

## CFD and Spot Forex Terms: Deposit Accounts

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### 1. Structure

1.1 When we engage in CFD or Spot Forex trading with you, we do so on the basis of: -

- our General Terms;
- these terms, i.e. our CFD and Spot Forex Terms.

1.2 The CFD and Spot Forex Terms deal with matters that are specific to CFD or Spot Forex trading. The General Terms contain terms that apply generally to spread bets, Spot Forex trading and CFDs.

### 2. Definitions

2.1 Words with capital letters have particular meanings as defined in the General Terms and in clause 11.

### 3. Initial Margin

3.1 Initial Margin is due to Tradefair Financials on each opening CFD or Spot Forex trade you place. Initial Margin must be maintained in respect of all open positions. In addition if you place a trade on a market order basis (as referred to in 3<sup>rd</sup> bullet point of clause 7.4 of the General Terms), Initial Margin is due when we accept that trade and when we execute that trade.

3.2 Initial Margin is calculated as follows: -

- for CFD trades: (trade size multiplied by Tradefair Financials Price) multiplied by IM Factor (for the trade you wish to place, or have placed);
- for Binary CFD trades: "Up", "long" "buy" trades: trade size multiplied by the price of the trade you wish to place, or have placed
- for Binary CFD trades: "Down", "short" "sell" trades: trade size multiplied by (100 minus the price of the trade you wish to place, or have placed)
- for forex forwards, net based and position based Spot Forex trades: trade size multiplied by IM Factor (for the trade you have placed or wish to place);
- for FX Option "down", "short", "sell" trades, net Delta of your Spot Forex positions converted to account base currency, plus or minus net Vega of your Spot Forex positions converted to account base currency, multiplied by 0,01;
- for FX Option "Up", "long" "buy" trades: the premium is deducted from the Available Equity of the account;
- for FX Option "down," "short," or "sell" trades: the IM Factor multiplied by the greater of the absolute value of your Spot Forex and FX Option short Delta positions converted to account base currency or your Spot Forex and FX Option long Delta positions converted to account base currency, plus the absolute value of the Vega of your FX Option short positions multiplied by the appropriate Vega Multiplier. Please refer to the Market Information Sheets, located on our Website, for a more detailed explanation and an example.
- for FX Option "up," "long," "buy" trades: the premium is deducted from the Equity of the account
- for Options on CFDs, the Margin is the net Delta Margin and net Vega Margin in respect of both your Options, and any CFDs with the same Underlying. Your total Margin = net Delta Margin + net Vega Margin;

Note that: -

- if you place a trade on a direct deal basis (as referred to in the 3<sup>rd</sup> bullet point of clause 7.4 of the General Terms), Initial Margin will be calculated when we accept your trade based on the Tradefair Financials Price and IM Factor on acceptance;
- if you place a trade on a market order basis (as referred to in the 3<sup>rd</sup> bullet point of clause 7.4 of the General Terms), with the exception of FX Option trades, Options on CFDs, and Binary CFD trades which use the formulas detailed in Clause 3.2, Initial Margin will be calculated when we accept your trade based on the Tradefair Financials Price and IM Factor on acceptance; Initial Margin will be calculated when we execute your trade based on the Tradefair Financials Price and IM Factor on execution;

- in relation to open positions and with the exception of FX Option trades, Options on CFDs, and Binary CFD trades which use the formulas in Clause 3.2, Initial Margin will be calculated based on the then current Tradefair Financials Price and IM Factor of the trade you have placed.

3.3 Please refer to the Market Information Sheets to ascertain the relevant IM Factor for any given CFD or Spot Forex Market.

3.4 You must make sure you know how Initial Margin is calculated and/or the relevant IM Factor for the CFD or Spot Forex trade you propose to place. If you are in any doubt, please call our dealing desk or Customer Services Team.

3.5 Tradefair Financials can: -

- waive Initial Margin in relation to any particular CFD or Spot Forex trade;
- vary IM Factors. See clauses 23.1, 29.1, 30.1 and 32.1 of the General Terms and note that the new IM Factor applies to open positions so additional Initial Margin may become due to maintain open positions.

