

## **FAQs on Stocks Collateralization**

## 1. How much margin is being granted?

We provide up to 75% collateralization on the value of the acceptable stocks.

### 2. Which stocks are eligible for this scheme?

Shares listed on SGX-ST or recognized group A exchange.

Note: A "recognized group A exchange" means an overseas securities exchange or an overseas futures exchange regulated by a financial services regulatory authority of a country or territory specified in Table 4 of the Fourth Schedule.

### 3. Are the stocks valued real time or on a daily basis?

Yes, they are valued real time.

## 4. Can I request for a higher stock collateral valuation?

The stock collateral haircut is fixed at a maximum of 75% and we do not accommodate any request for higher stock collateral valuation.

# 5. Can I use the stock collateral value to trade on everything available on the Singapore Securities Exchange?

You can only use the stock collateral value to trade on FX, Futures and CFDs offered by us.

### 6. Can I sell my stocks anytime I want to?

Yes, you may sell the stocks at anytime during market trading hours.

## 7. Do you grant me stock collateral values automatically whenever I buy the stocks that meet your requirements?

Yes. However, Saxo Capital Markets reserves the right to disallow or suspend the facility if deemed necessary.

## 8. Can I transfer my Singapore stocks from the CDP to my Saxo Account & vice versa?

Currently, we are able to accept transfers from Saxo Account to CDP only.

## 9. What happens when the stocks mentioned are delisted from the indices or suspended?

If a stock is removed from the index, the collateral value will be removed and your margin utilization will increase. Hence, you need to actively manage your marginable positions.

If the stock is suspended, the stock will be re-rated on a case-by-case basis under the discretion of Saxo Capital Markets.

#### 10. Will I be informed every time there is a modification to the acceptable Collateral list?

You can view the list of acceptable collateral on our website under Stock Trading and also from the Trading Conditions section on the SaxoTrader.

## 11. Will you dispose of my stocks when I breach the margin of 100%?

No, we will only close all margin products. However, Saxo Capital Markets may do so, if deemed required, to cover shortfalls in margin products traded by the client.

#### 12. What should I do when my account triggers a margin call?

You can mitigate the situation by reducing your margin positions and/or infusing more funds.

## 13. Can I request a review to add an instrument to the collateral list if it is not there?

Yes, you can request for a review. However, whether or not the stock will be given collateral value will be based on the criteria as stated in Question 2.

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14. Upon corporate actions occurring, which in turn may result in a substantial drop in the value of the stocks, how are we going to mitigate any potential stop-outs that might occur? For example, in the event of is a Rights Issue, when rights are not available as collateral, and available margin may be reduced accordingly.

If there are corporate actions which result in a substantial drop in the value of the stock, you will still be stopped out on breaching the margin requirements.

## 15. Is there a limit as to how much of the available margin MUST be in Cash?

Clients can use 100% of stock collateral value to cover margin trading. However, clients are required at all times to maintain sufficient cash in their trading accounts for the settlement of trading losses (encompassing both unrealized and realized losses), payment of commission charges, interest and other fees applicable. As set out in our General Business Terms, clients are not allowed to maintain a deficit in balance on any of their trading accounts.

16. In case of margin stop-out with stocks used as collateral, will all stock positions be forceclosed as well? If so, under what circumstances will this happen?

In the case of margin stop-outs, only margin products will be force-closed. We will force-close ALL CASH positions only when clients fail to cover their negative cash balance promptly. We will not choose which stock to close first on behalf of the client.

### Comparison of a similar account (A) with and (B) without stock collateral value:

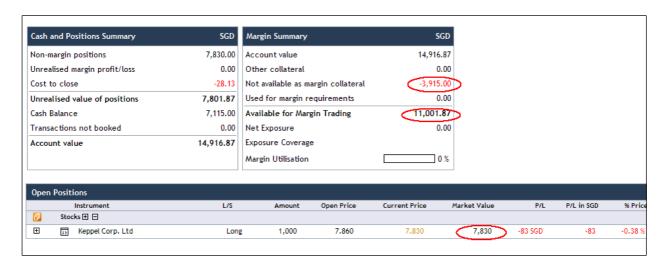
## Account A: Situation where no collateral value is assigned

Stock market value = SGD 7,820 Not available as margin collateral = -SGD 7,820 Available for Margin Trading = SGD 7,086.87



## Account B: Situation with 50% collateral value assigned

Stock market value = SGD 7,830 Not available as margin collateral = -SGD 3,915 Available for Margin Trading = SGD 11,001.87



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