



Customer Agreement
Dedicated to financial spread betting
8th Edition – 1st April 2007

1. Introduction

1.1 This Customer Agreement sets out the terms and conditions of our spread betting and binary betting service ("our betting service"), and together with our Application Form and all documents referred to in this Agreement and the Application Form, forms our contract with you (you are an individual or a company acting by its authorised officers) in respect of all your spread betting with us ("the Contract"). The documents referred to in this Agreement are the current market information sheets which form part of the Contract and which are published on our website at www.finspreads.com. The Contract is legally binding under the Financial Services and Markets Act 2000 ("the Act").

1.2 Finspreads is a trading name of City Index Limited. City Index Limited (referred to in this agreement as "we" or "us") also trades as "Finspreads" or "Financial Spreads" or "TwoWaySpreads" or "Easy2spreadbet" or "Interactive Investor" and is an execution only bookmaker authorised and regulated by the Financial Services Authority ("FSA") with FSA registration number 1761813. The Contract does not affect our obligations to you under the Act or the FSA Rules, which will prevail over the Contract if there is a conflict between it and the Act or the FSA Rules.

1.3 The FSA's "Risk Warning Notice" is set out on the back of the Application Form and a further copy is enclosed for your information. You should take good time to read with care this and all other documents supplied by us. You should note that the only limits on your potential losses are those set out in the Contract.

1.4 By signing and completing the Application Form you acknowledge that you have taken good time to read and understand the Contract and agree that all your trading with us will be governed by the terms set out in the Contract. You should not sign the Application Form and agree to be bound by it and the Contract if you are unsure of their effect.

1.5 You must ensure that you have taken good time to understand the nature of the betting services we offer, the terms used by us and the procedures set out in the Contract before you begin to trade (i.e. place any bet or undertake any other form of trading).

1.6 We may classify you as an intermediate customer in accordance with FSA Rules if before you begin trading with us, or at any time thereafter, we determine that you possess sufficient experience and understanding of margin traded products and the risks involved. In the event that we classify you as an intermediate customer we shall give you written notice of the protections under the FSA regulatory system that you will lose, together with written notice of the parts of this Customer Agreement that will not apply to you. Your consent to being classified as an intermediate customer is required.

2. Warranties & Undertakings

2.1 Upon signing the Application Form and each time you trade (as defined in paragraph 6 below) you will be deemed to represent and warrant to us that: - (a) all information you have supplied to us, whether in your Application Form or otherwise, is true and accurate and is not misleading in any way; (b) you enter into the Contract and trade with us as principal and not as another party's agent or representative; (c) you are fully authorised and legally entitled to enter into the Contract, to conduct trading with us and to perform your obligations under the Contract; (d) the performance by you of your obligations will not be contrary to any law or other rules or agreement applicable to you; (e) you are not resident, either temporarily or permanently in the United States or otherwise located there and (f) any representative appointed by you to carry out trading on your behalf has been validly appointed by you.

If at any time you are in breach of any warranty set out above you will be liable to us for any loss or damage which we suffer and we will be entitled at our absolute discretion and for as long as the breach continues to close any open bet you have at our price prevailing at the time of closure.

2.2 You undertake that, throughout the duration of the Contract, you will, as quickly as you reasonably can, (a) inform us and (b) confirm the information by email if:

(a) you have reason to expect that there will be a change in your financial position as set out in your Application Form, and the expected change may if it comes to our attention affect the basis on which we trade with you; or (b) there has been an actual change in your financial position, and the change may if it comes to our attention affect the basis on which we trade with you; or (c) there is any change of your contact or any other details as set out in the Application Form.

Any breach of this undertaking will entitle us, for as long as the breach continues and at our absolute discretion, to close any open bet you have at our price prevailing at time of closure.

3. The Account

All your trading with us will be by reference to the type of your account. The two types of account which we operate are Deposit Accounts and Credit Accounts: -

Deposit Accounts: we may require you to make a payment into a deposit account for either or both of two reasons.

First, if you trade on a deposit basis we shall normally require you to make a cash deposit if your account balance, (i.e. the sum of cash held plus/minus net profit or loss on your open bets, plus any waived deposit you have been granted), is insufficient to cover the initial margin requirement for each bet you place. This deposit is known as 'initial margin' and is further explained in paragraph 5 below. Initial margin will normally be due and payable before and as a condition of opening a bet, but further initial margin may also become due and payable in respect of your open bets if: (a) the current value of your open bets alters with the result that your account balance is insufficient to cover the cumulative initial margin requirement in respect of those open bets or (b) the initial margin factor in respect of those bets increases while they are open, (see paragraph 5 below).

Second, we may also require you at any time to make additional cash deposits to cover your losses or reduced profits on your open bets when your account has moved into deficit.

In the event that we require you to make further cash deposits into your account (whether in respect of initial margin or to cover your losses or reduced profits on your open bets) the provisions regarding margin calls and payment of margin shall apply (see paragraph 16 below). Any failure to pay margin and/or initial margin when due and payable will be a Closure Event (see paragraph 14 below).

The amount of any cash you may hold on deposit from time to time does not in any way limit the extent of your liability to us.

(b) Credit Accounts: we may agree to grant you a credit allocation. This figure does not represent a credit facility, so we are not agreeing to lend you the relevant sum, nor is it a limit as to your potential financial liability to us. Your credit allocation is simply a limit below which we agree not to demand initial margin or margin from you. In other respects credit accounts are exactly like deposit accounts (see above). In particular, you should note that your credit allocation does not apply to realised losses which are payable in full in the usual way (see paragraph 17). We may ask you from time to time to provide us with up to date evidence of funds so that we may assess whether your credit allocation remains suitable for you. We may alter your credit allocation downward or remove it altogether at anytime if we have reasonable grounds to believe that this is necessary to protect you or us.

Any request to increase your credit allocation should be made to us in writing together with up to date evidence of funds covering at least five times the new total level of credit allocation requested. We reserve the right to refuse any request for a credit allocation or an increase in a credit allocation as we see fit and we shall be under no obligation to give you reasons for such refusal.

4. The Spread

4.1 Upon your request we will quote a two-way price for the market in which you are interested in trading. The spread is the difference between the higher and the lower figures quoted. An indication of the spread in relation to the majority of markets in which you can place a bet with us are set out in our market information sheets as published on our website at www.finspreads.com. In the event that the market information sheets do not provide an indication of the spread for the particular market you wish to bet on, you should telephone us on 020 7150 0500 for confirmation of the spread for that market before you place your bet.

The spread for any one or more of the markets we offer may be altered by us in reasonable response to significant changes in the conditions in the underlying markets/exchanges upon which our prices are based and /or to any other significant changes that affect the products upon which our prices are based. Changes to our spreads will be effective immediately and will be published in the market information sheets on our website as soon as is reasonably practicable following the changes being made by us. When you close a bet the spread may therefore be larger or smaller than the spread quoted when the bet was opened.

4.2 You open a bet when you accept our quoted price to buy or sell one of our markets. If you buy you are betting that the chosen market will go up, if you sell you are betting that it will go down. If you wish to buy you do so at the higher figure of the quote; if you sell, you do so at the lower figure.

4.3 We quote many thousands of prices each month and from time to time, whether due to human error or technical malfunction, incorrect prices are mistakenly quoted to customers. If we quote an incorrect price to you and you place a bet with us on the basis of that quote, the following provisions will apply: -

(a) a quoted price will be incorrect if it is different from the price that we would normally have quoted at the time when you request it, having regard to the nature and size of the bet, to our pricing policy in operation at the time and to the true price in the underlying market/exchange.

(b) if at the time that you place your bet with us on the basis of the incorrect price you know or suspect that the price is incorrect, that bet will be void.

4.4 When you close a bet it will be by reference to the spread at that time and not the spread at the opening of a bet.

4.5 The spread quoted on the placing of a bet (whether an opening or closing bet) may differ by reference to whether the underlying market/exchange is open or closed. Please see the market information sheets for indications of our market spreads when the relevant underlying market/exchange is closed.

5. Initial Margin

5.1 The initial margin requirement for bets on stock indices; currencies; metals; commodities; bonds; and interest rates is the bet size (i.e. the stake) multiplied by the initial margin factor for the market being traded. For shares it is the current value of your bet (i.e. the stake multiplied by our current quoted price) multiplied by the initial margin factor for the relevant share. Please see the market information sheets which are located on our website for worked examples of the calculation of the initial margin requirement

Options are a special category: please see the market information sheets for further information.

It should be noted that if a stop loss order is placed on a bet, for certain markets, this could result in a reduction in the initial margin requirement for that bet. This is referred to as "orders aware margining" and is explained, with worked examples, in the market information sheets. Please be aware that "orders aware margining" is only available on "our quote stop losses" and not "market stop losses" (see paragraph 11.3, below).

5.2 As stated above, the calculation of the initial margin requirement for bets on shares is calculated according to the current value of those bets. This method of valuation is commonly referred to as a marked to market valuation. A consequence of this method of valuation is that the amount of cash you will be required to have deposited in your account as initial margin to support your open bets on shares is likely to change during the life of those bets. This may mean that you will be required to deposit additional cash into your account at very short notice as a

condition of your open bets being allowed to remain open. In the event that you are required to make such further cash deposits the provisions regarding margin calls and the provision of the payment of margin shall apply (see paragraph 16). Any failure to pay initial margin when due and payable will be a Closure Event (see paragraph 14 below). An explanation of marked to market valuation, together with worked examples, can be found in the market information sheets on our website.

5.3 Your open bets, whether on shares or otherwise, will be valued by reference to our prevailing quoted prices (i.e the price that we are quoting for closing bets in that share or other product), and not by reference to the mid-point of our bid and offer prices.

5.4 We may grant you a waived deposit limit which will be confirmed to you in writing. If a waived deposit limit is granted to you, this will be deducted from the initial margin requirement for the bets you wish to open. Please note that a waived deposit limit cannot be set off against trading losses and therefore does not operate in the same way as a credit allocation. We may alter your waived deposit limit downward or remove it altogether at any time if we have reasonable grounds to believe that this is necessary to protect you or us.

5.5 Initial margin factors for all the markets we offer can be found in the market information sheets. You should ensure that you are fully acquainted with the contents of the market information sheets before you open a bet, and in the event that you do not have access to the internet, you must ensure that you obtain a paper copy from our client services department on 08000 96 96 20 before trading.

5.6 Although we shall endeavour to give you advance notice of increases to initial margin factors, this may not always be practicable. It may be necessary from time to time to increase without notice the initial margin factors for one or more of the markets we offer. Such an increase or increases will only be made by us in the following circumstances:

- (a) where we reasonably anticipate, or where there actually occurs, excessive volatility in the underlying markets/exchanges upon which the markets we offer are based;
- (b) where the underlying market/exchange increases its initial margining requirements and it is reasonable for us to do likewise;
- (c) where we are subject to an increased initial margin requirement on our hedge position covering your bet and it is reasonable for us to do likewise;
- (d) where we reasonably believe, having regard to changes in your financial position and/or having regard to the losses being sustained on your open positions, that it is necessary to increase the initial margin factor in relation to your open bets for your protection or our protection.

