

## **Risk Warnings**

Trading risks are magnified by leverage – losses can exceed your deposits. Transactions in securities will expose you to the volatility of the various stock exchange markets in which the shares, stocks, warrants, bonds, debentures, notes debts securities and other securities are traded. In particular, the value of securities may experience downward movements and may under some circumstances even become valueless. There is therefore, an inherent risk that losses rather than profits may be incurred as a result of buying or selling securities.

Trading in stock exchange markets may not be suitable for all investors. Before making the decision to invest in securities, you should consider carefully your investment objectives, level of experience, risk appetite, financial resources and other relevant circumstances. You should not invest money that you cannot afford to lose.

A "foreign-listed investment product" in this statement refers to a capital markets product that is listed for quotation or quoted only on foreign securities exchange(s) or foreign future(s) (collectively referred to as "foreign exchanges").

This statement does not disclose all the risks and other significant aspects of investing in a foreign-listed investment product. You should undertake such transactions only if you understand and are comfortable with the extent of your exposure to the risks.

In considering whether to trade or to authorise someone else to trade for you, you should be aware of the following:

### **Differences in Regulatory Regimes**

Foreign securities exchanges may be subject to different regulations and may operate differently from approved exchanges in Malaysia. For example, there may be different rules providing for the safekeeping of securities and monies held by custodian banks or depositories. This may affect the level of safeguards in place to ensure proper segregation and safekeeping of your investment products or monies held overseas. There is also the risk of your investment products or monies not being protected if the custodian has credit problems or fails. Foreign securities exchanges may also have different periods for clearing and settling transactions. These may affect the information available to you regarding transaction prices and the time you have to settle your trade on such foreign securities exchanges.

Foreign securities exchanges may be subject to rules which may offer different investor protection as compared to Malaysia. Before you start to invest, you should be fully aware of the types of redress available to you in Malaysia and other relevant jurisdictions, if any. The Malaysian local regulatory authorities will be unable to compel the enforcement of the rules of the regulatory authorities or markets in other jurisdictions where your transactions will be effected.

The regulations of some jurisdictions may prohibit or restrict the repatriation of funds from such jurisdictions including capital, divestment proceeds, profits, dividends and interest arising from investment in such countries. Therefore, there is no guarantee that the funds you have invested and the funds arising from your investment will be capable of being remitted.

Some jurisdictions may also restrict the amount or type of investment products that local or foreign investors may purchase. This can affect the liquidity and prices of the foreign-listed investment products that you invest in.

Foreign-listed investment products may not be subject to the same disclosure standards that apply to investment products listed for quotation or quoted on an approved exchange in Malaysia. Where disclosure is made, differences in accounting, auditing and financial reporting standards may also affect the quality and comparability of information provided. It may also be more difficult to locate up-to-date information, and the information published may only be available in a foreign language.

### **Differences in legal systems**

In some countries, legal concepts which are practiced in mature legal systems may not be in place or may have yet to be tested in courts. This would make it more difficult to predict with a degree of certainty the outcome of judicial proceedings or even the quantum of damages which may be awarded following a successful claim.

### **Different costs involved**

There may be tax implications of investing in an overseas-listed investment product. For example, sale proceeds or the receipt of any dividends and other income may be subject to tax levies, duties or charges in the foreign country, in Malaysia, or in both countries.

Your investment return on foreign currency-denominated investment products will be affected by exchange rate fluctuations where there is a need to convert from the currency of denomination of the investment products to another currency, or may be affected by exchange controls.

You may have to pay additional costs such as fees and broker's commissions for transactions in foreign securities exchanges. In some jurisdictions, you may also have to pay a premium to trade certain listed investment products. Therefore, before you begin to trade, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

### **Counterparty and correspondent broker risks**

Transactions on foreign securities exchanges are generally effected by your Malaysia broker through the use of foreign brokers who have trading and/or clearing rights on those exchanges. You hereby irrevocably and unconditionally authorise MBSB to administer your account and all transactions that are executed upon your instructions with such counterparties and correspondent brokers are dependent on their respective due performance of their obligations. The insolvency or default of such counterparties and correspondent brokers may lead to positions being liquidated or closed out without your consent and/or may result in difficulties in recovering your money and assets held overseas.

### **Suspension or restriction of trading**

Market conditions (e.g., illiquidity of a security) and/or the operation of the rules of certain markets (e.g., the suspension of trading in any stocks because of price limits or circuit breakers) and/or any request by a company to suspend trading of its shares (e.g. prior to major announcements) may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate or offset positions. Securities may also be compulsorily acquired in a take-over or pursuant to a scheme of arrangement.

