



IFX Markets
global markets at your fingertips

FX Terms

Effective from: 1st Nov 2007

Contents

Heading	Clause Number
Introduction	1
Definitions	2
Cost of Carry	3
Options	4
How to Calculate a Profit or Loss on a Margined Trade	5
Payments of profits and losses	6
Law and Jurisdiction	7
Regulation of IFX Markets	8

1. Introduction

1.1 The Terms of the contract between us in relation to your Account consist of: -

- the General Terms;
- these FX Terms;
- the Margining Terms.

2. Definitions

2.1 The definitions in the General Terms apply to these FX Terms. Please refer to clause 34 of the General Terms.

3. Cost of Carry

3.1 A Cost of Carry will be applied daily to each Open Position (excluding an Option) which is open at 5pm New York time.

- The Cost of Carry on currency Open Positions will be calculated by us based on the interest rate differential between the currency pairs (of the relevant Open Positions), our reasonable anticipation of movement in those interest rates and the spread we apply.
- The Cost of Carry on precious metals Open Positions will be calculated by us based on currency interest rates (normally USD) and conditions in the Underlying.

For further details as to how Cost of Carry is calculated, contact Support Services.

3.2 For the purposes of the Cost of Carry please note (a) if you have a Long Position in the first currency of the currency pair you are notionally short in the second currency pair; and (b) if you have a Short Position in the first currency of the currency pair you are notionally long in the second currency of the currency pair ("Notional Long Position"). Cost of Carry is dealt with differently for Spot Accounts and Deferred Accounts. The Cost of Carry will be allocated as follows: -

- in the case of currency Open Positions, if you have a Long Position or Notional Long Position in the currency with the higher interest rate of the currency pair, then you will receive the benefit (if any) of the Cost of Carry. This will be dealt with as follows: -
 - in the case of Spot Accounts, the Cost of Carry will be reflected in Our Price at which your Open Position is rolled over; see clause 15.7 of the General Terms;
 - in the case of Deferred Accounts, the Cost of Carry will be applied to your Deferred Account daily in respect of that Open Position, but may only appear as a credit in your Deferred Account on the next day;
- in the case of currency Open Positions, if you have a Long Position or Notional Long Position in the currency with the

lower interest rate of the currency pair, then you will pay the Cost of Carry. This will be dealt with as follows: -

- in the case of Spot Accounts, the Cost of Carry will be reflected in Our Price at which your Open Position is rolled over; see clause 15.7 of the General Terms;
 - in the case of Deferred Accounts, the Cost of Carry will be applied to your Deferred Account daily in respect of that Open Position, but may only appear as a debit in your Deferred Account on the next day;
- in the case of precious metals Open Positions, if you have a Long Position in the precious metal, then you will pay the Cost of Carry; if you have a Short Position in the precious metal then you will receive the benefit (if any) of the Cost of Carry. In both cases this will be dealt with as follows:-
 - in the case of Spot Accounts, the Cost of Carry will be reflected in Our Price at which your Open Position is rolled over; see clause 15.7 of the General Terms;
 - in the case of Deferred Accounts, the Cost of Carry will be applied to your Deferred Account daily in respect of that Open Position, but may only appear as a debit in your Deferred Account on the next day.

4. Options

4.1 To buy an Option from us you must pay an amount to us. To sell an Option to us we will pay an amount to you. These amounts are called Option premiums. The Option premium is calculated as follows: face amount of Option multiplied by Our Price. Option premiums will be debited or credited to your Account (as appropriate).

5. How to Calculate a Profit or Loss on a Margined Trade

General

5.1 On closure of a Margined Trade a profit or a loss will have arisen, as follows: -

- you will have made a profit if the Our Price at which you sold (whether opening or closing the Margined Trade) exceeded the Our Price at which you bought (whether opening or closing the Margined Trade);
- you will have made a loss if the Our Price at which you sold (whether opening or closing the Margined Trade) was less than the Our Price at which you bought (whether opening or closing the Margined Trade).

Margined Trades other than Options

5.2 Your profit or loss on a Margined Trade (other than an Option) is calculated as follows:

- the difference between (a) the opening trade amount multiplied by opening Our Price (of the Margined Trade) and

(b) the closing trade amount multiplied by closing Our Price (of the Margined Trade);

- in the case of a Deferred Account plus or minus the Cost of Carry applicable to that Open Position.

In the case of a Margined Trade created following the exercise of an Option you also need to take into account amounts paid or received pursuant to clause 4.

Options

5.3 Your profit or loss on an Option is calculated as follows:

- the difference between the Option premium payable on opening the Option concerned and the Option premium payable on closing the Option concerned.

5.4 Profit or loss on an Option which expires worthless is calculated as follows: -

- if you bought an Option, the amount of your loss on that Option is the Option premium you paid to buy that Option;
- if you sold an Option, the amount of your profit on that Option is the Option premium you received to sell that Option.

If the Option is exercised, a Margined Trade will have been created and the profit or loss on that will be calculated in accordance with clauses 5.1 and 5.2.

6. Payments of profits and losses

6.1 Profits on closed Margined Trades and expired Options will be credited to your Cash Balance.

6.2 Losses on closed Margined Trades and expired Options will be debited from your Cash Balance.

6.3 Unrealised Marked to Market profits (i.e. profits on Open Positions) will not be credited to your Account. Likewise unrealised Marked to Market losses (i.e. losses on Open Positions) will not be debited to your Account. Those unrealised profits and losses will be calculated in accordance with clause 5 replacing the closing Our Price with the Marked to Market Our Price; we call the total of your unrealised profits and losses (Marked to Market) "OTE" or "Open Trade Equity". Please note

that Open Trade Equity is taken into account in the calculation of Margin Excess/Deficit. This means that Open Trade Equity is taken into account to calculate Margin.

7. Law and Jurisdiction

7.1 The Terms, (including all Margined Trades and Orders) and our relations prior to the establishment of any contract between us shall be governed by and construed in accordance with the laws of England and Wales.

7.2 The Courts of the United Kingdom will have exclusive jurisdiction over any claim or matter arising under or in connection with the Terms and the legal relationships established by the Terms. Nothing in this clause shall limit the right of IFX Markets 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 jurisdiction.

8. Regulation of IFX Markets

8.1 IFX Markets is a trading name of City Index Ltd which is entered on the FSA's register under number 113942. City Index Ltd's registered office is 3rd Floor, Moorgate Hall, 155 Moorgate, London, EC2M 6XB (telephone +44 20 7550 8500). The main business of City Index Ltd is the provision of spread betting, CFD trading, fx trading, binary betting and related services and products.

8.2 City Index Ltd is authorised and regulated by the Financial Services Authority.

Contact us:

IFX Markets
Moorgate Hall
155 Moorgate
London
EC2M 6XB

Dealing Desk Tel: +44 20 7107 7078
Customer Services Tel: +44 20 7107 7080