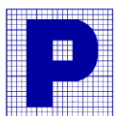


# INFORMATION SHEET

## SECURITIES LENDING SERVICES (For Local & Foreign Shares)



輝立証券私人有限公司

**PHILLIP SECURITIES PTE LTD**

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Co. Reg. No. 197501035Z GST Reg. No. M2-0021956-2

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email us at [psbl@phillip.com.sg](mailto:psbl@phillip.com.sg)

### Securities Lending Explained

If you hold securities, you can now lend\* them out while waiting to sell at the right price. Our securities lending service acts as an avenue for you to earn a lending fee instead of letting your securities sit in your securities account. Such service potentially enhances the yield of your portfolio in a relatively low risk manner. Furthermore, lending your securities will not cause any disruption to trading activities as you can still sell your securities even though you have lent them\*\*.

Rather than allowing your securities to sit in the securities account without generating any income, why not sign up to loan your securities and stretch their potential?

\*Securities lending involves a transfer of title. If you wish to retain voting rights, the shares will have to be recalled.

\*\* Securities will have to be sold using your trading account with Phillip Securities.

### Key Benefits of Securities Lending

- ☑ Potentially Enhances Yield of Portfolio – Receive a lending fee (on a monthly basis) when your securities are loaned out
- ☑ No Minimum Lock-in Period – Lend your securities for any period that you are comfortable with
- ☑ No Disruption to Trading Activities - Sell any time even if your securities are loaned out
- ☑ Hassle Free – All administrative work will be handled by Phillip Securities

### Risks Involved in Securities Lending

- Counterparty Risk - However, this risk is mitigated in that a lender only looks to Phillip Securities, a reputable financial institution, as the borrower. Phillip Securities in turn requires borrowing clients to provide collateral of at least 105% of the market value of the loan when it on-lends securities to them.
- Temporary Loss of Ownership Rights - In entering into the lending agreement, a lender will temporarily lose ownership rights to the securities. In its place, the lender has a right to claim for equivalent securities from Phillip Securities. Insofar as the lender receives manufactured dividends, he / she may be required to treat the entire amount received as income for tax purposes.

### Mechanics of Securities Lending

#### **How to be ready to lend?**

Making your securities available for loan can be easily accomplished in three simple steps:

- Step 1:* Open a Securities Borrowing & Lending (SBL) account
- Step 2:* Sign a securities lending agreement
- Step 3:* Custodize your securities with Phillip Securities

Note:

1. To make your existing securities that are custodized in your direct securities account with the Central Depository Pte Ltd (CDP) available for loan, you will need to transfer those securities from your direct securities account to your SBL account by submitting a “CDP 4.2 Request for Transfer of Securities” form.

- To make your new purchases available for lending, simply inform your trading representative (TR) no later than 5pm on T+1 and the securities purchased will be credited to your SBL account on settlement day. Funds have to be received in your SBL account by 10 a.m. on contract due date to settle the purchase.

#### How is the lending fee calculated?

Lending fee receivable is calculated on a daily basis and accrued on a monthly basis.

**Daily lending fee** is calculated by using:

$$\frac{\text{LDP} \times \text{Qty} \times \text{Lending Rate}}{365}$$

Where: LDP = Last Done Price (at closing)

This fee earned will be credited to your SBL account in the following month.

#### How will you know that your securities are lent?

You will be notified via a letter from Phillip Securities which sets out the terms of securities lent, namely, the name of the securities lent, quantity, commencement date as well as the lending rate secured. The lending rate will only be confirmed when the securities are lent out. A separate notification will be sent to you when the securities are returned.

You can also check your lending position by logging into POEMS Online, in the SBL module at [www.poems.com.sg](http://www.poems.com.sg).

#### Schedule of Charges

Description	Charges (inclusive of GST)
CDP Transfer Fee  (deposit / withdrawal of shares for individual direct securities account)	SGD 21.40 per counter
Custody Fee	NIL
Contract Settlement Fee	SGD 0.535 per contract
Negative (debit) Cash Ledger Interest	
SGD	6% p.a.
USD	7% p.a.
HKD	6% p.a.

*Charges are subject to change. Please refer to [www.poems.com.sg](http://www.poems.com.sg) for more information and updates.*

#### Disclaimer

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Investments are subject to investment risks. You may sustain losses in excess of your initial funds

and may be called upon to deposit additional margin funds at short notice. If the required funds are not provided within the prescribed time, your positions may be liquidated. The resulting deficits in your account are subject to penalty charges. The value of investments denominated in foreign currencies may diminish or increase due to changes in the rates of exchange. You should also be aware of the commissions and finance costs involved.

You may wish to obtain 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.

You are advised to read the trading account Terms & Conditions and Risk Disclosure Statement (Available at [www.poems.com.sg](http://www.poems.com.sg)) before trading in investment products.

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Jan 2017