



## CGS-CIMB Futures Sdn Bhd

(Company Registration Number 199301002937 (257674-P))  
A Trading Participant of Bursa Malaysia Derivatives Berhad

# DISCLOSURE DOCUMENT CONTRACTS FOR DIFFERENCE (“CFD”)

## RESPONSIBILITY STATEMENT

The directors of the CGS-CIMB Futures Sdn Bhd (“CGS-CIMB Futures”) have seen and approved this disclosure document. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable inquiries, they confirm to the best of their knowledge and belief, there are no false or misleading statements, or omission of other facts which would make any statement in the disclosure document false or misleading.

## STATEMENTS OF DISCLAIMER

A copy of this disclosure document has been registered with the Securities Commission Malaysia. The registration of this disclosure document should not be taken to indicate that the Securities Commission Malaysia recommends the CFD or assumes responsibility for the correctness of any statement made or opinion or report expressed in this disclosure document. The Securities Commission Malaysia has not, in any way, considered the merits of the CFD being offered for investment.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of the CFD provider and takes no responsibility for the contents in this disclosure document, makes no representation as to the accuracy or completeness of this disclosure document, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents in this disclosure document.

**INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR PROFESSIONAL ADVISERS IMMEDIATELY.**

## STATEMENT OF RISK

Investors are warned that the price/level of the underlying instruments and CFD may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore make sure they understand the terms and conditions of the CFD offered, the risk factors involved, and where necessary seek professional advice before investing in the CFD.

The CFD constitute general unsecured contractual obligations of the CFD provider and of no other person. Therefore, if you purchase the CFD, you are relying on the creditworthiness of the CFD provider and have no recourse/rights against the underlying corporation/index provider.

## **List of Version**

<b>No.</b>	<b>Remarks</b>	<b>Effective Date</b>
1.	First Issued	11 February 2020
2.	First Revision	11 June 2021
3.	Second Revision	17 September 2021

<u>Table of Contents</u>	<u>Page</u>
Background Information on CGS-CIMB Futures	3
Risk Management	3
Treatment of Clients' Monies	5
Product Features	5
Key Risks of Trading CFD	21
Accounts	24
Contact Information	25
Glossary	26

## 1. BACKGROUND INFORMATION ON CGS-CIMB FUTURES

CGS-CIMB Futures is a wholly owned subsidiary of CGS-CIMB Securities Sdn Bhd following a strategic partnership between CIMB Group Holdings Bhd and China Galaxy Securities Co. Ltd.

Incorporated in Malaysia on 5 February 1993, CGS-CIMB Futures with a paid up capital of RM10,000,000 is a holder of a Capital Market Services Licence to carry on the business of dealing in derivatives. CGS-CIMB Futures is also a trading participant of Bursa Malaysia Derivatives Berhad (“BMDB”) and a clearing participant of Bursa Malaysia Derivatives Clearing Berhad. CGS-CIMB Futures provides full brokerage services for BMDB’s broad range of exchange listed derivatives products and facilitates trading in recognised foreign exchange listed derivatives products.

The Board is collectively responsible for the proper stewardship of the CGS-CIMB Futures’ business and overall supervision of the activities of CGS-CIMB Futures. The Board is responsible for putting in place a framework of good corporate governance including the processes of risk management, compliance and reporting. The Board and management team bring their diverse knowledge and experience in deliberating on issues pertaining to strategy, performance, resources and business conduct. For information on the directors and management team of CGS-CIMB Futures, please refer to <https://www.cgs-cimb.com.my/en/cfd>.

## 2. RISK MANAGEMENT

### 2.1. RISK MANAGEMENT FRAMEWORK

The Board recognises that business decisions involve the taking of appropriate risks and is committed to its responsibility to oversee CGS-CIMB Futures’ system of internal control and risk management. The Board is assisted by oversight committees which have been delegated with primary responsibilities on CGS-CIMB Futures’ system of internal control and risk management. The Board remains responsible for the governance of risk and internal control, and for all the actions of the committees with regard to the execution of the delegated oversight responsibilities.

CGS-CIMB Futures practices the principles of prudence and ensures that it has adequate infrastructure for risk management, adequate risk management processes that integrate prudent risk limits, continuous risk monitoring and regular management reporting, comprehensive internal controls and audit procedures.

CGS-CIMB Futures adopts a risk management framework which:

- comprises of structured process used to identify potential threats or risk to the entity and to define the strategy for eliminating or minimising the impact of these risks as well the risk tools to effectively monitor and evaluate this strategy;
- defines appropriate governance standards, supported by appropriate internal policies and procedures;
- puts in place risk assessment tools to improve understanding of and preparedness against existing and emerging sustainability risks;
- conducts robust due diligence for comprehensive assessment of potential impacts; and
- cultivates risk and compliance culture.

### **2.1.1. Business Continuity Management**

CGS-CIMB Futures is committed to ensure an appropriate level of business resilience for business continuity management practices as part of corporate governance and risk management. The objective of a comprehensive business continuity plan is to ensure critical business processes can continue, or be recovered following a disruption or crisis situation.

### **2.1.2. Risk Appetite**

CGS-CIMB Futures' risk appetite is set in conjunction with its strategies and business planning processes.

### **2.1.3. Internal Controls**

CGS-CIMB Futures adopts a risk and control self-assessment approach that enables the first line of defence to identify and assess the key risks and controls in order to plan for appropriate actions to minimize the exposure of those risks. Periodic tests are developed and executed to ensure the controls remain effective.

### **2.1.4. Audit Procedures**

An audit plan is developed based on assessment of risks, exposures and strategies of CGS-CIMB Futures. The audit plan will include areas that must be audited annually due to regulatory requirements, and other established criteria such as recent incidence of fraud, previous adverse audit rating or recent action by regulators.

The audit report is the final product of an audit assignment, which provides the scope of audit work performed, a general evaluation of the system of internal control together with detailed audit observations, management responses, and timeline to implement the audit team's recommendations.

## **2.2. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST**

CGS-CIMB Futures has entered into a white label arrangement to rebrand and leverage on the trading platform and back office system provided by CGS-CIMB Singapore. CGS-CIMB Singapore is also a hedge provider to CGS-CIMB Futures for CFDs where the underlying instruments are shares listed on a securities exchange outside Malaysia and indices where constituents of the index are listed on a securities exchange outside Malaysia ("Foreign Shares and Index CFD").

CGS-CIMB Futures and its Affiliates are engaged in a wide range of derivatives and stockbroking activities. In the ordinary course of our businesses, any member of CGS-CIMB Futures or its Affiliates may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own Account or the Account of our other clients. This is a result of our businesses generally acting independent of each other, and accordingly there may be situations where CGS-CIMB Futures, its Affiliates and/or its clients now have or in the future, may have interests, or take actions, that may conflict with your interests. Conflicting interests or duties may arise and CGS-CIMB Futures and its Affiliates have put in place and maintain organisational and administrative arrangements (including those known as Chinese Walls) to restrict the flow of information and to assist with the identification, monitoring and management of such conflicts.

### 3. TREATMENT OF CLIENTS' MONIES

Clients' monies are held, and withdrawn in accordance with the Capital Markets and Services Act 2007 ("CMSA") and the business rules of BMD. When you deposit funds to CGS-CIMB Futures, it will be transferred to a client segregated account within the next Banking Day. The purpose of the client segregated account is to segregate clients' funds from CGS-CIMB Futures' own funds. CGS-CIMB Futures may invest clients' monies on deposit at interest with a licensed bank in accordance with Section 118 of CMSA. CGS-CIMB Futures shall be entitled to retain, for the benefit of CGS-CIMB Futures and without any obligation to account to you, any and all interest that may be earned on the clients' monies held in the client segregated account.

Clients' monies may be withdrawn from the client segregated account, to make a payment in accordance with clients' instructions, defraying brokerage and other proper charges, paying to CGS-CIMB Futures money to which CGS-CIMB Futures is entitled or making a payment that is otherwise authorised by law.

