

## DEALING HANDBOOK FOR FX TRADERS

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This trading handbook has been designed to provide you with a quick reference to Questrade foreign exchange. You'll find information about trading hours, currency pair calculation formulas, how to execute orders, common trading definitions, and QuestradeFX platform features. If you require further assistance, please do not hesitate to contact us.

### ONLINE TRADING

Trading on the QuestradeFX platform is available 24 hours a day from 5 p.m. EST Sunday to 5 p.m. EST Friday. You can execute trades directly from real time streaming bid/ask quotes. Live prices are continuously published on the QuestradeFX platform, and you can click on the current bid or offer at any time to instantaneously execute a trade. Prices are updated automatically as market conditions dictate. On average, the QuestradeFX platform streams over 100,000 prices per day.

### PHONE TRADING

Forex account holders may place orders over the telephone, Monday to Thursday from 8 a.m. to 11:55 p.m. EST, Friday from 8 a.m. to 5 p.m. EST, Sunday from 5 p.m. to 11:55 p.m. EST. Forex phone trades are free. **Call toll-free 1.888.783.7866 ext. 3.** During phone trading, Questrade trading staff will quote the same tight spreads available through the QuestradeFX platform. All trades executed on the phone are subject to a pre-trade margin availability check and will be manually entered into the customer's account for integrated P&L analysis and reporting.

### PHONE TRADING ETIQUETTE

1. To begin, state your name and your QX or QB account number. The Questrade trader will ask you two security questions to verify your identity.
2. Clearly communicate your order. State the order type, whether it is a buy or a sell, the order size in the amount of base currency, and the expiry. See below for examples.
  - "I would like to buy 400,000 GBP/USD at market"
  - "I would like to place a limit order to sell 200,000 USD/CAD @ 1.0325 GTC"
  - "I would like to place a stop order to buy 50,000 USD/CHF @ 1.0668 DAY"
  - "I would like to place an OCO order for EUR/USD. Place a limit order to sell 20,000 EUR/USD at 1.5362 and a stop order to sell 20,000 EUR/USD at 1.4982. Please make it a GTC order"
  - "I would like to place an if/then order for EUR/CHF. Place a limit order to buy 10,000 EUR/CHF at 1.6100. If it fills, place a sell limit at 1.6300 GTC"
  - I would like to place an if/then OCO order for EUR/JPY. Place a stop order to buy 30,000 EUR/JPY at 169.25. If it fills, place a limit order to sell 30,000 EUR/JPY at 169.55 and a stop order to sell 30,000 EUR/JPY at 168.77. Please make it a DAY order"
3. The Questrade trader will provide a quotation of the market and will confirm your request before entering it into the system.

Remember: when placing market orders, the price given is the market price at that time. Hagglng is not allowed nor are trading staff allowed to remain on the phone until the price changes. If you do not wish to trade at the quoted levels, simply say "Nothing done", and call again later.

Also, remember that the phone trading line is reserved for trades and order purposes only. All other inquiries regarding your account can be addressed by calling a Questrade Forex representative toll-free at **1-888-783-7866 ext. 5357** or sending an email to [support@questrade.com](mailto:support@questrade.com).

### TECHNICAL ISSUES ETIQUETTE

If you cannot login to the platform or you experience a technical issue with an order (i.e. delayed or no response) or the platform does not respond, please call our forex trade desk immediately at **1-888-783-7866 ext. 5357**.

**Important:** you are liable for every click (instruction) you send if it is received by the trade server. Therefore, do not jam the buy or sell keys if you are having technical issues. If the platform responds strangely to instructions to reduce exposure (i.e. closing positions, cancelling orders), it is possible that your instructions may not be successfully received. If you are experiencing technical difficulties, the most responsible course of action is to immediately call our forex trade desk for assistance.

## ONLINE TRADING RISK DISCLAIMER

There are risks associated with using an Internet-based trading system. These include the failure of hardware, software and Internet connection. Questrade does not control signal power, reception or routing on the Internet, configuration of your equipment or reliability of its connection. We cannot, therefore, be responsible for communication failures, distortions or delays when trading via the Internet. Questrade Inc. employs back-up systems and contingency plans to minimize the possibility of system failure.

## CALCULATING PIP VALUES

The pip value will always be \$10 USD for currency pairs where the USD is the counter (2nd quoted) currency. However, the pip values will fluctuate for all other currency pairs. This is because profits and losses are always made in the counter currency and must be translated back to the account base currency. All Questrade forex accounts are based in USD. See below for the pip formulas for each currency pair:

PAIR	FORMULA
AUD/CAD	$[(\text{Notional trade value}) \times 0.0001] / \text{current USD/CAD rate}$
AUD/CHF	$[(\text{Notional trade value}) \times 0.0001] / \text{current USD/CHF rate}$
AUD/JPY	$[(\text{Notional trade value}) \times 0.01] / \text{current USD/JPY rate}$
AUD/NZD	$[(\text{Notional trade value}) \times 0.0001] \times \text{current NZD/USD rate}$
AUD/USD	$(\text{Notional trade value}) \times 0.0001$
CAD/CHF	$[(\text{Notional trade value}) \times 0.0001] / \text{current USD/CHF rate}$
CAD/JPY	$[(\text{Notional trade value}) \times 0.01] / \text{current USD/JPY rate}$
CHF/JPY	$[(\text{Notional trade value}) \times 0.01] / \text{current USD/JPY rate}$
EUR/AUD	$[(\text{Notional trade value}) \times 0.0001] \times \text{current AUD/USD rate}$
EUR/CAD	$[(\text{Notional trade value}) \times 0.0001] / \text{current USD/CAD rate}$
EUR/CHF	$[(\text{Notional trade value}) \times 0.0001] / \text{current USD/CHF rate}$
EUR/DKK	$[(\text{Notional trade value}) \times 0.0001] / \text{current USD/DKK rate}$
EUR/GBP	$[(\text{Notional trade value}) \times 0.0001] \times \text{current GBP/USD rate}$
EUR/JPY	$[(\text{Notional trade value}) \times 0.01] / \text{current USD/JPY rate}$
EUR/NOK	$[(\text{Notional trade value}) \times 0.0001] / \text{current USD/NOK rate}$
EUR/NZD	$[(\text{Notional trade value}) \times 0.0001] \times \text{current NZD/USD rate}$
EUR/SEK	$[(\text{Notional trade value}) \times 0.0001] / \text{current USD/SEK rate}$
EUR/USD	$(\text{Notional trade value}) \times 0.0001$

