

Spread Betting Terms

Effective 1 Nov 2007

Contents

	Clause Number
Introduction	1
Definitions	2
Spread Betting	3
Roll Overs	4
Rolling spread bets	5
How to Calculate a Profit or Loss on a spread bet	6
Credit Allocation	7
Waived Margin	8
Binary betting	9
Warning	10
Placing and Acceptance of binary bets	11
How to calculate a Profit or a Loss: binary bets	12
Other Matters	13
Law and Jurisdiction	14
Regulation of Finspreads	15

1. Introduction

1.1 The Terms of the contract between us in relation to your spread and binary betting Account consist of: -

- the General Terms;
- these Spread Betting Terms;
- the Market Information Sheets relating to spread betting and binary betting;
- in the case of spread betting, the Margining Terms.

2. Definitions

2.1 The definitions in the General Terms apply to these Spread Betting Terms. Please refer to clause 35 of the General Terms.

3. Spread Betting

3.1 Clauses 4 to 8 (inclusive) only apply to spread betting.

4. Roll Overs

4.1 Before the expiry date of a spread bet you may ask us to roll over that spread bet. You have to make this request a certain time before expiry – please refer to the Market Information Sheets or Support Services for the times by which you have to make this request; these times may vary depending on the Market concerned. We are not obliged to agree to roll over the spread bet.

4.2 If you are permitted to roll over a spread bet: -

- the original spread bet is closed at Our Price and becomes due for settlement;
- a new spread bet is immediately opened (in the relevant Market) at the Our Price offered for the new spread bet;
- any Orders that are attached to the spread bet concerned (i.e. any Guaranteed Stop Loss Orders, Stop Loss Orders, Attached Limits, Trailing Stop Loss Orders and One Cancels the Other) are automatically cancelled and cease to have effect. However, this does not apply to GTC orders attached to rolling bets; see clause 5.

5. Rolling spread bets

- 5.1 On some Markets we may offer rolling spread bets. Please refer to the Market Information Sheets, the ITP and the Website for details of the Markets on which we offer rolling spread bets.
- 5.2 Rolling spread bets operate as follows: -
- each rolling spread bet is automatically closed at the end of each Finspreads trading day for the relevant Market;
 - when each rolling spread bet is closed it becomes due for settlement at Our Price for closure of a rolling spread bet;
 - subject to clause 5.3, after a rolling spread bet has been automatically closed a new rolling spread bet is opened at the same time and at the same Our Price (i.e. the same Our Price as the closure Our Price referred to above);
 - any Orders that attach to the rolling spread bet cease to have effect when it is automatically closed, but if the attached Order was GTC then that Order attaches to the new spread bet automatically opened as referred to above.
- 5.3 We can refuse to open a new rolling spread bet if for any reason we are entitled under the Terms to refuse to open a spread bet for you; see for example clauses 14.5 and 14.6 of the General Terms (e.g. if any amount you owe us is unpaid, including Margin and Margin Requirement). If we refuse to open a new rolling spread bet for you, the rolling spread bet (that had been placed) will still be closed (i.e. as per the 1st bullet point of clause 5.2).
- 5.4 A daily financing charge applies to rolling spread bets. Please note: -
- The financing charge will either be paid by you to Finspreads or by Finspreads to you, depending on the type of rolling spread bet concerned and whether you hold a Long Position or a Short Position.
 - The method of calculation of the financing charge varies depending on the type of rolling spread bet concerned.
 - The amount of financing charge will vary as it is calculated by reference to current interest rates (such as LIBOR).
- 5.5 You need to refer to the following sources to ascertain whether you pay or receive the financing charge and the method of calculation: -
- the Market Information Sheets;
 - the Website;
 - Support Services.
- 5.6 The financing charge will be credited or debited (as appropriate) to your Account on the next Finspreads trading day after the day to which it relates.
- 5.7 Finspreads reserves the right to vary the method of calculating the financing charge, financing rates and/or the types or rolling spread bets to which it relates by not less than 14 days written notice to you.
- 5.8 It is your responsibility to make sure you access the sources referred to in clause 5.5, so that you know whether you pay or receive the financing charge and how it is calculated.
- 5.9 A dividend adjustment may apply to rolling spread bets. A dividend adjustment is credited to rolling Long Positions and debited from rolling Short Positions if the dividend relates directly or indirectly to your rolling spread bets and your rolling spread bet is open at the close of Finspreads business on the last Finspreads trading day before the ex-dividend date. Payment is credited or debited to your Account over the ex-dividend date. See Market Information Sheets for further details. We may (acting reasonably) terminate or vary the dividend adjustment depending on changes in the law, the Regulatory System and/or rates of tax.

