

**PhillipCapital**  
**Your Partner In Finance**

**Phillip Capital Trading Pty Ltd**

CFD Platform and Product Information Guide

*28 March 2018*

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# 1. Introduction

This **CFD Platform** and **Product Information Guide** is produced by Phillip Capital Trading Pty Ltd (ABN 68 066 066 911) (**PhillipCapital**).

PhillipCapital has an Australian Financial Services Licence (Number 246796).

This **CFD Platform** and **Product Information Guide** accompanies the PhillipCapital Product Disclosure Statement (“**PDS**”) dated **28 March 2018** as well as the CFD Terms and Conditions document dated **28 March 2018**. These documents are incorporated by reference into the PDS and form part of the agreement under which we will provide products and services to you.

The purpose of this **CFD Platform and Product Information Guide** is to show prospective investors:

- The different electronic CFD Trading Platforms utilised by PhillipCapital.
- The different CFD Products PhillipCapital deals in.
- Examples of the different Products using the different Trading Platforms utilised by PhillipCapital.

Our Account opening and contract documents are available on our website at <https://www.phillipcapital.com.au> or by email (email to [supporttrading@phillipcapital.com.au](mailto:supporttrading@phillipcapital.com.au)) free of charge at your request

## 2. Trading Platforms used by PhillipCapital.

Currently PhillipCapital is operating its CFD business through two electronic Trading Platforms being **Phillip Capital CFD-Trader (Phillip Capital CFD-Trader)** and **Meta Trader 4 (MT4)**.

These two Trading Platforms offer some services that are the same as each other, but also offers services which are different. The main differences of these two Platforms are illustrated below. Further you are able to compare the Philip Capital platforms utilised by <https://www.phillipcapital.com.au>.

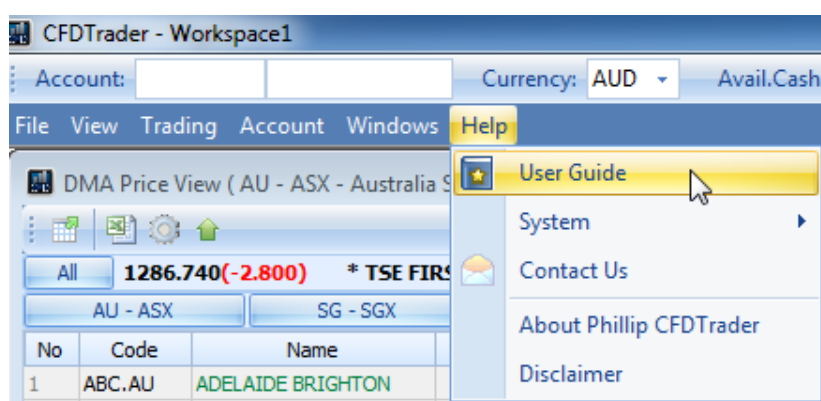
### 2.1 Phillip Capital CFD-Trader

**Phillip Capital CFD-Trader** is a PhillipCapital proprietary trading platform specialising in CFDs. Phillip Capital CFD-Trader is available as a desktop application.

For the desktop platform go to <https://www.phillipcapital.com.au>

#### 2.1.1 Phillip Capital CFD-Trader. Function and Operation

For detailed information regarding the function and operation of Phillip Capital CFD-Trader please refer to the "User Guide" as illustrated below in the **Phillip Capital CFD-Trader** desk top application. The User Guide is accessed under the 'Help' menu within the CFD-Trader platform.



#### 2.1.2 Phillip Capital CFD-Trader. Features.

**Phillip Capital CFD-Trader** includes the below features when trading CFDs. The features can be accessed from the menu system at the top of the trading platform.

- **Price View window** provides live or delayed CFD prices
  - **DMA Watch List** includes all DMA Share CFDs
  - **CFD Watch List** includes all CFDs that are not DMA
- **Order Status** window provides information about the status of processed, filled or working orders
- **Order Ticket** is used to place CFD orders and provides important information on an order being placed including
  - Cash available for new trades
  - Available credit (exposure limit) free for trading.
  - Margin Required for a trade.
  - Commission and Finance charges for a specific order.
- **Account Management** window details open and closed positions, trades done, transaction history including fees & charges and a live account summary.
- **Charting** is available by right clicking on a CFD counter in the Price View window.
- **Alerts** window allow traders to set email and visual alerts.
- **Announcement Page** provides additional information and important announcements such as outages or market information.
- Watch List Editor and Contract Explorer are used to build watch lists within the Price View window.

### 2.1.3 Phillip Capital CFD-Trader. Available Markets

Phillip Capital CFD-Trader offers various markets for trading CFDs. An up-to-date list of markets is shown in section 3.

### 2.1.4 Phillip Capital CFD-Trader. Order Types

Order types available on Phillip Capital CFD-Trader vary depending on the CFD Counter or exchange traded. Below is a summary of order types currently available. Available order types may expand as system capability develops, please refer to the Phillip Capital CFD-Trader order ticket as per the screen shot below for order types on a specific counter.

Phillip Capital CFD-Trader	Market Made CFDs					DMA Share CFDs <sup>1</sup>	
Order Types	World Indices	Singapore	Malaysia	Hong Kong	United States	Australia	Singapore
Limit Order	✓	✓	✓	✓	✓	✓	✓
Stop Limit Order	✓	✓	✓	✓	✓	✓	✓
Trailing Stop Order		✓	✓	✓			✓
OCO Order		✓	✓	✓	✓	✓	✓
If Done		✓	✓	✓			✓
Contingency Order		✓	✓	✓			✓
Market Order					✓		

Below is an example of a Phillip Capital CFD-Trader Order Ticket.

The screenshot shows the 'Order Ticket - AAD.AU' window. At the top, there are 'Bid' and 'Ask' buttons with prices 3.030 and 3.040 respectively. Below this, the 'Account' field contains 'op00715' and 'DEM11'. The 'Contract Name' is 'ARDENT LEISURE GROU' and the 'Contract Code' is 'AAD.AU'. The 'Direction' is set to 'Buy'. The 'Order Type' dropdown menu is open, showing options: 'DMA Limit', 'DMA Stop Limit', 'DMA If Done', and 'DMA OCO'. The 'Limit Price' is '3.040' and the 'Contract Value' is '3.04 AUD'.

<sup>1</sup> PhillipCapital sends a corresponding order to the exchange for the counter upon receipt of the customers DMA Share CFD order

## PhillipCapital CFD-Trader. DMA Share CFD Stop Limit Order triggering example

Below is an example of a **DMA Share CFD** Stop Limit Order.

At 10.00am the market price for the stock ABC is A3.90/ A3.91 (CFD Bid/ CFD Ask).

At 10.05am the Client places the following order:

<b>Platform</b>	Phillip Capital CFD-Trader
<b>Action</b>	New Short Sell
<b>CFD Type</b>	DMA CFD
<b>Quantity</b>	2000 CFDs
<b>Order Type</b>	Stop Limit Entry
<b>Order Detail</b>	3.88 on stop limit 3.85

At 12.00pm, if the last traded price drops to A\$3.88, it matches the stop price. The stop limit order is then triggered, thereby prompting the system to perform a short selling availability check (quantity) for this stock. If the system returns with a nil quantity available for short selling, the order will be rejected. If short selling is not available for the chosen CFD the order is rejected at order trigger and not at the order submission.

Clients should note that all orders will be matched off for settlement on a First-in First-out (FIFO) basis. PhillipCapital reserves the right to withdraw any orders in the event of a price error arising from an erroneous price feed.

Clients may close out an existing DMA Share CFD position by submitting an order based on the opposite leg of an existing DMA Share CFD position. Once again, all orders are matched off for settlement on a first-in-first-out (FIFO) basis.

Please note that a Market Made CFD order cannot be used to close out a DMA Share CFD position and vice versa.

Should the client choose to do so, he or she will end up with open positions on both Market Made Share CFDs and DMA Share CFDs and may require additional margin. Also order rules may apply to DMA Share CFDs.

### Phillip Capital CFD-Trader. Order Duration

By default all orders in Phillip Capital CFD-Trader are placed DAY only indicating that they will be purged at the end of the relevant trading session and expire. This includes Stop Limit (Stop loss) orders. Orders that are placed DAY online (including protection orders) must therefore be replaced by the customer on a daily basis. Some markets may offer GTD (Good Till Dead) order duration which extends the life of an order. The customer can review the available Duration of orders on the Phillip Capital CFD-Trader Order Ticket.

### 2.1.5 Phillip Capital CFD-Trader. DMA Share CFD Order Restrictions & Rules

Please note that orders placed on DMA Share CFDs are subject to execution and order rules dictated by the underlying exchange in line with direct share trading. Customers should familiarise themselves with exchange order and execution policies prior to trade to ensure smooth and accurate order placement and execution. For more information please refer to section 3.3.5 of this CFD Platform and Product Information Guide.

