



FXDD Customer Agreement, Risk Disclosure  
and Trading Policy Documents

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# FXDD Customer Agreement

This is an agreement between FXDirectDealer, Ltd. and you as a Customer. In this “**Agreement**” FXDirectDealer is referred as **FXDD**, a subsidiary of Tradition (North America) Inc. The term “**you**” or “**Customer**” refers to any individual or legal entity, including a corporation or partnership that is associated with the opening of the Customer’s **Account** with FXDD. The Agreement outlines the terms and conditions that apply to the opening and operation of a margined foreign exchange trading account with FXDD. You must review this Agreement carefully. If you have questions, please call and we will review the material with you. To open your account, each owner associated with the Account must sign the application that is included in this package, and you should mail the completed application to FXDD.

**THIS AGREEMENT, WHICH INCLUDES THE FXDD RISK DISCLOSURE STATEMENT AND FXDIRECTDEALER TRADING POLICIES THAT ARE PART OF THIS PACKAGE, IS A LEGAL CONTRACT. PLEASE READ ALL OF THE MATERIAL CAREFULLY BEFORE YOU SIGN THE APPLICATION. YOU ALSO MUST SIGN THE ACKNOWLEDGEMENT PAGES WHERE INDICATED. TO OPEN AN ACCOUNT WE MUST RECEIVE ALL THREE COMPLETED AND SIGNED PAGES.**

**You should retain the remaining pages for your records.**

In consideration of FXDD opening an Account for the undersigned Customer and agreeing to enter into **over-the-counter margined foreign exchange transactions** with you as our Customer, you agree as follows:

## **1. Introduction**

This Agreement sets forth the terms and conditions governing your Account at FXDD, and all Contracts and other transactions placed through this Account with FXDD. This Agreement includes the attached **Risk Disclosure Statement and Trading Rules and Regulations**, as amended from time to time, and all references to the terms and conditions of this Agreement include provisions contained in the Risk Disclosure Statement and Trading Rules and Regulations that are a part of this Agreement. If the Customer accepts this Agreement by signing the required Signature Page, you should mail or fax the completed Signature Page to:

**FXDirectDealer – New Accounts Department  
Tradition NA  
75 Park Place, 4<sup>th</sup> floor  
New York, New York 10007  
Fax Number: 212-937-3845**

Please note that an Account will not be opened unless signed acknowledgement pages for the Risk Disclosure Document and the Trading Rules and Regulations accompany the signature page for the Account application.

## **2. Definitions and Common Trading Terms**

Definitions and common trading terms may be shown in **bold** or *italics* type the first time they are used in this Agreement. The exact meaning of all these terms are explained in the **FXDD Glossary of Terms** document that is included in this package. Customers should read and be familiar with the FXDD Glossary of Terms.

## **3. Scope of Agreement**

All *transactions* and all Contracts entered into between FXDD and the Customer, shall be governed by the terms of this Customer Agreement and the terms of any additional written statements of FXDD trading regulations or FXDD additional schedules which may from time to time be set forth or amended by FXDD and which shall thereupon constitute a portion of this Customer Agreement, except to the extent (if any) that FXDD shall agree or notify the Customer in writing that other or additional terms apply. Any proposals for, additions to, or modifications of this Agreement, absent written agreement by an authorized person employed by FXDD to the contrary, are void and shall have no effect.

This Agreement refers and extends to a potential dealing relationship between the Customer and FXDD in *OTC Non-Deliverable Foreign Exchange (Currencies)* on a *SPOT SETTLEMENT BASIS* as is commonly dealt in the international *Interbank Market*, and all other provisions of this agreement notwithstanding, the Customer agrees, understands and warrants that the dealing relationship between the Customer and FXDD hereunder shall not extend at any time to the dealing, trading, brokering of or advice related to any exchange listed, or off-exchange regulated commodity futures or options contract.

Subject to the terms and conditions of this Agreement, the full completion of the Account Setup Requirements and acceptance of Customer’s Application to open an Account with FXDD, FXDD will open and maintain Account(s) in Customer’s name for the purpose of engaging in *cash settled transactions* with and for Customer in *Currencies markets* on a *spot settlement basis*, and provide such other services and products as FXDD may, in its sole discretion, determine to offer in the future. Unless expressly stated otherwise in writing,

all Contracts and other transactions entered into between FXDD and Customer shall be governed by the terms of this Customer Agreement, including the Risk Disclosure Statement and FXDD Trading Policies, to the extent annexed hereto, as amended from time to time.

#### 4. Risk Acknowledgements

**Customer acknowledges and understands that trading and investment in leveraged OTC Foreign Currency Contracts is highly speculative, involves an extreme degree of risk, and is generally appropriate only for persons who can assume risk of loss in excess of their Margin deposit.** Customer understands that because of the *Low Margin/High Leverage* normally available in Foreign Currency trading, price changes in Foreign Currency Contracts may result in significant losses. Such losses may substantially exceed Customer's investment and *Margin Deposit*. By Customer directing FXDD to enter into any *Foreign Currency Contract*, any profit or loss arising as a result of a fluctuation in the exchange rate affecting such Currency will be entirely for the Customer's account and risk. **Customer warrants that the Customer is willing and able, financially and otherwise, to assume the risk of Foreign Currency trading,** and in consideration of FXDD carrying his/her Account(s), Customer agrees not to hold FXDD responsible for losses incurred through following its trading recommendations or suggestions or those of its employees, agents or representatives. Customer recognizes that guarantees of profit or freedom from loss cannot be given and it is impossible to predict performance in Foreign Currency trading. Customer acknowledges that Customer has received no such guarantees from FXDD or from any of its representatives or any *Introducing Broker* or other entity with whom Customer is conducting his/her FXDD account and has not entered into this Agreement in consideration of or in reliance upon any such guarantees or similar representations. **All transactions effected for Customer's Accounts and all fluctuations in the market prices of the Contracts carried in Customer's Accounts are at Customer's risk, and Customer shall be solely liable therefore under all circumstances.** Customer represents and warrants that Customer is willing and financially able to sustain such losses, and that the trading of Spot Foreign Exchange (Currencies) is a suitable investment vehicle for the Customer. FXDD is not responsible for delays or partial or total failures in any online (electronic) *trading platforms* or any communications facility or other causes beyond FXDD reasonable direct control. The Customer understands and recognizes that the transactions to be conducted pursuant to this Agreement are **NOT** conducted on a *regulated market or exchange*. Customer represents that it is aware of the risks inherent in the trading of OTC Foreign Exchange (Currencies) and is financially able to bear such risks and withstand any losses incurred. (For a further discussion on the Risks of Trading Foreign Exchange please refer to the *Risk Disclosure Statement*).

#### 5. Customer's Representations and Warranties

As of the date hereof, the date of each Contract and other transaction in Customer's Account and any date on which FXDD Risk Disclosure Statement or Trading Policies are revised, updated or amended, Customer represents and warrants to FXDD and agrees for the benefit of FXDD that:

- (a) Customer is of sound mind, legal age (18 in the USA) and legal competence.
- (b) Customer (if not a natural person) is duly organized and validly existing under the applicable laws of the jurisdiction of its organization.
- (c) Execution and delivery of this Agreement and all Contracts and other transactions contemplated hereunder and performance of all obligations contemplated under this Agreement and all Contracts and other transactions contemplated hereunder have been duly authorized by Customer.
- (d) Each person executing and delivering this Agreement and all Contracts and other transactions contemplated hereunder on behalf of Customer performing the obligations contemplated under this Agreement and any Contract and other transaction contemplated hereunder on behalf of Customer, has been duly authorized by Customer to do so.
- (e) Execution and delivery by Customer of this Agreement and all Contracts and other transactions contemplated hereunder, and performance of all of Customer's obligations contemplated under this Agreement and any Contract and other transaction contemplated hereunder, will not violate any statute, rule, regulation, ordinance, charter, by-law or policy applicable to Customer.
- (f) Customer has full beneficial ownership of Customer's Account. Customer has not granted and will not grant a security interest in Customer's Account with FXDD (other than the security interest granted to FXDD hereunder) to any person without FXDD prior written consent. Customer has full beneficial ownership of all *collateral* and will not grant any security interest in any Collateral to any person (other than the security interest granted to FXDD hereunder) without prior written consent of FXDD.
- (g) Customer will execute and deliver all documents, give all notices, make all filings and take such other actions as FXDD, in its sole discretion, deems necessary or desirable to evidence or perfect any security interest in favor of FXDD or to protect FXDD interests with respect to any Collateral.
- (h) Customer hereby warrants that regardless of any subsequent determination to the contrary, **Customer is suitable to trade Foreign Currency and is a Sophisticated Foreign Exchange Investor.**
- (i) Customer has read and understands the *Risk Disclosure Statement* contained in this Agreement. Customer will review FXDD risk disclosures, including, without limitation, FXDD Risk Disclosure Statement, each time they are amended. Customer will not affect any opening transaction in Customer's Account unless Customer understands FXDD revised risk disclosures, and Customer agrees that in effecting any opening transaction it is deemed to represent that it has read and understands FXDD revised risk disclosures as in effect at the time of such opening transaction.
- (j) Customer has read and understands the trading policies contained in this Agreement, including, without limitation, FXDD *Trading Policies*. Customer will review FXDD *Trading Policies*, including, without limitation, FXDD *Trading Policies* each time they are amended. Customer will not affect any opening transaction in Customer's Account unless Customer understands FXDD revised *Trading Policies*, and Customer agrees that in effecting any opening transaction it is deemed to represent that it has read and understands FXDD revised *Trading Policies* as in effect at the time of such opening transaction.
- (k) Customer acknowledges that Customer has conducted simulated trading using the *FXDirectDealer Demo Trading Platform* for a period that has allowed the Customer to develop a full understanding of the FXDD *Internet Trading Platform* an online trading system for Spot Foreign Exchange real-time trading.
- (l) All information provided by Customer to FXDD, including information regarding Customer's trading experience and investment sophistication, is true, correct and complete, and Customer will notify FXDD promptly of any changes in such information.