### 4. PRODUCT FEATURES

CFD is a contract made between a buyer and seller to gain exposure in the allowable underlying instrument whereby differences in settlement are made through cash payments.

CGS-CIMB Futures offers CFD where the underlying instruments are:

- (i) shares listed on the Main Board of Bursa Securities;
- (ii) shares listed on a securities exchange outside Malaysia; and
- (iii) indices where constituents of the index are listed on a securities exchange outside Malaysia.

Currently, CFD is offered to sophisticated investors (i.e. any person who falls within any of the categories of investors set out in Part 1 of Schedule 6 and 7 of the CMSA) only.

#### 4.1. KEY FEATURES

CFD is a leveraged derivative product. CFD is derivative because its value is derived from the value of another asset. CFD involves high degree of leverage and there is potential for significant gains as well as significant losses.

The key features include the following:

- **Flexibility to Enter Long and Short Positions**

CFD allows you to enter both long and short positions. You can potentially profit (or lose) from both rising and falling markets depending on your trading strategies. Strategies can be complex and may have different risks associated with each strategy.

- **Leverage**

CFD enables you to outlay a relatively small amount of money to secure a larger exposure to the underlying instrument. With leverage, the gains and losses are magnified and the risks are much greater.

- **No Expiry Date of Contracts**

As long as your Account has sufficient funds to meet the margin requirements, you can roll over your open positions daily until you choose to close the position.

- **Transparent Pricing**

Based on Direct Market Access model (“**DMA**”), trades are sent directly to the shares or index market, giving you the transparent pricing and liquidity as that of the underlying market.

- **Corporate Action**

CFD generally mirrors corporate actions of underlying shares but does not entitle you to the voting rights associated with owning the underlying shares. Thus, holders of CFD are still able to participate in corporation actions, including certain types of dividends, stock splits and rights issues.

#### **4.2. BUSINESS MODEL**

CGS-CIMB Futures adopts the DMA model for CFD as it offers transparent pricing structures to investors.

DMA allows CFD pricing and liquidity to be identical to the underlying exchange. Investors enter into CFD at the underlying market price and all orders are executed in real time, assuring investors that what they get are true market prices. DMA also has the added benefit of offering the ability to participate in the pre-opening and pre-closing phase of the market, which is often the most liquid and volatile period of the trading day.

In comparison, the market maker model may not always have the same market prices of the underlying instrument. Hence, there is a potential for additional spreads and requotes. The market maker may or may not hedge investors’ positions with other counterparties or in the underlying market. This means that the CFD provider may directly benefit if investors lose on their trades.

#### **4.3. HEDGING ACTIVITY**

CGS-CIMB Futures as a DMA CFD provider fully hedges each client’s CFD trade . All listed shares CFD trades are executed in relevant securities exchanges. CGS-CIMB Futures at any given time does not take opposing positions against its clients’ trades. When selecting hedge providers, CGS-CIMB Futures takes into consideration their financial background, whether they are licensed by a regulator, are of sound financial standing and strong reputation.

CGS-CIMB Futures hedges each trade of Foreign Shares and Index CFDs with CGS-CIMB Singapore, which in turn hedges all positions into the relevant underlying markets.

CGS-CIMB Futures hedges each trade of Bursa Securities share CFDs by sending corresponding share orders directly to Bursa Securities via CGS-CIMB Securities Sdn Bhd, a securities brokerage firm related to us.

#### **4.4. INTRODUCING NEW CFD**

For introduction of new CFD, CGS-CIMB Futures will assess the underlying instruments based on the respective credibility and liquidity. In addition, the underlying instrument must meet the following criteria:

- A. Where the underlying instrument is a share listed on Bursa Securities:
- (a) the share is listed on the Main Board of Bursa Securities;
  - (b) the underlying company has an average daily market capitalisation, excluding treasury shares, of at least:
    - (i) RM1 billion in the past three months ending on the last market day of the calendar month immediately preceding the date of offer; or
    - (ii) in the case of a newly listed company that does not meet the 3-month market capitalisation track record, RM3 billion; and
  - (c) The underlying company must meet the public shareholding spread requirement at the date of offer.
- B. Where the underlying instrument is a share listed on a securities exchange outside Malaysia:
- (a) the underlying company is listed on an exchange in a jurisdiction where the capital market regulator is a signatory of the International Organization of Securities Commissions multilateral memorandum of understanding concerning consultation and co-operation, and the exchange of information among securities regulators;
  - (b) the underlying company must have an average daily market capitalisation equivalent to at least:
    - (i) RM3 billion in the past three months ending on the last market day of the calendar month immediately preceding the date of issue; or
    - (ii) in the case of a newly listed company that does not meet the 3-month market capitalisation track record, RM5 billion;
  - (c) the underlying company must be in compliance with the listing rules and requirements of its home exchange at the date of issue; and
  - (d) information on the price, volume, financial information and price-sensitive information in relation to the underlying company must be available to investors in Malaysia.
- C. Where the underlying instrument is an index:
- (a) the constituents of the index must be listed on a securities exchange outside Malaysia; and
  - (b) the index must meet the following criteria:
    - (i) is broadly based;
    - (ii) has a transparent composition;
    - (iii) is a recognised benchmark; and
    - (iv) the information on composition and performance of the index must be conveniently accessible by investors.

## 4.5. PRODUCT MECHANISM

### 4.5.1. Leveraged Trading

CFD is traded on margin, using leverage to maximize your trading capital. This means that you can undertake a larger position for the same amount of capital as compared to traditional share trading. The effect of leverage means that movements in the underlying market have a magnified effect and can result in greater profit or loss as illustrated below:

#### Example 1: A Profit-Making Trade

	CFD Trading	Traditional Share Trading
	<b>Buy 1,000 XYZ CFD @ \$10</b>	<b>Buy 1,000 XYZ Shares @ \$10</b>
Initial Outlay	(\$1,000) Upfront payment of 10% margin is required.	(\$10,000) Payment by settlement date is required.
Contract Value	\$10,000	\$10,000
Commission @ 0.25%	(\$25)	(\$25)
	<b>Sell 1,000 XYZ CFD @ \$11</b>	<b>Sell 1,000 XYZ Shares @ \$11</b>
Contract Value	\$11,000	\$11,000
Gross Profit/(Loss)	\$1,000	\$1,000
Commission @ 0.25%	(\$27.50)	(\$27.50)
Financing Cost *	(\$5.48)	-
Net Profit/(Loss)	(\$1,000 - \$25 - \$27.50 - \$5.48) = \$942.02	(\$1,000 - \$25 - \$27.50) = \$947.50
Return on Initial Outlay	\$942.02 / \$1,000 = <b>94.20%</b>	\$947.5 / \$10,000 = <b>9.48%</b>

#### Example 2: A Break-Even Trade

	CFD Trading	Traditional Share Trading
	<b>Buy 1,000 XYZ CFD @ \$10</b>	<b>Buy 1,000 XYZ shares @ \$10</b>
Initial Outlay	(\$1,000) Upfront payment of 10% Margin is required.	(\$10,000) Payment by settlement date is required.
Contract Value	\$10,000	\$10,000
Commission @ 0.25%	(\$25)	(\$25)
	<b>Sell 1,000 XYZ CFD @ \$10</b>	<b>Sell 1,000 XYZ shares @ \$10</b>
Contract Value	\$10,000	\$10,000
Gross Profit/(Loss)	-	-
Commission @ 0.25%	(\$25)	(\$25)
Financing Cost *	(\$5.48)	-
Net Profit/(Loss)	(\$0 - \$25 - \$25 - \$5.48) = (\$55.48)	(\$0 - \$25 - \$25) = (\$50)
Return on Initial Outlay	(\$55.48) / \$1,000 = <b>(5.548%)</b>	(\$50) / \$10,000 = <b>(0.5%)</b>