### 2.1.6 Phillip Capital CFD-Trader. Multi Currency Ledger

Phillip Capital CFD-Trader operates a multi-currency ledger with foreign currency profits or losses resulting from CFD trades held in the clients account as a separate currency balance. It is the customer's responsibility to manage foreign currency balances and exposure by requesting manual conversion back to the home currency. Debit interest as outlined in the PDS is applied to negative foreign currency balances resulting from trading losses.

### 2.1.7 Margin Excess / Deficit Interest<sup>2</sup>

We do not pay interest to Clients on money held by us in a separate account or on money paid to us as Margin. This may be regarded as a cost, as you will have lost the opportunity to obtain interest (or some other return) on that money elsewhere.

Margin Deficit will incur a penalty debit interest charge of as stated in the below table:

Currency	Interest on Debit Balance
AUD	RBA Cash Rate Target + 4.00% p.a.
SGD	6.00% p.a.
saUSD	7.00% p.a.
HKD	7.00% p.a.
JPY	4.20% p.a.

### 2.1.8 Phillip Capital CFD-Trader. Client Statements

In addition to the information held on Phillip Capital CFD-Trader, clients are provided with Daily statements via email when a trade is executed or an open position exists. Daily statements give detail to all trading activity during the day including fees, charges and open positions. In addition the client will receive a month end statement summarising monthly activity. It is encouraged that statements specifically month end are kept for future reference and use.

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<sup>2</sup> Interest rates may change from time to time at the sole discretion of PhillipCapital.

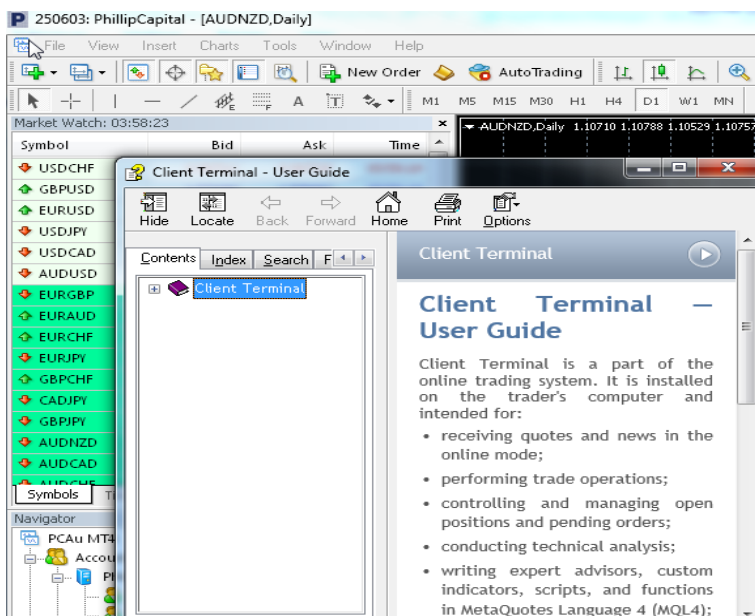
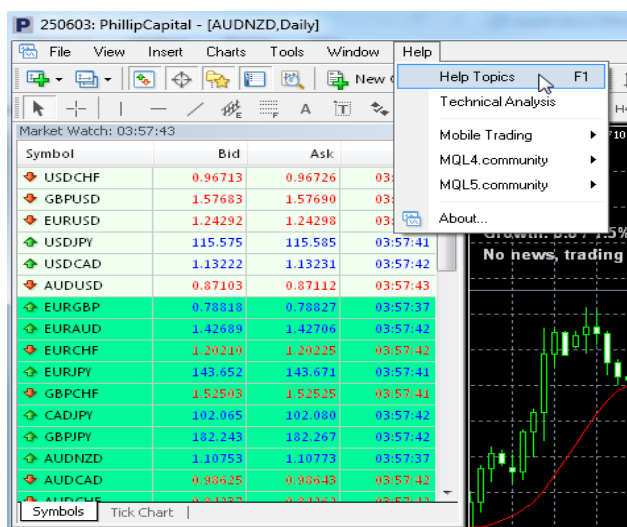
## 2.2 Meta Trader 4 (MT4)

MT4 is a third party electronic Platform application that PhillipCapital operates under license for the use in trading CFDs. MT4 is available as a desktop application and mobile application for Android, iPhone and iPad.

For the desktop and mobile applications please visit the platform download page on our website <https://www.phillipcapital.com.au>.

### 2.2.1 MT4. Function and Operation

For detailed information regarding the function and operation of MT4 please refer to the MT4 "User Guide" accessed under the 'Help' menu within the MT4 platform.





### 2.2.2 MT4. Features

MT4 includes the following features for use in trading CFDs which can be accessed from the menu system at the top of the trading platform.

- **Order Ticket** is used to place CFD orders
- **Charting** provides price information and analysis
- **Market Watch** window provides live or delayed CFD prices
- **Navigator** window provides information about live or demo accounts the user is logged into, indicators that can be added to charts or EA's available for trade
  - Easy Advisers (EA's) are native to MT4 and describe algorithms that can be loaded to the MT4 platform for Auto or Semi Auto trading..
- **Trade** tab provides information about the status of working orders
- **Account History** tab provides information about processed or filled orders
- **News** provides streaming news information about relevant markets
- **Alerts** window allow traders to set email and visual alerts
- **Mailbox** tab is an internal MT4 mailbox for messaging.
- **Company** tab provides access to the PhillipCapital website
- **Market** tab gives access to the MT4 community market place.
- **Signals** tab gives access to signals provided by the MT4 community.
- **Code Base and Experts** tabs gives access to EA's or code shared by MT4 community users
- **Announcement Page** provides additional information and important announcements such as outages or market information
- **Journal** tab gives access to account journal detailing activity on the customers system.

### 2.2.3 MT4. Available Markets

MT4 offers various markets for trading CFDs, an update list of markets is shown in section 3.5 & 3.6 or is available from <https://www.phillipcapital.com.au>

### 2.2.4 MT4. Order Types

MT4 offers the following order types on all CFDs available on the platform

- Market Order
- Limit Order
- Stop Loss Order
- OCO Order (One Cancels Other)
- Trailing Stop Loss Order

### 2.2.5 MT4. Hedge Mode

All MT4 orders are processed in hedge mode indicating that a client can hold long and short positions in the same counter at the same time. Each time a new order ticket is opened and a trade executed a new line will appear in the Trade tab representing an additional open position. Corresponding buy and sell positions will not match off in MT4. This does allow customers to trade long and short positions at the same time however holding long and short positions exposes the customer to SWAP fees on both the long and short legs. SWAP rates can be viewed by right clicking on the market watch window and selecting symbols. To remove or close a position, customers must double click on the position in the Trade Tab and close the position directly.

### 2.2.6 MT4. Order Duration

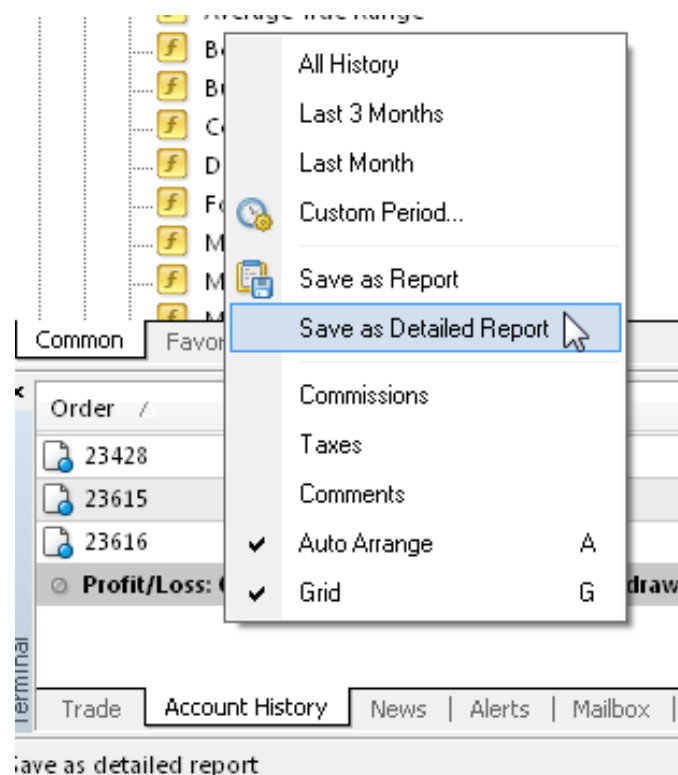
All orders placed in MT4 are Good Till Cancelled (GTC) indicating they will remain working until filled or cancelled by the client.

### 2.2.7 MT4. Base Currency and Auto Conversion

Client accounts in MT4 are opened in a home or base currency, for example USD or AUD as requested by the customer representing the physical funds deposited. CFD trades resulting in profit & loss in a foreign currency (different from the account base currency) will be auto converted by the MT4 system back to the customer's base currency at the close of trade. Auto conversion of profit & loss minimises foreign currency exposure and risk and no action is required by the customer.

