

Trading Stocks CFDs Guideline

Global Market Index LLC



Global
Market
Index

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This document provides an overview of trading stock CFDs on our platform.

CFD Ownership Disclaimer:

When trading CFDs on single stocks, Clients are not purchasing the underlying asset but instead speculating on the price movement of the stock. Therefore, Clients do not receive ownership rights, such as voting or participation in company decisions, nor do they own shares of the company.

Stock Price Movements:

CFDs on single stocks reflect the price movements of the underlying stock. Profits or losses depend on the changes in the market value of the stock, and trades are executed based on these fluctuations.

Dividend Adjustments:

For CFDs on single stocks, Clients do not receive direct dividend payments. Instead, we apply dividend adjustments.

- **Long positions:** If Clients hold a long CFD position, they will receive a dividend credit reflecting the dividend that the underlying stock would have paid.
- **Short positions:** If Clients hold a short CFD position, they will be debited the equivalent amount of the dividend. This adjustment ensures that the dividend payment does not unfairly impact a Client's position.

Dividend adjustments are applied on the eve of the ex-dividend date. For example, if the ex-dividend date is August 28th, adjustments will be made at the close of trading on August 27th for any open positions.

Stock Split Treatment:

In the event of a stock split, positions will be adjusted accordingly:

- All open positions will be closed at the end-of-day rate, and any floating profit or loss will be realized.

- Positions will be reopened at an adjusted price and size to maintain the same notional value as the original position.
- Pending orders, including stop/limit orders, will be deleted and must be re-entered manually.
- If the stock split ratio is not a whole number, only the closest whole number of contracts will be reopened, with rounding done downwards.
- Margins will also be updated in accordance with the stock split ratio.
- Any positions below the minimum volume threshold will be closed.

Market Behavior and Execution Risk:

CFDs on single stocks are affected by various market conditions, such as volatility and liquidity. Clients should be aware that market volatility or gapping (when prices open significantly higher or lower than the previous close) can result in substantial losses, especially with leveraged positions. Execution of orders may be impacted during these periods, potentially leading to delays or rejections.

Corporate Actions Impacting CFDs:

Corporate actions such as stock splits, dividends, or mergers will affect CFD pricing. In the event of such corporate actions, we will adjust Clients' open CFD positions, margins, and other relevant conditions. **However, Clients will not participate directly in corporate actions as they would if they held the actual stock.**

CFDs Trading Risks:

Trading CFDs on stocks involves significant risks, including the potential to lose more than the initial deposit. Clients are responsible for managing their positions and understanding the risks involved in trading highly leveraged products. It is essential to maintain sufficient funds to cover margin requirements, and Clients must actively monitor their trades and positions.