

AGREEMENT INDEX

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IN ADDITION TO THE APPLICATION, please enclose

- + Notarized copy of passport or identity card (with photo and signature).
The copy must be fully legible and the photograph clear and identifiable.
- + Authentication of signature by a public notary
(if not features on the Passport or Identity card)
- + Utility Bill (ex. electricity, telephone, etc.) or a notarized proof of residence

If you are NOT the beneficial owner of the funds to be deposited as per page 3 of this agreement, please enclose

For each person listed as beneficial owner on page 3

- + Notarized copy of passport or identity card (with photo and signature).
The copy must be fully legible and the photograph clear and identifiable.
- + Utility Bill(s) (ex. electricity, telephone, etc.) or a notarized proof of residence for that person

For each company listed as beneficial owner on page 3

- + Extract of Commercial Register (in original or notarized copy)
- + Or, if the company is registered in a common law country :
 - Certificate of Incorporation (in original or notarized copy)
 - Certificate of Good Standing (if Certificate of Incorporation is older than 12 months; in original or notarized copy)
 - Memorandum & Articles of Association (in original or notarized copy)
 - Certificate of Incumbency or other official document (made by an official State authority) listing the directors in charge (all in original or notarized copies).

PRODUCT EXPERIENCE (please check the appropriate boxes, all these fields are mandatory)

Nr. of Years	Forex	CFD	Commodities	Futures/Options	Bonds/Shares	Funds
less than 1						
1-3 years						
more than 3						

DO YOU ALREADY HAVE AN ACCOUNT AT MIG BANK ?

No Yes, account number :

DID YOU OPEN A DEMO ACCOUNT WITH MIG BANK?

No Yes, account number :

WERE YOU CONTACTED BY A MEMBER OF MIG BANK'S TEAM?

No Yes, by Mr./Mrs. :

HAVE YOU BEEN INTRODUCED TO MIG BANK BY SOMEBODY ?

No Yes, introduced by :

CLIENT FINANCIAL INFORMATION

Origin of money to invest (Select as many as apply, min. 1 choice)

Savings Earned income/pension Inheritance Financial markets earnings
 Gift Other (please specify) :

DO YOU HAVE AN IMPORTANT PUBLIC FUNCTION ?

Do you hold any prominent public office (e.g. head of state or government; senior politician, high-ranking official in the public administration, the judiciary, the armed forces or political party; senior executive officer of a state-owned enterprise of national importance)? Or do you have close family, or personal or business relations with any such person? Or does any person likely to be involved in the client relationship or anyone close to them hold such office?

No Yes, please describe :

GENERAL CONDITIONS AND CONTRACT DOCUMENTS

By signing below, you hereby agree that you have received, read, understood, consented and accepted any and all of the General Business Conditions and Safe Custody Regulations.

You confirm you have received, read, understood, consented and accepted the "Special risks in securities trading" brochure.

Place	Signature
Date	



Please note that this form will not be accepted if it contains any alterations



VERIFICATION OF THE BENEFICIAL OWNER

According to the Swiss regulation the Bank must identify the economical beneficial owner(s) of the assets deposited on the account.

If you are the beneficial owner of the assets, please check the first box to confirm that you are the beneficial owner and then sign at the bottom of the page. If you are not the beneficial owner, please check the second box and fill in all the requested information. Please also provide us with a notarized copy of the passport or company documents of this person(s) or company(ies).

The contracting partner hereby declares

That the contracting partner is the beneficial owner of the assets deposited with MIG BANK

OR

That the beneficial owner(s) of the assets deposited with MIG BANK is(are) (write below) :

Family name / First name or Company name	Date of birth or incorporation (D / M / Y)	Nationality or country of incorporation	Address	Country
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The contracting partner(s) undertake(s) to automatically inform MIG BANK of any changes.

It is a criminal offence to deliberately provide false information on this item (**Art. 251** of the Swiss Penal Code, document forgery; penalty : imprisonment for up to five years or a fine)

Place	Signature
Date	

DECLARATION OF STATUS OF "NON-US PERSON" OR "US PERSON"

Your answer to this field to this field is mandatory

- The account holder is a "non-US person", i.e. not a US citizen (be it by single, dual or multiple nationality), does not have "resident alien" status (for example by holding a "Green Card" or having carried out frequent visits to the USA in the current year and the previous two years).

OR

- The account holder is a "US person", i.e. a US citizen (single, dual or multiple nationality) or that he holds the "resident alien" status (for example by holding a "Green Card" or having carried out frequent visits to the USA in the current year and the previous two years). The account holder accepts that the Bank, due to legal and fiscal reasons, prohibits the access to any US securities (in particular access to the US stock markets and US securities listed on other stock markets) as well as other investments considered US relevant.

Under penalties of perjury, I declare that I have examined the information on this item and to the best of my knowledge and belief, it is true, correct and complete.

TAXATION OF SAVINGS INCOME FROM THE EUROPEAN UNION

This point applies only to EU citizens and residents.

The account holder has been informed of the Agreement between Switzerland and the European Union which requires the Bank either to apply a withholding tax on relevant interest payments or to communicate all payments of such interests to the relevant authorities.

- I authorize the Bank to transmit such information (complete identity, account number, details of interest paid) to the relevant tax authorities in my country of residence.

OR

- I authorize the Bank to apply the withholding tax rather than informing to the relevant tax authorities in my country of residence.

Place	Signature
Date	

SIGNATURE SPECIMEN

Family name : _____

First name : _____

Nationality : _____

Date of Birth (Day / Month / Year) : _____

Please sign in both boxes below

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Please note that it is not mandatory to return this form

CLIENT NAME

Family name :

First name :

MIG AND UNICEF

Since January 1st 2007, MIG BANK collaborates with UNICEF to support its role as the World's driving force for the well-being of children. MIG BANK backs this initiative by donating a percentage of its profits to UNICEF projects.

We encourage you to join us in this program by selecting the donation of your choice :

- I wish to donate USD 25.- to UNICEF and therefore instruct MIG BANK to withdraw the donation from my account upon receipt of the first deposit in my account in order to credit UNICEF
- I wish to donate USD _____ to UNICEF and therefore instruct MIG BANK to withdraw the donation from my account upon receipt of the first deposit in my account in order to credit UNICEF
- I do not wish to donate to UNICEF

Who is UNICEF ?

UNICEF is the United Nations Children's Fund created with the purpose in mind to work with others to overcome the obstacles that poverty, violence, disease and discrimination place in a child's path. It works in 190 countries through country programmes and National Committees.

It advocates for measures to give children the best start in life, because proper care at the youngest age forms the strongest foundation for a person's future.

It promotes girls' education – ensuring that they complete primary education as a minimum – because it benefits all children, both girls and boys. Girls who are educated grow up to become better thinkers, better citizens, and better parents to their own children.

It acts so that all children are immunized against common childhood diseases, and are well nourished, because it is wrong for a child to suffer or die from a preventable illness.

It works to prevent the spread of HIV / AIDS among young people because it is right to keep them from harm and enable them to protect others. It helps children and families affected by HIV / AIDS to live their lives with dignity.

It involves everyone in creating protective environments for children. It is present to relieve suffering during emergencies, and wherever children are threatened, because no child should be exposed to violence, abuse or exploitation.

UNICEF upholds the Convention on the Rights of the Child. It works to assure equality for those who are discriminated against, girls and women in particular.

It works for the Millennium Development Goals and is part of the Global Movement for Children – a broad coalition dedicated to improving the life of every child. Through this movement, and events such as the United Nations Special Session on Children, it encourages young people to speak out and participate in the decisions that affect their lives.

Please refer to www.unicef.org should you be interested in further understanding.

Place	Donor's Signature
Date	

INTRODUCTION

This document contains important information regarding the terms and conditions applicable to an account holder (i.e. contractual partner) hereinafter referred to as the "Client" of MIG Bank (the "Bank"). The access to and the use of an account and the Bank's services are subject to the Client's compliance with all terms and conditions set forth hereinafter.

The Client understands and acknowledges that the Bank may modify, alter or change the terms and conditions set forth herein by posting such modifications or changes online or by other communication deemed appropriate by the Bank.

Neither the information nor any opinion expressed in the Bank web site and/or the Bank contractual or other documentation constitutes a solicitation, an offer or a recommendation of the Bank to buy or sell any currencies or to engage in financial investments or transactions, or in any other transaction.

The present General Business Conditions (the "Conditions") and Safe Custody Regulations (the "Regulations", hereinafter collectively referred to as the "Conditions and Regulations") govern the relationship between the Client and the Bank (together with the Client hereinafter collectively referred to as the "Parties").

I. GENERAL BUSINESS CONDITIONS

1. SERVICES

Bank's services include banking transactions (see 2.1) and technical installation to enable the Client to conduct banking transactions via the Internet (see 2.2) through the Bank's website (<http://migbank.com>) or through (www.migbank.com).

The Client acknowledges that the only liable source of information about the Bank and its services is the official website of the Bank and the official marketing material released by the Bank. The Client takes good notice that the Bank does not endorse any information about the Bank nor its services that may be contained on any other website or any other marketing material.

2.1 BANKING TRANSACTIONS

2.1.1 TRANSACTIONS

Transactions shall include, but are not limited to:

- a) Spot and forward foreign currency contracts;
- b) Foreign currency OTC options;
- c) Foreign currency rollover transactions;
- d) All related currency transactions;
- e) Precious metals trading;
- f) CFD's
- g) Current account;
- h) Fiduciary transactions;
- i) Equity trading
- j) Futures;
- k) Funds;
- l) Options;

In addition, some investments shall be governed by special agreement between the Client and the Bank.

Transactions may involve margins where the Client is required to deposit cash or other assets to secure performance of the Client's obligations under the transaction.

2.1.2 RISK AWARENESS

The Client is aware and accepts the risks resulting from foreign exchange transactions and all related transactions. Risk of loss in trading foreign exchange can be substantial. Before entering into transactions, the Client acknowledges that he/she has fully understood:

- + The nature and fundamentals of the transactions and the market underlying such transactions;
- + The extent of the economic risk to which the Client is exposed as a result of such transactions (and determine that such risk is suitable for the Client in light of its specific experience in relation to the transaction and its financial objectives, circumstances and resources);
- + The legal terms and conditions for such transactions.

The Client should also be aware of the following:

- + The Client understands the terms and conditions of the transactions to be undertaken, including, without limitation:
 - The terms as to price, term, expiration date, restrictions on exercising an OTC option and of the terms material to the transactions;
 - Any terms describing risk factors, such as volatility, liquidity, and so on; and
 - The circumstances under which the Client may become obliged to make or take delivery of a leveraged foreign exchange transactions or options transaction.
- + The high degree of leverage that is often obtainable in foreign exchange and precious metals trading can work against the Client as well as for the Client, due to fluctuating market conditions. Trading in such instruments can lead to large losses as well as gains in response to a small market movement.

If the market moves against the Client, he/she may not only sustain a total loss of its initial margin deposit, and any additional funds deposited with the Bank to maintain its position, but the Client may also incur further liability to the Bank. The Client may be called upon to "top-up" its margin by substantial amounts at short notice to maintain its position, failing which the Bank may have to liquidate its position at a loss and the Client would be liable for any resulting loss.

Under certain market conditions the Client may find it difficult or impossible to liquidate a position, to assess a fair price or assess risk exposure. This can happen, for example, where the market for a transaction is illiquid or where there is a failure in electronic or telecommunications systems, or where there is the occurrence of an event commonly known as "Force Majeure Event". Placing contingent orders, such as "stop-loss" orders, will not necessarily limit losses to the intended amounts, as it may be impossible to execute such orders under certain market conditions. When placing a stop order or stop loss order, the Client must be aware that in certain market conditions the Client may be filled at a different price than initially requested.

Because the prices and characteristics of over-the-counter transactions are individually negotiated and there is no central source for obtaining prices, there are inefficiencies in transaction pricing. The Bank consequently cannot and do not warrant that prices or the prices the Bank secures for the Client are or will at any time be the best prices available to the Client.

- + Transactions in options involve a high degree of risk and are not suitable for many members of the public. Such transactions should be entered into only by persons who have read, understood and familiarized themselves with the type of options, style of exercise, the nature and extent of rights and obligations and the associated risks.