5.7 Changes to initial margin factors are effective immediately and will apply to bets already open as well as to new bets. Any such changes will be notified to you in the market information sheets on our website as soon as is reasonably practicable.

5.8 As stated above, changes to initial margin factors will apply to bets already open, as well as to new bets. This may result in your having to make an additional cash deposit to cover the increased initial margin requirement for a bet or bets you already have open. In the event that you are required to make a further cash deposit in these circumstances this will be called for and is to be paid in accordance with the

provisions of paragraph 16. A failure to make payment in the time and manner required will be a Closure Event and may result in your open bets being closed.

5.9 We may permit you to open opposing bets in the same market, but for different expiry dates. In such circumstances, because of the reduced credit risk which results from holding a long position in one expiry with a short position in another, we shall ordinarily only require your account to have sufficient available cash and/or credit and/or profit to cover the initial margin requirement for the bet or bets making up the larger side of the contract. However, we may require your account either before the bets are open or at any time thereafter during the life of the bets to have sufficient cash and/or credit and/or profit to cover the initial margin requirement due on all bets comprised in your overall position. In the event that you are required to make a further cash deposit in these circumstances, this will be called for and is to be paid in accordance with the provisions of paragraph 16.

5.10 The initial margin required by us to cover your open bets provide us with a measure of security against possible losses arising from trading on your account; it does not in any way limit the losses that you may incur on your account.

6. Trading

6.1 "Trading" means opening or closing a bet (or any part of it) or any other transaction we carry out by agreement with you on your account (including but not limited to the placing, cancelling, moving or filling of limit and stop loss orders) and "trade" and "trading" shall be interpreted accordingly.

6.2 When you place a bet, it is your instruction to 'buy' or 'sell' which governs the bet, not whether you also indicate whether it will be an opening or closing bet which we are under no obligation to check. You close a bet by placing the opposite bet: thus, a 'sell' bet is closed by placing a 'buy' bet of equivalent size and vice versa. We do not permit you to open opposing bets in the same market for the same expiry date. An instruction to open a bet in a market where an opposing bet is already open will automatically be deemed to be an instruction to close the earlier bet. If you have more than one open bet in the same market, closing bets will be allocated on a first opened first closed basis, unless you make it clear to us at the time that you wish to close a particular position, in which case the first opened first closed provision shall not apply.

6.3 You are our customer and are personally responsible for performing your obligations under the Contract irrespectively of whether we accept instructions from you or your representative or agent.

6.4 You acknowledge that by opening an account with us and by trading with us you will be providing us with personal data within the meaning of the Data Protection Act 1998. You authorise us to process all such data for the purposes of performing the Contract and in furtherance of our legitimate interests including statistical analysis, marketing of our services and credit control. In relation to credit control, you authorise us to carry out such credit and/or identity checks as we deem appropriate including obtaining references from your employer and bank.

6.5 You authorise us to furnish information regarding your account and trading history to any person or company that we reasonably determine to be seeking a

credit reference in good faith. This includes, but is not limited to, other FSA regulated firms and non-regulated bookmakers. Please see Appendix 1: "Important Data Protection -

A Guide to the use of your personal data by Finspreads and Credit Reference Agencies" for further details.

6.6 Trading with us is on an execution-only basis. This means that we carry out your trading instructions and that we owe you no duty in respect of the suitability of your trading with us or to provide any information relating to your intended or actual bets. We will not provide investment advice to you although we may provide you with factual market information. You agree and acknowledge that you will rely solely upon your own judgement in all aspects of your trading with us. All bets are made at your own risk.

6.7 We may impose: -

(a) minimum and maximum stakes from time to time. Such minimum and maximum stakes will normally be set out in the market information sheets published on our website and may differ according to the trading platform through which bets are placed and may be altered by us at any time at our discretion and without prior notice.

(b) individual minimum and maximum stakes per customer, which may vary from those in 6.7(a) above, and which may be altered by us at any time on giving you prior notice. Any such alteration will only apply to new bets and not to bets already open..

7. Trading by Telephone, Internet and Handheld Device

Telephone Trading

7.1 You may request a quote to open or close a bet or otherwise give trading instructions by telephone on one of our designated trading lines. Please note that a quote given to you by one of our traders is not an offer to contract. If you indicate that you wish to trade at the price quoted you will be deemed to be making an offer to trade at the quoted price and our trader will be entitled to confirm or reject that offer. No trade will be effective unless and until such confirmation is given. All calls may be recorded by us (these recordings shall be our property and may be used by us for any purpose consistent with your rights under the Data Protection Act 1998). We strongly recommend that you keep your own records of your bets including details of the times, dates and nature of your instructions as these details could be important if there is a dispute.

7.2 You will be given an account number which must be declared together with your name to our trader at the time of requesting a quote. You should memorise this number and not keep a written record of it or disclose it to any other person. We cannot be expected to recognise any voice, nor do we undertake to do so, and the account number is the sole reliable way in which we can verify that the instructions come from you.

7.3 You will be deemed to have authorised all trading under your account number irrespective of whether the person using it for the purpose of trading is using it with

your authority, unless the trade in question is not one that you in fact authorised directly or through a power of attorney and (a) the person using the account number obtained it from us as a result of our negligence, or (b) we otherwise act negligently in accepting instructions on your account. You may apply to change your account number and should do so immediately if you have reason to believe that anyone may use it without your authority or if it is lost.

7.4 All bets may only be opened or closed during our published market trading hours. These trading hours differ according to the market being traded. Please see the market information sheets for details. It is important that you familiarize yourself with the trading hours for the market that you wish to trade before you open any bet, as there may be restrictions on the times that you can close that bet. We are not obliged to accept any instructions to trade outside our published market trading hours and will not ordinarily do so. During our normal market trading hours we may suspend your ability to trade in the circumstances set out in paragraph 15.

7.5 When you trade by telephone your instructions to open or close a bet must be given to our trader during the same telephone conversation in which the quote was given (see paragraph 4.1). We shall have no liability to you if this telephone conversation is interrupted before we receive an instruction from you to trade on that quote, nor shall we be under any obligation to repeat the quote in a subsequent conversation.

Internet Trading and Trading via a Handheld Device

7.6 You may conduct your Internet trading via the Finspreads website at www.finspreads.com. You may in addition be offered the opportunity to conduct your trading through a mobile phone or other such wireless handheld device ("a Handheld Device").

7.7 We shall provide you with the software ("the Software") that it is necessary for you to download in order to conduct your trading via a Handheld Device. We grant to you a personal non-exclusive, non-transferable right to use the Software for that sole purpose. You agree to follow and comply with all instructions sent to you by us in relation to the operation of the Software.

7.8 We strongly recommend that you keep your own records of your trading including details of the times, dates, and nature of your instructions. These details could be important if there is a dispute.

7.9 You will be given a password, which must be declared, together with your account number when you wish to access your account. You will be deemed to have authorised all trading under your account number and password irrespective of whether the person using it for the purpose of trading is using it with your authority, unless the trade in question is not one that you in fact authorised and (a) the person using the account number and password obtained them from us as a result of our negligence, or (b) we otherwise act negligently in accepting instructions on your account. You may apply to change your account number and password and should do so immediately if you have reason to believe that anyone may use them without your authority or if they are lost.

7.10 All bets whether placed online or through a Handheld Device may only be opened or closed during our normal market trading hours. See paragraph 7.4 above which also applies to trading over the internet and through a Handheld Device.

7.11 In order to place a bet you should click the 'buy' or the 'sell' button relevant to the market that you wish to trade before the time expires. This trading instruction will in law constitute an offer by you to buy or sell at the price and stake chosen. You will then be asked to wait for confirmation. This is while we process your offer. If we accept it we will send you a message confirming this. Until you receive confirmation that the trade has been accepted the bet has not been placed. You must wait for this confirmation to appear after placing a bet and should you not receive this within two minutes you must notify us immediately. If you do not receive our confirmation and you do not notify us as required, you will be deemed to have agreed only the transactions recorded by us. Similarly, if you dispute the contents of any confirmation sent by us to you, you must notify us immediately upon receipt by telephone; if you do not, the transactions recorded by us will be deemed to be agreed by you.

7.12 Your trading instructions must be given by you between the time when a price is quoted and the time when it expires. We shall have no liability to you if the Internet connection is lost or the Software does not work properly with the result that you are unable to trade at any given price.

7.13 We reserve the right to remove altogether or reduce our telephone; Internet; and Handheld Device trading services at any time for any good reason including carrying out maintenance, repairs or for development purposes. We shall endeavour to give you advance notice of any such occurrence, although this may not always be reasonably practicable

8 Exclusion of Liability

8.1 The computer hardware and software we use in the course of our business is not immune to error or failure and may from time to time fail to operate satisfactorily or at all. The results of this may be that -

- you have difficulty in communicating with us through it;
- you may receive misleading or inaccurate information from it, including information about prices;
- your ability to open or close bets is disrupted;
- you may not receive messages that we have sent to you, including emailed contract notes and statements;
- other problems caused by software or hardware malfunctions related to the website, our trading platforms or the Software may occur.

(collectively, these results are called "IT problems")

We do not guarantee that IT problems will not occur, and you trade through the website and use the Software at your own risk of sustaining loss or damage as a

result of them, save for where the loss or damage arises as a result of fraud or wilful default on our part.. Such loss and damage might result through –

- your being unable to open or close a bet at the time when you wanted to do so;
- your believing that you have traded (for example by opening or closing a bet or by placing, cancelling or moving a stop loss order) when our records state that you have not, or your believing that you have not traded when our records show that you have;
- your making trading decisions (including for example decisions concerning the opening and closing of bets, placing, moving or cancelling stop loss orders) on the basis of inaccurate information about prices; or

other difficulties, misunderstandings, errors or unintended consequences caused by IT problems.

8.2 If as a result of IT problems our computer records are at variance with your own records or recollection of your trading, the version of events recorded contemporaneously by our computer will prevail (in the absence of dishonesty by us) and our obligations to each other (including the obligation to pay any money) will be assessed and calculated on the basis that our contemporaneous computer records are correct. Therefore, if you are having difficulty with the website or the Software in any way, you should telephone us as quickly as possible so that any misunderstanding or error can be avoided or resolved, and particularly if you wish to trade.

8.3 We do not in any way exclude or limit: (i) our liability for death or personal injury caused by our negligence or the negligence of our agents; (ii) our liability for fraud or fraudulent misrepresentation or wilful default (ii) any liability that cannot be excluded or limited under the Financial Services and Markets Act 2000.

