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6. Order book & Trade log
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7. **Chart Tool**
Real time charts on all currency-pairs. Many customizable technical analysis tools are accessible. Chapter 5 contains all basic steps to master the ProRealTime charting tool.

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 searching criteria to retrieve particular kinds of published news.

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**Reporting**

Five kinds of statements are available in the SQ Allocate trading console: "Account Statement", "Clients P&L", "Account Summary", "Transaction Summary" 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 the all cash movements on the account and details the origin of such movements: type of transaction (Forex trade, deposit/withdraw, 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 Deposit/Withdraw, Forex trades, Overnight Swap operations, etc...

Both the reports "Account Summary" and "Transaction Summary" can be generated by entering specific parameters for selecting a certain 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**
September 14, 2012 09:23:56

**Cash Movement**

<table>
<thead>
<tr>
<th>Client</th>
<th>1284230</th>
<th>Account</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>Amount</td>
<td>Balance</td>
<td>Type</td>
</tr>
<tr>
<td>14.09.2012 07:51:18</td>
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<td>999991.31</td>
<td>305</td>
</tr>
<tr>
<td>14.09.2012 08:01:20</td>
<td>-0.31</td>
<td>999991.00</td>
<td>0</td>
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<tr>
<td>14.09.2012 08:01:00</td>
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<td>999990.64</td>
<td>305</td>
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<td>14.09.2012 08:11:29</td>
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<td>0.44</td>
<td>999991.00</td>
<td>305</td>
</tr>
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</table>

0.17 999991.00

**Executed Transactions**

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<tr>
<th>Client</th>
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<th>Account</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order ID</td>
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<td>Buy/Sell</td>
<td>Asset</td>
</tr>
<tr>
<td>16750179</td>
<td>4.09.2012 07:14:36</td>
<td>Buy</td>
<td>EURUSD</td>
</tr>
<tr>
<td>16750181</td>
<td>4.09.2012 07:36:18</td>
<td>Sell</td>
<td>EURUSD</td>
</tr>
<tr>
<td>16750235</td>
<td>4.09.2012 08:15:19</td>
<td>Buy</td>
<td>EURUSD</td>
</tr>
<tr>
<td>16750236</td>
<td>4.09.2012 08:15:20</td>
<td>Sell</td>
<td>EURUSD</td>
</tr>
<tr>
<td>16750248</td>
<td>4.09.2012 08:15:42</td>
<td>Buy</td>
<td>EURUSD</td>
</tr>
</tbody>
</table>

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 BANK LTD reserves the right to annul transactions made online by a customer within the space of **48 hours** after the transactions were made.
ALLOCATION

The allocate-platform allows 2 modes of trading:

- Group-trading
- Individual-trading

The mode Group-Trading is suited for traders who want to trade simultaneously on multiple accounts. You must check the checkbox "Trade for selected" in the view "Account Overview" to switch to the Individual-trading mode and trade directly on the account of the selected client.

![Account Overview](image)

The Group-Trading mode is activated as soon as the above checkbox is unchecked. A group is composed of a list of clients for each of which a default quantity is defined in each currency-pair. Each time a trader executes a group order, the system places a trade for each member of the group. The amount of each order corresponds to the specified default quantity defined for the traded currency-pair.

The tool for editing groups is accessible though the menu “Allocation | Open Trading Class Details”.

The first tab contains the list of all clients. Useful information such as the trading class or the group in which the client is linked is displayed here. The ‘Direct’ column shows whether the client has his own trading conditions. The ‘Amount per LOT (EURUSD)’ column displays the quantity traded for a specific client for a selected currency-pair.

![Trading Class Details](image)
To change the default order quantity, just double click on the line and edit the following form:

![Client Details](image)

Press the button ‘Save’ to save all edited settings.
To create groups, go to the second tab called ‘Trading Group’. click the icon with the small green ‘+’ sign to create a new group.

![Trading Class Details](image)

The following window appears:

![Trading Group Details](image)

Enter the name of the group and select all members to be included in the group. Click the ‘Save’ button to save all edited settings.
TRADES EXECUTION

The ‘Order List & Trade Log’ view shows real time information of all open trades, as well as trades that have been closed out during the selected period. It allows the client to create, cancel or modify orders.

Switching the tabs allows the client to toggle between data from the list of pending orders to the list of executed orders or discarded orders. The list of discarded orders contains the list of all orders which have not been executed for any of the following reasons: order has been canceled by the user; orders have been refused or canceled by the Swissquote Bank Trading Server (price expiration, margin not sufficient, cancellation of one leg of an OCO order, etc...)

Market Order

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

1. Market Order

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 to execute a trade.
The first step in entering 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.

At market Best option : 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 that all trades were executed.

