

Trading Facts of Precious Metals

1. Trading Hours

Loco London Gold, Loco London Silver	
Summer Time:	Mon-Thu: 06:00 AM -05:15 AM (Next day) Fri: 06:00 AM -05:00 AM (Next day)
Winter Time:	Mon-Thu: 07:00 AM -06:15 AM (Next day) Fri: 07:00 AM -06:00 AM (Next day)

Trading Hotline: (852) 2242 8802

Inquiry Hotline: (852) 2242 8808

Bank Account: OCBC Wing Hang Bank Limited
Bank A/C Number: (USD) 035-809-037754-001 (HKD) 035-809-800419-001
Account Name: KAB Bullion Hong Kong Limited
Bank Address: 1/F, 12-18 Mercer Street, Sheung Wan, Hong Kong (Gold & Silver Exchange Branch)
SWIFT Code: WIHB HKHH

2. Client should obey the below rules when placing a standing order:

a) A standing order is valid till the last trading day of week (or previous day before holiday). Clients can amend or cancel a standing order before the order has been executed, this subjected to the order requirements set by trading facts.

b) A standing order can be categorized as six types:

(i) buy limit, sell limit, buy stop, sell stop, stop loss, and take profit order

(ii) A Take-Profit Order helps to assist clients to lock in profits.

When the client placed a take-profit order, if the price triggered a pre-set price, such order will become a market order and executed with the best market price and take the profit.

Please note: Clients will have an opportunity to obtain greater profits than normal.

A Stop-Loss Order helps to assist clients to limit a loss.

When the client placed a stop-loss order, if the price triggered a pre-set price, such order will become a market order and executed with the best market price and limit a loss.

Please note: Clients will have an opportunity to have a greater loss than normal intended amounts.

At any time, an active and frequent trading investment market is likely to occur gapped case in pricing, an order (Limit Order or/and Stop Order) may not executed at the pre-set price due to market condition and choppy market. This case, the trading system will execute the order base on the best market price. Clients have no objection to the arrangement and should bear the risk induced by this.

A standing order - The advantage of a standing order that once the order is placed and the price is hit within a predetermined period, the order is done (the price means the deal price in the market but out-of-market price should be excluded).

If market price is above or below the predetermine price, the open price will replace the predetermine price for settlement. Clients have no right to object the completed order. The client can place an OCO order (One Cancels Other), when one of those orders is executed, another order will be cancelled.

* [Note: the best market prices vary according to the time investment market factors (such as market depth) and instantaneous change, for further information, please feel free to respective sales representatives or disc housing inquiries.]

c) A standing order must be placed within trading hours of the precious metal markets.

d) During general trading hours, e.g. Gold pending orders are required to be placed 300pips or more away from the current price. During pre-peak and peak trading hours (after and before) , pending orders are required to be placed 800pips or more away from the current price. KAB remain final rights on changing pips required for placing pending orders, and depending on market situation, pending orders may or may not be accepted.

e) If client has placed a standing order (new order or hedge order), he/she can not subsequently reject the completed order (including those orders placed before the client places a liquidation order) in any circumstance. There is no margin requirement for a standing order(s), but if the system detect there is no sufficient for trading, the system will refuse to execute such standing order(s). Client(s) can check the status in "Account History" part in the trading system.

3. Money transfer in/out of client account is only available between 9:00 am to 3:00 pm every working day. The company does not accept any request for money transfer during Hong Kong public holidays.
4. Clients have to confirm the amount of money and acknowledged receipt for deposit or withdrawal by either cash or cheque. If the client's account still has open positions, available amount for withdrawal should be the balance after the deduction of required margin.
5. If client uses cheque for margin deposit, he/she can only place a new order or unlock the position (except for new order to lockup position) after the cheque has been cleared.
6. During Hong Kong public holiday, the company only accepts cash or promissory notes for meeting maintenance margin requirement. Cheque deposits are not accepted.
7. If a client has insufficient margin, he/she is not allowed to do any transaction.
8. When a client/authorized party/account executive placing the order, the trading details such as buy or sell, no. of contracts, personal information, account number identification number (password) and account executive's identity (if any) should be specified clearly. The company will record the order based on the confirmation of the staff. Once the company's staff has confirmed the order, the client can not cancel the transaction. If a client/authorized party/account executive can not provide sufficient information for verification, the company reserves all the rights to reject or cancel such transaction. (Note: Authorized party is allowed only if he/she was a close relative of the client and not any employee of the company)
9. A client can only place a new order if after deducting the margin for all positions there still has sufficient margin in his/her account. (e.g. If his/her account has one sell order and one lock order for Loco London Gold, the client must deduct the trading margin for Loco London Gold order (US\$2,500) plus the margin for lock position (US\$2,500) and then place a new sell order with the remaining margin)

If a client holds any single investment product positions, no matter long and short positions, the single investment position shall not exceed 200 lots. The Company may modify, restrict, increase and / or decrease this limit at any time without prior notice. If the client's single investment product position approach or exceed the position limit, the company has no obligation to notice the client.

10. If a client hold more than one precious metals positions for overnight, when the market was highly volatile which induce insufficient margin level and lower than the force liquidation percentage (after deduction of margin for lock position), the company will base on the margin ratio of his/her account and then force liquidate the contract(s).
11. During trading hours, if his/her margin in the account is lower than the force liquidation percentage due to volatility of trading price of precious metals (after deduction of margin for all contracts), the company will force liquidate all the contract(s). If the account holds more than one precious metals while one of them is suspended trading which triggered force liquidation, the company will force liquidate all the contracts and remain to 20% of the unsettled margin.
【So clients have to watch the market carefully and reserve cash for margin call for market fluctuation. Clients are advised to enquire your account executive or the dealing staff for question.】
12. If a client holds position but cannot keep on holding the position due to insufficient margin after deduction of custodian fee and interest, the company has the right to liquidate the position for the client.
13. Calculation rule of interests for holding open contracts after cut-off time:
 Hong Kong Gold: Interests related to open contract in client account are calculated according to the rates announced by KAB.
 Loco London Gold and Silver:
 - a) Calculation of interests related to open contract in client account is based on the execution price of contract multiply by the no. of contract.
 - b) Interests related to open contract in client account are calculated according to current interest rates. It will be published in the office.
 - c) The company will not pay any interest for margins in client account.

14. When force liquidation occurred in the trading hours, the trading system will close the order with market price. However, subject to market liquidity and volatility (such as the opening after long holidays / major economic data released / unexpected financial events), there may have a gapped case in pricing. In the case of pre-set price has never been shown in the market in such circumstances, the trading system will close the order with the best market price and there is no guarantee the maximum amount of loss you may suffer (the best market price may worse than the pre-set price after a price gap). Please note that clients will have an opportunity to have a greater loss than normal intended amounts, clients should bear the risk exposed to such incidents. In vice versa, the best market price may be better than the pre-set price after a price gap and hence clients may make more profit than normal intended amounts. Therefore, it is a two-way reciprocal in such cases.
15. **Handling Fee (Commission fee and the Levy of CGSE 【For Loco London Gold & Silver Only】):**
For 100 Ounces Loco London Gold & 5000 Ounces Loco London Silver Contract
 The company will charge full commission fee (Round-Trip) first when an order is initialized so client does not need to pay the commission fee when settle a contract. Commission fee is USD 50 per contract.
 The company will charge for the Levy of CGSE first (Round-Trip) when an order is initialized so client does not need to pay the levy when settle a contract. The Levy of CGSE is USD 3 per contract.
- For 10 Ounces Loco London Gold & 500 Ounces Loco London Silver Contract**
 The company will charge full commission fee (Round-Trip) first when an order is initialized so client does not need to pay the commission fee when settle a contract. Commission fee is USD 5 per contract.
 The company will charge for the Levy of CGSE first (Round-Trip) when an order is initialized so client does not need to pay the levy when settle a contract. The Levy of CGSE is USD 1 per contract.

- Notes:**
- i. **Settlement is mainly in US Dollar.**
 - ii. **The company has reserved the rights to adjust margin level base on the market condition.**
 - iii. **Loco London Gold and Silver contracts are settled in US dollar.**
 - iv. **Deadline for depositing margin for holding position overnight:**
Monday – Thursday: 3:00 PM on the next day
Friday: 3:00 PM on next Monday
If the next day is a holiday, it will be 3:00 PM of the next trading day

