



V20190901

Foreign ETF/Stock service agreement through Non-Discretionary Trust

The content of the foreign ETF/Stock service agreement includes the way to place orders, the restriction of buy/sell dollar amount, and the charging standard for the foreign ETF/Stock traded at US and Hong Kong exchanges. The clients must carefully read the service agreement before investing. This foreign ETF/Stock service agreement may vary due to the changes of regulation, exchanges/markets, or other rules. Besides, the content of service agreement retains the right for HSBC to change products, services, or charging standards anytime. The content of changes will be delivered or announced in accordance with relevant regulation or agreement in the contract. The details of all products and services should be upon the contract actually signed.

	<p>Buying or selling ETF that are accepted by the Bank before 2019/10/15 (inclusive). After 2019/10/16 (inclusive), Only <u>selling ETF existing holdings</u> that are received by the Bank (included)</p>	<p>Buying or selling foreign Stock that are accepted by the Bank after 2019/10/16 (inclusive) and buying or selling with <u>new ETF holdings</u>.</p>
Business hours	<p>From Monday to Friday, 9:00-15:30 (GMT+8). However, HSBC may suspend the business in case of the following situations: (1) The business is suspended during non-business days in Taiwan. (2) During the business days in Taiwan, when the trading markets cannot provide quotes because they are not in business days or because of</p>	<p>From Monday to Friday, 9:00-16:00 (GMT+8). (except online banking) However, HSBC may suspend the business in case of the following situations: (1) The business is suspended one day before a non-business day in Taiwan. (2) During the business days in Taiwan, when the trading markets cannot provide quotes because they are not in business days or because of force</p>

	force majeure, HSBC will not take orders in those markets. (3) The need to suspend services due to other special situations or operations.	majeure, HSBC will not take orders in those markets. (3) The need to suspend services due to other special situations or operations.
Channel	Customers can do the business in the branches or call center of HSBC in the indicated period of time.	Customers can do the business in the branches, Online banking, and call center in the indicated period of time.
Order Types	Limit order	Limit order, market order
Applicable price	(Hong Kong Exchange) Orders placement before AM11:30 in a day will be applicable to the prices in the afternoon in that specific day. Orders between AM11:30 and PM15:30 in a day will be applicable to the prices in the next day. (US Exchange)Orders placement before PM15:30 in a day will be applicable to the prices in the same day.	Orders in a day will be applicable to the prices in the exchange in that specific day.
Buy fee	Business at branches of HSBC: 1% (The buy trade service from branch or call center will not be available after 2019/10/1 (included))	Through Call center: 1.2% Through Online banking: 1% * The minimal charged fee will be no less than the “lowest transaction fee”
Sell fee	Business at branches of HSBC or call center: 1%	Through Call center: 1.2% Through Online banking: 1% * The minimal charged fee will be no less than the “lowest

		transaction fee”
Lowest transaction fee	N/A	(Hong Kong Exchange) HKD 250 CNY 250 (US Exchange) USD 30
Lowest transaction amount	(Hong Kong Exchange) HKD 50000 CNY 40000 (US Exchange) USD 5000	(Hong Kong Exchange) HKD 15000 CNY 15000 (US Exchange) USD 2000
Inquiry of transaction results	Customers can call the call center or our branches to inquire about the order status and results after the date after 1 transaction date. HSBC can notify customers about the order results through SMS.	Customers can directly login Online banking and call the call center or branches to inquire about the latest order status and results the date after 1 transaction date. HSBC can notify customers about the order results through email or agreed approaches.

1. Product scope and restriction

An exchange-traded fund is a fund listed and traded in an exchange that provides investor opportunities to share the performance of indices. A foreign stock is a security listed and traded in an exchange that provides investor opportunities to share the operating performance of an issuing company. The foreign stock/ETF are in accordance with the rules of the regulator and are foreign securities traded in US/Hong Kong Exchanges. According to the current rules of the regulator, the foreign stock/ETF of HSBC, which is trusted to invest in foreign securities, should adhere to the rules below:

- 1) No NTD denomination.
- 2) Investment related to the scope and restriction in the China or Hong Kong and Taiwan areas will be subject to the fifth rule of the regulation of brokers commissioned to trade foreign securities.

