

1 June 2015

Notice of Amendments to Conditions for Services (“CFS”)

Please be informed that the Bank’s CFS have been revised and will be effective from 1 July 2015 (“Effective Date”). For details, please refer to the summary of the amendments and details of the amendments as attached.

Please note that the amendments to the CFS shall be binding on you if you continue to maintain your account(s) with the Bank or use any of our banking, financial or other services on or after the Effective Date. If you do not accept the amendments, we may not be able to continue to provide services to you. Should you have any enquiry / response regarding the amendments, please call our customer services hotline (852) 2836 8743.

The new version of the CFS will be available on our official website (<http://www.ncb.com.hk>) from the Effective Date and will be displayed in our branches from 2 July 2015. Should there be any discrepancy between the English and Chinese versions of this notice, the English version shall prevail.

Nanyang Commercial Bank, Limited

Encl.

Notice of Amendments to Conditions for Services (“CFS”)

Amendment Details

Part A. Key Amendments of the CFS

Part 1: General Provisions

Summary of the amendments / Important Notes	Section
<u>Disclosure of customer information</u>	
<ul style="list-style-type: none"> For clarity’s sake, the list of parties for the disclosure of your information is provided; this includes certain authorities, both inside and outside Hong Kong, which have imposed obligations on the Bank, our group companies or transferees for the disclosure. 	1
<ul style="list-style-type: none"> Your confirmation that you have obtained all necessary consents from all related parties, for example, joint account holder, guarantor, and beneficial owner of your account(s), etc, for the disclosure of information. 	2
<u>Deduction or withholding of payment</u>	
<ul style="list-style-type: none"> Your authorisation for the Bank to deduct or withhold payment from your account(s) in response to requirement(s) from relevant authorities; and your obligation to pay the increased amount so that the Bank receives a net amount equal to what the Bank would have received in the situation where no withholding or deduction had been made. 	4,5
<u>Tax status of customers</u>	
<ul style="list-style-type: none"> To comply with the relevant legal and compliance requirements in connection with combating tax evasion, you confirm, to the best of your knowledge, that you have not committed or been convicted of tax crimes. You also confirm that you understand the Bank’s routinely screening, monitoring and reviewing of your transactions and tax status. 	6,13
<u>Notification periods</u>	
<ul style="list-style-type: none"> To enhance customer service, at least 60 day prior notice will be provided to Individual Customers holding ATM card(s) and/or debit card(s), issued by the Bank and our group companies, before any significant change(s) to the relevant terms and conditions. Under normal circumstances, 30 days’ prior notice will be provided to all customers regarding termination of accounts or services. 	7,9
<ul style="list-style-type: none"> Under exceptional circumstances, the Bank may close account(s) with a shorter notice or without prior notice if the account(s) are being used or suspected of being used for illegal activities or if the account(s) have zero balance. 	10
<u>Termination of services</u>	
<ul style="list-style-type: none"> Service(s) provided to you may be terminated and necessary actions may be taken in case of your failure to provide information or consent to meet obligations imposed on the Bank by certain authorities or suspicion of crime. 	11

<u>Others</u>	
• Brief description of the remuneration structure of our sales staff.	3
• Recording of conversations between the Bank and you will only be made with prior notice.	8
• The term of “Individual Customer”, which is referred to in certain conditions relating to an individual customer, is defined.	12

Part 2: Banking Services

Summary of the amendments / Important Notes	Section
<u>Interest rates</u>	
• Important note regarding possible application of “negative interest rate” over credit balance of your account(s).	14

Part 3: Investment Services

Summary of the amendments / Important Notes	Section
<u>Risk disclosure</u>	
<u>Risks of trading of listed RMB products</u> • The risk disclosure relating to “Conversion Limitation Risk” is amended to reflect the removal of “RMB daily conversion limit” for Hong Kong residents.	15
<u>Risk of Precious Metal/FX Margin Trading</u> • RMB Conversion Limitation Risk is added to enhance disclosure.	16
<u>Risk of notional precious metals passbook account</u> • The clause on risk disclosure is removed. You may refer to the offering document for detailed risk disclosure.	17
<u>Risk of Equity Linked Deposits (Put Option) (ELD)</u> • The clause on risk disclosure is deleted as the product “Equity Link Deposits (Put Option) (ELD)” is no longer offered by the Bank.	18

