

## 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%
<b>Assume \$0.50 drop in price:</b>		
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%
<b>Assume \$0.70 drop in price:</b>		
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
IM Surplus/(Deficit)	Total Equity – IM	(2,520)
Margin Percentage	Force Closure triggered (<75%)	74.07%



**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 25,000 XYZ (Long) at \$2.00	100,000 + 50,000 = 150,000
Initial Margin (IM)	Based on 10X leverage for STI component stocks and 5X leverage for non-STI component stocks	10,000 + 10,000 = 20,000
Total Equity	Cash Deposit	20,000
IM Surplus/(Deficit)	Total Equity – IM	0
Margin Percentage	(Total Equity / IM) * 100	100.00%
	<b>Assume \$0.50 drop in price for ABC and \$0.10 drop in price for XYZ:</b>	
CFD Position	4,000 ABC (Long) at \$24.50 25,000 XYZ (Long) at \$1.90	98,000 + 47,500 = 145,500
Initial Margin (IM)	Based on 10X leverage for STI component stocks and 5X leverage for non-STI component stocks	9,800 + 9,500 = 19,300
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%
	<b>Assume \$0.50 drop in price for ABC and \$0.20 drop in price for XYZ:</b>	
CFD Position	4,000 ABC (Long) at \$24.50 25,000 XYZ (Long) at \$1.80	98,000 + 45,000 = 143,000
Initial Margin (IM)	Based on 10X leverage for STI component stocks and 5X leverage for non-STI component stocks	9,800 + 9,000 = 18,800
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%