

CFD.Direct Market Access.Product Summary

1. What is a Contract for Difference (“CFD”)?

A CFD is an agreement between 2 parties to settle the difference between the opening price and closing price of the contract multiplied by the number of underlying securities specified.

LONG	SHORT
Profit or (Loss) = {Closing Price - Opening Price} x Qty	Profit or (Loss) = {Opening Price - Closing Price} x Qty
Example 1 Day 1: Opening Contract: Buy 10,000 ‘X’ shares @ \$1.00 Day 3: Closing Contract: Sell 10,000 ‘X’ shares @ \$1.20 Gross Profit = {1.20 - 1.00} x 10,000 = \$2,000	Example 1 Day 1: Opening Contract: Sell 10,000 ‘X’ shares @ \$1.00 Day 3: Closing Contract: Buy 10,000 ‘X’ shares @ \$1.20 Gross Loss = {1.00 - 1.20} x 10,000 = (\$2,000)
Example 2: Day 1: Opening Contract: Buy 10,000 ‘X’ shares @ \$1.00 Day 3: Closing Contract: Sell 10,000 ‘X’ shares @ \$0.80 Gross Loss = {0.80 - 1.00} x 10,000 = (\$2,000)	Example 2: Day 1: Opening Contract: Sell 10,000 ‘X’ shares @ \$1.00 Day 3: Closing Contract: Buy 10,000 ‘X’ shares @ \$0.80 Gross Profit = {1.00 - 0.80} x 10,000 = \$2,000

2. What is CFD Direct Market Access (DMA)?

Phillip Securities Pte Ltd (“PSPL”) sends a corresponding stock order to the respective exchange upon receipt of the client’s CFD (DMA) order, allowing clients to participate in the order book of the exchange and the liquidity of the market.

3. Key Features of Phillip CFD (DMA)

ONE CFD Account - 2 Types of CFDs

Existing CFD account holders do not need to open a new account to trade CFD (DMA).

Participate in the order book of the exchange

Phillip CFD (DMA) also allows clients to participate in the order book of the exchange and this gives the clients greater visibility and control of their order. Clients can also participate in the pre-opening and pre-closing sessions of the exchange.

Placing of Overnight Orders

Phillip CFD (DMA) allows investors to place overnight orders for the next trading day.

Portfolio Diversification

With lesser initial capital outlay, clients are able to diversify their portfolio with CFD (DMA) on shares of companies listed on SGX.

Leverage

As CFD (DMA) are traded on margin, clients need only a small portion (as low as 10%) of the total value of the trade to establish a position.

Note: PSPL reserves the right to vary the margin required for the underlying securities without prior notice and limit each client's trading limit.

Longer Holding Period

Each CFD (DMA) has an expiry date of 30 calendar days. Clients may choose to close out the CFD (DMA) anytime¹ before expiration. If the contract is not closed out within 30 calendar days, it will be automatically renewed based on the market closing price of the 30th calendar day² and rollover charges apply.

¹ During the respective exchanges' trading hours

² If 30th calendar day falls on weekend/public holiday, it will be renewed based on the market closing price of the next trading day.

4. Counters Available

The list of counters available for CFD (DMA) trading can be found on Phillip CFD's website. To download the latest list, please visit our website www.phillipCFD.com

5. Trading and Order Submission Hours

Market	SGX	
Trading Hours:	Pre-Open Session	8.30am to 8:59am
	Non-Cancel Period ²	8:59am to 9:00am
	Morning Trading Session	9:00am to 12:30pm
	Non-Cancel Period ²	1:59pm to 2:00pm
	Afternoon Trading Session	2:00pm to 5:00pm
	Pre-Close Session	5:00pm to 5:05pm
Order Submission Hours:	Round the clock submission (except from 5:05pm -5:15pm and 5.00am - 8.00am daily)	

² Orders submitted will only be processed after the Non-Cancel period. Similarly, any attempts to withdraw the orders will only be processed after the Non-Cancel period. There might be cases where orders are filled during the Non-Cancel Period and which might lead to unsuccessful withdrawal of orders.

6. CFD (DMA) Opt In Process

CFD (DMA) facility will be automatically granted to new and existing Phillip Securities clients who sign up for a CFD account after 7 May 2010.

For existing CFD clients, start trading CFD (DMA) by submitting the Opt In form online. Access the form by logging in to POEMS>CFD>Forms, and access to the CFD (DMA) trading page will be given automatically. After opting in to DMA trading, clients can access both CFD and CFD (DMA) trading modules.