- 3) Investment in securities listed abroad by local companies is not allowed.
 - 4) For non-PI or those not qualified according to legal requirement, the ETF trust investment should majorly in stocks or bonds and should not have the effect of leverage of short position.
2. Identity restriction: customers cannot have the identity of US citizens or residents or possess the permanent resident card of US. Customers also cannot be US personnel indicated by the 1933 US Security Law (modified)
3. Investment currency: the investment currency of the trust investment should be the denominating currency of the investment product
4. Cash hold amount
- 1) The currency of the cash hold of the product is the currency of the investment product indicated by customers
 - 2) Total cash hold amount is the indicated price*presumed traded units plus buy fee/sell fee. The indicated price is the price indicated by the customers when trading.
 - 3) HSBC doesn't guarantee full execution. Each order may be fully executed, unexecuted, or partially executed. In the case of non-execution, HSBC will automatically release the cash hold and the order will be invalid since then and not available to be used for continuous trader orders thereafter.
5. Order placement rules and approaches/ restriction of trading
- 1) Day-trading is not available in this business
 - 2) The number of unit of every buy order must fulfill the restriction of the lowest transaction amount and the lowest transaction volume. Each order can be indicated to fully sell or partially sell. In the case of partial sell, the number of transaction unit should fulfill the restriction of the lowest transaction volume. When HSBC takes a sell order, it may be most quickly processed to sell one business day after the buy order was executed and confirmed in the exchange. Besides, when ordered to fully or partially sell, the number of unit will be the transaction quantity booked in the record.
 - (3) Customers can freely assign buy/sell prices. However, actual strike prices will be based on actual transaction in the market. HSBC retains the right to change the approach of transaction price.
 - (4) HSBC can collectively process orders of a same price and of a same product and deliver an order to our counterpart (brokers (or their agents)) to integrate the sum of investment in the product. If the counterpart (brokers (or their agents)) notifies of the situation of partial execution, HSBC will make the allocation based on sequence of customers making the orders time.
 - (5) If customers want to cancel orders, the deadline of the cancellation of orders is

same as that for orders. However, the cancellation of an order can only be executed before the exchange transaction is completed. If the transaction is already completed in the exchange, then the order cannot be canceled.

(6) The trading market information below will be updated based on the situation of the local markets and the regulation changes. The content of update will be delivered or announced in accordance with relevant laws or contracts.

Market names Items	US	Hong Kong																								
Trading time (Taipei time)	21:30 ~ 04:00 (daylight saving time: Summer time) 22:30 ~ 05:00 (Winter time)	10:00 ~ 12:30 14:30 ~ 16:00																								
Minimal transaction units	1 share	1 lot * Each Individual stock has a different restriction on the lowest transaction volume.																								
Transaction currency	USD	HKD/CNY																								
Range of price order	No limit	Buy: upward 5 ticks, downward 20 ticks Sell: upward 20 ticks, downward 5 ticks																								
Tick	Based on 1 USD	<table border="1"> <thead> <tr> <th>Price range(HKD)</th> <th>Tick</th> </tr> </thead> <tbody> <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> </tbody> </table>	Price range(HKD)	Tick	0.01-0.25	0.001	0.25-0.50	0.005	0.50-10.00	0.010	10.00-20.00	0.020	20.00-100.00	0.050	100.00-200.00	0.100	200.00-500.00	0.200	500.00-1,000.00	0.500	1,000.00-2,000.00	1.000	2,000.00-5,000.00	2.000	5,000.00-9,995.00	5.000
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2,000.00-5,000.00	2.000																									
5,000.00-9,995.00	5.000																									
Price fluctuation	No price fluctuation limit	No price fluctuation limit																								

(7) The market order for foreign ETF/stocks is only available to trade during the exchange open time. HSBC will take the market price at the time the customer place the order plus a percentage and anticipated transaction fee as well as relevant charges

(if any) to conduct cash hold. However, the actual transaction amount will be based on strike price and transaction unit. If the order is not executed in the valid period (due to the security being traded with low volume, suspended or terminated from trading, or that the market was not open), HSBC will return the previous cash hold to the customer three business days after the valid period (or make available the deposits on the account). If the market order is executed, but the actual transaction amount plus payable fees and relevant charges is higher than the cash hold amount, customers shall agree that HSBC directly deducts the difference amount from customers' deposit account. If the deposit account balance is insufficient, customers can agree to supplement money into account before the settlement day. If customers do not supplement money into account, they shall agree that HSBC deducts the difference amount from customers' any kind of deposit accounts in our branches. Currencies deducted by HSBC and will be based on the middle prices of HSBC's announced currency rates. If it is not enough even after HSBC exercises the right of offset, customers shall agree for HSBC to sell the Foreign ETF/Stocks on the settlement date at limit price (based on the closing price of prior the day) to compensate the difference amount. The received amount net of transaction fee, custodian fee and relevant charges will be transferred to the deposit account indicated by the customer. If the received amount is lower than the cost of the customer buying the security, the customer must undertake the loss.