### Example 3: A Loss-Making Trade

	CFD Trading	Traditional Share Trading
	<b>Buy 1,000 XYZ CFD @ \$10</b>	<b>Buy 1,000 XYZ shares @ \$10</b>
Initial Outlay	(\$1,000) Upfront payment of 10% Margin is required.	(\$10,000) Payment by settlement date is required.
Contract Value	\$10,000	\$10,000
Commission @ 0.25%	(\$25)	(\$25)
	<b>Sell 1,000 XYZ CFD @ \$9</b>	<b>Sell 1,000 XYZ shares @ \$9</b>
Contract Value	\$9,000	\$9,000
Commission @ 0.25%	(\$22.50)	(\$22.50)
Gross Profit/(Loss)	(\$1,000)	(\$1,000)
Financing Cost *	(\$5.48)	-
Net Profit/(Loss)	(-\$1,000 - \$25 - \$22.50 - \$5.48) = (\$1,052.98)	(-\$1,000 - \$25 - \$22.50) = (\$1,047.50)
Return on Initial Outlay	(\$1,052.98) / \$1,000 = <b>(-105.30%)</b>	(\$1,047.50) / \$10,000 = <b>(-10.48%)</b>

\* Note: The above illustrations assume the trade takes place on a Friday and the subsequent sale takes place on the following Wednesday. The position is held for 5 days. Financing cost is determined at the CGS-CIMB Futures Base Rate ("CBR") plus 3.75% for long positions, and minus 3.75% for short positions. This example uses an effective financing rate of 4% per year / 365 days and assumes no change in valuation price on Monday and Tuesday. CBR is subject to change as it relates to the interbank quoted rate. For details on CFD financing cost, please refer to Section 4.9.2.

## 4.6. MARGIN REQUIREMENTS

When you open a CFD trade, you will need to pay a margin which will be a percentage of the Contract Value.

### 4.6.1. Margin

Margin represents a security deposit that you are required to provide when you first open a position and thereafter throughout the term of the CFD. Margin is the amount of money that must be maintained in your Account to avoid position in deficit. Below is the minimum margin required to trade in CFD as prescribed by the Securities Commission Malaysia:

Type of CFD	Minimum Margin
Single shares CFD	<ul style="list-style-type: none"> <li>• 10% for index shares</li> <li>• 20% for non-index shares</li> </ul>
Index CFD	<ul style="list-style-type: none"> <li>• 5%</li> </ul>

The required margin for CFD is determined by CGS-CIMB Futures at its sole discretion, which may be varied from time to time, and is available at <https://www.cgs-cimb.com.my/en/cfd>.

<b>Example on Computation of Margin</b>						
<b>CFD Name</b>	<b>Long /Short</b>	<b>CFD Quantity</b>	<b>End of Day Closing Price</b>	<b>Contract Value</b>	<b>Margin Rate %</b>	<b>Margin Required</b>
XYZ Shares	Long	1,000	\$10	\$10,000	10%	\$1,000
ABC Shares	Short	500	\$8	\$4,000	50%	\$2,000
X Index	Short	1	\$2,000	\$2,000	5%	\$100
Total Margin Required						\$3,100
Margin Required = Quantity * End of Day Closing Price * Margin Rate %						

#### 4.6.2. Total Equity or Gross Liquidation Value (“GLV”)

Total Equity or GLV is the marked-to-market valuation of the Account using the last traded price. Total Equity is the estimated gross amount of cash before deducting commission / related fees in the Account if all CFD positions are to be closed.

Total Equity = Total Cash Balance in the Account +/- Unrealized Profit/Loss

#### 4.6.3. Unrealised Profit / Loss

Unrealized profit/loss is the profit or loss on an open CFD position from the average opening price (also known as cost price) against the marked-to-market price.

<b>Example on Computation of Unrealized Profit / Loss</b>				
<b>CFD Name</b>	<b>Long Position Quantity</b>	<b>Average Opening Price</b>	<b>Marked-To-Market Price</b>	<b>Unrealized Profit/(Loss) [excludes commission &amp; other charges]</b>
XYZ	1,000	\$10	\$11.50	\$1,500
ABC	500	\$5	\$4	(\$500)
Unrealized Profit/Loss = Quantity * (Marked-To-Market Price – Average Opening Price)				

#### 4.6.4. Realised Profit / Loss

Realized profit/loss is the profit or loss on a closed CFD position from the average opening price against the average closing price of the CFD. Realized profit/loss gets credited into or debited from the Account’s cash balance. CGS-CIMB Futures uses First In First Out (“FIFO”) method to close CFD trades. This means that the oldest trades will be closed first in the case where there are several open positions of the same underlying.

<b>Example on Computation of Realized Profit / Loss</b>				
CFD Name	Short Position Quantity	Average Opening Price	Average Closing Price	Realized Profit/(Loss) [excludes commission & other charges]
XYZ	1,000	\$10	\$11.50	(\$1,500)
ABC	500	\$5	\$4	\$500
Realized Profit/Loss = Quantity * (Average Closing Price – Average Opening Price)				

#### 4.6.5. Free Equity and Margin Call

Free equity balance is the Total Equity or GLV less margin requirements. Free equity also represents the cash available in the Account to open new CFD positions.

When the Total Equity or GLV of an Account falls below the margin required to hold open positions, this means that Free Equity is negative and a margin call notice will then be issued. If CGS-CIMB Futures makes a margin call, you must place the amount of margin immediately or within a specified period of time which may be less than 2 Business Days after the giving of such notice by CGS-CIMB Futures.

However, if at any time during the stipulated period your Account position deteriorates and may be at further risk of negative Total Equity, CGS-CIMB Futures may at its discretion liquidate your open positions to rectify the shortfall position.

<u>Day 1</u>	<u>Day 2</u>																																								
<p>Investor deposits \$1,100 and takes long position in XYZ CFD @ \$10.            Trade : Buy 1,000 XYZ CFD @ \$10            Open Position : Long 1,000 XYZ CFD            Opening Price = \$10            Last Traded Price = \$10.20            Margin Rate = 10%</p> <p>Account Summary</p> <table border="1"> <tr><td>Cash Balance b/f</td><td>0</td></tr> <tr><td>Deposit</td><td>\$1,100</td></tr> <tr><td>Commission @ 0.25%</td><td>(\$25)</td></tr> <tr><td>Financing</td><td>(\$1.12)</td></tr> <tr><td>Realized Profit/(Loss)</td><td>\$0</td></tr> <tr><td>Cash Balance c/f</td><td>\$1,073.88</td></tr> <tr><td>Unrealized Profit/(Loss)</td><td>\$200</td></tr> <tr><td>Total Equity</td><td>\$1,273.88</td></tr> <tr><td>Margin Required</td><td>(\$1,020)</td></tr> <tr><td>Free Equity</td><td>\$253.50</td></tr> </table>	Cash Balance b/f	0	Deposit	\$1,100	Commission @ 0.25%	(\$25)	Financing	(\$1.12)	Realized Profit/(Loss)	\$0	Cash Balance c/f	\$1,073.88	Unrealized Profit/(Loss)	\$200	Total Equity	\$1,273.88	Margin Required	(\$1,020)	Free Equity	\$253.50	<p>Investor holds position and margin call triggered.            Open Position : Long 1,000 XYZ CFD            Opening Price = \$10            Last Traded Price = \$9.70            Margin Rate = 10%</p> <p>Account Summary</p> <table border="1"> <tr><td>Cash Balance b/f</td><td>\$1,073.88</td></tr> <tr><td>Deposit</td><td>\$0</td></tr> <tr><td>Commission</td><td>\$0</td></tr> <tr><td>Financing</td><td>(\$1.06)</td></tr> <tr><td>Realized Profit/(Loss)</td><td>\$0</td></tr> <tr><td>Cash Balance c/f</td><td>\$1,072.82</td></tr> <tr><td>Unrealized Profit/(Loss)</td><td>(\$300)</td></tr> <tr><td>Total Equity</td><td>\$772.82</td></tr> <tr><td>Margin Required</td><td>(\$970)</td></tr> <tr><td>Free Equity</td><td>(\$197.18)</td></tr> </table>	Cash Balance b/f	\$1,073.88	Deposit	\$0	Commission	\$0	Financing	(\$1.06)	Realized Profit/(Loss)	\$0	Cash Balance c/f	\$1,072.82	Unrealized Profit/(Loss)	(\$300)	Total Equity	\$772.82	Margin Required	(\$970)	Free Equity	(\$197.18)
Cash Balance b/f	0																																								
Deposit	\$1,100																																								
Commission @ 0.25%	(\$25)																																								
Financing	(\$1.12)																																								
Realized Profit/(Loss)	\$0																																								
Cash Balance c/f	\$1,073.88																																								
Unrealized Profit/(Loss)	\$200																																								
Total Equity	\$1,273.88																																								
Margin Required	(\$1,020)																																								
Free Equity	\$253.50																																								
Cash Balance b/f	\$1,073.88																																								
Deposit	\$0																																								
Commission	\$0																																								
Financing	(\$1.06)																																								
Realized Profit/(Loss)	\$0																																								
Cash Balance c/f	\$1,072.82																																								
Unrealized Profit/(Loss)	(\$300)																																								
Total Equity	\$772.82																																								
Margin Required	(\$970)																																								
Free Equity	(\$197.18)																																								