I. GENERAL BUSINESS CONDITIONS

The Client acknowledges that many transactions will be affected subject to, and in accordance with, Market Rules. In particular, the Client acknowledges that Market Rules usually contain wide powers in an emergency or otherwise undesirable situation, and the Client agrees that if any market or other organization takes any action which affects a transaction then the Bank may take any action which it, in its discretion, considers desirable in the interests of the Client and/or the Bank. The Bank shall not be liable for any loss suffered by the Client as a result of the acts or omissions of any market or organization or any action reasonably taken by the Bank as a result of such acts or omissions. The Bank may, in its reasonable opinion, determine that an emergency or an exceptional market condition exists ("Force Majeure") and in due course, will take reasonable steps to inform the Client.

A Force Majeure Event shall include, but is not limited to, the following :

- a) any act, event or occurrence (including, without limitation, any interruption of power supply or electronic or communication equipment failure, strike, riot or civil commotion) which, in the Bank opinion, prevents it from maintaining an orderly market in one or more of the currencies in respect of which the Bank ordinarily allows the Client to enter into transactions;
- b) the suspension or closure of any market or the abandonment or failure of any event upon which the Bank bases, or to which it in any way relates, its quote, or the imposition of limits or special or unusual terms on the trading in any such market or on any such event; or
- c) the occurrence of an excessive movement in the level of any exchange rate and/or corresponding market.

2.1.3 STREAMLINE DEALING

The Bank offers streamline dealing and fixed spreads for all Foreign Exchange transactions. Streamline dealing does not guarantee that re-quotes will not be given and the client accepts to receive a re-quote on the requested price prior to a trade being confirmed. Re-quotes are given if the requested price is not favorable to the Bank and in case of re-quote, the Client is free to accept the new quote and the Bank shall remain harmless of any damages or costs arising thereof. In certain market conditions and upon Bank's sole discretion, the Bank may change the quoted prices and/or spreads in the online trading platform and the Bank shall remain harmless of any damages or costs arising thereof.

The Client is informed that the Bank does not accept clients using scalping methods. In particular, the Bank reserves the right to close all open positions of such clients and to close their account(s).

The Bank also offers a mechanical trade system (MTS, also called "Expert Advisor") linked up to a plot. This system does not only inform about a possible entry and exit points but can also generate orders automatically on behalf of the Bank's Client and direct them to the trade server. This system is enabled by default. The use of this system is at the Client's risk. The Bank does thus not guarantee the result of the use of this system and the Bank shall remain harmless of any damages or costs arising thereof. The Bank may at its sole discretion de-activate this feature if the Client is deemed to be using this feature for abusive purposes.

Trailing Stop features are enabled by default. The Client acknowledges being fully aware of how this feature works. The use of this feature is at the Client's risk. The Bank does thus not guarantee the result of the use of this feature and the Bank shall remain harmless of any damage or costs arising thereof.

The Client may request to have his account not be charged or given any swap fees for open positions. Such request is made separately from the Client and the Client thereby agrees to pay any additional fees or costs as the Bank specifies from time to time for handling such account. If the Bank finds that a client is using such account for abusive purposes, the Bank may, at its sole discretion, decide to

close all open positions for such an account and deduct or add any swap fees for all the transactions currently and/or previously made with the Client and decline from accepting any further request from the Client to be exempted from swap fees.

2.1.4 INSTRUCTIONS / COMMUNICATIONS

The Client may give the Bank oral or written instructions. The Client is authorized to grant, a power of attorney without right of substitution to a third person in order to represent him/her in any business with the Bank. To that effect, the Client undertakes to use the Bank's standard form that may be downloaded on its website <http://migbank.com> and must be sent duly completed and signed to the Bank. The Bank shall be entitled to act upon the oral or written instructions of any person so authorized, notwithstanding that the person is not, in fact, so authorized. For these purposes, written instructions may be given by letter, facsimile, or via the Internet or other electronic means of communication and oral instructions in person or by telephone. The Bank shall not be obliged to confirm such instructions.

Any instruction in writing shall set out the names and specimen signatures of the Client or person so authorized.

The Client accepts that the Bank is entitled, though not obliged, to ask for personal data in order to establish its identity with greater certainty. The Bank shall not incur any liability as a result of refusing to execute any order(s) issued by a person whose identity it considers not to have been sufficiently established.

Once an instruction has been given by, or on behalf of the Client, it cannot be rescinded, withdrawn or amended without the Bank express consent. The Bank may at its absolute discretion refuse any dealing instruction given by, or on behalf of, the Client without giving any reason or being liable for any loss occasioned thereby.

The Client shall promptly (and within the limits imposed by the Bank) give any instructions the Bank may request from the Client in respect of any transaction or proposed transaction. If the Client does not provide such instructions promptly, the Bank may, in its absolute discretion, take such steps at the Client's cost as the Bank considers appropriate for its own protection or for the protection of the Client.

If the Client does not provide the Bank with notice of its intention to exercise an OTC option at the time stipulated by the Bank, the Bank may treat the option as abandoned by the Client and, if so, will notify the Client.

If the Bank does not receive instructions from the Client to settle any open transactions by the close of the business day two days prior to value date of the said transactions, is hereby authorized (but not obliged) to rollover all said transactions to the next value date traded.

During market holidays and weekends pre-announced by the Bank, the Bank does not execute orders for clients.

The Client agrees to indemnify and hold the Bank harmless for and against any damages or losses it may incur as a result of instructions transmitted by any of the above means.

Communications may be made to the Client at such address, telephone, facsimile or email address notified from time to time to the Bank for this purpose. Any communication by telephone, facsimile or email shall be deemed to have been made or (as the case may be) delivered when dispatched. Any communication by letter shall be deemed to have been made forty-eight hours after being sent to it at that address by prepaid first-class post in the case of an address in Switzerland, or, in the case of an address outside Switzerland, six business days after being sent to it at that address by mail. The Client shall ensure that at all times the Bank will be able to communicate with the Client or his appointed representative by telephone, facsimile or email.

At the specific request and at cost of the Client, the Bank will reconstruct the instructions and/or the exchange of communications.

Communications may be made to the Bank at the address and telephone number notified to the Client or this purpose and shall be

I. GENERAL BUSINESS CONDITIONS

considered to have been duly made only upon their actual receipt by the Bank.

The above conditions are also applicable to any attorney(s) appointed by the Client.

The Client is aware of the risks associated with these means of communication and release the Bank from any liability resulting from their use. The Client confirms that he/she shall assume all risks of abuse of these means of communication, such as non-discovered falsifications, mistakes, distortions, duplications, misunderstandings or losses that might occur, as a result of instructions given by any of the above communication means.

2.1.5 MARGIN DEPOSITS, COLLATERAL AND PAYMENTS

The Client shall pay to the Bank:

- a) such amounts of money as required by the Bank, and in a currency acceptable to the Bank, as initial or variation margin;
- b) such amounts of money, as may be required from time to time, due to the Bank under a transaction; and
- c) such amounts of money as may be required in or towards clearance of any debit balance on any account.

With the prior agreement of the Bank, the Client may provide the Bank with a bank guarantee, in a form acceptable to the Bank, instead of cash, for the purpose of complying with its obligations under clause above.

Without limiting the Client's obligation to pay margin deposits, the Bank will have no obligation to ensure margin deposit requirements have been satisfied by the Client before effecting a transaction and the Client's obligations in respect of a transaction will not be diminished by any failure by the Bank to enforce payment of outstanding margin deposits prior to entering into the transaction.

The Client shall promptly deliver any money deliverable by it under a transaction in accordance with the terms of that transaction and with any instructions given by the Bank for the purpose of enabling the Bank to perform its obligations under any corresponding transaction entered into between the Bank and a third party.

The Bank may (but shall not be obliged to) convert any monies held by it for the Client into such other currency as the Bank considers necessary or desirable to cover the Client's obligations and liabilities in that currency at such rate of exchange as the Bank shall select.

If the Client fails to provide any margin deposit or other sum due under this Conditions and Regulations in respect of any transaction, the Bank may close out any open transaction without prior notice to the Client and apply any proceeds thereof to payment of any amounts due to the Bank.

2.1.6 TRANSACTION MONITORING

Each transaction entered into by the Bank with the Client can be seen through the Online Service provided by the Bank. Transaction entered after 23:00 PM CET will be treated as having been effected on the next following business day.

History of transactions can be printed from the Online Service provided by the Bank any time.

The Client must verify the contents of each document received from the Bank and all transactions published on its online service continuously. Such documents and transactions published shall, in the absence of manifest error, be conclusive unless the Client notifies the Bank the contrary immediately after having access to this information.

2.1.7 DEFAULT

Without prior notice to, or receiving further authority from the Client, the Bank shall have the right to close out all or any part of any transaction, and realize any assets of the Client held by the Bank, upon or at any time after the happening of any of the following events:

- a) the Client fails to make any payment due under these Conditions and Regulations on the due date;
- b) the Client fails to observe or perform in whole or in part any of the provisions of these Conditions and Regulations or commits a material breach of the representations, warrants or undertakings;
- c) the Client dies, is declared absent or becomes of unsound mind;
- d) a bankruptcy petition is presented in respect to the Client or, if a partnership, in respect to one or more of its partners or, if a company, any steps are taken or proceedings initiated or protection sought under, any applicable bankruptcy reorganization or insolvency law by it in respect of itself or against it including, without limitation, the taking of any steps for the appointment of a receiver, trustee, administrator or similar officer to be appointed over its undertakings or assets or any part of them;
- e) a petition is presented for the winding up of the Client;
- f) an order is made or a resolution is passed for the winding up of the Client (other than for the purposes of a bona fide reconstruction or amalgamation);
- g) the Client convenes a meeting for the purpose of making or proposing or entering into any arrangement or composition for the benefit of its creditors (other than for the purposes of a bona fide reconstruction or amalgamation);
- h) a distress, execution, or other process is levied against any property of the Client and is not removed, discharged or paid within seven days;
- i) any security created by a mortgage or charge created by the Client becomes enforceable and the mortgagee or the charge take steps to enforce the security;
- j) any indebtedness of the Client or any of its subsidiaries becomes immediately due and payable, or capable of being declared so due and payable, prior to its stated maturity by reason of default of the Client (or any of its subsidiaries) or the Client (or any of its subsidiaries) fails to discharge any indebtedness on its due date;
- k) the Bank or the Client is requested to close out a transaction (or any part of a transaction) by any regulatory agency or authority;
- l) the Bank reasonably considers it necessary for its own protection.

Without prejudice to any other rights the Bank may have, it shall be entitled to combine or consolidate all or any of the accounts maintained by the Client with the Bank to set off any amount at any time owing from the Client against any amount owing by the Bank to the Client. Any security, guarantee or indemnity given to the Bank by the Client for any purpose shall extend to any amount owing from the Client after exercise of such right set-off.

2.1.8 CLIENT REPRESENTATIONS AND WARRANTIES

The Client represents, warrants and undertakes at the time this agreement is made and the making of each transactions hereunder that:

- a) it is not under any legal disability with respect to, and is not subject to any law or regulation which prevents its performance of, this agreement or any transaction contemplated by this Agreement;
- b) it has obtained all necessary consents and has the authority to enter into this agreement (and if the Client is a company, it is properly empowered and has obtained necessary corporate or other authority pursuant to its constitutional and organizational documents);
- c) all sums made by way of deposit or security shall, subject to this agreement, at all times be free from any charge, lien, pledge or encumbrance;

I. GENERAL BUSINESS CONDITIONS

- d) it is in compliance with all laws to which it is subject including, without limitation, all tax laws and regulations, exchange control requirements and registration requirements; and
- e) the information provided by the Client to the Bank is complete, accurate and not misleading in any material respect.

2.1.9 TAPE RECORDING OF CONVERSATION

The Client acknowledges and expressly accepts that the Bank shall record all telephone conversations between the parties as per regulatory applicable requirements. Such recordings shall remain the property of the Bank and the Client agrees to the use thereof or transcript there from as evidence by the Bank in any dispute or anticipated dispute between the parties.

Any such recordings or transcripts made by the Bank may be destroyed by it in accordance with its usual practice.

2.1.10 BANKING SECRECY INFORMATION DISCLOSURE

In its capacity as a bank pursuant to the Federal Law on Banks and Savings Banks, the Bank is subject to banking secrecy. The Bank is therefore obliged to observe the strictest discretion regarding all business relations with the Client, even after the Client's relationship with the Bank is ceased. Swiss banking secrecy does, however, only apply to data located in Switzerland.

However, by entering into this agreement the Client authorizes the Bank to disclose such information relating to the Client as may be required by any law, rule or regulatory authority, including any applicable Market Rules, without prior notice to the Client.

2.1.11 SWISS ACT ON THE PREVENTION OF MONEY LAUNDERING ("MLA")

As the Client is aware that the Bank has to comply with the Swiss Federal Money Laundering Act the Client agrees to provide the Bank, as per separate document, with full and accurate information regarding, among others, the identification of the contracting partner, the identification of the beneficial owner and the origin of the assets.

