

**TRADING MECHANISM FOR MICRO TRADING ACCOUNTS**

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**NOTE:**

*This Trading Mechanism is updated regularly. Clients should be informed that it is their duty to check Windsor's website for any amendments that might have occurred within the whole document at any time during the year.*

## 1. **Purpose and Scope**

The purpose of this Micro Trading Mechanism ("MTM") is to give an overview to the clients of all relevant information regarding trading with Windsor Brokers Ltd (the 'Company' or 'Windsor'). Details about the financial instruments offered, margin required for trading, leverage, charges etc., prior to clients entering into any transaction, is included within.

## 2. **Definitions and Interpretations**

Unless the content of this MTM states otherwise, the definitions and interpretations can be viewed by the clients on the Company's website.

## 3. **Category of Micro Instruments offered by the Company**

The following categories of Micro instruments are offered by the Company to its clients:

- 1) Foreign Exchange ('Forex' or 'FX')
- 2) Contract For Differences ('CFDs')

## 4 **Foreign Exchange ('Forex' or "Fx")**

4.1 At Windsor, clients have the ability to trade Forex Currency Pairs in Micro lots.

All Foreign Exchange instruments are traded as 'Instant Trading'.

### 4.1 **Forex Currencies**

Currencies are traded in pairs and exchanged against one another at a mutually agreed rate.

#### 4.1.1 **Contract Size:**

The contract size per Micro lot of each Forex Currency pair can be viewed on Windsor's website on the Micro Contract Specification Table under the following link:

[http://www.windsorbrokers.biz/files/Micro%20Contract\\_specifications\\_2009\\_0.pdf](http://www.windsorbrokers.biz/files/Micro%20Contract_specifications_2009_0.pdf)

#### 4.1.2 **Margin Requirements:**

Clients are required to maintain a minimum amount of funds for each open position held in their Micro trading account, in accordance with the leverage as stated in point 8 below. These funds are known as Margin Requirements and are considered a guarantee and not a cost.

The Margin Requirement at Windsor is US \$5 per Micro lot, based on a 1:200 leverage.

#### 4.1.3 **Hedging:**

Windsor allows its clients to minimize any unwanted risks that may occur within their Micro trading accounts from trading, by hedging open positions. By hedging, clients enter the market in opposite direction to their pre-existing positions. Windsor's system will automatically close this position against the latest open trade for the same instrument at the end of the working day.

Closing of the hedged positions is based on Last in First Out principle

## 5. **Contract For Difference ('CFDs')**

At Windsor, clients are offered CFD Indices for trading:

All CFDs are traded as 'Market Execution'.

### 5.1 **CFD Indices**

At Windsor, clients have the ability to trade CFD Indices, specifically Dow Jones with spread. The CFD Dow Jones is based on the prices generated from the Mini Dow Jones with an additional spread. Dow Jones is traded on a quarterly basis. The first two digits of the symbol specify the active month and the last two digits specify the active year, e.g. DJ0909X ≡ Dow Jones September 2009.

The DJ...9X contract open positions must be closed by the end of the expiration date of each contract. Any Micro trading account carrying DJ open positions that is expiring, is required to close all open positions on the last trading day at least half an hour before the market closes. Otherwise, Windsor has the right to close any open positions remaining in the Micro trading account (without prior notice).

The expiration and starting dates of the CFD Indices instruments can be viewed on the Micro Contract Specification Table on Windsor's website under the following link:

[http://www.windsorbrokers.biz/files/Micro%20Contract\\_specifications\\_2009\\_0.pdf](http://www.windsorbrokers.biz/files/Micro%20Contract_specifications_2009_0.pdf)

#### 5.1.1 **Contract Size:**

The contract size per Micro lot for CFD Indices can be viewed on the Micro Contract Specification Table on Windsor's website under the following link:

[http://www.windsorbrokers.biz/files/Micro%20Contract\\_specifications\\_2009\\_0.pdf](http://www.windsorbrokers.biz/files/Micro%20Contract_specifications_2009_0.pdf)

### **5.1.2 Margin Requirements:**

The Margin Requirement can be viewed on the Micro Contract Specification Table on Windsor's website under the following link:

[http://www.windsorbrokers.biz/files/Micro%20Contract\\_specifications\\_2009\\_0.pdf](http://www.windsorbrokers.biz/files/Micro%20Contract_specifications_2009_0.pdf)

### **5.1.3 Hedging:**

Windsor allows its clients to minimize any unwanted risks that may occur within their Micro trading accounts from trading, by hedging open positions. By hedging, clients enter the market in opposite direction to their pre-existing positions. Windsor's system will automatically close this position against the latest open trade for the same instrument at the end of the working day.

Closing of the hedged positions is based on Last In First Out principle

## **5.2 CFD Energies**

At Windsor, clients have the ability to trade CFD Energies, specifically the Light Sweet Crude Oil.

The Light Sweet Crude Oil contract prices are generated from the **NYMEX** exchange with an additional spread. Light Sweet Crude Oil is traded on quarterly basis and the first two digits of the symbol specify the active month and the last two digits specify the active year, e.g. CL0909X = Light Sweet Crude Oil September 2009

The CL...9X contract open positions must be closed by the end of the expiration date of each contract. Any Micro trading account carrying any CL instrument that is expiring is required to close their open positions on the last trading day, at least half an hour before the market closes. Otherwise, Windsor has the right to close any open positions remaining in the trading account (without prior notice).

The expiration and starting dated of the Light Sweet Crude Oil instruments can be viewed on the Micro Contract Specifications Table on Windsor's website under the following link:

[http://www.windsorbrokers.biz/files/Micro%20Contract\\_specifications\\_2009\\_0.pdf](http://www.windsorbrokers.biz/files/Micro%20Contract_specifications_2009_0.pdf)

### **5.2.1 Contract Size:**

The contract size per Micro lot for Future (OTC) Energies can be viewed on the Micro Contract Specification Table under the following link:

[http://www.windsorbrokers.biz/files/Micro%20Contract\\_specifications\\_2009\\_0.pdf](http://www.windsorbrokers.biz/files/Micro%20Contract_specifications_2009_0.pdf)

### **5.2.2 Margin Requirements:**

The Margin Requirement at Windsor is US \$5 per Micro lot, based on a 1:200 leverage.

### **5.2.3 Hedging:**

Windsor allows its clients to minimize any unwanted risks that may occur within their Micro trading accounts from trading, by hedging open positions. By hedging, clients enter the market in opposite direction to their pre-existing positions. Windsor's system will automatically close this position against the latest open trade for the same instrument at the end of the working day.

Closing of the hedged positions is based on Last In First Out principle

## **6. Transaction Size**

At Windsor clients have the ability to trade Micro lots. The minimum transaction size that the clients are able to trade is 1 micro lot while the maximum is 5 micro lots, at a time. The maximum number of transactions that the trading account can hold at a time cannot exceed the total number of 30 transactions.

## **7. Trading Methods**

The Trading Methods at Windsor are the following:

- 7.1 Instant Trading (Forex);
- 7.2 Market Execution (CFDs);

### **7.1 Instant Trading**

Instant Trading is a trading method based on the concept of buying/selling a financial instrument at the current market price. The client initially requests to buy or sell an instrument at the current market price. In cases where the price changes, the client has the option to

accept the new price (re-quote) and complete the trade or to reject it and request again. Instant Trading gives the client the opportunity to reschedule his trading requests due to market movements.

## 7.2 Market Execution

Market Execution is a trading method based on the concept of buying/selling a financial instrument at market, i.e. at the current market price. In this way, the client is obliged to accept the final price on the financial instrument he requested to trade, even if the price has changed in the time interval between request and transmission/execution of his order.

## 8. Orders

An order is an instruction for a transaction to be executed at a pre-determined price. It is executed only when the market reaches the price specified in the order and therefore, it reflects client's expectation at the time when the order is placed. There are a number of different orders that can be created to fit the trader's interest.

Orders must be placed within a certain amount of pips/ticks away from the current Market Price. The level varies for each instrument individually and can be viewed on the Micro Contract Specification Table on Windsor's website under the following link:

[http://www.windsorbrokers.biz/files/Micro%20Contract\\_specifications\\_2009\\_0.pdf](http://www.windsorbrokers.biz/files/Micro%20Contract_specifications_2009_0.pdf)

### 8.1 Types of Orders

- 8.1.1) **Day Orders** expire automatically at the end of the trading session of each day unless the orders are filled or cancelled by the client. Day Order means orders that are good or valid during that trading day. Orders which have been placed but not executed during a particular day's regular trading hours, will not automatically be carried over into the next trading day. Similarly, day orders placed during trading hours can only be executed during the trading session. If an order is not executed during a particular trading session, the order will be cancelled automatically at the end of the trading day and a new order must be placed in the next trading session. Windsor does not guarantee to accept any orders placed within few minutes of any major announcement.

### 8.2 Placing Orders

- 1) *New position:*

- Buy Limit, Sell Limit
- Buy Stop, Sell Stop

The Buy Limit and Sell Stop Orders are placed below the current market level of the financial instrument, whereas the Buy Stop and Sell Limit Orders are placed above the current market level of the financial instrument.

- 2) *Closing an existing position:*

- Take Profit (T/P)
- Stop Loss (S/L)

After entry into the market, a limit for profit order and a protective stop loss order may be placed. In this way, losses can be reduced, and profits can be earned at a pre-established price.

### 8.3 Modifying Orders

In relation to the modifications of working orders, Windsor Trading Platform offers the following:

- a. Changing the price level of Buy Limit, Sell Limit, Buy Stop, Sell Stop, T/P and S/L
- b. Placing a S/L or T/P on an existing trade
- c. Placing a S/L or T/P on an existing order
- d. Cancelling the order

Note: Clients' requests to modify or cancel orders at the time when the level has already been triggered will not be fulfilled.

### 8.4 Filled Orders

#### 8.4.1) Limit Orders or Take Profit Orders

Limit or take profit orders are filled at the price originally placed even in the case of big market moves or if the market opens in a Gap.

In cases where the market price only hits the level of a limit order and then reverses, Windsor cannot guarantee to fill such orders.

#### 8.4.2) Stop Orders

A stop order is an order to buy (or sell) a financial instrument once the price of the order reaches the requested level. When the level of the stop order is reached, the stop order becomes a market order (not limit). In other words a stop order is an order to buy or sell a financial instrument at the current market price prevailing at the time that the stop order is triggered. This type of order gives the trader no control over the price at which the order/trade will be executed.

## 9. Leverage

Leverage is defined as borrowed capital, such as margin, to increase the potential return of an investment. If a client uses leverage to make an investment and the investment moves against the client, his/her loss is much greater than what it would have been if the investment had not been leveraged. Leverage magnifies both gains and losses. Higher leverage increases the level of risk with the hope of a higher profitable return.

The following Leverage group is offered to Windsor's clients:

Leverage	Margin Call	Stop Out Level	Margin Requirement
1:200	100%	50% or below	US \$5/ Micro lot

#### 10. Margin Call

If the Free Margin of a trading account falls below Margin Call level as specified in point 9 above, the trading account is considered to be on Margin Call. In such occasions, the client is recommended to add new funds to his/her trading account in order to bring the Free Margin of the trading account to its required level. In case the trading account is not supported with additional funds and the Free Margin falls below the Stop Out Level (as specified in point 8 above), the trading account will be stopped out.

#### 11. Stop Out

In cases where a Micro trading account's equity falls below the required equity to margin level, the trading account is considered to be on 'Margin Call'. This means that the client should place additional funds into the trading account or minimize the open positions, as to bring the margin level back to its required level otherwise Windsor will Stop Out the trading account as soon as the margin level reaches or drops below the necessary threshold. In such circumstances, Windsor will partially liquidate the open positions held by the trading account as to bring the margin level back to its required level. Windsor will liquidate all open positions held by the Micro trading account in cases where the partial liquidation of open positions does not bring the margin level back to the required 50% level.

