

## **Additional Terms of Business for Individual Professional Investors, Non-Exempt Corporate Professional Investors and Non-Professional Investors**

### 1      **Applicability**

- 1.1 These additional terms of business (the "Additional Terms") are legally binding and form part of the Terms of Business between you and us, for the Service(s) (each as defined in the General Terms of the Terms of Business) currently provided to you by us or as we may agree to provide to you from time to time.
- 1.2 Capitalised terms used but not defined in these Additional Terms shall have the meaning given to them in the General Terms of the Terms of Business.
- 1.3 These Additional Terms apply to you to the extent that you are not (i) an Institutional Professional Investor or (ii) a Corporate Professional Investor in respect of which we are exempt from the requirements in paragraphs 15.4 and 15.5 of the Code of Conduct.
- 1.4 In case of inconsistency between a provision in these Additional Terms and any other provisions of the Terms of Business, these Additional Terms shall prevail.

### 2      **Application of the General Terms of the Terms of Business**

- The General Terms shall be amended as follows when we provide Service(s) to you:
- 2.1 Clause 15.3 of the General Terms shall be deleted and replaced with the following:

"Where we provide you with any information and/or advice under these Terms of Business, you represent, warrant and undertake to us that as of the date of giving any relevant Instruction and entering into any Transaction:

- (a) you have a fair and reasonable understanding of financial matters and the nature and risks of the investment products you deal (or intend to deal) in and the Transactions you enter into (or intend to enter into), and/or we have duly explained the nature and risks of such investment products and Transactions to you. If you have any doubts regarding the nature or risks of such investment products and/or Transactions, you undertake to seek further advice from your own independent investment adviser. You undertake to carefully consider any information provided by us to you and to promptly notify us in the event that any information made available to you by us does not, in your view, appropriately take into account your financial situation, investment experience or investment objectives;
- (b) you have provided us with comprehensive and up-to-date information relating to your financial situation, investment experience and investment objectives, to allow us to comply with our obligations under Applicable Laws. You acknowledge that if you do not provide us with all such information, then the information made available to you by us may not take into account all of the information which is relevant to you. In particular, you acknowledge that we will not take into account assets which are not held in your Account(s), unless you have specifically disclosed such assets to us;
- (c) where you intend to deal in derivatives, we are required to comply with additional procedures and, in certain circumstances, we may not be able to proceed on the basis of your Instructions (for example if, in our opinion, the Transaction is not suitable for you). In such case, we will not be liable to you for any loss or loss of opportunity arising and/or resulting from not executing your Instruction or any delay in executing your Instruction;
- (d) where necessary, you have sought independent advice from competent legal, financial, tax, accounting and other professional advisers;
- (e) you understand the terms and conditions of any Transaction and the legal, financial, tax, accounting and other risks arising in respect of the Transaction and are able to bear the consequences (including a total loss of the investment); and
- (f) no communication (written or oral) you receive from us shall be deemed to be an assurance, representation or guarantee as to the expected or projected success, profitability, performance, results or benefits of a Transaction."

- 2.2 Clause 15.5 of the General Terms shall be deleted and replaced with the following:

"If we solicit the sale of or recommend any financial product to you, the financial product must be reasonably suitable for you having regard to your financial situation, investment experience and investment objectives. No other provision of these Terms of Business or any other document we may ask you to sign and no statement we may ask you to make derogates from this Clause 15.5.

Note: For the purposes of this Clause, "financial product" means any securities, futures contracts or leveraged foreign exchange contracts as defined under the SFO. Regarding "leveraged foreign exchange contracts", it is only applicable to those traded by persons licensed for Type 3 regulated activity."

- 2.3 Clause 4.6 of the General Terms shall be deleted and replaced with the following:

"You shall make your own judgement with respect to any investment decisions and all Transactions will be made at your or your Authorised Persons' instruction or direction."

- 2.4 Clauses 4.1A, 4.7, 8.1(g), 15.6 and 22.2(k) of the General Terms shall be deleted and replaced with the following: "[This Clause does not apply.]"

### 3      **Notification of material changes**

We undertake to notify you in the event of any material change to the following information:

- (a) our name, address, licensing status with the SFC or central entity number;
- (b) the nature of Service(s) to be provided or which are available to you; and
- (c) the remuneration (and the basis for payment) to be paid by you to us (such as commission, brokerage, and any other fees and charges).

### 4      **Derivatives products**

Upon your request, we will provide you with product or service specifications and any prospectus or other offering documents relating to derivative products. If we provide Service(s) to you in relation to derivative products, we will provide you with a full explanation of margin procedures (where relevant) and circumstances in which your position may be closed without your consent.

### 5      **Confirmation**

You agree that, where we have effected a Transaction for you, we will not be required to confirm promptly with you the essential features of such Transaction.

