Retail Contracts for Difference

Standard Bank Moving Forward™
Also trading as Stanbic Bank

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Executive summary

Contracts for Difference (CFDs) can be hard-working additions to any portfolio. They provide a way to hedge out the risk a portfolio is exposed to as well as to speculate when the belief is that the price of a share will change. CFDs provide investors with the ability to gear (leverage) their investment, while avoiding many of the costs of trading in the underlying instrument. Long or short trades can be executed easily and cost-effectively.

Standard Bank (SBSA) offers you the opportunity of enjoying all the features of CFD trading using the Online Share Trading website, which is managed by Standard Financial Markets (Pty) Ltd, ("OST").

This booklet focuses solely on CFDs and explains how they work and the procedures to get started. In short, CFDs are a cost-effective alternative to direct share trading.

A simplified example of how a CFD works:

Trader A*

- Trader A is confident that XYZ Limited shares are set to rise.
- R50 000 cash is available.
- The share price is R100 so 500 shares are bought.
- Two months later, the price is R106,75, the trader sells and so makes R3 375 profit (R6,75 per share multiplied by 500 shares) a return of 6,75%.

* For this example we assume zero costs.

Trader B*

- Trader B takes the same view but buys CFDs rather than the shares.
- The only cash required to enter into the trade, is the Initial Margin amount of R7 500.
- This trade also makes a profit of R3 375 (refer to the "Long trade" example later in this booklet) over the same period.
- This is a return of 45% of the amount invested, seven times the profit made by trader A.

Discover how and why this performance can be achieved by reading through this booklet.

At the outset it should be noted that trading in CFDs is more risky than direct share trading and should only be attempted by individuals who are already familiar with the share market and are comfortable with the concept of gearing. You should carefully assess your experience, investment objectives and financial resources and ensure that you understand the extent of the risks and obligations associated with CFDs.

Gearing can increase profits, but it can also increase losses. Stop-loss techniques and predetermined exit strategies are an integral part of CFD trading and should be studied before trading as they can assist in limiting losses in volatile market conditions.

Standard Bank will always endeavour to offer liquidity on all CFDs it offers, subject to the liquidity of the underlying instrument.

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What is a CFD?

A CFD is an unlisted instrument that is an agreement between a buyer and a seller to exchange the difference in value of a particular instrument for the period between when the contract is opened and when it is closed. The difference is determined by reference to an underlying instrument for the period that the CFD is held.

CFDs are leveraged instruments. This means that you are fully exposed to price movements of the underlying instrument without having to pay the full price of that instrument. CFDs therefore offer the potential to make a higher return from a smaller initial cash outlay than investing directly in the underlying instrument.

Leverage, involves more risks than a direct investment in the underlying instrument. It is important to understand that this effect may work against you as well as for you – the use of leverage can lead to large losses as well as large gains.

Who are the participants?

With exchange traded (listed) derivative products the holders of positions have added security in terms of legislation as the exchange becomes the counterparty to the transaction to ensure that holders comply with their rights and obligations.

SBSA CFDs are OTC instruments (not exchange traded) and as such do not offer you the protection that some listed products may offer, that is you rely solely on SBSA making good on its obligations (you have counterparty risk to SBSA) instead of an exchange.

Advantages of trading CFDs vs. shares

CFD related trading and hedging is one of the fastest growing areas in the international derivatives markets.

This popularity has been driven by:

Leverage

Leverage (or gearing) is the use of given resources in such a way that the potential positive or negative outcome is magnified.

CFDs enable you to obtain full exposure to an underlying instrument at a lesser price than buying the underlying instrument. CFDs require only a small initial margin to secure a trade.

The ability to go 'short'

CFDs allow traders to take advantage of an expected fall in the price of an underlying instrument. This means that traders can profit when prices are going down, not just up. CFDs are thus an excellent trading and hedging tool.

Engage in pairs trading

CFDs allow trade in 'pairs' of stocks when the belief is one will outperform the other. For example, sell the Goldfields CFD and buy the Harmony CFD (in the correct ratio) if the belief is Harmony will outperform Goldfields.

