

BOARDING PASS

YOUNG  INVESTORS

*A Beginner's Guide to
Trading/Investing In Shares
For Young Investors*



Trading Member of SGX since 1973

Welcome Note

A very warm welcome to Lim & Tan Securities!

Thank you for choosing us as your stockbroker.

Being a young investor, investing for the 1st time can be rather daunting. As such, we have prepared this guide as a basic introduction to financial literacy. This focuses mainly on shares as a form of investment by young investors. It will make you more aware of the implications of your trading decisions and to make better investment choices.

We trust that you will find this guide useful and handy and that you will have a fruitful trading experience with us!

Hello!



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Fundamental Investing Principles

- It is prudent that you do not invest all your funds in a single basket. Diversification will allow you to spread your risks.
- Be aware of your overall financial situation and keep track of your allowances, expenditure and savings.
- Establish a summary of your short, medium and long term financial goals and know your risk tolerance to determine which investment products are suitable. It is good to invest early and in securities with good fundamentals.
- Be familiar with trading rules and trading terms. You will find it easier to communicate with your trading representative and understand research reports and financial statements.



Basic Information of Shares Trading



Securities Market/Exchange

- A securities market is a place or a facility (whether electronically or otherwise) by which, offers or invitations to sell, purchase or exchange securities are done on a centralised basis.
- Exchange means the Singapore Exchange [SGX] or any other market or organisation (whether an exchange, association, body corporate or otherwise) responsible for administering a market in securities or futures contracts, commodities, options, derivatives or any other financial instrument whose contracts are cleared by, or novated to the Central Depository [CDP].

Basic Information of Shares Trading

Shares

- Shares form a part of the definition of securities as described in the Securities and Futures Act ["SFA"] (refer to MAS website <http://www.mas.gov.sg>).

Board Lot

- Designated trading size for each company listed on the SGX.
- Minimum order size is 1 board lot. Orders may be in multiples of board lot(s).
- In SGX Ready Market, the board lot is usually 100 shares, but for certain counters such as Creative Technology, the board lot is designated as 50 shares; Singtel has board lots of 10 shares and 100 shares.

Odd Lot

- Refers to a quantity that is less than a board lot and trading is in the Unit Share Market.
 - As an example, for a buy order of 1,060 ABC shares, 1,000 shares may be executed in the Ready Market and the remaining 60 shares in the Unit Share Market.
- Trades will be automatically amalgamated if done in the Ready and Unit Share Market on the same day, same action ie. buy/sell, same counter and same payment.

Basic Information of Shares Trading

Trading

A "market day" is a day on which the Exchange is open for securities trading.

SGX Trading Hours

Mondays to Fridays 09:00 - 17:00 hours

Morning Trading Phase 09:00 - 12:00 hours

Afternoon Trading Phase 13:00 - 17:00 hours

Opening Routine 08:30 - 09:00 hours

Mid day Break 12:00 - 13:00 hours

Closing Routine 17:00 - 17:06 hours

Half day Trading 09:00 - 12:00 hours

(There is no trading on weekends and Public Holidays.)



- **Opening Routine is a 30-minute session before normal trading starts at 09:00 hours. It comprises of the Pre-Open Phase and the Non-Cancel Phase.**

| Type Of Phase | |
|-------------------------|---|
| Pre-Open Phase | <ul style="list-style-type: none"> • 08:30 to 08:59 hours • Orders may be entered, reduced in quantity or withdrawn in the Ready and Unit Share Markets. • Order quantity cannot be undisclosed in the Ready Market. • The bid (offer) can be higher (lower) than the offer (bid). • No matching of orders. |
| Non-Cancel Phase | <ul style="list-style-type: none"> • 08:59 to 09:00 hours • No input, amendment and withdrawal of orders. • Orders that can be matched are matched at a single price computed based on an algorithm set by SGX-ST. The computed price will be the opening price for the day. • Unmatched orders are carried forward into the morning trading session. |

- **A Mid-Day Break is a 60-minute session that begins after morning Trading Phase, and ends before afternoon Trading Phase. It comprise a Pre-Open Phase and a Non-Cancel Phase.**

| Type Of Phase | |
|-------------------------|--|
| Pre-Open Phase | <ul style="list-style-type: none"> • 12:00 to 12:58-59 hours • Orders can be entered, modified or withdrawn in the Ready and Unit Share Markets. • The bid (offer) can be higher (lower) than the offer (bid). • No matching of orders. • This phase will end randomly at any time from 12:58 to 12:59 hours. |
| Non-Cancel Phase | <ul style="list-style-type: none"> • 12:58-59 to 13:00 hours • This phase will begin simultaneously with the end of the Pre-Open Phase, which may be at any time from 12:58 to 12:59 hours. • No input, amendment and withdrawal of orders. • Orders that can be matched are matched at a single price computed based on an algorithm set by SGX-ST. The computed price will be the opening price for the afternoon trading session. • Unmatched orders are carried forward into the afternoon trading session. |

