

PRODUCT DISCLOSURE STATEMENT

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1 ABOUT THIS PRODUCT DISCLOSURE STATEMENT

The Saxo Products are sophisticated financial products so you should read this Product Disclosure Statement and the General Business Terms in full before making any decision to trade in them.

The schedules to this Product Disclosure Statement provide more detailed information on each of the Saxo Products.

2 CHANGES TO INFORMATION IN THIS PRODUCT DISCLOSURE STATEMENT

Information in this Product Disclosure Statement may change from time to time without notice where that information is not materially adverse to Clients.

Saxo does not give you personal financial advice about the Saxo Products. This Product Disclosure Statement does not constitute a recommendation or opinion that any of the Saxo Products are appropriate for you.

The information in this Product Disclosure Statement is general only and does not take into account your personal objectives, financial situation and needs.

3 RISK AND POTENTIAL LIABILITY

Potential investors should be experienced in trading in derivatives, especially OTC leveraged derivatives, and understand and accept the risks of trading in the Saxo Products.

Before trading in the Saxo Products you should consider the following significant risks of trading in the Saxo Products.

3.1 LEVERAGE RISK

The Saxo Products are Leveraged, because the amount you pay to Saxo for the Saxo Products (i.e. the total Margin and costs, fees and charges) is less than the full face value of the Underlying Instrument.

You should be prepared for greater risks from this kind of Leveraged derivative, which can lead to large losses as well as large gains. The high degree of Leverage in the Saxo Products can work against you as well as for you, and may mean that you become liable to hold more Margin with Saxo and the Margin Requirements applicable to Transactions may change rapidly in response to changes in the market for the Underlying Instrument. You may lose more than the amounts you pay Saxo as Margin and the value of the Approved Collateral held in your Account.

3.2 RISK OF UNLIMITED LOSS

Your potential losses on (Long or Short) positions in Saxo Products may exceed the amounts you pay (as Margin) for the Saxo Products or the amounts we hold on trust for you in the Client Segregated Account.

You can reduce the risk of losses on Short positions in the Saxo Products by monitoring your Open Positions and Closing Out the positions before losses arise or otherwise to minimise your losses.

3.3 MARGIN RISK

You must have sufficient Margin Cover at all times and be able to provide to Saxo the amount of required Margin as and when required, otherwise we may at our reasonable discretion reduce your exposure by Closing Out one, or more, or all of your leveraged Open Positions with us without notice to you.

Margin Requirements are highly likely to change continuously, in line with market movements in the Underlying Instrument.

There is a high risk of Margin Requirements changing very rapidly at times. There is also a high risk that if the market value of the Underlying Instrument moves rapidly against you, you will be required to provide more Margin at little or no notice.

If there is a shortfall in your Account, or you do not meet a required Margin Call, Saxo reserves the right to liquidate or sell any Approved Collateral forming part of your Account at its discretion.

You can reduce your risk of losing your positions as a result of failing to meet your Margin Requirements by carefully selecting the type and amount of Saxo Product to suit your needs, monitoring your Open Positions, maintaining a prudent level of cash balance in your Account and providing sufficient Margin within the time required by Saxo. Please see Section 4.0 – Saxo's Margin Principles, for further information about Margin.

3.4 FOREIGN EXCHANGE RISK

Your Account and Trading Account(s) may be denominated in Euros or any other currency permitted by Saxo from time to time.

If you instruct Saxo to effect a Transaction denominated in a currency different from the denomination of your Trading Account currency, Saxo will convert the currency value of your Transaction into the Trading Account currency.

Therefore, you need to take into account the denominated currency in the Saxo Products that you trade. This is because any foreign currency conversions between your Trading Account, which is denominated in one foreign currency, and Saxo Products, which are denominated in a different foreign currency, can expose you to foreign exchange risk. For example, if your trading Account is denominated in EUR, and you have an Open Position in Commodity CFDs over gold, the denominated currency of that Transaction is USD, which means that not only do you have an exposure to gold prices, but you are also exposed to movements in the USD. Once you Close Out of this Commodity CFD position in gold, your profit and loss in your Trading Account remains denominated in USD, meaning that whilst you no longer have an Open Position in a Commodity CFD providing you with exposure to gold, you still have a foreign exchange risk as the USD balance of your Trading Account may not have been converted back to its default currency of EUR. This foreign exchange risk may trigger the need for more Margin to be paid by you, including at short or no notice.

In addition, foreign currency conversions required for your Account can expose you to foreign exchange risks between the time the Transaction is entered into and the time the relevant conversion of currencies occurs. Foreign exchange markets can change rapidly. This exposes you to adverse changes in the value of your Trading Account which can be large (depending on foreign exchange rates) and volatile. This will directly affect the value of a position in a Saxo Product.

You can reduce this risk by selecting Saxo Products with foreign exchange exposure that you are prepared to incur and to monitor.

3.5 RISK OF UNDERLYING STOCK BEING PLACED INTO ADMINISTRATION, DE-LISTED OR LIQUIDATED

Trading in an Underlying Instrument of a Saxo Product may be halted or suspended from trading from time to time.

In these circumstances, we would not permit Clients to open a new Transaction in a Saxo Product for which trading in the Underlying Instrument is halted or suspended.

Where trading in the Underlying Instrument is halted or suspended, we may not be able to offer you the corresponding Saxo Product and so you may not be able to Close Out any Open Positions in affected Saxo Products.

We have the discretion, where trading in an Underlying Instrument of a Saxo Product is halted or suspended, to:

- Close out Open Positions in the affected Saxo Product;
- raise the relevant Margin Requirement for the affected Saxo Product up to 100%;
- continue to charge the relevant overnight debit/credit financing
- apply holding fees to halted/suspended Open positions;
- revalue the affected Saxo Product, including down to a value of 0;
- use the last traded price of that Underlying Instrument for the purposes of determining Margin Requirement and our Finance Charge or, where we reasonably believe that a different price reasonably reflects the value of a Saxo Product, then we may price the Saxo Product differently; and
- take any other action as we reasonably think fit to cover any relevant risks associated with Clients' Open Positions in the relevant Saxo Product.

These halts, suspensions or interruptions may cause you to suffer a loss, for example because they prevent you from implementing your desired trading strategy in respect of the affected Saxo Products.

3.6 COUNTERPARTY RISK ON SAXO

Saxo is your counterparty to the Saxo Products, therefore there is the risk that Saxo will not meet its obligations to you under the Saxo Products. Saxo mitigates Clients' counterparty risk through its Margin policy and risk management procedures and the special protections it has implemented for the benefit of Clients; however, the potentially adverse outcome of this risk is very significant to you since, if it occurs, you could lose all or some of your investment.

You can reduce your counterparty risk with Saxo by limiting the amount you pay Saxo, trading prudently and requesting payment to you of any surplus in your Account which is not required for prudent Margin management, however this may increase your Margin risk resulting in all of your positions being Closed Out.

3.7 LIMITED RECOURSE

Saxo limits its liability to you for the Saxo Products to the extent to which Saxo actually recovers against its Hedge Counterparties and allocates that to the Saxo Products. This means that any liability owed by Saxo to you will be satisfied only by the extent to which Saxo is able to recover from its Hedge Counterparties.

3.8 MARKET RISK

Financial markets can change rapidly; they are speculative and volatile. Prices of Underlying Instruments depend on a number of factors including, for example, commodity prices or index levels, interest rates, demand and supply and actions of governments. Each Exchange may reserve the right to suspend securities from trading or withdraw their quotation.

The Saxo Products are highly speculative and volatile. There is a high risk that market prices will move such that the Contract Value of the Saxo Products on closing can be significantly less than the amount you invested in them.

There is no guarantee or assurance that you will make profits, or not make losses, or that unrealised profits or losses will remain unchanged.

You can reduce your risk by understanding the market relevant to the Saxo Products, monitoring your positions in the Saxo Products carefully and closing your Open Positions before unacceptable losses arise.

3.9 NOT A REGULATED MARKET

The Saxo Products are OTC derivatives and are not covered by the rules for Exchange-traded contracts. OTC contracts, such as the Saxo Products, by their nature are not necessarily liquid investments in themselves. If you want to exit the Saxo Products, you rely on Saxo's ability to Close Out at the time you wish, which might not match the liquidity or market price of the Underlying Instruments.

3.10 MARKET DISRUPTIONS

A market disruption may mean that you may be unable to deal in a Saxo Product when desired, and you may suffer a loss as a result. This is because the market disruption events which affect the Underlying Instrument will also affect the Saxo Product on the same or very similar basis. Common examples of disruptions include the "crash" of a computer-based trading system, a file or other Exchange emergency, or an Exchange regulatory body declaring an undesirable situation has developed in relation to a particular Underlying Instrument or a particular trade, and suspends trading in those contracts or cancels that trade.

