

# Phillip Shares CFD Direct Market Access (DMA) Infosheet



CONTRACTS FOR DIFFERENCE (Direct Market Access) ([www.phillipcfid.com](http://www.phillipcfid.com))

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## 1. What is Contracts for Difference (“CFD”)?

A CFD is an agreement between 2 parties to settle the difference between the opening and closing prices of the contract multiplied by the number of units of the underlying asset specified in the CFD. CFDs allow customers to participate in the price movement of an underlying product without actually owning the asset, which can be a share, an index, a commodity, etc.

### Types of CFDs offered by Phillip CFD

Phillip CFD offers the following types of CFDs:

- Equities CFD (which includes Shares CFD and Shares CFD DMA) and
- World Indices CFD

## 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 customer’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)

### ***Underlying Investment Product***

CFDs are derivative products and their prices track the underlying products closely.

### ***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 customers to participate in the order book of the exchange and this gives customers greater visibility and control of their orders. Customers can also participate in the pre-opening and pre-closing sessions of the exchange.

### ***Placing of Overnight Orders***

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

**Portfolio Diversification**

Customers can diversify their Shares and CFD (DMA) portfolio with Singapore counters. To see which counters are available for trading with Phillip CFD, please see [www.phillipcfd.com](http://www.phillipcfd.com).

**Short Position**

A CFD allows customers to take a position on a stock without actually having to buy and sell the shares themselves. Therefore, CFD customers can take short positions, and not be limited to the T+3 days' contra period or the need to engage in SBL<sup>1</sup>.

<sup>1</sup>Securities Borrowing and Lending (SBL) facility allows customers to short the market by borrowing shares.

**Leverage**

As CFDs are leverage products and traded on margin, customers only need a small percentage (as low as 10%) of the total contract value 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.*

**30 Calendar Days Contract Period**

Each CFD contract has an expiry date of 30 calendar days. Customers can choose to close the contract anytime<sup>2</sup> before its expiration. If contracts are not closed out within 30 calendar days, they will be automatically renewed based on the market closing price of the underlying investment product on the 30<sup>th</sup> calendar day<sup>3</sup>. Unrealized profits, losses and finance charges will be realized on the 30<sup>th</sup> calendar day as well. There is no roll-over commission charged to customers for renewal of contracts.

<sup>2</sup> During the respective exchanges' trading hours

<sup>3</sup> If the 30<sup>th</sup> calendar day falls on a weekend or a public holiday, the contract will be renewed based on the market closing price of the next trading day.

**Sophisticated Trading Strategies**

Customers have the added ability to protect their existing shares portfolio against adverse market conditions by using CFDs to hedge their exposure, via strategies such as pairs trading and spread trading.

#### 4. Phillip CFD (DMA) Counters Available

For the latest list of CFD (DMA) counters available for trading with Phillip CFD, please visit our CFD website at [www.phillipcfd.com](http://www.phillipcfd.com) to download the counter list.

## 5. Market Trading and Order Submission Hours

Market	Singapore	
Trading Hours:	Pre-Open Session	8.30am to 8:59am
	Non-Cancel Period <sup>4</sup>	8:59am to 9:00am
	Trading Session	9:00am 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)	

<sup>4</sup> 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 customers who sign up for a CFD account after 7 May 2010.

Existing CFD customers can start trading CFD (DMA) by submitting the Opt In form online. The form can be accessed by logging into 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

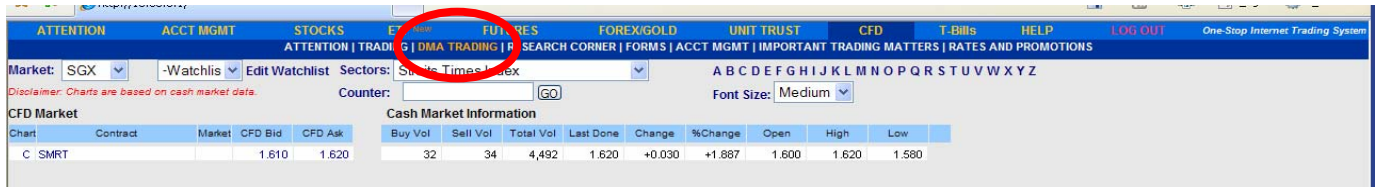
Phillip CFD (DMA) orders can be placed through POEMS, Phillip CFDTrader or through the customer's Trading Representative.