#### 4. Minimum and maximum trade size

4.1 There are limits on the trade size of any CFD or Spot Forex trade you wish to place, as follows: -

- **minimum size:** your trade size must at least be equal to the minimum trade size we set;
- **maximum size:** your trade size cannot be more than: -
  - the maximum trade size we set; or
  - if lower, the maximum trade size calculated by applying the formulas in Clause 3.2 to your Current Position.

Note: -

- if you place a trade on a direct deal basis (as referred to in the 3<sup>rd</sup> bullet point of clause 7.4 of the General Terms), minimum and maximum trade sizes must be complied with when we accept your trade (and maximum trade size is calculated using the Tradefair Financials Price on acceptance);
- if you place a trade on a market order basis (as referred to in the 3<sup>rd</sup> bullet point of clause 7.4 of the General Terms), minimum and maximum trade sizes must be complied with when we accept your trade and when we execute your trade. In this case maximum trade size is calculated using the Tradefair Financials Price on acceptance and then using the Tradefair Financials Price on execution.

4.2 All the information you need to calculate your Current Position is available from the following sources. These sources also set out IM Factors and minimum and maximum trade sizes:-

- Tradefair PRO. In particular you need to access your Account to ascertain your Current Position;
- the Market Information Sheets, located on our Website.

4.3 We can: -

- change minimum and maximum trade sizes, see clauses 23.1, 29.1, 30.1 and 32.1 of the General Terms;
- waive any minimum and maximum trade sizes.

4.4 You must make sure you know the current IM Factor and minimum and maximum trade sizes applicable to any CFD or Spot Forex trade you wish to place. You must also ensure you understand how to calculate maximum trade sizes. If you are in any doubt, please call our dealing desk or our Customer Services Team.

4.5 If the maximum trade size is nil or less you will not be permitted to trade unless you deposit funds in your Account, so that there are sufficient funds in your Account to enable you to place the trade.

4.6 If you trade the maximum trade size (or more) on any particular Market any adverse Market movement may result in Variation Margin becoming due. See clause 9.

#### 5. Roll-Over of net based Spot Forex Trades

5.1 Subject to clause 5.4, open net based Spot Forex trades roll-over on a daily basis at 17:00 ET.

5.2 Subject to clause 5.4, net based Spot Forex trades roll-over as follows: -

- the original trade is closed (at the relevant Tradefair Financials Price) and due for settlement;

- a new net based Spot Forex trade is opened (in the same Market, at the same time that the original net based Spot Forex trade is closed), at the relevant Tradefair Financials Price applicable to net based Spot Forex trades;
- Tradefair Financials uses the Tom/Next swap rate as the bench mark for these roll-overs and therefore any opening net based Spot Forex trade (i.e. as per the 2<sup>nd</sup> bullet point above) struck after 17:00 on any of our trading days (for the relevant Market) will be subject to a new value date;
- any Guaranteed Stop Loss Order that was attached to the net based Spot Forex trade that is being rolled over is automatically cancelled and ceases to have effect when that original trade is closed (as referred to above). However, when we open a new net based Spot Forex trade (as above) we will attach to that new trade a new Guaranteed Stop Loss Order. The level at which the new Guaranteed Stop Loss Order will be opened will reflect the distance between the net based Spot Forex trade that has been closed (as above) and the Guaranteed Stop Loss Order that was attached to it (i.e. the distance at the time of closure).

5.3 No commission is charged on the roll-over of a net based Spot Forex trade.

5.4 Despite the provisions of clause 5.1, we can refuse to roll-over a net based Spot Forex trade if: -

- the funds in your Account are insufficient to enable that trade to roll-over (as per clause 5.2) (taking into account, for example, Initial Margin, trade sizes and all other requirements relating to placing a trade). If you have opened more than one net based Spot Forex trade and the funds in your Account are sufficient to allow some to roll-over, but not others, then none of your net based Spot Forex trades will roll-over, they will all be closed;
- for any other reason we are entitled to refuse to open a trade for you, see for example clause 7.6 of the General Terms.