### 2.2.8 MT4. Client Statements

The MT4 system generates daily and monthly statements detailing customer activity which are distributed by email. Reports can also be run directly from within the client terminal by selecting the Account History tab and right clicking to open the report menu.



## 3. CFD Products

This section explains the different CFD products that clients are able to trade through PhillipCapital. In doing so, we show working examples of those CFD products, and the two different trading Platforms PhillipCapital currently uses (Platforms illustrated in Section 2).

You will see that some of the following subsections are similar to various sections of the PDS. We have provided this for the sake of assisting prospective investors to clarify various aspects in this Platform and Product Information Guide.

### 3.1 CFDs and Key Products

#### 3.1.1 What are contracts for difference (CFDs)

CFDs are an agreement between 2 parties to settle the difference between the opening and closing prices of the contract multiplied by the number of units of the underlying asset specified in the CFD. CFDs allow customers to participate in the price movement of an underlying Market without actually owning the asset. The underlying Market on which a CFD is based can include shares, a stock index, a commodity, currencies etc. You do not own any rights to the underlying Market or asset.

#### 3.1.2 Key Features of CFDs

Derivative Products

CFDs are derivative products and their prices track the underlying Market closely.

Short Selling

CFDs allow customers to trade both long and short exposures.

Leverage

As CFDs are leveraged products and traded on Margin, customers only require a small percentage of the total Contract Value to establish a position.

**Note: PhillipCapital reserves the right to vary the required Margin for CFDs and restrict or reduce each customer's trading limit without prior notice.**

Sophisticated Trading Strategies

Customers have the added ability to manage risk on an existing share portfolio against adverse Market conditions by using CFDs to hedge exposure via strategies such as pairs trading.

### 3.2 Types of CFDs

PhillipCapital offers trading in the below CFD products:

- **Share CFDs** for both **DMA Share CFDs** and **Market Made Share CFDs**. (Section 3.3)
- **World Indices CFDs** (Section 3.4)
- **Global Index CFDs** (Section 3.5)
- **Global FX & Commodity CFDs** (Section 3.6)

*The following sections provides a summary of the above types of CFD Products and working examples.*

### 3.3 Share CFDs. DMA Share CFDs and Market Made Share CFDs

#### 3.3.1 Share CFDs offered by PhillipCapital

The **DMA Share CFDs** and **Market Made Share CFDs** (both **Share CFDs**) offered by PhillipCapital in various markets for prospective investors are as set out below.

Country	Stock Market	Initial Margin From	Settlement Currency	Contract Size (1 CFD)	Min Trade Size	Order Submission Hours AEST	Non Submission Period AEST	Platform Traded	Queue Restriction	Expiry	Dividend Adjustment
<b>DMA Share CFDs</b>											
Australia	ASX Shares	5%	AUD	= 1 Share	1	0950hrs -1600hrs	1601hrs - 0949hrs	Phillip Capital CFD-Trader	20%	N/A	Yes
Singapore	SGX Shares	10%	SGD	= 1 Share	1000	1030hrs -1900hrs	1905hrs - 1915hrs 0700hrs - 0900hrs	Phillip Capital CFD-Trader	20%	N/A	Yes
<b>Market Made Share CFDs</b>											
Singapore	SGX Shares	10%	SGD	= 1 Share	1000	1101hrs –1859hrs	1859hrs – 1915hrs	Phillip Capital CFD-Trader	20%	N/A	Yes
Hong Kong	HKSE Shares	10%	HKD	= 1 Share	200	1116hrs – 1400hrs 1500hrs – 1758hrs	1758hrs – 1715hrs	Phillip Capital CFD-Trader	20%	N/A	Yes
Malaysia	KLSE Shares	10%	MYR	= 1 Share	100	1101hrs – 1430hrs 1630hrs – 1845hrs	0700hrs – 0900hrs 1845hrs – 1900hrs	Phillip Capital CFD-Trader	20%	N/A	Yes
United States	AMEX, NASDAQ, NYSE Shares	10%	USD	= 1 Share	1	0900hrs – 0600hrs next day (DS) OR 0900hrs – 0700hrs next day (Non-DS) 0900hrs – 0600hrs next day (DS) OR 0900hrs – 0700hrs next day (Non-DS)	0559hrs – 0615hrs 0700hrs – 0900hrs (DS6) OR 0659hrs – 0900hrs (Non-DS7)	Phillip Capital CFD-Trader	15%	N/A	Yes

For an updated list of available Share CFDs and markets please visit <https://www.phillipcapital.com.au> and select the relevant market under 'Available Markets' menu.

Please see the below as to the Information relating to the above table.

- **Stock Market** refers to the exchange on which underlying shares are traded over which CFDs are offered.
- **Initial Margin** is the range of security deposit required on a Share CFD, specific margin requirements for each CFD Counter can be viewed on CFD-Trader order ticket prior to order placement, on the CFD-Trader Announcement Page or by visiting <https://www.phillipcapital.com.au>
- **Settlement Currency** is the currency in which P/L is calculated and settled.
- **Contract Size** refers to the CFD contract size relative to the underlying instrument and its respective multiplier if any.
- **Min Trade Size** is the minimum allowable order size that can be placed. Note some markets will move up in set increments prompted by CFD-Trader order ticket.
- **Order Submission Hours AEST** are periods when orders can be placed on the trading platform.
- **Non Submission Period AEST** are times when orders are unable to be placed on the trading platform.
- **Platform Traded** refers to the trading platform the CFD contract is able to be accessed on.
- **Queue Restriction** apply to limit orders queued below/above existing bid/ask prices. Orders placed beyond these restrictions eg 20% will be rejected.
- **Expiry** refers to the number of days or period of a contract life.
- **Dividend Adjustment** refers to CFD counters in which Dividend Adjustments Apply.

### **3.3.2 Share CFDs. Impact of Corporate Actions**

#### **3.3.2(a) Dividends. Share CFDs**

Impact of Corporate actions of underlying securities that apply are as follows:

- A dividend adjustment will apply to all Share CFDs one market day after the ex-date of the underlying shares.
- Dividend adjustments will be credited or debited based on the customer's outstanding CFD positions (as of market close).
- For example, the net dividend adjustment will be credited to the customer's account for long positions in all Share CFDs, and/ or World Indices CFDs while the gross dividend adjustment will be debited from the customer's account for short positions in all Share CFDs and/ or World Indices CFDs.
- Dividend adjustments will be made in the currency as declared by the company. Where PhillipCapital does not provide a ledger for the declared currency, the dividend adjustment will be made in AUD.
- In the event of scrip dividends, customers with long positions (as of market close) will receive credit dividend adjustments while customers with short positions will not receive the entitlement and will have to close off all positions one market day before ex-date.
- For Asian markets (Singapore, Malaysia and Hong Kong), the dividend adjustments will be credited/ debited one market day after the ex-date after market close. For US markets, the dividend adjustments will be credited/ debited on ex-date after market close.
- Dividends adjustments are denominated in the respective instrument's settlement currencies.

#### **3.3.2 (b) Bonus, Security Splits, and Consolidation of Securities. Share CFDs**

Quantity and price adjustment will apply to all Share CFDs to reflect the market equivalent. This is not applicable to World Indices CFD.

Notwithstanding the foregoing, PhillipCapital reserves the right to close all open positions relating to the underlying security before the ex-date for any corporate action not mentioned above. In the event there is a combination of Corporate Actions ("CA-Cum All"), where it includes corporate actions other than the above mentioned, customers may not be able to enjoy the entitlement and may be required to close off all open positions before the ex-date. e.g. ABC stock announces AUD\$0.05 dividend per share (which PhillipCapital CFD caters for) & 1 for 10 rights issue at AUD\$0.60 (which Phillip Capital CFD does not cater for). Ex-date for both Corporate Actions is on the same day. Customers who are holding the above CFD positions will not be entitled to both the rights & dividends and will have to liquidate their CFD positions before ex-date.

#### **3.3.2 (c) Rights Issues. Share CFDs**

If a rights issue applies to a Share CFD, the following will apply:

- Rights will be credited to clients with long positions held past the ex-date.
- The share rights will be credited into clients' CFD accounts on the first trading day of the rights at a traded price of zero and at the similar margin requirement as with the underlying share. Clients must liquidate ALL the rights before the last trading day of the rights otherwise the rights will expire worthless. Commission is chargeable for the liquidation of these rights.
- Positions for the rights will appear in the account management page on the second day of trading.
- Subscription for the rights issue and/or opening of new positions on the rights is not allowed.

### **3.3.3 Share CFDs. Settlement Currencies**

All PhillipCapital CFD contracts will be settled in the respective traded currencies.

There will not be any auto conversion from traded currencies to AUD and vice versa. Customers can request conversion manually by contacting their trading representative.

