

Phillip USIndex.CFD.Infosheet

1. What is US Index CFD?

US Index CFD is a contract that allows clients to trade the underlying stock indices. It tracks the level of the index and, thus, provides clients a cost-effective way to diversify their portfolio.

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 US Index CFD?

These are the key features of trading US Index CFD:

Trade the entire stock market with index-tracking CFD

US Index CFD allows you to trade on the price movements of an entire Stock market, without owning any of the component stocks within that index. You have the added ability to protect your existing share portfolio against adverse market conditions by utilizing the US Index CFD to hedge your exposure.

Increased Leverage, more Trading Power

US Index CFD will enable you to leverage up to 20 times the capital, allowing clients to pay only a fraction of the underlying capital required.

Participate in rising & falling markets

US Index CFD gives you added flexibility as it allows you to take long and short positions.

Contract Details

Indices	Value of 1 Index Point	Contract Size	Target Spreads [#]	Min Trade Size	Market Hours (Singapore Time)	CFD Trading Hours (Singapore Time) *
Wall Street Cash Index CFD	US\$1	US\$1 x Wall Street Cash Price	4/6	1	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	US\$1 x US SP 500 Cash 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	US\$1 x US TECH 100 Cash 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 subjected to the change.

3. Margin Requirements and Charges†

Indices	Initial Margin (IM)	Maintenance Margin (MM)	Commission (per leg, per qty basis)	Long Finance Charges (DR)*	Short Finance Charges (DR)*
Wall Street Cash Index CFD	5%	5%	US\$10.70 (incl GST)	5.0 % p.a.	4.0 % p.a.
US SP 500 Cash Index CFD	5%	5%	US\$5.35 (incl GST)	5.0 % p.a.	4.0 % p.a.
US TECH 100 Cash Index CFD	5%	5%	US\$5.35 (incl GST)	5.0 % p.a.	4.0 % p.a.

- 1) Phillip Securities has the discretion to halt trading in circumstances of extreme price movement in the underlying markets.
- 2) An additional *roll-over commission* will be applied on the 30th day. Upon roll-over, the new contract value will be the last done price (on T+30) multiplied by the contract quantity.
- 3) **With effect from 1st March 2010**, dividend adjustment will apply for **Wall Street Cash Index CFD**, after the ex-dividend date of its underlying component stock. For example, for client with long positions in the Wall Street Cash Index CFD, the dividend adjustment will be credited to the client's account. For client with short positions in the Wall Street Cash Index CFD, the dividend adjustment will be debited from the client's account.

Dividend adjustment will be calculated as follows:

Equivalent number of shares = [Qty of Index Contract x Settlement Price of Wall Street Cash Index 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: Wall Street Cash Index Component Stock weightings are available on Bloomberg

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

†Rates will be subjected to changes.

* Based on 100% marked-to-market contract value

▪ **Definition of CFD Terms:**

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 Marked-to-Market is done daily*

Available Cash or Funds for Withdrawal = Equity Balance - MM

Margin Call: When Equity Balance < Maintenance Margin of the Portfolio Market Value

** Note that all Profit/Loss and Portfolio Market Value are marked-to-market daily using the day's Last Done Price*

Initial Margin (IM): The required available balance (margin excess) in client's CFD account prior to buying or selling a US Index CFD contract. IM for US Index CFD contract is 5% Market Value of Portfolio.

Maintenance Margin (MM): The minimum amount of Equity Balance that must be maintained in client's CFD account. MM for US Index CFD is 5% Market Value of Portfolio.

Force-selling Margin (FM): Phillip Securities reserves the right to force-sell 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

- The closing price will be used to calculate the maintenance margin that must be maintained in client's CFD account.
- When Equity Balance falls below the Maintenance Margin (MM), 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.

4. Settlement Currency

All Phillip CFD contracts would be settled in the traded currencies. There will be **NO AUTO CONVERSION** from traded currencies to SGD, vice versa. Should there be any margin deficit in the client's account, client should submit currency conversion request to PSPL to avoid margin debit interest.

5. Margin Excess / Deficit Interest

Based on your funds in excess of those utilized towards the required margin (margin excess), any credit balance will accrue a competitive 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 though that these rates may change from time to time at the discretion of PSPL.

