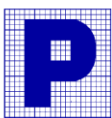


INFORMATION SHEET

SECURITIES BORROWING SERVICES

(For Local & Foreign Shares)



輝立證券私人有限公司

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Securities Borrowing Explained

Through securities borrowing, you can now “short sell” without the need to buy back stocks within the same day and yet not face a “buy-in” by the relevant stock exchange.

With our securities borrowing service, when you anticipate a fall in the price of a stock, you can borrow the stock to “short sell” and buy back at a later date.

Shorting is a classic strategy to make the best in a declining market when the momentum of stocks or overall trend of the market is poor.

Don't let the market short-change you! Make use of securities borrowing today.

Mechanics of Securities Borrowing

Step 1: Borrowing of Securities

It is advisable that you check the availability of the stocks before shorting. The list of available stocks and its respective quantity differs from day to day. An updated list may be obtained from the Securities Lending Desk or in the SBL Module on your online portal POEMS.

Step 2: Trading

After making sure that there is sufficient shares available for shorting, you may short sell in the ready market quoted by the relevant stock exchange. For trading convenience, you may perform your trades through your ordinary share trading account. However, short trades must be communicated to your trading representative (TR) for delivery.

Step 3: Depositing of Collateral

Collateral is required before the delivery of borrowed shares. It must be deposited by the next business day of the short trade. Acceptable collateral can be in the form of cash or securities prescribed by Phillip Securities Pte Ltd. All

acceptable securities will be assigned a collateralized value.

Step 4: Delivery & Settlement

Borrowed shares will be delivered against the contract on the respective “due date”.

Step 5: Returning of Securities

You may buy back the short-sold securities at any point in time. Similar to short trades, buying back of shares should be communicated to your TR after the trade is done. Note that buy-back does not automatically translate into an act of return. You can still hold on to the loaned shares. To return the stocks, you can either inform your TR or do it yourself via POEMS.

A: Borrowing Rate

Rates (interest charge for borrowing) will be confirmed upon borrowing request. Interest is charged on the total market value of stocks borrowed, and is prorated and calculated on a daily basis. Phillip Securities Pte Ltd reserves the right to adjust the interest rate from time to time.

B: Borrowing Limit

The borrowing limit available to you is determined by your sell trading limit. You may check with your TR for more details.

C: Margin Ratio (MR)

The initial margin and maintenance margin (i.e. collaterals available) for short positions have to be maintained above 130% of the market value of the shares shorted at all times. A margin call will be initiated if the MR falls below the requirement. If the MR falls between 120% and 130%, you have 2 market days to satisfy the margin call. If the MR falls below 120%, you will have to satisfy the margin call immediately or buy back the shares to reduce the short position.

$MR \geq \frac{\text{Total Market Value of Collateral}}{\text{Total Market Value of Shares Shorted}} \times 100\%$

Total Market Value of Collateral includes:

- i) Sales proceeds from short trades;
- ii) Cash deposited in the SBL account;
- iii) Market value of securities pledged;

D: Monthly Statement

A monthly statement detailing cash and stock transactions will be mailed to you every beginning of the month.

Important Reminders

- Short positions without communicating to SBL or TR for SBL settlement are subject to **forced buying-in by the relevant exchange** on due-date.
- Stocks may **not** be shorted before initiating a borrowed position. It is not guaranteed that the shorted stocks will be available for borrow. Failure to borrow may result in unavailability of shares for delivery.
- Borrowed shares, if not returned before the ex-date of dividend and/or entitlement will result in a 100% compensation of the gross dividend and/or entitlement made to the benefit of Phillip Securities.
- Phillip Securities Pte Ltd reserves the right to **recall** the borrowed shares by giving notice with at least one standard settlement period where standard settlement period varies with the different markets.
- Borrowed shares may **not** be used for any other purpose other than for shorting.

Schedule of Charges

Description	Charges (Before GST)
Administration Charge	SGD 20 per loan contract
Borrowing Rate for Shares	Interest rate varies between different counters. Minimum borrowing fee of SGD15 apply.

	Kindly contact your TR or SBL for more information.
CDP Transfer Fee (deposit / withdrawal of shares for individual direct securities account)	SGD 10 per counter
Contract Settlement Fee	SGD 0.35 per contract
Negative (debit) Cash Ledger Interest	6% per annum

Charges are subject to change. Please refer to www.poems.com.sg for more information and updates

An Illustrated Example

MR ≥ Total Market Value (MV) of Collateral x 100%
Total Market Value (MV) of Shares Shorted

Example: Pledged \$2,000 cash and borrowed \$20,000 worth of shares. Sold \$6,000 worth of shares borrowed.

Total Collateral = \$2,000 (collateral) + \$6,000 (sales proceeds) = \$8,000

Scenario 1: No Margin call (MV of Shares unchanged)

MR = \$8,000 / \$6,000 x 100% = 133%

Margin call will be triggered if MV of borrowed shares **increases** and collateral is insufficient.

Scenario 2: No Margin call (MV of Shares increases)

Subsequently, share price increases and MV of shares appreciated to \$6,500. Hence:

Total Collateral = \$2,000 (collateral) + \$6,000 (sales proceeds) = \$8,000

MR = \$8,000 / \$6,500 x 100% = 123%

*** Margin call will be triggered ***

To fulfill the margin call:

- Option 1: Top up with cash to restore MR to 130%
- Option 2: Reduce short position by buying back from the market.

Disclaimer

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You may wish to seek advice from a qualified financial adviser, pursuant to a separate engagement, before making a commitment to purchase any of the investment products mentioned. In the event that you choose not to seek advice from a qualified financial adviser, you should assess and consider whether the investment product is suitable for you before proceeding to invest and we do not offer any advice in this regard unless mandated to do so by way of a separate engagement.