You can attempt to minimise the effect of market disruptions by obtaining information released by the Exchange relevant to the Saxo Product and taking action after the event as appropriate (if any) to the Saxo Product, such as Closing Out because the market values have significantly changed since before the event.

3.11 ORDERS AND GAPPING

It may become difficult or impossible for you to Close Out a position in a Saxo Product. This can, for example, happen when there is a significant change in the Saxo Product's value over a short period. There is a moderate to high risk of this occurring.

Saxo's ability to Close Out a position in a Saxo Product depends on the market for the Underlying Instruments. Stop-loss Orders may not always be filled and, even if placed, may not limit your losses to the amount specified in the Order, since they are not guarantees that there will be no loss.

You should consider placing Stop-loss or other Orders that limit your losses but also closely monitor your Account and the relevant market in case the Stop-loss Order is not fully filled or filled at all and you need to take further action to limit your losses.

3.12 ONLINE TRADING PLATFORM AND IT RISK

If you are unable to access SaxoTrader for any reason, it may mean that you are unable to trade in a Saxo Product when you wish to do so (including for Closing Out) or you might not be aware of the current Margin Requirements and so you may suffer loss as a result.

Saxo may also suspend the operation of SaxoTrader or any part of it, without prior notice to you. Although this is considered to be a low risk since it would usually only happen in unforeseen and extreme market situations, Saxo has discretion in determining when to do this. If SaxoTrader is suspended, you may have difficulty contacting Saxo, you may not be able to contact Saxo at all, or your Orders may not be able to be executed at prices quoted to you.

There is a moderate to high risk that Saxo will impose volume limits on Client accounts or filters on trading, which could prevent or delay execution of your Orders, at your risk. You have no recourse against Saxo in relation to the availability or otherwise of SaxoTrader, nor for its errors and software. Please review the General Business Terms and any guidance material for any particular online trading platform.

3.13 EXCHANGE

The rules of the relevant Exchange govern the trading in the Underlying Instruments and so will indirectly affect the dealing in the Saxo Products. All of the rules of each relevant Exchange may be relevant to the Saxo Products, so you should consider those rules. The details of those rules are outside the control of Saxo and they may change at any time and without notice to you.

3.14 CONFLICTS OF INTEREST

Trading with Saxo for the Saxo Products carries an automatic risk of actual conflicts of interests because Saxo is acting as principal and issuer of the Saxo Products and Saxo sets the price of the Saxo Products and also because it might be transacting with other persons, at different prices or rates, or Saxo might be trading with market participants.

The policy used by Saxo is that as principal it issues the Saxo Products to you based on the price it gives you, not by acting as broker for you. Saxo obtains its price by dealing with its own Hedge Counterparties. You can reduce the risks to you of unfavourable pricing or opaque pricing (meaning it is unclear how it relates to the market for the Underlying Instrument) by monitoring Saxo's pricing and by monitoring the underlying market.

The other trading activities of Saxo, such as trading on its own account or acting as broker to its Clients and providing you with the Saxo Services, are conducted without reference to Saxo's dealing in the Saxo Products with you. Where Saxo enters hedging transactions as principal on its own account, it does so to hedge its position and with the intention of making a profit.

3.15 VALUATIONS

The Saxo Products are valued by Saxo. Typically this is by direct reference to (but not automatically solely derived from) the market value (or, if relevant, index level) of the relevant Underlying Instrument on the relevant Exchange or market which in turn affects the price quoted by the relevant Hedge Counterparty to Saxo.

If the Exchange or other market fails to provide that information (for example, due to a failure in the Exchange's trading system or data information service) or trading in the Underlying Instrument is halted or suspended, Saxo may exercise its discretion to determine a value.

Due to the nature of the Saxo Products, and consistent with industry practice for such products, Saxo's discretion is unfettered and so has no condition or qualification. While there are no specific limits on Saxo's discretions, Saxo must comply with its obligations to act efficiently, honestly and fairly. You therefore have the risk of relying on whatever value is determined by Saxo in the circumstances permitted by the General Business Terms.

3.16 REGULATORY RISK

A Client may incur losses that are caused by actions taken by a regulatory authority, which are outside Saxo's control. For example, actions taken by a regulatory authority exercising its powers during a market emergency may ultimately result in losses to the Client by reason of the effect of those actions on the Underlying Instrument and so the terms of the Saxo Product. A regulatory authority can, in extreme situations, suspend trading or alter the price at which a position is settled, which will affect the value of an Underlying Instrument, thereby affecting the value of the Saxo Product.

3.17 SAXO'S RIGHTS ON DEFAULT, INDEMNITIES AND LIMITATIONS ON LIABILITY

If you fail to pay, or provide security for, amounts payable to Saxo or fail to perform any obligation under a Transaction, Saxo has extensive powers under the General Business Terms to take steps to protect its position. For example, Saxo has the power to Close Out positions and to determine the rates of interest it charges. Additionally, under the General Business Terms you agree to indemnify Saxo for certain losses and liabilities, including, for example, in default scenarios.

You should read the General Business Terms carefully to understand Saxo's rights under these terms.

3.18 OPERATIONAL RISK

The Saxo Products are generally traded over the internet, using your computer, internet-enabled mobile phone (e.g. iPhone or other smartphone) or other tablet. This means that you are exposed to the risk of disruptions in your ability to trade via electronic means, leading to delays in the execution (and settlement, as applicable) of a Transaction.

For example, these risks include the stability and reliability of your computer or other device through which you access the internet, your internet connection and SaxoTrader.

We are not liable to you if losses arise owing to delays, errors or failures in operational processes outside our control, in particular, giving rise to faults in or instability of SaxoTrader or in the provision of data by third parties.

4 SAXO'S MARGIN PRINCIPLES

Saxo applies the following main Margin principles:

- (a) Each Client must provide a minimum required amount of Margin, or premium in the case of an Option, before being issued a Saxo Product (Margin Requirement). You do this by providing at least the Initial Margin (plus other costs, fees and charges).
- (b) The minimum Margin Requirement and the timing and amount of each Margin Call are determined by Saxo at our discretion based on a number of factors, including the market price of the Underlying Instrument, the Margin required to hedge the Underlying Instrument, the Margin which Saxo is required to pay its Hedge Counterparty and Saxo's risk assessment of the Client, and any unrealised loss on your Trading Account at any point in time.
- (c) The Margin Requirement for each Client's Account is promptly adjusted according to market movement or changes to our risk assessment of the Client, so that no Client benefits from another Client's trading.
- (d) Each Client must provide all Margin required by Saxo and maintain at all times the required amount of Margin. If you do not maintain the required Margin at all times or you do not pay the required Margin Call called for by Saxo by the required time, we may at our reasonable discretion reduce your exposure by Closing Out one, or more, or all of your Leveraged Open Positions with us without notice to you and you may remain liable to pay us any remaining shortfall. If you use Approved Collateral to meet Margin Requirements and there is a shortfall, or you do not meet the required Margin Call, Saxo reserves the right to sell the Approved Collateral you have applied to the extent required.
- (e) In accordance with our Margin policy, no Client receives any substantial benefit or waiver from the Margin Requirements.

4.1 PROVIDING MARGIN

You must hold the Initial Margin before a Saxo Product is issued to you. You must then at all times maintain the minimum amount of Margin required by us. Separately, you must pay any further Margin we call for you to pay.

To provide Margin by Cash you must first deposit the funds into the Segregated Client Account. The funds are then credited to your Trading Account.

4.2 HOW IS MARGIN CALCULATED

The minimum Initial Margin will be set by Saxo and calculated as a percentage of the full face value of the Saxo Products issued to you at the current market price (market exposure) of the Transaction.

Owing to the volatility of the market, the amount of required Margin may change after a position has been opened in Saxo Products. If this occurs, Saxo may call for you to pay additional Margin because your initial payment has become insufficient. Margin amounts are calculated to cover the maximum expected movement in the market at any time but will change when the market changes, so those calculations might not cover all market movements and since those Margin Requirements can change rapidly and continuously, you need to ensure your Margin Cover is positive at all times otherwise you risk some or all of your positions being automatically Closed Out.

Here is an example of calculating Margin Cover: You deposit EUR 10,000 in your account. You believe that the Euro (EUR) is going to strengthen against the U.S. Dollar (USD) and want to take advantage of this move higher. You therefore decide to buy 100,000 EURUSD. You hold no other Open Position(s).

Initial Margin requirement = $100,000 \times 3.33\% = \text{EUR } 3,330$
 Margin Requirement = $100,000 \times 1.66\% = \text{EUR } 1,660$
 Margin Cover (at the time of the trade) = $16.6\% (\text{EUR } 1,660 / \text{EUR } 10,000)$

Later due to market movements there is an unrealised loss on your account of EUR 8,340.
 Margin Cover = $100.0\% (\text{EUR } 1,660 / (\text{EUR } 10,000 - \text{EUR } 8,340))$

As a result, your Margin Cover is fully utilised and therefore you have no capacity to enter into further Transactions (except to close out your open position(s)) and you are at risk of being Closed Out if there are further adverse movements in the pricing.

