

Disclosure Statement

Dear Customer,

The Industrial and Commercial Bank of China Financial Services LLC (“ICBCFS”) is a broker-dealer registered with the Securities and Exchange Commission (“SEC”) and a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). ICBCFS is a wholly-owned subsidiary of the Industrial and Commercial Bank of China Limited, a financial institution based in the People’s Republic of China with banking activities in the United States. ICBCFS is required by its regulators to periodically provide you with certain disclosures and other information. In addition to this Disclosure Statement, we encourage you to check the ICBCFS website regularly for announcements regarding our services, updated policies and procedures, and other news concerning your account.

ICBCFS recognizes the importance of protecting the privacy of our customers and as such, we have policies in place to maintain the confidentiality and security of customer information. It is ICBCFS’ general policy to restrict access to nonpublic client information to only those employees who have a need to know the information. ICBCFS may, in certain circumstances, share customer information with affiliates (including, without limitation, the Industrial and Commercial Bank of China Limited) in order to better serve you. ICBCFS must obtain your consent before it can share nonpublic customer information with, or obtain such information from its banking affiliates, including their credit evaluation of you. Unless and until you notify ICBCFS in writing to the contrary, you shall be deemed to have consented to the disclosure of nonpublic information between ICBCFS and its banking affiliates, to the extent permitted by law.

Important Information for Opening a New Account: To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. Accordingly, when you open an account with ICBCFS, we will ask for your name, address, and any other information that will allow us to identify you. We may also request other identifying information and supporting documentation.

Information Concerning FINRA Broker Check: In connection with Rule 2280, FINRA requires that ICBCFS, as a member firm, notify our customers about the availability of information through the FINRA Broker Check program. The FINRA BrokerCheck Hotline Number is (800) 289-9999. FINRA’s website address is www.finra.org.

SIPC Disclosure: The SIPC is a non-profit, membership corporation funded by member broker-dealers. SIPC protects cash and securities held with ICBCFS as specified in the Securities Investor Protection Act. SIPC protects cash, including US dollars and foreign currency, to the extent that the cash was deposited with ICBCFS for the purpose of purchasing securities. ICBCFS is a member of the SIPC. Pursuant to Rule 2266, FINRA requires that ICBCFS, as a member, disclose to new customers, and annually to all customers, that they may obtain information about SIPC, including the SIPC brochure, by contacting SIPC at the following address:

Securities Investor Protection Corporation
805 Fifteenth Street NW, Suite 800
Washington, DC 20005-2215
Telephone: (202) 371-8300
Facsimile: (202) 371-6728
Website: www.sipc.org

QUARTERLY ORDER ROUTING REPORTS AND OTHER ORDER ROUTING INFORMATION AVAILABLE UPON REQUEST

Exchange Act Rule 606 requires all brokerage firms to make publicly available quarterly reports describing their order routing practices. For ICBCFS, these quarterly reports describe how and where customer orders are routed when customers grant ICBCFS discretion over where to route an order rather than directing their order to a particular market center. ICBCFS' quarterly order routing reports are available on the ICBCFS website at www.icbkfs.com, or can be obtained by contacting ICBCFS Customer Service through the ICBCFS website at the Contact Us Page.

In addition to quarterly reports provided pursuant to Exchange Act Rule 606, broker-dealer is required upon a customer request to provide information regarding the identity of the market center to which the customer's orders were routed in the six months prior to the request; whether the order was a directed or non-directed order, and the time of the transaction, if any, that resulted from such order. Please contact the ICBCFS Customer Service Desk in writing through the ICBCFS website if you wish to receive the foregoing routing information for any order(s) within the past six months. Please type "Request for Order Routing Information" in the subject line of your request and please include your name, user id and account number as well as the date of the order, the security, the quantity, and any other information necessary to identify the order (e.g., the time of day if there were several similar orders that day).

Pursuant to Exchange Act Rule 607, unless the customer requests that ICBCFS route the order to a particular market center, ICBCFS will transmit orders accepted by it to various exchanges, non-exchange market centers or executing broker-dealers for execution based on a number of factors. These factors include price, including price-improvement opportunities, speed of execution, availability of efficient, automated transaction processing, liquidity-enhancement opportunities, the speed of displaying better-priced limit orders, access to reliable market data, trading characteristics of the particular securities and the extent to which different a market center may be more suitable for different types of orders or different securities. ICBCFS' order routing policies consider all of the factors listed above and are reasonably designed to result in favorable transaction processing for customers.