#### 6. Foreign Accounts

Any Customer of FXDirectDealer that does not reside in the United States may be asked to comply with special requests as required by any applicable governmental or regulatory agency or any other similarly such authority having jurisdiction thereof. In addition, FXDirectDealer may be required to provide to an applicable governmental or regulatory agency with information regarding a Customer's account(s). Failure by the Customer to respond to such inquiries may result in immediate prohibition of the trading in the

Customer's Account(s) with the exception of offsetting trades to existing open positions. FXDirectDealer also reserves the right to liquidate open positions at the request of any governmental, regulatory or like such agency and perform other duties as instructed by such agencies. All Foreign Accounts with FXDirectDealer must copy and forward an official form of picture ID (i.e., Passport) and provide a bank reference before the Customer is approved for trading.

## 7. Trading

### 7.1 Authorization to Trade for Customer's Account

Subject to the terms of this Agreement and all related agreements, including the *Risk Disclosure Statement* and FXDD *Trading Policies* document hereto, the Customer *Account Application* and any applicable Addenda thereto, Customer authorizes FXDD to enter, purchase, sell, and clear *OTC Foreign Exchange Contracts* on a *spot basis* for the Customer's Account in accordance with Customer's electronic, written or oral instructions received through the *FXDirectDealer Internet Trading Platform* - an online trading system, through a real-time online electronic conversational/chat product like *DirectDealer* - an electronic conversational application connected directly to the FXDD *trade execution desk*, via telephone directly to the FXDD *trade execution desk*, or via any other communicative means available.

Customer agrees to be responsible for any transaction instruction received by FXDD either electronically via the FXDD *Internet Trading Platform* or the *DirectDealer* electronic conversation application (or similar product), or orally over the telephone. Before executing a transaction, FXDD will require the Customer at least to provide User Name and *Password* authorization electronically via a login procedure or *if contacted via the telephone, orally* via an identification procedure. Correct information will authenticate the Customer and allow the Customer to conduct transactions in the authorized FXDD Account for that authentication.

If Customer's Account is a joint account, FXDD is authorized to act on the instructions of any one owner without further inquiry, with regard to trading in the Account and/or the disposition of any and all assets in the Account. FXDD shall have no responsibility for further inquiry into such apparent authority and no liability for the consequences of any actions taken or failed to be taken by FXDD and any of its employees in reliance on any such instructions or on the apparent authority of any such authorized person(s).

### 7.2 Pricing Information

FXDD will make available, by posting on the FXDD *Internet Trading Platform*-- an online trading system, or by Customer electronically contacting FXDD via its online chat application *DirectDealer* (or any alternative designated by FXDD), by telephoning the FXDD dealing execution desk, or by any other communicative means available to FXDD and its Customers, *Bid and Ask Prices* at which FXDD is prepared to enter Foreign Currency Contracts with authorized Customers. Each Bid or Ask Price shall be for a *Spot Contract* with a specified *Value Date* and for a specific Foreign Currency pair. **FXDD makes no warranty expressed or implied; that Bid and Ask Prices shown represent prevailing bid and ask prices in the interbank market.** In addition, although FXDD reasonably expects to make available continuous prices during business hours, because of a number of factors including but not limited to technology failures, communication system delays, lack of interbank liquidity or high market volatility, **FXDD makes no warranties that dealing prices and liquidity will be available continuously** to Customers either electronically or via the telephone or by any other communication device.

### 7.3 Execution of Orders

All *Contracts* made and entered into between Customer and FXDD hereunder will be entered into by FXDD as *Principal*. FXDD will reasonably attempt to execute all *Orders* that it may, in its sole discretion, accept from Customer for the purchase or sale of *Contracts* in accordance with the Customer's electronic, written or typed, or oral instructions. However, **FXDD shall not be responsible for any loss or damage caused, directly or indirectly, by any events, actions or omissions beyond the reasonable direct control of FXDD**, including, without limitation, loss or damage resulting, directly or indirectly, from any delays or inaccuracies in the transmission of *Orders* and/or information due to a breakdown in or failure of any transmission or communication facilities.

Customer acknowledges, understands and agrees that all Market Orders and non-Market Orders such as *Limit Orders, Stop-Loss Orders, One Cancels the Other Orders*, or any other non-Market Order transmitted and accepted by a FXDD representative, are accepted by FXDD and undertaken on a "*best-efforts basis*" in accordance with the relevant provisions of the *Trading Policies*, as amended from time to time. The Customer acknowledges, however, that due to market conditions or other circumstances, **FXDD may be unable to execute the Order at the Market or specified level and the Customer agrees that FXDD will bear no liability for failure to execute such orders.** This includes but is not limited to all *Orders* that are entered over a weekend or holiday period when FXDD is closed for business. In such circumstances, orders will be executed on a "best-efforts basis" once the market is reopened on the next FXDD business day. Customer acknowledges that execution may not be immediate or at the price dictated by the opening level due to imbalances in *Orders*, market conditions, market liquidity or other circumstances. FXDD shall have no responsibility for delays in the transmission of *Orders* due to disruption, market conditions, failure or malfunction of communications facilities and shall not be liable for any claims, losses, damages, costs or expenses, including attorneys' fees, to any person or entity as a result of its negligence.

### 7.4 Positions and Orders Limitations

FXDD reserves the sole discretionary right to limit the number of *Open Positions* which Customer may enter, acquire or maintain with FXDD, to refuse acceptance of any *Order* entered by Customer or to alter its dealing relationship with the Customer to include or exclude use of any electronic trading network or other trade execution method in any manner and to any extent.

### 7.5 Netting

It is FXDD policy to immediately net (aggregate) all currency purchases and sales, including open Buy positions as well as open *Sell* positions for the same currency pair. Any resulting single aggregate position for the currency pair, if not liquidated by the end of the FXDD *business day*, is *rolled forward* to the next *Spot Date* (see section 11).

## 8. Margin Requirements

Customer shall provide to and maintain with FXDD *Margin* in such amounts and in such forms, and within such limits as FXDD, in its

sole discretion, may from time to time require. *Margin requirements*, including *Initial (Opening) Margin* and *Maintenance Margin* requirements, are defined in *FXDD Trading Policies*. FXDD may change Margin requirements at any time. Customer agrees to *deposit* by immediate *wire transfer* such additional Margin when and as required by FXDD, and will immediately meet all *Margin Calls* in such mode of transmission as FXDD shall, in its sole discretion, designate; provided, however, and notwithstanding any demand for additional Margin, FXDD may at any time proceed to *liquidate* Customer's Account in accordance with *Trading Policies* and *Paragraph 12* below. Any failure by FXDD to enforce its rights hereunder **shall not** be deemed a future waiver of such rights by FXDD, and the Customer shall impute no liability to FXDD whatsoever for losses resulting from such failure. No previous Margin requirement by FXDD shall preclude FXDD from increasing or decreasing that requirement without prior notice. FXDD may call for additional Margin ("**Margin Call**") at any time Customer's Margin Balance falls below the FXDD *Maintenance Margin Level* as applied to that Account and at any time FXDD, in its sole discretion, believes that it is prudent to do so. FXDD may at any time liquidate Customer's Account in accordance with *Trading Policies* and *Paragraph 12* below. Any Customer funds that represent *Excess Margin Deposits* shall be maintained in a segregated escrow account at a top-tier financial institution selected by FXDD in its sole discretion. FXDD reserves the right to withdraw or transfer funds from the Customer's segregated account without notice to ensure that *posted Marked-to-Market Margin* (defined as Margin plus or minus marked-to-market P/L) equals or exceeds *Required Margin* on Opened Positions and/or to satisfy any payment obligation to FXDD, including fees and charges in respect of Customer's Account. In the event that Customer directs FXDD to sell any Margin, Collateral, Contract or other property and FXDD is unable to deliver such Margin, Collateral, Contract or other property to a purchaser because Customer fails to deliver it to FXDD, FXDD may borrow or purchase any Margin, Collateral, Contract or property necessary to make such delivery, and Customer hereby agrees to guarantee and hold FXDD harmless against any liability, claim, loss, damage, cost or expense, including attorneys' fees that FXDD may sustain. Customer may choose to have excess funds deposited in an interest bearing segregated account.

### 9. Security Agreement

In order to secure any indebtedness or other obligations at any time owing from Customer to FXDD, including, without limitation, (a) indebtedness or other obligations under any Account, Contract or other transaction with FXDD; or (b) any indebtedness or other obligations resulting from any guarantee by Customer of any Account, Contract or other transaction with FXDD, Customer hereby assigns, pledges and grants to FXDD a security interest in and right of setoff against: (i) all of Customer's Accounts with FXDD; (ii) all Contracts, cash and other property in Customer's Account at FXDD or delivered or otherwise provided by Customer to secure its indebtedness or other obligations to FXDD or in FXDD possession or control for any purpose (including safekeeping); and (iii) all products and proceeds of the foregoing (collectively, (i), (ii) and (iii) are referred to as "**Collateral**").

In the event of indebtedness of Customer to FXDD for reasons including but not limited to (a) and (b) outlined above, FXDD shall have the right to sell, pledge, rehypothecate, assign, invest, commingle and otherwise use any Collateral it holds (including, but not limited to, using the Contracts as collateral for a loan to FXDD) free from any claim or right of any nature whatsoever of the Customer, including any equity or right of redemption by the Customer and to register any Collateral in the name of FXDD, its custodian or a nominee for either. Any failure by FXDD to enforce its rights hereunder shall not be deemed a future waiver of such rights by FXDD. FXDD is irrevocably appointed as attorney-in-fact for Customer and is authorized, without notice to Customer, to execute and deliver any documents, give any notice and to take any actions on behalf of Customer, including the execution, delivery and filing of financing statements, that FXDD deems necessary or desirable to evidence or to protect FXDD interest with respect to any Collateral. In the event that the Collateral deemed acceptable to FXDD ("**Eligible Collateral**") is at any time insufficient to satisfy Customer's indebtedness or other obligations to FXDD, including obligations to provide Margin in accordance with *Trading Policies* and *Paragraph 7* hereof, Customer shall promptly pay upon demand the entire amount of such deficit in accordance with *Trading Policies* and *Paragraph 8* hereof.

### 10. Capacity

Any and all Contracts and transactions made and entered into by FXDD hereunder as a result of Customer directing FXDD to enter into such Contracts and transactions, are made and entered into by FXDD as *Principal*. Unless otherwise agreed to in writing FXDD shall act as *Principal* in any and all Contracts and transactions with the Customer and not as broker, intermediary, agent, and advisor or in any fiduciary capacity. The Customer understands and recognizes that any and all transactions and Contracts entered as a result of Customer directing FXDD to enter into such transactions and Contracts may be entered by FXDD, as *Principal*, with financial institutions including, without limitation banks, clearing institutions and Foreign Exchange dealers ("**Counter Party**") at the sole discretion and option of FXDD. Customer represents, agrees and authorizes FXDD to act as *Principal* in entering, delivering, selling, purchasing and clearing with Counter Party any and all Customer's Contracts. Customer shall guarantee and hold FXDD harmless against any loss it may sustain thereby. FXDD may, at its sole discretion and option, act as *Principal* in purchasing, selling, delivering and clearing any Contracts, including all Customer's Contracts, with the Counter Party(s).

### 11. Rollovers

In the absence of an offsetting or closing liquidation trade done prior to the close of business, FXDD is authorized to rollover all or any portion of the Foreign Currency Positions in Customer's Account at FXDD's absolute discretion and at Customer's risk to the next settlement *spot date*. Rollovers will be executed at rates determined by FXDD and at FXDD's absolute discretion. Rollover debits or credits will be reflected in the Customer's Account at a time after the normal close of the business day for FXDD. FXDD reserves the right to change at its sole discretion, any rollover debits or credits at any time if FXDD, at its sole discretion deems that the amount debited or credited was in error.

### 12. Liquidation of Accounts and Deficit Balances

In the event of (a) the death or declaration of incompetence of Customer; (b) the filing of a petition in bankruptcy, or a petition for the appointment of a receiver, or the institution of any insolvency or similar proceeding by or against Customer; (c) the filing of an attachment against any of Customer's Accounts carried by FXDD; (d) insufficient Margin, or FXDD determination that any Collateral deposited to protect one or more Accounts of Customer is inadequate, regardless of current market quotations, to secure the Account; (e) Customer's failure to provide FXDD any information requested pursuant to this Agreement; or (f) any other circumstances or developments that FXDD deems appropriate for its protection; in FXDD's sole discretion it may take one or more or any portion of, the following actions; (1) satisfy any obligation Customer may have to FXDD, either directly or by way of guaranty of surety, out of any of Customer's funds or property in its custody or control; (2) sell or purchase any or all Foreign Currency Contracts or other property held

or carried for Customer, and (3) cancel any or all outstanding *Orders* or *Contracts*, or any other commitments made on behalf of Customer. Any of the above actions may be taken without demand for *Margin* or additional *Margin*, without prior notice of sale or purchase or other notice to Customer, Customer's personal representatives, heirs, executors, administrators, trustees, legatees, or assigns, and regardless of whether the ownership interest shall be solely that of the Customer or be held jointly with others. **Customer shall at all times be liable for the payment of any deficit balance in Customer's Account upon demand by FXDD and, in all cases, Customer shall be liable for any deficiency remaining in Customer's Account in the event of the liquidation thereof in whole or in part by FXDD or by Customer.**

In the event that the proceeds realized pursuant to liquidation are insufficient for the payment of all liabilities of Customer due to FXDD, Customer shall promptly pay upon demand the entire amount of any such deficit, together with all other deficits and all unpaid liabilities of Customer. Included are all costs of enforcement and collection, such as, but not limited to, actual attorneys' fees, disbursements, travel and other expenses, interest on any such deficit and liabilities at a rate equal to five (5) percentage points above the then prevailing prime rate at FXDD's principal bank or the maximum interest rate allowed by law, whichever is lower and any other cost incurred by FXDD. In the event FXDD incurs expenses other than those for collection of deficits with respect to Customer's Account, Customer agrees to pay all such expenses in full.

### 13. Charges

FXDD acts as a *principal* and charges no *commissions* or *brokerage fees*. FXDD may retain the difference between the purchase and sale price it pays on or receives from your transactions. Although FXDD reserves the right to change its fee structure at any time at its sole discretion, FXDD will initially only charge for incidental *banking* related *fees* such as *wire transfers* for deposits/withdrawals and returned check fees. FXDD will also charge Customer for the purchase of optional, value added services offered by FXDD.