### 6      **Language**

You confirm that your language of preference for these Terms of Business is English unless otherwise agreed with us.

### 7      **Risk Disclosure Statement**

You should inform yourself and be aware of the risks arising from the Service(s), investment products and Transactions, the risks associated with them, as well as generally and, in particular, the risk disclosures set out below. However, you understand that not all of the following risks may be relevant to your particular circumstances. In addition, the following list is not exhaustive and you should therefore carefully consider any Service(s) provided to you by us, investment products and/or Transactions and assess whether they are suitable in light of your own financial experience, financial position and investment objectives. These risk disclosures and considerations include but are not limited to the following:

#### Market Risk

*The net outcome of any transaction and service(s) provided to you by us will depend on numerous factors, including, but not limited to, systemic risks, general economic conditions, variations in the frequency and magnitude of changes in interest rates, inflation outlook and the price of the underlying asset (which could fluctuate substantially and rapidly).*

#### Liquidity Risk

*At certain times or under certain market conditions, it may be difficult or impossible to liquidate a position, to assess the value or to determine a fair price of any transaction or investment product. Certain investment products may not be readily realisable or marketable. There can be no certainty that market traders will be prepared to deal in them. Liquidity risks decrease for near term transactions and increase for transactions which have longer maturity periods or are linked to emerging markets and instruments with lower credit ratings. Reversing any transaction at short notice can be difficult or even impossible, especially for complicated structures. Illiquidity can also arise from sharp price movements and volatile market conditions.*

#### Concentration Risk

*You should be satisfied that you have the risk appetite for, and are not over exposed to, a particular type of investment product or transaction and, if applicable, the underlying asset of a structured product, taking into account the risk exposure you may face under adverse market conditions.*

#### Risk of securities trading

*The prices of Securities fluctuate, sometimes dramatically. The price of a Security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling Securities.*

#### Risk of trading options

*The risk of loss in trading options is substantial. In some circumstances, you may sustain losses in excess of your initial margin funds. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily avoid loss. Market conditions may make it impossible to execute such orders. You may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, your position may be liquidated. You will remain liable for any resulting deficit in your account. You should therefore study and understand options before you trade and carefully consider whether such trading is suitable in the light of your own financial position and investment objectives. If you trade options you should inform yourself of exercise and expiration procedures and your rights and obligations upon exercise or expiry.*

#### Risk of trading in structured products

*Structured products carry a high degree of risk and are not suitable for all investors. These products can be extremely complicated and of a high-risk nature and may involve risks associated with financial instruments that may be interconnected. The net outcome of structured products will depend on the performance of the underlying. The effect of a market movement (however slight) or event could lead to substantial losses and may even involve the loss of the entire amount initially invested. You should ensure that you fully understand the risks associated with each underlying as well as the structured product as a whole, and satisfy yourself that you are willing to accept all such risks. You should also be aware that each structured product has its own risk profile and given the unlimited number of possible combinations, it is not possible to detail all the risks which may arise in any particular case. You should obtain independent advice and familiarise yourself with all the risks involved.*

#### Risk of trading Growth Enterprise Market stocks

*Growth Enterprise Market (GEM) stocks involve a high investment risk. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. GEM stocks may be very volatile and illiquid. You should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.*

*Current information on GEM stocks may only be found on the internet website operated by The Stock Exchange of Hong Kong Limited. GEM Companies are usually not required to issue paid announcements in gazetted newspapers.*

*You should seek independent professional advice if you are uncertain of or have not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of GEM stocks.*

#### Risks of client assets received or held outside Hong Kong

*Client assets received or held by us outside Hong Kong are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from the SFO and the rules made thereunder. Consequently, such client assets may not enjoy the same protection as that conferred on client assets received or held in Hong Kong.*

#### Risk of potential conflicts of interest

*We and other members of the Mizuho Financial Group may play a variety of roles (including, without limitation, acting as issuer, distributor, custodian and calculation agent) in connection with any transactions. Conflicts of interest may arise from the different roles played by us and/or our affiliates and our economic interests in each role may be adverse to your interest in any investment products or transactions.*

#### Risk of providing an authority to repledge your securities collateral etc.

*There is risk if you provide us with an authority that allows us to apply your securities or securities collateral pursuant to a securities borrowing and lending agreement, repledge your securities collateral for financial accommodation or deposit your securities collateral as collateral for the discharge and satisfaction of our settlement obligations and liabilities.*

*If your securities or securities collateral are received or held by us in Hong Kong, the above arrangement is allowed only if you consent in writing. Moreover, unless you are a professional investor, your authority must specify the period for which it is current and be limited to not more than 12 months. If you are a professional investor, these restrictions do not apply.*