## 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

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



## 10. CFD (DMA) on CFDTrader

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



## 11. CFD (DMA) Order Execution

Customers 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 Shares CFD order cannot be used to close out a CFD (DMA) position and vice-versa. Should the customer choose to do so, he will end up with open positions on both Shares CFD and CFD (DMA) and may require additional margin.**

## 12. Lot Size and Queue Restriction for CFD (DMA)

The lot sizes will follow the respective exchange's ready market board lot size. Please refer to the Phillip CFD counter list at [www.phillipcfid.com](http://www.phillipcfid.com) for respective lot sizes.

Customers can queue up to +/- 20 bids from last done price for CFD (DMA) orders.

### 13. Comparison between CFD (DMA) & Shares CFD

	CFD (DMA)	Shares CFD
<b>Participate in order book of exchange</b>	<input type="radio"/> Yes	<input type="radio"/> No
<b>Participate in liquidity of the market</b>	<input type="radio"/> Yes	<input type="radio"/> No
<b>Pre &amp; Post Auction</b>	<input type="radio"/> Yes	<input type="radio"/> No
Participate in pre-opening & pre-closing trading sessions		
<b>Commission</b> [Commission for CFD (DMA) is higher than Shares CFD trading.]	<input type="radio"/> 0.33%	<input type="radio"/> 0.2% or 0.3%
<b>Capital Outlay</b>	<input type="radio"/> from 10%	<input type="radio"/> from 10%

## Phillip CFD (DMA) Working Examples

### Long Example

A customer is bullish on XYZ component share and decides to buy (LONG) 15 lots of XYZ share at \$2.30. Customer can trade XYZ component share on stocks or Shares CFD (DMA). Assume margin requirement for XYZ component stock is 10% with leverage of 10 times. (Minimum commission of S\$25 charges for CFD (DMA) or shares)

	Scenario 1: Positions are closed 20 days later @ S\$1.10		Scenario 2: Positions are closed 20 days later @ S\$0.90	
Original Investment	Long CFD (DMA) S\$3,450	Long Shares S\$34,500	Long CFD (DMA) S\$3,450	Long Shares S\$34,500
Quantity (shares)	15,000	15,000	15,000	15,000
Opening contract value (Day 1)	(S\$34,500)	(S\$34,500)	(S\$34,500)	(S\$34,500)
Opening commission (incl. GST)	S\$34,500 * 0.33% * 1.07 = (S\$121.82)	S\$34,500 * 0.28% * 1.07 = (S\$103.36)	S\$34,500 * 0.33% * 1.07 = (S\$121.82)	S\$34,500 * 0.28% * 1.07 = (S\$103.36)
Clearing & Access fees (incl. GST)	S\$0	S\$34,500 * 0.0475% * 1.07 = (S\$17.54)	S\$0	S\$34,500 * 0.0475% * 1.07 = (S\$17.54)
Finance Charge <sup>5</sup>	S\$34,500 * 5.5% * 19/365 = (S\$98.77)	S\$0	S\$34,500 * 5.5% * 19/365 = (S\$98.77)	S\$0
Closing contract value (Day 10)	S\$37,500	S\$37,500	S\$31,500	S\$31,500
Closing Commission (incl. GST)	S\$37,500 * 0.33% * 1.07 = (S\$132.41)	S\$37,500 * 0.28% * 1.07 = (S\$112.35)	S\$31,500 * 0.2% * 1.07 = (S\$111.23)	S\$31,500 * 0.28% * 1.07 = (S\$94.37)
Clearing & Access fee (incl. GST)	S\$0	S\$37,500 * 0.0475% * 1.07 = (S\$19.06)	S\$0	S\$31,500 * 0.0475% * 1.07 = (S\$16.01)
Net Gain/Loss	S\$2,647.00	S\$2,747.69	(S\$3,331.82)	(S\$3,231.28)
Return on Equity (Net Gain/Original Investment)	76.72%	7.96%	(96.57%)	(9.37%)

