DEALING HANDBOOK
FOR FX TRADERS

ONLINE TRADING

Trading on the QuestradeFX platforms is available 24hrs a day from 5pm ET Sundays through 5pm ET Fridays. Clients have the ability to execute trades directly from real time streaming bid/ask quotes. Live prices are continuously published to clients via the QuestradeFX trading platform, and traders can at any time click on the current bid or offer and instantaneously execute a trade. Prices are updated automatically as market conditions dictate. On average, the QuestradeFX dealing desk makes 100,000 prices per day. More importantly, QuestradeFX publishes the same dealing price to the entire client base and allows any client to deal on the available price.

PHONE TRADING

Live clients may trade over the telephone with a licensed QuestradeFX trader, Monday to Friday from 8am ET until 5pm ET. When trading via phone, Questrade's traders will quote the same tight spreads available via the dealing platform. The trader will then phone the dealing desk to place your order. All trades executed via the phone are subject to a pre-deal margin availability check and will be manually entered into the customer's account for integrated P&L analysis and reporting.

<u>Phone Trading Etiquette</u>

1) Immediately state your Name and your QuestradeFX account number.
2) Indicate your interest. Please be sure to include the number of lots and the currency pair.
   Example: "Can I get a quote on 3 lots of Dollar-Yen?"
3) The QuestradeFX trader will then provide a 2-way price quote.
   Example: "Dollar-Yen is 114.52 by 56" (the first number being the bid and the second the offer)
4) State your trade or order.
   Example: "I would like to buy 3 lots of Dollar-Yen at market" or "*I would like to place an order*"
5) The QuestradeFX trader will confirm your request and then place the order with the dealing desk.

Please remember that when placing market orders, the price given is the dealing price at that time; haggling is not allowed nor are traders allowed to remain on the phone until the price changes. If you do not wish to deal at the quoted levels, simply say "Nothing done", hang up and call again later.

Please also remember that the phone trading line is reserved for trades/order purposes only. All other inquiries, such as account issues or general information, can be addressed by calling a Questrade client service representative at 1-888-783-7866 or sending an email via the Customer Support Services on QuestradeFX.com.

CURRENCY PAIRS

QuestradeFX offers 24-hour trading for 18 currency pairs. The normal dealing (pip) spreads are as follows:

EUR/USD	3	EUR/CHF	5
USD/JPY	4	GBP/JPY	9
GBP/USD	5	AUD/JPY	7
USD/CHF	5	CHF/JPY	6
USD/CAD	5	EUR/AUD	8
AUD/USD	4	GBP/CHF	9
EUR/JPY	4	NZD/USD	4
EUR/GBP	3	NZD/JPY	8
EUR/CAD	8	CAD/JPY	6

A pip is the minimum price increment that a currency pair can fluctuate. For example:
EUR/USD: 1.200**0** – 1.200**1 = 1 pip**
USD/JPY: 118.7**0** – 118.6**9 = 1 pip**

QuestradeFX is committed to offering dealing spreads that accurately reflect the true interbank market, so spreads may vary depending on available interbank liquidity.

CALCULATING PIP VALUES

The pip value will always be $10 USD for all the pairs where the USD is the counter (2nd quoted) currency. However, the pip values will change for all the other currency pairs because the P&L will always be in the second quoted currency. The counter currency has to be converted back to USD because all trades settle in USD, and therefore the rate of exchange back to USD will always be changing. The formulas are as follows:

CURRENCY PAIRS WHERE THE USD IS THE COUNTER (2ND) CURRENCY - EUR/USD, GBP/USD, AUD/USD, NZD/USD

(Notional trade value) x 0.0001

For example: EUR/USD

100,000 x 0.0001 = $10 USD

CURRENCY PAIRS INVOLVING THE JPY - USD/JPY, EUR/JPY, GBP/JPY, CHF/JPY, AUD/JPY

[(Notional trade value) x 0.01] / the current USD/JPY exchange rate

For example: EUR/JPY when USD/JPY is trading at 117.32

[(100,000 x 0.01)] / 117.32 = $7.1261 USD

USD/CAD

[(Notional trade value) x 0.0001] / the current USD/CAD exchange rate

EUR/GBP

[(Notional trade value) x 0.0001] x the current GBP/USD exchange rate

USD/CHF, EUR/CHF and GBP/CHF

[(Notional trade value) x 0.0001] / the current USD/CHF exchange rate

EUR/AUD

[(Notional trade value) x 0.0001] x the current AUD/USD exchange rate

TRADING COSTS

The only costs of trading with QuestradeFX are the spread and rollover interest (if applicable). To calculate the cost of getting into a trade, simply calculate the pip value (see above) for the currency pair and multiply it by the spread value. Rollover interest MAY ONLY apply if you hold position past the NY close (5pm ET). Please see ***Rollovers*** for more details.