- **Closing Routine is a 6-minute session after trading stops at 17:00 hours for normal day trading, or 12:00 hours for half-day trading. It comprises of the Pre-Close Phase and the Non-Cancel Phase.**

| Type Of Phase | |
|-------------------------|---|
| Pre-Close Phase | <ul style="list-style-type: none"> • 17:00 to 17:05 hours / 12:00 to 12:05 hours • Orders may be entered, reduced in quantity or withdrawn in the Ready and Unit Share Markets. • Order quantity cannot be undisclosed in the Ready Market. • The bid (offer) can be higher (lower) than the offer (bid). • No matching of orders. |
| Non-Cancel Phase | <ul style="list-style-type: none"> • 17:05 to 17:06 hours / 12:05 to 12:06 hours • No input, amendment and withdrawal of orders. • Orders that can be matched are matched at a single price computed based on an algorithm set by SGX-ST. The computed price will be the closing price for the day. • All unmatched orders will lapse. |

- **Trade at Close (TAC) is a 10-minutes trading phase commencing immediately after Closing Routine ends from 17:06 to 17:16 hours for normal day trading, or 12:06 to 12:16 hours for half-day trading.**

| Type Of Phase | |
|-----------------------------|--|
| Trade at Close (TAC) | <ul style="list-style-type: none"> • 17:06 to 17:16 hours / 12:06 to 12:16 hours • Orders are matched continuously only at the fixed equilibrium price established from the preceding closing auction. • TAC is available for a security on a trading day only if the closing auction for that security on that day resulted in a closing auction price; correspondingly, TAC will not be available for a security if there is no closing auction price on that day. • Unmatched limit orders from the closing routine will be carried forward to the TAC phase. • May only enter new limit orders or modify the price of an existing order with respect to the closing auction price. • Market orders, together with new limit orders at other prices or price modification of existing orders to other prices, will be reject. • May also perform other order amendments including order withdrawal during the TAC phase. • Unmatched orders at the end of the TAC phase will lapse. |

Getting Started



*Before you commence trading,
you will need to open two accounts*

1. Global Securities Account
2. Trading Account

Global Securities Account ["GSA"]

You will need to open a GSA with CDP online through their website. This securities account is for the settlement of trades. It maintains all the shares you buy on the SGX, and records the movements of the shares in and out of your account as you buy and sell. Each individual investor is allowed one GSA.

Individual Securities Trading Account with Lim & Tan Securities Pte Ltd ["LTS"]

This is an individual trading account opened to enable you to transact (i.e. to buy or sell) through us.

Getting Started

Commission, Fees & Other Charges

| Type of Account | Contract Value | Brokerage Rate | Minimum Brokerage | Effective Rate* (Less 5% mileage) |
|-----------------------------------|--------------------------|----------------|-------------------|--------------------------------------|
| Online | up to S\$50,000 | 0.28% | S\$25 | 0.266% |
| | > S\$50,000 - S\$100,000 | 0.22% | | 0.209% |
| | > S\$100,000 | 0.18% | | 0.171% |
| Cash Collateralised Trading (CCT) | - | 0.18% Flat | S\$18 | 0.171% |
| Advisory | up to S\$50,000 | 0.50% | S\$40 | - |
| | > S\$50,000 - S\$100,000 | 0.40% | | |
| | > S\$100,000 | 0.25% | | |

*Online trades earn limtan Reward Points or LinkPoints rewards

Other Charges

- SGX Trading Fee (Contract Value x 0.0075%)
- CDP Clearing Fee (Contract Value x 0.0325%)
- SGX Settlement Fee (S\$0.35 or equivalent in foreign currency per contract)
- GST [(Brokerage + SGX Trading Fee + Clearing Fee + SGX Settlement Fee) x prevailing GST rate]



Trading with Lim & Tan Securities

Basic Credit Policy For Young Investors

Young Investors Cash Account

(Refers to Clients above 18 years old and below 21 years old)

- Up to 5 times of deposit, subject to maximum Buy Limit of \$50,000/Sell limit of \$75,000 (Minimum deposit of \$500 is required)
- Only for equities listed on the Singapore Exchange.
- Clients are not allowed to trade in Specified Investment Products (Please refer to our website for details)

Young Investors Joint Account with Parents

(Refers to Clients above 18 years old and below 21 years old Joint Account with Parents)

- Up to maximum Buy Limit of \$20,000/Sell Limit of \$30,000 (No upfront deposit is required)



Cash Collateralised Trading

(Applicable only to Online Trading Accounts)

Market

- Only for Equities listed on the Singapore Exchange

Trading Limit

- Subject to approved credit limit and based on the amount of cash placed in the SGD trust account (Interest payable for SGD cash in the trust account is based on LTS's prevailing rates)

Return of Trust Monies

- Trust monies placed with LTS upon commencement of trading account will be returned to client should there be no trades up till the end of the following calendar quarter from account opening date.

