BOC ETRADER

PRODUCT DISCLOSURE DOCUMENT

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1. ABOUT THIS PRODUCT DISCLOSURE STATEMENT

The products provided through the BOC eTrader platform are sophisticated financial products so you should read this Product Disclosure Statement and the General Business Terms in full before making any decision to trade in them.
The schedules to this Product Disclosure Statement provide more detailed information on each of the BOC eTrader Products.

2. CHANGES TO INFORMATION IN THIS PRODUCT DISCLOSURE STATEMENT

Information in this Product Disclosure Statement may change from time to time without notice where that information is not materially adverse to Clients. Therefore, it should not be considered complete and nor should it be construed as investment advice or recommendation for the provision of any service or investment in any of the BOC eTrader products. This Product Disclosure Statement does not constitute a recommendation or opinion that any of the BOC eTrader products are suitable or appropriate for you.
The information in this Product Disclosure Statement is general only and does not take into account your personal objectives, financial situation and needs.

3. RISK AND POTENTIAL LIABILITY

Potential investors should be experienced in trading in derivatives, especially OTC leveraged derivatives, and understand and accept the risks of trading in the products available in the BOC eTrader Platforms.
Before trading in the products available you should consider the following significant risks of trading.

3.1. LEVERAGE RISK

The products available in the BOC eTrader platforms are Leveraged, because the amount you pay to Bank of Cyprus ("the Bank", "BOC") for these products (i.e. the total Margin and costs, fees and charges) is less than the full face value of the Underlying Instrument.
You should be prepared for greater risks from this kind of Leveraged derivative, which can lead to large losses as well as large gains. The high degree of Leverage in these Products can work against you as well as for you, and may mean that you become liable to hold more Margin with Bank of Cyprus and the Margin Requirements applicable to Transactions may change rapidly in response to changes in the market for the Underlying Instrument. You may lose more than the amounts you pay the Bank as Margin and the value of the Approved Collateral held in your Account.

3.2. RISK OF UNLIMITED LOSS

Your potential losses on (Long or Short) positions in the Products available in BOC eTrader platform may exceed the amounts you pay (as Margin) for these Products.

You can reduce the risk of losses on Short positions in the BOC eTrader Products by monitoring your Open Positions and Closing Out the positions before losses arise or otherwise to minimise your losses.

3.3. MARGIN RISK

You must have sufficient Margin Cover at all times and be able to provide to Bank of Cyprus the amount of required Margin as and when required, otherwise we may at our reasonable discretion reduce your exposure by Closing Out one, or more, or all of your leveraged Open Positions with us without notice to you.
Margin Requirements are highly likely to change continuously, in line with market movements in the Underlying Instrument.
There is a high risk of Margin Requirements changing very rapidly at times. There is also a high risk that if the market value of the Underlying Instrument moves rapidly against you, you will be required to provide more margin at little or no notice.
If there is a shortfall in your Account, or you do not meet a required Margin Call, the Bank reserves the right to liquidate or sell any Approved Collateral forming part of your Account at its discretion.
You can reduce your risk of losing your positions as a result of failing to meet your Margin Requirements by carefully selecting the type and amount of Product that suit your needs, monitoring your Open Positions, maintaining a prudent level of cash balance in your Account and providing sufficient Margin within the time required by the Bank. Please see Section 4.0 – Margin Principles, for further information about Margin.

3.4. FOREIGN EXCHANGE RISK

Your Account and Trading Account(s) may be denominated in Euros or any other currency permitted by BOC from time to time.
If you instruct the Bank to effect a Transaction denominated in a currency different from the denomination of your Trading Account currency, the Bank will convert the currency value of your Transaction into the Trading Account currency.
Therefore, you need to take into account the denominated currency in the Products that you trade. This is because any foreign currency conversion resulting from the currency of your Trading Account and the Products traded, which are denominated in a different foreign currency, can expose you to foreign exchange risk.
For example, if your trading Account is denominated in EUR, and you have an Open Position in a Future Contract that is denominated in USD, which means that not only do you have an exposure to the contract's prices, but you are also exposed to movements in the USD. Once you Close Out this Future Contract your profit or loss in your Trading Account remains denominated in USD, meaning that whilst you no longer have an Open Position in this contract, you still have a foreign exchange risk as the P&L that is in USD may not have been converted back to the account default currency that is EUR.

3.5. COUNTERPARTY RISK ON BANK OF CYPRUS

Bank of Cyprus is your counterparty to the Products available in the trading platform, therefore there is the risk that Bank of Cyprus will not meet its obligations to you under the Products. Bank of Cyprus mitigates Clients' counterparty risk through its Margin policy and risk management procedures and the special protections it has implemented for the benefit of Clients; however, the potentially adverse outcome of this risk is very significant to you since, if it occurs, you could lose all or some of your investment.

You can reduce your counterparty risk with Bank of Cyprus by limiting the amount you pay to the Bank, trading prudently and requesting payment to you of any surplus in your Account which is not required for prudent Margin management., However this may increase your Margin risk resulting in all of your positions being Closed Out.