Potentially cheaper than trading shares

Trading costs for CFDs can be significantly lower than those for trading the underlying instrument, as shown in the table:

Details	CFD	Underlying instrument
Instrument and price traded	1 000 XYZcfd contracts @ R100,00	1 000 XYZ shares @ R100,00
Exposure	1 000 XYZ shares = R100 000	1 000 XYZ shares = R100 000
Costs[1]		
Market maker's commission[2]	R350,00	R0
Brokerage	R50,00	R600,00
STT[3]	R0,00	R250,00
STRATE	R0,00	R10,92
VAT	R7,00	R85,53
Total costs	R407,00	R946,45
% costs/exposure	0,41%	0,95%

1 Refer to your account on the OST website for the latest costs which may be different to the costs used in the example above. All costs excluded VAT.
2 This commission is charged by SBSA as the market maker. 0,35% used in this example. The market makers commission is excluded from the cash flow at the end of the day as it is included in the price at which the CFD is traded.
3 Securities Transfer Tax @ 0,25% only charged on share purchase transactions.

Features and benefits of CFDs

Trade transparency

Each CFD trade is underpinned by a trade in the underlying instrument prior to the CFD transaction occurring. The execution of CFD trades occur in the same way as shares:

- All prices are disclosed in a transparent manner.
- All trades are executed on a strict price/time priority. As a result everyone is treated fairly and consistently, no matter how big or small a trader you are.
- Importantly, while prices are transparent, trading is anonymous.
- Anyone can place an order into the market at a better bid or offer, as is the case in all exchange based markets. No one is forced to accept the price offered in the market. However, once an order is executed, you are committed to settle the trade.

Price transparency

The CFD mirrors the price of the underlying instrument. Cash flows such as carry costs (interest) and dividends are not reflected in the price of a CFD. These cash flows are paid daily while the position is open, allowing CFD prices to track the underlying instrument's price rather than trade at a discount or premium.

Discounted intraday day trades

A discount is offered on the market makers spread percentage charged on a trade that is opened and closed in the same day.

Expiry

CFDs do not expire. They are perpetual in nature. The only way to close a position is to trade the opposite side of that position. There are limited circumstances in which SBSA may expire and de-list contracts. This is only likely to occur in the following situations:

- there is a lack of liquidity in the underlying instrument; or
- the underlying instrument has been de-listed.

If the above action were to be taken, SBSA would provide prior notice to holders to enable the closing out of open positions.

Corporate Actions

Ordinary dividends and special dividends on long positions are ceded to the holder by SBSA, and as such the cash retains its exempt tax status. The holder simply pays the Securities Transfer Tax (STT) at the prevailing rate on the amount of the dividend.

Other cash corporate events – such as share premium returns and capital reductions – will reflect the actual cash amount of the corporate event on the account.

Other non-cash corporate events simply adjust the position of the CFD to reflect the same economic effect as the underlying instrument on which the CFD is based. This means that whenever there is a corporate action – such as a share split, consolidation, bonus issue, takeover, unbundling etc – the same impact will be reflected in the CFD position.

Reasons for using CFDs

CFDs are used by hedgers to reduce risk and speculators to gain leveraged exposure. CFDs are also suitable for investment purposes and offer good opportunities for 'pairs' trading.

Hedge risk

Hedging helps to:

- reduce exposure to the market while reducing the transaction costs of trading shares; and
- lock in a return on the underlying shares without having to sell them.

For example: Assume a share portfolio includes 100 Anglo American Plc shares, and the belief is that the share price of R150 is set to fall but should recover later. The hedger wants to reduce the costs of selling and re-buying the shares, but needs to protect the overall value of the portfolio.

What needs to be done? Sell (short) 100 Anglo American Plc CFD contracts at R150. If the belief is correct and the price of Anglo American Plc drops to R135. The short position is closed out by buying 100 Anglo American Plc CFD contracts at R135. The net gain is the R15 fall, which is R1 500 when the Anglo American Plc shares in the portfolio have lost R1 500 in value.

The profit on the CFD contracts therefore squares off the loss on the shares meaning that the portfolio was effectively and efficiently hedged.

Speculate

Your studies of the market may lead to the belief that Anglo American Plc shares are set to rise sharply from their current R150. The trader decides to secure 100 Anglo American Plc CFD contracts. The total initial margin is R2 100. The exposure is now 100 shares or R15 000. Four weeks later, the share price is R170. The trader therefore closes out the position by selling the 100 Anglo American Plc CFD contracts. The trader has thus made R2 000 (100 shares x (R170 – R150) in four weeks. The trader has turned R2 100 into R4 100, a return of 95%, while the underlying share price increased by 13%. This speculative success illustrates gearing.