Under the General Business Terms, your obligation to provide Margin arises from the time you have an Open Position. If the market moves so as to increase the minimum Margin Requirements, or Saxo increases the minimum Margin Requirement, you immediately owe the increased amount of the Margin Cover, regardless of if or when we contact you to pay more Margin. Your obligation to maintain the minimum required Margin remains at all times, whether or not we contact you and whether or not you log into your Account. You will be required to provide the required Margin whether or not we call for additional Margin. In other words, you are responsible for monitoring your positions and providing the required level of Margin. You might receive notice about Margin Requirements by email, or when you access your Trading Account online, by pop-up messages on your screen, but you need to provide the Margin whether or not you receive notice from us.

The values of your positions are ordinarily marked to market on a continuous basis, which automatically leads to corresponding changes in Margin Requirements for your Account. However, when trading on the Exchange relevant to the Underlying Instrument is closed, some Margin Requirements automatically increase.

4.3 MARGIN CALLS

Apart from your obligation to maintain the required amount of Margin, you are also obliged to meet Margin Calls by providing the required amount by the time stipulated in the Margin Call. Saxo will endeavour to monitor Accounts and to ensure that it identifies accounts likely to enter into Margin Calls as early as possible.

If no time is stipulated, payment is required within 24 hours of the Margin Call being made. Sometimes, however, (such as in unusually volatile market conditions or rapidly falling market prices), little or no time may be stipulated for paying a Margin Call (that is, immediate payment is required) or more than one Margin Call may be made on the one day including at weekends or outside of local business hours.

If you do not answer the telephone on the number you give us, or you do not read the emailed Margin Call which was sent to the email address you gave us, you remain liable to meet the Margin Call. That is why you need to be contactable 24 hours a day, 7 days a week.

Clients will receive 4 notification reminders with the 4th being the Margin Call notification and close out by either telephone, a nominated email address or SaxoTrader before Saxo takes any further steps.

4.4 MARGIN CLOSE OUT

If you have insufficient Margin in your Account to satisfy the Margin Requirement for Account, and you do not have enough funds (including Open Position profits or losses and any amounts held as Approved Collateral) in your Account to cover your Margin Requirement, we may at our reasonable discretion reduce your exposure by Closing Out one or more or all of your Leveraged Open Positions with us, without notice to you.

4.5 NEGATIVE BALANCE PROTECTION

Negative Balance Protection applies to accounts that hold an open FX Spot or CFD position(s) and will apply to any loss after any/all approved collateral (if applicable) on account has been used, including cash deposits. We will reimburse the negative cash amount once all position(s) held on account settle. The reimbursement will reset the account value to zero.

4.6 RETURN OF MARGIN-WITHDRAWAL FUNDS

If you Close Out a Transaction, realising a gain and your Account has a net credit balance above any remaining minimum required Margin you may request payment of the Withdrawable Funds.

Saxo will determine if that is permissible and if so it will arrange for the permitted amount to be paid into your nominated bank account.

4.7 INTRADAY MARGIN RATES

Under certain circumstances, client may be eligible for reduced Initial Margin requirements on CFDs and FX. These reduced Initial Margin requirements are only for intraday trading purposes. The End of Day (EOD) credit/debit interest calculated on your Net Free Equity will be based on prevailing full Margin rates. Full margin rate requirements will not be represented at any time on the Saxo Trader whilst an open position than is receiving reduced Initial Margins is still open.

5 TRADING COSTS

5.1 FX (FOREIGN EXCHANGE)

ROLLING FX SPOT		
One-off costs	Spread	The difference between the bid (sell) price and the offer (buy) price. Spread is dependent on many different factors, including but not limited to, the underlying liquidity and volatility, time of day and notional trade size.
	Commission	The fee charged for the service of carrying out the transaction, subject to a minimum fee on small notional trade sizes.
	Profit/Loss Currency Conversion	The fee charged for converting realised profit/loss from the instrument currency to the account currency.
Ongoing costs	Tom/Next swap points (Forward Price)	The swap points used are calculated using the Tom/Next swap feeds from Tier-1 banks, plus/minus a mark-up.
	Financing of unrealised profit/loss (Financing Interest)	Any unrealised profit/loss that is rolled from one day to the next is subject to an interest credit or debit.
Incidental costs	-	-

FX FORWARD OUTRIGHT		
One-off costs	Spread	The difference between the bid (sell) price and the offer (buy) price. Spread is dependent on many different factors, including but not limited to, the underlying liquidity and volatility, time of day and notional trade size.
	Commission	The fee charged for the service of carrying out the transaction, subject to a minimum fee on small notional trade sizes.
	Profit/Loss Currency Conversion	The fee charged for converting realised profit/loss from the instrument currency to the account currency.
Ongoing costs	Financing of unrealised profit/loss (Financing Interest)	Any unrealised profit/loss is subject to an interest credit or debit.
Incidental costs	-	-

FX OPTION		
One-off costs	Spread	The difference between the bid (sell) price and the offer (buy) price. Spread is dependent on many different factors, including but not limited to, the underlying liquidity and volatility, time of day and notional trade size.
	Minimum Transaction Fee	A minimum fee on small notional trade sizes.
	Premium Currency Conversion	The fee charged for converting premium from the instrument currency to the account currency.
Ongoing costs	Financing of unrealised profit/loss (Financing Interest)	Any unrealised premium is subject to an interest credit or debit.
Incidental costs	-	-

5.2 TRADING COSTS

CFDS ON OPTIONS		
One-off costs	Currency Conversion Fee	The fee charged for converting the traded value from the instrument currency to the account currency.
Ongoing costs	Holding Fee (Long Positions)	Overnight Long Positions are subject to a daily Holding Fee which is calculated based on the notional value.
	Carrying Cost (Short Positions)	Overnight Short Positions are subject to a daily Carrying Cost calculated based on the daily margin requirement.
Incidental costs	-	-

5.3 CFDS (CONTRACT FOR DIFFERENCE)

CFDS ON STOCKS & ETFS (ETFS, ETCS & ETNS)		
One-off costs	Commission	The fee charged for the service of carrying out the transaction.
	Minimum Commission	The minimum fee charged for the service of carrying out the transaction.
	Currency Conversion Fee	The fee charged for converting realised profit/loss from the instrument currency to the account currency.
Ongoing costs	Overnight Financing	If you hold a long or a short position open after the market close, you will be subject to an Overnight Financing charge.
	Borrowing costs (Short position only)	If you hold a short CFD Single Stock positions overnight you may be subject to a borrowing cost. The cost is dependent on the liquidity of the Stocks and may be zero (0) for high liquidity
Incidental costs	-	-

CFDS ON INDICES		
One-off costs	Spread	The difference between the Bid (Sell) and the Ask (Buy) price is called the spread.
	Currency Conversion Fee	The fee charged for converting realised profit/loss from the instrument currency to the account currency.
Ongoing costs	Overnight Financing	If you hold a long or a short position open after the market close, you will be subject to an Overnight Financing charge.
Incidental costs	-	-

CFDS ON FUTURES		
One-off costs	Spread	The difference between the Bid (Sell) and the Ask (Buy) price is called the spread.
	Currency Conversion Fee	The fee charged for converting realised profit/loss from the instrument currency to the account currency.
Ongoing costs	Carrying Costs	If you hold a position in Expiring CFDs overnight, you are subject to a carrying cost. The carrying cost is calculated on the basis of the daily margin requirement and applied when a position is held overnight.
Incidental costs	-	-

6 TRADING EXAMPLES

6.1 ROLLING FX SPOT

6.1.1 ROLLING FX SPOT – LONG (BUY) POSITION

Let's assume that the market price in EURUSD is trading at 1.10499/1.10500. You believe that the Euro (EUR) is going to strengthen against the U.S. Dollar (USD) and want to take advantage of this move higher. You therefore decide to buy 100,000 EURUSD at 1.10500.

Two days later, EUR has strengthened against the USD you decide to realise your gain by closing out your long EURUSD position.

The market price in EURUSD is trading at 1.10600/1.10601. The amount of profit that you have made on the transaction, before adjustments and tax, is 100.00 USD. The profit/loss is calculated by multiplying the change in the price (closing price to opening price) with the notional amount of the position i.e. the difference between 1.10600 and 1.10500 (= 0.00100 or 10 pips) x 100,000 = 100.00 USD.

