



IFX Markets
global markets at your fingertips

Margining Terms

Effective from: 1st Nov 2007

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1. Introduction

1.1 These terms (the Margining Terms) form part of the contract between us (i.e. the Terms) in relation to your Account. For a complete list of the documents that constitute the Terms, please refer to clause 1.1 of the General Terms.

1.2 To assist your understanding of the Margining Terms we have included non-exhaustive examples. If you are in any doubt, please call Support Services.

2. Definitions

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

3. Margin Requirement

3.1 Margin Requirement is due to IFX Markets on each opening Margined Trade you offer to place and Margin Requirement must be maintained on all Open Positions. There are some exceptions to this in the case of Options, please refer to Support Services. This clause 3 explains how Margin Requirement is calculated. Please note: -

- you may not be able to place a Margined Trade unless you have paid to IFX Markets the Margin Requirement due on that Margined Trade;
- you must also maintain the relevant amount of Margin Requirement on all Open Positions;
- if you do not maintain the relevant amount of Margin Requirement on your Open Positions, we have the right to close your Open Positions and your Account; (see clauses 19.5, 19.8 and 19.10 of the General Terms);
- you can pay and maintain the Margin Requirement in your Base Currency;
- you can pay and maintain the Margin Requirement in any currency (other than your Base Currency) accepted by us. However, in this case the amount of that other currency must at least be equal to the Margin Requirement calculated in your Base Currency. So, if you pay Margin Requirement in a currency other than your Base Currency we will notionally convert that other currency into your Base Currency at a rate of exchange selected by us acting reasonably. However, please note that we will not actually effect a currency conversion; we just notionally convert to ascertain whether the correct level of Margin Requirement has been paid and maintained. See also clauses 11.2 and 11.3 of the General Terms which deal with currency conversion. We accept a wide range of currencies; Support Services can confirm the range of currencies we accept.

If you pay and/or maintain the Margin Requirement in a currency other than your Base Currency (as referred to above), movements in exchange rates may mean that you have to pay additional amounts to us to maintain the Margin Requirement at the required level.

3.2 Subject to clause 3.5, Margin Requirement is calculated using Margin Rates. Margin Rates will be notified to you in writing when we open your Account. You may have one Margin Rate that applies to all Margined Trades or stepped Margin Rates related to your Current Exposure. In addition in the case of exotic currency Margined Trades and precious metals Margined Trades additional amounts may be due. For details please contact Support Services.

3.3 Please note: -

- we may, when opening your Account, notify you in writing of your Authorised Position Limit. If you reach or exceed your Authorised Position Limit, we may vary your Margin Rates. We will give you at least 14 days written notice of this. You may not be permitted to place a Margined Trade if the effect would be to take your Current Exposure over your Authorised Position Limit. However we may permit you to place a Margined Trade even if that would take your Current Exposure over your Authorised Position Limit;
- depending on the trade amount of any proposed Margined Trade (for example if particularly large), we can (before you place that Margined Trade) specify such Margin Requirement as we think appropriate to manage the risk of the Margined Trade;
- we may vary the Margin Rates (which apply to you) and/or the levels at which any stepped Margin Rates apply (as referred to in clause 3.2). We will notify you in writing of any changes; all changes will come into effect upon being notified to you except for existing Open Positions; for existing Open Positions, changes will only apply 14 days after we give you notice. We can also vary the Margin Rates (which apply to you) and/or the levels at which any stepped Margin Rates apply (as referred to in clause 3.2) in accordance with clauses 19.5, 19.7 and 20.4 of the General Terms.

It is your responsibility to make sure you know the current Margin Rates, Current Exposure levels at which they apply and the Margin Requirement. If you are in any doubt call Support Services.

3.4 Once you know the applicable Margin Rate (and subject to clause 3.5) Margin Requirement is calculated as follows:-

- Current Exposure multiplied by applicable Margin Rate, taking into account any stepped Margin Rates on Current Exposure.