For Phillip Capital CFD-Trader a customer's MYR (Malaysian Ringgit) ledger will not be allowed to go into deficit and will automatically be converted into AUD should a deficit occur. For all other currencies (should there be any Margin deficit in the respective ledger), customers should submit currency conversion requests.

### **3.3.4 Share CFDs. Live Price Feeds**

Default Share CFD prices viewed on the client platform are delayed by 20 mins. In order to view live prices for Share CFDs customers are required to subscribe by signing the Live Data Agreement. Live Share CFD data incurs a monthly fee which varies depending on exchange. The live data agreement can be accessed via the Announcement page on the Phillip Capital CFD-Trader and outlines fees associated with selected exchanges. Once subscribed live data fees are charged monthly until the client requests the service to be stopped. Exchanges available for live data subscription include the following:

- Australian Stock Exchange - ASX
- US Stock Exchanges – AMEX, NASDAQ, NYSE
- Hong Kong Stock Exchange - HKSE
- Malaysia Stock Exchange – KLSE

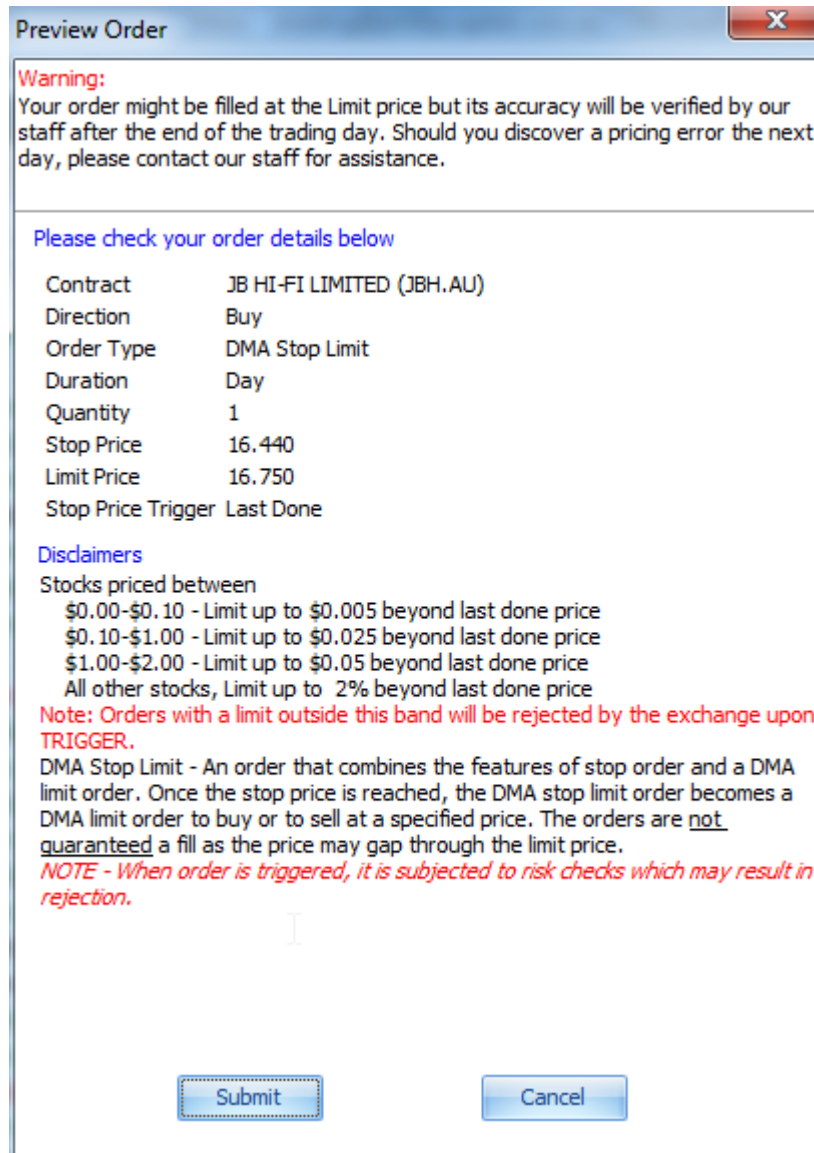
### **3.3.5 Share CFDs Order Rules specifically DMA Share CFDs**

Please note that orders placed on DMA Share CFDs are subject to execution and order rules dictated by the underlying exchange in line with direct share trading. Customers should familiarise themselves with exchange order and execution policies for the underlying markets on DMA Share CFDs prior to trade to ensure smooth and accurate order placement and execution. More information can be gained from the relevant exchange websites.

- [www.asx.com.au](http://www.asx.com.au)
- [www.sgx.com](http://www.sgx.com)
- [www.nyse.com](http://www.nyse.com)
- [www.nasdaq.com](http://www.nasdaq.com)
- [www.amex.com](http://www.amex.com)

### Example: ASX Stop Limit Order Rule

An example of an order restriction is the placement of STOP LIMIT orders for DMA Share CFDs on the ASX. On the ASX, Phillip Capital CFD-Trader limits the placement of orders more than 2% (for stocks priced above \$2.00) beyond the last traded price. Therefore the distance between the Stop Price and Limit Price of a Stop Limit Order can be no more than 2% based on the stop price. Incorrect Stop Limit Order placement will result in order rejection at time of trigger. Important information is displayed on the order ticket prior to order placement. For ASX Share CFD trading customers at account opening will be required to sign the ASX Trading Acknowledgement confirming their understanding of this function.



**Warning:**  
Your order might be filled at the Limit price but its accuracy will be verified by our staff after the end of the trading day. Should you discover a pricing error the next day, please contact our staff for assistance.

Please check your order details below

Contract	JB HI-FI LIMITED (JBH.AU)
Direction	Buy
Order Type	DMA Stop Limit
Duration	Day
Quantity	1
Stop Price	16.440
Limit Price	16.750
Stop Price Trigger	Last Done

**Disclaimers**  
Stocks priced between  
\$0.00-\$0.10 - Limit up to \$0.005 beyond last done price  
\$0.10-\$1.00 - Limit up to \$0.025 beyond last done price  
\$1.00-\$2.00 - Limit up to \$0.05 beyond last done price  
All other stocks, Limit up to 2% beyond last done price  
**Note: Orders with a limit outside this band will be rejected by the exchange upon TRIGGER.**  
DMA Stop Limit - An order that combines the features of stop order and a DMA limit order. Once the stop price is reached, the DMA stop limit order becomes a DMA limit order to buy or to sell at a specified price. The orders are not guaranteed a fill as the price may gap through the limit price.  
**NOTE - When order is triggered, it is subjected to risk checks which may result in rejection.**

### 3.3.6 Share CFDs. Maximum Order Placement Phillip Capital CFD-Trader

The maximum order placement for Phillip Capital CFD-Trader is as follows:

- Maximum contract value per order: S\$300,000 DMA CFD (whichever has a lower contract value)
- Maximum quantity per order: 500,000 shares
- Maximum contract value per order: S\$500,000

It is therefore highly recommended for you to split large orders into multiple smaller ones for submission.



## Share CFDs. Working Examples

### 3.3.7(a) DMA Share CFDs. Long Example

The below is a working example of a share CFD. Please note that although this is a DMA Share CFD example, from a general perspective, it would also apply to a Market Made Share CFD.

A client is “bullish” on XYZ component stock and decides to buy (go LONG) 15,000 shares of XYZ at \$2.30.

Alternatively the client can choose to trade 15000 XYZ DMA CFDs to obtain an equivalent exposure to the underlying stock. Assume margin requirement for XYZ DMA CFD is 10% with leverage of 10 times.

	Scenario 1: Positions are closed 20 days later @A\$2.50		Scenario 2: Positions are closed 20 days later @A\$2.10	
Original Investment	Long DMA CFD A\$3,450	Long Shares A\$34,500	Long DMA CFD A\$3,450	Long Shares A\$34,500
Quantity (shares)	15,000	15,000	15,000	15,000
Opening contract value(Day 1)	A\$34,500	A\$34,500	A\$34,500	A\$34,500
Opening commission(incl. GST)	$A\$34,500 \times 0.1\% \times 1.1 = (A\$37.95)$	$A\$34,500 \times 0.5\% \times 1.1 = (A\$189.75)$	$A\$34,500 \times 0.1\% \times 1.1 = (A\$37.95)$	$A\$34,500 \times 0.5\% \times 1.1 = (A\$189.75)$
Finance Charge <sup>3</sup>	$A\$34,500 \times 5.5\% \times 20/365 = (A\$103.97)$	A\$0	$A\$34,500 \times 5.5\% \times 20/365 = (A\$103.97)$	A\$0
Closing contract value (Day 20)	A\$37,500	A\$37,500	A\$31,500	A\$31,500
Closing Commission (incl. GST)	$A\$37,500 \times 0.1\% \times 1.1 = (A\$41.25)$	$A\$37,500 \times 0.5\% \times 1.1 = (A\$206.25)$	$A\$31,500 \times 0.1\% \times 1.1 = (A\$34.65)$	$A\$31,500 \times 0.5\% \times 1.1 = (A\$173.25)$
Net Gain/Loss	A\$2,816.83	A\$2,604.00	(A\$3,176.57)	(A\$3,363.00)
Return on Equity (Net Gain/Original Investment)	81.65%	7.55%	(92.07%)	(9.75%)

\* Multiplication of commission by 1.1 gives a GST inclusive amount.