PAIR	FORMULA
GBP/AUD	[ (Notional trade value) x 0.0001 ] x current AUD/USD rate
GBP/CAD	[ (Notional trade value) x 0.0001 ] / current USD/CAD rate
GBP/CHF	[ (Notional trade value) x 0.0001 ] / current USD/CHF rate
GBP/JPY	[ (Notional trade value) x 0.01 ] / current USD/JPY rate
GBP/NZD	[ (Notional trade value) x 0.0001 ] x current NZD/USD rate
GBP/USD	(Notional trade value) x 0.0001
NZD/CAD	[ (Notional trade value) x 0.0001 ] / current USD/CAD rate
NZD/CHF	[ (Notional trade value) x 0.0001 ] / current USD/CHF rate
NZD/JPY	[ (Notional trade value) x 0.01 ] / current USD/JPY rate
NZD/USD	(Notional trade value) x 0.0001
SGD/JPY	[ (Notional trade value) x 0.01 ] / current USD/JPY rate
USD/CAD	[ (Notional trade value) x 0.0001 ] / current USD/CAD rate
USD/CHF	[ (Notional trade value) x 0.0001 ] / current USD/CHF rate
USD/DKK	[ (Notional trade value) x 0.0001 ] / current USD/DKK rate
USD/HKD	[ (Notional trade value) x 0.0001 ] / current USD/HKD rate
USD/JPY	[ (Notional trade value) x 0.01 ] / current USD/JPY rate
USD/NOK	[ (Notional trade value) x 0.0001 ] / current USD/NOK rate

\*Notional trade value = amount of base currency being traded

### **CALCULATING THE U.S. DOLLAR COST OF THE SPREAD**

To calculate the U.S. dollar cost of a particular forex trade, take the pip value for the currency pair and multiply it by the number of pips in the current spread.

### **TRADING SIZES**

The QuestradeFX minimum transaction size is one lot. One lot represents 10,000 units of base currency. The maximum trade size available online is 25 lots (250,000 of base currency).

Trades with notional values over 2.5 million and up to 100 million may be executed with a licensed Questrade trader over the phone.

### **CONFIRMATIONS**

Trades are confirmed on screen, typically within one second. Full transaction details can be viewed on screen 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 OR STOP LOSS ORDERS

As a rule, all stop orders convert to market orders when the price level is triggered. Sell stops are triggered when the market is bid at the order price, and buy stops are triggered when the market is offered at the order price. For example, if a stop order is placed to sell USD/CHF at 1.0788, the order will be triggered when the bid reaches 1.0788. If the market gaps over the order rate, the stop order will be filled at the best available market price.

### LIMIT ORDERS

As a rule, all limit orders convert to market orders when the price level is triggered. Sell limits are triggered when the market is bid at the order price, and buy limits are triggered when the market is offered at the order price. For example, a limit order to buy EUR/USD at 1.5286 will be triggered when the offer reaches 1.5286.

### 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 5 p.m. EST or placed over the weekend are subject to a gap open on Sunday evening at 5 p.m. EST when trading resumes. 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 best available market price when trading reopens on Sunday. Because of the additional gap risk involved, you may reconsider leaving open orders over weekends or holidays.

### ORDERS PLACED DURING FAST MARKETS

At times, the 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, the banks, including those connected to Questrade; reduce the liquidity (trading amounts) available for trading to most market participants. Spreads typically widen and the market may gap sharply, higher or lower. If you decide to trade during fast markets, you must accept all risks involved, including but not limited to the following:

- Online trading may be suspended for two minutes prior to an economic news announcement.
- Stop and limit orders are not guaranteed to be filled at the requested price. They will be filled at the best available market price.
- Market orders placed over the phone with a Questrade trader are subject to slow execution (trade desk phone lines may be busy).
- Market orders placed online may be subject to a **deal not accepted: rate has moved** message. In this case you may attempt to trade at the next available rate.
- Accounts may be flagged for liquidation if a price spike or plummet brings your account balance briefly below the maintenance margin level.

Questrade will not be held liable for client losses arising from trading during fast markets.

## ORDER TYPES

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

### LIMIT ORDERS

A single order where the price specified must be lower (higher) than currently quoted when buying (selling). Limit orders are used to enter the market on price retracements and to take profits.

## STOP OR STOP LOSS ORDERS

A single order where the price specified must be higher (lower) than the amount currently quoted when buying (selling). Stop orders are typically used to minimize losses but they may also be used to enter the market on price break-outs or break-downs.

## ONE CANCELS OTHER ORDERS (OCOS)

A contingent order in which if one part of the order is executed the other part is cancelled. This is a particularly useful order type as it allows you to execute specific trading strategies based on technical analysis without having to watch the market tick by tick.

For example, if you are long USD/CHF at 1.0425, a typical OCO order would be a sell stop (loss) at 1.0375 and a sell limit (take profit) at 1.0618. If one part of the order is filled, the other is automatically cancelled.

## IF/THEN SINGLE

A conditional order in which 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 1.5486, fifty points below the current market rate of 1.5536. The **then** part of the order would be a limit sell order to take profit at 1.5566 (eighty pips above the if order execution rate of 1.5486). If the market dips to 1.5486, 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 1.5446 (forty pips below the execution rate of 1.5486).

## IF/THEN OCO

A conditional order in which if the first order (**if** order) is executed, the second order (**then** order) is activated as a live (no longer dormant) one cancels other (OCO) order. The OCO portion of the if/then OCO order remains dormant until the first order is executed. The execution of either 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 108.80, fifty points below the current market rate of 109.30. 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 109.60 (eighty pips above the execution rate of 108.80), and the other leg a stop loss order to sell at 108.50 (thirty points below the execution rate). If the market reaches 108.80, 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 guarding against price declines.

If the live rate is 1.5297 and the trailing points are set to 30, the sell stop order will be triggered if the EUR/USD bid reaches 1.5267 (live rate minus 30 pips). If the EUR/USD moves in your favor, e.g. to 1.5335, the stop order will automatically adjust to 1.5305, always 30 pips from the live rate. The trailing points field can be set to a minimum of 10 pips.

All of the above orders may be entered as day orders (EOD), entered today and good until the end of North American trading (5 p.m. EST). Clients can also select 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. The purpose of a rollover is to prevent delivery of the notional amounts of foreign currency that you are trading. Questrade automatically rolls forward all open positions to the next day's value date following the close of North American trading at 5 p.m. EST. Online trading **may** be unavailable for five minutes starting at 5 p.m. but phone orders will be accepted.

You have the opportunity to earn interest on rollovers, depending on the direction of your position and the interest rate differential between the two currencies involved (minus a fixed rollover fee). For example, UK short term interest rates are significantly higher than Japan rates, so if you are long GBP/JPY (i.e. holding British Pounds), you will earn interest on the roll. Conversely, if you are short GBP/JPY (i.e. holding Yen) you will pay interest on the rollover. In cases where the interest rate differential between the two currencies is small, you may pay interest regardless of whether they are long or short the currency pair, because of the fixed rollover fee.

The spot forex market is traded on a two-day value or settlement 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 5 p.m. EST), it is rolled over and the value date is now Thursday. The exception is a position opened and held overnight on Wednesday. The normal value date would be Saturday, but 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 profit and loss of the open position, and are therefore realized when the position is closed. Rollover trade details can be obtained from the rollover history report available in the **Reports** tab of the trading platform. The QuestradeFX platform does not provide rollover rates for the current business day, however the rollover rates from the previous business day can be obtained by contacting a Questrade forex representative by phone or email. Rollover rates are not firm and are subject to change from day to day.

