

## APPLICATION FOR CONTRACTS FOR DIFFERENCE (CFD) TRADING FACILITY

### A Customer's Particulars

Customer Name ..... NRIC .....

Trading A/C No ..... Trading Representative (TR) Code .....

Telephone No ..... (Home) ..... (Mobile) ..... (Office) .....

**Important Note:** CFDs may not be suitable for customers whose investment objective is preservation of capital and/or whose risk tolerance is low. Customers are advised to understand the nature and risks involved in margin trading. Trading in CFDs will and do involve risks. At the very least you must be and are prepared to risk the possibility of losing the entirety of the margin that you deposit with PSPL to establish or maintain a CFD position.

**Commission and Other Charges:** Before you sign up for this product, you should be clear about all commissions, fees and other charges for which you will be liable. These charges will affect the performance/returns of your investment.

### B Customer's Profile

It is important that you take some time to fully understand the nature and purpose of the questions posed. Please answer all the questions by checking the boxes below:

#### Part I – Your Personal Information

- What is your age?
  - Under 30 years
  - 30 to 54 years
  - 55 years and above #
- What is your highest level of education?
  - Tertiary
  - Secondary
  - Primary and below #
- How familiar and experienced are you with investments?
  - a) Specify years of trading stocks \_\_\_\_\_
  - b)  Very familiar and experienced
  - Quite familiar with some experience
  - Not familiar #
- What is your English Language Proficiency?
  - Good  Fair  Poor #  NA #
- What is your current occupation? (if retiree, state occupation before retirement)
  - Professional/ Manager/ Executive
  - Business person/ Self-Employed
  - Homemaker/ Unemployed/ Student/ NS #
  - Clerical/ Blue Collar #
  - Others, specify \_\_\_\_\_
- What is your current annual income level? (if retiree, state previous income)
  - > S\$300,000  S\$100,001 to S\$300,000
  - S\$60,001 to S\$100,000  S\$30,000 to S\$60,000
  - < S\$30,000 #
- What is your estimated current net worth?
  - > S\$2,000,000
  - S\$500,001 to S\$2,000,000
  - S\$100,001 to S\$500,000
  - S\$50,000 to S\$100,000
  - < S\$50,000 #
- What percentage of your investable/liquid assets will be invested using our services as securities dealer?
  - < 25%
  - 25% to 49%
  - 50% to 75%
  - > 75%

Note: The percentage should represent only your risk capital. In this regard risk capital means funds and assets which if lost would not change your lifestyle or your family's lifestyle.
- Are you dependent on the assets/cash that you will be using for investments or trading with or through us to meet any current or anticipated payment requirements?
  - Yes \*\*\*  No

## Part II – Investment Objectives & Risk Profile

1. Which of the following best describes your investment objectives and risk profile?

Conservative \*\*\*

I wish to achieve returns of up to 2% above bank deposit rates with lower than average risk and fluctuation in value and long-term and secure income stream.

Moderately Aggressive

I wish to achieve returns of 3% – 10% above bank deposit rates and am willing to accept occasional periods of high volatility. I fully accept that investment returns will vary substantially from year to year and that there is a high chance of capital loss in any one year. I may engage in speculative trading from time to time.

Aggressive

I wish to achieve returns of more than 10% above bank deposit rates over the short-term (under 12 months) with a tolerance for a correspondingly and significantly higher degree of volatility and risk of loss. I appreciate that there is a high chance of capital loss in individual transactions. I am willing to take substantial risks, am keen on contra transactions and have an appetite for investing in speculative shares.

2. Given your tolerance for risk and understanding that investments fluctuate in value, which of the following statements would best describe your reaction if the value of your portfolio were to decline by 5% to 10% over a short period of time?

Extremely Concerned \*\*\*

I cannot accept even temporary loss of principal.

Somewhat Concerned

I recognize that short-term losses are a normal investment risk and can tolerate even the entire loss of my investment. While I may normally hold my positions for more than two straight quarters of losses, I am unlikely to allow the entire loss of my investment but will provide liquidation orders to limit or cut my losses as I deem fit.

Not Concerned

I am primarily interested in achieving my long-term investment goals and recognize that short-term losses are a normal investment risk and I can and will tolerate the loss as a normal event. I am in any event able and willing to tolerate the loss of my entire investment against my expectation of the long-term investment value of my investments. I will of course provide liquidation orders for any investment I no longer have faith in as I deem appropriate.

