

## Jane Street Hong Kong Limited

### Client Disclosures

Jane Street Hong Kong Limited (“JSHK”) is licensed by the SFC in Hong Kong for dealing in securities and dealing in futures. JSHK is wholly owned by Jane Street Group, LLC and is under common control with entities engaged in proprietary trading (the “Proprietary Trading Affiliates”).

JSHK arranges transactions between Proprietary Trading Affiliates and third-party professional investor clients (“PI Clients”) solely on a request-for-quote (“RFQ”) basis. PI Clients may contact JSHK for quotes at which JSHK (on behalf of a Proprietary Trading Affiliate) would be willing to trade (at the proprietary risk of that affiliate). If the PI Client elects to trade at the quoted price, JSHK will arrange for a transaction between the PI Client and the Proprietary Trading Affiliate.

JSHK does not provide PI Clients any service other than responding to RFQs and arranging transactions if the PI Client elects to transact on the basis of an RFQ. Accordingly, JSHK will not act as the agent of PI Clients to arrange executions in the marketplace with any liquidity providers other than the Proprietary Trading Affiliates. PI Clients should make their own determinations about whether to trade at JSHK’s quoted price.

When PI Clients elect to trade at a quote that is tied to a guaranteed reference price (such as VWAP, NAV or an opening or closing price), the transaction will be entered into on behalf of a Proprietary Trading Affiliate at the latter’s risk. Neither JSHK nor any Jane Street affiliate will act as the PI Client’s agent to effect executions in the marketplace.

#### **Disclosure of Client Identity and Transaction Information**

Due to the proprietary nature of RFQ and guaranteed reference price transactions, the relevant proprietary trading staff working for JSHK or for the Proprietary Trading Affiliates will be told the identity of any PI Client when responding to an RFQ or guaranteed reference price transaction.

JSHK (on behalf of a Proprietary Trading Affiliate) and the Proprietary Trading Affiliates will, for their own accounts, continue to trade in securities which are or may become the subject of RFQs and requests for guaranteed reference price trades.

#### **Best Execution**

When transacting on an RFQ basis, JSHK (on behalf of a Proprietary Trading Affiliate) executes transactions with PI Clients on the basis of the price at which PI Clients elect to trade with JSHK. PI Clients acknowledge that JSHK does not owe to PI Clients the same sorts of duties as it would if it were acting as an agent on behalf of the PI Clients.

JSHK will only act on a PI Client’s instruction to transact or not to transact at the risk price quoted by JSHK (on behalf of Proprietary Trading Affiliates). JSHK is not under a duty to and will not offer the PI Client any brokerage services that involve seeking additional prices from the market or from other market makers. The PI Client will be regarded as having determined that such terms are the terms at which the PI Client wishes to execute the transaction.

PI Clients should exercise caution when evaluating whether to transact at JSHK’s quoted price during periods that are outside of the regular trading hours of the home market of the subject security. There can be limited liquidity outside of regular trading hours, and it can be difficult for clients to compare JSHK’s quoted price with other quotes. PI Clients should not rely on JSHK to conduct any such pricing analyses on their behalf (outside of regular trading hours or otherwise). By electing to trade at the quoted price, PI Clients are indicating that the terms offered by JSHK -

including the speed and certainty of execution JSHK offers outside of regular hours or otherwise - are the terms at which the PI Client wishes to execute the transaction.

## **Compensation**

Since the Proprietary Trading Affiliates will enter into all transactions with PI Clients and counterparties at risk, the Proprietary Trading Affiliates will realize a profit or loss on such transactions.

Proprietary Trading Affiliates and JSHK are under common ownership and control with JSHK and are subject to certain transfer price arrangements pursuant to which certain monies will transfer to JSHK to pay for its services. Therefore, PI Clients should recognize that JSHK has an interest in quoting transactions on terms that are advantageous and profitable to the Proprietary Trading Affiliates.

## **Restriction on Short Selling**

PI Clients acknowledge that in certain jurisdictions (including Hong Kong) uncovered short selling of securities can be unlawful, and that restrictions apply to covered short selling. Whenever PI Clients sell securities subject to such restrictions to JSHK (acting on behalf of its Proprietary Trading Affiliates), PI Clients acknowledge that, in relation to securities subject to short selling restrictions in Hong Kong, they have a presently exercisable and unconditional right to sell the securities, and in relation to securities subject to restrictions in any other jurisdiction they are selling in compliance with applicable law.

## **Hong Kong Client Identity Rule**

The Hong Kong Client Identity Rule, introduced by the Securities and Futures Commission ("SFC"), applies to JSHK, as a licensed corporation, that deals in securities that are listed or traded on The Stock Exchange of Hong Kong Limited, regardless of where such trades are effected. The SFC and/or one of the exchanges ("Regulators") can request that JSHK provide to them within two business days (or a shorter period in exceptional market conditions) client identity information such as the identity, address, occupation and contact details of the ultimate beneficiary, and the person or entity originating or ultimately responsible for originating the instruction for, or the person that stands to gain the commercial or economic benefit or bear the commercial or economic risks of, a transaction ("HK CID Information"). In this regard, PI Clients warrant and confirm that they:

- a) will supply immediately to JSHK (or to the Regulators directly) the HK CID Information as requested by a Regulator;
- b) agree that where PI Clients are acting as agent for and on behalf of another, the PI Clients have in place arrangements which will ensure that the client of the PI Clients will provide the HK CID Information to the PI Clients (or to the Regulators directly) upon request;
- c) will continue to provide, or ensure that the PI Clients' client provides, the HK CID Information as requested by the Regulators to JSHK (or to the Regulators directly) notwithstanding termination of JSHK's services to the PI Clients in relation to any transactions undertaken by JSHK prior to such termination;
- d) any right to confidentiality or any benefit of secrecy with respect to HK CID Information under any applicable secrecy laws of the ultimate beneficiary of, or the person responsible for originating or ultimately responsible for originating the instruction for, the transaction has been validly and irrevocably waived by them; and
- e) if any HK CID Information is available to JSHK, JSHK is expressly authorised to release to the Regulators, upon the Regulator's request, the HK CID Information.

