access reliable information on the prices of ETFs/stocks/REITs.
11. Currency risk: Regarding ETFs/stocks/REITs denominated in foreign currencies, investors should note that when foreign currency income and principal are converted to local or other currencies, currency exchange loss may occur.

12. Regulatory risk: Investments in ETFs/stocks/REITs should be in accordance with the state laws and regulations and markets of the countries concerned. If such laws or regulations differ from those of the R.O.C., the risk of the interest of the investor being affected due to changes in local regulation may occur. Investors are obligated to comply with not only the laws, rules, and regulations of the government and self-regulatory institutions of the R.O.C. but also local laws and regulations and market rules, regulations, and conventions. Moreover, offshore exchanges or markets may have in place special mechanisms for early closing or announcing a suspension of trading, which may restrict specific buy or sell transactions and prevent a transaction from being consummated at the price anticipated by the investor.
13. Operational risk: The operation of the issuing companies of ETFs/stocks/REITs may affect the prices of the securities. For example, a company may suffer severe decline in earning or even go bankrupt.
14. Settlement risk: An emergency, market factor, or holiday of the location of an ETF/stock/REIT settling and clearing institution or a counterparty, resulting in a change of the terms of settlement, may prevent settlement temporarily or delay settlement.
15. Market and event risks: Factors that may affect the prices of ETFs/stocks/REITs include political and economic environments, commercial conditions, confidence of investors, and significant events etc. The factors may occur in any market and cause losses to investors.
16. Country risk: Events of force majeure such as wars in the issuance or exchange markets of ETFs/stocks/REITs may result in losses to investors.

Risks possibly involved in investing in stocks:
1. Market risk
a. Impacts of changes in the issuer of the stock held, e.g., errors in the company's operational policy or inappropriate financial operations or arrangements, may result in performance declines, affecting the company's stock price performances.
b. Changes in the environment of a specific industry may create high risks, intensifying oscillations of the stock prices of such industry.
c. Investors should pay attention to the creditworthiness and credit ratings of stock issuers, which can appropriately reflect their solvency. A rating downgrade o may result in a fall of the market price of the stock issuer and incur investment losses.

Risks possibly involved in investing in preferred stocks:
1. Market risk: a. An economic change or other incident impacting the market will be reflected in an increase or decrease in interest rates and exchange rates and market

expectations, resulting in a rise or drop of the prices o preferred stocks. b. Impacts of changes in the issuer of the preferred stock held, e.g., errors in the company's operational policy or inappropriate financial operations or arrangements, may result in performance declines, affecting the company's preferred-stock price performances. c. Changes in the environment of a specific industry may create high risks, intensifying oscillations of the preferred-stock prices of such industry. d. Investors should pay attention to the creditworthiness and credit ratings of preferred-stock issuers, which can appropriately reflect their solvency. A rating downgrade may result in a fall of the market price of the preferred-stock issuer and incur investment losses.

2. Risk of trading on offshore exchanges:

a. Investing in preferred stocks shall conform to the state laws and regulations and market rules of the countries concerned. Such laws and regulations and market rules may differ from the securities exchange laws and regulations of the R.O.C. (e.g., some of the foreign exchanges impose no price limit), and the degree of protection may also be different. Investors and securities firms are obligated to comply with not only the laws, rules, and regulations of the government and self-regulatory institutions of the R.O.C. but also local laws and regulations and market rules, regulations, and conventions.

b. Risk of early closing and suspension of trading: The special mechanisms of foreign exchanges or markets on which preferred stocks are traded, for early closing or suspension of trading, will limit the ability to buy or sell specific preferred stocks, and the actual strike price may cause transaction losses.

3. Payout disruption risk: Should the board of directors (or a related committee) of an issuer of preferred stocks resolve not to pay dividends for the current period, investors will not be entitled to any dividend for said period thus will suffer from a disruption of anticipated payouts, with the undistributed amount not carrying forward to subsequent periods. Issuers of preferred stocks have no obligation to combine and pay the aforementioned dividends which, as resolved, will not be distributed, with dividends for subsequent periods.