<p><b>Day 3</b>  Investor deposits funds \$300 to satisfy margin call  Open Position : Long 1,000 XYZ CFD  Open Price = \$10  Marked-To-Market Price = \$9.80  Margin rate = 10%</p> <p style="text-align: center;">Account Summary</p> <table border="1"> <tr><td>Cash Balance b/f</td><td>\$1,072.82</td></tr> <tr><td>Deposit</td><td>\$300</td></tr> <tr><td>Commission</td><td>\$0</td></tr> <tr><td>Financing</td><td>(\$1.07)</td></tr> <tr><td>Realized Profit/(Loss)</td><td>\$0</td></tr> <tr><td>Cash Balance c/f</td><td>\$1,371.75</td></tr> <tr><td>Unrealized Profit/(Loss)</td><td>(\$200)</td></tr> <tr><td>Total Equity</td><td>\$1,171.75</td></tr> <tr><td>Margin Required</td><td>(\$980)</td></tr> <tr><td>Free Equity</td><td>\$191.75</td></tr> </table>	Cash Balance b/f	\$1,072.82	Deposit	\$300	Commission	\$0	Financing	(\$1.07)	Realized Profit/(Loss)	\$0	Cash Balance c/f	\$1,371.75	Unrealized Profit/(Loss)	(\$200)	Total Equity	\$1,171.75	Margin Required	(\$980)	Free Equity	\$191.75	<p><b>Day 4</b>  Investor sells position at \$9.80  Trade : Sell 1,000 XYZ CFD @ 9.80  Open Position : None</p> <p style="text-align: center;">Account Summary</p> <table border="1"> <tr><td>Cash Balance b/f</td><td>\$1,371.75</td></tr> <tr><td>Deposit</td><td>\$0</td></tr> <tr><td>Commission @ 0.25%</td><td>(\$24.50)</td></tr> <tr><td>Financing</td><td>\$0</td></tr> <tr><td>Realized Profit/(Loss)</td><td>(\$200)</td></tr> <tr><td>Cash Balance c/f</td><td>\$1,147.25</td></tr> <tr><td>Unrealized Profit/(Loss)</td><td>\$0</td></tr> <tr><td>Total Equity</td><td>\$1,147.25</td></tr> <tr><td>Margin Required</td><td>\$0</td></tr> <tr><td>Free Equity</td><td>\$1,147.25</td></tr> </table>	Cash Balance b/f	\$1,371.75	Deposit	\$0	Commission @ 0.25%	(\$24.50)	Financing	\$0	Realized Profit/(Loss)	(\$200)	Cash Balance c/f	\$1,147.25	Unrealized Profit/(Loss)	\$0	Total Equity	\$1,147.25	Margin Required	\$0	Free Equity	\$1,147.25
Cash Balance b/f	\$1,072.82																																								
Deposit	\$300																																								
Commission	\$0																																								
Financing	(\$1.07)																																								
Realized Profit/(Loss)	\$0																																								
Cash Balance c/f	\$1,371.75																																								
Unrealized Profit/(Loss)	(\$200)																																								
Total Equity	\$1,171.75																																								
Margin Required	(\$980)																																								
Free Equity	\$191.75																																								
Cash Balance b/f	\$1,371.75																																								
Deposit	\$0																																								
Commission @ 0.25%	(\$24.50)																																								
Financing	\$0																																								
Realized Profit/(Loss)	(\$200)																																								
Cash Balance c/f	\$1,147.25																																								
Unrealized Profit/(Loss)	\$0																																								
Total Equity	\$1,147.25																																								
Margin Required	\$0																																								
Free Equity	\$1,147.25																																								
<p>Note: This example uses a financing rate of 4% per year / 365 days.</p> <p>To satisfy a margin call, you can either top up the shortfall or liquidate your positions. Using the example above, the investor has a margin call of \$197.18 on Day 2. The investor has the option to top up \$197.18 to continue holding his position or liquidate \$1,972 worth of positions.</p>																																									

## 4.7. TRADING CFD

### 4.7.1. Trading Platform

CGS-CIMB Futures provides an online CFD trading platform called "IRESS Viewpoint". This trading platform allows you to place CFD orders, view your Account Balance summary and portfolio position details in real time (depends on market data subscribed by you). The trading platform features include:

- view Account Balance summary and portfolio positions details;
- create and manage user defined watchlist;
- input buy or sell CFD orders;
- search and view historical orders;
- search and view historical executed trades;
- input contingent orders; and
- order queuing if order is placed outside of exchange trading hours.

All CFD orders submitted via IRESS Viewpoint are subjected to pre-trade risk controls determined by CGS-CIMB Futures including but not limited to restriction on the order quantity.

You can place your orders via CGS-CIMB Futures online CFD trading platform as well as by telephone call to your Registered Representative or CGS-CIMB Futures' dealing desk.

## 4.7.2. Pricing Mechanism

### Listed Shares CFD

As CGS-CIMB Futures adopts the DMA model for trading in listed shares CFD, this means that all CFD prices and liquidity is the same as the underlying shares listed on the relevant exchanges. Therefore, when you place a CFD order through CGS-CIMB Futures' trading platform, a corresponding order for the underlying shares will be sent to the relevant securities exchange.

### Index CFD

For index CFDs offered by CGS-CIMB Futures, they are not listed on any securities exchange and their underlying are cash indices on major global exchanges. Index CFDs give you an option to trade based on opinion of the overall stock market direction without having to pick individual shares. CGS-CIMB Futures receives prices from a panel of index liquidity providers (or market makers) and streams it to investors on the CFD platform. You can view real time Bid/Ask quotes of index CFDs on the CFD platform at any time during index trading hours. Prices for index CFDs can substantially move during volatile market conditions. Various market factors such as foreign exchange, interest rates, news/announcements, market risk and illiquidity affects index CFDs prices.

## 4.7.3. Types of Orders

The IRESS Viewpoint trading platform supports below order types for CFD:

### (a) Normal Orders

Market Orders – A Market Order is a buy or sell order to be executed immediately at current market prices. As long as there is sufficient liquidity in the market, the order will be filled.

Scenario	Investor Action
Investor wants to Buy 100 XYZ CFD at market, which is trading at Bid/Ask of 9.9/10.	Place a Market Order to Buy 100 XYZ CFD. Market Order goes to market and execute as Buy 100 XYZ CFD @ \$10 which is the current Ask price.

Limit Orders – A Limit Order is an order placed to buy or sell at a specified price or better. Because a limit order is not a market order, it may not be executed if the price set by the investor cannot be met during the period of time in which the order is left open.