*Additionally, your authority may be deemed to be renewed (i.e. without your written consent) if we issue you a reminder at least 14 days prior to the expiry of the authority, and you do not object to such deemed renewal before the expiry date of your then existing authority.*

*You are not required by any law to sign these authorities. But an authority may be required by us, for example, to allow your securities or securities collateral to be lent to or deposited as collateral with third parties. We should explain to you the purposes for which one of these authorities is to be used.*

*If you sign one of these authorities and your securities or securities collateral are lent to or deposited with third parties, those third parties will have a lien or charge on your securities or securities collateral. Although we are responsible to you for securities or securities collateral lent or deposited under your authority, a default by us could result in the loss of your securities or securities collateral.*

*A cash account not involving securities borrowing and lending is available from most licensed or registered persons. If you do not wish your securities or securities collateral to be lent or pledged, do not sign the above authorities and ask to open this type of cash account.*

#### Risk of providing an authority to hold mail or to direct mail to third parties

*If you provide us with an authority to hold mail or to direct mail to third parties, it is important for you to promptly collect in person all contract notes and statements of your account and review them in detail to ensure that any anomalies or mistakes can be detected in a timely fashion.*

#### Risk of trading Nasdaq-Amex securities at The Stock Exchange of Hong Kong Limited

*The securities under the Nasdaq-Amex Pilot Program ("PP") are aimed at sophisticated investors. You should consult us and become familiarised with the PP before trading in the PP securities. You should be aware that the PP securities are not regulated as a primary or secondary listing on the Main Board or the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.*

#### Risk of investing in emerging markets

*Emerging markets typically refer to markets in countries with moderate to low per capita national income. While transactions involving emerging markets financial instruments may yield large gains, they can also be highly risky and unpredictable. There may be inadequate regulations and safeguards available to investors. Besides the risks inherent in all investments, those associated with emerging markets include country risk where government intervention in markets, perhaps in the form of exchange controls or restrictions in the repatriation of profits, may affect the value of any investment product. In addition, events (for instance, natural disasters, fluctuations in commodity prices and/or exchange rates and political upheavals) which may have a minor or limited effect in more mature markets could affect emerging markets profoundly.*

*Any transaction involving emerging markets financial instruments or referencing an emerging market needs careful and independent assessment of the risks in relation thereto (including sovereign risk, issuer risk, price risk, political risk and liquidity risk).*

#### Additional risk disclosure for options trading

*This brief statement does not disclose all of the risks and other significant aspects of trading in options. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in options is not suitable for many members of the*

*public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.*

#### 1. Variable degree of risk

*Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarise themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.*

*The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.*

*Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is "covered" by the seller holding a corresponding position in the underlying interest or a futures contract or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.*

*Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.*

#### 2. Terms and conditions of contracts

*You should ask the firm with which you deal about the terms and conditions of the specific options which you are trading and associated obligations (e.g. in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.*

#### 3. Suspension or restriction of trading and pricing relationships

*Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or "circuit breakers") may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.*

*Further, normal pricing relationships between the underlying interest and the option may not exist. The absence of an underlying reference price may make it difficult to judge "fair value".*

#### 4. Deposited cash and property

*You should familiarise yourself with the protections given to money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.*

#### 5. Commission and other charges

*Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.*

#### 6. Transactions in other jurisdictions

*Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before you trade you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you deal for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.*

#### 7. Currency risks

*The profit or loss in transactions in foreign currency denominated contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.*

#### 8. Trading facilities

*Electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or participant firms. Such limits may vary: you should ask the firm with which you deal for details in this respect.*

#### 9. Electronic trading

*Trading on an electronic trading system may differ from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or is not executed at all.*

## 10. Off-exchange transactions

*In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarise yourself with applicable rules and attendant risks.*

I/We, [CLIENT NAME], hereby agree to the Terms of Business (comprising (i) the General Terms of the Terms of Business, as amended by these Additional Terms, (ii) any other Part(s) of the Terms of Business applicable to me/us or the Service(s) that are provided to me/us and (iii) these Additional Terms) and acknowledge and confirm that:

- (a) I was/we were provided the Risk Disclosure Statement in Clause 7 of these Additional Terms in English, my/our preferred language; and
- (b) the Risk Disclosure Statement has been drawn to my/our attention, that I/we have read and understood it, and that I/we have had the opportunity to ask questions and take such independent advice, as I/we wish.

[CLIENT NAME]

---

Name of authorized signatory:

Title:

Date:

I confirm that:

- (a) the Risk Disclosure Statement in Clause 7 of these Additional Terms was provided to the client in English, the client's preferred language; and
- (b) I invited the client to read the risk disclosure statement and the client was given the opportunity to ask questions and take such independent advice, if the client wishes.

---

Name of Mizuho Securities Asia Limited staff member:

Mizuho Securities Asia Limited staff member's CE number:

Title:

Date: