

User Guide

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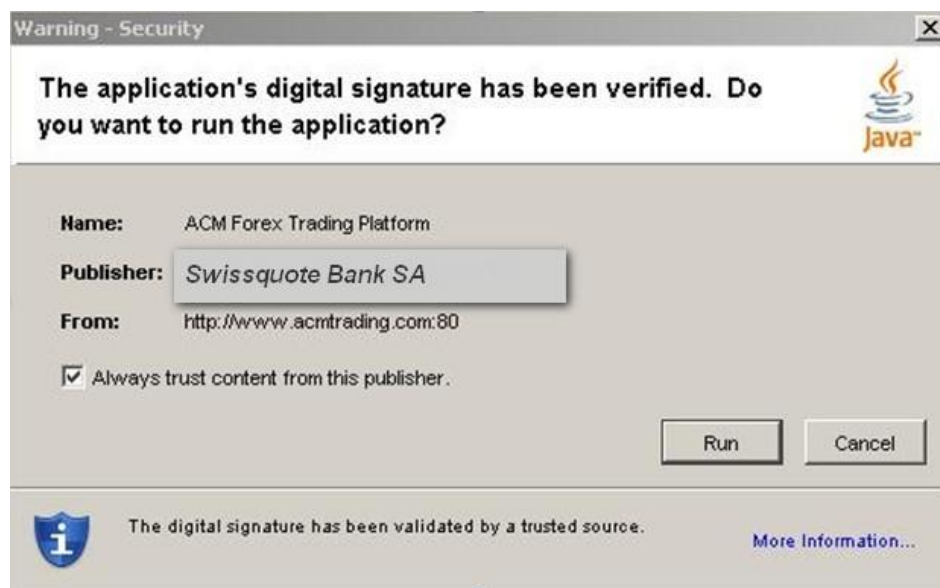
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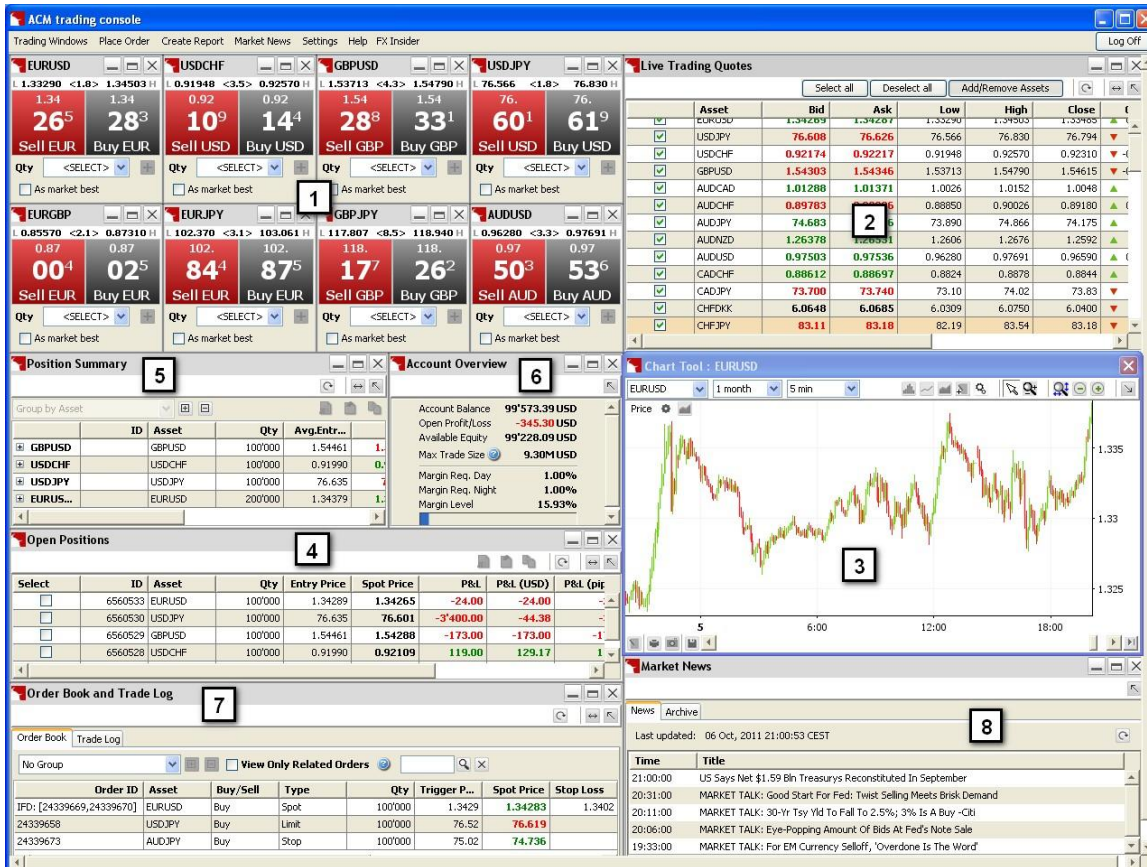
QUICK OVERVIEW

First login

After the first login, the trader is asked to trust Swissquote's Java Platform. Please check the authenticity of the signature made by: Verisign Inc. If the verification is correct (as shown in the screenshot below), press Run.



Main Screen – quick description



1. Trading Boxes

One box for each currency pair. View real time bid/ask rates. Click on the BUY or SELL to execute a trade.

2. Live Trading Quotes

View a list of real time bid/ask quotes as well as today's highs/lows, etc.

3. Chart Tool

Real time charts on all currency pairs. Many customizable technical analysis tools are accessible.

4. Open Positions (detail)

Real time summary view of all open positions. Place orders linked to the selected position or close selected position.

