

Dealing Handbook

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Trading Hours

The trading desk is open 24 hours daily from 19:00pm ET Sunday through 16:30 ET on Friday.

Currency Pairs

24-hour trading is currently available in the following currency pairs: EUR/USD, USD/JPY, GBP/USD, USD/CHF, USD/CAD, AUS/USD, EUR/JPY, EUR/GBP, EUR/CHF, and GBP/JPY.

Dealing Spread

Our normal dealing spreads are 3-5 pips for the major currency pairs.

Transaction sizes

On the dealing platform, all trades are sized in units of 100,000 of the base currency, called 'lots'. The maximum deal size available online is 25 lots (2.5 million of the base currency). Trades over 2.5 million and up to 100 million may be executed with over the phone.

Trading Minimums

The minimum transaction size is one lot, or 100,000 of the base currency, with a minimum margin deposit of 2%. For example, a US\$100,000 position would require an initial margin deposit of US\$2,000.

Price Quotes

Clients have the ability to execute trades directly from real time streaming bid/ask quotes. Live prices are continuously published to clients via the dealing software, and the traders can at any time click on the current bid or offer and instantaneously execute a trade. Prices are updated automatically as market conditions dictate. On average, the traders make 100,000 prices per day. More importantly, we publish the same dealing price to the entire client base and allow any client to deal on the available price. This ensures that all clients receive a firm, fair price on their FX transactions.

Trading over the Internet

Executing a deal via the Internet is a simple two-step process. Simply enter the number of lots and then click on the bid (buy) or offer (sell) for the currency pair you wish to trade - your deal is automatically executed. The dealing software automatically calculates the initial margin requirement based upon the notional amount of the deal, and if sufficient funds are available in your account, will accept the transaction. Deals are confirmed online, normally within one second, and the system instantaneously updates both your open position and calculates your current P&L.

Phone Trading

Live clients may trade over the telephone with the trading desk 24 hours a day, from Sunday at 1900 ET through Friday at 1630 ET. All trades executed via the phone are subject to a pre-deal margin availability check and will be manually entered into the customer's account for integrated P&L analysis and reporting. All telephone calls are recorded for the safety of both parties.

Order Types

The dealing platform provides sophisticated order entry and tracking. Orders may be entered at any rate - inside or outside the existing spread - using the following orders types:

- ◆ **Limit orders** – An order with restrictions on the maximum price to be paid or the minimum price to be received.

Using the above example, if a trader is long USD/CHF is 1.4627, a limit order would be entered to sell dollars above that price, for example, 1.4800

- **Stop loss orders** – Order type whereby an open position is automatically liquidated at a specific price. Often used to minimize exposure to losses if the market moves against an investor's position.

If the investor above is long USD at 1.4627, an investor might wish to place a stop loss order for 1.4549, which would limit his loss should the dollar depreciate, possibly below 1.4549

- **One cancels other orders (OCO's)** - A contingent order providing that one part of the order is cancelled if the other part is executed. This is a particularly useful order type in that it allows traders to execute specific trading strategies based on technical analysis – without having to watch the market tick by tick.

As above, with the trader long USD/CHF at 1.4627, a typical OCO order would be a stop loss at 1.4700 and a take profit (Limit) at 1.4562. If one part of the order is filled, the other is automatically cancelled.

All of the above orders may be entered as **Day Orders**, entered today and good until end of NY business day (16:30 ET). Or, clients may choose to may enter a **Good 'til Cancelled Order (GTC)**, which is valid until the order is executed or cancelled.

Order Execution

- **Stop Loss Orders - Execution Rules**

As a rule, sell stops are filled on our bid, and buy stops are filled on our offer. This allows GAIN to fill client stop orders at the rate they requested in almost every case. In the rare instance that the

market gaps over a requested rate, the stop is filled at the best available price. This is an important point for traders who are accustomed to being filled on sell stops when the offer reaches the requested order rate.

For example, if a stop order is placed to sell USD/CHF at 1.4549, the trader will be filled when the bid reaches 1.4549 (i.e. the bid/offer is 1.4549/54). This is an important point for traders who are accustomed to being filled on sell stops when the offer reaches the requested order rate. (For traders who are accustomed to this practice, entering a stop loss at 1.4544 would achieve their goal.)

- **Good Til Cancelled (GTC) Orders - Execution Rules**

All GTC orders remain open until they are triggered or cancelled. If you close out a position manually, you must cancel any order(s) relating to that position.

- **Orders left over the weekend**

Orders left pending at close of trading on Friday at 1630 ET or placed over the weekend are subject to a gap open on Sunday evening when GAIN starts trading at 1900 ET. For both stop loss and limit orders - if your order is triggered due to news, events or other fundamental factors, it will not be executed over the weekend. Your order WILL be executed at the prevailing price when GAIN's trading desk opens Sunday. Because of the additional gap risk involved, you may want to reconsider leaving open orders over the weekend.

Margin

The initial margin requirement is US \$2,000 on a minimum trade size of \$100,000. The system performs an automatic pre-deal check for margin availability, and will only execute the deal if the client has sufficient margin funds in his or her account.

Margin calls *may* be made when a client's initial margin drops in value by 50% based on the value of any open positions. We reserve the right to liquidate any open positions should a client's initial margin drop by 75%. This is an important risk management strategy for both us and our clients; it ensures that clients do not lose more than their account balance.

Rollovers

A rollover is the simultaneous closing of an open position for today's value date, (normally at the end of the trading day) and the opening of the same position for the next day's value date at a price reflecting the interest rate differential between the two currencies. Clients either earn or pay away points on rollovers, depending on the direction of their positions and interest rate differential between the two currencies involved.

Unless specific settlement instructions are provided, all open positions are automatically rolled forward to the next value date each day at 1700 ET.

Daily Housekeeping

Daily Housekeeping will occur each evening from 1700 to 1715 ET. During that time, important system maintenance tasks will be performed and back office staff will conduct daily rolls. Online trading MAY be unavailable, but we will accept phone orders.

Interest

Client funds maintained in a non-segregated account earn interest on deposited funds not used as posted margin. In addition, clients either earn or pay on overnight rollovers, depending on the direction of their positions. Open trades are rolled forward in the base currency of the position. At the end of each month, all accrued interest is credited to the client's US Dollar account.

Confirmations

Deals are confirmed on screen, typically within one second. Full transaction details may be accessed on screen, including date, time, rate, notional amount bought and sold, USD value, and reference number.

Reporting

The dealing software tracks all trading activity in real time, allowing clients to view current open positions, real-time profit and loss, margin availability, account balances, and all historical transaction details directly on-screen.

Clients may also access additional reports online. Click on the "Reporting" tab in the dealing software and follow the instructions. Reports may be generated for a specific date range, or 'to date' and printed for your records.