Margin Guide

Definition of a Margin:
Margin trading requires you to deposit a small percentage of the underlying value of the investment you wish to deal in rather than paying the full purchase price of the asset. This means you can increase your exposure to an underlying asset from the same capital outlay. As a result, you can multiply your potential return, giving you far greater profits or losses, than if you were to trade the underlying asset directly.

Margin Fundamentals:

Margin Requirement
Margin Requirement is the amount of money you need to deposit with us in order to place a trade and maintain that position.
When you place the trade you must have enough Net Equity (cash and unrealised Profit & Loss) to pay the Margin Requirement for that trade and the commission (if applicable) and/or any charges including the spread.

Margin Factors
You can calculate the Margin Requirement for a trade by using the Margin Factor which will vary from market to market and is generally expressed as a percentage or a number.

You can find the Margin Factor for a particular market in our Market Information which can be accessed via the Trading Platform by selecting the Market Information icon next to the name of the market.

We set Margin Factors according to the liquidity and volatility of the underlying instrument. Market conditions can change quickly therefore Margin Factors can also change at short notice.

Margin Multiplier
We may apply a Margin Multiplier to all Trades placed in your Account or to a specific Trade. The application of a Margin Multiplier or any change in a Margin Multiplier will result in a change to the Margin Requirement for any Trades or Open Positions for the relevant Markets. If your account is subject to a Margin Multiplier of 2.0 for example, all standard Margin Requirements would be multiplied by 2.0. We will notify you if a Margin Multiplier applies to your trades.

Margin Close Out Level (Important):
Our margin policy includes rights to effect closure at the Margin Close Out Level. If your Margin Level is at or below the Margin Close Out Level, we may close all or any of your Open Positions in markets that are open immediately and without notice at the next available Our Price. You should not expect to receive a margin call or warning prior to closure. We therefore strongly recommend that you strictly monitor your margin level. To find out more about the Margin Close Out Level, please refer to Section 11 of our General Terms.

Margin Level Indicator
The Margin Level indicator displays the ratio of your Net Equity to Total Margin, which is the percentage of your margin requirement that is covered by your available funds plus any Unrealised Profit or Unrealised Loss.
Margin Level = (€25,000 / €20,000) = 125.0%

Example

(Net Equity/ Total Margin) = Margin Level

Cash Balance	*€30,000*
Unrealised P & L	*(€5,000)*
Net Equity	*€25,000*
Total Margin	*€20,000*

Margin Level = (€25,000 / €20,000) = 125.0%
Therefore there is a 25% surplus of Net Equity to margin required to maintain all open positions.

The Margin Level Indicator is located in the upper left corner of the Trading Platform. It displays one of the three scenarios listed below, depending on the level of cover you have associated with your Open Positions.

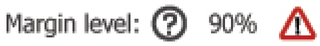
1. Above 200 %

If your Margin Level Indicator is greater than 200%, this will permanently show as >200%. This means that you have more than double the amount of funds needed to keep your positions open.

2. Between 100% and 200%

If your Margin Level falls below 200%, the Margin Level will display a percentage between 100% and 200%, depending on the ratio.

3. Below 100%



Should your Margin Level fall below 100%, you do not have enough funds (including Open Position profits or losses) in your account to cover your Total Margin. Consequently, depending on your Margin Close Out Level, this may trigger part or full closure of your Open Positions. A warning symbol will be displayed next to the Margin Level if the it drops below 100%.

Improving your Margin Level:

You can improve your Margin Level to prevent it reaching the Margin Close Out Level by adding funds or reducing your exposure.

1. Increase your account balance

Introducing funds into your account will improve your Net Equity and therefore your Margin Level. If you need to transfer funds into your account, please ensure you leave plenty of time to guarantee your payment arrives in your account, as we cannot be held responsible for any delays in payments being credited. The fastest way to pay is by depositing funds online, but you can also contact us by telephone to make payment. Please refer to the payments page on our Trading Platform for more information.

2. Reduce your Total Margin

It is possible to reduce your Total Margin by fully or partially closing certain Open Positions. By reducing your position exposure, you decrease your Total Margin, which means your Margin Level will then increase.

You should always ensure that your Margin Level remains above the Margin Close Out Level. The price of your Open Positions can often change quickly and by large percentages, bringing your Margin Level close to or below the Margin Close Out Level should the price move against you.