Scenario	Investor Action
Investor wants to Buy 100 XYZ CFD @ \$9.80, which is trading at 9.9/10.	Place a Limit Order to Buy 100 XYZ CFD @ \$9.80. Later in the day when Bid/Ask drops to 9.7/9.8, Limit Order will be triggered and executed as Buy 100 @ \$9.8 or better.

### (b) Order Life Time Attributes

Good For The Day ("GFD") – These orders are only good during the current trading day and are automatically cancelled at the end of the day if they have not been filled yet.

Good Till Cancelled ("GTC") – These orders will remain active in the system until either filled or cancelled.

### (c) Contingent Orders

Stop Loss Market Order – These orders are placed against an open position to close out position as a “Market Order” when the market price reaches a predetermined stop loss level. These orders are used by investors to limit losses on a position if market price moves in the opposing direction to their position.

**Stop Loss Market Orders are not guaranteed orders and depend on market volatility and liquidity.**

Scenario	Investor Action
Investor is holding long 100 XYZ CFD @ \$10. He wants to limit potential loss on his position to \$100.	Place a Stop Loss Order to Sell 100 XYZ CFD @ Market if the last traded price reaches \$9.  If stock price drops to \$9 or below, the Stop Loss Order will be triggered and an order to Sell 100 XYZ CFD @ Market will be submitted.

Stop Loss Limit Order – These orders are placed against an open position to close out a position as a “Limit Order” when the market price reaches a predetermined stop loss level. These orders are used by investors to limit losses on a position if market price moves in the opposing direction to their position.

**Stop Loss Limit Orders are not guaranteed orders and depend on market volatility and liquidity.**

Scenario	Investor Action
Investor is holding long position 100 XYZ CFD @ \$10. He wants to limit potential loss on his position to \$100-\$105, but also does not want to close the position if price drops more than his expected \$105 loss limit. This could be due to his decision to reassess the market condition that led to the price drop and perhaps set a new stop level.	Place a Stop Loss Limit Order to Sell 100 XYZ CFD @ limit price of \$8.95 if the last traded price reaches \$9.  If last traded price drops to \$9 or below then the Stop Loss Order is triggered and an order to Sell 100 XYZ CFD @ limit price of \$8.95 will be submitted.  If last traded price is below \$8.94 and does not trade above this level for the remainder of the trading session, then the Stop Loss Limit Order will not get filled.

Take Profit Order – These orders are placed against an open position to close out position as a “Limit Order” or “Market Order” when the market price reaches a predetermined level. These orders are used by investor to capture their profit if the market price moves in their favour.

Scenario	Investor Action
Investor is holding long position 100 XYZ CFD @ \$10. He wants to take profit on his position if profit reaches \$100.	Place a Take Profit Order to Sell 100 XYZ CFD @ Market if the price reaches \$11.  If stock price rises to \$11 or above, the Take Profit Order is triggered and an order to Sell 100 XYZ CFD @ Market will be submitted.

If Done Order – Is a two-step order handled automatically by the trading system. The first order can be placed as a Limit, Market or Stop Entry Order, and is activated once the desired price is reached. The second order is dormant, and only activated once the first order has been executed. This second order is normally placed as a Stop Loss (Limit or Market) or an One Cancels the Other (“OCO”).

One Cancels the Other Order – An OCO order combines a stop order with a take profit order with an automated cancellation. When either the stop loss or take profit price is reached and either order is triggered, the other order will automatically get cancelled.

Trailing Stop Loss Order – A Trailing Stop Loss Order sets the stop price at a fixed amount (% or points) from the entry price of the positions, this is called the "trailing" amount. As the market price moves in favour of the open position, the stop price adjusts by the trailing amount, but if the stock price reverses and moves against the open positions, the stop loss price does not change, and a market order is submitted when the stop price is hit.

All contingent orders will be GTC until triggered. Once the order is triggered, it will only be GFD.

#### **4.7.4. Trading Restrictions**

CGS-CIMB Futures may at any time determine, at its absolute discretion restrict the entry of CFD positions in one or more underlying shares or indices.

#### **4.7.5. Trading Halts, Suspensions and Delistings**

When there is a trading halt on the underlying shares, or when trading in the underlying shares is suspended in accordance with the rules of the relevant securities exchange, or when the underlying shares cease to remain listed on the relevant securities exchange, investors may be prohibited from entering into new CFD positions or close out their existing positions.

In any circumstances where CGS-CIMB Futures is unable to maintain its hedge position in a relevant shares, CGS-CIMB Futures may close any open CFD positions that you hold over that relevant shares, which may result in your invested amount being substantially lower than your initial investment.

CGS-CIMB Futures may exercise certain discretion such as revaluing or closing the position without prior notice to you. CGS-CIMB Futures may, in its absolute discretion, change the margin requirement on CFD where the trading of the underlying instrument is halted, suspended or delisted.

#### **4.7.6. Exiting CFD Position**

In order to exit your CFD position, you are required to place closing CFD orders either in your CFD trading platform or through other means of communication provided. Placing closing orders does not guarantee the exit from CFD positions. Closing order execution will depend on the price, liquidity and trading status of the underlying share or index.

##### Risks Associated With Exiting Positions

(i) Price Risk

The price of the exit order is not guaranteed upon placement of the order. You may not exit your position at your intended price which may result in losses in the event the market moves against your CFD positions.

(ii) Liquidity Risk

Listed shares CFD mirrors the liquidity of the underlying shares. In the case where liquidity is not available on the relevant exchange, you may not be able to exit CFD positions in intended time or price. This may result in additional losses on your CFD positions or even an inability to exit positions.

##### Costs Associated With Exiting Positions

The standard commission charges on your Account will be applied on CFD exit trades.

## 4.8. IMPACT OF CORPORATE ACTIONS

In general, corporate actions are applicable to CFD positions except for voting rights. Corporate actions on the underlying shares may affect the share price and/or quantity, and as a result may impact the CFD price and/or CFD position in your Account. If such an event occurs, CGS-CIMB Futures shall in its absolute discretion determine the appropriate adjustments (if any) to the price and/or quantity of the CFD.

Notice of any adjustments may be given to you as soon as reasonably practicable after the determination thereof.

The various types of corporate actions that are applicable to CFD are as listed below. For those corporate actions not mentioned below, CGS-CIMB Futures reserves the right to close all positions relating to the underlying instrument before the ex-date.

### 4.8.1. Dividend

#### Cash Dividend

Cash dividends are credited (for long positions) or debited (for short positions) from the Account on ex-dividend date if the Account is holding CFD positions of the underlying share at the close of the trading day immediately preceding the ex-dividend date.

CFD long position holders receive net cash dividend (after tax) and CFD short position holders pay gross cash dividend. CGS-CIMB Futures pays net cash dividend to long position holders after deducting tax based on the tax rate applied by hedge providers.

All cash dividends are credited (for long positions) or debited (for short positions) in the settlement currency of the CFD. CGS-CIMB Futures may, in its absolute discretion apply foreign exchange rate in cases where the dividend announced currency is different from the CFD settlement currency.

#### Stock Dividend

CFD long position holders are not entitled for stock dividend option but the stock dividend option will automatically be converted to cash dividend which will be credited into their respective Account. CFD short position holders may be liable for stock dividends in cases where long position holders in the hedge provider's book elect for stock dividends.