### 3.3.7(b) DMA Share CFDs. Short Example

A client is “bearish” on XYZ component stock and decides to short sell (go SHORT) 30,000 shares at AUD\$1.00 using a securities lending facility (“SBL”).

Client can alternatively trade XYZ DMA CFDs to gain the equivalent exposure to the underlying stock. Assume margin requirement for XYZ DMA CFD is 10% with leverage of 10 times.

CFD finance is based on a reference cash rate of 3.0%, with no DMA CFD stock borrow fee.

	Scenario 1: Positions are closed 20 days later @A\$0.90		Scenario 2: Positions are closed 20 days later @A\$1.10	
Original Investment	Short DMA CFD A\$3,000	Short Shares (SBL) AUD\$10,000	Short CFD A\$3,000	Short Shares (SBL) AUD\$10,000
Quantity (shares)	30,000	30,000	30,000	30,000
Opening contract value (Day 1)	A\$30,000	A\$30,000	(A\$30,000)	(A\$30,000)
Opening commission (incl. GST)	$A\$30,000 \times 0.1\% \times 1.1 = (A\$33.00)$	$A\$30,000 \times 0.5\% \times 1.1 = (A\$165.00)$	$A\$30,000 \times 0.1\% \times 1.1 = (A\$33.00)$	$A\$30,000 \times 0.5\% \times 1.1 = (A\$165.00)$
Finance Fee/Receipt	$A\$30,000 \times 0.5\% \times 20/365 = A\$8.22$	$A\$30,000 \times 8.0\% \times 20/365 = (A\$131.51)$	$A\$30,000 \times 0.5\% \times 20/365 = A\$8.22$	$A\$30,000 \times 8.0\% \times 20/365 = (A\$131.51)$
Closing contract value	A\$27,000	A\$27,000	A\$33,000	A\$33,000
Closing Commission (incl. GST)	$A\$27,000 \times 0.1\% \times 1.1 = (A\$29.70)$	$A\$27,000 \times 0.5\% \times 1.1 = (AUD\$148.50)$	$A\$33,000 \times 0.1\% \times 1.1 = (A\$36.30)$	$A\$33,000 \times 0.5\% \times 1.1 = (A\$181.50)$
Net Gain/Loss	A\$2,945.52	A\$2,554.99	(A\$3,077.52)	(A\$3,478.01)
Return on Equity (Net Gain/Original Investment)	98.18%	25.55%	(102.58%)	(34.78%)

<sup>3</sup> Finance charge in this example is calculated based on a settlement price assumed constant for the 19 calendar days. Please refer to <https://www.phillipcapital.com.au> for the latest rates and promotions.

### 3.4 World Indices CFDs

The below represents the current list and related matters (including the PhillipCapital Platform(s)) of available World Indices CFDs PhillipCapital is able to offer its clients to trade in.

For an updated list of available World Indices CFDs please visit <https://www.phillipcapital.com.au>

Phillip World Indices CFDs	Correlated Index	Initial Margin From	Settlement Currency	Contract Size (1 CFD)	Min Trade Size	Order Submission Hours AEST	Non Submission	Platform	Queue Restrict	Expiry	Div Adjust
FBM KLCI MYR10 CFD	Bursa Malaysia Kuala Lumpur Composite	5%	MYR	Index * 10	1 CFD	1046hrs – 1445hrs, 1630hrs – 1913hrs	1913hrs – 1930hrs; 0700hrs – 0900hrs	Phillip Capital CFD-Trader	20%	No	Yes
FTSE China A50 Index USD1 CFD	FTSE China A50	5%	USD	Index * 10	1 CFD	1101hrs – 1728hrs	1728hrs – 1745hrs; 0700hrs – 0900hrs	Phillip Capital CFD-Trader	20%	No	Yes
Hong Kong Index HKD5 CFD	Hang Sang	5%	HKD	Index * 5	1 CFD	1116hrs – 1400hrs, 1500hrs – 1813hrs	1813hr – 1830hrs; 0700hrs – 0900hrs	Phillip Capital CFD-Trader	20%	No	Yes
Indonesia Index USD1 CFD	MSCI Indonesia	5%	USD	Index * 1	1 CFD	0900hrs - 2008hrs 2031hrs - 0700hrs	2009hrs - 2031hrs; 0700hrs - 0900hrs	Phillip Capital CFD-Trader	20%	No	Yes
Japan 225 Index JPY100 CFD	Nikkei225	5%	JPY	Index * 100	1 CFD	0946hrs– 1624hrs	1624hrs– 1640hrs; 0700hrs– 0900hrs	Phillip Capital CFD-Trader	20%	No	Yes
Singapore Index SGD20 CFD	MSCI Singapore	5%	SGD	Index * 20	1 CFD	1031hrs– 1909hrs	1909hrs– 1925hrs; 0700hrs– 0900hrs	Phillip Capital CFD-Trader	20%	No	Yes
Straits Times Index USD1 CFD	Straits Times Index	5%	SGD	Index * 5	1 CFD	1101hrs– 1859hrs	1859hrs– 1915hrs; 0700hrs– 0900hrs	Phillip Capital CFD-Trader	20%	No	Yes
Taiwan Index USD20 CFD	MSCI Taiwan	5%	USD	Index * 20	1 CFD	1046hrs– 1544hrs	1544hrs– 1600hrs; 0700hrs– 0900hrs	Phillip Capital CFD-Trader	20%	No	Yes
Tokyo Index JPY1000 CFD	TOPIX	5%	JPY	Index * 1000	1 CFD	1001hrs– 1230hrs, 1330hrs– 1559hrs	1559hrs– 1615 hrs; 0700hrs– 0900hrs	Phillip Capital CFD-Trader	20%	No	Yes

Phillip World Indices CFDs	Correlated Index	Initial Margin From	Settlement Currency	Contract Size (1 CFD)	Min Trade Size	Order Submission Hours AEST	Non Submission	Platform	Queue Restrict	Expiry	Div Adjust
US Rus2000 Index USD10 CFD	Russell 2000	5%	USD	Index * 10	1 CFD	1001hrs–0600hrs (DS), 1101hrs – 0700hrs (Non-DS)	0700hrs– 0900hrs	Phillip Capital CFD-Trader	20%	No	Yes
US SP 500 Index USD5 CFD	S&P 500	5%	USD	Index * 5	1 CFD	0900hrs – 0600hrs (DS ), 0900hrs – 0700hrs (Non-DS )	0700hrs– 0900hrs	Phillip Capital CFD-Trader	20%	No	Yes
US Tech 100 Index USD5 CFD	NASDAQ 100	5%	USD	Index * 5	1 CFD	0900hrs – 0600hrs (DS ), 0900hrs – 0700hrs (Non-DS )	0700hrs– 0900hrs	Phillip Capital CFD-Trader	20%	No	Yes
Wall Street Index USD1 CFD	Dow Jones Industrial Average	5%	USD	1 CFD = Index * 5	1 CFD	0900hrs – 0600hrs (DS ), 0900hrs – 0700hrs (Non-DS )	0700hrs– 0900hrs	Phillip Capital CFD-Trader	20%	No	Yes

Please see the below information relating to the above table.

- **Phillip World Indices** Refers to the CFD contract name
- **Correlated Index** indicates the underlying index with which the CFD is correlated.
- **Initial Margin** is range of security deposit required on an index CFD, specific margin requirements can be viewed on Phillip Capital CFD-Trader order ticket prior to order placement.
- **Settlement Currency** is the currency in which Profit / Loss is calculated and settled.
- **Contract Size** refers to the CFD contract size relative to the underlying instrument.
- **Min Trade** is the minimum allowable order size that can be placed.
- **Order Submission Hours** are periods when orders can be placed on the trading platform
- **Non Submission Period** are times when orders are unable to be placed on the trading platform.
- **Platform** refers to the trading platform the CFD contract is able to be accessed on.
- **Queue Restrictions** apply to limit orders queued below/above existing bid/ask prices. Orders placed beyond these restrictions will be rejected.
- **Expiry** refers to the number of days or period of a contract life.
- **Dividend Adjustment** refers to CFD counters in which Dividend Adjustments Apply.

