

## About ADR Fees (Pass thru Fees)

### What is ADR?

ADR (American Depository Receipt) refer to transferable certificates issued by American depository banks representing a specific number of shares, usually stocks of non-U.S. companies, allowing investors to trade in the U.S. stock market.

### What are the types of ADR Fees?

Depository Receipts Agent collects ADR Fees from clients holding ADR on a regular basis (for example: annually). Additionally, some ADRs may be subject to dividend distribution/stock split fee, cancellation fee and ratio change fees, etc. Since these fees differ by ADR, specific fee information may be referred to the prospectus of each ADR or by searching through the U.S. Securities and Exchange Commission's Electronic Data Gathering, Analysis and Retrieval Tool (SEC EDGAR) , website: <https://www.sec.gov/search-filings>.

Fees Category	Fee Description	Charge Amount (USD)	Frequency of charge
<b>Custody fee</b>	ADR issuers charge custody fees to brokerage firms or clearing firms, who then pass these fees to ADR holders.	\$0.02 to \$0.05 per share on average	Non-fixed. Maybe multiple times per year
<b>Dividend distribution/stock split fee</b>	Dividend distribution/share split fees may be incurred in the event of dividend distributions or stock splits	Non-fixed	In accordance with the occurrence of dividend distributions or stock splits
<b>Cancellation fee</b>	Cancellation fees may be incurred in the event of ADR delisting or cancellation	\$0.02 to \$0.05 per share on average	In accordance with the occurrence of ADR delisting or cancellation
<b>Ratio change fee</b>	Ratio change fees are charged by the depository bank in the event of changes in the ratio of ADRs to underlying shares	\$0.02 to \$0.05 per share on average	In accordance with the occurrence of ratio changes

**[NOTE<sup>1</sup>]** The above fees and charges are for reference only. The specific amount, frequency and time to be charged will vary with different ADRs.

### How are ADR Fees collected?

In general, ADR Fees are deducted from the cash in the securities account of the ADR holders on the "Payable Date". When ADR Fees are levied, the Depository Receipts Agent shall regularly update the relevant ADR information such as the "Record Date" and "Payable Date", etc. The brokerage firm then make the ADR Fees deduction in accordance to the actual collection date of the Depository Receipts Agent. The ADR Fees will be reflected in the daily client account statement of the ADR holder's securities account after the ADR Fees deduction. To view the details, refer to the fee item description in the client account statement with the ADR remarks.

**[NOTE<sup>2</sup>]** ADR Fees are chargeable on settled position of ADR holder on the Record Date. That is, ADR Fees will be charged if the ADR position is held at the close of the T-1 trading day on the record date, or if the ADR was sold on or after the Record Date. Whereas the Receipt Date refers to the date where the Depository Receipts makes the ADR Fees deduction. Due to the time involved in fund settlement and other reasons, the date where the brokerage firm's deducts the ADR Fees may be differ from the Payable Date.