# KE Forex Product Term Sheet

**** Please note that Page 1-5 is for your reference, and only Page 7 is required to be completed and returned.**

## What is leveraged trading in Forex (Foreign Exchange) Contracts?

Leveraged trading in Forex (Foreign Exchange) contracts is the simultaneous buying and selling of a pair of currencies on margin where only a percentage of the contract size (the margin) needs to be funded by the trader when he opens the position.

Let us explain with the help of an example.

You decide to open a leveraged forex contract with the following conditions:
Currency pair for trading – EUR/USD
Direction of the trade – BUY EUR and SELL USD
Price of Euro is at 1.2500
Contract value – EUR 100,000

As a trader, you purchase this contract, believing that the EUR will strengthen in relation to the USD and you will close (offset) the contract when your profit objectives have been reached. If you are right (for example: the price of EUR in USD increases to 1.2600); for every euro in this contract you would make a profit of 1 US cent. In total, the profit would be USD1,000 (100,000 x 1 cent).

On the contrary, if you had taken a view that EUR would weaken against the USD, you would sell the same contract. Assuming the same market conditions as mentioned above, you would have been wrong, since the rate increased to 1.2600 and you would have incurred a loss. For every euro in this sale contract you would incur a loss of 1 US cent. In total, the loss would be USD1,000 (100,000 x 1 cent).

The next critical feature of leveraged forex trading is, using the same example; you do not need to fund ALL of the EUR 100,000 to open this contract.

You can LEVERAGE the trade: the trader is required to put up a margin, for example, only 1:50 of the contract value (if the leverage allowed is 50 times). Accordingly, in the above example, for a contract of EUR100,000, only EUR2,000 is needed.

With leverage, you can take positions larger than the funded balance in your account because you can 'leverage' on your margin. On the other hand, when there is a loss: the higher the leverage, the quicker you are subject to margin call and you could sustain a loss of some or all of your deposited funds, or even a loss that exceeds your initial outlay/deposit. Leverage magnifies the profit and loss from a trading position compared to one which is fully funded.

## Gearing

The margin requirement for Forex Contracts is dependent on currency pair. Currently, it requires a minimum of 2% (leverage of 50 times) and is subject to regular review as per SGX-DT futures regulation.

For example, if you are required to deposit 2% of the total transaction value as margin and you intend to trade one standard lot of USD/JPY which is equivalent to USD100,000, the margin required would be USD2,000.

## Denomination of account

You can choose the currency denomination of your account to be either SGD or USD.

## Minimum initial deposit

For KE Forex, the minimum initial deposit to open a SGD-denominated or USD-denominated forex account is SGD3,000 or USD3000 respectively. This is enough to trade most standard lot although it is not advisable as the account will be highly leveraged, thereby increasing the risk of margin call and liquidation.

## Margin maintenance ratio and how margin call works

A margin call is triggered when the total equity of an account is less than the margin requirement of all open positions. For KE Forex, the margin requirementrequires a minimum of 2% (leverage of 50 times).

Assuming your margin requirement for your open position is currently SGD3000 and your total equity is SGD4000, your account is healthy and has no margin call. Then the market starts to go against your position and your total equity drops to SGD2,500, you now have a margin call of SGD500 to bring your equity back to the required margin.

In accordance with the Terms and Conditions for Leveraged Foreign Exchange Trading, if you do not send us the required margin within three (3) business days, we will place liquidation orders to close all of your open position(s).

## Auto-liquidation of open position

The Forex market is a 24-hour market and can be very volatile. If there is an extreme market move, the client's account may go into overloss, that is, the equity in the account may not be sufficient to absorb the loss sustained by the client's position as a result of the extreme market move. For the protection of clients from overloss, our trading platform has an auto liquidation feature. Auto-liquidation of all open positions in the client's account will be triggered when the total equity in the account is less than 30% of the total required margin of all open positions. However, please note that while KE Forex's auto-liquidation mechanism serves to reduce the chances of client's equity from going into an overloss situation, overloss is still possible if there are big fluctuations or swings in the foreign exchange market.

## Minimum size of contract

The minimum size of a contract is 1,000 units, a micro-lot as compared to a standard lot which is a 100,000 unit contract. For example, you can buy 1,000 USD/JPY or 1,000 GBP/USD.

## Currency pairs

KE Forex offers more than 40 currency pairs. Examples of the currency pairs are USD/JPY, USD/CHF, EUR/USD, GBP/USD which are the 4 majors, non-USD crosses such as EUR/JPY, GBP/JPY, EUR/GBP, the commodities currencies such as AUD/USD, USD/CAD and our own currency pair USD/SGD.

## Settlement Currency

All realised profit or loss will be converted to SGD or USD depending on the account's currency denomination.

## Commission, Swaps and other charges

Leveraged foreign exchange trading with KE Forex is commission free. The trading cost will be the spread and the interest rates applicable when buying and selling foreign exchange (if any).

A spot transaction is generally due for settlement within two business days (the value date). The cost of rolling over a transaction is based on the interest rate differential between the two currencies in a transaction. If you are long (bought) the currency with a higher rate of interest you will earn the interest differential. If you are short (sold) the currency with a higher rate of interest you will pay the interest differential. KE Forex will automatically roll over your open positions allowing you to hold your position indefinitely, provided no margin call or auto-liquidation has taken place.