5. Open Positions (summary)

Real time summary view of all open positions consolidated by currency pair. Close selected position.

6. Account Overview

View real time information about margin, P&L and account balances.

7. Order book & Trade Log

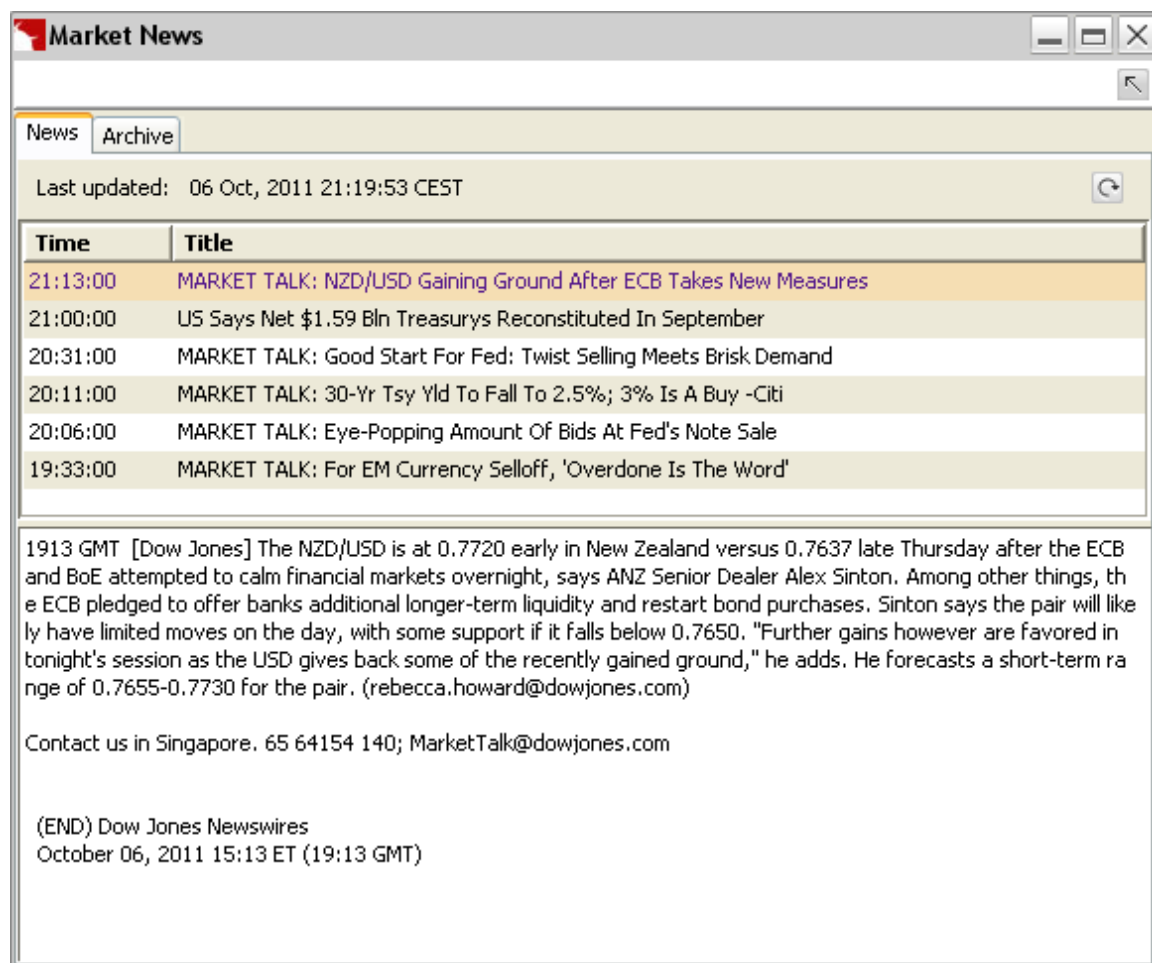
View real time information about all open trades, as well as trades that have been closed out during the selected period. Create new, cancel or modify orders.

8. Market News

View containing the latest news published.

Market News

This view is composed of a folder containing the latest news published. The second folder contains archives which provide specific search criteria to retrieve particular kinds of published news.



The screenshot shows a window titled "Market News" with a search bar and two tabs: "News" and "Archive". Below the tabs, it indicates "Last updated: 06 Oct, 2011 21:19:53 CEST". A table lists news items with columns for "Time" and "Title".

Time	Title
21:13:00	MARKET TALK: NZD/USD Gaining Ground After ECB Takes New Measures
21:00:00	US Says Net \$1.59 Bln Treasurys Reconstituted In September
20:31:00	MARKET TALK: Good Start For Fed: Twist Selling Meets Brisk Demand
20:11:00	MARKET TALK: 30-Yr Tsy Yld To Fall To 2.5%; 3% Is A Buy -Citi
20:06:00	MARKET TALK: Eye-Popping Amount Of Bids At Fed's Note Sale
19:33:00	MARKET TALK: For EM Currency Selloff, 'Overdone Is The Word'

1913 GMT [Dow Jones] The NZD/USD is at 0.7720 early in New Zealand versus 0.7637 late Thursday after the ECB and BoE attempted to calm financial markets overnight, says ANZ Senior Dealer Alex Sinton. Among other things, the ECB pledged to offer banks additional longer-term liquidity and restart bond purchases. Sinton says the pair will likely have limited moves on the day, with some support if it falls below 0.7650. "Further gains however are favored in tonight's session as the USD gives back some of the recently gained ground," he adds. He forecasts a short-term range of 0.7655-0.7730 for the pair. (rebecca.howard@dowjones.com)

Contact us in Singapore. 65 64154 140; MarketTalk@dowjones.com

(END) Dow Jones Newswires
October 06, 2011 15:13 ET (19:13 GMT)

Reporting

Five kinds of statements are available in the SWISSQUOTE trading console: "Account Statement", "Account Summary", "Transactions Summary", "Closed Trades", and "Today's Activity".

