

1. How is Bonds Financing beneficial?

By transferring marginable bonds into their accounts, clients are able to increase their purchasing power.

Illustration 1:

Assuming Client ABC has the following SF portfolio:

Marginable Value:	S\$1,000,000
Total Borrowing:	S\$500,000
Margin Ratio:	200%

Existing Maximum Purchasing Power: S\$750,000

ABC decides to transfer S\$500,000 worth of marginable bonds with a PCF of 100% into his portfolio. His portfolio would then be as follows:

Marginable Value:	S\$1,500,000
Total Borrowing:	S\$500,000
Margin Ratio:	300%

New Maximum Purchasing Power: S\$2,000,000

With bonds financing, clients are able to obtain financing for up to 71.43% of the contract value of the bonds. Clients would therefore only require a cash advance of the balance of the contract value of the bonds to purchase their desired bonds.

Illustration 2:

Assuming Client ABC has only S\$75,000 and wishes to buy a bond worth S\$250,000. His portfolio would be as follows before his purchase:

Marginable Value:	S\$ -
Total Borrowing:	- S\$75,000 (credit balance)
Margin Ratio:	N.A.

After the purchase of his desired bond, his portfolio would be as follows:

Marginable Value:	S\$250,000
Total Borrowing:	S\$175,000 (Loan incurred after deducting credit balance)
Margin Ratio:	143%

2. Is the Bonds Financing feature a part of the current Share Financing (SF) account feature?

The bonds financing feature is currently embedded in the current SF features. Existing clients with an SF account will be able to enjoy the enhanced feature accordingly. New clients may wish to visit www.iocbc.com for more information on account opening.

Note: For an Individual or Joint SF account, the applicant(s) must be at least 21 years old.

All existing T&Cs applicable to SF apply.

3. How are the purchased Bonds settled?

Bonds purchased will only be settled on settlement date. Clients would need to have sufficient limits under the client's SF account for settlement.

If there is insufficient limit in the client's SF account, the client would need to decide on a different settlement mode (e.g. Cash, EPS, GIRO, etc.). Clients may choose to transfer the purchased bonds to the client's SF account at a future date. Additional charges and fees may be incurred.

If settlement remains unsuccessful, OSPL will initiate force-selling, incurring contra losses to be payable by clients.

4. Which currency can the Bonds purchased be financed in?

The client's SF account allows financing for four different currencies, SGD, USD, HKD and AUD. The client may choose either one of the four currencies for settlement if financing is required for the purchase of bonds.

5. Where will the purchased Bonds be held?

The client's SF account is linked to a designated sub-account maintained by OSPL with CDP. If the purchased bonds are listed on the Singapore Exchange, they will be held in custody in such designated sub-account. For bonds listed on Foreign Exchanges, they will be held in custody with the relevant established global custody service provider.

6. How are the Bonds' coupons payable?

All corporate action payments (including coupon payments) will be credited to the client's SF account. The client may wish to withdraw the proceeds accordingly.

Important Notes

Trading in securities can be very risky, and you may lose all or more than the amount invested or deposited. You should therefore consider carefully and exercise caution in making any trading decision whether or not you have received advice from any financial adviser.

Borrowing to finance the trading of securities (leveraging/gearing) carries a high degree of risk. If the value of the collaterals declines substantially, falling below the maintenance margin requirement, you may be called upon to deposit substantial additional funds on short notice in order to maintain your position. If you fail to comply with a request for additional funds within the specified time, your position may be liquidated at a loss and you will be liable for any resulting deficit in your account.

All other services and products offered by OCBC Securities are subject to relevant terms and conditions.