Example:

Your Base Currency is USD. Your Current Exposure is USD 20,000,000. You have stepped Margin Rates as follows: -

(a) Current Exposure 0 – USD 10,000,000: 1%;

(b) Current Exposure above USD 10,000,000 – USD 20,000,000: 2%

Margin Requirement = USD 10,000,000 multiplied by 1% = USD 100,000; plus

USD 10,000,000 multiplied by 2% = USD 200,000

Margin Requirement = USD 300,000.

3.5 Margin Requirement for Options is not calculated as referred to in clauses 3.2 and 3.4. You will need to speak to Support Services to find out how it is calculated.

4. Payment of Margin

4.1 If your Margin Excess/Deficit is a negative figure you have to pay to us the amount ("Margin") needed to reduce that negative figure to zero. For example, if your Margin Excess/Deficit is negative 5,000 of your Base Currency you have to pay Margin equal to 5,000 in your Base Currency into your Account. See clause 4.2 in relation to currency of calculation and clause 4.10 in relation to currency of payment.

Example:

Your Base Currency is pounds Sterling.

Cash Balance = £100,000

Open Trade Equity = minus £70,000 (i.e. a loss)

Net Account Value = £30,000

Margin Requirement = £30,000

Margin Excess/Deficit = Net Account Value less Margin Requirement

Margin Excess/Deficit = zero. You are not liable to pay Margin.

However, if your Open Trade Equity falls to minus £80,000 (i.e. a loss) (but nothing else changes) your Margin Excess/Deficit would be a negative £10,000. You would be on a Margin call for £10,000.

4.2 Margin Excess/Deficit is calculated in your Base Currency. For the purposes of this calculation, we notionally convert all relevant amounts into your Base Currency at a rate of exchange selected by us acting reasonably. This means that changes in exchange rates can affect your Margin Excess/Deficit. See also clauses 11.2 and 11.3 of the General Terms which deal with currency conversion. For example, if the £/USD exchange rate is 2.0000 and the relevant factors on your Account are as follows: -

Your Base Currency is USD, but your Cash Balance is held in pounds Sterling.

Cash Balance = £50,000 (i.e. USD 100,000)

Open Trade Equity = minus USD 70,000 (i.e. a loss)

Net Account Value = USD 30,000

Margin Requirement = USD 30,000

Margin Excess/Deficit = Net Account Value less Margin Requirement

Margin Excess/Deficit = Zero. You are not liable to pay Margin.

If the £/USD exchange rate moves to 1.9000 (but nothing else changes) the calculation is as follows: -

Cash Balance = £50,000 (i.e. USD 95,000)

Open Trade Equity = minus USD 70,000 (i.e. a loss)

Net Account Value = USD 25,000

Margin Requirement = USD 30,000

Margin Excess/Deficit = Net Account Value less Margin Requirement

Margin Excess/Deficit = USD 5,000 (deficit). You are liable to pay Margin of USD 5,000.

In the above example, the change in the £/USD exchange rate has caused Margin to become due.

4.3 It is your responsibility (and not ours) to: -

- ensure you understand how Margin is calculated;
- check your Open Positions and all other relevant factors used to calculate Margin, including exchange rates where relevant. Support Services can confirm exchange rates to you.

4.4 Your Margin Excess/Deficit will be available via the ITP and hence you will be able to see the amount of Margin payable. It is your responsibility to make sure you have the financial means to pay Margin when it is due for payment to us. Please note that you have to pay Margin as soon as we make a Margin Call on you (see clauses 4.5 and 4.8). You should not open a Margined Trade if you are unsure whether you will be able to pay Margin; you should in particular consider the trade amount you wish to use. In addition, if you think that you might be out of contact for any period of time, you should consider closing any Open Positions and/or place appropriate Orders.

4.5 Please note the following in relation to Margin: -

- as soon as your Margin Excess/Deficit becomes negative, you owe us the Margin. So if your Margin Excess/Deficit is a negative USD 5,000 (and your Base Currency is USD) you owe us USD 5,000 (i.e. the Margin). But see the below bullet point as to when you have to pay that Margin to us;
- you must pay us the Margin as soon as we make a Margin Call. Clause 4.8 explains what a Margin Call is;

- Margin is not the total extent of your financial liability to us. You must in addition pay all your losses and any other payments due under the Terms.

