

Contract for Difference

Providing gearing, allowing you to maximise your trading decisions.

Introduction

A Contract for Difference (CFD) is an agreement between two parties to exchange the performance of an instrument (share, index, currency or commodity). Typically, the buyer of the CFD would receive the difference in value of the instrument if it moves up from the seller. Similarly the seller would receive the difference in the value of the instrument if the instrument moves down. A CFD is a Financial Derivative. A CFD contract size is standardised; for local CFD's, one contract is the equivalent to one share.

CFD's provide gearing, meaning that you would need to invest a fraction of the total exposure traded; this amount is called margin. The margin is used to ensure that both parties can fulfill their obligations under the agreement. Gearing allows speculators, traders and hedgers to maximise the impact of trading decisions, without using large amounts of capital.

When you enter into a CFD contract you are not buying the underlying share, even though the movement of the CFD is directly linked to the share price. CFD's mirror the movement and pricing of the underlying share. Momentum Securities' relationship with Velocity Trade Capital (Pty) Ltd provides you with the opportunity to utilise their CFD platform via your local Portfolio Manager relationship.

Benefits

- Real time trading with transparent, accurate pricing information
- Leverage: CFDs are traded on margin, which allows you to gain greater exposure on your trading decisions
- CFDs don't have an expiry date, therefore, you don't need to roll them over and can hold them for as long as you like.
- Earn dividends on long positions and pay dividends on short positions.
- Low trading costs
- You are able to trade on long or short positions

- Corporate actions are simply processed to provide the holder with the same economic affect as a holding in the underlying share/instrument.
- CFDs are available for most large cap international equities.
- Currency and indices of a geared nature are also available.
- Instrument can be held for as long as it's listed

Eligibility

- Minimum investment: R80 000
- High-risk appetite
- Suitable for the experienced investor

Required information

As per the Financial Markets Act Conduct Standard 2 of 2018, Momentum Securities is required to assess whether this product is appropriate for you. Therefore, applicants will be requested to provide the following information:

- Profession and job title
- Monthly disposable income and net asset value
- Investment objections using OTC derivatives
- Knowledge of OTC derivatives
- Experience in financial markets
- Experience in OTC derivatives

Fees

	MS Default pricing	Minimum	Funding
JSE CFDs	0,35%	R35 per trade	+2,5% on long and -2,5% on shorts
Top40 CFD		NA	
US Stock CFDs	0,35%	USD 15	+3% on long and -3% on shorts
UK/EU Stock CFDs	0,35%	GBP 10/EUR 12	
Offshore Spread Based Instruments (Commodities, indices, FX)		NA	

* All fees exclude VAT

* Rebate statements will be sent monthly on or before the 10th business day, includes VAT where applicable

* Rates can be charged by mutual agreement in writing

* Fees may be increased annually as required

* Interest is charged on exposure

* Trading in leveraged products can result in losses that exceed initial investment

Please note: Eligibility and affordability criteria apply. Momentum Securities has the right to refuse any application on the basis of internal policies. Momentum Securities does not provide advice on CFDs or the underlying tax consequences thereof. CFDs are only suitable for experienced investors with a high risk tolerance.

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