Annex 2

An example of a FX structured product (involving e.g. AUD/HKD) that should be classified as an accumulator:

The product has predetermined Strike Rate (e.g. AUD/HKD 7.19) and Cap Rate (e.g. 7.3), and consists of 12 fixing/ expiry dates (each followed by a settlement date). On each fixing/ expiry date:

- *If the Expiry Reference Rate (of AUD/HKD) is greater than the Cap Rate (7.3), the customer will receive a fixed pre-determined amount (of money or return) on the settlement date. In this case, the upside for the customer is capped.*

- *If the Expiry Reference Rate (of AUD/HKD) is less than or equal to the Cap Rate (7.3) but greater than or equal to the Strike Rate (7.19), the customer must buy a predetermined amount of AUD against HKD at the Strike Rate (7.19) on the settlement date.*

- *If the Expiry Reference Rate (of AUD/HKD) is less than the Strike Rate (7.19), the customer must buy a predetermined amount of AUD against HKD at the Strike Rate (7.19) on the settlement date. In such situation, the customer will incur a loss which could potentially be unlimited.*