

Dear Valued Customers,

Compulsory Currency Transfer and Conversion Arrangement for Securities Accounts

To ensure customers' timely settlement of outstanding balances arising from different securities trading markets and to avoid unnecessary interest charges due to delay or omission of fund transfer, we are going to implement a new Compulsory Currency Transfer and Conversion Arrangement for all securities accounts with effect from 27 June 2016 as detailed below:

Scope of coverage:

- The Compulsory Currency Transfer and Conversion Arrangement applies to all cash and margin securities accounts. If there is a debit balance denominated in one currency in the account and a credit balance denominated in the same currency co-exists in the same account, the Compulsory Currency Transfer Arrangement will be triggered. If there is still a debit balance in a single currency which is equivalent to **HKD10,000 or above** in the account after the Compulsory Currency Transfer Arrangement is completed, the Compulsory Currency Conversion Arrangement will be triggered. To offset the debit balance and the interest charges accrued therefrom, the Compulsory Currency Transfer and Conversion Arrangement will be executed by 12:00 noon on the next business day after the debit balance is incurred and the details of currency transfer and conversion will be shown on the daily statement of the execution day
- All currencies excluding the controlled currencies such as Korean Won (KRW), New Taiwan Dollar (TWD), Malaysian Ringgit (MYR), Thai Baht (THB), South African Rand (ZAR) and Indonesian Rupiah (IDR)

Currency Transfer Arrangement

Transfer Criteria

- If there is a debit balance denominated in one currency in the account and a credit balance denominated in the same currency co-exists in the same account, the Compulsory Currency Transfer Arrangement will be triggered to arrange for transfer of the credit balance in the account to offset the debit balance regardless of the amount of the debit balance
- The order of currency transfer depends on the amounts of debit and credit balances. The larger HKD equivalent credit balance will be first transferred to offset the larger HKD equivalent debit balance

Currency Conversion Arrangement

Conversion Criteria

- If there is still a debit balance in a single currency which is equivalent to HKD10,000 or above in the account after the Compulsory Currency Transfer Arrangement is completed, the Compulsory Currency Conversion Arrangement will be implemented
- Currency conversion will be started by using the HKD credit balance, following by USD and subsequently any other currencies having the larger HKD equivalent. The larger HKD equivalent debit balance will be offset first, until all credit balance is used up or all debit balance has been offset
- Currency conversion will not be carried out if the amount is equal to zero after the conversion (e.g. there is HKD0.01 and USD-5000 in account, the USD amount will be 0 after the conversion of HKD to USD and therefore the conversion will not be carried out)
- The currency exchange rate shall be determined at our sole and absolute discretion. To avoid suffering from currency conversion loss, clients may deposit the required currency into account to offset the relevant debit balance
- Holiday arrangement: All currency conversion will be suspended on Hong Kong and/or US bank holidays. Currency conversion of a specific currency will also be suspended on the respective bank holidays (for example, conversion of Japanese Yen will be suspended if the conversion date falls on a bank holiday in Japan, in which case other currencies will be converted based on the aforesaid conversion criteria). Clients are required to pay the interests incurred from failure of currency conversion during bank holidays. To avoid unnecessary interest charges, clients are recommended to deposit an adequate amount of the relevant currency into account before bank holidays for offsetting purpose.

Conversion Steps

- **Step 1: Conversion of HKD credit balance**
The larger HKD credit balance will be converted first to offset the larger HKD equivalent debit balance, until all HKD credit balance is used up or all debit balance has been offset
- **Step 2: Conversion of USD credit balance**
If there is still a debit balance remaining after step 1 is completed, the larger USD credit balance will be converted to offset the larger HKD equivalent debit balance, until all USD credit balance is used up or all debit balance has been offset
- **Step 3: Conversion of other currencies**
If there is still a debit balance remaining after step 2 is completed, the larger HKD equivalent credit balance denominated in other currencies will be converted to offset the larger HKD equivalent debit balance, until all credit balance is used up or all debit balance has been offset

[You may refer to here for an example of the Compulsory Currency Transfer and Conversion Arrangement.](#)

Points to note

If the debit balance is incurred due to the usage of margin financing and clients would like to deposit cash to other market for trading, the cash might be transferred or converted to offset the debit balance in account under the Compulsory Currency Transfer and Conversion Arrangement. If you would like to be excluded from the Compulsory Currency Transfer and Conversion Arrangement, please inform your account executive or branch.

Please feel free to call our Customer Service Hotline at (852) 3583 3388 (Hong Kong) or (86) 755 8266 3232 (Mainland) if you have any enquiry about the aforesaid.

Haitong International Securities Company Limited