#### 12. Charges

##### 12.1 Storage

Storage is a charge applied to clients' Micro trading accounts who keep positions on Forex Currency Pairs open for more than 5 days. Storage takes effect after the pre-determined period at 11:00 pm of the 6<sup>th</sup> day of the opening of the Forex position and is charged on a daily basis until the position is closed. Storage is always a negative charge for the client and it is not affected by the position type (buy or sell).

Calculation of the Storage charge per day is as follows:

*Storage = Total number of Micro lots on open positions per Forex Currency Pairs (both selling and buying) x Predetermined charge per instrument*

The latest Storage charges can be viewed on Windsor website, under the MEMBERS AREA, under the following link:

<http://www.windsorbrokers.biz/en/content/micro-storage-charges>

Note: Charges are updated on a regular basis without prior notice to the client.

##### Example 1

- Predetermined period for EURUSD is 5 days
- Storage charge per day US\$0.15 (charged from the sixth day and may vary in value)
- Total number of Micro open positions: 2 lots

Calculation: 2 X US\$0.15 = US\$0.30 (storage values client Micro trading account is charged per day, as from the sixth day)

##### Example 2

- Predetermined period for EURGBP is 5 days
- Storage charge per day US\$0.10 (charged from the sixth day and may vary in value)
- Total number of Micro open positions: 3 lots

Calculation: 3 X US\$0.10 = US\$0.30 (storage value client Micro trading account is charged per day, as from the sixth day)

**The above examples regarding the two Forex Currency Pairs, EURUSD and EURGBP, shows that client's Micro trading account, who keeps positions open for 5 days, will be charged from the sixth day, a US \$0.30 storage, per day. This amount will be charged irrespective of the position type of the client i.e. buying or selling.**

**At any time Windsor deems it necessary for its protection or for any reason whatsoever, may change the amount of storage charges without prior notification.**

#### 12.2 Commission

Commission per Micro financial instrument traded is applied, as specified in the Confirmation Letter.

#### 13. Errors

It is possible that errors may occur in the prices of transactions quoted by Windsor. In such circumstances, without prejudice to any rights it may have under Cyprus Law, Windsor shall not be bound by any Contract which purports to have been made (whether or not confirmed by Windsor) at a price which:

- a) Windsor is able to substantiate to the client was manifestly incorrect at the time of the transaction;
- or
- b) Was, or ought to have reasonably been known by the client to be incorrect at the time of the transaction.

In which case Windsor reserves the right to either 1) cancel the trade altogether or 2) correct the erroneous price at which the trade was done to either the price at which Windsor hedged the trade or alternatively to the historic correct market price.

#### 14 Snipers

Trading strategies aimed at exploiting errors in prices and/or concluding trades at off-market prices (commonly known as 'sniping') are not accepted by Windsor.

Provided that Windsor can document that at the time of the conclusion of the trade there were errors in prices, commissions or in the Trading Platform and provided that Windsor can determine that the client, deliberately and/or systematically based on its trading strategy or other probable behaviour has exploited or attempted to exploit such an error, Windsor is entitled to take one or more of the following counter measures:

- a) adjust the price provided to the client;
- b) adjust the price spreads available to the client;
- c) delay in price confirmation;
- d) restrict the client's access to streaming, instantly tradable quotes by providing manual quotation only;
- e) retrieve from the client's trading account any historic trading profits provided that Windsor can document that such trading profits have been gained through such abuse of liquidity at any time during the client relationship;
- f) terminate the client's relationship with Windsor immediately by way of written notice.

#### 15 Complaints

In the event the client has a complaint against Windsor, the client is obliged to advise Windsor in writing within one business day. Windsor is hereafter obliged to investigate the complaint promptly and fully.

Methods of contact concerning complaints:

Clients may file a complaint by the following three methods:

**a-** Fax on 00357 25 500999 or using the numbers provided on the Windsor website.

**b-** Electronic mail to **complaints@windsorbrokersltd.com**.

**c-** Post, addressed to:

**Windsor Brokers Ltd**

**P.O.Box 54478**

**3724 Limassol-Cyprus**

**The client is obliged to confirm the submission of the written complaint by telephone on 00357 25 500500 or using the numbers provided by Windsor through Windsor Direct or on the Windsor Website.**