Glossary of Terms Used in Lim & Tan CFD Platform

Max Credit Limit: Maximum value of open positions allowed

Ledger Balance: Cash Deposit – Commission – Realized Finance Charge +/- Realized Profit/Loss +/- Realized Credit/Debit Interest

Total Equity: Ledger Balance +/- Unrealized Profit/Loss + Market Value of Collateral Shares – Accrued Finance Charge – Accrued Debit Interest

Initial Margin (IM): Minimum amount required to open CFD positions, i.e. 10% of open positions for STI component stocks or 20% of open positions for non-STI component stocks.

IM Surplus/(Deficit): Total Equity – IM. IM Surplus is the available funds for opening new CFD positions (e.g. an order of 50,000 shares at \$1.00 for a stock of 5X leverage requires an IM Surplus of \$10,000.)

Margin Percentage: (Total Equity / IM) * 100. When Margin Percentage falls below 100%, Margin Call is triggered. When Margin Percentage falls below 75%, Force Closure is triggered.

Illustration 1:
Assume client deposits \$10,000 to long 4,000 ABC shares (STI component stock) at \$25.00.

	Description	Amount (\$)
Max Credit Limit		200,000
Initial Deposit	Cash Deposit	10,000
CFD Position	4,000 ABC (Long) at \$25.00	100,000
Initial Margin (IM)	Based on 10X leverage for STI component stocks	10,000
Total Equity	Cash Deposit	10,000
IM Surplus/(Deficit)	Total Equity – IM	0
Margin Percentage	(Total Equity / IM) * 100	100.00%
Assume \$0.50 drop in price:		
CFD Position	4,000 ABC (Long) at \$24.50	98,000
Initial Margin (IM)	Based on 10X leverage for STI component stocks	9,800
Total Equity	Cash Deposit – Unrealized Loss \$2,000	8,000
IM Surplus/(Deficit)	Total Equity – IM	(1,800)
Margin Percentage	Margin Call triggered (<100%)	81.63%
Assume \$0.70 drop in price:		
CFD Position	4,000 ABC (Long) at \$24.30	97,200
Initial Margin (IM)	Based on 10X leverage for STI component stocks	9,720
Total Equity	Cash Deposit – Unrealized Loss \$2,800	7 200
Total Equity	•	7,200
IM Surplus/(Deficit)	Total Equity – IM	(2,520) 74.07%
Margin Percentage	Force Closure triggered (<75%)	/4.U/%

Illustration 2:
Assume client deposits \$4,500 to short 10,000 XYZ shares (non-STI component stock) at \$2.00.

	Description	Amount (\$)
Max Credit Limit		100,000
Initial Deposit	Cash Deposit	4,500
CFD Position	10,000 XYZ (Short) at \$2.00	20,000
Initial Margin (IM)	Based on 5X leverage for non-STI component stocks	4,000
Total Equity	Cash Deposit	4,500
IM Surplus/(Deficit)	Total Equity – IM	500
Margin Percentage	(Total Equity / IM) * 100	112.50%
Assume \$0.10 rise in price:		
CFD Position	10,000 XYZ (Short) at \$2.10	21,000
Initial Margin (IM)	Based on 5X leverage for non-STI	4,200
	component stocks	
Total Equity	Cash Deposit – Unrealized Loss \$1,000	3,500
IM Surplus/(Deficit)	Total Equity – IM	(700)
Margin Percentage	Margin Call triggered (<100%)	83.33%
Assume \$0.20 rise in price:		
CFD Position	10,000 XYZ (Short) at \$2.20	22,000
Initial Margin (IM)	Based on 5X leverage for non-STI	4,400
	component stocks	
Total Equity	Cash Deposit – Unrealized Loss \$2,000	2,500
IM Surplus/(Deficit)	Total Equity – IM	(1,900)
Margin Percentage	Force Closure triggered (<75%)	56.81%

Illustration 3:

Assume client deposits \$20,000 to long 4,000 ABC shares (STI component stock) at \$25.00 and long 25,000 XYZ shares (non-STI component stock) at \$2.00.

	Description	Amount (\$)
Max Credit Limit		200,000
Initial Deposit	Cash Deposit	20,000
CFD Position	4,000 ABC (Long) at \$25.00	100,000 + 50,000
	25,000 XYZ (Long) at \$2.00	= 150,000
Initial Margin (IM)	Based on 10X leverage for STI	10,000 + 10,000
	component stocks and 5X leverage for	= 20,000
	non-STI component stocks	
Total Facility	Cash Danasit	20,000
Total Equity	Cash Deposit	20,000
IM Surplus/(Deficit)	Total Equity – IM	0
Margin Percentage	(Total Equity / IM) * 100	100.00%
Assume \$0.50 drop in price for ABC		
and \$0.10 drop in price for XYZ:		
CFD Position	4,000 ABC (Long) at \$24.50	98,000 + 47,500
	25,000 XYZ (Long) at \$1.90	= 145,500
Initial Margin (IM)	Based on 10X leverage for STI	9,800 + 9,500
	component stocks and 5X leverage for	= 19,300
	non-STI component stocks	
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Total Equity	Cash Deposit – Unrealized Loss \$4,500	15,500
IM Surplus/(Deficit)	Total Equity – IM	(3,800)
Margin Percentage	Margin Call triggered (<100%)	80.31%
Assume \$0.50 drop in price for ABC		
and \$0.20 drop in price for XYZ:		
CFD Position	4,000 ABC (Long) at \$24.50	98,000 + 45,000
	25,000 XYZ (Long) at \$1.80	= 143,000
Initial Margin (IM)	Based on 10X leverage for STI	9,800 + 9,000
	component stocks and 5X leverage for	= 18,800
	non-STI component stocks	
Total Equity	Cash Deposit – Unrealized Loss \$7,000	13,000
IM Surplus/(Deficit)	Total Equity – IM	(5,800)
Margin Percentage	Force Closure triggered (<75%)	69.14%