Part B. Details of the CFS amendments

Part 1: General Provisions

Section	Amendments
1	In Condition 3.2, the second sentence shall be amended as follows “We and any of the transferees may transfer and disclose any such information to any person as required by any law, regulation, court, regulator, legal process or code in Hong Kong or any other jurisdictions outside Hong Kong or according to our group’s policy, any present or future contractual or other commitment with local or foreign legal, regulatory, governmental, tax, law enforcement or other authorities, securities or futures exchange, central bank, or self-regulatory or industry bodies or associations of financial services providers (“Authorities”) or agreement or treaty between Authorities and applicable to us or a member of our group companies (collectively “Obligations”).

2	Introduce Condition 3.7 as follows: “You confirm that every entity or individual whose information has been (or will be) provided to us or the transferees (as referred to in Condition 3.2 above) in connection with your account and/or provision of products and services to you has (or will at the relevant time have) been notified of and consented to the using, processing and disclosing of its/his/her information (including personal data for individual) in accordance with this Condition 3 and for the purposes as shown in the Data Policy Notice (in case of individual).” (the existing Condition 3.7 shall be renumbered as 3.8.)
3	Introduce Condition 5.5 as follows: “Remuneration of our sales staff may consist of fixed and variable components. The award of variable remuneration correlates in part with the staff’s performance in financial and non-financial factors.” (the existing Condition 5.5 shall be renumbered as 5.6.)
4	Conditions 6.2 shall be amended as follows: “Payments will be made to you subject to applicable laws, regulations, directives and Obligations (as defined in Condition 3.2 above) and any required deduction or withholding. You confirm that you have (or will at the relevant time have) provided notice to and secured consent or waiver from any person owning a beneficial interest in such payments in respect of the aforesaid deduction or withholding. We are authorised to pay the amount deducted or withheld to the relevant authority in accordance with the relevant requirement.”
5	In Condition 6.6, the second sentence shall be amended as follows: “If a withholding or deduction is required by law or the Obligations (as defined in Condition 3.2 above) or otherwise, you will pay an increased amount so that we receive a net amount equal to what we would have received had there been no withholding or deduction.”
6	In Condition 11.1(e), the following sentence “and that you have, to the best of your knowledge, not committed or been convicted of tax crimes” shall be inserted after the phrase “the performance and enforcement of your obligations will not violate any law or regulation”.
7	Condition 16.2 shall be amended as follows: “We may change these Conditions, any terms, conditions, and rules applicable to a service or an account at any time by prior notice to you. The notice will take effect, if the changes affect fees, charges, or your rights or obligations, and where practicable, after 30 days. Notwithstanding the aforesaid and where you are an Individual Customer, we will, where practicable, give you at least 60 days’ prior notice before taking effect of any significant change in the terms and conditions of our services concerning plastic card which may be used to pay for goods and services or to withdraw cash (including ATM card and debit card but excluding stored value card).”
8	Condition 17.1 shall be amended as follows: “We may record conversations with you with prior notice.”

9	In Condition 19.2, the first sentence shall be amended as follows: “We may at any time, by 30 days' prior notice to you and without giving a reason, terminate your account or any or all services provided to you.”
10	Introduce Condition 19.3 as follows: “Notwithstanding otherwise provided in Condition 19.2 and where you are an Individual Customer, we may at any time, by giving you at least 30 days' prior notice or (upon your request and where practicable) a longer period of notice, close your account. We may, under exceptional circumstances (for example, where the account is being used or is suspected of being used for illegal activities or if your account has a zero balance), close your account with shorter notice or without prior notice. We are not obliged to give you a reason for closing your account. Nonetheless, we may provide you with the same where appropriate and not against the law.” (the existing Condition 19.3 shall be renumbered as 19.5.)
11	Introduce Condition 19.4 as follows: “We may refuse to provide any new service or terminate any or all services to you or block or close your account(s) or take any actions necessary for us or any of our group companies for compliance with our/its obligations as referred to in Conditions 3 and 6.2 above in the event that (i) you or any entity or person whose information is required for opening/maintaining of your account and/or provision of products and services to you (“Relevant Person”) fails to provide promptly any information as we or any of our group companies reasonably request(s); (ii) you or the Relevant Person fails to give us consent or waiver necessary to permit us or any of our group companies or our/its third party service provider to carry out the actions described in Conditions 3 and 6.2 above; or (iii) there is any suspicion of crime or unlawful act or attempt or associated risk.” (the existing Condition 19.4 shall be renumbered as 19.6.)
12	In Condition 20.6, the following sentence “An “Individual Customer” means a private individual who maintains an account with us (including a joint account with another private individual or an account held as an executor or trustee, but excluding the accounts of sole traders, partnerships, companies, clubs and societies) or receives other services from us.” shall be inserted after the phrase “A "person" includes an individual, corporation, association, sole proprietorships, partnerships, clubs and societies.”
13	Introduce Condition 20.13 as follows: “To reinforce our firm stance against tax illicit activities and to meet the legal and compliance requirements in connection with the detection, investigation and prevention of money laundering, terrorist financing, tax evasion, fraud, or any acts or attempts to circumvent or violate any laws relating to these matters, we shall take all necessary actions including but not limited to routinely screening, monitoring and reviewing you and your transactions for such purposes. You confirm that you understand that your tax status will be subject to such screening and monitoring.”