3.6. MARKET RISK

Financial markets can change rapidly; they are speculative and volatile. Prices of Underlying Instruments depend on a number of factors including, for example, commodity prices or index levels, interest rates, demand and supply and actions of governments. Each Exchange may reserve the right to suspend securities from trading or withdraw their quotation.

The Products available in the trading platform are highly speculative and volatile. There is a high risk that market prices will move such that the Contract Value of these Products on closing can be significantly less than the amount you invested in them.

There is no guarantee or assurance that you will make profits, or not make losses, or that unrealised profits or losses will remain unchanged.

You can reduce your risk by understanding the market relevant to these Products, monitoring your positions carefully and closing your Open Positions before unacceptable losses arise.

3.7. NOT A REGULATED MARKET

The FX Products available in the platform are OTC derivatives and are not covered by the rules for Exchange-traded contracts. OTC contracts, by their nature are not necessarily liquid investments themselves. If you want to exit an open position on these Products, you rely on the Bank's ability to Close Out at the time you wish, which might not match the liquidity or market price of the Underlying Instruments.

3.8. MARKET DISRUPTIONS

A market disruption may mean that you may be unable to deal in a Product when desired, and you may suffer a loss as a result. This is because the market disruption events which affect the Underlying Instrument will also affect the relevant product on the same or very similar basis. Common examples of disruptions include the "crash" of a computer- based trading system, a file or other Exchange emergency, or an Exchange regulatory body declaring an undesirable situation developed in relation to a particular Underlying Instrument or a particular trade, and suspends trading in those contracts or cancels that trade.

You can attempt to minimise the effect of market disruptions by obtaining information released by the Exchange relevant to these Products and taking action after the event as appropriate (if any) to these products, such as Closing Out because the market values have significantly changed since before the event.

3.9. ORDERS AND GAPPING

It may become difficult or impossible for you to Close Out a position in a product. This can, for example, happen when there is a significant change in the product's value over a short period. There is a moderate to high risk of this occurring.
BOC's ability to Close Out a position in a product depends on the market for the Underlying Instruments. Stop-loss Orders may not always be filled and, even if placed, may not limit your losses to the amount specified in the Order, since they are not guarantees that there will be no loss.
You should consider placing Stop-loss or other Orders that limit your losses but also closely monitor your Account and the relevant market in case the Stop-loss Order is not fully filled or filled at all and you need to take further action to limit your losses.

3.10. ONLINE TRADING PLATFORM AND IT RISK

If you are unable to access BOC eTrader platform for any reason, it may mean that you are unable to trade in a product when you wish to do so (including for Closing Out) or you might not be aware of the current Margin Requirements and so you may suffer loss as a result.
BOC may also suspend the operation of BOC eTrader platform or any part of it, without prior notice to you. Although this is considered to be a low risk since it would usually only happen in unforeseen and extreme market situations, BOC has discretion in determining when to do this. If BOC eTrader platform is suspended, you may have difficulty contacting BOC, you may not be able to contact BOC at all, or your Orders may not be able to be executed at prices quoted to you.
There is a moderate to high risk that BOC will impose volume limits on Client accounts or filters on trading, which could prevent or delay execution of your Orders, at your risk. You have no recourse against BOC in relation to the availability or otherwise of BOC eTrader platform, nor for its errors and software. Please review the General Business Terms and any guidance material for any particular online trading platform.

3.11. EXCHANGE

The rules of the relevant Exchange govern the trading in the Underlying Instruments and so will indirectly affect the dealing in the Products available. All of the rules of each relevant Exchange may be relevant to these Products, so you should consider those rules. The details of those rules are outside the control of the bank and they may change at any time and without notice to you.

3.12. VALUATIONS

The products available in the trading platform are valued by the Hedge Counterparty of the Bank. Typically this is by direct reference to (but not automatically solely derived from) the market value (or, if relevant, index level) of the relevant Underlying Instrument on the relevant Exchange or market which in turn affects the price quoted by the relevant Hedge Counterparty to BOC.

If the Exchange or other market fails to provide that information (for example, due to a failure in the Exchange's trading system or data information service) or trading in the Underlying Instrument is halted or suspended, BOC may exercise its discretion to determine a value.

Due to the nature of the products traded through the BOC eTrader platform, and consistent with industry practice for such products, BOC's discretion is unfettered and so has no condition or qualification. While there are no specific limits on BOC's discretions, BOC must comply with its obligations to act efficiently, honestly and fairly. You therefore have the risk of relying on whatever value is determined by BOC in the circumstances permitted by the General Business Terms.

3.13. REGULATORY RISK

A Client may incur losses that are caused by actions taken by a regulatory authority, which are outside BOC's control. For example, actions taken by a regulatory authority exercising its powers during a market emergency may ultimately result in losses to the Client by reason of the effect of those actions on the Underlying Instrument and so the terms of the BOC eTrader product . A regulatory authority can, in extreme situations, suspend trading or alter the price at which a position is settled, which will affect the value of an Underlying Instrument, thereby affecting the value of these products.