(8) The odd lot transaction on the Hong Kong exchange be accepted includes buy and sell trades. However, the sell trades of odd lots must abide with the restriction of the lowest transaction volume. Based on the concerns of trading practice and risk, the products in the US exchange do not accept transaction of odd lots.

(9) If HSBC is notified of the dividend distribution of either cash or share about the trusted and invested foreign ETF/stock, HSBC will prioritize to accept cash dividend on behalf of customers.

(10) HSBC will only distribute integer numbers of share dividend for foreign ETF/Stocks in the US exchange to customers' trust account. If there is any odd lot stock, HSBC will sell it at market price and transfer the received cash net of relevant charges to the deposit account indicated by the customer.

(11) If the denominating currency of the cash dividend distributed by the foreign stock/ETF is different from the denominating currency of the foreign stock/ETF, HSBC will exchange the cash dividend with the denominating currency of the stock/ETF based on the exchange rate on the day of dividend payment day and transfer the amount to the deposit account indicated by the customer.

6. Fee information

In addition to the buy fee and sell fee described in the above table, the following trust

custodian fees are 0.2% per annum and will be deducted from the redemption amount when the customer sells foreign securities. The minimum equivalent is NT\$1 trust custodian fee. The exchange charges and taxes are subject to the announcement of each exchange, and the amount received is unconditionally carried to 2 decimal places. In the event of all changes to the transaction, the Bank will notify or announce in accordance with the relevant regulations/contracts. The relevant fees will be charged according to the notice of the exchange, and not limited to single or multi-day valid orders. If exchange charges and taxes are changed, HSBC will notify or announce in accordance with the rules of relevant laws/contracts.

Exchange charges and Taxes	HK Exchange (%)		US Exchange (%)	
	Buy trade	Sell trade	Buy trade	Sell trade
STAMP DUTY	0.1	0.1	0	0
TRADING FEE(SEC FEE)	0.005	0.005	0	0.00207
TRANSACTION LEVY	0.0027	0.0027	0	0

7. Transfer of redemption amount: the redemption amount will be transferred into the customer's account. The transfer time of the foreign ETF/Stock traded in foreign security markets is 5-7 days after HSBC receive the transfer redemption amount notification by our counterpart.

8. The approach of distributing income from dividend: HSBC will transfer the assigned dividend amount received from the counterpart (brokers/issuing institutions) to the customer's account 5-7 days after we receive the transfer the assigned dividend amount notification.

9. The trust account composite statement and contract note

Composite statement: HSBC provides the composite statements on the monthly basis for our customers to check the balance. Contract note: HSBC provides the contract note after 10 business date of execution for our customers to check the transaction.

10. Tax: tax issues will be processed in accordance with local tax related regulation. The US stock dividend tax rate is 30% for Taiwanese resident, and there is no tax levied on capital gains. Besides, customers should still report their taxes in accordance with Taiwan tax regulations. Currently, the dividend and capital gain from investment by a natural person in foreign securities do not have to be reported in the individual income tax. If HSBC is obligated to withhold, HSBC will withhold. The tax information mentioned above is for regular conditions only and does not guarantee to apply to all investing environments. Customers should consult tax specialists before investing.

11. Risk disclosure: Please see "Risk Disclosure Statement for Investment in Foreign

Stock /ETF through Non-Discretionary Trust”

12. Expenses and taxation that customers should pay because of the convention of how financial markets handle investment products or because of the relevant regulations applying to investment products will be levied on customers.