7. Placing Orders

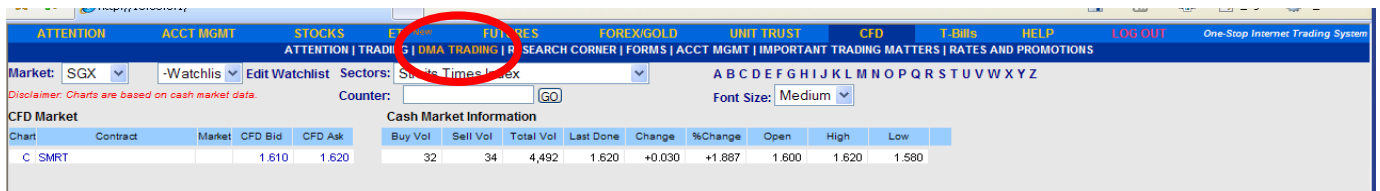
Phillip CFD (DMA) orders can be placed through POEMS or through the clients' Trading Representatives.

8. Order Types

Currently, Phillip CFD (DMA) ONLY supports LIMIT orders. This means that all orders placed via Phillip CFD (DMA) are LIMIT orders by default and that the orders can only be filled at the customer's indicated price or better.

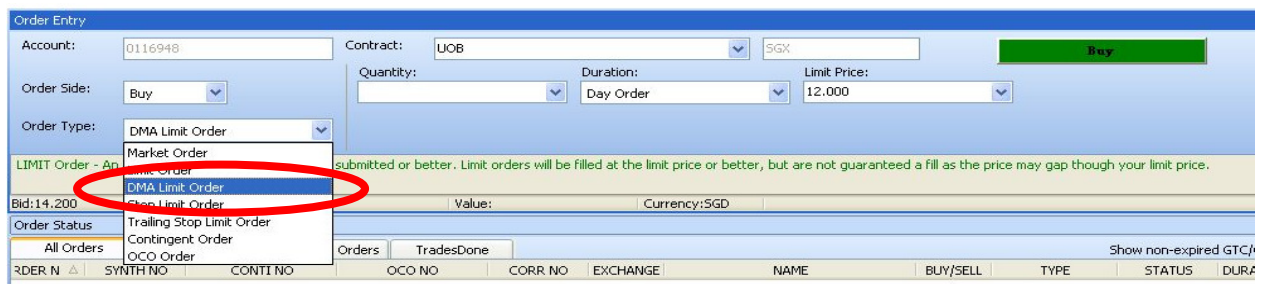
9. CFD (DMA) on POEMS

Clients can access CFD (DMA) via the CFD (DMA) trading module which is separate from the CFD trading module.



10. CFD (DMA) on CFDTrader

Clients can key in CFD (DMA) orders on CFDTrader by selecting “DMA Limit Order” under Order Type. *Clients are advised to exercise caution when using CFDTrader as both CFD and CFD (DMA) use the same order entry module.*



11. CFD (DMA) Order Execution

Clients may close out an existing CFD (DMA) position by submitting an order based on the opposite leg of an existing CFD (DMA) position. All orders are closed out based on a first-in-first-out (FIFO) basis. Please note that a CFD order cannot be used to close out a CFD (DMA) position and vice-versa. Should the client choose to do so, he will end up with open positions on both CFD and CFD (DMA) and may require additional margin.

The lot sizes will follow the respective exchange's ready market board lot size. Clients can queue up to +/- 10 bids from last done price.

12. Comparison between CFD (DMA) & CFD

	CFD (DMA)	CFD
Additional spreads	<input type="radio"/> No	<input type="radio"/> No
Participate in order book of exchange	<input type="radio"/> Yes	<input type="radio"/> No
Participate in liquidity of the market	<input type="radio"/> Yes	<input type="radio"/> No
Pre & Post Auction	<input type="radio"/> Yes	<input type="radio"/> No

Participate in pre-opening & pre-closing trading sessions

Trading platform	<input type="radio"/> POEMS Online or Trading Representative	<input type="radio"/> POEMS Online or Trading Representative
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Share ownership	<input type="radio"/> No	<input type="radio"/> No
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Commission [Commission for CFD (DMA) is higher than CFD trading.]	<input type="radio"/> 0.33%	<input type="radio"/> 0.2% or 0.3%
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Capital Outlay	<input type="radio"/> from 10%	<input type="radio"/> from 10%
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Phillip CFD (DMA) Working Examples

