

Straits Financial



DISCLOSURE BOOKLET

July 2022

| Office Code | Account No. |
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STRAITS FINANCIAL LLC DISCLOSURE BOOKLET

Read through this Straits Financial LLC Disclosure Booklet and acknowledge all disclosure statements by initialing the corresponding boxes and signing on the acknowledgement page within the account application. Please retain a copy of this disclosure booklet and the acknowledgement for your records.

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RISK DISCLOSURE STATEMENT FOR FUTURES AND OPTIONS

THIS BRIEF STATEMENT DOES NOT DISCLOSE ALL OF THE RISKS AND OTHER SIGNIFICANT ASPECTS OF TRADING FUTURES AND OPTIONS.

THE RISK OF LOSS IN TRADING COMMODITY FUTURES CONTRACTS CAN BE SUBSTANTIAL. YOU SHOULD, THEREFORE, CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR CIRCUMSTANCES AND FINANCIAL RESOURCES. YOU SHOULD BE AWARE OF THE FOLLOWING POINTS:

FUTURES

1. YOU MAY SUSTAIN A TOTAL LOSS OF THE FUNDS THAT YOU DEPOSIT WITH YOUR BROKER TO ESTABLISH OR MAINTAIN A POSITION IN THE COMMODITY FUTURES MARKET, AND YOU MAY INCUR LOSSES BEYOND THESE AMOUNTS. IF THE MARKET MOVES AGAINST YOUR POSITION, YOU MAY BE CALLED UPON BY YOUR BROKER TO DEPOSIT A SUBSTANTIAL AMOUNT OF ADDITIONAL MARGIN FUNDS, ON SHORT NOTICE, IN ORDER TO MAINTAIN YOUR POSITION. IF YOU DO NOT PROVIDE THE REQUIRED FUNDS WITHIN THE TIME REQUIRED BY YOUR BROKER, YOUR POSITION MAY BE LIQUIDATED AT A LOSS, AND YOU WILL BE LIABLE FOR ANY RESULTING DEFICIT IN YOUR ACCOUNT.
 2. THE FUNDS YOU DEPOSIT WITH A FUTURES COMMISSION MERCHANT FOR TRADING FUTURES POSITIONS ARE NOT PROTECTED BY INSURANCE IN THE EVENT OF THE BANKRUPTCY OR INSOLVENCY OF THE FUTURES COMMISSION MERCHANT, OR IN THE EVENT YOUR FUNDS ARE MISAPPROPRIATED.
 3. THE FUNDS YOU DEPOSIT WITH A FUTURES COMMISSION MERCHANT FOR TRADING FUTURES POSITIONS ARE NOT PROTECTED BY THE SECURITIES INVESTOR PROTECTION CORPORATION EVEN IF THE FUTURES COMMISSION MERCHANT IS REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION AS A BROKER OR DEALER.
 4. THE FUNDS YOU DEPOSIT WITH A FUTURES COMMISSION MERCHANT ARE GENERALLY NOT GUARANTEED OR INSURED BY A DERIVATIVES CLEARING ORGANIZATION IN THE EVENT OF THE BANKRUPTCY OR INSOLVENCY OF THE FUTURES COMMISSION MERCHANT, OR IF THE FUTURES COMMISSION MERCHANT IS OTHERWISE UNABLE TO REFUND YOUR FUNDS. CERTAIN DERIVATIVES CLEARING ORGANIZATIONS, HOWEVER, MAY HAVE PROGRAMS THAT PROVIDE LIMITED INSURANCE TO CUSTOMERS. YOU SHOULD INQUIRE OF YOUR FUTURES COMMISSION MERCHANT WHETHER YOUR FUNDS WILL BE INSURED BY A DERIVATIVES CLEARING ORGANIZATION AND YOU SHOULD UNDERSTAND THE BENEFITS AND LIMITATIONS OF SUCH INSURANCE PROGRAMS.
 5. THE FUNDS YOU DEPOSIT WITH A FUTURES COMMISSION MERCHANT ARE NOT HELD BY THE FUTURES COMMISSION MERCHANT IN A SEPARATE ACCOUNT FOR YOUR INDIVIDUAL BENEFIT. FUTURES COMMISSION MERCHANTS COMMINGLE THE FUNDS RECEIVED FROM CUSTOMERS IN ONE OR MORE ACCOUNTS AND YOU MAY BE EXPOSED TO LOSSES INCURRED BY OTHER CUSTOMERS IF THE FUTURES COMMISSION MERCHANT DOES NOT HAVE SUFFICIENT CAPITAL TO COVER SUCH OTHER CUSTOMERS' TRADING LOSSES.
 6. THE FUNDS YOU DEPOSIT WITH A FUTURES COMMISSION MERCHANT MAY BE INVESTED BY THE FUTURES COMMISSION MERCHANT IN CERTAIN TYPES OF FINANCIAL INSTRUMENTS THAT HAVE BEEN APPROVED BY THE COMMISSION FOR THE PURPOSE OF SUCH INVESTMENTS. PERMITTED INVESTMENTS ARE LISTED IN COMMISSION REGULATION 1.25 AND INCLUDE: U.S. GOVERNMENT SECURITIES; MUNICIPAL SECURITIES; MONEY MARKET MUTUAL FUNDS; AND CERTAIN CORPORATE NOTES AND BONDS. THE FUTURES COMMISSION MERCHANT MAY RETAIN THE INTEREST AND OTHER EARNINGS REALIZED FROM ITS INVESTMENT OF CUSTOMER FUNDS. YOU SHOULD BE FAMILIAR WITH THE TYPES OF FINANCIAL INSTRUMENTS THAT A FUTURES COMMISSION MERCHANT MAY INVEST CUSTOMER FUNDS IN.
 7. FUTURES COMMISSION MERCHANTS ARE PERMITTED TO DEPOSIT CUSTOMER FUNDS WITH AFFILIATED ENTITIES, SUCH AS AFFILIATED BANKS, SECURITIES BROKERS OR DEALERS, OR FOREIGN BROKERS. YOU SHOULD INQUIRE AS TO WHETHER YOUR FUTURES COMMISSION MERCHANT DEPOSITS FUNDS WITH AFFILIATES AND ASSESS WHETHER SUCH DEPOSITS BY THE FUTURES COMMISSION MERCHANT WITH ITS AFFILIATES INCREASES THE RISKS TO YOUR FUNDS.
 8. YOU SHOULD CONSULT YOUR FUTURES COMMISSION MERCHANT CONCERNING THE NATURE OF THE PROTECTIONS AVAILABLE TO SAFEGUARD FUNDS OR PROPERTY DEPOSITED FOR YOUR ACCOUNT.
 9. UNDER CERTAIN MARKET CONDITIONS, YOU MAY FIND IT DIFFICULT OR IMPOSSIBLE TO LIQUIDATE A POSITION. THIS CAN OCCUR, FOR EXAMPLE, WHEN THE MARKET REACHES A DAILY PRICE FLUCTUATION LIMIT ("LIMIT MOVE").
 10. ALL FUTURES POSITIONS INVOLVE RISK, AND A "SPREAD" POSITION MAY NOT BE LESS RISKY THAN AN OUTRIGHT "LONG" OR "SHORT" POSITION.
 11. THE HIGH DEGREE OF LEVERAGE (GEARING) THAT IS OFTEN OBTAINABLE IN FUTURES TRADING BECAUSE OF THE SMALL MARGIN REQUIREMENTS CAN WORK AGAINST YOU AS WELL AS FOR YOU. LEVERAGE (GEARING) CAN LEAD TO LARGE LOSSES AS WELL AS GAINS.
 12. IN ADDITION TO THE RISKS NOTED IN THE PARAGRAPHS ENUMERATED ABOVE, YOU SHOULD BE FAMILIAR WITH THE FUTURES COMMISSION MERCHANT YOU SELECT TO ENTRUST YOUR FUNDS FOR TRADING FUTURES POSITIONS. THE COMMODITY FUTURES TRADING COMMISSION REQUIRES EACH FUTURES COMMISSION MERCHANT TO MAKE PUBLICLY AVAILABLE ON ITS WEB SITE FIRM SPECIFIC DISCLOSURES AND FINANCIAL INFORMATION TO ASSIST YOU WITH YOUR ASSESSMENT AND SELECTION OF A FUTURES COMMISSION MERCHANT. INFORMATION REGARDING THIS FUTURES COMMISSION MERCHANT MAY BE OBTAINED BY VISITING OUR WEB SITE, WWW.STRAITSFINANCIAL.COM/US.
- ALL OF THE POINTS NOTED ABOVE APPLY TO ALL FUTURES TRADING WHETHER FOREIGN OR DOMESTIC. IN ADDITION, IF YOU ARE CONTEMPLATING TRADING FOREIGN FUTURES OR OPTIONS CONTRACTS, YOU SHOULD BE AWARE OF THE FOLLOWING ADDITIONAL RISKS:
13. FOREIGN FUTURES TRANSACTIONS INVOLVE EXECUTING AND CLEARING TRADES ON A FOREIGN EXCHANGE. THIS IS THE CASE EVEN IF THE FOREIGN EXCHANGE IS FORMALLY "LINKED" TO A DOMESTIC EXCHANGE, WHEREBY A TRADE EXECUTED ON ONE EXCHANGE LIQUIDATES OR ESTABLISHES A POSITION ON THE OTHER EXCHANGE. NO DOMESTIC ORGANIZATION REGULATES THE ACTIVITIES OF A FOREIGN EXCHANGE, INCLUDING THE EXECUTION,