If we do refuse to roll-over a net based Spot Forex trade, we will close that trade at the time referred to in clause 5.1 and at the relevant Tradefair Financials Price.

## 6. Financing Charges

6.1 A daily financing charge is applied in respect of position based Spot Forex trades, CFD trades relating to cash indices, foreign exchange, spot metals and individual equities.

The financing charge for CFD trades is levied for each day that the trade remains open (including weekends and public holidays). The financing charge is applied to all open positions at 22:00 on each day.

Tradefair Financials' position based system does not assign value dates to the position based Spot Forex trades placed. The trades are assumed for spot value. The financing charge for position based Spot Forex trades is levied for each day that the trade remains open (including weekends and public holidays). The financing charge is applied to all open positions at 17.00 (5.00 p.m.) ET on each day.

6.2 In the case of CFD trades relating to individual equities and cash indices, the financing charge is debited from your Account in the case of long CFD trades and normally credited to your Account in the case of short CFD trades. In the case of CFD trades relating to foreign exchange if the first currency has a higher interest rate, then you are normally credited financing for running a long position and debited financing for running a short position. If the first currency has a lower interest rate, then you are normally debited financing for running a long position and credited financing for running a short position. You will be debited and not credited with the financing charge/interest when the relevant interest rate is lower than the number of basis points to be deducted from that relevant interest rate. The relevant financing charge will be debited from or credited to your Account on the next Business Day after the day to which it relates.

6.3 Please refer to the Market Information Sheets or our Customer Services Department for details of how the financing charge is calculated. The amount of the financing charge will vary due to the elements that constitute the charge. For example, interest rates form part of the calculation; therefore the amount payable will vary in accordance with interest rate changes.

6.4 We reserve the right to vary: -

- the method of calculating the financing charge and/or any elements that form part of the calculation;
- the types of CFDs to which the financing charge is applied.

The above applies to all open positions as well as new positions. We will give you at least 14 days notice of any such change if it will affect your open positions (subject to our rights under clause 6.5). In all other cases we can make such changes with immediate effect.

6.5 If an Event Outside Our Control and/or a Market Disruption Event occurs we can immediately vary: -

- the method of calculating the financing charge and/or any elements that form part of the calculation;

- the types of CFDs to which the financing charge is applied.

The above applies to all open positions as well as new positions.

6.6 Details of current financing charges will be on the Market Information Sheets (available on our Website.). Details of changes to the financing charges will also be published on the Market Information Sheets and may either be effective immediately or on such later dates as we specify (in accordance with clause 6.4 and 6.5). It is your responsibility to make sure you know how to calculate the financing charge. If you are in any doubt, contact our Customer Services Team.

## 7. Commissions and other charges

7.1 Certain CFD trades are subject to a commission charge, both on the opening and closing of each trade. Some trades are also subject to a minimum commission charge. Please refer to the Market Information Sheets for details of commission rates (including any minimum commission), how commission is calculated and the trades to which it applies.

## 8. Calculation of profits and losses

8.1 Subject to adding or deducting amounts in relation to the CFD or Spot Forex trade concerned in accordance with clause 8.2 and to relevant adjustments (see for example clause 32 of the General Terms, Corporate Action) when you close a CFD or Spot Forex trade: -

- you have made a profit if the Tradefair Financials Price you sold at (whether to open or close) exceeded the Tradefair Financials Price you bought at (whether to open or close);
- you have made a loss if the Tradefair Financials Price you sold at (whether to open or close) was less than the Tradefair Financials Price you bought at (whether to open or close).