### 14. Customers who are introduced to FXDD by an Introducing Brokers or Third Party Advisor

If an *Introducing Broker* or *Third Party Advisor* introduces the Customer to FXDD, the Customer understands that FXDD may pay *fees*, *commissions* or other compensation to such person or entity for the introduction. **Customer acknowledges and agrees that as an *Introducing Broker* or *Third Party Advisor* to FXDD, the *Introducing Broker* or *Third Party Advisor* does not hold or collect any margined funds on behalf of FXDD or for the Customer's Account.** Funds should instead be sent via a *wire transfer* or other means directly to *FXDirectDealer* for purposes of depositing into your margined trading *escrow account*. **FXDD does not control and cannot endorse or vouch for the accuracy of any information or advice Customer may have or will receive by the *Introducing Broker* or *Third Party Advisor*.** Included in the information and advice without limitation are actual or implied promises made by the *Introducing Broker* regarding the future profit or losses in Customer Accounts as a result of third party trading systems, research reports, market trading advice or interpretation of economic news and events. If Customer receives information or trading advice from an *Introducing Broker* or *Third Party*, FXDD shall in no way be held responsible for any loss resulting from the Customers use of information or advice. FXDD provides or otherwise makes available a FXDD Risk Disclosure documents to Customers when they open accounts. Any Customer introduced by *Introducing Brokers* or *Third Parties* should carefully read the *FXDD Account Application*, *FXDD Risk Disclosure Document* and *FXDD Trading Policies* documents and should not rely on information supplied by the *Introducing Broker* or *Third Party*. **Customer acknowledges and understands that margined foreign exchange trading involves a high degree of risk and that many people lose money trading foreign exchange.** All Customers should understand that they should only trade *Risk Capital Funds* when trading foreign exchange. *Risk Capital Funds* are defined as funds, which if lost, would not change your or your family's lifestyle. Customer should also understand that *Introducing Brokers* or *Third Party Advisors* are often not regulated by a government agency and that the *Introducing Broker* or *Third Party Advisor* shall have the right to access information regarding the account of the Customer including but not limited to account information, Customer address, phone number, email address. The *Introducing Broker* or *Third Party Advisor* will not have trade authorization privileges unless granted in writing by the Customer via the signing of a *Power of Attorney* document authorizing the trading.

### 15. Introducing Brokers Responsibility to FXDD and to their Clients

*Introducing brokers* have certain responsibilities to clients and FXDD with respect to their introduced accounts:

1. Responsible for communicating with their introduced clients investment objectives and investment opportunities given those objectives,
2. Responsible for complying with all legal requirements, rules and regulations applicable to being a licensed *Introducing Broker*
3. Responsible for complying with all legal requirements, rules and regulations applicable to their Customers
4. Determining any commission structure and communicating the structure to the introduced clients.

The *Introducing Broker* will not be responsible for:

1. The Opening of the Account including, but not limiting to the approving, servicing and monitoring of Customer's Account(s) and obtaining and verifying account information as is required by the law and regulation,
2. Collecting funds from the clients for the purpose of facilitating margin Foreign Exchange trading or satisfying margin requirements,
3. Executing any transactions or accepting any orders for the Customer's Account(s), or performing any action that would cause or appear to cause a change in Customer position or Account Value, including but not limited to rolling over spot positions, liquidating positions, paying interest, requiring margin, or accepting additional funds or paying out funds to the Customer,
4. Providing any account statements to the Customers,
5. Responding to complaints or inquiries.

### 16. Statements and Confirmations

Confirmation of trades will be made online as the trades are executed and should immediately be reflected in the Customer's FXDD Margin Monitor, FXDD Open Positions window, FXDD Spot Book, Account Statement Report and in their Trade History Report. Trades done over the telephone will be executed for the Customers Account on their behalf and also be reflected online FXDD Margin

Monitor, FXDD Open Positions window, FXDD Spot Book, Account Statement Report and in their Trade History Report. Reports and all online position windows and statements of Accounts for Customer shall be deemed correct and shall be conclusive and binding upon Customer if not objected to by telephone immediately upon receipt and such objection is confirmed in writing within three (3) Business Days after the transmission to Customer or if FXDD does not change the confirmed execution price and details. FXDD reserves the right to change confirmed rates, prices or trade details of executed and confirmed deals if FXDD feels the electronic or verbal price or details from that deal was executed was in error. Margin calls or trade corrections shall be conclusive and binding unless objected to immediately by telephone, fax or email. Written objections on Customer's part shall be directed to **FXDirectDealer, Attn: Customer Objections, Tradition NA, 75 Park Place – 4th Floor, New York, New York 10007**, and shall be deemed received only if actually delivered or mailed by registered mail, return receipt requested. Failure to object shall be deemed ratification of all actions taken by FXDD, or FXDD agents prior to Customer's receipt of said reports. Trades executed online will be confirmed online at the time of the trade and trades entered into by telephone will be confirmed verbally and online by the end of the Business Day. Pending Orders or trades executed while the Customer is offline will be reflected in the Customers FXDD Open Position window, in the FXDD Margin Monitor, Account Statement Report and in their Trade History Report upon logging back into the FXDirectDealer application. Customer's Account statements will be available online in the *Reports* section of the FXDD Internet Trading Platform and Customer monthly statements will be available by e-mail, fax and/or mail. Customer's failure to receive a trade confirmation shall not relieve Customer of the obligation to object as set out herein. **Customer understands and acknowledges that oral information provided by FXDD to Customer regarding confirmations of trades and statements of Account may be unverified and incomplete due to delays in transmission and other factors beyond FXDD reasonable control. Customer therefore acknowledges and agrees that any reliance upon such oral information is at Customer's risk and Customer further agrees to immediately call to FXDD attention any such oral information which Customer has reason to believe is inconsistent with Customer's own information.** No provision of this Agreement shall operate to prevent FXDD from correcting any error or omission upon discovery. The Customer agrees that such errors, whether resulting in a profit or loss, shall be corrected and Customer's Account will be credited or debited in such manner and extent as to place the Account in the same position in which it would have been had the error not occurred. FXDD reserves the right to be the final arbiter as related to disputed Orders.

#### **17. Communications**

Reports, statements, notices and any other communications may be transmitted to Customer at the address set forth herein, or to such other address as Customer may from time to time designate in writing to FXDD. All communications sent, whether by mail, telegraph, e-mail, fax, messenger or otherwise, shall be deemed transmitted by FXDD when deposited in the United States mail, or when received by a transmitting agent, or communications or recording device, designated by Customer or otherwise within Customer's actual or constructive control, and such communication shall be deemed delivered to Customer personally, whether actually received by Customer or not, and Customer hereby waives all claims resulting from failures to receive such communications. All communications sent by Customer shall not be deemed effective until accepted by FXDD. Customer shall notify FXDD immediately of any change in Customer's address by e-mail to [support@fxdd.com](mailto:support@fxdd.com) or by mail or other delivery service to **FXDirectDealer Attn: Customer Accounts, Tradition NA, 75 Park Place – 4th floor, New York, New York 10007**.

#### **18. Force Majeure**

FXDD shall not be liable to the Customer for any loss, cost, damage or expense sustained or incurred by the Customer, directly or indirectly, by reason of any cause beyond FXDD's control, including but not limited to, natural disasters, acts of God, civil unrest, war, insurrection, international intervention, governmental action (including, without limitation, exchange controls, forfeitures, nationalizations, devaluations), market conditions, inability to communicate with any relevant person or entity or any breakdown or failure of any transmission or communication system or computer facility, whether belonging to FXDD, Customer or any market or any settlement or clearing system.

#### **19. Trading Recommendations**

Customer acknowledges, understands and agrees that (i) any market recommendations and information communicated to Customer by FXDD or any Introducing Broker affiliated with FXDD do not constitute an offer to sell or the solicitation of an offer to buy any Foreign Currency Contract; (ii) such recommendation and information, although based upon information obtained from sources believed by FXDD to be reliable, may be incomplete and may be unverified; and (iii) FXDD makes no representation, warranty or guarantee as to, and shall not be responsible for, the accuracy or completeness of any information or trading recommendation furnished to Customer; and (iv) Customer further acknowledges that, should Customer grant trading authority or control over Customer's Account to a third-party (Authorized Agent), whether on a discretionary or non-discretionary basis, FXDD shall in no way be responsible for reviewing Customer's choice nor making any recommendations with respect thereto.

#### **20. Intellectual Property and Confidentiality**

All copyright, trademark, trade secret and other intellectual property rights in the FXDD Internet Trading Platform ("**FIP**"), an online trading system, shall remain at all times the sole, exclusive and absolute property of FXDD and Customer shall have no right or interest in the *FIP* except for the right to access and use the *FIP* as specified herein. Customer acknowledges that the *FIP* is confidential and proprietary to FXDD and has been developed through the expenditure of substantial skill, time, effort and money of FXDD. The Customer agrees and warrants that Customer will protect the confidentiality of FXDD at all times by allowing access to the *FIP* only by its employees and agents on a need to access basis. Customer will not publish, distribute, or otherwise make any information available to third parties derived from or relating to the FXDD Internet Trading Platform. Customer will not copy, modify, de-compile, reverse engineer, and make derivative works of the FXDD Internet Trading Platform or in the manner in which it operates. Any violation of the above shall be subject to prosecution under the applicable state and federal laws.