The example used in 'Hedge risk' also illustrates the concept of selling short which can also be used for speculative purposes.

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Investing

Unlike a speculator, an investor tends to have a longer time frame when undertaking a transaction. The advantages are that the investor can benefit from all the price movements of the share, but with a lower capital outlay and at lower trading costs.

As in the case of share trading the investor can close out at any time.

Risks and risk management

You should only trade CFDs if you are confident that you understand the mechanics of the product and the risks associated with trading them. Before trading you should carefully assess your experience, investment objectives, financial resources and all other relevant considerations as well as consulting your investment adviser.

The main risks of trading CFDs are the following:

Leverage

CFDs are leveraged. They offer the potential to make a higher return from a smaller initial outlay than for a non-leveraged transaction such as direct share investing.

Additional margin calls and unlimited loss

It is important to note that the liability for a holder of either a long or short CFD position is not limited to the initial margin deposited. If the market moves against a position then the holder of that position may be called upon to pay additional funds on short notice to maintain the position.

If a holder of a position fails to comply with a request for additional funds within the time prescribed, then OST may close out the position. In addition, the holder will still be liable for any further losses that may have resulted from the position being closed out.

Product Comparison

CFDs, Single Stock Futures (SSFs) and warrants are all products that offer the trader an element of gearing. They however differ in several significant aspects as summarised in the table below.

	CFD	SSF	Warrants
Obligations	Settlement of daily losses	Settlement of daily losses and to take delivery at expiry of the contract	No obligations after transaction completed
Rights	Settlement of daily profit	Settlement of daily profit	May exercise your option if applicable
Counterparty risk	Non listed (OTC) instrument Counterparty is SBSA	Listed instrument Counterparty is SAFEX	None – fully paid up
Levels of gearing	High – six times or more	High – six times or more	Medium – three to four times
Ratio to underlying instrument	1:1 1CFD = 1 underlying	1:100 1SSF = 100 underlying	Varies
Risk profile	High risk	High risk	High risk but limited to premium paid
Trading costs	Market makers spread at a percentage of underlying value and flat brokerage	Market makers spread at a percentage of underlying value and flat brokerage	Flat brokerage and other statutory charges
Interest	Paid daily on end of day exposure	Paid upfront to expiry date and included in SSF price	Included in the premium paid
Dividends	Receive Dividends – no tax benefit	Dividend is discounted in the SSF price – no tax benefit	Dividend is discounted in the premium – no tax benefit

These products are sophisticated trading instruments and require a sound knowledge of the markets. Attend a course or access the online training content on the OST website for more information.

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Note: The potential for loss is not limited to the amount of money paid as Initial and Variation Margins. Adverse market movements can result in losses being a multiple of the Initial Margin originally provided to open the position. For a holder of a short position, a continually rising market, can result in theoretically unlimited losses being accumulated.

Market risk

Various market conditions may increase the risk of loss by making it difficult to effect transactions or close out existing positions. For example, normal pricing relationships may not exist in periods of high buying or selling pressure, high market volatility or lack of liquidity.

Gapping, whereby a market price falls or rises without the opportunity to trade, can result in significant losses even when a stop loss has been used as part of an exit strategy. This is because it may not be possible to transact at the nominated price if the market has gapped.

Taxation

It is beyond the scope of this booklet to provide a detailed treatment of the taxation issues that are relevant to trading in CFDs. You should, however, take taxation into consideration when you are trading CFDs, just as you would when investing in shares.

We advise that you obtain specific tax advice from an independent tax advisor or SARS prior to trading in CFDs.

Margins

Margins are designed to protect the financial security of the market by ensuring that you can meet your obligations. If you trade a CFD, you have a potential obligation to SBSA because the position may move against you.

Initial Margin

Initial Margins apply to both buyers and sellers upon opening a contract and are payable upfront. They protect both parties from the risk resulting from a negative movement in the value of a position as a result of a change in market prices. The Initial Margin is typically set at a level designed to cover reasonably foreseeable losses on a position between the close of business on one day and the next. The amount of Initial Margin for each contract varies according to the price volatility and liquidity of the underlying instrument.

Initial Margins are returned when the contract is closed out.

