

World Indices.CFD.Infosheet.

Singapore | Hong Kong | Japan | United States

P PhillipCapital
Your Partner In Finance
Brought to you by Phillip Securities

Co Registration No: 197501035Z

CONTRACTS FOR DIFFERENCE (www.phillipcfid.com)

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1. What are World Indices CFD?

A World Indices CFD is a form of Contracts for Difference (CFD) that allows clients to trade the underlying stock index. It tracks the level of the index and, thus, provides clients a cost-effective way to diversify their portfolio.

World indices CFD includes Straits Times Index CFD, Hong Kong 40 Index CFD, Japan 225 Index CFD, Wall Street Index CFD, US SP 500 Index CFD & US Tech 100 Index CFD.

Please take note that any CFD offered is not approved or endorsed by the issuer or originator of the underlying stock/index and that the issuer or originator is not privy to the CFD contract.

2. Why trade World Indices CFD?

These are the key features of using World Indices CFD:

Trade the entire stock market with index-tracking CFD

World Indices CFD allows clients to trade on the price movements of a stock market, without owning any of the stocks within that index. Clients have the added ability to protect their existing share portfolio against adverse market conditions by utilizing a World Indices CFD to hedge their exposure.

Increased Leverage, more Trading Power

World Indices CFD enables clients to leverage 10 to 20 times the capital outlay, allowing clients to pay only a fraction of the underlying capital required.

Participate in rising & falling markets

World Indices CFD gives clients added flexibility as it allows clients to take long or short positions.

3. Contract Details

Asian Indices

Product	Value of 1 Index Point / Tick	Minimum Trade Size	Contract Size	Target Spreads (points)	Initial Margin (IM) / Maintenance Margin (MM)	Trading Hours (Monday to Friday, Singapore time)
Straits Times Index CFD	S\$5	1 lot	S\$5 x Straits Times Index CFD Price	6	5%	9:00 am - 12:30 pm, 2:00 pm - 5:00 pm
Hong Kong 40 Index CFD	HK\$1	5 lots	HK\$1 x Hong Kong 40 Index CFD Price	20	10%	9:45 am - 12:30 pm, 2:30 pm - 4:15 pm
Japan 225 Index CFD	¥1	100 lots	¥1 x Japan 225 Index CFD Price	20	10%	8:00 am - 11:00 am, 12:30 pm - 2:00 pm

US Indices

Indices	Value of 1 Index Point / Tick	Minimum Trade Size	Contract Size	Target Spreads # (points)	Initial Margin (IM) / Maintenance Margin (MM)	Market Hours (Singapore Time)	CFD Trading Hours (Singapore Time) *
Wall Street Cash Index CFD	US\$1	1 lot	US\$1 x Wall Street Index CFD Price	1 - 4/6	5%	9:30 pm - 4:00 am (DS*) 10:30 pm - 5:00 am (Non-DS*)	7:00 am - 4:00 am (DS*) 7:00 am - 5:00 am (Non-DS*)
US SP 500 Cash Index CFD	US\$1	5 lots	US\$1 x US SP 500 Index CFD Price	0.4/0.6	5%	9:30 pm - 4:00 am (DS*) 10:30 pm - 5:00 am (Non-DS*)	7:00 am - 4:00 am (DS*) 7:00 am - 5:00 am (Non-DS*)
US Tech 100 Cash Index CFD	US\$1	5 lots	US\$1 x US Tech 100 Index CFD Price	3	5%	9:30 pm - 4:00 am (DS*) 10:30 pm - 5:00 am (Non-DS*)	7:00 am - 4:00 am (DS*) 7:00 am - 5:00 am (Non-DS*)

* DS is Day-light Savings time.

Spread in market hours/out of market hour. Spreads are subject to variation, especially in volatile market conditions. Please note that the target spreads are subject to change.

4. Fees & Charges[†]

▪ Commission[†]

Product	Commission (GST applicable - rates indicated are before GST)
Straits Times Index CFD	S\$10 (per side/lot basis)
Hong Kong 40 Index CFD	HK\$30 (per side/lot basis)
Japan 225 Index CFD	¥10 (per side/lot basis)
Wall Street Index CFD	US\$10 (per side/lot basis)
US SP 500 Index CFD	US\$5 (per side/lot basis)
US Tech 100 Index CFD	US\$5 (per side/lot basis)

1) An a **renewal commission** will be charged on the 30th calendar day on all World Indices CFD open contracts. Upon renewal, the new contract value will be based on the closing price (on T+30 day) multiplied by the contract quantity.

2) [†]Rates are subject to changes. Please refer to www.phillipcfd.com for any promotions.