Questrade is not liable if you were unaware that your position required the payment of interest. It is your responsibility to check rollover rates with Questrade.

## REPORTING

The QuestradeFX platform tracks all trading activity in real time, allowing you 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, you can access six 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 details for any selected date range, including trade date, currency pair, trade direction (buy or sell), position size for both currencies in the pair traded, and executed trade rate.

**Open forex positions:** A summary view of all open positions including position 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 details on all order activity for a selected data range including order entry date and time stamp, and a list of all cancelled and/or executed orders and 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 5 p.m. EST, including rollover rate and USD value. May be generated for any given date range.

**Realized P&L:** Provides the same information as the detailed transaction listing in addition to the realized profit or loss for every round-trip trade.

Note: all reports can be printed or copied and pasted into Microsoft Excel.

## **FX AGREEMENTS AND DISCLOSURES**

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In consideration of Questrade agreeing to carry one or more Accounts of the Client and providing services to Client in connection with the purchase and sale of cash currencies (including financial instruments) and any similar instruments (collectively referred to as "FX"), which may be purchased or sold by or through Questrade for Client's Account(s), Client agrees as follows:

### **OTHER AGREEMENTS APPLY**

All transactions for the Account of the Clients shall be subject to the terms and conditions of all other existing Agreements (if any) between the Client and us. Each of the Agreements is incorporated by reference.

### **AUTHORIZATION TO TRADE**

Questrade is authorized to purchase and sell FX for Client's Account(s) with a counter party bank or sophisticated institutions or participants in accordance with Client's oral or written or computer instructions. Unless instructed by Client to the contrary in writing, Questrade is authorized to execute all orders with such banking institutions, counter party, bank, or sophisticated institutional participants as Questrade deems appropriate.

### **GOVERNMENTAL, COUNTER PARTY INSTITUTION AND INTERBANKING SYSTEM RULES**

All transactions under this Agreement shall be subject to the constitution, by-laws, rules, regulations, customs, usage, rulings and interpretations of the counter party institution or other interbank market (and its clearing organization, if any) where executed and to all applicable Federal and Provincial laws and regulations. If any statute shall hereafter be enacted or any rule or regulation shall hereafter be adopted by any governmental authority or self regulatory organization, a contract market or clearing organization which shall be binding upon Questrade and shall affect in any manner or be inconsistent with any of the provisions hereof, the affected provisions of this Agreement shall be deemed modified or superseded, as the case may be by the applicable provisions of such statute, rule or regulation, and all other provisions of this Agreement and provisions so modified shall in all respects continue in full force and effect. Client acknowledges that all transactions under this Agreement are subject to the aforementioned regulatory requirements and Client shall not thereby be given any independent legal or contractual rights with respect to such requirements.

### **MARGINS AND DEPOSIT REQUIREMENTS**

Client shall provide to and maintain with Questrade Margin in such amounts and in such forms as Questrade, in its sole discretion, may require. Such Margin requirements may be greater or less than Margins required by a counter party bank. Questrade may change Margin requirements at any time. Questrade may at any time proceed to liquidate Client's Account in accordance with Liquidation of Accounts below and any failure by Questrade to enforce its rights hereunder shall not be deemed a waiver by Questrade to enforce its rights thereafter. Questrade retains the right to limit the amount and/or total number of open positions that Client may acquire or maintain at Questrade. Questrade will attempt to execute all orders, which it may, in its sole discretion, choose to accept in accordance with the oral or written, or computer instructions of Client's. Questrade reserves the right to refuse to accept any order. However, Questrade shall not be responsible for any loss or damage caused, directly or indirectly, by any events, actions or omissions beyond the control of Questrade including, without limitation, loss or damage resulting, directly or indirectly, from any delays or inaccuracies in the transmission of orders and/or information due to a breakdown in or failure of any transmission or communication facilities.

### **CLIENT MONEY NOTICE**

Some banks and/or carrying brokers, counter parties to FX are required to provide the following statement pursuant to rule 2.02(3) of the Securities and Investments Board's Financial Services (Trader Money) regulations 1991 to draw attention to the following: "Your money will not be subject to the protections conferred by the Financial Services (Trader Money) Regulations 1991 as amended from time to time."

### **SETTLEMENT DATE AND ROLLOVERS**

With respect to purchases or sales of currencies through an FX Account, Client agrees to instruct Questrade as to the offset or rollover of a currency position. Except as provided herein, during the term of the currency position, Client shall give Questrade instructions for rolling the currency position no later than two hours prior to the settlement of trading in the currency contract on the day Client intends to rollover a currency position. In addition, Client, by noon of the business day before the settlement date of the contract of the currency contract, shall instruct Questrade whether to deliver, offset or rollover the currency position. In the absence of timely instructions from Client, Questrade is authorized, at Questrade's absolute discretion, to deliver, rollover or offset all or any portion of the currency positions in the FX Account(s) for Client's Account(s) and at Client's risk. Client's Account(s) shall be charged commissions, at broker's rates, upon the rollover or offset of a currency position.

### **COLLATERAL AND LENDING AGREEMENT**

All funds, Securities, currencies, and other property of Client which Questrade or its affiliates may at any time be carrying for Client (either individually, jointly with other, or as a guarantor of the Account of any other person,) or which may at any time be in its possession or control or carried on its

books for any purpose, including safekeeping, are to be held by Questrade as Security and subject to a general lien and right of set-off for liabilities of Client to Questrade whether or not Questrade has made advances in connection with such Securities, commodities, currencies or other property, and irrespective of the number of Accounts Client may have with Questrade. Questrade may in its discretion, at any time and from time to time, without notice to Client, apply and/or transfer any or all funds or other property of Client between any of Client's Accounts. Client hereby also grants to Questrade the right to pledge, re-pledge, hypothecate, invest or loan, either separately or with the property of other Clients, to itself as broker or to others, any Securities or other property of Client held by Questrade as Margin or Security. Questrade shall at no time be required to deliver to Client the identical property delivered to or purchased by Questrade for any Account of Client. The rights of Questrade are subject to the applicable requirements for the segregation of Client funds and property under the Commodity Exchange Act, as amended (the "Act"). The purpose of the Lending Agreement is to allow Questrade to use depository receipts (representing delivery) as collateral. Should Client take delivery of currencies through settlement of trades, Questrade is obliged to make full payment for the delivery on 24 hours notice. If the balance in the Client's Account is not adequate to pay for the delivery, the depository receipts become property carried on Margin in the Client's Account, since they are not fully paid for by Client. The Lending Agreement allows Questrade to use the depository receipt as collateral for a bank loan, the proceeds of which are used to pay for the depository receipts until rollover of the currency and/or payment in full by Client. Should Client intend to take delivery of the currency covered by any other obligation, Questrade requires the Client to sign the Lending Agreement so it may use the currencies, property, depository receipts or evidence of ownership thereof, as collateral for a bank loan, the proceeds of which may be used to pay for the currencies or evidence of ownership thereof, until payment in full, including interest, by the Client. This authorization shall apply to all Accounts carried by Questrade for Client and shall remain in full force until all Accounts are fully paid for by Client or notice of revocation is sent by Questrade from its home office. Client authorizes Questrade and its associates to use the currencies, or the ownership thereof, as collateral for a loan, the proceeds of which are used to pay for the currencies until rollover of the currency or commodity to a new settlement date and/or payment in full is made by Client. This authorization shall apply to all Accounts carried by Questrade and associates for Client. This shall remain in effect until the Account is closed and all financial responsibilities are completed.

## **LIQUIDATION OF ACCOUNTS**

In the event of (a) the death or judicial declaration of incompetence of Client; (b) the filing of a petition in bankruptcy, or a petition for the appointment of a receiver, or the institution of any insolvency or similar proceeding by or against Client; (c) the filing of an attachment against any of Client's Accounts carried by Questrade, (d) insufficient Margin, or Questrade's determination that any collateral deposited to protect one or more Accounts of Client is inadequate, regardless of current market quotations, to secure the Account; (e) Client's failure to provide Questrade any information requested pursuant to this Agreement; or (f) any other circumstances or developments that Questrade deems appropriate for its protection, and in Questrade's sole discretion, it may take one or more, or any portion of, the following actions: (1) satisfy any obligation Client may have to Questrade, either directly or by way of guaranty of suretyship, out of any of Client's funds or property in its custody or control; (2) sell any or purchase any or all currency contracts, Securities held or carried for Client; and (3) cancel any or all outstanding orders or contracts, or any other commitments made on behalf of Client. Any of the above actions may be taken without demand for Margin or additional Margin, without prior notice of sale or purchase or other notice to Client, Client's personal representatives, heirs, executors, administrators, trustees, legatees or assigns and regardless of whether the ownership interest shall be solely Client's or held jointly with others. In liquidation of Client's long or short positions, Questrade may, in its sole discretion, offset in the same settlement or it may initiate new long or short positions in order to establish a spread or straddle which in Questrade's sole judgment may be advisable to protect or reduce existing positions in Client's Account. Any sales or purchases hereunder may be made according to Questrade's judgment and at its discretion with any interbank or other exchange market where such business is then usually transacted or at a public auction or private sale, and Questrade may purchase the whole or any part thereof free from any right of redemption.

## **SETTLEMENT DATE OFFSET INSTRUCTIONS**

Offset instructions on currency positions open prior to settlement arriving at settlement date must be given to Questrade at least one (1) business day prior to the settlement or value day. Alternatively, sufficient funds to take delivery or the necessary delivery documents must be in the possession of Questrade within the same period described above. If neither instructions, funds nor documents are received, Questrade may without notice, either offset Client's position or roll Client's positions into the next settlement time period or make or receive delivery on behalf of Client upon such terms and by such methods deemed reasonable by Questrade in its sole discretion.

## **CHARGES**

Client shall pay such brokerage, commission and special service and all other charges (including, without limitation, markups and markdowns, statement charges, idle Account charges, order cancellation charges, Account transfer charges or other charges), fees (including, without limitation, fees imposed by any interbank agency, bank, contract markets or other regulatory or self-regulatory organizations) arising out of Questrade providing services hereunder. Questrade may change its commission, charges, and/or fees without notice, 60 days notice will be given for changes in any administration of Account fees. Client agrees to be liable to Questrade for interest on amounts due from Client to Questrade at an interest rate equal to three (3) percentage points above the then prevailing prime rate at Questrade principal bank or the maximum interest rate allowed by law, whichever is lower. All such charges shall be paid by Client as they are incurred, or as Questrade in its sole and absolute discretion, may determine, and Client hereby authorizes Questrade to withdraw the amount of any such charges from Client's Account(s). Client agrees to pay a transfer fee, to be designated by Questrade in the event Client instructs Questrade to transfer open positions, moneys, and/or property of Client's Account to another institution.

## STATEMENTS AND CONFIRMATION

Reports of the confirmation of orders and statements of Accounts for Client shall be deemed correct and shall be conclusive and binding upon Client if not objected to immediately upon receipt and confirmed in writing within (1) day after transmittal to Client. In lieu of sending trade confirmations and statements via postal mail, Questrade will provide Client Internet access to view his Account at any time with an online login. Client agrees to monitor the web site and/or trading application to retrieve the electronic statements and confirmations. Written objections on Client's part shall be directed to Questrade at its home office located at: 5650 Yonge Street, Suite 1700, Toronto, Ontario, M2M 4G3, Canada, or the most recent address as indicated on the Questrade website, and shall be deemed received only if actually delivered or mailed by registered mail, return receipt requested. Failure to object shall be deemed ratification of all actions taken by Questrade or Questrade's agents prior to Client's receipt of said reports. Client's failure to receive a trade confirmation shall not relieve Client of the obligation to object as set out herein.

## COMMUNICATIONS

Reports, statements, notices and any other communications may be transmitted to Client via email, address on Client's application, or to such other address as Client may from time to time designate in writing to Questrade. Client agrees to monitor the trading application and or designated address and review all applicable communications. All communications so sent, whether by mail, telegraph messenger or otherwise, shall be deemed transmitted by Questrade when deposited in Canada Post mail, or when received by a transmitting agent, and deemed delivered to Client personally, whether actually received by Client or not.

## QUESTRADE RESPONSIBILITIES

Questrade will not be responsible for delays in the transmission of orders due to a breakdown or failure of transmission or communication facilities, electrical power outage or for any other cause beyond Questrade's control or anticipation. Questrade shall only be liable for its actions directly attributable to negligence, willful default or fraud on the part of Questrade. Questrade shall not be liable for losses arising from the default of any agent or any other party used by Questrade under this Agreement.

## CURRENCY FLUCTUATION RISK

If Client directs Questrade to enter into any currency transaction: (a) any profit or loss arising as a result of a fluctuation in the exchange rate affecting such currency will be entirely for Client's Account and risk; (b) all initial and subsequent deposits for Margin purposes shall be made in U.S. dollars or Canadian dollars, in such amounts as Questrade may in its sole discretion require; and (c) Questrade is authorized to convert funds in Client's Account for Margin into and from such foreign currency at a rate of exchange determined by Questrade in its sole discretion on the basis of the then prevailing money market rates.

## RISK ACKNOWLEDGMENT

Client acknowledges that investments in leveraged and non-leveraged transactions are speculative, involves a high degree of risk, and is appropriate only for persons who can assume risk of loss in excess of their margin deposit. Client understands that because of the low margin normally required in FX trading, price changes in FX may result in significant losses that may substantially exceed client's investment and margin deposit. Client warrants that client is willing and able, financially and otherwise, to assume the risk of FX trading, and in consideration of Questrade's carrying his/her account(s), client agrees not to hold Questrade responsible for losses incurred through following its trading recommendations or suggestions or those of its employees, agents or representatives. Client recognizes that guarantees of profit or freedom from loss are impossible of performance in FX trading. Client acknowledges that client has received no such guarantees from Questrade or from any of its representatives or any introducing agent or other entity with whom client is conducting his/her Questrade account and has not entered into this agreement in consideration of or in reliance upon any such guarantees or similar representations.