#### Examples on Dividend Adjustment

- Company AA declares dividend of 10 cents per share. Investor has an outstanding AA CFD long position of 1,000 units at the close of the trading day immediately preceding the ex-dividend date. The dividend adjustment credited into investor's Account on ex-dividend date
  - = Dividend per share X number of AA CFD units
  - = SGD 0.10 X 1,000 AA CFD units
  - = SGD 100.00 (excluding any taxes (if applicable))
- Company BB declares dividend of 5 cents per share. Investor has an outstanding BB CFD short position of 5,000 units at the close of the trading day immediately preceding the ex-dividend date. The dividend adjustment debited from investor's Account on ex-dividend date
  - = Dividend per share X number of BB CFD units held
  - = SGD 0.05 X 5,000 BB CFD units
  - = SGD 250.00



## 4.8.2. Bonus Issue, Share Split and Reverse Share Split

### Bonus Issue

CFD long position holders are entitled for CFD bonus issues if the Account is holding CFD positions of the underlying share at the close of the trading day immediately preceding the ex-bonus date. A long position adjustment will be reflected in the CFD holdings on the date the bonus issue is paid, whereby the position adjustment is equivalent to the ratio of bonus issue on the underlying shares.

CFD short position holders are liable for CFD bonus issues if the Account is holding CFD positions of the underlying share at the close of the trading day immediately preceding the ex-bonus date. A short position adjustment will be reflected in the CFD holdings on the date the bonus issue is paid, whereby the position adjustment is equivalent to the ratio of bonus issue on the underlying shares.

#### Example on CFD bonus issue adjustment

- Company AA declares 1 for 1 bonus issue which means 1 bonus share for every 1 existing share held. Investor has an outstanding AA CFD long position of 1,000 units at SGD 6.00 per unit at the close of the trading day immediately preceding the ex-bonus date.

Existing outstanding position  
= Long 1,000 units at the price of SGD 6.00

AA CFD quantity adjustment upon CFD bonus issue  
= CFD bonus issue of Long 1,000 units at the price of SGD 0.00

Overall position after AA CFD quantity adjustment  
= Long 2,000 units at the average price of SGD 3.00

Bonus units are tradeable only on or after the pay date of the bonus issue.

### Share Split and Reverse Share Split

CFD long and short positions are applicable for share splits and reverse share splits if the Account is holding CFD positions of the underlying share at the close of the trading day immediately preceding the ex-split date.

For share split and reverse share split, quantity and traded prices will be adjusted on the ex-split date.

#### Example on Share Split Adjustment

- Company AA declares 2 for 1 share split which means there will be 2 shares for every 1 share held. Investor has an outstanding AA CFD long position of 1,000 units at SGD 5.00 per unit at the close of the trading day immediately preceding the ex-split date.

AA CFD quantity adjustment applied to investor's Account  
= Short 1,000 units at SGD 5.00 and Long 2,000 units at SGD 2.50

Overall position after AA CFD quantity adjustment  
= Long 2,000 units at SGD 2.50

#### Example on Reverse Share Split Adjustment

Company AA declares 5 for 1 reverse share split which means every 5 shares held will be consolidated to 1 share. Investor has an outstanding AA CFD long position of 10,000 units at SGD 5.00 per unit at the close of the trading day immediately preceding the ex-split date.

AA CFD quantity adjustment applied to investor's Account  
= Short 10,000 units at SGD 5.00 and Long 2,000 units at SGD 25.00

Overall position after AA CFD quantity adjustment  
= Long 2,000 units at SGD 25.00

### 4.8.3. Rights Issue

CFD long position holders are entitled for CFD rights issues if the Account is holding CFD positions of the underlying share at the close of the trading day immediately preceding the ex-rights date. CGS-CIMB Futures may notify the Account holder about CFD rights election option and other necessary details within a reasonable time. CFD long position holders can choose to exercise the CFD rights, sell the CFD rights (if applicable) during the rights trading period or let it lapse.

CFD short position holders will be liable for CFD rights issues if the Account is holding CFD positions of the underlying share at the close of the trading day immediately preceding the ex-rights date. CGS-CIMB Futures may notify short position holder if they are liable for the exercise of the CFD rights within a reasonable time. In that case, CFD short position will be adjusted in the Account at rights subscription price.

#### Example on Rights Issue Adjustment

- Company AA announces 1 for 1 rights issue which means 1 rights for every 1 existing share held. Rights issue price is at SGD 5.50. Investor has an outstanding AA CFD long position of 1,000 units at SGD 6.00 per unit at the close of the trading day immediately preceding the ex-rights date.

AA CFD quantity adjustment applied to investor's Account if investor chooses to subscribe to the rights  
= Long 1,000 units at SGD 5.50

Overall position after AA CFD quantity adjustment  
= Long 2,000 units at SGD 5.75

Rights units are tradeable only on or after the pay date of the rights issue.

## 4.9. COMMISSION AND FEES

CGS-CIMB Futures may revise any commissions, charges and fees and/or introduce new fees if necessary.

### 4.9.1. Commission

Commission is charged on each CFD trade and is calculated as a percentage of the full Contract Value of the underlying shares or index that is bought or sold. A minimum commission amount is charged if commission amount on the CFD trade is lower than the minimum commission charged by CGS-CIMB Futures. All commission charges are debited from your Account on trade date and you can verify the commission amount in your CFD statement.

Example: Minimum Commission = \$15

CFD Name	Trade Quantity	Trade Price	Commission Rate	Commission Charges	Chargeable Amount
XYZ	1,000	\$10	0.35%	$(1,000 * \$10) * 0.35\%$ = \$35	\$35
ABC	500	\$5	0.35%	$(500 * \$5) * 0.35\%$ = \$8.75	\$15

Note: For the current commission rates schedule, please refer to our website, <https://www.cgs-cimb.com.my/en/cfd>

#### 4.9.2. Overnight Financing Fee

A financing fee is charged daily on any CFD positions held overnight. It is computed based on the end-of-day marked-to-market value of your CFD portfolio, and charged on full Contract Value. Overnight financing is charged at an effective rate in percentage and is debited or credited (is applicable for shorting) from your Account on a daily basis. There is no financing fee if the position is closed within the same day.

CGS-CIMB Futures Base Rate ("CBR%")	Benchmark Rate Per Market
CGS-CIMB Futures Spread ("FR%")	Financing Spread Rate applied by CGS-CIMB Futures
Effective Rate ("ER%") Long Positions ER% Short Positions ER%	CBR% +/- FR% CBR% + FR% CBR% – FR%
Accrual Days ("N") Monday till Thursday Friday	Number of days financing is charged 1 day 3 days (including Saturday & Sunday)
Number of days in Year ("Y")	360 days (for contracts settled in USD) or 365 days
Overnight Financing	$(\text{Position Quantity} * \text{Marked-To-Market Price}) * \text{ER} \% * \text{N} / \text{Y}$

Note: For the current financing fee schedule, please refer to our website, <https://www.cgs-cimb.com.my/en/cfd>

#### Example 1: Long financing on 1,000 XYZ CFD and Marked-To-Market ("MTM") Price \$10 from Day 1 to Day 2

CBR% = 0.98%

FR% = 4.00%

ER% = (0.98% + 4.00%) = 4.98% p.a.

N = 1

Y = 360 (US position)

Long Overnight Financing =  $(1,000 * 10) * 4.98\% * 1 / 360 = \$1.38$

**Example 2: Short financing on 1,000 XYZ CFD and MTM price \$10 from Day 1 to Day 2**

CBR% = 0.98%

FR% = 4.00%

ER% = (0.98% - 4.00%) = 3.02% p.a.

N = 1

Y = 360 (US position)

Short Overnight Financing =  $(1,000 * 10) * 3.02\% * 1 / 360 = \$0.83$

Note : In cases where CBR is greater than FR, then short overnight financing is credited into investor's Account.

**4.9.3. Data Feed Charges**

CGS-CIMB Futures enables delayed data on the trading platform for CFDs offered by CGS-CIMB Futures. You are required to subscribe to live data for CFD trading. There will be a monthly live data feed charges applied to your Account and charges will be debited in your CFD statement. For current data feed charges schedule, please refer to our website, <https://www.cgs-cimb.com.my/en/cfd>.

**4.9.4. Trading Platform Fee**

Additional monthly fees may apply in relation to the use of the CGS-CIMB Futures' trading platform.

**4.10. SALES AND SERVICES TAX ("SST")**

All commission paid is subject to 6% SST for each CFD trade.