ICBCFS receives remuneration, compensation or other consideration for directing customer orders for securities to particular market centers for execution. Such consideration, if any, may take the form of credits against fees due such market centers, monetary payments, research, reciprocal agreements for the provision of order flow, products or services or other items of remuneration.

RISKS OF AFTER-HOURS TRADING

There are special characteristics and unique risks associated with trading in securities at times that are outside the ordinary trading hours for the exchange(s) upon which such securities are traded ("After-Hours Trading" or "Extended Hours Trading"). Customers must familiarize themselves with these risks and determine whether After-Hours Trading is appropriate in light of their objectives and experience. Customers are responsible for familiarizing themselves with the hours of the relevant markets upon which they trade and for determining when to place orders for particular securities, how they wish to direct those orders, and what types of orders to use. ICBCFS' offer of After-Hours Trading does not constitute a recommendation or conclusion that After-Hours Trading will be successful or appropriate for all customers or trades.

Some risks associated with After-Hours Trading are as follows:

- **Risk of Lower Liquidity.** Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders that are available in a market, the greater the liquidity. Liquidity is important because with greater liquidity it is easier for investors to buy or sell securities, and as a result, investors are more likely to pay or receive a competitive price for securities purchased or sold. There may be lower liquidity in extended hours trading as compared to regular market hours. As a result, your order may only be partially executed, or not at all.

- **Risk of Higher Volatility.** Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater volatility in extended hours trading than in regular market hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price in extended hours trading than you would during regular markets hours.
- **Risk of Changing Prices.** The prices of securities traded in extended hours trading may not reflect the prices either at the end of regular market hours, or upon the opening of the next morning. As a result, you may receive an inferior price in extended hours trading than you would during regular market hours.
- **Risk of Unlinked Markets.** Depending on the extended hours trading system or the time of day, the prices displayed on a particular extended hours system may not reflect the prices in other concurrently operating extended hours trading systems dealing in the same securities. Accordingly, you may receive an inferior price in one extended hours trading system than you would in another extended hours trading system.
- **Risk of News Announcements.** Normally, issuers make news announcements that may affect the price of their securities after regular market hours. Similarly, important financial information is frequently announced outside of regular market hours. In extended hours trading, these announcements may occur during trading, and if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.
- **Risk of Wider Spreads.** The spread refers to the difference in price between what you can buy a security for and what you can sell it for. Lower liquidity and higher volatility in extended hours trading may result in wider than normal spreads for a particular security.
- **Risk of Lack of Calculation or Dissemination of Underlying Index Value or Intraday Indicative Value (“IIV”).** For certain Derivative Securities Products, an updated underlying index value or IIV may not be calculated or publicly disseminated in extended trading hours. Since the underlying index value and IIV are not calculated or widely disseminated during the pre-market and post-market sessions, an investor who is unable to calculate implied values for certain Derivative Securities Products in those sessions may be at a disadvantage to market professionals.

During After-Hours Trading, ICBCFS may provide quotations from and execute Customer trades through various Electronic Communications Networks (“ECNs”), exchanges or other trading systems (“After-Hours Trading Facilities”). Quotations provided during After-Hours Trading may be different than quotations provided during exchange trading hours. Likewise, it is possible that the quotations displayed by ICBCFS from After-Hours Trading Facilities on which ICBCFS can execute Customer trades may be less favorable than those on other After-Hours Trading Facilities to which ICBCFS does not have access. Last sale information provided by ICBCFS may not reflect the prices of the most recent trades on all of the various After-Hours Trading Facilities.

- **DAY TRADING RISK DISCLOSURE STATEMENT**

This Day Trading Risk Disclosure Statement is being provided to you in the event your account becomes, or already is, classified as a Pattern Day Trader account. As required by SEC and SRO rules and regulations, ICBCFS will classify an account that effects three (3) day trades within a five (5) day period as a Pattern Day Trader account.¹ The regulations prohibit ICBCFS from permitting a Pattern Day Trader account from effecting any transactions unless such account maintains a Minimum Equity Requirement of at least \$25,000.

You should consider the following points before engaging in a day-trading strategy. For purposes of this notice, a “day-trading strategy” means an overall trading strategy characterized by the regular transmission by a customer of intra-day orders to effect both purchase and sale transactions in the same security or securities.