Loco London Gold

100 Ounces Loco London Gold Contract (Specification)

Contract Code	LLG		
Contract Size	100 ounces		
Trading Currency	USD		
Settlement Time	From current trading day till the next day		
Trading Hours	Summer Time: Mon-Thu: 06:00 AM -05:15 AM (Next day) Fri: 06:00 AM -05:00 AM (Next day) Winter Time: Mon-Thu: 07:00 AM -06:15 AM (Next day) Fri: 07:00 AM -06:00 AM (Next day) *Official Holidays will be announced accordingly.		
Spread	USD 0.50 dollar (depends on market condition)		
Handling Fee	USD 50 per lot (When one 100 ounces Loco London Gold contract is initialized) *USD 3 is added on each 100 ounces Loco London Gold contract for the Levy of the CGSE		
Margin requirement (Floating)	Initial Margin Requirement:	~USD 2,500 per lot	2% of the contract value Example: If gold price is USD 1,250 = USD 1,250 x 100 x 2% = USD 2,500
	Mandatory Margin Requirement:	~USD 500 per lot	
	Locked Margin Requirement:	~USD 2,500 per lot	

Before trading precious metal contract, client must have at least USD 2,500 as the Initial Margin Requirement for one lot of contract. When margin fluctuation fell below USD 500 (Mandatory Margin Requirement – 20%), the company has the rights to force liquidate the contract(s) without prior notice to protect further loss of client. Consequently, client will be responsible for any resulting losses after contract settlement.

The minimum initial margin requirement for "general retail investors" should be set to not less than 2% of the contract value and "experienced investors" are not subject to this restriction. For more detail about the definition of "experienced investors", please free feel to contact us.

10 Ounces Loco London Gold Contract (Specification)

Contract Code	MLG		
Contract Size	10 ounces		
Trading Currency	USD		
Settlement Time	From current trading day till the next day		
Trading Hours	Summer Time: Mon-Thu: 06:00 AM -05:15 AM (Next day) Fri: 06:00 AM -05:00 AM (Next day) Winter Time: Mon-Thu: 07:00 AM -06:15 AM (Next day) Fri: 07:00 AM -06:00 AM (Next day) *Official Holidays will be announced accordingly.		
Spread	USD 0.50 dollar (depends on market condition)		
Handling Fee	USD 5 per lot (When one 10 ounces Loco London Gold contract is initialized) *USD 1 is added on each 10 ounces Loco London Gold contract for the Levy of the CGSE		
Margin requirement (Floating)	Initial Margin Requirement:	~USD 100 per lot	2% of the contract value Example: If gold price is USD 1,250 = USD 1,250 x 10 x 2% = USD 250
	Mandatory Margin Requirement:	~USD 20 per lot	
	Locked Margin Requirement:	~USD 100 per lot	

Before trading precious metal contract, client must have at least USD 250 as the Initial Margin Requirement for one lot of contract. When margin fluctuation fell below USD 50 (Mandatory Margin Requirement – 20%), the company has the rights to force liquidate the contract(s) without prior notice to protect further loss of client. Consequently, client will be responsible for any resulting losses after contract settlement.

The minimum initial margin requirement for "general retail investors" should be set to not less than 2% of the contract value and "experienced investors" are not subject to this restriction. For more detail about the definition of "experienced investors", please free feel to contact us.

Calculation of Profit and Loss

Formula: Profit/ Loss= [(Selling Price - Bought-in Price) x lots size + interest] x no. of lots

Case:

London Gold Trading:	Bought 2 lots and sold it on that day
Bought-in Price:	USD 1,500
Selling Price:	USD 1,505
Profit and Loss:	$[(1,505-1,500) \times 100 + 0] \times 2$ =USD 1,000

Calculation of interest

Formula: Interest (Gain/ Loss) = Bought-in Price x lots size x interest rate p.a. x (no. of day/ 360) x no. of lots

Example 1:	
London Gold Trading:	Bought 1 lot and hold it to the next day
Bought-in Price:	USD 1,500
Interest:	Bought in (-4.25%), sold out (1.25%)
Day(s):	1 day
Gain or Loss in Interest	$[(1,500.00 \times 100 \times -4.25\% \times 1) \div 360] \times 1$ =USD -17.71

Example 2:	
London Gold Trading:	Sold 1 lot and hold it to the next day
Sold-out Price:	USD 1,500
Interest:	Brought in (-4.25%), sold out (1.25%)
Day(s):	3 days
Gain or Loss in Interest	$[(1,500.00 \times 100 \times 1.25\% \times 3) \div 360] \times 1$ =USD 15.63

An interest shall be paid to / deducted from the client's account daily on the open long/short position vary depending on different products traded and subject to change according to market situations.