▪ Finance Charges

Whilst holding onto a World Indices CFD contract, client's account will incur finance charges that are computed on a daily basis based on 100% of the marked-to-market contract value.

Product	Long Finance Charge (DR)*	Short Finance Charge (DR) *
Straits Times Index CFD	5.5 % p.a.	3.0 % p.a.
Hong Kong 40 Index CFD	5.0 % p.a.	4.0 % p.a.
Japan 225 Index CFD	5.0 % p.a.	4.0 % p.a.
Wall Street Index CFD	5.0 % p.a.	4.0 % p.a.
US SP 500 Index CFD	5.0 % p.a.	4.0 % p.a.
US Tech 100 Index CFD	5.0 % p.a.	4.0 % p.a.

† Rates may change from time to time at the discretion of Phillip Securities. Refer to www.phillipcfid.com for updates.

* Based on 100% mark-to-market contract value.

5. Settlement Currency

Product	Settlement Currency
Straits Times Index CFD	SGD
Hong Kong 40 Index CFD	HKD
Japan 225 Index CFD	JPY
Wall Street Index CFD	USD
US SP 500 Index CFD	USD
US Tech 100 Index CFD	USD

All Phillip CFD contracts would be settled in the respective traded currencies. There will be **NO AUTO CONVERSION** from traded currencies to SGD, vice versa. Client's MYR ledger will not be allowed to go into deficit. Should there be a deficit, MYR ledger will be automatically converted into SGD. For all other currencies, should there be any margin deficit in the respective ledger, clients should submit currency conversion request to PSPL to avoid margin debit interest.

6. Margin Requirements

Ledger b/f = Cash Deposits - Commission and GST ± Realised Profit or Loss

Ledger c/f = Ledger b/f ± *Adjustments - Commission and GST ± Realised Profit or Loss - Realised Finance Charges

Equity Balance = Ledger c/f ± Unrealised Profit or Loss - Unrealised Finance Charges

* Note that Mark-to-Market is done daily

Available Cash or Funds for Withdrawal = Equity Balance - MM ± Unrealised credit or debit interest

Initial Margin (IM): The required margin in client's CFD account prior to buying or selling World Indices CFD contract.

Maintenance Margin (MM): The minimum amount of Equity Balance that must be maintained in client's CFD account. The closing price will be used to calculate the maintenance margin.

Force-selling Margin (FM): Phillip Securities reserves the right to liquidate the CFD contract without prior notice when the

Equity Balance falls below force-selling margin of 5%.

Margin Excess (Available Cash) = Equity Balance - IM

Margin Deficit = IM - Equity Balance

Margin Call = Equity Balance < Maintenance Margin of the Portfolio Market Value

* Note that all Profit or Loss and Portfolio Market Value are mark-to-market using the day's closing price

- A margin call amount equivalent to the difference between the Initial Margin (IM) and the Equity Balance will be made. The client will have 2 business days to meet this margin call if the Equity Balance is less than maintenance margin of the portfolio. However, the client will have only 1 business day to meet this margin call if the Equity Balance is less than 5% of the market value of portfolio.
- Margin call calculations are done at 6 a.m on the same day.

7. Margin Excess / Deficit Interest

Based on the client's funds in excess of those utilized towards the required margin (margin excess), any credit balance will accrue at interest based on the following:

Amount	Credit Interest*
> SGD 50,000	0.10% p.a.
> HKD 50,000	0.10% p.a.
> USD 50,000	0.15% p.a.

Margin Deficit will incur a penalty debit interest charge of:

Currency	Interest on Debit Balance
SGD	6.00% p.a.
USD	7.00% p.a.
HKD	9.25% p.a.
JPY	4.20% p.a.

*Clients are advised of the rates upon account opening. Be advised that these rates may change from time to time at the discretion of Phillip Securities. Refer to www.phillipcf.com for updates.

8. Corporate Actions

▪ Dividends

A dividend adjustment will apply for World Indices CFD, after the ex-dividend date of its underlying component stock.

Product	Dividend Adjustment
Straits Times Index CFD	Yes
Hong Kong 40 Index CFD	Yes
Japan 225 Index CFD	Yes
Wall Street Index CFD	Yes
US SP 500 Index CFD	No

US Tech 100 Index CFD	No
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For example, for client with long positions in World Indices CFD, the dividend adjustment will be credited to the client's account. For client with short positions in World Indices CFD, the dividend adjustment will be debited from the client's account.

Dividends adjustments are denominated in their respective declared currencies. Where the declared dividends are denominated in other foreign currencies which the multi currency ledger does not cater, it will be converted to the respective indices traded currency.