8.2 Profits and losses on CFD or Spot Forex trade are calculated as follows: -

- In the case of CFD trades: -
  - trade size on closing multiplied by (difference between closing Tradefair Financials Price and opening Tradefair Financials Price of the relevant trade);
  - less all amounts payable by you to us in relation to that trade, such as commission and financing (see clauses 6 and 7);
  - plus any financing charge payable by us to you in respect of that trade (see clause 6).
- In the case of Binary CFD trades, profit and losses are calculated as follows:-
  - trade size on closing multiplied by (difference between closing Tradefair Financials Price and opening Tradefair Financials Price of the relevant trade);
- In the case of Spot Forex trades, profit and losses are calculated as follows:-
  - amount of base currency on closing multiplied by (difference between Tradefair Financials' currency exchange rate at the opening of the trade concerned and Tradefair Financials' currency exchange rate on closure of the trade concerned);
  - less all amounts payable by you to us in relation to that trade, such as commission (see clause 7).

8.3 If you wish to calculate whether any particular open trade is in profit or loss at any given time, you can do so as provided in clause 8.1, but using the relevant Marked to Market price as the closing Tradefair Financials Price.

## 9. Variation Margin and closure of positions

### When is Variation Margin payable?

9.1 You must pay Variation Margin to us if the Risk Level is 75% or less (e.g. 50%). Risk Level is a percentage calculated as follows: -

- (Total Equity divided by Margin Req) multiplied by 100.

9.2 For the purpose of calculating whether Variation Margin is payable, and if so how much, all relevant figures will be converted into your Base Currency in accordance with clause 27 of the General Terms.

### How much is payable?

9.3 The amount of Variation Margin you must pay to us depends on your Available Equity. Available Equity is calculated as set out in clause 11.1.

The amount of Variation Margin you must pay to us ("Variation Margin") is the amount needed to return your Available Equity to zero. For example if your Available Equity is minus £250.00 you must pay us £250.00.

### When must payment be made?

9.4 Variation Margin is payable immediately upon your Risk Level reaching 75% or less (e.g. 50%). It is due for payment immediately on a Variation Margin Call being made and is payable (in full) in accordance with the following timescales: -

Amount of Variation Margin due	Timescale for payment
<b>Less than £10,000 (or currency equivalent).</b>	Within 5 Business Days (including the date of the Variation Margin Call if a Business Day).
£10,000 or more (or currency equivalent).	If the Variation Margin Call was made before noon on a Business Day, full payment must be made on that Business Day. In any other circumstances, full payment must be made on the next Business Day.

Please note that if Variation Margin due is less than £10,000 (or currency equivalent) but then rises to £10,000 (or currency equivalent) or more the timescale for payment will be that applicable to Variation Margin of £10,000 (or currency equivalent) or more (in other words you will not be permitted 5 Business Days in which to pay one tranche).

9.5 You must monitor your Account, and all relevant factors, so that you know the current Risk Level, Available Equity and whether or not Variation Margin is payable. All the information you need in order to make these calculations is available from the following sources: -

- Tradefair PRO;
- the Market Information Sheets, located on our Website.

You must also make sure you understand how to calculate Risk Level, Available Equity and Variation Margin. If you are in any doubt call our Customer Services Team.

### Will I receive Variation Margin Calls or any other reminders to pay Variation Margin?

9.6 We are not obliged to tell you if Variation Margin is payable nor to make a Variation Margin Call. We have no liability to you if we fail to tell you that Variation Margin is payable and/or fail to make a Variation Margin Call.

9.7 Despite clause 9.6, we will endeavour to make a Variation Margin Call to you:-

- when the Risk Level reaches 75%;
- when the Risk Level reaches 50%.

9.8 We will be regarded as having made a Variation Margin Call if we send you an e-mail requesting payment of Variation Margin. In addition, e-mail will generally be the only method by which we make a Variation Margin Call on you. Therefore you must ensure that you maintain an e-mail address at all times and keep us up to date and informed of your current e-mail address.

9.9 We will also be regarded as having made a Variation Margin Call if we: -

- use any means of communication to contact you requesting payment of Variation Margin, for example SMS text, pager, voicemail, telephone, fax or post;
- send you a message via Tradefair PRO;
- have left a message with someone we reasonably believe will pass the message to you (e.g. a spouse or work colleague), even if you do not contact us;
- have used other reasonable means to contact you, even if we have been unable to do so and have not been able to leave a message for you.