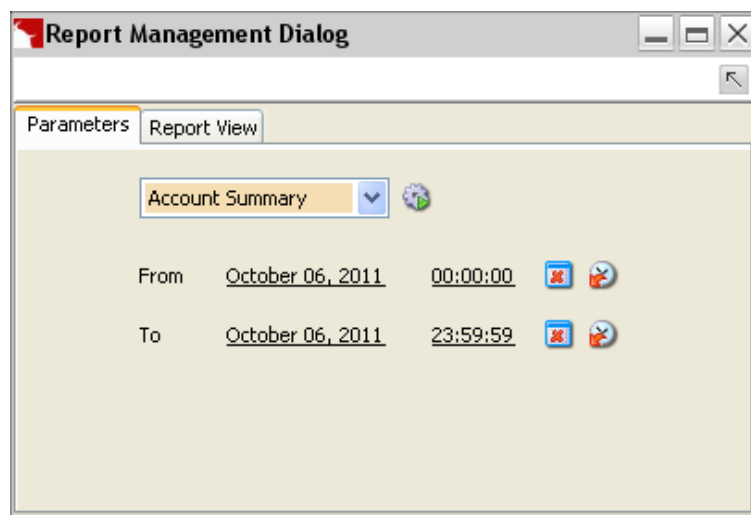
The "Account Statement" returns the balance of the trading account, the list of all open positions and the list of pending orders.

The "Account Summary" displays all the cash movements on the account and details the origin of such movements: type of transaction (Forex trade, deposit/withdrawal, overnight swap, etc.). In the example of a P&L paid, the report contains the information of the entry and close price, the (historical) exchange rate between the currency of the P&L and the reference currency of the account.

The "Transaction Summary" returns the list of all transactions grouped by transaction-type performed on that trading account. These order types include Forex trades, Overnight Swap (Rollovers-) operations, etc...

The "Closed Trades" returns the list of all booked orders grouped by Order-Id (=Ticket) with the amount, bid & ask values and P&L for each currency pair traded.

The reports "Account Summary", "Transaction Summary" and "Closed Trades" can be generated by selecting a period of activity. By default the current month is selected.



The report "Today's Activity" is a derivation of both "Transaction Summary" and "Account Summary" but focused on today.

Today's Activity

October 06, 2011 21:26:42

Cash Movement

Client		122975			
Account		USD			
Date	Amount	Balance	Type	Description	
06.10.2011 20:34:20	-111.00	99'838.21p&l		-100'000 EURUSD 1.34360:1.00000 O-ID:24339655 P-ID:6560531	
06.10.2011 20:52:12	-264.82	99'573.39p&l		-100'000 AUDJPY 74.653:0.01305 O-ID:24339661 P-ID:6560532	
	-375.82	99'573.39			

Executed Transactions

Client		122975				
Account		USD				
Order ID	Date	Buy/Sell	Asset	Qty	Price	Op. By
24339641	06.10.2011 20:26:23	Buy	EURUSD	100'000	1.34469	Trader
24339644	06.10.2011 20:26:26	Buy	USDCHF	100'000	0.9199	Trader
24339647	06.10.2011 20:26:31	Buy	GBPUSD	100'000	1.54461	Trader
24339650	06.10.2011 20:26:36	Buy	USDJPY	100'000	76.635	Trader
24339654	06.10.2011 20:26:48	Buy	EURUSD	100'000	1.34471	Trader
24339660	06.10.2011 20:27:24	Buy	AUDJPY	100'000	74.856	Trader
24339655	06.10.2011 20:34:20	Sell	EURUSD	100'000	1.3436	Trader
24339661	06.10.2011 20:52:12	Sell	AUDJPY	100'000	74.653	Trader
24339669	06.10.2011 21:00:45	Buy	EURUSD	100'000	1.34289	Trader

Please carefully review all transactions on this statement and report any differences immediately. The failure to report differences within **30 minutes** after a difference has occurred will be considered as an agreement that this statement is correct and ratified. Swissquote SA reserves the right to annul transactions made online by a customer within the space of **48 hours** after the transactions were made.

TRADE EXECUTION

Market Order

A market order (**Spot**) is an order to buy or sell at the current market price. Customers using Swissquote's online trading platform click on the buy or sell button after having specified their deal size. The execution of the order is instantaneous.

The most common way to place a market order (**Spot**) is to use the trading box. The real time bid/ask prices appear in the trading box for each currency-pair. A client only needs to click on the current bid or ask offer for execution of the trade.



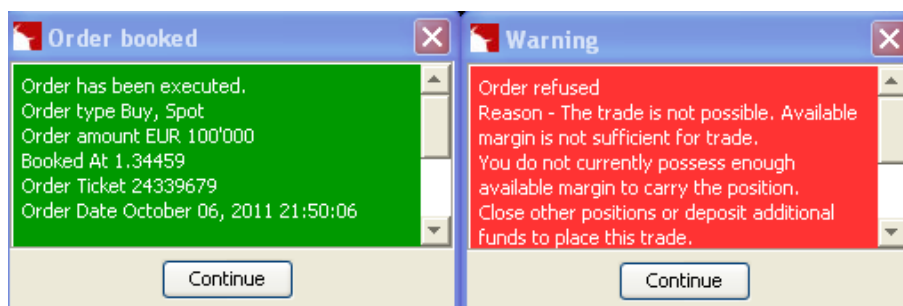
The first step to passing an order is to select an amount from the proposed drop-down list.