6. How to Calculate a Profit or Loss on a spread bet

- 6.1 On closure of a spread bet a profit or a loss will have arisen, as follows: -
- you will have made a profit if the Our Price at which you sold (whether opening or closing the spread bet) exceeded the Our Price at which you bought (whether opening or closing the spread bet);
 - you will have made a loss if the Our Price at which you sold (whether opening or closing the spread bet) was less than the Our Price at which you bought (whether opening or closing the spread bet).
- 6.2 To calculate your profit or loss, you multiply the stake on closing by the difference between the closing Our Price and the opening Our Price of the bet concerned.
- 6.3 Profits on closed spread bets will be credited to your Cash Balance.
- 6.4 Losses on closed spread bets will be debited from your Cash Balance.
- 6.5 Unrealised Marked to Market profits (i.e. profits on Open Positions) will not be credited to your Account. Likewise unrealised Marked to Market losses (i.e. losses on Open Positions) will not be debited to your Account. Those unrealised profits and losses will be calculated as above, replacing the closing Our Price with the Marked to Market Our Price; we call the total of your unrealised profits and losses (Marked to Market) "Open Position P&L". Please note that Open Position P&L is taken into account in the calculation of Trading Resource. This means that Open Position P&L is taken into account to calculate Margin, to determine whether or not you can place a spread bet and to determine maximum stake size of a spread bet.

7. Credit Allocation

- 7.1 Your Account may have a Credit Allocation unless you only undertake binary betting. However, a Credit Allocation is only granted in our absolute discretion.
- 7.2 If a Credit Allocation is to be granted it will be set by us when we open your Account and we can set it at nil. We will notify you in writing of the level of your Credit Allocation unless it is nil. We have the right to vary your Credit Allocation; see clauses 20.5 and 21.4 of the General Terms.
- 7.3 A Credit Allocation: -
- is not a credit facility;
 - does not mean you do not have to pay for your losses and it will not restrict your losses;
 - is used in the calculation of Margin and Trading Resource.

8. Waived Margin

- 8.1 Your Account may have Waived Margin. Waived Margin is granted in our absolute discretion.
- 8.2 Waived Margin is taken into account in the calculation of Trading Resource.
- 8.3 If Waived Margin is to be granted, it will be set by us when we open your Account and we can set it at nil. We will notify you in writing of the level of your Waived Margin unless it is nil. We have the right to vary your Waived Margin; see clauses 20.5 and 21.4 of the General Terms.

9. Binary betting

9.1 Clauses 10 to 13 only apply to binary betting.

10. Warning

10.1 At the date of publication of these Spread Betting Terms, binary betting is not regulated by the FSA. Accordingly you will not have the protections of the rules of the FSA in relation to binary betting. For example, the rules of the FSA do not apply, you have no right to complain to the Financial Ombudsman Service and the Financial Services Compensation Scheme does not apply. You may however refer complaints as referred to in clause 22.8 of the General Terms, including to the Betting Adjudication Service. In addition binary betting is regulated by the Gambling Commission; Victoria Square House, Victoria Square, Birmingham, B2 4BP.

11. Placing and Acceptance of binary bets

- 11.1 Binary betting can only be undertaken via the ITP, unless for some reason we are unable to offer binary betting facilities via the ITP, in which case you can place binary bets, monitor your Open Positions and obtain Our Prices via the Finspreads dealing desk.
- 11.2 A binary bet is a bet that a specified result will or will not occur before the settlement time and the date specified by Finspreads for the Market concerned.
- 11.3 The Markets and settlement times and dates for binary betting, are set out on the binary betting section of the Website, the ITP and the Market Information Sheets. You can only offer to place a binary bet on the Markets from time to time made available by us in relation to binary betting.
- 11.4 If you place a binary bet at Our Offer Price, you will be betting that the specified result will take place (a Long Position). If you place a binary bet at Our Bid Price, you will be betting that the specified result will not take place (a Short Position).
- 11.5 You can only offer to place a binary bet during Finspreads trading hours for the relevant Market. However, you cannot offer to place a binary bet in the last minute before its settlement time and date. If movement in the Market and/or Underlying in relation to any binary bet exceeds parameters specified by us (acting reasonably) during the last 5 minutes prior to the settlement time and date of that Market then we are entitled to refuse to accept binary bets in relation to that Market during that period.
- 11.6 You can only offer to place a binary bet if: (a) your Cash Balance is positive and (b) your Cash Balance is at least equal to the total of your Maximum Binary Loss.
- 11.7 For so long as you have any Open Position binary bets, you must ensure that your Cash Balance is at all times at least equal to the amount referred to in clause 11.6 (b). If your Cash Balance is less than that amount, we can require you to immediately pay sufficient cash into your Account so that your Cash Balance is at least equal to the amount referred to in clause 11.6 (b). However, we will only exercise this right if you have Open Position binary bets on your Account. If you fail to make the required payment (within 3 Business Days of being requested to do so) we shall be entitled (without prejudice to any other right or remedy available to us) to close all or any of your Open Position binary bets at Our Offer Price or Our Bid Price (as appropriate) as at closure. We can make any request for payment under this clause 11.7 by any of the methods referred to in clause 28 of the General Terms.