3.14. BOC'S RIGHTS ON DEFAULT, INDEMNITIES AND LIMITATIONS ON LIABILITY

If you fail to pay, or provide security for, amounts payable to BOC or fail to perform any obligation under a Transaction, BOC has extensive powers under the General Business Terms to take steps to protect its position. For example, BOC has the power to Close Out positions and to determine the rates of interest it charges. Additionally, under the General Business Terms you agree to indemnify BOC for certain losses and liabilities, including, for example, in default scenarios.

You should read the General Business Terms carefully to understand BOC's rights under these terms.

3.15. OPERATIONAL RISK

The products available in BOC eTrader platform are generally traded over the internet, using your computer, internet-enabled mobile phone (e.g. iPhone or other smartphone) or other tablet. This means that you are exposed to the risk of disruptions in your ability to trade via electronic means, leading to delays in the execution (and settlement, as applicable) of a Transaction.

These risks include, amongst others, the stability and reliability of your computer or other device through which you access the internet, your internet connection and BOC eTrader platform.
We are not liable to you if losses arise owing to delays, errors or failures in operational processes outside our control, in particular, giving rise to faults in or instability of BOC eTrader or in the provision of data by third parties.

4. BOC'S MARGIN PRINCIPLES

BOC applies the following main Margin principles:

1) Each Client must provide a minimum required amount of Margin, before executing a trade on a product (Margin Requirement). You do this by providing at least the Initial Margin (plus other costs, fees and charges).

2) The minimum Margin Requirement and the timing and amount of each Margin Call are determined by BOC at our discretion based on a number of factors, including the market price of the Underlying Instrument, the Margin required to hedge the Underlying Instrument, the Margin which BOC is required to pay its Hedge Counterparty and BOC's risk assessment of the Client, and any unrealised loss on your Trading Account at any point in time.

3) The Margin Requirement for each Client's Account is promptly adjusted according to market movement or changes to our risk assessment of the Client.

4) Each Client must provide in full the margin required by BOC and maintain at all times the required amount of Margin. If you do not maintain the required Margin at all times or you do not pay the required Margin Call called for by BOC by the required time, we may at our reasonable discretion reduce your exposure by Closing Out one, or more, or all of your Leveraged Open Positions with us without notice to you and you may remain liable to pay us any remaining shortfall. If you use Approved Collateral other than cash (i.e. Bonds) to meet Margin Requirements and there is a shortfall, or you do not meet the required Margin Call, BOC reserves the right to sell the Approved Collateral you have applied to the extent required.

5) In accordance with our Margin policy, no Client receives any substantial benefit or waiver from the Margin Requirements.

4.1. PROVIDING MARGIN

You must hold the Initial Margin before a product is issued to you. You must then at all times maintain the minimum amount of Margin required by us. Separately, you must pay any further Margin we call for you to pay. To provide Margin by Cash you must first deposit the funds into your Margin Trading Account with the Bank. The funds are then credited to your Trading Platform Account.

4.2. HOW IS MARGIN CALCULATED

The minimum Initial Margin will be set by BOC and calculated as a percentage of the full face value of the products traded by you at the current market price (market exposure) of the Transaction.
Owing to the volatility of the market, the amount of required Margin may change after a position has been opened. If this occurs, BOC may call for you to pay additional Margin because your initial payment has become insufficient.
Margin amounts are calculated to cover the maximum expected movement in the market at any time but will change when the market changes, so those calculations might not cover all market movements and since those Margin Requirements can change rapidly and continuously, you need to ensure your Margin Cover is positive at all times otherwise you risk some or all of your positions being automatically Closed Out.

Example of calculating Margin Cover:

You deposit EUR 10,000 in your account. You believe that the Euro (EUR) is going to strengthen against the U.S. Dollar (USD) and want to take advantage of this move higher. You therefore decide to buy 100,000 EURUSD. You hold no other Open Position(s)

- Initial Margin requirement = 100,000 x 7% = EUR 7,000
- Maintenance Margin Requirement = 100,000 x 3,5% = EUR 3,500
- Margin Cover (Margin Utilization Level at the time of the trade) = 35% (EUR 3,500/EUR 10,000)

Later due to market movements there is an unrealised loss on your account of EUR 5,000.

Margin Call example (see point 4.3 Margin Call below for more information)

- Margin Cover (Margin Utilization level) = 70.0% (EUR 3,500/ (EUR 10,000 – EUR 5,000))

When the margin utilization level breaches the 70% level an automated margin call message is sent to you asking to reduce your exposure by closing partially or fully an outstanding position (s) or to deposit additional funds so as to reduce the margin utilization to acceptable levels (below the 70% threshold level).