Notes:

For reference only, so the above calculation illustrations exclude handling fee.

USD is the basis of calculation for all transactions and contracts in the trading account and displays in client's statement and ledger.

The Exchange rate of USD/ HKD is based on bank current rate. Changes or amendment of the information might be made at any time without prior notice.

Loco London Silver

5000 Ounces Loco London Silver Contract (Specification)

Contract Code	LLS	
Contract Size	5000 ounces	
Trading Currency	USD	
Settlement Time	From current trading day till the next day	
Trading Hours	Summer Time: Mon-Thu: 06:00 AM -05:15 AM (Next day) Fri: 06:00 AM -05:00 AM (Next day) Winter Time: Mon-Thu: 07:00 AM -06:15 AM (Next day) Fri: 07:00 AM -06:00 AM (Next day) *Official Holidays will be announced accordingly.	
Spread	USD 0.026 dollar (depends on market condition)	
Handling Fee	USD 50 per lot (When one 5000 ounces Loco London Silver contract is initialized) *USD 3 is added on each 5000 ounces Loco London Silver contract for the Levy of the CGSE	
Margin requirement (Fixed)	Initial Margin Requirement:	USD 3,000 per lot
	Mandatory Margin Requirement:	USD 600 per lot
	Locked Margin Requirement (Round Trip):	USD 3,000 per lot

Before trading precious metal contract, client must have at least USD 3,000 as the Initial Margin Requirement for one lot of contract. When margin fluctuation fell below USD 600 (Mandatory Margin Requirement – 20%), the company has the rights to force liquidate the contract(s) without prior notice to protect further loss of client. Consequently, client will be responsible for any resulting losses after contract settlement.

500 Ounces Loco London Silver Contract (Specification)

Contract Code	MLS	
Contract Size	500 ounces	
Trading Currency	USD	
Settlement Time	From current trading day till the next day	
Trading Hours	Summer Time: Mon-Thu: 06:00 AM -05:15 AM (Next day) Fri: 06:00 AM -05:00 AM (Next day) Winter Time: Mon-Thu: 07:00 AM -06:15 AM (Next day) Fri: 07:00 AM -06:00 AM (Next day) *Official Holidays will be announced accordingly.	
Spread	USD 0.026 dollar (depends on market condition)	
Handling Fee	USD 5 per lot (When one 500 ounces Loco London Silver contract is initialized) *USD 1 is added on each 500 ounces Loco London Silver contract for the Levy of the CGSE	
Margin requirement (Fixed)	Initial Margin Requirement:	USD 300 per lot
	Mandatory Margin Requirement:	USD 60 per lot
	Locked Margin Requirement (Round Trip):	USD 300 per lot

Before trading precious metal contract, client must have at least USD 300 as the Initial Margin Requirement for one lot of contract. When margin fluctuation fell below USD 60 (Mandatory Margin Requirement – 20%), the company has the rights to force liquidate the contract(s) without prior notice to protect further loss of client. Consequently, client will be responsible for any resulting losses after contract settlement.

Calculation of Profit and Loss

Formula: Profit/ Loss= [(Selling Price - Bought-in Price) x lots size + interest] x no. of lots

Case:

London Silver Trading:	Bought 1 lot and sold it on that day
Bought-in Price:	USD 25.00
Selling Price:	USD 25.20
Profit and Loss:	[(25.20 – 25.00) x 5000 + 0] x 1 =USD 1,000

Calculation of interest

Formula: Interest (Gain/ Loss) = Bought-in Price x lots size x interest rate p.a. x (no. of day/ 360) x no. of lots

Example 1:	
London Silver Trading:	Bought 1 lot and hold it to the next day
Bought-in Price:	USD 25.00
Interest:	Bought in (-4.25%), sold out (1.25%)
Day(s):	1 day
Gain or Loss in Interest	[(25.00 x 5000 x -4.25% x 1) ÷ 360] x 1 =USD -14.76

Example 2:	
London Silver Trading:	Sold 1 lot and hold it to the next day
Sold-out Price:	USD 25.00
Interest:	Bought in (-4.25%), sold out (1.25%)
Day(s):	3 days
Gain or Loss in Interest	[(25.00 x 5000 x 1.25% x 3) ÷ 360] x 1 =USD 13.02

An interest shall be paid to / deducted from the client's account daily on the open long/short position vary depending on different products traded and subject to change according to market situations.

Notes:

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