8.4 Subject to paragraph 8.3 above, we will not in any event be responsible or liable for any loss of profit, revenue, business, contract, goodwill or data or any similar loss or any consequential loss or damage arising from the use of our trading platforms, the Software and our website. Such loss and damage may result from (including but not limited to) the unavailability whether for technical reasons or otherwise of any one or more of our trading platforms so that you are unable to communicate or trade with us; the unavailability whether for technical reasons or otherwise of our website; a failure of the Software provided to you; an inaccuracy or mistake in any information given to you or in carrying out your instructions; or as a result of the unauthorised access to our trading platforms by a third party or the corruption of data sent by you to us or by us to you.

8.5 We shall not be responsible for any delay or failure to carry out our responsibilities under the Contract for reasons beyond our reasonable control, including for example acts of God, exceptionally severe weather, industrial disputes both here and abroad, failure or shortage of power supplies, acts of terrorism, war, default or failure of a third party (including any network provider or service provider) or their telecommunications systems, or government actions.

8.6 We take reasonable precautions to ensure that data generated and used by us has been swept for viruses, but it is your responsibility to ensure that the transmission, opening or use of such data to you will not adversely affect your systems or data. You should ensure that your computer has up to date virus detection software and that you carry out such virus and other checks as you consider appropriate. No responsibility is accepted by us for losses that you may suffer as a result of the onward transmission of viruses from us to you.

8.7 Each provision of this paragraph 8 operates separately. If any provision is disallowed or found to be ineffective by any Court or regulatory body the other provisions will continue to apply.

9. Contract Notes

9.1 We shall send you by email, or by such other method we may agree with you, contract notes detailing your bets opened and closed between on each trading day. Please note that in order to place a "rolling trade" (see paragraph 13, below) you must accept contract notes by email. In the event that you have traded on a particular day and do not receive a contract note by 7am the following day please telephone client services immediately on 08000 96 96 20.

10. Opening & Closing Bets

10.1 You may request a quote to open or close a spread bet by telephone on one of our designated telephone lines or via the client pages on our website or via a Handheld Device during our normal business hours.

10.2 We may at our absolute discretion refuse to accept instructions to open a bet for any reason, whether or not that reason is disclosed to you, including (but not limited to) the following:-

- (a) a Force Majeure event has occurred and we have taken one or more of the steps outlined under paragraph 15.2;
- (b) the result of your instructions would be that your overall stake in any given market would be less than the minimum or more than the maximum allowed by us;
or
- (c) your account is in deficit or the opening of your bet puts your account into deficit.

You will remain liable for all losses on your account notwithstanding our refusal to accept your instructions to open any bet.

10.3 We may if we see fit attach conditions to the opening of a bet. By agreeing to open a bet with conditions attached to it, you will be legally bound to comply with those conditions and a failure to so comply will be a Closure Event (see paragraph 14).

10.4 You acknowledge and agree that we may at our absolute discretion hedge your bet in the underlying market. If your bet or bets causes us to enter into hedging transaction/s that result in our holding a position that is above normal market size for the share; currency; commodity or index in question ("large transactions"), it is possible that to reverse these large transactions may take significant time. In the case of some large transactions this could take hours, days or even weeks, during which the price could be moving against you. You therefore further acknowledge and agree in relation to large transactions that:

(a) the price at which your bet will be closed shall be the price that we actually quote to you in respect of the closure of that bet or the relevant part of it, and no other price, particularly not the price appearing on our website which will be indicative only of the sort of quotes that might be offered in relation to bets at or below market size; and

(b) we will not be under any obligation to quote a price to you in respect of the closing of a bet until we know the price at which we can reverse the hedge or the part of it to which the quote applies.

10.5 You may, by contracting with us at our relevant prevailing price, close a bet at any time during our published market hours. It is therefore important that you familiarize yourself with our market hours before you open any bet with us, as you will only be able to close that bet during those hours. Our market hours (which are subject to change) are published in the market information sheets which can be found on our website. Our market hours are affected by UK and international public holidays and by the opening hours of the exchanges upon which our prices are based.

10.6 Open bets will be closed by placing a bet in the opposite direction for the same stake. Open bets can be partially closed by placing a bet in the opposite direction for a smaller stake than the existing one.

10.7 Open bets which are closed prior to expiry will be closed at our then prevailing quote. Open bets which run to expiry will be closed at the applicable official closing quotation or value in the underlying market plus or minus our spread, if applicable.

10.8 It is your responsibility to ensure that you know the date on which any of your open bets will expire and the latest time on that particular day when your bet may be closed.

10.9 We may close any of your bets upon the occurrence of a Closure Event (see paragraph 14).

10.10 Upon the closure of an open bet, your winnings or losses in respect of that bet will be realised. Any payments due by us to you or vice versa will be made in accordance with the provisions of paragraph 17.

11. Stop Loss & Limit Orders

11.1 Definitions: -

- a 'stop loss' order is an instruction to us to close a bet at a price which is worse than the current price when viewed in the context of your open bet.

- a 'limit' order is an instruction to us to open or close a bet when the price is better than the current price when viewed in the context of your open bet.

Worked examples of such orders can be found in the market information sheets displayed on our website.

11.2 'Stop loss' and 'limit' orders are only available on selected markets and are not available at all on options bets. Limit orders only are available on binary bets. Both types of order may be placed or (save in the case of a 'stop loss' order which we impose, see paragraph 11.5 below) cancelled at any time during our normal business hours as published in the market information sheets.

11.3 You may place an order at either 'market level' or at a level based on our quote. An order placed at 'market level' will be filled as soon as reasonably practicable after the underlying market price reaches the level specified. It is important to note that an order at 'market level' will be filled at our then prevailing 'buy' or 'sell' price, whichever is appropriate, and not at the underlying market price, as the underlying market price acts as a trigger to fill the order at our prevailing price.

Market level orders are only available on those of our markets where the underlying market is quoted on an exchange (this does not include serial month futures) and where liquidity is deemed sufficient to allow hedge trading if appropriate. Orders on binary bets may only be placed at a level based on our quote.

11.3.1 An order placed at a level based on our quote will be filled as soon as reasonably practicable after our quoted 'buy' or 'sell' price (whichever is appropriate) reaches the level specified. An order will automatically be deemed to be placed on the basis of our quoted price unless at the time of placing the order it is agreed with us that it is being placed at 'market level'.

11.3.2 An order may be 'guaranteed' or 'non-guaranteed'. A guaranteed order is one that we guarantee to you (i.e. that it will be filled at the price specified by you), and because it is guaranteed we will charge you a premium. Guaranteed orders are only available on selected markets and are not available on binary bets. Please see the market information sheets displayed on our website for more details. An order is non-guaranteed unless at the time of placing the order it is expressly agreed in terms with us that it is guaranteed. You are warned that non-guaranteed orders are vulnerable to 'gapping through' (see paragraph 11.4 below).

11.3.3 A limit order which involves an instruction to us to open a bet will not ordinarily be filled unless at the time when the price reaches the relevant limit your account contains sufficient resources to cover the initial margin requirement for the bet which is to be opened (see paragraph 5 for the calculation of initial margin requirement). In the event that your account contains insufficient resources to fill a limit order then, unless we exercise our discretion to proceed to fill such an order, the order will be cancelled with immediate effect and, in the case of a guaranteed order, the premium that has been charged will not be refunded. We may, however, at our sole discretion proceed to fill such an order notwithstanding that your account

has insufficient resources to cover the initial margin requirement for the bet which is to be opened. In such circumstances we reserve the right at any time after the opening of that bet to require you to deposit cash to cover the initial margin requirement for that bet. Any such further cash deposits will be payable in accordance with the provisions of paragraph 16.9 dealing with payment of margin calls. A failure to make payment in the time and manner required will be a Closure Event and may result in your open bets being closed out. We reserve the right to refuse to open a bet in accordance with a limit order if (a) there is a Closure Event or (b) in any other circumstances where we would be entitled to close the bet if it had already been opened.

11.3.4 You acknowledge and agree that you will remain liable for any losses on your account which may be realised as the result of the filling of an order, regardless of the available resources on your account at the time the order was filled.

11.3.5 All orders, save for the case of a 'stop loss' order which we impose (see paragraph 11.5 below), are good (i.e. valid) until either (a) cancelled by you or (b) the expiry or earlier closure of the bet. You may only cancel orders during our normal market trading hours. Please see market information sheets for details. It is therefore important that you regularly review any open bets.

11.4 A non-guaranteed order is not guaranteed by us and is vulnerable to 'gapping through'. This occurs when our quote moves beyond the price at which you have requested that the order be filled. This may and frequently does happen when the underlying market upon which our quote is based moves quickly. In such Circumstances, we shall fill the order as soon as is reasonably practicable. In the case of orders which have 'gapped through' overnight this will be as soon as is reasonably practicable after we open for business the next business day or in the case of orders left at "market level" when the relevant exchange opens for trading. You acknowledge and agree that because of the potential for adverse market movement very quickly a non-guaranteed order may be filled at a price worse, possibly much worse, than the price at which the order was left.

11.5 We may impose a 'stop loss' order (which in all cases will be non-guaranteed) on any of your open bets in the event that we reasonably believe such action is necessary or desirable to limit the losses on any of your open bets. Our belief will in all cases be reasonable if:-

i) we have any reason whatever to think that you will not pay us any money that is or may become due to us; or

ii) you make any statement to us which is or we have reason to believe is or may not be true; or

iii) you fail to do anything that you have undertaken to us that you will do; or

iv) we are having difficulty in communicating with you and there are grounds for believing that this is because you have failed to take reasonable care to ensure that you are contactable by us at all times. Such grounds will arise if (whether or not in order to make a margin call) we dial all the telephone numbers given by you to us but are unable to speak to you personally and –

(a) we leave a message on any message-taking facilities offered but we do not hear from you within 30 minutes of leaving the message (or, if we leave more than one, the first message, although please note that if we leave or attempt to leave a message, either with a person who offers to take a message or on an automated message taking service but for any reason it does not reach you we will nonetheless be deemed to have left a message for you); or

(b) no message-taking services are offered and we dial all the numbers given by you again after a period of not less than 30 minutes and are still unable to speak with you at once. The above is a non-exhaustive list and our belief may be deemed to be reasonable based on such other grounds as may arise.

11.6 We shall as soon as is reasonably practicable after imposing a stop loss order attempt to inform you of it by telephoning you on the number or numbers that you leave with us by (a) informing you personally of the stop loss order, or if this is not possible by (b) leaving a message if, and only if, there is an automated message taking facility or a person who offers to take such a message for you. If a message is left, it will be deemed to have reached you whether or not it has in fact done so. We will also send written notification to you by post and/or email at the addresses that you have given to us. We are under no obligation to take any other steps to inform you of the stop loss order. It is therefore in your interest to ensure that you are contactable at all times by a telephone with a reliable message-taking service.