Long Example

A customer is bullish on ZZ (listed on SGX) and purchases 20,000 shares at S\$1.00. Alternatively, the customer may deposit margin of S\$3,000 and buy a CFD (DMA) on 20,000 shares of ZZ at S\$1.00 with contract value S\$20,000 using margin requirement of 15%. (*Minimum commission of S\$25 charged)

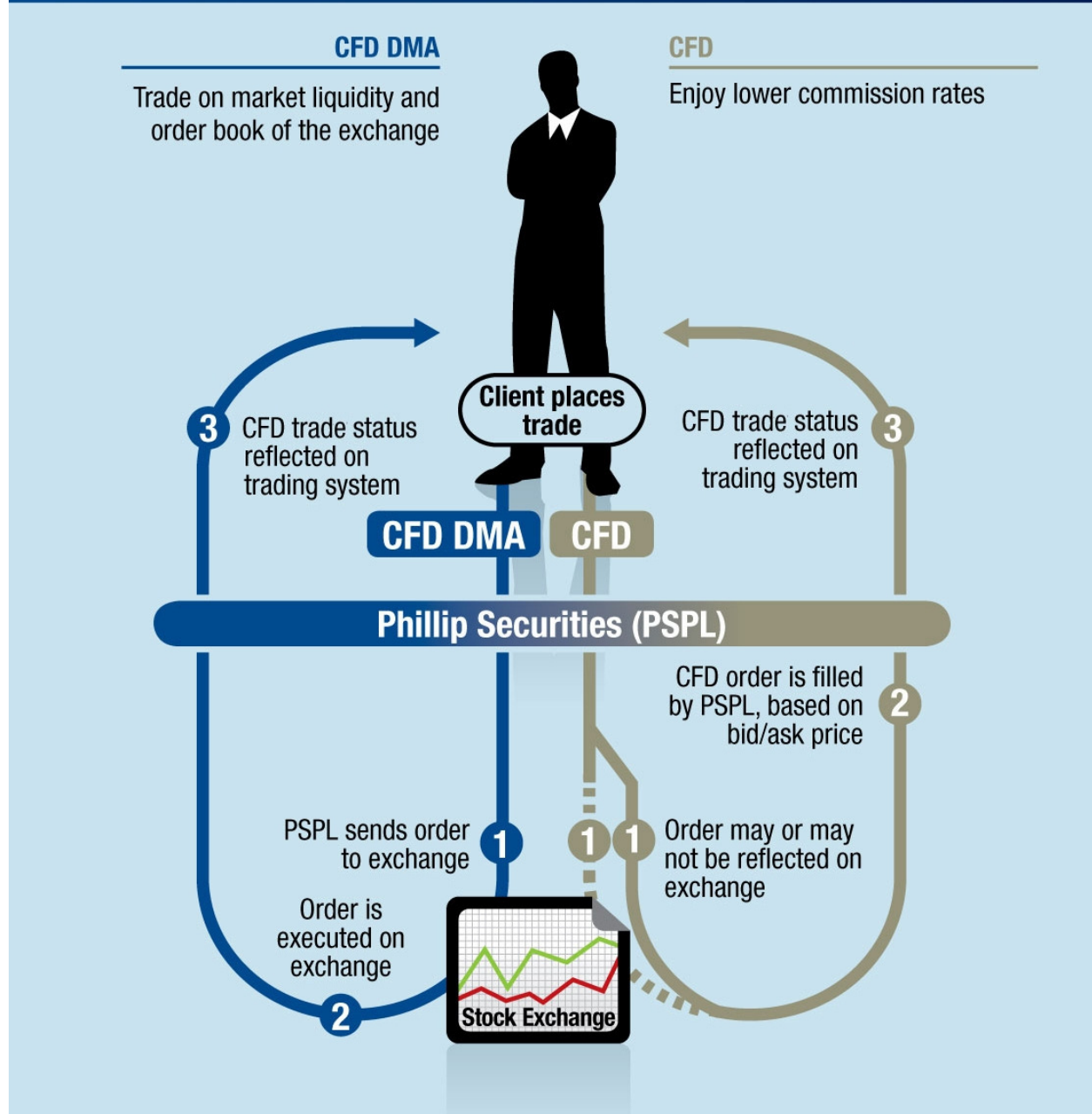
	Scenario 1: Positions are closed 10 days later @ S\$1.10		Scenario 2: Positions are closed 10 days later @ S\$0.90	
Original Investment	Long CFD (DMA) S\$3,000	Long Shares S\$3,000	Long CFD (DMA) S\$3,000	Long Shares S\$3,000
Opening contract value (Day 1)	(S\$20,000)	(S\$3,000)	(S\$20,000)	(S\$3,000)
Opening commission (incl GST)	$S\$20,000 * 0.33% * 1.07 = (\$70.62)$	$S\$3,000 * 0.28% * 1.07 = (\$26.75)$	$S\$20,000 * 0.33% * 1.07 = (\$70.62)$	$S\$3,000 * 0.28% * 1.07 = (\$26.75)$
Clearing & Access fees (incl GST)	S\$0	$S\$3,000 * 0.0475% * 1.07 = (\$15.25)$	S\$0	$S\$3,000 * 0.0475% * 1.07 = (\$15.25)$
Finance Charge	$S\$20,000 * 5.5% * 10 \div 365 = (\$30.14)$	S\$0	$S\$20,000 * 5.5% * 10 \div 365 = (\$30.14)$	S\$0
Closing contract value (Day 10)	S\$22,000	S\$3,300	S\$18,000	S\$2,700
Closing Commission (incl GST)	$S\$22,000 * 0.33% * 1.07 = (\$77.68)$	$S\$3,300 * 0.28% * 1.07 = (\$26.75)$	$S\$18,000 * 0.33% * 1.07 = (\$63.56)$	$S\$2,700 * 0.28% * 1.07 = (\$26.75)$
Clearing & Access fee (incl GST)	S\$0	$S\$3,300 * 0.0475% * 1.07 = (\$1.68)$	S\$0	$S\$2,700 * 0.0475% * 1.07 = (\$1.37)$
Net Gain/Loss	S\$1,821.56	S\$229.57	(S\$2,164.32)	(S\$356.39)
Return on Equity (Net Gain/Original Investment)	60.72%	7.65%	(72.14%)	(11.88%)

