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 EUR 3015/100= 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.

EUR 30.15 X 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.