If you take no action and the market rate deteriorates further then a close out is triggered and executed automatically when the unrealized loss on the account increases to EUR6,500.

Margin Close Out example(see point 4.4 Margin Close Out below for more information)

- Margin Cover (Margin Utilization level) = 100% (EUR 3,500/ (EUR 10,000 – EUR 6,500))

As a result, your Margin Cover is fully utilised and therefore you have no capacity to enter into further Transactions (except to close out your open position(s)) and you are at risk of being Closed Out if there are further adverse movements in the pricing.
Under the General Business Terms, your obligation to provide Margin arises from the time you have an Open Position. If the market moves so as to increase the minimum Margin Requirements, or BOC increases the minimum Margin Requirement,
you immediately owe the increased amount of the Margin Cover, regardless of if or when we contact you to pay more Margin. Your obligation to maintain the minimum required Margin remains at all times, whether or not we contact you and whether or not you log into your Account. You will be required to provide the required Margin whether or not we call for additional Margin. In other words, you are responsible for monitoring your positions and providing the required level of Margin. You might receive notice about Margin Requirements by email, or when you access your Trading Account online, by pop-up messages on your screen, but you need to provide the Margin whether or not you receive notice from us.
The values of your positions are ordinarily marked to market on a continuous basis, which automatically leads to corresponding changes in Margin Requirements for your Account. However, when trading on the Exchange relevant to the Underlying Instrument is closed, some Margin Requirements automatically increase.

4.3. MARGIN CALLS

Apart from your obligation to maintain the required amount of Margin, you are also obliged to meet Margin Calls by providing the required amount by the time stipulated in the Margin Call. BOC will endeavour to monitor Accounts and to ensure that it identifies accounts likely to enter into Margin Calls as early as possible.
If no time is stipulated, payment is required within 24 hours of the Margin Call being made. Sometimes, however, (such as in unusually volatile market conditions or rapidly falling market prices), little or no time may be stipulated for paying a Margin Call (that is, immediate payment is required) or more than one Margin Call may be made on the one day including at weekends or outside of local business hours.
If you do not answer the telephone on the number you give us, or you do not read the emailed Margin Call which was sent to the email address you gave us, you remain liable to meet the Margin Call.

4.4. MARGIN CLOSE OUT

If you have insufficient Margin in your Account to satisfy the Margin Requirement for Account, and you do not have enough funds (including Open Position profits or losses and any amounts held as Approved Collateral) in your Account to cover your Margin Requirement, we may at our reasonable discretion reduce your exposure by Closing Out one or more or all of your Leveraged Open Positions with us, without notice to you.

4.5. NEGATIVE BALANCE PROTECTION

Negative Balance Protection applies to accounts of retail clients that hold an open FX Spot position(s) and will apply to any loss after any/all approved collateral (if applicable) on account has been used, including cash deposits. We will reimburse the negative cash amount once all position(s) held on account settle. The reimbursement will reset the account value to zero.

4.6. RETURN OF MARGIN-WITHDRAWAL FUNDS

If you Close Out a Transaction, realising a gain and your Account has a net credit balance above any remaining minimum required Margin you may request payment of the Withdrawable Funds.
BOC will determine if that is permissible and if so it will arrange for the permitted amount to be paid into your nominated bank account.

5. TRADING COSTS

5.1. FX (FOREIGN EXCHANGE)

Breakdown of possible costs associated with Rolling FX Spot		
One-off costs	Spread	The difference between the bid (sell) price and the offer (buy) price. Spread is dependent on many different factors, including but not limited to, the underlying liquidity and volatility, time of day and notional trade size.
	Commission	The fee charged for the service of carrying out the transaction, subject to a minimum fee on small notional trade sizes.
	Profit/Loss Currency Conversion	The fee charged for converting realised profit/loss from the instrument currency to the account currency.
Ongoing costs	Tom/Next swap points (Forward Price)	The swap points used are calculated using the tom/next swap feeds from Tier-1 banks, plus/minus a mark-up.
	Financing of unrealised profit/loss (Financing Interest)	Any unrealised profit/loss that is rolled from one day to the next is subject to an interest credit or debit.

Breakdown of possible costs associated with FX Forward Outright		
One-off costs	Spread	The difference between the bid (sell) price and the offer (buy) price. Spread is dependent on many different factors, including but not limited to, the underlying liquidity and volatility, time of day and notional trade size.
	Commission	The fee charged for the service of carrying out the transaction, subject to a minimum fee on small notional trade sizes.
	Profit/Loss Currency Conversion	The fee charged for converting realised profit/loss from the instrument currency to the account currency.
Ongoing costs	Financing of unrealised profit/loss (Financing Interest)	Any unrealised profit/loss that is rolled from one day to the next is subject to an interest credit or debit.

