



MARGIN TRADING

A transaction or transactions, whereby a Financial Services Company pays a percentage of the securities' market value purchased for its client pursuant to the Agreement governing the relation between them.

INITIAL MARGIN

The allowed amounts of money or securities deposited by the client in the Margin Trading Account at the Financial Services Company in accordance with the percentage determined in the Margin Trading Agreement in relation to the securities' market value to be traded via Margin Trading before the purchase process.

MAINTENANCE MARGIN

The minimum limit determined by the Authority for the client's contribution in the market value of the securities in the Margin Trading Account at any time after the purchase date.

DIFFERENCES BETWEEN CASH & MARGIN ACCOUNT:

Cash Account

- Investors can open a cash account to trade stocks, Bonds, etc. However, when you buy or sell securities in a cash account, it usually takes 3 business days for the transaction to settle.
- "Settlement" is set by QFMA securities regulations and refers to the official transfer of the securities to the buyer's account and the cash to the seller's account. The settlement period is 3 business days after the trade date for stock transactions.

Margin Account

- A margin account allows you to borrow cash from CBFS to purchase securities. The loan in the margin trading account is collateralized by the securities you purchase.
- While you hold securities using margin, if the value of the stock drops significantly, the account holder will be required to deposit more cash, more marginable securities, or sell a portion of the securities to maintain the minimum.

BENEFITS OF OPENING MARGIN ACCOUNT

Competitive interest rates

CBFS's margin interest rates are among the lowest available in the industry.

Trading flexibility

Being able to invest more while having limited cash on hand allows you to take advantage of timely market opportunities.

Diversification

Margin buying enables you to diversify your portfolio by using the margin buying power if you hold a concentrated stock position in your account.

Easier financing option

You can finance to meet your personal needs without additional paperwork or fees.

RISKS & REWARDS

Main Risks

1. The increase in the investor's potential losses as compared to cash purchases.
2. Financial Services Company can sell part or all securities kept in the Margin trading account on their discretion if the investor doesn't cover the shortage of the account.

Main Rewards

1. The increase in the investor's potential profits and rate of return on investment as compared to cash purchases.
2. Increased purchasing power (Leverage).

MARGIN REQUIREMENTS

A Margin Requirement is the percentage of marginable securities that an investor must pay for with his/her own cash. It can be further broken down into "*Initial Margin Requirement*" and "*Maintenance Margin Requirement*". According to QFMA Regulations, the Initial Margin requirement for stocks is 60%, and the Maintenance Margin Requirement is 30%.

Example:

An "*Initial Margin Requirement*" refers to the percentage of equity required when an investor opens a position. For example, if you have QR100,000 and would like to purchase stock ABC, the amount of stock ABC you are eligible to buy on margin is calculated as follows.

Your Initial Margin: is equal to QR100,000 = QR100,000

CBFS Margin: is equal to QR100,000 /150% = QR66,666

Buying Power: is equal to QR100,000 +QR 66,666 = QR166,666

Conclusion: You can purchase up to QR166,666 worth of stock ABC using your margin buying power.

START INVESTING ON MARGIN AT COMMERCIAL BANK FINANCIAL SERVICES:

STEP 1: Make sure you understand the risks and rewards of using margin.

STEP 2: Complete the Margin Application & Agreement and submit it to CBFS.

STEP 3: Once your margin account is approved, start enjoying the benefits and flexibility of margin

OPENING A MARGIN TRADING ACCOUNT:

Visit us on CBQ (Grand Hamad 2nd Floor) OR Contact us on +947 44495522/ 44495050

MARGIN - RELATED FAQs

What is a Margin Account?

A Margin Account allows you to borrow cash from CBFS to purchase securities. The loan in the account is collateralized by the securities you purchase. If the value of the stock drops sufficiently, the account holder will be required to deposit more cash or sell a portion of the securities.

What can I do with a Margin Account? Why do I need a Margin Account?

A margin investment account provides you with more financial flexibility along with a low interest rate.

No extra interest or fees will be charged if you do not borrow money from CBFS or exceed your cash buying power.

Are there any fees for applying for or maintaining a Margin Account?

No. Applying for and maintaining a Margin Account is completely free. You don't need to pay any fees or interest as long as you don't borrow. Some interest will be charged once you use your Margin Buying Power to purchase securities or withdraw cash.

What are CBFS's Margin interest rates? How is the interest calculated?

CBFS offers margin interest rates as low as 4% per annum (Subject to change by the company).

Margin interest is accrued daily and is posted to your account monthly.

Can I have a Margin Account without borrowing any money or paying interest?

Yes, you don't have to pay any interest as long as you don't borrow. You can enjoy more features without being charged extra when you utilize a Margin Account.

Why are my positions and cash in a Margin Account when I did not borrow any money? Will I get charged for this?

Once you have a Margin Account, your cash account balance will appear in your margin account. This does not mean that you have borrowed any money. As long as you do not use the Margin amount lend by CBFS, you won't be charged any interest.

What is my Margin Buying Power?

Your Margin Buying Power is automatically calculated and posted to your account. Just log in to your CBFS E trade or Mobile App account, go to the "Balance" tab and you will be able to find your buying power.

What is a Margin Call?

A Margin Call occurs when you fail to maintain the ratio of your own equity above the minimum margin requirements which is 30%. You will have to deposit funds or sell part of your positions to cover the call within 3 business days.

What happens when I receive a Margin Call? What do I have to do?

When you receive a Margin Call, you will get an email and an SMS from CBFS informing you of the amount of your Call.

You will have to either deposit at least the exact amount of the Call to your account or sell stocks to cover the Call. If you choose to sell positions, the amount you need to sell has to be equal to or larger than the Call amount divided by the minimum maintenance margin requirement.

For example, if you have a QR1,000 Margin Call and the minimum maintenance margin requirement of your position is 30%. You may either deposit QR1,000 in cash or sell $QR1,000/30\% = 3333.3$ worth of stocks.

Why were my positions sold/liquidated without my permission?

CBFS has the right to sell your positions to cover the call when you fail to cover the Margin Call within 3 business days.

What happens if I am not able to cover a Margin Call?

Once you receive a Margin Call, you will have to cover the call within 3 business days or CBFS has the right to liquidate your positions to cover the call.

SHARES ALLOWED FOR MARGIN TRADING:

| Company Code | Arabic Name | English Name |
|--------------|---------------------------|--------------------------|
| QNBK | الوطني ب | QNB |
| IQCD | الصناعات | Industries Qatar |
| MARK | الريان ب | Rayyan B |
| IGRD | استثمار | Investment Holding Group |
| QIBK | المصرف ب | QIB |
| ORDS | Ooredoo | Ooredoo |
| QEWS | كهرباء و ماء | Electricity & Water |
| BRES | بروه | Barwa |
| QGTS | ناقلات | Nakilat |
| CBQK | التجاري ب | Commeccial B |
| MERS | الميرة | Al Meera |
| QNNS | الملاحة | Navigation |
| QIIK | الدولي ب | QIIB |
| DHBK | الدوحة ب | Doha B |
| UDCD | المتحدة | United Dev |
| QIGD | مستثمرين | Investors |
| GISS | الخليج د | Gulf Inter |
| VFQS | فودافون | Vodafone |
| MCGS | الرعاية | Medicare |
| QFBQ | بنك قطر الأول | Frist Bank QFC |
| ZHCD | زاد | Zad |
| WDAM | ودام | Widam |
| QNCD | قطر للأسمنت | Q Cement |
| QIMD | التحويلية | Ind.Manf Co |
| QGMD | الطبية | Qatar German Med |
| QATR | صندوق وحدات الريان | QATR |
| MRDS | مزايا | Mazaya |
| IHGS | الاسلامية للأوراق المالية | Islamic Hol |
| GWCS | المخازن | Warehousing |
| DBIS | دلالة | Dalala |
| AHCS | أعمال | Aamal |
| MPHC | مسيعيد | Mesaied |
| QFLS | وقود | Qatar Fuel |
| NLCS | الإجارة | Nat.Leasing |
| QATI | قطر ت | Qatar Ins |
| QETF | صندوق المؤشر | QETF |
| QAMC | قامكو | QAMCO |
| ERES | إزدان | Ezdan |
| SIIS | السلام | Salam |
| QISI | الإسلامية ت | Islamic Ins |
| QOIS | قطر عمان | Qatar & Oman |
| AKHI | خليج ت | Khaleej Ins |