13. If customers have opinions or dissatisfaction toward the services provided by HSBC, please directly contact your relationship managers or voice through (1) Customer Service Center (02-66166000) (2) HSBC’s branches across Taiwan (3) Service Line (0800-050-018)

14. Investor Notice: Regarding the rights and obligations of the trust issues, except for the content of the trust transaction order and the product and service manual, customers and HSBC agree to carry out the content of the trust contract such as the aggregate contract. Investors should carefully review the relevant information and rules of each investment target and understand the content and risk (including but not limited to loss of invested amount, from currency fluctuation, from price fluctuation, and from political risk). Besides, the investment should be based on independent decision. The capital gains and interests generated from the trusted capital investment solely belong to the customer. The risk of investment, charges, and taxation will be undertaken by customers. The branches, headquarter, and other branches of the headquarter are not responsible for managing or trading securities and are not responsible for the gain and loss of securities, principal, and income. Besides, they are not responsible for the behaviors or non-behaviors of the mutual fund companies, brokers, custodians, other intermediates or agencies. The money entrusted to HSBC by customers is amounts to buy securities, not deposits or deposits or obligations of the headquarter and branches of HSBC Taiwan, HSBC Group or the Group’s affiliates. The money of non-discretionary trust is not an item insured by the Central Deposit Insurance Corporation. HSBC should conduct the due care of a good administrator. HSBC does not guarantee the management and operating performance of the trust business. Customers should bear their own gain and lost. The entrusted assets used in objectives other than deposits are not protected by insurance. HSBC retains the right to modify the product and service manual and the rules of transactions in accordance of relevant regulations and internal rules.

15. HSBC entrusted by investors to invest in foreign ETF/Stock s through non-discretionary trust is to place orders as a trustee to HSBC Hong Kong and to conduct custody business based on investors’ directions. The transactions with related parties as indicated by the 1 paragraph of the 25 Article of the Trust Enterprise Act.

16. Exchange related information: HSBC provides the access to the official websites of the exchanges of the foreign ETF/Stock s as below. Investors can retrieve relevant information of the websites

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

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Risk Disclosure of Investment in Foreign ETF/Stock through Non-Discretionary Trust

Foreign ETF/Stock are both listed and traded in 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 diversification. Stocks provide investors opportunities to directly share the performance of companies and the goal of investing in them is to earn capital gains.

1. Foreign ETF/Stock are not subject to the protection of deposit insurance, Taiwan Insurance Guaranty Fund, or other relevant protective mechanisms and have investment risk. The maximal loss is the total invested amount.
2. Foreign ETF/Stock are not deposits and the investors have to bear their own gain and loss. HSBC is entrusted to invest and does not guarantee the invested amount and income. 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 customers.
3. The investments entrusted to HSBC accord with “the Regulation of the Disclosure of the Restriction and Risk of the Transfer of Beneficiary Interest of the Scope of Trust Enterprise Operation, Marketing, and Contracts”, “Rules Governing Securities Firms Engaging in Consigned Trading of Foreign Securities”, and the scope and condition of relevant regulations. However, this does not indicate the absence of risk.

4. The risk of trading foreign stocks/ETFs 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 client's investment of foreign stocks/ETFs should be based on independent and prudent judgments. In addition, the client 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 initial investment amount of foreign securities.
6. The investment performances of foreign stocks/ETFs may differ based on different timing, and the past performance does not indicate the future performance. The foreign stock dividend rate does not represent foreign stock return rate and the past dividend rate does not indicate the future return rate. The prices of foreign stocks/ETFs could fluctuate due to market factors.
7. Transaction Risk of Foreign ETF/Stock: The trading of foreign stocks/ETFs may be ceased the mechanism of earlier close market or suspend trading foreign exchanges and markets. This will limit the ability to buy or sell specific Foreign ETF/Stock, and the actual strike price may cause losses
8. ETF/Stock Tax Risk: The income of foreign stocks/ETFs can be affected by the product, issuing institution, and the tax regulation of the investor. The change of tax-related regulation may further impact.
 - a. The Bank, when applied with regulations related to withholding tax, will withhold tax upon payment in accordance with related tax laws. If the regulations change, the tax of the client will alter accordingly and the gain and loss may be different from the expectation when buying.
 - b. The Risk of Taxation affecting the Return after Dividend: Because the countries (or regions) in which customers invest in foreign enlisted stocks vary, the regulations of taxation of dividend of shares and capital gain vary as well. The tax regulation applicable to the exchanges in which customers order to invest will be based on the regulation of local governments. The cash dividend distributed by US-listed Foreign ETF/Stock to non-US people will be withheld the amount of stock dividend income tax, thereby affecting the after-tax return after dividend distribution.
9. The Risk of Price and Invested Amount Fluctuation: The prices of Foreign ETF/Stock may severely fluctuate in a short period of time due to some factors. Investors may lose part of or all of the initial invested amount due to investment risk.
10. Liquidity risk: Some foreign stocks/ETFs may not have enough market liquidity and may be hard to or unable to trade, stopped from trading or unlisted from the

market. This may lead to losses of the investor. In addition, under the circumstance of not enough liquidity, Investors may not access reliable information of the prices of Foreign ETF/Stock.

