

OCBC Bank (Hong Kong) Limited

Foreign Exchange Terms of Dealing

This letter sets forth our standard terms of foreign exchange (FX) dealing generally with our clients (together with other market participants, “counterparties” or “you”) in principal-to-principal transactions in wholesale FX markets (as well as when you act as agent for another principal).

Principal Trading and Conflicts of Interest

OCBC Bank (Hong Kong) Bank Limited (“the Bank”, “we” or “us”) transacts and makes markets in the wholesale FX market. As such, the Bank engages in price quoting, order taking, trade execution and other related activities. Unless explicitly agreed, the Bank engages in these transactions strictly as principal on an arm’s length basis for the benefit of the Bank and does not act as agent or fiduciary or in any similar capacity on behalf of its counterparties.

Any statements made by or through the Bank’s personnel, our electronic systems or otherwise in the processing or execution of FX transactions should not be construed or relied upon as recommendations or advice. You (or your agent) should independently evaluate the appropriateness of any FX transaction based on the facts, trading objectives and circumstances relevant to you and your assessment of such transaction’s merits.

In all of its communications and transactions with you, including in the handling of requests for firm or indicative quotes, trade requests, placement and execution of orders and all other expressions of interest that may lead to the execution of transactions, there exists the potential that the Bank’s interests may conflict with, diverge from or adversely impact your interests.

The Bank, its related companies, their respective directors and/or employees (collectively “Related Persons”) may or might have in the future interests in the FX transactions or the investment products relating to or in connection with the FX transactions. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to issuers of such investment products. The Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products.

Market Making

As a market maker that manages a portfolio of positions for multiple counterparties’ competing interests, the Bank acts as principal and may trade prior to or alongside a counterparty’s transaction to execute transactions for the Bank or to facilitate executions with other counterparties, to manage risk, to source liquidity or for other reasons. These activities can have an impact on (i) the prices we offer a counterparty on a transaction and (ii) the availability of liquidity at levels necessary to execute counterparty orders. Such activities potentially can trigger stop loss orders, barriers, knock-outs, knock-ins and similar conditions.

In addition, as a market maker, the Bank may receive requests for quotations and multiple orders for the same or related currency pairs. The Bank acts as principal and may seek to satisfy the requests of all of its counterparties and its independent risk management objectives, nevertheless, it retains discretion with respect to how to satisfy its counterparties, including with respect to order execution, aggregation, priority and pricing. The Bank is not required to disclose to a counterparty when the counterparty attempts to leave an order that the Bank is handling other counterparties’ orders or the Bank orders ahead of, or at the same time as, or on an aggregated basis with, the counterparty’s order. The Bank is under no obligation to disclose to a counterparty why the Bank is unable to execute the counterparty’s order in whole or in part.

Order Handling

When the Bank accepts a counterparty's order that includes a price (such as a limit order), the Bank is indicating a willingness to attempt to complete the trade at the price requested by the counterparty. Unless otherwise specifically agreed, the Bank will exercise its reasonable discretion in deciding, which orders to execute, when to execute them, and how to execute them, including whether to execute all or part of the order.

The Bank's acceptance of an order from a counterparty commits the Bank to execute the order, in part or in full and at a price, as may be reasonably expected given market circumstance, as determined by the Bank in its sole and absolute discretion. The Bank's determination that an order has been filled will create a contract for the exchange of currency under the determined terms, consistent with the order received. The order may be cancelled by either party before the execution of such order commences.

The Bank will exercise its reasonable discretion in deciding if an order should be rejected due to an application of pre-trade execution controls. Such pre-trade execution controls include, but are not limited to, credit and settlement risk limits, market risk limits, and erroneous price checks.

As it relates to timing, the Bank may look for market opportunities that satisfy both a price where we can execute a counterparty's order at the counterparty's price and earn a reasonable return for that activity, including while managing and prioritising other interests, positions and executions for the Bank and other counterparties. When the Bank is willing to execute an order with a counterparty, the price at which the Bank would do so may include a mark-up over the price at which the Bank transacted, or may have been able to transact, with other counterparties.

Pricing Factors

The Bank adheres to the principle that prices offered should be fair and reasonable taking into consideration applicable market conditions, best execution practices and internal risk management practices and policies.

Unless otherwise agreed, any firm or indicative price quoted by the Bank to a counterparty is an "all-in" price, inclusive of any mark-up above the price at which the Bank may be able to transact, or has transacted, with other counterparties, regardless of the circumstances under which a counterparty receives or overhears a price. The Bank has the sole and absolute discretion to offer different prices to different counterparties for the same or substantially similar transactions.

Any firm or indicative price or mark-up or other terms of a transaction may vary according to our discretion depending on a broad range of factors. These include transaction or counterparty specific factors, including the overall size of the transaction, the Bank's expenses associated with effecting the transaction, the credit and settlement risks associated with the transaction, operational risks, a return for the Bank and the nature of our relationship with you including the level of service that we provide to you. In addition, the Bank considers other factors, including prevailing market conditions, the Bank's risk profile, inventory and risk appetite. The Bank's provision of principal liquidity is therefore not independent from the interests of the Bank, which may conflict with, diverge from or adversely impact your interests.

The Bank may also differentiate pricing by platform or trading venue, which may result in you receiving different prices on different platforms or venues. Factors that may contribute to this differentiation by platform or venue include but are not limited to the conventions of the platform or venue, which may include minimum price increment, on-the-wire time, parameters for accepting or rejecting orders or trade requests, available order or trade types, underlying technology or latency, fees and other economic considerations, such as historic experience with the platform or venue.



The Bank is under no obligation to disclose the amount of revenue that we expect to earn from a transaction, nor are we required to disclose the components of the Bank's all-in price.

Pre-hedging Activities

When a counterparty indicates its interest in a potential transaction or provides the Bank with a request to enter into a transaction, the Bank may use that information to engage in pre-hedging activities, which may include entering into transactions prior to executing such potential transaction or request with a view to facilitating such potential transaction or request. Any transactions entered into by the Bank with a view to facilitating such potential transaction or request will be entered into by the Bank as principal, not as agent for the counterparty could be at different prices from the price at which the Bank executes the transaction and may result in profit, or loss, to the Bank.

Such pre-hedging activities will be undertaken for risk management purposes associated with one or more counterparty orders. The Bank will consider prevailing market conditions (such as liquidity) and the size and nature of the potential transaction(s) when undertaking pre-hedging activities.

Handling of Electronic Trade Requests - "Last Look"

Unless expressly stated otherwise, prices communicated electronically by the Bank on electronic platforms do not constitute offers to trade but rather are indications of interest subject to further review by us, and such indicative prices may be withdrawn at any time. Your electronic trade request constitutes an electronic offer to execute a transaction.

Upon receipt of your electronic offer to execute a transaction at a price and quantity, whether in response to an indication of interest or otherwise, the Bank reserves the right to either accept or reject any trade request received from you based on an assessment of whether such trade request meets defined deal acceptance criteria.

The deal acceptance process, also referred to as "the last look window", may involve one or more checks, including, but not limited to, credit, available liquidity and malformed order checks as well as latency arbitrage protection. The latency arbitrage protection is introduced to prevent the acceptance of requests to trade that appear "on market" when initiated but are later found to have been "stale" or "off market" by the time the primary venues have updated their prices. The expected or typical period of time for making the deal acceptance decision is between 50 milliseconds and 300 milliseconds. Where trading is conducted via a third party venue, the Bank complies with the maximum permitted last look window prescribed by such third party venue.

The Bank does not pre-hedge or otherwise utilize the "offer to deal" information for anything other than deciding trade acceptance during the last look window when market making and applies last look symmetrically, which means trades are rejected if the prevailing market has moved materially either in the counterparties' favour or against them.

Information Handling

The Bank has policies and controls that are designed to protect a counterparty's confidential information. However, a counterparty should understand that the Bank makes use of information provided to it as principal in order to effectuate and risk manage transactions. Specifically, unless otherwise agreed, the Bank may use the economic terms of a transaction (but not the counterparty identity) in order to source liquidity and/or execute risk-mitigating transactions. Please be notified that the Bank, as a regulated entity, has regulatory and other duties to supervise and control its business. The Bank shares information as necessary to fulfil these responsibilities and will respond to general and specific regulatory and other requests with which it is required to comply.



With regard to executed transactions, the Bank analyses this information on an individual and aggregate basis for a variety of purposes, including, but not limited to, counterparty risk management, sales coverage, and counterparty relationship management. The Bank may also analyse, comment on, and disclose anonymised and aggregated information regarding executed transactions, together with other relevant market information, internally and to third parties, in order to present its view on the general state of, and trends in the market.

After reading this letter, if you have any questions concerning the Bank's dealings with you, we encourage you to contact your usual Bank representative. This letter is subject to updates from time to time in order to address changing regulatory, industry and other developments.