5.2. Net Free Equity definition

Your Net Free Equity is:

- The value dated cash balance of your main trading account
- Plus or minus any unrealised profits or losses from open CFDs, FX Forwards and Futures on your main trading account
- Plus the market value of any FX Options on your main trading account
- Minus any margin required for financing open positions on your main trading account and sub-accounts

5.3. Net Free Equity margin financing

The NFE margin financing requirement represents the amount required to be held available in the account as collateral against an open position and it is presented as a percentage on the notional amount of the trade. NFE margin financing requirements are used to calculate the financing cost of a trade therefore they may differ from the trading margin requirements. See the full list of NFE margins financing requirements in the table below.

To avoid paying overdraft interest on your account **you are required to hold sufficient cash collateral** ensuring a positive Net Free Equity Balance.

NFE MARGINS					
Currency	Margin	Currency	Margin	Currency	Margin
EUR	3,0%	**SGD**	3,0%	**CNY**	6,0%
USD	3,0%	**SEK**	3,0%	**INR**	6,0%
JPY	3,0%	**DKK**	3,0%	**KRW**	6,0%
GBP	3,0%	**HKD**	6,0%	**XAG**	6,0%
CHF	3,0%	**HUF**	6,0%	**XAU**	6,0%
AUD	3,0%	**PLN**	6,0%	**ZAR**	6,0%
CAD	3,0%	**CNH**	6,0%	**Other**	10%
NOK	3,0%	**BRL**	6,0%		
NZD	3,0%	**CLP**	6,0%		

5.4. Interest on funds deposited with BOC

No interest is paid on BOC eTrader account. The debit interest on your account is calculated on the negative Net Free Equity.

Since the Net Free Equity is calculated on open trade positions, it is important to make sure that sufficient cash is available on your account ,otherwise, you risk being subject to a debit interest

5.5. Account Interest (Retail)

The following interest rates apply to funds deposited in BOC eTrader:

Positive Net Free Equity: No interest

Negative Net Free Equity: Interest will be charged at market ask rates plus 8 %, however never less than 8 %

Interest charge on NFE example

You deposit EUR 10,000 in your account. You believe that the Euro (EUR) is going to strengthen against the U.S. Dollar (USD) and want to take advantage of this move higher. You therefore decide to buy 100,000 EURUSD. You hold no other Open Position(s) therefore an NFE margin financing requirement is applied (EUR100,000 X 3% = EUR3,000). Later due to market movements there is an unrealized loss on your account of EUR 7,143 (the price of EURUSD dropped from 1.1250 to 1.0500).
The Net Free Equity amount of EUR143 will be charged with 8% interest.

Description	Amount	Details
Cash Balance	10.000	
Unrealized P&L	-7.143	
Available Balance	**2.857**	
NFE Margin	-3.000	(EUR100,000 X 3%)
NFE Amount	**-143**	
Debit Interest (daily)	0,03	Negative NFE Interest charge 8%

Outstanding position						
CCY BOUGHT	AMOUNT	CCY SOLD	SOLD AMOUNT	OPEN PRICE	CURRENT PRICE	Unrealized P/L €
EUR	100.000	USD	112.500	1,1250	1,0500	-7.143

6. TRADING EXAMPLES

6.1. ROLLING FX SPOT

6.1.1. ROLLING FX SPOT – LONG (BUY) POSITION

Let’s assume that the market price in EUR USD is trading at 1.10499/1.10500. You believe that the Euro (EUR) is going to strengthen against the U.S. Dollar (USD) and want to take advantage of this move higher. You therefore decide to buy 100,000 EURUSD at 1.10500.

Two days later, EUR has strengthened against the USD you decide to realise your gain by closing out your long EURUSD position.

The market price in EURUSD is trading at 1.10600/1.10601. The amount of profit that you have made on the transaction, before adjustments and tax, is 100 USD. The profit/loss is calculated by multiplying the change in the price (closing price to opening price) with the notional amount of the position i.e. the difference between 1.10600 and 1.10500 (= 0.00100 or 10pips) x 100,000 = 100 USD.

ADJUSTMENTS

TRANSACTION COSTS

Rolling FX Spot transactions are subject to a commission charge (we also call it a transaction fee) on the opening and closing transactions if the trade size is below the trades size threshold levels that are provided in the platform under the Trading Conditions section of your account. The standard charge is 10 USD on small notional trade sizes.

FINANCING ADJUSTMENTS

If you open and close an FX Spot position within the same trading day, you are not subject to financing adjustments. However, open positions held at the end of a trading day (17.00 Eastern Standard Time) are rolled forward to the next available business day [1]. A price adjustment is applied to the opening price of a position to reflect the financing adjustments.

These adjustments are based on two components:

1. TOM/NEXT SWAP POINTS (FORWARD PRICE)

The swap points used are calculated using market swap prices from Tier-1 banks, plus/minus a mark-up corresponding to +/- 0.55% of the Tom/Next interest swap rates. The final rate (e.g. 0.000005) is used to adjust the opening price of the position.