DELIVERY, AND CLEARING OF TRANSACTIONS ON SUCH AN EXCHANGE, AND NO DOMESTIC REGULATOR HAS THE POWER TO COMPEL ENFORCEMENT OF THE RULES OF THE FOREIGN EXCHANGE OR THE LAWS OF THE FOREIGN COUNTRY. MOREOVER, SUCH LAWS OR REGULATIONS WILL VARY DEPENDING ON THE FOREIGN COUNTRY IN WHICH THE TRANSACTION OCCURS. FOR THESE REASONS, CUSTOMERS WHO TRADE ON FOREIGN EXCHANGES MAY NOT BE AFFORDED CERTAIN OF THE PROTECTIONS WHICH APPLY TO DOMESTIC TRANSACTIONS, INCLUDING THE RIGHT TO USE DOMESTIC ALTERNATIVE DISPUTE RESOLUTION PROCEDURES. IN PARTICULAR, FUNDS RECEIVED FROM CUSTOMERS TO MARGIN FOREIGN FUTURES TRANSACTIONS MAY NOT BE PROVIDED THE SAME PROTECTIONS AS FUNDS RECEIVED TO MARGIN FUTURES TRANSACTIONS ON DOMESTIC EXCHANGES. BEFORE YOU TRADE, YOU SHOULD FAMILIARIZE YOURSELF WITH THE FOREIGN RULES WHICH WILL APPLY TO YOUR PARTICULAR TRANSACTION

14. FINALLY, YOU SHOULD BE AWARE THAT THE PRICE OF ANY FOREIGN FUTURES OR OPTION CONTRACT AND, THEREFORE, THE POTENTIAL PROFIT AND LOSS RESULTING THEREFROM, MAY BE AFFECTED BY ANY FLUCTUATION IN THE FOREIGN EXCHANGE RATE BETWEEN THE TIME THE ORDER IS PLACED AND THE FOREIGN FUTURES CONTRACT IS LIQUIDATED OR THE FOREIGN OPTION CONTRACT IS LIQUIDATED OR EXERCISED.

THIS BRIEF STATEMENT CANNOT, OF COURSE, DISCLOSE ALL THE RISKS AND OTHER ASPECTS OF THE COMMODITY MARKETS.

DISCLOSURE OF FUTURES COMMISSION MERCHANT MATERIAL CONFLICTS OF INTEREST

The purpose of this document is to provide you with information about some of the material conflicts of interest that may arise between you and Straits Financial LLC ("Straits") in connection with Straits performing services for you with respect to futures, options on futures, or other commodity derivatives ("Contracts"). Conflicts of interests can arise in particular when Straits has an economic or other incentive to act, or persuade you to act, in a way that favors Straits or its affiliates.

You should be aware that Straits or its affiliates may own stock in, or have some other form of ownership interest in, one or more U.S. or foreign Trading Facilities or Clearing Houses where your transactions in Contracts may be executed and/or cleared. As a result, Straits or its affiliates may receive financial or other benefits related to its ownership interest when Contracts are executed on a given Trading Facility or cleared through a given Clearing House, and Straits would, in such circumstances, have an incentive to cause Contracts to be executed on that Trading Facility or cleared by that Clearing House.

In addition, Trading Facilities and Clearing Houses may from time to time have in place other arrangements that provide their members or participants with volume, market-making or other discounts or credits, may call for members or participants to pre-pay fees based on volume thresholds, or may provide other incentive or arrangements that are intended to encourage market participants to trade on or direct trades to that Trading Facility or Clearing House. Straits or its affiliates may participate in and obtain financial benefits from such incentive programs.

When we provide execution services to you (either in conjunction with clearing services or in an execution-only capacity), we may direct orders to affiliated or unaffiliated market-makers, other executing firms, individual brokers or brokerage groups for execution. When such affiliated or unaffiliated parties are used, they may, where permitted, agree to price concessions, volume discounts or refunds, rebates or similar payments in return for receiving such business. Likewise, where permitted by law and the rules of the applicable Trading Facility, we may solicit a counterparty to trade opposite your order or enter into transactions for its own account or the account of other counterparties that may, at times, be adverse to your interests in a Contract. In such circumstances, that counterparty may make payments and/or pay a commission to Straits in connection with that transaction. The results of your transactions may differ significantly from the results achieved by our affiliates, or for other customers.

In addition, where permitted by applicable law (including, where applicable, the rules of the applicable Trading Facility), Straits, its directors, officers, employees and affiliates may act on the other side of your order or transaction by the purchase or sale for an account, or the execution of a transaction with a counterparty, in which Straits or a person affiliated with Straits has a direct or indirect interest, or may affect any such order with a counterparty that provides Straits or its affiliates with discounts related to fees for Contracts or other products. In cases where we have offered you a discounted commission or clearing fee for Contracts executed through Straits as agent or with its affiliate acting as counterparty, Straits or its affiliate may be doing so because of the enhanced profit potential resulting from acting as executing broker or counterparty.

Straits or its affiliates may act as, among other things, an investor, research provider, placement agent, underwriter, distributor, remarketing agent, structurer, securitizer, lender, investment manager, investment adviser, commodity trading advisor, municipal advisor, market maker, trader, prime broker or clearing broker. In those and other capacities, Straits, its directors, officers, employees and affiliates may take or hold positions in, or advise other customers and counterparties concerning, or publish research or express a view with respect to, a Contract or a related financial instrument that may be the subject of advice from us to you. Any such positions and other advice may not be consistent with, or may be contrary to, your interests or to positions which are the subject of advice previously provided by Straits or its affiliates to you, and unless otherwise disclosed in writing, we are not necessarily acting in your best interest and are not assessing the suitability for you of any Contract or related financial instrument. Acting in one or more of the capacities noted above may give Straits or its affiliates access to information relating to markets, investments and products. As a result, Straits or its affiliates may be in possession of information which, if known to you, might cause you to seek to dispose of, retain or increase your position in one or more Contracts or other financial instruments. Straits and its affiliates will be under no duty to make any such information available to you, except to the extent we have agreed in writing or as may be required under applicable law.