6. *W8-BEN Form Requirement & Single Account Restriction*

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

7. *Placing Orders*

US Index CFD orders can be placed in a similar way as placing an order for shares. They can be placed through POEMS online / Phillip CFDTrader or through your Trading Representative.

8. *Order Types for US Index CFD*

The orders types for US Index 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 (New!)**

A market order is an order to buy or sell an index 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 you pay when your order is executed may not always be the price you obtained 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 your order. As this is a dynamic value, please refer to the rejection message for the maximum quantity allowed for the stock/ index you might be trading.

- **Limit Order**

A limit order is an order to buy or sell an index 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.

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 an index CFD once the price of the index CFD reaches a specified price, known as the stop price. When the specified price is reached, your 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, PSPL reserves the right to withdraw any orders done through Straight-through Processing.
- 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 by the system.

US Index CFD Working Examples

Long Example

A client is bullish on Wall Street Cash Index CFD and purchases 1 quantity worth US\$13,500 at a price of 13,500 points. The value of 1 index point is US\$1.

Scenario 1: Positions are closed 5 days later @ 13600

	CFD Bid	CFD Ask
DAY 1	13494	13500
DAY 5	13600	13606

Opening Contract Value <i>(Day 1)</i>	(US\$13,500.00)
Opening Commission <i>(incl GST)</i>	(US\$10.70)
Finance Charges	(US\$15.26)
Closing Contract Value <i>(Day 5)</i>	US\$13,600.00
Closing Commission <i>(incl GST)</i>	(US\$10.70)
Net Gain	US\$63.34
Margin	US\$675.00
Return on Equity (Net Gain/Original Investment)	9.38%

Scenario 2: Positions are closed 5 days later @ 13400

	CFD Bid	CFD Ask
DAY 1	13494	13500
DAY 5	13400	13406

Opening Contract Value <i>(Day 1)</i>	(US\$13,500.00)
Opening Commission <i>(incl GST)</i>	(US\$10.70)
Finance Charges	(US\$15.26)
Closing Contract Value <i>(Day 5)</i>	US\$13,400.00
Closing Commission <i>(incl GST)</i>	(US\$10.70)
Net Loss	(US\$136.66)
Margin	US\$675.00
Return on Equity (Net Loss/Original Investment)	(20.25%)

Short Example

A client is bearish on Wall Street Cash Index CFD and shorts 1 quantity worth US\$13,500 at a price of 13,500 points. The value of 1 index point is US\$1.

Scenario 1: Positions are closed 5 days later @ 13400

	CFD Bid	CFD Ask
DAY 1	13500	13506
DAY 5	13394	13400

Opening Contract Value (Day 1)	US\$13,500.00
Opening Commission (incl GST)	(US\$10.70)
Finance Charges	US\$2.77
Closing Contract Value (Day 5)	(US\$13,400.00)
Closing Commission (incl GST)	(US\$10.70)
Net Gain	US\$81.37
Margin	US\$675.00
Return on Equity (Net Gain/Original Investment)	12.05%

Scenario 2: Positions are closed 5 days later @ 13600

	CFD Bid	CFD Ask
DAY 1	13500	13506
DAY 5	13594	13600

Opening Contract Value (Day 1)	US\$13,500.00
Opening Commission (incl GST)	(US\$10.70)
Finance Charges	US\$2.77
Closing Contract Value (Day 5)	(US\$13,600.00)
Closing Commission (incl GST)	(US\$10.70)
Net Loss	(US\$118.63)
Margin	US\$675.00
Return on Equity (Net Loss/Original Investment)	(17.57%)

Please Note:

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whether the investment product is suitable for you in light of your experience, objectives, financial resources and other relevant circumstances. CFDs may not be suitable for clients whose investment objective is preservation of capital and/or whose risk tolerance is low. Clients are advised to understand the nature and risks involved in margin trading. Phillip Securities Pte Ltd reserves the right to amend the published information above without prior notice. Any CFD offered is not approved or endorsed by the issuer or originator of the underlying security and that the issuer or originator is not privy to the CFD contract. Phillip Securities Pte Ltd reserves the right to amend the published information above without prior notice. You are advised to read carefully and understand the Risk Disclosure Statement from www.phillipcf.com/download/phillipCFDRiskDisclosureStatement.pdf before undertaking transactions in CFDs.

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