To avoid closure of your Open Positions, we recommend that you closely follow your Open Positions and Margin Level and keep surplus funds in your account to ensure you cover any potential market movement.

Margin Calculation:

This is how you calculate your Margin Requirement using the Margin Factor; there are exceptions to these calculations for particular products shown at the end of this help guide;

Margin Factor is a percentage:

Margin Requirement = (Quantity x Our Price) x Margin Factor

BUY €10 per point of Stock 'A' at 250c which has a margin factor of 10%

Margin Requirement = (€10 x 250c) x 10% = €250

Therefore, to open a €10 trade on Stock 'A' at 250c, you would need to deposit at least €250 in your account plus any applicable commission/spread.

This would be calculated exactly the same way for a BUY or a SELL position. Margin Requirements will change as the price of the market changes.

Margin Factor is a number:

Margin Requirement = Quantity x Margin Factor

BUY €10 per point of Market 'B' which has a margin factor of 50.

Margin Requirement = €10 x 50 = €500

Therefore, to open a €10 trade on Market 'B' you would need to deposit at least €500 in your account plus the applicable commission/spread.

Margin Calculations – exceptions

There are certain circumstances where Margin Requirement is not calculated in the examples shown above. These are as follows:

Orders Aware
For certain markets we may offer a reduction in margin if you place a Stop Loss. You can see if we offer this reduction via the Market Information.
If Orders Aware is applicable, the Margin Requirement will be calculated as the higher figure of:

a) the Margin Requirement using the Margin Factor multiplied by the Orders Aware Margining minimum percentage
b) the difference between the specified Stop Loss price and Our Price x Quantity

Example
Long Position at €10 per point on Index A at Our Price of 7227 with a Stop Loss at 7150. If Margin factor is 400Orders Aware minimum percentage is 50%
a) the Margin Requirement multiplied by minimum percentage is €10 x 400 x 50% = €2,000

b) the Stop Loss price is 7150 so the difference will be (7227 - 7150) x 10 = €770

The higher of a) and b) = a), so the Margin Requirement is €2,000.

Please note: You would not be charged any higher than the standard Margin Requirement

Guaranteed Stop Loss Order (GSLO)

If a Guaranteed Stop Loss Order is placed on a position, the Margin Requirement will be calculated as the lower of:

a) the Margin Requirement as standard using the Margin Factor.

b) the difference between the specified GSLO price and Our Price x Quantity

Example:

Long Position at €10 per point on Index A at Our Price of 7227 with a GSLO at 7100.

If Margin Factor is 400;

a) the Margin Requirement is €10 x 400 = €4000

b) the GSLO price is 7100, so the Margin Requirement will be (7227 - 7100) x 10 = €1270

The lower of a) and b) = b), so the Margin Requirement is €1270.

Buying Options
Margin Requirement = Quantity x Our Price

Example:

If you open a Long Position on Index 'A' 4250 Call at €50 per point and Our Price is 20, the Margin Requirement will be: €50 x 20 = €1000.

Selling Options
Margin Requirement = Quantity x Our Price x 2

However, this amount is subject to a minimum of 30% and a maximum of 100% of the Margin Requirement for an equivalent Quantity Trade in the same Underlying Instrument (futures).

Example:

If you open a Short Position on Index 'A' 4250 Call at €50 per point and Our Price is 20.

If the Margin Factor of Index 'A' futures is 200;

€50 x 20 x 2 = €2000

Minimum Equivalent Margin Requirement: 30% x €50 x 200 = €3000

Maximum Equivalent Margin Requirement: 100% x €50 x 200 = €10000

As a) is less than b) the Margin Requirement will be b) so Margin Requirement = €3000

Two or more opposing Trades in the same Underlying Instrument

It is possible to hold Open Positions where one or more Trades within the same Underlying Instrument is in the opposite direction. The aggregate Margin Requirement for all Open Positions with the same Underlying Instrument will then be the larger of:

a) *the aggregate of the Margin Requirements for all Long Positions*

or

b) *the aggregate of the Margin Requirements for all Short Positions*

Example:

Long Position on Stock 'B' March at €50 per point and

Short Position on Stock 'B' June at €30 per point

- *The aggregate of all Margin Requirements on LONG Stock 'B' March = €12500*
- *The aggregate of all Margin Requirements on SHORT Stock 'B' June = €7500*

The Margin Requirement will be the larger of these positions, which is the LONG positions.

Therefore, Margin Requirement = €12500.