

## RISK DISCLOSURE STATEMENT

1. This statement is provided to you in accordance with regulation 47E(1) of the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg 10).
2. This statement does not disclose all the risks and other significant aspects of trading in futures, options, over-the-counter derivatives contracts where the underlying is a currency or currency index ('OTCD currency contracts') and spot foreign exchange contracts for the purposes of leveraged foreign trading exchange ('Spot LFX trading contracts'). In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to the risks. Trading in futures, options, OTCD currency contracts and Spot LFX trading contracts may not be suitable for many members of the public. You should carefully consider whether such trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. In considering whether to trade, you should be aware of the following:

**(A) FUTURES, OTCD CURRENCY CONTRACTS AND SPOT LFX TRADING CONTRACTS****(I) EFFECT OF 'LEVERAGE' OR 'GEARING'**

Transactions in futures, OTCD currency contracts and Spot LFX trading contracts carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract, OTCD currency contract or Spot LFX trading contract transaction so that the transaction is highly '**leveraged**' or '**geared**'. A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit; this may work against you as well as for you. You may sustain a total loss of the initial margin funds and any additional funds deposited with the firm to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice in order to maintain your position. If you fail to comply with a request for additional funds within the specified time, your position may be liquidated at a loss and you will be liable for any resulting deficit in your account.

**(II) 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**' or '**short**' positions.

**(B) OPTIONS****(I) VARIABLE DEGREE OF RISK**

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarise themselves with the type of options (i.e put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options would have to increase for your position to become profitable, taking into account the premium paid and all transaction costs.

The purchaser of options may offset its position by trading in the market or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a futures contract, OTCD currency contract or Spot LFX trading contract, the purchaser will have to acquire a position in the futures contract, OTCD currency contract or Spot LFX trading contract, as the case may be, with associated liabilities for margin (see the section on Futures, OTCD currency contracts and Spot LFX trading contracts above). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium paid plus transaction costs. If you are contemplating purchasing deep-out-of-the- money options, you should be aware that, ordinarily, the chance of such options becoming profitable is remote.

Selling ('**writing**' or '**granting**') an option generally entails considerably greater risks than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of the amount of premium received. The seller will be liable to deposit additional margin to maintain the position if the market moves unfavourably.

The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or contract or spot LFX trading contract, the seller will acquire a position in the futures contract, OTCD currency contract or spot LFX trading contract, as the case may be, contract, with associated liabilities for margin (see the section on Futures, OTCD currency contracts and Spot LFX trading contracts above). If the option is '**covered**' by the seller contract, spot LFX trading contract or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, limiting the liability of the purchaser to margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

**(C) ADDITIONAL RISKS COMMON TO FUTURES, OPTIONS AND LEVERAGED FOREIGN EXCHANGE TRADING****(I) TERMS AND CONDITIONS OF CONTRACTS**

You should ask the corporation with which you conduct your transactions for the terms and conditions of the specific futures contract, option, OTCD currency contract or spot. LFX trading contract which you are trading and the associated obligations (e.g the circumstances under which you may become obligated to make or take delivery of the underlying interest of a futures contract, OTCD currency contract or spot LFX trading contract transaction and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances, the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

**(II) SUSPENSION OR RESTRICTION OF TRADING AND PRICING RELATIONSHIPS**

Market conditions (eg illiquidity) or the operation of the rules of certain markets (eg the suspension of trading in any contract or contract month because of price limits or '**circuit breakers**') may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the futures contract, and the underlying interest and the option may not exist. This can occur when, eg, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge '**fair**' value.

## (C) ADDITIONAL RISKS COMMON TO FUTURES, OPTIONS AND LEVERAGED FOREIGN EXCHANGE TRADING (CONTINUED)

### (III) DEPOSITED CASH AND PROPERTY

You should familiarise yourself with the protection accorded to any money or other property which you deposit for domestic and foreign transactions, particularly in a firm's insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

## (D) COMMISSION AND OTHER CHARGES

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.