DISCLOSURE STATEMENT FOR NON-CASH MARGIN

THIS STATEMENT IS FURNISHED TO YOU BECAUSE RULE 190.10 (C) OF THE COMMODITY FUTURES TRADING COMMISSION REQUIRES IT FOR REASONS OF FAIR NOTICE UNRELATED TO THIS COMPANY'S CURRENT FINANCIAL CONDITION. 1. YOU SHOULD KNOW THAT IN THE UNLIKELY EVENT OF THIS COMPANY'S BANKRUPTCY, PROPERTY, INCLUDING PROPERTY SPECIFICALLY TRACEABLE TO YOU, WILL BE RETURNED, TRANSFERRED OR DISTRIBUTED TO YOU, OR ON YOUR BEHALF, ONLY TO THE EXTENT OF YOUR PRORATA SHARE OF ALL PROPERTY AVAILABLE FOR DISTRIBUTION TO CUSTOMERS. 2. NOTICE CONCERNING THE TERMS FOR THE RETURN OF SPECIFICALLY IDENTIFIABLE PROPERTY WILL BE BY PUBLICATION IN A NEWSPAPER OF GENERAL CIRCULATION. 3. THE COMMISSION'S REGULATIONS CONCERNING BANKRUPTCIES OF COMMODITY BROKERS CAN BE FOUND AT 17 CODE OF FEDERAL REGULATIONS PART 190.

ELECTRONIC TRADING AND ORDER ROUTING SYSTEM DISCLOSURES*

Electronic trading and order routing systems differ from traditional open outcry pit trading and manual order routing methods. Transactions using an electronic system are subject to the rules and regulations of the exchange(s) offering the system and/or listing the contract. Before you engage in transactions using an electronic system, you should carefully review the rules and regulations of the exchange(s) offering the system and/or listing contracts you intend to trade.

DIFFERENCES AMONG ELECTRONIC TRADING SYSTEMS

Trading or routing orders through electronic systems vary widely among the different electronic systems. You should consult the rules and regulations of the exchange offering the electronic system and/or listing the contract traded or order routed to understand, among other things, in the case of trading systems, the system's order matching procedure, opening and closing procedures and prices, error trade policies, and trading limitations or requirements; and in the case of all systems, qualifications for access and grounds for termination and limitations on the types of orders that may be entered into the system. Each of these matters may present different risk factors with respect to trading on or using a particular system. Each system may also present risks related to system access, varying response times, and security. In the case of internet-based systems, there may be additional types of risks related to system access, varying response times and security, as well as risks related to service providers and the receipt and monitoring of electronic mail. The customer acknowledges and confirms that the Customer is aware of the nature of Orders communicated by telephone, facsimile, untested telexes or any other form of electronic communication. The Customer hereby irrevocably authorizes SFLLC and its officers, employees, agents and representatives to act in accordance with the Customer's Orders given by telephone, facsimile, untested telexes or any other form of electronic communication including instant messaging and electronic mail services from the Customer and/or persons authorized in writing by the Customer from time to time, including instructions to transfer/remit funds from the account(s) held with SFLLC to other account(s) or party(ies) where the Customer may not be the beneficiary or sole beneficiary. SFLLC shall have the right to request for any and all information that it deems necessary or expedient to give effect to such Orders.

RISK ASSOCIATED WITH SYSTEM FAILURE

Trading through an electronic trading or order routing system exposes you to risks associated with system or component failure. In the event of system or component failure, it is possible that, for a certain time period, you may not be able to enter new orders, execute existing orders, or modify or cancel orders that were previously entered. System or component failure

* Each exchange's relevant rules are available upon request from the industry professional with whom you have an account. Some exchanges' relevant rules also are available on the exchange's internet home page.

FUTURES CROSS TRADE CONSENT

Straits Financial LLC ("Straits"), its officers, directors, employees or affiliates or other customers of Straits or of the servicing floor broker may be from time to time on the opposite side of orders for physicals or for purchase or sale of futures contracts and option contracts placed for your Account in conformity with regulations of the Commodity Futures Trading Commission and the by-laws, rules and regulations of the applicable market (and its clearing organization, if any) on which such order is executed.

FOREIGN TRADER DISCLOSURE STATEMENT

In accordance with Rules 15.05 and 21.03 of the Commodity Futures Trading Commission ("CFTC"), 17 C.F.R. §§15.05 and 21.03, we are considered to be your agent for purposes of accepting delivery and service of communications from or on behalf of the CFTC regarding any commodity futures contracts or commodity option contracts which are or have been maintained in your account(s) with us. In the event that you are acting as agent or broker for any other person(s), we are also considered to be their agent, and the agent of any person(s) for whom they may be acting as agent or broker, for purposes of accepting delivery and service of such communications. Service or delivery to us of any communication issued by or on behalf of the CFTC (including any summons, complaint, order, subpoena, special call, request for information, notice, correspondence or other written document) will be considered valid and effective service or delivery upon you or any person for whom you may be acting, directly or indirectly, as agent or broker.

You should be aware that Rule 15.05 also provides that you may designate an agent other than Straits Financial LLC. Any such alternative designation of agency must be evidenced by a written agency agreement which you must furnish to us and which we, in turn, must forward to the CFTC. If you wish to designate an agent other than us, please contact us in writing. You should consult 17 C.F.R. §15.05 for a more complete explanation of the foregoing.

Upon a determination by the CFTC that information concerning your account(s) with us may be relevant in enabling the CFTC to determine whether the threat of a market manipulation, corner, squeeze, or other market disorder exists, the CFTC may issue a call for specific information from us or from you. In the event that the CFTC directs a call for information to us, we must provide the information requested within the time specified by the CFTC. If the CFTC directs a call for information to you through us as your agent, we must promptly transmit the call to you, and you must provide the information requested with the time specified by the CFTC. If any call by the CFTC for information regarding your account(s) with us is not met, the CFTC has authority to restrict such account(s) to trading for liquidation only. You have the right to a hearing before the CFTC to contest any call for information concerning your account(s) with us, but your request for a hearing will not suspend the CFTC's call for information unless the CFTC modifies or withdraws the call. Please consult 17 C.F.R. §21.03 for a more complete description of the foregoing (including the type of information you may be required to provide).

Certain additional regulations may affect you. Part 17 of the CFTC Regulations, 17 C.F.R. Part 17, requires each futures commission merchant and foreign broker to submit a report to the CFTC with respect to each account carried by such futures commission merchant or foreign broker which contains a reportable futures position. (Specific reportable position levels for all futures contracts traded on U.S. exchanges are established in Rule 15.03.) In addition, Part 18 of the CFTC Regulations, 17 C.F.R. Part 18, requires all traders (including foreign traders) who own or control a reportable futures or options position and who have received a special call from the CFTC to file a Large Trader Reporting Form (Form 103) with the CFTC within one day after the special call upon such trader by the CFTC. Please consult 17 C.F.R. 17 and 18 for more complete information with respect to the foregoing.

POSITION LIMIT AND LARGE OPEN POSITION REPORTING REQUIREMENTS FOR OPTIONS AND FUTURES TRADED ON THE HONG KONG EXCHANGES

The Hong Kong regulatory regime imposes position limit and reportable position requirements for stock options and futures contracts traded on the Stock Exchange of Hong Kong and on the Hong Kong Futures Exchange.

These requirements are set out in the Hong Kong Securities and Futures (Contracts Limits and Reportable Positions) Rules (as amended, the “Rules”) made by the Securities and Futures Commission (“SFC”) under the Securities and Futures Ordinance. The Rules impose monitoring and reporting obligations with regard to large open positions. Where you are holding a reportable position for your client, you must disclose the identity of the client. For the purposes of the Rules, a client is the person who is ultimately responsible for originating instructions you receive for transactions - i.e., the transaction originator.

Further guidance on the Rules and what they require is set out in the SFC’s Guidance Note on Position Limits and Large Open Position Reporting Requirements. Copies of the Rules and Guidance Note can be downloaded from the SFC’s website (www.sfc.hk).

Purpose of the Rules

The purpose of the Rules is to avoid potentially destabilizing market conditions arising from an over-concentration of futures/options positions accumulated by a single person or group of persons acting in concert, and to increase market transparency.

Some of the major requirements of the Rules and Guidance Note are summarised below. However, you should review the Rules and Guidance Note in their entirety, and consult with your legal counsel in order to ensure that you have a full understanding of your obligations in connection with trading in Hong Kong.

Please note that the Rules make you responsible for ensuring that you comply with the Rules. Section 8 of the Rules makes it a criminal offence not to comply (subject to a maximum fine of HK\$100,000 and imprisonment for up to 2 years).