12. Roll-Overs on futures

12.1 You may notify us a few days before the expiry date, either by telephone or by using the "Auto Roll-Over Trading Tool" on the ITP (Internet Trading Platform), if you wish to roll-over an open bet into a new contract period. Please note that bets on options and binaries may not be rolled over. We are not obliged to agree to the rolling over of any bet and will not do so if we decide that it is not in our interests to do so.

12.2 Any 'stop loss' or 'limit' order you have in place prior to the expiry date will be rolled-over into the new contract period at the same level. The exception to this is where the level you have stipulated for a guaranteed order will not be the minimum permitted distance away (see market information sheets for details on minimum permitted distances) following the roll-over. In this situation, the guaranteed order will be rolled-over and the level adjusted so that it is the minimum permitted distance away.

12.3 Where as a result of the roll-over your 'stop' order becomes a 'limit' order (and vice versa) you should be aware that your trade may not be rolled.

12.4 You will be charged a premium each time a guaranteed order is rolled-over into a new contract period.

12.5 Any request by you to roll-over a bet into a new contract period shall be treated by us as a request to roll-over your bet indefinitely, unless you instruct us to the contrary.

12.6 The execution by us of your request to roll-over will result in your original bet being closed at our then prevailing quote and any winnings or losses will be realised

and a new bet will be opened for the new contract period at our then prevailing quote for that contract period.

13. Rolling Trades

13.1 The rules in the following paragraphs numbered 13.2 to 13.9 (the "rolling trade" rules), together with the "rolling trade" market information sheets published on our website, apply to all rolling trades and to your account at all times whilst you have an open rolling trade. They do not apply to any other types of bet. For the avoidance of doubt, the "rolling trade" rules are supplemental to the other provisions of this Agreement, save that in the case of a conflict between the "rolling trade" rules and the other provisions of this Agreement, the "rolling trade" rules shall prevail. Please note that a "rolling trade" should not be confused with a roll-over on futures (for which see paragraph 12).

13.2 We offer "rolling trades" on certain of our markets. A "rolling trade" is designed to reflect more closely the price of the product being traded in the underlying market/exchange, and does not have an expiry date. We do not guarantee that our prices will mirror the prices in the underlying market/exchange. In certain circumstances, for example where liquidity is low, it may be necessary for us to widen our prices beyond the prices we would ordinarily quote to open or close a "rolling-trade".

13.3 There are worked examples of "rolling trades" in the market information sheets published on our website. It is important that you fully understand how "rolling trades" work before you open your first trade with us.

13.4 A "rolling trade" will in all cases be closed as soon as reasonably practicable at the end of each trading day (that is at the end of the day when the underlying market/exchange on which the product is traded is open for business, or if no such underlying market/exchange exists at the end of any day when the UK banks are open for business) at our then current "rolling trade" price.

13.5 A "rolling trade" that has been closed in accordance with paragraph 13.4 will automatically be reopened for the next trading day at the same price as it was closed (subject to dividend adjustments, see paragraph 13.8 below and other corporate actions that affect the underlying product, see paragraph 27) unless your account contains insufficient resources to cover the initial margin requirement for that trade in which case it will not generally be rolled-over (see paragraph 5 for the calculation of initial margin requirement). We may, however, at our sole discretion, agree to roll over a "rolling trade" notwithstanding that your account has insufficient resources to cover the initial margin requirement for that trade. In such circumstances we may require you at any time after the opening of the trade to deposit cash to cover the initial margin requirement for that trade. Any such further cash deposits will be called for and will be payable in accordance with the provisions of paragraph 16 dealing with margin. A failure to make payment in the time and manner required will be a Closure Event and may result in your open trades being closed out.

13.6 "Stop" and "limit" orders that are attached to your "rolling trades" will automatically be rolled over into the next trading day. We reserve the right to refuse

to open a "rolling trade" in accordance with a "limit" order if (a) there is a Closure Event or (b) in any other circumstances where we would be entitled to close the trade if it had already been opened.

13.7 You may, by contracting with us at an agreed price, close your "rolling trade" intra-day.

13.8 A daily financing charge will be credited or debited to your account depending on whether you are "long" or "short". The calculation of the daily financing charge will differ according to the market you are trading. An explanation of the calculation of the daily financing charge for the markets we offer, and the way that it is to be applied to your account, with worked examples, is contained in the market information sheets on our website. Please note that the daily financing charge is based upon underlying interest rates and is therefore subject to change to reflect changes in those underlying interest rates.

13.9 Any "Good for the Day" orders that attach to the "rolling trade" will cease to have effect when closed in accordance with paragraph 13.4. If the order is Good until Cancelled it will attach to the new bet.

13.10 "Rolling trades" on shares and indices are subject to a dividend adjustment, if the dividend relates directly or indirectly to the underlying product, and your "rolling trade" is open with us at the close of the business day (that is Monday to Friday inclusive, save for UK public holidays) before the ex-dividend date. Dividend adjustments may take the form of a price adjustment meaning your opening price may be different to your closing price to reflect the dividend. They may take the form of either a credit or debit to your account, depending on whether you hold a "long" or "short" position, and the adjustment will be made to your account as soon as reasonably practicable after we are in a position to calculate what that adjustment should be. An explanation of the calculation of the dividend adjustment, with worked examples, is set out in the market information sheets. The way that we calculate the dividend adjustment may change in response to changes in tax or any other relevant external factor.

14. Events Entitling Us To Close Your Open Bets (A Closure Event)

14.1 Closure Events include, but are not limited to, all of the following: -

(a) a failure to make payment to us of any amount (including initial margin and/or margin) which is due on any account held by you with us trading under any name;

(b) a failure to perform your obligations to us under the Contract or a failure to do anything that you have undertaken to us to do, whether the undertaking was given by telephone, by email, by Handheld Device, by post or otherwise, and whether or not the undertaking was contractually binding;

(c) any warranty or undertaking made by you as set out in paragraph 2, or any other material statement made by you to us, (a) is untrue or misleading in any significant respect at the time when you make it, or (b) becomes untrue or misleading afterwards and you do not inform us of the true position as quickly as you reasonably can;

(d) you are unable to pay your debts (including debts due to us or anyone else) as they fall due, or you become involved in a dispute over payment with a person, firm or company who in our reasonable belief claims in good faith to be owed money by you;

(e) (if you are an individual) you die or become a mental patient within the meaning of any applicable mental health legislation or a bankruptcy petition is presented against you;

(f) (if you are a company) a petition is presented or a resolution passed for your winding up, or an administrator or receiver is appointed in respect of you or any of your assets;

(g) you make an arrangement with your creditors;

(h) any circumstance analogous or similar to those set out in (e) to (g) above occurs in relation to you in any jurisdiction;

(i) any circumstance required by any regulator of our business or its rules;

(j) you owe money to any other Associated Company. An Associated Company means any holding Company or subsidiary company (as defined in the Companies Act 1985) from time to time of City Index Limited and/or any subsidiary company of any such holding company or its subsidiaries;

(k) any payment order given by you to your bank or other agent payment is returned dishonoured or unpaid; or

(l) we reasonably believe that any of the circumstances set out in paragraphs (a) to (k) above are likely to happen and we also reasonably believe that any action described in paragraph 14.2 below is necessary or desirable to protect our position and/or the position of our customers.

14.2 If a Closure Event occurs we may, without prejudice to any other right against you which we may have: -

(a) close without prior notice to you any or all of your open bets (in whole or in part) on any account held by you with us trading under any name at a level based on our then prevailing quotation, or if none at a level which is fair and reasonable;

(b) exercise our rights of set-off under this Contract; or

(c) close all your accounts and refuse to accept any further bets from you or undertake any trading with you.

14.3 A Closure Event will only entitle us to close your open bets if (a) the Closure Event occurred after the bets in question were opened, or (b) the Closure Event occurred before the bets were opened but we did not actually know about the Closure Event at the time when the bets were opened. For the purposes of this paragraph, actual knowledge means that the facts are recorded on our computer systems and/or that actual knowledge of them is held by us, and does not include mere knowledge of facts from which the Closure Event could be inferred or anything

else short of actual knowledge of the Closure Event. Please note, however, that regardless of the state of our knowledge failure by you to pay any money due to us by the time when it is due will be treated as a continuing act of an event entitling us to close any or all of your bets at our discretion at any time before the money is paid or we agree a later time for payment.

14.4 We are under no obligation to draw your attention to the fact that a Closure Event has occurred or to give you any opportunity to remedy it. A Closure Event will entitle us to close any bets even if we do not know about it when we close the bet or bets and any profits or losses which are realised upon such closure will be binding as though the bet(s) in question had been closed on your express instructions.

14.5 While the occurrence of a Closure Event will give us the right to close part of your open bets, instead of all of them, we will have no obligation to consider whether we should do this. Nor will we owe you any duty to consider your interests in deciding whether to close any or none or part or all of your bets, which will be a decision in respect of which we will be entitled to consider our own interests alone.

14.6 You must give notice to us if you have reason to believe that a Closure Event has occurred in relation to your account, or if you have reason to believe that a Closure Event will occur. Failure to comply with this requirement will itself be a Closure Event.

14.7 We will as soon as is reasonably practicable take all reasonable steps to notify you of all action and steps taken by us pursuant to our rights under paragraph 14.2.

15. Force Majeure Events

15.1 We may in our reasonable opinion determine that an emergency or an exceptional market condition exists (a "Force Majeure Event"). A Force Majeure Event shall include, but is not limited to, the following: -

(a) any act, omission event or circumstance beyond our control such as strike, riot, terrorist attack, civil unrest, war, evacuation of premises, or failure of supply communications or other infrastructure which in our reasonable opinion prevents us from maintaining an orderly market in any one or more of our betting markets;

(b) the suspension, closure or abandonment of any underlying market or event, with the result that we are in our reasonable opinion unable to maintain an orderly market in one or more of our betting markets;

(c) the imposition of betting limits or special or unusual terms in the underlying markets upon which our markets are based with the result that we are in our reasonable opinion unable to maintain an orderly market in any one or more of our betting markets;

(d) the occurrence of excessive movement or loss of liquidity in the underlying markets upon which our betting markets are based, such that in our reasonable opinion we are unable to maintain an orderly market in any one or more of our betting markets;

(e) the occurrence of any technical or mechanical failure, or power failure, or any failure the result of which is that our computing equipment does not function fully, or any other failure whatsoever, so long as the result of the failure in question is that we in our reasonable opinion in all of the circumstances prevailing at the time believe that it would be commercially imprudent for us to allow normal trading to continue;

(f) we reasonably believe that any one or more of the circumstances set out in paragraphs (b) to (e) is or are about to occur.

15.2 If we determine that a Force Majeure Event has occurred, we may, without prejudice to any other rights, take any one or more of the following steps: -

(a) amend trading terms including but not limited to credit allocation; waived deposit limits; minimum/maximum stakes; spread size; initial margin requirement ; margin; the ability to open new bets or close existing ones or the ability to place stop or limit orders.