## (E) TRANSACTIONS IN OTHER JURISDICTIONS

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to a rule which may offer different or diminished investor protection. Before you trade, you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of the regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you conduct your transactions for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

## (F) CURRENCY RISKS

The profit or loss in transactions in foreign currency-denominated futures and options contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

## (G) TRADING FACILITIES

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. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the one or more parties, namely the system provider, the market, the clearing house or member firms. Such limits may vary. You should ask the firm with which you conduct your transactions for details in this respect.

## (H) ELECTRONIC TRADING

Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or not executed at all.

## (I) OFF-EXCHANGE TRANSACTIONS

In some jurisdictions, firms are permitted to effect off-exchange transactions. The firm with which you conduct your transactions may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarise yourself with the applicable rules and attendant risks.

### NOTE:

'Margin' means an amount of money, securities, property or other collateral, representing a part of the value of the contract or agreement to be entered into, which is deposited by the buyer or the seller of a futures contract or in a leveraged foreign exchange transaction to ensure performance of the terms of the futures contract or leveraged foreign exchange transaction.

## (J) CLIENT MONEY

This paragraph J only applies if you are a "retail client", as defined in the Securities and Futures (Licensing and Conduct of Business) Regulations; it will not apply if you are an "institutional investor", "accredited investor" or "expert investor" as respectively defined in the Securities and Futures Act.

(I) All client money received from you generally will be held on behalf of IG Asia Pte Ltd (IGA) by a licensed bank in Singapore in a trust account in accordance with the Securities and Futures (Licensing and Conduct of Business) Regulations. This means that such client money will be segregated and maintained separately from IGA's own funds, and can only be withdrawn as a direct result of your trading-related activities or withdrawal requests.

(II) Your money will be deposited in the trust account with, and commingled with, the moneys of other customers of IGA, but will be segregated from IGA's own money. The risk of commingling your moneys with other customers of IGA include the risk that monies maintained in the trust account may be used by IGA to meet the default of any client of IGA. In the event that there is a shortfall of monies in the trust account, there is a risk that you may not recover all client money that is held for you. However, in practice, this should not happen as IGA will ensure that the trust account holds sufficient money to meet all clients' claims.

(III) In the event of any insolvency of the bank holding your money, IGA will have only an unsecured claim against the bank on behalf of you and our other clients, and you may be exposed to the risk that the money recovered by us from the bank is insufficient to satisfy your claims in respect of your money held with the bank.

For more information regarding client money, please refer to Term 18 of IGA's MTCA.

This statement does not disclose all the risks and other significant aspects of trading in Digital 100s. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to the risks. Trading in Digital 100s may not be suitable for many members of the public. You should carefully consider whether such trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. In considering whether to trade, you should be aware of the following:

## STRUCTURE OF DIGITAL 100s

Digital 100s are options that pay a pre-determined, fixed amount, depending on whether or not an event occurs at the time the Digital 100 expires. Digital 100s can have only one of two possible outcomes and they allow you to take a simple "Yes or No" approach. Like traditional options, Digital 100s are based on an underlying asset such as currencies, commodities, indices or stocks.

However, one of the most significant differences from traditional options, amongst others, is that there can be only two outcomes for the option, either the client is paid the return upon the occurrence of the event, or the client loses the investment amount as determined in each option. The Customer has no rights or obligations in respect of the underlying instruments or assets relating to the Digital 100 and settlement of the Digital 100 is on a cash basis.

## RISK OF LOSS OF INVESTMENT

You are warned of the following risks:

- (i) Derivative financial instruments and related markets can be highly volatile. The prices of the underlying instruments to which Digital 100s refer may fluctuate rapidly and over wide ranges. Prices may reflect unforeseeable events or changes in conditions, none of which can be controlled by the Customer or IG.
- (ii) Trading in Digital 100s is speculative and involves a high degree of risk. In particular, because it involves two possible outcomes, one of them may include the loss of the entire investment amount.

## ADDITIONAL RISKS FOR TRADING IN SHORT TENURE DIGITAL 100s

Digital 100s (including Sprints) are also offered for short-term tenures. The price determination of short-term tenure offerings in Digital 100s may vary substantially from longer term tenures due to differing risk parameters used in their valuations. This may result in valuations not consistent with standard valuation models/metrics.