12. How to Calculate a Profit or Loss: binary bets

Closure

12.1 If you close a binary bet before the settlement time and date, a profit or loss may arise. This is calculated as follows:-

- if you close a Long Position at Our Price that is higher than Our Price at which you opened that Long Position, we will pay you a sum equal to the closing stake multiplied by the amount by which closing Our Price is higher than opening Our Price;
- if you close a Long Position at Our Price that is lower than Our Price at which you opened that Long Position, you must pay us a sum equal to the closing stake multiplied by the amount by which closing Our Price is lower than opening Our Price;
- if you close a Short Position at Our Price that is higher than Our Price at which you opened that Short Position, you must pay us a sum equal to the closing stake multiplied by the amount by which closing Our Price is higher than opening Our Price;
- if you close a Short Position at Our Price that is lower than Our Price at which you opened that Short Position, we will pay you a sum equal to the closing stake multiplied by the amount by which closing Our Price is lower than opening Our Price.
- if you close a binary bet (whether a Long Position or a Short Position) at Our Price that is the same as Our Price at which the binary bet was opened, you will not make a profit or a loss.

Market expiry

12.2 Your profit or loss on a binary bet which has expired is calculated as follows:-

- if the specified result (relevant to your binary bet) did not occur then:-
 - if your binary bet was a Long Position, you will pay to us an amount equal to opening Our Price of your Long Position multiplied by the stake size of that Long Position;
 - if your binary bet was a Short Position, we will pay to you an amount equal to opening Our Price of your Short Position multiplied by the stake size of that Short Position;
- if the specified result (relevant to your binary bet) occurred then:-
 - if your binary bet was a Long Position, we will pay to you an amount calculated as follows: (100 minus opening Our Price of your Long Position) multiplied by the stake size of that binary bet;
 - if your binary bet was a Short Position, you will pay to us an amount calculated as follows: (100 minus opening Our Price of your Short Position) multiplied by the stake size of that Short Position.

12.3 The following apply in relation to Market expiry: -

- if the Underlying settles (at the expiry time and date) exactly on the specified result level, that Underlying will be deemed to have settled above the result level for the purpose of settlement;
- whether or not the specified result has occurred at the expiry time and date will be determined based on the situation at that time. No regard shall be had to any event which occurs after the expiry time and date including any act or thing done by a relevant regulatory or other authority after the expiry time and date which would otherwise effect whether or not the specified result had occurred. For example, in a financial Underlying, if the relevant exchange identifies an error in the price at which that exchange settled and takes steps to rectify the situation.

- 12.4 Profits will be credited to your Cash Balance.
- 12.5 Losses will be debited from your Cash Balance. Losses are payable immediately.
- 12.6 Unrealised Marked to Market profits (i.e. profits on Open Positions) will not be credited to your Account. Likewise unrealised Marked to Market losses (i.e. losses on Open Positions) will not be debited to your Account. Those unrealised profits and losses will be calculated as above, replacing closing Our Price with the Marked to Market price.

13. Other Matters

- 13.1 If the event or other matter on which our Market on a binary bet is based is abandoned or fails prior to the settlement time and date, we are entitled in our absolute discretion to void all Open Position binary bets in relation to that event or other matter. Please note that this does not affect any binary bets that may have already been closed prior to us exercising this right.
- 13.2 If the result of your binary bet becomes public knowledge before the settlement time and date, we are entitled in our absolute discretion to: -
- void all Open Positions created in relation to that result after the result became public knowledge;
 - void all binary bets in relation to that result closed after the result became public knowledge.

14. Law and Jurisdiction

- 14.1 The Terms, (including all Margined Trades and Orders) and our relations prior to the establishment of any contract between us shall be governed by and construed in accordance with the laws of England and Wales.
- 14.2 The Courts of the United Kingdom will have exclusive jurisdiction over any claim or matter arising under or in connection with the Terms and the legal relationships established by the Terms. Nothing in this clause shall limit the right of Finspreads to take proceedings against the Client in any other court of competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdictions, whether concurrently or not, to the extent permitted by the law of such other jurisdiction.

15. Regulation of Finspreads

- 15.1 Finspreads is entered on the FSA's register under number 113942. Finspreads' registered office is 3rd Floor, Moorgate Hall, 155 Moorgate, London, EC2M 6XB (telephone 020 7550 8500). Finspreads' main business is the provision of spread betting, CFD trading, binary betting and related services and products.
- 15.2 Finspreads is authorised and regulated by the Financial Services Authority.

Contact us

Finspreads
Moorgate Hall
155 Moorgate
London
ECM 6XB

Dealing Desk Tel: 0845 077 1180
Customer Services Tel: 0845 077 1181