Please note that we will generally only use the means of communication in this clause 9.9 if: -

- we have reasonable concerns that an e-mail we have sent has not been received by you;

- for any reason we are unable to send you an e-mail;
- acting reasonably, we think it appropriate to do so.

**What happens if I fail to pay Variation Margin or my Risk Level falls to 25% or less?**

9.10 If any of the following occur we are entitled to close all open positions on your Account and cancel all Orders: -

- if Risk Level is 25% or less;
- if you have failed to pay the full amount of Variation Margin due in accordance with the timescales in clause 9.4.

9.11 We can close your open positions and cancel all Orders as referred to in clause 9.10 with or without giving you notice. If we do so without giving notice, we will inform you that we have done so either by e-mail or as referred to in clause 9.9.

**Other Matters**

9.12 The following also apply in relation to Variation Margin: -

- all payments you make to us must be in your Base Currency, unless we agree otherwise;
- we only accept payment of Variation Margin by telegraphic transfer, debit card or any other method of immediate electronic transfer acceptable to us;
- subject to the Regulatory System, we can allow your open positions to run, and allow you to open new positions, even if you have not paid Variation Margin payable;
- Variation Margin does not represent your total liability to us. You must also, for example, pay to us any losses you have incurred on closed positions as well as any other amounts payable under the Terms.

**10. Corporate Action**

10.1 Please note in particular our rights in relation to Corporate Action, clause 32 of the General Terms.

**11. Definitions**

11.1 The following expressions have the following meanings: -

"Account"	an account with us for either CFD or Spot Forex trading or both.
"At-The-Money"	A term that describes an option with a strike price that is equal to the current market price of the underlying instrument.
"Available Equity"	Total Equity less Margin Req.
"Binary CFD"	a CFD that can only expire at one of the following prices:  In the case of a one-touch Binary CFD, there can only be two possible settlement prices on expiry: 100 if the event has happened, or zero if it has not.  In the case of up/down Binary CFDs or a ladder Binary CFD, there can only be three possible settlement prices on expiry: 100 if the event is applicable at the time of expiry, 50 if the event settles at the strike price, and zero if the event is not applicable at the time of expiry.
"Cash"	the balance of your Account after all credits and debits have been made (for example in respect of closed positions, but not Unrealised P&L or open positions).
"CFD"	A Contract for Difference
"CFD and Spot Forex Terms"	these terms and conditions as amended and/or replaced, see clause 41 of the General Terms.
"Current Position"	the total of the following: -  <ul style="list-style-type: none"> <li>• Total Equity;</li> <li>• Less Margin Req.</li> </ul>

