

Principles of Doing Business

Introduction

Flow Traders is a technology-enabled liquidity provider, specialized in Exchange Traded Products (“ETP(s)”). Flow Traders Hong Kong Ltd (“FTHK”) is a wholly-owned subsidiary of Flow Traders N.V., a listed company at Euronext Amsterdam. FTHK is licensed for Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities by the Hong Kong Securities and Futures Commission (“SFC”). FTHK, Flow Traders Asia Pte. Ltd (“FTA”) and any of their or Flow Traders N.V.’s Affiliates are together referred to as the “Flow Traders Group”, and references to “us”, “we” and “our” refer to the Flow Traders Group. These Principles of Doing Business (“Principles”) shall govern our relationship with you as our Counterparty in any transactions. By carrying out transactions with us, you acknowledge and consent to be bound by the terms set out in these Principles.

Please refer to Appendix I for a list of definitions of terms used in these Principles.

Relationship

As a liquidity provider, we provide bid and ask prices in numerous ETP listings, as well as similar financial products on-exchange and off-exchange. As our Counterparty you may request us for quotes. We provide quotes on a request-for-quote basis and our quotes are specific in terms of instrument, quantity and price. Neither we nor you are obliged to enter into any transaction with each other. A transaction arises upon your specific subsequent confirmation of such quote.

We act as principal and deal for our own risk only in all transactions. We do not provide any investment services or investment advice. You agree and acknowledge that any transactions or other businesses entered under these Principles do not constitute a client relationship with the Flow Traders Group. You agree that we do not owe you any fiduciary obligations. None of the provisions relating to clients as described in the SFC Code of Conduct will apply to any transactions we enter into with you, including but not limited to best execution, client priority, client assets and client agreement rules.

We may execute transactions with other counterparties or on any trading venue for risk management or other reasons at our sole discretion. In addition, we may engage brokers or another Flow Traders Group member to execute transactions. All transactions will be booked and processed for settlement by FTA.

In the event you are acting for or on behalf of underlying third parties, we do not owe any responsibilities, obligations or liabilities to such underlying third parties. You acknowledge that you rely on your own judgment and advisors when determining whether you are allowed to enter into any transactions with us under any Applicable Law, regulations or other provisions applicable to you. You assume all risk associated with decisions to enter into any transactions with us.

Reference Price Trades

We may enter into a transaction in which we commit to trade, on a guaranteed basis, at prices that are tied to market reference prices, including trades based on the future net asset values of ETFs (“**Reference Price Trades**”). We will be transacting these Reference Price Trades “at risk” meaning that we will never execute these trades in any relevant market as a riskless principal or as an agent. In any instance in which we provide a price commitment on a trade, FTHK, FTA or other members of the Flow Traders Group are likely to trade the subject security or any related instruments for hedging or other reasons, which may have an impact on the subject reference price.

Reference Price Trades will be binding upon the parties after confirmation from FTHK and you. In the event where it is not possible to determine the execution price prior to the intended settlement date or where either we or you contest a stated price, we shall be entitled to take such action as we deem necessary or desirable including, but not limited to:

- deferring the settlement date;
- substituting its own valuation of the Reference Price Trade; or
- cancelling the Reference Price Trade, in which case we shall not have any liability for any resulting losses.

Non-disclosure of Material Non-Public Information (“MNPI”)

You undertake that no MNPI will be disclosed to the Flow Traders Group, our officers or our employees by you, your officers or employees of any Affiliates, delegate or agent of you.

Further, and save as between members of the Flow Traders Group, no Party shall disclose to any other person any information regarding any transaction or business with the other Party, or any other information disclosed or made available to it by the other Party under these Principles without prior approval, unless obliged to do so by law or by a competent authority.

Counterparty’s representation and warranties

You represent and warrant to us that:

- You are a “Professional Investor” as defined in Appendix 1;
- You have full power and authority to enter into these Principles;
- You have obtained and will continue to maintain all authorizations, licenses, consents and approvals required of you by Applicable Law in order to enter into, and perform your obligations under, the transactions and these Principles. When a person reasonably appears to be your authorized representative, we may rely on such appearance to enter into binding transactions with you without further inquiry.
- You will rely on your own judgment and advisors in entering into any transactions or conducting any business with us, assuming all risk associated with such actions and decisions.
- Any transactions with us will be valid and binding upon you in accordance with these Principles;
- You have complied and will continue to comply with Applicable Law, and
- Information supplied by you to us, whether orally or in writing, is true, accurate and complete in all respects.

United States Residents

If you are resident in the United States and you enter into transactions in securities as defined under the United States Securities Exchange Act (“**Exchange Act**”) with us, you represent and warrant that you are registered with the United States Securities and Exchange Commission (“**SEC**”) as a broker or dealer under Section 15 of the Exchange Act and under the securities laws of each state in which your activities require such registration. If you

enter into transactions in securities as defined under the Exchange Act with us as agent for persons resident in the United States, you represent and warrant (i) that you are registered with the SEC as a broker or dealer under Section 15 of the Exchange Act and under the securities laws of each state in which your activities require such registration or that you are exempt from such registration pursuant to Rule 15a-6 under the Exchange Act; and (ii) that you have been duly and legally authorized by such persons resident in the United States to enter into transactions on their behalf.