2. FINANCING OF UNREALISED PROFIT/LOSS (FINANCING INTEREST)

Any unrealised profits or losses on positions that are rolled from one day to the next are subject to an interest credit or debit. The unrealised profit or loss is calculated as the difference between the opening price of a position (possibly corrected for previous Tom/Next rollovers) and the spot price, at the time the rollover is performed between 07.00 and 09.00 GMT.
The rate is calculated based on daily market overnight interest rates plus/minus a mark-up corresponding to +/- 2.00%. The final rate (e.g. 0.00000218) is used to adjust the opening price of the position.

The price adjustment is calculated as follows:
OPENING PRICE + FORWARD PRICE + FINANCING INTEREST = NEW PRICE
1.10500 + 0.000005 + 0.00000218 = 1.10500718

OPENING THE POSITION		
Notional Amount	100,000.00 EUR	
Opening Price	1.10500	
Opening Value	110,500.00 USD	(Notional Amount x Opening price)
Initial Margin	7,000 EUR	7% of Notional Value

[1] *The global market convention is that the value date rolls forward at 17.00 Eastern Standard Time, however there are exceptions to this rule e.g. NZDUSD, which rolls forward at 07.00 New Zealand Daylight Time*

CLOSING THE POSITION		
Notional Amount	100,000.00 EUR	
Closing Price	1.10600	
Closing Value	110,600.00 USD	(Notional Amount x Closing price)
Profit / Loss	100 USD	(Closing Value to Opening Value)

ADJUSTMENTS		
Transaction costs	0	(10 USD if trade size is below $50.000)
Financing	0.72 USD	(Notional Amount x(Forward Price + Financing Interest)
Net Profit / Loss	**99.28 USD**	**(after adjustments)**

6.1.2. ROLLING FX SPOT – SHORT (SELL) POSITION

Let's assume that the market price in EURUSD is trading at 1.10499/1.10500. You believe that the Euro (EUR) is going to weaken against the U.S. Dollar (USD) and want to take advantage of this move lower. You therefore decide to sell 100,000 EURUSD at 1.10499.

Two days later, EUR has weakened against the USD you decide to realise your gain by closing out your short EURUSD position.
The market price in EURUSD is trading at 1.10398/1.10399. The amount of profit that you have made on the transaction, before adjustments and tax, is 100.00 USD.

The profit/loss is calculated by multiplying the change in the price (closing price to opening price) with the notional amount of the position i.e. the difference between 1.10399 and 1.10499 (= 0.00100 or 10pips) x 100,000 = 100.00 USD

ADJUSTMENTS

TRANSACTION COSTS

Rolling FX Spot transactions are subject to a commission charge (we also call it a transaction fee) on the opening and closing transactions if the trade size is below the trades size threshold levels indicated in Appendix A. The standard charge is 10 USD on small notional trade sizes.

FINANCING ADJUSTMENTS

If you open and close an FX Spot position within the same trading day, you are not subject to financing adjustments.
However, open positions held at the end of a trading day (17.00 Eastern Standard Time) are rolled forward to the next available business day[2]. A price adjustment is applied to the opening price of a position to reflect the financing adjustments. These adjustments are based on two components:

<u>1. TOM/NEXT SWAP POINTS (FORWARD PRICE)</u>
The swap points used are calculated using market swap prices from Tier-1 banks, plus/minus a mark-up corresponding to +/- 0.55% of the Tom/Next interest swap rates. The final rate (e.g. 0.000005) is used to adjust the opening price of the position.

<u>2. FINANCING OF UNREALISED PROFIT/LOSS (FINANCING INTEREST)</u>
Any unrealised profits or losses on positions that are rolled from one day to the next are subject to an interest credit or debit. The unrealised profit or loss is calculated as the difference between the opening price of a position (possibly corrected for previous Tom/Next rollovers) and the spot price, at the time the rollover is performed between 07.00 and 09.00 GMT. The rate is calculated based on daily market overnight interest rates plus/minus a mark-up corresponding to +/- 2.00%. The final rate (e.g. 0.00000218) is used to adjust the opening price of the position.

The price adjustment is calculated as follows:
OPENING PRICE + FORWARD PRICE + FINANCING INTEREST = NEW PRICE
1.10499 - 0.000005 - 0.00000218 = 1.10498282

OPENING THE POSITION		
Notional Amount	100,000.00 EUR	
Opening Price	1.10499	
Opening Value	110,499.00 USD	(Notional Amount x Opening price)
Initial Margin	7,000 EUR	7% of Notional Value

CLOSING THE POSITION		
Notional Amount	100,000.00 EUR	
Closing Price	1.10399	
Closing Value	110,399.00 USD	(Notional Amount x Closing price)
Profit / Loss	100 USD	(Closing Value to Opening Value)

ADJUSTMENTS		
Transaction costs	0	(10 USD if trade size is below $50.000)
Financing	0.72 USD	(Notional Amount x(Forward Price + Financing Interest)
Net Profit / Loss	**99.28 USD**	**(after adjustments)**

6.2. FX FORWARD OUTRIGHT

6.2.1. FX FORWARD OUTRIGHT – LONG (BUY) POSITION

Let's assume that the forward price in a EURUSD is trading at 1.10475/1.10525. You believe that the Euro (EUR) is going to strengthen against the U.S. Dollar (USD) and want to take advantage of this move higher. You therefore decide to buy 100,000 EURUSD at 1.10525.