### 3.4.1 World Indices CFDs. Impact of Corporate Actions for Dividends.

Corporate actions of underlying securities that apply are as follows:

- A dividend adjustment will apply for selected World Indices CFD, after the ex-dividend date of its underlying component stock. Dividend adjustments will be credited or debited based on the customer's outstanding CFD positions (as of market close).
- For example, the net dividend adjustment will be credited to the customer's account for long positions in all Share CFDs, and/ or World Indices CFD while the gross dividend adjustment will be debited from the customer's account for short positions in all Share CFDs and/ or World Indices CFD.
- Dividend adjustments are denominated in the respective instrument's settlement currencies. Where PhillipCapital does not provide a ledger for the declared currency, the dividend adjustment will be made in AUD.
- For Asian markets (Singapore, Malaysia and Hong Kong), the dividend adjustments will be credited/ debited one market day after the ex-date after market close. For US markets, the dividend adjustments will be credited/ debited on ex-date after market close.

### 3.4.2 World Indices CFDs. Settlement Currencies

All PhillipCapital CFD contracts will be settled in the respective traded currencies.

There will not be any auto conversion from traded currencies to AUD and vice versa. Customer's MYR ledger will not be allowed to go into deficit and will automatically be converted into AUD should a deficit occur. For all other currencies (should there be any Margin deficit in the respective ledger), customers should submit currency conversion requests.

### 3.4.3 World Indices CFDs. Margin Requirements<sup>4</sup>

**Definitions and formulas on Margin requirements for Phillip Capital CFD-Trader**

- **Ledger balance forward** (b/f) = Cash Deposits – Commission and GST ± Realised Profit or Loss
- **Ledger carried forward** (c/f) = Ledger b/f ± Adjustments - Commission and GST ± Realised Profit or Loss - Realised Finance Charges
- **Equity Balance** = Ledger c/f ± Unrealised Profit or Loss - Unrealised Finance Charges
- **Available Cash or Funds for Withdrawal** = Equity Balance – MM ± Unrealised credit or debit interest
- **Initial Margin** (IM): The required Margin in the customer's CFD account prior to buying or selling any CFD contract.
- **Maintenance Margin** (MM): The minimum amount of Equity Balance that must be maintained in the customer's CFD account. The closing price will be used to calculate the Maintenance Margin.
- **Force-liquidation Margin** (FM): PhillipCapital reserves the right to liquidate CFD positions without prior notice when the Equity Balance falls below force-selling margin of 5%.
- **Margin Excess** (Available Cash) = Equity Balance – MM
- **Margin Deficit** = MM – Equity Balance
- **Margin Call** = Equity Balance < Maintenance Margin of the Portfolio Market Value
- **Portfolio Market Value**: Includes all open CFD contracts as of market close

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<sup>4</sup> Any profit or Loss and Portfolio Market Values are marked-to-market using the previous day's closing price

### 3.4.4 World Indices CFDs. Margin Call Difference between Maintenance Margin and Equity Balance.

A margin call will be made equivalent to the difference between the Maintenance Margin (MM) and the Equity Balance (assuming the Equity Balance is less than MM). Upon margin call the client account will enter Day 1 margin call. On Day 1 margin call the client has 1 business day to meet margin obligations via depositing funds or reducing open positions to eliminate margin call. If the client has not met obligations by the following morning the account is said to have entered Day 2 margin call. If on Day 3 the account is still on margin call it will be force liquidated by the dealing desk. If at any time during margin call an account deteriorates and may be at risk of negative equity the automated close out system or dealing desk may at their discretion cut back or close all positions to bring the account out of margin call.

### 3.4.5 World Indices CFDs. Working Examples

#### 3.4.5(a) World Indices CFDs. Long Example

A customer is "bullish" on the Straits Times Index and purchases 1 contract of Straits Times Index SGD5 CFD worth S\$12,000 (no. of points x value of 1 point) where the index is at 2,400.0 points. The value of 1 index point is S\$5.

#### Scenario 1: Positions are closed 3 days later at a higher value

	CFD Bid	CFD Ask	Closing Price
DAY 1	2,394.0	<b>2,400.0</b>	2,390.0
DAY 2			2,430.0
DAY 3	<b>2,440.0</b>	2,446.0	

Opening of 1 Contract (Day 1) @ 2400	(S\$12,000.00)
Opening Commission (incl. GST) per side per contract basis	(S\$10.70)
Total Financing Charges Qty X Closing Price X Value of 1 Index Point X FC / 365 days X 1 day	(S\$3.63)
<u>FC for Day 1</u> = 1 X 2,390 X S\$5 X 5.5% / 365 X 1 day = S\$1.80	
<u>FC for Day 2</u> = 1 X 2,430.0 X S\$5 X 5.5% / 365 X 1 day = S\$1.83	
Closing Contract Value (Day 3) @ 2440	S\$12,200.00
Closing Commission (incl. GST) Per side per contract basis	(S\$10.70)
Net Gain	S\$174.97
Margin (S\$12,000 x 5%)	S\$600.00
Return on Equity = (Net Gain/Original Investment)	29.2%

### Scenario 2: Positions are closed 3 days later at a lower value

	CFD Bid	CFD Ask	Closing Price
DAY 1	2,394.0	<b>2,400.0</b>	2,390.0
DAY 2			2,430.0
DAY 3	<b>2,360.0</b>	2,366.0	

Opening of 1 Lot (Day 1) @ 2400	(S\$12,000.00)
Opening Commission (incl. GST); Per side per contract basis	(S\$10.70)
Total Financing Charges Qty X Closing Price X Value of 1 Index Point X FC / 365 days X 1 day	
<u>FC for Day 1</u> = 1 X 2,390.0 X S\$5 X 5.5% / 365 X 1 day = S\$1.80	(S\$3.63)
<u>FC for Day 2</u> = 1 X 2,430.0 X S\$5 X 5.5% / 365 X 1 day = S\$1.83	
Closing Contract Value (Day 3) @ 2360	S\$11,800.00
Closing Commission (incl. GST) per side per contract basis	(S\$10.70)
Net Gain	(S\$225.03)
Margin (S\$12,000 x 5%)	S\$600.00
Return on Equity = (Net Gain/Original Investment)	(37.5%)

### 3.4.5(b) Wold Indices CFD Short Example

A customer is "bearish" on the Straits Times Index and shorts 1 lot of Straits Times Index SGD5 CFD worth S\$12,450 where the index is at 2,490.0 points. The value of 1 index point is S\$5.

### Scenario 1: Positions are closed 3 days later at a lower value

	CFD Bid	CFD Ask	Closing Price
DAY 1	<b>2,490.0</b>	2,496.0	2,500.0
DAY 2			2,460.0
DAY 3	2,444.0	<b>2,450.0</b>	

Opening 1 Contract (Day 1) @ 2490	S\$12,450.00
Opening Commission (incl. GST); Per side per contract basis	(S\$10.70)
Total Financing Charges Qty X Closing Price X Value of 1 Index Point X FC / 365 days X 1 day	
<u>FC for Day 1</u> = 1 X 2,500.0 X S\$5 X 3.0% / 365 X 1 day = S\$1.03	(S\$2.04)
<u>FC for Day 2</u> = 1 X 2,460.0 X S\$5 X 3.0% / 365 X 1 day = S\$1.01	
Closing Contract Value (Day 3) @ 2450	(S\$12,250.00)
Closing Commission (incl. GST) per side per contract basis	(S\$10.70)
Net Gain	S\$176.56
Margin (S\$12,450 x 5%)	S\$622.50
Return on Equity = (Net Gain/Original Investment)	28.4%

**Scenario 2: Positions are closed 3 days later at a lower value**

	CFD Bid	CFD Ask	Closing Price
DAY 1	<b>2,490.0</b>	2,496.0	2,500.0
DAY 2			2,460.0
DAY 3	2,524.0	<b>2,530.0</b>	

Opening 1 Contract (Day 1) @ 2490	S\$12,450.00
Opening Commission (incl. GST); Per side per contract basis	(S\$10.70)
Total Financing Charges Qty X Closing Price X Value of 1 Index Point X FC / 365 days X 1 day	
<u>FC for Day 1</u> = 1 X 2,500.0 X S\$5 X 3.0% / 365 X 1 day = S\$1.03	(S\$2.04)
<u>FC for Day 2</u> = 1 X 2,460.0 X S\$5 X 3.0% / 365 X 1 day = S\$1.01	
Closing Contract Value (Day 3) 2530	(S\$12,650.00)
Closing Commission (incl. GST) per side per contract basis	(S\$10.70)
Net Gain	(S\$223.44)
Margin (S\$12,450 x 5%)	S\$622.50
Return on Equity = (Net Gain/Original Investment)	(35.9%)

### 3.5 Global Index CFDs

The below represents the current list and contract specifications of available Global Index CFDs.

For an updated list of available Global Index CFDs please visit <https://www.phillipcapital.com.au>

**Important.** Times stated are subject to change based on the daylight saving hours of the respective markets. Market trading times are subject to change without notice. It is therefore important that you check the times before you commence trading.

