

## Important announcement to all CFD clients.... Margin Close Out Level Change

Currently all CFD trades are subject to Margin Close Out at 50%. Once your Margin Level goes below 50%, all your positions will be closed out without notice to you, at the next available Our Price. Margin Level means the ratio of Net Equity (the sum of your cash and unrealized P&L) to Total Margin (expressed as a percentage). Given the current turbulence in the global markets, and to assist you to cap your downside risks, effective from 12<sup>th</sup> January 2012, DMG CFDs will require 100% Margin Level to be maintained in your trading account, instead of 50%. This is in line with our commitment to limit your potential losses should markets move against you.

Once Margin Level falls below 100%, all open position will be closed out. We recommend that you maintain sufficient margin in your account and monitor your Margin Level to avoid close out. Your Margin Level is stated on your Trading Platform.

### Example :

Cash balance in a/c	= \$1000
Unrealised profit/loss	= <u>\$(350)</u>
Net Equity	= \$650
 Total Margin Requirement for existing open position	 = \$400

$$\begin{aligned} \text{Margin Level} &= \text{Net Equity} / \text{Total Margin Requirement} \\ &= 650 / 400 * 100\% \\ &= 162.5\% \end{aligned}$$

Since Margin Level > 100 % , no action will be taken.

However,

$$\begin{aligned} \text{If unrealized loss} &= \$600 \\ \text{Then Net Equity} &= 1000 - 600 = \$400 \\ \text{Margin level} &= 400 / 400 * 100\% = 100\% \end{aligned}$$

The moment the Margin Level is at or below 99.9%, all of the client's positions will be closed out.