MARGIN FOREIGN EXCHANGE

METATRADER PRODUCT DISCLOSURE STATEMENT ADDENDUM

Issue Date: 20 August 2019

Product Disclosure Statement

FP Markets Margin Account/FIX API Connection Client Class:

Dated: 20/08/2019

This document forms part of a Product Disclosure Statement along with the **FP Markets Margin Foreign Exchange MetaTrader Product Disclosure Statement** (which is available at https://www.fpmarkets.com/wp-content/uploads/2017/10/FP-Markets-Product-Disclosure-Statement-Metatrader-4.pdf) pursuant to section 1013L of the *Corporations Act 2001.* You should read the information in this document and the MetaTrader Product PDS (collectively, the **PDS**) before deciding to invest. The information in the PDS is general information only and does not take account of your personal financial situations or needs. You should obtain financial advice tailored to your circumstances before investing.

For the purpose of your particular circumstances, and the financial products that FP Markets offers you (Margin Account/FIX API connection) the definition of "MetaTrader Platform" in the FP Markets Margin Foreign Exchange MetaTrader Product Disclosure Statement **means** the "Margin Account/FIX API Connection Platform" as described throughout this document. All references to Metatrader in the FP Markets PDS should be read by you as Margin Account / FIX API connection.

In addition, the following description is provided regarding the platform and additional terms that apply:

MARGIN ACCOUNT/ FIX API CONNECTION:

Margin Account allows for a FIX API connection directly to our liquidity bridge (Currently Onezero) to receive pricing, monitor account details and execution of trades or orders.

Clients that use a FIX API connection will not use our Metatrader platform to access their account or to receive pricing and place trades. The types of FPM OTC contracts offered through FIX API connection/Margin Account are the same as our MetaTrader Platform suite.

By using Margin Account/ FIX API connection you agree to be bound by the same terms (when applicable) in the MetaTrader Product Disclosure Document. Although the FPM OTC contracts offered are the same as the FP Markets MetaTrader Platform, differences will exist in the way the different systems operate including but not limited to how orders or trades are executed, positions are kept and Margin/P&L displayed or calculated.

By opting to use a Margin Account/ FIX API connection for trading with FP Markets you confirm that you have the required knowledge and technical expertise in order to rely on and manage your own external application (Not maintained or controlled by FP Markets) instead of the FP Markets Metatrader platform. You take all responsibility and accept all risks involved for maintaining your own application and by using the Margin Account/FIX API connection instead of the MetaTrader Platform, particularly in ensuring its conformance with our Bridge provider (Onezero) at all times.

You will be provided access to the Onezero Margin Account Hub. Should you experience any issues with your application you should login to your Margin Account Hub through a web browser which will allow you to access the most up to date information regarding your account and place/amend/close trades and orders.

Notable differences from MetaTrader Platform:	Description
Base Volume:	Orders and Trades will be placed in their base volume not in Lots like when using the Metatrader Platform. For example 1 lot on FX is equal to 100,000 base units.
Margin/P&L/Swaps/Commissions	Basic functions handled by the MetaTrader platform will be handled by the Margin Account such as calculating margin requirements, profit and loss on trades , swap credits/charges and commissions. Although the results should be mostly the same there may be subtle differences particularly in regards to conversion rates used by the Margin Account which may be different to the MetaTrader Platform. Unlike the MetaTrader platforms, P&L will not be realised immediately after the position is closed and will be kept floating until the value date. Typically this is T+2 on Forex and end of day for Index and other products.
Orders and Trades	Orders and Trades are not placed through the MetaTrader platform and are placed to the Margin Account through a FIX API connection or through the Margin Hub directly. The Margin Account operates under a FIFO principle and does not allow the hedging of positions (Like the MetaTrader platform)
Statements	Detailed statements will be available via the Margin account logins rather than emailed to you from the MetaTrader platform. Statements may be emailed to you on request.

Examples:

Worked examples from the Margin Account have been provided below:

Topic	Description (Example)
Unrealized P&L	» The sum of profit and loss (P&L) for all positions that have yet to settle across all future value dates.
	» Includes closed positions for value dates where P&L is locked in, but has yet to settle, and P&L on open positions for future value.
	» The P&L remains unrealized until the value date is reached and all executions for that value date are settled.
	Calculation: SUM(Floating P&L All Open Positions) + SUM(Unrealized P&L by Value Date)
	Example open positions: <u>EURUSD</u>
	Floating —> 1.00
	Value date X —> 2.50
	Value date Y —> -1.00
	SUM **—> 2.50**
	<u>**CADUSD**</u>
	Floating —> 5.10

	Value date X —> 7.00
	SUM **—> 12.10**
	Total Unrealized P&L **—> 14.60**
Equity	The sum of all the cash and credit balances plus the sum of all the unrealized P&L.
	Note: The equity balance fluctuates as the unrealized P&L moves in concert with the market.
	Calculation: Cash + Credit + SUM(All CCY Unrealized P&L)
	Example negative P&L: 110,000.00 + (-7,787.76) = 102,212.24
	Example positive P&L: 110,000.00 + 3,000.45 = 113,000.45
Margin	» The amount of funds required to support open positions.
	» This amount is the sum of the margin requirement for each open position held on the margin account.
	Note: The margin requirements fluctuate as each open position is revalued against the current market price.
Free Margin	The amount of equity available which can be used as future margin for opening new positions or increasing existing exposures on opened positions.
	Calculation: Equity - Margin
	Note: Free margin fluctuates as each open position is revalued against the current market price.
Margin Call	» The benchmark for the percentage of margin requirement against available equity in use before triggering a margin call on the account.
	» A margin call is a notification that an account has reached the designated margin call threshold. Regardless of the margin call level, new positions that increase the margin requirement cannot be opened once the margin level reaches 100%.
	» Reducing the margin level below 100% requires that the account holder either close some open positions to return funds to the account, makes a cash deposit, or adds a credit entry to bring the margin requirement as a percentage of equity down to a level that is less than 100%.
	Note: The **Margin Call Pct** is configured in Margin Account settings.
Auto Liquidation	The benchmark percentage of the margin requirement against available equity before automatically liquidating all of the open positions on the margin account.
	Calculation: Margin Utilization % > = Auto Liquidation %
	Example:
	» Margin —> 200,000
	» Equity —> 125,000
	» Margin Utilization —> 160%
	» Auto Liquidation —> 150%
	Result: Once the Auto Liquidation level is reached, the Hub automatically liquidates all open positions in the margin account.
	Notes:
	» The **Auto Liquidation Level Pct** is configured in the Margin Account settings.
	» The Auto Liquidation process cannot be terminated once it's started.
Margin Utilization	The percentage of the margin balance in use.
	Note: The percentage of utilization fluctuates as each open position is revalued

	against the current market price. **Calculation:** Margin / Equity **Example:** » Margin —> 2,500 » Equity —> 125,000 » Margin Utilization —> 2%

By signing below you acknowledge the receipt of the addendum to the **FP Markets Margin Foreign Exchange MetaTrader Product Disclosure Statement**:

Client Name:

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Dated:

Should you have any questions or enquiries, please don't hesitate to contact FP Markets.

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