(b) alter normal trading times;

(c) vary the Contract insofar as the event in question makes it impractical or impossible for us to comply with our obligations to you;

(d) close any or all open bets, cancel any instructions in particular any or all limit or stop loss orders in place on your account;

(e) take such other action as we deem to be reasonably appropriate in the circumstances having regard to our position, your position and the positions of other customers. We shall have no liability to you if any action is taken by us as set out in this paragraph, unless we have acted fraudulently or in bad faith.

15.3 We will inform you and the FSA as soon as is reasonably practicable if a Force Majeure Event is deemed to have occurred and of any action taken by us.

16. Margining

16.1 Margin is the expression used to describe payments which we ask you for as a result of your account (whether it is a deposit or credit account) moving into deficit. The extent of the deficit will be the maximum amount of margin that we are allowed to ask for. However, we may ask for a lesser sum and if we do that is the sum that you must pay.

16.2 The extent of the deficit on your account will be calculated as follows:

- If you hold a deposit account, your account will be in deficit to the extent that the aggregate of (i) the initial margin requirement (taking into account any waived deposit limit) applicable to your open bets plus (ii) the net profit/losses on your open bets exceeds (iii) cash held.

- If you hold a credit account, your account will be in deficit to the extent that the aggregate of (i) the initial margin requirement (taking into account any waived deposit limit) applicable to your open bets plus (ii) the net profit/losses on your open bets exceeds the aggregate of (iii) your credit allocation plus (iv) cash held. In

calculating whether you are liable to pay margin to us in relation to any given account that you hold with us, we will only have regard to the position on that account. Credit and/or debit balances on other accounts that you may hold with us (whether they be deposit or credit accounts, and whether they be held with us trading as Finspreads or under another name) are irrelevant for this purpose. Your liability to pay margin will be determined accordingly.

16.3 When we ask you for a payment of margin we are said to make a 'margin call' or to 'call for margin'. However, the person making the margin call does not have to expressly state that it is a margin call, and any request by us for a sum of money will be a margin call unless we expressly state otherwise. When we make a margin call you must pay the amount called for by the time specified in the paragraphs below.

16.4 We may not have any details of your ongoing financial liquidity and it is your responsibility to ensure that you have the financial means to make margin payments to us, which will be payable very quickly or in certain cases immediately (see below at paragraph 16.9). You should not open bets at stakes that are so large that you are not sure that you will be able to pay any margin within the time required. If you are not sure that you will be able to pay any margin due within the times specified in the paragraphs below you should not open the relevant bet.

16.5 Margin calls will generally be made by telephone but may also be made by email, fax or post. You must therefore ensure that while you have open bets with us you are contactable by telephone at all times (i.e. including whilst you are on holiday, business trips or leisure outings, or whilst travelling or engaging in sporting activities) and that you will be able to meet margin payments within the time allowed from wherever you are. If you have reason to believe that it will be difficult for us to contact you and you have bets open with us, you should close them before you become uncontactable. This is particularly important if you have open bets that might result in a margin call of £10,000 or more, as margin of above this sum is payable immediately (see below, paragraph 16.9).

16.6 The following provisions apply to margin calls made by telephone:

(a) If we make a margin call by telephone and we speak to you the margin call is received by you at the time when we ask you for the money.

(b) In the event that we make a margin call by telephone (whether we make the call by speaking to you, or by leaving a message on an automated service or with a person who agrees to pass a message to you, or are deemed to have made the call under paragraph (e) of this paragraph) it may be that such margin call is subsequently confirmed by us in writing in which case any such written confirmation whether by post, fax or email will have no effect on the timing of the making of the margin call to which it relates. Equally, any repetition made by telephone of a margin call made previously will not affect the timing of the margin call made previously.

(c) You irrevocably authorise us to call for margin by leaving messages asking for the amount of the margin (a) on any automated message taking service provided on any telephone number given to us by you, and (b) with any person who answers the telephone and agrees to pass a message to you.

(d) We shall be deemed to have made a margin call for the sum called for if we attempt to telephone you on all numbers provided to us by you and we are unable to speak to you and we leave a message calling for a sum of margin on all automated message taking services offered on all of the numbers supplied by you. Such a margin call will be deemed to have been made by us and received by you at the time when it is left, whether or not you received it at that time, or after that time, or at all.

(e) If in order to make a margin call we ring all telephone numbers provided by you and we are unable to speak with you and no automated answering message taking service is offered, we will nonetheless be deemed to have made a margin call for the deficit standing to your account at the time when we called the last number, and this call will be deemed to have been made by us and received by you at the time when we called the last number.

(f) If we ring all numbers supplied by you and we are not able to speak to you and we are not offered any automated message taking service, we will be deemed to have made a margin call under the provisions of paragraph (e) of this clause, even if we are able to speak to a third party who offers to take message for you. We may at our discretion leave with any person a message simply asking you to telephone us, but this will not affect the fact or the timing of the margin call deemed to have been made, even if you subsequently telephone us and we inform you of the deficit and ask for payment of the margin. You should treat any message left by us for you with a third party as extremely urgent and assume that it pertains to a margin call for the deficit then outstanding on your account.

16.7 If you access our Starcall telephone service or our website and a margin call addressed to you has been placed on either of these services by us, it will be deemed that the margin call was made by us and received by you at the time when either system was accessed, unless we have also made a margin call by other means that has been or is deemed to have been made at an earlier time, in which case you will be treated as being bound by the earlier margin call. Thus, you must not rely on either Starcall or the website other than for indicative or information purposes, and you should telephone our offices should you be unable to access either system or you believe the information being relayed is incorrect in any way.

16.8 Margin calls made other than by telephone will be deemed to have been received by you in accordance with paragraph 22.2 below.

16.9 You must pay the margin called for within seventy two (72) business hours (for the definition of business hours please see paragraph 23) from the time when you in fact receive or are deemed to have received a margin call (whichever is the earlier) unless: -

(a) the margin due is in excess of £10,000; and/or

(b) you live abroad; and/or

(c) you are a deposit account holder. In any of the circumstances set out under (a) to (c) above you must unless we specify otherwise make immediate payment of the whole sum.

Immediate payment means: -

(i) where a margin call has been received or is deemed to have been received (whichever is the earlier) by you before 12:00 noon London time on a particular day that you must pay us in full in the form of cleared funds by 16:00hrs London time on that same day; and

(ii) where a margin call has been received or is deemed to have been received (whichever is the earlier) by you after 12:00 noon London time on a particular day that you must pay us in full in the form of cleared funds by 12:00 noon London time on the following business day

16.10 You must contact us immediately and tell us if you are unable to or anticipate being unable to make any margin payment when called upon to do so; in the event of your doing so we reserve the right to close out any or all of your open bets at our then prevailing price, at our discretion.

16.11 Failure to pay within the relevant time limit any sum due to us, whether the sum is margin for which we have called or some other payment, is a Closure Event (see paragraph 14) and may result in our closing out any or all of your open bets at our then prevailing price.

16.12 If at any time margin is due from you in respect of open bets and there are also realised losses on your account (see paragraph 17), whether or not your time for paying the realised losses has expired, we will in our sole discretion (and whether or not you agree) be entitled to apply any money paid by you to the realised losses and to require that they be paid in full before any money received from you is applied to the payment of margin.

16.13 You should note that: -

(a) you must not rely upon our right to demand margin payments as a method of monitoring your open bets, as such monitoring is your responsibility and we assume no responsibility for it;

(b) the margin called for does not and is not intended to represent your entire liability to us;

(c) the FSA Rules require that we close out an open spread bet position if you fail to meet a margin call made for that position for five business days following the date on which the obligation to meet the call accrues unless any one or more of the exceptions contained within the FSA Rules apply. We have no obligation to you to consider whether to extend the five business days for meeting a margin call and may choose to do so at our sole discretion.

17. Payment & Set Off

17.1 We will normally send you a weekly statement of your account. We reserve the right to send such statements by (i) post and/or (ii) by e-mail and/or (iii) by any other electronic means that may be agreed with you. The statement will advise you of your current cash and account balance, any profits or losses on closed bets in the period since the date of the last statement issued to you, your open bets and the marked to market valuation of those bets. The frequency of delivery of the statement may be affected by public holidays and events of Force Majeure (see

paragraph 15). We do not guarantee that you will receive all statements as delivery may be affected by administrative error on our part or by postal failure. If, therefore, you do not receive a statement when you should, you should telephone us and ask for a duplicate.

17.2 You must pay to us an amount equal to any negative cash balance shown on your statement of account within 7 days of the date of the statement. Failure to pay such debit balance on time is a Closure Event. Your obligation to pay us arises irrespectively of whether or not you may have an overall credit balance standing to your account or whether or not you have a credit balance standing to another account or accounts held with us trading under any name.

17.3 The following provisions will apply in respect of all payments due to us whether in respect of cash deposits, initial margin or margin (subject to paragraph 16 above), settlement of account or otherwise: -

(a) if you are a UK resident you may pay by telegraphic transfer or bank debit card or by cheque crossed and made payable to "Finspreads" drawn on a UK Clearing Bank. Please be aware that the funds may not be credited to your account until the cheque has cleared.

(b) if you are a non UK resident payment will be made by telegraphic or electronic transfer to such account as we shall notify for this purpose unless we agree otherwise in writing;

(c) all electronic or telegraphic transfer or other bank fees in respect of payment by you shall be your sole responsibility;

(d) you agree to pay us interest at the rate of 2% above the Bank of England base rate from time to time on any sums due to us from the date when they become due until the date of payment;

(e) you shall pay to us on demand all costs, charges and expenses incurred by us in relation to any overdue payment (including the file referral charge, see paragraph 20 below). Your liability under this paragraph shall cover all costs and charges incurred by us except for those that you can show are unreasonable. This is known by lawyers as an 'indemnity' in relation to our costs and charges.

17.4 If you operate a credit account and your statement of account shows a credit balance (i.e. you have won more money than you have lost) you may request that the whole or part of your cash balance be remitted to you. It will not be sent to you automatically. We may, however, at our discretion elect to withhold any payment (in whole or in part) due to you if and to the extent that: -

(a) your open bets (whether on the same account or on another account held by you with us trading under any name) are showing losses; and/or

(b) you have another account or accounts with us (trading under any name) and such account/s are showing a debit balance/s, in which case we may apply the positive balance standing to any account of yours to the reduction or discharge of any such debit balance; and/or

(c) we are reasonably of the view that funds may be required to meet future margin calls on open bets due to market conditions (whether on the same account or on another account held by you with us trading under any name); and/or

(d) we are reasonably of the view that a debt will occur upon a contract expiry/closure of any open bet (whether on the same account or on another account held by you with us trading under any name).