### **Risk-reducing orders or strategies**

The placing of certain orders (e.g., stop-loss orders, where permitted under local law, or stop limit orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. At times, it is also difficult or impossible to liquidate a position without incurring substantial losses. Strategies using combinations of positions, such as spread and straddle positions may be as risky as taking simple long (buy) or short (sell) positions.

### **Nominee Services**

In relation to Foreign Securities, MBSB will appoint foreign sub-agents as an intermediary to safe keep the Foreign Securities or assets on behalf of investors. In such arrangements, there may be additional risks in relation to such foreign sub-agents, including risks arising from the operation of foreign law, rules and regulations.

### **Rights Issue, Warrant and Other Options**

Investing in rights issues, warrants and other options (each a "Right" and collectively, "Rights") carry the following additional risks:

- a) the Rights are wasting assets which become worthless when they expire. Investors run the risk of losing the entire amount paid for the Rights in a relatively short period of time. If investors were to sell their Rights in the secondary market nor exercise them prior to their expiration they may lose their entire investment in the Rights;
- b) the fact that Rights become valueless upon expiration means that investors must not only be right about the direction of an anticipated price change in the underlying interest, but must also be right about when the price change will occur;
- c) the more a Right is out of the money and the shorter the remaining time to expiration, the greater the risk that investors will lose all or part of their investment in the Right. The greater the price movement of the underlying Securities necessary for the Right to become profitable (that is, the more the Right is out of the money when purchased and the greater the cost of the Right) and the shorter the time within which this price movement must occur, the greater the likelihood that I/we will incur a loss;
- d) the exercise provisions of a Right may create certain risks for me/us. If the Right does not have an automatic feature, investors must, to exercise the Right, ensure that action is taken in a timely manner. Accordingly, investors must give such instructions to, and where necessary make such payments in reasonably sufficient time as may be required by MBSB, for MBSB to exercise or procure the execution of such instructions. Failing to comply with MBSB's deadline may result in investors losing their rights. On the other hand, if the Right has an automatic exercise feature such as one that will cause the Right to be automatically exercised at the expiration if it is in the money by a specified amount the Right may be exercised at a price at which investors would not voluntarily choose to exercise in view of the transactions costs of exercise or other factors. The transaction costs associated with the exercise could even exceed the cash settlement amount of the Right, with the result that investors would incur a net loss from the exercise; and
- e) in the case of Foreign Securities, the exercise of Rights may be subject to any applicable foreign rules, laws or regulations. It is possible that a court, a stock exchange or another regulatory agency having jurisdiction would impose a restriction which would have the effect of restricting the exercise of a Right. In such a case the Right would not be exercisable until the restriction was terminated. In the remote possibility that the restriction were to remain in effect until the expiration of the Right, the Right would expire worthless, and investors would lose the entire amount that they paid for the option.

### **Political, Economic and Social Developments**

Overseas markets are influenced by the political, economic and social developments in the foreign jurisdiction, which may be uncertain and may increase the risk of investing in overseas-listed investment products.

### **Electronic Services Risk**

Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. Whilst an online platform eases trading, there are risks associated with using an Internet-based deal execution trading system including, but not limited to, the failure of hardware, software, and Internet connection. The result of any system failure may be that your order is either not executed according to your instructions or is not executed at all. Access to the services may also be limited or unavailable during periods of peak demands, market volatility, system upgrades, maintenance or for other reasons.

You should be aware of all the risks associated with foreign securities exchange trading and if you have any doubts, please seek advice from an independent and licenced financial advisor. Invest only after you have acknowledged and accepted the above risks.

### **User Obligations**

To prevent unauthorised access to your online trading services, every customer is required to select a username and password, which provides access to their financial information. As a measure to further safeguard your account, we recommend that you set a stronger and more unique username.

Below are the username guidelines;

- Minimum 6 alphanumeric characters, maximum 16 characters (upper and lower case).
- Use the following special characters such as . (full stop) and \_ (underscore).
- An example of a strong username: M0hD\_F@1z.

Here are some tips to ensure the integrity of your username and password:

- Do not choose a password that others can easily guess.
- Do not use simple words, your name, birth date, telephone number or names listed in standard dictionary.
- Memorise your password and do not write it down.
- Password or PINs should be used when accessing an online account to protect your personal information.
- Sharing your password or PIN with another person is the same as giving that individual authority to use your name in a transaction. It should not be disclosed even if requested by an authorised MBSB Group Officer.
- Change your password frequently.

While we take considerable effort to ensure a safe and secure online experience, we have no control over the computer/ mobile devices you use to access MIDF Invest.

However, you must ensure you do not provide anyone the opportunity to gain access to your account information:

- Sure no one has access to your device or records your online activities.
- Do not send any information about account via e-mail.

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