In 2004, the SFC investigated 6 breaches of the Rules, including a breach by a non-Hong Kong fund manager which was referred to the fund manager’s overseas regulator. It should be noted that the SFC has expressly stated that it is not sympathetic to claims by overseas persons that they are not aware of the Hong Kong restrictions, and that a failure to trade within the limits or make reports reflects badly on a firm’s internal control measures (which might itself lead to disciplinary action).

Position Limits

The Rules say that you may not hold or control futures contracts or stock options contracts in excess of the prescribed limit, unless you have obtained the prior authorisation of the Hong Kong regulators. For example, the prescribed limit for Hang Seng Index futures and options contracts and Mini-Hang Seng Index futures and options contracts is 10,000 long or short position delta limit for all contract months combined, provided the position delta for the Mini-Hang Seng Index futures contracts or Mini-Hang Seng Index options contracts shall not at any time exceed 2,000 long or short for all contract months combined. For many futures contracts and stock options contracts, the position limit is set at 5,000 contracts for any one contract/ expiry month.

The prescribed limit for each contract traded on the Hong Kong exchanges is set out in the Rules.

Reportable Positions

If you hold or control an open position in futures contracts or stock options contracts in excess of the specified level, the Rules require you to report that position in writing to the relevant Hong Kong exchange (i) within one day (ignoring Hong Kong public holidays and Saturdays) of first holding or controlling that position, and (ii) on each succeeding day on which you continue to hold or control that position.

The specified reporting level for each contract traded on the Hong Kong exchanges is set out in the Rules. The report must state:

- (a) the number of contracts held or controlled in respect of the position in each relevant contract month; and
- (b) if the position is held or controlled for a client, the identity of the client, and the number of contracts held or controlled for such person in respect of the reportable position in each relevant contract month.

Scope of the Rules

You should note:

- The prescribed limits and reportable position requirements apply to all positions held or controlled by any person, including positions in any account(s) that such person controls, whether directly or indirectly. The SFC takes the view that a person is regarded as having control of positions if, for example, the person is allowed to exercise discretion to trade or dispose of the positions independently without the day-to-day direction of the owner of the positions. (Section 4 of the Rules and Para. 2.6 of the Guidance Note)
- If a person holds or controls positions in accounts at more than one intermediary, the Rules require him to aggregate the positions for the purposes of applying the prescribed limits and reportable position requirements. (Para. 6.1 of the Guidance Note)
- The person holding or controlling a reportable position in accounts at more than one intermediary has the sole responsibility to notify the relevant exchange of the reportable position. The person may request its intermediary to submit the notice of the reportable position. If a firm agrees to submit the notice on his behalf, the person should provide to the firm its total positions held at other intermediaries so that the firm can submit the notice of the reportable position. Alternatively, the person should ask all of his intermediaries to report the positions in each of the accounts separately to the exchange, even if the positions in the individual accounts do not reach the reportable level. (Paras. 4.6 and 6.2 of the Guidance Note)
- Where you are holding a reportable position for your client, the Rules say that you must disclose the identity of the client. The SFC’s view is that, for the purposes of the Rules, a client is the person who is ultimately responsible for originating the transaction instructions - i.e., the transaction originator. (Para. 6.4 of the Guidance Note)
- The Rules apply separately to the positions held by each of the underlying clients of an omnibus account, except where the omnibus account operator has discretion over the positions in which case the account operator must also aggregate these positions with his own positions. Positions held by different underlying clients should not be netted off for purposes of calculating and reporting reportable positions or determining compliance with the prescribed limits. (Para. 6.8 of the Guidance Note)

NOTICE TO CUSTOMERS: EXCHANGE FOR RELATED POSITIONS ¹

Certain futures exchanges permit eligible customers to enter into privately-negotiated off-exchange futures or option on futures transactions (collectively, “**futures**”) known as exchange for related positions (“**EFRP**”). An EFRP involves the simultaneous execution of a futures transaction and an equivalent related position. A “related position” is defined to mean the cash commodity underlying the exchange contract or a by-product, a related product or an over-the-counter (“**OTC**”) derivative instrument of such commodity that has a reasonable degree of price correlation to the commodity underlying the exchange contract.

Types of EFRPs include:

- Exchange of Futures for Physical (“**EFP**”) or Against Actual (“**AA**”) – the simultaneous execution of a futures contract and a corresponding physical transaction or a forward contract on a physical transaction.
- Exchange of Futures for Risk (“**EFR**”) or Exchange of Futures for Swap (“**EFS**”) – the simultaneous execution of a futures contract and a corresponding OTC swap or other OTC derivative transaction.
- Exchange of Option for Option (“**EOO**”) – the simultaneous execution of an option contract and a corresponding transaction in an OTC option or other OTC instrument with similar characteristics.

EFRP transactions are subject to Applicable Law, as defined in the agreement between a futures commission merchant (“**FCM**”) and its customers. Customers that engage in EFRP transactions are responsible for reviewing, understanding and complying with the provisions of Applicable Law governing EFRP transactions, including, but not limited to, Rule 538 of the CME Group (CME, CBOT and NYMEX) and Rule 4.06 of ICE Futures US, and the frequently asked questions and other guidance that each exchange has issued with respect thereto. ²

Customers are subject to the jurisdiction of the exchange through which the EFRP transaction is entered into and, therefore, may be required to produce records and otherwise cooperate in any inquiry that the exchange may undertake with respect to the EFRP transaction. Moreover, customers may be sanctioned by the exchange if an EFRP transaction does not comply with the requirements of applicable exchange rules and guidance. For this reason, customers are encouraged to review these requirements with any employees that may engage in EFRP transactions on their behalf.

Certain common requirements of the rules and guidance issued by CME Group and ICE Futures US are summarized below. However, this summary is not a substitute for the customer’s obligation to review and understand such rules and related guidance in their entirety.

- The futures contract and the related position must be effected for the account of the same beneficial owner. If the customer is the seller of (or the holder of the short market exposure associated with) the related position, the customer must be the buyer of the futures contract(s) being exchanged in the EFRP; conversely, if the customer is the buyer of (or the holder of the long market exposure associated with) the related position, the customer must be the seller of the futures contract(s) being exchanged in the EFRP.
- The opposing accounts to an EFRP transaction must be: (a) independently controlled accounts with different beneficial ownership; (b) independently controlled accounts of separate legal entities with common beneficial ownership; or (c) independently controlled accounts of the same legal entity, provided the account controllers operate in separate business units. For EFRP transactions between accounts with common beneficial ownership, the parties to the trade must be able to demonstrate the independent control of the accounts and that the transaction had economic substance for each party to the trade.
- Generally, there may be only two parties to an EFRP transaction. However, a third party, acting as principal, may facilitate the related position

component of an EFRP on behalf of a customer, provided the third party is able to demonstrate that the related position was passed through to the customer that received the exchange contract as part of the EFRP.

- Each EFRP requires a bona fide transfer of ownership of the cash commodity between the parties or a bona fide, legally binding contract between the parties consistent with relevant market conventions for the particular related position transaction.
- Each side of an EFRP transaction must be independent. For example, confirmation of the related position may not be contingent on the acceptance of the futures transaction for clearing.
- Contingent EFRP transactions are prohibited. EFRP transactions may not be contingent upon the execution of another EFRP or related transaction that results in the offset of the related position without the incurrence of market risk that is material in the context of the related position transactions.
- Foreign currency EFPs, with immediate offset of the cash component of the transaction, are permitted, provided the parties to the transaction have acknowledged that, in the event the futures component of the transaction fails to clear, their responsibility for any resultant profit or loss associated with an offset of the cash component of the transaction.
- A party providing inventory financing for a storable agricultural, energy or metals commodity may, through the execution of an EFP, purchase the commodity and sell the equivalent quantity of futures contracts to a counterparty, and grant to the counterparty the non-transferable right, but not the obligation, to execute a second EFP during a specified time period in the future which will have the effect of reversing the original EFP.
- An EFRP may incorporate multiple exchange components with different market bias, provided the related components incur material market risk. An EFRP may incorporate multiple related position components, provided the net exposure of the related position components is approximately equivalent to the quantity of futures exchanged or, in the case of an EOO, the net delta-adjusted quantity of the OTC option components is approximately equivalent to the delta-adjusted quantity of the exchange-listed option.
- EFRP transactions may be executed at any commercially reasonable price agreed by the parties, provided the price of the exchange component of the EFRP transaction conforms to the minimum tick increment of the futures contract under exchange rules. Parties may be asked to demonstrate that EFRPs executed at prices away from the prevailing market price were executed at such prices for legitimate commercial purposes.
- The customer must maintain all records relevant to the futures transaction and the related cash, swap or derivative transaction in

¹ **DISCLAIMER:** This Notice is provided for informational purposes only. Although care has been taken to ensure that the content is accurate as of the date of publication, this Notice is not intended to constitute legal or regulatory advice. FIA specifically disclaims any legal responsibility for any errors or omissions and disclaims any liability for losses or damages incurred through the use of the information herein. FIA undertakes no obligations to update this Notice following the date of publication.

