

FX Global Code¹ (the “Code”) Disclosure Statement

The Bank of East Asia, Limited (“**BEA**”) is providing clients with this disclosure statement in order to disclose relevant practices of BEA as it relates to its participation in the wholesale foreign exchange (“**FX**”) market. The establishment of the Code was facilitated by the Foreign Exchange Working Group, which operated under the auspices of the BIS Markets and consisted of central banks from 16 jurisdictions around the globe. The purpose of the Code is to promote a robust, fair, liquid, open and appropriately transparent FX market. BEA conducts its business in compliance with all applicable laws and supports industry best practices, including those set out in the Code.

Trading Capacity

When BEA acts in a principal capacity in respect of FX transactions, it acts as an arm’s-length party in relation to its customers. It does not act as agent, fiduciary, financial advisor or in any similar capacity on behalf of a customer and thus does not undertake any of the duties that an entity acting in that capacity ordinarily would perform, unless otherwise explicitly agreed between BEA and the customer. Counterparties are expected to evaluate the appropriateness of any transaction based on the counterparty’s own facts, circumstances, risk tolerances and its assessment of the transaction’s merits.

Order Handling

All orders are accepted and worked in the order in which they are received by an execution channel (such as voice or electronic). This means that two orders in the same direction and at the same level will be worked on a first come first served basis. Before your order is accepted, it is subject to a series of pre-trade checks based on our internal standard including risk management, regulatory and price check. If the request trade price at the prevailing market rate is beyond the counterparty-specific threshold determined under our trade acceptance methodology, BEA will reject the trade.

Unless otherwise specifically agreed, BEA will exercise its reasonable discretion when deciding which orders it would accept and execute, to fill the order in whole or in part and whether and how to enter into transactions electronically or manually to hedge, facilitate or otherwise enable BEA to execute or fill the order. When BEA has trading interest from multiple sources (including BEA itself), BEA retains discretion on how to fulfill orders with competing interests, with regard to order execution, fill quantity, aggregation, priority, timing and pricing. In exercising discretion, BEA will do so on a basis that BEA deemed as reasonably appropriate in the circumstances to meet the needs of those competing interests. It is possible that it may result in a worse outcome than if the order had been executed sequentially or on an individual basis.

¹ https://www.globalfx.org/docs/fx_global.pdf

Pre-hedging

To manage risks that BEA may be exposed to on a standalone or portfolio basis, BEA may engage in pre-hedging practices taking into account of factors such as the prevailing market liquidity, the size and nature of the anticipated transaction and BEA's overall exposure. BEA may continue to conduct on-going business, including but not limited to risk management, market making and execution of other orders while engaging in pre-hedging transactions. Any pre-hedging transactions entered into by BEA, could be at different prices from the price at which BEA executes your transaction, may affect the market price of or liquidity for the products you are buying or selling and may result in profit or loss to BEA.

Time Stamping

BEA has policies and procedures in place to ensure trading requests and orders are time-stamped appropriately. The exact time that the trading requests and orders are time-stamped are subject to the impact of latencies, including operational latencies and technological latencies resulting from the communication channel in which orders are delivered to.

Conflicts of Interest

Unless otherwise agreed, any firm or indicative price quoted by BEA to a client is an "all-in" price, inclusive of any margin applied to the price at which BEA may be able to transact in the market, whether the price is quoted electronically or by sales, trading or other personnel. Such price will be inclusive of any mark-up, costs or fees associated with the transaction. Factors taken into account may include the size and nature of the transaction, the execution method, the prevailing market conditions, liquidity, the counterparty resource usage and other specific circumstances of that transaction. Taking into account these non-exhaustive factors, different clients may receive different prices for transactions that are the same or similar. Unless otherwise agreed, orders linked to or triggered at a specific level will be considered triggered at the level agreed with the client. It would not be unusual for BEA to hold positions or trade in a way that may not be aligned with the objectives of an individual customer. BEA has policies and procedures to manage and mitigate potential conflicts of interest. When conducting these activities, BEA seeks to avoid undue market impact to the extent consistent with its trading and risk management needs and objectives.

Sharing of Confidential Information

BEA is committed to protect the customer information and has policies and procedures in place to disclose client order information properly to internal and external parties for different purposes, including but not limited to the end-to-end process for order execution and hedging activities, bank's risk management, data analytics, anti-money laundering or regulatory reporting. BEA may also need to disclose the customer information to regulators and auditors for legal and compliance purpose.

This disclosure statement may be updated from time to time when required.