## TRADING RECOMMENDATIONS

- a) Client acknowledges that
  - i. any market information communicated to Client by Questrade or by any person within the company, does not constitute an offer to sell or the solicitation of an offer to buy any FX contract,
  - ii. such information, although based upon information obtained from sources believed by Questrade to be reliable, may be based solely on a broker's opinion and that such information may be incomplete and may be unverified, and
  - iii. Questrade makes no representation, warranty or guarantee as to, and shall not be responsible for, the accuracy or completeness of any information furnished to Client. Client acknowledges that Questrade and/or its officers, directors, affiliates, associates, stockholders or representatives may have a position in or may intend to buy or sell currencies, which are the subject of market information furnished to Client, and that the market position of Questrade or any such officer, director, affiliate, associate, stockholder or representative may not be consistent with the information furnished to Client by Questrade. Client acknowledges that Questrade makes no representations concerning the tax implications or treatment of contracts; and,

- b) Client further acknowledges that should Client grant trading authority or control over Client's Account to a third party ("Trading Agent"), whether on a discretionary or non-discretionary basis, Questrade shall in no way be responsible for reviewing Client's choice of such Trading Agent nor making any recommendations with respect thereto. Client understands that Questrade makes no warranties nor representations concerning the Trading Agent, that Questrade shall not be responsible for any loss to Client occasioned by the actions of the Trading Agent and that Questrade does not, by implication or otherwise, endorse or approve of the operating methods of the Trading Agent. If Client gives Trading Agent authority to exercise any of its rights over Client's Account(s), Client understands that Client does so at Client's own risk.

## **CLIENT REPRESENTATIONS AND WARRANTIES**

Client represents and warrants that: (a) Client is of sound mind, legal age and legal competence; and, (b) No person other than Client has or will have an interest in Client's Account(s); and, (c) Client hereby warrants that regardless of any subsequent determination to the contrary, Client is suitable to trade FX and/or is a sophisticated institution and/or institutional participant; and, (d) Client is not now an employee of any exchange, any corporation in which any exchange owns a majority of the capital stock, any member of any exchange and/or firm registered on any exchange, or any bank, trust, or insurance company, and in the event that Client becomes so employed, Client will promptly notify Questrade at its home office in writing of such employment; and, (e) All the information provided in the information portion of this booklet is true, correct and complete as of the date hereof and Client will notify Questrade promptly of any changes in such information.

## **DISCLOSURE OF FINANCIAL INFORMATION**

The Client represents and warrants that the financial information disclosed to Questrade in this document is an accurate representation of the Client's current financial condition. The Client represents and warrants that in determining the Client's net worth, assets and liabilities were carefully calculated then Liabilities were subtracted from Assets to determine the value that the Client has included in the financial information as net worth. The Client represents and warrants that in determining the value of Assets, the Client included cash and/or cash equivalents, U.S. Government and Marketable Securities, real estate owned (excluding primary residence), the cash value of life insurance and other valuable Assets. The Client represents and warrants that in determining the value of liabilities, the Client included notes payable to banks (secured and unsecured), notes payable to relatives, real estate mortgages payable (excluding primary residence) and other debts. The Client represents and warrants that in determining the Client's liquid assets the Client included only those Assets that can be quickly (within one day's time) converted to cash. The Client represents and warrants that the Client has very carefully considered the portion of the Client's assets, which the Client considers to be risk capital. The Client recognizes that risk capital is the amount of money the Client is willing to put at risk and if lost would not, in any way, change the Client's lifestyle.

## **NO GUARANTEES**

Client acknowledges that Client has no separate Agreement with Client's broker or any Questrade employee or agent regarding the trading in Client's Questrade Account, including any Agreement to guarantee profits or limit losses in Client's Account. Client understands that Client is under an obligation to notify Questrade's Compliance Officer immediately in writing as to any Agreement of this type. Further, Client understands that any representations made by anyone concerning Client's Account that differ from any statements Client receives from Questrade must be brought to the attention of Questrade's Compliance Officer immediately in writing. Client understands that Client must authorize every transaction prior to its execution unless Client has delegated discretion to another party by signing Questrade's limited trading authorization, and any disputed transactions must be brought to the attention of Questrade's Compliance Officer pursuant to the notice requirements of this Client Agreement. Client agrees to indemnify and hold Questrade harmless from all damages or liability resulting from Client's failure to immediately notify Questrade's Compliance Officer of any of the occurrences referred to herein. All notices required under this section shall be sent to Questrade at its home office.

## **CREDIT**

Client authorizes Questrade or agents acting on behalf of Questrade to investigate Client's credit standing and in connection therewith to contact such banks, financial institutions and credit agencies as Questrade shall deem appropriate to verify information regarding Client. Client further authorizes Questrade to investigate Client's current and past investment activity, and in connection therewith, to contact such Futures commission merchants, exchanges, broker/dealers, banks, and compliance data centers as Questrade shall deem appropriate. Upon reasonable request made in writing by Client to Questrade, Client shall be allowed to review any records maintained by Questrade relating to Client's credit standing. Client shall also be allowed, at Client's sole cost and expense, to copy such records.

## **JOINT ACCOUNTS**

All transactions correspond to the Joint Account Agreement and Client Account Agreement. Each tenant singly has authority: a) To trade for the Account with restraint to the Agreements of the Account, b) To receive all correspondence and documents in respect to the Account, c) To receive or withdraw money from the Account, d) To execute Agreements relating to the Account, and e) To deal with Questrade fully. Questrade has the authority to require joint action by the parties of the Account in matters of the Account. Questrade has possession over the Security of the Account individually or jointly. If a death occurs to one or more of the tenants, Questrade shall be notified in writing and shown proof of a death certificate. All expenses due at the date of notification shall be charged to the Account. Each tenant is presumed to have equal share.

## **NO WAIVER OR AMENDMENT**

No provision of this Agreement may be waived or amended unless the waiver or amendment is in writing and signed by both Client and an authorized officer of Questrade. No waiver or amendment of this Agreement may be implied from any course of dealing between the parties or from any failure by Questrade or its agents to assert its rights under this Agreement on any occasion or series of occasions. No oral Agreements or instructions to the contrary shall be recognized or enforceable. This instrument and the attachments hereto embody the entire Agreement of the parties, superseding any and all prior written and oral Agreements and there are no other terms, conditions or obligations other than those contained herein.

## **GOVERNING LAW AND JURISDICTION**

This Agreement, and the rights and obligations of the parties hereto, shall be governed by, construed and enforced in all respects by the laws of the Province of Ontario.

## **BINDING EFFECT**

**This Agreement shall be continuous and shall cover, individually and collectively, all Accounts of Client at any time opened or reopened with Questrade irrespective of any change or changes at any time in the personnel of Questrade or its successors, assigns, or affiliates. This Agreement including all authorizations, shall inure to the benefit of Questrade and its successors and assigns, whether by merger, consolidation or otherwise, and shall be binding upon Client and/or the estate, executor, trustees, administrators, legal representatives, successors and assigns of Client. Client hereby ratifies all transactions with Questrade effected prior to the date of this Agreement, and agrees that the rights and obligations of Client in respect thereto shall be governed by the terms of this Agreement.**

## **TERMINATION**

This Agreement shall continue in effect until termination, and may be terminated by Client at any time when Client has no open currency position(s) and no liabilities held by or owed to Questrade upon the actual receipt by Questrade at its home office of written notice of termination, or at any time whatsoever by Questrade upon the transmittal of written notice of termination to Client; provided, that such termination shall not affect any transactions previously entered into and shall not relieve either party of any obligations set out in this Agreement nor shall it relieve Client of any obligations arising out of any deficit balance.