Part 2: Banking Services

Section	Amendments
14	<p>Condition 3.1 shall be amended as follows: “For certain accounts, we will pay interest on your credit balance. Notwithstanding the foregoing, we may apply negative interest rate over credit balance. Interest (including negative interest) will be calculated at the rate, and be credited to or debited from (as the case may be) your account at the time, determined by us from time to time. Different currencies may have different rates. Interest will be calculated for each day over a 360 or 365 day year according to our practice for the relevant currency. If an account is closed before a date for crediting or debiting interest, we may pay or debit (as the case may be) interest up to the preceding month or up to any date chosen by us.”</p>

Part 3: Investment Services

Section	Amendments
15	<p>In Condition 7, under “Risks of trading of listed RMB products”</p> <p>The paragraphs “Conversion Limitation Risk (Only applicable to Hong Kong Residents)” and “Conversion Limitation Risk (Only applicable to Corporate Customers and non-Hong Kong Residents)” shall be deleted in its entirety and replaced by the following:</p> <p>“RMB Conversion Limitation Risk (Only applicable to Individual Customers)</p> <p>RMB is currently not fully freely convertible. Individual customers can be offered CNH rate to conduct conversion of RMB through bank accounts and may occasionally not be able to do so fully or immediately, for which it is subject to the RMB position of the banks and their commercial decisions at that moment. Customers should consider and understand the possible impact on their liquidity of RMB funds in advance.</p> <p>RMB Conversion Limitation Risk (Only applicable to Corporate Customers)</p> <p>RMB is currently not fully freely convertible. Corporate customers that intend to conduct conversion of RMB through banks may occasionally not be able to do so fully or immediately, for which it is subject to the RMB position of the banks and their commercial decisions at that moment. Customers should consider and understand the possible impact on their liquidity of RMB funds in advance.”</p>

16	<p>In condition 7, under “Risk of Precious Metal/FX Margin Trading”</p> <p>The following clauses shall be added at the end:</p> <p>“If your margin contract or margin fund involves Renminbi, you are subject to the RMB Conversion Limitation Risk.</p> <p>RMB Conversion Limitation Risk (Only applicable to Individual Customers)</p> <p>RMB is currently not fully freely convertible. Individual customers can be offered CNH rate to conduct conversion of RMB through bank accounts and may occasionally not be able to do so fully or immediately, for which it is subject to the RMB position of the banks and their commercial decisions at that moment. Customers should consider and understand the possible impact on their liquidity of RMB funds in advance.</p> <p>RMB Conversion Limitation Risk (Only applicable to Corporate Customers)</p> <p>RMB is currently not fully freely convertible. Corporate customers that intend to conduct conversion of RMB through banks may occasionally not be able to do so fully or immediately, for which it is subject to the RMB position of the banks and their commercial decisions at that moment. Customers should consider and understand the possible impact on their liquidity of RMB funds in advance.”</p>
17	<p>In Condition 7, “Risk of notional precious metals passbook account” shall be removed. You may refer to the offering document for detailed risk disclosure.</p>
18	<p>In Condition 7, “Risk of Equity Linked Deposits (Put Option) (ELD)” shall be deleted as the product “Equity Link Deposits (Put Option) (ELD)” is no longer offered by the Bank.</p>

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