

SCHEDULE 2 – EXPLANATION OF EFFECT OF BEING TREATED AS AN ACCREDITED INVESTOR UNDER THE CONSENT PROVISIONS

The following sets out a summary of the effect under the consent provisions of you being treated by us as an accredited investor. Where we deal with you as an accredited investor, we would be exempt from complying with certain requirements under the Financial Advisers Act, Chapter 110 of Singapore (the “FAA”) and certain regulations, notices and guidelines issued thereunder, as well as certain requirements under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) and certain regulations and notices issued thereunder. For more detailed information on the consent provisions and how they do not apply to accredited investors, please refer to <https://www.assetmanagement.hsbc.com.sg/en/institutional-client/important-notices>.

Please note that the regulatory requirements that we are exempted from when dealing with you as an accredited investor may be amended and updated from time to time due to regulatory changes or otherwise. Any amendments and updates would be set out on our website. Whilst we have set out the consent provisions under the Securities and Futures (Licensing and Conduct of Business) Regulations, some of these provisions may not be in force yet and may only come into force vis-à-vis us at a later date.

Under the SFA and the regulations and notices issued thereunder:

- 1. Prospectus Exemptions under Sections 275 and 305 of the SFA.** Sections 275 and 305 of the SFA exempt the offeror from registering a prospectus when the offer of securities and securities-based derivatives contracts, and units of collective investment schemes is made to relevant persons (including accredited investors). In addition, secondary sales made to institutional investors and relevant persons remain exempt from the prospectus registration requirement provided that certain requirements are met.

You can be offered certain products that cannot be offered to retail investors. The issuer and/or offeror is not subject to the statutory prospectus liability under the SFA. Subsequent sales of securities, securities-based derivative contracts and collective investment schemes first sold under inter alia Section 275 and 305 can also be made to you, as well as transfers of securities of certain corporations and interests in certain trusts.

- 2. Restrictions on Advertisements under Sections 251 and 300 of the SFA.** Sections 251 and 300 of the SFA prohibit any advertisement or publication referring to an offer or intended offer of securities and securities-based derivatives contracts, and units of collective investment schemes from being made, except in certain circumstances. These restrictions do not apply to certain communications containing material on matters in a preliminary document lodged with the MAS. You may receive such communications and are therefore not protected by the requirements in Sections 251 and 300 of the SFA.
- 3. Part III of the Securities and Futures (Licensing and Conduct of Business) Regulations (“SFR”).**

Part III of the SFR stipulates the requirements imposed on us in relation to the treatment of customers’ moneys and assets. We are exempt from treating you as a “retail investor” in relation to certain requirements pertaining to the treatment of a retail customer’s assets, as summarised below.

	Retail customer	Accredited investor
Money received on account of customer¹	<ul style="list-style-type: none"> • Deposit into a trust account maintained in accordance with Regulation 17 of the SFR (requires the trust account to be maintained with a certain specified institution which is assessed as suitable); or • Deposit into account directed by retail customer to which retail customer has legal and beneficial title and maintained with licensed banks, merchant banks or finance companies or banks established and regulated as banks outside Singapore 	<ul style="list-style-type: none"> • Deposit into a trust account maintained in accordance with Regulation 17 of the SFR (requires the trust account to be maintained with a certain specified institution which is assessed as suitable); or • Deposit into account directed by accredited investor
Money received in foreign currency, subject to written consent of customer²	<ul style="list-style-type: none"> • Deposit moneys into a trust account with custodian outside Singapore which is licensed to conduct banking business 	<ul style="list-style-type: none"> • Deposit all moneys into a trust account with custodian outside Singapore which is licensed to conduct banking business
Disclosure requirement³	<ul style="list-style-type: none"> • CMSL holder to make certain disclosures (such as whether the moneys/assets will be commingled with other customers and the risks of commingling, consequences if the institution which maintains the trust/custody account becomes insolvent) in writing prior to depositing moneys/assets in trust/custody account 	<ul style="list-style-type: none"> • No such requirement
Withdrawals from trust account/custody account to make payment/transfer the moneys/assets to any other person or account in accordance with the written direction of the customer⁴	<ul style="list-style-type: none"> • Not permitted where the withdrawal is from a retail customer's trust account for the purpose of making a payment, and not permitted to transfer retail customer's assets, to meet any obligation of the CMSL holder in relation to any transaction entered into by the CMSL holder for the benefit of the holder 	<ul style="list-style-type: none"> • No such prohibition

¹ Regulation 16(1)(ba)

² Regulation 17(2)

³ Regulations 18A and 27A

⁴ Regulations 21(2) and 35(2)

Customer Assets⁵	<ul style="list-style-type: none"> • Deposit into a custody account maintained in accordance with Regulation 27 of the SFR (requires the custody account to be maintained with certain specified institutions only); or • Deposit into account directed by retail customer to which retail customer has legal and beneficial title and maintained with, inter alia, licensed banks, merchant banks or finance companies or banks established and regulated as banks outside Singapore 	<ul style="list-style-type: none"> • Deposit into a custody account maintained in accordance with Regulation 27 of the SFR (requires the custody account to be maintained with certain specified institutions only); or • Deposit into account directed by accredited investor
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4. **Section 99H(1)(c) of the SFA read with Regulations 3A(5)(c), (d), (e) and (7) of the SFR.** If we appoint a provisional representative or temporary representative in respect of any SFA regulated activity, we would undertake certain responsibilities in relation to the representative's interactions with any client or member of the public. We are not under any statutory obligation to restrict the interactions with you that may be undertaken by such representatives.
5. **Regulation 13B(4)(b)(ii) of the SFR.** Where you are an investor in a specified closed-end fund or arrangement, and provided we have disclosed this fact to you and arranged for an auditor to audit the assets on an annual basis and furnish a report on the audit to you, we are not under any statutory obligation to subject your assets under our management to independent custody and to segregate them from our proprietary assets and the assets of our related corporations or connected persons.

Under the FAA and the regulations, notices and guidelines issued thereunder:

6. **Section 23F(1)(c) of the FAA read with Regulations 4A(4)(c), (d), (e) and (6) of the Financial Advisers Regulations ("FAR").** If we appoint an individual as a provisional representative in respect of any financial advisory service, we undertake certain responsibilities in relation to the provisional representative's interactions with any client or member of the public. We are not under any statutory obligation to restrict the interactions with you that may be undertaken by our provisional representatives in the course of providing any financial advisory service.
7. **Financial Advisers (Complaints Handling And Resolution) Regulations 2021 ("FA(CHR)R") read with Securities and Futures (Classes of Investors) (Amendments) Regulations 2021.** Where you are an investor in units of our collective investment schemes offered pursuant to the SFA and that are distributed and/or directly advised by our appointed fund distributors, and/or our segregated account arrangement, we are not required to implement the safeguards required under the FA(CHR)R in relation to complaints received from you. These safeguards, which would apply to retail investors, require a financial adviser to establish an independent and prompt Complaints Handling And Resolution ("CHR") process, appoint senior manager(s) to oversee the CHR process, make the CHR process publicly available, set up a centralised complaint management system, and report complaint data to the MAS.

⁵ Regulation 26(1)(a)