The combo box is editable, so that the client can edit the desired amount, which must be a multiple of the lot.

The second step is to click one of the prices to sell or buy at the proposed price.

As market best option As market best : This order is filled at the first available price; the order is filled for the full amount but can be filled differently than the asking price.

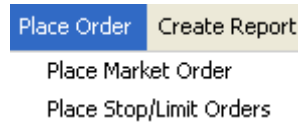
A green box confirms the deal was executed. A red box will contain the reason for which the trade has not been executed.



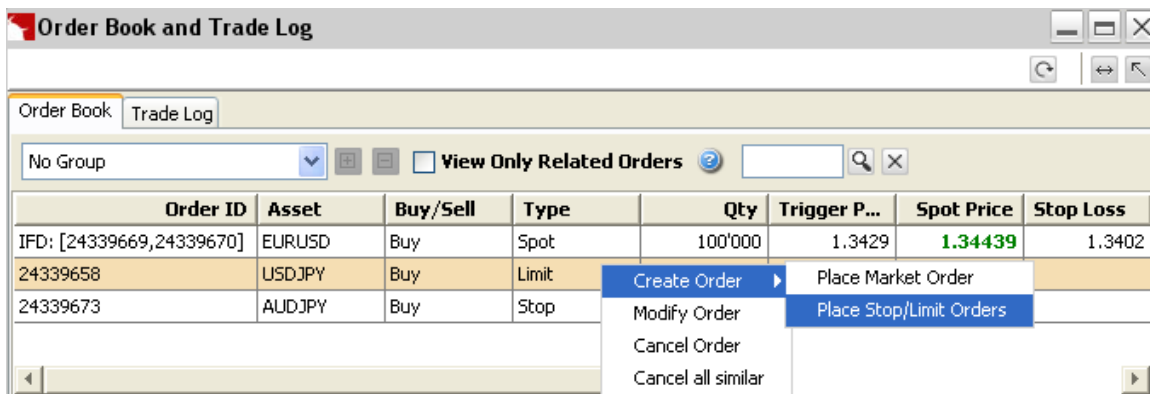
Entry Orders

Two possibilities are offered to the client for placing an **entry** order.

The client may either choose the desired type of order in the menu "Place order"



or by right-clicking in the view "Order List"



The description of each order type is then presented in the next section.

1. Limit Orders

A limit order is an order placed to buy or sell at a certain price. The order essentially contains four variables: price, duration, direction and size. The trader specifies the price at which they wish to buy/sell a certain currency pair, specifies the **Expiration Type**, the amount of time that the order should remain active and the size of the order.

GTC (Good till cancelled): A GTC order remains active in the market until the trader decides to cancel it. The dealer will not cancel the order at any time therefore it is the client's responsibility to remember that the order is in place.

GFD (Good for the day): A GFD order remains active in the market until the end of the trading day. Since foreign exchange is an ongoing market, the end of day must be a set hour. For Swissquote the end of the trading day occurs at exactly 23:00 CET.

The screenshot displays the Swissquote trading interface. On the left is the 'Order Form' window for placing limit and contingent orders. The 'Asset' is set to EURUSD, with a 'Spot Price' range of 1.3438 to 1.3440 and a 'Trade Size' of 100000. Under 'Stop/Limit Orders', the 'Buy/Sell' is set to Buy, and the 'Expiration Type' is GTC. A 'Limit' order is selected with a price of 1.3419 and a duration of 21. The 'Order Book and Trade Log' window on the right shows a table with one entry:

Order ID	Asset	Buy/Sell	Type	Trigger P...	Spot Price	Stop Loss
24339685	EURUSD	Buy	Limit	100'000	1.3419	1.34399

A red arrow points from the limit price field in the Order Form to the 'Trigger P...' column in the Order Book table. An inset diagram shows a price line with arrows indicating the placement of Buy and Sell orders relative to the Current Price, with Stop and Limit orders positioned above and below the price line.

Note here that our trading system will only validate limit buy orders with a limit price below the actual market price. For sell order, the limit should be higher than the market price. If these rules are not respected, the Swissquote trading system will reject that order and return an error message to the trader, with an indication of which direction it makes sense to trade in.

2. Stop Orders

A stop order is an order to buy or sell when a specific price is reached, either above (on a buy) or below (on a sell) the price that prevailed when the order was given. A stop order to buy, always at a higher price than the current market price, is usually designed to protect a profit or limit a loss on a short sale. A stop order to sell, always at a lower price than the current market price, is usually designed to protect a profit or limit a loss on a position already purchased at a higher price.

From the trader's point of view, a buy stop order is placed when the trader believes that if the price moves upwards and reaches a certain limit, the price will continue its trend and continue upwards. In the case of a sell stop order, the trader believes that if the price moves downwards and reaches a certain limit, the price will continue its trend and continue to move downwards. The main difference with a limit order is that the trader believes the opposite behavior once the limit price has been reached.

The order contains the same two variables, **Amount** and **Expiration Type**. The same variations are used to specify the expiration as in limit orders (GTC and GFD). Let's look at the following examples:

Example: Trader x buys EURUSD 100'000 @ 1.3665, expecting a 60 to 70 pips move in the market, but wants to safeguard against an overestimation of the potential strength of the Euro. Trader X knows that 1.3635 is a strong support level and therefore places a stop loss order to sell at that level. Trader X has limited the risk on this particular trade to 30 pips or USD 300.