Variation Margin

In addition to the Initial Margins required to open contracts, any adverse price movements in the underlying instrument must be covered by further payments, known as Variation Margins. The Variation Margin is based on the end of day mark to market revaluation of the CFD position by SBSA.

For example, if you have a long position and the price falls then you are required to pay a Variation Margin to cover the adverse movement in the value of the position for that day.

On the other hand, if you have a short position and the price falls, you would receive a Variation Margin equal to the positive movement in the value of the position for that day.

Failure to meet (pay) a Variation Margin call can lead to the position being closed out. The position holder is obligated to pay for any shortfall in funds if Variation and Initial Margins are insufficient to cover the shortfall.

Trading, interest and other charges

Market makers spread percentage

SBSA adds a spread to the price of the underlying instrument, by adding to the underlying offer price and deducting from the underlying bid price, to calculate the price at which the CFD is either sold to or bought from you respectively.

This spread is thus not seen as an individual line item on your contract note, but is incorporated into the price of the CFD. There is a reduced spread on the closing leg of intraday trades.

Brokerage

OST charges a brokerage on all trades done in a day. Multiple orders matched on the same day for the same CFD in the same direction (buying or selling) will only be charged a single brokerage fee.

Position Interest

Position Interest is paid daily by holders of long positions and received daily by holders of short positions on the value of the exposure of the positions at the end of the business day. The rate of interest applied will be different on long positions and short positions.

Position Interest payable on positions held on Friday night will also include Saturday and Sunday (that is three days interest) and positions held the evening prior to a public holiday will thus also include the public holiday (that is two days).

The Position Interest Rate is linked to a benchmark rate (for example prime) and will change as the benchmark changes.

Interest on Initial Margin deposit

Interest is calculated on the opening balance of Initial Margin on deposit and is paid daily.

Cash corporate events

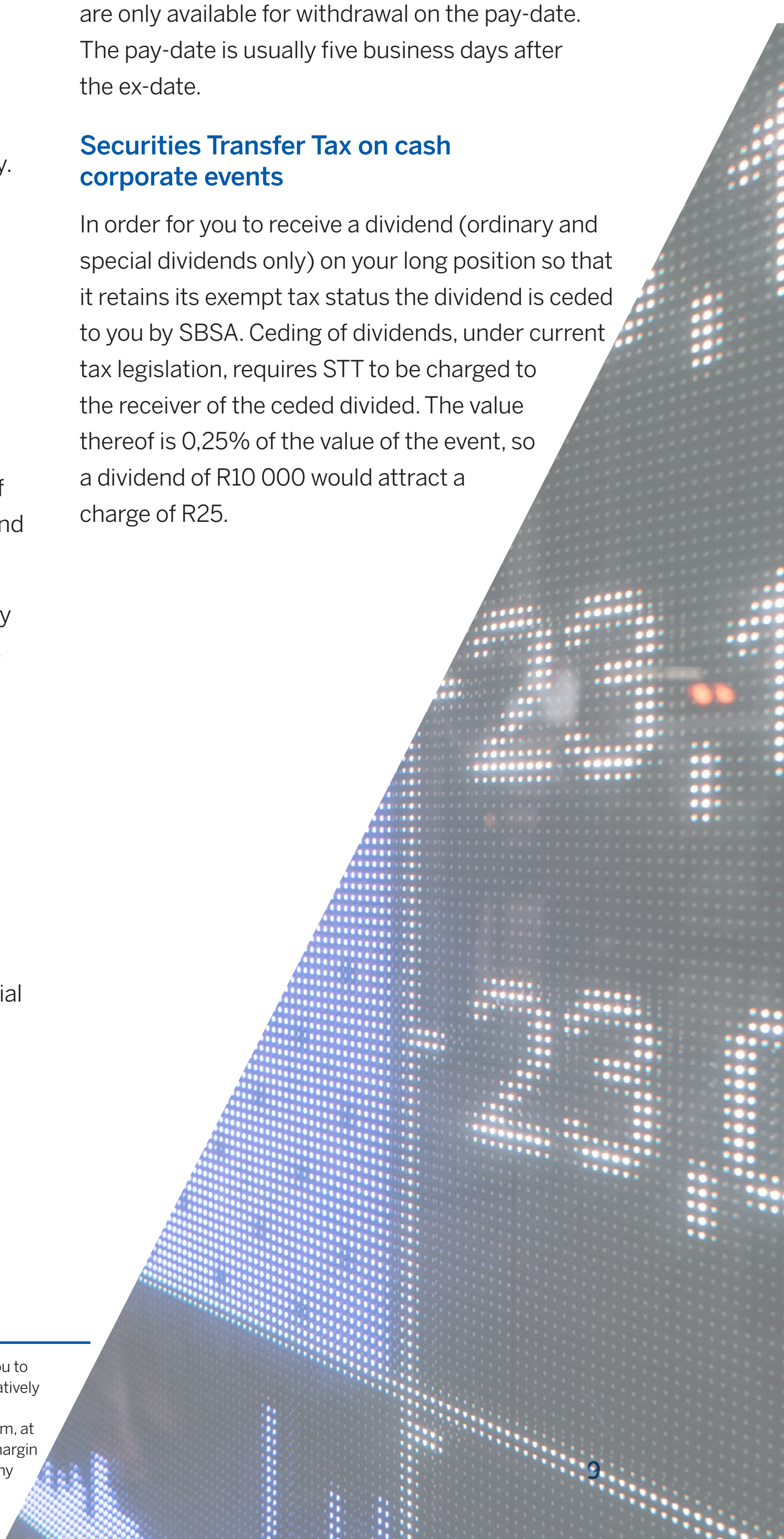
These include among others: ordinary dividend, special dividend, capital reductions, return of shareholders premium and interest payments on underlying instruments.

