

15 July 2019

Foreign Exchange Sales and Trading Practices

Malayan Banking Berhad (acting through its various branches and affiliates, "**Maybank**") would like to highlight certain matters relating to Maybank's role in foreign exchange ("**FX**") markets and to disclose relevant practices of Maybank when acting in the FX markets.

This disclosure notice is part of Maybank's effort to provide transparency to its FX customers on its business practices. To the extent that customers continue to enter into FX transactions with Maybank, it will be on the basis that they have read and understood the following.

This disclosure does not override the laws and regulations applicable to Maybank, its customers or any FX transactions entered into between them. In addition, this disclosure statement supplements any other disclosures and statements regarding such matters as Maybank may provide to, or agree with customers including, without limitation, terms of business, any master agreement for financial transactions, Maybank's risk disclosures and such other disclosures as Maybank may provide to customers from time to time.

Role of Maybank in relation to its customers

Maybank acts as principal for FX transactions and on an arm's length basis in relation to its customers.

Maybank does not act as agent, fiduciary, financial advisor or in any similar capacity on behalf of a customer except as explicitly agreed between Maybank and the customer beforehand, and then only where Maybank acts with discretion in execution. Maybank therefore does not undertake any of the duties that an agent, fiduciary or financial adviser would ordinarily perform.

The FX sales and trading personnel of Maybank do not serve as brokers or agents to a customer and accordingly any statements made by them should not be construed as recommendations or advice.

Each customer should independently evaluate the appropriateness of any FX transaction, based on the customer's own facts and circumstances and its assessment of the merits of the FX transaction.

Maybank's Trading

Maybank is a global dealer in a wide range of FX products including spot transactions, forward transactions and derivatives. Maybank may act as a market maker which means that Maybank will handle a portfolio of positions for multiple customers who may have competing interests. In order to ensure that it has sufficient capacity to meet anticipated customer demand or to respond to market movements, Maybank will also establish, maintain, amend and terminate positions for its own account in the same FX products in which its customers trade.

Maybank may receive multiple trade requests from different customers and Maybank retains discretion with respect to how to satisfy these requests, including with respect to timing, priority, aggregation, pricing and

execution. Maybank will exercise this discretion in accordance with policies established consistent with its status as a market maker and a regulated entity. Maybank is not required to disclose to a customer that it is handling orders for other customers or its own orders ahead of those of the customer. Maybank is under no obligation to disclose to a customer why it is unable to execute any customer's order in full or in part.

Maybank is a market maker across currencies and products, with employees trading across locations globally on a continuous basis whenever markets are open for trading. As a result, Maybank's global activities may result in an individual trader other than the trader handling the trade request of a given customer executing a FX transaction for the benefit of Maybank or another customer at a price that could satisfy the original customer's order.

As a principal, Maybank will attempt to execute an order when it can expect to make an appropriate return on the transaction. When executing orders as principal, Maybank will consider various factors and take into account market conditions at the time as well as Maybank's own position including its costs, its risks, its objectives, its trading strategies and other business factors and objectives it considers appropriate.

If and when a customer's order can be executed, it does not mean that Maybank holds, acquired, or will be able to acquire, sufficient inventory to complete the FX transaction at the order price level (or that there exists a tradable market at that level).

Unless otherwise agreed, any firm or indicative price or spread that is quoted to a customer is an "all-in" price or spread that is inclusive of any mark-ups above the price that Maybank may be able to transact or has transacted with other customers, regardless of the circumstances under which a customer receives the price or spread. The all-in prices and spreads quoted by Maybank are tailored to individual customers and are based on a broad range of standard commercial factors, including (but not limited to) market conditions, size and nature of the transaction, Maybank's own costs and transactions and Maybank's relationship with the customer. Maybank may provide different price quotations by trading platform, venue or communication method, and may change any of its pricing strategies at any time without notice. There is no obligation on Maybank's sales and trading personnel to disclose the amount of revenue that Maybank expects to earn from an FX transaction, nor are they required to disclose the components of Maybank's all-in price or spread.

As a market maker that manages a portfolio of positions which arise from trades with multiple customers with competing interests, as well as Maybank's own interests, Maybank acts as principal and may trade prior to or alongside a customer's transaction in order to facilitate the orders of other customers, to manage risk, to source liquidity or for other reasons. In all of Maybank's communications with a customer that may lead to the execution of FX transactions, there exists the potential that Maybank's interest may conflict with, diverge from or adversely impact such customer's interests. Maybank's market making and risk management activities may impact the prices Maybank offers a customer and the availability of liquidity at levels necessary to execute customer orders. These activities may also trigger or prevent triggering of stop loss orders, barriers, knock-outs, knock-ins, take profit orders and similar conditions. In conducting these activities, Maybank endeavours to employ reasonably designed means to avoid undue market impact.

When a customer indicates an interest in a potential FX transaction or provides Maybank with a request to enter into a transaction, Maybank may use that information to engage in pre-hedging and hedging activities. Customers will not, as a matter of routine, be provided with further notification of Maybank's intention to pre-hedge.