MARGIN

The QuestradeFX initial margin requirement (leverage) for standard accounts is 1% of the USD value of the trade (100:1). The initial margin requirement (leverage) for mini accounts is 0.5% of the USD trade value (200:1). The system performs an automatic pre-deal check for margin availability, and will only execute the deal if the client has sufficient margin funds in his or her account.

To calculate your maintenance margin requirement, simply multiply the "Open Positions" figure in the platform by 0.5%. The Open Position figure summarizes the USD values for all your open trades. (To view the USD value for each open trade, please view your Open FX Positions Report)

<u>Example of how to calculate Maintenance Margin Requirement</u>

Trader makes the following three trades:

1) BUY 100,000 USD/JPY @ 118.20
USD Trade Value = 100,000 USD

2) SELL 100,000 EUR/USD @ 1.2725
USD Trade Value = 100,000 x 1.2725 = 127,250 USD

3) BUY 100,000 EUR/JPY @ 148.63. The EUR/USD rate at the time of entry was 1.2756.
USD Trade Value = 100,000 x 1.2756 = 127,560 USD

Open Position Figure = 354,810 USD (100,000 + 127,250 + 127,560)
Maintenance Margin = 1,774.05 USD (354,810 x 0.005)

Maintenance margin is the margin balance that must be maintained in the account in order to keep your open positions. **If your Margin Balance drops below the maintenance margin requirement, QuestradeFX reserves the right to liquidate any open positions**. This is an important risk management strategy for both QuestradeFX and our clients; it ensures that clients do not lose more than their account balance.

Clients must realize that the liquidation process is not automatic. This means that when an account is flagged for liquidation, the dealing desk will review the trade before it is placed. Therefore, depending on trading volume on the dealing desk, liquidation trades may take anywhere from 5-20 minutes to execute and/or post to your account's trading history. This may lead to a worse than expected fill price. It may also lead to a situation where the market reverses and your positions become adequately margined again. Nonetheless, positions may still be liquidated.

If the account flagged for liquidation is a mini account, ALL positions may be liquidated. If the account is a standard account, positions are liquidated in the order of greatest unrealized loss until the margin requirement is satisfied.

Clients will not be alerted when their account is flagged for liquidation. Therefore, it is the responsibility of the client to monitor their Margin Balance to make sure it exceeds the maintenance margin requirement at all times. If the client cannot monitor their Margin Balance, QuestradeFX suggests trading a smaller lot size and using a stop order.

TRADING SIZES

The QuestradeFX minimum transaction size is 1 lot. In a standard account, 1 lot represents 100,000 units of the base currency, whereas in a mini account, 1 lot represents only 10,000 units of base currency. The maximum deal size available online is 25 lots (250,000 of base currency in a mini, and 2.5 million of base currency in a standard). Trades with notional values of over 2.5 million and up to 100 million may be executed with a licensed QuestradeFX trader over the phone.

CONFIRMATIONS

Deals are confirmed on screen, typically within one second. Full transaction details may be accessed on screen as well, including date, time, rate, notional amount bought and sold, USD value, and reference number.

ORDER EXECUTION

- First In First Out (FIFO)
  Open positions are closed according to the FIFO accounting rule. All positions opened within a particular currency pair are liquidated in the order in which they were originally opened.

- Stop Loss Orders
  As a rule, sell stops are filled on the bid and buy stops are filled on the offer. This is an important point for traders who are accustomed to being filled on sell stops when the offer reaches the requested order rate. For example, if a stop order is placed to sell USD/CHF at 1.4549, the trader will be filled when the bid reaches 1.4549. In the rare instance the market gaps over a requested rate, a stop order is filled at the best available price.

- Limit Orders
  Sell limit orders are filled when the bid reaches the requested rate; limit orders to buy are filled on the offer. For example, a limit order to buy EUR/USD at 1.0456 will be filled when Questrade's offer hits 1.0456.

- Good Til Cancelled (GTC) Orders
  All GTC orders remain open until they are triggered or cancelled. If you close out a position manually, you must cancel any order(s) relating to that position.