ADJUSTMENTS

TRANSACTION COSTS

Rolling FX Spot transactions are subject to a commission charge (we also call it a transaction fee) on the opening and closing transactions. The standard charge is 0.005% (or 50 USD per 1 million USD traded), with a minimum commission of 3 USD/transaction on small notional trade sizes. In this example, the commission charge would be applied as follows:

OPENING: $100,000 \times 1.10500 \times 0.005\% = \5.53

CLOSING: $100,000 \times 1.10600 \times 0.005\% = \5.53

FINANCING ADJUSTMENTS

If you open and close an FX Spot position within the same trading day, you are not subject to financing adjustments. However, open positions held at the end of a trading day (17.00 Eastern Standard Time) are rolled forward to the next available business day¹. A price adjustment is applied to the opening price of a position to reflect the financing adjustments. These adjustments are based on two components:

1. TOM/NEXT SWAP POINTS (FORWARD PRICE)

The swap points used are calculated using market swap prices from Tier-1 banks, plus/minus a mark-up corresponding to +/- 0.45% of the Tom/Next interest swap rates. The final rate (e.g. 0.000005) is used to adjust the opening price of the position.

2. FINANCING OF UNREALISED PROFIT/LOSS (FINANCING INTEREST)

Any unrealised profits or losses on positions that are rolled from one day to the next are subject to an interest credit or debit. The unrealised profit or loss is calculated as the difference between the opening price of a position (possibly corrected for previous Tom/Next rollovers) and the spot price, at the time the rollover is performed between 07.00 and 09.00 GMT.

The rate is calculated based on daily market overnight interest rates plus/minus a mark-up corresponding to +/- 2.00%. The final rate (e.g. 0.00000218) is used to adjust the opening price of the position.

The price adjustment is calculated as follows:

$$\text{OPENING PRICE} + \text{FORWARD PRICE} + \text{FINANCING INTEREST} = \text{NEW PRICE}$$

$$1.10500 + 0.000005 + 0.00000218 = 1.10500718$$

OPENING THE POSITION		
Notional Amount	100,000.00 EUR	
Opening Price	1.10500	
Opening Value	110,500.00 USD	(Notional Amount x Opening Price)
Initial Margin	3,679.65 USD	(3.33% of Notional Value)
CLOSING THE POSITION		
Notional Amount	100,000.00 EUR	
Closing Price	1.10600	
Closing Value	110,600.00 USD	(Notional Amount x Closing Price)
Profit/Loss	100.00 USD	(Closing Value to Opening Value)
ADJUSTMENTS		
Transaction Cost (opening)	5.53 USD	((Notional Amount x 1.10500) x 0.005%)
Transaction Cost (closing)	5.53 USD	((Notional Amount x 1.10600) x 0.005%)
Financing	0.72 USD	(Notional Amount x (Forward Price + Financing Interest))
Net Profit/Loss	88.22 USD	(after adjustments)

¹The global market convention is that the value date rolls forward at 17.00 Eastern Standard Time, however there are exceptions to this rule e.g. NZDUSD, which rolls forward at 07.00 New Zealand Daylight Time

6.1.2 ROLLING FX SPOT – SHORT (SELL) POSITION

Let's assume that the market price in EURUSD is trading at 1.10499/1.10500. You believe that the Euro (EUR) is going to weaken against the U.S. Dollar (USD) and want to take advantage of this move lower. You therefore decide to sell 100,000 EURUSD at 1.10499.

Two days later, EUR has weakened against the USD you decide to realise your gain by closing out your short EURUSD position.

The market price in EURUSD is trading at 1.10398/1.10399. The amount of profit that you have made on the transaction, before adjustments and tax, is 100.00 USD. The profit/loss is calculated by multiplying the change in the price (closing price to opening price) with the notional amount of the position i.e. the difference between 1.10399 and 1.10499 (= 0.00100 or 10 pips) x 100,000 = 100.00 USD.

ADJUSTMENTS

TRANSACTION COSTS

Rolling FX Spot transactions are subject to a commission charge (we also call it a transaction fee) on the opening and closing transactions. The standard charge is 0.005% (or 50 USD per 1 million USD traded), with a minimum commission of 3 USD/transaction on small notional trade sizes. In this example, the commission charge would be applied as follows:

OPENING: $100,000 \times 1.10499 \times 0.005\% = \5.52

CLOSING: $100,000 \times 1.10399 \times 0.005\% = \5.52

FINANCING ADJUSTMENTS

If you open and close an FX Spot position within the same trading day, you are not subject to financing adjustments. However, open positions held at the end of a trading day (17.00 Eastern Standard Time) are rolled forward to the next available business day². A price adjustment is applied to the opening price of a position to reflect the financing adjustments. These adjustments are based on two components:

1. **TOM/NEXT SWAP POINTS (FORWARD PRICE)**
The swap points used are calculated using market swap prices from Tier-1 banks, plus/minus a mark-up corresponding to +/- 0.45% of the Tom/Next interest swap rates. The final rate (e.g. 0.000005) is used to adjust the opening price of the position.
2. **FINANCING OF UNREALISED PROFIT/LOSS (FINANCING INTEREST)**
Any unrealised profits or losses on positions that are rolled from one day to the next are subject to an interest credit or debit. The unrealised profit or loss is calculated as the difference between the opening price of a position (possibly corrected for previous Tom/Next rollovers) and the spot price, at the time the rollover is performed between 07.00 and 09.00 GMT.

The rate is calculated based on daily market overnight interest rates plus/minus a mark-up corresponding to +/- 2.00%. The final rate (e.g. 0.00000218) is used to adjust the opening price of the position.

The price adjustment is calculated as follows:

$$\text{OPENING PRICE} + \text{FORWARD PRICE} + \text{FINANCING INTEREST} = \text{NEW PRICE}$$

$$1.10499 - 0.000005 - 0.00000218 = 1.10498282$$

OPENING THE POSITION		
Notional Amount	100,000.00 EUR	
Opening Price	1.10499	
Opening Value	110,499.00 USD	(Notional Amount x Opening Price)
Initial Margin	3,679.62 USD	(3.33% of Notional Value)
CLOSING THE POSITION		
Notional Amount	100,000.00 EUR	
Closing Price	1.10399	
Closing Value	110,399.00 USD	(Notional Amount x Closing Price)
Profit/Loss	100.00 USD	(Closing Value to Opening Value)
ADJUSTMENTS		
Transaction Cost (opening)	5.52 USD	((Notional Amount x 1.10499) x 0.005%)
Transaction Cost (closing)	5.52 USD	((Notional Amount x 1.10399) x 0.005%)
Financing (USD equivalent)	0.72 USD	(Notional Amount x (Forward Price + Financing Interest))
Net Profit/Loss	88.24 USD	(after adjustments)

²The global market convention is that the value date rolls forward at 17.00 Eastern Standard Time, however there are exceptions to this rule e.g. NZDUSD, which rolls forward at 07.00 New Zealand Daylight Time

6.2 FX FORWARD OUTRIGHT

6.2.1 FX FORWARD OUTRIGHT – LONG (BUY) POSITION

Let's assume that the forward price in a EURUSD is trading at 1.10475/1.10525. You believe that the Euro (EUR) is going to strengthen against the U.S. Dollar (USD) and want to take advantage of this move higher. You therefore decide to buy 100,000 EURUSD at 1.10525.

Six months later, EUR has strengthened against USD and you decide to realise your gain by closing out your long EURUSD position.

The market price in EURUSD is trading at 1.10725/1.10775. The amount of profit that you have made on the transaction, before adjustments and tax, is 200.00 USD. The profit/loss is calculated by multiplying the change in the price (closing price to opening price) with the notional amount of the position i.e. the difference between 1.10525 and 1.10725 (= 0.00200 or 20 pips) x 100,000 = 200.00 USD.

ADJUSTMENTS

TRANSACTION COSTS

FX Forward Outright transactions are subject to a commission charge (we also call it a transaction fee) on the opening and closing transactions. The standard charge is 0.005% (or 50 USD per 1 million USD traded), with a minimum commission of 3 USD/transaction on small notional trade sizes. In this example, the commission charge would be applied as follows:

OPENING: $100,000 \times 1.10525 \times 0.005\% = \5.53

CLOSING: $100,000 \times 1.10725 \times 0.005\% = \5.54

FINANCING ADJUSTMENTS

1. TOM/NEXT SWAP POINTS (FORWARD PRICE)

Since an FX Forward Outright is an agreement to trade at a specified price (Forward Price) on a specified date in the future (Value Date), the position is not subject to Tom/Next swap point adjustments. When the value date of the FX Forward Outright position equals the current Spot value date, the position will be treated as an FX Spot position and will be subject to the financing adjustments described in 7.1.

2. FINANCING OF UNREALISED PROFIT/LOSS (FINANCING INTEREST)

Any unrealised profits or losses on positions are subject to an interest credit or debit. The unrealised profit or loss is included in the Net Free Equity calculation on funds deposited on account:

- NET FREE EQUITY ABOVE 15,000 EUR (OR EQUIVALENT):
 - Interest is paid on the full amount, and is based on the higher of the daily market overnight interest bid rate -3% and zero
- POSITIVE NET FREE EQUITY UP TO 15,000 EUR (OR EQUIVALENT):
 - No account interest
- NEGATIVE NET FREE EQUITY:
 - Interest will be charged at the daily market overnight interest offer rate +8%, however never less than 8%

OPENING THE POSITION		
Notional Amount	100,000.00 EUR	
Opening Price	1.10525	
Opening Value	110,525.00 USD	(Notional Amount x Opening Price)
Initial Margin	3,680.48 USD	(3.33% of Notional Value)
CLOSING THE POSITION		
Notional Amount	100,000.00 EUR	
Opening Price	1.10725	
Closing Value	110,725.00 USD	(Notional Amount x Closing Price)
Profit/Loss	200.00 USD	(Closing Value to Opening Value)
ADJUSTMENTS		
Transaction Cost (opening)	5.53 USD	((Notional Amount x 1.10525) x 0.005%)
Transaction Cost (closing)	5.54 USD	((Notional Amount x 1.10600) x 0.005%)
Financing	0.00 USD	(assuming Positive Net Free Equity up to 15,000 EUR (or equivalent))
Net Profit/Loss	188.93 USD	(after adjustments)

6.2.2 FX FORWARD OUTRIGHT – SHORT (SELL) POSITION

Let's assume that the 6-month forward price in a EURUSD is trading at 1.10475/1.10525. You believe that the Euro (EUR) is going to weaken against the U.S. Dollar (USD) and want to take advantage of this move lower. You therefore decide to sell 100,000 EURUSD at 1.10475.

Six months later, EUR has weakened against USD and you decide to realise your gain by closing out your short EURUSD position.

The market price in EURUSD is trading at 1.10225/1.10275. The amount of profit that you have made on the transaction, before adjustments and tax, is 200.00 USD. The profit/loss is calculated by multiplying the change in the price (closing price to opening price) with the notional amount of the position i.e. the difference between 1.10275 and 1.10475 (= 0.00200 or 20 pips) x 100,000 = 200.00 USD.

ADJUSTMENTS

TRANSACTION COSTS

FX Forward Outright transactions are subject to a commission charge (we also call it a transaction fee) on the opening and closing transactions. The standard charge is 0.005% (or 50 USD per 1 million USD traded), with a minimum commission of 3 USD/transaction on small notional trade sizes. In this example, the commission charge would be applied as follows:

OPENING: $100,000 \times 1.10475 \times 0.005\% = \5.52

CLOSING: $100,000 \times 1.10275 \times 0.005\% = \5.51

FINANCING ADJUSTMENTS

1. TOM/NEXT SWAP POINTS (FORWARD PRICE)

Since an FX Forward Outright is an agreement to trade at a specified price (Forward Price) on a specified date in the future (Value Date), the position is not subject to Tom/Next swap point adjustments. When the value date of the FX Forward Outright position equals the current Spot value date, the position will be treated as an FX Spot position and will be subject to the financing adjustments described in 7.1.

2. FINANCING OF UNREALISED PROFIT/LOSS (FINANCING INTEREST)

Any unrealised profits or losses on positions are subject to an interest credit or debit. The unrealised profit or loss is included in the Net Free Equity calculation on funds deposited on account:

- NET FREE EQUITY ABOVE 15,000 EUR (OR EQUIVALENT):
 - Interest is paid on the full amount, and is based on the higher of the daily market overnight interest bid rate -3% and zero
- POSITIVE NET FREE EQUITY UP TO 15,000 EUR (OR EQUIVALENT):
 - No account interest
- NEGATIVE NET FREE EQUITY:
 - Interest will be charged at the daily market overnight interest offer rate +8%, however never less than 8%

OPENING THE POSITION		
Notional Amount	100,000.00 EUR	
Opening Price	1.10475	
Opening Value	110,475.00 USD	(Notional Amount x Opening Price)
Initial Margin	3,678.82 USD	(3.33% of Notional Value)

CLOSING THE POSITION		
Notional Amount	100,000.00 EUR	
Closing Price	1.10275	
Closing Value	110,275.00 USD	(Notional Amount x Closing Price)
Profit/Loss	200.00 USD	(Closing Value to Opening Value)

ADJUSTMENTS		
Transaction Cost (opening)	5.52 USD	((Notional Amount x 1.10475) x 0.005%)
Transaction Cost (closing)	5.51 USD	((Notional Amount x 1.10275) x 0.005%)
Financing (USD equivalent)	0.00	(assuming Positive Net Free Equity up to 15,000 EUR (or equivalent))
Net Profit/Loss	188.97 USD	(after adjustments)

6.3 FX VANILLA OPTION

6.3.1 FX VANILLA OPTION – LONG (BUY) POSITION

Let's assume that the current spot price in EURUSD is trading at 1.10499/1.10500. You believe that the Euro (EUR) is going to strengthen against the U.S. Dollar (USD) and want to take advantage of this move higher. You therefore decide to buy a one month, 100,000 EURUSD Call Option with a strike price at 1.11000, at a cost of 50 pips. This gives you the right, but not the obligation, to buy EUR at a specified price (Strike Price) on a specified date in the future (Expiry Date). When buying an option the maximum loss is the premium paid.

One month later, EUR has strengthened against USD and you let your long EURUSD Call Option exercise, thereby receiving a spot position at 1.11000. The spot price in EURUSD is trading at 1.12000/1.12001, so you sell EURUSD at 1.12000. The amount of profit that you have made on the transaction, before adjustments and tax, is 1,000 USD. The profit/loss is calculated by multiplying the change in the price (closing price to opening price) with the notional amount of the position i.e. the difference between 1.12000 and 1.11000 (= 0.01000 or 100 pips) x 100,000 = 1000 USD.

ADJUSTMENTS

TRANSACTION COSTS / PREMIUM

A premium is charged, which is the cost of the option. This is the fee paid by the option buyer to the option seller. FX Vanilla Options are subject to a minimum transaction fee on small notional trade sizes.

100,000 X 50 PIPS = 500 USD (PREMIUM)

FINANCING OF UNREALISED PROFIT/LOSS (FINANCING INTEREST)

The unrealised premium is included in the Net Free Equity calculation on funds deposited on account:

- NET FREE EQUITY ABOVE 15,000 EUR (OR EQUIVALENT):
 - Interest is paid on the full amount, and is based on the higher of the daily market overnight interest bid rate -3% and zero
- POSITIVE NET FREE EQUITY UP TO 15,000 EUR (OR EQUIVALENT):
 - No account interest
- NEGATIVE NET FREE EQUITY:
 - Interest will be charged at the daily market overnight interest offer rate +8%, however never less than 8%

OPENING THE POSITION		
Notional Amount	100,000.00 EUR	
Market Price	1.10500	
Strike Price	1.11000	
Opening Value	111,000.00 USD	(Notional Amount x Strike Price)
Initial Margin	0.00 USD	(the maximum loss besides the premium is 0)

CLOSING THE POSITION		
Notional Amount	100,000.00 EUR	
Closing Price	1.12000	
Closing Value	112,000.00 USD	(Notional Amount x Closing Price)
Profit/Loss	1,000.00 USD	(Closing Value to Opening Value)

ADJUSTMENTS		
Transaction Cost/Premium	500.00 USD	(100,000 x 50 pips)
Financing	0.00 USD	(assuming Positive Net Free Equity up to 15,000 EUR (or equivalent))
Net Profit/Loss	500.00 USD	(after adjustments)

6.3.2 FX VANILLA OPTION – SHORT (SELL) POSITION

Let's assume that the current spot price in EURUSD is trading at 1.10499/1.10500. You believe that the Euro (EUR) is going to weaken against the U.S. Dollar (USD) and want to take advantage of this move lower. You therefore decide to buy a one month, 100,000 EURUSD Put Option with a strike price at 1.09940, at a cost of 50 pips. This gives you the right, but not the obligation, to sell EUR at a specified price (Strike Price) on a specified date in the future (Expiry Date). When buying an option the maximum loss is the premium paid.

One month later, EUR has weakened against USD and you let your short EURUSD Put Option exercise, thereby receiving a spot position at 1.09940. The spot price in EURUSD is trading at 1.08939/1.08940, so you buy EURUSD at 1.08940.

The amount of profit that you have made on the transaction, before adjustments and tax, is 1,000 USD. The profit/loss is calculated by multiplying the change in the price (closing price to opening price) with the notional amount of the position i.e. the difference between 1.08940 and 1.09940 (= 0.01000 or 100 pips) x 100,000 = 1000 USD.

ADJUSTMENTS

TRANSACTION COSTS / PREMIUM

A premium is charged, which is the cost of the option. This is the fee paid by the option buyer to the option seller. FX Vanilla Options are subject to a minimum transaction fee on small notional trade sizes.

100,000 X 50 PIPS = 500 USD (PREMIUM)

FINANCING OF UNREALISED PROFIT/LOSS (FINANCING INTEREST)

The unrealised premium is included in the Net Free Equity calculation on funds deposited on account:

- NET FREE EQUITY ABOVE 15,000 EUR (OR EQUIVALENT):
 - Interest is paid on the full amount, and is based on the higher of the daily market overnight interest bid rate -3% and zero
- POSITIVE NET FREE EQUITY UP TO 15,000 EUR (OR EQUIVALENT):
 - No account interest
- NEGATIVE NET FREE EQUITY:
 - Interest will be charged at the daily market overnight interest offer rate +8%, however never less than 8%

OPENING THE POSITION		
Notional Amount	100,000.00 EUR	
Market Price	1.10440	
Strike Price	1.09940	
Opening Value	109,940.00 USD	(Notional Amount x Strike Price)
Initial Margin	0.00 USD	(the maximum loss besides the premium is 0)
CLOSING THE POSITION		
Notional Amount	100,000.00 EUR	
Closing Price	1.08940	
Closing Value	108,940.00 USD	(Notional Amount x Closing Price)
Profit/Loss	1,000.00 USD	(Closing Value to Opening Value)
ADJUSTMENTS		
Transaction Cost/Premium	500.00 USD	(100,000 x 50 pips)
Financing	0.00 USD	(assuming Positive Net Free Equity up to 15,000 EUR (or equivalent))
Net Profit/Loss	500.00 USD	(after adjustments)

6.4 FX BINARY TOUCH OPTION (PROFESSIONAL CLIENTS ONLY)

6.4.1 FX BINARY TOUCH OPTION – ONE TOUCH POSITION

Let's assume that the current spot price in EURUSD is trading at 1.10499/1.10500. You believe that the Euro (EUR) is going to strengthen against the U.S. Dollar (USD) and want to take advantage of this move higher. You therefore decide to buy a one month, 1,000 EURUSD One Touch Option with a barrier of 1.11500. The two-way price for this option is 30%/35%. When buying an option the maximum loss is the premium paid.

Two weeks later, EUR has strengthened against USD. The 1.11500 barrier is triggered, and the option is exercised. The amount of profit that you have made on the transaction, before adjustments and tax, is 650 EUR.

ADJUSTMENTS

TRANSACTION COSTS / PREMIUM

A premium is charged, which is the cost of the option. This is the fee paid by the option buyer to the option seller.

1,000 EUR X 35% = 350 EUR (PREMIUM)

FINANCING OF UNREALISED PROFIT/LOSS (FINANCING INTEREST)

The unrealised premium is included in the Net Free Equity calculation on funds deposited on account:

- NET FREE EQUITY ABOVE 15,000 EUR (OR EQUIVALENT):
 - Interest is paid on the full amount, and is based on the higher of the daily market overnight interest bid rate -3% and zero
- POSITIVE NET FREE EQUITY UP TO 15,000 EUR (OR EQUIVALENT):
 - No account interest
- NEGATIVE NET FREE EQUITY:
 - Interest will be charged at the daily market overnight interest offer rate +8%, however never less than 8%

CLOSING THE POSITION		
Notional Amount	1,000.00 EUR	
Market Price	1.10500	
Barrier	1.11500	
Opening Value	300.00 EUR	(Notional Amount x 30% (or equivalent))
Initial Margin	0.00 USD	(the maximum loss besides the premium is 0)

CLOSING THE POSITION		
Notional Amount	1,000.00 EUR	
Closing Value	1,000.00 EUR	(Notional Amount x 100%)
Profit/Loss	700.00 EUR	(Closing Value to Opening Value)

ADJUSTMENTS		
Transaction Cost/Premium	350.00 EUR	(1,000 EUR x 35%)
Financing	0.00 EUR	(assuming Positive Net Free Equity up to 15,000 EUR (or equivalent))

Net Profit/Loss	650.00 USD	(after adjustments)
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6.4.2 FX BINARY TOUCH OPTION – NO TOUCH POSITION

Let's assume that the current spot price in EURUSD is trading at 1.10499/1.10500. You believe that the Euro (EUR) is going to strengthen against the U.S. Dollar (USD) and want to take advantage of this move higher. You therefore decide to buy a one-month, 1,000 EURUSD No Touch Option with a barrier of 1.10200. The two-way price for this option is 65%/70%. When buying an option the maximum loss is the premium paid.

Two weeks later, EUR has strengthened against USD. The 1.10200 barrier is not triggered, and the option is exercised. The amount of profit that you have made on the transaction, before adjustments and tax, is 300 EUR.

ADJUSTMENTS

TRANSACTION COSTS / PREMIUM

A premium is charged, which is the cost of the option. This is the fee paid by the option buyer to the option seller.

1,000 EUR X 70% = 700 EUR (PREMIUM)

FINANCING OF UNREALISED PROFIT/LOSS (FINANCING INTEREST)

The unrealised premium is included in the Net Free Equity calculation on funds deposited on account:

- Net Free Equity above 15,000 EUR (or equivalent):
 - Interest is paid on the full amount, and is based on the higher of the daily market overnight interest bid rate -3% and zero
- Positive Net Free Equity up to 15,000 EUR (or equivalent):
 - No account interest
- Negative Net Free Equity:
 - Interest will be charged at the daily market overnight interest offer rate +8%, however never less than 8%

OPENING THE POSITION		
Notional Amount	1,000.00 EUR	
Market Price	1.10500	
Barrier	1.10200	
Opening Value	650.00 EUR	(Notional Amount x 65% (or equivalent))
Initial Margin	0.00 USD	(the maximum loss besides the premium is 0)

CLOSING THE POSITION		
Notional Amount	1,000.00 EUR	
Closing Value	1,000.00 EUR	(Notional Amount x 100%)
Profit/Loss	350.00 EUR	(Closing Value to Opening Value)

ADJUSTMENTS		
Transaction Cost/Premium	700.00 EUR	(1,000 EUR x 70%)
Financing	0.00 EUR	(assuming Positive Net Free Equity up to 15,000 EUR (or equivalent))

Net Profit/Loss	300.00 USD	(after adjustments)
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6.5 CFDS ON STOCKS AND ETFS (ETFS, ETNS & ETCS)

6.5.1 LONG (BUY) POSITION

This is an example of buying a Single Stock CFDs to take a long position, and make a profit because the market moves in your favour. The market price for shares in "Company XYZ" on the relevant Exchange is currently trading at \$12.00/12.02. You think that "Company XYZ's" shares are undervalued and will increase so you decide to buy 1,000 CFDs at \$12.02 each. This position therefore gives you an exposure to the stock of \$12,020 (Price x number of CFDs). The position requires an Initial Margin of 20% (\$2,404).

One month later (30 days), shares in company XYZ have increased and are now selling at \$12.52. You decide to realise your gain by closing out your CFD position. The amount of profit you have made, before adjustments and tax, on the Transaction is \$500.00 (difference between 12.02 and 12.52 x 1,000 = \$500).

ADJUSTMENTS

Company XYZ paid a dividend of 10 cents per share while your position was open. Therefore you are entitled to a positive dividend adjustment of \$100 (1,000 x 10 cents) (this amount is posted to your Account).

Share CFDs are subject to a commission charge (we also call it a Transaction Fee) on the opening and closing Transactions (based on the Closing Value). The standard Saxo charge is \$0.02/share with a minimum of \$15 per transaction. In this example, the Transaction Fee would be charged on each transaction as follows:

$$1,000 \text{ CFDs} \times \$0.02 = \$20.00$$

Since you hold a long share CFD position, interest costs are charged (that is, the Finance Charge) and are calculated on your positions by applying the applicable CFD Base Rate to the value of the position. In this example, for instance if the applicable rate is 5.00% p.a., then the overnight interest charge per day is then calculated as follows:

$$1,000 \times \$12.20 \times (5.00\%) / 360 = \$1.669$$

TRANSACTION DETAILS

CFD ON COMPANY XYZ (USD)	OPEN	CLOSE
Direction	Buy	Sell
Number of CFDs	1000	1000
Contract Price	12.02	12.52
Value	12,020.00	12,520.00
Commission	20.00	20.00

PROFIT/LOSS CALCULATION		
Gross Profit/Loss	+500.00	(6,260.00 - 6,010.00)
Dividend	+100.00	(0.02 USD x 500)
Commission	-40.00	(2 x 15.00 USD)
O/N Financing	-50.08	(1.669 USD x 30 days)

Net Profit/Loss	+509.92	(before tax)
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6.5.2 SHORT (SELL) POSITION

This is an example of selling a Single Stock CFDs to take a short position, and incurring a loss because the market moves against you. The market price for shares in "Company XYZ" on the relevant Exchange is currently trading at \$25.00/25.10. You think that price of the underlying stock ("Company XYZ") will weaken so you decide to sell (short) 500 CFDs at \$25.00. This position therefore gives you an exposure to the stock of \$12,500 (Price x number of CFDs). The position requires an Initial Margin of 20% (\$2,500).

The price of the Underlying Instrument moves upwards over the next 10 days to a price of \$28.00 for each CFD. As a result, if you decide to close your position you will incur a \$1,500 gross loss on this Transaction (500 x \$25.00)-(500 x \$28.00) = (\$1500).

ADJUSTMENTS

Share CFDs are subject to a commission charge (we also call it a Transaction Fee) on the opening and closing transactions. The standard Saxo charge is \$0.02/share with a minimum of \$15 per transaction. In this example, the Transaction Fee would be charged on the opening transaction as follows:

$$500 \text{ CFDS} \times \$0.02 = \$10.00$$

Since this figure is below the minimum charge, you will be charged the minimum fee of \$15.00.

Since you hold a CFD in a Short position, you receive/ pay interest calculated on your positions by applying the applicable rate to the Value of the position. The applicable rate might be 1.00% p.a. The overnight interest credit per day is then calculated as follows:

$$500 \times \$25 \times (1.00\%) / 360 = \$0.347$$

Please note that some Single Stock CFDs are subject to a Borrowing Fee when they are sold short. However, this example assumes that it's a highly liquid stock with zero (0) Borrowing Fee.

TRANSACTION DETAILS

CFD ON COMPANY XYZ (USD)	OPEN	CLOSE
Direction	Sell	Buy
Number of CFDs	500	500
Contract Price	25.00	28.00
Value	12,500.00	14,000.00
Commission	15.00	15.00

PROFIT/LOSS CALCULATION		
Gross Profit/Loss	-1,500.00	(12,500.00 - 14,000.00)
Dividend	0.00	None
Commission	-30.00	(2 x 15.00 USD)
O/N Financing	+3.47	(0.347 USD x 10 days)
Borrowing Costs	0.00	None
Net Profit/Loss	-1,526.53	(before tax)

6.6 CFDS ON STOCK INDICES

6.6.1 LONG (BUY) POSITION

This is an example of buying an Index CFDs to take a long position, and make a profit because the market moves in your favour.

You think that a leading US Share index will strengthen so you therefore buy 10 US 500 Index CFDs at 2,500, This position therefore gives you an effective exposure to the US 500 Index of \$25,000.00 (Index value x number of CFDs). The position requires an Initial Margin of 5% (\$1,250).

Saxo Group does not charge commission (i.e., Transaction Fees) on Stock Index CFDs, but instead derives its remuneration from the spread between the bid (Sell) and offer (Buy) prices.

The US 500 Index moves upwards over the next 5 days to a CFD Contract Value of 2,650 each. As a result, if you decide to close your position you will make a gross \$800 profit on this Transaction $(10 \times 2,580) - (10 \times 2,500) = \800 (before adjustments and tax).

ADJUSTMENTS

Since you hold a Long CFD position, interest costs (represented by the O/N Financing Charge) are charged and calculated on your positions by applying the applicable CFD Base Rate to the opening position value. The applicable rate might be 3.00% p.a. and the Opening Price of the CFD position is \$2,500. The overnight interest charge per day is then calculated as follows:

$$20 \times \$2,500 \times (3.00\%) / 360 = \$2.083$$

TRANSACTION DETAILS

CFD ON INDEX (USD)	OPEN	CLOSE
Direction	Buy	Sell
Number of CFDs	10	10
Contract Price	2,500.00	2,580.00
Value	25,000.00	25,800.00

PROFIT/LOSS CALCULATION		
Gross Profit/Loss	+800.00	(25.800.00 - 25,000.00)
O/N Financing	-10.42	(2.083 USD x 5 days)

Net Profit/Loss	+789.58	(before tax)
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6.6.2 SHORT (SELL) POSITION

This is an example of selling Index CFDs to take a short position, and incurring a loss because the market moves against you. You think that the leading US Tech index will weaken, so you therefore sell (short) 5 US Tech 100 NAS at 6,100. This position therefore gives you an effective exposure to the US 500 Index of \$30,500.00 (Index value x number of CFDs). The position requires an Initial Margin of 5% (\$1,525).

Saxo Group does not charge commission (i.e., Transaction Fees) on Stock Index CFDs, but instead derives its remuneration from the spread between the bid (Sell) and offer (Buy) prices.

The US Tech 100 NAS Index moves upwards over the next five days to a CFD Contract Value of 6,300 each. As a result, if you decide to close your position you will incur a gross \$1,000 loss on this Transaction $(5 \times 6,100) - (5 \times 6,300) = \$1,000$ (before adjustments and tax).

ADJUSTMENTS

Since you hold a Short CFD position, interest costs (represented by the O/N Financing Charge) are charged and calculated on your positions by applying the applicable CFD Base Rate to the opening position value. The applicable rate might be 2.00% p.a. and the Opening Price of the CFD position is \$2.500. The overnight interest charge per day is then calculated as follows:

$$5 \times \$6,100 \times (2.00\%) / 360 = \$1.694$$

TRANSACTION DETAILS

CFD ON INDEX (USD)	OPEN	CLOSE
Direction	Sell	Buy
Number of CFDs	5	5
Contract Price	6,100.00	6,300.00
Value	30,500.00	31,500.00

PROFIT/LOSS CALCULATION		
Gross Profit/Loss	-1,000.00	(30,500 - 31,500.00)
O/N Financing	-8.47	(2.542 USD x 5 days)

Net Profit/Loss	-1,008.47	(before tax)
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6.7 CFDS ON FUTURES (COMMODITIES, FOREX, BONDS, INDICES)

6.7.1 LONG (BUY) POSITION

This is an example of buying CFDs on Futures to take a long position, and incurring a loss because the market moves against you.

The market price for US Crude Oil Commodity CFD is trading at \$56.00/56.05. You think that the Underlying Instrument is undervalued and will increase so you decide to buy 200 Commodity CFDs at \$56.05 each. This position therefore gives you an effective exposure to US Crude Oil of \$11,200.00 (Price x number of CFDs). The position requires an Initial Margin of 10% (\$1,120).

15 days later, the price of US Crude Oil CFD has decreased and is now trading at \$53.00/53.05. You decide to realise your loss by closing out your CFD position at a price of \$53.00 per contract.

The loss you have made, before adjustments and tax, on the Transaction is \$610.00 (difference between 53.00 and 56.05) x 200 = \$-610).

ADJUSTMENTS

Since you hold a long Commodity CFD position for 15 days, you are subject to a Carrying Cost. The carrying cost is calculated based on the daily margin requirement. The interest rate used in this example is 2.00%, and it is assumed that the avg. daily margin requirement in the period is \$545.25. The daily carrying cost is then calculated as follows:

$$\$545.25 \times (2.00\%) / 360 = \$0.0309$$

TRANSACTION DETAILS

CFD ON INDEX (USD)	OPEN	CLOSE
Direction	Buy	Sell
Number of CFDs	200	200
Contract Price	56.05	53.00
Value	11,210.00	10,600.00

PROFIT/LOSS CALCULATION		
Gross Profit/Loss	-610.00	(10,600.00 - 11,210.00)
Carrying Cost	-0.45	(0.0309 USD x 15 days)

Net Profit/Loss	-610.45	(before tax)
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6.7.2 SHORT (SELL) POSITION

This is an example of selling CFDs on Futures to take a short position, and make a profit because the market moves in your favour.

The market price for US Crude Oil is trading at \$1,250.00/1,250.50. You think that the Underlying Instrument is undervalued and will increase so you decide to sell 15 Commodity CFDs at \$1,250.00 each. This position therefore gives you an effective exposure to the US Crude Oil CFD of \$18,750.00 (Price x number of CFDs). The position requires an Initial Margin of 10% (\$1,875).

10 days later, the price of US Crude Oil CFD has decreased and is now trading at \$1,149.50/1,150.00. You decide to realise your profit by closing out your CFD position at a price of \$1,150.00 per contract.

The profit you have made, before adjustments and tax, on the Transaction is \$1,500.00 (difference between 1,250.00 and 1,150.00) x 15 = \$1,500.00).

ADJUSTMENTS

Since you hold a short Commodity CFD position for 10 days, you are subject to a Carrying Cost. The carrying cost is calculated based on the daily margin requirement. The interest rate used in this example is 2.00%, and it is assumed that the avg. daily margin requirement is \$720.00. The daily carrying cost is then calculated as follows:

$$\$720.00 \times (2.00\%) / 360 = \$0.0400$$

TRANSACTION DETAILS

CFD ON INDEX (USD)	OPEN	CLOSE
Direction	Sell	Buy
Number of CFDs	15	15
Contract Price	1,250.00	1,150.00
Value	18,750.00	17,250.00

PROFIT/LOSS CALCULATION		
Gross Profit/Loss	+1,500.00	(18,750.00 - 17,250.00)
Carrying Cost	-0.40	(0.0400 USD x 10 days)
Net Profit/Loss	1499.60	(before tax)

6.8 CFDS ON OPTIONS (INDICES)

6.8.1 LONG (BUY CALL) POSITION

This is an example of buying CFDs on Options to take a long position in a Call Option, and incurring a profit because the market move in your favour.

The market price for an At The Money (ATM) call option strike 2900 in SPX is trading at \$9.00/10.00. You think that the Underlying Instrument is undervalued and will increase so you decide to buy 10 CFDonOptions at \$10.00 each. This position therefore gives you an effective exposure to the SPX of \$29,000.00 (Price x number of CFDs). The position does not require margin, but the a premium of \$100 will be paid.

15 days later, the price of SPX has increased and market is now trading 2950 and the CFDonOptions \$55/56. You decide to realize your profit by closing out your CFDonOption position at a price of \$55 per contract.

The profit you have made, before adjustments and tax, on the Transaction is \$450.00 (difference between 55.00 and 10) x 10 = \$450).

ADJUSTMENTS

Since you hold a long call option CFD position for 15 days, you are subject to a Holding Fee. The Holding Fee is calculated based on the nominal value of the position. The cost is nominal value per million * 1.1.

TRANSACTION DETAILS

CFD ON CALL OPTION (USD)	OPEN	CLOSE
Direction	Buy	Sell
Number of CFDs	10	10
Contract Price	10.00	55.00
Value	100	550

PROFIT/LOSS CALCULATION		
Gross Profit/Loss	450	(550 - 100)
Holding Fee	-0.4785	(29,000/1,000,000 x 1.1) x days)

Net Profit/Loss	449.5215	(before tax)
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6.8.2 LONG (BUY PUT) POSITION

This is an example of buying CFDs on Options to take a long position in a Put Option, and incurring a lose because the market move against you.

The market price for an At The Money (ATM) put option strike 2900 in SPX is trading at \$12.00/13.00. You think that the Underlying Instrument is overvalued and will decrease so you decide to buy 10 CFDonOptions at \$13.00 each. The position gives you an effective exposure to the SPX of \$29,000.00 (Price x number of CFDs). The position does not require margin, but the a premium of \$130 will be paid.

14 days later, the price of SPX has increased and market is now trading 2945 and the CFDonOptions \$3/4. You decide to realize your loss by closing out your CFDonOption position at a price of \$3 per contract.

The loss you have incurred, before adjustments and tax, on the Transaction is \$100.00 (difference between 3.00 and 13) x 10 = \$100).

ADJUSTMENTS

Since you hold a long put option CFD position for 14 days, you are subject to a Holding Fee. The Holding Fee is calculated based on the nominal value of the position. The cost is nominal value per million * 1.1.

TRANSACTION DETAILS

CFD ON CALL OPTION (USD)	OPEN	CLOSE
Direction	Buy	Sell
Number of CFDs	10	10
Contract Price	13.00	3.00
Value	130	30

PROFIT/LOSS CALCULATION		
Gross Profit/Loss	-100	(30 - 130)
Holding Fee	-0.4466	(29,000/1,000,000 x 1.1) x days

Net Profit/Loss	-100.4466	(before tax)
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7 GLOSSARY

Account means your account with Saxo established under the General Business Terms, including all Trading Accounts and all Transactions recorded in them, for using SaxoTrader.

Approved Collateral means securities or other assets included on the list of acceptable collateral (as amended from time to time) available on our website.

CFD means a contract between the parties to pay in cash the difference in prices / index levels of the Underlying Instrument on the terms of the General Business Terms, whose term continues until the Closing Date.

Client refers to the person who has an Account with Saxo.

Client Segregated Account means the bank account maintained by Saxo as a trust account under section 981B of the Corporations Act. (It is not part of your Account).

Close Out, Closed Out and Closing Out in relation to a Transaction means discharging or satisfying the obligations of the Client and Saxo under the transaction and this includes matching up the Transaction with a Transaction of the same kind under which the Client has assumed an offsetting opposite position.

Closing Date means the date on which the CFD is agreed to be Closed Out, or earlier, if deemed to be Closed Out in accordance with the General Business Terms.

Contract Value means the face value of the CFD, and is calculated by Saxo by multiplying the applicable price (or, if an index, the level) of the CFD by the number of CFDs.

Exchange means any exchange or market on which a relevant Underlying Instrument or other financial product.

Finance Charge means a charge payable by you in respect of your Transaction, in accordance with the General Business Terms.

FX Contract means an OTC contract or derivative contract which derives its price from the real time changes in the price on the Spot market of the particular currency which is the Underlying Instrument for that derivative.

FX Forward Contract (also referred to as "forward purchase contract") derives its price or value from the changes in the value of a currency for delivery in the future, as calculated by reference to the interbank rates or Saxo's valuation of the forward value of the currency representing the Underlying Instrument.

Futures or Futures contract means a standardised agreement to buy or sell something (e.g. the Underlying Instrument) at a specified time in the future.

Futures Option means an Option contract traded over Futures contracts. These are the most common type of Options traded on a derivatives Exchange.

General Business Terms means the terms of your Account with Saxo for all of your Trading Accounts by which you deal in Transactions (as amended from time to time). Variations or additional terms may be notified to you from time to time in accordance with your current General Business Terms.

Hedge Counterparty means a party with whom Saxo enters into a hedge contract to hedge Saxo's exposure to the Saxo Products it has issued to you.

Initial Margin means the amount which you are required to provide to Saxo as the initial Margin for any Transaction which you propose to enter into.

Leverage means the ratio of the size of a Transaction position to the size of the deposit. It allows traders to gain a large exposure with a relatively small outlay.

Leveraged has a corresponding meaning.

Long position or Long means a position taken in anticipation of a rising market. To go long means to buy.

Margin means the amount of cash paid to Saxo or Approved Collateral provided to Saxo (if applicable) and credited to your Account as Margin.

Margin Call means when an Account is failing to meet Margin Requirements. This could require further amounts to be deposited into the Account or for the Margin required in the Account to be reduced.

Margin Cover means the amount of Margin available for Margin Trading on your Account. It is calculated by Saxo by subtracting from the Account Value: (i) the required Margin; (ii) that part of the value of Open Positions which are margin products which is not available to be counted as Margin Cover (usually shown as a percentage of the unrealised value of the margin product) and (iii) the value of non-margin positions which are non - margin products.

Margin Requirements means the minimum amount of Margin required to be held as cash or Approved Collateral as determined by Saxo in its discretion and from time to time.

Margin Trading refers to any trading in any margin product.

Metals Contract means an OTC derivative which derives its price from the real time changes in the price in the Spot market of the particular metal (such as gold or silver) which is the Underlying Instrument for that derivative.

Open Position means, at any time, a Transaction you have entered into which has not been Closed Out, or settled prior to the time agreed for settlement.

Option means a type of derivative which confers the right but not the obligation to buy or sell some Underlying Instrument at a specified price "at a specified date (European or Vanilla style options) or before a specified date (American style options)."

Order means any order placed by you to enter into a Transaction.

OTC means over-the-counter, that is, not traded on a licensed or otherwise recognised exchange.

OTC Contract means an over-the-counter contract for a financial product, including options and contracts in respect of foreign exchange or other commodities, such as metals.

SaxoTrader means Saxo's online trading platform for trading in our CFDs, FX Contracts and Metals Contracts, as well as for accessing the Saxo Services.

Saxo Products means the CFDs, Share CFDs, commodity CFDs, Forex CFDs, FX Contracts, FX Option Contracts, FX Binary Touch Option Contracts, Exchange Contracts and Metals Contracts.

Segregated Client Account means the segregated account in which Saxo holds and deals with Client money.

Share CFD means a CFD whose Underlying Instrument is a financial product traded on an Exchange and which itself is not a margin product. This covers Exchange-traded equities, units in listed funds, stapled securities, exchange traded products (known as ETPs).

Share Index CFD means a CFD whose Underlying Instrument is an index comprised of securities of issuers listed on an Exchange, typically an index sponsored or promoted by an Exchange.

Short position or Short means a position taken in anticipation of a falling market. To go Short means to sell.

Spot means the price for a currency, index, commodity or share for immediate settlement or delivery]

Spread means the difference between the buying and selling price for a particular market.

Surplus refers to all the surplus funds from your payments to Saxo not paid to Saxo.

Trading Account means a sub-account of your Account with Saxo.

Transaction means a trade entered into in a Saxo Product or, in connection with the provision of the Saxo Services, in an Exchange-traded product.

Underlying Instrument means the thing which is used as the basis for the calculations of prices for your CFD, such as a share, units in a listed fund, units in an Exchange traded fund (ETF), a commodity, a share index or other item (or any combination of one or more of those).