Any transaction entered into by Maybank with a view to facilitating a customer's potential FX transaction or request (i) will be entered into by Maybank as principal, not as agent for the customer; (ii) could be at different prices from the price at which Maybank executes such customer's FX transaction; (iii) may affect the market price of, or liquidity for the products the customer is buying and/or selling; and (iv) may result in profit, or loss, to Maybank. Any pre-hedging and hedging activities will be entered into for risk management purposes and execution optimisation and not with the intention to adversely affect the customer's potential FX transaction, although these activities may have such unintended consequences.

It should be expected that Maybank's sales, trading and other personnel will consult with one another, including with respect to a customer's interests, trading behavior and expectations, mark-up, mark-down, spread, and any other related factors in order to manage Maybank's market making positions, and for the benefit of Maybank's trading positions and the handling of other customers' transactions.

Order Handling Terms

Maybank provides customers with the ability to execute FX transactions over the telephone and/or electronically. Customers selecting e-mail or another form of electronic messaging (such as Bloomberg and Reuters etc.) as the mode of communicating their FX orders should understand and accept that these orders, if accepted by Maybank, will only be actioned once the communication is read and acknowledged by the relevant Maybank representative. During the period between the electronic transmission of an order or trade request and the point at which it is verified and acknowledged by Maybank, the customer will be exposed to the risk that its order or trade request may not be filled (including where the market has moved in the customer's favour), or may be filled at a less favourable level because market conditions have changed in the interim.

Maybank is under no obligation to accept and act upon any customer trade request in any form, subject to any applicable terms and conditions.

When Maybank acknowledges or accepts an order from a customer or states that it is willing to "work" an order, Maybank will attempt, but is not committed, to execute the FX transaction in any particular way or at all and as such, Maybank's acceptance, receipt or acknowledgement of an order does not create a contract between Maybank and the customer to execute the FX transaction.

As it relates to timing, Maybank may look for market opportunities that satisfy both a price where Maybank can satisfy a customer's order and earn a reasonable return for that activity. This will involve taking into consideration certain factors which include without limitation, (i) the need to prioritise among other customer

orders, (ii) the availability of the customer's credit line and (iii) Maybank's market making and risk management requirements.

Where a customer submits an order which is subject to conditions, the fact that any such conditions, including but not limited to market level, are satisfied does not necessarily mean that Maybank will complete the FX transaction.

Electronic Trading

When a customer transmits a trade request to Maybank on any electronic platform, Maybank shall follow the procedures applicable to the execution method and platform selected by the customer.

In order to mitigate technological anomalies and latencies, a trade request submitted by the customer on an electronic platform may be subject to a delay (sometimes referred to as the "last look" window) before it is accepted by Maybank. The price provided by Maybank, the extent of the delay and the potential withdrawal of previously displayed prices may depend upon factors applicable to the customer (including, but not limited to, the customer's location) and its trading preferences. The factors for one customer may differ from those applicable to other customers and may lead to differences in pricing and acceptance rates among customers.

Maybank may differentiate pricing by platform or trading venue, which may result in the customer receiving different prices on different platforms or venues. Factors that may contribute to this differentiation by platform or venue include but are not limited to the conventions of the platform or venue.

Benchmarks

Orders for transactions whose pricing is set by reference to certain FX benchmarks can create additional concerns for transaction execution and management of related risks. To meet Maybank's obligation to a customer to execute a transaction at a benchmark rate, Maybank faces the challenge of finding an appropriate method of hedging its exposure arising from transacting at a price that is not yet known and will not be determined until the closing of a specified determination period (referred to as the "**Fixing Window**") or at a price determined at a specified time (commonly referred to as a "**Reference Time**"). Risk management practices will often result in execution of hedging transactions prior to or during the Fixing Window itself because of a number of factors, including, but not limited to, changes in the full amount and direction of customer orders prior to the Fixing Window and variations in markets during this period. Although such hedging activities, as well as unrelated transactions and other ordinary course of business activities executed by Maybank prior to and during the Fixing Window or Reference Time, or at other times, are not undertaken with the intention of impacting the benchmark fixing or related markets, this activity may have such an unintended effect in certain cases.

Conflicts of Interests

Where Maybank acts in circumstances where it has a conflict of interest or where it determines that a conflict of interest may arise, Maybank will manage its activities through the relevant policies, procedures and other controls that it has in place to mitigate these conflicts. Maybank, in its discretion, may also decline to act where it determines that there is or may be a conflict of interests.

Information Handling

Customers should be aware that Maybank makes use of information provided to it as principal in order to effectuate and risk manage transactions. Specifically, unless otherwise agreed, Maybank may use the economic terms of a transaction (but not the counterparty identity) in order to source liquidity and/or execute risk-mitigating transactions. In addition, as part of its obligations as a regulated entity, Maybank also shares counterparty information as required by its local and/or global regulators.

With regard to executed transactions, Maybank analyses this information on an individual and aggregate basis for a variety of purposes, including (but not limited to) counterparty risk management, sales coverage, and counterparty relationship management.

Maybank may also analyse, comment on, and disclose appropriately non-specific information regarding orders and executed transactions (e.g. information that has been anonymised and aggregated), and other relevant market information, internally and to certain customers, in order to provide its views on the general state of and trends in the market and/or to provide market colour. Customers should understand that information regarding their flows may form a constituent part of the market colour Maybank provides to its customers.