² The CME Group’s most recent guidance with respect to EFRP transactions may be found at <http://www.cmegroup.com/rulebook/rulebook-harmonization.html>; ICE Futures US’ most recent guidance with respect to EFRPs may be found at <https://www.theice.com/futures-us/market-resources>. This guidance may be revised from time-to-time. Customers should confirm that they are reviewing the most current guidance.

accordance with applicable exchange rules. Upon request, the customer must provide its FCM with documentation sufficient to verify its purchase or sale of the related position.

- EFR and EOO participants must comply with applicable Commodity Futures Trading Commission requirements governing eligibility to transact the related position component of an EFR or EOO. Generally, EFR and EOO participants must be “eligible contract participants,” as defined in section

STANDARDS OF MARKET CONDUCT GUIDELINES

As a client of Straits Financial LLC (“SFLLC”) we expect you to be aware of and adhere to general standards of market conduct. It is your responsibility to comply with all relevant market rules for the trading venues which you are accessing.

It is your responsibility and SFLLC’s expectation of you as a client, that all your relevant staff are aware of SFLLC’s expectations as to the standards of market conduct, are familiar with, are trained on, and comply with all applicable exchange (and other trading venue) rules, laws and regulations and have trade monitoring systems and/ or controls in place. Please note SFLLC has the right to remove any user accessing the markets through SFLLC in circumstances where the activity raises conduct concerns or is in contravention of trading venue rules.

We are providing to you a non-exhaustive list of behaviors that would constitute market abuse, which may have a negative impact on the fair and effective operation of the markets, intended for guidance only. This high level guidance does not replace the need for you and your staff to familiarize yourselves with the requirements of laws, regulations and exchange rules.

Manipulation of price of futures contract and Cornering

- ‘Cornering’ - Directly or indirectly, or attempt to corner the market of any commodity which is the subject of a futures contract in such volume that the manipulator gains a monopoly over it.
- ‘Bear raiding’ – An attempt to heavy selling or short sell futures contracts with the aim to drive the price down allowing the futures contracts to be bought back at a lower price and thus make a profit on the difference.

False Trading – False or Misleading Appearance

- ‘Pre- arranged trading’ – A trade that purports to have been executed in the exchange’s competitive trading system which is in fact pre-arranged by bilateral negotiation.
- ‘Wash sales’ – A trader carries out a pre-arranged trade that is essentially fictitious either with himself, or by arrangement with another trader. The trade aims to “wash-out” previous trade(s) to eliminate any profit or loss between the parties which does not involve a change in the beneficial owner.
- ‘Spoofing’– Submitting and cancelling single or multiple bids or offers in order to create a misleading impression of market depth or create (or attempt to create) an artificial price movement.
- ‘Layering’ – Submitting multiple bids or offers to create (or attempt to create) a misleading impression of buying or selling pressure in order to move the market price and allow the trader to buy or sell at a lower/ higher price. The original ‘layered’ bids or offers are then cancelled.
- Any behavior that misleads other market participants as to the supply of, demand for, or price of a financial instrument.
- Any behavior which secures, or is likely to secure, the price of a financial instrument at an abnormal or artificial level.

Fraudulently inducing persons to trade in futures contracts

- Disseminating information (e.g. through the Bloomberg chat, the media) which is false, misleading or deceptive as to the supply of, demand for, or price of a financial instrument.
- Omitting to state or dishonest concealment of a material fact which is necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading. For example, notifying market participants that there is a report on the spread of diseases

1a(18) of the Commodity Exchange Act.

- A swap that is traded on or subject to the rules of an exchange or a swap execution facility (“SEF”) is ineligible to be the related position component of an EFR or EOO transaction. OTC swaps that are bilaterally negotiated and submitted for clearing-only to a DCO qualify as a related position, provided such swaps have a reasonable degree of correlation to the underlying exchange product. Such swaps should be governed by the terms and conditions of an ISDA agreement negotiated between the parties.

which destroys major coffee plantations around the world which will result in a shortage of coffee beans, thereby causing the coffee prices to rise. However, the material fact that the report was made 10 years ago and modern day coffee beans are immune to such diseases was not made known.

Employment of fraudulent or deceptive devices

- Employing any device, scheme or artifice to defraud
- Engaging in any act, practice or course of business which operates as a fraud or deception

Intending to overload, delay or disrupt the systems of the Exchange or other market participants

Using algorithmic or high-frequency trading which have the effect of:

- ‘Quote stuffing practices’ – Overloading the trading system with bids and offers, disrupting or delaying the functioning of the trading system. Making it difficult for other participants to identify genuine orders on the trading system by overloading with excessive market data.

Intending to disrupt, or acting with reckless disregard, in relation to trading or the fair execution of transactions

- ‘Front running’ – Trading with prior knowledge of market events/ price sensitive information or orders to trade. For example, upon receipt of a large order from the client, the broker holds the client’s order until his/ her own personal trades were executed.
- ‘Banging the close’ – A manipulative or disruptive trading practice whereby a trader buys or sells a large number of futures contracts during the closing period of a futures contract (that is, the period during which the futures settlement price is determined) in order to benefit from an even larger position in an option, swap, or other derivative that is cash settled based on the futures settlement price on that day.

Further guidance- Market Manipulation

Further information about what constitutes market manipulation can be found in the below exchange publications, laws and regulations:

- Securities and Futures Act section 206 and 208
- NZX Participant Guidance Note – Trading Conduct (March 2018)
- CME Market Regulation Advisory Notice Rule 575
- Commodity Exchange Act section 9
- Intercontinental Exchange Europe section E, paragraph 2

Please also note that you may also have broader regulatory obligations under regulations of other jurisdictions such as MiFID 2 and EU GDPR. This list is not exhaustive of regulatory guidance available, please apprise your firm of the rules applicable to the markets you trade. If you have questions or need assistance, please contact SF Compliance.

Training Materials

Several associations have produced online training courses to help with improving the knowledge and awareness of future trading and other relevant knowledge:

- Exchange Analytics
- Thomson Reuters on Preventing Market Abuse and other courses
- The Futures Industry Association (“FIA”) on Market misconduct and exchange rules and regulations

FOREIGN BOARD OF TRADE AGREEMENT FOR US CUSTOMERS

A US customer that is granted direct access to a foreign board of trade's ("FBOT") trading system who is not registered with the Commodity Futures Trading Commission ("CFTC") as a futures commission merchant, a commodity trading advisor or a commodity pool operator, must file a written representation, executed by a person with the authority to bind the customer.

Customer Acknowledges and Agrees as follows:

As long as the customer is authorized to enter orders directly into the trade matching system of the foreign board of trade, the customer agrees to and submits to the jurisdiction of the CFTC with respect to activities conducted pursuant to the registration of the FBOT under Part 48 of CFTC regulations. Additionally, the customer will provide, upon the request of the CFTC, the United States Department of Justice and the National Futures Association, prompt access to the customer's original books and records or, at the election of the requesting agency, a copy of specified information containing such books and records, as well as access to the premises where the trading system is available in the United States.