Formula for dividend adjustment:

Equivalent number of shares = [Qty of Index Contract x Settlement Price of World Indices CFD x Value of 1 Index Point] x Component Stock Weighting on the Index / Settlement Price of Component Stock

Dividend adjustment = Equivalent number of shares x dividend issued per share

Note: Component Stock weightings are available on Bloomberg.

Settlement price refers to closing price of underlying component stock, one market day before ex-dividend date.

For example:

Assume DBS weighting on the Index is 10% and DBS issues dividend of S\$0.05 per share. On the last day of Cum-dividend date, DBS's closing price is S\$20 and settlement price for Straits Times Index CFD is 2000.

- For client who long 2 contracts of Straits Times Index CFD at 1,950 points,
Equivalent number of DBS shares = 2 Lots x 2,000 x S\$5 x 10% / S\$20 = 100 shares
Client **receives** = 100 x S\$0.05 per share = S\$5.00
- For client who short 2 contracts of Straits Times Index CFD at 1,950 points,
Equivalent number of DBS shares = 2 Lots x 2,000 x S\$5 x 10% / S\$20 = 100 shares
Client **pays** = 100 x S\$0.05 per share = S\$5.00

9. W8-BEN Form Requirement & Single Account Restriction

- Clients are required to fill up the W8-BEN Form before they are allowed to trade US Indices CFD.
- Single account (M1) holders are not allowed to trade US Indices CFD.

10. Placing Orders

- A World Indices CFD orders can be placed in a similar way as placing a share order. They can be placed through POEMS online or through the client's Trading Representatives.
- Phillip Securities has the discretion to halt trading at any time. Examples of instances where trading may be halted include (but is not limited to):
 - i. Volatile market conditions
 - ii. Disruption to IT services
- Spreads are subject to variation, especially in volatile market conditions. Please note that the target spread of the World Indices CFD may be adjusted at Phillip Securities' discretion.

11. Order Types

The orders types for World Indices CFD are namely MARKET, LIMIT and STOP. The order types will affect how the orders are being executed and as a result it will affect how the orders are being filled.

- **Market Order** (Buy Index CFD at Ask price, and Sell Index CFD at Bid price)
A market order is an order to buy or sell a World Indices CFD at the current market price. Client only indicates the quantity to be executed and the system will generate a fill. The disadvantage is the price client pays when client's order is executed may not always be the price that client obtain from the price quotes. This may be especially true in fast-moving markets where CFD prices are more volatile.

Note: There is a limit to the quantity allowed to be executed per market order. Clients who wish to execute quantities larger than the allowed limit must split their order. As this is a dynamic value, please refer to the rejection message for the maximum quantity allowed for the stock/ index client might be trading.

- **Limit Order**
A limit order is an order to buy or sell a World Indices CFD at a specific price. A buy limit order can only be executed at the limit price or lower, and a sell limit order can only be executed at the limit price or higher. Phillip CFD limit orders will be done when the buy order price hits the Ask price or sell order price hits the Bid price. Market Last Done Price will not trigger any CFD orders to be done.

Note: The limit price entered must be a better price as compared to the current market's quotes, otherwise the order will be rejected.

Stop Order

A stop order is an order to buy or sell a World Indices CFD once the price of the World indices CFD reaches a specified price, known as the stop price. When the specified price is reached, client's stop order becomes a market order. Clients are advised to execute caution when placing stop orders before the US market opens for trading. This is mainly due to possible large price gaps.

Note: The stop price entered must be a worse-off price as compared to the current market's quotes, otherwise the order will be rejected.

Note:

- All orders will be closed out on a First-in First-out basis. In the event of a price error arising out of error price feed, Phillip Securities reserves the right to withdraw any orders.
- No submission of trades with price which lies within the BID/ASK spread. Clients can ONLY queue to buy at BID or lower or sell at ASK or higher. Orders within the spread will be rejected.

Product	Limit Order Type
* Straits Times Index CFD	Queue up to $\pm 10\%$ of current Bid/Ask price
Hong Kong 40 Index CFD	No Queue Restrictions
Japan 225 Index CFD	No Queue Restrictions
Wall Street Index CFD	No Queue Restrictions
US SP 500 Index CFD	No Queue Restrictions
US Tech 100 Index CFD	No Queue Restrictions

* Straits Times Index CFD orders submitted can be partially done, fully done or rejected. All other World Indices CFD orders can only be fully done or fully rejected.