Another usage of a stop order is when a trader is expecting a price breakout to occur and wishes to grasp the opportunity to 'ride' the breakout. In this case a trader will place an order to buy or sell 'on stop'. To illustrate the logic behind this, let's review the following scenario:

Example: Trader x sees EURUSD breaking through the 1.3670 resistance level. He believes that if this happens, the price of EURUSD could be headed to 1.3700 and over. At this point the market is at 1.36608 so Trader X places an order to initiate a buying position of 500'000 at 1.3670 'on stop'.

The screenshot displays two windows from a trading console. The 'Order Form' window is on the left, and the 'Order Book and Trade Log' window is on the right. A red arrow points from the 'Stop' price field in the 'Order Form' to the 'Entry Stop' label in the 'Order Book and Trade Log'.

Order Form Details:

- Asset: EURUSD
- Spot Price: 1.3433 - 1.3437
- Trade Size: 100000
- Buy/Sell: Buy (selected)
- Expiration Type: GTC (selected)
- Stop: Stop >= 1.3457
- Limit: Limit <= 1.3434
- Trailing Stop: Trailing Stop 3.0

Order Book and Trade Log Table:

Order ID	Asset	Buy/Sell	Type	Qty	Trigger Price	Spot Price	Stop Loss
24339686	EURUSD	Buy	Stop	100'000	1.3457	1.34372	

Note here that the Swissquote trading system will only validate stop buy order with a triggering price above the actual market price. For sell order, the stop limit price should be below the market price. When these rules are not respected, the Swissquote trading system will reject that order and return an error-message to the client, with an indication of which direction it makes sense to trade in.

3. Trailing Stop orders

Placing trailing stop orders is similar to a normal stop order with the difference that additional order parameters are prompted to specify Trailing Points, which is the number of pips from the current rate at which you want the stop order to be executed at. The advantage of a trailing stop is that the order automatically "trails" the rate if the position moves in the trader's favor, offering the potential for greater gains while still guarding against price declines.

In the example below, the live rate is 1.36336 and the Trailing Points are set to 10. Assume that the position would be opened at 1.36500 by the IF order section. The sell stop order will be filled if EURUSD **bid** reaches 1.36372 (1.36500 - 2.8 standard spread - 10 pips). If EURUSD moves in the trader's favor, e.g. up 5 pips, the stop order will automatically adjust to 1.36422 - always 10 pips from the live rate after the IF section execution.

Technically speaking, the only difference with a normal stop order is that the stop price changes as the order "trails" the market price action in the trader's favor.

The screenshot displays the Swissquote trading interface. The top window is the 'Order Form' for EURUSD, where a buy order is being placed with a trailing stop of 10.0. The bottom window is the 'Order Book and Trade Log', which shows the order as an 'Entry Stop' with a trigger price of 1.3431 and a spot price of 1.34299. Red boxes highlight the 'Trailing Stop' field in the order form and the 'Entry Stop' label and 'Trigger P...' column in the order book table.

Order ID	Asset	Buy/Sell	Type	Qty	Trigger P...	Spot Price	Stop Loss	Take Profit	Trailing S...	Created	Position ID	Expiration
IFD: [2434...	EURUSD	Buy	Stop	100'000	1.3431	1.34299			1.3419	October 07...		GTC

Related Orders

At this point, we will present how the use of related trade orders to link orders will together help to create more complex trading strategies. OCO (order cancels others) and IF DONE orders (also known as slave orders) are typically used in that context.

1. OCO (order cancels other)

An **OCO** order is a mixture of one limit and one stop order. Two orders with price and duration variables are placed above and below the current price. When one of the orders is executed, the other order is cancelled. To illustrate how an OCO order works let's take the following example: The price of EURUSD is 1.36351. Trader x wants to either sell 100'000 at 1.3550 below the resistance level in anticipation of a breakout or initiate a selling position if the price reach 1.3650.

The screenshot displays a trading interface with two windows. The top window, titled "Order Form", is used for placing limit and contingent orders. It shows the following configuration:

- Asset: EURUSD
- Spot Price: 1.3431 - 1.3433
- Trade Size: 100000
- Buy/Sell: Buy
- Expiration Type: GTC
- Stop >=: 1.3434 (Order 1)
- Limit <=: 1.3431 (Order 2)
- Trailing Stop: 3.0

The bottom window, "Order Book and Trade Log", shows the execution of the OCO order. The table below represents the data shown in the "View Only Related Orders" section:

Order ID	Asset	Buy/Sell	Type	Qty	Trigger P...	Spot Price	Stop Loss	Take Profit	Trailing S...	Created	Position ID	Expiration
OCO:[2434...	EURUSD	Buy		100'000		1.34328	1.3434	1.3431		October 07...		GTC

2. IF DONE

Two-legged order whereby the second single order (stop loss or take profit) is placed only upon execution of the first single order.

The screenshot displays the 'Order Form' window for EURUSD. The main order is a Buy order with a Stop price of 1.3434 and a Limit price of 1.3431. A contingent order is attached, which is a Buy order with a Stop Loss price of 1.3429 and a Limit price of 1.3436. The Order Book and Trade Log window shows the order as a Stop order with a Trigger Price of 1.3434 and a Stop Loss of 1.3429.