**Example:**
(Rates as at 13th Oct 2014) - Assume the client's account has "Free Margin" of SGD50,000 in his trading account, after deducting the initial margin for the trade of 1 standard lot of AUD/USD.

Assume also that the market is trading at exactly your breakeven level (ie. neither gain nor loss) just after 5pm (New York Time) on 14th Oct 2014.

If you had longed (bought) AUD 100,000 against USD on 14th Oct 2014 before 5pm (New York Time) and the interest rate of AUD is higher than USD, you would have $4.84 credited to your trading account balance. Under "Free Margin" in KE Forex trading platform, it will be reflected as $50,004.84.

If you had shorted (sold) AUD 100,000 against USD on 14th Oct 2014 before 5pm (New York Time) and the interest rate of AUD is higher than USD, you would have $10.50 deducted from your trading account balance. Under "Free Margin" in KE Forex trading platform, it will be reflected as $49,989.50.

**There is withholding tax on swaps credit for client who has opened the account under overseas investor declaration. Subject to prevailing Singapore government rate.**

There will also be no fees for monthly data feeds.

**Depositing Funds into your KE Forex Account**

- **Cash** - Funds received before 12 pm will be credited to your account by 2 pm and funds received after 12 pm but before 5 pm will be credited by 6 pm.

- **Electronic Fund Transfer (Please note that it might take up to 2 - 3 working days for the funds to reach us)**

1. Internet Banking:
   Step 1—Select 'Bill Payment' option through the following banks:

   a. Maybank
   b. DBS (Development Bank of Singapore)
   c. HSBC (Hong Kong and Shanghai Bank Corporation)
   d. OCBC (Overseas Chinese Bank Corporation)
   e. SCB (Standard Chartered Bank)
   f. UOB (United Overseas Bank)

   Step 2—Select 'Maybank Kim Eng Securities Pte Ltd' from the default list of payees

   Step 3—When prompted for Reference Code/Number, State the Client Code appearing in your trading platform (Portfolio Window)

2. Telegraphic Transfer (TT)
   Please state your KE Forex trading account number and name along with the telegraphic transfer.

| **Currency** | **Singapore Dollars** |
|---|---|
| Bank Name | Hong Kong & Shanghai Banking Corporation, Singapore |
| Swift Code | HSBCSGSGXXX |
| Account Name | Maybank Kim Eng Securities Pte Ltd |
| Account Number | 141-112789-001 |
| Remarks | LFX Trading Account No: XXXXXX |
| **Currency** | **Hong Kong Dollars** |
| Bank Name | Hong Kong & Shanghai Banking Corporation, Hong Kong |
| Swift Code | HSBCHKHHHKH |
| Account Name | Maybank Kim Eng Securities Pte Ltd |
| Account Number | 111-180238-001 |
| Remarks | LFX Trading Account No: XXXXXX |
| **Currency** | **US Dollars** |
| Corresponding Bank | Standard Chartered Bank, New York |
| CHIPS UID/ABA NO | CHIPS UID 057220 (ABA# 026002561) |
| Beneficiary Bank | Standard Chartered Bank, Singapore |
| Swift Code | SCBLSGSGXXX |
| Beneficiary | Maybank Kim Eng Securities Pte Ltd |
| Beneficiary Account Number | 174090064 |
| Remarks | LFX Trading Account No: XXXXXX |
| **Currency** | **Australian Dollars** |
| Bank Name | Hong Kong Bank of Australia |
| Branch | HKBA Sydney Office Branch |
| BSB Code | 342011 |
| Swift Code | HKBAAU2SSYD |
| Account Name | Maybank Kim Eng Securities Pte Ltd |
| Account Number | 011-038551-001 |
| Remarks | LFX Trading Account No: XXXXXX |

Please drop us an email at marginfinance@maybank-ke.com.sg after the telegraphic transfer with the email you have used for the KE Forex account application with the following details:

Your Name | Trading A/C No. | Deposit Amount |

- **Cheque**
  Cheque should be crossed and made payable to "Maybank Kim Eng Securities Pte Ltd". Please state your KE Forex trading account number, name and contact number on the back of the cheque and state clearly that this payment is meant for Forex.

  SGD cheque clearance will usually take 2 working days while foreign cheque clearance may take up to a month. Charges incurred for clearing foreign cheques will be borne by you.

**Withdrawal of funds from your KE Forex Account**

Withdrawal request received by Maybank Kim Eng Securities Pte Ltd before 12pm on a working day will be processed within 2 working days.

Funds may be returned by way of cheque (by post or quick cheque deposit) or telegraphic transfer into the client's bank account. The client should provide the following details via email marginfinance@maybank-ke.com.sg with the email used for the client's account application:

(a) Client's Name;
(b) Trading Account number;
(c) Withdrawal Amount;
(d) Bank and Account number (for telegraphic transfer / quick cheque deposit).
Note: Applicable charges apply for telegraphic transfer.

Note: We can only transfer to accounts under the client's name.

**For Forex related enquiries**

Telephone : (65) 6231 5577 (Singapore and Overseas)
Email : keforex@maybank-ke.com.sg
Website : www.maybank-ke.com.sg

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I/We have received, read, understood and agreed to the KE Forex Product Term Sheet.

________________________
Client’s Signature

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Client’s Name

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Client’s NRIC

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Date

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