

New DLCs listed on 25th July 2018

Two **NEW** DLCs will be listed on the SGX on 25th July 2018:

Counter Name	Stock Code	Type	Leverage	Underlying Index
DLC SG7xLongHSI210723	JYIW	Long	7x	Hang Seng Index
DLC SG7xLongHSC210723	9HSW	Long	7x	Hang Seng China Enterprises Index

As investors may know, there are **EXISTING** DLCs on the SGX that are comprised of the same underlying index, type and leverage:

Counter Name	Stock Code	Type	Leverage	Underlying Index
DLC SG7xLongHSI210114	CPRW	Long	7x	Hang Seng Index
DLC SG7xLongHSC210114	CPTW	Long	7x	Hang Seng China Enterprises Index

What is the reason for launching new products with the same underlying index, type and leverage?

The reason for the launch of the new products with the same underlying index, type and leverage is because the price sensitivity on the existing DLCs CPRW and CPTW are now lower due to their low per-unit price. The two new products will provide investors with higher-sensitivity options.

To explain in detail, CPRW and CPTW are at a price of SGD 0.59 and 0.31 as of market close on Friday, 20 July 2018. The minimum spread is SGD 0.005 on both products according to SGX's spread rules. As a result, the minimum spread in terms of percentage is $0.005/0.59 = 0.85\%$ and $0.005/0.31 = 1.61\%$ for CPRW and CPTW respectively, which makes their price sensitivity low (i.e. more points of index movement are needed to trigger one spread move on the corresponding DLC).

On the other hand, the two new DLCs (JYIW and 9HSW) will be launched at SGD 2.50 and one spread will be SGD 0.01, i.e. the minimum spread in terms of percentage is $0.01/2.50 = 0.40\%$. The price sensitivity on the new products will therefore be higher than the existing products, which is more favorable for intra-day trading.

How do I differentiate between the existing and new DLCs?

Investors can differentiate between the existing and new DLCs by their expiry date as indicated in the counter name and by their stock code. The new products will have a longer expiry date of 23 July 2021, as compared to the old products which have an existing expiry date of 14 January 2021. Investors should also look carefully at the stock code before choosing the desired DLC to transact in.

What will happen to the existing CPRW and CPTW DLCs?

Despite the difference in price sensitivity and expiry date, investors should note that both the existing and new products will move in line with the underlying index multiplied by the leverage factor i.e. a 1% gain in the underlying index will generate a 7% gain in the 7x Long DLCs and a 1% loss in the underlying index will generate a 7% loss in the 7x Long DLCs, before costs and fees are factored in. In addition, Societe Generale will continue to provide the same market making quality for all existing and new DLCs in terms of spreads and volume.

I currently hold units in CPRW and CPTW. Can I convert them to the new products?

Existing holdings in CPRW and CPTW will not be converted to new products. If investors prefer a product with higher sensitivity, they can choose to sell their existing holdings in CPRW and CPTW and purchase the new products. Again, Societe Generale will continue to provide the same market making quality for all our DLCs terms of spreads and volume, be it existing or new DLCs.

Societe Generale

23rd July 2018