Order ID	Asset	Buy/Sell	Type	Qty	Trigger P...	Spot Price	Stop Loss	Take Profit	Trailing S...	Created	Position ID	Expiration
IFD: [2434...	EURUSD	Buy	Stop	100'000	1.3434	1.34320	1.3429			October 07...		GTC

3. IF DONE / OCO

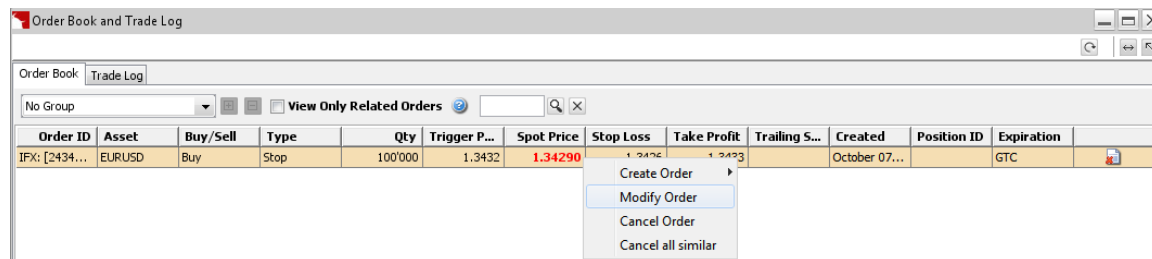
This is a variation of the IF DONE order whereby an OCO (stop loss and take profit, where the execution of one order cancels the other order) is placed after the order in the IF section has been successfully executed.

The screenshot displays the 'Order Form' window for placing a contingent order. The main order is a Buy order for EURUSD with a trade size of 100,000. It has a Stop price of 1.3432 and a Limit price of 1.3428. The contingent order is a Buy order with a Stop Loss price of 1.3426 and a Limit price of 1.3433. The description of the order is 'Order: IF-DONE / OCO'. Below the order form, the 'Order Book and Trade Log' window shows the execution of the order. The table below is a representation of the data shown in the Order Book.

Order ID	Asset	Buy/Sell	Type	Qty	Trigger P...	Spot Price	Stop Loss	Take Profit	Trailing S...	Created	Position ID	Expiration
IFX: [2434...	EURUSD	Buy	Stop	100'000	1.3432	1.34299	1.3426	1.3433		October 07...		GTC

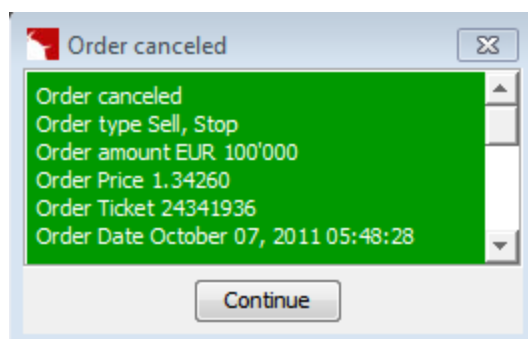
Modifying or Canceling orders

Each pending order can be canceled or edited in order to modify parameters. From the "Order book & Trade Log" view, right click on the order and select the appropriate action.



1. Cancel Order

By right-clicking on "Cancel Order", the trader will be prompted to confirm the cancellation of the trade. The pending order is then removed from the order queue and will no longer be executed. The following confirmation message is displayed to the trader:



2. Modify Order

By right-clicking on "Modify Order", the appropriate order editor is displayed and all parameters can be modified.

Click the "Place" button to validate the modifications and replace the old order with the new one in the system. Attention is required, as long as the order has not been (re)placed, the old one is still valid.

Modifying a simple Stop order

The screenshot shows the 'Order Form' window for a 'Spot Order'. The 'Asset' is EURUSD, and the 'Buy/Sell' is set to Buy. The 'Spot Price' is 1.34292 and the 'Trade Size' is 200000. Under 'Attach Stop/Limit Orders', the 'Expiration Type' is GTC, and 'Stop Loss' is set to 1.3427. The 'Apply to position(s)' is 6560553. The description includes: Order:IF-DONE, Max Trade Size: 19.49M USD, Calculated Trade Size: 268'574 USD, 1 Pip = 20.00 USD, Apply to position(s): 6560553, P&L on Stop-Loss: -44.00 USD. 'Place' and 'Close' buttons are at the bottom.

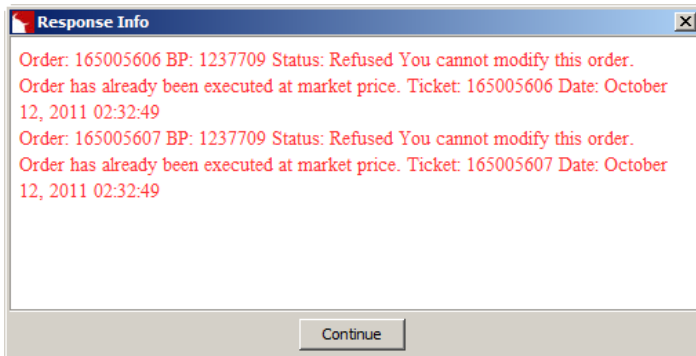
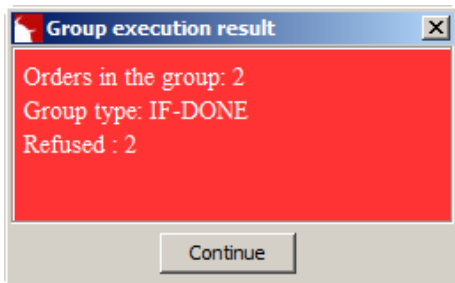
Modifying an IF - DONE Trailing order

The screenshot shows the 'Order Form' window for 'Place Limit & Contingent Orders'. The 'Asset' is EURUSD, and the 'Spot Price' is 1.3430. The 'Trade Size' is 100000. Under 'Stop/Limit Orders', the 'Order ID' is 24341951, 'Buy/Sell' is Buy, and 'Expiration Type' is GTC. 'Stop' is checked with a price of 1.3433 and a distance of 1. 'Limit' is unchecked with a price of 1.3430 and a distance of 2. Under 'Attach Contingent Orders', the 'Order ID' is 24341952, 'Buy/Sell' is Sell, and 'Expiration Type' is GTC. 'Stop Loss' is unchecked with a price of 1.3428, 'Limit' is unchecked with a price of 1.3435, and 'Trailing Stop' is checked with a distance of 10.0. The description includes: Order:IF-DONE, Max Trade Size: 19.50M USD, Calculated Trade Size: 134'310 USD, 1 Pip = 10.00 USD. 'Place' and 'Close' buttons are at the bottom.