The Bank is also entitled to ask the Client to supply information regarding the circumstances or background of a certain transaction. In such event, the Client must immediately disclose such information as requested. As long as the Client fails to supply the information requested by the Bank, the Bank is entitled not to carry out the instructions received from the Client, and in particular not to execute instructions requiring the transfer of assets. In case the Bank deems the information supplied unsatisfactory or incomplete, it may at its discretion immediately terminate the business relationship with the Client and ordain that assets may no longer be withdrawn. Furthermore, the Bank may, pursuant to the provisions of the MLA and the Swiss regulation on banks, submit a report to the competent prosecuting authorities and take precautionary measures to freeze the Client relationship until the authorities have decided the case at hand.

Provided the Bank has proceeded in accordance with the provisions and regulations set forth in the Swiss legislation for the prevention of money laundering (e.g. the MLA) and the rules and regulation of the Swiss banking regulator (FINMA), respectively, the Client shall bear losses resulting from unexecuted instructions or the delayed execution of instructions.

Furthermore, the Client confirms wishing to execute cross-border or foreign currency payments in the future. Learning about the rules for cross-border or foreign currency payments the Client authorizes the Bank to disclose his name and further Client details in case of payments made to Bank account abroad, or payments made in foreign currencies both within Switzerland as well as abroad.

2.1.12 EXAMINATION OF SIGNATURES AND LEGITIMATING

The Bank undertakes to examine the signatures of Clients and their authorized attorneys with care. The Bank is not required to undertake any additional extensive check of their identity. The Bank will not be responsible for the consequences of any falsifications or

faulty identification that it has not recognized provided it has observed due care.

2.1.13 CIVIL INCAPACITY

Losses resulting from the Client's civil incapacity are exclusively borne by the Client, unless that incapacity has been published in an official Swiss gazette. In any case, the Client will bear the loss resulting from the civil incapacity of the people he/she has mandated or of other third parties having access to the Client's account(s)/save custody account(s).

2.1.14 JOINT ACCOUNTS

If the Client is more than one person (in the case of joint account holders), the liabilities of each such person shall be joint and several, and the Bank may act upon instructions received from any one person who is, or appears to the Bank to be, such a person.

2.1.15 COMPLAINTS BY THE CLIENT

Any complaint by the Client concerning the execution or non-execution of any order, and any dispute concerning an account or other communication from the Bank must be issued immediately after receiving the information, but not later than one day after the date of communication, failing of which the execution or non-execution and the corresponding statements and communications will be taken to have been approved. In the case of a late complaint, the Client will bear any resulting loss. If the Client does not react according to this clause within the period of time allowed, statements are deemed to have been accepted. Express or tacit acknowledgement of the account statement implies approval of the individual headings it contains and of any reservation the Bank may have formulated.

Any claim for indemnification must be addressed in writing (per post) by the Client or its representative to the address of the Bank to the attention of the Chief Executive Officer. The Client acknowledges that the Bank will not answer any claim which is not addressed in writing and/or not signed by its author.

2.1.16 RIGHT OF PLEDGE, LIEN SET-OFF AND RETENTION

The Bank has a right of lien for the discharge of all indebtedness and the Client's other obligations towards the Bank on securities and other property now or hereafter held, carried or maintained by the Bank in its possession or control, for any purpose, in or for the benefit of any of the Client's accounts, now or hereafter opened, including any account in which the Client may have an interest. The Bank has a right of set-off regarding all debts receivable against its existing claims against the Client regardless of the dates they are due for payment or the currencies in which they are expressed. The same applies to all the credits it has granted in exchange for the issuing of special guarantees or guarantees in blank. Upon notice served on the Client, the Bank is entitled, at its sole discretion, to proceed with the compulsory realization or the over-the-counter or market sale of the securities pledged, at the Client's cost if necessary. The Client authorizes the Bank and the Bank shall have the right to transfer securities and other property held on behalf of the Client or his/her representative from or to any other account of the Client at the Bank whenever, in the Bank's judgment, it considers such transfer necessary for its protection.

The Bank shall, at any time, be entitled to offset against each other the balances of all accounts the Client maintains with the Bank (regardless of designation of currency of the account) or to offset each balance individually. For all its claims arising from its business relations with the Client, irrespective of the maturity dates of such claims or of the currencies in which they are denominated, including unsecured or collateralized claims, the Bank shall have a right of lien and pledge, and a right of retention, on all assets held in the Client's name or otherwise deposited with the Bank.

2.1.17 FEES AND RATES

The Bank shall charge fees and rates for its services according to its prevailing Schedule of Fees & Rates with which the Client declares

I. GENERAL BUSINESS CONDITIONS

himself to be in agreement. These fees and rates are published on our website www.migbank.com

The Client expressly acknowledges that the Bank may pay remunerations to third parties, such as business finders and/or external asset managers under cooperation agreements. Such remunerations may be based on the volume of assets and/or transaction-related fees and rates on any Client transaction. The Client will receive a special information from the Bank on any additional spread or commission he may be charged as per agreement given.

The Client understands and agrees that the Bank may receive payments, or other pecuniary benefits of any kind, from third parties. Such payments may be based on the volume of assets invested and/or may be based on the volume of clients transaction. The client agrees that such payments may be treated and retained by the Bank as compensation in addition to that paid by the Client for the services provided by the Bank, and need not to be paid on to the Client. The Bank shall not be obliged to disclose the nature or amount of any payment received.

2.1.18 ACCOUNTS MANAGED BY THE CLIENT

The Client shall be solely responsible for making any investments or trading decision on his assets deposited with the Bank and shall make such decisions entirely at his own risk. The Client acknowledges and agrees that the Bank shall not be liable in respect of any investment or trading decision made by the Client or any potential consequences resulting therefrom.

All act performed by the Client shall be fully binding upon the client. The Client hereby releases the Bank fully and in advance from any responsibility and liability for any of the Client's act and/or omission. In particular, the Bank is under no obligation to examine the instructions of the Client with respect to their appropriateness, suitability, frequency or extent. No liability shall accrue the Bank in respect of any investment decision made by the Client and the Client hereby expressly releases the Bank from any obligation to provide any advice, information or warning whatsoever in relation to the acts or omissions of the Client.

2.1.19 ACCOUNTS MANAGED BY A THIRD PARTY

The Client shall be solely responsible for any investments or trading decision done by any Attorney designated by the Client on assets of the Client deposited with the Bank and such decisions are made entirely at the own risk of the Client. The Client acknowledges and agrees that the Bank shall not be liable in respect of any investment or trading decision made by the Attorney or any potential consequences resulting therefrom.

All act performed by an Attorney shall be fully binding upon the Client. The Client hereby releases the Bank fully and in advance from any responsibility and liability for any of the Attorney's act and/or omission. In particular, the Bank is under no obligation to examine the instructions of the Attorney with respect to their appropriateness, suitability, frequency or extent. No liability shall accrue the Bank in respect of any investment decisions made by the Attorney and the Client hereby expressly releases the Bank from any obligation to provide any advice, information or warning whatsoever in relation to the acts or omissions of the Attorney. Furthermore, the Client acknowledges that the Bank does not monitor the volume or the appropriateness of the remuneration paid to the Attorney. The Client undertakes to monitor at all times the remuneration paid to the Attorney.

2.2 TECHNICAL INSTALLATION AND PASSWORD

2.2.1 LOGIN / IDENTIFICATION

The Bank sends the User ID and password per e-mail. Together with the User ID, the password allows access to banking services provided by the Bank. The Client is at any time requested to keep the password and the User ID secret and to protect them from misuse.

Anyone who identifies himself/herself each time he/she uses the

system by entering the User ID and the personal password or identifies himself/herself when remitting orders by telephone to the Bank's telephone consumer representative using the User ID and the personal password, has access to the Bank's electronic transaction devices and other services as provided on the Bank's online-trading site. At the occasion of contact over the telephone the Bank's telephone consumer representatives will require the complete User ID and three positions of the 8-digit personal password, chosen at random.

The Client is requested to modify the password regularly and to keep it in safe custody denying access to third person. The Client bears all risks resulting from the loss and the misuse, respectively, of the User ID and/or the password. The Bank is not liable for any damages that might result from the loss or misuse of the User ID and/or the password. The Client undertakes to inform the Bank immediately in the event the account has to be blocked and/or the User ID and/or the password have to be cancelled and/or replaced. After checking the legitimacy of the Client's identity (User ID and password) and the availability of his/her assets, the Bank undertakes to carry out all the orders and instructions received from him/her immediately. However, the Bank may decide to accept specific orders from the Client only through dedicated sites or by other means communicated to the Client. The Bank is entitled at its discretion but not bound to accept instructions in writing. Notwithstanding the foregoing, the Bank has at any time and at its sole discretion the right to ignore any orders and instructions and to require written verification of identity. The Bank may, at its own discretion, introduce and require additional levels of identification for all or part of its services, including but not limited to scratch-lists and/or secure-ID.

2.2.2 IRREVOCABLE LEGITIMATING

Whoever legitimates himself/herself according to article 2.2.1 above is considered to be entitled to use the Bank's services. The Bank may consider such orders and communications as being undoubtedly authorized and issued by the Client and/or his/her legitimate representative.

2.2.3 BLOCKING ACCESS

The Client may at any time require the Bank to block access to the Client's account immediately. Such blockage can only be revoked by the Client in writing. The Bank reserves its right to block the Client's access via the Internet or by telephone at any time, without giving further explanation and without further notice, to the extent it deems such a blockage appropriate.

2.2.4 SECURITY / INTERNET RISKS

The Bank's liability for any damage occurring on the Client's or his/her representative side, respectively, as a result of transmission errors, failures of transmission, technical errors, overload, breakdowns (including but not limited to maintenance services due to system maintenance), malfunction, interference, illegal invasion (e.g. hacking) and willful blockage of telecommunication devices and networks (e.g. "mail bombing", denial of services attacks etc.) or due to other inadequateness of telecommunication- or network-service providers is expressly excluded. The Client is aware of the fact that data are transmitted over open, generally public networks (e.g. the Internet). Therefore, data are transmitted regularly and uncontrolled and also outside the borders of the country of Switzerland even in the case that sender as well as addressee reside in Switzerland. Even in case of encryption of the data sender and addressee may not be encrypted which may result in conclusion of sender and addressee by third parties. The Bank is not liable nor does it guarantee and/or represent that data transmitted over the Internet are correct, accurate or complete. Namely data with regard to accounts (transaction confirmations, statements of account, balances etc.) as well as information accessible by public, e.g. stock exchange quotations or exchange rates, are not binding.

The Client is particularly aware of the following Internet relied risks for which the Bank shall not be liable :

I. GENERAL BUSINESS CONDITIONS

- + Inadequate knowledge of the system and defective security measures can facilitate unauthorized access. Entirely on his/her own responsibility, the Client is under the obligation to inform himself/herself exactly of the necessary security measures.
- + Internet providers may prepare user statistics and thus deduce from them that the Client has contacted the Bank.
- + Particularly via the Internet and through the exchange of diskettes, it is also possible for computer viruses to reach the Client's computer without being noticed.
- + The use of computers that are not permanently used by the Client in person adds additional risks. The use and storage or any information including, without limitation, the password, the user ID, portfolio information, transaction activity, account balances and any other information or orders available on the Client's personal computer is at the Client's own risk and in his/her sole responsibility.
- + Software and hardware should only be acquired from a trustworthy source.
- + The Client expressly consents to correspondence being sent to him/her in electronic form. The Client is aware and accepts any consequences, losses and risks that could result from the transmission of information in electronic form.

2.2.5 HARD – AND SOFTWARE

The Client assumes responsibility for technical access to the Bank's services. The Client is responsible for acquiring, installing and configuring hardware and software appropriate to set up connection/communication to/with the Bank's online services (computer, modem, browser, etc.). Consequently, the Bank does not assume any responsibility for the access provider or for any foreign software and hardware that it has not provided itself.

2.2.6 OUTSOURCING

The Client is aware and agrees that the Bank may outsource and/or assign part(s) of its business areas within its own organization or, under its responsibility, with third parties, to provide services on an on-going basis, in particular but not limited to the areas of IT, administration or accounting. In the event of an outsourcing or assignment the Client will be informed accordingly. In this context, the Client is informed that the Bank has outsourced some of its IT activities to external professional providers.