JSHK must refuse the business of those who are not prepared to provide the HK CID Information to the Regulators within two business days of a request to do so.

### **Reference Price Trades**

JSHK arranges transactions between PI Clients and Proprietary Trading Affiliates in which the Proprietary Trading Affiliates commit to trade, on a guaranteed basis, at prices that are tied to market reference prices (such as VWAP, NAV or an opening or closing price). As with all trades arranged by JSHK with PI Clients, the Proprietary Trading Affiliates will be transacting “at risk” (i.e., on a guaranteed basis) for such reference price transactions and neither JSHK nor the Proprietary Trading Affiliates will transmit on behalf of a PI Client in any relevant market any client order for agency executions in the market.

In any instance in which JSHK or the Proprietary Trading Affiliate provides a price commitment on a trade, JSHK or the Proprietary Trading Affiliate is likely to trade the subject security or any related instruments for hedging and other reasons. This trading is likely to have an impact on the subject reference price.

For such guaranteed reference price transactions, JSHK (and, by extension, the Proprietary Trading Affiliate) reserves the right to modify the terms by which the applicable reference price is calculated (but only to the extent reasonably required to account for a Material Adverse Event – as defined below) or to cancel such transaction. A Material Adverse Event shall mean the occurrence of any of the following: (i) the widespread loss of connectivity to the primary stock exchange where the subject security or any underlying or reference securities or instruments are traded; (ii) the unscheduled closure of the primary stock exchange where the subject security or any underlying or reference securities or instruments are traded; (iii) the temporary suspension, halt or other curb in trading of the subject security or any underlying or reference securities or instruments; (iv) the failure of utility services, (v) the occurrence of a natural disaster, including (but not limited to) fires, floods, earthquakes, hurricanes or tsunamis, (vi) any act of war (declared or undeclared) or act of terrorism, (vii) the incorrect dissemination of a reference price due to a technological or other failure on the part of an issuer or pricing dissemination service or (viii) the occurrence of any civil disturbance, including (but not limited to) labor strikes, large-scale political or social protests or riots, or other events beyond the reasonable anticipation or control of JSHK, but only to the extent that any such Material Adverse Event, in the reasonable judgment of JSHK and for the Proprietary Trading Affiliate, makes the Proprietary Trading Affiliate’s ability to honor the price commitment on its previously agreed-upon terms impossible or impractical.

### **Erroneous Transactions**

JSHK reserves the right to adjust, cancel, correct or take any other appropriate actions when it reasonably deems an executed transaction to be erroneous in nature, and neither JSHK nor the Proprietary Trading Affiliates shall have any responsibility for the adjustments, cancellations, corrections or other actions taken.

### **Trading of Exchange-Traded Products**

JSHK is not licensed under the Securities and Futures Ordinance (“SFO”) to carry on Type 4 (advising on securities) regulated activity, and so JSHK does not provide any services that would require such a license. JSHK may provide advice which is incidental to Type 1 (dealing on securities) regulated activity.

Before investing in exchange-traded products (“ETPs”) such as exchange-traded funds (“ETFs”) or exchange-traded notes (“ETNs”), clients should carefully consider the nature of the products in which they are investing. Issuers of ETPs file documents such as prospectuses, with their home state regulator. Such registration documents contain information regarding the investment objectives, risks, charges and expenses of ETPs, among other things. For complete information on a product, clients should obtain and read the relevant documents submitted by the issuer of the ETP to the relevant regulatory body. In most countries, including in the U.S., these and other documents can be obtained for free by visiting the relevant regulators website, such as EDGAR on the SEC

website at [www.sec.gov](http://www.sec.gov). Clients may also obtain a copy of these materials from the issuer of the ETP.

Leveraged and inverse ETPs, in particular, may carry unique risks, including leverage, derivatives, complex investment strategies and compounding risk. These ETPs may not be suitable for all investors as they are often intended for tactical trading rather than long-term investing and thus require active monitoring and management.

ETPs are not individually redeemable and ETPs may only be redeemed in creation unit size aggregations by authorized participants. Certain ETPs are only redeemable on an “in-kind” basis, though the public trading price of a redeemable lot may differ from the net asset value, as ETPs may trade at a discount or premium to their net asset value.

### **Third Party Rights**

A person who is not a party to the terms with JSHK acting as agent on behalf of JSF, including this Client Disclosure, has no right under the Contracts (Rights of Third Parties) Ordinance to enforce any term of, or enjoy any benefit under such terms, including this Client Disclosure.

### **Complaints**

Any party who wishes to lodge a complaint related to the activities of JSHK or any of its current or former personnel may do so in any of the following manners:

- By mailing the complaint to JSHK's offices at 15<sup>th</sup> Floor Chater House, Chater Road, Central, Hong Kong. Attention: Compliance
- By phoning JSHK's offices at +852 3900 7372 and asking to speak with Compliance; or
- By sending an email to [hkg-compliance@janestreet.com](mailto:hkg-compliance@janestreet.com)

In order to best track and respond to client complaints, JSHK urges clients to lodge any complaint via the email address provided above.

### **Acceptance**

By using our services you acknowledge and consent to be bound by the terms set out in this Client Disclosure.