## **INDEMNIFICATION**

Client agrees to indemnify and hold Questrade, its affiliates, employees, agents, successors and assigns harmless from and against any and all liabilities, losses, damages, costs and expenses, including attorney's fees, incurred by Questrade arising out of client's failure to fully and timely perform client's agreements herein or should any of the representations and warranties fail to be true and correct. Client also agrees to pay promptly to Questrade all damages, costs and expenses, including attorney's fees, incurred by Questrade in the enforcement of any of the provisions of this agreement and any other agreements between Questrade and client.

## **CROSS TRADE CONSENT**

The Client hereby acknowledges and agrees that a situation may arise whereby an officer, director, affiliate, associate, employee, bank, bank employee or dealer associated with Questrade may be the opposing broker for a trade entered for the Client's Account. The Client hereby consents to any such transaction, subject to the limitations and conditions, if any, contained in the Rules or Regulations of any bank, institution, exchange or board of trade upon which such buy or sell orders are executed.

## **TERMS AND HEADINGS**

The term "Questrade" shall be deemed to include Questrade Inc., its divisions, its successors and assigns; the term "home office" is Questrade, 5650 Yonge Street, Suite 1700, Toronto, Ontario, M2M 4G3, Canada; the term "Client" shall mean the party (or parties) executing the Agreement; and the term "Agreement" shall include all other Agreements and authorizations executed by Client in connection with the maintenance of Client's Account(s) with Questrade regardless of when executed. The paragraph headings in this Agreement are inserted for convenience of reference only and are not deemed to limit the applicability or affect the meaning of any of its provisions.

## **ACCEPTANCE**

This Agreement shall not be deemed to be accepted by Questrade nor become a binding contract between Client and Questrade until approved by Questrade home office.

## **CONSENT TO JURISDICTION AND VENUE**

Except as provided in the Arbitration Agreement, if applicable, Client, in order to induce Questrade to accept this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby agrees to the following: (a) Any judicial or administrative action or proceeding arising directly or indirectly hereunder or in connection with the transactions contemplated hereby, whether brought by Client or Questrade, shall be held, at the sole discretion of Questrade within the City of Toronto, Province of Ontario exclusively. Client consents and submits to, and waives any and all objections Client may have to such venue, and further agrees to waive and forego any right Client may have to transfer or change the venue of any action or proceeding encompassed hereby; and, (b) Client consents and submits to the jurisdiction of any local, provincial or federal court located within the City of Toronto, Province of Ontario in any action or proceeding arising directly or indirectly hereunder or in connection with the transaction hereby, whether brought by Client or Questrade.

Authorization to transfer funds

Client agrees hereby that Questrade may at any time, in the judgment of Questrade and its associates, apply and transfer from Client's Security or Commodity escrow Account to any of Client's other Accounts held with Questrade or other approved financial institution or its associates any of the moneys, currencies, commodities, Securities, or other property of Client held either individually or jointly with others to another regulated Account of the same said Client.

## **RECORDINGS**

Client agrees and acknowledges that all conversations regarding Client's Account(s) between Client and Questrade personnel may be electronically recorded with or without the use of an automatic tone-warning device. Client further agrees to the use of such recordings and transcripts thereof as evidence by either party in connection with any dispute or proceeding that may arise involving Client or Questrade. Client understands that Questrade destroys such recordings at regular intervals in accordance with Questrade's established business procedures and Client hereby consents to such destruction.

## **CONSENT TO ELECTRONIC TRANSMISSION OF CONFIRMATIONS & ACCOUNT STATEMENTS**

Client hereby consents to have Client's Account information and trade confirmations available on the Internet in lieu of having such information delivered to Client via mail or email. Client will be able to access Account information via the Questrade website using Client's Account login information to access the Account. Questrade will post all of Client's Account activity and Client will be able to generate daily, monthly and yearly reports of Account activity as well as a report of each executed trade. Updated Account information will be available no more than twenty-four hours after any activity takes place on Client's Account. Posting of Account information on Client's online Account will be deemed delivery of confirmation and Account statements. Client may revoke this consent at any time upon written notice to Questrade.

## **COUNTERPARTY DISCLOSURE**

This confirms that you have chosen GAIN Capital Inc. ("Gain") as your FX trading platform and therefore the counterparty to your transactions.

Please be advised that the foreign currency trading you are entering into is not conducted on an exchange. Gain is acting as the counterparty in these transactions and, therefore, acts as the buyer when you sell and the seller when you buy. As a result, Gain's interests may be in conflict with yours. Unless otherwise specified in elsewhere, Gain establishes the prices at which it offers to trade with you. The prices Gain offers might not be the best prices available and Gain may offer different prices to different customers. If Gain elects not to cover its own trading exposure, then you should be aware that Gain may make more money if the market goes against you. Additionally, since Gain acts as the buyer or seller in the transactions, you should carefully evaluate any trade recommendations you receive from Gain.

Gain will always act as a principal, not as an agent, for its own benefit in respect of all foreign currency trading with you.

There is a risk associated with the solvency of Gain, the counterparty to each foreign currency trade. An investor may lose part or all of their unrealized profits in an open position or funds held on account due to the insolvency, bankruptcy or liquidation of Gain. The extent to which an investor may be able to recover their money may be governed by specific legislation. Gain is not a reporting issuer in Canada.

You should be aware of the difficulties enforcing any legal rights against Gain in the event of its bankruptcy or liquidation. Specifically, Gain is established under the laws of a jurisdiction outside Canada and all of Gain's officers and directors are located outside Canada. All or substantially all of the assets of Gain and such persons are and will be located outside Canada. As a result, there may be difficulty in enforcing any legal rights against Gain or such persons. In particular, it may not be possible for customers to effect service of process within Canada upon Gain or such persons, to satisfy a judgment against Gain or such persons in Canada or to enforce a judgment obtained in Canadian courts against Gain or such persons outside Canada.

Changes to securities regulatory law, tax law and other laws, government, fiscal and regulatory policies in respect of all or part of the business carried on by Questrade or Gain may have a material adverse effect on a customer's dealings with Questrade or Gain. Questrade is the dealer and agent for Gain in facilitating foreign currency trading with customers resident in Canada. As a member of IIROC, foreign currency trading is required to be in compliance with the rules, regulations, policies, member notices and bulletins of IIROC (the "IIROC Rules") which may be amended from time to time. Such IIROC Rules may have a materially adverse effect on the foreign currency trading services offered to customers resident in Canada.

## ARBITRATION STATEMENT

- All Client Accounts will have its Margin requirements established by the dealing desk at Questrade. Questrade is a member of the Investment Dealers Association of Canada ("IDA"). A brochure entitled "Investor Protection for Clients of IDA Member Firms" is available from Questrade upon request. This brochure outlines your Options should you have a complaint that cannot be resolved by Questrade's Compliance Department.
- The automated Questrade trading system will distribute profits and losses accordingly to all Client Accounts.
- Questrade establishes all rules and provisions for Client Accounts, including but not limited to minimum Account size, investment time period, commissions and incentive fees, or any other financial arrangements.

## ADDITIONAL NOTICE

- It is the Client's responsibility to find out all necessary information about Questrade and make sure that all arrangements are discussed and clearly understood prior to any trading activity.

## HIGH RISK INVESTMENT

Margined currency trading is one of the riskiest forms of investment available in the financial markets. An account with Questrade permits you to trade foreign currencies on a highly leveraged basis (up to approximately 100 times your Account equity). For instance, an initial deposit of \$2,000 may enable the Account holder to take a maximum position with \$200,000 market value. The funds in an Account trading at maximum leverage can be completely lost, if the position(s) held in the Account has a one percent swing in value. Theoretically, an Account could lose more than the equity it contains, if the Account is trading at maximum leverage and positions held in the Account swing more than one percent in value. Given the possibility of losing one's entire investment, speculation in the foreign exchange market should only be conducted with risk capital funds that if lost will not significantly affect one's personal or institution's financial well being.

- It is the Client's responsibility to find out all necessary information about any authorized trader on their account prior to any trading activity, if the Account is to be traded by someone other than himself.

All Clients should be aware that guaranteeing any return is illegal. In addition, Questrade is not responsible for any claims or assurances made by Questrade, its employees and/or associates.

## FX RISK DISCLOSURE STATEMENT

This brief statement does not disclose all of the risks and other significant aspects of trading in foreign exchange. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in foreign exchange is not suitable for many members of the public. You should carefully consider whether trading FX is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

What you should know before you start trading Forex:

- Using borrowed money to finance the purchase of Securities involves greater risk than using cash resources only. If you borrow money to purchase Securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the Securities purchased declines.
- There is considerable exposure to risk in any foreign exchange transaction. Any transaction involving currencies involves risks including, but not limited to, the potential for changing political and/or economic conditions that may substantially affect the price or liquidity of a currency.
- Trading foreign exchange on Margin carries a high level of risk. The possibility exists that you could sustain a loss of some or all of your investment and therefore you should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.
- The leveraged nature of Forex trading means that any market movement will have an equally proportional effect on your deposited funds. This may work against you as well as for you. The possibility exists that you could sustain a total loss of initial Margin funds and be required to deposit additional funds to maintain your position. If you fail to meet any Margin call within the time prescribed, your position will be liquidated and you will be responsible for any resulting losses. Investors may lower their exposure to risk by employing risk-reducing strategies such as 'stop-loss' or 'limit' orders.
- There are risks associated with utilizing an Internet-based trading system such as, the failure of hardware, software and Internet connection. QuestradeFX does not control signal power, its reception or routing via Internet, configuration of your equipment or reliability of its connection, therefore, we cannot be responsible for communication failures, distortions or delays when trading via the Internet. Questrade Inc. employs back-up systems and contingency plans to minimize the possibility of system failure.
- All opinions, news, research, analysis, prices or other information contained on the QuestradeFX website are provided as general market commentary and do not constitute investment advice. Questrade Inc. will not accept liability for any loss or damage, including, but without limitation to, any loss of profit, which may arise directly or indirectly from use of or reliance on such information.

- The content on the QuestradeFX web site is subject to change at any time without notice and is provided for the sole purpose of assisting traders in making independent trading decisions. We have taken reasonable measures to ensure the accuracy of the information on the site, however, Questrade Inc. does not guarantee its accuracy and will not accept liability for any loss or damage which may arise directly or indirectly from the content or your inability to access the site, for any delay in or failure of the transmission or the receipt of any instruction or notification sent through this site.

### **EFFECT OF "LEVERAGE" OR "GEARING"**

Transactions in foreign exchange carry a high degree of risk. The amount of Initial Margin is small relative to the value of the foreign exchange contract so that transactions are 'leveraged' or 'geared'. A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit: this may work against you as well as for you. You may sustain a total loss of initial Margin funds and any additional funds deposited with the firm to maintain your position.

### **RISK-REDUCING ORDERS OR STRATEGIES**

The placing of certain orders (e.g., "stop-loss" orders, where permitted under local law, or "stop limit" orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as "spread" and "straddle" positions, may be as risky as taking simple "long" or "short" positions.

### **NOTICE TO FX CLIENTS**

This Agreement is a legal contract, please read it carefully.

This is a legal contract between Questrade, Inc., (hereinafter referred to as Questrade) an Ontario corporation, its successors and assigns, and the party (or parties) executing this document.

In connection with opening an Account to speculate and/or purchase and/or sell cash or spot foreign currency (hereinafter referred to as "currency") through the spot OTC foreign exchange markets (hereinafter referred to as "FX" or "Forex") with Questrade, Client acknowledges that Client has been advised and understands the following factors concerning trading in leveraged FX.

1. Every attempt has been made to deal with reputable creditworthy banks/clearing houses. Also, there may be certain cases in which trading liquidity decreases causing trading in a certain currency to cease, thereby preventing the liquidation of an adverse position that may result in a substantial financial loss.
2. You acknowledge and agree that, in the course of providing services to you, neither Questrade nor its registered representatives provides advice or recommendations regarding the purchase or sale of any Security, or makes any determination of your general investment needs and objectives or the suitability regarding the proposed purchase or sale of any Security, and you are responsible for your investment decisions and transactions as well as for any profits or losses that may result.
3. You further acknowledge and agree that, in the course of providing services to you, neither Questrade nor its registered representatives provides you with any legal, tax or Accounting advice regarding the profitability of any Security, including but not limited to FX or investment or any decision in respect thereof, nor does Questrade nor its registered representatives consider your financial situation, investment knowledge, investment objectives and risk tolerance when accepting orders from you.
4. You will not solicit or rely upon any such advice from Questrade or any of its employees and agree that Questrade will have no liability therefore whatsoever. In making investment decisions with respect to transactions in or for your Account(s) or any other matter, you will consult with and rely upon your own advisors and not Questrade.
5. Using borrowed money to finance the purchase of Securities involves greater risk than using cash resources only. If you borrow money to purchase Securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the Securities purchased declines.
6. Client acknowledges that the purchase or sale of a currency always anticipates the accepting or making of delivery.
7. Questrade reserves the right to refuse to accept any order.
8. FX business is not traded on an exchange such as the CME and therefore does not require open-outcry. Even though quotations or prices are afforded by many computer-based component systems, the quotations and prices may vary due to market liquidity. Many electronic trading facilities are supported by computer-based component systems for the order-routing, execution or matching of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. You are solely responsible for the resultant profits or losses.
9. Trading on an electronic trading system may differ not only from trading in the interbank market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or is not executed at all.