Short Example

A customer is bearish on ZZ (listed on SGX) and sells 9,000 shares (3 times leverage) at S\$1.00 after borrowing shares using SBL facility. Alternatively, the customer may deposit margin of S\$3,000 and sell a CFD (DMA) on 20,000 shares of ZZ at S\$1.00 with contract value S\$20,000 using margin requirement of 15%. (*Minimum commission of S\$25 charged)

	Scenario 1: Positions are closed 10 days later @ S\$0.90		Scenario 2: Positions are closed 10 days later @ S\$1.10	
Original Investment	Short CFD (DMA) S\$3,000	Short Shares (SBL) S\$3,000	Short CFD (DMA) S\$3,000	Short Shares (SBL) S\$3,000
Opening contract value (Day 1)	S\$20,000	S\$9,000	S\$20,000	S\$9,000
Opening commission (incl GST)	$S\$20,000 * 0.33% * 1.07 = (\$70.62)$	$S\$9,000 * 0.28% * 1.07 = (\$26.96)$	$S\$20,000 * 0.33% * 1.07 = (\$70.62)$	$S\$9,000 * 0.28% * 1.07 = (\$26.96)$
Clearing & Access fees (incl GST)	S\$0	$S\$9,000 * 0.0475% * 1.07 = (\$4.57)$	S\$0	$S\$9,000 * 0.0475% * 1.07 = (\$4.57)$
Finance Charge	$S\$20,000 * 8% * 10 \div 365 = (\$43.84)$	$S\$9,000 * 10% * 10 \div 365 = (\$24.66)$	$S\$20,000 * 8% * 10 \div 365 = (\$43.84)$	$S\$9,000 * 10% * 10 \div 365 = (\$24.66)$
Closing contract value (Day 10)	(S\$18,000)	(S\$8,100)	(S\$22,000)	(S\$9,900)
Closing Commission (incl GST)	$S\$18,000 * 0.33% * 1.07 = (\$63.56)$	$S\$8,100 * 0.28% * 1.07 = (\$26.75)$	$S\$22,000 * 0.33% * 1.07 = (\$77.68)$	$S\$9,900 * 0.28% * 1.07 = (\$77.68)$
Clearing & Access fee (incl GST)	S\$0	$S\$8,100 * 0.0475% * 1.07 = (\$4.12)$	S\$0	$S\$9,900 * 0.0475% * 1.07 = (\$4.57)$
Net Gain/Loss	S\$1,821.98	S\$812.94	S\$2,192.14	(\$1,038.44)
Return on Equity (Net Gain/Original Investment)	60.73%	27.10%	(73.07%)	(34.61%)

What is Contracts for Difference (CFD) Direct Market Access (DMA)?



Disclaimer:

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