Long positions receive the amount and short positions pay the amount.

These events are processed to accounts on the ex-date (first day after the last-day-to-trade day) but are only available for withdrawal on the pay-date. The pay-date is usually five business days after the ex-date.

Securities Transfer Tax on cash corporate events

In order for you to receive a dividend (ordinary and special dividends only) on your long position so that it retains its exempt tax status the dividend is ceded to you by SBSA. Ceding of dividends, under current tax legislation, requires STT to be charged to the receiver of the ceded divided. The value thereof is 0,25% of the value of the event, so a dividend of R10 000 would attract a charge of R25.



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A detailed breakdown of the application of these charges can be seen in the trade examples later in this booklet.

Type	Rate*	Effect on holder	Detail
Market makers spread percentage	0,35%	Pays	Calculated percentage based on the underlying value at the time of the trade and included in the price of the CFD. Added to a buy trade and deducted on a sell trade
Intraday trading market makers percentage discount	0,20%	Pays	Same as above but for trades done that close out/reduce the quantity held of trades done previously that day
Brokerage	R50	Pays	Flat fee per trade + VAT
Position Interest – long	Prime less percentage	Pays	Based on the market value of aggregate long positions at the end of every business day
Position Interest – short	Money market rate less percentage	Receives	Based on the market value of aggregate short positions at the end of every business day
Interest – Initial Margin deposit	Money market rate less percentage	Receives	Based on the amount of Initial Margin held at the beginning of each business day
Cash corporate events – Long position	Actual	Receives	Based on actual corporate event amount
STT on dividend corporate events – long positions	0,25% of amount	Pays	Payment of 0,25% Securities Transfer Tax to effect ceding of dividend from SBSA to client
Cash corporate events – short positions	Actual	Pays	Based on actual corporate event amount

Unlike single stock futures, the carry costs such as interest and dividends are not reflected in the price of a CFD. Instead carry costs are accrued daily while the position is open, allowing CFD prices to track the underlying instrument rather than trade at a discount or premium, as the case may be.

* These rates may not be the same rates applicable on the OST website.

OST will collect this amount from your account and pay SARS on your behalf.

Summary of charges

The table overleaf details the charges, interest and cash corporate event calculations that are applicable to a CFD trade and the subsequent position.

More detailed information about the specific rates/ charges can be found on the OST website.

Trading CFDs and cash flow examples

When trading CFDs, a number of factors affect the profitability of your position on a day to day basis. These include:

- movements in the price of the underlying instrument;
- Interest;
- market makers spread; and
- brokerage.

The examples on the following pages track both a long and short position over a number of days, illustrating the effect price movements, trading charges, interest and margins have on the cash balance in your account.