#### **19. Indemnification**

Customer agrees to indemnify and hold FXDD, its affiliates, employees, agents, successors and assigns harmless from and against any and all liabilities, losses, damages, costs and expenses, including attorney's fees, incurred by FXDD arising out of Customer's failure to fully and timely perform Customer's agreements herein or should any of the representations and warranties made by Customer herein or at any time fail to be true and correct. Except as otherwise expressly stated herein, Customer also agrees to pay promptly to FXDD all damages, costs and expenses, including attorney's fees, incurred by FXDD in the enforcement of any of the provisions of this Agreement,

any other agreements between FXDD and Customer, and any Contracts and other transactions hereunder.

## **22. Disclosure and Financial Information**

The Customer represents and warrants that the financial information disclosed to FXDD in this document and any and all documents provided by Customer in connection with the Customer's Account are an accurate representation of the Customer's current financial condition, trading experience and the level of investment sophistication. The Customer additionally represents to FXDD that the information provided by the Customer in connection with this Agreement is full, complete and accurate and FXDD is entitled to rely on this information until FXDD receives written notice from the Customer of any change in such information. The Customer represents and warrants that the Customer has very carefully considered the portion of the Customer's Assets which the Customer deems to be Risk Capital; the Customer recognizes that Risk Capital is the amount of money the Customer is willing to put at risk and if lost would not, in any way, change the Customer's life style or otherwise materially effect Customer.

## **23. Disclosure and Customer Information**

FXDD will not share or sell information regarding its customers and/or prospective customers, except to its employees, agents, affiliates, partners, and associates as reasonably required in the ordinary course of FXDD business, including, but not limited to, FXDD banking or credit relationships. FXDD may also disclose to federal or state regulatory agencies and law enforcement authorities information regarding Customer and Customer's transactions in response to a request for such information and may disclose information regarding Customer and Customer's transactions in response to a court order or subpoena.

## **24. Joint Accounts and Trust Accounts**

If more than one natural person as the Customer executes this Agreement, all such natural persons agree to be jointly and severally liable for the obligations assumed in this Agreement. If this Agreement is executed by a trust, partnership or unincorporated association, the Customer hereby agrees to indemnify, defend, save and hold harmless and free FXDD for any losses, claims, costs, damages and expenses resulting directly or indirectly from breach of any fiduciary or similar duty or allegation thereof.

## **25. Amendments**

Customer understands, acknowledges and agrees that FXDD may amend or change this Agreement, including the Annexes hereto, at any time. FXDD will provide notice to Customer of any such amendment or change by sending an e-mail message to Customer and by posting the amendment or change on FXDD Website (<http://www.fxdirectdealer.com/>). Customer agrees to be bound by the terms of any such amendment or change on the earlier of: (i) ten (10) days after FXDD has posted notice of such amendment or change to the Website; or (ii) on the date of the entry of any Order other than a Liquidating Order. In the event that Customer objects to any such change or amendment, Customer agrees to liquidate Customer's Open Positions and instruct FXDD regarding the disposition of all assets in Customer's Account within ten (10) Business Days after notice of the amendment or change has been posted to the Website. No waiver or amendment of this Agreement may be implied from any course of dealing between the parties or from any failure by FXDD or its agents to assert its rights under this Agreement on any occasion or series of occasions. No oral agreements or instructions to the contrary shall be recognized or enforceable.

## **26. Termination**

This Agreement shall continue in effect until termination, and may be terminated by Customer at any time when Customer has no open Foreign Currency Positions and/or no liabilities held by or owed to FXDD, upon the actual receipt by FXDD of written notice of termination. This agreement may be terminated by FXDD at any time whatsoever upon the transmittal of written notice of termination to Customer; provided, that such termination shall not affect any transactions previously entered into and shall not relieve either party of any obligations set forth in this Agreement. Any such notice of termination by FXDD shall not relieve Customer of any obligations arising out of any *deficit balance*.

## **27. Entire Agreement**

This Agreement, together with the full Customer *Account Application*, *FXDD User Guide and Trading Policies* and *Risk Disclosure Statement* and all applicable written Addenda thereto, embodies the entire agreement of the parties, superseding any and all prior written and oral agreements.

## **28. Recordings**

Customer acknowledges and agrees that any and all conversations between customer and FXDD personnel, including but not limited to principals, agents, employees or associates, may, at the sole option and discretion of FXDD, be recorded electronically with or without the use of an automatic tone warning device. Customer further agrees to the use of such recordings and transcripts thereof as evidence by either party in connection with any dispute or proceeding that may arise involving Customer or FXDD. Customer understands that FXDD destroys such recordings at regular intervals in accordance with FXDD established business procedures and at its sole discretion, and Customer hereby consents to such destruction.

## **29. Binding Effect**

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

## **30. Law and Jurisdiction**

This Agreement shall be governed by, and construed in accordance with the laws of the State of New York, United States of America without giving effect to conflict of laws provisions. With respect to any suit, action or proceeding ("**Proceeding**") relating to this

Agreement, the Customer irrevocably (i) submits to the exclusive jurisdiction of the State and federal courts located in the State of New York; (ii) agrees to service of process in any legal proceeding by sending copies thereof by registered or certified mail, if practicable (postage prepaid), or by telex or facsimile to the other party at the address set forth in the Customer Account Application (where service of process is being made by FXDD); (iii) waives any objection which it may have at any time to the laying of venue of any Proceeding brought in any such court, waives any objection which it may have at any time to the laying of venue of any Proceeding brought in any such court, waives any claim that such Proceeding have been brought in an inconvenient forum and (iv) further waives the right to object, with respect to such Proceeding, that such court does not have jurisdiction over such part.

### 31. Acceptance of the Contract

This Customer Agreement shall be accepted by FXDirectDealer and will become a legally binding contract between Customer and FXDirectDealer when the Customer Application is filled out in its entirety, and when all documents including the Customer Agreement, FXDD Risk Disclosure Statement and FXDD User Guide and Trading Policy are read in their entirety, signed by the Customer, and accepted and signed by a qualified representative of FXDD.

## FXDD Risk Disclosure

### FXDirectDealer Risk Disclosure Statement

**Trading in margined foreign exchange involves a high degree of risk including the risk of loss of the Customer's entire Risk Capital deposited with FXDD. Losses, in some cases, have the potential to extend beyond the Customers Account Value.**

In consideration of FXDD agreeing to enter into Foreign Exchange Contracts with its Customer(s) for this Account, FXDD requires all the undersigned Customer(s) to analyze their financial objectives, financial status, investment constraints and tax situation to determine whether OTC Foreign Exchange trading is suitable. In addition, we require our Customers to read and acknowledge by signing the FXDD Risk Disclosure Statement that outlines without limitation the risks associated with trading margined foreign exchange through FXDD. By signing this document, the Customer understands and agrees that:

**OTC Margined Foreign Exchange Trading Involves a High Amount of Risk and is Highly Speculative.** By signing the Risk Disclosure Statement, the Customer(s) agrees that they are in full understanding and willing to assume the legal, economic, and other risks associated with the trading in margined OTC Foreign Exchange, and are willing and able to assume the loss of their entire **Risk Capital**, defined as those funds, that if lost, would not change your lifestyle or your family's lifestyle. As such, they further agree that margined OTC Foreign Exchange trading is not suitable for Retirement Funds. FXDD encourages Customers to closely manage outstanding open positions and to use prudent money management precautions such as, but not limited to, Stop Loss Orders.

**Excessive Leverage Available with Margined OTC Foreign Exchange Can Lead to Quick Losses.** By signing the Risk Disclosure Statement, the Customer(s) agree that using a high degree of leverage, defined as the use of a small amount of capital to control a larger amount of an Open Position, can result in large losses due to a price change(s) of open Foreign Currency Contract(s) with FXDD. FXDD provides leverage on most **Currency Pairs** for most customers of 50:1. With 50:1 leverage the Customer has the potential to control \$500,000 position with \$10,000 in an Account. FXDD encourages its Customers to use only that portion of leverage that the Customer is most comfortable with and to use money management precautions such as, but not limited to, Stop Loss Orders for the purpose of limiting risk. FXDD reserves, at its sole discretion, the right to reduce or increase the amount of leverage given on any Currency Pair at any time and without notice.