"Delta"	the rate of change of the Options price with respect to changes in the underlying price. e.g. an Option with a Delta of +0.25 means if the underlying rises by 1 tick then the price of the Option will increase by 0.25 of a tick (1 tick x +0.25 of a tick).
"Delta Margin"	number of CFDs multiplied by Delta multiplied by Underlying Margin%.
"Floating P&L"	the total of all open positions on your Account, Marked to Market.
"General Terms"	our general terms and conditions as amended and/or replaced in accordance with clause 41 of those general terms.
"IM Factor"	the percentage or multiplier specified by Tradefair Financials (in its absolute discretion) in relation to each Market.
"Implied Volatility"	the estimated volatility of the price of the Underlying between the time of calculation and the time of expiry.
"Initial Margin" (also known as "Margin")	funds required by us in order for you to open (and maintain) a trade, calculated in accordance with clause 3.2. Please note that on Tradefair PRO "Initial Margin" is referred to as "Margin".
"In-The-Money"	A term that describes an option that has intrinsic value. A call option is in the money if the price of the underlying instrument is above the strike price. A put option is in the money if the price of the underlying instrument is below the strike price.
"Margin"	this means the same as "Initial Margin", please refer to that definition.
"Margin Req"	the total of all Initial Margin in respect of all open positions on your Account.
"Marked to Market"	the value of an open position calculated at the current Tradefair Financials Price.
"Market Information Sheets"	our CFD and Spot Forex market information sheets, as amended and/or replaced in accordance with the General Terms. The Market Information Sheets can be found on our Website.
"Option"	an off exchange Option in respect of CFDs or Spot Forex
"Risk Level"	a percentage calculated as follows:- <ul style="list-style-type: none"> <li>• (Total Equity divided by Margin Req) multiplied by 100.</li> </ul>
"Spot Forex"	Net Based Forex Position Based Forex FX Options Forex Forwards
"Strike Price"	the price on which Tradefair Financials base and quote a Tradefair Financials Buy Price and Tradefair Financials Sell Price in respect of a particular Option.
"Total Equity"	with the exception of when you have FX Options trades, the sum of the following:- <ul style="list-style-type: none"> <li>• Cash;</li> <li>• Plus any positive Floating P&amp;L;</li> <li>• Less any negative Floating P&amp;L;</li> <li>• Plus any positive Unrealised P&amp;L;</li> <li>• Less any negative Unrealised P&amp;L</li> </ul> <p>If your positions include FX Options, the minimum of the following:</p> <ul style="list-style-type: none"> <li>• Cash minus the Premium for Long Options</li> <li>• Cash less any negative Floating &amp; Unrealised P&amp;L</li> </ul>
"Tradefair PRO"	the electronic dealing system we make available to you via the internet, to facilitate spread betting, trading in CFDs and/or Spot Forex trading including the systems known as Tradefair PRO, Tradefair WEB, and Tradefair Mobile.

- "Unrealised P&L" this only applies in relation to net based Spot Forex transactions you effect with your Account. Your "Unrealised P&L" is the profit or loss on a closed net based Spot Forex transaction that has not been reflected in your Cash (for your information in the case of a net based Spot Forex transaction the profit or loss on a closed position will not be reflected in your Cash until the 2<sup>nd</sup> day after the trade has been closed, excluding the day on which it was closed).
- "Variation Margin" as defined in clause 9.3.
- "Variation Margin Call" a request for payment of Variation Margin, as referred to in clauses 9.8 and 9.9.
- "Vega" the rate of change of the Options price with respect to changes in the implied volatility.
- "Vega Margin" number of CFDs multiplied by Vega multiplied by Implied Volatility multiplied by VolFactor
- "VolFactor" the percentage or multiplier specified by Tradefair Financials (in its absolute discretion) in relation to each Underlying and as stated in the Market Information Sheets.
- "Website" our website for use by Clients, currently [plus.tradefair.com](http://plus.tradefair.com).
- 11.2 Unless otherwise stated, a reference (in these CFD and Spot Forex Terms) to a clause is to a clause in these CFD and Spot Forex Terms.
- 12. Law and Jurisdiction**
- 12.1 Our relations prior to the establishment of any contract between us, all trades and these Terms shall be governed by and construed in accordance with the laws of England.
- 12.2 Except for the right of Tradefair Financials below, the courts of the United Kingdom will have exclusive jurisdiction over any claim or matter arising under or in connection with these Terms and the legal relationships established by these Terms. Nothing in this clause shall limit the right of Tradefair Financials to take proceedings against the Client in any other court of competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdictions, whether concurrently or not, to the extent permitted by the law of such other jurisdictions.
- 13. Regulation of Tradefair Financials**
- 13.1 Tradefair Financials' ("Tradefair") is a trading name of GAIN Capital - FOREX.com UK Limited and is authorised and regulated by the Financial Conduct Authority FCA No. 190864 with registered office at 34th Floor (CGC 34-03) 25 Canada Square, London E14 5LQ United Kingdom. © 2014 GAIN Capital – FOREX.com UK Limited.

**I confirm that I have read in full, understood and agree to the Tradefair Financials CFD and Spot Forex Terms:**

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Signed

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name in full