**4.11. SETTLEMENT CURRENCIES**

All CFDs are settled in their respective settlement currencies. Profits, losses and charges, arising from trades are held in your Account in the respective currencies. They are not automatically converted to your preferred Base Currency, although the equivalent amount of which will be shown on the trading platform. To check how much of each currency is in your Account, please refer to your statements. You can inform your Registered Representative if you wish to perform any foreign currency conversion.

Listed Shares CFD

Country   Exchange	Settlement currency
Malaysia   Bursa Securities	MYR
Singapore   SGX	SGD – SGD denominated shares HKD – HKD denominated shares USD – USD denominated shares
United States   NAS, NYS	USD
Hong Kong   HKE	HKD
Australia   ASX	AUD

## Index CFD

Index name   Country	Settlement currency
Australia 200   Australia	AUD
H-Shares   Hong Kong	HKD
China A50   China	USD
Euro 50   Europe	EUR
France 40   France	EUR
German 30   Germany	EUR
Hong Kong 50   Hong Kong	HKD
Japan 225   Japan	JPY
MSCI Singapore   Singapore	SGD
UK 100   United Kingdom	GBP
US 30   United States	USD
US 500   United States	USD
US 100   United States	USD

## 5. KEY RISKS OF TRADING CFD

Trading in CFD involves significant risks and you may lose more than you deposited in the Account. It is important you understand the key risks of CFD and consider whether CFD is suitable for you in relation to your personal circumstances, investment experience, financial objectives and risk appetite.

The following list of key risks is not exhaustive, and does not represent all the risks associated with, and considerations relevant to your decision to trade in CFD.

### 5.1. LEVERAGE RISK

When you buy a CFD over a share or index, you hope that the value of that underlying instrument will rise and you can sell the CFD at a profit. Conversely, when you sell a CFD, you hope that the value will fall. However, the reality of investment markets means that views may be wrong and because CFD is a highly leveraged product, a small change in the market can have a big impact on your trading returns.

Trading in CFD may result in you incurring a total loss of your initial capital and any additional capital deposited to maintain your position. If the market moves against your position and you do not have sufficient margin, you may be called upon to top up additional margin on short notice. Should you fail to top up within the specified time, your position may be liquidated at a loss and you will be liable for the shortfall in your Account.

### 5.2. COUNTERPARTY RISK

Leverage over-the-counter products such as CFD is not traded on a regulated exchange nor cleared on a central clearing house. You do not have the protections normally associated with trading on a regulated exchange.

When you buy or sell a CFD, the only asset that you are trading is a contract issued by CGS-CIMB Futures who is the CFD provider and your counterparty. You will be relying on the CFD provider's creditworthiness.

Counterparty or credit risk is the risk that the CFD provider fails to fulfil its obligations to you due to insolvency or default, leading to your positions being liquidated or closed out without your consent.

### **5.3. MARKET RISK**

Market volatility and rapid changes in price can cause the balance of your Account to change quickly and adversely affect the value of the CFD.

Positions are marked-to-market daily and you must maintain the minimum margin requirement on your open positions at all times. If you do not have sufficient funds in your Account to cover these situations, you may be called upon to make additional margin deposit. If the required margin is not made within the prescribed time, there is a risk that your positions will be force closed. You are advised to continuously monitor your Account and deposit additional funds or close some positions so that the funds in your Account cover the total margin requirement at all times.

### **5.4. LIQUIDITY, GAPPING AND EXECUTION RISK**

CFD is traded over the counter and has no liquid secondary market. If there is lack of liquidity i.e. insufficient trades in the market for an underlying instrument, you may not be able to trade CFD over that instrument. This means that it may become difficult or impossible for you to close out a position within a reasonable time.

At any point in time, if the trading of the underlying share is halted or suspended on the securities exchange indefinitely, we may require you to post up full margin on such positions.

There is a risk that sudden market movements, known as "gapping" occurs when there is a significant change within a short period to the price of the underlying instrument, thereby affecting the price of the relevant CFD. This may lead to you being unable to close out or initiate new positions at a price of your choosing. Stop-loss orders may not always be filled and even if placed, may not limit your losses to the amount specified in the order.

When you place an order with CGS-CIMB Futures through our trading platform or over the telephone, there may be time delay between when you place your order and the time when your order is executed. If the market of the underlying instrument moves during that time delay, this could result in your trade being executed at a worse price than expected, especially if markets are very volatile.

### **5.5. STOP ORDERS ARE NOT GUARANTEED**

The placing of certain orders such as stop-loss 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.

CGS-CIMB Futures does not guarantee that a stop order will limit your loss or secure your profit.

### **5.6. CLIENT MONEY RISK**

You should be aware that holding your money in a client segregated account does not necessarily protect you from a deficit in the client segregated account. You may lose some or all of your money held with the CFD provider.

#### **5.7. DEPOSIT IS NOT PROTECTED**

Your deposit for CFD trading is not protected and trading in CFD may result in you incurring a loss of all your deposits.

#### **5.8. TRADING IN CFD IS NOT THE SAME AS REFERENCE ASSET**

When you buy a CFD, you are making an agreement with the CFD provider to trade the difference in the value of an underlying instrument (sometimes called the 'reference asset') between now and a future date. You are not the actual owner of the underlying instrument itself.

#### **5.9. NO FIRST PRIORITY TO COLLATERAL REALISATION PROCEEDS**

When trading in CFD, you are relying on CGS-CIMB Futures to accept and process the trades, make payments owed to you, credit any proceeds and pay the money out of your trading Account. If CGS-CIMB Futures gets into financial distress, it may be unable to meet its obligations to you.

#### **5.10. FOREIGN EXCHANGE RISK**

When you trade in a CFD that is denominated in a currency other than the Base Currency or currency you have on deposit in your Account, all margins, profit, losses and financing credits and debits in relation to that CFD are calculated using the currency in which the CFD is denominated. Hence your gains and losses will be further affected by the fluctuations in the exchange rates between the Account currency and the currency in which the CFD is denominated.

#### **5.11. OPERATIONAL RISK**

There are operational risks associated with the use of CGS-CIMB Futures trading platform, which means you may not be able to trade or may incur losses due to disruption in operational processes such as communication delay, computer network issues, software issues or external events that may lead to delays in the execution of a transaction.

#### **5.12. REGULATORY RISK**

Changes in taxation and other laws, government fiscal, monetary and regulatory policies may have adverse impact on the underlying instrument and hence your CFD positions.

#### **5.13. COMMISSION AND OTHER CHARGES**

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

#### **5.14. TRANSACTION 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 subjected 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.

## **5.15. CORPORATE ACTION PROCESSING**

You should be aware of all corporate events in regard to the underlying financial instrument of the CFD. It is important to understand the risks of delayed processing due to market condition, differences in time zones or unforeseen circumstances which may result in any acts or omissions.

The treatment you receive during a corporate action may be less favourable than if you owned the underlying instrument. Therefore, the time you have to make decisions could be considerably less, the options available may be more restrictive/less advantageous and may be such that there is no option for you to close the position. Given that corporate action(s) can often be announced at extremely short notice, you may have no opportunity or choice to close positions to avoid such consequences and such corporate action(s) may require you to provide more funds to cover margin at very short notice.

## **5.16. SHARES RECALL RISK**

To enable you to take a short CFD position, the hedge provider may need to borrow the shares of the underlying to conduct a short hedge. Lenders of the shares have the right to recall anytime. In the event of a recall, the shares may have to be returned at short notice and the hedge provider might no longer be able to maintain the short hedge. This may result in the CFD provider closing your short CFD positions immediately or at a short notice.

Regulatory changes prohibiting short selling and share borrowing in specific shares or in the entire underlying market may also result in the CFD provider force closing your short positions in CFD.