**OTC Margined Foreign Exchange Trading Experience Periods of Liquidity Risk:** By signing the FXDD Risk Disclosure Statement, the Customer acknowledges that **Liquidity Risk**, resulting from decreased liquidity of a currency pair, is usually due to unanticipated changes in economic and/or political conditions. Customer also acknowledges that Liquidity Risk can affect the general market in that all participants experience the same lack of buyers and/or sellers. The Customer also understands that liquidity risk can be FXDD specific due to changes in liquidity available to FXDD from FXDD's interbank liquidity providers or specific to retail foreign exchange market makers due to a perception that the risks of the market segment has increased. When **liquidity** decreases, Customers can expect, at the minimum, to have wider **bid to ask spreads** as the supply of available bid/ask prices, outstrips the demand. Decreases in liquidity can also result in "**Fast Market**" conditions where the price of a currency pair moves sharply higher or lower or in a volatile up/down pattern without trading in an ordinary step-like fashion. In some instances, there may exist the possibility that a trading bid and/or ask price for a foreign exchange pair or pairs are not available (a situation where there is no liquidity). Although there may be instances when the aggregate OTC foreign exchange market enters a "Fast Market" situation or periods where liquidity is in short or no supply, it is important to note that, FXDirectDealer's prices, bid/ask spreads and liquidity will reflect the prevailing interbank market liquidity for FXDD.

**FXDD Can Liquidate Positions of the Customer That Do Not Have Adequate Margin:** Because of the leverage available with OTC Margined Foreign Exchange Trading and the potential for extreme volatility, FXDD reserves the sole discretionary right to liquidate Customer's Account(s) should the Margin in the Account not be sufficient to cover the potential risk of loss. FXDD graphically shows the Customer's **Liquidation Level** on the Customers FXDD **Margin Monitor**. Should the Customer's Account value go below the

**Liquidation Level.** FXDD reserves the right to automatically Liquidate the Position and the Customer will responsible for all resulting losses as a result of the liquidation. FXDD reserves the right to change the **Liquidation Level** at its sole discretion.

**Prices From FXDD are Independent of Prices Found Elsewhere:** By signing the FXDD Risk Disclosure Statement, the customers acknowledge that the prices reported by FXDD for buying and selling currency pairs are independent and can differ from the prices displayed elsewhere or from other liquidity providers in the **interbank market**. Differences can result from, but are not limited to, changes in liquidity from interbank market makers to FXDD, an unbalanced position or exposure in currency pairs at FXDD, or differing expectations of price movements in currency pairs by FXDD. FXDD expects that in most cases the prices provided to its Customers will be in line with the general interbank market but does not warrant or imply that this will always be the case.

**Rollover Rates for Open Positions of Currency Pairs are Determined by FXDD and are Independent of Prices Found Elsewhere in the Interbank Market:** By signing the FXDD Risk Disclosure Statement, the Customer acknowledges that all existing **Spot Open Positions** that remain open over the **end of business day** for FXDD, defined as 5:00 PM EST/EDT, are automatically **rolled over** to the next available **Spot Settlement Date** at a net debit or credit to the Customer(s) Account as determined by spot interest rates determined solely by FXDD. In general, if the Customer is long a currency that has higher **spot interest rate** than the currency that Customer is short, the Customer can expect a net credit added to the Customer's Account Value at the end of day. If the Customer is short a currency that has a higher spot interest rate than the currency that the Customer is short, the Customer can expect a net debit subtracted from the Customer Account Value at the end of the day. Rollover debits and credits are also influenced by the number of days that the position has to be rolled. For positions that need to be rolled from a Spot Settlement Date of Friday to Monday, the debit or credit will reflect rollover from Friday to Monday or three business days. For rollovers from Monday to Tuesday, Tuesday to Wednesday, Wednesday to Thursday and Thursday to Friday, the rollover debit or credit is for only one business day. If there is a holiday and FXDD is closed, the rollover would take into consideration the holiday. For example, if Tuesday is a holiday, rollovers from Monday will be for two (2) business days (i.e. from Monday to Wednesday). Since rollover debits and credits are determined by the respective short-term spot interest rates of the respective currencies that make up a currency pair, a large spread from one currencies rate in relation to another can cause a large debit or credit rollover amount. This spread can result, but is not limited to, a countries tightening of credit conditions in order to dissuade speculators from shorting a currency versus another. The Bank of England in the early 1990's raised short-term interest rates to over 20% to dissuade currency speculators from selling Sterling against other currencies when the Pound Sterling came under pressure by speculators. In this situation, those who were short STG and long US Dollars were forced to rollover their spot positions at a large debit from one spot settlement date to the next. By doing so the Bank of England was attempting to dissuade currency speculators from selling STG over spot and rolling over the position from one day to the next. The action was intended to force those who were short STG, to cover their positions before the end of the day forcing an underlying bid into the currency. Year-end and quarter-end periods can also cause unusual spikes in short- term interest rates that may cause temporary spikes in rollover debits and credits. Customers acknowledge that there exists a rollover risk to currency positions. FXDD will display the rollover debits or credits for the respective currencies pairs in the FXDD application and automatically update Customer Reports to reflect the cash flow. FXDD reserves the right to change the credits or debits at its sole discretion if the original amounts are in wrong due to an error or omission.

**Sweep Rates for Currency Balances other than USD are Determined by FXDD and may be Independent of Prices Found Elsewhere in the Interbank Market:** Profits that are calculated in a foreign currency are "swept" into dollars when the open positions are closed and the Profit and Loss realized. For example, if a Customer buys one (1) lot of USD/JPY at 115.00 and sells the same one (1) lot at 116.00, the **realized profit** on the transaction would be:

Sale Proceeds in Yen	=	11,600,000 Yen
Less: Purchase Proceeds in Yen	=	11,500,000 Yen
		-----
Realize Profit of the Trade		100,000 Yen

Since the Realized Profit is in Yen, the amount must be swept into US dollars by selling Yen and Buying USD. If the exchange rate for the USD/JPY exchange rate is 116.05, the 100,000 Yen are converted and swept into USD at 116.05 creating a USD realized profit of \$861.70 (100,000 / 116.05 = \$861.70). When dealing in currencies where the secondary currency is USD (i.e., EUR/USD and GBP/USD), the realized profit and loss is already stated in USD. As a result, the Profit or Loss does not have to be swept.

**There is No Guarantee of Profit from Trading with FXDD:** By signing the FXDD Risk Disclosure Statement, the Customer acknowledges that neither FXDD nor any of its representatives guarantees to the Customer that they will profit from trading or investing in OTC Margined Foreign Exchange. Customer further acknowledges that they could sustain the lose of their entire **Risk Capital** deposited in their Account and are financially able to withstand any losses incurred.

**There is No Guarantee that FXDD Will Be Able to Execute Stop Loss Orders, Limit Orders or OCO Orders at the Customer Entered Price:** Customer acknowledges and agrees that there may be market, liquidity or other conditions that will prevent FXDD from executing Customers specific Stop Loss Orders, Limit Orders or OCO Orders at the Customer designated price. In some cases the orders will be executed at prices that are less favorable to the price entered and desired by the Customer. The Customer acknowledges and agrees that they are still responsible for deals executed at levels different from their orders and that FXDD is not liable for failure to do so.

**There is Technology Risk Inherent in Trading Online or Via a Software Application:** Although FXDD has invested a lot of resources developing, testing, configuring and integrating the **FXDD Internet Trading Platform** and other relevant software and hardware, the Customer acknowledges and agrees that FXDD does not guarantee that the Customer will be able to successful execute deal, monitor their positions, or perform other essential tasks of FXDD while using the public Internet and other technology from FXDD or from third party vendors known or not known for which FXDD may rely on. FXDD cannot control, without limitation, the routing, Internet connectivity, reliability of customer or FXDD equipment, network connections or any other technology hardware malfunction caused by FXDD hardware, hardware and connectivity that makes up the public Internet, or hardware at the Customers location. Nor does FXDD guarantee, although all effort has been made to the contrary, that the FXDD Internet Trading Platform and Associated Back Office and Broker Software Interfaces nor any other code or application including but not limited to the interface with FXDD liquidity provider(s) or the interface with the escrow account institution or other technology application that would come under the heading software, are not

free of programming bugs that can cause trading, position keeping or any other required functionality of the FXDD Internet Trading Platform and other relevant software applications associated with FXDD including but limited to clearing, market making and escrow account software, from becoming inoperable or without errors.

***There is a Communication Risk that the Customer Assumes:*** Although FXDD will have qualified representatives available on the telephone during business hours to accept and execute Customer **Market Orders**, there exists the risk that the Customer will not be able to contact or make contact with the FXDD representative due to but not limited to, communication malfunction, an overabundance of telephone orders, or any other malfunction or negligence. The Customer acknowledges and agrees that they will hold harmless FXDD for any loss or missed trading opportunity resulting from any communication problems the Customer may encounter.