2.2.7 LICENSE GRANT AND RIGHT OF USE

The Bank is supplying the Client with software for use of the Online Service. The Client may use the software solely for his/her own internal business purposes. Neither the software nor the Online Service may be used to provide third party training or as a service bureau for any third parties. The Client agrees to use the Online Service and the software strictly in accordance with the terms and conditions, as amended from time to time by the Bank. The Client also agrees to be bound by any rules, procedures and conditions established by the Bank concerning the use of the Online Service provided by the Bank.

2.2.8 ACCESSES AND SECURITY

The Online Service may be used to transmit, receive and confirm execution of orders, subject to prevailing market conditions and applicable rules and regulations. The Bank consents to Client's access and use in reliance upon his/her having adopted procedures to prevent unauthorized access to and use of the Online Service, and in any event, the Client agrees to any financial liability for trades executed through the Online Service. The Client acknowledges, represents and warrants that:

- a) He/She has received a number, code or other sequence, which provides access to the Online Service ("the Password").

- b) He/She is the sole and exclusive owner of the Password
- c) He/She is the sole and exclusive owner of any identification number or login number (the "Login") and
- d) He/She accepts full responsibility for use and protection of the Password and the Login as well as for any transaction occurring in an account opened, held or accessed through the Login and/or Password.

The Client accepts responsibility for the monitoring of his/her account(s). The Client will immediately notify the Bank in writing if he/she becomes aware of any of the following:

- a) Any loss, theft or unauthorized use of his/her Password(s), Login and/or account number(s); or
- b) Any failure by him/her to receive a message indicating that an order was received and/or executed; or
- c) Any failure by him/her to receive an accurate confirmation of an execution; or
- d) Any receipt of confirmation of an order and/or execution, which he/she did not place; or
- e) Any inaccurate information in his/her account balances, positions, or transaction history.

2.2.9 RISK OF ONLINE TRADING

The Client's access to the Online Service, or any portion thereof, may be restricted or unavailable during periods of peak demands, extreme market volatility, systems upgrades or other reasons. The Bank makes no express or implied representations or warranties to the Client regarding the usability, condition or operation thereof. The Bank does not warrant that access to or use of the Online Service will be uninterrupted or error free or that the Online Service will meet any particular criteria of performance or quality.

Under no circumstances including negligence, shall the Bank or anyone else involved in creating, producing, delivering or managing the Online Service be liable for any direct, indirect, incidental, special or consequential damages that result from the use of or inability to use the Online Service, or out of any breach of any warranty, including, without limitation, those for business interruption or loss of profits.

The Client assumes full responsibility and risk of loss resulting from use of, or materials obtained through the Online Service. Neither the Bank, nor any of the Bank's directors, officers, employees, agents, contractors, affiliates, third party vendors, facilities, information providers, licensors, exchanges, clearing organizations or other suppliers providing data, information, or services, warrant that the Online Service will be uninterrupted or error free; nor does the Bank make any warranty as to the results that may be obtained from the use of the Online Service or as to the timeliness, sequence, accuracy, completeness, reliability or content of any information, service, or transaction provided through the Online service.

In the event that the Client's access to the Online Service or any portion thereof, is restricted or unavailable, the Client agrees to use other means to place his/her orders or access information, such as calling the Bank.

By placing an order through the Online Service, the Client acknowledges that his/her order may not be reviewed by a registered representative prior to execution. The Client agrees that the Bank is not liable to him/her for any losses, lost opportunities or increased commissions, which may result from his/her inability to use the Online Service to place orders or access information.

2.2.10 MARKET DATA AND INFORMATION

Neither the Bank nor any provider shall be liable in any way to the Client or to any other person for:

- a) Any inaccuracy, error or delay in, or omission of any such data, information or message or the transmission or delivery of any such data, information or message; or

I. GENERAL BUSINESS CONDITIONS

b) Any loss or damage arising from or occasioned by any such inaccuracy, error, delay, omission, non performance, interruption in any such data, information or message, due either to any negligent act or omission or to any event of "Force Majeure" or any other cause, whether or not within the Bank or any provider's control. The Bank shall not be deemed to have received any order or communication transmitted electronically by the Client, until the Bank has actual knowledge of such order or communication. Additionally, if a client executed a trade at a price which at the time the trade was executed was wrong and/or delayed from the actual market price, then the Bank may cancel that trade from the Client's account and the Bank shall remain harmless of any damages or costs arising thereof.

2.2.11 REPRESENTATIONS

The Client acknowledges that from time to time, and for any reason, the Online Service may not be operational or otherwise unavailable for his/her use due to servicing, hardware malfunction, software defect, service or transmission interruption or other cause, and he/she agrees to hold the Bank and any provider harmless from liability of any damage which results from the unavailability of the Online Service. The Client acknowledges that he/she has alternative arrangements, which will remain in place for the transmission and execution of his/her orders, in the event, for any reason, circumstances prevent the transmission and execution of all, or any portion of his/her orders through the Online Service.

The Client represents and warrants that he/she is fully authorized to enter into this type of online transactions and under no legal disability which prevents him/her from trading, and that he/she shall remain in compliance with all laws, rules and regulations applicable to his/her business.

The Client agrees that he/she is familiar with and will abide by any rules or procedures adopted by the Bank and any provider in connection with use of the Online Service and he/she has provided necessary training in its use. The Client shall not (and shall not permit any third party) to copy, use, analyze, modify, decompile, disassemble, reverse engineer, translate or convert any software provided to him/her in connection with use of the Online Service or distribute the software or the Online Service to any other third party.

3. ACCOUNT BALANCES / SCHEDULE OF FEES

The Client has access to accounts balances and statements through the Online Service offered by the Bank. At its own discretion, the Bank may send account balances. Interest and commissions are net. Taxes, dues and other expenses are debited from Client's account. The Bank shall be remunerated according to the schedule of fees as valid and altered by the Bank from time to time, particularly if the conditions prevailing on the money market are modified. It will so inform the Client by posting the respective information on its website, by circular or by any other appropriate means.

II. SAFE CUSTODY REGULATION

4. GENERAL RULES

4.1 VALIDITY

The present Regulations shall apply to the assets and other objects (hereinafter referred to as "assets") entrusted to and accepted by the Bank for safe custody. In the case of special agreements or special custody accounts governed by special regulations, these shall apply in addition to the present Regulations. In the event of differences, the Regulations shall prevail.

4.2 ACCEPTING ASSETS

In general, the Bank will accept:

- a) Monies on all kinds;
- b) Securities on all kinds, which are tradable on the banks system, for safekeeping in an open custody account;
- c) Money and capital market investments not evidenced in the form of securities, for book-entry and administration in an open custody account. Notwithstanding the foregoing, the Bank may in its sole discretion refuse to accept assets without further explanation.

4.3 DUTY OF CARE

The Bank undertakes to safeguard the assets it holds in safe custody with the same degree of care as it does with regard to its own assets.

4.4 DELIVERY

Provided both the specific period of notice and mandatory legal provisions are respected, the Client may request at any time that assets be delivered or made available to him/her. The customary periods of time required for such delivery shall apply.

4.5 FORM OF SAFEKEEPING

The Bank is expressly authorized to deposit the assets with an external custodian for the account of and at the risk of the Client. Unless instructed otherwise, the Bank is entitled to hold the assets with other assets of their kind, transfer them to a third party for safekeeping or hold them in collective depository. If the assets are held in collective depository in Switzerland, the Client shall have a right of

co-ownership based on the relation between the value of the assets deposited by him/her and the total value of the collective depository. This does not apply to assets that must be held separate due to specific reasons. Assets held abroad shall be subject to the laws and established practices of the place where they are held. Assets in registered form are only registered in the name of the Client on his/her specific request. In such case, he or she accepts that his/her name may be made known to any third party custodian. In cases where registering the assets in the Client's name is not customary or possible, the Bank may register such assets in its own name or the name of a third party for the account of and at the risk of the Client. Assets redeemable by drawings may also be held in collective custody. Assets so redeemed shall be distributed among the clients by the Bank in a second drawing, using a method which guarantees all clients the same chance of being considered as in the first drawing.

4.6 DEFERRED PRINTING OF CERTIFICATES

If the physical issuance of certificates is deferred, for the period during which the assets are held in the Bank's custody, the Bank is expressly authorized to:

- a) have the certificates in question cancelled upon their delivery into the custody account,
- b) carry out, during the period the assets are held in custody and for the account of the Client, the usual administration services and issue the requisite instructions to the issuer and/or obtain the necessary information, and
- c) request the printing of the certificates for the Client in case they are withdrawn from the account.

4.7 ADMINISTRATION

In the absence of any specific instructions from the Client, the Bank shall perform the customary administration services, such as collecting coupons and redeemable amounts, obtaining new coupon sheets, monitor drawings, calls, conversions and subscription rights, etc., and shall generally prompt the Client to make those arrangements which fall to him/her as specified hereafter. To proceed in such manner, the Bank will use the usual sources of information available to it as a basis. It will not, however, assume any responsibility for these activities. In cases the Bank is unable to administer

II. SAFE CUSTODY REGULATION

individual assets in the customary manner it shall notify the Client thereof, using any appropriate means. In the case of registered shares not bearing coupons, administrative services shall only be performed if the address to which dividends and subscription rights are to be delivered is that of the Bank. In the absence of any instructions otherwise, the Client is responsible for making all arrangements in respect of the safeguarding of the rights accruing to the assets. In particular, these rights cover such aspects as the issuing of instructions for conversions, the exercising or purchase/sale of subscription rights as well as the exercising of conversion rights. If instructions are not received in due course, the Bank is authorized, but not obliged, to act as it deems appropriate.

4.8 ACQUISITION OF ASSETS ON A FIDUCIARY BASIS

Where it is not customary or possible to transfer ownership of assets to the Client, the Bank may acquire them or cause them to be acquired in either (i) its own name or (ii) the name of a third party and may exercise the rights arising from the assets acquired, or cause them to be exercised. Such transaction will, however, be executed for the account and at the risk of the Client.

III. SPECIAL CLAUSES

5. TERMINATION

The Bank and the Client are entitled to terminate their relationship in writing at any time without further explanation. The termination also extinguishes the Client's right to use the installations and software the Bank has made available.

Upon or any time after termination, the Bank shall have the right (but shall not be obliged) to close out all or any part of any open transaction in effect at the date of termination and the terms of this agreement shall continue to bind both parties in relation to such transactions.

In case of death, liquidation, bankruptcy of the Client or any other similar cause, the Bank may terminate the relation with immediate effect and without notice. The Bank shall then close the Client's positions and keep the investments under custody until instructions are provided to the Bank by the competent authority.

6. INDEMNITY AND LIMITATION OF LIABILITY

The Client hereby agrees to indemnify the Bank and keep the Bank indemnified against all losses, expenses, costs (including legal costs), and liabilities whatsoever which arise, directly or indirectly, as a result of the Bank proper performance of its obligations, or the enforcement of its rights pursuant to these Conditions and Regulations, or by reason of any breach by the Client of any applicable conditions.

These indemnities shall be in addition to any other right, indemnity or claim which the Bank may have under the general law and shall not be affected by any variation or limitation of these Conditions and Regulations.

These indemnities shall survive termination of these Conditions and Regulations.

7. MODIFICATION

At any time, the Bank is entitled to alter the present Conditions and Regulations and the services offered. Such modification shall be reported to the Client by appropriate means and will be deemed accepted unless the Client submits a written objection within one month from the date of communication.

8. RESERVATION OF LEGAL REGULATIONS

Any existing or future legal and regulatory provisions in the field of banking services, data protection, money laundering, the operation and use of the Internet or any other regulation applicable in the frame of the services offered by the Bank remain reserved and shall apply to the provision of the Bank's services as from the date when they come into effect and to the extent the present Conditions and Regulations do not provide otherwise.

All transactions in the Client's account shall be subject to the bylaws, constitution, rules, regulations, oversight, customs and usages of the exchange or market, and its clearing house, if any, on which such transactions are executed and/or cleared by the Bank or its agents, including but not limited to the Bank's subsidiaries and affiliates.

9. APPLICABLE LAW AND JURISDICTION

These General Business Conditions and Safe Custody Regulations shall be governed by Swiss law. The place of performance and the place of jurisdiction for any proceedings whatsoever, including for the Client domiciled abroad, is NEUCHÂTEL, Switzerland. However, the Bank retains the right to file an action in the country of domicile of the Client or before any other competent court, in which case Swiss law will still apply.

INTRODUCTION

WHAT THIS DOCUMENT IS ABOUT

1_ Since 1 February 1997, commercial trading in securities is governed by the Stock Exchange Act (Swiss Federal Act on Stock Exchanges and Securities Trading of 24 March 1995). The Act requires securities dealers to inform their clients about types of transaction and investments that may involve special risks. This brochure contains information about these risks.