- Orders left over the weekend or holidays
  Orders left pending at close of trading on Friday at 4:30pm ET or placed over the weekend are subject to a gap open on Sunday evening when QuestradeFX starts trading at 5pm ET. For both stop loss and limit orders - if your order is triggered due to news, events or other fundamental factors, it will not be executed over the weekend. Your order WILL be executed at the prevailing price when Questrade's dealing desk opens Sunday. Because of the additional gap risk involved, you may want to reconsider leaving open orders over the weekend or holidays.

- Orders placed during fast markets
  At times, the spot forex market can exhibit extreme volatility, a condition known as a "fast market". Such conditions can be caused by economic news releases, central bank interest rate announcements, and order imbalances. During fast markets, liquidity decreases because interbank dealers suspend automated dealing and widen their spreads (essentially leaving the market). The market will often gap sharply higher or lower, and

trading will continue as dealers re-enter the market. If QuestradeFX clients decide to trade during fast markets, they must accept all risks involved, including but not limited to the following:

- online dealing may be suspended for 2 minutes prior to an economic news announcement.
- stop and limit orders are not guaranteed to be filled at the requested price.
- market orders placed over the phone with a QuestradeFX trader are subject to slow execution (dealing desk phone lines may be busy).
- market orders placed online may be subject to a "Deal Not Accepted: Rate has Moved" message, in which case the client may attempt to trade at the next available rate.
- accounts may be flagged for liquidation if a market spike or plummet brings the client's account balance briefly below the maintenance margin level.

QuestradeFX will not be held liable for client losses due to trading during fast markets.

ORDER TYPES

The QuestradeFX dealing platform provides sophisticated order entry and tracking. Orders may be entered at any rate - inside or outside the existing spread - using the following orders types:

- Limit orders
  An order with restrictions on the maximum price to be paid or the minimum price to be received.

  If a trader is long USD/CHF is 1.4627, a limit order would be entered to sell dollars above that price, for example, at 1.4800.

- Stop Loss orders
  Order type whereby an open position is automatically liquidated at a specific price. Often used to minimize exposure to losses if the market moves against an investor's position.

  If the trader above is long USD at 1.4627, a stop loss order could be left at 1.4549, in case the dollar depreciates below 1.4549.

  As a rule, sell stops are filled on the bid, and buy stops are filled on the offer. This allows QuestradeFX to fill client stop orders at the rate they requested in almost every case. In the rare instance that the market gaps over a requested rate, the stop is filled at the best available price. This is an important point for traders who are accustomed to being filled on sell stops when the offer reaches the requested order rate. For example, if a stop order is placed to sell USD/CHF at 1.4549, the trader will be filled when the bid reaches 1.4549 (i.e. the bid/offer is 1.4549/54).

- One Cancels Other orders (OCO's)
  A contingent order providing that one part of the order is cancelled if the other part is executed. This is a particularly useful order type in that it allows traders to execute specific trading strategies based on technical analysis - without having to watch the market tick by tick.

  As above, with the trader long USD/CHF at 1.4627, a typical OCO order would be a stop loss at 1.4562 and a limit (take profit) at 1.4700. If one part of the order is filled, the other is automatically cancelled.

- If / Then Single
  A conditional order providing that if the first order ("If" order) is executed, the second order ("Then" order) is activated as a live, single order.

In cases where the If order does not execute, the Then single order will remain dormant. When either part of an If / Then order is cancelled, all parts of the order are cancelled as well.

An example of an If / Then single order would be to first place an 'If' limit order to buy EUR/USD at 1.0690, fifty points below the current market rate of 1.0740. The 'Then' part of the order would be a limit sell order to take profit at 1.0770 (eighty pips above the 'If' order execution rate of 1.0690). If the market dips to 1.0690 the 'If' order will execute and the 'Then' leg of the order will become active. Note: the 'Then' order could also have been a stop loss order at 1.0650 (forty pips below the execution rate of 1.0690).

- If /Then OCO
  A conditional order providing that if the first order ("If" order) is executed, the second order ("Then" order) is activated as a live, One Cancels Other (OCO) order. Full description of an OCO order. The execution of either one of the two 'Then' orders automatically cancels the other.

  In cases where the 'If' single order does not execute, the 'Then' OCO order will remain dormant. When any part of an If / Then OCO order is cancelled, including either leg of the OCO order, all parts of the order are cancelled as well.