A white box confirmation does not necessarily mean that the trade was executed. It merely shows the details of the execution. It shows the number of executed orders, the number of refused orders and the number of failed orders.
2. Problem Tracking

This view contains all details of the group’s orders execution. It can be displayed by clicking on the button ‘?’ from the box.

Entry Orders

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

The client chooses the desired type of order in the menu "Forex orders"

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

The description of each order-type is 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 he wishes to buy/sell a certain currency pair, specifies the **Expiration Type** 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 BANK the end of the trading day occurs at exactly 23:00 CET.

Note here that our trading system will only validate limit buy orders with a limit price under the actual market price. For sell order, the limit should be above the market price. If these rules are not respected, the Swissquote Bank 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 reach a certain limit, the price will continue its trends and move further 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 take the following example:

Example: Trader x buys EURUSD 100'000 @ 1.3317 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 1.3287 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 1.3328 resistance level. He believes that if this happens, the price of EURUSD could be headed to 1.3358 or over. At this point the market is at 1.3317 so trader x places an order to initiate a buying position of 100'000 at 1.3328 'on stop'.
Note here that the Swissquote Bank trading system will only validate stop buy order with a limit price above the actual market price. For sell order, the stop limit price should be under the market price. When these rules are not respected, the Swissquote Bank 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.

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 loss 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 this example, the live rate is 1.3311 and the Trailing Points are set to 10. Assume that the position would be opened at 1.3300 by the IF order section. Then the buy stop order will be filled if EURUSD ask reaches 1.3302 (1.3300 – 2 standard spread - 10 pips). If EURUSD moves in the trader’s favor, e.g. down 5 pips, the stop order will automatically adjust to 1.3299 - always 10 pips from the live rate.

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.
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 1.3305. Trader x wants to either sell 100'000 at 1.3294 below the resistance level in anticipation of a breakout or initiate a selling position if the price reach 1.3317.
2. **IF DONE**

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

In this example, the trader believes that the EURUSD is going down but will reach a resistance at 1.3310. At that point, the trader thinks that the market will rebound which is why the trader has placed a sell order at 1.3287.

This kind of order allows the trader to execute a strategy without constantly being behind the computer.

In the case of an IF DONE order, the check in the DONE section is made relative to the price in the IF section.
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.

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:

![Order Status](image)

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**

**Modifying an IF – DONE Trailing order**
Modifying an IF-DONE order

Modifying an IF-DONE OCO order
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 must be created.

On Swissquote Bank 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 Position (detail)

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

To understand the concept, only two cases should be considered:

The first case is when the new order increases the exposure on the traded currency pair. In that case a new position is created. 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.

In the second case, when the new 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 bigger 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; it means that the order will reverse the exposure from long to short (or from short to long), therefore a new position with the residual amount will be created in the opposite direction.

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 open positions which can be grouped by client, currencies or trade group. The average open price and the P&L (profit and loss) is calculated for each consolidated position.
Linked orders

Linked Orders are orders which are linked to an open position. It means that the execution of linked orders will only affect the linked position by closing it. Linked orders are simple to execute for 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.
Account Overview

The account overview window provides traders with real time information about their clients.

<table>
<thead>
<tr>
<th>Client Key</th>
<th>Client No.</th>
<th>Account</th>
<th>Balance</th>
<th>Open P&amp;L</th>
<th>Max Trade Size</th>
<th>Margin L.</th>
<th>%</th>
<th>Margin R.</th>
<th>Margin R.</th>
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<td>2718.95</td>
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</tr>
</tbody>
</table>

Open P&L (USD) 2712.13

1. **Client Key**
   The client number

2. **Client Name**
   The client name. Various types of display rules can be configured: anonymous (see example above), first name + last name, last name + first name.

3. **Account**
   The account currency.

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

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

6. **Margin Balance**
   Represents Account Balance plus the sum total of current unrealized gains/losses. (Not displayed)

7. **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.

8. **Margin Level**
   Represents the ratio between the Margin Balance and the absolute sum of all open position. This ratio is expressed in percent.
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 USD/1.3411 = 74.5656 EUR.

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

\[(\text{Current price} - \text{purchase price}) \times \text{position amount} \text{ expressed in the counter currency of the traded currency-pair}.\]
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 Bank’s FX margin rates please visit our website [www.swissquote.com/fx](http://www.swissquote.com/fx).

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%
Margin Requirements

**Day/Overnight margin** represents 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.swissquote.com/fx/products/trading_conditions/Spreads.action

*Please Note:* Clients will be expected to be fully aware of their margin requirements and trade accordingly. Swissquote Bank 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.
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 Bank 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 Bank 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 increased executonal 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 is 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 Bank 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.swissquote.com/fx/products/trading_conditions/SwapRates.action

CHARTS

A complete charts user guide presentation is available at the following link:
http://www.swissquote.com/fx/trading_software/trading_software_troubleshooting.jsp