***FXDD does not take responsibility for Third Party Account Managers:*** Should a Customer grant a Third Party Account Manager trading discretionary trading authority or control over a Customer's Account, the Customer acknowledges that FXDD does not take any responsibility for any action done by that Third Party on the Customer's behalf. The Customer grants Third Party trading authority for the Customer's Account at its sole, and full risk.

***FXDD Reserves the Right to Correct Any Deals Executed on Misquoting Errors:*** In the case when a quoting error occurs that results in a Customer deal done at an **off-market price**, FXDD reserves the sole discretionary right to make the necessary corrections and adjustments to the Customer's Account whether it be in the favor of the Customer or not in the Customer's favor. Any change will be reported to the Customer either verbally or via an electronic method such as but not limited to email.

***All Market Recommendations made by FXDD or any representative of FXDD are for Informational Purposes Only:*** Any decision by the Customer to buy or sell a Foreign Currency pair is an independent decision by the Customer. Market recommendations made by FXDD or a representative of FXDD do not constitute an offer to sell or buy any Foreign Currency pair from FXDD or from any other source that may provide dealing prices to the Customer. FXDD and its employees are not investment advisor(s) and has no fiduciary duty to Customer and therefore is not liable for any losses incurred by the Customer as a result of information or any recommendations made by FXDD or representative of FXDD.

***Customer is at Risk if FXDD Should Go Out of Business:*** There is no guarantee that FXDD as a business will be profitable. Consequently, there exists a credit risk that FXDD may be subject to losses, which could, in turn, jeopardize the capital that the Customers have in their Accounts. Customer acknowledges that in the event of insolvency, the Customer can only look to FXDD for performance and return of all Collateral and Margin that the Customer may have at FXDD.

***FXDD May Decide to Exit the OTC Margined Foreign Exchange Business:*** There is no guarantee that FXDD may decide that they do not want to continue to participate as a market maker in OTC Margined Foreign Exchange Trading. As a result, the Customer agrees and acknowledges that FXDD may liquidate all Customer positions, and return margined funds to the Customer at the sole discretion of FXDD, at any time and for any reason. FXDD Customers do not hold FXDD liable for any loss as a result of liquidation of the Customer's position either on an actual basis or as a result of missed profit opportunities.

***Customers are Responsible for Any Reporting Errors:*** Any Reporting and Confirmation errors of omission, and/or errors in details of transactions including but not limited to the price Contracts were executed, the currency pair traded, the market direction (i.e., "buy" or "sell") of order, the type of order and/or any errors in fees, charges or credits to the Customer's Account including but not limited to charges for executing a transaction, wiring funds, rolling over position, and sweeping foreign currency balances into the home currency, require that the customer notify FXDD immediately upon discovery for review. In addition, the Customer is responsible to submit any errors in writing to FXDD and send the complete details to **FXDirectDealer, Attn: Customer Objections, Tradition NA, 75 Park Place – 4<sup>th</sup> Floor, New York, New York 10007**. Notice shall be deemed received only if actually delivered or mailed by registered mail, return receipt requested.

***Risks from Deals Done Over Telephone:*** FXDD will only accept **Market Orders** for deals done over the telephone. Telephone deals are considered executed when the FXDD representative says, "done" and relays the complete deal details. Any given price by an FXDD representative over the telephone prior to execution is considered indicative. FXDD reserves the right to change the indicative price given over the phone if the actual dealing price is different due to market conditions, misquote or volatility. FXDD is not responsible for Customer telephone orders if the Customer cannot be heard or understood by the FXDD representative due to, without limitation, accent, speech defect, faulty connection, or excessive background noise at the Customer's location or at FXDD. To better insure execution, FXDD requires that Customers communicate in English when giving orders. FXDD cannot guarantee that telephone orders given in a foreign language will be executed. For best results and fast execution, the following procedure will be used. The Customer will first be asked by the FXDD representative the following Account Information: The Customer's FXDD User Name, Account Number and/or other identifying feature. Only after the FXDD representative confirms the Customer's identity, the Customer should relay the following order information: the execution direction to Buy or Sell, the number of lots, and the desired currency pair. The FXDD representative will repeat the order information for the Customer to confirm. For example the FXDD Representative may say the following, "Buy 2 lots of EUR vs USD at the Market. Confirmed?" By saying, "Yes" the order will be executed at the Market and the details immediately given to the Customer after execution. The FXDD representative will enter the deal into the Customer's Account. The details and effects of the deal will be reflected in the Customer's Online Reports. FXDD does not warrant that deals done over the telephone will be done at prices that mirror the prices displayed electronically at that time over the FXDD Internet Trading Platform. Although currently not planned, FXDD reserves the right to charge a commission for deals done over the telephone. Should FXDD charge a commission for telephone deals, it will be reported on the FXDD Website and be reflected as a line item debit in your FXDD Account Reports. All deals and charges done via the phone are final. FXDD reserves the right to tape all telephone calls without knowledge of the Customer. FXDD is not responsible or liable if the tapes of the telephone calls are erased or never recorded because of error, omission or any reason. FXDD is also not liable should User Name and Account information be obtained knowingly or unknowingly by a Third Party and as a result, deals done in the name of the Customer without his or her knowledge or authorization.

***Risks from Deals Done Using DirectDealer or other chat communication devices:*** FXDirectDealer may utilize an electronic conversational application such as DirectDealer or other similar chat application for the communication and execution of some market orders. **DirectDealer** is an independent third party application that gives the FXDD Customer's the ability to contact and execute Market

Orders over the public internet, using encrypted character-by-character electronically transmitted messages directly to the FXDD trade execution desk (see <http://www.directdealer.com/>) after Authorization via a User Name and Password procedure. Deals done using DirectDealer, like the telephone, should only be done if the Customer cannot execute using the FXDD Internet Trading Platform. Benefits of using DirectDealer, or other similar application, include but are not limited to, retrievable logs of all conversations (i.e. deal details), conversations are uneditable, character-by-character encrypted transmission. It also allows better coverage at FXDD as a dealer at FXDD can have multiple electronic conversations but only one telephone conversation. As a result, FXDD Customers with access to DirectDealer can expect better direct service from FXDD absent access to the FXDD Internet Trading Platform. FXDD and DirectDealer do not warrant that the DirectDealer application will be functional given the Customers network or hardware configuration or that the software is free of bugs. As with telephone orders, FXDD will only accept **Market Orders** for deals done over DirectDealer. Deals are considered executed when the FXDD representative types, "done" over the DirectDealer platform and types the complete deal details. Any given price by an FXDD representative over DirectDealer prior to execution is considered indicative. FXDD reserves the right to change the indicative price if the actual dealing price is different due to market conditions, misquote or volatility. FXDD is not responsible nor will guarantee Customer orders given over DirectDealer that are not typed in English (i.e. in a foreign language). For best results and fast execution, the following procedure should be used when using DirectDealer. Once connection is made with FXDD over DirectDealer, the FXDD representative will ask the Customer for Account Number for which the Customer will be dealing. Once the FXDD representative confirms the Customer's identity, the Customer should type the following order information: the execution direction to Buy or Sell, the number of lots, and the desired currency pair. For example the Customer should type, "I want to Buy 2 lots of EUR/USD". The FXDD representative will execute the deal at the market price and type the deal details into the DirectDealer electronic conversation. The FXDD representative will enter the details into the Customers Account, and the effects of the deal will be reflected in the Customer's Online Reports. FXDD does not warrant that deals done over DirectDealer will be done at prices that mirror the prices displayed electronically at that time over the FXDD Internet Trading Platform. Although currently not planned, FXDD reserves the right to charge a commission for deals done over DirectDealer. Should FXDD charge a commission for DirectDealer deals, it will be reported on the FXDD Website and be reflected as a line item debit in your FXDD Account Reports. All deals and charges done via DirectDealer are final. Neither FXDD nor DirectDealer is responsible or liable if the electronic logs of the electronic conversations are erased or never recorded because of error, omission or any reason. FXDD is also not liable should User Name, Password and Account information be obtained knowingly or unknowingly by a Third Party and as a result, deals done in the name of the Customer without his or her knowledge or authorization.

**FXDD Has Limited Liability:** The Customer agrees and acknowledges that FXDD shall not be liable to the Customer for any claims, losses, damages, costs or expenses, including attorneys' fees caused directly or indirectly by any events, actions or omissions, without limitation, claims, losses, damages, costs and expenses, including attorney's fees, resulting from civil unrest, war, insurrection, international intervention, governmental action) including, without limits, exchange controls, forfeitures, devaluations and nationalizations), natural disasters, acts of God, market conditions, communication problems or any delay, disruption, failure of any transmission or communication system or computer hardware or software application whether supplied and belonging to FXDD or from a third party vendor that the Customer and FXDD relies on to conduct execution and reporting services.

