



Buying Your First SGX Share: CDP or Custodian?

Description

Buying a first SGX share involves two separate choices that are often compressed into one screen: what to own and how it will be held. A low headline commission does not answer whether the shares go to the investor's own Central Depository (CDP) account, sit in a broker's custody arrangement, or generate other charges when dividends, rights issues or transfers occur.

This guide separates the custody choice from the order itself. It draws on the [MoneySense guide to investing in shares](#) and current SGX rules checked on 15 July 2026. Broker terms and charges can change, so the final comparison must use the broker's current fee schedule and account agreement.

CDP and custodian accounts are different operating models

Question	CDP-linked route	Custodian route
Where is the SGX holding recorded?	In the investor's direct CDP securities account after settlement	Through the broker or another depository agent's custody or sub-account arrangement
Who handles corporate-action communication and instructions?	Often CDP or the issuer's appointed channel communicates with the direct account holder	The broker's process and deadline usually sit between the issuer event and the customer
Can trades be consolidated across brokers?	Eligible SGX holdings bought through different CDP-linked brokers can settle into the same direct CDP account	Holdings normally remain within the chosen broker unless transferred
What needs comparison beyond commission?	Brokerage, minimum commission, CDP and exchange charges, platform features	The same trading costs plus custody, transfer, corporate-action, dividend, inactivity and other account terms where applicable

This table describes the usual structure, not every product. A broker may offer more than one account type, and different securities may be treated differently. Read whose name or sub-account the securities are recorded under, how client assets are segregated, what statements are provided and what happens if the broker stops operating. Do not rely on a marketing label alone.

Choose the account before comparing a promotion

A CDP-linked account can suit someone who values a direct consolidated record of SGX holdings and expects to use more than one broker. It requires an eligible [CDP securities account](#) plus a linked trading account with a brokerage.

A custodian account may offer a different pricing model or one platform for Singapore and overseas markets. Its lower trading price may be valuable, but the investor should price the full holding period. Ask how to vote, elect for scrip dividends, subscribe to rights, receive takeover documents, transfer shares out and obtain records. The important comparison is not “free custody” in isolation; it is the service, legal terms and total cost for the activities the investor is likely to use.

Build a one-page order card

Before placing the order, complete every field below. A blank is a reason to pause.

Field	What to record	Error it prevents
Issuer and ticker	Legal issuer name, SGX code and security type	Buying a similarly named counter or different instrument
Trading currency	Currency shown for the selected counter	Unexpected currency exposure or conversion
Board lot	Units in one normal market lot	Confusing a share price with the cost of an order
Order type	Limit or other available instruction and its duration	Accepting a price range the investor did not intend
Quantity and limit price	Maximum units and price per unit	Entering dollars in the quantity field
Maximum trade value	Quantity multiplied by limit price	Underfunding the settlement account
All charges	Brokerage, minimums, exchange and clearing charges, GST, platform and FX charges	Judging a small order by headline commission alone
Settlement funding	Cash source and date it will be available	Missing settlement

Board lots turn the displayed price into a larger commitment

Most shares in the SGX ready market trade in board lots of 100 units. If a share is quoted at S\$8.70, one 100-unit board lot has a gross trade value of S\$870 before charges. The Unit Share Market permits

quantities below a board lot, but its liquidity and price behaviour can differ, so it should not be treated as identical to the ready market.

SGX's [order rules](#) also set minimum bid sizes that vary by the security's price. That is why an order screen may reject a limit price with too many decimal places. Check the counter information on the trading platform rather than assuming every share moves in one-cent increments.

Calculate the all-in order cost

Use this reusable calculation before comparing brokers:

Maximum cash needed = quantity × limit price + brokerage + clearing and access charges + GST on taxable fees + platform or other transaction charges + any currency-conversion cost.

For the hypothetical 100 shares at a S\$8.70 limit, the maximum gross trade value is S\$870. Suppose the broker's current contract preview shows S\$12.60 of total charges; the maximum cash needed is S\$882.60. The charges equal about 1.45% of the S\$870 trade value. That percentage would fall on a larger order if a fixed minimum commission is the main charge, but increasing an order merely to dilute a fee also increases market risk.

The S\$12.60 is an illustration, not a quoted market fee. Obtain the real amount from the order preview and reconcile it to the contract note. SGX rules require relevant brokerage and charges to be disclosed or agreed, while MoneySense notes that brokerage, CDP clearing, SGX access charges and GST can form part of a transaction.

Know what the order instruction can and cannot do

A limit order sets the worst price the investor is willing to accept, but it does not guarantee execution. It may remain unfilled, fill only partly or execute in several parcels. A marketable instruction prioritises execution over price control and can produce a worse average price when the spread is wide or the available quantity is thin.

Check the bid and ask, recent volume, the quantity available around the intended price, order duration and cancellation rules. An order is not necessarily cancelled merely because the customer presses cancel; it may have executed before the request reaches the market. After trading, verify the filled quantity and average price rather than assuming the original order was completed exactly as entered.

Prepare for T+2 settlement

Trades in SGX's ready market and Unit Share Market generally settle on the second market day after the trade date, known as T+2. A purchase on Monday would ordinarily settle on Wednesday if both are market days. Public holidays can change the calendar. Custodian brokers may require prefunding or apply their own earlier operational cut-offs even though the market settlement cycle is T+2.

Keep enough cleared cash for the trade and charges. Failure to settle can lead to forced action, fees or other consequences under the broker's terms. Do not count an expected salary credit, pending transfer or sale proceeds until the platform states they are available for settlement.

Research the company separately from the mechanics

A perfectly entered order can still buy a poor investment. Read the issuer's SGX announcements, recent financial statements, risks, debt, cash flow, share count and material transactions. Test what could make the investment thesis wrong. Our [SGX April 2026 market-statistics guide](#) explains market-level activity, while the [LBRD beginner investing guide](#) covers portfolio preparation. Neither substitutes for issuer-level due diligence.

The final 60-second check

- I can name the issuer, security type, ticker and trading currency.
- I understand whether the holding settles to my CDP account or through a custodian.
- I have read the broker's custody, transfer and corporate-action terms.
- I checked the board lot, quantity, limit price and maximum trade value.
- I included every visible fee and GST in the cash requirement.
- Cleared funds will be available under the broker's settlement rules.
- I know an unfilled or partly filled order is possible.
- I have read primary issuer disclosures and can state what would invalidate my thesis.

If any answer is no, the order is not ready. The goal of a first trade is not to complete it quickly; it is to make a deliberate investment through an account structure and cost base the investor can still explain after the confirmation screen disappears.

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