Long position example

- XYZ Limited is listed on the JSE.
- The CFD on this company will be denoted as "XYZcfd" and has an Initial Margin requirement of R15 per contract.
- After doing some research you believe the price of XYZ will increase in the short term.
- You decide to buy R50 000 worth of XYZ shares using a CFD at the prevailing price of R100,00 per share that is 500 shares.
- On the 4th day you sell 500 contracts (close your long) at the prevailing share price of R106,75.

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	Day 1	Day 2	Day 3	Day 4	Cumulative
Initial Margin					
1. Contracts traded	500	0	0	-500	
2. Price (R100,00 + spread)	R100,35				
Price (R106,75 – spread)				R106,38	
3. Initial value (1) x (2)	R50 175			(R53 190)	R3 015
4. Initial Margin	R15 per contract			R15 per contract	
Initial Margin (1) x (4)	(R7 500)			R7 500	R0
Position Interest					
1. Contracts held	500	500	500	0	
2. MTM price	R101,50	R104,00	R103,00	R107,00	
3. Position value – long (1) x (2)	R50 750	R52 000	R51 500	R0	
4. Position interest rate	13,5%/365	13,5%/365	13,5%/365	13,5%/365	
Position interest paid for the day (3) x (4)	(R18,77)	(R19,23)	(R19,05)	0	(R57,05)
Variation margin					
1. MTM/opening trade price	R100,35	R101,50	R104,00	R103,00	
2. MTM/closing trade price	R101,50	R104,00	R103,00	R106,38	
3. Difference (2) – (1)	R1,15	R2,50	(R1,00)	R3,38	
4. Contracts held	500	500	500	0	
Variation Margin (3) x (4)	R575,00	R1 250,00	(R500,00)	R1 690,00	R3 015
Interest on initial margin					
1. Initial Margin	0	(R7 500,00)	(R7 500,00)	(R7 500,00)	
2. Initial Margin Interest Rate	0	11.5%/365	11.5%/365	11.5%/365	
Interest for the day (1) x (2)	0	R2,36	R2,36	R2,36	R7,08
Daily cash flows in account					
Initial Margin	(R7 500,00)	0	0	R7 500,00	0
Position interest	(18,77)	(R19,23)	(R19,05)	0	(R57,05)
Variation Margin	R575,00	R1 250,00	(R500,00)	R1 690,00	R3 015,00
Initial Margin Interest	0	R2,36	R2,36	R2,36	R7,08
Brokerage	(R57,00)	-	-	(R57,00)	(R114,00)
Total daily (outflow)/inflow	(R7 000,77)	R1 233,13	(R516,69)	R9 135,36	R2 851,03

Notes:

- If XYZ went ex-dividend during this period then you would receive the cash dividend as well, subject to the payment of Securities Transfer Tax.

Short position example

- ABC Limited is listed on the JSE.
- The CFD on this company will be denoted as "ABCcfd" and has an Initial Margin requirement of R12 per contract.
- After doing some research you believe the price of ABC will decrease in the short term.
- You decide to sell (short) R60 400 worth of ABC shares using a CFD at the prevailing price of R120,80 per share that is 500 shares.
- On the 4th day you buy (close your short) 500 contracts at the prevailing share price of R115,00.

	Day 1	Day 2	Day 3	Day 4	Cumulative
Initial Margin					
(1) Contracts traded	-500	0	0	500	
(2) Price (R120,80 – spread)	R120,38				
Price (R115,00 + spread)				R115,40	
(3) Initial value (1) x (2)	R60 190			(R57 700)	R2 490
(4) Initial Margin	R12 per contract			R12 per contract	
Initial Margin (1) x (4)	(R6 000)			R6 000	R0
Position Interest					
(1) Contracts held	-500	-500	-500	0	
(2) MTM price	R119,00	R116,00	R117,00	R114,00	
(3) Position value – short (1) x (2)	(R59 500)	(R58 000)	(R58 500)	R0	
(4) Position interest rate	11,5%/365	11,5%/365	11,5%/365	11,5%/365	
Position interest earned for the day (3) x (4)	R18,75	R18,27	R18,43	0	R55,45
Variation Margin					
(1) MTM / opening trade price	R120,38	R119,00	R116,00	R117,00	
(2) MTM / closing trade price	R119,00	R116,00	R117,00	R115,40	
(3) Difference (2) – (1)	(R1,38)	(R3,00)	R1,00	(R1,54)	
(4) Contracts held	-500	-500	-500	0	
Variation Margin (3) x (4)	R690,00	R1 500,00	(R500,00)	R800,00	R2 490
Interest on Initial Margin					
(1) Initial Margin	0	(R6 000)	(R6 000)	(R6 000)	–
(2) Initial Margin Interest Rate	0	11.5%/365	11.5%/365	11.5%/365	–
Interest on Initial Margin (1) x (2)	0	R1,89	R1,89	R1,89	R5,67
Daily cash flows in account					
Initial Margin	(R6 000,00)	0	0	R6 000,00	0
Position interest	R18,75	R18,27	R18,43	0	R55,45
Variation Margin	R655 00	R1 500,00	(R500,00)	R800,00	R2 490,00
Interest on Initial Margin	0	R1,89	R1,89	R1,89	R5,67
Brokerage	(R57,00)			(R57,00)	(R114,00)
Total daily (outflow)/inflow	(R5 348,25)	R1 520,16	(R479,68)	R6 744,89	R2 437,12