4. Risk of early call by the issuer: Issuers of preferred stocks have the right but not the obligation to buy back from investors the offshore preferred stocks in which the investors have invested, at any time after a designated date (normally five years after the issuance date, subject to the terms of the prospectus of the preferred stock concerned), upon prior notice given within a certain period (normally 30 days, subject to the terms of the prospectus of the preferred stock concerned), subject to the approval of the competent authority of the issuer. The redemption price is the unit par value per share plus the cash dividends of the current period up to the call

date (inclusive).
5. Risk of reissuance by the issuer: Issuers of preferred stocks have the right to issue securities under the same conditions as those governing the offshore preferred stocks in which investors invest, to constitute the same series of products as such preferred stocks. This may result in a drop in the market price of said stocks.
6. Risk of voting right restrictions: Investors of preferred stocks generally cannot participate in shareholder meetings of issuers of offshore preferred stocks. Preferred stocks invested in by investors carry no voting rights, or will investors receive notice of shareholder meetings from issuers of preferred stocks.

Risks possibly involved in investing in ETFs:
Liquidity risk of derivatives products:
1. Investors will face higher liquidity risk if the invested ETFs include or link to derivatives because the transaction volume of this kind of products in the secondary market is low. It is also because the prices for this kind of products lack transparency and widen the bid/ask spread, thereby making the investors undertake more cost of spread when buying and selling.
2. Risk of tracking errors:
ETFs cannot complete replicate or track the target indices and there might be difference between the NAV of an ETF and the correspondent equity index.
3. Risk of linked products:
The return or loss of an ETF will be affected by the changes of the price of linked asset or index.
4. Systemic risk of tracking indices:
Although there is no Alpha risk in investing ETFs, there is Beta risk.
5. Industry risk:
Changes in the environment of a specific industry may create high risks, resulting in a drop of the prices of ETFs relevant to such industry.
6. Risk of using derivatives:
Although the invested amount from an ETF in a derivative may not be large, the risk and loss may exceed the amount invested in the financial products. In particular, when a financial product are leveraged, using it may largely affect the value of the ETF. Besides, if a derivative cannot totally correlate to a tracked index, or if the trading counterpart requests to end the transaction immediately thereby preventing the ETF from achieving the investment objective, the performance may be worse than expected.
7. Risk of security lending:
The ETFs conducting security lending will face counterpart credit risk. When the

security borrower fails to return the borrowed securities as contracted, the ETF may incur loss. If the counterpart is unable to fulfill the contract, although the issuing institution of an ETF possesses the collateral provided by the counterpart, once the right to disposition is exercised the market price of the collateral may be severely lower than when it was pledged, thereby causing loss to the ETF.

Other risks possibly involved in investing in leveraged and short ETFs:
A leveraged or short ETF tracks, simulates, or replicates a multiple of the performance of an index or a multiple of the inverse performance of an index. Investors should fully understand the relationship between net value and the performance and inverse performance and also multiples of an underlying index. The purposes of a leveraged or short ETF are only to track, simulate, or replicate a multiple of the performance or inverse performance of the daily return, instead of the cumulative return within a certain period of time, on an index. Therefore, it is not advisable to obtain cumulative returns by holding a leveraged or short ETF for a long term.
Leveraged or short ETFs are suitable only when market trends are well-defined and fluctuations are minor. Since their target is a multiple of the performance or inverse performance of only the daily return on an underlying index, given daily compounding, the long-term returns on leveraged and short ETFs will deviate from a multiple of the performance or inverse performance of general indices. In such case, these ETFs are more suitable for investors who are able to pay consistent attention to performances of investment portfolios to make short-term investments in. Below are the risks of leveraged or short ETFs:
8. Risk of using derivatives
Although the invested amount from an ETF in a derivative may not be large, the risk and loss may exceed the amount invested in the financial product. In particular, when a financial product is leveraged, using it may largely affect the value of the ETF. Besides, the ETF may be prevented from achieving the investment objective if the derivative cannot totally correlate to the tracked index. In the event of a swap, the trading counterpart may request to end the transaction immediately if the NAV plummets in response to market changes. The ETF in such case may not be able to directly proceed to another swap or investment in other derivatives to achieve the initial investment objective contemplated, resulting in worse performance than expected.
9. Compounding risk
Compounding affects investments, more so in the event of a leverage. Since a leveraged or short ETF is designed with *“daily return” as target to achieve the