[2] *The global market convention is that the value date rolls forward at 17.00 Eastern Standard Time, however there are exceptions to this rule e.g. NZDUSD, which rolls forward at 07.00 New Zealand Daylight Time*

Six months later, EUR has strengthened against USD and you decide to realise your gain by closing out your long EURUSD position.

The market price in EURUSD is trading at 1.10725/1.10775. The amount of profit that you have made on the transaction, before adjustments and tax, is 200.00 USD. The profit/loss is calculated by multiplying the change in the price (closing price to opening price) with the notional amount of the position i.e. the difference between 1.10525 and 1.10725 (= 0.00200 or 20pips) x 100,000 = 200.00 USD.

ADJUSTMENTS

TRANSACTION COSTS

FX Forward Outright transactions are subject to a commission charge (we also call it a transaction fee) on the opening and closing transactions if the trade size is below the trades size threshold levels indicated in Appendix A. The standard charge is 10 USD on small notional trade sizes.

FINANCING ADJUSTMENTS

1. TOM/NEXT SWAP POINTS (FORWARD PRICE)

Since an FX Forward Outright is an agreement to trade at a specified price (Forward Price) on a specified date in the future (Value Date), the position is not subject to Tom/Next swap point adjustments. When the value date of the FX Forward Outright position equals the current Spot value date, the position will be treated as an FX Spot position and will be subject to the financing adjustments described in 6.1.

2. FINANCING OF UNREALISED PROFIT/LOSS (FINANCING INTEREST)

Any unrealised profits or losses on positions are subject to an interest credit or debit. The unrealised profit or loss is included in the Net Free Equity calculation on funds deposited on account:

• POSITIVE NET FREE EQUITY:
  - No account interest

• NEGATIVE NET FREE EQUITY:
  - Interest will be charged at the daily market overnight interest offer rate +8%, however never less than 8%

OPENING THE POSITION		
Notional Amount	100,000.00 EUR	
Opening Price	1.10525	
Opening Value	110,525.00 USD	(Notional Amount x Opening price)
Initial Margin	7,000 EUR	7% of Notional Value

CLOSING THE POSITION		
Notional Amount	100,000.00 EUR	
Closing Price	1.10725	
Closing Value	110,725.00 USD	(Notional Amount x Closing price)
Profit / Loss	200 USD	(Closing Value to Opening Value)

ADJUSTMENTS		
Transaction costs	0	(10 USD if trade size is below $50.000)
Financing	0.00 USD	(assuming Positive Net Free Equity up to 15,000 EUR (or equivalent)
Net Profit / Loss	**200 USD**	**(after adjustments)**

6.2.2. FX FORWARD OUTRIGHT – SHORT (SELL) POSITION

Let's assume that the 6-month forward price in a EURUSD is trading at 1.10475/1.10525. You believe that the Euro (EUR) is going to weaken against the U.S. Dollar (USD) and want to take advantage of this move lower. You therefore decide to sell 100,000 EURUSD at 1.10475.
Six months later, EUR has weakened against USD and you decide to realise your gain by closing out your short EURUSD position.
The market price in EURUSD is trading at 1.10225/1.10275. The amount of profit that you have made on the transaction, before adjustments and tax, is 200.00 USD. The profit/loss is calculated by multiplying the change in the price (closing price to opening price) with the notional amount of the position i.e. the difference between 1.10275 and 1.10475 (= 0.00200 or 20pips) x 100,000 = 200.00 USD.

ADJUSTMENTS

TRANSACTION COSTS
FX Forward Outright transactions are subject to a commission charge (we also call it a transaction fee) on the opening and closing transactions if the trade size is below the trades size threshold levels indicated in Appendix A. The standard charge is 10 USD on small notional trade sizes.

FINANCING ADJUSTMENTS
1. TOM/NEXT SWAP POINTS (FORWARD PRICE)
Since an FX Forward Outright is an agreement to trade at a specified price (Forward Price) on a specified date in the future (Value Date), the position is not subject to Tom/Next swap point adjustments. When the value date of the FX Forward Outright position equals the current Spot value date, the position will be treated as an FX Spot position and will be subject to the financing adjustments described in 6.1.

2. FINANCING OF UNREALISED PROFIT/LOSS (FINANCING INTEREST)
Any unrealised profits or losses on positions are subject to an interest credit or debit.