The term **"securities dealer"** is used in this brochure to mean your bank.

SECURITIES AND THE RISKS INVOLVED

2_ **Securities** are standardised certificates which are suitable for mass trading, as well as rights not represented by a certificate but with similar features (book-entry securities). They include equities, bonds, units of mutual funds and derivatives. They are offered to the public in a standardised form and denomination, or are sold to more than 20 clients.

3_ **Derivatives** are financial instruments for which the price is derived either from assets (underlyings) such as equities, bonds, precious metals and other commodities; or from benchmark rates such as currencies, interest rates and indices; or from credit or catastrophe events.

4_ An equity option, for example, derives its value from the "underlying" equity. In the following chapters, we will go on to look at **different types** of derivatives, including forwards, futures and structured products as well as options.

5_ Securities, and especially derivatives, entail **financial risks**. Derivatives are financial instruments based on a separate underlying and are often composed of different elements, which sometimes makes them difficult to understand. This is particularly true for "exotic" options. This brochure explains these financial instruments and their associated risks. However, it is no substitute for the product descriptions provided by issuers and securities dealers. If you have any further questions, consult your securities dealer.

6_ There are basically two types of **financial instruments**: those with limited risk and those with **unlimited** risk. The purchase of equities or options involves limited risk. At worst, you will lose the entire amount of your invested capital and not make a profit.

7_ On the other hand, there are certain types of derivatives that can require an additional outlay of capital over and above the original investment. The obligation to make such margin payments can amount to many times the purchase price of the investment. Unlimited risk is particularly associated with:

- + selling (writing) an uncovered call option,
- + selling (writing) a put option or
- + forwards and futures transactions.

YOUR RIGHT TO INFORMATION

8_ The Stock Exchange Act obliges securities dealers to inform their clients about the risks associated with a given **type of transaction**.

9_ The obligation to inform is dependent of the **client's level of experience and specialist knowledge in the area concerned**. Clients must be informed about transactions that entail higher levels of risk or have a complex risk profile, but not about the specific risks relating to individual transactions.

LIMITS OF THE DUTY TO PROVIDE INFORMATION

10_ If you are already familiar **with the risks pertaining to a particular type of transaction**, you may choose not to receive this information from your securities dealer.

11_ Securities dealers are not obliged to inform you about **normal risks**. These are not covered in this brochure. Normal risks chiefly include:

- **The risks attached to conventional, widely used financial instruments, such as equities, bonds and collective investments (e.g. units in mutual funds)**

12_ For example, the debtor (issuer) can get into financial difficulties, making him/her incapable of payment (credit and default risks).

Country risks

13_ A country risk can arise if a country restricts securities trading, for instance by imposing economic sanctions or currency restrictions.

Settlement risks

14_ A settlement risk occurs when you have to pay the purchase price of a security in advance but do not actually receive the security until later. In this event, the risk is that you will pay the purchase price and receive the securities late or even not at all. Conversely, when you are obliged to deliver securities that you have sold, you may not simultaneously receive the purchase price from the buyer. Settlement risks mainly occur in emerging markets (see 209).

Risks associated with custody of financial instruments

15_ Financial instruments can be held either in your country or abroad. Generally, they are held where they are most often traded, and are governed by the regulations that apply there. If your securities dealer becomes insolvent, Swiss law stipulates that the financial instruments deposited with that dealer will not form part of their bankruptcy assets, but will be kept separate for your benefit. However, insolvency proceedings can delay the transfer of the financial instruments to you or another securities dealer. If a third-party custodian becomes insolvent, the law in many countries provides that the financial instruments deposited with that custodian by your securities dealer are also normally protected. In less advanced markets (see 196 ff.), however, financial instruments deposited with a third-party custodian in the country concerned may be included in the custodian's bankruptcy assets.

Liquidity risk

16_ Liquidity risk is the risk that you will not always be able to obtain an appropriate price for your investment when you sell it. When certain securities and derivatives are impossible to sell, or can only be sold with difficulty and at a sharply reduced price, the market is said to be illiquid. Illiquidity risk occurs especially with shares in unlisted or poorly capitalised companies, investments with sales restrictions, and certain structured products.

17_ The Stock Exchange Act does not require securities dealers to inform you about risks associated with **investments in alternative (non-traditional) investments and emerging or developing markets**. Given the significance of these types of investment, we nonetheless explain the risks typically encountered in these markets in Section Two of this brochure (see 196 ff. below).

18_ This brochure does not deal with the issues of **taxation or any other legal consequences** pertaining to securities transactions (e.g. duties of disclosure). We advise you to look into these matters yourself or obtain professional advice.

19_ Please read through this document carefully and consult your securities dealer if you have any questions.

TRANSACTIONS INVOLVING SPECIAL RISKS

OPTIONS

20_ As the **buyer** of an **option**, you have the right to buy a specified amount of an **underlying asset** (often simply referred to as the "underlying") from the **seller (call option)** or sell it to the seller (put option) at a predefined price (**strike price**) up until a set time (**expiration date**). The price you pay for this right is called the **premium**.

21_ As the **seller (writer)** of an option, you must sell the underlying to the buyer at the strike price (call option) or buy the underlying from him/her at the strike price (put option) up until the expiration date, irrespective of the market value of the underlying asset at the time, if he/she chooses to exercise the option.

22_ The price of an option is closely linked to that of the underlying asset. Any change in the market value of the underlying asset will result in a greater change in the price of the option. This is termed the **leverage effect**. It means you participate disproportionately in any rise or fall in the market value of the underlying asset.

23_ The commonest underlying assets for options are:

- assets such as equities, bonds, precious metals and other commodities,
- benchmark rates such as currencies, interest rates and indices,
- derivatives and
- any combination of the above.

24_ "**American-style**" options can normally be exercised on any trading day up to the expiration date.

25_ "**European-style**" options can only be exercised on the expiration date, in other words the date set out in the contract. This does not, however, normally affect their tradability on the secondary market (e.g. on a stock exchange).

26_ Where a call option provides for **physical settlement**, you can require the seller of the option (writer) to deliver the underlying asset when you exercise the option. With a put option, the writer is obliged to buy the underlying asset from you.

27_ If an option provides for **cash settlement**, you are only entitled to a sum of money corresponding to the difference between the strike price and the current market value of the underlying asset.

28_ A call option is **in the money** if the current market value of the underlying asset is above the strike price. A put option is in the money if the current market value of the underlying asset is below the strike price. An option that is in the money is said to have an **intrinsic value**.

29_ A call option is **out of the money** if the current market value of the underlying asset is below the strike price. A put option is out of the money if the current market value of the underlying asset is above the strike price. In this case, the option has **no intrinsic value**.

30_ If the current market value of the underlying asset is the same as the strike price, the option is **at the money**. In this case, it has **no intrinsic value**.

31_ The price of an option depends on its intrinsic value and on what is referred to as the **time value**. The latter depends on a variety of factors, including the remaining life of the option and the volatility of the underlying. The time value reflects the chance that the option will be in the money. It is higher for options with a long duration and a very volatile underlying and for options that are at the money.

32_ **Warrants** are options in securitised form that are traded on an exchange or over the counter (OTC).

33_ **Exchange Traded Options** are non-securitised, but are traded on an exchange.

34_ **OTC (Over-the-Counter) options** are neither securitised nor traded on-exchange. They are agreed directly off-exchange between the seller and the buyer. If you wish to cancel (**close out**) an option of this type before the expiration date, you must make a corresponding offsetting trade with your counterparty. OTC options with precious metals and currencies as their underlying are offered publicly as standardised products. **Tailor-made OTC options**, by contrast, are specially created for individual investors.

35_ If you sell an option, you have to deposit either an amount of the underlying asset or another form of collateral for the entire duration of the contract. The level of this collateral or **margin** is determined by the securities dealer. The exchange stipulates a minimum margin for traded options.

36_ If the **margin cover** proves insufficient, the securities dealer can require you to provide additional collateral (via a **margin call**).

37_ Generally speaking, if the market value of the underlying asset falls, so does the value of your **call option**. The value of your **put option** tends to fall if the underlying asset rises in value. Normally, the less your option is in the money, the larger the fall in the option's value. In such cases, value reduction normally accelerates close to the expiration date.

38_ The value of your call option can drop even when the value of the underlying remains unchanged or rises. This can happen as the time value of your option falls or if supply and demand factors are unfavourable. Put options behave in precisely the opposite manner.

39_ You must therefore be prepared for a potential loss in the value of your option, or for it to expire entirely without value. In such a scenario, you risk losing the whole of the premium you paid.

40_ If, as writer of a call option, you already have a corresponding quantity of the underlying at your disposal, the **call option** is described as **covered**. If the current market value of the underlying exceeds the strike price, your opportunity to make a profit is lost since you must deliver the underlying to the buyer at the strike price, rather than selling the underlying at the (higher) market value. You must have the underlying assets freely available as long as it is possible to exercise the option, i.e. they may not, for example, be blocked by being pledged for other purposes. Otherwise, you are essentially subject to the same risks as when writing an uncovered call option (see 41 below).

41_ If, as writer of a call option, you do not have a corresponding quantity of the underlying at your disposal, the **call option** is described as **uncovered**. In the case of options with physical settlement, your potential loss amounts to the price difference between the strike price paid by the buyer and the price you must pay to acquire the underlying assets concerned. Options with cash settlement can incur a loss amounting to the difference between the strike price and the market value of the underlying.

42_ Since the market value of the underlying can move well above the strike price, your potential loss cannot be determined and is theoretically unlimited.

43_ As far as American-style options in particular are concerned, you must also be prepared for the fact that the option may be exercised **at a highly unfavourable time when the markets are against you**. If you are then obliged to make physical settlement, it may be very expensive or even impossible to acquire the corresponding underlying assets.

44_ You must be aware that your potential losses can be far greater than the value of the underlying assets you lodged as collateral (margin cover) either when entering into the contract or thereafter.

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45_ As the writer of a put option, you must be prepared for potentially substantial losses if the market value of the underlying falls below the strike price you have to pay the seller. Your potential loss corresponds to the difference between these two values.

46_ As the writer of an American-style put option with physical settlement, you are obliged to accept the underlying assets at the strike price if the buyer exercises the option, even though it may be difficult or impossible to sell the assets and may well entail substantial losses.

47_ Your potential losses can be far greater than the value of any underlying assets you may have lodged as collateral (margin cover). You could in a worst case lose your entire capital invested.

48_ With a **covered option**, you purchase an underlying asset (equity, bond or currency) and simultaneously write a call option on that same asset. In return, you are paid a premium, which limits your loss in the event of a fall in the market value of the underlying asset. By the same token, however, your potential return from any increase in the asset's market value is limited to gains up to the option's strike price. **Traditional covered options** require that the underlying asset be lodged as collateral, which makes **you the covered writer**.

49_ Synthetic **covered options** are based on the idea of replicating traditional covered options. However, this is achieved by means of only one transaction. Both the purchase of the underlying asset and the writing of the call option are carried out synthetically using derivatives. The purchase price of such a product is identical to that of the underlying, less the premium received for the sale of the call option. Hence, the synthetic product is sold more cheaply than its underlying.

50_ Covered options do **not contain a hedge against falls in the market value of the underlying**. However, by writing a call option (traditional covered option) or by calculating the return from the sale of a call option into the product price (synthetic covered option), any loss in market value of the underlying has less impact than it would in the case of a direct investment. In effect, the option premium thereby limits any loss in the market value of the underlying.

51_ Either cash settlement or physical delivery of the underlying takes place on the expiration date. If the market value of the underlying on expiration is higher than the strike price, the holder of an option with cash settlement is paid a specified cash amount as settlement.

52_ If, however, the market value of the underlying is lower than the strike price, the holder of an option with physical settlement receives physical delivery of the underlying asset. In this case, the option holder bears the full risk associated with the underlying.

53_ If you acquire two or more options, based on the same underlying, which differ in either the option type (call or put), the quantity, the strike price, the expiration date or the type of position (long or short), this is referred to as an **option strategy**.

54_ Given the large number of possible combinations, we cannot go into detail here about the risks involved in any particular case. Before entering into any such transaction, be sure to consult your securities dealer about the particular risks involved.

55_ Unlike the "plain vanilla" put and call options described above, exotic options are linked to additional conditions and agreements. Exotic options come in the form of tailor-made OTC options or as warrants.

56_ Given the special composition of **exotic options**, their price movements can vary markedly from those of their "plain vanilla" cousins.