17.5 In addition to any right to withhold payment that we may have we may, at any time at our discretion and without notice to you, set off against any credit balance in your account or any other sums due to you any debit balances or any other sum due to us or an Associated Company as defined in paragraph 14.1 (j) above. If we exercise the right to set off and it is shown that the amount due to us exceeds the amount due to you, we will give you notice of this and you shall immediately pay such excess to us.

17.6 Our rights of set off may be exercised in relation to any account you may have with us or an Associated Company or trading you may transact with us or an Associated Company.

18. Your Money & Interest

18.1 Unless otherwise agreed in writing, we will hold your money as trustees in a segregated account at an approved bank or banks chosen by us in accordance with the Financial Services Authority Client Money Rules as applicable and subject to an in accordance with the Contract.

18.2 It is not our policy to pay interest to you on any of your money that we hold and signing this Contract you acknowledge that you are waiving any entitlement to interest on such money under the Financial Services Authority "Client Money Rules" as applicable.

19. Complaints and Disputes

19.1 You should inform us immediately of any complaint or dispute in relation to the services provided to you under the Contract. You should supply to us all details which may be relevant when informing us of the nature of the complaint or the dispute. A copy of our internal procedure for handling complaints can be found on www.finspreads.com, or by request from Client Services.

Complaints that we cannot settle can be referred to:
The Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SH. Telephone: 0845 080 1800

19.2 If we consider it appropriate, we may close any open bet or cancel any trading instruction in relation to that bet in respect of which a dispute or complaint is notified to us, for the purpose of limiting the amounts involved in such dispute. This paragraph and any closure of a bet made under it are without prejudice to any right we may have to recover losses made by you on the bet if it should transpire that you are contractually bound by it, and such losses shall be recoverable as though we had closed the bet in accordance with your express instructions.

19.3 We reserve the absolute right whilst there is an unresolved dispute relating to any bet or trading issue on your account to refuse to accept any new open bets and/or trading instructions from you other than instructions to close bets.

19.4 We are members of the FSA Financial Compensation Scheme. Please see our website for further details.

20. File Referral Charge

20.1 You agree that (without prejudice to our rights under paragraph 17 above) if your account has an overdue debit balance and it becomes reasonable for us to refer the matter to a firm of solicitors for collection, we have the right to add a File Referral Charge of £250 to the then outstanding sum. This charge is not a penalty but reflects our legal costs in relation to the collection of overdue accounts.

21. Termination

21.1 Either party may terminate this Contract at any time by written notice. Any notice so given shall take effect immediately, unless otherwise specified in the notice, and is without prejudice to any accrued rights or remedies of either party. All open bets will be closed unless otherwise agreed by us. In the event of termination all sums due from you to us will become immediately payable.

22. Notices/Communications

22.1 We may communicate or give notice to you in such manner as we deem appropriate in the circumstances. All correspondence, documents, written notices, confirmations and statements will be sent or transmitted to you at the address, fax number, or email address specified on your account opening form or to such other address or number as you may subsequently notify to us in writing and which we acknowledge as having been received by us.

22.2 Unless evidence is available of earlier receipt, notices or communications including margin calls will be deemed to have been properly given and received by you: -

(a) if in writing and delivered by hand, at the time when they are left at your last known home or work address unless they are handed to you personally, in which case at the time when they are handed to you;

(b) if oral, whether by telephone or face to face, when actually given, subject to the express provisions in paragraph 16.6 (margin calls made by telephone).

(c) if by leaving a message on an automated telephone message taking system, at the time when the message is left.

(d) if sent by first class post, at 09.00hrs on the next weekday that is not a UK bank holiday. If you are affected by postal disruption you must specifically notify us and we will make alternative arrangements for contacting you; if you do not notify us we will not be expected to make any allowance for such disruption, in particular not on the basis that the news media may contain reports of disruptions to the postal service;

(e) if sent by fax, upon completion of its transmission;

(f) if sent by email, at the time the email is sent;

(g) if sent by electronic message to a Handheld Device, at the time the message is sent.

23. Time

23.1 Where it is stated in this Agreement that a thing must or will be done within a given number of 'business hours' or 'business days', all hours save those falling on Saturdays, Sundays and official UK bank holidays, and all days save for Saturdays, Sundays and official UK bank holidays are respectively counted in ascertaining whether the thing has in fact been done within that number of business hours or days.

24. General

24.1 Our normal business hours are between the hours of 21:30 Sunday to 21:15 Friday (London time). However, there may be days when our opening hours change, for instance on either US or UK Bank Holidays, and you should monitor the message board in the client area to keep up-to-date with any changes to our opening hours. If we call you to discuss matters on your account (which you irrevocably authorise us to do) it will generally be between the hours of 08.30hrs and 19.30hrs (London time) unless specifically requested otherwise by you. In the case of customers based outside the UK the hours of calling may be different. If you telephone the Starcall service, this can normally be accessed 24 hours a day.

24.2 If either of us waives a breach of the Contract or fails to exercise or delays in exercising any right or remedy that will not constitute a waiver of that breach or right or remedy and will not affect the other terms of the Contract or prevent either of us from subsequently requiring compliance with the waived obligation and enforcing that right or remedy.

24.3 If any provision of the Contract is or are held by any competent authority to be invalid or unenforceable in whole or in part the validity of the other provisions of the Contract and any remainder of the provision in question shall not be affected thereby. In such cases the part deemed invalid or unenforceable shall be amended in a manner consistent with the law to reflect as closely as possible the intent of the original wording while being consistent with the law.

24.4 Under current UK laws spread bets are treated by HMRC as free of income tax and capital gains tax. If you pay tax outside of the UK, or you are company, the tax position may be different and it is recommended that you seek specialist advice on the tax implications to you of trading with us before you open an account with us. Tax laws can change. You will be responsible for all taxes that may arise from your placing bets with us, save for betting duty that we shall pay on your behalf (unless we notify you in writing that we shall no longer do so). If as a result of any change in tax legislation or otherwise, we become responsible for payment of tax on the bets you place with us, we shall require you to reimburse us.

24.5 The Contract and any bet placed under it shall be governed by the laws of England and the English Courts will have jurisdiction to settle any disputes in relation

thereto. You irrevocably submit to the exclusive jurisdiction of the Courts of England and Wales.

24.6 Headings in the Contract and in particular in this Agreement shall not affect its interpretation and are for ease of reference only.

24.7 Where the documents comprising the Contract are issued in a language other than in English, the English language version shall take precedence in the event of any conflict.

24.8 We may assign our rights and obligations under the Contract to a third party (in whole or part) subject to obtaining FSA approval. Notice of any such assignment will be given to you in accordance with the provisions of paragraph 22 and will be effective on receipt by you in accordance with paragraph 22. Your rights under the Contract will not be prejudiced by the assignment.

24.9 A person who is not a party to the Contract has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Contract but this does not affect any right or remedy of a third party which exists or is available apart from that Act

24.10 The Contract is intended to contain all the terms of our agreement with you in relation to your spread betting. If a member of staff has made a statement to you that is not covered by or is at variance with the Contract you should inform us immediately before you commence trading with us. We warn you that the law favours written terms and it is therefore important that you bring any such statements to our attention before you commence your trading with us.

25. Variation of this Agreement

25.1 This Agreement may be varied by us at any time. The variation will be made by publishing the new version of this Agreement on our website and will apply to all your trading with us as from 10 business days after the date of publication unless it is impracticable in the circumstances for that length of notice to be given. Variations will apply to all your new and existing bets and betting instructions following the expiry of the 10 business days. If you do not wish to trade with us on the varied terms, you should take immediate steps to close your open positions and thereafter request that we close your account.

25.2 In opening a bet you agree that the version of this Agreement published on our website at the time of opening will govern that bet.

25.3 It is therefore your responsibility to ensure that you are aware of the latest version of this Agreement before opening any new bet. If you do not have access to a computer you must make sure before opening your bets that you are happy for your bets to be governed by the version of this Agreement that are in effect at the time of opening your bets. You should do this by telephoning our freephone customer help line on 08000 96 96 20, and we will endeavour to answer any query you may have and we shall send you a copy of the latest versions of this Agreement if you request it.

26. Market Distortions

26.1 We will frequently hedge our liability to you by opening analogous positions with other institutions. The result of our doing this is that when you bet on shares with us your bets can through our hedging exert a distorting influence on the underlying market for that share, in addition to the impact that it might have on our own prices. This creates a possibility of market abuse and the function of the following paragraph is to prevent such abuse.

26.2 You represent and warrant to us now and agree that each such representation and warranty is deemed repeated each time you open or close a bet that:

(a) you will not place and have not placed a bet or bets with us relating to a particular share price if to do so would result in you, or others with whom you are acting in concert together, having an exposure to that share price which is equal to or exceeding the amount of a declarable interest in the relevant company. For this purpose the level of a declarable interest shall be the prevailing level at the material time, set by the stock exchange(s) upon which the underlying share is listed; and

(b) you will not place and have not placed a bet with us in connection with:
(i) a placing, issue, distribution or other analogous event; or (ii) an offer, take-over, merger or other analogous event in which you are involved or otherwise interested.

(c) you will not place and have not placed a bet that contravenes any primary or secondary legislation or other law against insider trading. For the purposes of this paragraph you agree that we may proceed on the basis that when you open or close a bet with us on a share price you may be treated as trading in securities within the meaning of Part V of the Criminal Justice Act 1993.

26.3 In the event that (i) you place any bet in breach of the representations and warranties given in paragraph 26.2 above, (ii) or we have grounds for suspecting that you have done so, we may in our absolute discretion and without being under any obligation to inform you of our reason for doing so close that bet and any other bets that you may have open at the time and also in our absolute discretion: -

(a) enforce the bet or bets against you if it is a bet or bets under which you have lost money to us; or

(b) treat all your bets closed under this paragraph as void if they are bets under which you have won money from us, unless and until you produce conclusive evidence that you in fact have not committed the breach of warranty and/or misrepresentation the suspicion of which was the ground for closing your bet(s). For the avoidance of doubt if you do not produce such evidence within the period of six months all such bets will be finally null and void as between us.

26.4 You acknowledge that we will not transfer voting rights relating to an underlying share to you, or otherwise allow you to influence the exercise of voting rights held by us or on our behalf.

26.5 You acknowledge that the betting services we offer are speculative instruments and you agree that you will not enter into any trades with us in connection with any corporate finance style activity.

27. Corporate Actions and Adjustments to Bets

27.1 The markets which we offer are referable to one or more of the following: stocks, shares, debt securities, futures, options, commodities, currencies, interest rates and bonds ("underlying financial products"). If any underlying financial product is subject to any of the events set out in paragraph 27.2 below (a "Corporate Action"), we shall reasonably determine the appropriate adjustment, if any, to be made to the size and/or value and/or number of your bets so affected, whether these bets are open or have been closed, (and/or to the level of any "Stop" or "Limit" Order attaching to those bets) in order to account for the effect of the Corporate Action on those bets. The adjustment we make may take the form of a credit or debit payment to your account or an adjustment to your bets so affected, which may involve us opening new bets on your account.