Transactions Reporting and Tax Obligations

Each Party shall comply with any transaction reporting rules and regulations applicable to them in respect of any transactions entered between you and us. Taxes will be paid or withheld by the relevant Party as prescribed by Applicable Law and regulations from time to time.

You acknowledge that we are not responsible and will not be held liable for any of your obligations relating to any transactions entered with us (including but not limited to regulatory reporting and tax obligations).

Settlement

Both you and we will monitor the settlement of each transaction and advise each other immediately upon becoming aware of any issues relating to settlement in respect of such transaction. You and we will take all reasonable steps to investigate any potential settlement failure and will assist to resolve or mitigate any such potential failure. For the purpose of settling of transactions, both you and we will provide account and settlement to each other for the purposes of settling any transaction entered into under these Principles.

Confirmations

Where we send you a trade confirmation, it will be binding on you unless you notify us of an objection within one Business day before 12pm Hong Kong time of issuance of the trade confirmation. We may at any time rectify any error or any statement or confirmation and may demand repayment from you of any monies erroneously paid to you as a result of an error.

Netting

Unless otherwise agreed in writing and to the extent permitted by Applicable Law, all payments and deliveries between you and us shall be made on a net basis. You acknowledge that it shall be a discharge of any payment or delivery obligation of a Party for such payment or delivery to be made on a net basis.

Indemnity and Limitation of Liability

Neither Party shall be liable to the other in respect of any losses, liabilities, damages, costs, claims or expenses suffered, or incurred, by a Party other than as a result of the negligence, willful default, breach of contract, bad faith or fraud of such other Party. No indemnity, express or implied, is given by either Party in respect of its obligations under these Principles.

Technology Platforms

Neither we nor you shall be liable for any non-performance in respect of transactions entered into which are clearly erroneous and caused by a failure or malfunction of any technology platform, including third party platforms providing "request-for-quote". If we determine that there has been such a failure or malfunction resulting in clearly erroneous transaction(s), we shall determine the affected transactions to be repudiated and each of your and our respective obligations in respect to the same shall be cancelled.

Whole Agreement

These Principles set out the entire terms on which we will undertake business with you to the exclusion of any terms implied by law or market practice which may be excluded by contract, and supersede all arrangements previously in force between us and you concerning the transactions covered by these Principles.

Governing law

These Principles shall be governed by the law of the Hong Kong Special Administrative Region. You agree to submit to the exclusive jurisdiction of the Hong Kong Court.

Rights of Third Parties

For the avoidance of doubt, no third party may enforce the provisions of these Principles, whether under the Contracts (Rights of Third Parties) Ordinance (Cap. 623, Laws of Hong Kong) or otherwise.

Personal data

We may process personal information in order to enter into and process transactions with you and to facilitate any onboarding process with our Affiliates and for any other purpose as further described in our privacy statement (as amended from time to time) which is available at <https://www.flowtraders.com/privacy-statement>.

Assignment and variation

These Principles will be binding upon you and us, and our successors and permitted assigns. You may not assign your rights and obligations under these Principles except with the prior written consent of FTHK.

Acceptance

Whenever you engage in trading with us you agree to the Principles as set out herein and revisions of these Principles applicable from time to time available at: <http://www.flowtraders.com/principles>. In case you disagree with these Principles, please notify the Compliance Department immediately on onboarding@hk.flowtraders.com.

Appendix I

Definitions

Term used	Description
Applicable Law	Means (a) the SFO and its subsidiary legislation, (b) any rules, regulations, codes, orders, directives, procedures and guidance of any governmental organisation, body having regulatory or enforcement responsibility, judicial body, self-regulatory organisation, exchange, market, or clearing house, and (c) all other laws, rules and regulations in Hong Kong or elsewhere that apply to a relevant transaction
Affiliate(s)	In relation to a person, means to a company that is within the same group of companies as that person
Business Day	Has the same meaning as the definition of “Business Day” under Section 1 of Part 1 of Schedule 1 of the SFO
Counterparty and you	Counterparty that is identified in the Counterparty Identification Form as part of FTHK’s Onboarding Package
ETP(s)	Exchange Traded Products
Material Non-Public Information (“MNPI”)	Information related to securities of a corporation (or related derivatives), the corporation or a shareholder or officer of the corporation that is not generally known to persons who are accustomed or would be likely to deal in, or who commonly invest in, the securities (or related derivatives) of the corporation, which could have a material effect on the price or value of the securities or any related derivatives, if the information was known to them (including information on pending orders)
Party	Party to the transaction subject to these Principles
Principles	Principles of Doing Business
Professional Investor	Has the meaning of: <ul style="list-style-type: none"> (i) the holder of a capital markets services licence to deal in capital markets products that are securities, units in a collective investment scheme or specified exchange-traded derivatives contracts; (ii) a bank licensed under the Banking Act (Cap. 19 of Singapore); (iii) a merchant bank approved as a financial institution under the Monetary Authority of Singapore Act (Cap. 186 of Singapore); or (iv) the Central Depository (Pte) Ltd pursuant to its specified products borrowing and lending facility.
SFC	Hong Kong Securities and Futures Commission
SFC Code of Conduct	Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission
SFO	Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong