

CFD

# Trading Manual

**Date Produced: August 2005**

## Introduction

CFDs (contracts for difference) are becoming increasingly popular amongst investors as an alternative to trade physical shares and options, in Europe a large number of investors now utilise CFDs as part of their investment strategy. CFDs are very similar to the buying and selling shares, with the added advantages of:

- You can sell CFD shares to open positions if you believe a stock is falling to capitalise speculatively or to hedge your stock portfolio.
- You can use leverage such that you do not have to part with all your investing capital to purchase the physical stock, that is you part with a fraction of your investing capital to buy or sell the relevant CFD stock.
- There is no expiry period time as with options.

There are differences between CFDs and exchange based stocks, they are mainly based on whether you hold an open bought or sold position and the associated debits and credits from dividends on the stock and funding of the leveraged stock. The main differences are:

- There are funding costs and funding receipts when holding open positions for more than one day for the bought and sold CFDs respectively
- and there are dividend receipts and dividend payments, after ex-dividend date for the bought and sold CFDs respectively.

The major attraction of CFDs is that opportunity costs in further investments are not missed as your capital is not being consumed purchasing the physical stocks and through leverage the potential returns from trading CFDs outperform\* traditional stock trading and margin lending trading.

We hope this manual assists you in understanding CFDs further

and advisers at CKL are more than willing to help you further to grasp the CFD concept.

- \* *CFDs are highly leveraged derivatives where losses and profits can be significant and you should carefully consider whether trading CFDs is appropriate for you based on your risk category, financial circumstances and objectives.*

## What are CFDs

A contract for difference (CFD) is an over-the-counter derivative product comprising a **contract(s)** to exchange money **for the difference** of a bought and sold position (vice versa) under which one party is entitled to be paid an amount of money, or to pay an amount of money, based on the price movements of the underlying instrument or security to another party. This transaction concludes with the parties settling the difference between the purchase price and the sale price.

CFDs allow you to take leverage “long” (buy) or “short” (sell) positions without having to take or make delivery of the underlying instrument or security. Instead, you provide a cash deposit (known as the initial margin) as collateral. Each business day, the position is marked-to-market, with the consequential payments being made between the parties. Although a CFD replicates the price movement of the underlying instrument or security, you have no right or obligation to acquire or deliver the instrument or security itself and CFDs do not entitle you to any voting rights.

A number of exchanges are available, with over 7 780 stock CFD's available to trade. The trading platform will show the available CFD's to trade, the relevant available exchanges and trading times are listed below:

Exchange Name	Country	Trading Hours (GMT)	Trading Hours AEST
American Stock Exchange (AMEX)	United States of America	13:30 - 20:00	23:30 - 06:00
Euronext Amsterdam (AMS)	Netherlands	07:00 - 15:25	17:00 - 01:25
Australian Stock Exchange Ltd. (ASX)	Australia	00:00 - 06:00	10:00 - 16:00
Euronext Brussels (BRU)	Belgium	07:00 - 15:25	17:00 - 01:25
Copenhagen Stock Exchange (CSE)	Denmark	07:00 - 14:50	17:00 - 00:50
Frankfurt Stock Exchange (FSE)	Germany	07:00 - 15:30	17:00 - 01:30
Helsinki Stock Exchange (HSE)	Finland	07:00 - 15:20	17:00 - 01:20
Euronext Lisbon (LISB)	Portugal	07:00 - 15:25	17:00 - 01:25
London Stock Exchange (LSE)	United Kingdom	07:00 - 15:30	17:00 - 01:30
Milano Stock Exchange (MIL)	Italy	07:10 - 15:25	17:10 - 01:25
NASDAQ	United States of America	14:30 - 21:00	00:30 - 07:00
New York Stock Exchange (NYSE)	United States of America	13:30 - 20:00	23:30 - 06:00
Oslo Stock Exchange (OSE)	Norway	08:00 - 14:00	18:00 - 00:00
Euronext Paris (PAR)	France	07:00 - 15:25	17:00 - 01:25
Singapore Exchange Securities Trading Limited (SGX-ST)	Singapore	00:00 - 08:00	10:00 - 18:00
Sistema De Interconexion Bursatil Espanol (SIBE)	Spain	07:00 - 15:30	17:00 - 01:30
Stockholm Stock Exchange (SSE)	Sweden	07:00 - 15:20	17:00 - 01:20
Swiss Exchange (SWX)	Switzerland	07:00 - 15:30	17:00 - 01:30
Tokyo Stock Exchange (TYO)	Japan	00:00 - 06:00	10:00 - 16:00
Vienna Stock Exchange (VIE)	Austria	07:21 - 15:30	17:21 - 01:30
Virt-X (VIRT-X)	Switzerland	07:00 - 15:20	17:00 - 01:20

## Why CFDs?

People who trade in CFDs may do so for a variety of reasons. Some trade for speculation, that is, with a view to profiting from fluctuations in the price or value of the underlying instrument or security. For example, share CFD traders may be investors who are looking to profit from intra-day or overnight to longer term market movements in the underlying shares.

Others trade share CFDs to hedge their exposures to the underlying shares. For example, CFDs can be used as a risk management tool to enable those with existing holdings of underlying shares to lock in an effective sale price for the shares concerned by taking a "short" CFD position. Then, if the price of the underlying shares the investor holds falls, the short CFD positions will wholly or partly offset the losses incurred on the physical holdings.

Other benefits of CFD's are:

- No expiry period
- No obligation to deliver the stock
- Receive dividends on bought open positions
- Receive interest on sold open positions
- Significantly less capital required than physical shares, as you don't have to physically purchase the stock
- No GST on commissions
- Buy or sell to open positions – double your trading opportunities.
- High leverage as a 10% cash deposit is required for the value of the bought or sold stock

## Why CKL?

CKL are experienced market operators that specialise in retail derivative products, other advantages are listed below:

- 20 day free trial of platform
- Phone or place orders electronically
- 24 hour dealing desk
- 1300 and 1800 numbers
- No exchange fees and platforms costs
- Competitive commission rates
- Trade Local and International stocks (USA, Australasia and Europe)
- Over 7500 global CFD's and 280 Australian stocks.
- Built in back office – view statements, orders, margin alerts and activity on-line
- Access to news, charts and economic calendar on-line
- Real time pricing and market depth on-line
- Flexible minimum accounts
- Competitive bid and offer spreads

## CFD Platform On-Line

The desktop trading platform allows investors that want to learn about CFDs to paper trade for 20 days with a hypothetical \$100 000 account. The 20-day free trial allows traders to test new strategies and practice in the market before entering into the real trading environment, without risking trading capital. It also helps a trader to familiarise themselves with the product, market mechanics, order types and assist in developing trading discipline and confidence.

To download the CFD platform, please visit [www.cklocke.com](http://www.cklocke.com)

## Buy or Sell – Double Your Trading Opportunities

You can take both "long"(buy) or "short"(sell) CFD positions to open positions. If you take a long position, you profit from a rise in the underlying instrument or securities price, and you lose if the underlying instrument or securities price falls. Conversely, if you take a short position, you profit from a fall in the underlying instrument or securities price, and lose if the underlying instrument or securities price rises.

When short selling CFDs, you will be determined by the rules for that stock exchange. In the USA, an up-tick rule applies where you can only sell on an up tick and in Australia you may experience limitations on the amount of CFDs you can short in a single day due to limited borrowing availability in the underlying market.

## Mechanics of CFDs

### 1. Leverage

The use of CFDs involves a high degree of leverage. These contracts enable a user to outlay a relatively small amount (in the form of initial margin) to secure an exposure to the underlying share. This leverage can work against you as well as for you. The use of leverage can lead to large losses as well as large gains. For example, if you have a positive view about the prospects of a company, you could either buy 10,000 shares of the company at \$1.00 and pay your broker \$10,000 (plus costs) or you could buy the company CFD and use an initial margin of \$1,000 (plus costs). For the experienced investor, this leverage provides an attractive means of gaining exposure to the performance of the underlying shares without the need to invest in the physical share.

### 2. Margins

The entry into CFDs involves the payment of margins. There are two components of the margin, which you are required to pay in connection with CFDs. These are initial margin and variation margin.

The **Initial Margin (IM)** is an amount of money that will be debited from your account at the time the CFD is entered into. The initial margin represents the security deposit value that you are required to hold when you first open a CFD position. The initial margin is typically 10% of the contract value or will represent the assessed risk value that the principal determines should apply. An initial margin is a form of risk control based on the volatility in the market if the market moved adversely against you overnight, initial margins are returned when positions are closed.

The **Variation Margin (VM)** is the unrealised profit or loss on your open position. This amount is equal to the dollar value movement in your open position when compared against the current market price. The profit or loss is realised when positions are closed.

The **Gross Liquidation Value (GLV)** is the amount of money you would have in your account were you to close out all positions (ie realising variation margin) at the current market price (less any transaction charges or adjustments).

The **Free Equity (FE)** balance is defined as Gross Liquidation Value less Initial Margin.

Free equity can be utilised to enter into further CFD positions or can be withdrawn from your account, subject to account minimum balance being maintained.

Example:

In this example, say we bought \$20 000 worth of the CFD - Coles Myer, which requires an initial margin of \$2 000 (ie 10% of purchase value) and the price has moved favourably from the bought price by \$1 000 (VM) at the close of the market. Hence the GLV is \$21 000 (\$20 000 +\$1 000) and the Free Equity is \$19 000 (\$21 000-\$2 000). Note: Starting account balance was \$20 000.

Account Balance	Initial Margin	Variation Margin	GLV	Free Equity
\$20 000	-\$2 000	+\$1 000	\$21 000	\$19 000

### 3. Margin Calls

Margin calls occur when your free equity falls into negative territory. You are provided with notice of the margin deficit by making a "margin call" via e-mail, fax, sms message, telephone, pop ups through the platform or via post. When we make a margin call you must deposit the amount of funds that we request into your account. Margin calls must normally be met within 24 hours of making a margin call. In some situations you may require payment within a shorter time period (for example where there is unusual volatility). If you fail to make margin payments we may reduce or close all your open positions without further notice.

### 4. Daily payment of differences

Following the close of business on each business day during the term of a CFD, the principal will determine the contract value of the CFD that will apply as at close of business, ordinarily based on the closing price quoted by the relevant exchange. Where the principal considers that the closing price can not be determined on that basis; it will determine the value in its discretion.

Where the share is suspended or halted by the relevant exchange, the CFD position will be valued and a closing price will be determined.

#### a) Sold Open Positions

If the contract value at the close of business is, in monetary terms, greater than your sold contract value determined for the previous day, and you hold a "short" position in the CFD, you will pay the difference. Conversely, if the new contract value in monetary terms is less than your sold contract value, you will receive the difference. This difference is treated as the variation margin.

#### b) Bought Open Positions

If the contract value at the close of business is, in monetary terms, greater than your bought contract value determined for the previous day, and you hold a "long" position in the CFD, you will receive the difference. Conversely, if the new contract value in monetary terms is less than your sold contract value, you will pay the difference. This difference is treated as the variation margin.

### 5. Closing a CFD

CFD's do not have an expiry date. They remain open until they are closed in accordance with the terms of the client agreement. To close a CFD position, you place the order, either electronically or by telephone, to determine the current market price for the

underlying security/instrument, with the view to close the position (or part of it). Partial fills (ie order not fully filled) may occur on limit orders and the remainder stays in the duration of time.

Also market orders can be filled at numerous levels, the volume average weighted price will be used as the average price.

The total closing value is then determined by multiplying the number of CFDs by the price of the underlying instrument or security.

On the day that the CFD is closed, the principal will calculate the remaining payment rights and obligations to reflect movements in the contract value since the previous business close (including interest and other credits/debits). The determination of the closing value may be affected by certain events described below.

- If the CFD is over shares in a company which becomes externally administered, the CFD is taken to be closed at that time. If this happens, the principal will determine the closing price.
- If the CFD is over shares which cease to be quoted on the exchange on which they were quoted when the CFD was entered into, or are suspended from quotation for 5 consecutive business days, the principal may elect to close the CFD and/or call additional margin as determined by the principal.

### 6. Price Quotations

Market makers provide price quotes based on the ASX physical (underlying) stock price at a discount to the bid and at a premium to the offer or ask. For example if Coles Myer ASX quotes were at 9.53 for the bid and 9.54 for the offer or ask, the market makers possible quotes would be 9.52 for the bid and 9.55 for the offer.

- \* *The term bid (willing buyers) is the available price to sell at and the term offer or ask (willing sellers) is the available price to buy at.*

### CFD Dividends

If you hold a open bought CFD, you will be credited with an amount equal to the gross unfranked dividend on the underlying shares on the business day after the ex-dividend date (CFDs do not confer rights to any dividend imputation credits). Conversely, if you hold open sold CFD, your account will be debited an amount equal to the gross unfranked dividend on the underlying shares on the business day after the ex-dividend date.

If there is a corporate action by the company which issues the shares to which the CFD relates, there may be an adjustment to the terms of the CFD in accordance with the terms of the client agreement. For example, an adjustment will ordinarily be made for subdivisions, consolidations or re-classifications of shares, bonus issues or other issues of shares for no consideration, rights issues and other similar events. The principal has the right to decide to make an adjustment in any circumstance where it considers an adjustment is appropriate. The principal also has discretion to determine the extent of the adjustment so as to place the parties substantially in the same economic position they would have been in had the adjustment event not occurred.

The principal may elect to close a position where an adjustment event occurs and it determines that it is not reasonably practicable to make an adjustment. The principal may also elect to close a CFD, where the underlying shares are the subject of a take-over offer, prior to the closing date of the offer.

## CFD Funding

### 1. Interest on Open positions

If you hold a bought CFD position overnight you will pay interest on the open position at market value. This value is calculated daily and is based on the quantity of CFDs you hold multiplied by the closing market price for the underlying share on that day at the prevailing interest rate.

For example (for a share CFD) if you were paying a bought CFD funding charge of 3% over the LIBOR (London Interbank Offer Rate (which was say 5.25%), you would be paying a total funding rate of 8.25% per annum. If the contract was for 10,000 CFDs and the closing price was \$2.00 per share, the open position value would be \$20,000. The funding charge would be approximately \$4.52\* ( $\$20,000 \times 8.25\% = \$1,650$  divided by 360) for every day the contract is maintained and would be debited from your account daily.

If you hold a sold CFD position overnight you will be paid interest on the open position at market value. This value is calculated daily and is based on the quantity of CFDs you hold multiplied by the closing market price for the underlying share on that day at the prevailing interest rate.

For example (for a share CFD) if you were paying a sold CFD funding charge of 2.5% less the LIBID (London Interbank Bid Rate (which was say 5.00%), you would be receiving a total funding rate of 2.5% per annum. If the contract was for 10,000 CFDs and the closing price was \$2.00 per share, the open position value would be \$20,000. The funding receipt would be approximately \$1.38\* ( $\$20,000 \times 2.5\% = \$500$  divided by 360) for every day the contract is maintained and would be credited to your account daily.

The LIBOR and LIBID rate is similar to the RBA borrowing and return rate in Australia. The European rates are applied as the provider of the platform is European based, the available rates are viewable on the trading platform and are updated daily. Also 360 days is used rather than 365 days in the calculations because this is based on European standards.

\* *The exact amount of interest paid/received will vary each day, depending upon such factors as the closing price of the underlying instruments or securities in your CFD portfolio, changes to the holdings within your CFD portfolio and/or changes to the prevailing interest rate that is applied.*

### 2. Interest on Credit and Debit Balances - Funds Held

Interest is paid at the end of each month on your net free credit balance which is your cash balance plus or minus all variation margins, less any initial margin requirements for all open positions and other costs.

The interest rate paid on account balances of less than \$15,000 is the LIBID rate less 3.75%, interest rate paid on account balances between \$15,000-\$100,000 is LIBID less 2.5% and the interest rate paid on account balances exceeding \$100,000 is LIBID less 1.5%. Interest is calculated daily, but credited to your account monthly. The amount is equal to the amount of your net free credit balance (per currency) multiplied by the annual rate of interest for the number of days you are owed interest. This amount is then divided by 360 to get a daily amount.

In the event your account balance becomes a debit (ie margin call) you will be charged interest daily at 3% above the LIBOR rate (say 5.25%), which would be at 8.25% per annum.

## Trading Examples

Two examples are provided; one on opening and closing a bought CFD position and the other opening and closing a sold CFD position.

Example 1: Going Long (Buying to open a position)

You expect Coles Myer to announce good profit results to the market and anticipate its price could rise over 6% over the next sixteen days.

Trading example of buying a stock CFD to open and close a position	
Open Position	
Buy Quantity	5 000
Buy Price	\$9.10
Contact Value (5 000*9.10)	\$45 500
Initial Margin 10% (0.10* 45 500)	(\$4 550)
Commission of 0.30% (.003*45 500)	(\$136.50)
Close Position	
Sell Quantity	5 000
Sell Price	\$9.72
Contact Value (5 000*9.72)	\$48 600
Commission of .30% (.003*48 600)	(\$145.80)
Gross Profit (48 600-45 500) which is the VM before closing.	\$3 100
Financing Cost	
Libor rate at 5.25%+3%(funding rate)=8.25%= 0.0825	
45 500 * .0825 *16days/360days	(\$166.83)
Net Profit (3 100-166.83-145.80-136.50)	\$2 650.87

Alternatively: your expectations prove to be incorrect and you exit at a loss.	
Close Position	
Sell Quantity	5 000
Sell Price	\$8.92
Contact Value (5 000*8.92)	\$44 600
Commission of .30% (.003*44 600)	(\$133.80)
Gross Loss (44 600-45 500) which is the VM before closing.	(\$900)
Financing Cost	
Libor rate at 5.25%+3%(funding rate)=8.25%= 0.0825	
45 500 * .0825 *16days/360days	(\$166.83)
Net Loss (-900-166.83-145.80-133.80)	(\$1 337.13)

\* *Please note for the purpose of this example the Libor Rate is fixed at 5.25% and the funding rate at 3%=8.25% pa*

## Example 2: Going Short (Selling to open a position)

You anticipate that the rally in BHP Billiton shares has peaked and anticipate that it could fall by over 8% over the next **ten** days.

Trading example of selling a CFD stock to open and close a position	
<b>Open Position</b>	
Sell Quantity	5 000
Sell Price	\$14.90
Contact Value (5 000*9.72)	\$74 500
Initial Margin 10% (0.10* 74 500)	(\$7 450)
Commission of 0.30% (.003*74 500)	(\$223.50)
<b>Close Position</b>	
Buy Quantity	5 000
Buy Price	\$13.71
Contact Value (5 000*13.71)	\$68 550
Commission of .30% (.003*68 550)	(\$205.65)
<b>Gross Profit</b> (74 500-68 550) which is the VM before closing.	\$5 950
<b>Financing Interest Earned</b>	
Libid rate 5.00%+2.5%(funding rate) 2.5%= 0.0825	
74 500 * .025 *10days/360days	\$51.74
<b>Net Profit</b> (3 100-166.83-145.80-136.50)	\$5 469.11

Alternatively: your expectations prove to be incorrect and you exit at a loss.	
<b>Close Position</b>	
Buy Quantity	5 000
Buy Price	\$15.20
Contact Value (5 000*15.20)	\$76 000
Commission of .30% (.003*76 000)	(\$228)
<b>Gross Loss</b> (74 500-76 000) which is the VM before closing.	\$1 500
<b>Financing Interest Earned</b>	
Libid rate at 5.00%+2.5%(funding rate)=2.5%= 0.025	
74 500 * .025 *10days/360days	(\$51.74)
<b>Net Loss</b> (-1500-228-223.50+51.74)	(\$1 899.76)

\* Please note for the purpose of this example the Libid Rate is fixed at 5.00% and the funding rate at 2.5%=2.5% pa

## Order Type & Placement Guide

If you are new to trading we suggest you place orders in PLAIN ENGLISH without using jargon or industry terminology otherwise the dealer may assume that you are a professional trader and execute your orders according to exactly what you say. Correct order placement comes with experience.

Listed below are common types of orders used along with the characteristics distinguishing each. At CKL, our Authorised Representatives can advise on the use and placement of these orders. Please contact us if you have any questions.

**Order:** An instruction to Buy/Sell received from the client containing the details;

**Client Account #**

**CFD Share**

**Quantity**

**Price**

**Type of Order**

**Long (Buy):** Net bought position to profit from a rising market.

**Short (Sell):** Net sold position to profit from a falling market.

**Sessions:** All orders are assumed good for one trading session –day only (e.g. day session, night session) unless otherwise specified. That is, they lapse if not filled by the end of the trading session.