SINGAPORE CLIENT DISCLOSURE

On May 18, 2016, the Monetary Authority of Singapore issued an order authorizing Chicago Mercantile Exchange Inc. ("CME") as a recognized clearing house in Singapore. Pursuant to the terms of its recognition, the clearing house division of CME ("CME Clearing") is required to make certain disclosures available to new Singapore-based participants at CME Clearing. Accordingly, CME Clearing is providing this notification to be included among the risk disclosures provided to new Singapore-based customers or affiliates for whom the clearing member will provide clearing services at CME. A clearing member's obligation to provide this notice to a new participant applies only to the extent such participant is disclosed to the firm as Singapore-based. Clearing members must also make this disclosure accessible to any existing¹ Singapore-based participant upon request.

- CME Clearing's operations are subject to the laws of the United States and regulations promulgated by the U.S. Commodity Futures Trading Commission ("CFTC");
- The rights and remedies available to Singapore-based participants as stated in CME's rules, policies and procedures may be governed by U.S. law. Such rights and remedies under U.S. law may differ from those available to Singapore-based participants when accessing Singapore-based clearing houses which are primarily regulated by Singapore laws;
- Funds and collateral posted to a clearing intermediary registered as a U.S. futures commission merchant ("FCM") are subject to customer protection provisions of U.S. law;
- U.S. law and regulation mandate segregation of customer positions and collateral from the positions and collateral of FCM clearing members and prescribe the customer segregation model for futures and swaps, respectively, at both the FCM- and clearing house-levels. The structure and insolvency law impacts of the U.S. customer protection regime may differ from those of Singapore;
- Trades cleared at CME will be subject to U.S. business hours and settlement timelines as set forth in Exchange or Clearing House rules;
- Trades cleared at CME may be subject to U.S. tax law and applicable provisions of the U.S. Internal Revenue Code, which may have a different impact than Singapore tax law; and
- Costs associated with clearing should be discussed with the clearing member offering clearing services.

Nothing included in this bulletin should be regarded as legal advice. Tax advisors, legal counsel and Exchange or Clearing House rules, as applicable, should be consulted in all cases where a Singapore-based participant has questions concerning the conduct of their business or the impact of U.S. law or regulation thereon.

¹As of the date of this notice.

NFA INVESTOR ADVISORY - FUTURES ON VIRTUAL CURRENCIES INCLUDING BITCOIN

The purpose of this investor advisory is to remind investors that, just like any other speculative investment, trading futures on virtual currencies, including Bitcoin, have certain benefits and various risks. While futures on virtual currencies must be traded on regulated futures exchanges, trading these products involves a high level of risk and may not be suitable for all investors.

It is critical, therefore, for investors who are considering trading virtual currency futures to educate themselves about these products, understand their risks, and conduct due diligence before making investment decisions. Investor protection begins with investor education.

- Conduct due diligence on any individuals and firms soliciting for an investment in futures on virtual currencies including Bitcoin by checking their Commodity Futures Trading Commission (CFTC) registration status, NFA membership status, and background using NFA's BASIC system or calling NFA's Information Center at 800- 621-3570.
- Virtual currencies including Bitcoin experience significant price volatility, and fluctuations in the underlying virtual currency's value between the time you place a trade for a virtual currency futures contract and the time you attempt to liquidate it will affect the value of your futures contract and the potential profit and losses related to it. Be very cautious and monitor any investment that you make.
- Be aware of sales pitches offering investment schemes that promise significant returns with little risk or that encourage you to "act now." If an investment sounds too good to be true (e.g., high returns, guaranteed to perform in a certain way), then it probably is.
- Virtual currency futures contracts are bought and sold using initial margin money that can enable you to hold a virtual currency futures contract valued more than your initial investment. This is referred to as leverage. If the price of the futures contract moves in an unfavorable direction, the leveraged nature of the futures investment can produce large losses in relation to your initial investment. In fact, even a small move against your position may result in a large loss, including the loss of your entire initial deposit, and you may be liable for additional losses.
- Be aware of the risk of Ponzi scheme operators and fraudsters seeking to capitalize on the current attention focused on virtual currencies, including Bitcoin. Outlined above are just some of the risks associated with trading futures on virtual currencies, including Bitcoin. Investors should consult the risk disclosures provided by their FCM and fully educate themselves on all of the associated risks before trading. With CFTC oversight, each futures exchange listing a virtual currency futures contract is responsible for regulating its futures market. NFA performs market regulation services on behalf of certain futures exchanges and swap execution facilities. Please be aware, however, that just because futures on virtual currencies, including Bitcoin, must be traded on regulated futures exchanges does not mean that the underlying virtual currency markets are regulated in any manner, and as discussed above what occurs in a virtual currency's underlying market will impact the price of a virtual currency's futures contract. Investors with questions or concerns regarding trading futures on virtual currencies including Bitcoin should contact NFA's Information Center (312-781-1410 or 800-621-3570 or information@nfa.futures.org).

CUSTOMER ADVISORY: UNDERSTAND THE RISKS OF VIRTUAL CURRENCY TRADING

The U.S. Commodity Futures Trading Commission (CFTC) is issuing this customer advisory to inform the public of possible risks associated with investing or speculating in virtual currencies or recently launched Bitcoin futures and options.

Virtual currency is a digital representation of value that functions as a medium of exchange, a unit of account, or a store of value, but it does not have legal tender status. Virtual currencies are sometimes exchanged for U.S. dollars or other currencies around the world, but they are not currently backed nor supported by any government or central bank. Their value is completely derived by market forces of supply and demand, and they are more volatile than traditional fiat currencies. Profits and losses related to this volatility are amplified in margined futures contracts.

For hedgers – those who own Bitcoin or other virtual currencies and who are looking to protect themselves against potential losses or looking to buy virtual currencies at some point in the future – futures contracts and options are intended to provide protection against this volatility. However, like all futures products, speculating in these markets should be considered a high-risk transaction.

Bitcoin is a Commodity

Bitcoin and other virtual currencies have been determined to be commodities under the Commodity Exchange Act (CEA). The Commission primarily regulates commodity derivatives contracts that are based on underlying commodities. While its regulatory oversight authority over commodity cash markets is limited, the CFTC maintains general anti-fraud and manipulation enforcement authority over virtual currency cash markets as a commodity in interstate commerce.

What makes virtual currency risky?

Purchasing virtual currencies on the cash market – spending dollars to purchase Bitcoin for your personal wallet, for example – comes with a number of risks, including:

- most cash markets are not regulated or supervised by a government agency;
- platforms in the cash market may lack critical system safeguards, including customer protections;
- volatile cash market price swings or flash crashes;
- cash market manipulation;
- cyber risks, such as hacking customer wallets; and/or
- platforms selling from their own accounts and putting customers at an unfair disadvantage.

It's also important to note that market changes that affect the cash market price of a virtual currency may ultimately affect the price of virtual currency futures and options.

When customers purchase a virtual currency-based futures contract, they may not be entitled to receive the actual virtual currency, depending on the particular contract. Under most futures contracts currently being offered, customers are buying the right to receive or pay the amount of an underlying commodity value in dollars at some point in the future. Such futures contracts are said to be “cash settled.” Customers will pay or receive (depending on which side of the contract they have taken) Bitcoin as a Commodity. Bitcoin and other virtual currencies have been determined to be commodities under the Commodity Exchange Act (CEA). The Commission primarily regulates commodity derivatives contracts that are based on underlying commodities. While its regulatory oversight authority over commodity cash markets is limited, the CFTC maintains general anti-fraud and manipulation enforcement authority over virtual currency cash markets as a commodity in interstate commerce. long or short) the dollar equivalent of the virtual currency based on an index or auction price specified in the contract. Thus, customers should inform themselves as to how the index or auction prices used to settle the contract are determined.

Entering into futures contracts through leveraged accounts can amplify the risks of trading the product. Typically, participants only fund futures contracts at a fraction of the underlying commodity price when using a margin account. This creates “leverage,” and leverage amplifies the underlying risk, making a change in the cash price even more significant. When prices move in the customers' favor, leverage provides them with more profit for a relatively small investment. But, when markets go against customers' positions, they will be forced to refill their margin accounts or close out their positions, and in the end may lose more than their initial investments.

Beware of related fraud

Virtual currencies are commonly targeted by hackers and criminals who commit fraud. There is no assurance of recourse if your virtual currency is stolen. Be careful how and where you store your virtual currency. The CFTC has received complaints about virtual currency exchange scams, as well as Ponzi and “pyramid” schemes.