Settlement

- Contra/Set off is allowed
- For non-contra trades, purchases are deducted from trust account and sales proceeds are credited to trust account on due date +1(D+1)

Custody

- Shares purchased shall be custodised in LTS' Sub-Account. Only custodised shares may be sold in the account

Quarterly Sub-Account
Maintenance Fees

Handling Fees for
Dividends received

WAIVED

Trading with Lim & Tan Securities

Settlement Process

Settlement Date

- All buy trades are to be settled on due date ie. (T+2) market day where T is the trade date.
- Sales proceeds will be paid on (T+2).
Please check with your respective banks for actual availability of funds.

Security Delivery Cut-Off Time

- Cut-off time to determine if you have sufficient shares to meet your delivery obligations (sell trade) is 12:00 hours on T+2.
- It is important that you do NOT short sell. Short sell happens when an investor sells shares that he does not own. If you fail to deliver the shares, buying-in will be instituted against the sell trade by SGX.

Buying-In by SGX

- Buying-in is from 15:30 to 17:00 hours on T+2.
- Buying-in brokerage fee charged by CDP for each contract is 1% (SGX commission of 0.75% and LTS commission of 0.25% + GST, where applicable) and a processing fee of \$75 + GST.

Penalty Imposed for Failed Delivery on T+2

- A trade is deemed a "failed settlement" if the buying-in for the shortfall is unsuccessful by the end of T+2.
- SGX will impose a penalty of \$1,000 or 5% of the value of the failed contract, whichever is higher, not bought in at the end of T+2.
- Appeals to SGX to waive the penalty will be considered on a case-by-case basis.



Source for Company Information

Before making any investment decision, it is advisable to learn more about the listed companies – their business and prospects.

Learn more about the companies at SGX's website (www.sgx.com)



Continuing Education

Live Charts

- View tick by tick data graphically on our online trading platform. Our charting data stretches from 10 years historical data to live data (subject to market access).
- Apply your favourite technical indicators or draw your own price channels, support and resistance levels.

Research

Gain free access to both our in-house research. We also conduct seminars on technical and fundamental analysis for our clients. Please contact your Trading Representative for more details.



Risks Associated with Shares Trading

1 Trading in shares can be extremely risky. The prices of shares can and do fluctuate, sometimes dramatically, and may become valueless. You should be prepared to lose all of the funds used for trading in shares. You should not fund your share trading activities with emergency funds or funds set aside for purposes such as education or home ownership.

2 In the case of shares of smaller companies (sometimes known as “penny shares”), there may be a greater risk of loss because there may proportionately be a large difference between the buying price and the selling price of these shares. If the shares have to be sold immediately, you may get back much less than the amount that you paid for them.

3 Under certain market conditions you may find it difficult or impossible to liquidate a position. This may arise from rules in certain markets (for example, the rules of a particular exchange may provide for “circuit breakers” where trading is suspended or restricted at times of rapid price movements).

4 Most trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. Disruption or failure in the electronic trading facilities could disrupt trading and the liquidity and availability of timely execution or reporting could diminish substantially.



Risks Associated with Shares Trading

- 5 For security reasons, you are to safekeep your user identification (UserID) and password to prevent unauthorised computer entry by someone other than yourself. You are solely responsible for all transactions made online under your UserID.
- 6 Where you transact shares denominated in currencies other than in Singapore dollar, or when you convert funds from another currency upon making a transaction, there is a risk that the foreign exchange rates may move against you.
- 7 Before you begin to trade, you should obtain a clear explanation of all transaction costs (i.e. commissions, fees and other charges charged by Lim & Tan Securities Pte Ltd) the clearing house and the securities exchange. These charges will affect your net profit or increase your loss. You should consider these costs in your risk assessment.

- 8 It is essential that you are able to discern the information that is available to you and do not be swayed by opinions, especially from unreliable sources. Make your own judgement call when you read investment materials and understand the concepts and strategies before applying them. Making rash decisions, especially short term speculations, can be very risky.

*Risks
to
note!*



Useful Links

We, at Lim & Tan Securities, recognize the need for constantly keeping abreast of the latest market conditions and providing you with the tools to help you decide when to enter or exit the market. It is important that you understand the market. Read up as much information as you can and not invest based on mere speculation.



Disclaimer

The contents of this guide are for information only and should not be used as a basis for making any specific investment, business or commercial decision.

The information contained in these pages is made only on a general basis and not intended to provide professional advice and should not be relied upon in that regard. It is your sole responsibility to make independent appraisals into the risks associated with your desired transaction. You are encouraged to seek professional advice if you are uncertain of the risks involved.

The information contained here is correct to the best of our knowledge and belief at the time of writing. The contents are intended to provide a guide to the subject matter and should not be treated as a substitute for the actual Acts and/or MAS Notices. The materials are strictly for your personal reference. These materials are the property of Lim & Tan Securities Pte Ltd and cannot be reproduced in any form without the prior written permission of the Management.



Trading Member of SGX since 1973

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