Global Index CFDs	Correlated Index	Initial Margin (Min Trade)	Settlement Currency	Contract Size (Per 1 Lot)	Min Trade Size	Max Trade Size (Lots)	Trading Hours GMT + 3	Break Time GMT + 3	Platform	Min Stop	Expiry	Div Adjust
AUS200	ASX 200 Index	14	AUD	1 x Index Price	1.0 Lot	200	Daily 02:50 – 24.00	09.30 – 10.10	MT4	7.0	No	Yes
DJI30	Dow Jones Industrial Average	43	USD	1 x Index Price	1.0 Lot	1000	Mon 01.00 – Fri 23.15	Daily 23.15 - 23.30	MT4	6.0	No	Yes
ESP35	Ibex 35	33	EUR	1 x Index Price	1.0 Lot	1000	Daily 10.00 – 18.30	None	MT4	12.0	No	Yes
EUSTX50	Euro Stoxx 50	15	EUR	1 x Index Price	1.0 Lot	1000	Daily 09.00 – 23.00	None	MT4	4.0	No	Yes
FRA40	Cac 40	22	EUR	1 x Index Price	1.0 Lot	1000	Daily 09.00 – 23:00 (Fri 22.45)	None	MT4	5.0	No	Yes
FTSE100	UK FTSE 100	21	GBP	1 x Index Price	1.0 Lot	1000	Daily 09.00 – 23:00 (Fri 22.45)	None	MT4	4.0	No	Yes
GER30	GERMAN DAX	47	EUR	1 x Index Price	1.0 Lot	100	Daily 09.00 – 23:00 (Fri 22.45)	None	MT4	5.0	No	Yes
HKG33	Hang Seng	1156	HKD	10 x Index Price	1.0 Lot	30	Daily 04.15 – 11.15	Daily 07.00 – 08.00	MT4	25.0	No	Yes
ITA40	MIB	40	EUR	1 x Index Price	1.0 Lot	1000	Daily 10.00 – 18.40	None	MT4	20.0	No	Yes
NASDAQ	NASDAQ 100	11	USD	1 x Index Price	1.0 Lot	1000	Mon 01.00 – Fri 23.15	Daily 23.15 - 23.30	MT4	4.0	No	Yes
NIKKEI	Nikkei225	4650	USD	10 x Index Price	1.0 Lot	100	Mon 02.00 – Fri 23.15	None	MT4	25.0	No	Yes
S&P500	S&P 500	6	USD	10 x Index Price	1.0 Lot	500	Daily 01.00 – 24.00 (Fri 23:15)	Daily 23.15 - 23.30	MT4	2.0	No	Yes
SUI30	Swiss Market Index 30	33	CHF	1 x Index Price	1.0 Lot	1000	Daily 09.00 – 18.25	None	MT4	6.0	No	Yes

*Please see the information below relating to the above table.*



- **Global Index CFDs** Refers to the CFD contract name
- **Correlated Index** indicates the underlying index with which the CFD is correlated.
- **Initial Margin** is the security deposit in USD per minimum lot traded, margins may vary, updated margins can be viewed by visiting <https://www.phillipcapital.com.au>
- **Settlement Currency** is the currency in which P/L is calculated and settled.
- **Contract Size** refers to the CFD contract size relative to the underlying instrument or multiplier.
- **Min Trade** is the minimum allowable order size that can be placed.
- **Trading Hours** are periods when orders can be placed on the trading platform for trade based on GMT. Orders will not be able to be placed or amended outside trading hours.
- **Break Times** are periods when the market is observing a break in trade.
- **Platform** refers to the trading platform via which the CFD contract is able to be traded.
- **Min Stop** is the distance from the prevailing bid or offer from which a stop order can be placed.
- **Expiry** refers to the number of days or period of a contract life.
- **Dividend Adjustment** refers to CFD counters in which Dividend Adjustments Apply/

### 3.5.1 Global Index CFDs. Trading Hours

Phillip Capital Global index trading hours are based on when their underlying reference markets are open. Phillip Capital Global Index CFDs will not be open for trading during holidays in which the reference markets are closed. You may also note that some indices have an intraday break in addition to a daily closing. During these times you may not be able to place stop and limit orders. You will not be able to close existing positions or open new ones. All trading functionalities will cease upon the end of week closing.

### 3.5.2 Global Index CFDs. Contract/Trade Size

Phillip Capital Global Index CFDs utilises a lot based trading system on MT4. Therefore, you are only able to trade in the 'Minimum Trade Size' or multiples of it. Each instrument also has a 'Maximum Trade Size,' which applies to individual positions only. Traders wishing to exceed the Maximum Trade Size must open multiple positions.

### 3.5.3 Global Index CFDs. Minimum Margin Requirements (MMR).

PhillipCapital Margin rates can be viewed by visiting <https://www.phillipcapital.com.au>

For Global Index CFDs Phillip Capital has standardised minimum trade size for each instrument to make calculating the margin required to place a trade straight forward.

For example, the MMR is detailed as \$9 for 1 US30. If a trade is placed for a larger amount, the total MMR will increase. Using the example for the US30, if a client placed a trade for 5 US30 the MMR would be 5 multiplied by the minimum MMR (\$9) creating a MMR of \$45 to open a trade for 5 US30.

The margins detailed are default margin requirements. Should you wish to change your margin requirement please contact the Support Desk to have leverage on your account reduced.

### 3.5.4 Global Index CFDs. Financing Costs

Cost of carry and dividends make up the overnight credits/debits. The value of these two variables is independent of one another. The overall credit/debit that is applied to your account will depend on the size of the open trade.

### 3.5.5 Global Index CFDs. Finance Charges

Interest rates are a factor in any market. PhillipCapital's daily interest debit or credit amounts (referred to as "rollover") are based on the total face value of the position. Our rollover rates are calculated by referencing the relevant 3 month LIBOR for all Global Index products. Each day, the rollover amounts per lot are shown on the MT4 platform via the market watch window or the client statement. Index positions that are open at the close of business on Friday will incur 3 day rollover.

For example, if 3 month USD LIBOR is 4.50% and PhillipCapital is applying a "haircut" of +3/-3% a long position would pay 7.50%/ 360 per day, whereas a holder of a short position would receive 1.50%/360 per day.

It is worth noting that PhillipCapital references the relevant underlying 3 months LIBOR rate for the native currency which an instrument is quoted. For example, GER 30 is quoted in euro, therefore, PhillipCapital will

reference 3 month Euro LIBOR. Similarly, for clients who have open UK100 positions, the reference interest rate would be 3 month GBP LIBOR and so forth.

#### *Financing Calculation*

f = Overnight finance charge

s = Trade size

p = Closing price as determined by Phillip Capital

r = Relevant LIBOR rate, add 300 basis points for long positions, or deduct 300 basis points for short positions

6.00% - 3.00% = 3%

d = Number of days, i.e., 365 for GBP products and 360 for all others

And is calculated as follows:  $f = [s \times p \times r] / d$

### **3.5.6 Global Index CFDs. Dividends.**

Applicable to most cash indices, dividend payments will be applied as a separate debit/credit to the rollover charge on your open positions. Adjustments will apply on the eve of the ex-dividend date of the constituent members of the relevant Index. The adjustment will appear as a separate debit/credit entry on your statement. A typical dividend entry would look like this "US30 DIVIDEND FOR (Trade number)"

When an equity goes ex-dividend, the price of that equity theoretically decreases by the dividend amount. In practice, this does not always happen as there are many market forces affecting an equity price. The amount of points an index cash CFD drops by is dependent on the weighting of the equity within the index. If more than one constituent equity of an index CFD goes ex-dividend on the same day, the amount of points each equity will theoretically cause the sector or index to drop by is added together to calculate the total amount of dividend points or 'drop points'. PhillipCapital will either collect or pay dividends on the hedge positions that we have entered into against client issued CFDs.

Where an index is a Total Return Index, dividend payments will not be credited/debited.

An example of a Total Return Index is the GER 30 where the cash disbursements are reinvested back into the index.

### **3.5.7 Global Index CFDs. Cash Index Contract Expiration.**

All cash index positions will remain open until they are closed by the client or the position is liquidated due to insufficient margin to support the open position.

### 3.6 Global FX & Commodity CFDs

The below represents the current list and contract specifications of available Global FX and Commodity CFDs.

For an updated list of available Global FX and Commodity CFDs please visit <https://www.phillipcapital.com.au>

**Important.** Times stated are subject to change based on the daylight saving hours of the respective markets. Market trading times are subject to change without notice. It is therefore important that you check the times before you commence trading.