If you decide to buy virtual currencies or derivatives based on them, remember these tips:

- If someone tries to sell you an investment in options or futures on virtual currencies, including Bitcoin, verify they are registered with the CFTC. Visit [SmartCheck.gov](https://www.smartcheck.gov) to check registrations or learn more about common investment frauds.
- Remember—much of the virtual currency cash market operates through Internet-based trading platforms that may be unregulated and unsupervised.
- Do not invest in products or strategies you do not understand.
- Be sure you understand the risks and how the product can lose money, as well as the likelihood of loss. Only speculate with money you can afford to lose.
- There is no such thing as a guaranteed investment or trading strategy. If someone tells you there is no risk of losing money, do not invest.
- Investors should conduct extensive research into the legitimacy of virtual currency platforms and digital wallets before providing credit card information, wiring money, or offering sensitive personal information.
- The SEC has also warned that some token sales or initial coin offerings (ICOs) can be used to improperly entice investors with promises of high returns.¹

If you believe you may have been the victim of fraud, or to report suspicious activity, contact us at 866.366.2382 or visit [CFTC.gov/TipOrComplaint](https://www.cftc.gov/TipOrComplaint).

¹ See https://www.sec.gov/oiea/investor-alerts-and-bulletins/ib_coinofferings.

The CFTC has provided this information as a service to investors. It is neither a legal interpretation nor a statement of CFTC policy. If you have questions concerning the meaning or application of a particular law or rule, consult an attorney.

GENERAL DATA PROTECTION REGULATION PRIVACY NOTICE

Data protection privacy notice

We are committed to protecting your personal information and ensuring we respect your privacy. This Privacy Notice explains how we will look after and use any personal information that we collect about you.

What is personal information?

Personal information means any information about you from which you can be identified. Examples of personal information include your name, home address, date of birth, telephone number and e-mail address but it also includes other pieces of information which can be used to identify you, either directly or indirectly, such as a cookie.

Who we are

Straits Financial LLC is the Controller of the personal information you provide to us. If you have any questions about this Privacy Notice or the information we hold about you please contact our Chief Compliance Officer using the details set out below:

Full name of legal entity: Straits Financial LLC
Name relevant contact: James Gordon
Email address: jgordon@straitfinancial.com & compliance@straitfinancial.com
Postal address: 311 S. Wacker Drive, Suite 980, Chicago, IL 60606
Contact telephone numbers: 312-462-4499 & 312-846-5656

You have the right to make a complaint at any time to the Information Commissioner's Office (ICO), the UK supervisory authority for data protection issues. We would however appreciate the chance to deal with your concerns before you approach the ICO, so please contact us in the first instance.

What types of information do we use?

We collect information in the course of providing our financial services to you. The information which we collect, use, store and transfer about you are:

- a) First and last name, middle name, email address, home address, phone number and other contact information;
- b) Date of Birth;
- c) Tax filing status;
- d) Tax Identification number;
- e) Nationality or place of citizenship;
- f) Employer, employment history and occupation;
- g) Copies of identification documents such as, passport, driver's license, state ID or other types of government issued identification;
- h) as Ancillary information provided on a document used for proof of residential address;
- i) Bank account information, such as routing and account numbers;
- j) Financial information such as net worth, annual income and liquid assets;
- k) Transaction, account activity, and trading experience history;
- l) IP Addresses;
- m) Recorded phone conversations;
- n) Authorized signatory list, including signatures of your employees, agents, contractors, beneficial owners, and others associated with entities.

Our products and services are not intended for children and we will not knowingly collect any data related to children.

We do not collect any special categories of personal data. This includes details about your race or ethnicity, religious or philosophical beliefs, sex life, sexual orientation, political opinions, trade union membership, information about your health and genetic or biometric data.

Consequences of not providing some types of information

Where we need to collect your personal information by law, for regulatory purposes, or under the terms of a contract we have with you, and you fail to provide that information when requested, we may not be able to provide the services you asked for. In this case we may deny to open or have to close your applicable trading account.

How do we collect information about you?

Typically we will collect information from you when you contact us directly or provide information to your broker in order for us to provide our products and services. We collect information from and about you in the following ways:

- Processing your application for an account
- Any managing or maintenance of your account with Straits
- When you sign up for our Marketing Materials
- When you visit our website
- When you complete Welcome Surveys or enter information into forms on our website
- Any other purposes which we notify you of at the time of obtaining your information.
- Through **using our website** when we collect information using cookies or similar technologies which tell us about your equipment, browsing actions and patterns.

Please note that we may be required to disclose your personal data to third parties in certain situations, including, without limitation, the following:

- (a) cases in which the disclosure is required or authorized based on the applicable laws and/or regulations;
- (b) cases in which the purpose of such disclosure is clearly in your interests;
- (c) cases in which the disclosure is necessary for any investigation or proceedings, including enforcement of Straits legal rights;
- (d) cases in which the personal data is disclosed to any officer of a prescribed law enforcement or regulatory agency;
- (e) where such disclosure is permitted by applicable law.

The third parties which we share personal information with are as follows:

- Back office equity system providers
- Platform providers
- Third party vendors used to confirm information you provided during the account opening process.
- Online application hosting
- IT Vendors who back up information for operational and regulatory purposes

To the extent that we use unaffiliated third parties for services, such providers will be subject to strict contractual requirements to maintain the confidentiality of any customer information they may obtain in connection with their services. Furthermore, we will disclose only the information necessary to provide such services. Where we disclose your personal data to third parties, we will employ our best efforts to require such third parties to protect your personal data.

How we will use your personal information

We only obtain, use and keep personal information where we need it for a specific purpose. We set out in the table below the ways in which we plan to use your personal information. We are only able to use your personal information if we have a proper legal reason, regulatory request or basis for doing so. This is called a legal basis and the regulations require that we have a legal basis so that your privacy is protected. Most commonly we will use your information in the following ways:

- We have a **contract** with you. For example, we have agreed to provide financial services and hold your trading account for you and have a contractual agreement to do this.
- We have legal **and regulatory obligations**. We need to use your personal information to comply with laws that assist in the prevention of financial crime and to comply with regulatory obligations. For example this might include confirming your identity and source of wealth, as well as ensuring we provide you with necessary information so you understand the risk of the financial services we can provide.
- We have asked for, and you have provided, consent to use your information. **Please note that you can withdraw your consent at any time – this is part of how the law protects your interests.**
- We, or a third party, have a **legitimate interest** in processing the information and your interests and fundamental right do not override those interests. For example, processing your information to prevent fraud.

The personal data which we collect from you may be collected, used, disclosed and/or processed for various purposes, depending on the circumstances for which we may/will need to process (collectively, “the processes”:) your personal data, including:

| Purpose | Lawful basis for processing including our legitimate interests |
|--|--|
| To on-board you as a new customer, including carrying out due diligence or other screening activities (including anti-money laundering, “know-your-client”, credit and background checks) in accordance with legal or regulatory obligations or Straits’ risk management procedures that may be required by law or that may have been put in place by Straits. | To fulfil our contract with you. To fulfil our legal obligations to prevent financial crime. |
| To manage your account, including but not limited to executing your instructions with respect to any transactions, processing your orders, processing payments made to and from your account and executing your instructions with respect to the update of your company particulars. | Necessary for our legitimate interests – to recover debts due to us. |
| To monitor your account on an on-going basis. | To fulfil our contract with you. |
| To meet our regulatory obligations to provide you with regular information about your account and investment activity | To fulfil our regulatory obligations. |
| To contact you about other products and services we think you may be interested in and conducting research, analysis and development activities to improve Straits’ services and facilities in order to enhance your Account with Straits or for your benefit, or to improve any of Straits’ services for your benefit; | Necessary for our legitimate interests – to develop our products and services and grow our business. |
| To use data to improve our website. | Necessary for our legitimate interests – to understand how our customers interact with our website |
| Carrying out your instructions or responding to any enquiry given (or purposed to be given by) us on your behalf. | To fulfil our contract with you. |
| Prevent or investigate any fraud, unlawful activity or omission or misconduct, whether relating to your Account with Straits or any other matter arising from your Account with Straits, and whether or not there is any suspicion of the aforementioned. | To fulfil our regulatory obligations |
| Complying with or as required by any request or direction of any governmental authority; or responding to requests for information from public agencies, ministries, statutory boards or other similar authorities. For the avoidance of doubt, this means that Straits may/will disclose the Individuals’ Personal Data to the aforementioned parties upon their request or direction. | To fulfil our regulatory obligations. |
| Complying with or as required by any applicable law, governmental or regulatory requirements of any relevant jurisdiction, including meeting the requirements to make disclosure under the requirements of any law binding on Straits and/or for the purposes of any guidelines issued by regulatory or other authorities, whether in The United States of America or elsewhere, with which Straits is expected to comply. | To fulfil our regulatory obligations. |

Marketing

We will always seek your consent to use your personal information for this purpose. We will very clearly explain why we are seeking your consent and ensure that you are provided with a simple method of providing this – usually via tick box on our website.