11. Currency risk: Regarding foreign stocks/ETFs denominated in foreign currencies, investors should notice that when foreign currency income and principal convert to local or other currencies, currency exchange loss may occur.

12. Regulatory risk: Investments in foreign stocks/ETFs should be in accordance with regulations of local countries and markets. If the regulations differ from those of our country, 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 our country and governing organizations but also the laws, rules, and regulations of local countries and markets.

13. Operational risk: The operation of the issuing companies of foreign stocks/ETFs may affect the prices of the securities. For example, a company may suffer severe decline in earning or even go bankrupt.

14. Settlement risk: In case of emergency, market factors, or holidays of the foreign stocks/ETFs settling and clearing institutions' locations or their counterparts, the inability to settle or the delay of settlement may occur.

15. Market and event risk: Political and economic environment, commercial condition, confidence of investors, and significant events are possible factors that can affect the prices of foreign stocks/ETFs. The factors may occur in any market and caused losses.

16. Country risk: Events such as wars in markets may caused losses of foreign stocks/ETFs.

Risk possibly involved in investing in ETFs:

1. The liquidity risk of derivatives products:

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. The risk of tracking error:

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. The 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. The systemic risk of tracking indices:

Although there is no Alpha risk in investing ETFs, there is Beta risk.

5. The risk of using derivative:

Although the invested amount from an ETF to derivatives may not be large, the undertaken risk and loss may exceed the amount invested in these financial products, especially when these financial products are leveraged. Derivatives may largely affect the value of ETFs. Besides, if the derivatives cannot totally correlate to the tracked indices, or if the trading counterparts ask to end the transactions earlier and thereby cause that the ETFs cannot achieve investment objectives, the performance may be worse than expected.

6. The risk of security lending:

The ETFs conducting security lending will face counterpart risk. When the security borrowers don not return the borrowed securities as contracted, an ETF may incur loss. If the counterparts cannot fulfill the contract, although the issuing institution of an ETF possesses the collaterals provided by the counterparts, the market prices of the collaterals at the moment of carrying out the right may be severely lower than those when they were pledged, thereby causing loss to the ETF.

7. The risk of discount and premium of ETFs:

Due to the difference of the trading time of the ETF markets and the markets of invested securities, commodities, futures, and derivatives, the NAVs disclosed by the issuers on websites may be calculated with the latest close prices of the foreign exchanges. Customers should know that the targets tracked and invested by ETFs include the performance of actual products or real-time prices generated by derivatives in other markets. Therefore, if customers only refer to the NAVs disclosed by issuers in websites as the basis to trade ETFs, the risk of discount or premium may occur.

The risk of investing in stocks:

1. Market Risk:

a. Because of changes of the issuing companies such as incorrect operating strategies of companies and inappropriate financial manipulation or allocation that bring down revenue, the performance of stock prices may be affected.

b. Because of the changes of environment of in one specific industry, the price fluctuation of the stocks in that industry may intensify.

c. Customers should pay attention to the credit and credit rating of the issuing companies of the stocks as they will reflect the solvency of those companies. If a downgrade of the credit rating occurs, the market price of the stock of the issuing company may drop, thereby causing loss.

The risks disclosed above are just several examples and may not completely describe the transaction risk and the factors that affect the prices of Foreign ETF/Stock.

Therefore, we remind investors that they should fully understand the essences of Foreign ETF/Stock and relevant financial, accounting, tax, or legal issues, and to what degree can they take risk, before making investment.

Investing in Foreign ETF/Stock involves risk, and HSBC do not guarantee the initial invested amount and income. HSBC is not responsible for managing investment performance and customers should bear their own gain and loss. The investment amount in non-discretionary trust is not bank deposit. Customers should independently decide whether they can bear the risk before actually investing.