

19 May 2020

Dear valued customers,

Update on Important Points to Note
for Prevention of Physical Delivery Risk

Thank you for your continuous support to Haitong International.

In order to prevent the physical delivery risk of your futures and option contracts on the last trading day, the Company has updated the important points to note for prevention of physical delivery risk. The revised part is extracted as follows for your information:

- All clients holding long positions have to close out or rollover their long positions via any trading channels at least 6 hours before market close of either the second business day prior to the contracted First Notice Day or the business day immediately prior to the Last Trading Day, whichever is earlier. Otherwise such long positions will be subject to forced liquidation[^] at market price and at any time after the said deadlines and clients shall have no right of objection against the execution price. In such case, our company is not liable to the losses incurred from the handling of the said contracts and all unfilled close-out orders from clients will be mandatorily cancelled.
- All clients holding short positions have to close out or rollover their short positions via any trading channels at least 6 hours before market close of the business day immediately prior to the contracted Last Trading Day. Otherwise such short positions will be subject to forced liquidation[^] at market price and at any time after the said deadline and clients shall have no right of objection against the execution price. In such case, our company is not liable to the losses incurred from the handling of the said contracts and all unfilled close-out orders from clients will be mandatorily cancelled.
- Clients have to close out or rollover their positions before the close-out deadline and in no event later than 6 hours before market close of the corresponding deadline as mentioned above, after which our company shall have the right to mandatorily close out all the outstanding positions at market price and at any time we deem appropriate[^]. All unfilled close-out orders from clients will be automatically cancelled.

[^] Offline commission shall apply for forced liquidation.

Please refer to the section “Futures and Options” on the company website to read the updated version of prevention of physical delivery risk by <http://www.htisec.com/en-us/futures-and-options>

Should you have any enquiry, please feel free to call our Customer Services Department at (852) 3583 3388 or (86) 755 8266 3232.

For and on behalf of
Haitong International Futures Limited