## Part III – Risks of Trading

1. Having read the relevant risk warnings and disclosures with respect to Leveraged Instruments generally (including Form 13) as well as with respect to specific Leveraged Instruments –

a) I understand that transactions in OTC / Exchange Traded Leveraged Instruments carry a high degree of risk and investors may sustain large losses in response to a small but adverse movement in the price of the instrument traded in.

I Accept

b) I understand that OTC Leveraged Instruments may be very illiquid and may not have any secondary market, meaning that such instruments may be difficult to be sold within a reasonable time (if at all) or at a price which reflects its objectively perceived “fair” value. For some of such instruments it may even be difficult to get any reliable independent information about the value and risks associated with such instruments.

I Accept

2. I understand that I may be called upon at short notice to make additional margin deposits and if the required margin deposit is not made within the prescribed time, my collateral or positions may be liquidated at a loss without prior notification to me.

I Accept

**Note:**\*\*\* From the answer choice, trading in Leveraged Instruments is probably not suitable for you at all, and you should not even proceed with submitting your application for an Account with us to trade in Leveraged Instruments.

As a general guide, an investor with 5 responses as # is likely to be a vulnerable customer.

While the information on your risk tolerance is relevant and necessary to assist us in making suitable assessments in relation to you, providing the information (and any other information in this questionnaire) will not in itself have any effect on limiting your potential losses.

## CUSTOMER'S ACKNOWLEDGEMENT & AGREEMENT

I confirm that the information furnished above is materially correct and may be relied upon by you and any and all of your representatives and officers in making any suitability determination with respect to me.

I agree to notify Phillip Securities Pte Ltd (PSPL) of any material change in my personal situation and/or investment profile. I acknowledge and understand that any statements of financial goals or objectives by me does not make or imply any undertaking, agreement or guarantee by you as to the attainment or the feasibility of attainment of such goals or objectives.

I confirm that there is no other information other than what has been provided that is relevant to determining the suitability of any service or Leveraged Instrument to be marketed or offered to me.

I also acknowledge and confirm that where I come to know of any Leveraged Instrument other than through PSPL or its authorized representatives (including through newspaper and other general media advertisements) and purport to give any order for the purchase or sale of such Leveraged Instrument, my order is and will only be made after I have independently determined that such Leveraged Instrument is suitable for me to transact in.

I confirm that I have received, read and understood the terms and conditions spelt out (which may be amended from time to time) in the TERMS AND CONDITIONS OF CFD TRADING, the CFD INFORMATION SHEET and PSPL's standard CONDITIONS GOVERNING PHILLIP SECURITIES TRADING ACCOUNTS, all of which are referred to and construed as part of the agreement between PSPL and myself in respect of CFD trading (the “Agreement”). In consideration of PSPL accepting my application for and providing me a CFD account, I hereby agree to be bound by the terms of the Agreement currently in effect and as amended from time to time. I have also read the RISK DISCLOSURE STATEMENT and confirm that I am acquainted with the risks associated with trading in CFDs.

.....  
Signature of Customer / Date

.....  
Signature of TR / Date

**FORM 13**  
SECURITIES AND FUTURES ACT (Cap. 289)

SECURITIES AND FUTURES (LICENSING AND CONDUCT OF BUSINESS) REGULATIONS (Rg. 10)  
RISK DISCLOSURE STATEMENT REQUIRED TO BE FURNISHED UNDER SECTION 128(1) AND TO BE KEPT UNDER REG. 39(2)(c) BY THE  
HOLDER OF A CAPITAL MARKETS SERVICES LICENCE TO TRADE IN FUTURES CONTRACTS OR LEVERAGED FOREIGN EXCHANGE CONTRACTS

1. This statement is provided to you in accordance with section 128(1) of the Securities and Futures Act (Cap. 289) (the Act).
2. This statement does not disclose all the risks and other significant aspects of trading in futures, options and leveraged foreign exchange. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to the risks. Trading in futures, options and leveraged foreign exchange may not be suitable for many members of the public. You should carefully consider whether such trading is appropriate for you in the light of your experience, objectives, financial resources and other relevant circumstances. In considering whether to trade, you should be aware of the following:

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**a Futures and Leveraged Foreign Exchange Trading**

**(i) Effect of 'Leverage' or 'Gearing'**

Transactions in futures and leveraged foreign exchange carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract or leveraged foreign exchange transaction so that the transaction is highly 'leveraged' or 'geared'. A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit; this may work against you as well as for you. You may sustain a total loss of the initial margin funds and any additional funds deposited with the firm to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice in order to maintain your position. If you fail to comply with a request for additional funds within the specified time, your position may be liquidated at a loss and you will be liable for any resulting deficit in your account.