The unrealised profit or loss is included in the Net Free Equity calculation on funds deposited on account:

• POSITIVE NET FREE EQUITY:
  - No interest

• NEGATIVE NET FREE EQUITY:
  - Interest will be charged at the daily market overnight interest offer rate +8%, however never less than 8%

OPENING THE POSITION		
Notional Amount	100,000.00 EUR	
Opening Price	1.10475	
Opening Value	110,475.00 USD	(Notional Amount x Opening price)
Initial Margin	7,000 EUR	7% of Notional Value

CLOSING THE POSITION		
Notional Amount	100,000.00 EUR	
Closing Price	1.10275	
Closing Value	110,275.00 USD	(Notional Amount x Closing price)
Profit / Loss	200 USD	(Closing Value to Opening Value)

ADJUSTMENTS		
Transaction costs	0	(10 USD if trade size is below $50.000)
Financing	0.00 USD	(assuming Positive Net Free Equity)
Net Profit / Loss	**200 USD**	**(after adjustments)**

7. GLOSSARY

Account means your platform trading account for using BOC eTrader established under the General Business Terms.

Approved Collateral means securities or other assets that are accepted by the bank as collateral.

CFD means a contract between the parties to pay in cash the difference in prices / index levels of the Underlying Instrument on the terms of the General Business Terms, whose term continues until the Closing Date.

Client refers to the person who has an Account with BOC.

Close Out, Closed Out and Closing Out in relation to a Transaction means discharging or satisfying the obligations of the Client and BOC under the transaction and this includes matching up the Transaction with a Transaction of the same kind under which the Client has assumed an offsetting opposite position.

Closing Date means the date on which the CFD is agreed to be Closed Out, or earlier, if deemed to be Closed Out in accordance with the General Business Terms.

Exchange means any exchange or market on which a relevant Underlying Instrument or other financial product.

Finance Charge means a charge payable by you in respect of your Transaction, in accordance with the General Business Terms.

FX Contract means an OTC contract or derivative contract which derives its price from the real time changes in the price on the Spot market of the particular currency which is the Underlying Instrument for that derivative.

FX Forward Contract (also referred to as "forward purchase contract") derives its price or value from the changes in the value of a currency for delivery in the future, as calculated by reference to the interbank rates or BOC's valuation of the forward value of the currency representing the Underlying Instrument.

Futures or Futures contract means a standardised agreement to buy or sell something (e.g. the Underlying Instrument) at a specified time in the future.

General Business Terms means the terms of your trading account with Bank of Cyprus by which you deal in Transactions (as amended from time to time) through BOC eTrader platform. Variations or additional terms may be notified to you from time to time in accordance with your current General Business Terms.

Hedge Counterparty means a party with whom BOC enters into a hedge contract to hedge BOC's exposure to the products it has issued to you.

Initial Margin means the amount which you are required to provide to BOC as the initial Margin for any Transaction which you propose to enter into.

Leverage means the ratio of the size of a Transaction position to the size of the deposit. It allows traders to gain a large exposure with a relatively small outlay.

Leveraged has a corresponding meaning.

Long position or Long means a position taken in anticipation of a rising market. To go long means to buy.

Margin means the amount of cash paid to BOC or Approved Collateral provided to BOC (if applicable) and credited to your Account as Margin.

Margin Call means when an Account is failing to meet Margin Requirements. This could require further amounts to be deposited into the Account or for the Margin required in the Account to be reduced.

Margin Cover means the amount of Margin available for Margin Trading on your Account. It is calculated by BOC by subtracting from the Account Value: (i) the required Margin; (ii) that part of the value of Open Positions which are margin products which is not available to be counted as Margin Cover (usually shown as a percentage of the unrealised value of the margin product) and (iii) the value of non-margin positions which are non - margin products.

Margin Requirements means the minimum amount of Margin required to be held as cash or Approved Collateral as determined by BOC in its discretion and from time to time.

Margin Trading refers to any trading in any margin product.

Margin Trading Account means the special type bank account maintained by the client at BOC where the cash collateral required for the outstanding positions on Products traded in the BOC eTrader platform by the client is deposited.

Metals Contract means an OTC derivative which derives its price from the real time changes in the price in the Spot market of the particular metal (such as gold or silver) which is the Underlying Instrument for that derivative.

Open Position means, at any time, a Transaction you have entered into which has not been Closed Out, or settled prior to the time agreed for settlement.

Option means a type of derivative which confers the right but not the obligation to buy or sell some Underlying Instrument at a specified price "at a specified date (European or Vanilla style options) or before a specified date (American style options)."

Order means any order placed by you to enter into a Transaction.

OTC means over-the-counter, that is, not traded on a licensed or otherwise recognised exchange.

OTC Contract means an over-the-counter contract for a financial product, including options and contracts in respect of foreign exchange or other commodities, such as metals.

BOC eTrader means BOC's online trading platform for trading in our FX Contracts and Metals Contracts and Future contracts as well as accessing relevant services

Products means FX Contracts, FX Option Contracts and Metals Contracts.

Short position or Short means a position taken in anticipation of a falling market. To go Short means to sell.

Spot means the price for a currency, index, commodity or share for immediate settlement or delivery