  An example of an If / Then OCO order would be to first place an 'If' limit order to buy USD/JPY at 118.80, fifty points below the current market rate of 119.30. The 'Then' part of the order would be an OCO order: one leg of the OCO could be a limit sell order to take profit at 119.60, (eighty pips above the execution rate of 118.80) the other leg a stop loss order to sell at 118.50 (thirty points below the execution rate). If the market reaches 118.80, the 'If' single order is executed, and the 'Then' OCO order is activated. If activated, the execution of either leg of the 'Then' OCO order automatically cancels the other.

- Trailing Stop
  A single stop loss order that automatically 'trails' the price of the currency. This offers the potential for greater gains while still guarding against price declines.

  If the live rate is 1.2701 and the Trailing Points are set to 30. The sell stop order will be filled if EUR/USD bid reaches 1.2671 (live rate – 30 pips). If EUR/USD moves in your favor, e.g. to 1.2735, the stop order will automatically adjust to 1.2705 - always 30 pips from the live rate.

All of the above orders may be entered as Day Orders, entered today and good until end of NY business day (5pm ET). Or, clients may choose to may enter a Good 'til Cancelled Order (GTC), which is valid until the order is executed or cancelled. Orders remain open until they are triggered or cancelled. If you close out a position manually, you must cancel any order(s) relating to that position.

ROLLOVERS

A rollover is the simultaneous closing of an open position for today's value date and the opening of the same position for the next day's value date at a price reflecting the interest rate differential between the two currencies.

QuestradeFX automatically rolls forward all open positions to the next day's value date following the close of NY trading at 5pm ET.

QuestradeFX clients have the opportunity to earn interest on rollovers, depending on the direction of their positions and interest rate differential between the two currencies involved (minus a very small bid/ask spread). For example, UK interest rates are significantly higher than Japan's, so if a trader is long GBP/JPY (i.e. holding British Pounds), they will earn interest on the roll. Conversely, if a trader is short GBP/JPY (i.e. holding yen) they will pay interest on the rollover. In cases where the differential between the two currencies involved is small, clients may pay interest regardless of whether they are long or short the currency pair.

The spot forex market is traded on a two-day value date. For example, for trades executed on Monday, the value date is Wednesday. However, if a position is opened on Monday and held overnight (remains open after 5pm ET), the value date is now Thursday. The exception is a position opened and held overnight on Wednesday. The normal value date would be Saturday; because banks are closed on Saturday the value date is actually the following Monday. Due to the weekend, positions held overnight on Wednesday incur or earn an extra two days of interest. Trades with a value date that falls on a holiday will also incur or earn additional interest.

Rollover credits or debits are reflected in the unrealized P&L of the open position, and a rollover report (available in the "Reports" tab of the trading platform) provides additional detail of rollover activity. The QuestradeFX trading platform does not quote current rollover rates, however, the rates from the latest rollover can be obtained by contacting a QuestradeFX client services representative by phone or email. Rollover rates are not firm and are are subject to change from day to day. QuestradeFX shall not be held liable if the client is unaware that their position required them to pay interest. It is the responsibility of the client to check rollover rates periodically with QuestradeFX.

REPORTING

The QuestradeFX dealing software tracks all trading activity in real time, allowing clients to view current open positions, real-time profit and loss, margin availability, account balances, and all historical transaction details directly on-screen.

In addition, by clicking on the 'reports' tab on the menu bar, clients may access five ad hoc reports:

Account Value Summary - an online monthly account statement. View current account balance (realized P&L) for a selected month, as well as all deposits, withdrawals, interest earned, and fees charged (if any).

Detailed Transaction Listing - lists complete trade detail for any selected date range, including deal date, currency pair dealt, trade direction (buy or sell), contract size for both currencies in the pair dealt, and executed deal rate.

Open FX Positions - a summary view of all open positions, including contract size, USD value, average rate of open positions, reval rate (current market rate), and unrealized P&L. This report supplements real-time position information available in the position management screen of the trading platform.

Order History - provides detail on all order activity for a selected data range, including order entry date and time stamp, listing of all cancelled and/or executed orders, along with its reference number. The Log Entry column provides a confirmation number and action detail for any order.

Rollover History - provides rollover details for any transaction held open past 5pm ET, including rollover rate and USD value. May be generated for any given date range.

Note: All reports can be printed and/or exported into Microsoft Excel via a simple cut and paste.