57_ You must be aware that larger transactions can trigger price movements even shortly before expiration and that these can render an option worthless. Before buying or selling any exotic options, be sure to seek comprehensive advice about the particular risks involved.

58_ There is no limit to the possible structures for exotic options. We cannot describe in full here the risks involved in any particular case. The examples of exotic options listed below can be broadly divided into two categories: path-dependent options and options on more than one underlying.

59_ Unlike "plain vanilla" options, for **path-dependent options**, it is not just when the option expires or is exercised that the market value of the underlying is important. You also need to take into account fluctuations in the market value of the underlying during the life of the option when contemplating such an investment. The following are examples of path-dependent options:

Barrier options

60_ Your exercise rights for **knock-in barrier options** only arise if the market value of the underlying reaches a fixed threshold (**barrier**) within a specified period. Exercise rights for **knock-out barrier options** expire if the market value of the underlying reaches the specified barrier during the given time period.

61_ If this barrier is between the market value of the underlying at the time the option was entered into and its strike price, it is referred to as a **kick-in/kick-out** barrier option.

62_ **Double-Barrier options** have both an upper and a lower barrier and may take the form of knock-in and knock-out barrier options.

63_ When buying a **barrier option**, you must be aware that your exercise rights only arise when the market value of the underlying reaches the barrier (knock-in/kick-in option) or that they expire irrevocably when that barrier is reached (knock-out/kickout option).

Payout options

64_ The **Payout options** accord you the right to payment of a fixed amount agreed in advance.

65_ In the case of a **digital** (otherwise known as "**binary**") **option**, you receive payment if the market value of the underlying reaches a fixed value once during a specified time period (**one-touch digital option**) or precisely on the day of expiration (**all-or-nothing option**). For the one-touch digital option, payment occurs either immediately the barrier is reached or on the date of expiration (**lock-in option**).

66_ With **lock-out options**, you only receive the fixed payment if the market value of the underlying does not reach the agreed barrier during a specified time period.

67_ If you sell a payout option you owe the fixed amount if the barrier is reached, regardless of whether or not the option is in the money when exercised or on the expiration date, or to what extent. This means that the amount you owe can be considerably larger than the option's intrinsic value.

Asian options

68_ For Asian options, an average value is derived from the market value of the underlying over a specified time period. This average is used to determine the underlying's value for an **average-rate option** and to calculate the strike price for an **averagestrike option**.

69_ The calculation of an average value for the underlying in the case of the average-rate option can result in the value of the option on the expiration date being considerably lower for the buyer and considerably higher for the writer than the difference between the strike price and the current market value on expiry.

70_ For an average-strike option, the average strike price of a call option can be considerably higher than the price originally set. For an equivalent put option, the strike price can similarly be lower than the price originally set.

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Lookback options

71_ With a **lookback option**, the market value of the underlying is recorded periodically over a specified time period.

72_ For a **strike-lookback option** the lowest value (call option) or the highest value (put option) of the underlying becomes the strike price.

73_ The strike price remains unchanged for a **price-lookback option**, with the highest value (call option)/lowest value (put option) being used in calculating the option value of the underlying.

74_ For lookback options, both the calculated strike price and the calculated value of the underlying can vary considerably from the market prices prevailing on the expiration date. If you sell an option of this type, you must be aware that it will always be exercised at the most unfavourable value for you.

Contingent options

75_ When you buy a **contingent option** you must pay the premium only if the market value of the underlying reaches or exceeds the strike price during the life of the option (American-style option) or on the expiration date (European-style option).

76_ You will have to pay the entire premium even if the option is only just at the money or just in the money.

Cliquet and Ladder options

77_ For **cliquet options** (also known as **ratchet options**), the strike price is modified for the following period, normally at regular intervals, in line with the market value of the underlying. Any intrinsic value of the option is locked in. All lock-ins arising over the entire life of the option are accumulated.

78_ For **ladder options**, these modifications take place when the underlying reaches specified market prices, rather than at regular intervals. Normally, only the highest intrinsic value is locked in. In rare cases, all the intrinsic values recorded are added together.

79_ If you sell a cliquet option, you are required on the expiration date to pay the buyer all the accumulated lock-ins in addition to any intrinsic value of the option. If you sell a ladder option you must pay the buyer the highest lock-in amount, which can be considerably higher than the option's intrinsic value on the expiration date.

Examples of options on more than one underlying are:

Spread and outperformance options

80_ Both spread and outperformance options are based on two underlyings. With a **spread option**, the absolute difference in movement between the two underlyings forms the basis for calculating the option's value. By contrast, the value of an **outperformance option** is based on the relative difference, i.e. the percentage outperformance of one underlying compared to the other.

81_ Even if the underlying performs positively, the difference between the underlyings may be equal or lower in absolute as well as relative terms, thus having a negative impact on the value of the option.

Compound options

82_ The **Compound options** have an option as their underlying, i.e. they are options on options.

83_ Compound options can have an especially large leverage effect. If you sell an option of this type, you can be faced with very substantial obligations.

Credit default options

84_ With a **credit default option**, a credit risk of the original risk-taker (risk seller) is transferred to a third party (risk buyer), who receives a premium in return. If the defined credit event occurs, the

risk buyer is obliged to effect a cash settlement or take on the non-performing loan (or another delivery obligation) by way of physical settlement at a previously determined price. Credit default options are a form of credit derivatives.

85_ The risk of chain reactions on the credit market is high and can easily be underestimated. There is also the risk that lack of liquidity will lead to price distortions when volumes are low. This may mean that the investment can only be sold at a low price, longer term or even not at all.

FORWARDS AND FUTURES

86_ With **forwards** and **futures** you undertake to deliver or take delivery of a defined quantity of an underlying on a specified expiration date at a price agreed on the contract date. Unlike with options, which (for the buyer at least) only give rise to rights, forwards and futures involve both parties entering into obligations. You do not have to pay a premium when the contract is concluded.

87_ Forwards and futures can involve special risks. You should therefore only make investments of this type if you are familiar with this type of instrument, have sufficient liquid assets and are able to absorb any losses that may arise.

88_ **Futures** are traded on an exchange. They take the form of contracts in which the quantity of the underlying and the expiration date are standardised.

89_ **Forwards** are not traded on an exchange; hence they are referred to as OTC (over-the-counter) forwards. Their specifications may also be standardised; otherwise they may be individually agreed between the buyer and seller.

90_ The **most common underlyings** for forwards and futures are:
– assets (equities, bonds, precious metals and other commodities),
– benchmark rates such as currencies, interest rates and indices.

91_ When you buy or sell (short) an underlying asset on the futures market, you must supply a specified **initial margin** when entering into the contract. This is usually a percentage of the total value of the contracted instruments. In addition, a **variation margin** is calculated periodically during the life of the contract. This corresponds to the book profit or loss arising from any change in value in the contract or underlying instrument. The way in which the variation margin is calculated will depend on the rules of the exchange concerned and/or the conditions of the contract.

92_ As the investor, you are obliged to deposit the required initial and variation margin cover with the securities dealer for the entire life of the contract.

93_ In the event of a book loss, the **variation margin** can be several times as large as the initial margin.

94_ As the investor, you are entitled to close out the contract at any time prior to the expiration date. How this is done depends on the type of contract or stock exchange practice. You either "sell" the contract or agree an offsetting trade with identical terms. Concluding such an offsetting trade means that the obligations to deliver and receive cancel one another out.

95_ If you do not close out the contract prior to the expiration date, you and the counterparty must settle it.

96_ If the underlying in your contract is a **physical asset**, settlement is achieved by physical delivery or a cash payment. Generally, the asset is physically delivered. Only in exceptional cases do the contract provisions or stock exchange practice call for cash settlement. All other fulfilment specifications, especially the definition of the place of fulfilment, can be found in the relevant contract provisions.

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97_ The difference between **physical delivery** and **cash settlement** is that with physical delivery, underlyings amounting to the entire contractual value must be delivered, whereas with cash settlement, only the difference between the agreed price and the market value on settlement needs to be paid. This means that you need more funds available for physical delivery than for cash settlement.

98_ If the underlying in your contract is a **reference rate** or **benchmark**, fulfilment by physical delivery is not permitted (except for currencies). Instead, settlement is always in cash.

99_ For **forward sales**, you must deliver the underlying at the price originally agreed even if its market value has since risen above the agreed price. In such a case, you risk losing the difference between these two amounts.

100_ Theoretically, there is no limit to how far the market value of the underlying can rise. Hence, your potential losses are similarly unlimited and can substantially exceed the margin requirements.

101_ For **forward purchases**, you must take delivery of the underlying at the price originally agreed even if its market value has since fallen below the agreed price. Your potential loss corresponds to the difference between these two values. Your maximum loss therefore corresponds to the originally agreed price. Potential losses can substantially exceed the margin requirements.

102_ In order to limit price fluctuations, an exchange may set price limits for certain contracts. Find out what price limits are in place before effecting forward or futures transactions. This is important since closing out a contract can be much more difficult or even impossible if a price limit of this type is reached.

103_ If you sell forward an underlying which you do not hold at the outset of the contract, this is referred to as a **short sale**. In this case, you risk having to acquire the underlying at an unfavourable market value in order to fulfil your obligation to effect delivery on the contract's expiration date.

104_ The market for standardised **OTC forwards** is transparent and liquid. Hence, contracts can normally be closed out without difficulty. There is no actual market for OTC forwards agreed individually, and hence the positions they entail may only be closed out with the agreement of the counterparty.

105_ Since **combinations** comprise a number of elements, closing out individual elements can considerably alter the risks inherent in the overall position. Before entering into any such transaction, be sure to consult your securities dealer about the particular risks involved.

106_ Given the many possible combinations, we cannot go into detail in this brochure about the risks involved in any particular case. Before making a purchase, be sure to seek comprehensive advice about these risks.

STRUCTURED PRODUCTS

107_ Structured products are issued either publicly or privately. Their **redemption value depends on the performance of one or more underlyings**. They may have a fixed or unlimited term and consist of one or more components.

108_ Here is a list of the **common product categories**, based on the categorisation model used by the Swiss Structured Products Association (SSPA):

- capital protection products (see 116 ff. below)
- yield enhancement products (see 126 ff. below)
- participation products (see 130 ff. below)
- leverage products (see 135 ff. below)

109_ Structured products may be listed for trading **on an exchange**, but do not have to be.

110_ The tradability of a structured product depends on whether the issuer or a market maker is prepared to make a price. Even if they are, **liquidity risks** can still arise. If the market is not liquid, you run the risk of having to either hold the financial instrument until the end of its term or sell it during the term at an unfavourable price. It can also be difficult or impossible to determine a fair price or even compare prices at all, as there is often only one market maker.

111_ You bear the risk that the debtor of a structured product may become insolvent (**issuer risk**). The instrument's value is therefore dependent not only on the performance of the underlying asset but also on the creditworthiness of the issuer, which may change over the term of the structured product.

112_ Every structured product has its **own risk profile**, and the risks of its individual components may be reduced, eliminated or increased. In particular, it may profit to different degrees from rising, constant or falling market values of the underlying, depending on the product involved.

113_ It is extremely important to find out exactly what the risks are before acquiring a product of this kind. This information can be found in, for example, the issue documents or the product description concerned.

114_ Structured products are **not categorised as collective investments** under the Collective Investment Schemes Act (Federal Act on Collective Investment Schemes of 23 June 2006). Unlike with collective investments, the issuer is liable with his or her own assets (as is any guarantor, to the extent of a guarantee they have provided), and there is no backing from specially protected assets. You therefore need to bear in mind that in addition to a potential loss resulting from a decline in the market value of the underlyings (market risk), you may in the worst case lose your entire investment because the issuer or guarantor becomes insolvent (issuer or guarantor risk).

115_ You do not normally have any entitlement to voting rights or dividends if you buy a structured product.

CAPITAL PROTECTION PRODUCTS

116_ Some structured products offer capital protection. The level of this protection is fixed by the issuer when the product is issued and indicates the percentage of the **nominal value** that will be repaid to the investor on expiration. However, capital protection generally only applies at the end of the term and may, depending on the product conditions, be (far) lower than 100% of the invested capital.

117_ Some structured products offer only conditional capital protection, which can be lost if the value touches, falls below or rises above a predefined threshold (barrier, knockout level). Repayment is then dependent on the performance of one or more underlyings.

118_ **Structured products with capital protection** consist of two elements, such as a fixed-income investment (especially a bond or a money market investment) and an option. This combination enables the holder to participate in the performance of one or more underlyings (via the option or **participation component**) while at the same time limiting potential losses (via the fixed-income investment or **capital protection component**). The capital protection component may only cover a portion of the capital invested.