**Market Order:** This order is to be executed immediately. Implies that price is a secondary consideration

**A: Sell 100 CML at market** e.g. get filled at 9.50 (Best price at the time)

**B: Buy 100 CML at market** e.g. get filled at 9.40 (Best price at the time)

**Limit Order:** This order identifies the maximum and minimum price that the client is prepared to buy or sell at. Limit orders are quite often used for setting profit targets or new order entry settings. Be aware that if you have placed a profit target as a Limit order, it will have to be cancelled if you exit a trade through a separate order.

**A: Buy 100 CML at 9.40**

Order can only be filled up to a maximum price of 9.40 or less. If you have a short position and the market is above 9.40 it will only be filled when it reaches 9.40 or below.

\* Note: If the market is trading below 9.40 already it will be executed immediately as a market order.

**B: Sell 100 CML at 9.50**

Order can only be filled above a minimum price of 9.50 or more. If you have a long position and the market is below 9.50 it will only be filled when it reaches 9.50 or above.

\* Note: If the market is trading above 9.50 already it will be executed immediately as a market order.

**Stop Order (or Stop Loss Order):** As soon as the market trades at or above the specified price for Buy orders or at or below the specified price for Sell orders, the order becomes a market order to be executed immediately. In volatile markets slippage may occur resulting in the actual fill price being different from the specified price.

These orders can be used in risk management strategies to get out of the market if your trade is moving against you. Be aware that if you have placed a Stop Loss order it will have to be cancelled if you exit a trade through a separate order. Stop orders are also used for setting entry levels into a trade, for example going short the market if it falls to a certain price or long the market if it reaches a preset price.

**A: Buy 100 CML at 9.40 On Stop**

If the price is less than 9.40 it will not be executed or 'filled' until

the price trades at or above 9.40. Hence it works effectively if you are short the market and the price rises against your position.

\* *Note: If the market is trading above 9.40 already it will be executed immediately as a market order.*

**B: Sell 100 CML at 9.50 On Stop**

If the price is above 9.50 it will not be executed or 'filled' until the price trades at or below 9.50. Hence it works effectively if you are long the market and the price falls against your position.

\* *Note: If the market is trading below 9.50 already it will be executed immediately as a market order.*

**OCO (One Cancels the Other):** If you have simultaneous orders such as a Stop-Loss order and a Limit order, when placing the order ensure if one is exercised it cancels the other.

**A: Buy 100 CML at 9.40 On Stop, OCO, Buy 100 CML at 9.10**

If stop is executed at 9.50 then the Limit order to buy at 9.10 is cancelled and vice versa.

**B: Sell 100 CML at 9.50 On Stop, OCO, Sell 100 CML at 10.0**

If stop is executed at 9.50 then the Limit order to sell at 10.00 is cancelled and vice versa.

**CONDITIONAL (IF DONE):** If you place an order to be executed at a set price and you also want to run another order when filled you must ensure that you add a condition. Otherwise the second order might be executed without the initial order being filled.

**A: Sell 100 CML at 9.50 On Stop, If Done, Buy 100 CML at 9.00**

If order to Sell is filled, and only if filled, then the profit target Limit order to Buy at 9.00 will be placed.

**B: Buy 100 CML at 9.50 On Stop, If Done, Sell 100 CML at 10.00**

If order to Buy is filled, and only if filled, then the profit target Limit order to Sell at 10.00 will be placed.

**GTC (Good Till Cancelled):** Order does not lapse at the end of the session, it remains on the broker's books until filled or cancelled by the client.

## Opening an Account

Prior to dealing in the CFD market investors must open an account through an ASIC registered licensee. Opening a CFD account (Client Agreement Form) is similar to opening an account with a share or futures broker because both licensees are regulated by the ASIC. You will also receive a copy of our Financial Services Guide and Product Disclosure Statement.

### 1. Your Adviser

In Australia, all CFD dealers must be licensed by the ASIC. Further to this, all employees of Financial Services Licensees who deal and advise in CFD contracts must hold authorised representative's status. Therefore, when an investor opens an account with us, the person they deal with will be authorised. The adviser is the person with whom the investor will place the buy and sell orders and who are legally allowed to give advice on trading.