## DISCLAIMERS:

- a. **Internet failures:**  
Since Questrade does not control signal power, its reception or routing via Internet, configuration of your equipment or reliability of its connection, we cannot be responsible for communication failures, distortions or delays when trading on-line (via Internet).
  - b. **Market risks and on-line trading:**  
Trading currencies involves substantial risk that is not suitable for everyone. Trading on-line, no matter how convenient or efficient, does not necessarily reduce risks associated with currency trading.
  - c. **Password protection:**  
The Client is obligated to keep passwords secret and ensure that third parties do not obtain access to the trading facilities. The Client will be liable to Questrade for trades executed by means of the Client's password even if such use may be wrongful.
  - d. **Quoting errors:**  
Should quoting errors occur due to a dealer's mistype of a quote or an erroneous price quote from a Client, such as but not limited to a wrong big figure quote, Questrade will not be liable for the resulting errors in Account balances. Questrade reserves the right to make the necessary corrections or adjustments on the Account involved. Any dispute arising from such quoting errors will be resolved on a basis of a fair market value of a currency at the time such an error occurred.
10. In FX, firms are not restricted to effect off-exchange transactions. The firm with which you deal may be acting as your counter party to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarize yourself with applicable rules and attendant risks.
  11. In the event that Client grants trading authority or control over Client's Account to a third party (Trading Agent), whether on a discretionary or non-discretionary basis, Questrade shall in no way be responsible for reviewing Client's choice of such Trading Agent or for making any recommendations with respect thereto. Questrade makes no representations or warranties concerning any Trading Agent; Questrade shall not be responsible for any loss to Client occasioned by the actions of the Trading Agent; and Questrade does not, by implication or otherwise endorse or approve of the operating methods of the Trading Agent. If Client gives the Trading Agent authority to exercise any of its rights over its Account, Client does so at his own risk.
  12. Questrade does not control, and cannot endorse or vouch for the accuracy or completeness of any information or advice Client may have received or may receive in the Future from referring agent or from any other person not employed by Questrade regarding foreign currency or exchange ("Forex") trading or the risks involved in such trading. If referring agent or any other third party provides Client with information or advice regarding Forex trading, Questrade shall in no way be responsible for any loss to Client resulting from Client's use of such information or advice. Client understands that referring agent and many third party vendors of trading systems, courses, programs, research or recommendations may or may not be regulated by a government agency.
  13. Options on foreign currency involve substantial risks and are not suitable for all investors. You should carefully consider whether such trading is appropriate for you in light of your investment experience, objectives, financial resources, tolerance of risk and other relevant circumstances. This brief statement highlights the major risks involved, but does not disclose all of the risks and other significant aspects of trading in these Options.

The risks inherent in a foreign currency Option transaction will depend on whether you are the purchaser or seller of the Option and the style of the Option.

Where you or a third party purchases Options on your behalf, you may suffer a total loss of premium (plus transaction costs) if that Option expires worthless. This risk reflects the nature of a long foreign currency Option or an asset that tends to decline in value over time. The price of the underlying currency must either rise above the strike price, or fall below the strike price, as the case may be, by an amount in excess of the sum of the premium and all other costs incurred in entering into and exercising the Option for you to realize a profit on the transaction.

Where you or a third party sell (write) an Option on your behalf the risks are greater. Where you have sold Options with a higher face value than Options you have bought, the risks can be greater than those associated with forwards. If the written Option is "covered" by a corresponding physical currency position or forward commitment, the risk of loss may be reduced. If the written Option is not covered, you will be exposed to full price risk on the currency Option; consequently, the risk of loss can be unlimited.

An American-style Option may be exercised at any time (i.e. on any business day) during the specified exercise period prior to the expiration. If you sell an American-style Option to Questrade, the Option may be exercised at Questrade's discretion, thus you cannot be sure of your position resulting from the Option until the expiry date. A European-style Option may be exercised only on the specified exercise date. An Asian-style Option is a variant of the European-style Option. Otherwise known as an "average price" Option, in an Asian-style Option the reference price in relation to the underlying commodity is derived from an agreed upon calculation, which, by way of example, may be based upon an average of an underlying currency's market price at predetermined dates occurring during a specified averaging period, with the exercise date occurring at the end of such averaging period.

In addition to the above risks, fluctuations in the foreign exchange rates of the currencies underlying Options may result in dramatic and volatile price movements of the Options. In a rapidly changing or illiquid market, you may not be able to sell or cover your position at a desired price. The movement of foreign exchange rates of the currencies that underlie Options cannot be predicted and profits, or the return of your initial investment, cannot be guaranteed.

## REFERRAL DISCLOSURE

Questrade does not supervise the activities of any referring agent and assumes no liability for any representations made by referring agent. Questrade and referring agent are wholly separate and independent from one another. The agreement between Questrade and referring agent does not establish a joint venture or partnership and referring agent is not an agent or employee of Questrade.

1. Questrade does not control, and cannot endorse or vouch for the accuracy or completeness of any information or advice Client may have received or may receive in the future from Referring Agent or from any other person not employed by Questrade regarding foreign currency or exchange ("Forex") trading or the risks involved in such trading.
2. Questrade provides risk disclosure information to all new Clients when they open Accounts. Client should read that information carefully, and should not rely on any information to the contrary from any other source.
3. Client acknowledges that no promises have been made by Questrade or any individual associated with Questrade regarding future profits or losses in Client's Account. Client understands that Forex trading is very risky, and that many people lose money trading.
4. If Referring Agent or any other third party provides Client with information or advice regarding Forex trading, Questrade shall in no way be responsible for any loss to Client resulting from Client's use of such information or advice.
5. To the extent Client has previously been led to believe or believes that utilizing any third party trading system, course, program, research or recommendations provided by Referring Agent or any other third party will result in trading profits, Client hereby acknowledges, agrees and understands that all Forex trading, including trading done pursuant to a system, course, program, research or recommendations of referring agent or another third party involves a substantial risk of loss. In addition, Client hereby acknowledges, agrees and understands that the use of a trading system, course, program, research or recommendations of Referring Agent or another third party will not necessarily result in profits, avoid losses or limit losses.
6. Client understands that referring agent and many third party vendors of trading systems, courses, programs, research or recommendations are not regulated by a government agency.
7. Because the risk factor is high in foreign currency transactions trading, only genuine "risk" funds should be used in such trading. If Client does not have the extra capital the Client can afford to lose, Client should not trade in the foreign currency markets.
8. Client understands and acknowledges that Questrade may compensate Referring Agent for introducing Client to Questrade and that such compensation may be on a per-trade basis or other basis. Further, the Client has a right to be informed of the precise nature of such remuneration.
9. Client understands and agrees that if Client's Account with Questrade is introduced by Referring Agent that Referring Agent shall have the right to access Client's Questrade Account, but the Referring Agent shall not have the right to enter into any trades on Client's Questrade Account unless authorized by Client under a power of attorney between Client and Referring Agent granting such Referring Agent the right to trade on Client's Account.

Should you have any questions regarding the risks of trading in foreign currency, please contact your Questrade Account representative.