Modifying an IF-DONE order

Modifying an IF-DONE OCO order

In the case where attempting to replace an order that has already been executed in the meanwhile by the system, the SWISSQUOTE Trading-system returns the following error:



OPEN POSITIONS

A position is deemed 'open' if it has not been offset by an equal and opposite deal (if hedging is deactivated). An open position is defined primarily by the quantity of the underlying instrument (or asset) and the price at which it was opened.

An open position can be long if the trader bought the underlying asset or short if the trader sold that position. Note that, an asset can be sold before being bought.

A long or short position can be closed or reduced but not increased. If a client wants to increase the exposure on an instrument, a new position will be created.

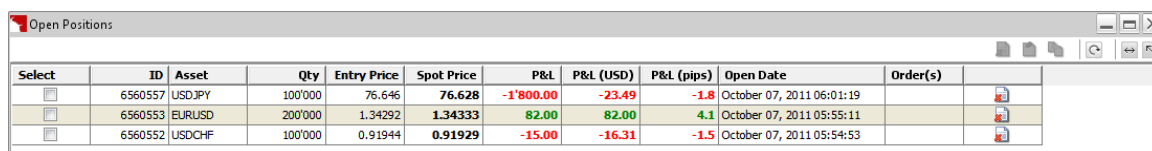
On Swissquote trading platforms, each open position is displayed with corresponding unrealized Profit & Loss (or open P&L).

Normally, all positions on a specific instrument are opened in the same direction (long or short). For example a client can only have long positions in EURUSD, but not simultaneously long and short positions. If the client decides to place a trade in the opposite direction of the current exposure, some open positions will be closed or reduced (given the hedging function isn't activated). If no instruction has been given, the oldest open positions will be closed first, following the FIFO (First In First Out) rule.

FIFO rule is not followed when an order is linked to a given open position. When a linked order is executed, its linked position will be closed or reduced.

Open Positions (detail)

One of the specificities of the SWISSQUOTE Java Trading Platform is the possibility to manage many open positions in the same currency pair.



Select	ID	Asset	Qty	Entry Price	Spot Price	P&L	P&L (USD)	P&L (pips)	Open Date	Order(s)
<input type="checkbox"/>	6560557	USDJPY	100'000	76.646	76.628	-1'800.00	-23.49	-1.8	October 07, 2011 06:01:19	
<input type="checkbox"/>	6560553	EURUSD	200'000	1.34292	1.34333	82.00	82.00	4.1	October 07, 2011 05:55:11	
<input type="checkbox"/>	6560552	USDCHF	100'000	0.91944	0.91929	-15.00	-16.31	-1.5	October 07, 2011 05:54:53	

A new (open) position is created when the execution of an order increases the exposure on the traded currency pair. In the example above, many buy orders have been executed on the EURUSD. Each of these orders has generated a new position. The calculation of the P&L is specific to each position and is relative to the entry-price of that position.

When the execution of an order reduces the exposure on the traded currency-pair, the FIFO (First In First Out) rule will apply, and the oldest position on the traded currency pair is closed or reduced. If the amount of the order is larger than the amount of the closed position, the next oldest position is reduced or closed. This process will continue as long as the entire amount of the order has not been booked. If all positions are closed and there is still an available amount which has not been booked, the order reverses the exposure from long to short (or from short to long). A new position with the residual amount will be created in the opposite direction.

The section Linked order describes how to close a specific position among all positions listed in this view.

Open Position (summary)

A consolidated view of all positions can be displayed by selecting the menu-item 'Open Positions (summary)' in the 'Forex View' menu. This view shows exactly one entry for each currency pair. The average open price and the P&L (profit and loss) is calculated for each consolidated position.

Group by Asset	ID	Asset	Qty	Avg.Entr...	Bid	Ask	P&L	P&L (USD)	P&L (pips)	Order(s)
USDCHF...		USDCHF	300'000	0.91962	0.91945	0.91976	-51.00	-55.46	-1.7	
	6560558	USDCHF	200'000	0.91971	0.91945	0.91976	-52.00	-56.55	-2.6	
	6560552	USDCHF	100'000	0.91944	0.91945	0.91976	1.00	1.09	0.1	
USDJPY		USDJPY	100'000	76.646	76.618	76.636	-2'800.00	-36.54	-2.8	
EURUSD		EURUSD	200'000	1.34292	1.34323	1.34341	62.00	62.00	3.1	

Linked orders

Orders linked to an open position are called Linked orders. It means that the execution of linked orders will only affect the linked position by closing it. Linked orders are easily configured by the client. The client simply needs to select a position from the list of all open positions by **right-clicking** on it and selecting the appropriate order type to close that position.

The screenshot illustrates the process of linking orders to an open position. It shows the 'Position Summary' window with a right-click context menu open over the EURUSD position. The context menu includes options like 'Close At Market Best', 'Reduce by Market Best', 'Attach Stop/Limit Order', 'Modify Attached Order(s)', and 'Cancel Attached Order(s)'. An 'Order Form' dialog is also visible, showing configuration for a Buy/Sell order with a Trailing Stop. A 'Select additional positions to modify' dialog is also shown, listing several EURUSD positions.

Account Overview

The margin analysis window provides traders with real time information about their trading account.



