

## FX Solutions Australia

### Margin Policy

Unlike most of its competitors, FX Solutions' GTS platform calculates margin in real-time based on the currency pair traded. **Margin required is affected by changes in the market rate.** For non-Dollar based instruments the margin required will be converted into U.S. Dollars at the prevailing market price for that pair. For example, the margin required to place a trade of GBP 100,000 is not the same as the margin needed for a trade of US\$100,000.

**Once the equity in the client's account falls below the used margin, (the margin required to maintain all existing positions), ALL POSITIONS ARE LIQUIDATED at the prevailing market rates.**

In the case where a stop or limit (or entry stop or limit) is entered at the same price that would trigger a margin call, the margin call will be executed when that price is touched (or gaps through the price) and all pending orders attached to that trade will be cancelled.

**A MARGIN CALL, WHEN TRIGGERED, WILL TAKE PRECEDENCE OVER OTHER ORDER TYPES.** FX Solutions has implemented this policy in order to better protect clients during times of extreme market volatility.

#### Example Forex:

A client places a trade to sell GBP/USD at 2.0350, with GBP/USD trading at 2.0350/2.0355. Leverage selected on the account is 100:1.

The margin required is GBP 100,000/ 100= GBP 1,000. Since this currency pair is not Dollar-based the margin must be converted into Dollars to correctly reflect the risk.

GBP 1,000 X 2.03525 (mid-rate of pair traded 2.0350/2.0355) = \$2,035.25

The margin required to place this trade would be GBP1,000 or \$2,035.25. Please be aware that this margin is marked-to-market in real time for the life of the trade, which is standard market protocol. Therefore, if the GBP/USD mid-price increased theoretically to 2.0700, the margin required to maintain the trade would be GBP 1,000 x 2.0700 or \$2,070. If the price fell to 1.9500 then the required margin would decrease accordingly.

**Example CFD:**

A client places a trade to sell 1 EU Stocks 50 at 3,011, with the price trading at 3,011/3,015 and the EUR/USD price is trading at 1.4069/1.4072. Leverage selected on the account is 100:1

The margin required is  $\text{EUR } 3015/100 = \text{EUR } 30.15$  [(quantity X rate to close) / leverage]. Since this instrument is not Dollar-based the margin must be converted to Dollars to correctly reflect the risk. To convert the EUR amount to dollars you must use the EUR/USD mid rate.

$\text{EUR } 30.15 \times 1.40705$  (mid-rate of EUR/USD) = \$42.42

The margin is marked-to-market in real time for the life of the trade. Depending on the underlying currency of the CFD traded, different currency rates will be used to convert the non Dollar-based amounts. For example, Japan 225 will use USD/JPY mid-rate to convert the margin to USD.