

[1]2024 ANNUAL DISCLOSURE OF IMPORTANT INFORMATION

GENERAL DISCLOSURE

RESPONSIBILITIES OF FUTU CLEARING

Futu Clearing provides execution, settlement and clearing solutions to Broker/Dealers, and Registered Investment Advisers (RIAs). Futu Clearing Inc. is an indirect, wholly-owned subsidiary of Futu Holdings Limited (Nasdaq: FUTU). Futu Clearing was established in 2018 to provide clearing and settlement services to its clients and correspondents. Futu Clearing is a registered broker-dealer with the US Securities and Exchange Commission (“SEC”) and a member of the Financial Industry Regulatory Authority (“FINRA”).

ANTI-MONEY LAUNDERING AND FIGHTING TERRORISM

To help fight the funding of terrorism and money laundering activities, Federal law requires financial organizations to obtain, record and verify and record information that identifies each individual or entity that opens an account or requests credit. For individuals, when opening an account, you will be asked for your name, address, date of birth and a government issued identification such as a driver’s license, passport, or other identifying document that allows us to verify your identity. For legal entities such as corporations, partnerships, trusts or other legal entities, when opening an account we will ask for the entity’s name, physical address, tax identification number, government issued business license or other documentation. If this information is not provided, Futu Clearing may not be able to conduct business with you and may be forced to close your account. Either Futu Clearing or your introducing firm may contract with third party vendors to assist in the identification process. If applicable, certain relevant information regarding your account may be passed on to such third party to verify your identity.

BUSINESS CONTINUITY PLANNING

Futu Clearing Inc. has developed a Business Continuity Plan (“BCP”) that describes how we will respond to events that significantly disrupt our business. Because the impact of business disruptions is unpredictable, we have developed a plan that is flexible in responding to actual events as they occur. With that in mind, we are providing you with this information on our business continuity plan.

The BCP accounts for a variety of interruptions including those that could solely affect FUTU, or a building, business district, city or region in which FUTU conducts business. The BCP provides that the Business Continuity Committee (“BCC”) assess the severity of any disruption and activate the necessary procedures. FUTU maintains a back-up data and communications facility that is geographically separated from our primary facility. Should

there be a disruption to our primary facility or business district, FUTU can relocate critical personnel to the back-up facility to maintain communication with clients and provide access to cash and securities. Modifications to the BCP are made as warranted based on changing circumstances and needs. Any resulting revisions to this disclosure will be available at www.futuclearing.com.

If after a significant business disruption, you may contact us at www.customersvc@futuclearing.com , or you may call us at 972-913-4724.

PRIVACY STATEMENT

FUTU Clearing Inc. understands that your privacy is important and is committed to maintaining your confidentiality. We carry your accounts as a clearing broker by arrangement with your introducing broker-dealer or registered investment adviser. To service your account and we collect certain “non-public information”. That information includes:

- Information you included in application or other forms
- Information about your transactions
- Information from non-affiliated third-parties including consumer reporting agencies and credit bureaus
- Information with your consent from affiliated parties such as Futu Inc. or Moomoo Inc.

Futu Clearing Inc. maintains safeguards to protect your nonpublic personal information. We do not disclose non-public information of current or former customers except as required by law. We may share your non-public information with affiliates and third parties as necessary to facilitate and improve our services for your account. For example, FUTU may share information with third parties that assist us with data processing, preparing monthly statements, or companies that help us service our products. With your approval, FUTU may share information within the affiliated companies to improve your experience with us and to better serve your financial needs. For a copy of our Business Continuity Plan, please visit www.futuclearing.com/disclosures

CYBERSECURITY

FUTU maintains a comprehensive Cybersecurity Program of which Information Security is an integral part. FUTU reviews, assesses and updates its security practices at reasonable intervals and in light of emerging risks and developments. Cybersecurity training is made available to

FUTU’s employees. Where possible, FUTU makes every effort to redact all or part of identifying information, such as your account number.

STATEMENT OF FINANCIAL CONDITION

Each March, Futu Clearing will post its most recent audited statement of Financial Condition to its web site in accordance with SEC regulations. As of December 31, 2023, Futu's regulatory net capital was \$665,167,276 which was \$647,098,374 in excess of its required net capital of \$18,068,902. A copy of the most recent audited statement of financial condition is available at www.futuclearing.com/en-us/disclosures. You may request a free printed copy by calling us at 972-913-4724.

SECURITIES INVESTOR PROTECTION CORPORATION ("SIPC") INFORMATION

Information regarding SIPC, including a SIPC brochure, may be obtained by contacting SIPC via its website at www.sipc.org or by telephone at (202) 371-8300. Current SIPC protection is \$500,000 which includes a \$250,000 limit for cash. There is no requirement that a customer.

reside in or be a citizen of the United States. A non-US citizen with an account at a member firm is treated the same as a resident or citizen of the United States with an account at a SIPC member brokerage firm.

FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA) INVESTOR EDUCATION, PROTECTION AND BROKERCHECK HOTLINE

FINRA offers investors information and education through the FINRA BrokerCheck Hotline at 800-289-9999 and the FINRA website at www.finra.org. An investor brochure that includes information describing FINRA BrokerCheck is available upon request.