Account Balance

The quantity of money resulting from the sum of all deposits and realized gains minus all withdrawals, realized losses, costs and fees which have been booked on the money account

Open Profit/Loss

The net P&L of all open positions, calculated at the current rate. This amount changes as the rates fluctuate.

Available Equity

Represents Account Balance plus the total of current unrealized gains/losses.

Max Trade Size

The maximum position expressed in the reference currency of the client which the margin balance will allow to trade. At 1% margin, this represents 100x the current margin balance, if no position is open.

Margin Level

represents the ratio between the Margin Balance and the absolute sum of all open positions. This ratio is expressed in percentage.

Margin Requirements

Day/Overnight margin represent the margin level at which all open positions will be liquidated (closed) during the day or overnight. The margin can and will change depending on the total (absolute) dollarized value of all current positions held.

- Day margin requirement is applicable from 08:00 CET to 22:49 CET.
- Overnight margin requirement is applicable from 22:50 CET to 07:59 CET.

Please follow this link for exposure thresholds and their respective margin requirements.

<http://www.ac-markets.com/online-forex/spread-rates.aspx>

Please Note *Clients will be expected to be fully aware of their margin requirements and trade accordingly. SWISSQUOTE Declines all responsibility as to the untimely liquidation of positions due to an automated margin change.*

Margin Requirement rules:

- If a client has a margin requirement above 1.00% during the day, he/she will be notified upon closure of the platform or at 22:30 CET that his/her margin requirement will change for the night at 22:50.
- If and when the client attempts to open a position that will; a.) Take the client passed a superior margin requirement threshold. And, b.) Passed his/her margin level (liquidation) the platform will refuse the order.
- Margin Thresholds reached/passed through market moves (due to dollar exchange rates) as well as additional positions opened by the client will trigger a warning for the client.
- Client accounts denominated in currencies other than USD will have thresholds calculated in real time to the equivalent dollar amount.

P&L CALCULATIONS

Gain or loss resulting from the closing of a position.

The P&L calculation uses the formula:

$(\text{Closing price} - \text{purchase price}) \times (\text{position amount})$.

For example, a client buys 100'000 EURUSD at 1.3400 and later he closes at 1.3410.

The generated P&L is:

$(1.3410 - 1.3400) \times 100'000 = 100 \text{ USD}$

Note that if the account is expressed in EUR, the amount will be credited after an exchange rate has been calculated with the mid-price between the bid and ask price at closing.

In the above example, if we consider that the client trades on 2 pips, the bid-price is 1.3410 and the ask-price is 1.3412. The 100 USD are converted into EUR by using the following mid-rate: $(1.3412 - 1.3410)/2 = 1.3411$; the realized P&L is: $100 \text{ USD}/1.3411 = 74.5656 \text{ EUR}$.

Each open position has a corresponding unrealized P&L (or open P&L) which is calculated using the formula:

$(\text{Current price} - \text{purchase price}) \times (\text{position amount})$ expressed in the counter currency of the traded currency-pair.

TRADING MARGINS

A margin deposit is not, as many traditional traders suggest, the payment in cash for purchasing market shares. A margin is in fact a guarantee or a trust deposit, providing protection from losses during a deal. It allows traders to open positions on amounts that greatly exceed their account limits and so increase their buying power. For a full explanation of Swissquote's FX margin rates please visit our website www.ac-markets.com.

The formula for calculating margins is as follows:

Margin = equity/exposure

Equity = balance + open P&L

Exposure = sum (open positions)

The *equity* and the open *P&L* must be expressed in the same currency (for example USD).

Here is an example:

Let's consider a client with 10'000 USD in his account with an open position of +500'000 EURUSD opened at 1.3594 quoted actually at 1.3600.

The actual open P&L is 300 USD.

The equity is: 10'000 + 300 USD = 10'300 USD.

The exposure is equal to:

exposure = 1x500'000 EURUSD-->500'000 EUR x 1.36 = 680'000 USD

Margin = equity / exposure=10300/680000 = 0.015147

⇒ **1.51%**

OVERNIGHT POSITIONS

Traditionally inter-bank foreign exchange transactions are settled on pre-arranged value dates. In other words, if a trader sells 1 million EUR against USD spot on Wednesday, that means he must deliver the value of 1 million Euros on Friday in order to receive the USD equivalent sum based on the exchange rate agreed upon. (Settlement dates in the spot market are valued on a 2 working day basis).

SWISSQUOTE adopts a method of operation by which there are no value dates on any operations and no close out and re-opening of open positions at close of business. We call this process a synthetic spot transaction. This results in a simple one line transaction on the customer's transaction statement instead of an extremely complicated multi-entry statement which is generally unintelligible for anyone not very well acquainted with interbank transactional dynamics.

SWISSQUOTE applies a cost of carry on behalf of the market or the customer on open positions held overnight. This overnight cost of carry is presented as a simple flat fee either paid or charged on a customer's account. This process makes for extremely simple statements and greatly increases execution transparency since we do not modify the original price of the position entered into by the customer.

Please note that the "total open position" for precious metals is the equivalent dollarized value. Example 200 ounces of gold are worth about 177'000 USD (08/04/2009 rates).

Overnight costs are credited & debited on any positions held after 23:00 CET every day of the week. Please note that SWISSQUOTE applies a triple swap Wednesday evenings to account for weekend rollovers.

The fees applied for credit and debit can be found at the following URL, which is updated daily according to market conditions:

<http://www.ac-markets.com/online-forex/foreign-exchange-rates.aspx>

CHARTS

A complete charts user guide presentation is available at the following link:

<http://www.ac-markets.com/forex-documents/troubleshooting/User-guide-charts.pdf>

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