4.6 You must notify us immediately if you cannot, or believe you will not be able to, meet a Margin payment when due.

4.7 IFX Markets is not obliged to make Margin Calls, however we will make reasonable endeavours to do so (as below, clause 4.8). Even though we will use reasonable endeavours to make a Margin Call, you are still required to remain informed of Margin payments and any other fees or charges which become due on your Account and to pay these amounts when they become due. Your daily and monthly statements will, for example, show amounts that have become due for payment. If we are unable to make a Margin Call or have not made a Margin Call, this does not release you from your obligation to make payment of any amounts due (including Margin).

4.8 A Margin Call is a request made by us to you for you to pay Margin. We generally make Margin Calls by e-mail and it is therefore imperative that you maintain an e-mail account, keep us informed of your up to date e-mail address and access your e-mails daily. However, we are regarded as having made a Margin Call if we have: -

- requested payment of Margin by any means of communication, including telephone, answering machine message, voicemail, pager, letter, fax, e-mail or SMS text. You should try and make sure you are always contactable and you should inform us of any preferred method of contact in advance, particularly when you may be travelling; however, we may not necessarily use that method to contact you and, indeed, depending on the circumstances we may not be able to contact you using that method;
- left a message with someone (who we reasonably think will pass a message to you) requesting you to contact us, even if you do not contact us (e.g. a work colleague or spouse);
- used reasonable efforts to contact you, but have been unable to contact you and have been unable to leave a message for you.

Clause 27 of the General Terms applies in relation to the time at which a Margin Call will be regarded as having become effective. Any message we leave for you requesting you to contact us should be regarded as extremely urgent.

Please note that if you provide us with any telephone number or details of any service by which we can send or leave messages for you, you are authorising us to use those numbers and that service to make Margin Calls.

4.9 Subject to the rules of the FSA, we may allow you to run Open Positions or to place new Margined Trades and/or Orders even if you have not met any Margin payment which is due.

4.10 As referred to in clause 4.2, Margin is calculated in your Base Currency. However, Margin payments may be settled in any currency we accept. We accept a wide range of currencies;

Support Services can confirm the range of currencies accepted by us. If you pay Margin in a currency other your Base Currency, we will notionally convert that other currency into your Base Currency at a rate of exchange selected by us acting reasonably. However, please note that we will not (unless otherwise agreed with you) actually effect a currency conversion; we just notionally convert to ascertain whether the correct level of Margin has been paid and maintained. See also clauses 11.2 and 11.3 of the General Terms.

If you pay the Margin in a currency other than your Base Currency (as referred to above and the currency has not actually been converted into your Base Currency), movements in exchange rates may mean that you have to pay additional amounts to us to ensure that the full amount of Margin has been paid to us.

4.11 If Margin is not received (in full) by 5pm on the day of the Margin Call, we can close any or all of your Open Positions on your Account and any other account you have with us (fx, spread, CFD or otherwise), in whole or in part. We may not exercise these rights (even if we have not received full payment of the Margin that is due), if you have provided reasonable evidence to us that the full payment is in the course of transmission to us through the banking system and that we will be paid in full by 5pm on the day after the Margin Call.

If we exercise the above rights to close Open Positions, closure will be on the basis of Our Price (and in the case of other accounts in accordance with the terms governing such accounts). If we exercise the rights in this clause 4.11, we can also cancel any or all of your Orders on your Account and any other account you have with us (fx, spread, CFD or otherwise).

If we have exercised our rights to close all your Open Positions and to cancel all Orders we can also suspend your Account in accordance with clause 19.3 of the General Terms (and in that event we can also suspend any other account you have with us, fx, spread, CFD or otherwise in accordance with the terms governing such accounts).

We can exercise the above rights with or without notice to you, but we would in any case give you notice as soon as reasonably practicable that we had exercised these rights.

4.12 We can exercise our rights under clause 4.11 at any time.

5. Law and Jurisdiction

5.1 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.

5.2 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.

6. Regulation of IFX Markets

6.1 IFX Markets is a trading name of City Index Ltd which is entered on the FSA's register under number 113942. The registered office of City Index Ltd 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.

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

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