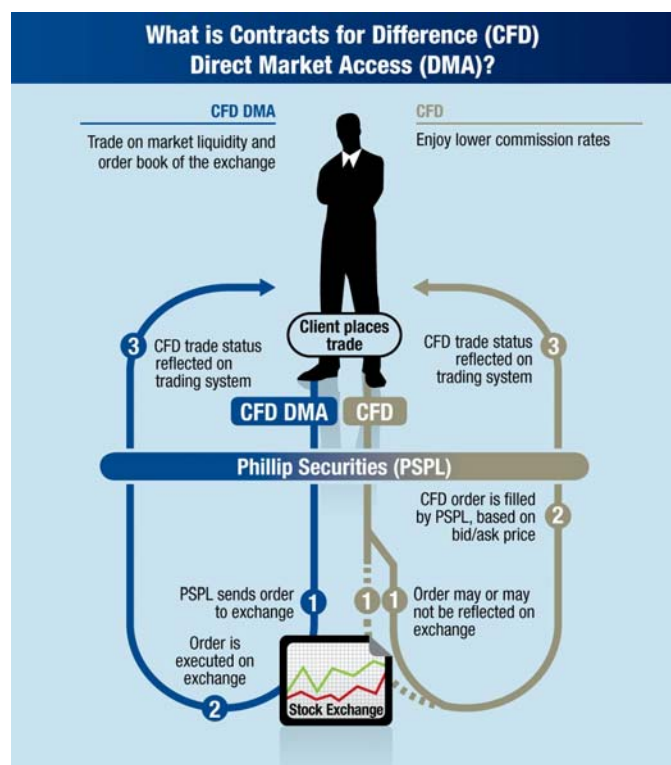
<sup>5</sup>Finance charge in this example is calculated based on contract opening price, assuming daily mark-to-market prices remains constant for 19 calendar days. Please refer to [www.phillipcf.com](http://www.phillipcf.com) for the latest rates and promotions.

## Short Example

A customer is bearish on XYZ component share and decides to sell (SHORT) 30 lots of XYZ share at S\$1.00. Client can trade XYZ component shares on stocks after borrowing shares using SBL facility, or use Shares CFD (DMA) to short-sell XYZ component share. Assume margin requirement for XYZ component share is 10% with leverage of 10 times. (Minimum commission of S\$25 charges for CFD or shares)

	Scenario 1: Positions are closed 20 days later @ S\$0.90		Scenario 2: Positions are closed 20 days later @ S\$1.10	
Original Investment	Short CFD (DMA) S\$3,000	Short Shares (SBL) S\$10,000	Short CFD (DMA) S\$3,000	Short Shares (SBL) S\$10,000
Quantity (shares)	30,000	30,000	30,000	30,000
Opening contract value (Day 1)	S\$30,000	S\$30,000	(S\$30,000)	(S\$30,000)
Opening commission (incl. GST)	$S\$30,000 * 0.33% * 1.07 = (\$105.93)$	$S\$30,000 * 0.28% * 1.07 = (\$89.88)$	$S\$30,000 * 0.33% * 1.07 = (\$105.93)$	$S\$30,000 * 0.28% * 1.07 = (\$89.88)$
Clearing & Access fees (incl. GST)	S\$0	$S\$30,000 * 0.0475% * 1.07 = (\$15.25)$	S\$0	$S\$30,000 * 0.0475% * 1.07 = (\$15.25)$
Finance Charge	$S\$30,000 * 8.0% * 19/365 = (\$124.93)$	$S\$30,000 * 8.0% * 19/365 = (\$124.93)$	$S\$30,000 * 8.0% * 19/365 = (\$124.93)$	$S\$30,000 * 8.0% * 19/365 = (\$124.93)$
Closing contract value (Day 10)	(S\$27,000)	(S\$27,000)	S\$33,000	S\$33,000
Closing Commission (incl. GST)	$S\$27,000 * 0.33% * 1.07 = (\$95.34)$	$S\$27,000 * 0.28% * 1.07 = (\$80.89)$	$S\$33,000 * 0.33% * 1.07 = (\$116.52)$	$S\$33,000 * 0.28% * 1.07 = (\$98.87)$
Clearing & Access fee (incl. GST)	S\$0	$S\$27,000 * 0.0475% * 1.07 = (\$13.73)$	S\$0	$S\$33,000 * 0.0475% * 1.07 = (\$16.77)$
Net Gain/Loss	S\$2,673.80	S\$2,675.32	(S\$3,347.38)	(S\$3,344.57)
Return on Equity (Net Gain/Original Investment)	89.13%	26.75%	(111.58%)	(33.46%)

## Graphical Comparison between Shares CFD and CFD (DMA)



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