27.2 The Corporate Actions to which paragraph 27.1 refers are any of the following:

(a) a subdivision, consolidation or reclassification of shares, a share buy-back or cancellation, or a free distribution of shares to existing shareholders by way of a bonus, capitalisation or similar issue;

(b) a distribution to existing holders of the underlying shares of additional shares, other share capital or securities granting the right to payment of dividends and/or proceeds of liquidation of the issuer equally proportionately with such payments to holders of the underlying shares, or securities, rights or warrants granting the right to a distribution of shares or to purchase, subscribe or receive shares, in any case for payment (in cash or otherwise) at less than the prevailing market price per share as determined by us;

(c) a take-over; tender offer; or merger offer for shares. These expressions will, to the extent necessary, be applied by us (using our reasonable discretion) to analogous events on any non-UK stock exchange;

(d) any other event in respect of the shares analogous to any of the above events ;
or

(e) any event analogous to any of the foregoing events or otherwise on any underlying financial product not based on shares.

27.3 Determination of any adjustment or amendment of the size, value and/or number of any of your bets (whether open or closed) so affected by a Corporate Action (and/or of the level of any 'Stop' or 'Limit' Order) shall be made by us in good faith by reference to the effect of the Corporate Action on the underlying financial product and, if appropriate, to the effect of the Corporate Action on our hedge position covering your bets so affected. We shall inform you of any adjustment or amendment under this paragraph as soon as reasonably practicable.

27.4 In the event that you have an open sell bet on a single share and that share is recalled resulting in the closure of our hedged position we reserve the right to close out your bet at our then prevailing buy price without giving prior notice to you.

27.5 Your positions in rolling share contracts may be subject to price adjustments as a result of dividend payments on the underlying shares. In the event of any such dividend payments being made, your open bets will be adjusted to reflect the net dividend amounts. Your 'buy' bets will be subject to a positive adjustment whereas

your 'sell' bets will be subject to a negative adjustment. You will be advised of any such adjustments in your next statement.

27.8 Your positions in share future contracts may be subject to price adjustments in the event of a change in the dividend estimate or ex date, if it has a relevant impact on the price you opened or closed your bet at. You will be advised of any such adjustments in your next statement.

27.9 Any dividend may be reflected by an adjustment in the price of your opening bet.

28. Binary Bets

28.1 The rules in the following paragraphs numbered 28.2 to 28.6, together with the rules relating to the specific binary bet markets we offer which can be found in the market information sheets ("the Binary Bet Rules") apply to all binary bets, and to your account at all times when you have an open binary bet. They do not apply to any other bets. For the avoidance of doubt the Binary Bet Rules apply in addition to the other provisions of this Customer Agreement but if there is a conflict between the Binary Bet Rules and the rest of the Customer Agreement, the Binary Bet Rules shall prevail.

28.2 A binary bet is any bet placed in a market specified in the 'binary bets' section of our website. You should note that:

(a) binary bets are not regulated by the FSA and disputes relating to them may not be referred to the Financial Ombudsman Service. We shall settle any disputes reasonably and in good faith with regard to industry practice and the underlying market;

(b) any money we receive from you as security for a binary bet will not be subject to the FSA client money rules and as such will not be segregated from the money of IFX and may be used by IFX in the course of its business. You will rank only as a general creditor of IFX in respect of any such sums held by it;

(c) you will only normally be allowed time to place a binary bet on your account (whether it be a credit or deposit account) where the aggregate initial margin is covered by your account balance, this being the sum of cash held, profit or loss on open bets and (where applicable) credit allocation and waived deposit. Throughout the duration of your binary bets, your account must contain sufficient resources to cover the maximum amount that you could lose on those bets as valued on a 'marked to market' basis. 'Marked to market' is a method of valuing your open binary bets on an ongoing basis and is explained, with worked examples, in the market information sheets. You should be aware that you may be required to make additional cash deposits if the available resources on your account are insufficient to maintain your open binary bets. In the event that such additional cash deposits are required they will be called for and will be payable in accordance with paragraph 16 of this Agreement;

(d) our right to close your bets in the occurrence of a Closure Event will apply to your binary bets.

(e) the Binary Bet Rules may be varied by us at any time. Variations will not affect any binary bets that are open at the time but will apply to all bets opened after the variations have been published on our website.

(f) the minimum bet size is stipulated in the market information sheets published on our website.

28.3 All binary bets require you to predict whether or not a specified result ("the Result") will occur in relation to the event described in the bet before the settlement time and date indicated against that market in the 'binary bets' section of our website. When you enter into (or 'open') a binary bet with us at the 'buy' price, you will be betting that the Result will take place ("a 'buy' bet"). When you open a contract with us at the 'sell' price you will be betting that the Result will not take place ("a 'sell' bet").

28.4 If your bet is closed before the market settles, it will be at the price confirmed to you on closing of that bet. A bet is closed when you enter into a contract with us in the same market but in the opposite direction to the opening bet. Thus, a 'buy' bet is closed by entering into a 'sell' contract at the same stake in the same market. Conversely a 'sell' bet is closed by entering into a 'buy' contract at the same stake in the same market. You may partially close a bet by entering into a contract in the opposite direction in the same market, but for a smaller stake than the stake of your open bet. If you enter into a contract in the opposite direction to that of your open bet and at a stake that is larger than your open bet, your open bet will be closed and a new bet opened in the direction of your second trade, whose stake will be the difference between the stakes of your first and second trade.

28.5 If you close the bet before it expires your profit or loss will be calculated as follows:

(a) If you close a 'buy' bet at a price that is higher than the price at which you opened it, we will pay to you a sum equal to the stake multiplied by the number of points by which the closing price is higher than the opening price.

(b) If you close a 'buy' bet at a price that is lower than the price at which you opened it, you will pay to us a sum equal to the stake multiplied by the number of points by which the closing price is lower than the opening price.

(c) If you close a 'sell' bet at a price that is lower than the price at which you opened it, we will pay to you a sum equal to the stake multiplied by the number of points by which the closing price is lower than the opening price.

(d) If you close a 'sell' bet at a price that is higher than the price at which you opened it, you will pay us a sum equal to the stake multiplied by the number of points by which the closing price is higher than the opening price.

28.6 If your bet is left open until it expires, the bet will be made up according to the settlement criteria set out in relation to each binary bet market in the section of our website headed 'binary bets'. Our spread is not constant and will vary as the settlement date and time draw nearer. Upon expiry your profit or loss will be calculated as follows:

(a) If your bet was a 'buy' bet and the Result has taken place, we will pay to you a sum equal to the difference between the opening price and 100, multiplied by the stake.

(b) If your bet was a 'buy' bet and the Result has not taken place, you will pay to us a sum equal to the difference between the opening price and zero, multiplied by the stake.

(c) If your bet was a 'sell' bet and the Result has taken place, you will pay to us a sum equal to the difference between the opening price and 100, multiplied by the stake.

(d) If your bet was a 'sell' bet and the Result has not taken place, we will pay to you a sum equal to the difference between the opening price and zero, multiplied by the stake.

29. Suspension & Insolvency

29.1 If at any time trading is suspended in any underlying financial product (see paragraph 27.1) which is referable to an open bet then the prevailing mark to market price of that bet for the purposes of margining and otherwise, shall be the mid-price quoted by us at the time of suspension. In the event that the suspension continues for five business days, we may determine a reasonable closing price, which price shall be the closing price for that bet and we shall proceed to close any of your affected bets at that price. In the absence of our exercising our right to close, then any affected open bet shall remain open until such time as the suspension is terminated or until, where the underlying financial product is in respect of a company, that company goes into insolvency or is otherwise dissolved. We reserve the right at all times during the term of an open bet where the underlying financial product is suspended to adjust the mid-price quoted by us in response to significant changes in the conditions affecting that underlying financial product.

29.2 If a company, whose securities represent all or part of the subject-matter of an open bet, goes into insolvency or is otherwise dissolved, we may treat the day on which the company goes into insolvency or is otherwise dissolved as the closing date of that bet. The closing price shall be the value of any distribution a holder of a security of the same type as the financial instrument underlying the bet would receive.

FSA Risk Warning Notice Financial Bookmakers

City Index Limited (also referred to as "Finspreads" or "Financial Spreads" or "we" or "us"), is authorised and regulated by the Financial Services Authority ("FSA"). This notice is provided to you in compliance with requirements laid down by the FSA because you are proposing to undertake dealings in contracts for differences in the form of bets with a firm which is carrying on investment business as a financial bookmaker. It cannot disclose all of the risks and other significant aspects involved in dealing in contracts for differences in the form of bets.

Engaging in this type of transaction can carry a high risk. As these transactions differ markedly from normal bets you should not engage in this form of betting unless you understand the nature of the transaction you are entering into and the true extent of your exposure to the risk of loss. The amount that you may win or lose will vary according to the extent of the fluctuations in the price of the index ("the underlying markets") on which the bet is based instead of a sum predeterminable when a normal bet is placed. For many members of the public these transactions are not suitable; you should, therefore, consider carefully whether they are suitable for you in the light of your circumstances and financial resources. In considering whether to engage in this form of betting, you should be aware of the following:

1. The high degree of "gearing" or "leverage" is a particular feature of this type of transaction. This stems from the margining system applicable to such bets which generally involves a comparatively modest deposit or margin in terms of the overall contract value, so that a relatively small movement in the underlying market can have a disproportionately dramatic effect on your bet. If the underlying market movement is in your favour, you may achieve a good profit, but an equally small adverse market movement can not only quickly result in the loss of your entire deposit, but may also expose you to a large additional loss unless you enter a limited liability contract with the firm.

If you deal on a credit basis, which may amongst other payments cover the initial margin requirements, the extent of your agreed credit facility does not limit your loss or financial liability and you can be subject to margin calls for an amount in excess of your facility. As a consequence, the amount of capital which you are prepared to place at risk should be sufficient to cover your credit limit and the possibility of subsequent margin calls which will only be made once your credit allocation has been exceeded.

2. You may be called upon to deposit substantial additional margin, at short notice, to maintain your bet. If you do not provide such additional funds within the time required, your bet may be closed at a loss and you will be liable for any resulting deficit.

3. Such transactions will not be undertaken on a recognised or designated investment exchange and, accordingly, they may expose you to greater risks than exchange transactions. The betting structure and betting rules will be established solely by the bookmaker. For example, if you wish to close the bet earlier than the time at which it would otherwise automatically expire, you will have to close it at your bookmaker's quotation which may reflect the premium or discount of the underlying market. When the underlying market is closed, your bookmaker's quotation can be influenced by the weight of other clients buying or selling with your bookmaker. You will have to close any bet with the same bookmaker with whom it was originally entered into.