Indices	Limit Order	Market Order	Stop Order
Straits Times Index CFD	✓		
Hong Kong 40 Index CFD	✓	✓	✓
Wall Street Index CFD	✓	✓	✓
US SP 500 Index CFD	✓	✓	✓
US Tech 100 Index CFD	✓	✓	✓

CFD Working Examples

Long Example

A client is bullish on Straits Times Index and purchases 1 lot of Straits Times Index CFD worth S\$12,000 at a price of 2,400 points. The value of 1 index point is S\$5.

Scenario 1: Positions are closed 3 days later at a higher value

	CFD Bid	CFD Ask	Closing Price
DAY 1	2,394	2,400	2,390
Day 2			2,430
DAY 3	2,440	2,446	

Opening Contract of 1 Lot (Day 1)	(S\$12,000.00)
Opening Commission (incl GST) Per side per lot basis	(S\$10.70)
Total Financing Charges Qty * Closing Price * Value of 1 Index Point * FC / 365 days * 1 day <u>FC for Day 1</u> = 1 * 2,390 * \$5 * 5.5% / 365 * 1 day = \$1.80 <u>FC for Day 2</u> = 1 * 2,430 * \$5 * 5.5% / 365 * 1 day = \$1.83	(S\$3.63)
Closing Contract Value (Day 3)	S\$12,200.00
Closing Commission (incl GST) Per side per lot basis	(S\$10.70)
Net Gain	S\$174.97
Margin	S\$600.00
Return on Equity=(Net Gain/Original Investment)	29.2%

Scenario 2: Positions are closed 3 days later at a lower value

	CFD Bid	CFD Ask	Closing Price
DAY 1	2,394	2,400	2,390
Day 2			2,430
DAY 3	2,360	2,366	

Opening Contract of 1 Lot (Day 1)	(S\$12,000.00)
Opening Commission (incl GST) Per side per lot basis	(S\$10.70)
Total Financing Charges Qty * Closing Price * Value of 1 Index Point * FC / 365 days * 1 day FC for Day 1 = 1 * 2,390 * \$5 * 5.5% / 365 * 1 day = \$1.80 FC for Day 2 = 1 * 2,430 * \$5 * 5.5% / 365 * 1 day = \$1.83	(S\$3.63)
Closing Contract Value (Day 3)	S\$11,800.00
Closing Commission (incl GST) Per side per lot basis	(S\$10.70)
Net Loss	(S\$225.03)
Margin	S\$600.00
Return on Equity=(Net Gain/Original Investment)	(37.5%)

Short Example

A client is bearish on Straits Times Index and shorts 1 lot of Straits Times Index CFD worth S\$12,450 at a price of 2,490 points. The value of 1 index point is S\$5.

Scenario 1: Positions are closed 3 days later at a lower value

	CFD Bid	CFD Ask	Closing Price
DAY 1	2,490	2,496	2,500
Day 2			2,460
DAY 3	2,444	2,450	

Opening Contract of 1 Lot (Day 1)	S\$12,450.00
Opening Commission (incl GST) Per side per lot basis	(S\$10.70)
Total Financing Charges Qty * Closing Price * Value of 1 Index Point * FC / 365 days * 1 day FC for Day 1 = 1 * 2,500 * \$5 * 3.0% / 365 * 1 day = \$1.03	(S\$2.04)

<u>FC for Day 2</u> = $1 * 2,460 * \$5 * 3.0\% / 365 * 1 \text{ day}$ =\$1.01	
Closing Contract Value (Day 3)	(S\$12,250.00)
Closing Commission (incl GST) Per side per lot basis	(S\$10.70)
Net Gain	S\$176.56
Margin	S\$622.50
Return on Equity=(Net Gain/Original Investment)	28.4%

Scenario 2: Positions are closed 3 days later at a higher value

	CFD Bid	CFD Ask	Closing Price
DAY 1	2,490	2,496	2,500
Day 2			2,460
DAY 3	2,524	2,530	

Opening Contract of 1 Lot (Day 1)	S\$12,450.00
Opening Commission (incl GST) Per side per lot basis	(S\$10.70)
Total Financing Charges Qty * Closing Price * Value of 1 Index Point * FC / 365 days * 1 day <u>FC for Day 1</u> = $1 * 2,500 * \$5 * 3.0\% / 365 * 1 \text{ day}$ = \$1.03 <u>FC for Day 2</u> = $1 * 2,460 * \$5 * 3.0\% / 365 * 1 \text{ day}$ =\$1.01	(S\$2.04)
Closing Contract Value (Day 3)	(S\$12,650.00)
Closing Commission (incl GST) Per side per lot basis	(S\$10.70)
Net Loss	(S\$223.44)
Margin	S\$622.50
Return on Equity=(Net Gain/Original Investment)	(35.9%)

Please Note:

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