### 2. Minimum Account Size

The minimum account balance that most brokers will usually insist upon is \$10 000. However this amount can be lower depending on the type of contracts traded and type of strategies used. The more capital you choose to allocate to CFD trading, the more you can diversify into different markets and different trading strategies.

### 3. Costs, Fees and Charges.

Commission is charged on each CFD transaction in much the same way as if you were buying and selling shares. Our rates vary depending on the type and level of service required, and the frequency and size of transactions. The fees are competitive and are negotiated with your adviser and for international rates please contact your adviser.

### 4. Requirements to Open an Account

#### a) Account Opening Forms

Complete and sign the Client Agreement Form and arrange copies of appropriate 100 point Identification checks for all signatories as outlined in the Client Agreement Form.

Additional documentation for entities:

- For Partnerships a copy of the Partnership Agreement is to be supplied
- For Company accounts a copy of Certificate of Incorporation is to be supplied.
- For Superannuation Funds and Trusts a copy of the Super Fund and Trust schedule is to be supplied.

Post the completed Client Agreement Forms, Investment Profile-Risk Acknowledgment and Identification Requirements to:

CK Locke and Partners

PO Box Y3039

East St Georges Terrace

PERTH WA 6832

or alternatively fax through to Accounts Department to expedite the account opening process on 08 9325 1411.

#### b) Funds

Deposit funds via cheque, direct transfer or direct deposit to enable opening of account. Cheques can be mailed to CKL with Account Opening Forms and made out to 'Sonray Capital Markets' or alternatively funds can be direct deposited at any branch or via direct transfer to:

Bank: ANZ

Branch: Melbourne

A/C Name: Sonray Capital Markets

BSB: 013 006

A/C #: 108 785 428

## Contact us

We thank you for contacting CK Locke and Partners and we look forward to working together with you to fulfil your investment objectives. If you have any queries, please do not hesitate to call an adviser directly on 1800 354 418 or e-mail [info@cklocke.com](mailto:info@cklocke.com).

For more information about the financial services and products provided by CKL, please read the Financial Services Guide and Product Disclosure Statement and visit our web site [www.cklocke.com](http://www.cklocke.com).

## **Warning**

This advice has been prepared without taking account of your objectives, financial situation or needs. You must therefore assess whether it is appropriate, in light of your own individual objectives, financial situation or needs, to act upon this advice.

## **Disclaimer**

CK Locke & Partners Pty Ltd (CKL) has prepared this information and/or advice in good faith and believe the content to be reliable, however no warranty is given as to its accuracy and persons who rely on it do so at their own risk. In so far as any such information or advice contains material from other sources, CKL has not checked those sources and accepts no responsibility for the accuracy of that material. The Client should satisfy himself as to the correctness or otherwise of the statements contained in the material. All information and advice provided to the Client is for the private use of the Client and is not to be passed to any third party without prior written consent of CKL. While CKL and its subsidiaries believe any advice given is in good faith and in the interests of the clients, no warranty is given that any action taken on the advice will be profitable and the desired result attained and accept no liability for any subsequent losses incurred. CKL recommends allocating risk capital to trade speculative and/or leverage instruments such as futures and/or options. It is expected that you are aware of the risks and prepared to accept the risks associated with this type of investing. Trading speculative instruments and/or derivatives is not suitable for all persons. You should consult your advisor at CKL before undertaking any investments suggested in this correspondence. If this correspondence contains information about a particular financial product, you should ensure you obtain a Product Disclosure Statement (PDS) in respect of that product prior to making any decision to acquire that product. If you have not received a PDS, please contact your advisor immediately to make a copy available.

## **Disclosure**

If not specifically disclosed otherwise, investors should assume that CKL is seeking or will seek corporate related business from the companies disclosed in this correspondence and is likely to receive a fee or commission as a result of this relationship.

## **Privacy Policy**

CKL may use a individuals details for ongoing marketing of services and products. If you wish to be removed from any of our information services, please respond to this correspondence with a request to be removed or alternatively call +61 8 9421 7777 to speak to the Privacy Officer.