4. Where entering into such transactions, your bookmaker must do so under a two-way customer agreement pursuant to the FSA Conduct of Business rules unless exempted from doing so. You should satisfy yourself that dealing is conducted throughout in strict conformity with that customer agreement and report to the FSA if you have reason to believe it is not.

5. After placing any bets, you should receive from your bookmaker written confirmation of all transactions or other charges for which you will be liable.

6. As a result of Section 412 of the Financial Services and Markets Act 2000, the bets in this case are enforceable and the bookmaking firm may be sued by you (if you win) and may sue you (if you lose).

7. A limited liability transaction limits the extent of your liability for loss in a transaction to an amount agreed by you prior to entering into such a transaction, but you may sustain such loss in a relatively short time. You should take particular note of this aspect as specified in the terms and conditions of your bookmaker. In particular, you should check whether the limited liability is only guaranteed during normal business hours. You are likely to incur additional costs in this type of transaction and you should obtain from your bookmaker an explanation of these, if they are applicable. Such additional costs may take the form of a specific additional charge, or could be a "hidden cost" because the prices or spread on which these bets are based differ from those applicable to other bets which do not have limited liability.

8. Your bookmaker is prohibited under FSA requirements from providing you with investment advice relating to investments or possible transactions in investments or from making investment recommendations of any kind. This prohibition is subject to an exception where advice given amounts to the giving of factual market information or information, in relation to a transaction about which you have enquired, as to transaction procedures, potential risks involved and how those risks may be minimised.

9. Your bookmaker is required to hold your money in segregated trust accounts in accordance with the regulations of the FSA, but this may not afford complete protection.

10. If you deposit collateral as security with your bookmaker, you should ascertain from your bookmaker how your collateral will be dealt with.

11. If you have reason to believe that the bookmaker with which you deal is not acting in accordance with representations that it has made to you, the terms of your customer Agreement or the rules of the FSA, you should report it to the FSA, 25 North Colonnade, Canary Wharf, London E14 5HS. Telephone: 020 7676 1000.

12. Please refer to and read 'Important Data Protection - A Guide to the use of your personal data by Finspreads and Credit Reference Agencies' which makes up part of this Customer Agreement.

Important Data Protection

A Guide to the use of your personal data by Finspreads and Credit Reference Agencies

Q: What is a credit reference agency?

A: Credit reference agencies (CRAs) collect and maintain information on consumers' and businesses' credit behaviour, on behalf of lenders in the UK.

Q: Why do you use them when I have applied to your organisation?

A: Although you have applied to us, Finspreads and we will check our own records, we will also contact CRAs to get information on your credit behaviour with other organisations. This will help us make the best possible assessment of your overall situation before we make a decision.

Q: Where do they get the information?

A: Publicly available information:

- The Electoral Register at Local Authorities
- County Court Judgments from Registry Trust.
- Bankruptcy information from the Insolvency Service.
- Fraud information from fraud prevention agencies.
- Credit information comes from information on applications to banks, building societies, credit card companies etc and also from the conduct of those accounts.

Q: How will I know if my information is to be sent to a CRA or Fraud prevention agency?

A: Organisations are only allowed to send information to CRAs and/or Fraud Prevention Agencies with your agreement and knowledge. You will be told when you apply for an account if your data will be supplied. The next section of this leaflet will tell you how, when and why we will search at CRAs and what we will do with the information we obtain from them. We will also tell you if we plan to send information on you or your business, if you have one, to CRAs.

Q: Why is my data used in this way?

A: We and other organisations want to make the best possible decisions we can, in order to make sure that you, or your business, will be able to repay us. Some organisations may also use the information to check your identity. In this way we can ensure that we all make responsible decisions. At the same time we also want to make decisions quickly and easily and, by using up to date information, provided electronically, we are able to make the most reliable and fair decisions possible.

Q: Who controls what credit reference agencies are allowed to do with my data?

A: All organisations that collect and process personal data are regulated by the Data Protection Act 1998, overseen by the Office of the Information Commissioner. All credit reference agencies are in regular dialogue with the Commissioner. Use of the Electoral Register is controlled under the Representation of the People Act 2000.

Q: Can just anyone look at my data held at credit reference agencies?

A: No, access to your information is very strictly controlled and only those that are entitled to do so, may see it. Usually that will only be with your agreement or (very occasionally) if there is a legal requirement.

Read this section very carefully,
it will vary from lender to lender

What Finspreads does

1. When you apply to us to open an account, this organisation will:

a) Check our own records for information on: -

- i. Your personal accounts;
- ii. and, if you have one, your spouse/(personal) partner's 1 personal accounts;
- iii. if you are a director or partner in a small business² we may also check on your business accounts.

b) Search at credit reference agencies for information on: -

- i. Your personal accounts: -
- ii. and, if you have ever done the following we will check your financial associate's personal accounts as well: -
 - made a joint application now;
 - previously made joint applications;
 - have joint account(s);
 - are financially linked³;
 - [if there is insufficient information to enable us to assist you, we may also check other members of your family⁴];
 - if you are a director or partner in a small business we may also check on your business accounts;
 - Search at fraud prevention agencies for information on you and other members of your household. And your business (if you have one)

2. What we do with the information you supply to us as part of the application: -

a) Information that is supplied to us will be sent to the credit reference agencies.

b) If you tell us that you have a spouse or (personal) partner, we will:

- i) Search, link and/or record information at credit reference agencies about you both.
- ii) Link joint applicants and/or any individual identified as your spouse or partner, in our own records.
- iii) Take both your and their information into account in future applications by either or both of you.
- iv) Continue this linking until the account closes, or is changed to a sole account and one of you notifies us that you are no longer linked.

So you must be sure that you have their agreement to disclose information about them.

c) If you give us false or inaccurate information and we suspect fraud, we will record this and may also pass this information to financial and other organisations involved in fraud prevention to protect us, them and our respective customers from theft and fraud.

d) Your data may also be used by this organisation, to offer you other products, but only if you have given your permission. That will be on the front of any form that you have completed.

3. With the information that we obtain we will: -

a) Assess this application for credit and/or;

- b) Verify your identity and the identity of your spouse, partner or other directors/partners and/or;
- c) Undertake checks for the prevention and detection of fraud and/or money laundering.
- d) We may use scoring methods to assess this application and to verify your identity.
- e) Manage your personal and/or business account (if you have one) with ourselves.
- f) Undertake periodic statistical analysis or testing to ensure the accuracy of existing and future products and services.
- g) Any or all of these processes may be automated.

4. What we do when you have an account: -

- a) Where you borrow or may borrow from us, we will give details of your personal and/or business account (if you have one), including names and parties to the account and how you manage it/them to credit reference agencies.
- b) If you borrow and do not repay in full and on time, we will tell credit reference agencies.
- c) We may make periodic searches of our [Group] records, credit reference and fraud prevention agencies to manage your account with us, to take decisions regarding your identity and also credit, including whether to make credit available or to continue or extend existing credit.
- d) If you have borrowed from us and do not make payments that you owe us, we will trace your whereabouts and recover payment.

What Credit Reference agencies do

5. When credit reference agencies receive a search from us they will:

- a) Place a search "footprint" on your credit file whether or not this application proceeds. If the search was for a credit application the record of that search (but not the name of the organisation that carried it out) may be seen by other organisations when you apply for credit in the future.
- b) Link together the records of you and anyone that you have advised is your financial associate including previous and subsequent names of parties to the account. Links between financial associates will remain on your and their files until such time as you or your partner successfully files for a disassociation with the credit reference agencies.

6. Supply to us: -

- a) Credit information such as previous applications and the conduct of the accounts in your name and of your associate(s) (if there is a link between you -see 1b above) and/or your business accounts (if you have one).
- b) Public information such as County Court Judgments (CCJs) and bankruptcies.
- c) Electoral Register information.
- d) Fraud prevention information.

7. When information is supplied by us, to them, on your account(s):

- a) Credit reference agencies will record the details that are supplied on your personal and/or business account (if you have one) including previous and subsequent names of parties to the account and how you manage it/them.

- b) If you borrow and do not repay in full and on time, credit reference agencies will record the outstanding debt.
- c) Records shared with credit reference agencies remain on file for 6 years after they are closed whether settled by you or defaulted.

8. How your data will NOT be used by credit reference agencies: -

- a) It will not be used to create a blacklist.
- b) It will not be used by the credit reference agency to make a decision.

9. How your data WILL be used by credit reference agencies: -

- a) The information which we, other organisations and fraud prevention agencies provide to the credit reference agencies about you, your financial associates and your business (if you have one) may be supplied by credit reference agencies to other organisations and used by them to: -
 - i) Verify your identity if you or your financial associate applies for other facilities including all types of insurance applications and claims.
 - ii) Assist other organisations to make decisions on credit, credit related services and on motor, household, life and other insurance proposals and insurance claims, about you, your partner, other members of your household or your business.
 - iii) Trace your whereabouts and recover payment if you do not make payments that you owe.
 - iv) Conduct checks for the prevention and detection of crime including fraud and/or money laundering.
 - v) Manage your personal, your partner's and/or business account (if you have one).
 - vi) Manage your personal, your partner's and/or business insurance policies (if you have one/any).
 - vii) Undertake statistical analysis and system testing.
- b) Your data may also be used for other purposes for which you give your specific permission or, in very limited circumstances, when required by law or where permitted under the terms of the Data Protection Act 1998.
- c) Your data may also be used to offer you other products, but only if you have given your permission. That will be on the front of any form that you have completed.

How to find out more

You can contact the 3 agencies currently operating in the UK; the information they hold may not be the same so it is worth contacting them all. They will charge you a small statutory fee.

- CallCredit, Consumer Services Team, PO Box 491, Leeds, LS3 1WZ or call 0870 0601414

- Equifax PLC, Credit File Advice Centre, PO Box 3001, Bradford, BD1 5US or call 0870 010 0583 or log on to www.myequifax.co.uk

- Experian, Consumer Help Service, PO Box 8000, Nottingham NG80 7WF or call 0870 241 6212 or log on to www.experian.co.uk.

- If you want to receive details of those fraud prevention agencies from whom we obtain and with whom we record information about you, contact/write to us at: Finspreads, Moorgate Hall, 155 Moorgate, London, EC2M 6XB

Freephone 08000 96 96 20 or + 44 (0)20 7150 0450
You have a legal right to these details.

1 A personal partner will be someone with whom you have a relationship that creates a joint financial unit in a similar way to a married couple. You will normally, but not necessarily, be living at the same address. It is not intended to include temporary arrangements such as students or flat sharers.

2 A small business is defined as an organisation which might be sole trader, partnership or a limited company that has three or less partners or directors.

3 Credit reference agencies may link together the records of people that are part of a financial unit. They may do this when people are known to be linked, such as being married or have jointly applied for credit or have joint accounts. They may also link people together if they, themselves, state that they are financially linked.

4 Exclude this if the application is being processed as opted-out.