Global FX & Commodity	Correlated With	Initial Margin (Min Trade)	Settlement Currency	Contract Size (Per 1 lot)	Min Trade Size	Max Trade Size (lots)	Trading Hours GMT +3	Break Time GMT +3	Platform	Min Stop Distance (points)	Expiry	Interest Adjust
NGAS	Natural Gas	\$11	USD	1000 mmbtu	0.1 Lot	10	Daily 01.00 - 24:00 (Fri 23.45)	None	MT4	0.005	Monthly	No
BRENT	Brent Crude	\$27	USD	100 Barrels	0.1 Lot	1000	Daily 03.00 - 24:00 (Fri 23.45)	None	MT4	0.1	No	No
USOIL	Crude Oil	\$26	USD	100 Barrels	0.1 Lot	1000	Daily 01.00 - 24:00 (Fri 23.45)	None	MT4	0.1	No	No
XPDUSD	Palladium	\$20	USD	10 Troy Oz	0.1 Lot	500	Daily 01.00 - 24:00 (Fri 23.45)	None	MT4	10	No	SWAP
XPTUSD	Platinum	\$21	USD	10 Troy Oz	0.1 Lot	500	Daily 01.00 - 24:00 (Fri 23.45)	None	MT4	10	No	SWAP
COPPER	Copper	\$7	USD	100 Pounds	0.1 Lot	1000	Daily 01.00 - 24:00 (Fri 23.45)	None	MT4	0.002	Yes	No
Global Forex	Spot Forex	From 1%	Terms Currency	1 lot = 100k	0.01 Lot	30	Daily 00.02 - 23.58	Daily 23:58 0 00:02	MT4	0	No	SWAP
XAUUSD	Spot Gold	\$31	USD	100oz	0.01 Lot	30	Daily 00.02 - 23.58	Daily 23:58 0 00:02	MT4	0	No	SWAP
XAGUSD	Spot Silver	\$51	USD	5000oz	0.01 Lot	30	Daily 00.02 - 23.58	Daily 23:58 0 00:02	MT4	0	No	SWAP

Please see the below Information relating to the above table.

- **Global FX & Commodity CFDs** Refers to the CFD contract name
- **Correlated Index** indicates the underlying market with which the CFD is correlated.
- **Initial Margin** is the security deposit in USD per minimum trade size, margins may vary, updated margins can be viewed by visiting <https://www.phillipcapital.com.au>
- **Settlement Currency** is the currency in which P/L is calculated and settled.
- **Contract Size** refers to the CFD contract size relative to the underlying instrument or multiplier.
- **Min Trade** is the minimum allowable order size that can be placed.
- **Trading Hours** are periods when orders can be placed on the trading platform for trade based on GMT. Orders will not be able to be placed or amended outside trading hours.
- **Break Times** are periods when the market is observing a break in trade.
- **Platform** refers to the trading platform via which the CFD contract is able to be traded.
- **Min Stop** is the distance from the prevailing bid or offer from which a stop order can be placed.
- **Expiry** refers to the number of days or period of a contract life.
- **Dividend Adjustment** refers to CFD counters in which Dividend Adjustments Apply

### 3.6.1 Global FX & Commodity CFDs. Trading Hours

PhillipCapital Global Commodity & FX trading hours are based on the underlying reference market prices and opening hours. Commodity & FX products will not be open for trading during holidays in which the reference market is closed. Similar to many indices, Commodity products have a daily break in addition to a daily closing; during this time you may not be able to place stops and limits and will not be able to close existing positions or open new ones. All trading functionalities will cease upon the week end closing.

### 3.6.2 Global FX & Commodity CFDs. Commodity & FX Pricing

PhillipCapital receives its Commodity & FX prices from various liquidity providers. The only variation in the PhillipCapital price from its reference market will be a small mark up on the bid and offer.

### 3.6.3 Global FX & Commodity CFDs. Contract Size/Trade Size.

Phillip Capital MT4 utilises a 'lot-based' trading system for Commodity & FX CFDs on MT4. Other platforms may not use a lot based system, and as such it is important that investors clarify this before trading. This means that all FX & Commodity CFD products are aggregated into standardised trade sizes. These sizes generally replicate the underlying reference instrument (the futures or cash instrument) or are a fraction of that figure. This simplifies trading by allowing clients to trade in lot increments, and also provides a price for each lot size rather than averaging open and close prices when multiple positions are taken in the same instrument.

### 3.6.4 Global FX & Commodity CFDs. Pip Cost

Pip cost is determined in the same manner as it is done for the various Global indices offered. See section 3.5.5 Global Index CFDs for the detailed explanation.

### 3.6.5 Global FX & Commodity CFDs. Minimum Margin Requirements (MMR).

PhillipCapital Margin rates can be viewed by visiting <https://www.phillipcapital.com.au>

To calculate the margin required, simply refer to the margin table outlining the margin per minimum trade size and multiply by the trade size required.

**Example Calculation:**

- US Oil Minimum trade size 0.1 Lot

- MMR of USD \$49 per 0.1 Lot
- 1 lot x \$49 x 10 = \$490

**Example:**

- Client is long 5 Copper @ 3.700.
- MMR of Copper is USD 11.00 per 0.1 lots. Margin requirement is therefore 11.00 \* 5 \* 10 = USD 550
- On the day of Expiration, the expiring month is trading at 3.710.
- The customer position is closed at 3.710 and the profit is credited to the clients trading account.
- All pending Stop and Limit orders that are associated with the expiring contract will be cancelled.
- Client will need to re-establish another long position (assuming they wish to) and reinsert Stop and Limit orders to the new open position.

The margins detailed are default margin requirements. Should you wish to change your margin requirement please contact the Support Desk to have leverage on your account reduced.

### 3.6.6 Global FX & Commodity CFDs. Overnight Credits/Debits

Overnight credits/debits apply to Global Commodity & FX CFDs that do not have an expiry and held overnight. Overnight credit/debits are relative to the holding or interest cost on the product traded. For Global Commodity & FX CFDs that do have an expiry no overnight credits/debits are applicable as they are adjusted similar to a forward or futures contract.

Depending on whether you are long (buy) or short (sell) you will either be debited or credited rollover interest on a daily basis. The SWAP debited/credited will be reflected in the daily activity statement. PhillipCapital reserves the right to widen the SWAP rates by up to 40% as part of business practice. Details of SWAP rates (rolls) are detailed on the MT4 platform Market Watch under Symbols. Please note that all open positions at the close of business on Wednesday at 17.00hrs AEST incur a 3 day rollover debit/credit, and bank holidays will affect the number of days that a position is rolled forward.

The difference in interest rates between the currency pair you are trading is defined as SWAP.

#### **FX CFD Example Calculation**

For example, assuming a client anticipates that the Australian Dollar (AUD) will appreciate against the (USD) over a one month time horizon. The client decides to purchase 1 lot (100k) AUDUSD @ 0.9950 with a default leverage of 1:100 requiring an initial margin of A\$1,000. Prevailing interest rates used in this example are 5% for Australia and 2% for US.

Interest Carry = Long Interest Received – Short Interest Paid

The long AUDUSD position in this example entitles the client to receive 5% p.a. on the Long AUD position and is required to pay 2% p.a. on the short USD position resulting in a net credit of 3% p.a. which is described as positive interest rate carry.

The value of the interest rate carry over 12 months is calculated as:

(Trade Value X Interest rate carry)

$$100,000 \times 3\% = A\$3,000$$

The 12 month interest rate carry is then reduced to reflect the T+2 Spot expiry period described as the SWAP amount (except for USDCAD which is T+1). Where a weekend or non business day falls during the Spot expiry period the adjustment may be made for more than two days to adjust accordingly.

SWAP amount = Interest Rate Carry / 360 X Spot settlement days

$$A\$3,000 / 360 \times 2 = \$16.66$$

The SWAP amount is then calculated in terms of SWAP points relative to the client's position

SWAP Points = SWAP amount / Trade Value

$$\$16.66 / 100,000 = 0.0001666$$

### 3.6.7 Global FX & Commodity CFDs. Expiration

Selected Global Commodity CFDs have a monthly expiration as per the table above. Customers that hold an open position on the 'Phillip Capital Expiration' will be closed at our bid/offer within the final ten minutes of trade on expiration day\* for NGAS and Copper, the only consequence of this is the client will realise any floating P/L at the time it is closed.

There are no contract rollovers offered for CFDs that observe an expiry.

\*PhillipCapital's official monthly expirations are based on GMT+2 (or GMT+3 during US DST) during week days and 4:35 pm ET for Friday expirations) . Due to the observance of daylight saving time in the United States, monthly expirations listed in GMT are subject to change. Up to date information on expiries can be viewed at <https://www.phillipcapital.com.au>

**Example:**

Client is long 10 Copper @ 3.0

MMR = 11 per 0.1 lot Copper

Margin Requirements on 5 lots =  $11 * 10 * 10 = \text{USD } \$1100$

On the day of Phillip Capital Expiration, the expiring month is trading at 3.10.

The customer position is closed at 3.10 and the profit is credited to the clients trading account.

1 lot = 100 underlying

10 lots =  $1000 * (3.10 - 3.00) = \text{USD } \$100$  profit

Client will need to re-establish another long position (assuming they wish to) and reinsert Stop and Limit orders to the new open position.

## PhillipCapital



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