**(ii) Risk-Reducing Orders or Strategies**

The placing of certain orders (e.g. 'stop-loss' orders, where permitted under local law, or 'stop-limit' orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. At times, it is also difficult or impossible to liquidate a position without incurring substantial losses. Strategies using combinations of positions, such as 'spread' and 'straddle' positions may be as risky as taking simple 'long' or 'short' positions.

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**b Options**

**(i) Variable Degree of Risk**

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarise themselves with the type of options (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options would have to increase for your position to become profitable, taking into account the premium paid and all transaction costs.

The purchaser of options may offset its position by trading in the market or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a futures contract or leveraged foreign exchange transaction, the purchaser will have to acquire a futures or leveraged foreign exchange position, as the case may be, with associated liabilities for margin (see the section on Futures and Leveraged Foreign Exchange Trading above). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium paid plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that, ordinarily, the chance of such options becoming profitable is remote.

Selling ('writing' or 'granting') an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of the amount of premium received. The seller will be liable to deposit additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a futures contract or a leveraged foreign exchange transaction, the seller will acquire a futures or leveraged foreign exchange position, as the case may be, with associated liabilities for margin (see the section on Futures and Leveraged Foreign Exchange Trading above). If the option is 'covered' by the seller holding a corresponding position in the underlying futures contract, leveraged foreign exchange transaction or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, limiting the liability of the purchaser to margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

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**c Additional Risks Common to Futures, Options and Leveraged Foreign Exchange Trading**

**(i) Terms and Conditions of Contracts**

You should ask the corporation with which you conduct your transactions for the terms and conditions of the specific futures contract, option or leveraged foreign exchange transaction which you are trading and the associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of the underlying interest of a futures contract or a leveraged foreign exchange transaction and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances, the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

**(ii) Suspension or Restriction of Trading and Pricing Relationships**

Market conditions (e.g. illiquidity) or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or 'circuit breakers') may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the futures contract, and the underlying interest and the option may not exist. This can occur when, e.g., the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge 'fair' value.

**(iii) Deposited Cash and Property**

You should familiarise yourself with the protection accorded to any money or other property which you deposit for domestic and foreign transactions, particularly in a firm's insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

**d Commission and Other Charges**

Before you begin to trade, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

**e Transactions in Other Jurisdictions**

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to a rule which may offer different or diminished investor protection. Before you trade, you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of the regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you conduct your transactions for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

**f Currency Risks**

The profit or loss in transactions in foreign currency-denominated futures and options contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

**g Trading Facilities**

Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the one or more parties, namely the system provider, the market, the clearing house or member firms. Such limits may vary. You should ask the firm with which you conduct your transactions for details in this respect.

**h Electronic Trading**

Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or not executed at all.

**i Off-Exchange Transactions**

In some jurisdictions, firms are permitted to effect off-exchange transactions. The firm with which you conduct your transactions may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarize yourself with the applicable rules and attendant risks.

Note: "Margin" means an amount of money, securities, property or other collateral, representing a part of the value of the contract or agreement to be entered into, which is deposited by the buyer or the seller of a futures contract or in a leveraged foreign exchange transaction to ensure performance of the terms of the futures contract or leveraged foreign exchange transaction.

**ACKNOWLEDGEMENT OF RECEIPT OF THIS RISK DISCLOSURE STATEMENT**

This acknowledges that I have received a copy of the RISK DISCLOSURE STATEMENT and understand its contents.

Date:        
D D M M Y Y

.....  
Signature of Customer  
Name of Customer .....

.....  
Signature of Witness  
Name of Witness .....

**For Corporations Only**

Designation \* .....

Corporation name \* .....

## FORM 13

### SECURITIES AND FUTURES ACT (Cap. 289)

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