¹ A day trade is a buy and sell transactions in the same security on the same day.

- **Day Trading can be Extremely Risky.** Day trading generally is not appropriate for someone of limited resources and limited investment or trading experience and low risk tolerance. You should be prepared to lose all of the funds that you use for day trading. In particular, you should not fund day-trading activities with retirement savings, student loans, second mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required to meet your living expenses. Further, certain evidence indicates that an investment of less than \$50,000 will significantly impair the ability of a day trader to make a profit. Of course, an investment of \$50,000 or more will in no way guarantee success.
- **Be Cautious of Claims of Large Profits from Day Trading.** You should be wary of advertisements or other statements that emphasize the potential for large profits in day trading. Day trading can also lead to large and immediate financial losses.
- **Day Trading Requires Knowledge of Securities Markets.** Day trading requires in-depth knowledge of the securities markets and trading techniques and strategies. In attempting to profit through day trading, you must compete with professional, licensed traders employed by securities firms. You should have appropriate experience before engaging in day trading.
- **Day Trading Requires Knowledge of a Firm's Operations.** You should be familiar with a securities firm's business practices, including the operation of the firm's order execution systems and procedures. Under certain market conditions, you may find it difficult or impossible to liquidate a position quickly at a reasonable price. This can occur, for example, when the market for a stock suddenly drops, or if trading is halted due to recent news events or unusual trading activity. The more volatile a stock is, the greater the likelihood that problems may be encountered in executing a transaction. In addition to normal market risks, you may experience losses due to systems failures.
- **Day Trading will Generate Substantial Commissions, even if the Per Trade Cost is Low.** Day trading involves aggressive trading, and generally you will pay commission on each trade. The total daily commissions that you pay on your trades will add to your losses or significantly reduce your earnings. For instance, assuming that a trade costs \$16 and an average of 29 transactions are conducted per day, an investor would need to generate an annual profit of \$111,360 just to cover commission expenses.
- **Day Trading on Margin or Short Selling may Result in Losses Beyond Your Initial Investment.** When you day trade with funds borrowed from a firm or someone else, you can lose more than the funds you originally placed at risk. A decline in the value of the securities that are purchased may require you to provide additional funds to the firm to avoid the forced sale of those securities or other securities in your account. Short selling as part of your day-trading strategy also may lead to extraordinary losses, because you may have to purchase a stock at a very high price in order to cover a short position.
- **Potential Registration Requirements.** Persons providing investment advice for others or managing securities accounts for others may need to register as either an "Investment Advisor" under the Investment Advisors Act of 1940 or as a "Broker" or "Dealer" under the Securities Exchange Act of 1934. Such activities may also trigger state registration requirements.

INFORMATION CONCERNING ICBCFS' BUSINESS CONTINUITY PLAN

ICBCFS maintains a business continuity plan that allows for effective operations under a variety of contingencies. The plan involves a hot backup facility at our primary and offsite locations. While details of the plan remain confidential for security reasons, we would like to share the following highlights with you.

- Redundancy at our primary and offsite locations protects critical hardware, software and telecommunications systems.
- Our offsite facilities are supported by a major recovery systems vendor with adequate infrastructure and proven performance during large-scale emergencies.



- Full-scale tests are performed at least semi-annually and testing of individual components is an ongoing effort. This includes, but is not limited to, functionality of proprietary systems, connectivity with clearing banks, information vendors, and market data providers, email and other internet services, and remote access.
- Data from our production environment is mirrored in real-time to our offsite facility. This eliminates the need to rebuild intra-day data if recovery is required during the business day, as well as the time, effort and uncertainty associated with restoring data from tape or other off-line media.
- Our offsite facilities are constantly monitored by software tools so we are immediately made aware of issues that might require attention.
- High-speed, secure remote access allows our staff to work effectively from home or other locations if they cannot get to our recovery site. This same facility allows our remote access clients to reconfigure connectivity to our systems in a matter of minutes.
- Contact information, including calling lists for our clients, are maintained at our recovery location and at a private, secure website so that we can remain in touch with you at all times and from any location.
- Current operating status, contact information and other relevant data can be obtained at any time by sending an email to our auto-response system at status@fbpds.com.

If an incident occurs and you cannot reach your ICBCFS Account Executive using the normal contact information, please call our emergency contact number at (888) 528-1402 or our disaster recovery site (201) 729-2000 for information concerning your account.