

Buying Your First SGX Share: CDP or Custodian?

Description

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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 investorâ??s own Central Depository (CDP) account, sit in a brokerâ??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 brokerâ??s current fee schedule and account agreement.

Direct CDP and depository-agent routes are different operating models

SGX-ST Rule 9.1.3 says the securities account required for eligible trades may be maintained directly with CDP or through a depository agent. The current CDP Depository Rules provide the more precise distinction: eligible securities can be deposited into a Direct Securities Account or in a depository agentâ??s name for a sub-account holder.

Question	Direct CDP account	Depository-agent or broker route
How is the CDP account structured?	Rule 5.1 treats the direct Account Holder as absolute owner of the deposited securities.	Rules 4.7 and 5A say the Depository Agent is the depositor and maintains sub-accounts for itself or clients.
Whose instructions does CDP act on?	The direct Account Holder deals under CDPâ??s direct-account rules.	Rule 5A.3 says CDP does not act on instructions from Sub-Account Holders; Rule 5A.4 permits CDP to rely on the Depository Agent.

Question	Direct CDP account	Depository-agent or broker route
What disclosure should a retail customer receive?	Check CDPâ??s direct-account terms and statements.	Rule 6.1A requires written disclosure of the account name, trust basis, possible commingling and insolvency consequences.
What remains broker-specific?	Trading fees, platform and service terms.	Trading, custody, transfer, dividend and corporate-action processes and fees in the client agreement.

The current CDP rules also require a Depository Agent to segregate securities in each Sub-Account from other Sub-Accounts and its own holdings, while allowing client assets to be commingled in the same Sub-Account in specified circumstances. That is why the written Rule 6.1A disclosure matters. It does not justify a blanket claim that every â??custodian accountâ?• uses identical records, deadlines or protections.

Choose the account before comparing a promotion

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A direct CDP route can suit someone who wants the holding recorded in the Direct Securities Account governed by CDPâ??s direct-account rules. It requires an eligible CDP securities account plus a linked trading account with a brokerage.

A broker or depository-agent route may offer a different pricing model or a single platform for Singapore and overseas markets. Price the full holding period and read the current client agreement. Ask the provider how it handles voting, scrip-dividend elections, rights, takeover documents, transfers and records; those operational claims are provider-specific and should not be inferred from the custody label. The important comparison is not â??free custodyâ?? 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

Field	What to record	Error it prevents
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.

SGXâ??s order rules also set minimum bid sizes that vary by the securityâ??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.

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Calculate the all-in order cost

Use this reusable calculation before comparing brokers:

Maximum cash needed = quantity Ã? 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 brokerâ??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 SGXâ??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 brokerâ??s terms. Do not count an expected salary credit, pending transfer or sale proceeds until the platform states they are available for settlement.

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Research the company separately from the mechanics

A perfectly entered order can still buy a poor investment. Read the issuerâ??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 brokerâ??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 brokerâ??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.

Write the order ticket on paper before transmitting it

MoneySenseâ??s share-investing guide explains the role of the brokerage and CDP, while SGXâ??s settlement rule 9.2.1 states that ready-market and unit-share-market trades eligible for CDP clearing have an intended settlement day of T+2. The SGX order rules separately say that normal orders are entered in board lots and that the unit-share market can match quantities below a board lot. Check the securityâ??s current lot and settlement details rather than treating a general example as the live order specification.

Ticket field	What to write	Failure it prevents
Security and currency	Exact counter, code and quote currency	Buying the wrong line or missing FX exposure
Account route	CDP-linked or named custodian	Assuming holdings will appear in CDP
Limit and quantity	Maximum price and board-lot check	Unplanned market-price execution
Cash deadline	Brokerâ??s funding time before T+2	Failed settlement or forced action

LBRD all-in cost illustration

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For 100 shares at S$3.20, gross consideration is S$320. If a brokerâ??s stated minimum commission were S$10 and other fees totalled S$1.20, the example cash need would be S$331.20 before any currency conversion. The S$11.20 is 3.5% of the S$320 order value, showing how a minimum fee can dominate a small purchase. These are assumptions, not a broker quote; replace every fee with the current contract note schedule.

MoneySense and SGX rules rechecked 21 July 2026. This is general education, not investment advice.

Related LBRD investment guides

- Investment Risk: Label Market, Credit, Liquidity and Currency
- SGX Specified Investment Product Qualification

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