Due to the structure of the product, the price of a Digital 100 may also fluctuate rapidly, even when the underlying market does not, particularly as the Digital 100 approaches expiry.

This may affect the available pricing offered (or complete inability in the case of Sprints) to exit a position in Digital 100s prior to its expiry for these shorter-term tenures.

## SUITABILITY OF DIGITAL 100s

Trading in Digital 100s is speculative and involves a high degree of risk that can result in the loss of your entire investment. Therefore, trading in Digital 100s is appropriate only for persons that understand and are willing to assume the economic, legal and other risks involved in such transactions. Before trading, you should be satisfied that Digital 100s trading is suitable for you in light of your financial circumstances and attitude towards risk. You should not engage in speculative Digital 100s trading unless you understand the basic aspects of such trading and its risks.

Trading in Digital 100s is appropriate only for persons who: (a) understand and are willing to assume the economic, legal and other risks involved in such transactions; and (b) are financially able to withstand losses of their entire investment funds.

If you are in any doubt as to whether Digital 100s trading is appropriate and suitable for you, please seek independent advice from a financial consulting professional. IG does not provide such advice.

It is your responsibility, taking into account your personal circumstances and financial resources, to take particular care and make careful considerations independently, prior to trading in Digital 100s with IG.

## LEGAL & REGULATORY STATUS OF DIGITAL 100s

Digital 100s are investments which are regulated by the Monetary Authority of Singapore ("MAS"). Where the underlying asset of the Digital 100 does not fall under the regulatory ambit of the Securities and Futures Act (Cap. 289) ("SFA"), they remain unregulated. Currently IG's Digital 100s offered on commodities are not regulated under the SFA. Where they remain unregulated, the Customer should be aware they may not have the full protection offered by the SFA. However IG's business conduct obligations under the prevailing laws remain.

You are trading against IG who act as both the principal issuer of the Digital 100s and the sole counterparty to all your trades in Digital 100s.

You are advised that the Digital 100s offered by IG are not traded under the rules of any recognized, designated or regulated exchange and are known as over-the counter derivatives. Consequently, engaging in Digital 100s trading may expose you to substantially greater risks than investments which are so traded.

## SETTLEMENT BASIS

IG's digital 100s may be **settled** against either of the following **reference price levels**:

- (i) The official underlying prices of the instrument as provided independently by the issuer or the exchange which is referenced from Bloomberg
- OR**
- (ii) IG's prices of the referenced IG instrument indicated for the Digital 100.

IG's Digital 100s settlement reference price levels are based on various **referencing methods**; upon the expiry of the Digital 100. Refer to <https://www.ig.com/sg/digital-100s-cfd-details> and the Contract Details for specifics.

## DETERMINATION AND DISCLOSURE OF UNDERLYING PRICES OF DIGITAL 100s

- (i) It is noted that IG's prices in relation to Digital 100s trading are set by IG and may be different from prices reported elsewhere. IG's trading prices are the ones at which IG is willing to sell Digital 100 to its Customers at the point of sale. As such, they may not directly correspond to real time market levels at the point in time at which the sale of Digital 100 occurs.
- (ii) IG makes efforts that the quoted prices of each underlying asset that a Digital 100 refers to will be reasonably related to the actual prices of such asset available in the market. IG makes no warranty, expressed or implied, that the quoted prices represent prevailing market prices.
- (iii) IG may not be able to display the prices of underlying assets where such disclosure will result in violation or infringement of third party patent or copyrights. Where IG is unable to display the prices of the underlying referenced asset of the Digital 100, you are expected to seek your own independent external pricing source.
- (iv) IG may have access to information that is not available to you, may have acquired trading positions at prices that are not available to you, and may have interests different from your interests. IG does not undertake any obligation to provide you with market or other information we possess, nor to alter or refrain from our own trading.
- (v) Information of the previous performance of any underlying asset does not guarantee its current and/or future performance. The use of historical data does not constitute a binding or safe forecast as to the corresponding future performance of the underlying asset to which the Digital 100s refer.