“tracking of a constant multiple of return,” if the ETF is held for more than a day, the daily return, whether positive or not, will accumulate through compounding when the leverage resets on a daily basis to achieve the tracking of a constant multiple of return. Over a “a period of time,” the performance of the ETF will no longer be the same as initially intended for the investment. For example, a “double long” ETF is to deliver two times the daily return on the index, a "short” ETF is to earn a -1 daily return on the index, and a “double short” ETF is to gain a -2 daily return. Take for instance a double long ETF. If a double long ETF is held over a period of time (more than a day), even though the index delivers a positive return during such period, the holder may not be able to obtain twice the return, and the return may even become negative, because of the compounding effect applicable when the fund is held for more than a day. In particular, when no trend is developed of the index being tracked by the ETF due to vast daily oscillations, the compounding effect may cause an unexpected impact and even investment losses even when the market trends are favorable to investors. *In regard to ”daily return,” a day means the period from the current NAV calculation to the next one. (Note: The Bank (i.e. trustee) is unable to offer day trades currently. Investors of leveraged or short ETFs may be exposed to compounding risk when the holding period exceeds one day.) Below is an example of a “double long” ETF that tracks the S&P 500 index. The impact of compounding risk on leveraged ETFs is expounded through an analysis of different case scenarios. The returns on the “double long” ETF, shown in “Row B,” in cases 1 to 5 below are respectively 44%, -36%, -4%, -4%, and -100%, not “twice the returns in ‘ Row A’ (total two-day S&P 500 return).” In case 5 in particular, the return on the double long SP& 500 ETF is “-100%” when the two-day total S&P 500 return is “0%,” meaning the loss of the full trust principal.

Below are the returns of the S&P 500 index:

		Case 1	**Case 2**	**Case 3**	**Case 4**	**Case 5**
Day 1 (actual rise or fall of the day)		10%	- 10%	10%	- 10%	- 50%
Day 2 (actual rise or fall of the day)		10%	- 10%	- 10%	10%	100%
Row A	**Two-day total S&P 500 return**	**21%** (1.1 x 1.1) - 1	**21%** (1.1 x 1.1) - 1	**- 1%** (1.1 x 0.9) – 1	**- 1%** (0.9 x 1.1) - 1	**0%** (0.5 x 2) -1

Below are the returns when investors opt for a “double long S&P 500 ETF:”

	Case 1	**Case 2**	**Case 3**	**Case 4**	**Case 5**
Day 1 (actual rise or fall of the day)	20%	- 20%	20%	- 20%	- 100%

Day 2 (actual rise or fall of the day)		20%	- 20%	- 20%	20%	200%
Row A	**Two-day total return of double long ETF**	**44%** (1.2 x 1.2) - 1	**36%** (0.8 x 0.8) - 1	**- 4%** (1.2 x 0.8) – 1	**- 4%** (0.8 x 1.2) - 1	**- 100%** (0 * 2) - 1

10. Short sale exposure risk

Short ETFs may achieve inverse exposure by holding derivatives. This will expose the ETFs to related short ETF risks, including, under certain market conditions, increased fluctuations or reduced liquidity of the short asset, which will limit the ETF's ability to achieve inverse exposure by holding derivatives or force the ETF manager to resort to other investment strategies that are costlier or not desired, resulting in ETF losses. In extreme circumstances, the ETF may not be able to achieve the investment objective in the absence of counterparties if the short position generates no trade volume or if the relevant market is restricted. The ETF issuer's ability to create additional units will also be affected. To achieve inverse exposure through derivatives holding is normally deemed an active operational strategy.

11. Intraday price performance risk

When an investor buys an ETF at any time within trading hours, rebalancing of the leverage multiple of the ETF of the day may not have been completed by the time the trade is conducted, so that the daily return of the ETF (performance from the current NAV calculation to the next one) may be greater or less than the stated multiple of the ETF.