# **6. ACCOUNTS**

## **6.1. ACCOUNT OPENING**

The categories of investors who are allowed to trade CFDs are sophisticated investors (i.e. any person who falls within any of the categories of investors set out in Part 1 of Schedule 6 and Schedule 7 of CMSA).

For application to open an Account, you will be provided a Disclosure Document and Product Highlights Sheet. You are also required to complete and submit the Application Form together with the relevant supporting documents.

When we receive your completed forms and documents, we will use the information we have about you to conduct any further enquiries about you and to make an assessment of whether or not you have sufficient knowledge and experience to understand the risks involved in trading CFD. If we accept your application and open an Account for you, we will confirm this in writing.

## **6.2. INACTIVE / DORMANT ACCOUNT**

If there is no trading activity in your Account within a period of 3 months, we may remove your access to the trading platform.

In addition, if there is no activity in your Account in the past 7 years, we will make reasonable attempts to contact you regarding any money held in your Account. If we are unable to contact you, we will submit such moneys in credit of your Account to the Registrar of Unclaimed Money in accordance with the Unclaimed Moneys Act 1965.



### 6.3. ACCOUNT CLOSURE

You may close your Account and/or terminate the services provided by CGS-CIMB Futures to you by giving us notice in writing, which will take effect immediately. You should cancel any pending orders, close any CFD trades, settle all outstanding balances and any other charges (if any) and then withdraw any money due to you before giving us such notice of Account closure and/or termination.

We may terminate the services provided by CGS-CIMB Futures to you by giving 7 days notice in writing or immediately upon the occurrence of an event of default or insolvency event.

## 7. CONTACT INFORMATION

7.1. For general enquiries, please contact us:

- (a) via phone to : (603) 2635 8908
- (b) via email to : [futuresbroking.my@cgs-cimb.com](mailto:futuresbroking.my@cgs-cimb.com)
- (c) via letter to : Level 12, Menara Bumiputra-Commerce  
No. 11, Jalan Raja Laut  
50350 Kuala Lumpur  
Wilayah Persekutuan
- (d) or visit our website : <https://www.cgs-cimb.com.my/en/cfd>

For internal dispute resolution, you may contact (603) 2635 8686 or email us at [customerservice.my@cgs-cimb.com](mailto:customerservice.my@cgs-cimb.com)

7.2. If you are dissatisfied with the outcome of the internal dispute resolution process, please refer your dispute to the Securities Industry Dispute Resolution Center (SIDREC):

- (a) via phone to : (603) 2282 2280
- (b) via fax to : (603) 2282 3855
- (c) via email to : [info@sidrec.com.my](mailto:info@sidrec.com.my)
- (d) via letter to : Securities Industry Dispute Resolution Center (SIDREC)  
Unit A-9-1, Level 9, Tower A  
Menara UOA Bangsar  
No. 5, Jalan Bangsar Utama 1  
59000 Kuala Lumpur

You can also direct your complaint to the Securities Commission Malaysia even if you have initiated a dispute resolution process with SIDREC. To make a complaint, please contact the Securities Commission Malaysia's Consumer and Investor Office:

- (a) via phone to the Aduan Hotline at : (603) 6204 8999
- (b) via fax to : (603) 6204 8991
- (c) via e-mail to : [aduan@seccom.com.my](mailto:aduan@seccom.com.my)
- (d) via online complaint form : available at [www.sc.com.my](http://www.sc.com.my)
- (e) via letter to : Consumer and Investor Office  
Securities Commission Malaysia  
No. 3 Persiaran Bukit Kiara Bukit Kiara  
50490 Kuala Lumpur

## 8. GLOSSARY

“**Account**” means an Account with CGS-CIMB Futures for CFD trading. Each reference to “Account” shall be construed as a separate reference to each such account you have with us. All Accounts have separate account numbers or codes.

“**Account Balance**” means at any given time, the Base Currency amount of funds in the Account after all credits and debits have been made including unrealised profits and losses.

“**Affiliates**” means (i) a related corporation (as defined in the Companies Act 2016) of CGS-CIMB Futures, (ii) CGS-CIMB Securities International Pte Ltd and its related corporations (as defined in the Companies Act 2016), (iii) a member of the CGI Group, and/or (iv) a member of the CIMB Group.

“**Ask**” is the lowest price that a seller of a security is willing to accept.

“**Banking Day**” is a day on which banks in Kuala Lumpur are open for business.

“**Base Currency**” is the currency that your Account is denominated in.

“**Bid**” is the highest price that a buyer of a security is willing to pay.

“**BMDB**” means Bursa Malaysia Derivatives Berhad.

“**Board**” refers to the Board of Directors of CGS-CIMB Futures.

“**bonus issue**” is an exercise where free new shares are given to existing shareholders based on the specified proportion of shares they are holding.

“**Bursa Securities**” means Bursa Malaysia Securities Berhad.

“**Business Day**” is a day on which CGS-CIMB Futures is open for business or a day on which the exchange on which the CFD is carried out is open for trading.

“**CFD**” means contracts for difference.

“**CGS-CIMB Futures**” means CGS-CIMB Futures Sdn. Bhd.

“**CGI Group**” means China Galaxy International Financial Holdings Limited and its related corporations (as defined in the Companies Act 2016).

“**CIMB Group**” means CIMB Group Sdn. Bhd. and its related corporations (as defined in the Companies Act 2016)

“**CGS-CIMB Singapore**” means CGS-CIMB Securities (Singapore) Pte Ltd.

“**Chinese Wall**” describes an information barrier within an organization intended to prevent exchanges or communication of information that could lead to conflicts of interest.

“**CMSA**” refers to the Capital Markets and Services Act 2007 including all rules made thereunder, any amendments, modifications and re-enactments as may be made from time to time.

“**Contract Value**” means the contract price multiplied by the contract quantity.

“**corporate action**” means any action taken by an issuer in relation to or arising from its securities including payment of dividend, issue of bonus shares and other rights and interests associated with such securities, capital restructuring and share consolidation.

“**derivatives**” are financial instruments, traded on or off an exchange, the price of which is dependent upon the value of an underlying asset.

“**dividend**” means the distribution of profits by a company to its shareholders.

“**DMA**” means Direct Market Access.

“**ex-bonus date**” is the first day of trading when the buyer of a share is no longer entitled to the most recently declared bonus issue.

“**ex-dividend date**” is the first day of trading when the buyer of a share is no longer entitled to the most recently declared dividend.

“**ex-rights date**” is the first day of trading when the buyer of a share is no longer entitled to the most recently declared rights.

“**ex-split date**” is the first day of trading when the buyer of a share is no longer entitled to the most recently declared split.

“**Gross Liquidation Value (GLV)**” carries the same meaning as “Total Equity” and means the aggregate of the balance of your Account less your unrealised profits or losses.

“**Index CFD**” means a CFD offered by CGS-CIMB Futures based on share indices rather than individual equities.

“**long**” means buying a CFD with the expectation that the underlying asset will increase in value.

“**margin**” is the amount used to open and maintain CFD positions as set out in Clause 4.6.

“**open position**” is any CFD contract(s) current on your Account that has not already been closed, expired or liquidated.

“**Over-the-counter**” refers to securities transactions taking place outside of a financial exchange system.

“**reverse share split**” is when the issued shares of a company are merged based on a predetermined ratio.

“**rights issue**” is an invitation to existing shareholders to purchase additional new shares in the company at a discount to the market price on a stated future date.

“**share split**” is when existing shares of a company are split based on a predetermined ratio into multiple shares.

“**short**” means selling a CFD with the expectation that the underlying asset will decrease in value.

“**stop-loss order**” is an order placed with the aim of limiting the potential loss on an open position.

“**Total Equity**” carries the same meaning as “GLV” which is the aggregate of the balance of your Account less your unrealised profits or losses.

“**white label**” is an arrangement whereby CGS-CIMB Futures rebrands and uses the trading platform and back office system provided by CGS-CIMB Securities (Singapore) Pte Ltd.

(The remainder of this page has been intentionally left blank)