## Trading Rules and Regulations

The following Trading Rules and Regulations combined with the FXDD User Guide and Trading Policy document will outline procedures and policies regarding trading and setting up an account with FXDD. All Customers are required to read, understand and adhere to these rules and regulations. FXDD reserves the right to change any rules or regulations at its sole discretion and at any time.

### Trading Hours

- The FXDD normal trading week begins at 19:00 (7:00 PM EST) on Sunday and ends at 16:00 (4:00 PM EST) on Friday (time are subject to change.)
- FXDD will announce and display on a best efforts basis a holiday schedule on the [www.fxdirectdealer.com](http://www.fxdirectdealer.com) website when dealing will not take place.
- In the event of a holiday, FXDD will pre-announce the start-up time when trading will resume in advance and display the information on the [www.fxdirectdealer.com](http://www.fxdirectdealer.com) website.
- FXDD reserves the right at its sole discretion to conduct special technical maintenance times when trading electronically may not be available.

### Deposit and Account Information

- Deposits can be made by check or via a wire transfer. Funds are not available for trading until they clear at the bank and posted to the Customer's trading account (please see **PAYMENT INSTRUCTIONS** below).
- All checks are to be made payable to **FXDirectDealer**. FXDD will charge via a debit to the Customer's Account a fee of fifty dollars (\$50.00 USD) for checks that do not clear due to insufficient funds **OR** for a Stop Payment Order on the check.
- All bank fees such as wire transfer fees into and out of the Account will be debited to the Customer's trading account as they occur. In instances where the Customer is closing an account with instructions to wire the remaining balances, the wire transfer fee will be deducted from the Final Account Balance forwarded to the Customer.
- All deposits are accepted in U.S. Dollars only. Customers from foreign countries have the option to:

1. Convert the foreign currency into US Dollars before wiring to the FXDD clearing bank, or
  2. Wire foreign currencies to our clearing bank at which point our clearing bank will convert the balances into US Dollars at their current conversion rate for that currency.
- A minimum deposit of \$5,000 is required to open an Account with FXDD.
  - Before any payment from an account is made, the Customer is required to mail or fax a **FXDD Funds Redemption Form** to FXDD. Mail the form to:

**Tradition/FXDD  
Attn: Funds Redemption  
75 Park Place – 4<sup>th</sup> Floor  
New York, New York 10007**

Faxes should be sent to 212-937-3845 and be accompanied with a Cover Page that includes the following:

**Attention: FXDirectDealer Funds Redemption Department**

- Under **NO CIRCUMSTANCES** will FXDirectDealer accept a payment or deposit into an account by a person or entity other than the person or entity whose name appears on the Account.
- Under **NO CIRCUMSTANCES** will FXDD make payment to a person or entity other than person or entity whose name appears on the Account.
- Under **NO CIRCUMSTANCES** will FXDD transfer funds from one account with FXDD to another account at FXDD with different Account Authorization information.

### **FXDD Payment Instructions**

All wired payments should be made to the following routing code:

**Citibank, New York  
ABA # 021000089  
Account 27656149  
For the Account: FXDirectDealer LLC Control Account**

All checks for deposit into a Customer's Account should be made out to **FXDirectDealer Control Account** by the Account Applicant himself from an qualified bank account in the name of the Customer and mailed to:

**FXDD  
Tradition NA  
Attn: Accounts Department  
75 Park Place- 4<sup>th</sup> Floor  
New York, New York 10007**

FXDD is not responsible for any checks not received by the Customer. The funds will be available for trading as soon as they are posted to the Customers Account the funds have cleared. Any checks that do not clear and are returned will be charged a processing fee of \$50 USD.

### **Telephone Orders**

FXDD will have qualified staff that can execute customers trade orders over the telephone. Telephone execution is intended for those circumstances when trading via the FXDirectDealer Internet Trading Platform is not available due to technical problems or in situations when the Customer has no other connectivity option.

The FXDD Trade Execution desk can be reached by calling 866-FOR-FXDD (367-3933) or 212-791-3933.

The following steps should be used to transact via the telephone:

1. The FXDD representative will ask for the Customer's **User Name** and **Account Number** from the Customer and confirm that the each match and confirm the identity of the Customer
2. Once confirmed, the FXDD will ask for the Customer's **Order**. (i.e. **"What is your Order?"**)
3. The Customer should provide the desired **Order Type, Deal Action, Number of Lots, Currency Pair** and **Price** (if not a Market Order). For example:
  - a. **"Market Order to Buy 5 lots of EUR/USD"** (NOTE: "at the market" is implied with Market Orders)
  - b. **"Stop Loss Order to Sell 1 lot of USD/JPY at 118.00"**

If the Customer asks for a market price and the FXDD representative quotes a price, the customer acknowledges that the price as quoted is purely indicative. The actual price the customer deals at may or may not equal that price.

4. For the best and quickest results, **FXDD requires that the Customer speak in English and to wait for FXDD Customer authorization before giving the order details.**
5. The FXDD will repeat the order details or ask for the Customer to repeat the order if there was a problem with the original communication. For example, the FXDD representative may say, **“We will buy 5 lots of EUR/USD at the Market”**. If the details are correct, respond **“Agreed”**.
6. After the order is executed, the FXDD representative will indicate that the deal was **“Done”** and relay the deal details back to the Customer including the deal price, the amount the currency pair and the Deal ID.
7. The FXDD representative will ask for Acceptance by the Customer. Again the Customer should respond **“Agreed”** to acknowledge the details.
8. The FXDD representative will enter the details into the Account for the Customer. It is the Customers obligation to confirm that the deal was entered and properly reported in the Account upon the next subsequent log in.

#### **Trades Done Using DirectDealer (or equivalent electronic chat application)**

FXDirectDealer may incorporate the use of an electronic conversational application like DirectDealer or other chat like program. Such an application will be used by FXDD to give Customers another way to communicate order details to the FXDD Trading Desk (see: <http://www.directdealer.com/>). The following procedure should be used to execute orders with DirectDealer:

1. Launch and Log into the DirectDealer application using the DirectDealer **User Name** and **Password** provided during initial installation and test of DirectDealer (NOTE: The User Name and Password may be different than the one used to log into FXDD). FXDD suggests that the User Name and Password remain strictly confidential.
2. Contact FXDD using DirectDealer.
3. Once contact with the FXDD Trade Execution Desk is established, the FXDD representative will ask for Authorization via the Customer’s **Login Name**. If the Account number does not match the DirectDealer Customer information, FXDD reserves the right to not accept any order. This is for the Customer’s protection,
4. Once authorized, the FXDD will ask for the Customer’s Order (i.e. **“What is your Order?”**)
5. The Customer should type the desired **Order Type, Deal Action, Number of Lots, Currency Pair and Price** (if not a Market Order). For example:
  - a. **“Market Order to Buy 5 lots of EUR/USD”** (NOTE: “at the market” is implied with Market Orders)
  - b. **“Stop Loss Order to Sell 1 lot of USD/JPY at 118.00”**
6. For the best and quickest results FXDD requires that the Customer type in English.
7. Since the typed conversation, is unambiguous as to the intention of the Customer, the FXDD will immediately execute the desired order for the Customer.
8. The FXDD representative will type the executed details to the Customer and ask for Customer confirmation
9. By typing “Agreed” the deal is confirmed.
10. The FXDD representative will enter the details into the Account for the Customer. It is the Customers obligation to confirm that the deal was entered and properly reported in the Account upon the next subsequent log in.

**Approved**

**By signing below the Customer acknowledges that they have read the FXDD Customer Agreement, Risk Disclosure Document and Trading Rules and Regulations Documents and you agree to all the provisions contained therein (All joint account holders are required to sign this page. Include a copy of this page if additional signatures are required).**

Primary Account Holders Signature:

Print Name:

Date (MM/DD/YY):

Co-owner/Joint Account Holders Signature:

Print Name:

Date (MM/DD/YY):

Co-owner/Joint Account Holders Signature::

Print Name:

Date (MM/DD/YY):

Co-owner/Joint Account Holders Signature:

Print Name:

Date (MM/DD/YY):

Co-owner/Joint Account Holders Signature:

Print Name:

Date (MM/DD/YY):

**Accepted and agreed by *FXDD*:**

Officers Signature

Print Officers Name and Title

Date: