FX·EDGE
TRADING VENUE

Risk Warning
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RISK WARNING

CFDs are derivative products with a high risk, which are not appropriate for all clients. Any mentioning in a publication of the risks pertaining to a particular product or service may not and should neither be construed as a comprehensive disclosure nor full description of all risks pertaining to such product or service and Company strongly encourages any recipient considering trading in its products and services to employ and continuously consult suitable financial advisors prior to the conclusion of any investment or transaction.

If the client wants to open a trading account and to enter into a trading relationship with FX-EDGE V LIMITED, he has to be aware of the risks involved. The client must have adequate financial resources to bear such risks and must apply good money management. Any trade on any CFD shall be subject to the FX-EDGE V's General Conditions. Such General Conditions and the Price List referred to therein, shall supersede any information which may be given herein for illustrative purposes.

Investing with CFDs requires monitoring at all times. If you don't have time to monitor your transactions, we advise you not to trade on CFDs.

Holding a position overnight on CFD can expose to overnight risk exposure if markets next morning open far from close and it can lead to significant losses meaning more than the margin.

CFDs (expect CFDs on Bonds) don't have expiry date, so you can close your CFD position when you want during the opening hours For Long CFDs the maximum risk is for the price to drop until zero. For Short CFDs the maximum risk is unlimited as there is no limitation to how far the price can go up.

Margin Trading carries a high level of risk. It is appropriate only for persons who, if they trade on margin, can assume risk of loss in excess of their margin deposit. Therefore, investors must ensure that they fully understand the risks involved and seek independent advice if necessary before applying to open an account with FX-EDGE V LIMITED.

Currency risk

Balances in currencies other than Euro or USD may be maintained by the client on his account and, when requested by the client and/or necessitated by his trading, conversions between currencies will be made at an exchange rate no more than 0.5% less favorable to the client than the prevailing interCompany mid-market spot rate at the time of the conversion.

For example, if the client opens a CFD on Apple stock, it will be priced in US dollars. Any crystallized profit or loss on the CFD will be calculated first in US dollars and then converted into Euros (again, at an exchange rate no more than 0,5% less favorable to the client than the current interCompany mid-market spot rate) before being allocated to his account.

A crystallized profit or loss that is realized in a currency other than the client base account currency will be converted daily. If provided by the Company, the client may choose to maintain his account in Euros or in US dollars or a number of other major currencies.

Leverage and margin

CFDs are traded on margin. This means that the client is able to leverage his investment by opening positions of larger size than the funds he has on his account on his account. The margin is the amount reserved on his trading account to cover any potential losses from an open CFD position. It is possible that a loss may exceed the required margin. Margin requirements vary from instrument to instrument and can be changed at the Company's sole discretion to reflect market conditions. For larger re-ratings or changing of margin requirements for very popular instruments clients will be notified in advance where possible.

Margin requirements by CFD type and instrument are always listed under the CFD Trading Conditions on the trading platforms but can also be seen on our website.

Because of the effect of leverage and therefore the speed at which profits or losses can be incurred, it is important that the client monitors his positions closely. It is his responsibility to monitor his trades and while he has open trades he should always be in a position to do so.

Upon opening a CFD, the client will be immediately required to make a payment of margin, which will be a set percentage of the value of the underlying transaction. The initial margin requirement must be placed on his account before a position is opened.

For example, the client buys a CFD of 10.000 ABC Group shares priced €1.00. For this deal, he is required to pay margin of 10%. The initial margin payment he makes is therefore €1.000 (10.000 x €1.00 x 10%).

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The initial margin requirement for any particular equity CFD is calculated as a percentage of the value of the opening CFD.

Margin percentages for particular shares vary according to volatility and market conditions, and are normally between 5% and 100%.

The rating system for Stock Index Trackers and Single Stocks CFDS are as follows:

Rating	Leverage	Margin requirement	Product/Instrument
1	200:1*	0.5%	Stock Index Trackers
2	20:1*	5%	Single Stock / CFD / ETF CFD
3	10:1*	10%	Single Stock / CFD / ETF CFD
4	6.67:1	15%	Single Stock / CFD / ETF CFD
5	4:1	25%	Single Stock / CFD / ETF CFD
6	2:1	50%	Single Stock / CFD / ETF CFD
7	1.33:1	75%	Single Stock / CFD / ETF CFD
8	0	100%	Single Stock / CFD / ETF CFD
*This leverage is available for the first EUR 50,000 of combined CFD margin collateral (or equivalent). For collateral above this the required margin doubles.			

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All CFDs have an underlying transaction value and deposits and margins are based on this. For example, a “buy” CFD on 10,000 ABC Group shares at €1.00 has a transaction value of €10.000 (€1.00 x 10.000). If the relevant deposit rate is 10% the required deposit would equal €1.000.

The margin requirements are marked to market ; if ABC Group share rises to €2 then the deposit needs to be €2.000 (the overall margin of course going down because of the geared latent profit).

Indeed, the margin deposit is a percentage (here 10%) of the nominal value. If the nominal value grows, the margin deposit also. Nevertheless, there will be no impact in terms of margin call because the account value will also grow as the margin will grow.

Definition of a CFD

A Contract For Difference (CFD) is an agreement between two parties to exchange the difference in value of a particular financial instrument between the time at which the contract is opened and the time at which it is closed.

There is no actual ownership of the underlying asset. A CFD is therefore a derivative product where the Company is the counterparty to the trade. Since the contract is not exchange traded, the product is said to be OTC (Over-the-Counter).

A CFD is an investment product especially suited for risk/reward seeking clients.

CFD main features

CFDs are traded on margin. This means that the client is able to leverage his investment by opening positions of larger size than the funds he has to place as margin collateral.

The margin is the amount reserved on the client’s trading account to cover any potential losses from an open CFD position. It is possible that a loss may exceed the required margin.

Margin requirements vary from instrument to instrument and can be changed at any time to reflect market conditions. For larger re-ratings or changing of margin requirements for very popular instruments clients will be notified in advance where possible.

Margin requirements by CFD type and instrument are always listed under the CFD Trading Conditions on the trading platforms.

Please note that the Company reserves the right to increase margin requirements for large

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position sizes, including client portfolios considered to be of very high risk.

CFD underlying assets

Company offers CFDs on single stocks, stock indexes and ETF. CFDs are quoted in the currency of the underlying instrument. For example, a CFD on Fortis shares will be quoted in Euros whilst a CFD on IBM shares will be quoted in US dollars.

CFD Single stocks

A single stock CFD is a derivate product replicating the price of the underlying stock which gives the opportunity to take both long and short positions with leverage.

Examples: Short Position 1/ Short position with net profit

When the client expects the price of a stock to fall, he can choose to take a short position in a Single Stock CFD. In this example, he expects the Umicore share price to fall from its current €41.00/€41.02 offer level. The client decides to sell at market 5.000 CFDs at the bid price of €41.00 which gives him a position of (5.000*€41.00) €205.000 in notional value. Financing costs are calculated on a daily basis and charged each end of month. The interest rate used is LIBID – 2.5% (0.26561%-2.5% = -2.23439%). Since the rate is negative you effectively have to pay 2.23439% overnight financing. 10 days later, the Umicore stock price has fallen to €35 and the client decides to buy at market 5.000 CFDs Umicore. The trade details are summarized in the table below:

	How to calculate	Amount (EUR)
Notional transaction Value	5.000 x 41,00 EUR	205.000
Margin used	205.000 EUR x 0,05	10.250
Trade commission	205.000 EUR x 0,10%	-205
Overnight costs	2,23439% x 10 days x 205.000 EUR / 360	-127,22
Notional transaction Value	5.000 x 35 EUR	175.000
Trade commission	175.000 EUR x 0,10%	-175

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Trade gain	205.000 EUR – 175.000 EUR	30.000
Total costs	205 EUR + 127,22 EUR + 175 EUR	-507,22
Total gains	30.000 EUR – 507,22 EUR	29.482,78

CFD Exchange-traded funds

ETF stands for Exchange Traded Funds listed and traded on a stock exchange. ETFs generally aim to track the performance of an underlying benchmark, be it an equity index, fixed income index or any pre-defined basket of securities. ETFs can track the positive or negative performance of the underlying benchmark.

Exchange-traded funds CFD allow the client to trade ETF with increased leverage. As a single stock CFD, an exchange-traded fund CFD can receive a dividend adjustment if the listed company decides to give a dividend.

Example:

Short Position

1/ Short position with net profit

DELTA Tracker is quoted on Euronext Paris at €10/€10.01 and the client thinks the price is going to fall. The margin percentage requirement for this CFD ETF is 5%. He sells at market 2.000 DELTA Tracker CFDs for a nominal value of €20.000.The commission is €20 (0.1 % * 20.000) and the margin requirement is €1.000 (5%*20.000).

Interest costs are calculated daily on client overnight positions by applying the applicable interest rate to the daily closing value of the position. The daily closing value is the number of trackers multiplied by the closing price. In this example, the interest rate is 1% (LIBID – 25%) and the closing price of the DELTA Tracker of €8.98/€9 for the first day. The closing nominal value is now of €18.000 (€9*2.000 CFD) and the interest rate of €0,5(€9*2.000*1%*1/360).

Moreover, DELTA Tracker gives a dividend of €0,15 per share.

Because the client has taken a short position, client's account is credited to reflect interest adjustments and debited to reflect any dividends.

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The next day, DELTA Tracker is quoted on Euronext Paris at €7.98/€8 and he decides to close his position, to buy at market 2.000 CFDs DELTA Tracker for a nominal value of €16.000.The commission is €16 (0,1% * 16.000). The client position is now flat with a gross profit equal to €4.000 (except commission, dividends and interest adjustment.

Gross profit	4.000 EUR
Total commission	-36 EUR
Interest Adjustment	0,5 EUR
Dividend adjustment	-300 EUR
Net profit	3.664,5 EUR

CFD Stock index

Index CFDs are over-the-counter products with a price established by the Company.

Index CFDs aim to reflect the price of the underlying index, but the actual bid and ask price may differ slightly from the actual index level. The spread may vary because of volatile market conditions and liquidity risk.

Example

Short Position

1/ Short Position with net profit

CFD CAC40 index is quoted at 3,000/3,002 points and the client thinks it's going to fall. The value of the CFD CAC40 is calculated 1 point equals 1 euro. The margin percentage requirement for Index Tracking CFD is 0,5% . He sells at market 100 CAC40 CFD for a nominal value of €300.000. The margin requirement is €1.500 (0,5%*300.000).

Interest costs are calculated daily on his overnight positions by applying the applicable interest rate to the daily closing value of the position. The daily closing value is the number of

CFD multiplied by the closing price. In this example, the interest rate is 1% (LIBID – 2.5%) and the closing price of CFD CAC40 is 2.973/2.975 points for the first day. The closing nominal value is now of €297,500 (€2.975*100 CFD) and the overnight costs are €8.26 (€2.975*100*1%*1/360). Moreover, a Company that belongs to the CAC40 gives a dividend equal to €1 per Index. Because the client has taken a short position, his account is credited to reflect interest adjustments and debited to reflect any dividends.

The next day, CFD CAC40 is quoted at 2,948/2,950 points and the client decides to close his position, to buy at market 100 CAC40 CFDs for a nominal value of €295,000. His position is now flat with a gross profit equals to €5.000 (except dividends and interest adjustment).

Gross profit	5.000 EUR
Interest Adjustment	8,26 EUR
Dividend adjustment	-100 EUR
Net profit (excluded spread)	4,908.26 EUR

CFD Forex

FX CFDs are over-the-counter products with a price established by the Company. FX CFDs aim to reflect the price of the underlying FX, but the actual bid and ask price may differ slightly from the actual FX level. The spread may vary because of volatile market conditions and liquidity risk FX CFDs track the price of the underlying futures contract. FX CFDs provide traders with an alternative to trading on Futures exchanges, with lower margin requirements. This reduced entry level, combined with lower trade unit sizes means flexible trading across the global FX markets.

Unlike trading FX on spot there is no need to roll CFD positions overnight and no financing charge is debited /credited from the initial opening price.

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Examples:

Short Position

1/ Short Position with net profit

EUR/USD December CFD is quoted at $1.2500/$1.2502 and the client thinks EUR/USD December price is going to fall. The margin percentage requirement for Forex CFDs is 0.5%. The client sells at market 100.000 EUR/USD December CFDs, for a nominal value of $125.000.The margin requirement is $625 (0.5%*125.000). There is no interest adjustment on Forex CFD but there is an expiry date.

Two days later, EUR/USD December CFD is quoted at $1.2398/$1.2400 and he decides to take his profit, e.g. to close his position so to buy at market 100.000 EUR/USD December CFDs for a nominal value of $124.000. His position is now flat with a gross profit equal to $1,000.

Gross profit	1.000 USD
Net profit (excluded spread)	1.000 USD

CFD Trading hours

- Single Stock CFD:
  - Same trading hours than the underlying stock trading hours
- ETF CFD:
  - Same trading hours than the underlying ETF trading hours
- Forex CFD
  - Same trading hours than the underlying future forex trading hours
- Commodity CFD
  - Same trading hours than the underlying future commodity trading hours
- Bond CFD
  - Same trading hours than the underlying future bond trading hours

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Stock Index Tracker Name	Trading hours*
US Tech 100 NAS	22 hours (18:01 – 16:00)
US 30 Wall Street	22 hours (18:01 – 16:00)
US SPX500	22 hours (18:01 – 16:00)
Germany 30	08:01 – 21:55
UK 100	01:01 – 20:55
France 40	08:01 – 21:55
Australia 200	10:10 – 16:25
Switzerland 20	08:01 – 21:55
Italy 40	09:01 – 17:25
Spain 35	09:01 – 19:55
EU Stocks 50	08:01 – 21:55
Japan 225	09:01 – 00:30
Hong Kong	09:16 – 16:10
Netherlands 25	08:01 – 21:55
Sweden 30	09:01 – 17:25
Norway 25	09:10 – 17:20
Belgium 20	09:10 – 17:30
UK Mid 250	08:10 – 16:30
Germany Tech 30	09:10 – 17:30
Germany Mid-Cap 50	09:10 – 17:30

Exchange											
HIS.I – Hang Seng – Trading Hours	09.16	Trading	12.00	Break	13.00	Trading	16.10	Break	17.00	Trading	22.55
NI225.I – Japan 225 0 Trading Hours	08.46	Trading	15.25	Break	16.15	Trading	02.55				
ASXSP200.I – Australia 200 – Trading hours	09.51	Trading	16.25	Break	17.10	Trading	05.55				

CFD prices

Most of CFDs prices depend on the underlying asset and the spread applied by the Company which is likely to be impacted by market volatility and liquidity. The CFD's prices are fixed for each instrument as follows:

- Single Stock and ETF CFD prices
    - Same bid and ask prices as the underlying single stock and ETF
- Stock Index Tracker CFD
    - Stock indexes CFD are based on the underlying future with the nearest maturity + cash index basis + Company's spread

The cash index basis is the difference between the cash index (ex: CAC40) and the underlying future index with the nearest maturity (ex: FCE CAC40 Index).

The client can have access to any information about the CFD' underlying products by calling at any moment the client service desk.

Index CFDs are over-the-counter products with a price established by Company. Index CFDs aim to reflect the fair value of the underlying index, but the actual bid and ask price may differ slightly from the actual index level. The spread may vary because of volatile market conditions and liquidity risk.

CFD costs

The complete list of costs associated with CFD is detailed below:

Assets			
Fees	Single Stock	Stock Index	ETF
Commission	X		X
Spread		X	
Overnight Financing	X	X	X
Dividend adjustment	X	X	X

Borrowing costs	X		X
Liquidity costs	X	X	X
Live exchange data	X		X

Trading instruments (example of some starting at the beginning)

Since the Company is going to use the data flow of SaxoBank as one of the liquidity/ quote providers, we have referenced the instruments available on the Saxobank platform.

Index tracker - North America

US Tech 100 NAS

US 30 Wall Street

US 500

Index tracker - Europe

Belgium 20

Denmark 25

France 40

Germany 40

Germany Mid-Cap 50

Italy 40

Netherlands 25

Portugal 20

Spain 35

Sweden 30

Switzerland 20

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UK 100

UK Mid-Cap 250

EU Stocks 50

Index tracker - Asia and Africa

Australia 200

Hong Kong 50

Japan 225

South Africa 40

Stock & ETF CFDs

Exchange - US single stock CFDs

NASDAQ

New York Stock Exchange

NYSE MKT (American Stock Exchange)

Toronto Stock Exchange

TSX Venture Exchange

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Echange – Europe:

- Athens Exchange
- BME Spanish Exchanges
- Budapest Stock Exchange
- Deutsche Börse (XETRA)
- Euronext Dublin
- London Stock Exchange
- London Stock Exchange (IOB)
- Borsa Italiana/Milan Stock Exchan
- NASDAQ OMX Copenhagen
- NASDAQ OMX Helsinki
- NASDAQ OMX Stockholm
- Euronext Amsterdam
- Euronext Brussels
- Euronext Lisbon
- Euronext Paris

Oslo Børs/Oslo Stock Exchange

Prague Stock Exchange

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Exchange - Asia and Africa

Australian Securities Exchange
Hong Kong Exchanges
Singapore Exchange
Johannesburg Stock Exchange
Tokyo Stock Exchange

Forex CFDs

Instrument Name
US Dollar Index USDINDEXcont
Euro/US Dollar continuous EURUSDECcont
Euro/Japanese Yen continuous EURJPYRYcont
Euro/British Pound continuous EURGBPRPcont
British Pound/US Dollar continuous GBPUSDBPcont
Australian Dollar/US Dollar continuous AUDUSDADcont