You are free to change your mind at any time by emailing info@straitsfinancial.com. We want to contact you about products or services we feel will be of interest to you or of benefit. We use your personal information to communicate with you if we have either your consent or a 'legitimate interest'. We believe that as a commercial enterprise we do have a legitimate interest in contacting you about our products or services and we will only do so if we decide it would be of interest or beneficial for you. However, we will also gain your consent to do so. We will always ensure we seek consent from you in a way which is clear and explains why we are seeking consent to use your personal information. We will very clearly explain why we are seeking your consent and ensure that you are provided with a simple method of providing this – usually tick box via our website.

Third party marketing

We will get your express opt-in consent before we share your personal data with any other company for marketing purposes.

Cookies

Cookies are small text files placed on your computer (or other device where you access the internet) used to collect information on your activities online. They can also be used as part of website functionality – for example if you use online service to access / your platform account and your trading account so you should be careful about accepting, deleting or removing them. We can collect information about the device you are using to access the internet, your IP address and website browser (for example). Cookies can tell us what information you were looking at, for how long, which internet sites interest you which are useful for us particularly for marketing our products and to ensure we are delivering the right service to clients.

If you have concerns about cookies this web site explains how you can delete and control the cookies that are stored on your computer: <https://www.aboutcookies.org/>

Who we share your information with

We may need to provide information to third parties for a variety of reasons. For example, we may need to provide information to assist in the detection or prevention of crime or for the purpose of safeguarding national security. Please refer to the table in the section 'How we will use your personal information' which explains how we use your data.

Third parties may include but are not limited to parties we share your information with to provide or facilitate goods and services to you such as back office equity system providers, platform providers, and third-party vendors used to confirm information you provided to us during the account opening process; IT vendors used to provide you or Straits with goods and services such as Straits online application hosting and development and vendors we use to back-up information for operational and regulatory purposes; and auditors, regulators, and law enforcement. Straits does not process any special categories of data.

Sending your information outside of the EEA

The regulations which have been put in place to protect your privacy apply throughout the EEA. As explained in the section above we will send your information to other third parties who are based outside of the EEA, however we will only share your information with them because the following safeguards have been put in place:

- The country we send your information to is deemed to provide an adequate level of protection by the European Commission;
- The information is being transferred between organizations which are engaged in the same economic enterprise, or within our corporate group, and we have an agreement in place which sets out how your privacy will be protected;
- The entities we transfer your information to are based in the US and are part of the Privacy Shield which requires them to provide a similar level of protection to European standards.

We will ensure that we give full consideration to the GDPR requirements in relation to transfers of personal data outside of the EEA when we make operational changes.

You can obtain further information on the specific mechanism used by us when transferring your personal information outside of the EEA by contacting the Chief Compliance Officer.

Storing your information

As a financial services provider we will typically have a contract with you and will need to keep your personal information (updated to ensure accuracy) to fulfil our contract. We also need to comply with EU, UK, and US law, which often requires us to keep certain records - which will include certain personal information – for several years.

When we decide how long we will retain your personal information, we will take into account the amount, nature, sensitivity of your information and how we want to use it as well as the potential risk of harm being caused from unauthorized use or disclosure.

Straits will retain your personal data as long as it is needed for the purposes outlined in Section 3, including but not limited to retaining personal data after account closures as required by applicable law and regulations.

Your rights

You are provided with a number of different rights under the data protection laws in relation to your personal information. These allow you:

- To access your information;
- To request we correct your information;
- To request that we erase your information;
- To object to the processing of your information;
- To request a restriction in the processing of your information;
- To request a transfer of your information; and
- To withdraw your consent.

If you wish to exercise any of these rights please, contact your broker on your account. Please note that you will not have to pay a fee to access your personal information or to exercise any of the other rights. We may, however, charge a reasonable fee if your request is clearly unfounded, repetitive or excessive or we may refuse to deal with your request. We may also need to seek further information from you to confirm your identity before we release any personal information. This does not affect your right to make a complaint. Straits will retain your personal data as long as it is needed for the purposes outlined in Section 3, including but not limited to retaining personal data after account closures as required by applicable law and regulations.

Security

We have put in place appropriate security measures to protect your personal information from being accidentally lost, used or accessed in an unauthorized way, altered or disclosed. We have a procedure to deal with any suspected personal data breach and will notify you, and other regulators, where we are legally required to do so.

NEGATIVE CONTRACT PRICES RISK DISCLOSURE

When trading in the futures markets, we wish to remind you of the risks if the market moves against your futures positions. These risks may be particularly acute in those instances in which a futures contract settles at a negative price. The circumstances that lead a futures contract to settle at a negative price may vary. One example of when a futures contract with a physical commodity as the underlying asset may settle at a negative price is when the supply of the commodity faces physical constraints in distribution or storage to such an extent that some suppliers are prepared to pay others to physically take away the commodity. Futures contracts across other asset classes may also settle at negative prices for any number of reasons. Regardless of whether prices are positive or negative, you should keep in mind that if the market moves against your futures positions:

- You may sustain a total loss of the funds that you have deposited to establish or maintain your positions and may incur additional losses beyond these amounts;
- You may be called upon to deposit additional margin funds, on short notice;
- If you do not provide the additional funds within the time we require, your positions may be liquidated at a loss; and
- You will be liable for any resulting deficit in your account.

You should contact your FCM if you have questions or want additional information.

PRIVACY POLICY

Straits Financial LLC believes in the importance of your privacy. In order to preserve the integrity of the information you provide to us in opening an account with Straits or one of its affiliates (collectively "Straits"), we want you to understand how we work to protect your privacy.

Straits restricts access to personal information about its customers to only those personnel and affiliates who must have the information in order to provide the services you are seeking. It is also provided to meet regulations and legal requirements. In some cases, unaffiliated third parties will be supplied with personal information because their access to such information is permitted or required by law and they need to know such information in order to assist Straits in providing the products and services you receive from us. Lastly, information may be shared with unaffiliated third parties whose access to such information is necessary in order for Straits to engage in joint marketing efforts with such third parties.

In providing you with the financial services you seek, Straits may collect the following types of nonpublic personal information from you: any information you may have included on your account application, including your name, address, social security number, any financial information about you; and, information regarding your trading or credit histories.

Straits does collect and store personal information about visitors to our website via the use of cookies. We also collect the following; collect general site traffic information such as visitor, time of day, day of the week, browser, city, state, paths taken through our site, and search engine(s) used to find our site.

Rest assured that Straits will not sell your personal information to any third parties. Your personal information will remain subject to the strictest confidentiality protections. We restrict access to nonpublic personal information about you to those employees who need to know that information to provide products or services to you. Straits strives to use commercially reasonable safeguards to maintain confidentiality of your personal data.

To the extent that we use unaffiliated third parties for electronic services, such providers will be subject to strict contractual requirements to maintain the confidentiality of any customer information they may obtain in connection with their services. Furthermore, we will disclose only the information necessary to provide such services.

In certain instances, legal authorities or regulatory agencies may require that we disclose certain customer information, which we will have the obligation to provide. In addition, we may be forced to disclose information to enforce our legal rights, or in order to perform credit checks or collect debts.

Straits Financial



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