119_ The **capital protection component** determines the minimum repayment you receive on expiration, regardless of how the participation component performs.

120_ The capital protection is linked to the nominal value rather than the issue price or purchase price. Hence, if the issue/purchase price you pay exceeds the nominal value, **only the nominal value**

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is capital-protected. The protection of your capital outlay drops accordingly. If, however, the issue/purchase price is less than the nominal value, the protection of your capital outlay rises accordingly.

121_ The capital protection component can be well under 100% of the capital invested, depending on the product. Capital protection does not therefore mean 100% repayment of nominal value or the purchase price for all products. Structured products with capital protection generally offer lower returns than direct investments in the underlying, as the capital protection costs money.

122_ If you wish to sell a structured product with capital protection before it expires, you may receive less than the capital protection component as the capital protection only applies if you keep the product until the redemption date.

123_ The **participation component** determines how you benefit from price movements in the underlying(s) when you buy a structured product. In other words, it fixes the level of your potential return over and above the capital protection component. Some structured products with capital protection offer only a limited potential participation (those with a cap); some (those without a cap) offer unlimited potential participation. Others require the market value of the underlying to touch, rise above or fall below a specific barrier before you can make a profit.

124_ The risk on the participation component is **the same as that on the corresponding option or combination of options**. Depending on the movements in the market value of the underlyings, the participation component may therefore be zero.

125_ Your maximum loss on a structured product with capital protection is limited to the **difference between the purchase price and the capital protection**, provided you continue to hold the product until expiration. You may also miss out on a profit due to the fact that full or partial repayment of the capital is guaranteed but no income (interest) is paid. Please be aware that there is also issuer risk (see 111).

YIELD ENHANCEMENT PRODUCTS

126_ **Structured products with yield enhancement** consist of two elements, such as a fixed-income investment and an option (mainly on equities or currencies), and possibly a currency swap. This combination enables you to participate in the performance of one or more underlyings (via the option component). However, these financial instruments offer **no or only conditional capital protection**. The interest that is paid means you receive a higher return than with a direct investment if the price of the underlying remains essentially unchanged. On the other hand, you will not benefit from the full potential return of the underlying.

127_ If the market value of the underlying rises, you will receive the stipulated interest and the nominal value on expiration (equally, the product may provide for a discount on the issue price). If the market value of the underlying rises sharply, you could possibly have earned a higher return on a direct investment. However, if the market value of the underlying falls sharply, you will receive both the interest payment and the underlying on expiration (unless the product offered a discount on the issue price).

128_ Many products with yield enhancement refer to several underlyings. You as investor receive the security with the worst performance on expiration (either physically or in the form of cash) if the underlying touches, rises above or falls below a predefined barrier during the term of the financial instrument. If the performance of the underlying is negative, the financial instrument can trade some way below the issue price during its term even if the barrier is not touched, exceeded or undershot. The level of interest rate is directly related to the level of the barrier. The nearer the barrier is to the market price of the underlying on the day of issue, the higher the interest you receive will generally be, but the higher the risk that the barrier will be reached, and vice versa.

129_ When you invest in a structured product with yield enhancement, you could in the worst case scenario lose the entire capital that you have invested.

PARTICIPATION PRODUCTS

130_ **Structured products with participation** enable you to participate in the performance of one or more underlyings. However, they offer **no or only conditional capital protection**. If the participation product offers conditional capital protection, the risk is smaller than with a direct investment provided the market value of the underlying does not reach a specific barrier (termed the "knock-out").

131_ If the market value of the underlying touches, rises above or falls below the barrier, you will lose the capital protection.

132_ The **risk of a structured product with participation** is generally the same as that of the underlying. Unlike with a direct investment, however, you do not receive voting rights and you are not entitled to a dividend. You do, though, bear the credit risk of the product's issuer.

133_ Many products with participation refer to several underlyings. You as investor receive the security with the worst (or sometimes best) performance on expiration (either physically or in the form of cash) if the market value of the underlying touches, rises above or falls below a predefined barrier during the term of the financial instrument. The financial instrument can trade some way below the issue price during its term even if the barrier is not touched, exceeded or undershot. Moreover, the level of participation is directly related to the level of the barrier. If you have a higher risk tolerance when selecting the barrier, you will enjoy a higher participation.

134_ When you invest in a structured product with participation, you could in the worst case scenario lose the entire capital that you have invested.

LEVERAGE PRODUCTS

135_ **Structured products with leverage** enable you to achieve a leverage effect by investing less capital than you would have to if you invested directly in the underlying. This means you can benefit from short-term trends.

136_ Structured products with leverage are suitable for short-term speculation but also for strategically hedging a portfolio.

137_ Because of the leverage effect, you need to **carefully and regularly monitor** the underlying, since structured products with leverage can experience a larger rise in profits but also a bigger loss than the underlying.

138_ When you invest in a structured product with leverage, you could in the worst case lose the entire capital that you have invested.

PRODUCTS USED FOR FINANCING OR RISK TRANSFER

139_ The financial instruments discussed in this section have the **same or similar profit and loss structures as certain conventional financial instruments** (equities or bonds).

140_ Such financial instruments may be listed for trading on an exchange, but do not have to be.

141_ The risks associated with these products are not necessarily the same as those of the financial instruments they contain. It is therefore extremely important to find out exactly what the risks are before acquiring a product of this kind. This information can be found in, for example, the **product description concerned**.

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142_ There are some products that are mainly used to transfer risks. These include **credit and catastrophe derivatives**. They are financial instruments where the “underlying” is an event such as a credit event (default of a loan or bond) or a natural disaster. Derivatives of this type can be used by the bearer of a risk to transfer it to others. Credit derivatives come in the form of swaps, options or hybrid financial instruments.

143_ Credit and catastrophe derivatives involve a **liquidity risk**. Often such instruments cannot be sold before the end of their term, because there is no market for them.

144_ **Credit bonds** securitise the risks and transfer them to third parties as **credit-linked notes, collateralised debt obligations and asset-backed securities**. As a result, the buyer takes on the risk associated with a loan portfolio.

CREDIT-LINKED NOTES (CLN)

145_ CLN are bonds whose redemption and interest payments depend on the performance of a specific underlying or benchmark portfolio (e.g. loan, bond).

146_ Look closely at the creditworthiness of the debtor to which the CLN is linked, as the CLN can end up being valueless if a credit event occurs. There is an issuer risk, i.e. a credit risk of the issuing bank, just as with structured products. The secondary market for CLN is highly illiquid, and you should therefore assume that you will not be able to sell one before the end of its term.

COLLATERALISED DEBT OBLIGATIONS (CDO)

147_ CDO are bonds backed by a diversified debt portfolio (mostly loans, bonds or credit default swaps). They give you access to investments that are unattractive or even unattainable for individual investors. Since CDO are often divided up into a number of tranches with differing credit risks, you can decide what credit risk you wish to take on. If a debtor in the debt portfolio experiences a credit event, the equity-like tranches are affected first: they may be only partially redeemed, or not redeemed at all. If a number of debtors

default, this affects the remaining tranches in order of creditworthiness, until finally the tranche with the highest credit rating (comparable to that of first-class bonds) may only be partially redeemed, or not redeemed at all. The value of a CDO is based primarily on the probability of a credit event affecting the individual companies in the portfolio. This probability of default is determined using statistical methods and on the basis of historical data, and can cease to be meaningful in extreme market conditions.

148_ Before you invest in a CDO, you should also look at the track record of the manager in charge of it: he or she will receive a performance-related bonus and will often have a holding in the CDO him/herself. If the portfolio is not run by a manager (which is termed a “static” portfolio), its composition remains unchanged throughout its term. In this case you should pay special attention to the composition of the portfolio.

149_ CDO typically have a term of several years. As there is generally no secondary market, you should assume that you will not be able to sell the CDO before the end of its term.

ASSET-BACKED SECURITIES (ABS)

150_ In ABSs, risks (such as a range of receivables) are grouped together and transferred to a special purpose vehicle (SPV). The SPV finances this transaction by issuing securities backed by a pool of assets or a portfolio. If the collateral is a mortgage, this kind of instrument is called a **mortgage-backed security (MBS)**. The individual components of the portfolio would be unattractive or even unobtainable in this form for individual investors. However, the composition of the portfolio makes it possible to combine together and sell a range of assets and risks. By grouping together different types of credit risk, different risk profiles can be created.

151_ Even if a pool or portfolio is created, lack of diversification can lead to a concentration of risk.

152_ Credit bonds are often issued by particular types of offshore companies (SPV). In this event you should pay special attention to the issuer risk and the quality of government supervision of such SPVs.

ADDITIONAL INFORMATION

ALTERNATIVE (NON-TRADITIONAL) INVESTMENTS

153_ **Alternative or non-traditional investments** are investments that do not fall within the traditional asset classes, such as equities, bonds or money market products. They include a **wide range of instruments and strategies**. This section focuses on the classes that are most important in terms of risk information:

- hedge funds (see 159 ff. below)
- private equity (see 174 ff. below)
- real estate (see 182 ff. below)
- precious metals and other commodities (see 189 ff. below)

154_ This list is not exhaustive and this brochure cannot point out all the risks and issues that need to be taken into account in connection with **alternative or non-traditional investments**.

Be sure to obtain comprehensive advice before investing in **alternative or non-traditional investments**, and examine the offering carefully.

155_ Instruments allowing for **direct investment** can make sense in terms of diversifying a portfolio (risk distribution) because their returns are less dependent on factors such as the performance of the markets and levels of interest rates than those of conventional investments. However, the minimum outlay required for direct investments is generally very high, and they are often not accessible to all investors.

156_ To overcome these obstacles and avoid the risks of the large direct investments required, the financial sector has developed instruments for **indirect investment**. They include certificates, notes, investment funds, funds of funds, commodity futures and forward contracts. All these structures are based on one or more of the asset classes mentioned below. If you are interested in indirect investments, you need to bear in mind not just the risks of alternative investments as an asset class, but also the risks of the instrument concerned – the risks associated with structured products, for example. Please note that this section does not deal with the risks of structured products, forward contracts and futures, as these were discussed in the preceding sections (see “Forwards and Futures” and “Structured Products”).

157_ Offshore investments are often structured as funds or partnerships (such as limited partnerships) and domiciled in countries where legislation and supervision can be weak – hence the name “offshore funds”. The Swiss financial supervisory authority does not permit the public distribution of such funds in Switzerland.

158_ The legislation and supervision applying to offshore funds are much less strict than for traditional investments, which means that **investors may enjoy less protection**. They may find it difficult to enforce their rights, and problems and delays may occur when settling buy and sell orders for units of such funds.

ADDITIONAL INFORMATION

HEDGE FUNDS

159_ Hedge funds are the best-known form of alternative or non-traditional investments. Despite what their name suggests, **hedge funds** do not necessarily have anything to do with hedging. Indeed, they take on sometimes very high levels of risk in order to obtain an above-average return. Hedge funds include all forms of investment funds, investment companies and partnerships that use derivatives not just for hedging but also for investment, that are able to engage in short selling or take on significant leverage by borrowing. Other features typical of hedge funds include their freedom to choose their asset classes, markets (including emerging markets) and trading methods. Hedge funds normally require high minimum investments.

They frequently offer only limited opportunities for subscription and redemption, with long notice periods. The portfolio managers of hedge funds receive performance-related bonuses and often hold a personal stake in the funds.

Pay special attention to the following:

160_ A hedge fund may be **less transparent than a traditional investment fund, for example**, as investors are not always informed about planned strategies and changes to them, or changes of portfolio manager. Hedge funds are also not subject to any disclosure requirements.

161_ Unlike traditional collective investments, hedge funds have **limited liquidity (units may generally only be redeemed once a month, quarterly or annually)**. Normally, investors can only invest in a hedge fund at specific times. There are generally long notice periods for redemptions and long lock-up periods (periods during which investors are obliged to leave their capital in the fund).

162_ Delays may occur, and unfavourable prices may result, when settling buy and sell orders for hedge fund units. There is no guarantee that investors will be able to enforce their rights.

163_ Investors invest in **funds of hedge funds or multi-manager hedge funds** in order to reduce risk. These funds invest their capital in a number of hedge funds and spread it across a range of hedge fund managers that cover different investment styles, markets and instruments. There are also structured products that you can use to invest in hedge funds or hedge fund indices.

164_ The main hedge fund **strategies** seen on the market are as follows:

Equity hedge ("long", "short")

165_ Equity hedge funds identify undervalued (buy or long position) and overvalued (short selling or short position) equities in specific regions or market segments and attempt to make profits in the belief that sooner or later these positions can be closed out at a profit.

Arbitrage strategies

166_ Arbitrage strategies identify price differences between identical or similar investments in different markets and try to exploit them. Such strategies include equity-market neutral, fixed-income arbitrage, convertible-bond arbitrage and mortgage-backed securities arbitrage.

Event-driven

167_ Managers that pursue this kind of strategy try to make a profit from events such as upcoming changes in a company (mergers, takeovers, restructurings, turnarounds, etc.). Examples of such strategies are merger arbitrage, distressed securities and special situations.

Global macro

168_ Hedge funds that pursue global macro strategies attempt to identify macro-economic developments such as changes in interest or exchange rates at an early stage and exploit them for profit. This category includes growth funds and emerging market funds.

Managed futures

169_ This type of hedge fund deals in futures (standardised, exchange-listed contracts) on financial instruments, currencies and commodities.

170_ Generally speaking, hedge fund managers do not need to be licensed by an authority and are **largely unregulated**. In particular, hedge funds are not subject to the numerous investor protection regulations that apply to authorised collective investments. These include rules on liquidity, redemption of fund units at any time, avoiding conflicts of interest, fair prices for fund units, disclosure and limitations on borrowing.

171_ Since these rules do not apply to hedge funds, they can use much more leverage than traditional authorised funds, and engage in complex investment transactions that are not permitted for traditional collective investments. A hedge fund is allowed to adopt **aggressive strategies** including the widespread use of short selling, leverage, swaps, arbitrage, derivatives and programme trading. Their investment strategies are often highly complex and very intransparent. You will often receive little or no information about changes of strategy that may lead to a significant increase in risk, or receive such information only at a late stage.

172_ As part of their investment strategy, hedge funds can also use derivatives such as futures, options and swaps that may be listed for trading on an exchange but do not have to be. These instruments may be subject to significant price volatility, resulting in a **high risk of loss** for the fund. The low margins typically required to build up a position in such instruments mean that high levels of borrowing can be used. Depending on the instrument, a relatively small change in the price of the contract can therefore lead to a large profit or loss in comparison with the capital lodged as collateral and hence to further, unforeseeable losses that can exceed any margin cover.

173_ **Investment vehicles that are not listed on an exchange** also involve further risks as there is neither an exchange nor a secondary market where units can be sold or open positions closed out. It may be impossible to unwind an existing position or determine the value or risk of a position. If a hedge fund sells uncovered options on securities, it may be exposing itself to an unlimited risk of loss.

PRIVATE EQUITY

174_ **Private equity** is a form of risk capital financing for companies that either are **not exchange-listed** or – occasionally – wish to delist. Investments are usually made at an early stage in a company's development, when its chances of success are uncertain and the risks are therefore high.

175_ Where private equity flows into young companies (start-ups) or small companies with growth potential that are at an early stage in their development, the term **venture capital** is also used. Private equity now also extends to risk capital made available to a company immediately before it goes public (**late-stage financing, mezzanine financing**). Normally the financing is constructed in such a way that the proceeds of the initial public offering are used to wholly or partially redeem the holdings of the shareholder entrepreneurs. If a change of ownership is financed, for example a delisting, the term **"buyout"** is customarily used.

176_ The success of a private equity investment depends on the correct timing of the "exit" or sale and – especially with indirect investments via a fund, for example – on the quality of the private equity manager. The exit can be effected by going public (initial public offering or IPO), a sale to another company (trade sale) or to another private equity fund (secondary sale), or a management buyout. The choice of solution will depend largely on the market conditions prevailing at the time. How easy or difficult the exit phase is, and whether the proceeds meet expectations, will depend on factors such as the performance of the equity markets.

ADDITIONAL INFORMATION

177_ Private equity investments are **not regulated compared to equities listed for trading on an exchange**. This means that investors may be exposed to more risks, for example due to lack of transparency (e.g. limited access to financial statements, lack of publication).

178_ Private equity investments involve considerable risks and can lead to substantial losses. They are based on a long-term approach and are much less liquid than exchange-listed equities. Normally, private equity investments cannot be sold until some years after the original investment. You should be aware that your capital will be tied up, either completely or with access subject to restrictions, for a long time. No distributions are made prior to exit from investments. You do not normally have any entitlement to exit early.

Companies that are potential candidates for private equity investments may have high levels of borrowing and therefore be more sensitive than established companies to negative market developments such as rising interest rates. There is also a greater danger of the company becoming insolvent and going bankrupt than with listed companies.

179_ It is not unusual for further calls for capital to be made at short notice after the initial investment. If you fail to comply with such a demand, you may lose all the capital you have invested up to that time.

180_ A change of management in a young company where the personality of the individuals occupying key functions is a particularly important factor can have a highly detrimental effect on a private equity investment.

181_ With **indirect investments**, there is no guarantee that the manager of a private equity fund will be able to make investments and generate profits that fulfil the expectations for this form of investment. The abilities of the private equity manager are therefore crucial to the success of an indirect investment.

REAL ESTATE

182_ Investments in real estate can be made directly or indirectly. Real estate comprises **office buildings, retail and industrial premises, residential property and special real estate** (such as hotels or hospitals). The variables that determine the value of a property are its location, construction, equipment fittings and the variety of ways in which it can be used.

183_ A **direct investment** involves actually buying property. This will usually require a high capital outlay, a long term investment horizon, in-depth knowledge of the sector, familiarity with the location and often personal involvement, as property needs to be professionally managed.

184_ **Indirect investments** in real estate generally require a lower capital outlay than direct investments. Indirect investments are divided into those that are exchange-listed and those that are not. Examples of unlisted indirect investments include real estate funds, shares of real estate companies that are not listed for trading on an exchange, and certificates on real estate funds. Real estate funds can reduce risk by diversifying across geographical areas and real estate categories. The main category of exchange-listed indirect investments is real estate investment trusts (REITs). These enable investors to invest in real estate without incurring certain disadvantages, such as illiquidity.

185_ Real estate investments are based on physical assets – land and buildings – that are ultimately **unique, and in which trading is not regulated**.

186_ Where real estate is concerned, it is therefore often **difficult, or even impossible, to spread risks adequately or diversify investments sufficiently**. With direct real estate investments especially, the high capital outlay required and the illiquidity of the property market makes diversification difficult or even impossible.

187_ Property markets are also frequently **intransparent**, and require precise knowledge of local circumstances. It is therefore vital to involve local experts, which hampers access to the market.

188_ Real estate often reacts to **interest rate changes** in a similar way to bonds: when interest rates are low, for instance, mortgages are cheap and it is easy to generate above-average profits. Conversely, high interest rates cause profits to contract. Fiscal incentives offered by the state to promote home ownership and attractive lending conditions can also lead to excessively high prices.

PRECIOUS METALS AND OTHER COMMODITIES

189_ Commodities are **physical goods that are produced via agriculture and mining, for example, and standardised for use as the underlying of a transaction**. Derivatives on commodities such as energy sources, precious and other metals, and agricultural products are traded on futures markets.

190_ Contractual agreements allow investors to buy or sell **futures** linked to the performance of a particular commodity. This means that they can buy a standardised amount of a commodity at a specific time in the future for a specific price.

191_ The commonest way in which private individuals invest indirectly in commodities is via structured products (see 107 ff. above). There are other alternatives, such as **commodity swaps and options** that are not listed for trading on an exchange. These are traded directly between the parties concerned and are tailor-made products. More information on how forwards and futures work can be found in a separate section of this brochure (see 86 ff. above).

192_ With commodity futures, you may receive physical delivery of the commodity concerned on expiration, while structured products normally provide for cash payment. If you prefer cash settlement, you will have to sell the futures before their expiration date. Such products are therefore more risky than, for instance, equities or collective investments.

193_ The price of commodities is influenced by a number of factors. These include:

- the relationship between supply and demand
- climate and natural disasters
- state programmes and regulations, national and international events
- state intervention, embargoes and tariffs
- movements in interest and exchange rates
- trading in commodities and the corresponding contracts
- provisions relating to monetary policy, trading, fiscal and currency controls.

These variables can lead to additional investment risks.

194_ Commodities investments are **more volatile than conventional investments**, and yields on commodities can collapse at short notice. The volatility of commodity prices also affects the value, and hence the price, of a futures contract based on those commodities. Conventional futures on oil, base and precious metals are normally easy to trade, regardless of their term.

195_ When market activity is limited, a contract can become illiquid. Depending on how the yield curve moves, such **illiquidity** can lead to **significant price changes**. This is a typical feature of commodities.

ADDITIONAL INFORMATION

INVESTMENTS IN EMERGING MARKETS

196_ There is no standard definition of the term “emerging markets”. In the broadest sense it includes **all economies that are not regarded as “advanced”** (see 197 below). Common criteria for defining what is an emerging market are per capita income, the level of development of the financial sector, and the proportion of the total economy that is made up by the service sector.

The creditworthiness of countries that fall within this definition can vary widely: from very high to very low, with – in the latter case – very high default risk.

Although they can be at very different stages in their economic development, most emerging markets have a political system that is very new (for instance they have only recently become democracies) or is currently changing. This means that the political system and its institutions may be less stable than in an advanced nation.

197_ The list of emerging markets is changing constantly. According to the criteria applied by the International Monetary Fund in October 2007, they include all countries except: Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the UK and the US. These nations are **classed as having advanced economies**.

198_ There are risks linked to investments in emerging markets that are not encountered in their advanced counterparts. This is also the case when the issuer or provider of a product has its headquarters or primary focus of activity in an emerging nation.

199_ Investing in products linked to emerging markets is therefore often speculative. Before investing in emerging markets, you should form an impression of them that allows you to assess the risks involved.

200_ When investing in emerging markets, the following risks should be taken into account. The list is not exhaustive. Depending on the type of investment product, there may be additional risks involved as described elsewhere in this brochure.

Political risk

201_ A government’s political inexperience or the instability of the political system increases the risk of short-term, fundamental shifts in a nation’s economy and politics. The consequences for you as an investor can include the confiscation of your assets with no compensation, the restriction of your rights of disposal over your assets, or government- imposed controls. State intervention in specific sectors of industry can result in a dramatic fall in the value of investments in those sectors.

Economic risk

202_ Emerging market economies are more sensitive to changes in interest and inflation rates, which are in any case subject to greater swings than in the developed nations. The focus of such economies is often relatively narrow, allowing single events to have a magnified impact. In addition, emerging nations generally have a lower capital base. Finally, their financial markets often lack an adequate structure and sufficient supervision.

Credit risk

203_ Investments in debt securities (e.g. bonds, notes) issued by emerging market governments or companies tend to entail higher levels of risk than advanced market debt. This can be due to inferior creditworthiness, a high level of government debt, debt restructuring, a lack of market transparency or a lack of information. It is also much more difficult to assess credit risk due to inconsistent valuation standards and the absence of ratings.

Currency risk

204_ The currencies of emerging market nations are subject to unpredictable fluctuations in value that are larger than those of advanced countries. Some countries limit the export of their currency or can impose short-term restrictions, or stop pegging their currency to a reference currency such as the dollar. Hedging can help limit losses resulting from currency swings, but they can never be entirely eliminated.

Inflation risk

205_ Large fluctuations in the value of the currency and an insufficiently developed financial market can make it difficult for an emerging market nation’s central bank to stick to its inflation targets. As a result, inflation may fluctuate more than in advanced countries.

Market risk

206_ Because there is little or no supervision of financial markets in emerging market nations, regulation, market transparency, liquidity and efficiency are often inadequate. Moreover, high volatility and large price differences are characteristic of these markets. Finally, the inadequacy or absence of regulatory measures gives rise to an increased danger of market manipulation or insider trading.

Market liquidity risk

207_ Liquidity is dependent on supply and demand. The impact on the emerging markets of social, economic and political changes or natural disasters can involve a much more rapid and lasting change to this supply and demand equation than would be the case in the advanced markets. In an extreme case, illiquidity can be the result. This can make it impossible for an investor to sell his/her investments.

Legal risk

208_ The absence or inadequacy of financial market supervision can lead to your legal rights being difficult or impossible to enforce. Moreover, legal uncertainty may exist due to the inexperience of the emerging nation’s judiciary.

Settlement risk

209_ Certain emerging markets have an array of different clearing and settlement systems. These are often outmoded and prone to processing errors as well as considerable delays in settlement and delivery. Some countries do not have any such systems at all (see 14 above).

Shareholder risk and creditor risk

210_ Legislation to protect the rights of shareholders and creditors (e.g. duties of disclosure, insider trading ban, management responsibilities, minority shareholder protection) may often be inadequate or non-existent.