Notes:

- If ABC went ex-dividend during this period then you would have paid the cash dividend as well. You are not subject to the payment of Securities Transfer Tax on a short dividend.

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How to register to trade CFDs

Registration is a simple process if you are already an Online Share Trading user.

Existing users

- Logon to OST.
- Select "Other products" on the main menu items.
- Enable one of the existing trading accounts to trade CFDs or open a new trading account for CFD trading.
- Additional accounts do not carry extra monthly subscription fees!

New clients

- Open an account by logging on to www.securities.co.za and completing the necessary online registration process.
- Wait for your application to be processed and your FICA documents to be verified.
- Follow the same steps as detailed above for "Existing users"

Glossary of terms

Contract for Difference (CFD)

An agreement between buyer and seller to exchange the difference in value of a particular instrument between when the contract is opened and when it is closed. The difference is determined by reference to an 'underlying' – a stock, Index, FX rate or commodity.

Mark to market

The daily process whereby the value of a CFD position is compared to the previous day's close and the daily profit or loss is calculated.

The change in the MTM each day (either up or down) has a cash value and is referred to as variation margin. Variation margin profits are added to the trading balance and variation margin losses are deducted.

Mark to market price

Price used by OST to complete the mark to market process. This price is based on the closing price of the underlying instrument.

Long

Hold a positive number of contracts. A long position is profitable on any CFD if the belief is that the underlying instrument's price will increase in value. A long CFD position implies that the holder wants the price of the underlying instrument to increase.

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Short

Hold a negative number of contracts. A short position is profitable on any CFD if the belief is the underlying instrument's price will decrease in value.

Selling short is the term for selling CFDs that the trader does not possess, intending to buy them at the lower price at a later date. It is the opposite of going long (buying a CFD).

Opening a position

A trade, whether buying or selling, that increases the absolute quantity held after the trade. Thus any trade that moves further away from 0, whether positive or negative.

Closing a position

A trade, whether buying or selling, that decreases the absolute quantity held after the trade. Thus any trade that moves closer to 0, whether positive or negative.

Initial Margin

Every trader in the CFD market is required to put up an Initial Margin (deposit) for each contract they trade. This applies to both buyers and sellers. This Initial Margin is returned when the contract is closed out. Initial Margins protect the parties against non-payment of losses by the other party. The amount is normally set at a level designed to cover reasonably foreseeable losses on a position between the close of business on one day and the next. The amount of Initial Margin for each contract varies according to the price volatility of the underlying instrument and is based on the initial margin as published by SAFEX from time to time.

Intra-day variation margin

The sum of the profit or loss of each CFD in a portfolio at any point in time during the day (intraday).

Over the counter (OTC)

Trading in some context other than on a formal exchange such as the JSE Ltd. Also refers to instruments that trade via a dealer network or directly with a large corporate (like SBSA) as opposed to on a centralised exchange.

Leverage/bearing

Is the use of given resources in such a way that the potential profit or loss is magnified.

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Wealth warning: Trading CFDs can offer significant returns BUT also subject you to significant losses if the market moves against your position. You may, in a relatively short time, sustain more than a total loss of the funds placed by way of initial margin or deposit. You may be required to deposit a substantial additional sum, at short notice, to maintain your margin balances. If you do not maintain your margin balances your position may be closed out at a loss and you will be liable for any resulting deficit.