Other risks possibly involved in investing in offshore REITs:

1. Market risk

a. REIT price fluctuation risk: REIT prices may rise or fall on account of changes in the following: interest rates and macro-economic environment, real estate market, prices of underlying assets of REITs, and anticipated returns or actual operating condition of underlying assets of REITs.

b. Real estate price variation risk: Factors affecting pries of the underlying assets of REITs include: macro economy, policy reforms, locations of the real estate, uses of lands and buildings in neighborhoods, public facilities and traffic in neighborhoods, future development trends in neighborhoods, legal controls on land, land uses, buildings, and assessments of surrounding buildings etc. If such assets are few and overly concentrated in a specific area or nature, the stability of the REIT value will be affected.

c. Risk of changes in anticipated returns: When any of the following occurs to the underlying assets of REITs, cash flows may fall short of expectations, affecting the stability of rental income from such assets: a drop in the letting rate, a drop in rental rates, non-renewal of an expired lease, tenant defaults on rental payments, early termination of a lease, execution of a new contract, delays in relevant legal proceedings, and inability to seek overdue rental payments from defaulting tenants timely etc., or competitions from those in the same or a different industry, which lead to a decrease in the profit rate or rental occupancy rate.

2. Liquidity risk

a. Risk of inadequate liquidity of the REIT market: Inadequate REIT liquidity, suspension of REIT trading, or other factors may render trading impossible or result in partial trading. Investors should take heed of pricing and market risks stemming from liquidity risk.

b. Risk of inadequate liquidity of the real estate market: Disposition of an underlying asset of an REIT may entail a risk of inadequate liquidity of the real estate market if the asset is real property. As a result, it will not be easy or will be impossible to convert the asset into cash within a short time.

3. Interest rate risk

a. Risk of a drop in REIT prices on account of a rise in interest rates: Rising interest rates send funds flowing to the banking system. As a result of the possible impact on the capital market, needs for REIT may decrease, leading to a drop in REIT prices.

b. Risk of an increase in lending costs on account of a rise in interest rates: REITs may obtain funds by loaning or borrowing then investing the funds in relevant assets and expanding operations. But since lending rates will change along with changes in the financial market, interest expenses may also rise or fall, affecting REIT operations. Furthermore, some of the REITs that mainly engage in the investment in mortgage loans may buy long-term mortgage backed securities through short-term loans, in which case REITs will incur losses when the spread between short-term and long-term interest rates narrows or when long-term interest rates are lower than short-term rates.

c. REITs that mainly engage in the investment in mortgage loans and mortgage backed securities may suffer from the impact of prepayments by borrowers on REIT returns when interest rates go down.

4. Risk of trading on offshore exchanges:

a. Investing in offshore REITs shall conform to the state laws and regulations and market rules of the countries concerned. Such laws and regulations and market rules may differ from the securities exchange laws and regulations of the R.O.C. (e.g., some of the foreign exchanges impose no price limit), and the degree of protection may also be different. Investors and securities firms are obligated to comply with not only the laws, rules, and regulations of the government and self-regulatory institutions of

the R.O.C. but also local laws and regulations and market rules, regulations, and conventions.
b. Risk of early closing and suspension of trading: The special mechanisms of offshore REIT exchanges or markets for early closing or suspension of trading will limit the ability to buy or sell specific REITs, and the actual strike price may cause transaction losses.
5. Leverage risk: An REIT may obtain funds by loaning or borrowing then investing the funds in relevant assets and expanding operations. This may increase the financial leverage of the REIT, affecting the stability of its operations and raising its price volatility. Furthermore, some of the REITs that mainly engage in the investment in mortgage loans and mortgage backed securities may suffer from rising price volatility because of their relatively frequent leverage use.

This Risk Disclosure is a part of the General Agreement with the same effect as the General Agreement. The risks disclosed in this Risk Disclosure are just several examples and may not completely describe the transaction risk and the factors that affect the prices of ETFs/stocks/REITs. Therefore, we remind investors that they should fully understand the essences of ETFs/stocks/REITs and relevant financial, accounting, tax, or legal issues, and to what degree can they take risk, before making investment.
Investing in ETFs/stocks/REITs involves risks. The Bank does not guarantee the initial principals and incomes of investors and is not responsible for managing investment performance. Investors should bear their own gains and losses. Funds of non-discretionary trusts are not bank deposits therefore not covered by bank deposit insurances. The aforementioned investment risks are all borne by investors solely. Investors are advised to determine whether they are capable of bearing the risks before investing.