

## FX Solutions Australia

### **Rollover & Interest Policy**

In the spot Forex market trades settle in two business days. If a trader sells 10,000 Euros on Tuesday, the seller must deliver 10,000 Euros on Thursday unless the position is held open and "rolled" over to the next value date. As a service to our traders, FX Solutions automatically rolls over all open positions to the next settlement date at 17:00 Eastern Time.

Rollover or "cost-of-carry" involves the applying of a daily debit or credit to a trading account based on positions held open at 17:00 Eastern Time and on the interest differential between the two currencies in the pair(s) being traded. In the majority of cases, if a trader is "short" the currency bearing the higher interest rate then their account will be debited, if they are long then their account will be credited.

At 17:00 Eastern Time each day, funds are subtracted from or added to accounts with open positions because of this automatic roll over.

**NOTE:**

On Wednesdays, the amount added or subtracted to an account as a result of rolling over a position is three times the usual amount. This "3-Day" rollover accounts for settlement of trades through the weekend period. When there are bank holidays in either settlement country the normal roll schedule does not apply.

The "end of day" premium process for Forex trades commences at 17:00 Eastern Time each day and can take several minutes to complete. The process for CFDs will take place between 17:00 Eastern Time and 17:30 Eastern Time depending upon the underlying instrument. Trades that are open before the "end of day" process will generally receive or be charged a premium/financing based on the change of value date. Clients seeking to place trades to earn interest should always make sure that they have sufficient equity in their account to "maintain" those trades. They should not rely on the application of the end-of-day premium/financing to sustain their positions and FX Solutions

**FOREX EXAMPLE:**

A short USD/JPY position will incur an interest charge as one is effectively "short" US Dollars and "long" Japanese Yen. Dollar short-term interest rates are currently at 2.0% while Yen rates are around 0.5%, a negative 1.5% difference. This interest differential forms the basis of the daily premium debit/credit which is applied to all open trades at 17:00 Eastern Time, Monday through Friday each week.

FX Solutions operates a "3 Tier" system of daily premiums that reflect the degree of leverage chosen by the client.

*Tier 1 - 50:1 or less*

This set of rates is available to accounts that select leverage of 50:1 or less. The rates offered are directly based on the interest rate differentials in the interbank cash market and closely reflect the rates available to more unleveraged, institutional-type participants in that market.

*Tier 2 - 100:1*

This set of rates will apply to accounts that select a leverage of 100:1. The rates are based on those available in the interbank market but include an additional spread which will take into account the higher degree of leverage chosen.

*Tier 3 - 200:1 or higher*

This set of rates will apply to those accounts that select leverage of 200:1 or higher. Although based on the rates available in the interbank market, these rates have been adjusted to include a "cost of capital" spread. This spread is based on the institutional lending rate charged to cover the capital costs of maintaining positions on a leveraged basis. By choosing a significantly higher degree of leverage, a client is basically borrowing against the net capital of the brokerage company.

**CFD EXAMPLE:**

There is a daily financing charge or credit associated with any CFD position held overnight. This is calculated using the following formula: -

$F = V \times I / B$ , where

F = daily financing charge/credit

V = value of equivalent holding of the underlying financial instrument

I = applicable financing rate

B = day basis for currency

(365 for GBP and AUD, 360 for all other currencies)

Your account will be debited or credited based on the applicable interest rate and whether or not your position is a sell or a buy.

The table below shows the basis for all calculations including the financing due on each day of the week under normal circumstances (holidays are not included).

Instrument	Long Financing	Short Financing	Mon.	Number of Days Financing per Day					
				Tues.	Wed.	Thurs.	Fri.	Sat.	Sun.
UK 100	3.00% over GBP LIBOR	3.00% under GBP LIBOR	1	<b>3</b>	1	1	1	0	0
Wall Street	3.00% over USD LIBOR	3.00% under USD LIBOR	1	<b>3</b>	1	1	1	0	0
US Tech 100	3.00% over USD LIBOR	3.00% under USD LIBOR	1	<b>3</b>	1	1	1	0	0
US SP 500	3.00% over USD LIBOR	3.00% under USD LIBOR	1	<b>3</b>	1	1	1	0	0
Japan 225	3.00% over JPY LIBOR	3.00% under JPY LIBOR	1	<b>3</b>	1	1	1	0	0
Hong Kong 40	3.00% over HIBOR	3.00% under HIBOR	1	1	<b>3</b>	1	1	0	0
Germany 30	3.00% over EUR LIBOR	3.00% under EUR LIBOR	1	1	<b>3</b>	1	1	0	0
France 40	3.00% over EUR LIBOR	3.00% under EUR LIBOR	1	<b>3</b>	1	1	1	0	0
EU Stocks 50	3.00% over EUR LIBOR	3.00% under EUR LIBOR	1	<b>3</b>	1	1	1	0	0
Gold	3.00% over USD LIBOR	3.00% under USD LIBOR	1	1	<b>3</b>	1	1	0	0
Silver	3.00% over USD LIBOR	3.00% under USD LIBOR	1	1	<b>3</b>	1	1	0	0

Occasionally dividend adjustments will be applied to open positions in certain index CFDs. These adjustments will be reflected separately on your account statement.