IMPORTANT NOTICE FOR CALIFORNIA RESIDENTS

Pursuant to California state law (Part 3, Title 10 Chapter 7), as custodian of your assets, Futu may be required to transfer your assets to the state of California if no activity occurs within the statutorily defined time period. State law defines the time period to be 36 months, during which time there is no activity within the account or communication between the account and the account owner and the financial organization.

MARGIN DISCLOSURE

Securities held in your margin account will be used as collateral for margin loans made to you. Some firms increase the rate of interest Futu charges, and in those instances, Futu and your firm share in the interest you pay. If the securities in your margin account decline in value, your financial organization or Futu can take action, including issuing a margin call and/or selling securities or other assets in any of your accounts held with Futu to maintain the required equity in your margin account. It is important that you understand the risks involved in purchasing securities on margin including the following:

- You may lose more funds or securities than you deposited in your margin account.

- Your financial organization or FUTU may force the sale of securities or other assets in your account(s).
- Your financial organization or FUTU can sell your securities or other assets in your account(s) without contacting you.
- You are not entitled to choose which securities or other assets in your account(s) that are to be liquidated or sold to meet a margin call.
- Your financial organization or Futu can increase the margin maintenance requirements at any time without advanced written notice to you.
- You are not entitled to an extension of time on a margin call.

Your Margin Agreement with Futu and your firm outlines important obligations. The Margin Agreement is a legally binding contract, and you should read it carefully. It cannot be modified by conduct. The failure on the part of your financial organization or FUTU to enforce their rights under the Margin Agreement, at any time, will not, in any way, be deemed to waive, modify or relax any of the rights granted to your financial organization or Futu to deal with the collateral on all loans advanced to you.

FRACTIONAL SHARE TRADING

All orders with a fractional share component will be marked “Held,” meaning, the order is given to a broker for prompt execution and an immediate fill, such as with a market order. The benefit of a held order is that the customer will be sure to have executed the entire size of their order, whether a buy or a sale, without delay. If you do not wish your order to be handled on a Held basis, you should not engage in Fractional Trading with FUTU Clearing.

SUBSTITUTE PAYMENT REIMBURSEMENT

Your Margin Agreement permits Futu to lend securities in your account when there is a debit balance. You are not entitled to receive a dividend when your securities are on loan over an ex- dividend date. In lieu of the dividend, Futu may issue a substitute payment and may compensate you for the tax difference (if any). A substitute payment received in lieu of a dividend may be eligible for a reimbursement to your account only if the account is open on the reimbursement date. Please note that these reimbursements are:

- credited at Futu’s discretion;
- subject to change; and
- may be eliminated without advance notification.

Please contact your tax advisor to discuss the proper tax treatment of substitute payments.

SEC RULE 606

SEC Rule 606 requires firms to make publicly available a quarterly report on the firm's routing of non-directed orders. We have arranged with S3—an independent third party—to disclose the required information to you. The most recent quarterly report that details this order routing information may be found on our website www.futuclearing.com.

PAYMENT FOR ORDER FLOW PRACTICES

SEC Rule 607 requires firms to disclose its payment for order flow practices. FUTU routes its equity orders to exchanges or broker-dealers for execution. Some of these market centers provide payments to FUTU or charge access fees depending upon the characteristics of the order and execution. Orders executed on one or more exchange(s) will either earn a rebate or be

assessed an access fee based on each exchange's published fee schedule, which can typically be found on each exchange's web site. Exchange listed equity orders routed to an OTC market maker typically earn a cash payment. FUTU will provide customers with details of the payments upon written request.

FUTU receives payment for directing U.S. listed option order flow to broker-dealers. This allows FUTU to access price improvement on the various option exchanges. For a list of organizations that pay FUTU, please contact FUTU at Compliance@futuclearing.com. You may call us at 972-913-4724.

EXTENDED HOURS TRADING RISKS

There are numerous risks when trading during extended trading hours, among them:

- Risk of Lower Liquidity: Liquidity refers to the ability of market participants to buy and sell securities. Generally, liquidity is determined by the number of orders available in a market. There may be lower liquidity in extended hours trading as compared to regular market hours. This may impact the price of the security.
- Risk of Higher Volatility: Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price

swings. There may be greater volatility in extended hours trading than in regular market hours.

- Risk of Changing Prices: The prices of securities traded in extended hours trading may not reflect the prices either at the end of regular market hours, or upon the opening the next morning.
- Risk of Unlinked Markets: Depending on the extended hours trading system or the time of day, the prices displayed on a particular extended hours trading system may not reflect the prices in other concurrently operating extended hours trading systems dealing with the same securities.
- Risk of News Announcements: Normally, issuers make news announcements that may affect the price of their securities after regular market hours. Similarly, important financial information is

frequently announced outside of regular market hours. In extended hours trading, these announcements may occur during trading, and if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of the security.

- Risk of Wider Spreads: The spread refers to the difference in price between what you can buy a security for and what you can sell it for. Lower liquidity and higher volatility in extended hours trading may result in wider than normal spreads for a particular security.

As a result of these and other risks, orders may be only partially executed, or not at all, or you may receive an inferior price in extended hours trading versus prices during regular market hours.

ADDITIONAL INFORMATION

For further information on several of the topics above, please visit our website at www.futuclearing.com/disclosures

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